

**BOARD OF DIRECTORS
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT
PIMA COUNTY, ARIZONA**

July 14, 2003

**** Board Room **
Metropolitan Domestic Water Improvement District
6265 N. La Cañada Drive
Tucson, AZ 85704**

MINUTES

Board Members Present:	Dennis Polley, Chair Suzanne Downing, Member James Tripp, Member
Not Present:	Dan M. Offret, Vice Chair Jim Doyle, Member
District Staff:	Mark Stratton, General Manager Michael McNulty, Legal Counsel Warren Tenney, Clerk of the Board Alice Stults, Recorder

Executive Session

Call to Order and Roll Call

Dennis Polley, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:30 p.m. Dennis Polley, Suzanne Downing, and James Tripp were present. Jim Doyle and Dan M. Offret were not present.

Mr. Tripp made a motion for the Board to convene into Executive Session. Ms. Downing seconded the motion. Motion passed unanimously. The Board convened into Executive Session at 5:31 p.m.

Executive Session pursuant to A.R.S. § 38-431.03 (A)(1) (discussion or consideration of personnel matters) regarding the following:

A. General Manager's Quarterly Review.

The Board returned from Executive Session at 6:09 p.m.

Regular Session

I. Call to Order and Roll Call

Dennis Polley, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:11 p.m. Dennis Polley, Suzanne Downing, and James Tripp were present. Jim Doyle and Dan M. Offret were not present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – June 9, 2003 Board Meeting.**
- B. Approval of Minutes – June 23, 2003 Board Meeting.**
- C. Ratification of Billing Adjustments.**
- D. Approval of Bad Debt Write-offs.**
- E. Approval of Water Service Agreement – Orange Grove Road & La Cholla Boulevard Shopping Center, Revision 1.**

Mr. Tripp made a motion to approve the consent agenda. Ms. Downing seconded the motion. Motion passed unanimously.

Regarding bad debt write offs, Ms. Downing asked what the time period is before delinquent water accounts are shut off. Mike Land, Chief Financial Officer, said that water service is shut off generally after the account has been delinquent for two months. He explained that once the current bill has been mailed, and if it is not paid within 21 days, a pink notice is mailed to the customer. The customer will then receive a second billing and will also be notified that their water will be shut off if payment is not received. If payment arrangements are not made and payment is not received, the water is shut off. Mr. Land added that this process takes approximately two months.

Ms. Downing asked which collection agency the District uses to report delinquent accounts. Mr. Land replied the District actually uses two separate collection agencies. Ms. Downing asked which credit reporting agency the District uses. Mr. Land explained that he contacted Pima County regarding having judgments placed against delinquent accounts and determined that the cost is considerable. He noted that staff is attempting to utilize the same credit reporting agency as Pima County Wastewater since the District also collects fees for wastewater. Ms. Downing asked if the District had a written policy regarding the actions to be taken if the delinquent account reaches or exceeds a pre-determined amount. Mr. Land said yes, noting that staff will contact customers with low dollar amount delinquent accounts and attempt to collect the funds. The District did have a voucher system where for a \$7.00 fee a series of letters would be sent to the delinquent account. If the amount owing is in excess of \$50.00 the account is turned over to a collection agency who charges the District 40% of the collected fee. Ms. Downing asked to be provided the name of the

credit reporting agency. Mr. Land noted that the bad debt write-offs for fiscal year 2002-2003 were slightly over \$6,000.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Mr. Stratton said that the capital improvement projects, Magee Road Transmission Main and Thornydale Well, were progressing. He noted that water production is slightly lower than the same time period last year.

A Channel 13 news reporter interviewed Mr. Stratton on July 11, 2003 regarding the drought and the District's ability to meet current water demands. Mr. Stratton said that the District is able to meet current water demands.

Mr. Stratton explained that staff made modifications to the District's transmission system to route water in a different manner to minimize the amount of entrained air in the water lines. He said customers have noted the difference and voiced positive opinions. Once water demand has lessened, staff will adjust the system and place it back to normal operations so that additional energy is not expended to minimize entrained air.

Mr. Stratton said that today was the first interruption this summer on the system by Tucson Electric Power. He explained that six District sites were taken off electrical power and placed on natural gas. Steve Dean, Utility Superintendent said that the power switch over went smoothly. The interruption lasted approximately 3 hours.

Ms. Downing asked if weather conditions, specifically thunderstorms, affected power to any of the sites. Mr. Dean explained that lightning has on occasion caused the sites to switch power sources.

B. Financial Report.

Mr. Land said the District ended the 2002-2003 fiscal year with \$2.2 million cash on hand which was the approximate amount that was anticipated and included in the 2003-2004 budget. The audit will begin on August 25, 2003. The count of the District's inventory will be complete in approximately one week. Mr. Land explained that this year a more extensive inventory has been completed. He noted that Clifton Gunderson will be conducting the audit.

C. Approval of Resolution 2003-4 – Amendment to Resolution 2002-2 for Net Revenues Available for Subordinate Obligation Debt Service.

Mr. Tripp made a motion to approve Resolution 2003-4 to amend Section 13 of the District's Subordinate Obligation Master Resolution 2002-2 pertaining to Net Revenues Available for Subordinate Obligation Debt Service. Ms. Downing seconded the motion. Motion passed unanimously.

D. Presentation of Improvements to District's Website.

Richard LaPoint, Telemetry Analyst, gave a brief presentation of the newly updated District website. Mr. Tenney, Assistant to the General Manager, mentioned that the website was streamlined and made to be more user friendly. This new website provides additional informational not contained in the previous website. Mr. LaPoint said information is categorized and users can readily move from subject to subject with greater ease.

John Kulakowski, Sabino Vista Homeowners Association, asked if draft Board of Director's meeting minutes could be placed on the website. Mr. Tenney said minutes that have been approved are placed on the website. Minutes that have not been viewed and approved by the Board are not placed on the website. Mr. Kulakowski said he would be better prepared for meetings if he could have access to the draft minutes prior to the next meeting date. Mr. Tenney noted that the agenda for upcoming meetings is placed on the website.

Mr. Land asked about the possibility of customers being able to pay their water bill on-line. Mr. LaPoint explained that a third party would be required to set up the information and would be responsible for processing the transactions.

Ms. Downing asked about the cost of the website. Mr. LaPoint noted that the cost is less than \$50.00 per month.

Mr. Stratton said that prior to the new website being accessible, legal council would need to review the privacy policy contained on the website.

E. Approval of Contract for Water Policy Consulting.

Mr. Tripp made a motion to approve a one-year contract extension with Mark Myers for water policy consulting for the period of July 1, 2003 to June 30, 2004 for an amount of \$25,000., which will be paid monthly. Ms. Downing seconded the motion. Motion passed unanimously.

F. Approval of Resolution 2003-5 – Designation of Assured Water Supply Modification for Metro Main Service Area.

Mr. Tripp made a motion to 2003-5 to authorize the General Manager to sign and submit to the Arizona Department of Water Resources the Assured Water Supply Modification application for Metro-Main Service Area. Ms. Downing seconded the motion. Motion passed unanimously.

G. Waiver of Insurance Deficiency of Award of the Construction Contract for the La Cañada Drive Water Line Relocations to the Next Lowest Bidder.

Charlie Maish, District Engineer, explained that the Board previously approved the contract with Young and Sons Contracting, Inc., who was the low bidder. He said that Young and Sons Contracting, Inc. were unable to meet the insurance requirements of the contract and therefore it was not consummated.

Mr. Tripp made a motion to decline Young and Sons Contracting, Inc. request to waive the deficiencies in the required insurance coverage, and re-award the construction contract for the La Cañada Waterline Relocations utilizing Alternate B to Tricon Contracting, Inc. in the amount of \$184,495.00. Also, to authorize the General Manager to approve the following changes to the construction contract: 1) allocate additional funding a cumulative amount not to exceed sixty (60) calendar days. Any changes in excess of the above limits shall be submitted to the Board of Directors for approval. Ms. Downing seconded the motion. Motion passed unanimously.

H. Approval of Amendment No. 1 for Analytical Laboratory Services Contract for Conducting Testing of Synthetic Organic Chemicals with Aqua Tech Environmental Laboratories, Inc.

Mr. Tripp made a motion to approve the contract Amendment No. 1 for the Synthetic Organic Chemical Analyses with Aqua Tech Environmental Laboratories, Inc. to extend the contract expiration date to June 30, 2004, and increase the contract amount to \$47,500.00. Ms. Downing seconded the motion. Motion passed unanimously.

I. Update on Arsenic Mitigation at Hub Well No. 3.

Mr. Hill explained that since February 2003 staff has worked to determine if Hub Well No. 3 could have certain sections of the well hole isolated to mitigate arsenic contributions. He said that through calculations provided by Hydrology staff, the isolation locations in the well were determined in order to provide an expected value of arsenic reduction, and if the District would still be able to anticipate a reasonable amount of capacity out of the well. After successfully isolating the sections in the well, the arsenic level of the well was 7.6 ppb which is below the 80 percentile. Mr. Hill said that staff will continue to monitor the well. He noted that this was the least expensive option to mitigate the arsenic in the well. There is another well in the Hub Service Area that will need to be addressed similarly. The Board commended staffs efforts on the arsenic report. Mr. Hill explained that Gary Burchard, Hydrologist II, prepared most of the information.

J. Approval of Second Shift Utility Maintenance Worker Position.

Mr. Tripp made a motion to approve the creation of the Second Shift Utility Maintenance Worker position. Ms. Downing seconded the motion for purposes of discussion.

Ms. Downing, referring to the recently approved budget and positions left unfilled, asked about the Second Shift Utility Maintenance Worker position. Mr. Stratton explained that this is not to fill a position that has been left vacant. The Second Shift Utility Maintenance Worker position is a new position being created to offset the amount of overtime required by the Utility Division. Mr. Stratton noted that the new position will not create a burden on the budget and should substantially reduce the amount of overtime.

Ms. Downing asked who would be responsible for supervising the work of the new position. Steve Dean, Utility Superintendent, said the person filling the position will basically be working

individually. There will be a nightly work log that will be completed, as well as completing work orders and service orders.

Mr. Tripp asked if the position would be paid for a shift differential. Mr. Stratton replied yes, that the person in the position would be hired at mid-range for that classification. He added that there will occasionally be a need for overtime but that it will be minimal.

The motion to approve the creation of the Second Shift Utility Maintenance Worker position passed unanimously.

V. General Manager's Report

Mr. Stratton said that several meetings have been held, while others have been scheduled regarding the annexation efforts in the Hub Service Area. Staff will keep the Board apprised of the outcome of those meetings as they occur.

Mr. Stratton said a Public Hearing is scheduled for July 17, 2003 for the Tucson National Casitas regarding delinquency in paying fees as required under their Water Service Agreement.

Mr. Stratton explained that as a condition of a water service agreement with two small commercial properties along Oracle Road and Suffolk Hills Drive, a requirement was included that indicated those areas be annexed in the District's service area. This Water Service Agreement was signed prior to the Town of Oro Valley's annexation of this area. Mr. Stratton noted that the District must now request approval from the Town of Oro Valley to allow the annexation. The Board agreed that a letter be prepared to present to the Town of Oro Valley requesting approval of the annexation.

Mr. Stratton was contacted by Jerry Gary, Chair of the Tucson-Almaty Sister Cities Program. He said that the Sister Cities Program has received approval to send a group of high school Mariachi players and singers to Almaty, Kazakhstan. The sister cities program is seeking financial support to fund the trip. Mr. Stratton said Mr. Gary will be addressing a letter to the District requesting the financial support. The letter will be provided to the Board for its considerations.

Mr. Stratton said the Board previously authorized a feasibility study for necessary enhancements for the water treatment at the South Shannon site. Malcolm Pirnie has submitted their report which the District received today, and the information will be provided to the Board.

Mr. Stratton explained he will be on vacation from July 16 through July 30, 2003.

VI. Legal Counsel's Report

Legal Counsel had nothing further to report.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board is August 11, 2003 at 6:00 p.m. A study session is scheduled for August 25, 2003 at 5:30 p.m.

VIII. General Comments from the Public

Mr. Tripp noted that there is a vacancy on the Bond Oversight Committee with the recent resignation of Warren Hook. Mr. Stratton said that members of the Bond Oversight Committee felt that with the current seven committee members, and the duties of the committee winding down with the Capital Improvement Program, it would not be necessary to appoint another committee member.

Mr. Kulakowski said that he and other members of the Sabino Homeowners Association met with Representative Randy Graff and other news media reporters. He explained that a newspaper article would be in the Arizona Daily Star, Northwest Section, regarding the Hub annexation efforts. Ms. Downing asked if the article could be placed on the District's website. Mr. LaPoint indicated that a link with the Arizona Daily Star could be placed on the District's website.

VIII. Adjournment

The meeting adjourned at 6:56 p.m.

Dennis Polley, Chair of the Board

Clerk of the Board