

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

June 9, 2003

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

MINUTES

Board Members Present: Dennis Polley, Chair
 Dan M. Offret, Vice-Chair
 Jim Doyle, Member
 Suzanne Downing, Member
 James Tripp, Member

District Staff: Mark Stratton, General Manager
 Michael McNulty, Legal Counsel
 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 5:32 p.m. Dennis Polley, Dan M. Offret, Suzanne Downing, and James Tripp were present. Jim Doyle arrived at 5:34 p.m.

Mr. Tripp made a motion for the Board to convene into Executive Session. Mr. Offret seconded the motion. Motion passed unanimously. The Board convened into Executive Session at 5:34 p.m.

Executive Session pursuant to A.R.S. § 38-431.03 (A)(3) (consultation for legal advice with the attorney or attorneys of the District), and A.R.S. § 38-431.03 (A)(4) (consultation with legal counsel regarding contracts that are in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation) regarding the following:

A. Annexation of the Metro-Hub Service Area

The Board returned from Executive Session at 6:12 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 Public Hearing to order at 6:14 p.m. Dennis Polley, Dan M. Offret, Jim Doyle, Suzanne Downing, and James Tripp were present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – May 12, 2003 Board Meeting.**
- B. Approval of Minutes – May 12, 2003 Board Meeting.**
- C. Approval of Minutes – May 19, 2003 Public Hearing & Study Session.**
- D. Ratification of Billing Adjustments.**

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

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Mr. Stratton said there is a number of Capital Improvement Projects (CIP) that will begin during the summer months. The Magee Road transmission main project will begin soon, and the Mona Lisa well improvements are on schedule. Mr. Stratton said the Ina/Thornycroft/Marlene well improvements and modifications are behind schedule at this time. Staff is working with the contractor to speed up the schedule.

Mr. Stratton said the swaging was completed last weekend at Hub Well #3. The well casing damage done by the contractor when the swaging first began was repaired also. This well should be back in service within the next week. Mr. Stratton said there was a short in the electrical system at Hub Well #5 over the weekend. Steve Dean, Utility Superintendent, explained that adjustments were made to the Hub Well #5 electrical system and it was put back on line after being off for approximately 45 minutes. He noted that approximately 350 customers were affected during this time. Mr. Stratton said the Hub Service Area wells will all be in service by next week and the District will be running at full capacity.

Mr. Stratton noted that along the transmission mains in the Metro Main Service Area the tap water appears to be cloudy. This is caused by entrained air in the service lines due to increased water usage and higher velocity of well pumping. A press release was initiated to inform customers of the air bubbles in their water.

B. Financial Report.

Mike Land, Chief Financial Officer, said the District has been reimbursed by Green Valley Domestic Water Improvement District (GVDWID) for the expenditures it incurred related to the purchase of the Green Valley Water Company. The amount of reimbursement is \$350,000 plus interest earned.

Mr. Land said an IGA was prepared which will allow the District to precede in the loss recovery efforts with the State Treasurer. A law firm from Texas has been retained by entities within Arizona to represent them in the bankruptcy proceedings.

Mr. Land explained that the District considered transferring to Bank One as its potential financial institution for trust services; however, the District has learned that Bank One's trust division has the possibility of being sold. He noted that the District's debt service payment for July was made to Wells Fargo Bank. Mr. Land said he would keep the Board updated as to any potential financial institution changes in the future.

C. Approval of Budget for Fiscal Year 2003-2004.

Mr. Tripp made a motion to adopt the Metro Water District Operating Budget for the 2003-2004 fiscal year with the total disbursements not to exceed the budgeted amount of \$12,398,750. Mr. Offret seconded the motion.

Mr. Stratton commented that Mary Schuh, District customer, asked for and received a copy of the District's draft 2003-2004 budget to review. He said that as of this date Ms. Schuh has not contacted staff with any concerns stemming from the budget document.

Mr. Offret thanked staff for their diligence and hard work in the preparation of the budget document. The remaining Board members also commended staff for a job well done.

The motion to adopt the Metro Water District Operating Budget for the 2003-2004 fiscal year with the total disbursements not to exceed the budgeted amount of \$12,398,750 passed unanimously.

D. Annexation of the Metro Hub Service Area.

Mr. Stratton said staff will proceed with recommendations made by the Board in Executive Session held earlier this evening regarding the annexation efforts of the Metro Hub Service Area with Metro Main. Ms. Downing commented that she was disappointed in Mayor Walkup and his letter outlining the denial of the annexation. She asked staff to diligently pursue this issue as she feels it is important that customers in the Hub Service Area have the right to representation, and to vote on water issues affecting their lives and community.

John Kulakowski, Sabino Vista Homeowners Association member and Hub Service Area resident, asked if the Board could share what had transpired in the Executive Session regarding the

annexation. Mr. Polley advised Mr. Kulakowski that Hub Service Area customers would be kept apprised of any developments in the annexation attempts.

E. Approval of Well Maintenance Contract.

Mr. Tripp made a motion to approve to award Layne Christensen Company the Well Maintenance contract for Fiscal Years 2003 - 2006, subject to annual Board review and renewal. Mr. Offret seconded the motion. Motion passed unanimously.

F. Re-authorization of Contract for 5/8", 3/4" and 1" meters.

Mr. Tripp made a motion to approve the contract agreement with Badger Meter, Inc., for the purchase of 5/8", 3/4", and 1" meters for the fifth of the five years, which will remain in force until June 30, 2004 for an amount not-to-exceed \$69,500. Mr. Offret seconded the motion.

Mr. Stratton said that the majority of the meter replacement program has been completed. Staff will now concentrate on the rebuilding of existing meters. New meters will only be purchased for new development.

The motion to approve the contract agreement with Badger Meter, Inc., for the purchase of 5/8", 3/4", and 1" meters for the fifth of the five years, which will remain in force until June 30, 2004 for an amount not-to-exceed \$69,500 passed unanimously.

G. Approval of New Joint Funding Agreement with United States Geological Survey and Update on the Lower Cañada Del Oro Basin Aquifer Storage Monitoring Project.

Mr. Tripp made a motion to approve the new joint funding agreement between the United States Geological Survey and the Metropolitan Domestic Water Improvement District. The contract will expire on September 30, 2004, with funding for the fiscal year 2003/2004 not exceeding \$15,000 and be contingent upon matching funds from the USGS and the Town of Oro Valley. It is also understood that because of the agreement terminating September 30, 2004, further funding above \$15,000 will require additional approval for next fiscal year. Mr. Offret seconded the motion.

David Schmerke, United States Geological Survey (USGS) representative, provided the Board with the latest update on the findings of the Lower Cañada Del Oro Basin Aquifer Storage Monitoring Project. He explained that the underground water levels continue to drop; however, some of the decline in water levels could be attributed to the use of underground water by surrounding utilities such as Tucson Water, Oro Valley, and Marana. Mr. Schmerke said that changes in gravity can also affect the aquifer storage levels. In order to accurately measure declines in water levels and the causes, USGS will need to collect data in areas farther to the south and west of the District's service area. Mr. Schmerke noted that this would give more precise data for future planning.

The motion to approve the new joint funding agreement between the United States Geological Survey and the Metropolitan Domestic Water Improvement District passed unanimously. The

contract will expire on September 30, 2004, with funding for the fiscal year 2003/2004 not exceeding \$15,000 and be contingent upon matching funds from the USGS and the Town of Oro Valley. It is also understood that because of the agreement terminating September 30, 2004, further funding above \$15,000 will require additional approval for next fiscal year.

H. Award of Construction Contract for the La Cañada Drive Waterline Relocation.

Mr. Tripp made a motion to approve to award the construction contract for the La Cañada Drive Waterline Relocations (M-02-14) utilizing Alternate B to Young and Sons Contracting, Inc., in the amount of \$180,233.04. 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 \$15,000 and 2) increase the original construction contract term 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. Mr. Offret seconded the motion. Motion passed unanimously.

I. Approval of Contract Amendment No. 2 to the Greeley and Hansen Contract for Well Modification Design and Auxiliary Power Design.

Mr. Tripp made a motion to approve Amendment No. 2 to the Greeley and Hansen Contract for the Well Modification Design and the Auxiliary Power in the amount of \$125,000 and to establish a new completion date of June 30, 2004. Mr. Offret seconded the motion.

Ms. Downing asked if this would give the District adequate time to complete the projects. Charlie Maish, District Engineer, said it would give the District adequate time.

Mr. Offret asked how soon the District would have the transmission main at Hub Well #4 completed. Mr. Dean said that it is under construction at this time and it is anticipated it will be completed within two months.

The motion to approve Amendment No. 2 to the Greeley and Hansen Contract for the Well Modification Design and the Auxiliary Power in the amount of \$125,000 and to establish a new completion date of June 30, 2004 passed unanimously.

J. Approval of Amendment No. 3 to the Miscellaneous Water Distribution Design Services IV Contract with Stantec Consulting, Inc.

Mr. Tripp made a motion to approve Amendment No. 3 to the Miscellaneous Water Distribution Design Services IV Contract with Stantec Consulting, Inc., which provides an additional \$100,000 compensation and a new contract expiration date of June 30, 2004. Mr. Offret seconded the motion. Motion passed unanimously.

K. Approval of Amendment No. 2 to the Miscellaneous Water Distribution Design Services V Contract with Tetra Tech Consulting, Inc.

Mr. Tripp made a motion to approve Amendment No. 2 to the Miscellaneous Water Distribution Design Services V Contract with Tetra Tech Consulting, Inc., which establishes a new contract expiration date of June 30, 2004. Mr. Offret seconded the motion. Motion passed unanimously.

L. Approval of Miscellaneous Annual Services and Materials for Utility Division.

Mr. Tripp made a motion to approve the annual quotes for barricade rental, chlorine, aggregate, paving and equipment rental from the corresponding low bids per items as presented by staff, and direct staff to use another appropriate bidder for a particular service or material if performance or quality of a service of the low bidder does not meet the District's needs. Mr. Offret seconded the motion. Motion passed unanimously.

M. Approval of Amendment No. 2 to Miscellaneous Hydrogeological Services Contract.

Mr. Tripp made a motion to approve the contract Amendment No. 2 for the Miscellaneous Hydrogeological Services with Clear Creek Associates. The contract amendment will extend the expiration date to June 30, 2004 and with no additional increase in the total contract amount of \$361,332. Mr. Offret seconded the motion. Motion passed unanimously.

N. Approval of Amendment No. 1 to the Miscellaneous Survey Services Contract with Castro Engineering Corporation.

Mr. Tripp made a motion to approve the contract Amendment No. 1 to the Miscellaneous Survey Services IV contract with Castro Engineering Corporation, which establishes a new contract expiration date of June 30, 2004. Mr. Offret seconded the motion. Motion passed unanimously.

O. Approval of Amendment No. 1 to the Miscellaneous Survey Services contract with AMEC Infrastructure, Inc.

Mr. Tripp made a motion to approve the contract Amendment No. 1 to the Miscellaneous Survey Services IV Contract with AMEC Infrastructure, Inc., which establishes a new contract expiration date of June 30, 2004. Mr. Offret seconded the motion. Motion passed unanimously.

P. Approval of Miscellaneous Geotechnical & Material Testing Services Agreement.

Mr. Tripp made a motion to approve the Miscellaneous Geotechnical & Material Testing Service Agreement for fiscal year 2003/2004 to AMEC Earth & Environmental, Inc. in an amount not-to-exceed \$25,000. Mr. Offret seconded the motion. Motion passed unanimously.

Q. Approval of the Three-Year Contract of Laboratory Services for Coliform Analysis.

Mr. Tripp made a motion to approve the three year contract of laboratory services for coliform analysis to Turner Laboratories at the cost of \$11.25 per sample, for a period beginning July 1, 2003 and ending June 30, 2006. Mr. Offret seconded the motion. Motion passed unanimously.

R. Approval of amendment No. 1 for Analytical Laboratory Services Contract for Conducting Testing of Volatile Organic Chemical and Total Trihalomethane Analyses with Precision Laboratories, Inc.

Mr. Tripp made a motion to approve the contract Amendment No. 1 for the Analytical Laboratory Services Contract for Conducting Testing of Volatile Organic Chemicals and Total Trihalomethanes Analyses with Precision Analytical Laboratories, Inc., a Division of Aerotech Laboratories, Inc. to extend the contract expiration date to June 30, 2004, and increase the contract amount to \$52,000. Mr. Offret seconded the motion. Motion passed unanimously.

S. Approval of Amendment No. 1 for Analytical Laboratory Services Contract for Conducting Testing Radiochemical Analyses with Precision Laboratories, Inc.

Mr. Tripp made a motion to approve the Amendment No. 1 for the Analytical Laboratory Services Contract for Conducting Testing of Radiochemical Analyses with Precision Analytical Laboratories, Inc., a Division of Aerotech Laboratories, Inc. to extend the contract expiration date to June 30, 2004, and increase the contract amount to \$35,000. Mr. Offret seconded the motion. Motion passed unanimously.

T. Approval of Amendment No. 1 for Inorganic Chemical Analytical Services with Turner Laboratories, Inc.

Mr. Tripp made a motion to approve the contract Amendment No. 1 for the Analytical Laboratory Services Contract for Conducting Testing of Inorganic Chemical Analyses with Turner Laboratories, Inc., to extend the contract expiration date to June 30, 2004, and increase the contract amount to \$34,300. Mr. Offret seconded the motion. Motion passed unanimously.

U. Approval of Amendment No. 1 for Analytical Laboratory Services Contract for Conducting Testing of Maximum Total Trihalomethanes, Total Trihalomethane Formation Potential, Haloacetic Acids, Haloacetic Acid Formation Potential, Disinfection By-Products and Unregulated Contaminant Monitoring Analyses with Aqua Tech Environmental Laboratories, Inc.

Mr. Tripp made a motion to approve the contract Amendment No. 1 for the Analytical Laboratory Services Contract for Conducting Testing of Maximum Total Trihalomethanes, Total Trihalomethane Formation Potential, Haloacetic Acids, Haloacetic Acid Formation Potential, Disinfection By-Products and Unregulated Contaminant Monitoring Analyses with Aqua Tech Environmental Laboratories, Inc., to extend the contract expiration date to June 30, 2004, and

increase the contract amount to \$57,000. Mr. Offret seconded the motion. Motion passed unanimously.

V. Approval of Amendment No. 2 for Microscopic Particulate Analysis Analytical Services with Legend Technical Service of Arizona, Inc.

Mr. Tripp made a motion to approve the contract Amendment No. 2 for the Microscopic Particulate Analysis Analytical Laboratory Service contract with Legend Technical Services of Arizona, Inc., to extend the contract expiration date to June 30, 2004, with no increase in the contract amount. Mr. Offret seconded the motion. Motion passed unanimously.

V. General Manager's Report

Mr. Stratton said he will be attending the annual American Water Works Association conference in Anaheim, California on June 16-18, 2003.

Mr. Stratton said staff has recently completed the aquifer water level changes report for the past year, as well as an average for the past five years. He explained that the results are somewhat alarming as the decrease in water levels has been significant. Mr. Stratton said he has directed staff to put together information in chart form of the water levels in wells, depths of the wells, draw-down level of the wells, and life expectancy of the wells. He explained that Tucson National West and Alcott are wells that only have a remaining life expectancy of approximately two years. Mr. Stratton suggested scheduling a study session for later this month to discuss the information developed to date, and to consider strategies for future planning.

Mr. Stratton said a hearing is scheduled for Thursday, June 12, 2003 to discuss the Mona Lisa Village issues with Steve Nanini. Information has been prepared for Mr. Tripp who will be conducting the hearing process.

Tucson National Casitas has contacted the District's legal counsel, Lewis & Roca, to discuss issues relating to the District's legal ability to impose development fees. Mr. Stratton said that staff and legal counsel are gathering information that will be provided to Tucson National Casitas.

Mr. Stratton said this is the peak season for water production and demands. Staff is more comfortable this year in comparison to last year in that the water levels for storage have remained stable.

Mr. Stratton said staff is researching options and opportunities for various grants that the District may qualify for in order to secure monies for unfunded projects. Staff will keep the Board updated as to the progress and available opportunities.

Mr. Stratton explained that Mike Land, Chief Financial Officer/Administration Manager, is responsible for creating some efficiencies in the Customer Service area. He said that one of the customer service representatives has been temporarily assigned to warehouse duties. This person has been categorizing and arranging the warehouse inventory so that items are available or replaced

more readily. The District is required to meet stringent rules for maintaining a more defined inventory list of items. Mr. Stratton said that one of the temporary summer help students has also been assigned to assist in the organization of the warehouse. He noted that the District's procurement process is also being examined so the process can be streamlined and items can be more easily tracked.

VI. Legal Counsel's Report

Mr. McNulty briefly explained the upcoming hearings process regarding the Mona Lisa Village townhomes. He noted that it is highly unusual for a special district to hold a hearing process such as this, and that staff has done everything within its means to ensure the process is fair to all parties.

Mr. McNulty said that the issue with Tucson National Casitas has been referred to a litigator for consideration.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board is July 14, 2003 at 6:00 p.m. A study session is scheduled for June 23, 2003 at 5:30 p.m.

VIII. General Comments from the Public

There were no comments from the public.

VIII. Adjournment

The meeting adjourned at 7:00 p.m.



Dennis Polley, Chair of the Board



Clerk of the Board