

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

**April 14, 2003**

**\*\* Board Room \*\***

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

**MINUTES**

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

Board Members Absent:     Dennis Polley, Chair

District Staff:                Mark Stratton, General Manager  
                                     Doug Metcalf, Legal Counsel  
                                     Warren Tenney, Clerk of the Board  
                                     Alice Stults, Recorder

**Executive Session**

**Call to Order and Roll Call**

Dan Offret, Vice Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:02 p.m. Dan M. Offret, Jim Doyle, Suzanne Downing, and James Tripp were present. Dennis Polley was absent due to illness.

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 5:04 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 Evaluation and Employment Agreement.**

The Board returned from Executive Session at 6:14 p.m.

## **Regular Session**

### **I. Call to Order and Roll Call**

Dan Offret, Vice Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:14 p.m. Dan M. Offret, Jim Doyle, Suzanne Downing, and James Tripp were present. Dennis Polley was absent due to illness.

### **II. General Comments from the Public**

John Kulakowski, Sabino Vista Homeowners Association, said the Hub Service Area residents have completed their signature drive to annex the Hub Service Area into Metro Main. The representatives from Hub have received enough signatures to petition the Board for annexation. Mr. Kulakowski presented the signature petitions to Warren Tenney, Clerk of the Board.

Mr. Tenney said that staff will obtain a complete list of the property owners in the Hub Service Area from the Pima County Tax Assessor's Office to ensure that enough signatures have been collected. According to state statutes, the Board must hold a public hearing within forty days after receiving the petition regarding the annexation. Mr. Tenney explained that staff will ensure the public hearing and notifications are completed according to statutes.

### **III. Consent Agenda**

- A. Approval of Minutes – March 10, 2003 Board Meeting.**
- B. Approval of Minutes – March 24, 2003 Study Session.**
- C. Ratification of Billing Adjustments.**
- D. Ratification of Bill of Sale – Rancho Pomelo.**
- E. Ratification of Bill of Sale – Sotomayor Ranch, Lots 1-64**
- F. Approval of Water Service Agreement – St. John's Property, Lots 1-35 & St. John's Off-Site Water Main.**

Mr. Tripp made a motion to approve the consent agenda. Ms. Downing 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 was less water used by District customers during the month of March compared to the same time period in 2002. This was due in part to the rain received thus far this calendar year.

Mr. Stratton said the contractor has completed one side of the Casas Adobes Reservoir roof structure repair estimates, and is working on the other side. It is anticipated the contractor will be

able to provide the District with a change order for the additional materials for repairs in the near future.

The number of valves that are being exercised has increased over previous months. Mr. Stratton said staff has identified a number of valves that were partially or entirely closed. By opening the closed valves, stronger flows and more consistent water pressures are obtained.

Mr. Offret asked if the valves were in need of replacement. Mr. Stratton said that some of the valves did require replacing, while others were cleaned.

Ms. Downing asked if quotes had been secured for the outside adobe wall repair at the Casas Adobes Reservoir. Mr. Stratton said quotes had been received and were to be included in the budget to be discussed at the April 28, 2003 study session.

**B. Financial Report.**

Mr. Land said the revenues remained close to the same as last month. Expenditures are slightly under budget. As requested by Ms. Downing, a charge card statement was included in the monthly financial report provided to the Board.

**C. Approval of Auditing Services Agreement of 2002-2003 Fiscal Year.**

Mr. Tripp made a motion to approve the agreement from Clifton Gunderson L.L.P., to perform the District's 2002-2003 fiscal year audit at a not-to-exceed amount of \$23,000. Ms. Downing seconded the motion. Motion passed unanimously.

**D. Approval to Change Service Provider on 2002 Bonds.**

Mr. Tripp made a motion to approve the termination of Wells Fargo as Registrar, Transfer and Paying Agent on the District's 2002 bonds and that Bank One Trust Company be named the successor for these services. Ms. Downing seconded the motion. Motion passed unanimously.

**E. Plant Mitigation Issues along Magee Road with Mona Lisa Village Town Homes.**

Steve Nanini, representing National Townhomes, L.L.C., La Cholla Investments, L.L.C., and La Cholla-Magee Investments, L.L.C., addressed the Board and said the District failed to re-plant a strip of land running parallel and south of Magee Road between La Cholla and Mona Lisa after doing construction. He said that prior to construction of the Thornydale Transmission Main by the District, this area contained native trees, shrubs and vegetation. He believes it to be an eyesore and inhibits the value and selling appeal of the homes within his development complex. He requested that the District re-vegetate the right of way area.

Furthermore, Mr. Nanini said the homes in the Mona Lisa Development Community do not have adequate water pressure. He claimed that the water pressure has gone down in this area since the

site was first developed. Mr. Nanini said that due to the lack of water pressure, the landscape irrigation had to be re-designed.

Mr. Tripp said he had asked staff to check the pressure at the Mona Lisa Village Town Homes. The pressure was more than adequate before it enters the town homes.

Mr. Stratton suggested that if Mr. Nanini were to add the two additional 2 inch meters as his engineering plans required it would help to increase the water pressure. Mr. Stratton said it is unknown if the water is flowing through the complex without some type of obstruction or other problem as it is a private system within the development community. He advised Mr. Nanini that the District could assist in locating their valves and making sure they are all clear and working properly.

Mr. Stratton and Charlie Maish, District Engineer, noted the District met Pima County's requirements for native plant re-vegetation following the construction. The right of way has since been used by Pima County Transportation vehicles and construction vehicles for Mona Lisa Village.

Ms. Downing asked Mr. Nanini if the District removed trees from his property. Mr. Nanini replied no; however, trees were removed from the right-of-way. Ms. Downing asked Mr. Nanini how the District left his property after the construction of the transmission main. Mr. Nanini said the District left his property in fine condition. Ms. Downing asked Mr. Nanini if he had contacted Pima County regarding the re-vegetation issue. Mr. Nanini said no, and that the County had only planted at Magee and La Cholla and did not extend the planting down to Mona Lisa Village Town Homes.

Mr. Nanini requested that he be given an extension on the time period for paying the remaining development fees for the Mona Lisa Village Town Homes complex or that the money be used to pay for more vegetation.

Mr. Offret explained to Mr. Nanini that the District would provide him with a copy of the native plant inventory. The District would also assist Mr. Nanini in locating the water valves in the Mona Lisa Village and check to make sure they are clear and working properly. Mr. Offret said staff will look into the development fees still remaining to be paid by Mr. Nanini. He suggested that Mr. Nanini contact Pima County regarding the re-vegetation along the right-of-way.

#### **F. Update on Legislative Issues 2003.**

Susan Charlton, District lobbyist with the firm of Gallagher & Kennedy, was present to provide the Board with an update on Legislative issues. It is anticipated that the Legislature will be done with the bills of the Regular Session by the end of April 2003.

Ms. Charlton said that HB2480, water multi-jurisdictional facility bill, has been passed on to the Governor's office to be signed. SB1059, trespass for critical public service facilities, is awaiting a Final Read in the Senate and will be passed on to the Governor's office for signature. SB1147, special district elections, is also awaiting Final Read in the Senate and will be sent to the

Governor's office. Ms. Charlton said that HB2084, streambeds and state claims, passed the Senate and has been sent to the Governor's office for signature. HB2088, water well administration, the filling fee for notice of intent to drill a well has been raised to \$150. Ms. Charlton said this bill is stalled at this time; however, given the support for the bill it is anticipated that it will pass.

HB2119 county islands annexation, is waiting for a Final Read in the House. HB2381, safe drinking water act, is awaiting Final Reading in the Senate. Ms. Charlton said that HB2476, agricultural water rights, and HB2477, CAWCD amendments, are waiting a Third Reading in the Senate and will then be passed on to the House for a Final Reading. SB1167 anti-terrorism information disclosure, passed the House and is awaiting Final Reading in the Senate. Ms. Charlton said SB1248, Yuma basin groundwater, has been caught up in politics and is still awaiting a hearing in the House Rules Committee. SJR1002, strike everything amendment, is also awaiting a hearing in the House Rules Committee.

Ms. Charlton said that Representative O'Halleran's Water Workgroup met on Monday, April 7, 2003 to discuss "The Law of the River." ADWR and CAWCD both gave presentations on the Colorado River and discussed the 4.4 Plan & Quantification Settlement Agreement with California. The workgroup also discussed Nevada's need for extra water. Ms. Charlton said that Representative O'Halleran stressed the importance of educating legislators on water issues. Representative O'Halleran noted that the next course of action would be to get the business community more involved in water issues.

**G. Award of Construction Contract for the Mona Lisa Well and Site Improvements.**

Mr. Tripp made a motion to disregard the non-conforming shop drawing submittals in the bid proposal and award the construction contract for the Mona Lisa Well and Site Improvements (M-02-18) project to Dar-Hil Corporation in the amount of \$414,660. And further, to grant the General Manager the authority to approve the following changes to the construction contract: 1) allocate additional funding a cumulative amount not to exceed \$25,000 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 will be submitted to the Board of Directors for approval. Mr. Doyle seconded the motion. The motion passed unanimously.

**H. Approval of Swaging Services for Hub Well #3 Arsenic Mitigation.**

Mr. Tripp made a motion to accept the bid from Layne Christensen in the amount of \$14,285 to perform swaging services at Hub Well #3 for arsenic mitigation pending the receipt of the appropriate performance and payment bond. Mr. Doyle seconded the motion.

Ms. Downing asked for further explanation of swaging and what it would mean to the District. Mr. Hill explained that it is anticipated that by performing swaging services it will mitigate the arsenic at Hub Well #3. This well contains the highest levels of arsenic within the Metro Main and Hub Service Area. If successful, there is a reasonable chance that the District can bring this well up to acceptable arsenic levels. Mr. Hill said that if the arsenic levels in this well are mitigated by



completing the swaging, the District will save a great deal of money. Ms. Downing asked how long it would be before the District would know if this method of arsenic mitigation was successful. Mr. Hill replied that it would take a couple of months.

Mr. Offret asked if the expanded line that would be placed in the well could be collapsed. Mr. Hill replied yes.

The motion passed unanimously.

**I. Consideration of 2003-2004 Budget Item for Auxiliary Power Installation for Metro Main.**

Mr. Tripp made a motion to approve to include the auxiliary pumping and the capital equipment item for the Utility Division of \$56,000 for fiscal year 2003-2004 understanding that the same amount will be saved by utilizing the interruptible rate for additional sites for the same period. Mr. Doyle seconded the motion.

Mr. Tripp asked why this item was presented to the Board at this time, noting that the 2003-2004 budget is not yet completed and approved. Mr. Hill explained that this item was presented to the Board prematurely.

Mr. Offret suggested that this item be discussed in a study session regarding the budget at a later date. The motion failed for lack of any votes to approve. The Board directed staff to bring the issue back during the budget discussions.

**J. Discussion of Additional Security Measures Implemented by the District.**

Mr. Hill provided the Board with copies of the Environmental Protection Agency's (EPA) five-tiered Homeland Security Advisory System measures for Drinking Water and Wastewater Utilities. He explained that the system developed by EPA and the American Water Works Association (AWWA) was designed to assist water utilities in providing additional security measures to protect against potential threats to water infrastructure and water quality. The security measures work in conjunction with a color coded threat level warning developed by the Department of Homeland Security (DHS). The District has taken the recommendations and developed a plan for each of the threat level warnings which are included in the District's Emergency Operations Plan. Mr. Hill said that the vulnerability assessment must be completed by the District by June 2004, and this plan will be included in the vulnerability assessment document. He explained that three District staff recently attended vulnerability assessment training, bringing the total to four staff that has been trained to date.

**K. Proposed Rate Structure Adjustment and Scheduling of a Public Hearing.**

Mr. Tripp made a motion to schedule a public hearing for May 19, 2003 at 6:00 p.m. for the purpose of discussing the District's rate structure including the phasing out of the 2,000 gallon allowances to the base rate and the increase of the fee for returned checks. Ms. Downing seconded the motion.

Mr. Offret asked about consideration for the different levels of the billing structure. Mr. Stratton said that at the March 24, 2003 study session the Board discussed the tiers of the District's rate structure as a possible change. It had been suggested that staff provide the Board with additional information and justification later in the 2003-2004 fiscal year.

Ms. Downing asked about the fees for re-connection and after hour's re-connection. Mr. Tenney said that re-connection fees were a part of previous discussions; however, as an oversight, the re-connection fees were not included in the suggested motion.

Mr. Offret suggested that the motion be restated to include re-connection fees. Mr. Tripp made a motion to schedule a public hearing for May 19, 2003 at 6:00 p.m. for the purpose of discussing the District's rate structure including the phasing out of the 2,000 gallon allowances to the base rate, re-connection fees, and the increase of the fee for returned checks. Ms. Downing seconded the motion. The motion passed unanimously.

**L. Discussion of General Manager's Evaluation and Possible Approval of Employment Agreement for the General Manager.**

Mr. Tripp made a motion to approve the General Manager's contract excluding section 5.5, and the inclusion of a clause for working in Pima County following one year of the General Managers resignation, and the inclusion of a clause requiring a 90 day notice of intent to resign. Motion is subject to Legal Counsel's review of the contract language. Ms. Downing seconded the motion. The motion passed unanimously.

**V. General Manager's Report**

Mr. Stratton said Jim Wood of R.S. Investments is developing property adjacent to the District's Hub reservoir and booster site. Mr. Wood has contacted staff regarding sound enclosures around the District's site. He contends that the noise has affected the selling potential of homes in the area. The homes are not located within the Hub Service Area boundaries and the residents are not customers of the District. Mr. Stratton said Mr. Wood has submitted potential sound abatement structure plans to the District. He added that prior to any construction of the sound abatement structures that information will be presented to the Board for its consideration.

Mr. Offret said he was concerned that the sound abatement structures not deflect the sound back onto District customers. Mr. Stratton said staff will ensure that the structure will be fully enclosed so that the sound remains contained within the structure. The structure will also be constructed as to allow staff access to the site for repairs, etc. Mr. Stratton said that the booster facility may be relocated in the future and the sound abatement structure must be constructed so as to allow for the relocation of the booster facility.

Mr. Stratton said staff is in the process of determining the cost for obtaining a sampling of the material at the Lambert/La Cholla site that is clogging the well screen. Once the sampling is obtained and analyzed, the District will have a more clear idea of how to proceed.

The annual Arizona Water and Pollution Control Association (AWPCA) conference will be held in Tucson April 30 through May 2, 2003. Mr. Stratton said it provides the opportunity for discussion on technical issues throughout the State. If any Board member would like additional information, staff can provide the conference schedule and information.

Mr. Stratton said the District was pleased to receive the Clean Water Partner for the 21<sup>st</sup> Century Award. He explained that he is unsure of how or when the Environmental Protection Agency will present the award to the District.

Mr. Stratton said the phone maintenance and service contract expires this month. However, in lieu of approving a new contract with the existing company, Mr. Stratton asked staff to review the contract and the District's needs. This will assist in determining if a full maintenance contract is needed for all phones or perhaps the main receptionist phone only. Mr. Stratton said the receptionist phone is the most critical and complex of the District's overall system. He explained that the results of the review of the phone system and existing contract will be presented to the Board at the study session scheduled for later this month.

#### **VI. Legal Counsel's Report**

Doug Metcalf, Legal Counsel for the District, provided an update of the sale of the Green Valley Water Company (GVWC). Mr. Metcalf reminded the Board that at the end of February 2003, the Board signed a settlement agreement with the GVWC and the Green Valley Domestic Water Improvement District (GVDWID). The golf courses have continued to disagree with the settlement. Mr. Metcalf explained that he appeared on March 26, 2003 before the Arizona Corporation Commission (ACC) Board on behalf of Metro Water to seek approval of the sale of the assets of the GVWC, pursuant to the settlement agreement. An Opinion and Order was recently received approving the settlement and terms of the agreement allowing GVDWID to purchase the assets of the GVWC. If GVDWID is unable to make the purchase, the District will then have the opportunity to purchase GVWC. The next hearing of the ACC is scheduled for April 22, 2003 and it is anticipated that the settlement and sale will be approved.

Mr. Metcalf said that there is a concern and need for the District to continue to maintain that the ACC has no jurisdiction over the District itself. He wants the ACC to acknowledge that they do not have jurisdiction over the District. This will protect the District regarding any future potential issues that may arise.

#### **VII. Future Meeting Dates; Future Agenda Items**

The next regular meeting of the Board is May 12, 2003 at 6:00 p.m. A Public Hearing is scheduled for May 19, 2003 at 6:00 p.m. A study session is scheduled for April 28, 2003 at 5:30 p.m.

#### **VIII. General Comments from the Public**

Pete Schlegel addressed the Board and voiced concerns regarding Oro Valley's successful annexation of an area near the District's boundaries. He noted that Oro Valley City Counsel

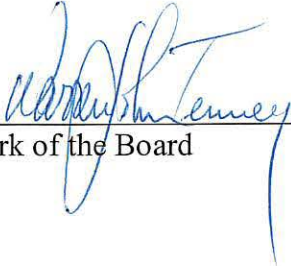


candidates previously said that if Oro Valley annexes an area which is served by the District that it will want to convert District customers to Oro Valley. Mr. Schlegel believes that Oro Valley is also interested in annexing in the foothills area.

Mr. Offret said that the District is aware of the annexation efforts by Oro Valley and noted that the Board has discussed these issues. Mr. Offret thanked Mr. Schlegel for his comments and concerns.

**IX. Adjournment**

The meeting adjourned at 7:50 p.m.

  
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Clerk of the Board

  
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Dennis Polley, Chair of the Board