

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

April 13, 2009

**** Board Room ****

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

MINUTES

Board Members Present: Jim Doyle, Chair
James Tripp, Vice Chair
Bryan Foulk, Member
Reb Guillot, Member
Dan M. Offret, Member

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

Executive Session

I. Call to Order and Roll Call

Jim Doyle, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:19 p.m. Jim Doyle, James Tripp, Bryan Foulk, Reb Guillot, and Dan M. Offret were present.

Mr. Offret made a motion to adjourn into executive session. Mr. Tripp seconded the motion. Motion passed unanimously.

Executive Session pursuant to A.R.S. § 38-431.03 (A) 3 (consultation for legal advice with District Legal Counsel), A.R.S. § 38-431.03 (A) 4 (consultation regarding contracts that are in pending or contemplated litigation or in settlement discussions) regarding the following:

- A. Contract Dispute for Tucson National Mainline Replacement Project.**
- B. Quarterly Appraisal of the General Manager.**

II. Adjournment

The executive session adjourned at 5:55 p.m.

Regular Session

I. Call to Order and Roll Call

Jim Doyle, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:00 p.m. Jim Doyle, James Tripp, Bryan Foulk, Reb Guillot, and Dan M. Offret were present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – March 9, 2009 Board Meeting.**
- B. Approval of Minutes – March 16, 2009 Study Session.**
- C. Ratification of Billing Adjustments.**

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

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Mark Stratton, General Manager, said that water production was slightly down compared to the same month in 2008. The South Shannon treatment facility is back on line and working fine. Mr. Stratton said Hydrology staff are still negotiating on the Fruchthendler School property owned by the Tucson Unified School District. The District is interested in the property as a potential well site.

B. Financial Report.

Mike Land, Chief Financial Officer, said the March 2009 revenue figures are the same as those in March 2007. Mr. Land explained that the District is currently experiencing a 9% decrease in anticipated revenues for the 2008/2009 fiscal year. Development revenues continue to be down for the current fiscal year. During the first half of April 2009, we have only had two new connections that generated revenue. Mr. Land noted that all Capital Improvement Projects have been put on hold for the time being.

J. Subsidence Monitoring Update within the Tucson Active Management Area by the Arizona Department of Water Resources.

Mike Block, District Hydrologist, explained that Metro Water had signed an IGA with the Arizona Department of Water Resources (ADWR) to help fund subsidence monitoring in the Tucson Active Management Area (TAMA). Mr. Block said that Brian Conway, Geophysics/Surveying Unit Supervisor with ADWR Hydrology Division, was present to provide an update on this year's monitoring findings.

Mr. Conway said that the IGA was being used to help finance the monitoring efforts in the TAMA. He briefly explained the equipment including satellite technology being used to measure land subsidence. Subsidence monitoring provides information on land surface elevation changes which affects the natural flood plain drainage, flow within canals and drains, damaging intermodal infrastructure, damaging water retention and retarding structures, and damaging private property. Mr. Conway provided a PowerPoint presentation that showed the amount of subsidence within Tucson's Active Management Area, and the amounts of subsidence over various periods of time. He explained that interferometric processing (InSAR) data does not show any current active land subsidence features within Metro Water District's service area.

C. Oracle Foothills #6 Mainline Replacement, Phase I Pavement Issue Discussion.

Nedra Williams, District customer, said there are some potholes that have not been repaired in the area of the Oracle Foothills #6 Mainline Replacement, Phase I project. Mr. Stratton explained that staff would follow up and make sure the potholes are repaired. He noted that the residents living in the area had brought up similar issues at the March 9, 2009 Board meeting regarding paving and other work that had been done in this area. Mr. Stratton said that the contractor is now done working in the area.

Mr. Foulk said he recently drove through the area and did not see any problems.

Mr. Offret explained that he understands that residents living in this area are not happy with how the roadways were left. He said he too drove through the area and believes the roadways were taken care of during the mainline replacement project according to Pima County requirements. Mr. Offret said he did notice new fire hydrants in the area and was happy to see these were installed.

Mr. Doyle said he also drove in the area and noticed there was some wear and tear on the roadways from the equipment that was brought into the area. However, although it does look patchy, the compaction of the repairs in the roadways appears to be adequate. He was also impressed with the new fire hydrants. Mr. Doyle noted that at this time he does not know that Metro Water can do anything further, as the roadway repairs were completed to comply with the Pima County regulations.

Sandra Larriva, District customer, asked if the District were to do this same type of work in newer or more expensive neighborhoods would it leave the roadways the same as what hers were left. She

added that she wants fairness and equity. Mr. Stratton explained the District just completed a job in the Tucson National/Westward Look area and the roadways were repaired in the same manner. If the District is able to stay off the roadways to make repairs to the waterlines, obviously the roads will not have patches. Charlie Maish, District Engineer, said the District does establish the guidelines for how the roads are to be repaired after waterline construction. The guidelines are made by Pima County and the District did comply and follow these established guidelines.

Rebecca Watson, District customer, said she is very unsatisfied how the roadways were worked on, and the amount of time it took the contractor to do the work. She said that she has warned other people within Metro Water's service area about the type of work that is done by Metro Water. She said that the potholes were patched numerous times and is concerned about the roadways washing away. Mr. Stratton said that customers in this area should talk to Pima County regarding the roadways if they feel the roadways were not left in good condition. Ms. Watson said she is going to be watching in other areas to see how Metro Water does the work, and to see if other community's entire roadways are repaved after any waterline work is completed. Mr. Maish said that in many areas most of the meters being replaced are accessible without digging in the roadway.

D. Proposed RTA Waterline Relocation Fee and Scheduling of a Public Hearing.

Mr. Tripp made a motion to schedule a Public Hearing for Monday, June 8, 2009 at 6:00 p.m. for the purpose of discussing the proposed RTA waterline relocation fee. Mr. Foulk seconded the motion.

Mr. Stratton said that the Regional Transportation Authority (RTA) has a number of road projects scheduled and the amount of cost to the District to relocate its waterlines will use up all our available money to complete other projects. The first project is the widening of La Cañada Road from Calle Concordia to Ina Road. The District is looking at multiple years of RTA waterline relocation work.

Mr. Offret asked about the RTA projects that are running through 2013, and if it would be possible for staff to provide an estimate of those projects. Mr. Stratton said that it is not possible to estimate that far into the future with the fluctuations of commodities and prices. It is also unknown what assistance may be available to Metro Water in the future to help pay for these projects. Mr. Stratton explained that the current planned relocation project is going to be placing a substantial hardship on the District; however, we do know what those costs are going to be and how much a waterline relocation fee would be needed to pay for this project.

Mr. Foulk asked if the cost to the District to relocate waterlines under the RTA projects were included in Pima County's cost to complete the projects. Mr. Stratton replied no, and explained that the District was responsible for its relocation costs, as were other utilities in the area. Due to the growth in the Northwest Tucson area, there is a need to widen the roads to accommodate the amount of traffic.

Warren Tenney, Assistant General Manager, said staff is seeking direction from the Board on what information to provide District customers in a mailing explaining the RTA projects and anticipated costs to the District which will be passed on to customers. He asked for a monetary range that would be provided to the customers if that is how the Board wants to proceed.

Mr. Foulk said it is his preference to provide the customers with the highest dollar amount that RTA projects could possibly cost. Mr. Offret agreed, and asked if the surcharge would be identified as a separate cost on customer's bills. Mr. Land replied yes. Mr. Tenney noted that in the latest newsletter (April 2009) there was information regarding RTA projects and the financial impact they would have on the District's budget. Mr. Guillot asked that if a surcharge is assessed to District customers that the range of time that this surcharge may impact their bills also be included.

The motion to schedule a Public Hearing for Monday, June 8, 2009 at 6:00 p.m. for the purpose of discussing the proposed RTA waterline relocation fee passed unanimously.

E. Discussion and Direction for Legislative Issues 2009.

Mr. Tenney said very little has occurred since the legislative update last month. The Senate is not taking any action as they continue to focus on the budget.

HB 2176 dealing with domestic water improvement districts and rate setting is not moving forward as the sponsor said he is no longer sponsoring the bill, and because of the opposition to the bill by many of the DWIDs and water organizations.

Mr. Tenney also explained that ADWR's budget is being reduced significantly, and they will experience staffing and program cuts.

F. Approval of Updated Military Leave Policy and Updated Family Medical Leave Policy for the Personnel Manual.

Mr. Tripp made a motion to approve the updated Military Leave policy and the Family Medical Leave Act policy, both which are to be referenced in the District personnel manual. Mr. Offret seconded the motion.

Mr. Guillot asked about medical insurance for military personnel while they are serving on active duty. Mr. Tenney explained that military employees have the option to continue medical coverage through COBRA; however, since they are also covered through the military for medical insurance the option would be up to the employee. Mr. Stratton explained that depending upon an individual's circumstances, such as an employee that had a dependant with a long-term illness or injury, the dependant could continue treating and being covered under the District's COBRA. Mr. Tenney noted that this policy item would clarify the language in the District's personnel manual.

Motion passed unanimously.

G. Approval of Manhole Cover Bids.

Mr. Tripp made a motion to approve the bids received for the manhole cover replacement and authorize \$10,000 to proceed with installing the composite manhole covers in non-traffic areas. Mr. Offret seconded the motion.

Mr. Guillot asked what would happen to the current manhole covers. Christopher Hill, Deputy Manager, said they would be sold as scrap material. Mr. Foulk asked if the manhole covers were being replaced as a result of safety concerns. Mr. Stratton replied yes, and noted that there are safety issues for staff. He explained that staff will work with Pima County on replacing the manhole covers located in the roadway. Mr. Offret asked if we could get a response from Pima County prior to June 30, 2009. Mr. Stratton said he does not know if we would be able to get a response that soon; however, District staff could replace those manhole covers that we currently have money budgeted for.

Motion passed unanimously.

H. Award of Construction Contract for the Ina/La Cañada Road Mainline Replacement.

Mr. Tripp made a motion to approve the construction for the Ina/La Cañada Mainline Replacement, Bid Alternative B to Action Pipeline Contractors, Inc. in the amount of \$711,243.20 and to authorize the General Manager to approve the following changes to the construction contract: 1) allocate additional funding a cumulative amount not to exceed \$25,000.00 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. Foulk seconded the motion.

Mr. Offret said that after becoming aware that PVC pipe would be used instead of ductile iron, while he does favor the ductile iron pipe he realizes that the cost has increased significantly. Mr. Tripp agreed, and said that due to budgetary constraints it is wiser to go with PVC pipe for this project. Mr. Foulk asked about the lifespan of the PVC pipe. Charlie Maish, District Engineer, explained both types of pipe are guaranteed for 50 years.

Motion passed unanimously.

I. Approval of Amendment No. 1 for the Northwest Central Arizona Project Water System Route Analysis.

Mr. Tripp made a motion to approve Amendment No. 1 to the professional service agreement with WestLand Resources, Inc. in the amount of \$70,000.00 for the additional route segment analysis and water treatment plant site evaluations. Mr. Offret seconded the motion.

Mr. Offret said he liked the way the information regarding the route analysis was identified in segments and was appreciative of how well the report was done.

Mr. Foulk asked if the new ball field that Marana is putting in will have an effect on the water storage facility. Mr. Stratton replied yes, and noted that they want to put in a water feature and are happy with the idea of an aesthetically pleasing water storage facility. The Town of Marana would pay for any enhancements to the structure.

The motion to approve Amendment No. 1 to the professional service agreement with WestLand Resources, Inc. in the amount of \$70,000.00 for the additional route segment analysis and water treatment plant site evaluations passed unanimously.

K. Water Resources Update.

Mr. Stratton said staff wanted to provide the Board with additional background on what the District is doing with its renewable water resources, and the steps the District has taken to manage those resources and save money. He said that staff wants to make sure we are offsetting our groundwater costs. Mr. Stratton thanked staff for all their work on these issues. He noted that the amount of water treated in the future at South Shannon may be impacted by the amount of funds received from ADWR for the treatment. Staff is looking at utilizing all of our recharge credits to save additional money. Mr. Stratton noted that groundwater levels have risen somewhat in the Rincon area.

Mike Block, District Hydrologist, said that the report to ADWR on Metro-Hub and Metro-Main shows that the District is doing a better job tracking the water used. He believes this is due in part to the meter replacement program and conservation, as the gallons used per capita continues to lower.

Mr. Offret asked if the remediated water at South Shannon were to decline would our production figures go up. Mr. Stratton replied yes, but explained that the District would get more recharge credits.

V. General Manager's Report

Mr. Stratton said staff is still trying to resolve the issue of high chlorine levels in the Metro-Hub service area. It is still not apparent what is causing the higher levels which are occurring at one individual residence. Staff will keep the Board informed as to any findings.

The claim for damages to the Northeast Booster Station has been turned over to the District's insurance carrier and they have requested copies of all District files. The insurance company has assumed the investigation and recourse for the damages.

Mr. Stratton briefly explained the purpose of the Bond Oversight Committee, and noted that the Board is welcome to attend those meetings which provide an update of our financial status and current projects being worked on.

There are a number of District staff who will be attending the AZ Water Annual Conference in May 2009. Again this year the District will have a men's and women's pipe tapping team competing. New at this year's conference is a Meter Madness competition. One of our staff, Steve Woolridge, will be representing the District by competing in this competition.

Mr. Stratton said the Executive Director for the American Water Works Association (AWWA) recently resigned. A national search for a replacement for Gary Zimmerman will take place later this year. Deputy Executive Director, Paula MacIlwaine, has agreed to take over as interim Executive Director.

VI. Legal Counsel's Report

Michael McNulty, Legal Counsel, said they are still working on the Thim Water Company acquisitions. Mr. Hinderaker, Legal Counsel, will be going to court on Monday regarding the claims filed against the District by Sun Western.

Mr. Offret asked about the restraining order filed against a previous Board member. Mr. McNulty said the District would have to request a renewal of that order. Mr. Stratton noted that staff has not had any contact from the previous Board member.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board of Directors is Monday, May 11, 2009 at 6:00 p.m. A study session has been scheduled for April 27, 2009 at 5:30 p.m.

VIII. General Comments from the Public

There were no comments from the public.

IX. Adjournment

The meeting adjourned at 7:15 p.m.

Jim Doyle, Chair of the Board

Warren Tenney, Clerk of the Board