

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

July 28, 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

Board Members Not Present: Dan M. Offret, Member

District Staff: Mark Stratton, General Manager
John Hinderaker, Legal Counsel (via telephone)
Tullie Noltin, Recorder

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, and Reb Guillot were present. Dan M. Offret was not present.

II. Approval of Settlement Agreement to Resolve Contract Dispute for Tucson National Mainline Replacement Project

Mark Stratton, General Manager, explained that John Hinderaker, Legal Counsel, was out of town on vacation but would be answering any questions by telephone. Mr. Hinderaker explained at the previous executive session, the Board authorized \$140,000 with an additional \$20,000 authorized if circumstances changed. Mr. Stratton later called the Members of the Board to gain authorization for an additional \$5,000. During mediation it was discovered Mariacher Counsel Stephen Weeks had been working the case on a contingency basis. Mr. Hinderaker and Mr. Stratton decided it made sense to settle at \$165,000.

Mr. Stratton said he and Mr. Hinderaker recommend the Board approves a settlement payment to Sun Western in the amount of \$165,000. There was also a public records request by Mr. Weeks on behalf of Mariacher, which would have required Legal Counsel to spend many costly hours on reviewing invoices and other documents. The public records request has been removed within the settlement agreement. Mr. Hinderaker explained the agreement included a release of claims, a withdrawal of the public records request, and the other parties are agreeing not to bring another public records request.

Mr. Foulk asked if the records request could have been Mr. Weeks' attempt to settle or force the District to run through time-consuming steps. Mr. Hinderaker confirmed and said Mr. Weeks was asked to leave mediation at one point because he was so enraged. Mr. Foulk asked if the approval of the settlement would mark the end of Mr. Weeks' involvement on this, or any other matter. Mr. Hinderaker confirmed. Mr. Foulk asked whether Sun Western could raise any further claims regarding this matter after the settlement is reached. Mr. Hinderaker indicated they could not. The agreement will release all claims from this case and the rules of evidence would not allow them to do that.

Mr. Tripp made a motion to accept the Settlement Agreement as presented, and Mr. Guillot seconded. Motion passed unanimously.

Mr. Stratton clarified the check will go to Lewis & Roca by Monday, August 3, 2009. Lewis & Roca will deliver the check to Mr. Weeks the same day.

Mr. Foulk asked Mr. Stratton if Mr. Weeks had agreed to lower his contingency. There was speculation on the final allocations to each party involved. Mr. Stratton said the payment to Mr. Weeks will likely come to an amount lower than the value of the time he had invested.

III. Status of Equipment Failures and Repairs at Northeast Booster Station Facility

Mr. Stratton mentioned a memo from Warren Tenney, Assistant General Manager, regarding another pump failure at the Northeast Booster Station. Charlie Maish, District Engineer, explained the failure of Pump No. 3 occurred a week ago. It appears to be similar to the failure of Pump No. 2. District staff had previously installed a floor sensor to shut off power to pumps if water was detected on the floor. The sensor worked; however, there was still 10 psi of pressure on the suction inlet side, so water was able to come up the side and into the building. Maximum water levels reached about 13 inches inside. Staff was notified by the adjacent neighbor, and they arrived within 30 minutes. Staff opened the door and water came out. They began to squeegee the floor and brought in blowers to dry out the equipment and the underground conduits. Mr. Maish explained within four hours, staff had two of the four pumps back in operation. Reservoir water levels fell by approximately two feet during that time, but some of that could have been normal variance due to usage. The District's insurance carrier will inspect on Friday, July 31, 2009. Mr. Maish expects Fairbanks Morris to attend, and hopes to have permission to pull the pump after the inspection. The enclosing tube broke on Pump No. 3.

Mr. Foulk asked if there is a design or manufacturing flaw causing the failures. Mr. Maish said the forensic report did not say why the failure occurred, but simply identified the location of the failure. He added there could be further forensic testing ordered.

Chris Hill, Deputy General Manager, said the enclosing tube is designed to carry lubricant between the column pipe and the shaft. The lubricant in that inner column can be oil or water, but in this case it was water. The lubricant prevents excessive heat, because heat results in failure. Mr. Hill said there are many inner column assemblies in the District, but the top portions are bolted to the head configuration where the water flows through.

Mr. Foulk asked if the design was chosen by the District. Mr. Maish explained the failed pumps are set up in Fairbanks Morris' standard configuration. In hindsight they probably would have recommended something different. He said they may change all four pumps to another configuration.

Mr. Maish also mentioned there had been a concern about noise on Pump No. 4. That pump was inspected by the manufacturer and placed back in service as of yesterday.

Mr. Doyle is glad the sensor worked, but asked if the District would install an automatic valve since there was still 10 psi of pressure. Mr. Maish said staff is considering cutting out louvers in the door to allow water out of the building. There is currently a dry sump drain, but staff is looking into modifications to drain more freely. Mr. Stratton asked if a check valve system would keep the pressures stable. Mr. Maish explained it would be expensive. He said staff also contemplated automatic door openers and other solutions. There was a brief discussion on the diameters of the existing ventilation louvers, which have allowed some water to exit the building.

Mr. Doyle asked how many gallons per minute (gpm) flow through the pumps. Tom Caito, Senior Civil Engineer replied the range is 1000-1600 gpm, but the optimum is 1200 gpm. Mr. Maish indicated there are variable frequency drives on three of the four pumps.

Mr. Stratton will update the Board of Directors on the boosters at the August board meeting.

IV. Adjournment

Mr. Tripp made a motion to adjourn. The meeting adjourned at 5:23 p.m.

Jim Doyle, Chair of the Board

Warren Tenney, Clerk of the Board