

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

**November 10, 2008**

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

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

**MINUTES**

**Board Members Present:** Judy Scrivener, Chair  
Dan M. Offret, Vice Chair  
Jim Doyle, Member  
Reb Guillot, Member  
James Tripp, 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**

Judy Scrivener, 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. Judy Scrivener, Dan M. Offret, Jim Doyle, Reb Guillot, and James Tripp were present.

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

Executive Session pursuant to A.R.S. § 38-431.03 (A)1 (discussion or consideration of personnel matters), 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 the subject of negotiation, in pending or contemplated litigation, or in settlement discussions), A.R.S. § 38-431.03 (A)(7) (consultations regarding negotiations for the purchase, sale, or lease of real property) regarding the following:

**A. Revised Employment Agreement with the General Manager.**

## **II. Adjournment**

The executive session adjourned at 5:54 p.m.

## **Regular Session**

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

Judy Scrivener, 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. Judy Scrivener, Dan M. Offret, Jim Doyle, Reb Guillot, 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 – October 15, 2008 Board Meeting.**
- B. Approval of Minutes – October 20, 2008 Public Hearing.**
- C. Approval of Minutes – October 28, 2008 Special Board Meeting.**
- D. Ratification of Billing Adjustments.**
- E. Ratification of Bill of Sale – Oracle Medical Plaza.**
- F. Ratification of Bill of Sale – Whalen Parcel Water Plan.**

Mr. Tripp made a motion to approve the consent agenda. Mr. Guillot 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 the water usage for October 2008 continued to be down, despite the lack of any measureable precipitation for the month. Mr. Stratton said that this may be in part due to the number of customers within the District at a level lower than normal for this time of year. Mr. Stratton explained that he has advised staff to hold back on expenditures for the time being and purchase only those things that are necessary.

Mr. Stratton said Hydrology staff is looking at a possible joint study with Oro Valley using existing gravity data collected by the United States Geological Society (USGS) and University of Arizona to better characterize the subsurface geology near the Lambert/La Cholla well. The purpose of the study is to determine if a fault line exists between the District and Oro Valley. If a fault line exists, it may be the reason the Lambert/La Cholla well did not produce the anticipated yield.

Charlie Maish, District Engineer, said the only active Capital Improvement Project is the Oracle Foothills No. 6, Phase I Mainline Replacement. The contractor for this project said it is anticipated this project will be done ahead of schedule. The La Cañada Drive "C" Zone Transmission Main and La Cañada Drive, Calle Concordia to Ina Road, Waterline Relocation plans have been submitted to Pima County and the District is waiting for comments. District staff are also waiting for comments from Pima County on the Ina/La Cañada Mainline Replacement. Mr. Stratton said many of the other area utilities are having some financial concerns with the road improvement project Pima County is planning for this area, and everyone is hoping Pima County holds off until next fiscal year. The District has budgeted funds for Phase 1 of the Ina/La Cañada project; however, only 50% was budgeted and if the entire project needs to be completed prior to July 1, 2009, we may need to use a small portion out of the contingency fund. It is hoped that some of the construction costs will be carried over into the next fiscal year.

**B. Financial Report.**

Mike Land, Chief Financial Officer, said revenues and expenditures are both running under budget. Revenues for the current fiscal year are behind what they were for the same time period in 2007-2008. With the recent 4% water rate increase passed by the Board in October 2009, it is anticipated that revenues will be up in December 2008. The number of new water connections continues to be down for the current fiscal year.

**C. Audit for Fiscal Year 2007-2008.**

Mr. Tripp made a motion to approve the audited Financial Statements of the District for fiscal year 2007-2008. Mr. Offret seconded the motion.

Mr. Offret asked about the decrease in cash flow and if it was due to fewer items in the District's inventory. Mr. Land explained that Randy Collyer, Inventory Specialist, was keeping a closer eye on the supplies and when they need to be ordered for re-stocking, thus reducing the amount of unnecessary items being held in inventory. Mr. Offret thanked Mr. Collyer for a job well done.

Motion passed unanimously.

**D. Status of Federal Trade Commission Enforcement of "Red Flags" Rule.**

Mr. Stratton said that this rule will assist in protecting District customer's identity when providing personal information as far as online banking and credit cards. Mr. Land said he recently talked to the Town of Marana who is currently working on putting a program in place and they indicated they will share their program information with the District when it is completed. Mr. Land added that this program will also assist District employees in better checking the validity of credit cards.

**E. Approval of District Lobbyist for 2009 Legislative Session.**

Mr. Tripp made a motion to approve the hiring of Gallagher & Kennedy as the District's lobbyist for the 2009 Arizona Legislative Session. Mr. Offret seconded the motion.

Mr. Offret noted that Gallagher & Kennedy had done a very good job in past years. Warren Tenney, Assistant General Manager, said that with the results of the recent election, the State Legislature is now even more conservative than last year. He said that currently there is no one that is leading on water issues in the legislature. Southern Arizona Water Utilities Association (SAWUA) will be attempting to cultivate someone from Southern and Central Arizona to represent these areas in the legislature. Mr. Tenney said that the District is not anticipating proposing any specific legislation at the time. However, CAP will be seeking to try to obtain a CAGR revenue bonding authority. Mr. Offret asked if things would be put on hold as far as the Governor is concerned until it is known what her duties may be on a federal level. Michael McNulty, Legal Counsel, said that this may be the case and everyone is waiting to see what, if anything, will happen once President-Elect Obama takes office.

Motion passed unanimously.

**F. Update by United States Geological Survey on the Lower Cañada Del Oro Basin Aquifer Storage Monitoring Project.**

Mr. Stratton explained that a representative from the United States Geological Survey (USGS), Robert Carruth, was present to provide a PowerPoint presentation to the Board regarding the aquifer storage monitoring project.

During Mr. Carruth's presentation he said this project has been ongoing for more than 10 years. The main objectives of the project are to monitor aquifer storage changes, and to monitor land surface elevation changes. Mr. Carruth noted that he had written reports that he would provide to the Board members for their perusal regarding monitoring results. He said that each year they look at aquifer storage changes, and subsidence, and explained what subsidence land compaction is, and how it affects the water levels in the aquifer system. Water continues to decline in Metro Water's wells. Each year USGS reviews information gathered from several types of equipment, and also works with the individual water utilities to obtain any new or additional information from them regarding water usage.

**G. Approval of Revised Employment Agreement with the General Manager.**

Mr. Tripp made a motion to table the Revised Employment Agreement with the General Manager until the December 8, 2008 meeting. Mr. Offret seconded the motion. Motion passed unanimously.

**V. General Manager's Report**

Mr. Stratton said the annual Thanksgiving employee luncheon will be held on Tuesday, November 25, 2009 at 12:00 p.m. All Board members and significant others are invited to attend.

Paving options for the James M. Tripp Reservoir are still being discussed and researched by staff. A report should be available for the Board at the December 8, 2008 meeting.

Mr. Stratton explained that he and Mr. Tenney will be attending the Colorado Water Users Association Conference in Las Vegas, December 15-17, 2008. January 15-16, 2009 is the Multi-State Salinity Coalition (MSSC) annual forum that Mr. Stratton will also be attending.

Mr. Stratton said HDR Engineering submitted an application for an award for the James M. Tripp Reservoir and it did receive an award from the Southwest Contractor's Best of 2008 in the category for Civil Infrastructure (water/wastewater/utility). There is an awards ceremony on December 2, 2008 in Phoenix. We need to notify HDR of how many will be attending from the District; therefore, if any Board member is interested in attending, please contact Alice Stults.

The multi-family water rate issue is still being discussed by District staff who are trying to resolve any inequities regarding the multi-family units. Mr. Stratton explained that the District may want to seek WaterCASA's assistance in providing a recommendation on the District's overall tiered rate structure and conservation.

Mr. Tenney said the Northwest water provider partners have started the route analysis for the CAP treatment facility and all of the water provider entities Boards have approved the route analysis study.

**VI. Legal Counsel's Report**

Mr. McNulty said the litigation with Sun Western continues. Their lawyer wants to engage all District Board members into depositions.

Mr. McNulty said that Linda McNulty, District Legal Counsel, has been working on the Thim water utility purchase issues.

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

The next regular meeting of the Board of Directors is Monday, December 8, 2008 at 6:00 p.m.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Adjournment**

The meeting adjourned at 6:48 p.m.

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Judy Scrivener, Chair of the Board

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Warren Tenney, Clerk of the Board