

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

June 9, 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
L.G. Ovsevitz, Member
James Tripp, Member

District Staff: Christopher Hill, Deputy Manager
Andrea Gonzales, Legal Counsel
Alice Stults, Recorder

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, and James Tripp were present. L.G. Ovsevitz was present but remained standing in the back of the Board room.

II. General Comments from the Public

Jennifer Wilcox, District customer who lives at 5421 N. Grande Ave., Tucson, Arizona purchased property and a home north of the Escondido Well. They moved onto the property in May 2008 and said that the noise of the tank and well keeps them awake at night. Ms. Wilcox noted that the well cycles every 3 minutes making loud noises. She contacted Steve Shepard who sent District staff to assess the noise, and provide information on the tanks. Ms. Wilcox said that Mr. Shepard advised her that the existing tank and plumbing are approximately 30 years old, and the small diameter of the existing pipes make it difficult to alleviate the noise associated with the tank's normal function. Ms. Wilcox explained that she has visited and recorded noise from other District wells and they do not produce the same loud level of noise. She would like Metro Water to construct some type of sound barrier and/or update the equipment at the facility to help alleviate the noise. Ms. Wilcox added that they are going to plant trees to act as a sound barrier, and have already installed new double-paned windows. She asked that the District address the noise issue as well. Ms. Scrivener

advised that the Board could not take action on this item at this time, and that staff would check into the matter and respond back to Ms. Wilcox.

III. Consent Agenda

- A. Approval of Minutes – May 12, 2008 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Approval of Water Service Agreement – Watermain Extension of Quest Land Group.**
- D. Approval of Amendment No. 2 to the Miscellaneous Geotechnical & Material Testing Services Contract with Western Technologies, Inc.**
- E. Approval of Amendment No. 2 to the Miscellaneous Survey Services Contract with AMEC Infrastructure, Inc.**
- F. Approval of Amendment No. 2 for the Analytical Laboratory Services Contract for Synthetic Organic Chemical Analyses.**
- G. Approval of Amendment No. 2 for the Analytical Laboratory Services Contract for Radiochemical Analyses.**

Mr. Tripp made a motion to approve the consent agenda. Mr. Offret seconded the motion. Motion passed 4-0.

Ms. Ovsevitiz made a loud noise from the back of the Board room that was not recordable as she said it as Mr. Offret was speaking to second the motion.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Christopher Hill, Deputy Manager, said the James M. Tripp Reservoir has been put into production; however, some changes still need to be made in the system and to the wells to get it fully operational. The South Shannon carbon change-out will occur again very soon. Mr. Hill explained that valve exercise and operations have been assigned solely to a District individual to exercise the valves and assure timely and proper maintenance.

B. Financial Report.

Mike Land, Chief Financial Officer, said revenues through April 2008 are 2.3% under budget but it is anticipated that the District will finish out the current budget year with the revenues running higher than budgeted for the 2007-2008 fiscal year. Expenditures are still somewhat under budget. The District has received another \$3,200.00 from the bankruptcy bringing the total received to 53% as of this date.

Mrs. Ovsevitiz shouted from the back of the Board room that she had no confidence in this unethical financial report and/or Chief Financial Officer Mr. Land.

C. Establishment of Pilot Utility Division Incentive Program and Longevity Pay Plan.

Mr. Tripp made a motion to approve and adopt the establishment of the Pilot Utility Division Incentive Program and Longevity Pay Plan as presented in this report. These programs are to become effective July 1, 2008. Mr. Offret seconded the motion.

Mr. Offret asked if the Longevity Pay Plan goes into effect if approved by the Board at this meeting. He also wanted to verify that the Incentive Program is just a pilot plan at this time. Mr. Hill replied that both assumptions were correct. Mr. Offret explained that he likes the Longevity Pay Plan, but noted that it does not address if an employee is placed on a corrective action program if the employee would still be eligible for the Longevity Pay Plan or if it would be postponed. Mr. Hill explained that Human Resource Specialist Billie Sue Morelli would have to address this issue, and gave examples of how the plan might address this issue. Mr. Offret said that he wants something formerly put on paper and incorporated into the plan. Mr. Offret asked for an explanation of what Train the Trainer meant on the Incentive Program endorsements. Mr. Hill said this is an idea that was developed by staff as a means for current employees with greater knowledge in an area to train new or existing employees. These current employees would attend outside training that would enhance their ability to share and train other employees.

Ms. Ovsevitiz shouted nay, and that she had no confidence in the unethical report and/or reporter.

Motion passed 4-0.

D. Consideration of Cost of Living Adjustment for District Staff.

Mr. Tripp made a motion to approve a Cost of Living Adjustment of 3.5% for District employees to be effective in the payroll that includes the date July 1, 2008. Mr. Offret seconded the motion.

Mr. Offret noted that three public entities in Tucson were not offering COLAs to their employees because of economic situations. He explained that he is reluctant to give District employees a 3.5% COLA because of economic situations and because that would be the highest COLA ever provided to District employees since 2003. Mr. Offret wants to see the COLA lowered to 3%.

Mr. Doyle said he understands the economics of the community and the nation and believes that the District has capable staff and that it can afford a 3.5% COLA increase at this time.

Mr. Offret explained that he believes the Board has been generous this current year with giving employees longevity and incentive pay, and that the District has only given a COLA this high once

before. He asked Mr. Land what the difference in the amount would be to the District. Mr. Land said that it would be approximately \$15,000 to \$16,000 for the year.

Mrs. Ovsevizt yelled out nay.

Ms. Scrivener called for a vote. The motion to approve a Cost of Living Adjustment of 3.5% for District employees to be effective in the payroll that includes the date July 1, 2008 passed 3 to 1 with Ms. Scrivener, Mr. Tripp, and Mr. Doyle voting in favor. Mr. Offret voted against the motion.

E. Adoption of Fiscal Year 2008-2009 Operative Fund Budget.

Mr. Tripp made a motion to approve to adopt the Metro Water District Operating Budget for the 2008-2009 fiscal year as presented with the total disbursement not to exceed the budgeted amount of \$17,444,272. Mr. Doyle seconded the motion.

Mrs. Ovsevizt yelled no confidence to the report and the private citizen James M. Tripp.

Motion passed 4-0.

F. Approval of Amended Contract with Pima County for the Collection of Sewer User Fees.

Mr. Tripp made a motion to approve the amended contract with Pima County Regional Wastewater Reclamation Department for the collection of sewer user fees at the rate of 76¢ per account, extending the termination period to June 30, 2009. Mr. Offret seconded the motion. Motion passed 4-0.

Mrs. Ovsevizt shouted nay, no confidence to second vote and to James M. Tripp and the ethics of the report.

G. Approval of the 2006-2009 Well Maintenance Contract and Amendment No. 4 to the Contract with Layne Christensen.

Mr. Tripp made a motion to approve the Well Maintenance Contract for use in fiscal year 2008-2009 in accordance with the adopted budget and approve Amendment No. 4 to increase the not to exceed amount of the Well Maintenance Contract to \$633,095. Mr. Offret seconded the motion.

Mr. Offret asked how much to date has been spent. Mr. Hill said that the entire amount of the money budgeted for this current fiscal year has been spent primarily to complete the refurbishment of the Thornydale Well. Mr. Hill added that the Board passed an amendment to the contract during the May 2008 Board meeting to increase the amount to allow for Hub Well No. 7.

The motion to approve the Well Maintenance Contract for use in fiscal year 2008-2009 in accordance with the adopted budget and approve Amendment No. 4 to increase the not to exceed amount of the Well Maintenance Contract to \$633,095 passed 4-0.

Mrs. Ovsevitz shouted no confidence, second vote, to James M. Tripp and Mr. Dan Offret, and without confidence to the ethics of the report. She corrected herself and said the third vote.

H. Approval of Miscellaneous Annual Services and Materials Quotes for the Utility Division Fiscal Year 2008-2009.

Mr. Tripp made a motion to approve the annual quotes for barricade rental, chlorine, aggregate, asphalt patching, fencing, pump and motor repairs, and analytical services for coliform 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 4-0.

I. Re-authorized Approval of Contract Agreement for Potable Water Meters.

Mr. Tripp made a motion to approve the fifth year of a five-year contract agreement with Badger Meter, Inc. for the purchase of meters for District programs for an amount not to exceed \$86,854. This agreement will be reviewed and renewed annually by the Board of Directors. Mr. Offret seconded the motion.

Mr. Offret asked where the amount of \$86,854 came from as if differed from the amount in the report. Mr. Land said the amount of \$85,469 in the report was inadvertently left in the report from the previous fiscal year amount.

Motion passed 4-0.

J. Award of Analytical Laboratory Service Contract for VOCs, TTHMs, HAA5 and the Inorganic Chemical Analytical Services Contract.

Mr. Tripp made a motion to approve the Analytical Laboratory Services Contract for Volatile Organic Chemicals, Total Trihalomethanes, and Haloacetic Acids Analyses to Turner laboratories, Inc. for a not to exceed amount of \$45,000. The contract will expire on June 30, 2009. The contract may be extended for an additional two years annually with Board approval. Mr. Offret seconded the motion. Motion passed 4-0.

Mr. Tripp made a motion to award the Analytical Laboratory Services Contract for Inorganic Chemicals to Turner Laboratories, In. for an amount not to exceed \$20,000. The contract may be extended for an additional two years annually with Board approval. Mr. Offret seconded the motion. Motion passed 4-0.

Ms. Scrivener noted for the record that at 6:24 p.m., District Legal Counsel, Andrea Gonzales, talked to the Pima County Deputy present at the meeting about Mrs. Ovsevitz's behavior. The Deputy then escorted Mrs. Ovsevitz out of the Board room for being disruptive.

K. Award of Analytical Laboratory Services Contract for UCMR2 Contaminants.

Mr. Tripp made a motion to award the Analytical Laboratory Services Contract for UCMR2 Chemical Analyses to Columbia Analytical Services, Inc. for a not to exceed amount of \$12,000. The contract may be extended for two additional years, with no additional unit costs and pending Board of Directors annual approval. Mr. Offret seconded the motion. Motion passed 4-0.

L. Award of the 2008-2009 for Miscellaneous Water Design Services Contract for Fiscal Year 2008-2009.

Mr. Tripp made a motion to award the Miscellaneous Design Services Contract for Fiscal Year 2008-2009 to Engineering and Environmental Consultants, Inc., for a not to exceed amount of \$150,000, and a contract completion date of June 30, 2009. Mr. Offret seconded the motion. Motion passed 4-0.

M. Approval of Amendment No. 2 to Metro-Hub Water Supply Exploration Services Contract.

Mr. Tripp made a motion to approve Amendment No. 2 for Metro-Hub Water Supply Exploration Services Contract with Clear Creek Associates, PLC on a time and materials basis for a not to exceed amount of \$499,350. The contract expiration date shall be June 30, 2009. The contract may be extended at the end of the fiscal year 2008-2009 for up to three additional years annually with Board of Directors approval. Mr. Offret seconded the motion. Motion passed 4-0.

N. Approval of Bids for GAC Replacement at South Shannon.

Mr. Tripp made a motion to approve the bids submitted for the GAC replacement and direct staff to pursue an agreement with Siemens and authorize the Chair to sign the agreement upon review of Legal Counsel. If for any reason Siemens should be unable to perform the work, staff is then directed to pursue an agreement with Calgon. Also, to authorize the General Manager to approve each carbon change-out as needed. Mr. Offret seconded the motion.

Mr. Offret asked about financial reimbursement from ADEQ for the carbon replacements. Mr. Block said ADEQ funding is determined by the Legislature's approval of proposed budget requests. It is anticipated that while ADEQ will suffer cutbacks in funds, reimbursement for these items are top priority on ADEQ's budget. Mr. Land said the District has budgeted an amount under expenditures in the event we do not receive reimbursement from ADEQ.

Motion passed unanimously 4-0.

V. General Manager's Report

Mr. Hill said the Asset Purchase Agreement with the Thim Water Companies is progressing and there will be additional meetings with them in the near future. Mr. Offret asked about the District's Legal Counsel fees, and Mr. Land explained that this amount will be added on to the debt incurred by the District for the asset purchase.

Mr. Hill noted that the Oracle Road property is still for sale and discussions concerning the disposition of the property continue.

Mr. Hill said that the City and County Water Oversight Committee continues to meet. Staff will keep the Board apprised of any new developments.

The Northwest water providers continue to meet regarding the Northwest CAP Treatment System, as well as meeting to discuss the Science and Technology study.

Mr. Hill explained that summer student staff are painting the General Manager and adjoining office space areas and are doing a good job.

Mr. Hill said that the District's men and women's pipe tapping teams completed their competition rounds in Atlanta, Georgia; however, they did not make it to the finals. Mr. Hill added that the District teams had a good time competing in the competition.

Mr. Hill noted that the Fruchthendler property is currently being appraised.

VI. Legal Counsel's Report

Ms. Gonzales, Lewis & Roca, said Legal Counsel did not have anything further to report at this time.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board of Directors is Monday, July 14, 2008 at 6:00 p.m.

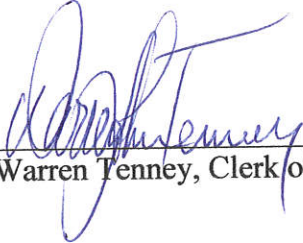
Ms. Scrivener requested that it be noted on record that Board Member L.G. Ovsevitz has failed to discharge the duties of her office. She has refused to sit at the dais and participate in discussion and appropriate vote. She has neglected to be part of the quorum, and has failed to discharge the duties of her position. Ms. Scrivener noted that this occurred at the May 12, 2008 Board meeting, and again on June 9, 2008 for the regularly posted Board meetings. During this meeting of June 9, 2008 meeting, Board member Mrs. Ovsevitz had to be removed from the meeting room for being disruptive.

VIII. General Comments from the Public

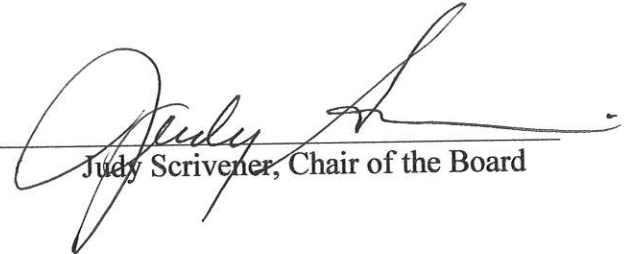
There were no comments from the public.

IX. Adjournment

The meeting adjourned at 6:39 p.m.



Warren Tenney, Clerk of the Board



Judy Scrivener, Chair of the Board