

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

November 14, 2007

**** 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
 Lauretta Ovsevitiz, Member
 James Tripp, Member

District Staff: Mark Stratton, General Manager
 John Hinderaker, 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 5:00 p.m. Judy Scrivener, Dan M. Offret, Jim Doyle, Lauretta Ovsevitiz, and James Tripp were present.

Mr. Tripp made a motion to adjourn into executive session. Ms. Ovsevitiz 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), and A.R.S. § 38-431.03 (A)(4) (consultation with legal counsel regarding contracts that are in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation) regarding the following:

- A. Settlement with Sabino Canyon Gateway LLC Regarding Hub Well #7 Property Condemnation.**
- B. General Manager's Quarterly Review.**

II. **Adjournment**

The executive session adjourned at 5:59 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 6:03 p.m. Judy Scrivener, Dan M. Offret, Jim Doyle, Laurreta Ovsevit, and James Tripp were present.

II. **General Comments from the Public**

There were no comments from the general public.

III. **Consent Agenda**

- A. **Approval of Minutes – October 10, 2007 Board Meeting.**
- B. **Approval of Minutes – October 22, 2007 Public Hearing.**
- C. **Ratification of Billing Adjustments.**
- D. **Ratification of Bill of Sale – Cresta Loma.**
- E. **Ratification of Bill of Sale – La Cholla Medical Park.**
- F. **Ratification of Bill of Sale – St. Elizabeth Ann Seton Church.**
- G. **Approval of Water Service Agreement – Las Lomitas Road to Via Latigo.**
- H. **Approval of Water Service Agreement – Omni Resort Expansion.**

Mr. Tripp made a motion to approve the consent agenda. Ms. Ovsevit 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 there is still a fairly significant amount of water being used due to the continued lack of rain and warmer temperatures.

The carbon was recently replaced at the South Shannon Treatment Facility. The District will be reimbursed from ADEQ for the carbon.

Mr. Stratton said the Northeast Reservoir and Northeast Booster Station are almost complete. He noted that the Hub mainline replacement is also coming along.

B. **Financial Report.**

Mike Land, Chief Financial Officer, said the Water Infrastructure Financing Authority (WIFA) remaining loan closed November 9, 2007 without any problems. The interest rate is 3.013 percent.

Mr. Land said revenues are 15% ahead of projections, and expenditures continue to run under the budgeted amount. He explained that new meter installations are running behind the average for this time of year.

C. Audit for Fiscal Year 2006-2007.

Mr. Tripp made a motion to approve the audited Financial Statements of the District for fiscal year 2006-2007. Ms. Ovsevitv seconded the motion.

Mr. Offret asked what was considered a capital asset for equipment. Mr. Land explained that anything with a purchasing price above \$1,000. Mr. Offret thought this sounded a little low, and suggested that staff ascertain if the amount could be raised to \$2,000. Mr. Land said staff would check into this and bring back information to the Board.

The motion passed unanimously.

D. Approval of District Lobbyist for 2008 Legislative Session.

Mr. Tripp made a motion to approve the hiring of Gallagher & Kennedy as the District's lobbyist for the 2008 Arizona Legislative Session. Ms. Ovsevitv seconded the motion. The motion passed unanimously.

E. Installment Agreement for Reallocation of Central Arizona Project Water Entitlement.

Mr. Tripp made a motion to approve the Agreement between Metro Water and CAWCD for Payment of Past CAP M&I water service capital charges over a five-year level payment plan. Ms. Ovsevitv seconded the motion.

Mr. Offret thanked Mr. Stratton and Mr. Land for having the foresight to set up the treasury account and their work on this agreement.

The motion passed unanimously.

F. Cost Sharing Agreement for Wall Structure with the Hills at Tucson National.

Mr. Tripp made a motion to approve the agreement between Metro Water District and Longhold, LLC in the amount of \$25,362, and to authorize the General Manager to allocate additional funds for incidentals related to survey, permit fees, and fencing requirements from the Board's contingency fund. Ms. Ovsevitv seconded the motion.

Ms. Scrivener asked about the October 2007 letter to Mr. Stratton from Lynch Consulting, LLC, item #1, indicating that the masonry wall will be built to the City of Tucson specifications. Mr. Stratton said the District uses the City of Tucson specifications, which is standard. Charlie Maish, District Engineer, said that previous District agreements with the City of Tucson have specified an 8-foot wall and that is why we went with this standard. The total above ground height is 8 foot high, with 8 inches below the ground.

Mr. Offret asked why only the north and west walls would be constructed. Mr. Stratton explained that the east wall is the access point into the well site and it is easier to see into the site if the existing fence is left as it currently exists. The south wall is on steep ground and faces the apartment complexes. The District has never received any complaints of noise or the site; therefore, staff did not feel that it would be necessary to construct a wall there.

Mr. Doyle mentioned the permit, and asked where the District would receive approval for the permit. Mr. Stratton explained that Pima County is the agency responsible for the area of this well site, and issuing a permit. Mr. Doyle noted that he thought there was a 6-foot wall maximum. Mr. Stratton explained that because this is a structure wall, Pima County will allow the 8-foot wall.

Ms. Scrivener asked about the expiration date for the proposal being expired. Mr. Stratton said the contractor has extended the proposal expiration date.

Ms. Ovsevitiz asked what paint color would be used for the wall. Mr. Stratton said he did not know the color at this time, but would find out and report back to the Board.

Motion passed unanimously.

G. Approval of Balancing Change Order No. 1 for First Avenue Transmission Main.

Mr. Tripp made a motion to approve Balancing Change Order to the First Avenue Transmission Main project contract with Trinity Southwest Contractors, LLC in the amount of \$36,562.31. Ms. Ovsevitiz seconded the motion. Motion passed unanimously.

H. Settlement with Sabino Canyon Gateway LLC Regarding Hub Well #7 Property Condemnation.

Mr. Tripp made a motion to approve the Settlement Agreement and Release regarding Hub Well #7 with Sabino Canyon Gateway for an amount not to exceed \$46,000. Ms. Ovsevitiz seconded the motion. Motion passed unanimously.

I. License Agreement with Pima County.

Mr. Stratton said there was not a Board report on this item but staff wanted to provide an update to the Board regarding the license agreement. He explained that he had met with Nannette Slusser of Pima County and that she indicated she was encouraging Mr. Huckleberry to look more closely at

the agreement. Mr. Stratton said he is hopeful that Pima County will hold off on the enforcement date of the agreement, and believes that the District can still reach some kind of an agreement that is acceptable to both parties. District staff also sent Ms. Slusser a copy of the District's planned capital projects for additional information.

J. Approval of Agreement for Arizona Water and Wastewater Agency Response Network.

Mr. Tripp made a motion to approve the AZWARN agreement for the District's participation in the Arizona Water and Wastewater Response Network subject to changes that may be suggested by Legal Counsel. Ms. Ovsevit seconded the motion.

Mr. Stratton said the City of Phoenix, as well as the District, are anxious to sign this agreement. Other agencies are hoping to get approval of the agreement finalized with their governing bodies.

Steve Shepard, Assistant Utility Superintendent, provided a brief presentation regarding the Arizona Water and Wastewater Agency Response Network (AZWARN). The purpose of AZWARN is to allow for immediate assistance and resources in the water and wastewater industry and establish mutual aid agreements. The agreement organizes mutual aid agreements throughout the state to provide for emergencies. Responses from agreement network participants are voluntary. Mr. Shepard explained that responding entities are reimbursed for labor, materials, etc. He added that there are national water service initiatives that are backing the AZWARN. The purpose of having written agreements in place prior to a disaster is so that assistance can take place more quickly and efficiently.

Mr. Tripp asked if this agreement is for areas within Arizona only. Mr. Shepard replied yes, at this time. But it does give the Governor a starting point to more quickly assist other states or receive assistance from them.

Mr. Offret said he supports the agreement, but is concerned about building a bureaucracy with the funding. Mr. Stratton explained that a Board of Directors will be established, and several agencies have already stepped up to provide and pay for items such as establishing and maintaining a web site. Mr. Offret is concerned with the agreement being signed without knowing what the costs will be in the future. Mr. Stratton said the District could back out at a later date if it becomes cost prohibitive. Mr. Shepard said none of the other agencies involved with establishing this agreement want it to become a financial burden either. The financial cost would mainly be administrative.

Motion passed unanimously.

V. General Manager's Report

Mr. Stratton said staff would like to schedule a study session to review the District's salary and compensation study. The Board agreed to have a study session on Monday, November 26, 2007 at 5:00 p.m.

Mr. Stratton explained that with the construction of the Northeast Reservoir being almost complete, the District is looking at January 2008 for the dedication ceremony. Additional information will be provided to the Board when a date is scheduled.

The District's Thanksgiving Lunch is Tuesday, November 20, 2007. Mr. Stratton invited Board members and their guests to attend the luncheon with employees.

Chris Hill, Deputy Manager, explained that during routine well sampling there were a couple of positive results for total choliform samples. However, after additional follow up sampling there was none detected. Mr. Hill noted that if additional samples show positive results, this will be an acute violation by ADEQ. Mr. Hill explained the difference between e-coli and total choliform bacteria, added that District customers will be notified if future samples show positive. However, often time samples are not taken properly or handled properly, resulting in positive tests from contaminated sampling.

Mr. Stratton mentioned the most recent District vehicle accident that occurred during the second shift. This vehicle was only 3 months old and is a total loss. Mr. Stratton said the affected employee only suffered minor injuries.

The Board members indicated that after the Thanksgiving Luncheon they would like to tour the S&T site. Mr. Hill said he would make the necessary arrangements.

VI. Legal Counsel's Report

John Hinderaker, Lewis & Roca, said he did not have anything new to report at this time.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board of Directors is Monday, December 10, 2007 at 6:00 p.m. A study session will be held on Monday, November 26, 2007 at 5:00 p.m.

VIII. General Comments from the Public

There were no comments from the public.

IX. Adjournment

The meeting adjourned at 6:55 p.m.

Judy Scrivener, Chair of the Board

Warren Tenney, Clerk of the Board