

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

**September 10, 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  
  Lauretta Ovsevitz, Member  
  James Tripp, Member

Board Members Not Present:       Jim Doyle, 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, Lauretta Ovsevitz, and James Tripp were present. Jim Doyle was not present.

Mr. Tripp made a motion to adjourn into executive session. Ms. Ovsevitz 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 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.     License Agreement with Pima County.**

**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 6:02 p.m. Judy Scrivener, Dan M. Offret, Laretta Ovsevit, and James Tripp were present. Jim Doyle was not present.

### **II. General Comments from the Public**

There were no comments from the general public.

### **III. Consent Agenda**

- A. Approval of Minutes – August 13, 2007 Board Meeting.**
- B. Approval of Minutes – August 27, 2007 Board Meeting.**
- B. Ratification of Billing Adjustments.**

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 that the Metro main service area has seen some additional growth; however, water consumption has gone down. Metro Hub service area has seen an increase in its water usage, but there has not been any growth. Overall, water production declined during August 2007.

Gary Burchard, Hydrologist, provided an update on the Riverside Crossing well, noting that the results from drilling and preliminary testing appear to be very positive. He explained that the Riverside Crossing Well average water yield for gallons per minute is higher than other existing wells in the area, and it is not drilled as deeply as those other wells. Most of the wells in the area are well over 20 years of age. Mr. Burchard said that the Riverside Crossing Well is low in total dissolved solids (TDS). Dale Armstrong, consultant with Golder Associates, explained that they are changing the pump equipment in the well as the well is currently producing more water than the pump can handle. This should be completed by the end of this week, with testing taking place this weekend.

Mr. Stratton said the contractor at the Northeast Reservoir has completed the leakage test and will be finishing the prestressing this week, and then the reservoir will be completely covered with dirt. A seal was the wrong size on one of the pumps at the Northeast Booster Station so the contractor is

bringing in a new seal. It is anticipated that the pumps should be running within the next two weeks.

Mr. Stratton said a notice-to-proceed was issued today for the Paseo del Norte transmission main. He explained that representatives from the Tohono Chul Park were concerned about the entrance into the park being blocked by the construction work on the transmission main. Mr. Stratton said that appropriate access into the park and signage will be in place, and the work at the entrance will be completed as quickly as possible. Mr. Stratton noted that the Presbyterian Church had the same concerns, and they were also notified that the construction work would be completed with as little interruption as possible.

Mr. Offret asked about the recent power outage at the Herb Johnson Reservoir. Steve Shepard, Utility Superintendent, said the auxiliary power did run and customers in the area were not affected by the outage.

**B. Financial Report.**

Mike Land, Chief Financial Officer, said financial information is limited at this time due to implementation of the new financial system. The audit for 2006-2007 has been completed and the District should receive a final copy in October 2007. Mr. Land explained that reimbursements from the Water Infrastructure Finance Authority (WIFA) are up to date at this time.

**C. Approval of Auditing Services Agreement for 2006-2007 Fiscal Year.**

Mr. Tripp made a motion to ratify the agreement from Clifton Gunderson LLP to perform the District's 2006-2007 fiscal year audit at a not-to-exceed amount of \$27,500. Ms. Ovseviz seconded the motion.

Mr. Offret noted that the District has had the same auditors for approximately 15 years, and they were slow in completing the 2005/2006 audit. Mr. Land said it was due to staffing issues and representatives from Clifton Gunderson LLP have assured staff that this problem has been addressed. Mr. Land explained that for 2007-2008 the District will seek bids for the auditing services.

The motion passed unanimously.

**D. Liability and Property Insurance Renewal.**

Mr. Tripp made a motion to approve the insurance proposal by the Rural Special Districts through The Clements Agency, LLC at a premium cost of \$98,000 for the twelve month period from October 1, 2007 through October 1, 2008 and that The Clements Agency, LLC continue to be the agency to represent the District on insurance matters related to the liability and property coverage through the 2009-2010 fiscal year, pending an annual review of their service. Ms. Ovseviz seconded the motion.

Mr. Land explained that the premium cost for the liability and property insurance did go down substantially in 2006-2007 compared to fiscal year 2005-2006.

The motion to approve the insurance proposal by the Rural Special Districts through The Clements Agency, LLC at a premium cost of \$98,000 for the twelve month period from October 1, 2007 through October 1, 2008 and that The Clements Agency, LLC continue to be the agency to represent the District on insurance matters related to the liability and property coverage through the 2009-2010 fiscal year, pending an annual review of their service passed unanimously.

**E. Status of Public Hearing for Proposed Rate Structure Adjustment.**

Mr. Stratton said staff provided the Board, at its request, with additional information on the proposed rate structure. A draft flyer that will be sent to customers was included in this report for the Board's perusal and approval. Board members indicated that they were supportive of the flyer.

Mr. Offret asked that staff consider adding a fifth tier to the District's rate structure within the next few years.

**F. Storage Update of District's Effluent at Lower Santa Cruz River Managed Recharge Project and Request from Town of Sahuarita.**

Mr. Stratton said this report was to provide the Board with an overview of the storage update of the District's effluent at the Lower Santa Cruz River managed recharge project with the Town of Sahuarita. Bob Welsh, District Manager for the Town of Sahuarita, was present to provide additional information to the Board. Mr. Welsh explained that regarding borrowing credits from the District, they are unable to restore half of the credits back to the District at the date previously agreed to. During December 2006, Sahuarita approached the District to borrow effluent credits. The Arizona Department of Water Resources (ADWR) had ordered them to reduce their dependence upon groundwater. Mr. Welsh noted that the Town of Sahuarita was unable to negotiate deals with private well owners within their service district. They have used 150 of the credits obtained from the District, and need to use another 75 acre-feet of the District's credits to meet ADWRs requirements. Sahuarita has asked for an extension from the District to repay the credits and expect that before the end of 2007 they will have their permit. In 2009, the Town of Sahuarita anticipates that they can restore all the credits back to the District.

Mr. Tripp made a motion to approve the additional transfer of effluent credits from the District to the Town of Sahuarita for not more than 75-acre feet and the transfer be completed by the district prior to December 31, 2007. Additionally, it is the Town of Sahuarita responsibility to transfer to the District a total of 225-acre feet of effluent credits by July 2009. Ms. Ovsevit seconded the motion. The motion passed unanimously.

**G. Groundwater Savings Project Agreements.**

**1. Amendment No. 1 for Agreements to Store CAP Water with Cortaro Water Users' Association.**

Mr. Tripp made a motion to approve the amendment between the District and Cortaro Water Users' Association for "In-Lieu Water Deliveries and Storage" and that the agreement is in effect until December 31, 2008. Ms. Ovsevitv seconded the motion. Motion passed unanimously.

**2. Agreement to Store CAP Water with Herb Kai.**

Mr. Tripp made a motion to approve the agreement between the District and Herb Kai for "In-Lieu Water Deliveries and Storage" and that the agreement be in effect until December 31, 2008, unless renewed for an additional year by the District and Herb Kai. Ms. Ovsevitv seconded the motion.

Motion passed unanimously.

**H. Approval of Amendment No. 6 to the Professional Engineering Services Contract for the Northeast Water Reservoir.**

Mr. Tripp made a motion to approve Amendment No. 6 to the Professional Engineering Services contract with HDR Engineering, Inc. for the Northeast Water Reservoir in the amount not-to-exceed \$40,000 and establish a new contract completion date of November 30, 2007. Ms. Ovsevitv seconded the motion. Motion passed unanimously.

Mr. Offret asked if additional fund cost language can be added to contracts so that contractors have to pay for any delays. Tom Caito, Senior Civil Engineer, said staff can look into adding verbiage to contracts in the event there is a delay stating that the contractor will have to pay for the delay. Michael McNulty, Legal Counsel, explained that legal will also look into the contract language.

**I. Award of Construction Contract for the Sabino Vista Mainline Replacement Project.**

Mr. Tripp made a motion to award the construction contract for the Sabino Vista Mainline Replacement, (Bid Alternative A) to Tricon Contracting, Inc. in the amount of \$914,595.00, and to approve Change Order No. 1 to the construction contract in the amount of \$118,849.40, 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. Ms. Ovsevitv seconded the motion.

Mr. Offret said he was happy to see that the District is spending the time and additional funds to update the pipeline with ductile iron pipe.

The motion to award the construction contract for the Sabino Vista Mainline Replacement, (Bid Alternative A) to Tricon Contracting, Inc. in the amount of \$914,595.00, and to approve Change Order No. 1 to the construction contract in the amount of \$118,849.40, 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 passed unanimously.

**J. Approval of New Joint Funding Agreement with United States Geological Survey.**

Mr. Tripp made a motion to approve the new joint funding agreement between the United States Geological Survey and the Metropolitan Domestic Water Improvement District. The contract will be subject to the Board's annual review and renewal and will expire on September 30, 2010. The District's contribution will not exceed annually \$15,000.00 and be contingent upon matching funds from the USGS, the Town of Oro Valley, and the Town of Marana. Ms. Ovsevitze seconded the motion. Motion passed unanimously.

**K. Approval of Consulting Agreement for Lobbyist for Northwest Central Arizona Project Water Treatment and Delivery System.**

Mr. Tripp made a motion to approve the consulting agreement with J.C. Herrick Consultants, Inc., for a one-year period. Ms. Ovsevitze seconded the motion.

Mr. Offret recommended that staff make sure that other types of power, such as solar power, are strongly considered in the event there are possible federal grant monies available that may help to lower power costs in the future.

Motion passed unanimously.

**L. License Agreement with Pima County.**

Mr. Tripp made a motion to approve the Intergovernmental Agreement with Pima County regarding the license agreement subject to the changes discussed and directed to Legal Counsel. Ms. Ovsevitze seconded. Motion passed unanimously.

**V. General Manager's Report**

Mr. Stratton said regarding the Cloud Road condemnation, staff will bring back detailed information for the mediation meeting that is scheduled for November 9, 2007. Staff will also provide information to the Board at its October 2007 meeting regarding the hydrology evaluation of increasing the existing well capacity at this site. Staff will continue to work with legal counsel on the mediation of this item.



Mr. Stratton explained that the Central Arizona Project (CAP) Board of Directors did approve the City of Tucson's resolution included in the voter packet for the initiative referred to as Proposition 200.

Mr. Stratton said that October 2007 is the District's 15<sup>th</sup> year anniversary. Staff is putting together an Open House for our customers the afternoon of October 25, 2007. Additionally, there will be a drawing for customers to receive \$50 off their water bill. The information for entering this drawing and the form will be included in the October newsletter. The drawing will take place in November after each customer has had a chance to receive the newsletter. Staffs that have been with the District for 15 years will also be recognized at a luncheon. Staff will keep the Board apprised of further plans as they develop.

Mr. Stratton explained that a copy of the Arizona Water/Wastewater Agency Response Network (AZWARN) working draft is being provided to entities to let them know what AZWARN is all about. In October 2007, there will be a recommendation provided to the Board for its consideration to be a part of this organization. Legal counsel will look at the final draft for any language changes.

September 21, 2007 is the Water Conservation Alliance of Southern Arizona's (Water CASA) 10<sup>th</sup> anniversary conference. Mr. Stratton also noted that September 26-28, 2007 is the annual Tri-State conference in Primm, Nevada. Chris Hill and Gary Burchard are giving presentations again at this year's conference. On October 26, 2007, another water conference will be held in Tucson that is being sponsored by a number of entities. Mr. Stratton explained that he will be on a panel to discuss water issues at this conference. If any Board members want to attend any of these events, please contact Warren Tenney or Alice Stults.

Mr. Stratton noted that he will be on vacation the week of October 8, 2007 and will not be available to attend the October 10, 2007 Board of Director's meeting.

#### **VI. Legal Counsel's Report**

Michael McNulty, Lewis & Roca, said that there is nothing new to report at this time.

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

The next regular meeting of the Board of Directors is Wednesday, October 10, 2007 at 6:00 p.m. A public hearing will be held on Monday, October 22, 2007 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