

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

**August 13, 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 Ovsevit, 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 5:04 p.m. Judy Scrivener, Dan M. Offret, Jim Doyle, Lauretta Ovsevit, and James Tripp were present.

Mr. Tripp made a motion to adjourn into executive session. Mr. Offret 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)(7) (consultation regarding negotiations for the purchase, sale or lease of real property) regarding the following:

**A.     Acquisition, Construction, Reconstruction and Repair of Waterworks.**

**II.    Adjournment**

The executive session adjourned at 6:00 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, Jim Doyle, Lauretta Ovseviz, 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 – July 9, 2007 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Bill of Sale – The Hills at Tucson National.**

Warren Tenney, Assistant General Manager, noted that on the July 9, 2007 minutes an error was made on the amount of water treated at the South Shannon treatment facility. A correction will be made to the minutes.

Mr. Tripp made a motion to approve the consent agenda. Ms. Ovseviz 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 during July 2007 the District used less water than in July 2006. He explained that he believes conservation efforts have made an impact on customer's water usage.

Gary Burchard, Hydrologist, said that at the Riverside Crossing an exploration borehole has been successfully drilled down to 1,000 feet. The District is waiting for test results from the exploration borehole. The casing has been completed down to 660 feet. Mr. Offret asked if the well could be drilled down to 1,000 feet in the future. Mr. Burchard replied yes, and noted that cleaning of the borehole will now take place during the next two weeks. Mike Block, District Hydrologist, explained that the Riverside Crossing well project may come in a little under budget.

Mr. Stratton said the Northeast Reservoir and Northeast Booster Station projects continue to move along. Filling of the reservoir was completed on Saturday, and leak detection will now take place. Mr. Stratton said that Tucson Electric and Power (TEP) installed the transformer today at the Northeast Booster Station.

Steve Shepard, Utility Superintendent, explained that last Friday night's storm knocked down several power poles on S. Shannon Road near the Herb Johnson Reservoir. The reservoir lost power; however, the gas engine back-up power did come on to maintain pressure. District staff responded to the Herb Johnson Reservoir site to repair a broken water main as a result of TEP re-setting the power poles.

**B. Financial Report.**

Mike Land, Chief Financial Officer, said the District's financial audit was started by Clifton Gunderson last week. It is anticipated that a draft financial statement will be provided to the District by September 14, 2007.

Mr. Land said the District has completed its changeover to the Caselle Software General Ledger Package.

Mr. Land said that budgeted revenue amounts for fiscal year 2006-2007 were exceeded by \$175,000. He explained that metered sales made up most of this amount. Expenditures for the fiscal year ended \$353,000 under budget.

**C. Proposed Rate Structure Adjustment and Scheduling of Public Hearing.**

Mr. Tripp made a motion to schedule a public hearing for October 22, 2007 at 6:00 p.m. for the purpose of discussing a rate adjustment. Ms. Ovsevit seconded the motion.

Mr. Stratton said that included in the staff report was discussion regarding the potential increase for operating and maintenance expenditures above what the capital improvement program required to meet debt service. He said this was based on upcoming events such as the compensation survey, increasing operating and maintenance costs, and mainline replacement projects due to upcoming road construction.

Michael McNulty, District Legal Counsel, explained that he recently learned that the Court of Appeals decision related to wastewater and fees does allow for the fees to be charged differently from one area to another within a service area as long as justification is provided.

The motion to schedule a public hearing for October 22, 2007 at 6:00 p.m. for the purpose of discussing a rate adjustment passed unanimously.

Mr. Tenney noted that in previous years information was provided to customers in their billing statements regarding proposed rate changes. Mr. Tenney asked if this information should include the operating and maintenance costs information. Mr. Doyle said he believed the customers should receive as much information as possible. Ms. Scrivener asked that a draft of the information that would be provided to the customers be provided to the Board at its September 10, 2007 meeting for consideration. Mr. Offret noted that he would like the insert provided to customers to include information regarding operating and maintenance costs.

**D. Approval of Membership in the Water Conservation Alliance of Southern Arizona.**

Mr. Tripp made a motion to approve the member agreement for continued membership with the Water Conservation Alliance of Southern Arizona with the contribution of \$21,867 for fiscal year 2007-2008. Ms. Ovsevitv seconded the motion. Motion passed unanimously.

**E. Award of the Construction Contract for Paseo Del Norte Transmission Main.**

Mr. Tripp made a motion to award the construction contract for the Paseo Del Norte Transmission Main and Oracle Road Mainline Extension, (Bid Alternative B) to Trinity Southwest Contractors, LLC in the amount of \$1,105,319.70 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.

Motion passed unanimously.

**F. Approval of Groundwater Savings Project Agreement with BKW Farms.**

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

**G. Approval of Storage Agreement with Central Arizona Water Conservation District at Avra Valley Recharge and Lower Santa Cruz Recharge Projects.**

Mr. Tripp made a motion to approve the storage agreements between the Central Arizona Water Conservation District and the Metropolitan Domestic Water Improvement District at the Avra Valley Recharge and Lower Santa Cruz Recharge Projects. Ms. Ovsevitv seconded the motion. Motion passed unanimously.

**H. Discussion and Direction regarding Recommendations of Office Building Improvements and Maintenance.**

Mr. Tripp made a motion to direct staff to utilize the Repair and Replacement Fund to make improvements and maintenance of the office building. At present, staff should proceed with energy saving measures to the windows and to the HVAC system and to gather further information regarding improvements to the roof. Staff should provide additional information regarding the roof, unless maintenance and improvements can be done under \$15,000.00, as well as information regarding the proposed storage building and redesign of the workspace in the warehouse. Ms. Ovsevitv seconded the motion.

Mr. Offret noted that District buildings have quite a bit of roof space, and suggested that staff check to see if solar panels on the roof may be possible. Mr. Stratton replied yes, and explained that the District may be able to secure federal grants to fund the solar power. He explained that staff is also looking into additional storage space, including storage space that may be available at the site of the old District office.

Motion passed unanimously.

**V. General Manager's Report**

Mr. Stratton noted that Val Little, Water CASA Director, was present and wanted to address the Board. Ms. Little explained that the Department of Water Resources revamped the conservation requirements for municipal providers. She said that the changes worked out well for Water CASA members. Ms. Little also provided the Board with information on Water CASA's ten year anniversary conference on September 21, 2007 at the Sonoran Desert Museum and invited the Board to attend.

Mr. Stratton explained that District employee, Dave Tanner, was recently involved in a vehicle accident and had surgery for a broken arm. It is hoped that Mr. Tanner has a speedy recovery and can return to work as soon as possible.

Mr. Stratton said that Billie Sue Morelli, Human Resources Specialist, has begun the salary compensation survey. It is hoped that this process will progress quickly.

Mr. Stratton noted that he and Steve Shepard, Utility Superintendent, attended a meeting of the Water/Wastewater Agency Response Network (WARN). He explained that the document to allow the actual formation and membership of the WARN is close to being finalized. Meetings will take place again in September, and it is anticipated that this document will be finalized at that time.

Mr. Stratton said that staff will be reviewing the Pima County Comprehensive Plan Amendment regarding the water resource element. Metro staff will be providing comments to this plan.

Mr. Stratton said he was contacted by a representative of Tucson National regarding cost sharing for construction of a wall around the Magee / La Cholla well site. Adjacent to this well site are lots for new homes. Mr. Stratton said that staff will bring back cost estimates for the Board's review and consideration.

Mr. Stratton noted that funds were appropriated in the current fiscal year budget for two students from the San Miguel Catholic College and Career Preparatory High School to work part time at the District. The students will be working in the Utility Division and Hydrology.

Mr. Stratton suggested having a study session later this month to discuss in detail the Northwest Central Arizona Project water treatment and delivery system. He explained that a lot of information has been gathered that staff would like to share with the Board. Also, the Flowing Wells Irrigation District Board has expressed an interest in attending this study session. Mr. Stratton said that the

town managers of the Town of Marana and Town of Oro Valley are still looking at some of the options. Mr. Stratton said that staff wanted the District Board members to view the information and have the opportunity to make suggestions prior to all the partners coming together to discuss final issues. The governing bodies for each of the partners will be meeting individually during September to discuss the treatment and delivery system information also.

Mr. Stratton said he received a revised copy of the Intergovernmental Agreement from Pima County that addresses working in the right-of-way. He said that the wastewater provision is still included in the agreement. Mr. Stratton said that Lewis & Roca, District counsel, will review the statutory language in the document. Mr. Stratton will be meeting with Pima County officials to discuss the agreement. It is anticipated that staff will have further information to provide to the Board at its September 10, 2007 meeting.

**VI. Legal Counsel's Report**

Michael McNulty, Lewis & Roca, reported that the validation of the District's CAP allocation is proceeding. He also noted that the CAP Board is looking at the fees of the Central Arizona Groundwater Replenishment District.

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

The next regular meeting of the Board of Directors is Monday, September 10, 2007 at 6:00 p.m. A study session will be held on Monday, August 27, 2007 at 5:30 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