

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

July 9, 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 5:37 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. Ms. Ovsevit seconded the motion. Motion passed unanimously.

Executive Session pursuant to A.R.S. § 38-431.03 (A)(1) (discussion or consideration of personnel matters) regarding the following:

A. General Manager's Quarterly Review.

II. Adjournment

The executive session adjourned at 6:06 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 6:09 p.m. Judy Scrivener, Dan M. Offret, Jim Doyle, Lauretta Ovsevitiz, 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 – June 11, 2007 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Bill of Sale – NWMC/Cotlow Administration Building.**
- D. Ratification of Bill of Sale – Panorama Court.**
- E. Ratification of Bill of Sale – St. Andrew’s Presbyterian Church.**
- F. Ratification of Bill of Sale – Sunnyvale Plaza.**
- G. Approval of Water Service Agreement – Foothills Mall.**
- H. Approval of Water Service Agreement – NWC River Road & La Cholla Blvd.**
- I. Approval of Water Service Agreement – Riverside Crossing West Side, Phase II.**
- J. Approval of Water Service Agreement – Sonoran Science Academy.**
- K. Approval of Water Service Agreement – Tecolote Estates, Lots 1-8, Common Areas A & B.**

Mr. Tripp made a motion to approve the consent agenda. Ms. Ovsevitiz 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 District produced more water in June 2007 than in previous months, but not at the same level as last year at this time. As a result, there will be an overall reduction in revenues for the current fiscal year.

Mr. Stratton said the South Shannon Water Treatment Facility treated 62.3 million gallons of water from January 2007 to June 14, 2007. New carbon was placed in the system on June 14, 2007. Mr. Stratton explained that there is more water going through the system before the carbon change out is needed than what was originally anticipated.

Mr. Stratton noted that there was a service line break this morning in the Hub service area. District staff is finalizing the placement of new service lines with homeowners in the Hub service area which has been experiencing lines breaks frequently.

The work on the Northeast Booster Station is coming along, and staff is currently waiting for electrical components for the site. The parking lot for the booster station has been completed. Mr. Stratton said the First Avenue Transmission Main should be complete fairly soon. The Paseo del Norte transmission main has gone out for bid.

Mr. Offret asked about the Riverside Crossing well. Mr. Stratton said that another drill rig was brought to the site and it is anticipated that the driller will begin drilling the new borehole later this week.

B. Financial Report.

Mike Land, Chief Financial Officer, said the District audit is scheduled to begin August 6, 2007. The District is \$290,000 under budget for revenues for the first 11 months of the current fiscal year. However, expenditures for June 2007 were curtailed, so it is anticipated that the District should finish the year with a positive balance.

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

Mr. Tripp made a motion to approve to amend the contract with Pima County Wastewater Management for the collection of sewer user fees, extending the termination date to June 30, 2008. Ms. Ovsevit seconded the motion. Motion passed unanimously.

D. Approval of Change Order No. 1 for the First Avenue Transmission Main.

Mr. Tripp made a motion to approve Change Order No. 1 to the First Avenue Transmission Main project contract with Trinity Southwest Contractors, LLC in an amount not to exceed \$135,000.00, and to extend the completion date to November 5, 2007. Ms. Ovsevit seconded the motion.

Mr. Offret asked Charlie Maish, District Engineer, if this amount was in line with the cost expectation. Mr. Maish replied that it was. Ms. Scrivener noted that this report was well written.

Motion passed unanimously.

E. Approval of Change Order No. 1 for the Northeast Water Reservoir Project.

Mr. Tripp made a motion to approve the contract Change Order No. 1 for the Northeast Water Reservoir that establishes a new contract completion date of August 6, 2007. Ms. Ovsevit seconded the motion. Motion passed unanimously.

F. Approval of Contract Amendment No. 2 with Brown and Caldwell for Northeast Reservoir Booster Station.

Mr. Tripp made a motion to approve Amendment No. 2 to the Professional Engineering Services contract with Brown and Caldwell for the Northeast Reservoir Booster Station in the amount of \$111,366 and establish a new contract completion date of August 31, 2007. Ms. Ovsevitze seconded the motion.

Mr. Doyle asked why there was such a significant increase in the budget amount for this project. Mr. Maish said staff realized early on that Brown and Caldwell would probably exceed the budgeted amount for several reasons. The project was held up for approximately three months, Brown and Caldwell did not use the staff they originally provided the bid with, and the shop drawings by the contractor were not up to standard. Administrative costs were also included in the suggested additional amount needed to complete the project. Mr. Doyle said that he has a problem with the consultant as the District hired them to oversee the project, and they should be held liable for the problems that occurred, not the District. Mr. Maish said he agreed; therefore, the District split the additional cost originally proposed by Brown and Caldwell. Mr. Doyle said he wants something put into place so that in the future the District is not held responsible.

Ms. Scrivener agreed, and said this seems to be a cultural issue with these types of consultants and sub-contractors. Mr. Stratton said that with low bid contractors it is often anticipated that the quality of work is of a lower quality. He noted that unfortunately the District has to go with the low bidder if all their references check out. Mr. Doyle suggested that legal counsel check the requirements of having to go with the low bidder, and if possible, correct this problem before it happens again. He believes that the District should have seen some red flags prior to the issues surrounding this project reaching this point. Ms. Ovsevitze asked if the District could change consultants at this time. Mr. Maish explained that the District needs to keep the services of Brown and Caldwell at this stage of the project as any change would set the project back even further, and incur additional cost. Ms. Ovsevitze asked if the District could send Brown and Caldwell a letter notifying them that the District is holding them accountable. Mr. Maish said this has previously been done, and the District agreed to split the additional cost with Brown and Caldwell.

The motion to approve Amendment No. 2 to the Professional Engineering Services contract with Brown and Caldwell for the Northeast Reservoir Booster Station in the amount of \$111,366 and establish a new contract completion date of August 31, 2007 passed with Ms. Scrivener, Mr. Offret, and Mr. Tripp voting in favor of the motion. Ms. Ovsevitze and Mr. Doyle voted against the motion.

G. Renewal of Interim Remedial Action Contract with Arizona Department of Environmental Quality for the South Shannon Treatment System.

Mr. Tripp made a motion to approve Amendment No. 7 of the Interim Remedial Action Contract at the South Shannon Facility between the Arizona Department of Environmental Quality and the Metropolitan Domestic Water Improvement District with an expiration date of June 30, 2008. Ms. Ovsevitze seconded the motion. Motion passed unanimously.

H. Metro-Hub Water Supply Exploration Progress Report.

Michael Alter, Clear Creek Associates, provided progress information on the first phase of exploratory drilling fieldwork in the Metro-Hub service area. The District requested that Clear Creek Associates provide the District with a better understanding of the hydrogeological findings in the Hub service area. Hub Well No. 2 was chosen for exploration boring. Below 400 feet, increased levels of arsenic were detected above the federal allowable amounts, but water production appeared to be adequate. Mr. Alter said it is their belief that the Hub Well No. 2 site is a good site for a replacement well; however, arsenic treatment will need to be addressed. Additional analytical data will be collected and further analyzed. Other locations in the Metro-Hub service area will also be considered in the future.

V. General Manager's Report

Mr. Stratton explained that work on the lobby area of the District office is approximately 95% completed. The remodeling of the lobby will assist the workflow within the customer service area. Mr. Stratton said the District's building committee has been looking primarily at the HVAC system. Staff have received two proposals from consultants for ideas on making the system more efficient. The building committee will also be looking at other items that may help overall efficiencies of the District.

Mr. Stratton said staff is looking at CAP groundwater savings, and how much the District can store in the ground and still realize CAP savings. The Board will be kept apprised of any information as it becomes available.

Mr. Stratton and Mr. Land attended the American Water Works Association (AWWA) conference in Toronto, Canada the week of June 25, 2007. Mr. Stratton said the conference was very well attended and believed it was overall a good conference. AWWA is working hard with utilities on various issues and Mr. Stratton believes there will be better national dialogue in the near future. AWWA in the past has focused mainly on the larger utility systems, but will now be looking at the smaller systems.

Mr. Stratton said the District is still waiting to hear back from the Pima County regarding the La Cholla Blvd claim.

Mr. Stratton will be on vacation the last week of July 2007.

The Board congratulated Mr. Offret on his recent appointment to the Groundwater Users Advisory Council for the Arizona Department of Water Resources.

VI. Legal Counsel's Report

Michael McNulty, Lewis & Roca, said they are working on the new CAP contract for the District, and also on the franchise issue with Pima County.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board of Directors is Monday, August 13, 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 7:00 p.m.

Judy Scrivener, Chair of the Board

Warren Tenney, Clerk of the Board