

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

June 11, 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 Ovsevitz, Member
 James Tripp, Member

District Staff: Mark Stratton, General Manager
 Keri Silvyn, 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 5:05 p.m. Judy Scrivener, Dan M. Offret, Jim Doyle, Lauretta Ovsevitz, and James Tripp were 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), and A.R.S. § 38-431.03 (A)(7) (consultations regarding negotiations for the purchase, sale, or lease of real property) regarding the following:

- A. Condemnation Action of Property for Metro-Hub Well No. 7.**
- B. Acquisition, Construction, Reconstruction and Repair of Waterworks.**

the long run under this plan. Mr. Durkin also noted that The Fringe Benefit Company will continue to offer the traditional plan, however it will come with a higher deductible. The new plans will not become effective until January 1, 2008. The current health plans will continue until that date. Mr. Durkin explained that they are not able to guarantee or project the new insurance rates at this time for January 1, 2008.

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Mr. Doyle said Pima County also offered a similar HSA plan to their employees as an option during their open enrollment period, and explained that he liked the new plan.

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The motion to approve the District contract with Blue Cross Blue Shield of Arizona for employee health insurance coverage under the same current coverage for the remainder of 2007 with the intent to initiate in January 2008 the Triple Option alternative that has been presented by The Fringe Benefit Company passed unanimously.

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D. Recommendations from Ad Hoc Board Committee on Employee Concerns.

Mr. Tripp made a motion to adopt the recommendations presented in the June 4, 2007 memorandum to the Board of Directors from the Ad Hoc Board Committee to address employee concerns. Ms. Ovsevit seconded the motion. Motion passed unanimously.

E. Approval of Revisions to the District's Personnel Manual.

Mr. Tripp made a motion to approve the revised personnel manual for District employees as presented at the June 11, 2007 meeting. Ms. Ovsevit seconded the motion.

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Mr. Offret expressed concerns with the section of the personnel manual that addresses per diem for attendance at seminars or conferences located out of the Tucson area. Currently, the personnel manual indicates that the General Manager will establish the per diem amount. Mr. Stratton explained that typically the District uses rates from the federal per diem schedule. On occasion, the General Manager has recommended a rate different from the federal schedule such as for the upcoming Toronto, Canada conference that he, along with Mr. Land, will be attending. The federal rate for this city was extremely high, and Mr. Stratton believed that they could get by with a lesser per diem amount than what was listed on the federal per diem schedule. Mr. Offret suggested that the motion to approve the revised personnel manual be amended to include in Section 5.4 Seminars, that per diem rates for out of town seminars would be per the federal per diem schedule, and not as established by the General Manager.

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Mr. Tripp amended the motion by making a motion to approve the revised personnel manual for District employees as presented at the June 11, 2007 meeting, and to change Section 5.4 Seminars of the manual to read 'Per diem rates for out of town seminars are established by the U.S General Services Federal Per Diem Guidelines.' Ms. Ovsevit seconded the motion. Motion passed unanimously.

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I. Approval of the 2006-2007 Well Maintenance Contract and Amendment No. 2 to the Contract with Layne Christensen.

Mr. Tripp made a motion to approve the Well Maintenance Contract for use in fiscal year 2007-2008 in accordance with the adopted budget and approve Amendment No. 2 to increase the not to exceed amount of the Well Maintenance Contract to \$468,095 and direct staff to seek reauthorization of the contract from the Board at the end of fiscal year 2007-2008. Ms. Ovseviz seconded the motion. Motion passed unanimously.

J. Approval of Miscellaneous Annual Services and Materials Quotes for the Utility Division Fiscal Year 2007-2008.

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. Ms. Ovseviz seconded the motion. Motion passed unanimously.

K. Reauthorized Approval of Contract Agreement for Potable Water Meters.

Mr. Tripp made a motion to approve the fourth 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 \$88,880. This agreement will be reviewed and renewed annually by the Board of Directors. Ms. Ovseviz seconded the motion. Motion passed unanimously.

L. Approval of Amendment No. 2 to the 2005-2006 Professional Services Agreement for Miscellaneous Water Distribution Design Contract with Stantec Consulting, Inc.

Mr. Tripp made a motion to approve Amendment No. 2 to the 2005-2006 Professional Services Agreement for Miscellaneous Water Distribution Design Contract with Stantec consulting, Inc., which extends the contract expiration date to June 30, 2008 and provides for additional funding not to exceed \$100,000. Ms. Ovseviz seconded the motion. .

Mr. Tripp asked about the contract date. Charlie Maish, District Engineer, explained that the 2005-2006 date was the original contract date.

Motion passed unanimously.

M. Approval of Amendment No. 1 to the Miscellaneous Geotechnical & Material Testing Services Contract with Western Technologies, Inc.

Mr. Tripp made a motion to approve the contract Amendment No. 1 to the Miscellaneous Geotechnical & Material Testing Services Contract with Western Technologies, Inc., which

increases the contract amount by \$50,000 for a new total contract amount of \$100,000 and establishes a new contract expiration date of June 30, 2008. Ms. Ovsevitv seconded the motion. Motion passed unanimously.

N. Approval of Change Order No. 1 for the Drilling, Installation, and Testing of the Riverside Crossing Production Well.

Mr. Tripp made a motion to extend the construction contract time for the drilling, installation, and testing of the Riverside Crossing Production Well to AZCA Drilling & Pump, Inc. by 180 days. Ms. Ovsevitv seconded the motion. Motion passed unanimously.

O. Approval of Amendment No. 2 to the Drilling, Construction, and Testing of Municipal Wells Consulting Services Contract.

Mr. Tripp made a motion to approve Amendment No. 2 with a \$10,000 increase in the contract amount for drilling, development, construction, and testing of Municipal Wells Consulting Services Contract with Golder Associates on a time and materials basis not to exceed \$74,189. The contract expiration date shall be June 30, 2008. Ms. Ovsevitv seconded the motion. Motion passed unanimously.

P. Approval of Amendment No. 3 to the Miscellaneous Water Resources Consulting Services Contract.

Mr. Tripp made a motion to approve Amendment No. 3 for Miscellaneous Water Resources Consulting Services Contract with Hargis + Associates, Inc., on a time and materials basis for a not to exceed amount of \$117,584. The contract expiration date shall be June 30, 2008. Ms. Ovsevitv seconded the motion.

Mr. Offret asked if the City of Tucson would be splitting the cost with the District. Mr. Stratton replied yes; however, it is unknown at this time if the City of Marana will partner in the cost also.

Motion passed unanimously.

Q. Approval of Amendment No. 1 to the Metro-Hub Water Supply Exploration Services Contract.

Mr. Tripp made a motion to approve Amendment No. 1 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 \$311,600. The contract expiration date shall be June 30, 2008. The contract may be extended at the end of the fiscal year 2007-2008 for up to four additional years annually with Board of Directors approval. Ms. Ovsevitv seconded the motion. Motion passed unanimously.

Ms. Ovsevitv asked if funds had been allocated for the broadband system tower that could be applied to this project. Mr. Stratton replied that no monies were approved or allocated for the tower.

V. General Manager's Report

Mr. Stratton explained that staff felt the need for an addition to the District office building was not appropriate at this time; however, the existing office building is in need of some repairs and updates. The front lobby area remodeling will take place within the next few weeks. A committee comprised of District staff has been established to review other possible repairs or updates that need addressing. Any identified needs will be brought back to the Board for its consideration and possible approval. Warren Tenney, Assistant General Manager, noted that staff contacted Tucson Electric and Power for suggestions on who might conduct energy audits. Staff identified the HVAC (heating and cooling system) as a priority item that needs to be addressed. After identifying some of the issues with the HVAC, several companies were called to visit the District offices and examine the building. Additional information on this item will be brought back to the Board as it becomes available.

Mr. Stratton said staff has not had a response from Pima County regarding the District's latest response to the La Cholla Boulevard claim.

Mr. Stratton explained that he recently attended a meeting with Pima County staff and other Tucson area utilities regarding the license agreement. While the meeting was considered productive, the issue that continues to be a concern is the relocation of wastewater utilities that could have the potential to cause the District to have to relocate its water lines and bear the entire cost. Mr. Stratton said this issue will have to be taken, by the District and the other area utilities, directly to the Board of Supervisors in order to reach some kind of an agreement. These utilities, and the District, are not willing to sign the agreement with this item in it.

Mr. Stratton went to a neighborhood meeting last Monday evening regarding the re-zoning time extension of the property to the north of the District office. The owner defaulted on the property, and it went back to the original owner and he applied for the time extension. The neighbors had some requests regarding the office complexes that are planned for this site, in particular, the fencing and access into the office complexes. One of these neighbors also had concerns with drainage from the District property causing flooding onto his property. Mr. Stratton said another neighbor expressed concerns regarding the lighting located near the warehouse shining into her windows. Staff will be looking at the drainage to determine what the issue is and how it might be addressed, and to also see if the lights could be deflected.

Mr. Stratton said plans have been made for a 'Night at the Ballpark' for all staff and Board members and their families or guests to attend. The date has been set for August 11, 2007, and staff will provide additional information as the date approaches.

Mr. Stratton will be on a week long vacation beginning June 18, 2007 traveling to Toronto, Canada for an American Water Works Association conference. He will be attending the Toronto conference the following week. Mr. Stratton explained that he will return to work on Monday, July 2, 2007.

DYK International will be doing the prestressing strandwrapping of the Northeast Reservoir this week. Mr. Stratton invited Board members to tour the reservoir while this is taking place, and the Board agreed to tour the reservoir on Thursday, June 14, 2007 at 8:00 a.m.

Mr. Offret asked about the June 30, 2007 deadline for the cost estimate study for the Northwest Central Arizona Project system. Mr. Stratton said a final draft has been completed and is being evaluated by Mark Reader, Financial Consultant, to review the potential financial impacts. The northwest managers will be meeting again this Thursday. Marana has some concerns about their need for the CAP treatment. Mr. Stratton explained that a joint meeting with the northwest partners' Council/Board members will be scheduled sometime in September for the partnering entities to discuss the financial aspects.

Mr. Stratton mentioned the CAP reallocation and how the District wants to structure payment for the capital holding cost for the reallocation. Payments for the reallocation need to begin in December 2007. Mr. Stratton explained that the District, in anticipation of the reallocation, has placed funds in an escrow account. The District would save money by making five payments to CAP rather than paying a large down payment and making three smaller payments.

VI. Legal Counsel's Report

Keri Silvyn, Lewis & Roca, said she had nothing 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 9, 2007 at 6:00 p.m.

VIII. General Comments from the Public

No comments from the public.

IX. Adjournment

The meeting adjourned at 7:22 p.m.

Judy Scrivener, Chair of the Board

Warren Tenney, Clerk of the Board