

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

January 8, 2007

**** Board Room **
Metropolitan Domestic Water Improvement District
6265 N. La Cañada Drive
Tucson, AZ 85704**

MINUTES

Board Members Present: Dan M. Offret, Chair
 Judy Scrivener, Vice Chair
 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

Regular Session

I. Call to Order and Roll Call

Dan M. Offret, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:04 p.m. Dan M. Offret, Judy Scrivener, and Lauretta Ovsevitz were present.

II. General Comments from the Public

There were no comments from the general public.

III. Presentation to Brad Rountree, Employee of the Year

Mr. Offret presented Brad Rountree, Meter Reader, with a Metro Water plaque containing a list of his and fellow employees names who have been nominated for Employee of the Year. Brad became Employee of the Year in December 2006 after being nominated by his peers. He has been with the District for six years. One of three meter readers, Brad also installs meters and responds to customers concerns. After pursuing continued education in water matters, Brad holds Grade I and Grade II Water Certifications. Brad was nominated for this award for his positive and professional demeanor by staff. Mr. Offret, on behalf of the Board, congratulated Brad and thanked him for a job well done.

IV. Consent Agenda

- A. Approval of Minutes – December 11, 2006 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Approval of Water Service Agreement – Thornydale Office Park.**

Ms. Scrivener made a motion to approve the consent agenda. Ms. Ovsevitiz seconded the motion. The motion passed unanimously.

V. General Business – Items for Discussion and Possible Action

A. Discussion and Possible Action to Fill Director Vacancies.

Warren Tenney, Assistant to the General Manager, explained that there are two vacant Board seats because District customers did not file petitions for the November 2006 election. Therefore, per Arizona State Statutes, the current Board has the authority to appoint persons to those positions.

Ms. Scrivener said the Board previously discussed its available options to fill the positions. She noted that Jim Doyle filed a letter of interest to fill one of the vacant seats. James Tripp also expressed an interest in filling one of the vacant seats, and was present at this meeting. Ms. Scrivener said that there are many issues and items coming up in the future for the District and believes that the vacancies should be filled by persons with prior experience of serving on the Board.

Ms. Scrivener made a motion to appoint James Doyle and James Tripp to fill the vacant seats on the Board of Directors until December 2010. Ms. Ovsevitiz seconded the motion. Motion passed unanimously.

Mr. Tenney said the appointments would be effective as soon as the Oath of Office is signed by the new Board members. Mr. Tenney provided the Oath of Office document to James Tripp who signed it, and took his seat among the Board members.

B. Election of Chair and Vice-Chair for the Board of Directors.

Mr. Offret made a motion to elect Judy Scrivener as the Chair of the Board of Directors. Ms. Ovsevitiz seconded the motion. Motion passed unanimously.

Mr. Tripp made a motion to elect Mr. Offret as Vice Chair of the Board of Directors. Ms. Scrivener seconded the motion. Motion passed unanimously.

C. Monthly Status of the District.

Mr. Stratton said the amount of water usage was up from November 2006, although it continues to be down from the previous year during the same time period. It has been predicted that the Tucson area will have a relatively wet winter, so in anticipation of revenues being below normal staff will look closely at the revenues and make any necessary expenditure adjustments.

Mr. Stratton said the Capital Improvement Projects have returned to normal work schedules after the holidays, and construction on the projects appear to be going fairly smoothly.

Mr. Offret asked if the meter installation monthly report included the Metro-Hub service area. Steve Shepard, Utility Superintendent, replied yes. However, meter installation in the Metro-West service area has not yet begun at this time. Mr. Stratton added that no amount of groundbreaking has begun in this sub-division and it is not known when it is scheduled to begin.

D. Financial Report.

Mike Land, Chief Financial Officer, said revenues are \$232,000 below budget as of November 2006, and expenditures are under budget by \$300,000. Mr. Land explained that the District is still on target with the overall budget. He noted that to date 30% of the WIFA loan has been spent. Also, new meter installations are running behind last years count.

E. Approval of Audit for Fiscal Year 2005-2006.

Mr. Tripp made a motion to approve the audited Financial Statements of the District for fiscal year 2005-2006. Ms. Ovsevitz seconded the motion. Motion passed unanimously.

F. Annual Update on the Lower Cañada Del Oro Basin Aquifer Storage Monitoring Project.

Mike Block, District Hydrologist explained that the United States Geological Survey (USGS) has a contract with the District (expires September 30, 2007) to monitor aquifer storage in the Lower Cañada Del Oro Basin. He noted that USGS representatives were present to provide the Board with an update on the gravity changes relative to the amount of water that has been recharged and withdrawn.

Robert Carruth provided the presentation and noted that monitoring groundwater levels in the aquifers is a State requirement that must be completed by 2025. He explained some of the instrumentation that is used for monitoring, and noted that with today's technology the instrumentation is highly accurate. The amount of decline in the Tucson basin is approximately 100,000-acre feet, or ½ foot per year. The same is true for Marana and northern Oro Valley. Average subsidence in the Tucson Basin from 1987 to 2004/2005 is 1.3 inches, and 2.8 inches in

Avra Valley. He noted that powerful new mapping tools will begin to be used for the assessment of subsidence. They will also be establishing a gravity observatory to improve accuracy of gravity surveys and data analysis.

Mr. Stratton asked when subsidence may become a real issue locally. Mr. Carruth said that there is not as much occurring in the Tucson area, as there is between Tucson and Phoenix. He explained that an exact date cannot be pinpointed when subsidence may become a real issue, but it becomes more of a reality as time goes by.

G. Resolution 2007-1 - Approval and Authorization of Subcontract with the United States and Central Arizona Water Conservation District for Central Arizona Project Water.

Mr. Tenney provided the Board with an updated copy of the resolution which Legal Counsel provided suggested changes on in order to provide clarity.

Mr. Tripp made a motion to approve Resolution 2007-1, which approves and authorizes a subcontract among the United States, the Central Arizona Water conservation District, and the Metropolitan Domestic Water Improvement District to provide Central Arizona Project water to Metro Water District. Ms. Ovsevitze seconded the motion.

Mr. Offret asked how the payment was being structured. Mr. Stratton said the District is working to establish a payment plan.

Motion passed unanimously.

H. Cost Estimate Study for Northwest Central Arizona Project Water Treatment and Delivery System.

1. Approval of Intergovernmental Agreement with Flowing Wells Irrigation District, Town of Marana, and Town of Oro Valley for Cost Estimate Study.

Mr. Tripp made a motion to approve the intergovernmental agreement between the District, Flowing Wells Irrigation District, the Town of Marana, and the Town of Oro Valley for Northwest Water Providers Central Arizona Project Water System Cost Estimate Study. Ms. Ovsevitze seconded the motion.

Mr. Offret asked if a public relations position would be included in this agreement. Mr. Stratton replied no, not at this time. A public relations person would be needed when a financial package has been established.

Motion passed unanimously.

2. Approval of Professional Services Agreement with Carollo Engineers for Cost Estimate Study.

Mr. Tripp made a motion to approve the professional services agreement with Carollo Engineers to perform the cost estimate study for the Northwest Water Providers Central Arizona Project water treatment and delivery system at a cost not-to-exceed \$50,000. Ms. Ovsevitz seconded the motion. Motion passed unanimously.

I. Approval of Copy Machines Lease.

Mr. Tripp made a motion to approve a three-year lease and "All Inclusive" maintenance agreement with Hughes-Calihan for two Konica bizhub 350 network copier/printers. Ms. Ovsevitz seconded the motion.

Mr. Tripp asked if it is more cost effective to lease copy machines than to purchase them. Mr. Land replied yes, and explained that with the amount of usage and repair frequency the difference in cost can be substantial.

Motion passed unanimously

J. Schedule for Regular Board Meetings in 2007.

Mr. Tripp made a motion to approve the date and time for the regular sessions of the Board of Directors meetings in the year 2007 to be as outlined in this report. Ms. Ovsevitz seconded the motion. Motion passed unanimously

K. Office Hours.

Mr. Tripp made a motion to approve the hours for the District office to be 7:30 a.m. to 5:30 p.m. Monday thru Thursday and 7:30 a.m. to 12:00 p.m. on Friday beginning March 12, 2007. Mr. Offret seconded the motion.

Mr. Offret said he thought this change was a good idea, and thanked staff for their work on researching this item. However, he questioned the holidays and how the time would be computed for the holidays based on the proposed new hours. Mr. Stratton said that Human Resources looked at the holidays and several options were available. Mr. Offret said he wanted holiday issues to be included as a written part of the policy.

Ms Scrivener explained that at Pima County time charged against the employee's annual leave when addressing holidays and there is often times confusion associated in dealing with holidays and

time off. Mr. Offret suggested that during weeks containing a holiday that a normal workweek consisting of an eight hour, five day week could be worked.

Mr. Shepard said that there are issues with Utility construction crews working 10 hour days during the summer. He suggested that the Utility Division could return to a normal work schedule during the summer months, and during weeks when there is a holiday.

Mr. Offret said he wanted a recommendation from staff in the form of a written policy on how to address weeks containing holidays. Ms. Scrivener suggested going back to staff and Human Resources to determine how holidays would be addressed so that it does not become confusing and staff knows up front how the holiday weeks will be addressed. Mr. Offret recommended that this issue be further defined and brought back to the Board at a future meeting.

The Board agreed to withdraw the motion, and to table this item until a future meeting date. Legal Counsel stated they would review any new proposed policy prior to it being brought to the Board for its consideration.

L. Discussion and Direction for Legislative Issues 2007.

Mr. Stratton explained that he and Mr. Tenney met with Susan Charlton, District lobbyist, to discuss upcoming legislation. He said that some recommendations will be coming from the Statewide Water Users Group (SWAG). SWAG has a funding bill and a water adequacy bill that are planned to be introduced. Mr. Stratton said the water adequacy appears to be a good bill. SWAG is also working on exempt wells, and the establishment of a special district in the San Pedro area. However, these bills probably will not have enough support to go through this year but will open up future discussions. Mr. Stratton said the Arizona Department of Water Resources (ADWR) is also looking at legislation to change the requirements that municipal water providers have for water conservation programs. Mr. Stratton said that there may also be some legislation introduced by the fire districts, and it is unknown at this time if any of these have the potential to affect the District. A summary of the proposed bills will be provided to the Board when it becomes available at a future date.

VI. General Manager's Report

Mr. Stratton said that the Southern Arizona Water Users Association (SAWUA) is looking at completing a strategic plan to determine how best to spend the money the organization has collected from participant dues. SAWUA members will also look at its presence in the community, and how that presence can possibly be expanded. SAWUA dues for the first half of 2007 have been suspended.

Mr. Stratton explained that an inspector from the Arizona Occupational Safety and Health Administration (OSHA) reviewed the District's safety program and facilities and recommended the

District apply for a higher level of certification for District facilities. He explained that this would put the District in an elevated category for safety as recognized by the State. The inspector suggested only a few minor improvements for the District to be able to obtain this prestigious safety level.

Mr. Stratton said he is continuing to work with Pima College on scheduling a tour of the District facilities.

February 13, 2007 is the date scheduled for the dedication ceremony for the South Shannon treatment facility. Mr. Stratton noted that Ms. Scrivener has been asked to speak at the dedication ceremony which will run from 10:00 a.m. to 12:00 p.m. at the South Shannon treatment facility site.

Mr. Stratton said the Pima County Board of Supervisors have on their agenda an item addressing right-of-way license agreements that affects the District's ability to work in right-of-ways with other utilities. He noted that District staff is hoping to get a postponement of this item so that improvements in the language can be addressed. The District's legal counsel will attend this meeting on our behalf. The District will have 90 days to respond to this item if it is approved by the Board of Supervisors. Mr. Stratton said this item, in particular, affects the District and Flowing Wells Irrigation District. The concern is that whenever the District has a need to dig in the right-of-way it has to obtain a permit which slows down work efforts and affects financial planning.

Mr. Tenney provided an updated Overview of the District document to Board members for their information and review.

VII. Legal Counsel's Report

Keri Silvyn, Lewis & Roca, had nothing new to report at this time.

VIII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board of Directors is Monday, February 12, 2007 at 6:00 p.m.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 7:43 p.m.

**Metropolitan Domestic Water Improvement District
Board of Directors Meeting
January 8, 2007
Page 8**

Warren Tenney, Clerk of the Board