

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

**December 11 2006**

**\*\* 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  
    Suzanne Downing, Member  
    Jim Doyle, 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 6:01 p.m. Dan M. Offret, Judy Scrivener, Suzanne Downing, Jim Doyle, and James Tripp were present.

**II.    General Comments from the Public**

There were no comments from the general public.

**III.   Recognition of Outgoing Directors**

Mr. Offret presented Suzanne Downing, Jim Doyle and James Tripp with plaques commemorating their service as Board of Directors to Metro Water District for the past four years. He thanked them for their efforts on behalf of the community. Mark Stratton, General Manger, also thanked the outgoing Board of Directors on behalf of the District and staff for their interest in the District and their community.

**IV. Consent Agenda**

- A. Approval of Minutes – November 13, 2006 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Bill of Sale – Mariposa Trail, Lots 1-117.**

Mr. Tripp made a motion to approve the consent agenda. Ms. Downing seconded the motion.

Mr. Offret asked if legal counsel researched whether or not the District had to send the debt service and investment strategies contract out to bid. Keri Silvyn explained that since this is a personal services contract that it was not necessary to request bids. The District previously utilized the services of Arbitrage Management Group and will continue to seek assistance from them.

Mr. Offret asked if a total cost estimate for the Broadband Wireless Radio Network had been completed. Steve Shepard, Utility Superintendent, replied that staff continues to work on this item. The information will be brought back to the Board for its review at an upcoming meeting.

The motion to approve the consent agenda passed unanimously.

**V. General Business – Items for Discussion and Possible Action**

- A. Monthly Status of the District.**

Mr. Stratton said the District continues to produce less water than during this same period last year. Also, for the month of November 2006, a substantially less amount of water was produced than in October 2006. Mr. Stratton explained that the District will continue to slow down expenditures until it is determined if revenues from water sales increase over the next few months.

Mr. Stratton said that work continued on the Northeast Reservoir and Booster Station. It is anticipated that the Northeast Reservoir and Booster Station will be completed the later part of March or April 2006. The mainline work for these projects should also be completed about the same time.

Mr. Offret asked when it is anticipated that Sun Western would have the Tucson National/Westward Look Mainline Replacement project completed. Charlie Maish, District Engineer, said the work has been completed. It is anticipated that rap-up of the paperwork and project will be completed within the next month.

Mr. Stratton noted that Wanda Well and Jensen Well have been shut down for maintenance. It is anticipated that both wells will be back on line by the end of the week.

**B. Financial Report.**

Mike Land, Chief Financial Officer, said the District is approximately \$290,000 under budget for total revenues received for fiscal year 2006-2007. The District is approximately \$120,000 under budget for expenditures, and spending has been temporarily slowed until it is determined if revenues increase during the next few months. Mr. Land said 38 new meter connections were installed during the month of November. To date, 25% of the Water Infrastructure Finance Authority (WIFA) money has been spent on capital improvement projects.

**C. Audit for Fiscal Year 2005-2006.**

Mr. Land said the District has received a draft audit for fiscal year 2005-2006, which was previously provided to the Board. It is anticipated that a final audit will be available late next week. Revenues received by the District reached an all time high in 2005-2006. Mr. Land said the auditors are still researching capital item expenditures during fiscal year 2005-2006.

**D. Approval of Contracts with Pinnacle Arbitrage Compliance.**

Mr. Tripp made a motion to approve the two contracts with Pinnacle Arbitrage Compliance LLC to provide all of the arbitrage rebate reporting services to the District for the 1999 and 2002 bonds with the fees per contract as stated in the report. Ms. Scrivener seconded the motion.

Mr. Land explained that Pinnacle Arbitrage Compliance LLC has all of the District's previous records, and the cost for this program is the same as last fiscal year.

Motion passed unanimously.

**E. Approval of Bids for GAC Replacement at South Shannon Facility.**

Mr. Tripp made a motion to approve the bids submitted for the Shannon GAC Replacement and direct staff to proceed with the Job Order Agreement with Calgon Carbon for the GAC Replacement. If a successful Job Order Agreement cannot be completed with Calgon Carbon staff is to proceed with the next lowest bidder. Further, the Chairman is authorized to sign the successful Job Order Agreement subject to legal council review if any changes are made to the agreement. Ms. Scrivener seconded the motion.

Mr. Offret asked about the Toxic Characteristic Leaching Protocol (TCLP) test samples taken at the facility. Mike Block, District Hydrologist, said the samples are tested for a series of metals, VOCs, pesticides, etc. The testing is typically done for landfill leaching, and no detections were noted in the sampling at the South Shannon facility. Mr. Offret asked if the State would be paying for the GAC replacement. Mr. Block replied yes, and noted that the State annually budgets for these items.

The motion to approve the bids submitted for the Shannon GAC Replacement and direct staff to proceed with the Job Order Agreement with Calgon Carbon for the GAC Replacement. If a successful Job Order Agreement cannot be completed with Calgon Carbon staff is to proceed with the next lowest bidder. Further, the Chairman is authorized to sign the successful Job Order Agreement subject to legal council review if any changes are made to the agreement, passed unanimously.

**F. Approval of Second Amendment to Purchase and Sale Agreement for the Lutheran Church of the Ascension Property.**

Mr. Tripp made a motion to approve the Second Amendment to the Purchase and Sale Agreement between Title Security Agency of Arizona, Inc., and the District, which extends the deadline to complete the development actions to July 2, 2007, and to direct staff and legal counsel to finalize the closing of the sale once the Pima County Board of Supervisors approves the final plat for the property. Ms. Downing seconded the motion.

Mr. Stratton said this item has been placed on the agenda for the Pima County Board of Supervisors meeting for January 9, 2007. Mr. Maish added that the Lutheran Church of the Ascension representatives have been very cooperative and obliging to work with.

Motion passed unanimously.

**G. Well Rehabilitation Option for Lambert/La Cholla Well.**

Mr. Block said that other utilities in northern Tucson have also had problems with scaling in their wells. District staff, as well as City of Tucson staff, has researched low cost options and methods to rehabilitate these wells. One method being considered is the use of a fluid oscillator which was developed for the oil industry by Borehole Fluidics. The tool oscillates water, creating a pressure wave that vibrates against anything it hits, breaking up the scaling. This is a low cost method, and District staff would like to research it further to determine its viability for use in District wells. Tucson water is also researching this method, and the District may be able to share in the cost with Tucson Water. Chris Hill, Deputy Manager, said that he believes this is a cost effective approach to determine the potential use of the well. The procedure can be completed in one day, and will need future monitoring to determine its effectiveness. Mr. Offret asked that the Board be kept informed as to the possibility of collaborating with Tucson in researching the potential use of the fluid oscillator.

**H. Selection of Consultant for Cost Estimate Study for Northwest Central Arizona Project Water Treatment and Delivery System.**

Mr. Tripp made a motion to approve the selection of Carollo Engineers to perform the cost estimate study for the Northwest Partners Central Arizona Project water treatment and delivery system. If contract negotiations are unsuccessful, then District staff should proceed with contract negotiations with Greeley and Hansen and then CH2M Hill. A final contract and fee schedule will be presented to the Board for approval. Ms. Scrivener seconded the motion.

Mr. Stratton said that an Inter-Governmental Agreement among the partners will be developed and presented along with a contract to the Board at a future meeting.

Motion passed unanimously.

**VI. General Manager's Report**

Mr. Stratton explained that on December 5, 2006, he was asked by the Southern Arizona Leadership Council to participate in discussions regarding regional water and environmental issues. Mr. Stratton said it is not entirely clear on what they are trying to accomplish with the meetings, the last of which was held at Metro Water. The Council is done meeting for the time being, and staff will keep the Board apprised of any information that may become available from them.

The Colorado River Water Users Association is meeting this week in Las Vegas. Mr. Stratton and Warren Tenney, Assistant to the General Manager will be attending, as well as Mr. Offret and Ms. Scrivener.

Mr. Stratton noted that Tuesday, December 19, 2006 is the annual employee Christmas luncheon. The Board and their guests are invited to attend. The Employee of the Year and employees who have been with the District for 10 years will be acknowledged during the luncheon.

Mr. Tenney provided an update on the Arizona Department of Water Resources' Statewide Water Users Group. The focus of the group has been the need to assist rural areas where water resources are somewhat limited. He explained that they are trying to get a proposal drafted to present to the legislature on rural water issues. Mr. Tenney said the group would like the legislature to create a water development fund to assist rural areas within Arizona with water resources.

**VII. Legal Counsel's Report**

Ms. Silvyn, Lewis & Roca, noted that she looked into the debt service and investment strategies contract issue and explained that since this is a personal services contract that it was not necessary to request bids.

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

The next regular meeting of the Board of Directors is Monday, January 8, 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 6:53 p.m.

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Dan M. Offret, Chair of the Board

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Warren Tenney, Clerk of the Board