

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

**August 14, 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

**Executive Session**

**I.     Call to Order and Roll Call**

Judy Scrivener, Vice 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, Jim Doyle, Suzanne Downing, and James Tripp were present. Dan M. Offret arrived at 5:13 p.m.

Mr. Tripp made a motion to adjourn into executive session. Ms. Downing seconded the motion. Motion passed unanimously.

**II.    Executive Session**

Executive Session pursuant to A.R.S. §38-431.03 (A) (3) (consultation for legal advice with District Legal Counsel) regarding the following:

**A.     Acquisition, Annexation, and Service Area Boundary Issues.**

The executive session adjourned at 5:50 p.m.

**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 6:00 p.m. Dan M. Offret, Judy Scrivener, Suzanne Downing, Jim Doyle, and James Tripp were present.

**II. General Comments from the Public**

Mark Stratton, General Manager, introduced Janet Brown, the District's new Risk Management Specialist. Ms. Brown began working for the District on the date of this meeting. The Board welcomed Ms. Brown to the District.

**III. Consent Agenda**

- A. Approval of Minutes – July 10, 2006 Board Meeting.**
- B. Ratification of Billing Adjustments.**

Mr. Tripp made a motion to approve the consent agenda. Ms. Scrivener seconded the motion. Motion passed unanimously.

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

**A. Monthly Status of the District.**

Mr. Stratton said there was a significant reduction in metered water sales last month due to the amount of rainfall received in the area. As a result, the amount of revenues received by the District for metered water sales were down for the month of July 2006.

Mr. Stratton said the construction of the Northeast Reservoir is in full swing. Excavation work has been completed and crews are working on construction of the reservoir floor. At the Northeast Booster Station, crews are currently excavating for the pump cans. The Magee Road Transmission Main, Phase 3 is behind schedule at this time due to the unavailability of pipe. It is anticipated that construction will commence in September or early October 2006.

**B. Financial Report.**

Mike Land, Chief Financial Officer, said the audit was delayed by the auditors. It is anticipated that the audit will begin on August 15, 2006. The audit was originally scheduled to begin last week.

Mr. Land said revenues for fiscal year 2005-2006 ended at 10% over budget per the June 2006 financial calculations. He noted that expenditures ended at .37% under budget.

**C. Approval of Liability Insurance Broker.**

Mr. Tripp made a motion to approve the selection of The Clements Agency to represent the District as the broker in all liability insurance issues. Ms. Scrivener seconded the motion.

Mr. Land explained that Ryan Trayers from the Trayers Insurance Group was present to address the Board regarding its interest in the District's selection of an insurance broker. Mr. Trayers explained his proposal and insurance coverage information that Trayers Insurance Group previously provided to the District. He noted that Trayers Insurance Group could customize the insurance plan to meet the needs of the District and would work closely with the District and its Risk Management Specialist. Mr. Trayers said he is familiar with the District and its needs and believes that he can offer the District excellent service in all areas, including Workers Compensation.

Mr. Offret noted that he was pleased the District had received proposals from three good agencies. Mr. Land explained that staff had recommended the Clements Agency as broker for the District. He added that the selection of the broker would be reviewed annually, which would give the Trayers Insurance Group another opportunity.

The motion to approve the selection of The Clements Agency to represent the District as the broker in all liability insurance issues passed unanimously.

**D. Ratification of Emergency Purchase of Server for Computer System.**

Mr. Tripp made a motion to approve to ratify the emergency purchase of the main server for the District's computer system in the amount of \$12,232.62. Ms. Downing seconded the motion.

Mr. Offret said that he was pleased that staff was able to react as quickly as they did to get the District back up and running with its computer support. Mr. Stratton said that staff continues to work on its back-up computer system. He commended Steve Glowacka for his efforts in getting the District functional as quickly as possible after its computer server failure.

The motion passed unanimously.

**E. Proposed Rate Structure Adjustment and Scheduling of a Public Hearing.**

Mr. Tripp made a motion to approve to schedule a public hearing for October 23, 2006 at 6:00 p.m. for the purpose of discussing the District's rate structure and paying the debt service to finance the Capital Improvement Program. Ms. Scrivener seconded the motion.

Mr. Tripp explained that since the 4% rate adjustment was proposed to the voters when they approved the March 8, 2005 issuance of debt to finance the new Capital Improvement Program, he believed the Board should follow through with this proposal.

Mr. Offret requested that staff review what the percentage difference would be from tier to tier in the rate structure, and indicate the cost differential involved in the tiered structure. He suggested contacting Gary Woodard of the University of Arizona for assistance in determining this information. Mr. Stratton said staff would bring back the information to the Board.

The motion to approve to schedule a public hearing for October 23, 2006 at 6:00 p.m. for the purpose of discussing the District's rate structure and paying the debt service to finance the Capital Improvement Program passed unanimously.

**F. 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 \$21,622 for Fiscal Year 2006-2007. Ms. Downing seconded the motion.

Val Little, Water CASA, said that they are working on a pilot program with Pima County to look at reducing water usage through conservation devices thereby reducing wastewater. They will be targeting individual neighborhoods to look at how residents currently use water. Water CASA has also been working with Pima County to consider and establish new ordinances that would address saving water.

The motion passed unanimously.

**G. Approval of Municipal Well Services Contract.**

Mr. Tripp made a motion to approve the contract with Golder Associates for professional services to drill, develop, construct and test Riverside Crossing Well. The contract fee is on a time and materials basis and will not exceed \$56,000. This contract will expire on June 30, 2007 unless annually renewed by the Board of Directors for up to two additional years. Ms. Scrivener seconded the motion.

Mr. Offret asked Chris Hill, Deputy Manager, if there would be redundancy in the Riverside Crossing Well system. Mr. Hill replied yes.

The motion passed unanimously.

**H. Consultant Selection for Miscellaneous Survey Services.**

Mr. Tripp made a motion to approve the Engineering Consultant ranking, and direct District staff to proceed with developing an acceptable survey contract agreement (contract and salary rates) with the top ranked firm, AMEC Infrastructure, Inc., for Miscellaneous Survey Services. If staff is unable to negotiate an acceptable survey contract agreement with AMEC Infrastructure, Inc., then staff has the authorization to negotiate with the next highest ranked firm, and continue the process, if necessary, until an acceptable survey contract agreement is obtained. Staff shall submit the final negotiated survey contract agreement to the Board of Directors for approval. Ms. Scrivener seconded the motion.

Ms. Scrivener asked for clarification of who was the second ranked firm. Charlie Maish, District Engineer, said WLB Group is ranked second, and MMLA PSOMAS is ranked third.

The motion passed unanimously.

**I. Request from Town of Marana to Purchase Effluent Managed Recharge Credits.**

Mr. Tripp made a motion to approve Metro Water District to exchange 450 acre-feet of effluent managed recharge credits for 450 acre-feet of incentive priced credits from the Town of Marana. Ms. Scrivener seconded the motion.

Mr. Offret asked how long it took the District to save up its total 1,049 acre feet of effluent managed recharge credits. Mike Block, District Hydrologist, said it took approximately 2½ years.

Ms. Scrivener asked how these credits would be exchanged. Mr. Stratton briefly explained the incentive credits and recovered credits. Mr. Stratton noted that a dollar price was not attached to the effluent managed recharge credits to avoid setting a financial precedence.

The motion passed unanimously.

**VI. General Manager's Report**

Mr. Stratton said Warren Tenney, Assistant General Manager, would explain what the next steps are for the District in respect to an election for Board members. Mr. Tenney said that there are three positions on the Board of Directors that will be available January 1, 2007. However, only one person filed a petition with Pima County Elections for one of the Board positions. Mr. Tenney said there are two options available to fill the vacant Board member positions. First, Metro's Board can ask the Pima County Board of Supervisors to cancel the election, and appoint the only person who filed for candidacy. In January 2007, the new Board could then appoint persons to fill the two remaining vacant positions. The second option is that Metro's Board could do nothing and the

election would take place. The name of the only person who filed a petition would be on the election ballot, leaving the potential for write-in candidates. The Board would have until September 1, 2006 to decide if a request would be made to the Pima County Board of Supervisors to cancel the election which would save the District \$10,000.

Ms. Scrivener asked if the election were to continue, how many votes it would take for a write-in candidate to be appointed. Mr. Tenney replied that candidates have until September 29, 2006 to file as a write-in candidate. Those candidates would need only one vote to be voted in; however, the write-in candidates with the most votes would prevail. Mr. Tenney suggested that the Board may want to have a study session to discuss the issue further since no action could take place at this meeting. The Board agreed to have a meeting on Monday, August 21, 2006 at 4:00 p.m.

Mr. Stratton said Pima County has adopted its Drought Preparedness Plan, and the City of Tucson is still working on its plan. The District will be submitting its completed plan to the Arizona Department of Water Resources before the deadline. Mr. Offret asked if the table tents to be placed in restaurants notifying customers to request a glass of water had been ordered. The idea is to have restaurant customers receive a glass of water only if they would like one, as opposed to serving glasses of water that would not be consumed. Mr. Tenney replied yes, and noted that local restaurants had been contacted regarding the number of table tents that they would need. Ms. Downing asked if the District has seen an increase in the number of calls from concerned citizens reporting water leaks, runoff, or wasted water. Mr. Tenney said that staff had received a number of calls, and all calls have been followed up on.

Mr. Stratton said work continues on the District's Demonstration Garden, and more plants and vegetation has been ordered. It is anticipated that Phase II of the project will be completed in September 2006.

Ms. Downing asked if when the District hires a vendor to make small repairs such as on the District office building, does staff take a look to see if the vendor has appropriate insurance coverage, including workers compensation. Ms. Brown explained that insurance information is generally included in contract proposals. Mr. Stratton asked if insurance information would still be provided if it was just a one time small job, such as a minor plumbing repair. Ms. Brown said the vendor still needs to comply with insurance requirements. Ms. Downing asked if the District has insurance to cover the vendor if the vendor does not have it. Ms. Brown said that the District does have insurance; however, the District would probably not have to pay unless it was extremely negligent.

Mr. Stratton explained that a tour of some of the District's facilities was scheduled for Wednesday, August 16, 2006 at 8:00 a.m., and invited any interested Board members to attend.

Mr. Stratton said the statewide water advisory group continues to meet bi-weekly. The committee is looking at two separate districts to be formed, which would include infrastructure and regulatory issues. The infrastructure district holds a great deal of interest from Metro Water as it could be used in cooperation with Metro's surrounding water utilities. This infrastructure district could oversee

what each of our utilities is doing. The regulatory district would address the issues of the areas outside the Active Management Area.

Mr. Stratton noted that Arthur Ruff passed away this past weekend. Mr. Ruff recently retired after being a long time employee of Pima County, and had served on Metro's Bond Oversight Committee for a number of years. Mr. Stratton noted that he would be missed.

**VII. Legal Counsel's Report**

Keri Silvyn, Lewis & Roca, said there was nothing new to report.

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

The next regular meeting of the Board of Directors is September 11, 2006 at 6:00 p.m. A Study Session is scheduled for August 21, 2006 at 4:00 p.m. A Public Hearing is scheduled for October 23, 2006 at 6:00 p.m.

**IX. General Comments from the Public**

Reb Guillot, Hub service area customer, said he received calls from Hub residents regarding letters they received from the District, and asked for information on those letters. Mr. Maish explained the letters were regarding mainline replacement to remove old water lines in alley easements and place the lines in the front of the residences. He noted that approximately 100 homeowners may be affected. Ms. Downing suggested have a meeting or study session in the Hub service area to meet with homeowners and explain the project. Mr. Guillot said he would like to meet with the District prior to the homeowners meeting and noted that he would contact Mr. Maish. Staff will schedule a meeting for Hub area residents that may be affected by the project.

**X. Adjournment**

The meeting adjourned at 7:00 p.m.

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Dan M. Offret, Chair of the Board

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Warren Tenney, Clerk of the Board