

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

July 10, 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
Jim Doyle, Member
James Tripp, Member

Board Members Absent: Suzanne Downing, 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

Dan M. Offret, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:32 p.m. Dan M. Offret, Judy Scrivener, and James Tripp were present. Suzanne Downing and Jim Doyle were not present. Jim Doyle arrived at 5:58 p.m.

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

II. Executive Session

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.

The executive session adjourned at 6:05 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 6:08 p.m. Dan M. Offret, Judy Scrivener, Jim Doyle, and James Tripp were present. Suzanne Downing was not present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – June 12, 2006 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Approval of Auditing Services Agreement for Fiscal Year 2005-2006.**

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.

Mark Stratton, General Manager, said there was less water pumped during June 2006 than in May 2006. However, the amount of water being pumped continues to be greater than the same period last year.

Mr. Stratton explained that work continues on the Northeast Reservoir and Northeast Booster Station. It is anticipated that South Shannon will be put back into operation later this week after being down for repairs. Work also continues on the arsenic treatment system at Hub Well No. 1.

Mr. Offret noted that he had been at the South Shannon well facility and said he was impressed with how the facility itself looked. He asked about the number of water shut-offs last month, and if 66 shut-offs was about average per month. Mike Land, Chief Financial Officer, said 50-60 shut-offs per month is typical.

B. Financial Report.

Mike Land said District revenues continue to hold strong. The District is approximately 8% over budgeted amounts, and expenditures are about 3% under. The District audit begins August 7, 2006,

and will take approximately 2 weeks to complete. Mr. Land explained that the District has recovered almost 40% from the treasury bankruptcy. There were 367 new meter applications for fiscal year 2005/2006, and Mr. Land said this is the most applications received since 2001.

C. Improving the Toilet Rebate Program.

Mr. Tripp made a motion to approve modifying the Toilet Rebate Program to target High Efficiency Toilets. Ms. Scrivener seconded the motion.

Mr. Tripp said he liked the idea of offering rebates for High Efficiency Toilets (HETs) only, and Mr. Offret agreed.

Mr. Offret asked if the rebate amount should be increased. Warren Tenney, Assistant General Manager, said when Water CASA completed its study recently they found that there was not much difference in the number of customers participating in a toilet rebate program based on the rebate amount. Therefore, staff recommends staying with the current amount of \$50 for the first toilet, and \$40 for each additional toilet replaced in the home or business. Mr. Tenney said the type of toilets that will be required for District rebates may not be readily available for a while. He will check with local hardware stores to determine who might be stocking the new HETs. Staff recommended that the new rebate program begin in October 2006.

Motion passed unanimously.

D. Approval of Contract for Water Policy Consulting.

Mr. Tripp made a motion to approve a one-year contract extension with Mark Myers for water policy consulting for the period of July 1, 2006 to June 30, 2007 for an amount of \$25,000 which will be paid monthly. Ms. Scrivener seconded the motion.

Mr. Tripp commended Mr. Myers on his monthly reports. Mr. Offret agreed, and explained that he especially liked the most recent report that included information on the financial risks for the District. Mr. Myers noted that he liked working with the District as they have very capable staff who are easy to work with and efficient.

The motion passed unanimously.

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

Mr. Tripp made a motion to approve Amendment No. 5 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, 2007. Staff

will forward for consideration by the Board at a later date an amendment on the contract amount when available from the Arizona Department of Environmental Quality. Ms. Scrivener seconded the motion. The motion passed unanimously.

F. Selection of Municipal Well Services Contract.

Mr. Tripp made a motion to approve the selection of Golder Associates for professional services to drill, develop, construct and test a new municipal well. If contract negotiations are unsuccessful with Golder Associates, then District staff should proceed with contract negotiations with Water Management consultants. A final contract and fee schedule will be presented to the Board for approval. Ms. Scrivener seconded the motion.

Mr. Offret asked if this well was going to be located close to the South Shannon well. Mike Block, District Hydrologist, replied no. Mr. Offret asked if there was a potential for contamination. Mr. Block said that there is always a chance, but noted that from the hydrological tests and examinations in the area it appears that the new well will not be in danger of having the same contamination as the South Shannon well. Research will be completed prior to the actual drilling of the new well. Mr. Block said that the City of Tucson has a well close by the proposed location of the Districts new well, and added that they have not had any issues or problems with water quality.

The motion passed unanimously.

G. Authorization to Condemn Property for the Purpose of Gaining an Easement at 1176 W. Magee Road.

Mr. Tripp made a motion to approve that staff and legal counsel proceed with the condemnation of a small portion of the Toole property located at 1176 W. Magee Road if easement negotiations cannot be completed prior to the planned construction of the water system improvements. Ms. Scrivener seconded the motion.

Mr. Offret asked about the square footage that will be gained. Charlie Maish, District Engineer, explained the amount of footage required, and noted that the house located on this property is empty. He said that Pima County would also be utilizing some of the property for roadway improvements.

The motion passed unanimously.

H. Status of the Northeast Water Reservoir Construction.

Mr. Stratton said that Mr. Maish prepared a report outlining the most recent activities at the reservoir site. Mr. Stratton said he was impressed with how clean the site has been kept during the construction phase.

Mr. Maish said the project is about three weeks ahead of schedule. The digging will be completed in approximately one to two weeks. Once completed, work will then begin to put in the floor and then the walls of the reservoir. Mr. Offret asked what was being done with the excavated dirt. Mr. Maish said that much of it is being hauled away; however, Immaculate Heart does want some of the dirt material for constructing a parking lot. Also, some of the dirt will be left to cover up the reservoir when it is completed.

VI. General Manager's Report

Mr. Stratton said the Statewide Water Advisory Group continues to meet and both he and Mr. Tenney have been attending the meetings. The group has identified rural water needs throughout the state. At the last meeting, the group discussed how neighboring states are handling their rural water needs. Water and growth will also be discussed at upcoming meetings. It is hoped there will be some draft legislative language developed by early fall, possibly September 2006. The big issue is where the money will come from for the water resource needs projects. Mr. Stratton said that even though this committee will be making recommendations, it does not ensure that they will be passed by the legislation. It is hoped that compromises will be made to at least address some of the recommended improvements.

Chris Hill, Deputy Manager, said the S&T pilot project is moving along, but slowly. It is hoped that next month a tour can be planed for the Board to observe the site. Mr. Hill noted that it is still a couple of months away from being fully operational.

Mr. Stratton said managers and directors of the northwest water providers met with Mark Reader and Tim Pickerel to discuss the overall treatment and delivery project for the northwest entities, and the financial aspects. Mr. Stratton noted that they also discussed what is being accomplished in order to move forward with the project. The group will be looking at each entity's ability for repaying the financing of the project, and the kind of financing that would be appropriate. It is hoped that within 6 months recommendations will be available to provide to the various boards of the northwest water providers.

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 August 14, 2006 at 6:00 p.m.

IX. General Comments from the Public

Mr. Hill noted that a tour of the membrane treatment plant in Scottsdale, Arizona is being planned for early August. He invited Board members to attend if their schedules allow.

X. Adjournment

The meeting adjourned at 6:40 p.m.

Dan M. Offret, Chair of the Board

Warren Tenney, Clerk of the Board