

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

June 12, 2006

**** Board Room ****

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

MINUTES

Board Members Present: Dan M. Offret, Chair
 Suzanne Downing, Member
 Jim Doyle, Member
 James Tripp, Member

Board Members Not Present: Judy Scrivener, Vice Chair

District Staff: Christopher Hill, Deputy 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 6:02 p.m. Dan M. Offret, Suzanne Downing, Jim Doyle, and James Tripp were present. Judy Scrivener was not present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – May 8, 2006 Board Meeting.**
- B. Approval of Minutes – May 8, 2005 Public Hearing.**
- C. Ratification of Billing Adjustments.**
- D. Approval of Water Service Agreement – Waterline Extension for 1920 W. Las Lomas.**
- E. Re-authorization of Contract Agreement for Potable Water Meters with Badger Meter, Inc.**

- F. Approval of Amendment No. 1 to the 2005-2006 Professional Services Agreement for Miscellaneous Water Distribution Design Contract with Stantec Consulting, Inc.**
- G. Approval of Amendment No 1 for the Analytical Laboratory Services Contracts for Volatile Organic Chemical, Total Trihalomethane, Haloacetic Acid and Inorganic Chemical Analyses**

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

Mr. Offret asked about Item G, Volatile Organic Chemical Contract, increasing in the renewal amount. Christopher Hill, Deputy Manager, explained that it was for the additional levels of testing requirements changing.

Motion passed unanimously.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Mr. Hill explained that the District pumped more water during May 2006 than during May 2005, due to the lack of rain. He noted that this has created an increase in revenues for the District. Mr. Hill said that conservation efforts are still working as evident from the amount of water being pumped is not increasing dramatically.

Mr. Hill provided a brief synopsis of some current District projects, noting that clearing of the land for the Northeast Reservoir has begun. The re-bidding for the Magee Road Transmission Main has also occurred.

B. Financial Report.

Mike Land, Chief Financial Officer, said revenues are 7% ahead of budget predications for metered water sales. He said that new meter installations are up also compared to the same time period last year. The District is in receipt of the first reimbursement check from the Water Infrastructure Finance Authority for approximately \$294,000. Mr. Land said there is an indication that the bankruptcy, through the Arizona State Treasurer, has the potential of paying the District an additional settlement amount of approximately \$11,000.

C. Discussion and Possible Approval of Drought Preparedness Plan.

Mr. Tripp made a motion to adopt the Drought Preparedness Plan as presented by staff. Ms. Downing seconded the motion.

Mr. Hill said the plan addresses issues that are universal, as well as unique to the District. Warren Tenney, Assistant General Manager, said the State of Arizona Water Resources requires that all water providers have a drought plan in place by the year 2007. Mr. Tenney said that with the development of the District's Drought Preparedness Plan there is an opportunity to pass along to the customers the need for conserving water. The District cannot enforce water restrictions; however, it can educate customers and ask them to voluntarily comply with suggested restrictions that may be appropriate due to the drought.

Mr. Offret said he was pleased that the District has completed its Drought Preparedness Plan, and that it continues to be a leader in related water issues. He asked about the estimated decline of groundwater levels, and if this is an average of all District wells. Mike Block, District Hydrologist, replied yes; however, the water levels in the Hub service area fluctuate dramatically and it is difficult to come up with an average for that service area.

Mr. Tenney explained that a plan will be created specifically for the Hub service area as required under State law. He said that customers will be made aware of the Drought Preparedness Plan through an article that is being sent to the newspaper, as well as a flyer that will be sent to the customers in their bills. Mr. Tenney said that an article will also be made available in the District's newsletter, and posted on its website.

Ms. Downing noted that customer awareness could also be increased through the use of other organizations such as WaterCASA and Tohono Chul.

The motion to adopt the Drought Preparedness Plan as presented by staff passed unanimously.

D. Fiscal Year 2006-2007 Budget.

1. Employee Health Insurance Coverage.

Mr. Tripp made a motion to approve the District contracting with Blue Cross Blue Shield of Arizona for employee health insurance coverage in 2006-2007 and instituting the first three suggestions that have been made by the Fringe Benefit Company. Ms. Downing seconded the motion.

Mr. Land said that staff reviewed alternatives for health insurance from other organizations and insurance companies. The Fringe Benefit Company was able to secure a quote from Blue Cross Blue Shield that was lower than insurance premiums paid by the District last year. Mr. Land said that since the District's insurance is better than that of most organizations, the representative from Fringe Benefit Company suggested charging the employees a small monthly amount so that they are more aware of the cost of insurance; however, Mr. Land said staff agreed not to do this at this time. Under the suggested plan, the cost for deductibles was increased from \$100 to \$250. Mr. Land said that to help offset this amount the District would place \$100 into a flexible spending account for

each employee for the 2006-2007 budget year. Fringe Benefit Company will administer the employee flexible spending account. Mr. Land briefly explained some of the long-term suggestions made by the representative.

Mr. Offret said that he is only familiar with his employer's health plan, and asked how the District's plan compared to other companies. Billie Sue Morelli, Human Resource Specialist, said that the District offers employees a better-than-average insurance coverage plan that includes a very low deductible.

Mr. Offret said he liked the suggestions made and believed that Fringe Benefit Company afforded the District a wider variety of insurance and coverage choices in light of how the District is developing. Ms. Downing said she was pleased with the approach taken by the District.

The motion to approve the District contracting with Blue Cross Blue Shield of Arizona for employee health insurance coverage in 2006-2007 and instituting the first three suggestions that have been made by the Fringe Benefit Company passed unanimously.

- 2. Capital Projects.**
- 3. Approval of Fiscal Year 2006-2007 Budget.**

Mr. Tripp made a motion to adopt the Metro Water District Operating Budget for the 2006-2007 fiscal year with the total disbursements not to exceed the budgeted amount of \$14,962,550. Mr. Doyle seconded the motion.

Mr. Land noted that there were only a few minor changes made in the 2006-2007 budget from the proposed budget that was reviewed by the Board during study sessions that occurred in April and May 2006. The budget does include the newly adopted water resource fee, and the sewer collection fees for Pima County. It also includes an increase for projected gasoline costs, and the increase in cost of health insurance.

Mr. Offret asked about the new well at Riverside Crossing. Mr. Land explained that the cost of the well (\$506,000 to \$556,000) is included in the 2006-2007 budget. Mr. Hill said the plan is to drill the well during the 2006-2007 fiscal year, and equip it the following year. Mr. Block said it is necessary to complete the drilling of this well during 2006-2007, as the District needs to gain access to the property before the developer begins its construction of this area.

The motion to adopt the Metro Water District Operating Budget for the 2006-2007 fiscal year with the total disbursements not to exceed the budgeted amount of \$14,962,550 passed unanimously.

E. Approval of Intergovernmental Agreement with Pima County for the Collection of Sewer User Fees.

Mr. Tripp made a motion to approve the Intergovernmental Agreement with Pima County Wastewater Management for the collection of sewer user fees from July 1, 2006 through June 30, 2007 at a fee per account of 71 cents per month. Ms. Downing seconded the motion. Motion passed with Ms. Downing, Mr. Tripp, and Mr. Offret voting in favor. Mr. Doyle abstained from voting.

F. Purchase of Inventory Management Software.

Mr. Tripp made a motion to approve the purchase of the Caselle Inventory Management software and related hardware and accessories at a total cost not to exceed \$8,000 with funds from the 2005-2006 Budget. Ms. Downing seconded the motion. Motion passed unanimously.

G. Consideration of Cost of Living Adjustment for District Staff.

Mr. Tripp made a motion to approve a Cost of Living Adjustment of 3.5% for all District employees to be effective in the payroll that includes the date July 1, 2006. Ms. Downing seconded the motion.

Mr. Offret asked if 2.7% was the average employee merit increase. Mr. Tenney replied yes. Mr. Offret noted that with the Cost of Living Adjustment this would give the average employee a 6.2% increase for 2006-2007.

Motion passed unanimously.

H. Award of Construction Contract for the Magee Road Transmission Main, Phase 3.

Mr. Tripp made a motion to approve the construction contract for the Magee Road Transmission Main, Phase 3 to Trinity Southwest Contractors, LLC in the amount of \$1,991,971 and to authorize the General Manager to approve the following changes to the construction contract: 1) allocate additional funding a cumulative amount not to exceed \$60,000 and 2) increase the original construction contract term a cumulative amount not to exceed sixty (60) calendar days. Any changes in excess of the above limits will be submitted to the Board of Directors for approval. Mr. Doyle seconded the motion. Motion passed unanimously.

I. Contract Award for Miscellaneous Geotechnical and Material Testing Services.

Mr. Tripp made a motion to approve the Professional Engineering Services for Miscellaneous Geotechnical & Material Testing Services Contract to Western Technologies for a not-to-exceed

amount of \$50,000, and a contract completion date of June 30, 2007. Mr. Doyle seconded the motion. Motion passed unanimously.

J. Award of Contract for Synthetic Organic Chemicals (SOCs) Analysis.

Mr. Tripp made a motion to approve the analytical services contract for Synthetic Organic Chemicals to Severn Trent Laboratories, Inc., for a not-to-exceed amount of \$75,000. The contract will expire on June 30, 2007. The contract may be extended for an additional two years annually with the Board of Directors approval. Mr. Doyle seconded the motion. Motion passed unanimously.

Ms. Downing asked about the contract expiration date. Tom Caito, Senior Civil Engineer, explained that the contract expiration date is essentially the same as in the previous contract, it would expire yearly.

K. Approval of Analytical Laboratory Services Contract for Radiochemical Analyses.

Mr. Tripp made a motion to approve the analytical services contract for Radiochemical Analyses to Turner Laboratories, Inc., for a not-to-exceed amount of \$12,000. The contract will expire on June 30, 2007. The contract may be extended for two additional years annually with the Board of Directors approval. Ms. Downing seconded the motion. Motion passed unanimously.

L. Ratification of Additional Work for South Shannon Wellhead GAC Treatment System.

Mr. Tripp made a motion to ratify the work performed by the Ashton Company for the repair of the GAC Treatment System in an amount not-to-exceed \$25,000. Mr. Doyle seconded the motion.

Mr. Offret asked about purpose for the contract. Mr. Caito said the South Shannon well facility went on line, but there were problems with the pressure in one of the vessels. The contract with Ashton expired between the time that the well went into service, and the time that the problem began. Clogging then began in the vessel and Calgon, manufacturer of the vessels, performed the necessary work to determine the cause of the problem. Representatives from Calgon said it was due to clogging created from sand in the well. Mr. Caito said the District reached an agreement to also have Ashton look at the problem. Since the problem was caused from clogging, the District would be responsible for the repairs. Mr. Hill noted that since Ashton Company did the initial work and was aware of the equipment, it would be better to have them correct the problem.

Motion passed unanimously.

M. Amendment No. 1 to Miscellaneous Water Resources Consulting Services Contract.

Mr. Tripp made a motion to approve Amendment No. 1 with an increase of \$30,600 for Miscellaneous Water Resources Consulting Services Contract with Hargis + Associates, Inc., on a time and materials basis for a not-to-exceed amount of \$75,600. The contract expiration date shall be June 30, 2007. The contract may be extended at the end of June 30, 2008 for up to one additional year with Board of Directors approval. Ms. Downing seconded the motion. Motion passed unanimously.

N. Approval of Well Maintenance Contract.

Mr. Tripp made a motion to approve the 2006-2009 Well Maintenance Contract for use in fiscal year 2006-2007 to Layne Christensen in an amount not to exceed \$145,000 and also that the contract be brought back to the Board for approval each year for the term of the contract. Ms. Downing seconded the motion.

Mr. Tripp wanted to clarify that the contract would be renewed by the Board each year for the three consecutive years covered by the contract. Mr. Hill replied yes.

Motion passed unanimously.

O. Approval of Miscellaneous Annual Services and Materials Quotes for the Utility Division.

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. Mr. Doyle seconded the motion. Motion passed unanimously.

P. Purchase of Two Portable Engine Driven Pumps for Auxiliary Power.

Mr. Tripp made a motion to approve the purchase of two Portable Engine Driven Pumps for auxiliary pumping from Empire Power Systems for the amount of \$29,396.32 and authorize the General Manager to approve changes in the pricing not-to-exceed \$3,000. Ms. Downing seconded the motion.

Steve Shepard, Utility Superintendent, said the pumps are needed in cases of emergency and noted that one pump was used as recently as within the last few days. He explained that they can be moved to different locations as needed.

The motion to approve the purchase of two Portable Engine Driven Pumps for auxiliary pumping from Empire Power Systems for the amount of \$29,396.32 and authorize the General Manager to approve changes in the pricing not-to-exceed \$3,000 passed unanimously.

Q. Status of Job Order Agreement Report.

Mr. Shepard said staff has tried to ensure that contractors are in compliance with safety issues, as well as having the appropriate agreements regarding insurance, and supplying the District with copies of those certificates of insurance. He explained that with having vendors sign this agreement, the District can ensure that vendors are following what they have agreed to do and that the District will be better protected.

Mr. Offret asked if requiring the contractors to sign the agreement would slow down the process of getting needed emergency work done. Mr. Shepard said vendors would be required to sign the agreement ahead of time and that it would be on file indefinitely with the District. Keri Silvyn, Legal Counsel, said there is no requirement for the need to have an expiration date.

Mr. Tripp made a motion to approve the Job Order Agreement report as presented by staff. Ms Downing seconded the motion. Motion passed unanimously.

V. General Manager's Report

Mr. Hill explained the new protocol for the use of District cell phones, noting that it will save the District dollars. Basically, the cell phone becomes the property and responsibility of the individual employees. The District will continue to pay the base monthly rate, which includes 450 minutes, and the employees will be responsible for any additional minutes, and repair/maintenance of the cell phones.

Mr. Hill said Billie Sue Morelli, the newly hired Human Resource Specialist, has been working hard on a variety of issues since her employment began with the District. He said with the work assignments and duties assumed by Billie Sue, the District can save money by not utilizing Paychex to the extent they once were. Mr. Land explained that Paychex will still process payroll for the District.

Mr. Hill said the newly hired District electrician will begin employment June 19, 2007. The District has not yet hired for the newly created position of Risk Management Specialist.

Mr. Hill noted that work has begun on the demonstration garden. Mr. Offret said he liked the new path that was installed in the demonstration garden.

Mr. Hill mentioned a memo from the General Manager to the Board regarding the possible review of a change in office hours, and asked for comments and feedback. Mr. Offret asked how it would

affect the utility workers during the summer months if they were to work one extra hour per day, four days per week. Mr. Offret noted that there were several questions that he would like addressed regarding the memo. Mr. Hill suggested that staff could come up with a formalized report outlining the details of a possible change in office hours. Ms. Downing said she did not like the idea of no one being available on a Friday afternoon to answer the telephone or greet the public.

Ms. Downing asked about on-line bill pay. Mr. Land said that 10 to 15 customers per week utilize the on-line bill pay. Staff has also directed a number of people to the auto-pay, which does not carry a service charge.

VI. Legal Counsel's Report

Ms. Silvyn, Lewis & Roca, said there is nothing new to report at this time.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board of Directors is July 10, 2006 at 6:00 p.m.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 7:05 p.m.

Dan M. Offret, Chair of the Board

Warren Tenney, Clerk of the Board