

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

May 8, 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

Dan M. Offret, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:02 p.m. Dan M. Offret, Judy Scrivener, Suzanne Downing, and James Tripp were present. Jim Doyle was not present for roll call but arrived at 5:09 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. Memorandum of Understanding between Flowing Wells Irrigation District, Town of Marana, Town of Oro Valley and Metro Water District regarding the Northwest Central Arizona Project Water Treatment and Delivery System.**

The executive session adjourned at 5:29 p.m.

Public Hearing

A Public Hearing regarding the Proposed Adjustment to Water Resource Fee was held from 5:33 p.m. to 6:03 p.m. (Please see separate Public Hearing meeting minutes.)

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, Suzanne Downing, Jim Doyle, and James Tripp were present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – April 10, 2006 Board Meeting.**
- B. Approval of Minutes – April 24, 2005 Study Session.**
- C. 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.

Mark Stratton, General Manager, said that water production continues to be slightly up from the same time period last year. As a result, revenues were also up for the month of April.

Mr. Stratton said the Northeast Reservoir pre-construction meeting was held recently and a notice to proceed has been issued for May 9, 2006. The Northeast Booster Station has been placed on the meeting agenda for the Pima County Board of Supervisors.

Mr. Stratton said the District did not received bids for the advertised Magee Road Transmission Main, Phase III project. Staff talked to Currier Construction, who is doing other work for the District, and asked them to look at the plans for the Magee Road project and provide a quote. Their bid price was \$600,000 to \$700,000 more than staff had anticipated when they completed a preliminary cost projection. Mr. Stratton said the project is being re-advertised at this time.

B. Financial Report.

Mike Land, Chief Financial Officer, said revenues are running higher at the present time than what was anticipated due to an increase in water production brought on by the drought.

Mr. Land explained that 95% of the 2002 bond monies have been spent to date. The first requisition for monies spent on the current bond will be submitted next week for reimbursement from the Water Infrastructure Finance Authority funding.

C. Bank of America Loan Agreement.

Mr. Tripp made a motion to approve the new Loan Agreement with Bank of America for the full renewal of the District's \$1,000,000 Line of Credit. Ms. Scrivener seconded the motion.

Mr. Land noted that the Bank of America has indicated that it is more than willing to increase the Line of Credit amount, if needed.

Motion passed unanimously.

D. Legislative Issues.

Mr. Stratton explained that he talked to Susan Charlton, District Lobbyist, and since no new developments occurred, she would not be present at this Board meeting.

Mr. Stratton said it appears that all the Eminent Domain bills remain to be addressed, but will probably not proceed any further during this legislative session. The State budget is being worked on at this time by the Legislators.

E. Resolution 2006-2 - November 7, 2006 Board of Directors Election.

Mr. Tripp made a motion to approve Resolution 2006-2 to call an election for November 7, 2006 for the purpose of electing members of the Board of Directors to fill the seats currently held by Suzanne Downing, Jim Doyle, and James Tripp. Ms. Scrivener seconded the motion. Motion passed unanimously.

F. Discussion of Consumer Confidence Report / Water Quality Report.

Chris Hill, Deputy Manager, said this is the eight year of completing the Consumer Confidence / Water Quality Report required by the U.S. Environmental Protection Agency. Mr. Hill noted that there has been very little issues concerning the District's water quality over the years. The report will be mailed during May 2006. Mr. Offret said that he thought the report was well written.

G. Consultant Selection for Miscellaneous Geotechnical & Material Testing Services for Fiscal Year 2006-2007.

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

H. Award and Approval of Arsenic Treatment System for Hub Well No. 1.

Mr. Tripp made a motion to approve the transfer of funds from the Hub Well No. 7 2005-2006 budget in the amount of \$80,000.00 for the Hub Well No. 1 Arsenic Treatment System. Further to approve and award the purchase of equipment, media, and design services from Mobile Process Technology for \$64,370.00 for an Arsenic Treatment System at Hub No. 1 and authorize the General Manager to approve additional services and change orders with Mobile Process Technology not to exceed \$5,000.00. Mr. Doyle seconded the motion. Motion passed unanimously.

I. Memorandum of Understanding between Flowing Wells Irrigation District, Town of Marana, Town of Oro Valley, and Metro Water District regarding the Northwest Central Arizona Project Water Treatment and Delivery System.

Mr. Tripp made a motion to approve the memorandum of understanding between Flowing Wells Irrigation District, Town of Marana, Town of Oro Valley, and Metro Water District regarding the Northwest Central Arizona Project water treatment and delivery system. Ms. Scrivener seconded the motion. Motion passed unanimously.

V. General Manager's Report

Mr. Stratton said he has been invited to be on the legislative committee for the Statewide Water Resources Advisory Group (SWAG). The committee of 50 met for the first time last Friday. Mr. Stratton said the Arizona Department of Water Resources is coordinating the efforts of this committee made up of representatives of the Governor's Office, Legislators, water utility representatives, and others. The purpose of the committee is to discuss programs needed to continue developing a reliable water supply for the future. Mr. Stratton explained that there will be an intense process to get a recommendation ready by the next legislative session.

Mr. Stratton noted that he is now the current president of the Arizona Water and Pollution Control Association (AWPCA) for the coming year. This will require spending more time in Phoenix for meetings that have historically been held there. Mr. Stratton said whenever possible meetings will be conducted via conference call, and some of the meetings will be held in Tucson.

Mr. Stratton said that staff had received information from its current health and medical provider and benefits will only increase by 2.5% for the coming fiscal year. Staff had originally anticipated an increase of 10% which was included in the draft 2006-2007 budget. The 2006-2007 budget will be discussed again at the June 2006 regular Board meeting.

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 June 12, 2006 at 6:00 p.m.

IX. General Comments from the Public

Mr. Hill congratulated Mr. Stratton on his appointment as President of the Arizona Water and Pollution Control Association. He noted that approximately 2,500 individuals are in the association comprised of water and wastewater utilities. Mr. Stratton has been an active member for 22 years.

X. Adjournment

The meeting adjourned at 6:28 p.m.

Dan M. Offret, Chair of the Board

Warren Tenney, Clerk of the Board