

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

March 12, 2012

**** Board Room ****

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

MINUTES

Board Members Present: Bryan Foulk, Chair
Dan M. Offret, Vice-Chair
Richard Byrd, Member
Jim Doyle, Member
Judy Scrivener, Member

District Staff: Mark R. Stratton, General Manager
Christopher W. Hill, Deputy General Manager
Michael Land, Chief Financial Officer
Charlie Maish, District Engineer
Tullie Noltin, Recorder
Keri Silvyn, Legal Counsel
Warren Tenney, Clerk of the Board

Regular Session

I. Call to Order and Roll Call

Bryan Foulk, 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. Bryan Foulk, Dan M. Offret, Richard Byrd, and Judy Scrivener were present. Jim Doyle arrived at 6:09 p.m.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – February 13, 2012 Board Meeting.**
- B. Ratification of Billing Adjustments.**

Mr. Offret 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 monthly consumption was less than the same time last year and also lower than it was last month. Other utilities are reporting similar downward trends. The impact of lower metered water sales on the revenue stream is gaining attention. Staff is beginning the budget process, taking a conservative look at projected revenue trends and monitoring declines closely. Other factors for reduced usage could include customer awareness of wastewater billing average calculations in the winter months. The South Shannon GAC change-out occurred last month on schedule. Staff continues to work on the Avra Valley Recharge Project (AVRP) and waterline relocations related to Pima County road projects. Arizona Underground is working near the District office on the transmission main relocation. Work is nearly complete on north Orange Grove to Ina Road. Magee Phase 2, from Thornydale to Shannon is ongoing and La Cholla from Magee to Overton is under way. Staff is very busy. Old Magee Trail Well improvements will be happening soon and when the new well is running, Matter Well can be abandoned.

Mr. Offret asked for an approximation of volume change due to the improved infiltration rates at AVRP Basin 4. Mike Block, District Hydrologist, said the rate has steadily gone up from roughly 3.5 acre-feet (ac-ft) per day to up to 5 ac-ft per day, so there is a substantial volume change. Mr. Byrd asked about the static depth, and Mr. Block replied current static depth is 185 ft but when the project started in 1996, static depth was 250 ft. Mr. Foulk asked about compliance with water loss limits at Metro-Southwest. Mr. Stratton said he is hopeful that once new meters are installed there, water loss will be significantly reduced.

B. Financial Report.

Mr. Doyle arrived at 6:09 p.m.

Meter sales are \$257,000 under budget right now and expenditures are holding \$524,000 under budget. Salary reimbursements are the only line item above budget. Revenue is on target, slightly down by \$13,000 in the first 7 months. Operating expenditures are \$382,000 below last year and although last year was record-setting year, the District is doing fairly well. There have been only 18 metered applications to date and 40 were budgeted. The office complex solar system is still positive and is expected to improve in hotter months.

Ms. Scrivener asked if the District had heard anything from the Arizona State Retirement System regarding the ruling on contributions. Mr. Stratton said no new information had been received and Ms. Scrivener said Pima County had not heard anything either.

C. Discussion and Direction for Legislative Issues 2012.

Mr. Tenney said the two Senate bills supported by the Board at the last meeting, SB 1288 and SB 1417 are still moving forward. HB 2416 was amended after passing in the House. The various ramifications of that bill are being examined by other utilities and there is indication from the Senate that it will not go too far as-is. Mr. Tenney noted for the record that Legal Counsel, Keri Silvyn, represents the owner/developer of the Painted Hills property, which would benefit from passage of HB 2416. Mr. Foulk asked what the ramifications of HB 2416 would be to the District. Mr. Tenney said there is concern by other municipalities that it would impact them by forcing expansion of service. The bill currently applies to municipalities in a county with populations of 500,000 or greater. While the District is not a municipality, it sets a precedent.

D. Approval of 20 Year Anniversary Celebration.

Mr. Offret made a motion to approve the schedule of events submitted for the 20 Year Anniversary Celebration for Fiscal year 2012-2013 and authorize the General Manager to approve related expenditures on an as-needed basis up to \$7,000 cumulatively. Ms. Scrivener seconded the motion. Motion passed unanimously.

E. Award of the Construction Contract for the Iberia Avenue Waterline Interconnection.

Mr. Offret made a motion to award the construction contract for the Iberia Avenue, Tenderfoot to Iberia Circle/Portugal Circle, Waterline Interconnection project to KE&G Construction, Inc. in the amount of \$123,943.00, 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 \$5,000 and 2) increase the original construction contract term, a cumulative amount not to exceed thirty (30) calendar days. Any changes in excess of the above limits will be submitted to the Board of Directors for approval. Ms. Scrivener seconded the motion.

Mr. Offret asked if the area in question is large enough for the trailer and storage and Mr. Maish explained the items are already on site. Mr. Foulk asked how long ago the engineer estimate was given and Mr. Maish replied June 2011.

Motion passed unanimously.

F. Award of Replacement Slide Gates at Avra Valley Recharge Project.

Mr. Offret asked how the condition of the gates was overlooked prior to purchase of the facility. Mr. Block said the condition of the basins was viewed and through conversations with Central Arizona Project (CAP), staff understood AVRP was ready to operate and functional. CAP did discount the total price by \$100,000 to upgrade the communications system and the District only spent \$10,000. Mr. Offret had questions about how the gate functioned. Mr. Block showed an illustration. Mr. Foulk wondered if the new gates would actually last 50 years in such a corrosive environment. Mr. Block said he had tried to get verification of expected life but was unable to obtain a specific number.

Mr. Block said a letter was received by the District from one of the bidders. There was an inconsistency between the bid package and the legal notice regarding visitation of the site. Unfortunately, the legal notice did not include the word "mandatory". Mr. Foulk asked Legal Counsel if the legal notice or the bid notice is more binding. Ms. Silvyn said she does not personally do RFP legal work but in her experience, usually legal notice trumps bid notice. In this case, the legal notice did not have the word "mandatory". Ms. Silvyn explained one option for this sealed bid, which is now technically not sealed anymore, is to rebid. Mr. Offret asked how long it would take to go through the bidding process again, and Mr. Block said it could be accomplished by the May Board meeting. Mr. Foulk raised the issue of additional staff time costs. Monies may have to be budgeted for the next fiscal year, rather than this one. Mr. Foulk said he favored a rebid.

Mr. Offret made a motion to not award the replacement gates but to rebid this particular project as soon as possible. Mr. Byrd seconded the motion.

Ms. Scrivener asked how the conflict between the documents occurred. Mr. Block explained the documents were proofread by multiple people but assured the Board that staff will be paying closer attention to document language in the future.

Motion passed unanimously.

G. Approval of Change Order with Select Development for Construction of Additional Parking at District Office.

Mr. Offret made a motion to approve the bid of \$137,025.25 from Select Development for the construction of additional parking at the District's office and that the additional funding above the budgeted amount from the Board's contingency fund. Ms. Scrivener seconded the motion.

Mr. Offret said \$137,000 seems a lot of money for a parking lot. He said District staff and its customers have undergone a lot of stress with the RTA waterline relocations and he sees this project as a function of that. He said although he will vote for it, ultimately the expenses related

to road construction will cost customers. Mr. Stratton clarified that this project, while it does add some versatility and room for parking, is not required as part of County roadway improvements. It adds an amenity to accommodate more visitors during daytime meetings in the District's board room but the Board must consider whether that is enough reason to spend \$137,000.

Mr. Offret asked for clarification that the driveway would be moved and the parking lot also extended. Mr. Stratton said the new access is the County's responsibility but this \$137,000 change order pays for additional parking, as shown in the shaded area of the drawing. Without the change order, the District will end up with the same number of parking spots after the driveway is relocated.

Mr. Stratton noted the change order would also allow customers driving to the drop box or drive-thru window to be looped toward the exit in a more efficient way. Mr. Foulk asked how many customers visit the drive-thru per day. Mr. Land said approximately 20-30 people use the drive-thru and another 25-40 people drop payments into the drop box every day.

Mr. Byrd asked how many square feet of asphalt will be added but the plans only indicated 140 tons, rather than square footage. Mr. Foulk asked if landscaping is covered in the change order, and Mr. Maish pointed out there is \$14,000 listed.

Motion passed unanimously.

H. Water Resources Update.

Mr. Tenney went over the highlights of the 2011 Water Resources Update and offered to answer any questions.

Mr. Byrd asked if Arizona Department of Water Quality (ADEQ) has been having conversations about the long-term ability to continue reimbursing for the South Shannon GAC change-outs. Mr. Tenney said for the first couple of years, the District held enough in the contingency fund for the change-outs in the event ADEQ ceased reimbursements but stopped doing that after being reassured of the reimbursements. The District has been told the program is solid.

Mr. Tenney mentioned the District's exemplary water loss percentage in Metro-Main of 2.3%. It is quite an accomplishment.

Mr. Block talked about the downward trend in water use once more. Color maps will be provided to the Board next month. He pointed out that Metro-Hub is experiencing the same trend, which is unusual for that service area. Mr. Foulk pointed out that residents in Metro-Hub are not all on new meters yet.

V. General Manager's Report

Mr. Stratton said staff is starting the budget process with 8 months of actual expenditure data, in hopes of fine-tuning the expenditure side.

The Wellness Committee continues to be active and received a \$999 grant through Activate Tucson. A Wellness Poker Tournament will be held on April 12th. All Executive Team members and division Team Leaders are going to participate and support staff. The Wellness Committee has been a good thing for the District, and Mr. Stratton said he was glad to have so many wanting to get involved.

An efficiency and productivity consultant has been evaluating the District, looking at how we do things, identifying shortcomings and sharing information. Based on this evaluation, the consultant is developing a proposal on how the District could improve efficiency. Some improvements are "blue-sky" ideas and others could be easily attained with our current IT infrastructure and a few reconfigurations. Cost prioritization will be part of the recommendations in the final report, to be brought before the Board next meeting. Staff found the discovery process worthwhile and many said it was helpful to find out what others did.

Mr. Stratton briefly touched on upcoming events, including the Arizona Municipal Leadership Institute (AMULI) hosted by HDR Engineering and the Annual AZ Water Conference in Glendale, Arizona.

Mr. Stratton also let the Board know that a gas station is being proposed at Ina Road and Camino de la Tierra, next to an existing well site. The development is not a done deal and the District is in the process of initiating discussions with the developer regarding the potential for leaking fuel tanks. Mr. Hill is spearheading the issue. Mr. Byrd asked how many tanks are planned but those details were not yet known. Mr. Stratton said staff is in the process of determining what, if any, regulations exist with regards to fuel tanks being installed near wells. Mr. Byrd noted that the probability of a catastrophic failure is minimal. Mr. Hill will provide updates to the Board as the situation unfolds.

VI. Legal Counsel's Report

Ms. Silvyn said the District's response on the Open Meeting Law (OML) complaint was received by the Attorney General's office. There has been no word from the Attorney General's office since then but the District's completion of OML training will probably satisfy any potential requirements. Ms. Silvyn is awaiting confirmation.

VII. Future Meeting Dates; Future Agenda Items.

Mr. Tenney said the next regularly scheduled session of the Board of Directors will be held on April 9, 2012. Study session April 30th budget

X. General Comments from the Public.

There were no comments from the public.

IX. Adjournment.

The meeting adjourned at 7:10 p.m.

Bryan Foulk, Chair of the Board

Warren Tenney, Clerk of the Board