

**MINUTES**  
**JOINT STUDY SESSION OF THE**  
**ORO VALLEY MAYOR AND COUNCIL AS**  
**BOARD OF DIRECTORS OF ORO VALLEY DISTRICT #1 AND**  
**THE METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT**  
**BOARD OF DIRECTORS AND**  
**ORO VALLEY DISTRICT #1 MANAGEMENT COMMITTEE AND**  
**ORO VALLEY ASSURED WATER SUPPLY TASK FORCE**  
**ORO VALLEY TOWN HALL**  
**11000 N. LA CAÑADA DRIVE**  
**TOWN COUNCIL CHAMBERS**  
**January 17, 1995**  
**5:30 P.M.**

**CALL TO ORDER** - 5:30 p.m.

**ROLL CALL**

**PRESENT:** Oro Valley Mayor and Council

Richard Parker, Mayor  
Bill Kautenburger, Councilmember  
Valerie Hoyt, Councilmember (arrived 6:10 p.m.)  
Marty Wells, Councilmember

**ABSENT:** Cheryl Skalsky, Vice-Mayor

Metropolitan Domestic Water Improvement District Board of Directors

Herb Johnson, Chairman  
Jim Doyle, Member  
Barbara Johnson, Member  
Pete Schlegel, Member

**ABSENT:** Marty Cramer, Member

Oro Valley Assured Water Supply Task Force

Wendell Cheek, Vice-Chairman  
Stephen Lucas, Member  
Ivan Milensky, Member  
Dennis Polley, Member

**ABSENT:** Frank Butrico, Chairman

Oro Valley District #1 Management Committee

Woody Arbogast, Member

Dennis Polley, Member

**STAFF:** Chuck Sweet, Town Manager  
Jim Peterson, Government Relations Administrator  
Tobin Sidles, Town Attorney  
Mike McNulty, MDWID Attorney  
Mark Stratton, MDWID General Manager  
Warren Tenney, MDWID Administrative Assistant

**PUBLIC:** Bud Dooley  
Mark Lewis

**MODIFICATION TO ASSET PURCHASE AGREEMENT WITH THE CITY OF TUCSON**

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Chuck Sweet, Town Manager stated the purpose of the joint study session is to disseminate information about the Asset Purchase Agreement with the City of Tucson to all 4 entities at the same time.

Mark Stratton, General Manager, MDWID reviewed his staff report dated 1/17/95 summarizing the background, current status, cost impacts to the Metropolitan Domestic Water Improvement District and other issues before the MDWID Board. Metro Water District has tried to negotiate to allow the change of taking CAP Water as untreated CAP water and utilize that in a recharge or replenishment program and gain the credits in lieu of taking treated CAP water into our systems. One of the most prominent reasons is MDWID customers don't want it. Secondly, our infrastructure is of such nature that we would have very similar problems to what the City of Tucson faced 1-1/2 years ago, (that would mean major capital costs on repair of leaking mains throughout our entire District). Additionally, MDWID does not have adequate storage to take CAP water in the amount specified under the Asset Purchase Agreement, which calls for 80% of our annual groundwater withdrawal. Mr. Stratton stated our 1994 groundwater withdrawal was approximately 8,000 acre feet. (That would mean we would have to take 6,400 acre feet from City of Tucson in 1995/96). From that standpoint, Mr. Stratton stated MDWID requested last March from the City of Tucson Council to amend the Asset Purchase Agreement to allow acceptance of untreated CAP water.

Mr. Stratton stated one of the major components that City of Tucson feels needs to be a part

of any wholesale agreement for purchase of water, is repayment of capital costs of the CAP treatment plant. That is one of the more difficult issues to deal with right now because of the recent actions that the City Council has taken, as well as a referendum that is out in the City of Tucson on whether or not to bring that treatment plant back in operation over the next five years. He stated everyone pretty much agrees the plant is not working to the quality level that it was meant to and therefore, we are being asked to pay for something that may or may not work in someone's eyes. However, they have come down on what is included in the overall costs for their wholesale water component. He referred to Appendix 11 in the 1979 NW Water Agreement that detailed the wholesale water costs. It included a number of factors that are not relevant today and is 15 years old, which is why we are trying to figure how to amend an agreement to meet the benefits of the northwest area.

Mr. Stratton stated the costs have been brought down to include the capital costs of CAP water as charged by the Central Arizona Conservation Water District. Mr. Stratton stated according to CAWCD Board of Directors, that cost is \$19.00 an acre foot and will escalate up to \$54.00 an acre foot within 5 years and remain consistent thereafter. Additionally, any operation or maintenance costs passed on by CAWCD for the delivery of that water (including both a fixed O & M cost and a variable O & M) that is only for water used. He stated for Tucson Water's part, costs have been brought down to \$15,000 a year administrative cost to handle the transaction of ordering the water, the billing of the water, etc. This may be modified after 2 years after true costs are calculated.

Breakdown:

Capital Component of the Treatment Plant

Actual cost of CAP water as charged by CAWCD

Administrative fees of \$15,000 to City of Tucson

Mr. Stratton referred to page 3 of the Agreement regarding "CAP Holding Costs" and stated if we do not take delivery of the water, but just pay the basic amount, it would total \$560,826. He stated if we take our maximum allotment of our CAP allocation based upon the population in the year 2025 and the 50 year service area that City of Tucson had, our allocation out of the 148,000 acre feet the City has allocated - totals 9756 acre feet (for both OV #1 and MDWID). He stated if we use every drop of that through recharge it would amount to \$1,000,000 in 1995. That cost will escalate over the next 5 years because of the CAP Holding Costs. This is a cost savings of \$1.2 million in 1995 based on the \$348 an acre foot listed in the Asset Purchase Agreement for treated CAP water.

Mr. Stratton said the City of Tucson will eventually expand the facility to 225 mgd which they need to do to meet peaking requirements. Tucson has estimated the cost for expansion to be between \$6 million and \$9 million. MDWID's share would be 1/15th of that amount which is insignificant, but would represent a truer value of what the capital component of that

treatment plant would be.

Mr. Stratton reviewed other issues relevant to the agreement. The City of Tucson wants to require the District to utilize 80% CAP water. Confirmed by discussions with the Arizona Department of Water Resources (ADWR), there is no regulatory requirement for the 80%. While noted in the 1979 NW Water Agreement, the contention is if MDWID is paying for something they should have a right to use however much they want to in any given year, and in any manner they so choose. He stated City of Tucson has backed off of how we use it. ADWR will not impose the 80% on MDWID, however, the assured water supply rules have a different way of configuring things. 85% needs to be from renewable supply during 100 years to meet the assured water supply requirement. He stated that is the only regulatory requirement for using that much renewable water.

Mr. Stratton explained that if MDWID takes CAP as untreated water to recharge it, ADWR has stated that the 100% adequacy that the District has been a party to because of the long term agreement with Tucson, would no longer hold, and therefore, we would need to apply for our own assured water supply status. Many of the water providers in the northwest have been doing hydrological studies to determine the amount of water we have in our aquifers to begin filing for our own assured water supply status, separate from the City of Tucson. This would lead to the severance of our reliance upon the City of Tucson for assured water supply, however, it would guarantee that we have access to a fixed amount of renewable supply of water to meet that assured water supply need. This would be very strategic from the standpoint that we would no longer have to deal with City of Tucson, except to order our water. We get to use it the way we want to, how much we want to, but we also are paying for it. We do incur the cost component of doing our fair share in this basin of meeting the assured water supply rules as well as the management goals of the Tucson Active Management Area, to get off of groundwater.

Mike McNulty, MDWID Attorney stated when MDWID modifies the Asset Purchase Agreement, Oro Valley Metro Domestic Water District #1 will also need to sign the contract. He stated City of Tucson has spent \$110 million to \$120 million over the past 10 years building facilities to take CAP water and intend to pump it to the northwest area and have people use it. One year ago, Tucson's position with MDWID was "you will take treated CAP water, and you will drink it and thank us for it." We have come a long way from that point, Tucson has agreed that we do not have to take it, we can simply have it recharged somewhere and take the credits and continue to pump groundwater. Having overcome that battle, it is now simply a matter of making sure the cost figures are fair to both sides. He feels we are 80% to 90% there, but the issues brought up by Mr. Stratton are still be discussed with Tucson.

Mr. Stratton stated the facilities Tucson has built to date to deliver CAP water to the area has been paid for by water providers in the area, based on a northwest area fee that was collected

as part of new development since 1979. However, the pipeline stops at Lambert Lane and Thornydale at their Oasis Reservoir. There is a 2 year time delay with respect to any additional infrastructure improvements to allow for the completion of a number of studies currently going on. One is a feasibility study for the Northwest Replenishment Program which Oro Valley is a part of and Metro is the primary sponsor of that along with Pima County Flood Control and a number of other parties. It is felt within 1 year to 18 months the feasibility study will be completed to determine whether or not replenishment is a viable concept for using CAP water. Additionally, the City is looking at alternative ways to use CAP water. There is an Initiative going on for specific use of CAP water in lieu of taking it as treated water. The agreement has been reached that there will not be any further infrastructure improvements to the northwest supply system until the studies are finalized and all parties to the Northwest Water Agreement reach consensus as to what the next step will be. Whether it be to build a pipeline for replenishment or to continue the northwest supply system for the delivery of treated CAP water.

In response to questions by Mr. Arbogast concerning cost of treated CAP and untreated CAP water, Mr. Stratton replied the \$19.00 an acre foot is what the Central Arizona Water Conservation District charges now for anyone with a CAP contract, just to have the right to use that water. That capital cost goes towards the repayment to the federal government for the building of the CAP canal and accompanying infrastructure. That cost will escalate to \$54.00 an acre foot over the next 5 years to meet their annual repayment debt to the federal government. Also, there is an O & M component on top of that, all being from the CAWCD.

Mr. Stratton stated if Tucson has agreed not to turn that treatment plant on, they can't meet the obligations of the Asset Purchase Agreement, that is MDWID's contention. However, Tucson feels they could deliver water to us that would meet the requirements of providing us water at a quality equal to or better than stipulated in the contract.

Mr. Stratton stated there is a concern as to whether or not the Groundwater Replenishment District (CAGRD) will have enough water in the future to meet the demand on the replenishment goals. As more and more of these CAP sub-contractors begin using their full allocation, less and less water will become available for the Groundwater Replenishment District to meet its obligations.

Mr. McNulty stated we should talk about going on our own. If we tell "Tucson to take their CAP water, don't bother us anymore, we will solve our own problems", we would then have to join the Groundwater Replenishment District. There would be 2 repercussions:

1. We would have no idea what the costs in the future would be.
2. City of Tucson would probably sue us.

Mr. McNulty stated, while it is not an easy decision, the MDWID Board has come down on



the side of saying "we don't want any CAP water now, and probably not for 10 to 20 years, we are making the decision for a century, and having that water available to guarantee a supply for growth, is the wise public policy decision." He stated the County portion of MDWID will grow, the portion of MDWID inside the town limits has all ready grown. It is clearly not as big a deal as it is for the portion of MDWID outside of the Town. He stated the Town can go its own way now, if you so choose. But it is a little complicated, you would essentially have to take over that portion of the Metro District located in the Town, run it yourselves, and pay off the bonds associated with it to sever your ties with the City. MDWID would continue to work out a good agreement with City of Tucson. This may or may not be a good idea, but MDWID feels having everyone "arm in arm" is the best way to handle it.

In response to a question by Mayor Parker, Mr. Stratton stated it is difficult that you are paying for something that today doesn't work, but the hope is in the next few years Tucson will get their act together. They are getting enough pressure from the Tucson residents to change it and they have also spent over \$100 million for that treatment plant. They have to be accountable to their rate payers within the City of Tucson. Additionally, it leaves the choice up to us as to whether or not we want to accept delivery of that water.

Herb Johnson, Chairman of MDWID, stated the answer to the original question is "what happens after 30 years and we've paid off the plant and there is no longer any capital investment?" He stated that day will never come. One of the basic rules in a bond issue is that the term of the bond issue should be the useful life of the project. That has been determined to be 30 years for the parts of the plant that have the longest life. He stated when you build a project like this you break it down, you have a useful life for each and every part of that plant. Theoretically, that's the way it should be, in most cases it is not adhered to the way it should be. The people who use the plant should be paying for a reserve for depreciation. So we will never reach the place where there is not a capital element in your cost.

Mr. Johnson suggested laying out a roadmap of where we are going. There should be an overall review of what we want to do. He reviewed the events from 1979 to present, stating the City was faced with the problem of getting as much renewable water as possible. Along came a chance to ask for an allocation of the CAP water. They did that in 1979 and they drew up a plan. He stated from an engineering standpoint, basically, it is a very good plan. However, someone came along and said "since we are doing all the work, we should benefit the most, so we'll arrange for the payments and we will do it in a manner where we come out topdog." MDWID is now faced with the fact that we are finally getting a NW Area Alliance where we are organized. In 1979, the City had no one to come to except for 3 private utilities: Cañada Hills, Rancho Vistoso & Metropolitan Water Co. None of these utilities were capable to act because the ACC has to approve it and they were not going to approve any money for this type of a project. The NW Alliance is now coming together and

we have to act together to have power.

Mr. Johnson stated what we have available to us now is the option of going to the City to get treated CAP water. That treated CAP water may not be needed now, especially because we have a good aquifer up here. We are in the process of a hydrological study to determine how good it is. But we have to realize that we have more or less 3 phases we will go through:

The present phase is where we can pump groundwater and not deplete an excessive amount from the aquifer. How long that will last there have been various predictions, but maybe at the end of that time, we will have to start recharging water. Preliminary information indicates that we can recharge water for about 1/3 the cost of what it costs to treat the water in the City of Tucson Plant. Mr. Johnson stated he has gone through the treatment plant several times, he has found it to be a good plant, it is just a question of fine tuning.

Mr. Johnson stated we have the option of getting recharged water maybe at the end of 10 years. That might last another 5 years or so. We will finally come to the point that we will need the treated water. That's what we are working on tonight. We are trying to get a guarantee that when that time comes, we are going to do it, we are going to forestall any direct use of treated CAP water as long as we can. That is the one option.

Mr. Johnson stated we have the option of recharging, we have the option of going to the CAWCD and get recharge contracts with them. What we are doing tonight, is talking about how the contract with the City would read. We have pointed out many fallacies. They are still working at trying to be topdog on this. We have pointed out some glaring unfairness they have proposed and we are negotiating on that now. The question still remains "do we want to negotiate with the City, is it important to do so?" That's why we have the NW Alliance so we can cooperate because it affects not just the Metropolitan Water District. The contract the Metropolitan Water District gets with the City will determine how the other contracts will be. He stated if we all act together, we can take the pieces of the puzzle, which are what is the cost of the present plan? What will the cost be if we go to a more sophisticated type of treatment, such as nano-filtration or reverse osmosis? That could triple or quadruple the cost of treatment. Do we want to be involved in it. Another one is, how much will it cost to recharge? How much money can we get for the Big Wash and CDO Wash recharge project? This is just the first part of trying to get a decent contract with the City.

Mr. Sweet asked Mr. Stratton if the current rates being charged for MDWID and OV #1 do not contain any part that is attributable to CAP or Asset Purchase Agreement?

Mr. Stratton replied \$500,000 has been allocated towards CAP in Tucson Water negotiations. So if we took 100% of the 9756 acre feet that are available to us, we would need to come up with another \$500,000 in the next fiscal year. So the ratepayers are paying something

towards the CAP and Asset Purchase Agreement.

Mr. Stratton stated the proposed increase over a 5 year period roughly shows a 3% increase going from \$250,000 to \$500,000. However, what is not included is what will it actually cost to do the recharge itself. CAWCD has roughly estimated a cost of \$25.00 an acre foot to recharge. One component is for the O & M of the recharge site itself and the second component is administrative costs.

Mr. Sweet asked Mr. Stratton for the status of the private water companies and Tucson Water with respect to the NW Water Agreement.

Mr. Stratton stated what came out of the NW Water Alliance meeting last Friday was the intent of City of Tucson is to get a commitment from the 2 private water companies with respect to paying their fair share of the holding costs as well as the treatment plant costs, and wanting to take the issue of the finances in a relatively short time frame to the Corporation Commission for their approval to pass through the rates or a tariff, etc. The Attorney for the water companies seems to believe this is Tucson's way of making them commit to the provision of paying their fair share, or breaking the agreement. In talking with the water attorney, they feel the 2 water companies need to determine whether or not they are part of the game or if they want out.

Mayor Parker asked what kind of assurance is City of Tucson giving that they can deliver in a reasonable time frame good CAP water?

Mr. Stratton stated they are hoping for the two private water companies to pay the CAP holding costs. The combination between the two they will pay \$250,000 for just CAP holding costs. If there is a two year grace period, that is \$500,000 that the City has spent to hold water for those two private water companies without any benefit or assurance that those 2 private companies are going to take over those payments in 2 years. If it is untreated CAP water, it is up to those private water companies to go to the canal to get the water.

In response to a question by Councilmember Kautenburger, Mr. Stratton stated that MDWID's philosophy is to diversify that program so that you have a little bit of water resources coming from different components. Some going into recharge, continuing groundwater pumping, and maybe in the future you accept some of the treated water that may be blended with your own water source. You've got water available from a number of sources to meet your overall demands.

Mr. Schlegel stated we may want to keep the option of taking treated CAP water so we don't lose that resource if needed in the future in the event our groundwater were to get contaminated.



Mr. Johnson stated he wants to make clear that MDWID is not about to pay Tucson Water on July 1 the amounts they have asked for. There is a lot of negotiation that will occur before that happens. That negotiation is with the participation of the other members of the NW. Mr. Johnson reviewed the proposed reduced amounts they will be negotiating for. He stressed the need for a strong NW Alliance to negotiate a good contract.

Wendell Cheek brought up the point that Tucson will sell us water but Tucson is getting the effluent out of the treatment plants. Why are we not entitled to some of those effluent credits so we can water our parks and golf courses?

Mr. Johnson agreed with Mr. Cheek, stating it will take 2 years to get this worked out.

Mr. McNulty stated according to the Arizona Supreme Court that once you turn water into the sewer system, you have abandoned it, and whoever treats it to make it useable, owns it. So Pima County owns all of it, subject to a contract by which they deeded 90% back to the City in exchange for the Roger Road Treatment Plant. The County is uncomfortable with the contract, and he feels we will see a lot of movement on that issue.

Mr. Cheek stated we want to be in the forefront on that to get our part of that effluent.

Mayor Parker stated we need to be using our CAP water so we don't lose our CAP allocation and use it on golf courses instead of groundwater.

Mr. Stratton, responding to a question by Mr. Milensky, stated why should we have to take 80% of our supply, if Tucson has no way of meeting that themselves. He feels the 80% is negotiable. He stated there are major implications if CAWCD elects not to deliver water in 1995 because it is not cost effective for them. From that standpoint, they will negotiate with anybody that can use the CAP water. If we tell them that we won't live up to an 80% criteria, but we will be using as much as we possibly can, then we have to order in September of each year, because the order has to be to CAWCD by October 1st. Tucson has already ordered 20,000 acre feet, including 80% that would go to Metro. That 3243 is a fairly significant portion of 20,000 acre feet, but yet when you compare it to 148,000 that they have allocated, it's a drop in the bucket. It is to our benefit, if we are paying the holding costs, to put it to use, especially when the holding costs escalate and not be held to a minimum of 80% is to everyone's best interest. We are agreeing to pay our fair share of it, so it shouldn't be that difficult to negotiate that point.

In response to a question by Mr. Sweet, Mr. Stratton replied the attorney for City of Tucson set a deadline of March 1, 1995, but without any justification behind it. We need to reach a consensus by April 1, 1995 between our two entities to allow for some time frame of having the City of Tucson Council accept the agreement, hopefully by July 1, 1995. If the agreement does not get modified by July 1, it will be up to the attorneys to decide what to

do. Regarding costs, we are looking at \$24,000 per month, but we would want to substantiate it with our own audit of the construction and design costs that the City has incurred to verify that they did spend \$104,000,000 for the facility and property.

Mr. McNulty stated the 3 utilities out here have grown over the past 15 years without having to make any proof of water supply, because they had an agreement with City of Tucson of automatic assured water supply. If we change that, so that we do not take water from the City, then we have to stand on our own. We have to show that we can provide the water, essentially having a contract for 9750 acre feet of water with the City constitutes a checking account, and you draw against that. That is enough water on an annual basis to carry us through another 10 to 15 years. At that point, if we need more water, we go to the cheapest supply available. The City provides a base amount and then we supply what we need above and beyond that. So to some extend, we are separating our destiny from the City.

In response to a question by Jim Peterson, Mr. Stratton stated ADWR would feel much more comfortable if we had our own deemed status because it clears up any contractual issues that they have to try and decipher. With respect to Cañada Hills and Rancho Vistoso they are doing a hydrology study and they will be applying for an assured water supply status by joining up with the Central Arizona Groundwater Replenishment District. The replenishment district does allow for them to disengage themselves from that entity in the future if other water resources are found. From a financial perspective, it is very attractive for them to do that because there is no cost to the developers or the private water companies, it's a tax that goes on property in the future, once they start replenishing, which is the problem that you don't know what the future costs of the GRD are going to be.

Mr. Stratton stated personally, he doesn't feel the GRD is in the best interest of the community as far as continuing to pump within the basin without some renewable supply going into the basin. It allows them to recharge in the Santa Cruz River area, but continue withdrawing it up here. However, their hydrology study has to show that they have an adequate supply of water to meet those long term needs below. But again, as they continue pumping, they are recharging down the Santa Cruz River area where its going north and not benefitting the basin. The replenishment program, on the other hand, will bring the water up here so that we continue groundwater pumping and there is a new supply going in to replenish what you are taking out. Based on costs the GRD may or may not choose to replenish in that specific area. That is an unknown. They are going to look to keep their operating costs down and to bring water from Tangerine and I-10 all the way to Big Wash may not be cost effective, and therefore they will continue to recharge in the Santa Cruz where it is much less expensive. If Cañada Hills and Rancho Vistoso do use the GRD, they continue pumping groundwater without anything going back in. So from a standpoint of regional management of the resources in the CDO Basin, he doesn't feel joining the GRD is in the best interest of the CDO Basin. He reiterated it is personal, he is not speaking on behalf of the MDWID Board.

Jim Doyle, member of MDWID was excused from the meeting at 7:00 p.m.

In response to a question by Jim Peterson, Mr. Stratton stated Pima County Flood Control District is the primary manager of the feasibility study, Metro Water District is contributing the most amount of money from a local share, with other entities providing some of it. MDWID's interest is to bring the pipeline up to the Big Wash and CDO area because it is truly a benefit to us here. That's why MDWID has taken the lead. Pima County Flood Control District is primarily interested in the lower Santa Cruz because it is tied in with the flood control project with Marana. They would receive a significant financial benefit. Metro and other water providers definitely receive the benefit up in the CDO Basin. Julia Fonsaca from Pima County Flood Control is the project manager of the overall feasibility study. Pima County has more staff resources available to them to manage the project, the MDWID does at this time.

In response to concern brought up by Mayor Parker with showing a united front when negotiating with City of Tucson, Mr. Johnson stated the big element there is the ACC, you have different rules than Metro has. That is the reason we have presented to you what your approximate cost will be for the capital element of the CAP Treatment Plant and the attorney for these 2 private companies has to deal with ACC and find out whether or not they are going to allow it as a legitimate cost.

Mr. Sweet expressed his appreciation to all who have participated in this negotiation and taken the lead on this.

Mayor Parker also thanked the General Manager and MDWID Board for their participation in the negotiations. He also thanked AsWas Board for their participation.

Jim Peterson asked if there is anything Oro Valley can do at this point?

Mr. Stratton replied it would be appropriate to have a member of Oro Valley staff or our attorney in attendance to represent the Town and be able to report back to the Town, specifically with their interpretation of where the negotiations are going so the Town has a direct communication link. It will also show the City Council that it is not just the District Board they are dealing with. Tucson tends to forget about everyone outside the city limits, sometimes. This will also show some unity.

Mr. Schlegel suggested sending out a resolution in support of the negotiations as they've gone thus far and that you feel united behind the effort and are pleased with the directions. That along with the survey that was just completed by MDWID shows the feelings of the users and our customers up here, will also assist the Board.

Mr. Peterson stated with the political climate of Tucson, we have to keep our eyes open and

be careful of what technical expertise we listen to.

Bud Dooley stated he has observed that this group has sort of bypassed the Groundwater Replenishment District, and he would like to see that kept open as an option, because someone we can vote for is more apt to be responsive to our needs in the future than someone we can't vote for. His second reason is that he has some long term experience with City of Tucson contracts and promises, he never saw a contract modification to an existing long term contract that wasn't heavily in favor of the City of Tucson. If you prepare to enter into a contract, you should be prepared to make those concessions with respect to price, operations, control, quality and delivery. He does not trust City of Tucson.

Mr. Schlegel stated up until now it has been difficult for anyone to match Tucson, we are a very formidable opponent. We have the ability to tax a base large enough that we can afford to go to war with them. When you get the results of the survey that came out, it was very encouraging to see that the customers agree that they not only want us to remain on ground water, but they are willing to pay extra if we have to go to Court, and that they are willing to allow us to increase their monthly bill is far greater than what it would cost us to go to Court. All of a sudden, Tucson is faced with knowledgeable people, top drawer water attorneys with the dollars to go to war. He feels that is starting to sink in to Tucson a little bit.

### ADJOURNMENT

**Meeting ADJOURNED at 7:15 p.m.**

Respectfully submitted,



Kathryn Cuvelier, CMC  
Town Clerk