

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

September 11, 2000

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

MINUTES

Board Members Present: Pete Schlegel, Chairman
 Jim Doyle, Vice-Chair
 Sam Ray, Member
 Marlene Wright, Member

Board Member Not Present: Dennis Polley, Member

District Staff: Mark R. Stratton, General Manager
 Warren J. Tenney, Clerk of the Board
 Lisa Chase, Legal Counsel

I. Call to Order and Roll Call

Pete Schlegel, 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. Pete Schlegel, Sam Ray and Marlene Wright were present. Dennis Polley and Jim Doyle were not present.

II. General Comments From the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – August 14, 2000 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Approval of Bad Debt Write-offs.**
- D. Ratification of Bill of Sale – The Bluffs, Phase 7, Lots 489-598 & Common Area “A”.**
- E. Ratification of Bill of Sale – Luna Vista Estates, Lots 1-36.**

Mr. Ray made a motion to approve the consent agenda. Ms. Wright seconded the motion.

Mr. Ray commented that the bill adjustments for customers seemed higher than usual. Mr. Land responded that during the summer customers are more aware of their water consumption. He stated that the Customer Service department has been informing District customers when they have been using excess amounts of water and it causes the customers to check for leaks.

Ms. Wright said she would abstain from the vote since she had not attended the August 14, 2000 meeting. Mr. Schlegel postponed the vote until Mr. Doyle arrived.

IV. General Business – Items for Discussion and Possible Action

A. Financial Issues.

Mike Land, Chief Financial Officer, stated that the auditors have indicated that the auditing statements should be finalized and presented to the Board Members at the next Board meeting.

Ms. Wright asked for information for the check written to Auto Safety House. Mr. Land replied that covered the installation and service of safety lights on District vehicles.

Mr. Schlegel stated he had some questions regarding the reports, but nothing germane, but he would like to discuss them with Mr. Land at a later time.

B. Purchase of Equipment for District Office.

- 1. Increased Security Equipment.**
- 2. Sound System for Board Room.**

Mr. Schlegel requests that the sound system for the Board Room be deferred until next meeting to investigate other sources and types of equipment. There were no objections from the other Board members.

Mr. Ray made a motion to approve the dispersal of \$11,131 in funds from the Municipal Property Corporation to purchase a closed circuit televised system from Central Alarm, Inc. Ms. Wright seconded the motion and it passed unanimously.

C. Request for Ingress/Egress and Utility Easement with Jonathan Zagorsky through the Ina/La Cañada Wellsite.

Mr. Stratton stated that Mr. Zagorsky's request for ingress/egress and utility easement was originally discussed during the July meeting but was tabled for action pending Mr. Zagorsky's providing further information. Mr. Stratton said that Mr. Zagorsky provided further information to District staff, but that one of the neighbors affected by this proposal has not signed any agreements. He also stated that staff has noticed "for sale" and "for lease" signs on the property in question. Further staff has provided photographs depicting the proposed easement would be going through the center of a palo verde tree. If such tree were removed, it would reduce the vegetation and take away some of the visual coverage for the well site. He stated it is the Board's discretion as to whether Mr. Zagorsky's intentions are temporal or not.

Mr. Doyle joined the meeting at 6:11 p.m.

Jonathan Zagorsky responded that he did not plan to remove the tree, only trim it along with other brush and shrubbery. He stated that the ingress/egress utility access to enable him to access his storage building. He further stated that the church may lease this building and that is the reason for his requesting the ingress/egress access.

Ms. Wright asked if the "for sale" signs pertained to the property in question. Mr. Zagorsky replied that those signs were for the property just east of his, not for the property requesting the ingress/egress access.

Mr. Schlegel, Ms. Wright and Mr. Ray expressed their concerns of impacting District operations, for setting Board policy, harming District operations and temporary easement versus permanent easement as well as the vagueness of the proposed contract. Lisa Chase, Legal Counsel, stated that she would recommend it as a license to use for a limited right-to-use and only issued to Mr. Zagorsky and specify the acceptable uses.

Mr. Doyle made a motion to deny the request of Jonathan Zagorsky for ingress/egress and utility easement through the Ina/La Cañada wellsite. No second was made.

Mr. Ray made a motion to approve a license of limited right with Mr. Zagorsky and the District on the possession piece of property for an annual renewal up to five, with review once a year, with agreement to be finalized by Legal Counsel and brought back to the Board for final approval. Ms. Wright seconded the motion.

Mr. Doyle asked who would maintain the ingress/egress as far as litter, debris, etc. Mr. Zagorsky stated he would agree to maintain that property. Ms. Wright indicated this should be in the agreement.

Mr. Doyle asked if Mr. Zagorsky intentions still did not include putting an ingress/egress utility easement through property located at 1301 W. Ina Road. Mr. Zagorsky replied that if that property is developed, then he would drop his request for the easement.

Mr. Schlegel called for a vote on the motion to approve a license of limited right with Mr. Zagorsky and the District. The motion passed 3-1, with Mr. Schlegel, Mr. Ray and Ms. Wright voting for the motion and Mr. Doyle voting against the motion.

D. Direction to Staff on Interstate Banking and the CDO Recharge and Recovery Project.

Mr. Stratton stated that this issue has come up quickly and advised that Mark Myers, District consultant, had kept track of the aggressive pace set by the Arizona Water Banking Authority (AWBA). He stated that District staff has met with Tim Henley of the AWBA. Mr. Stratton

stated the purpose of this agenda item is to get Board authorization to let staff negotiate with the AWBA and try to secure some of the cost for the CDO capital project through interstate banking.

Mark Myers stated that this request is not to commit resources, but to allow staff and Mr. Myers to negotiate with the AWBA and the CAWCD to include the CDO Project as part of interstate banking with Nevada. He told the Board that before any agreement is finalized with these entities, staff would come to the Board for its approval and authorization.

Mr. Ray made a motion to direct staff to pursue negotiations with the Arizona Water Banking Authority, Central Arizona Water Conservation District, and other interested parties to pursue opportunities for the Cañada del Oro Recharge and Recovery Project through interstate banking. Ms. Wright seconded the motion and it passed unanimously.

E. Approval of Storage Agreements with Central Arizona Water Conservation District at Lower Santa Cruz Replenishment Project and Avra Valley Recharge Project.

Ms. Wright made a motion to approve the storage agreements between the Central Arizona Water Conservation District and the District for the Lower Santa Cruz Replenishment Project and for the Avra Valley Recharge Project. Mr. Ray seconded the motion and is passed unanimously.

F. Agreement between Metropolitan Domestic Water Improvement District and the Cortaro Water Users' Association.

Mr. Ray made a motion to approve the revised Agreement between the Metropolitan Domestic Water Improvement District and the Cortaro Water Users' Association for "In-Lieu Water Deliveries and Storage" and that the contract be in effect until December 31, 2003, unless amended in writing by the District and the Cortaro Water Users' Association. Mr. Doyle seconded the motion and it passed unanimously.

G. Award of 2000-2001 Truck Bid and Approval to Lease/Purchase Three New Vehicles.

Mr. Doyle made a motion to award the 2000-2001 Truck Bid to Don Mackey GMC Truck and to approve the lease/purchase of three 1-ton cab and chassis trucks with the principle amount not-to-exceed \$59,190. Ms. Wright seconded the motion.

Ms. Wright asked how much the utility bed installation costs were. Steve Dean, Utilities Superintendent, replied that the costs were \$1,500 per unit. Ms. Wright asked if there was a written bid to that effect. Mr. Dean stated that the District would take possession of the cabs and chassis and then bid out the utility bed installation work at that time. Ms. Wright asked if staff determined the cost would still be \$1,500 at that time. Mr. Dean replied that the cost would remain \$1,500 per unit.

Mr. Schlegel called for a vote on the motion to award the 2000-2001 Truck Bid to Don Mackey GMC Truck and it passed unanimously.

H. Approval of Agreement between District and THF Drilling, Inc. for Well Abandonment Services at Sumaya Well Property.

Ms. Wright made a motion to approve the agreement between the District and THF Drilling, Inc., to complete the abandonment of the Sumaya Well on a time and material basis the in the amount not to exceed \$13,400. This amount will include \$10,000 from the Well Abandonment line item and \$3,400 from the contingency fund. Mr. Ray seconded the motion.

Mr. Ray asked if this was the well the Board previously discussed and what was determined to do with the property once it is abandoned. Mr. Stratton said the Board agreed once the well was abandoned to allow the wellsite to be given to the property owners with the wellsite in their backyard in exchange for rebuilding the fence.

Mr. Schlegel called for a vote on the motion to approve the agreement between the District and THF Drilling to complete the abandonment of the Sumaya Well. The motion passed unanimously.

I. Discussion of Possible Acquisition of Los Cerros Water Company.

Mr. Stratton advised the Board that the primary owner of Los Cerros Water approached staff to determine if the District would be interested in obtaining this property. As with previous inquiries for acquisition, staff has gathered preliminary information for the Board's review. Mr. Stratton stated that the Los Cerros Water Company is a relatively small, simple system with 367 connections with a few small wells and small storage. He told the Board that Mr. Hill and Mr. Land have done a cost comparison on the payback period based upon the owner's asking price. Staff feels that it is not worth the risk to obtain this system without having a short pay-back period. Mr. Stratton said that Tucson Water has a small service area adjoining this water company service area and they have offered to sell it to Oro Valley, but Oro Valley is not interested in paying Tucson Water's asking price. He said that if the Board is interested in acquiring this property, staff would recommend a purchase price of \$750 per connection.

Mr. Ray asked about the location of this water system and if it had fixed boundaries. Mr. Stratton replied that it was approximately 2 square miles, located in the Catalina area. Mr. Stratton also stated that the Lago del Oro Water Company adjoins the Los Cerros Water Company service area. The District can provide service outside our boundaries.

Mr. Ray asked about the infrastructure and storage capacity of the system. Chris Hill, Deputy Manager, responded that there is a booster station located at the reservoir with the wells located below the reservoir. Mr. Stratton replied that the system has been in place for about 30 years and with no substantial upgrades or little maintenance. Mr. Hill added that the system provides no fire protection and is mostly used for drinking water.

Mr. Land stated that their commodity rates are higher than the District's rates.

Mr. Ray commented on the actual costs associated with obtaining the Hub system and stated there may be the same type of costs associated with this system such as personnel and vehicle requirements.

Ms. Wright questioned if the Board needs clear objectives about acquisitions. Mr. Ray said that the Board does have a policy to have staff bring to it any proposals, and decide on an individual basis.

Mr. Schlegel stated that acquisition of Los Cerros was worth exploring, but he requested more information on the condition of the infrastructure. Mr. Ray requested a detailed report of the system including maintenance issues, pumps and wells and water samples. He also requested copies of their water tests, maps and associated data. Ms. Wright agreed that more information was needed.

Ms. Wright asked if the homeowners have ever discussed selling the water company. Mr. Stratton replied that Mr. Friedman was 60% owner and he did not know the status of the water customer's knowledge of negotiations.

Mr. Stratton said staff would do more research and bring the information back before the Board.

III. Consent Agenda

Mr. Schlegel called for a vote on the approval of the consent agenda. The motion passed 3-0. Mr. Ray, Mr. Doyle, and Mr. Schlegel voted for the motion; Ms. Wright abstained from voting.

V. General Manager's Report

Mr. Stratton stated that the proposed EPA Rule on Arsenic is receiving a lot of attention in the southwest. He said that he and Mr. Hill have reviewed a lot of lengthy reports to develop the District's comments. Mr. Stratton said that if the arsenic level is approved at 10 MCL, the District's main system would not be affected too much. If the level is passed at 5 MCL, then the District would have a lot of wells impacted and one well that is border line. In the Hub-Metro service area, two wells would not meet a level of 10 MCL. Mr. Stratton stated that comments are being prepared recommending that EPA propose a level of 20 MCL because it is felt that there is a lack of scientific evidence to justify lower levels. He said that this rule would be one of the most costly ever proposed by EPA and it would predominantly affect the southwest area. He said that EPA would need time to review the comments and that filing of lawsuits by various entities was likely. He stated that eventually it could cost \$1million per well site to come into compliance with the proposed arsenic rules.

Mr. Stratton stated that staff was planning a customer appreciation day in which staff would be on hand to answer customer questions. Plans are in progress to have refreshments and exhibits for customer information.

Mr. Stratton reported that Jim Barker was retiring. He is the first retiree from the District.

Mr. Stratton said that Mitch Etter of Pima County Elections Department has notified staff that the September 19, 2000 Board of Supervisors' agenda included an agenda item to cancel the District's election and to appoint the two candidates to the Board effective January 1, 2001 per the statutes.

Mr. Stratton informed the Board that Oro Valley has completed its water resource plan. There has been no final recommendation made on how the Town plans to proceed.

Mr. Stratton reported he was meeting with Steve Mellum regarding the NAC claim.

Mr. Stratton invited the Board members to a tour of the District in order to give them more familiarity of the Capital Improvement Program and District performance. The Board members indicated they were in favor of that idea and asked that a list of dates be sent to them.

VI. Legal Counsel's Report


Ms. Chase had nothing to report.

VII. Future Meeting Dates; Future Agenda Items

The next regular Board Meeting will be held Wednesday, October 11, 2000.

VIII. Adjournment

The meeting adjourned at 7:14 p.m.



Clerk of the Board

Peter H. Schlegel, Chair of the Board