

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

December 12, 1994  
7235 North Paseo del Norte  
Tucson, Arizona 85704

**MINUTES**

Board Members Present:       Herb Johnson, Chairman  
                                      Jim Tripp, Vice-Chairman  
                                      Pete Schlegel, Member  
                                      Kate O'Rielly, Member

District Staff Present:       Mark Stratton, General Manager  
                                      Michael Block, Hydrologist  
                                      Scott Eisenfeld, Development Supervisor  
                                      Alan Forrest, District Engineer  
                                      Christopher Hill, Utility Superintendent  
                                      Warren Tenney, Clerk  
                                      Sheila Willis, Administration Manager

Others Present:               Bill Bohling, Rural Metro  
                                      Marty Cramer, Board Member Elect  
                                      Jim Doyle, Board Member Elect  
                                      Barbara Johnson, Board Member Elect  
                                      Michael McNulty, Brown & Bain  
                                      Mark Myers, Consultant  
                                      Jim Peterson, Town of Oro Valley

**I. CALL TO ORDER AND ROLL CALL**

- A.     The meeting was called to order at 5:01 p.m. by Mr. Herb Johnson, Chairman of the Board of Directors of the Metropolitan Domestic Water Improvement District (District). Mr. Jim Tripp and Mr. Pete Schlegel were present.
- B.     Mr. Tripp moved that the Board approve the meeting notice and agenda for December 12, 1994. Mr. Schlegel seconded and the motion passed unanimously with the members present.

**II. COMMENTS FROM THE PUBLIC**

There was no comment from the public.

### **III. CONSENT AGENDA**

- A. Approval of Minutes - November 14, 1994 Board Meeting.**
- B. Approval of Minutes - November 21, 1994 Special Board Meeting.**
- C. Ratification of Billing Adjustments or Small Damage Claims.**
- D. Financial Issues - Update on Revenues, Checks and Warrants.**

Mr. Tripp made the motion to approve all of the items on the Consent Agenda after discussion. Mr. Schlegel seconded the motion.

Mr. Tripp noted that on page 4 of the minutes for the November 14, 1994 Board meeting, it stated that Mr. Tripp made a motion to direct staff to hire a consultant to perform the bond arbitrage rebate calculation and to delete hydrant charges for water customer billings. Mr. Tripp questioned why these items had not been done. Mr. Mark Stratton explained that the hydrant charges would be deleted the end of 1994 for financial constancy for the year. Request for proposals regarding the bond arbitrage have been made to three firms.

Mr. Johnson called for a vote for the motion regarding the approval of the Consent Agenda. The motion passed unanimously with the members present.

### **IV. OLD BUSINESS -- ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

- A. Negotiations with the City of Tucson**
  - 1. Northwest Water Agreement.**
  - 2. Amendment to the Asset Purchase Agreement.**
  - 3. Boundaries between the District and Tucson Water Service Areas.**

Mr. Stratton noted that Mr. Johnson and Mr. Schlegel have attended most of the meetings regarding negotiations with the City of Tucson. At recent meetings, an analysis of numbers has begun. A revised sheet regarding the CAP Treatment Plant Capital Cost was distributed to the Board of Directors. The negotiators are debating the wisdom to seeing that the holding cost established by Central Arizona Water Conservation District's (CAWCD) should be borne by the benefactors of that water. This means approximately \$600,000 a year including the treatment plant capital cost and holding cost for the water. Additional cost will be dependent on how much water would be used by the District for recharge or any other use. The use of treated CAP water by the City of Tucson is not anticipated in the near future. The numbers are substantially less than the \$348 per acre foot in the Asset Purchase Agreement or other numbers previously suggested.

Mr. Stratton noted that meetings are scheduled for both the Asset Purchase Agreement and the service boundaries dispute. A modification to the Asset Purchase Agreement could be accomplished in the near future. If the issue regarding boundaries cannot be resolved, the meeting will at least establish the parameters for arbitration. The discussion will include the

issue that development should place money in escrow to account for the difference between Tucson Water's and the District's rate structure for new hook ups.

Mr. Schlegel noted that future activities at the CAP treatment plant are questionable. Mayor George Miller of Tucson said that he did not think CAP water would be on line in 1995 because more assurance about quality needs to be given. Also, more time will be needed to study blending. A referendum will most likely be on the ballot for city residents in November 1995 that will preclude the City from using anything other than groundwater for five years until Mayor and Council provide that CAP water will be of high quality. In the negotiations with the City, there has been mention of a twenty-four month hiatus.

#### **B. Update regarding the Northwest TAMA Replenishment Program.**

Mr. Mark Myers said he commended the District's negotiations with the City of Tucson. He also wanted to thank Mr. Tripp and Ms. O'Rielly for demonstrating that the Northwest TAMA Replenishment Program (NRP) is viable despite fractions within the region. Mr. Myers noted that on December 8, 1994, Larry Hancock, Regional Director of the U.S. Bureau of Reclamation and Mr. Dennis Schroeder, Area Manager for the Bureau, toured the sites of the NRP. All of their comments about the NRP were quite favorable. The tour was covered by Channel 4 News.

Mr. Myers noted that the soil characterization at the Avra Valley Pilot Recharge Project site began on December 9, 1994. The west portion of the site looks positive. A meeting with CH2M Hill was held on December 9, 1994 regarding the initial draft of the project management plan for the feasibility study. The feasibility study could cost over \$1 million if all goals that were outlined are endeavored. We have applied for an augmentation grant to supplement the funds we have available and will continue to look for other sources of funding. The consultants have been asked to prepare a layered approach for the feasibility study so that the program is not slowed. The Town of Marana and the Pima Association of Governments have given written support for the NRP. Marana may also become a sponsor.

### **V. NEW BUSINESS -- ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

#### **A. Administration and Management**

##### **1. Review of Committees.**

##### **a. Board Member Committees.**

Mr. Stratton noted that the discussion of Board Member Committees was suggested by the Chairman of the Board to allow the current Board and the newly elected Board members to review the make-up of the committees and consider which committees each member would like to participate on starting in January 1995.

Mr. Johnson noted that two meetings could be held in January. The first one to deal with organization and review of general matters and then a second one to elect officers and decide participation on committees.

Ms. Barbara Johnson asked if there were more than five committees. Mr. Stratton said that the District has other committees, but these committees were the only ones specific to the Board. The Board Member Committees are to assist the General Manager if direction is needed or a conflict or disagreement needs resolution.

Mr. Johnson said that the initial Board of Directors has gone through a number of transitions. When it assumed control of the water utility, a good crew was inherited and additional capable staff was hired. To avoid problems with chain of command, the Board decided that members of the Board should communicate with the General Manager and then the General Manager delegates to the staff.

#### **b. Management Committee.**

Mr. Johnson noted that a new member needs to be appointed to the Management Committee due to the passing of Mr. Bruce Greer. Mr. Stratton reported that he had contacted Mr. Tripp as a potential candidate due to his experience and knowledge regarding the District's operation and capital requirements. The Board may have other candidates it may wish to consider.

Ms. Kate O'Rielly arrived at 5:24 p.m.

Mr. Schlegel made the motion to appoint Mr. Jim Tripp to serve as a member of the Management Committee. Ms. O'Rielly seconded the motion and it passed unanimously.

Mr. Schlegel noted that there had been some discussion of having another name for the Management Committee when it does not serve in the functions specified by the Intergovernmental Agreement between the District and the Town of Oro Valley. Mr. Stratton said that when the Management Committee meets to provide advise and recommendation, it will be known as the Management Advisory Committee.

Mr. Johnson explained that the Intergovernmental Agreement between the District and Oro Valley established a Management Committee of five members from District and three from Oro Valley Improvement District #1. The Management Committee is to address any grievances that the Town of Oro Valley may have regarding the District's budget and capital improvements. The Management Committee has recently served as an advisory body to the Board; and therefore, the discussion about the committee having another name.

#### **2. Addition to Employee Benefits - Life Insurance.**

Mr. Stratton explained that when the Board of Directors approved the District joining Pima County health benefit program in September 1993, it also directed the General Manager to investigate other benefits that could be obtained for staff if it would cost the District no more

than one half of the anticipated savings from joining the County health benefit program. Life insurance benefits were investigated. The best program was with Pima County, which could provide a \$5,000 coverage for all of staff at a cost of \$252 annually. District employees would then be able to obtain additional coverage for a minimal cost.

Mr. Tripp made the motion to authorize the General Manager to take those actions appropriate to join the life insurance benefits offered by Pima County Benefits when authorized by the Pima County Board of Supervisors. Mr. Schlegel seconded the motion and it passed unanimously.

### **3. Fiscal Year 1994-1995 Budget - Utilities Division Organizational Structure and Hiring of Additional Staff.**

Mr. Stratton explained that the adoption of the Fiscal Year 1994-1995 Budget included the funding for two Utilities Maintenance Worker II positions; however, the Board requested that the item be discussed again at the December 12, 1994 Board meeting. Since the adoption of the budget, Mr. Christopher Hill was hired as Utility Superintendent and has for six months evaluated the needs of the Utilities Division. Mr. Hill and the General Manager have worked together to develop a reorganization of the Utilities Division to increase its efficiency. A chart of the reorganization was distributed to the Board in the staff report regarding this item. The new organization for the Utilities Division includes the three upgrade positions in addition to two Utilities Maintenance Worker II positions. Due to salary increases tied to the upgrade positions, the organization is being presented for Board approval.

Mr. Tripp made the motion to authorize the hiring of two Utilities Maintenance Worker II positions as outlined in the fiscal year 1994-1995 budget and to approve the upgrade of three positions in the Utilities Division as indicated on the proposed organization structure. Ms. O'Rielly seconded the motion and it passed unanimously.

Mr. Schlegel said that regarding the Fiscal Year 1994-1995 budget, it may be advisable to have a discussion at each Board meeting regarding the budget in order to discuss any significant variances that appear in the budget or other noticeable items in the budget. The Board should have a better understanding of the budget, either verbally or in a report. Mr. Stratton and Mr. Johnson noted that the budget summary report provided to the Board includes only projected numbers for November. Any questionable matters could also be dealt with by the Business Administration Board Member Committee. Mr. Schlegel said that information about the budget should be provided to the Board more than once a year.

### **4. Discussion of Contracting Services.**

Mr. Stratton reported that staff had been requested to investigate the possibility of contracting services for the District's meter reading. Various utilities throughout the state were contacted and no one was aware of contracting meter reading services.

Mr. Tripp noted that Detroit Edison tried contracting meter reading services and lost money because there was no quality control. The program was eventually disbanded.



Mr. Schlegel asked if any new technology existed to make meter reading more efficient. Mr. Stratton said that information has been received from suppliers that indicates that different new technologies are being developed. In a few years, new technology that is fine-tuned and economical should be available for meter reading.

**B. Engineering and Planning**

**1. Award of Contract - Drilling of Magee/La Cholla Well and Stiller Well.**

Mr. Stratton reported that bids were received for both the Magee/La Cholla well and the Stiller well; however, the prices were higher than anticipated from comparable services done recently for Community Water of Green Valley. The drilling companies are able to ask a significant dollar amount due to the present high demand for their work. In the staff report regarding this issue, it was noted that the District needs to finance a one million gallon storage reservoir for the La Cholla Corridor area and the money in the Fiscal Year 1994-1995 budget is limited. However, upon reviewing the time schedule for permitting the well and the drilling of the Magee/La Cholla well prior to the Stiller well, it appears that the Stiller well would not be constructed until next fiscal year. Therefore, the recommendation could be changed to allow for construction of both, noting that the Stiller well would be in next year's fiscal budget. Or the Board could decide to wait to drill the Stiller well when the Linda Vista Reservoir is constructed.

Mr. Tripp made the motion to award the drilling of both wells due to the need to have the process moving forward.

Mr. Michael McNulty noted that with a new Board starting and with the implication of an expense being planned for the 1995-1996 budget, it may be advisable to address the Stiller well at the next meeting.

Mr. Johnson noted that there are time constraints due to Arizona Department of Water Resources's (ADWR) six month permit application process for a new well. The new Board should ratify the Stiller well construction, but the process needs to start now because water is needed. The District has had to purchase water from Tucson Water through an emergency connection due to the demand for more water last summer.

Mr. Schlegel said the Magee/La Cholla well should be approved; however, the issue regarding the Stiller well perhaps should be discussed at the next Board meeting.

Mr. Schlegel inquired to the reason why the District only received two bids and why the bids had increased by twenty-five percent in less than a hundred days from what other utilities had received. Mr. Alan Forrest explained that five drilling companies obtained the bid packets and talked with him about the project. It was anticipated that four bids would be received; however, only two were given. Due to comments received, the drilling companies appear to be extremely busy and with their rigs tied up they are able to demand high prices. Tucson Water received

a comparable bid in October 1994 for a similar well in construction and depth. The climate of the market seems to be the main factor for the higher cost.

Mr. Schlegel inquired about expanding the Matter well, which is located near the Magee/La Cholla site or replacing it since approving a similar well is a quicker permitting process. Mr. Block noted that the Matter well would have to be redesigned because it is an old well and so the permit process would be the same as for drilling a new well. Mr. Stratton noted that the Matter well is in Pima County's right-of-way for future widening of La Cholla Boulevard. It would be more financially prudent to have Pima County replace the well, which does not necessarily have to be in the same area. Also, Matter well is not a high producing well, which is needed for that area.

Mr. Tripp noted that although the Board approves the contract for both wells, it was his understanding that it would allow the District to proceed with the permit process; however, if before proceeding with the actual construction and another contractor can do it for less money, the District could change contractors. Since there is a six month waiting period, the District needs to process as soon as possible.

Mr. McNulty said that his concern was that it appeared that the Board was deciding to spend money now for work that would not be undertaken until Fiscal Year 1995-1996. Mr. Johnson noted that the Board should consider two separate motions and a decision regarding the Stiller well should be ratified by the new Board.

Mr. Tripp withdrew his previous motion. He then made the motion to award the contract to Layne Western for the construction of the Magee/La Cholla well. Ms. O'Rielly seconded the motion and it passed unanimously.

Mr. Tripp made the motion to award the contract to Layne Western for the construction of the Stiller well. Ms. O'Rielly seconded the motion and it passed unanimously.

## **2. Resolution 1994-8 - Implementation of Impact Fees for Fire Flow Requirements Along and Contiguous to the La Cholla Corridor.**

Mr. Stratton noted that this item regarding the La Cholla Corridor was presented to the Board at the November 14, 1994 Board meeting and the suggested changes have been incorporated into the resolution and the report.

Mr. Tripp made the motion to adopt Resolution 1994-8 to implement impact fees for fire flow requirements along and contiguous to the La Cholla Boulevard Corridor. Ms. O'Rielly seconded the motion and it passed unanimously.

Mr. Schlegel expressed concern regarding the large contingency fund noted in the report and questioned if that amount is to be set aside and not used for other projects. Mr. Stratton said that the contingency fund was used for budgeting purposes in developing the cost allocations for the impact fees. It is not an actual number that will be encumbered.

Mr. McNulty said that he had been involved in the development of the impact fees for the La Cholla Corridor and feels good about it. He wanted to note that no other water improvement district in Arizona has fire assessment impact fees and the statutes are not specific about the subject. Although impact fees can be justified, someone may question the District's action, which can be explained by noting the District's responsibility as a water utility and the benefits obtained from having fire protection.

Mr. Scott Eisenfeld noted that the State Fire Marshall's Office indicated that the providing of fire flow is the developer's responsibility, not a water improvement district's. However, Resolution 1994-8 provides the means for the developer to be responsible.

### **3. Resolution 1994-9 - Establishment of a Protected Main Policy.**

Mr. Stratton noted that the Board had reviewed a draft Protected Main Policy at the November 14, 1994 Board meeting and the comments received were incorporated into the resolution and the policy.

Mr. Tripp made the motion to adopt Resolution 1994-9 to establish a protected main policy. Ms. O'Rielly seconded the motion and it passed unanimously.

### **4. Resolution 1994-10 - Creation of a Water Service Agreement between Developers or Individuals and the District.**

Mr. Stratton said that the water service agreement had been presented to the Board at the November 14, 1994 Board meeting and comments received were incorporated into the resolution and the agreement. The copy of Resolution 1994-10 that was distributed to the Board with the staff report indicates that any renegotiation of the agreement can be done by the General Manager. However, the minutes of the November 14, 1994 noted that the Board had directed that the Chairman of the Board should sign all agreements. Therefore, staff has prepared one version with the Chairman of the Board designated and another with the fourth paragraph completely deleted. It had been anticipated that all agreements would be ratified by the Board. Mr. McNulty noted that both versions of the resolution are equally binding.

The Board discussed the aspects of both versions of the resolution. The Board agreed that the fourth paragraph of Resolution 1994-10 should remain in the resolution with the authority to renegotiate stated for the Board of Directors.

Mr. Tripp made the motion to adopt Resolution 1994-10 to create a water service agreement between developers or individuals and the Metropolitan Domestic Water Improvement District with the fourth paragraph amended to state "Board of Directors" instead of "General Manager." Mr. Schlegel seconded the motion.

Mr. Johnson said that in the agreement under Article 8 - Terms of Agreement, two additional sections should be included. He suggested that Section 8.2 should be added to state that all agreements shall be approved by the District Board of Directors and that Section 8.3 should be



added to state that all agreements will be filed at the District office and available for public review.

Mr. McNulty said that the agreement itself is a strong, binding document that protects the District. If an individual or developer wants changes to the agreement then they would have to seek the Board's approval; therefore, a Section 8.2 would not necessarily need to be included. Mr. Johnson said that the Board is responsible to its customers and a protective measure for customers should be included in the agreement.

Mr. Tripp amended his motion to have a section 8.2 and 8.3 as discussed by Mr. Johnson added to the Water Service Agreement. Mr. Schlegel seconded the amended motion and it passed unanimously.

#### **VI. GENERAL MANAGER'S REPORT**

Mr. Stratton noted that he had provided to the Board a General Manager's report that discussed Mr. Pritchard's complaint at the November 14, 1994 Board meeting, the Sale of District Surplus Property, Well Maintenance Program, AWWA Financial Management Seminar and the General Manager's meeting with the Elmira Water Board.

Mr. Schlegel noted that he appreciated the Utilities Division's efforts to clean up the Hardy well site.

#### **VII. DISTRICT LEGAL COUNSEL'S REPORT**

Mr. McNulty reported that most of his recent activities have involved the negotiations with the City of Tucson. He also did a detail review of the District's contract with Black & Veatch for the design of the Linda Vista Reservoir. He anticipated more work to involve the negotiations regarding the boundary disputes with Tucson Water.

Mr. Schlegel questioned if any legislation for the District needs to be prepared for the 1995 Legislative Session. Mr. Stratton said that the only legislative issue affecting the District would be the amendment of the recent legislation that allows District property owners living outside of the District to vote in an election. Mr. McNulty noted that he had talked with Tim Delany of Brown & Bain, who suggested that it might be advisable to wait until Spring 1996 to seek that change in the legislation since no District election is anticipated until November 1996.

#### **VIII. GENERAL DISCUSSION OF RECENT DISTRICT ACTIVITIES - NO ACTION TO BE TAKEN.**

Mr. Stratton noted that staff wanted to express its appreciation to Mr. Tripp and Ms. O'Rielly, since this was their last meeting as members of the Board. A card from staff was presented to both Mr. Tripp and Ms. O'Rielly as well as a cake.

Ms. O'Rielly said she appreciated staff's efforts and presented two paintings for staff.

Mr. Stratton noted that this item was placed on the agenda to allow the existing Board to discuss recent District activities with the newly elected Board members. Staff is preparing an information packet for the new Board members. Mr. Stratton noted that the survey that was mailed to District customers has presently a fifty-five percent return. The survey should provide information to the Board about customers' views regarding their water as well as CAP water and recharge. An analysis of the survey should be completed for the January 9, 1994 Board meeting.

Mr. Tripp said that when he had been appointed to the Board, he had thought most of the work would have been completed in two years. However, there is still much that needs to be taken care of by the new Board. He wished the new Board lots of luck. Being a member of the Board involves more work than anticipated. He expressed his thanks to staff.

Ms. Marty Cramer asked if two meetings were scheduled for January. Mr. Johnson and Mr. Stratton said a second meeting could be held to deal with Board organizational issues, if so desired.

Ms. Barbara Johnson requested a chart of staff organization, which Mr. Stratton said would be provided.

Ms. O'Rielly said she would like to encourage the new Board to keep a perspective of serving the customers. Being on the Board is a form of a community volunteer service and the customer needs to be always placed at the forefront.

**IX. FUTURE MEETING DATES; FUTURE AGENDA ITEMS**

The next regular Board meeting is scheduled for January 9, 1995.

**X. ADJOURNMENT**

The meeting was adjourned at 6:28 p.m.

  
\_\_\_\_\_  
Herb Johnson, Chairman

ATTEST:

  
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Clerk