

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

December 13, 1993
5:00 P.M.
7235 North Paseo del Norte
Tucson, Arizona 85704

MINUTES

ATTENDANCE:

Members: Herb Johnson, Chairman
Jim Tripp, Vice-Chairman
Pete Schlegel, Member
Kate O'Rielly, Member (arrived at 5:05 p.m.)
Alex Jacome, Member (arrived at 5:02 p.m.)

Others Present: Charles Huckelberry, General Manager
Mark Stratton, MDWID Engineer
Mike Block, MDWID Hydrologist
Sheila Lewis, MDWID Office Manager
Herb Bloom, Water Customer
Frank Cassidy, Pima County Attorney
Bud Dooley, Town of Oro Valley
Mike Fleury, Camp, Dresser & McKee
Judd Hunemuller, Camp, Dresser & McKee
Eugene F. Klein, Water Customer
Michael McNulty, Brown and Bain
Jim Peterson, Town of Oro Valley
Warren Tenney (recording secretary)

I. CALL TO ORDER AND ROLL CALL

- A. The meeting was called to order at 5:00 p.m. by Herb Johnson, Chairman of the Board of Directors. Herb Johnson, Jim Tripp and Pete Schlegel were present.
- B. Mr. Jim Tripp moved that the Board approve the meeting notice and agenda for December 13, 1993, Mr. Pete Schlegel seconded and the motion passed unanimously.
- C. Mr. Tripp moved that the minutes of the November 8, 1993, meeting be approved, Mr. Schlegel seconded, and the motion carried unanimously. Mr. Jacome arrived at 5:02.

II. COMMENTS FROM THE PUBLIC

Introduction of Guests. (See above list of attendees.)

Ms. Kate O'Rielly arrived at 5:05 p.m.

OLD BUSINESS

III. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

A. 1994 Water Rates - Progress, Evaluation and Development.

Mr. Chuck Huckelberry reported that the Rate Review Committee for the Metropolitan Domestic Water Improvement District (District) has been formed. The Committee consists of Mr. Huckelberry, Mr. Tripp, Mr. Gary Woodard of the Water Resources Research Center and Mr. Bud Dooley, representing the Town of Oro Valley. The Rate Review Committee will meet in December 1993 to discuss various rate alternatives and make specific recommendations to the Board. A public hearing will be scheduled, with implementation of the rate increase targeted for February 1994.

Mr. Huckelberry explained that five rate alternatives were being suggested for the purpose of initiating discussion and were not meant to be all inclusive. Alternative #1 is from the initial bond prospectus as prepared by Cella Barr Associates, which calls for an eight percent commodity increase in 1994 and everything else held constant. The other alternatives provide variations involving increases of the minimum monthly rate and increases of the commodity. The Rate Review Committee will examine these alternatives as well as other potential rate increases and their impacts on customers.

Mr. Herb Johnson noted that the original projected cash flow allowed for approximately an eight or nine percent increase after the first year of the District's operation.

Mr. Schlegel questioned the six cents price difference between Alternatives #1 and #2 because the percentage increase is twice the difference. Mr. Huckelberry explained that a four percent increase equates to approximately a six cent impact on the commodity rate. A four percent increase of the current \$1.35 rate will translate to \$1.40 and an eight percent increase will translate to \$1.46. Mr. Schlegel noted that an eight percent increase for a typical customer using 10,000 gallons a month would equate to only forty-eight cents monthly increase. The District should consider the rate increase called for by the prospectus, which would not be a dramatic rate increase.

Mr. Schlegel inquired the meaning of a systems development fee. Mr. Huckelberry said that a systems development fee is basically the \$500 per connection fee that the District enacted February 1993.

Mr. Alex Jacome reminded that the District had planned to keep rates reasonable, to project increases for customers' planning purposes and to allow for providing minimal use to people with fixed incomes. It is difficult to choose between the rate alternatives without knowing the kinds of monies that these rates will generate for the District. The District should remain committed to the user by maintaining the 2,000 gallon minimum and approximately an eight percent rate. If that is impractical, then it could be reexamined.

B. Rancho Vistoso Water Company Condemnation.

1. Memorandum Report from the General Manager to the Chairman of the Board Dated November 23, 1993.

Mr. Huckelberry noted that the Board members received a two page memorandum dated December 13, 1993 and a memorandum report dated November 23, 1993 regarding the Rancho Vistoso Water Company condemnation. The November 23, 1993 memorandum provides a perspective of the issues surrounding acquisition of the Rancho Vistoso Water Company and what the District can expect to encounter in discussion with the water company. It provides a methodology to be used for the appraisal process.

2. Report from District Legal Counsel Representing the District in Condemnation Proceedings.

Mr. Huckelberry reported that Mr. Frank Cassidy of the Civil Division of the County Attorney's Office reviewed issues regarding Rancho Vistoso Water Company and will provide a report to the Board in Executive Session.

Mr. Huckelberry noted that the District solicited proposals for valuation-related studies from consultants as requested by the Board. The District has received many proposals from consultants.

3. Formation of Board of Directors' Subcommittee to Meet with Oro Valley Mayor and Council and Staff Regarding Issues of Mutual Interest and Concern in the Acquisition of the Rancho Vistoso Water Company.

Mr. Huckelberry reported that the District has had continuing dialogue with the Town of Oro Valley regarding the relationship of the District, Oro Valley and Rancho Vistoso Water Company. A meeting between Mr. Chuck Sweet, Town Manager of Oro Valley, and Mr. Huckelberry concluded that the District Board should appoint a subcommittee of two members to meet with a

subcommittee of the Oro Valley Council. The meeting of these two subcommittees would allow for a discussion of mutual interests and liabilities regarding the acquisition of the Rancho Vistoso Water Company. Mr. Huckelberry noted that the Board received a letter from the Sun City Vistoso Community Association that outlines their views regarding the Rancho Vistoso Water Company. The Association seeks involvement with the issues and its desires do not appear to be at odds with the District. The District will benefit from mutual cooperation with Oro Valley and others whether or not the District or Oro Valley ultimately acquires the Rancho Vistoso Water Company.

Mr. Huckelberry sought general concurrence from the Board that the District is proceeding correctly regarding the acquisition of the Rancho Vistoso Water Company. The Executive Session will illuminate the District's methodical approach to the issue. Mr. Huckelberry requested the Board appoint a subcommittee to meet with members of the Oro Valley Town Council and staff.

Mr. Johnson requested suggestions for a subcommittee. Mr. Jacome and Mr. Schlegel offered to be on the subcommittee. Mr. Huckelberry said that he would inform the Oro Valley Town Manager that the District has a subcommittee to meet with the Oro Valley Council. Mr. Jim Peterson of the Town of Oro Valley said that similar action is expected by the Town Council.

Mr. Johnson questioned who the District may be dealing with when the bankruptcy is finalized. Mr. Cassidy explained that the bankruptcy is to occur on March 8, 1994, if the high bidder is able to finance. Some bidders are indicating that they may challenge the bidding process. The situation should be clearer the first of March 1994.

Mr. Johnson said that the joint committee needs to determine prior to March 1994 if the District or Oro Valley will take over the Rancho Vistoso Water Company. Mr. Cassidy agreed that when the sale is finalized, a decision regarding the acquisition already be resolved.

Mr. Huckelberry proposed moving Item IV. to the end of the agenda in deference to the audience.

NEW BUSINESS

V. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

A. Administration and Management

1. Ratification of Billing Adjustments or Small Damage Claims.

Mr. Huckelberry requested Board approval of ratification of billing adjustments regarding three customers involving line breaks or leakage.

Mr. Tripp moved for approval of ratification of the billing adjustments noted in a December 13, 1993 billing adjustment memorandum. Mr. Schlegel seconded the motion.

Mr. Schlegel requested explanation for the District absorbing half the cost for situations in which the District was not at fault. Mr. Huckelberry explained that the District's new policy is that if an unknown leak is reported promptly, the District will share in one half of the cost for the month the leak occurred. Often the customer incurs a high cost for repairing their plumbing. This policy is intended to enhance good customer relations. Another possible, but rare, scenario is when a customer has no apparent leak but water usage dramatically increases for no apparent reason.

Mr. Jacome noted the recent billing problem. He requested that bills not be sent until they are corrected, if a similar situation occurs. Mr. Huckelberry said he accepted blame for the problem, which has been addressed by staff.

Mr. Johnson called for a vote on the motion regarding billing adjustments. The motion passed unanimously.

2. Financial Reports - Update on Revenues, Deposits, Checks, Warrants and Projected Expenditures.

Mr. Huckelberry explained that the monthly reports for November 1993 are not finalized due to continuing conversion to the new computer system. Sales in November 1993 are above those in November 1992 by about a ten percent increase, though that does reflect the twenty-four percent increase that was provided for by the Board. Monthly consumption differ for November 1992 and November 1993.

Mr. Huckelberry noted that the deposit of total gross revenues received were slightly less than the warrants issued. The District continues to have a significant cash balance. Some of the warrants were one time costs such as a six month insurance payment and builders cost. If thirty-eight connections are made during December 1993, the District will reach 500 for the year. Mr. Huckelberry will work with Ms. Sheila Lewis during December 1993 to organize and clarify the District's financial records and affairs.

Mr. Schlegel suggested that the District might benefit from staff working overtime on finances in order to avert another posting problem. Mr. Huckelberry noted that converting to a new computer system is a difficult transition. The staff is working to correct the situation and has already begun to work overtime to correct the matter.

Mr. Tripp made the motion to accept the financial reports presented. Ms. Kate O'Rielly seconded the motion.

Mr. Jacome asked who was Hajoca Corporation. Mr. Huckelberry explained that Hajoca Corporation is one of the four major water suppliers of fixtures, fittings and pipes.

Mr. Johnson called for a vote on the motion regarding the financial reports. The motion passed unanimously.

3. Letter of Agreement with Pima County Regarding Support Services for Sewer Billing.

Mr. Huckelberry reported that Pima County compensates the District for consumption data provided to them. Pima County has been paying \$1.00 per customer and \$1.00 per on and off accounts. However, those payments no longer cover the District's cost. The District is proposing a revised agreement with Pima County that will reflect the District's overhead.

Mr. Tripp made the motion to authorize a letter of agreement with Pima County for actions related to winter water consumption records and on and off customer accounts within the District and authorize the Chairman to sign the letter of agreement. Ms. O'Rielly seconded the motion.

Mr. Schlegel asked what the amount of revenue is generated by the above mentioned program. Ms. Lewis said that about \$14,000 to \$15,000 is generated. Ms. Schlegel requested an update on the other sewage

billing proposals. Mr. Huckelberry said that update would be provided after discussions with Pima County are completed.

Mr. Johnson called for a vote on the motion regarding a letter of agreement with Pima County regarding support services for sewer billings. The motion passed unanimously.

4. Approval of 1994 Board of Directors' Meeting Schedule.

Mr. Huckelberry noted the Board received a memorandum regarding the schedule for Board meeting dates in 1994. He noted that the dates should read 1994, not 1993.

Mr. Tripp made the motion to accept the schedule of meeting dates as presented with the correction of being for the year 1994. Ms. O'Rielly seconded the motion.

Mr. Schlegel requested that the motion be amended for the meeting time of Board meetings to be changed from 5:00 p.m. to 7:00 or 7:30 p.m. to make it easier for customers and other interested parties to attend. Mr. Jacome and Ms. O'Rielly indicated that they preferred 5:00 p.m. or possibly 5:30 p.m. as being more convenient for people to attend the meeting on their way home. The motion was not amended.

Mr. Johnson called for a vote on the motion regarding the 1994 schedule of meeting dates. The motion passed 4 to 1, with Mr. Schlegel voting no.

5. Election of Officers for 1994 - Discussion and Selection of Date for Election.

Mr. Huckelberry noted that Board should establish a date for an election of officers for 1994.

Mr. Tripp made the motion that the election of officers will be at the first meeting in February 1994 instead of January 1994. Mr. Jacome seconded the motion and it passed unanimously.

6. Study Evaluation of the Cañada Hills Water Company - Discussion/Direction to Staff.

Mr. Huckelberry reported that as directed by the Board, he met with Mr. Mark Weinberg of Cañada Hills Water Company to discuss a possible acquisition by the District of Cañada Hills Water Company. Before in depth discussions occur, it was decided that Cañada Hills Water Company should be properly defined and evaluated. Therefore, an outline for a scope of work

was prepared for that purpose. Most of the partners of Cañada Hills Water Company have agreed to the scope of work and suggested that the cost be shared equally with the District. The Town of Oro Valley's participation in this evaluation has been requested. Mr. Huckelberry requested the Board's opinion regarding the scope of work and the cost sharing involved.

Mr. Jacome asked if Mr. Williamson was involved in the conversation. Mr. Huckelberry said he was not certain if Mr. Williamson was one of the two partners Mr. Weinberg had spoken with.

Mr. Schlegel questioned if the proposed \$10,000 cost for the study is justified. Mr. Huckelberry said the \$10,000 was a maximum not to be exceeded. While the study will not be an appraisal, it will provide an analysis of existing data and the pros and cons of the system. Mr. Schlegel said that costs for consultants should be kept low.

Mr. Johnson recommended that decisions involving Task 3 (Engineering Valuations) and Task 4 (Financial Valuation) should be agreed upon by the joint boards before proceeding with Task 1 (Research and Investigation) and Task 2 (Facilities Inspection) as outlined in the December 3, 1993 Scope of Professional Services. If agreement is not reached on Tasks 3 and 4, there is no need for the background information that Tasks 1 and 2 provides.

Mr. Peterson said that regarding Oro Valley's participation in the scope of evaluation, Oro Valley would need to be assured that its invested money would not be lost. The money would be viewed as a temporary loan to be recovered in the future.

Mr. Huckelberry suggested that the Board continue the item and refer it to the joint District Board and Oro Valley Town Council committee. The Cañada Hills Water Company is related to the same discussion involving the Rancho Vistoso Water Company.

Mr. Jacome asked regarding the engineering valuations, how close the Original Cost Less Accrued Depreciation Method (OCLD) paralleled with the Reconstruction Costs New Less Accrued Depreciation Method (RCNLD). He suggested using both methods in order to determine the high and low cost for negotiating with the water company. Mr. Huckelberry explained that it depends on if you are a seller or buyer. The RCNLD generally can lead to a higher number because people will come in introducing the system as it exists today. This

method, which is valid, will put in a cost to cut the payment and replace it to lay the pipe. Each party negotiating will use different numbers. Mr. Johnson noted that if Item A (OCLD) cannot be agreed upon initially in the negotiations, then the District should not proceed further.

Mr. Schlegel questioned how the Scope of Professional Services was developed for evaluating the Cañada Hills Water Company. Mr. Huckelberry said that Mr. Mark Stratton developed it from combining various information needed for evaluating a water company.

Mr. Jacome made a motion to continue Item V.A.6. Mr. Schlegel seconded the motion.

Mr. Johnson asked how long a delay can be afforded. Mr. Stratton said that Mr. Weinberg has received a copy of the proposed study evaluation, but has not commented on it. Mr. Weinberg indicated that the owners of the Cañada Hills Water Company were interested in negotiating a sale. Within two to three weeks, the District should know if it can proceed.

Mr Johnson suggested that while waiting to hear from the Cañada Hills Company, the District should meet with Oro Valley to discuss the matter. Mr. Huckelberry explained that when the subcommittee meets with Oro Valley to discuss Rancho Vistoso Water Company, the subcommittee could also consider the Cañada Hills Water Company.

Mr. Jacome amended his motion to continue Item V.A.6. and to refer it to the subcommittee of the Board. Ms. O'Rielly seconded the amendment. The motion passed unanimously.

7. Santa Cruz Valley Water District Demise and Simple Financial Analysis of the Northwest Water Agreement as Alluded to by the Mayor of the City of Tucson in the Viewpoints Article Dated December 7, 1993.

Mr. Huckelberry reported that the Santa Cruz Valley Water District will not become permanent. Tucson Mayor George Miller responded in the "Viewpoints" section of the *Arizona Daily Star* to an earlier *Daily Star* editorial regarding the Santa Cruz Valley Water District. In his editorial, Mayor Miller put in writing the City of Tucson's argument against the District's pursuit of any alternative for obtaining CAP water for the Northwest area, specifically importation of CAP water to the Cañada Del Oro Wash as described in the Santa Cruz Valley Water District's augmentation

plan. The City of Tucson maintains that it would have to spend \$15 million in invested capital to deliver CAP water to the Northwest.

Mr. Huckelberry contended that the District could benefit financially by accepting Tucson's offer and buying them out of the \$15 million through sharing that amount with other participants in the Northwest Agreement area. Using cost share on connections, the District's cost would be about \$1 million. If the District found replacement water or replenishing water in the Avra Valley and put it in the ground, it could be accomplished for about \$600,000. Therefore, the District could buy out the Northwest Agreement for about \$1.6 million. However, under the Northwest Agreement, the District could be paying \$2.7 million to Tucson for 8,000 acre feet, which is a little more than present pumpage, at \$348 per acre foot. The District's rate payers may be better off if the District buys out the City. These calculations illustrate how ridiculous the discussions can become regarding the Northwest Agreement. Mr. Huckelberry and Mr. Stratton will meet December 14, 1993 with Mr. John Jones of Tucson Water to pursue related issues. The Board and the District needs to understand these calculations and numbers to recognize that it might be advantageous to convert the capital plan set in this District to its benefit, pay the City and find an alternative water supply.

Mr. Jacome said that Mayor Miller perceives the District, the Northwest Agreement and the Northwest Water Alliance as part of an effort of Pima County to control the region. The Mayor does not understand the liberties taken by Tucson Water and Tucson Water's effort to be sole expert for controlling the resource for Pima, Santa Cruz and Pinal Counties.

Mr. Peterson noted that at their December 13, 1993 meeting, the Tucson Mayor and City Council agreed by 5 to 2 to refinance the Southern Arizona Water Resources Association (SAWARA) for \$30,000. The Mayor and Council requested that SAWARA provide a forum to develop community consensus to resolve these various issues but protect the City's interests.

B. Engineering and Planning

1. District Replenishment Project in Avra Valley as well as the Northwest Tucson Active Management Area Replenishment Program.

Mr. Huckelberry reported that District staff has been expanding the original concept of the Cañada del Oro

Recharge Demonstration Project to include other projects that could be implemented in the short run at lower capital cost. A document, in draft form and produced by Mr. Mike Block and Mr. Huckelberry, provides an overview of the concept for the Avra Valley Pilot Project. This project would allow the District to gain access to and recharge CAP water in Avra Valley at about \$70 an acre foot as opposed to \$348 an acre foot from the City of Tucson. District staff will explore this project with the Central Arizona Water Conservation District (CAWCD) on December 16, 1993 and with the State Land Commissioner's office on January 5, 1994. Staff seeks to continue to proceed with projects that most directly benefit the District particular the project in Avra Valley. The District staff requests permission from the Board to pursue these projects, particular the pilot project, in cooperation with Oro Valley, Marana and other interests to determine if such projects can be implemented to allow the District to continue withdrawing groundwater from the Cañada del Oro (CDO) Basin or recharging water in Avra Valley. The District will need to obtain permits from the Arizona Department of Water Resources (ADWR) and the State Land Department and the lease with BKW farms. No contracts involving future payments will be entered into without Board discussion and approval.

Mr. Jacome questioned the projects' impact upon the water tables in the area. Mr. Huckelberry said that the pilot project would not have an impact. It would meet the same conditions of recharge occurring in the same active management area. The long-term view of the CDO Basin water table is being developed for study grants for that process. The District could continue to pump 8,000 or 10,000 acre feet and not affect the water table if the District is recharging an equivalent amount of water somewhere else.

Mr. Tripp made the motion that the District should further develop the Northwest Tucson Active Management Area Replenishment Project, specifically the Pilot Recharge Project near Avra Valley. The General Manager should initiate all necessary permitting and land rights associated with the Pilot Recharge Project and initiate discussion with the CAWCD for the purchase of surplus water on the spot market. Mr. Schlegel seconded the motion.

Mr. Jacome asked about the progress of discussions with Avra Valley regarding the District helping them manage their resource. Mr. Huckelberry said that the Pilot Project would assist in that objective. The larger project the District seeks to develop is the Lower

Santa Cruz River Flood Control and Replenishment Project that would help Marana and Avra Valley become major replenishment centers through recharging CAP water.

Mr. Johnson called for a vote on the motion regarding the development of the Northwest Tucson Active Management Area Replenishment Project. The motion passed unanimously.

2. Report on Meeting with the Bureau of Reclamation Regarding Future Actions Necessary to Advance the Cañada del Oro Recharge Demonstration Project and Employment of Consulting Services Related to Federal and State Funding and Participation in Replenishment Projects.

Mr. Huckelberry noted that proceeding with the Avra Valley project will assist in anticipating and examining other project options involving little capital cost but large benefits. To obtain good wet water in the CDO basin, the District needs to stay focused on the long-term project of pipeline importation. The December 13, 1993 memorandum regarding Federal Funding Opportunities itemized the various entities that the District should talk with regarding funding, cooperation and joint operation of replenishment and recharge projects. The Bureau of Reclamation raised four points regarding issues that need to be resolved, which are outlined in the same memorandum. These issues involve the necessity of the District to obtain access to CAP water, which will require negotiations with the City of Tucson. Also, the District had an initial discussion with the Flowing Wells Irrigation District regarding their 4,300 acre feet allocation. The Bureau has requested the District, through Mr. Mark Myers of SAIC, provide input regarding budget requests that may be considered in the Federal 1995 budget for the Northwest area. Mr. Huckelberry requested that the Board consider hiring Mr. Myers as a consultant for the purpose of obtaining Federal and State funding for the Avra Valley Pilot Project, the Lower Santa Cruz Flood Control and Replenishment Project and the Cañada del Oro Recharge Demonstration Project, on a limited amount for an as needed basis.

Mr. Jacome made the motion to hire Mr. Myers as a consultant, for services on an as requested basis, to obtain Federal and State funding for specifically the three replenishment and recharge projects. Mr. Schlegel seconded the motion.

Mr. Johnson questioned the District's chances for cost recovery. Mr. Huckelberry said that cost recovery for funds spent to date will initially be slim. However, if the District project is successful, the project will attract money from sources that may be difficult to secure otherwise. It is possible that if the Avra Valley project also recharges other's CAP water, then the cost can be covered from those parties. Mr. Johnson and Mr. Huckelberry agreed that the District should take the gamble because the alternative could be more costly.

Mr. Jacome noted Mr. Myers would be obtaining grants to fund the projects. Mr. Schlegel said that Mr. Myers is a qualified person that could obtain Federal funds for the District. Mr. Johnson agreed with Mr. Huckelberry's proposal, but counseled that the Board should be aware of the situation and know what to expect.

Mr. Johnson called for a vote of the motion regarding the hiring of Mr. Myers as a consultant. The motion passed unanimously.

3. Update on the Water System Management Plan.

a. Status of the Project.

Mr. Stratton noted that the Board received copies of the technical memorandums for Tasks E and F from Camp Dresser & McKee. Task F specifically examines alternatives for future needs of the District's systems, predominately storage requirements. The Technical Review Committee met earlier in the day to discuss the memorandums.

Mr. Mike Fleury of Camp Dresser & McKee reported that Task A through Task D are completed and he will be receiving comments from the Technical Review Committee regarding Task E and Task F. A major component of the evaluation for the future system requirements is an actual workshop, which originally was to occur at the present meeting. Due to the number of agenda items for the December 1993 Board Meeting and the holidays, it was decided that the workshop should be postponed to early January. The workshop needs to be held in order to proceed with the management plan. The major component that has been delayed is Task H regarding preparation of the Capital Improvement Program plan. Camp Dresser & McKee has proceeded with the specific chapters of the management plan based on the technical memorandums and comments received

from District staff. The draft management plan should be completed at the end of January 1994. After a couple of weeks for review, the plan should be finalized by the third week in February 1994.

Mr. Schlegel said that the District soon will be taxing its distribution capability involving storage due to the District's expansion. Mr. Schlegel questioned if the plan will detail how and when the District can put more storage on line. Mr. Fleury said that the proposed Northeast Reservoir will provide storage; however, more storage is needed.

Mr. Schlegel questioned if Federal regulations exist regarding required storage. Mr. Fleury said that fire flow requirements exist and have been stretched. Since the District system is pressured, and not predominately served by gravity, the District acquires large pumping costs and must worry about reliability including power issues. Gravity storage is critical to reliability and long-range savings in operational costs. The District needs to move quickly to resolve the storage issue.

b. Selection of a Date for the Public Workshop on the Plan (Direction to Staff).

Mr. Stratton noted that the Board needs to select a date for the public workshop referred to by Mr. Fleury. The workshop could be combined with the January Board meeting or a special meeting could be called.

Mr. Johnson and Ms. O'Rielly questioned who would be notified and how. Mr. Stratton said that major water users would be notified of the public workshop. Customers should also be informed of the meeting so they recognize the District's efforts to raise the standard and reliability of its system. Customers could be notified on their billing notes or through letters to home owners associations.

Mr. Huckelberry said that the workshop process had been viewed as an opportunity to meet with major parties of interests, particularly large users, fire districts, and those with a capital interest in the District, and to inform them of the District's system. This could be accomplished in January 1994. If a general public meeting is planned to educate the public, then more time is needed. Mr. Huckelberry recommended holding a

general public discussion later to discuss future water supply issues. The current workshop being discussed is needed for specific people who want to be informed of the technical aspects of the District's system.

Mr. Johnson asked how much time would be required to prepare for a technical workshop and a public workshop. Mr. Huckelberry said two weeks for the technical workshop and six weeks for the public meeting.

Mr. Fleury said that the draft report, which will be ready in February 1994, could provide the basis for the public workshop. The technical workshop is needed to discuss specific technical matters that will develop the Capital Improvement Program.

Mr. Michael McNulty of Brown and Bain suggested holding the public workshop in February 1994 at the time of the proposed rate increase. Mr. Jacome agreed that February 1994 would be a good time for a public workshop. However, the technical workshop should be open to the public. Mr. Schlegel agreed that two meetings are needed.

Mr. Schlegel asked how the technical meeting will be approached. Mr. Fleury said it will be a workshop and hearing to share what has been accomplished and to gain feedback to develop the most workable solutions.

Mr. Tripp questioned where the technical meeting would be held. Mr. Stratton said the District's field house should be adequate for an informal technical workshop. Mr. Huckelberry said the technical workshop could be held in January 1994 and then the information could be repeated for a public meeting in February 1994.

Mr. Jacome made the motion to hold the technical workshop as a special meeting on January 17, 1994 at a time to be announced. Mr. Tripp seconded the motion and it passed unanimously.

Mr. Huckelberry said that the District will send a letter to the District's Advisory Committee, major users and fire districts.

c. Role of the Technical Review Committee (Direction to Staff).

Mr. Huckelberry explained that although the Water System Management Plan is nearly completed, the technical review committee is still needed to review technical issues that face the District and the development of the Capital Improvement District. The staff concurs with the Chairman's suggestion that the technical review committee should be permanent and take a broad role in assisting the District in technical oversight.

Mr. Tripp made the motion that the technical review committee should continue to exist and provide technical oversight for the District. Mr. Jacome seconded the motion.

Mr. Johnson said that a basic reason for having the technical review committee become permanent is to maintain cooperation with Oro Valley. Mr. Schlegel suggested that the committee include other entities that the District will work with, such as Rancho Vistoso and Cañada Hills Water Companies.

Mr. Johnson called for a vote of the motion regarding the technical review committee. The motion passed unanimously.

d. Status of the Northeast Reservoir Conceptual Design.

Mr. Stratton noted that the Board approved at the November 1993 Board Meeting for Camp Dresser & McKee to develop a conceptual design of the Northeast Reservoir.

Mr. Judd Hunemuller of Camp Dresser & McKee, displaying a diagram of the proposed Northeast Reservoir, said that options are being explored for the site of the reservoir at the northeast corner of 1st Ave and McGee. A five million gallon reservoir is planned as being initially sufficient for the District. Only about fifty to sixty percent of the site would be utilized for reservoir construction. The reservoir will flow north to south. The drainage area will be left untouched, except for a short water retention basin required by Pima County. It is proposed that the reservoir be located to the north and close to the west boundary in order to keep the roof of the reservoir and elevation close to the existing ground elevation. The hill will remain to serve as a

visual buffer. A five million gallon reservoir configuration will be about 190 feet by 190 feet. Space will be allocated for a future booster station if the District decides to serve further north.

Mr. Fleury noted that a five million gallon reservoir was decided upon after refining the analysis for storage requirements. However, if expansion is later sought, the proposed reservoir could be expanded. As Mr. Huckelberry has suggested, moving the reservoir site to the north of the property will allow for selling a parcel.

Mr. Johnson asked how wide the easement is for the power line. Mr. Fleury said he did not know, but the power line is located outside of the easement.

Mr. Johnson asked if the reservoir could be moved to the east. Mr. Fleury said that moving the reservoir to the east will increase excavation cost and leave a cut hill exposed. Mr. Johnson asked what the roof and floor elevation was. Mr. Fleury said that floor elevation is 2,776 feet, high water elevation is 2,792 feet and roof elevation is 2,796 feet. Bedrock will probably be encountered in the excavation. The whole facility will probably cost \$1.5 to \$2 million dollars.

Mr. Jacome questioned the reason for a square reservoir design. Mr. Fleury said that round designs were not precluded, though a square design could better serve expansion purposes.

Mr. Jacome questioned the feasibility for expanding the reservoir by making it deeper. Mr. Fleury said that geotechnical information is needed in order to determine the depth of the bedrock. At that point, it can be determined if it is more cost effective to expand outward or deeper. If the reservoir is made deeper, the pipeline in and out and the under drainage must be made deeper. Mr. Jacome questioned the feasibility of raising the reservoir. Mr. Fleury said raising the reservoir would change the hydrology of the system and is not an alternative. Once an elevation is established, it needs to remain. Mr. Huckelberry noted that a minimal low profile design is sought for the site. If another alternative is pursued that is higher, then the design would require more elaborate camouflage.

Mr. Jacome asked if a tennis court will be placed on top of the reservoir. Mr. Fleury said that a dual purpose roof is being considered to gain the most benefit.

Mr. Schlegel asked if the Board should bring these plans before the CC&R committee of that development. Mr. McNulty said they should be included.

Mr. Johnson questioned the relevant cost of the square tank versus the round tank. Mr. Hunemuller said that the cost is roughly equivalent and work hydrologically the same. The lowest budget route would be a square tank with a metal roof.

Mr. Jacome said whatever the design, vibrators must be used when the walls are poured.

Mr. Johnson said the cost for the Northeast Reservoir needs to be known. Mr. Fleury said that the costs for the different proposed designs will be provided.

Mr. Johnson noted that the school near the reservoir plans to construct a gymnasium. The District should be more concerned with the elevation that blends to the east rather than how it looks against a gymnasium wall. Mr. Fleury said that the main concern was the exposed hill slope and how it is viewed from Oracle. Mr. Stratton noted that the gymnasium may obscure the site from Oracle. Mr. Schlegel suggested that the school be contacted regarding its preliminary plans for constructing the gymnasium.

C. Operations and Maintenance

1. Bid Award for Flow Meters.

Mr. Huckelberry recommended that the contract to purchase flow meters be awarded to Water Specialties Corporation in the amount of \$23,112. Layne-Western Company provided a lower bid for a flow meter that had caused previous problems for the District.

Mr. Tripp made the motion to award the contract to purchase flow meters to Water Specialties Corporation. Ms. O'Rielly seconded the motion.

Mr. Schlegel inquired if the District staff has the technical capability to install these meters. Mr. Huckelberry said that a vender has been selected to

install the meters at a cost of approximately \$4,000. Mr. Stratton noted that installation of the meters would require special welding by a qualified welder.

Mr. Jacome asked if the meters from Water Specialties provides greater reliability. Mr. Stratton said that Water Specialties uses a steel casing that provides greater reliability than the plastic material used by Layne-Western. Mr. Schlegel questioned if a data base exists regarding the meters. Mr. Stratton said he was not aware of any detailed analyses of meters provided by associations. The meters must meet certain requirements regarding accuracy; however, the building material of the components do not have to meet a standard.

Mr. Johnson called for a vote of the motion regarding the award of the bid for flow meters. The motion passed unanimously.

D. General Manager and Staff Report

1. South Shannon Rillito Water Quality Testing.

Mr. Huckelberry said that as previously reported, independent water quality testing by the Pima County Department of Environmental Quality indicated a trace of PCE at the South Shannon well. It was immediately tested again with negative test results. The well will be monitored quarterly.

2. 1992 Annual Water Withdrawal and Use Report.

Mr. Huckelberry noted that as previously reported, the District initially cited an twenty-five percent water loss. The records were reviewed and all but five percent of the water has been accounted. Mr. Mike Block met with ADWR on December 8, 1993 to review the water withdrawal and use and ADWR was satisfied.

3. Cañada del Oro Recharge Demonstration Project - Augmentation Grant.

Mr. Huckelberry reported that Mr. Block and himself went to the December 3, 1993 Groundwater Users Advisory Committee (GUAC) meeting regarding grant monies from ADWR. The District was successful in obtaining a \$21,250 grant for augmentation and recharge studies for the Cañada del Oro Recharge Demonstration Project. Mr. Block is trying to have the grant matched and explore all options.

4. Phase II and V Water Quality Testing.

Mr. Huckelberry reported that the District is preparing to perform all the standard testing required by EPA in 1994. The cost will not be insignificant, but the District is up to date with what will be required regarding Phase II and V water quality testing to avoid any surprises.

Mr. Schlegel inquired the status of the District acquiring its own CAP allocation. Mr. Huckelberry said he would meet with Mr. Jones, Tucson Water's Acting Director, on December 14, 1993. One of the primary points of discussion will be the District acquiring its portion of Tucson's CAP allocation. In addition, the District is talking with anyone willing to sign over their CAP contract, such as the Flowing Wells Irrigation District.

Mr. Tripp moved to adjourn open session in order to move into executive session. Alex Jacome seconded and the motion carried unanimously.

IV. EXECUTIVE SESSION

Pursuant to A.R.S. § 38-431.03(A)(4) to discuss Metropolitan Domestic Water Improvement District's position with counsel as it relates to the acquisition or condemnation of the Rancho Vistoso Water Company.

VI. ADJOURNMENT

Alex Jacome moved that the open session of the Board meeting be adjourned, Pete Schlegel seconded and the meeting was adjourned at 8:15 PM.


Herb Johnson, Chairman

ATTEST:


Clerk