

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

January 10, 1994
5:00 P.M.
7235 North Paseo del Norte
Tucson, Arizona 85704

MINUTES

ATTENDANCE:

Members: Jim Tripp, Vice-Chairman
Pete Schlegel, Member
Kate O'Rielly, Member
Alex Jácome, Member (arrived at 5:14 p.m.)

Others Present: Mark Stratton, MDWID Interim General Manager
Mike Block, MDWID Hydrologist
Sheila Lewis, MDWID Administration Manager
Chuck Huckelberry, Pima County/MDWID
Frank Cassidy, Attorney
Bill Carroll, Cella Barr Associates
Bud Dooley, Citizen
Mike Fleury, Camp, Dresser & McKee
Michael McNulty, Brown and Bain
Dan M. Offret, Community Watch Committee
Jane Rodda, Brown and Bain
Steve Shepard, MDWID
Warren Tenney (recording secretary)

I. CALL TO ORDER AND ROLL CALL

- A. The meeting was called to order at 5:00 p.m. by Mr. Jim Tripp, Vice-Chairman of the Board of Directors. Mr. Jim Tripp, Ms. Kate O'Rielly and Mr. Pete Schlegel were present. Mr. Tripp noted that the Chairman, Mr. Herb Johnson, was on vacation.
- B. Ms. O'Rielly moved that the Board approve the meeting notice and agenda for January 20, 1994. Mr. Schlegel seconded and the motion passed unanimously.

- C. Ms. O'Rielly moved that the minutes of the December 13, 1993 meeting be approved. Mr. Schlegel seconded and the motion carried unanimously.
- D. Mr. Schlegel moved that the minutes of the December 20, 1993 special meeting be approved. Ms. O'Rielly seconded and the motion carried unanimously.

II. COMMENTS FROM THE PUBLIC

There was no comment from the public.

OLD BUSINESS

III. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

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

Mr. Chuck Huckelberry reported that the Rate Advisory Committee met on December 27, 1993. The Committee consists of Mr. Huckelberry, Mr. Tripp, Mr. Gary Woodard, Mr. Bud Dooley and Mr. Mark Stratton. The Rate Advisory Committee sought more information regarding expenditure of District capital items. Also, information regarding proposed rate increases of other water utility entities was sought so that the District's increase would parallel the increases of other water utilities. For example, if Tucson Water initiates next month a twelve percent rate increase, the District may increase its rates between six and eight percent and meet the goals of the Board.

Mr. Huckelberry noted that the Rate Advisory Committee requested a brief description of the District's accomplishments and goals. The summary will be used as a communication conduit to the ratepayers to demonstrate the need for a rate increase. The Committee anticipated the above mentioned information would be collected in two to three months. A rate increase will likely occur in April or May 1994.

B. Rancho Vistoso Water Company Condemnation - Board of Directors' Subcommittee Meeting with Oro Valley Council Subcommittee Regarding Issues of Mutual Interest and Concern in the Acquisition of the Rancho Vistoso Water Company.

Mr. Mark Stratton reported that at its December 13, 1993 meeting, the Board of Directors appointed a subcommittee, consisting of Mr. Alex Jácome and Mr. Pete Schlegel, to review the Rancho Vistoso Water Company condemnation with a subcommittee of the Oro Valley Town Council, consisting of Mr. Paul Hermes and Mr. Dick Parker. The two subcommittees met on December 22, 1993 along with Mr. Chuck Sweet of Oro Valley, Mr. Huckelberry and Mr. Stratton. The Oro Valley Subcommittee indicated that Oro Valley wants to take over the condemnation of the Rancho Vistoso Water Company. A study session for the Oro Valley Town

Council will be scheduled to obtain the Town Council's support. The District offered to provide information to Oro Valley regarding Rancho Vistoso Water Company and the condemnation.

Mr. Huckelberry noted that progress is being made to develop jointly a common approach toward the acquisition of the Rancho Vistoso Water Company as a public water utility. Oro Valley may be in a position within the next thirty to sixty days to ask the District Board to step aside regarding the condemnation, thus enabling Oro Valley to assume the condemnation. Oro Valley would then work directly with the District through an intergovernmental agreement for operation and maintenance.

Mr. Tripp asked if Oro Valley would act as Mr. Huckelberry described. Mr. Schlegel said that Council Members Hermes and Parker indicated that they would like to proceed in taking acquisition of the condemnation and then work with the District through an intergovernmental agreement. Mr. Huckelberry noted that Oro Valley was informed that the District's attorney could be released to Oro Valley for the purpose of the condemnation.

C. Reschedule January 17, 1994 Public Workshop for Water System Management Plan (Direction to Staff).

Ms. O'Rielly made the motion to reschedule the public workshop for the Water System Management Plan for January 24, 1994 to avoid conflict with Martin Luther King, Jr. Day. Mr. Schlegel seconded the motion.

Mr. Schlegel questioned if the workshop had been organized and its location established. Mr. Stratton said that he had drafted a notice to be sent to the major users and Advisory Committee members. The workshop will be regarding the technical aspects of the District's system and will be held at the District's conference room.

Mr. Tripp called for a vote on the motion regarding rescheduling the public workshop for the Water System Management Plan to January 24, 1994. The motion passed unanimously.

NEW BUSINESS

IV. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

A. Administration and Management

1. Ratification of Billing Adjustments or Small Damage Claims.

Mr. Stratton requested Board approval of ratification of billing adjustments for five customers involving line breaks or leakages. Two adjustments were substantial and were due to undetected leaks on the owners' property.

Mr. Schlegel suggested that Ms. Sheila Lewis should submit the bill adjustment reports to the Board of Directors since she deals with the customers regarding adjustments. He also questioned if it is District procedure to reexamine a customer's water use after they have had a substantial bill. Ms. Lewis said that when a high bill occurs, she reviews the customer's billing history to determine if the high bill is atypical. If an increase in consumption is extraordinarily high, she will call the customer to inform them of a potential problem.

Mr. Schlegel moved to approve the ratification of the billing adjustments noted in a January 10, 1994 billing adjustment memorandum. Ms. O'Rielly seconded the motion and it was approved.

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

Ms. Lewis said the financial reports state the estimated water sales had increased over the same time period a year ago. The deposit of total gross revenues was about \$59,000 less than the warrants issued, particularly due to the increased payment to Bank One for the bond issue.

Mr. Jácome arrived at 5:14 p.m.

Mr. Tripp questioned if the Board would continue to receive the monthly check register reports attached to the January 10, 1994 financial report. Ms. Lewis said it would be and that miscellaneous checks are noted as "Not On File".

Mr. Schlegel questioned if the computer will provide a sophisticated format for the financial reports. Ms. Lewis said that due to the computer conversion, she had to postpone the implementation of the new accounting format. Mr. Huckelberry noted that Mr. Craig Horn is working with Ms. Lewis to establish new chart accounts and accounting systems that will parallel public utility accounting practices systems. This will provide information on payroll, maintenance, electric, debt service and other costs. The accounting process will track the expenses along with budget line items and will greatly improve the existing accounting system.

Mr. Huckelberry noted that revenue from December 1993 compared to December 1992 increased by twenty-eight percent, which parallels the twenty-four percent rate increase.

Ms. O'Rielly made the motion to accept the financial reports presented. Mr. Schlegel seconded the motion and it passed unanimously.

3. Election of Board of Directors for 1994.

a. Discussion and Selection of Date.

Mr. Stratton noted that the Board had received a January 10, 1994 report from Michael McNulty that discussed the selection of a date for the 1994 election of Board of Directors. The Board can select as an election date either the third Tuesday in May or the General Election date in November. If a special election is selected for May, the District may be accountable for all

costs incurred. If the election is included with the November General Election, the District should only be accountable for its prorated share of the election.

Ms. O'Rielly made the motion to select the election date for the Board member for November 1994. Mr. Schlegel seconded the motion.

b. Discussion and Selection on Type of Election

Mr. Jácome noted that the Board of Directors had always planned the election date to be in November to avoid incurring additional cost, but he questioned whether it needs to be a partisan or nonpartisan election. Ms. Jane Rodda of Brown and Bain explained that a nonpartisan election avoids the expense of a primary election.

Mr. Tripp noted that page 10 of the Bond Prospectus states that Ms. O'Rielly and Mr. Jácome's terms expire in 1994, but excludes his name from the expiration list, which was not the original intention of the Board. Ms. Rodda said the official meeting minutes state that the election is for three seats, but that she would investigate the matter.

Mr. Schlegel inquired about the number of signatures required for nominating petitions. Ms. Rodda said she would research the statutes and report the information to the Board.

Mr. Stratton noted that the Board must notify Pima County of the election date ten days after selecting it. The Board may want to postpone formal action regarding an election date until its February meeting because some election issues have not been completely researched and a formal resolution has not been drafted.

Mr. Jácome said an election date can be selected while the other issues are being resolved. Mr. Stratton noted that if an election date is selected, a resolution needs to be drafted and approved for the Chairman's signature. Mr. Schlegel suggested directing staff to prepare a resolution for the election to be held in November 1994.

Ms. O'Rielly amended her motion to state that staff will prepare a resolution for a nonpartisan election for Board members to be set for November 1994.

Mr. Tripp called for a vote and the motion passed unanimously.

4. Staff Organization.

a. Conceptual Functional Design

Mr. Stratton noted that the Board received a January 10, 1994 report regarding the District staff organization that includes both a functional description and a personnel organization description of the structure. Two charts are attached with the reports. The functional description outlines the areas to be maintained by the different sections of the Administration, Engineering and

Planning, and Utilities Divisions. Regardless of the functional structure, open means of communications is necessary between the divisions.

b. Conceptual Organizational Design.

Mr. Stratton explained that in the description of the organizational design, some possible future positions are indicated depending upon the growth of the District; however, a few positions need to be considered in the near future. One position is a Utility Superintendent in the Utilities Division. The Utility Superintendent will hold the Class IV license and will supervise both the Operations, Production and Maintenance Section and the Construction and Development Section. The Arizona Department of Environmental Quality (ADEQ) indicated there is no problem regarding license or certificate if the position is filled in the near future. The position is anticipated to be filled at the beginning of the 1994-1995 fiscal year. Currently, Mr. Dave Tanner is the Grade IV Operator. The District is instituting some preventative maintenance programs directly under Mr. Tanner's supervision. Depending on Mr. Tanner's progress with supervising the maintenance program, he would be a candidate for the Utility Superintendent position. The position may also be open to the general public if the need arises. Mr. Bob Gomez currently supervises the Construction and Development Section.

Mr. Stratton noted that staff has requested a Utility Electrician in the Utilities Division due to the amount of electrical maintenance required at the booster stations. Staff is uncomfortable performing many of the necessary electrical maintenance. The District would benefit from having a full-time or part-time electrician on staff rather than paying for the current contracted electrician.

Mr. Schlegel asked if the Electrician will help move electronic panels off the storage tanks. Mr. Stratton said that would be one of the Electrician's duties, which would be easier to accomplish instead of dealing with the contracted electrician's time schedule.

Mr. Tripp questioned if any employees were working toward Grade IV certification in order to provide the District with various personnel options. Mr. Stratton said that a number of employees took an Operator certification test on January 8, 1994. Mr. Steve Shepard and Mr. Neil Peters took the Grade II test and Mr. Frank Fotta took the Grade I test. Mr. Stratton noted that he was impressed with those on staff who take the initiative to prepare for certification tests.

Mr. Stratton said as interim General Manager he does not have sufficient time to address all issues facing the Engineering and Planning Division. Many issues have been delegated to the Civil Engineering Assistant. A Draftsperson, a low entry level position, may be proposed for the next fiscal year to assist the Civil Engineering Assistant to make valve map corrections and do minor mapping. A Back Flow Specialist is required by the State once the District population is 50,000. Mr. Shepard will attend a Back Flow Specialist certification class in March 1994. If Mr. Shepard becomes certified and depending on the District's growth, a Back Flow Inspector may be needed to supplement the Back Flow Specialist's work.

Mr. Stratton explained that in the Administration Division, a Customer Service Supervisor is needed to supervise the increasing day-to-day activities performed by the Customer Service Representatives. Ms. Lewis', the Administration Manager, would then be more available to address the critical financial issues. An additional meter reader will be necessary as the District expands. A Customer Service Representative position is currently vacant and will be filled part-time by Ms. Maureen O'Connor, who had temporarily worked with the District.

The Board had no questions regarding the staff organization.

B. Engineering and Planning

1. Report on Completion of Water Main Extension for Oasis Road Parcels.

Mr. Stratton reported that in late November 1993, the District was approached by a developer of a wildcat subdivision. An arrangement was made for the District to extend the water main through Linda Vista Estates via an easement acquired from New World Homes. The developer asked if the District could also complete the construction. The Board was given a January 10, 1994 memorandum with an attachment detailing the construction cost breakdown. The District negotiated a \$15,000 fee, which was slightly more than the final cost of the project.

Mr. Tripp and Mr. Schlegel said that staff did well regarding the water main extension. Mr. Schlegel explained that the City of Tucson multiplies its actual cost for a project by a factor, which is their profit. He questioned if the District has considered something similar. Mr. Stratton said this was the first such job the District had done and received compensation. The District is considering establishing a rate for service line installations. Data has been gathered from similar utilities regarding their per foot rate.

Mr. Jácome questioned if there were any consequences for the District being involved with a wildcat subdivision. Mr. Huckelberry said there were no consequences. The State Real Estate Department regulates wildcat subdivisions. The District only provided the service that another water utility company would have provided.

2. Update on the Water System Management Plan.

a. Status of the Project.

Mr. Stratton reported that at its December 13, 1993 meeting, the Board received an update regarding the Water System Management Plan. Comments regarding Task E and F memorandum reports have been given to Camp, Dresser & McKee.

Mr. Mike Fleury of Camp, Dresser & McKee said that his firm will have comments completed on January 12, 1994 regarding Task E, an evaluation of the existing system, and Task F, an evaluation of the future configuration of the system. The January 24, 1994 workshop is important for completing Task F and receiving input about it.

Mr. Schlegel requested that Mr. Fleury provide an updated work schedule chart for each Board meeting. An executive summary is being developed to use in the announcement of the workshop to describe what has been done in Task E and Task F.

b. Status of the Northeast Reservoir Conceptual Design.

Mr. Stratton said that the Board received a draft report of the Northeast Reservoir Conceptual Design based on comments made by the Board at its December 13, 1993 meeting. Staff has not had an opportunity to review the draft report in detail to provide comments. Copies will be provided to the Technical Review Committee for their input. Included with the draft report are cost estimates for the various proposed alternatives, though without geotechnical information such as bedrock depth, it is difficult to provide exact costs. Mr. Fleury said no geotechnical information exists regarding the nearby proposed school gymnasium. Once a site is agreed upon, the geotechnical research needs to be completed.

Mr. Tripp and Mr. Jácome preferred the third design.

Mr. Schlegel noted that the District needs to decide how to approach the property owners' association in order to gain their support. Mr. Fleury noted the importance of providing a conceptual design to the home owners' association so that they feel involved from the beginning of the project. Mr. Stratton said he could contact the home owners' association and provide a copy of the draft report. Mr. Jácome suggested providing editorial comments to the home owners' association. Mr. Jácome, Mr. Schlegel and Mr. Fleury and Mr. Tripp said the District should provide information about the positive and negatives of each alternative and involve the home owner's association as much as possible so the best alternative will be supported.

C. Operations and Maintenance

1. Well Pump Maintenance Contract (Direction to Staff).

Mr. Stratton noted that Mr. Tanner submitted a January 3, 1994 memo detailing the well pump maintenance required for 1994. Mr. Tanner requested maintenance for eight wells. Due to budget uncertainties and the \$6,000 to \$8,000 expense for each well, Mr. Stratton recommended that a well pump maintenance contract be prepared for the Oracle Jaynes, Hardy Road, Old Linda Vista and New Linda Vista wells. The 1994-1995 fiscal year budget should include maintenance for the other wells.

Mr. Tripp questioned if the maintenance of any of the eight well pumps should be postponed. Mr. Stratton said that with the information provided by Mr. Tanner, the Wildwood, Estes, Moore and Ina & CDO Wash well pumps do not appear to be in a critical condition.

Mr. Jácome made the motion that a well pump maintenance contract be prepared for the Oracle Jaynes, Hardy Road, Old Linda Vista and New Linda Vista wells. Ms. O'Rielly seconded the motion.

Mr. Schlegel questioned if monitors should be installed to measure the draw down of the wells when maintenance is performed on the wells. Mr. Stratton noted an air hose was installed in the six wells under the previous well maintenance contract. An air compressor will provide the water elevation when the well is pumping or turned off. The same equipment would be included for the new maintenance contract. The District Hydrologist has started a water level measuring program.

Mr. Jácome noted that one of the objectives for repairing the six well pumps in 1993 was being able to collect data. Obtaining continual data will remain a goal for the District.

Mr. Tripp called for a vote regarding the motion to prepare a well pump maintenance contract. The motion passed unanimously.

2. Repair of Marlene Storage Tank.

Mr. Stratton reported that the Board has previously discussed the repair of the Marlene Storage Tank as well as other storage tanks. Staff has contacted a number of firms involved in storage tank repairs, but their fees have been higher than anticipated for construction documents and inspections. Staff requested a cost breakdown by Mr. Gary Smyth for a complete package of the repair of Marlene Storage Tank. Mr. Smyth has done previous work for the District and he is experienced in this type of work. It is recommended that the District negotiate a contract with Mr. Smyth to perform the necessary duties and that staff assist him to learn from his expertise and to perform some of the labor activities.

Mr. Jácome inquired about the estimated final cost to repair the Marlene Storage Tank. Mr. Stratton said that an exact cost is difficult to obtain without knowing the extent of the welding repairs needed to repair the leak and not knowing the condition of the bottom of the tank. Mr. Jácome said he was concerned about providing an open ended contract for Mr. Smyth. It might be cheaper to put in a new tank rather than repair it. Mr. Stratton and Mr. Fleury said that the extent of required repairs will not be known until the tank is drained and the interior has been sand blasted. Mr. Jácome asked if \$1.10 a square foot is a reasonable price for sand blasting. Mr. Fleury said it is.

Mr. Schlegel said he was concerned about some of the listed costs. Mr. Stratton noted that Mr. Smyth's costs are substantially lower in many areas such as inspection and supervision. Although a preliminary inspection of the tank has occurred, the actual condition of the metal will not be known until the tank is drained and sandblasted.

Mr. Huckelberry noted that repairing the Marlene Storage Tank will provide a learning experience for the District. Decisions cannot be made until the tank is drained and staff needs to be trusted to proceed correctly. Mr. Huckelberry suggested proceeding as Mr. Stratton recommended with an understanding that staff will notify the Board of any significant findings in order to reassess the project.

Mr. Jácome suggested that staff should know the cost to replace the tank before discussing with Mr. Smyth the repair cost for the tank. Mr. Stratton said he could obtain estimates for an installation of a similar tank from different tank manufactures.

Mr. Schlegel questioned if the tank should be replaced with a tank of similar size. Mr. Stratton explained that the present site would restrict increasing the size of the tank. If the tank is to be replaced, an alternative site would probably be recommended since other tanks in the area could supplement that area and other nearby areas are in greater need of storage systems. Mr. Fleury added that as the District moves toward gravity storage, many of the small reservoirs near booster storages will be eliminated. If the tank is only needed to be in place for five years, the District should not replace it with a twenty year tank.

Mr. Huckelberry noted that the Marlene Storage Tank is the worst tank in the system. It is visually leaking. The District staff should prudently proceed with resolving the problem.

Mr. Jácome made the motion for the staff to proceed with the repair of the Marlene Storage Tank and to consider the various alternatives as appropriate. Ms. O'Rielly seconded the motion and it passed unanimously.

D. General Manager and Staff Report

1. 1993 Annual Water Withdrawal and Use Report.

Mr. Stratton reported that after successfully completing the audit by the Arizona Department of Water Resources regarding the 1992 annual withdrawal and use report, Mr. Michael Block is gathering the necessary information for the 1993 annual report. The Board will be updated as progress is made on the completion of the report.

2. United States Geological Survey.

Mr. Stratton explained that the United States Geological Survey (USGS) had proposed an assessment of groundwater storage changes within the CDO basin. USGS has the instrumentation capable of monitoring groundwater flow. They wanted the District to participate in a project that would analyze the CDO Basin. The District informed USGS that it does not have the budgetary allotment for the project, but would incorporate it in the next fiscal year budget. It is a three year project with an annual funding of \$20,000 to \$25,000. The information obtained will be valuable for future recharge projects in the CDO basin.

Mr. Schlegel asked if the cost could be passed on to the Northwest Water Alliance members. Mr. Stratton said that is possible because it could benefit others.

3. Avra Valley Pilot Recharge Project

Mr. Stratton reported that he and Mr. Block met with the State Land Department on January 5, 1994 to discuss the site for the pilot project, which is at the north end of the Avra Valley Airport and the abandoned Pima County gravel pit site. Pima County has closed its lease with the State Land Department for future gravel operations at the site. An easement over the site is being pursued for the purposes of recharge, storage and recovery, as well as easements to convey water from the canal to the recharge location and any egress/ingress easement needed for operation maintenance. A meeting is being set up with B.K.W. Farms to determine the exact location for the project. Legal descriptions will be prepared and submitted to the State Land Department for the easement. The State Land Department informed the District the availability of their CAP allocation on a year-to-year lease for the capital cost of the allocation. The State Land allocated water would provide a source of water for the recharge project.

Mr. Jácome inquired if leasing the State Land Department's CAP allocation will preempt the District from seeking its own allocations. Mr. Stratton said it would not.

Mr. Jácome questioned what benefit Mr. Bing Wong of B.K.W. Farms would gain from the project. Mr. Stratton said the easement over the site is because of Mr. Wong's need to retain the grazing lease for all the land. Also, a substantial amount of long-term recharge potential will exist at the site. Mr. Huckelberry added that Mr. Wong will benefit because the District needs an operator for the project. Most likely, Mr. Wong's cost for pumping groundwater will decrease due to recovery wells in the area. The District is now in a strategic position to actually acquire and put in a renewable ground water supply.

Mr. Huckelberry emphasized that the success of the January 5, 1994 meeting with the State Land Department moves the project significantly forward. The State Land Department's agreement to put in an easement right opposed to commercial lease is instrumental in minimizing the cost for the District. Also, the State Land Department's offer to lease their CAP water allocation at capital cost is significant.

4. Scheduled Meetings Regarding Replenishment Projects

Mr. Stratton noted that Mr. Mark Myers of SAIC has initiated meetings with governmental agencies that could provide funding for the Avra Valley Pilot Recharge Project as well as a long-term recharge replenishment project in the lower Santa Cruz Valley. On January 13, 1994, staff will meet with the U.S. Department of the Interior, Bureau of Reclamation, Bureau of Indian Affairs and the Interior Solicitor. Also, a February 7, 1994 meeting is scheduled with the U.S. Fish and Wildlife Service. Mr. Block reported that he was meeting with the Arizona Department of Water Resources regarding their preliminary recharge permit application.

5. Phase II Nitrate Sampling Results

Mr. Stratton reported that included with the General Manager's Report are the results of the December 1993 nitrate samplings done at all of the District's wells. The Meredith, Jensen and

Latamore North wells had levels above the EPA set 5 milligrams per liter that require additional monitoring for nitrates. The 10 milligram per liter is the contaminate level for nitrates. The wells are located in historically farming areas, implying that fertilizers could be the contributing factor. Staff will continue to monitor the situation.

Mr. Schlegel asked if the District's reports are compared with the Flowing Well Irrigation District's reports. Mr. Stratton said that has not been done in the past. However, Mr. Block noted that the District is coordinating an exchange of data with the Flowing Wells Irrigation District.

Mr. Jácome questioned if the reported high TCE level in the well serving the Crescent Manor Mobile Home Park affected the water system. Mr. Stratton said that the well was a private one and the mobile home park is now being serviced by the Flowing Wells Irrigation District. The potential cause of the contamination is not known; however, it is located in the Miracle Mile Super Fund area, which may have been the cause of the problem.

Mr. Schlegel suggested that the members of the Northwest Water Alliance should share water quality information with each other.

6. Legislative Issues

Mr. McNulty distributed handouts detailing three legislative issues that could affect the District. The District is the State of Arizona's ninth created domestic water improvement district and the largest one in the State. The District has a right to be involved in legislation that affects domestic water improvement districts. The first legislative proposal says that instead of voting for the Board of Directors by residency, it would be based on real estate ownership. Some Constitutional questions exist about who should be allowed to vote; however, the Supreme Court voted 5 to 4 in favor of the Salt River Project to allow a system of weighted voting based on property ownership. Obviously, logistic problems exist about determining who owns property and can vote. Senator Pearce is sponsoring it and currently there is no indication if the legislation will be advanced or not.

Ms. O'Rielly inquired about Senator Pearce's motivation. Mr. McNulty said that is not known. The cosponsors of the bill are Senators Bowers, Lynch and Steffey. Ms. O'Rielly said she agreed with the concept but questioned the legislation's practicality.

Mr. Jácome questioned the effect on the District water users. Mr. McNulty said that the people who elect the Board of Directors only have a voice once every two years. He did not have information on the number of renters compared to land owners within the District.

Mr. Schlegel noted that the Board of Directors set the water rates for renters, and as users, they would be denied a voice. The number of renters in the area will grow.

Mr. Jácome suggested watching to see how the legislation develops in the State Senate.

Mr. Huckelberry said that if the District can convert to special revenue bonds rather than assessment bonds, then the issue becomes moot. A key issue is to discover Senator Pearce's motivation for the amendment.

Mr. McNulty explained the other two legislative issues. Regarding water improvement district revenue bonds, legislation has been drafted to allow domestic water improvement districts to issue revenue bonds, which would put water improvement districts on a parity with a municipality. The District needs to determine the strength of the likely opposition from the Arizona League of Cities and Towns. If all cities are opposed to legislation, a problem exists. If only Tucson opposed it, the legislation could likely be passed.

Mr. Jácome questioned if the legislation could be structured to not threaten all cities and towns. Mr. Huckelberry suggested structuring the legislation to only affect Pima County; and thereby isolating the opposition to only the City of Tucson. The opposition by cities needs to be known because the legislation could be viewed by cities as removing an incentive for annexation.

Mr. McNulty explained the legislative issue regarding water improvement district boundaries. The District is able to serve but not annex inside a city. Although it is unknown if citizens of the Town of Oro Valley would want to be part of the District, the Town of Marana would likely allow the District to serve its new growth area. A simple change to the statutes would allow a water improvement district to include areas within a city or town if the governing body of the city or town consented.

Mr. Schlegel noted that if a city or town annexed an area within the District's territory, the amendment would then not require them to buy the District's system and thus could potentially save them money.

Mr. Huckelberry said that the bill would make the ratepayers and electors of the Board the same. The city should have the option to allow its territory annexed by the District; and thus, give the residents in that area an opportunity to be a voting ratepayer. A resident of Oro Valley served by the District could vote for the Board of Directors as well as run as a member of the Board.

Mr. Bud Dooley said the representation needs to be determined by land or people. However, municipalities will not permit taxation of their land. If based on revenues and users, then the proposed legislation could be acceptable.

Mr. Huckelberry recommended that both proposed legislation be combined as one bill.

Mr. Huckelberry noted that the Board should also be aware of legislation to recreate the Santa Cruz Valley Water District. Preliminary discussions have occurred. Mr. Stratton noted that he met with Mr. Chuck Sweet and Mr. Jim Peterson on the afternoon of the January 10, 1994. A meeting is set for January 14, 1994 with Ms. Marybeth Carlile, Ms. Kathy Jacobs, and Ms. Priscilla Robinson to discuss their input on legislation. A legislative subcommittee meeting of

the Northwest Water Alliance will be held on January 18, 1994. The deadline for introducing legislation is February 7, 1994.

Mr. Schlegel said he understood that the City of Tucson planned to pursue legislation for a new Santa Cruz Valley Water District. Mr. Stratton said that he was not aware of any legislation proposed by the City of Tucson. Mr. McNulty noted that the City of Tucson was probably waiting to see what other legislation might be proposed regarding the matter.

Mr. Jácome suggested establishing a new Santa Cruz Valley Water District only in the Northwest area. Mr. McNulty noted that would eliminate united support from Green Valley and Santa Cruz County.

Mr. Jácome moved to adjourn open session in order to move into executive session. Ms. O'Rielly seconded and the motion carried unanimously.

The Board went into executive session at 6:55 p.m.

V. EXECUTIVE SESSION

Pursuant to A.R.S. § 38-431/03 (A)(1) to review and discuss Metropolitan Domestic Water Improvement District's position as it relates to personnel and compensation matters.

The Board returned from executive session at 7:03 p.m.

Ms. O'Rielly made the motion that the salary for Mr. Mark Stratton as Interim General Manager should be \$62,500. Mr. Schlegel seconded the motion. The motion passed by a vote 3 to 1 with Mr. Jácome opposing the motion.

VI. ADJOURNMENT

Ms. O'Rielly moved that the open session of the Board meeting be adjourned. Mr. Schlegel seconded and the meeting was adjourned at 7:15 p.m.


Herb Johnson, Chairman

ATTEST:


Clerk