

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

Information Meeting

May 16, 1994  
Cross Middle School Multipurpose Room  
1000 West Chapala Drive  
Tucson, Arizona 85704

MINUTES

ATTENDANCE:

Members: Jim Tripp, Vice-Chairman  
Pete Schlegel, Member  
Kate O'Rielly, Member  
Alex Jácome, Member (arrived at 7:15 p.m.)

Staff Present: Mark Stratton, General Manager  
Mike Block, District Hydrologist  
Scott Eisenfeld, Development Supervisor  
Sheila Lewis, Administration Manager  
Lucy Spohn, Engineering Secretary  
Dave Tanner, Operations Supervisor  
Warren Tenney (recording secretary)

Others: See Attachment

**I. INTRODUCTIONS.**

The meeting began at 7:05 p.m.

Mr. Jim Tripp, Vice-Chairman of the Board of Directors, welcomed the approximately eighty-five people in attendance to the information meeting of the Metropolitan Domestic Water Improvement District (District). Mr. Tripp introduced the two other Board members present, Mr. Pete Schlegel and Ms. Kate O'Rielly. Mr. Alex Jácome arrived at 7:15 p.m. and Mr. Herb Johnson, Chairman, was out of town. Mr. Tripp also introduced the seven staff members present.

Mr. Tripp noted that the purpose of the information meeting was to provide information about the District and the proposed new water rates. No Board action regarding the rates would take

place at the information meeting. A public hearing regarding the rates is scheduled for June 13, 1994 at 7:00 p.m. at the Cross Middle School. The District wants to provide quality water at a reasonable cost to its customers; however, the system needs to be upgraded, pipes need replacing and increased storage is required. Questions would be answered following the presentation.

## **II. ACCOMPLISHMENTS OF THE DISTRICT SINCE ITS FORMATION.**

Mr. Mark Stratton, General Manager, noted various visual displays that were placed around the room and that also handouts were available. One visual display showed the cubic size of a 1,000 gallons of water and compared the present commodity cost of \$1.35 with the cost of store bought water.

Using overhead displays, Mr. Stratton noted the District's boundary. Approximately nine months ago, the District hired the firm, Camp, Dresser & McKee, to conduct a water system management plan for the District. The water system management plan developed a plan of action to bring the overall water system to a safe and effective level of operation for the present and to prepare for the future.

In the last twelve months, the District has refurbished wells, and repaired or replaced well pumps at eight well sites, most of which are important sites. Due to the maintenance, the overall productivity of these wells have increased twenty to thirty percent.

The District has made improvements to its infrastructure, which has lowered the number of emergency repairs. The District has installed production flow meters, retrofitted and calibrated large flow meters, conducted a residential meter testing and replacement program, installed flushing hydrants on dead-end lines, and relocated water mains for Pima County and Oro Valley roadway improvements.

The District has strengthened its staff through hiring technical personnel who have increased the District's capability to do work in-house rather than relying on expensive consultants. The District has a capable staff that provides good service as well as has helped the District become a leader in regional water activities. The District has twenty-seven full-time employees, which is approximately one staff for every 520 service connections in comparison to one staff for every 270 service connections at Tucson Water.

The District has enhanced its equipment. Vehicles are capable to perform various necessary maintenance and have necessary safety equipment for staff to work in traffic. Safety cages have been installed on ladders for storage tanks. Identification signs were placed on well and storage sites. The District also has mapping capabilities in order to design infrastructure.

In preparing for long range water resources, the District, along with the Town of Oro Valley, initiated the Northwest Water Alliance in order to provide a united voice for the region. The District is also attempting to amend the Asset Purchase Agreement with the City of Tucson in order to receive untreated CAP water for the recharge program. The District is implementing

a hydrological study of the CDO Basin and securing funds from state and federal agencies for the Northwest Replenishment Program.

### **III. DISTRICT OBJECTIVES -- SHORT-TERM AND LONG-TERM.**

Mr. Stratton explained the short-term objectives of the District. The water system management plan highlighted the improvements that the District immediately needs. In order to ensure water to meet peak demand and fire flow, 15 million gallons of storage is needed; however, the District has presently less than 5 million gallons of storage. A five-year capital improvement plan proposes two mid-level reservoirs to meet immediate demands and supported by a new well. Two other reservoir sites are planned to serve the higher elevations. The new reservoirs would be designed to use gravity flow and thereby reduced the high electrical cost presently required to pump.

The District infrastructure requires repair and replacement. Distribution mains four inches in diameter and less are undersized and need to be replaced to at least six inch in diameter lines in order to meet proper fire flow capability. Over 54,000 feet of two inch lines need replacement, the majority in the Oro Valley County Club area. The undersized distribution mains need to be addressed due to the severe deficiency in reliability and flow capacity.

The District needs to secure long-range water resources. Six possible alternatives for future water supplies are groundwater, treated Central Arizona Project Water from the City of Tucson through the Northwest Water Agreement, effluent or reclaimed water, imported Central Arizona Project Water for recharge and recovery, conservation, and acquisition of assured water supply credits. Conservation can help secure long-range water through saving water for the future. The District is exploring the alternative of importing untreated CAP water for recharge in the area. The District wants to examine all alternatives and use a combination rather than rely on just one alternative.

The District is implementing a pilot recharge project near the Avra Valley airport where untreated CAP water will be conveyed by an irrigation canal one mile from the CAP canal to a gravel pit that could be well utilized as a recharge site. The project is relatively inexpensive and it will provide information regarding the feasibility of recharge.

Mr. Stratton explained long-term objectives of the District. Replenishment is proposed at the Lower Santa Cruz that would include a flood levee. The District is planning to import untreated CAP water for recharge to the Cañada Del Oro Basin to meet the Arizona Department of Water Resources' (ADWR) Assured Water Supply rules. CAP water could be imported along Tangerine Road to Big Wash and then be recharged in the CDO Basin and CDO wash using recharge basins and overflow to Big Wash. This would allow for CAP water to recharge naturally with groundwater. State and federal agencies are quite interested in the projects. Feasibility studies will be conducted to ensure the environmental and quality standards are maintained.

A twenty year capital improvement plan is needed to meet continued growth in the area. This would include major transmission and distribution main improvements, storage improvements, constructing underground concrete reservoirs, staged booster pump stations and replacing pipelines within the distribution system. All of this is projected to cost approximately thirty-eight million dollars.

#### **IV. PROPOSED 1994 WATER RATES - HOW THE RATES WILL AFFECT THE AVERAGE CUSTOMER.**

Mr. Stratton explained that finances are needed in order for the District to meet the above noted objectives. The District has examined various alternative water rates to begin meeting the financial demand for the items noted above. The District has submitted two proposals for the public's consideration. Both proposals would affected the base rate (the first two thousand gallons) and the commodity rate (the amount charged per thousand gallons after the base rate). Proposal #1 would increase the base rate from \$8.50 to \$9.00 and the commodity rate would be increased from \$1.35 per thousand gallons to \$1.50. The typical monthly consumption by a District resident is approximately 11,000 gallons a month. Proposal #1 would increase the typical resident's monthly rates by approximately \$1.85. Proposal #2 would increase the base rate from \$8.50 to \$9.83 and the commodity rate would increase from \$1.35 to \$1.55 per thousand gallons. Again, assuming the monthly use of 11,000 gallons, the typical resident's monthly bill would increase by \$3.13.

Mr. Stratton compared the District's current and proposed rates with other water providers in the region for the average water usage of a District customer during 1993. Both proposals are still below the average monthly cost for a similar Tucson Water customer.

#### **V. QUESTIONS AND ANSWERS.**

Mr. Martin Drozdoff, a District customer, asked what developers contribute to the District system, how the expenses are used and if new developments ensure adequate fire flow and conservation. Mr. Stratton said that developers under the proposed rate increases would pay a twenty percent increase in the system development fee. The developer must pay for the cost to get the infrastructure to the site. The fees also contribute to regional storage to supply water to the new areas rather than increase the demand on the present system. The developer must meet the minimum six inch in diameter line to ensure proper fire flow and also Pima County requires the installation of low flow plumbing.

Ms. Nancy O'Kane, a District customer, questioned the purpose for two different rate proposals. Mr. Stratton explained that the extra revenue gained from Proposal #2 would allow the District to make more capital improvements.

Mr. Jon Robson, a District customer, asked if the rate comparisons with other water providers was an accurate comparison as to water flows. Mr. Stratton said it is an accurate monthly average comparison. He also noted that Tucson Water rate structure is based on winter and summer rates.

A District customer asked for a clarification of the proposed rates and monthly costs. Mr. Stratton explained that the base rate is for the first two thousand gallons and the commodity rate is for each thousand gallons used after the first two thousand gallons.

Mr. Frank Olivieri noted that in November 1992, the Board was adamant that the monies from the liens placed on District customers would be used to repair and replace old water mains and do other improvements. He asked if the monies spent can be justified. Mr. Stratton said that repair and replacement of water mains and lines have begun. Land has been acquired for future storage sites. A new office was purchased to save on lease expenses. Small line replacements will occur but they take time and expenses because they are in developed areas.

Mr. Tripp noted that the bond prospectus stated that after the first year an eight percent increase was needed. Proposal #1 is overall an eight percent increase. The Board of Directors decided that Proposal #2 might provide the District with a better financial situation. The Board would like those in attendance to talk with their neighbors about the proposals and provide input. The District wants to try to please the majority of its customers.

Mr. Olivieri asked if the original Board was appointed, but hereafter will be elected. Customers not satisfied can take action by voting. Mr. Tripp affirmed, noting that himself, Mr. Jácome and Ms. O'Rielly are up for election in November 1994.

A District customer asked how many District employees have been hired since the District was formed, other purchases that have been made, and what major improvements have been made to the District system. Mr. Stratton said that six new employees have been hired since October 1992 and that they are mostly technical. Staff is cost effective. The District has purchased pipes, valves and other material in order to maintain an adequate inventory for emergency situations. Some improvements include the two water line projects that were a direct result of Pima County and Oro Valley roadway improvements and completing a storage tank refurbishing project. The work on a storage tank may appear to be maintenance but correcting a large leak is a major improvement in productivity. The same District customer asked why monies were spent on a new office site rather than system improvements. Mr. Stratton explained that the old office had an excessive lease and it was more cost effective for the District to purchase its own office.

Mr. Richard George inquired about the timing involved in upgrading the four inch lines to six inch lines. Mr. Stratton said that staff has been asked to provide information on the lines that have frequent failure in order to improve those first. At a cost of \$70 per foot, the replacement of those lines will take a number of years.

Ms. Frieda Bartley said she was concerned about possible adverse effects of recharging CAP water and having it mix with groundwater. Mr. Stratton said that the Avra Valley Pilot Recharge Project will answer questions as to the feasibility of recharging. The theory is that surface water that is recharged becomes groundwater. Federal funding is being sought for a feasibility study before recharging. If recharge is not possible, other alternatives will then be considered more.



Mr. Richard Holovnia asked how much money has come from the system development fee, how much has been spent on maintenance, how much monies is expected from the future, and will the fees be applied to the capital improvement program. Mr. Stratton said that approximately \$240,000 was collected from the system development fee in 1993 and approximately between \$240,000 and \$280,000 is expected for 1994 with the anticipated growth rate and the twenty percent increase. The monies will be spent mostly on storage requirements.

Mr. Holovnia asked how did the system development fee contributed by developers compare with the other revenues received by the District. Mr. Stratton said that meter sales from the use of water is approximately \$5 million versus \$240,000 from system development fees. Monies from meter sales are not used on growth related expenditures but are used for system repair and maintenance programs. Development is paying its way. Mr. Holovnia asked if the \$5 million is to pay for the existing system. Mr. Stratton said that is the annual revenue from water used. It pays for the cost to convey water to houses as well as monies for infrastructure improvements and debt retirements. The debt retirement on the liens is \$1.7 million per year.

Mr. Holovnia asked what type of proposed reservoirs are being planned. Mr. Stratton said that they would be underground reservoirs that would hold four to six million gallons in order to meet peak demand and fire flow.

Mr. Ray Bauer asked who will decide if treated CAP water will be accepted into the District's system and if recharge will be explored fully. Mr. Stratton said that if recharge is not feasible and groundwater pumping must be curtailed, then treated CAP water will be looked at as an alternative source. The District Board has committed not to take treated CAP water until the infrastructure can accept it and there is adequate storage. New growth areas could possibly receive CAP water before older areas because the pipes would be newer. The City of Tucson originally was looking at using CAP water for only agriculture or recharge, but then they closed all their alternatives by focusing on the treatment plant for domestic use. The District intends to explore fully recharge. Even with recharge, customers may experience some changes in their water such an increase in sodium. The Board will not make any decision regarding treated CAP water without customers being aware of it.

A District customer questioned when the District must accept CAP water. Mr. Stratton said that according to the Asset Purchase Agreement, the District is to accept CAP water in July 1995. However, the District is negotiating to amend the Asset Purchase Agreement to only accept untreated CAP water to be used at the Avra Valley Pilot Recharge Project site. The same customer asked if the new rates will be sufficient or if they will raise liens. Mr. Stratton said that the District does not intend to raise the liens. Legislation recently passed gives the District revenue bond authority that would place any bond issue before voters.

Ms. Lorane Kecegioglu asked the purchase price of the new office site and if Tucson Electric Power transformers had been at the site. Mr. Stratton said that the office site cost \$190,000 and the transformers were removed. Ms. Kecegioglu asked if Board members receive a salary. Mr. Tripp said Board members do not receive a salary but are paid \$15 for each Board meeting they attend. Ms. Kecegioglu asked if the District had any problems with TCE and sewage problems

flowing northward along the Rillito river. Mr. Stratton said that one well site has had a trace of PCE and TCE but it is being closely monitored. If the PCE level rises, the well will be abandoned before PCE and TCE rises to the maximum contaminant level allowed by the federal government.

Mr. Donald Rossi asked what would occur if CAP water was accepted into the area and is the District ready for CAP water. Mr. Stratton said that if treated CAP water was delivered presently in the District's system, the District would encounter the same problems that the City of Tucson had with treated CAP water. The City of Tucson has been notified that the District needs to replace water mains and lines and have adequate storage before receiving CAP water. Mr. Rossi said that customers expect the District to deliver good water.

Mr. Bill Snyder asked about the development near Thornydale and Lobo Road and the hydrants being installed. Mr. Stratton said that hydrants are within the new development and a tie-in will be brought in at Lobo Road. Mr. Snyder asked why no new hydrants were put along Lobo Road even though hydrants were installed along Hardy Road. Mr. Stratton said that was put in by the developer for the Sunnyvale project. Mr. Snyder questioned why the feeder installed along Hardy Road had to be buried and then dug up to find the leaks. Mr. Stratton said that the testing procedure requires the line to be buried first in order to pressure test for leaks.

A District customer asked if it would be possible to survey employees anonymously to learn their opinion of the District's efficiency. Mr. Stratton said that the District staff would probably provide positive comments about the District. Ms. Kate O'Rielly said the matter could be discussed at a regular Board meeting.

The same District customer asked about the policy regarding employees driving District vehicles home. Mr. Stratton said that the General Manager, District Engineer, Supervisors, and On-Call person drive District vehicles so that they can respond quickly if an emergency arises. The vehicles are only used for District business. Vehicles were used this evening to bring the displays to the meeting.

Mr. Mark Novak inquired if the proposed rates would also affect commercial users and if the new rates will support the capital improvement program or will rates continue to rise in the future. Mr. Tripp said that the same percentage increase for residential would be applied to larger sized meter users. Mr. Stratton said that funds will be needed to implement the capital improvement programs. Revenue bonds may be considered in the future once it is known exactly how much funds will be necessary for the programs. Mr. Novak asked how long the rate increase will last. Mr. Stratton said that the bond prospectus said that the first four or five years there would be a consistent eight percent rate increase before a drop in percentage. A true financial picture will be presented in order to know what the needs are and to make certain the numbers are adequate.

Mr. Novak asked why the proposed reservoirs on the map indicated were at the north of the District. Mr. Stratton explained this was to utilize the highest elevation to allow for gravity flow. Transmission mains will move the water to a lower areas in the District.

Mr. Novak asked if the replacement work is phased annually and if the capital improvement program will be made public. Mr. Stratton said that approximately \$400,000 is budgeted for the next fiscal year for main line replacement in four different subdivisions. Undersized mains are to be identified and will be replaced first. The capital improvement plan will be made public.

Mr. Martin Drozdoff asked if an arrangement can be made to pay water bills through another entity for those who are unable pay during office hours and if the District funds are in interest bearing accounts. Mr. Stratton said that during office hours, customers can pay at the office or at a drive through window. After hours, there is a drop-off box in front of the office gate. The District has made an arrangement with Pima County so that sewer billings can be incorporated with the District billings. The District funds are in interest bearing accounts.

A District customer asked what is the difference between the two rate proposals. Mr. Stratton explained that Proposal #1 meets the eight percent increase in the bond prospectus and Proposal #2 provides for more funds to complete more capital improvements. Mr. Tripp noted that on June 13, 1993, a public hearing will be an opportunity for customers to express their opinion on the two proposals. The information meeting is to provide information.

Ms. Lorane Kecegioglu questioned if there was higher rates for consumers who use more water. Mr. Stratton said that a conservation program will be implemented in the future. The District wants to determine the best means to conserve and not create a financial burden. Presently, everyone is charged the same commodity rate dependent on meter size. Ms. Kecegioglu asked what was the contribution of Mr. Chuck Huckelberry as general manager. Mr. Tripp said that Mr. Huckelberry was an effective general manager but the Pima County Board of Supervisor needed his services more. The District still communicates with Mr. Huckelberry.

Mr. Jim Doyle asked the size of the District, if minutes of the information meeting and the operation budget are available to the public, and if an audit and annual report has been done. Mr. Stratton said that the District is approximately 26 square miles and has 13,000 service connections serving approximately 40,000 people. Minutes are made public. The Board holds its regular meeting on the second Monday of every month. The operating budget can be obtained by the public. An audit was done nine months ago by Cotton Parker Johnson and an annual report will be forthcoming.

Mr. Doyle questioned how the new revenue collected from the proposed rates will benefit the District and how will gravity flow save money. Mr. Stratton noted that the one improvement of using elevated reservoirs to provide gravity flow will greatly decrease the District's annual \$700,000 electric bill for pumping. Improvements to the infrastructure will make the system more efficient. Wells that cannot be shut down are \$0.08 per kilowatt and \$0.05 per kilowatt for less critical wells. Well motors will need to be modified to pump the water to the proposed reservoirs.

A District customer thanked the Board and staff for what has been accomplished in the last year and a half.



**VI. ADJOURNMENT.**

Mr. Stratton said that if anyone had any further questions, they could ask the staff that was present. He thanked everyone for attending and noted that the public hearing will be June 13, 1994 at 7:00 p.m. at the Cross Middle School.

The meeting adjourned at 8:47 p.m.

ATTEST:

Clerk

  
Jim Tripp, Vice-Chairman