

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

March 14, 1994
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 Jácome, Member

Others Present: Mark Stratton, MDWID Interim General Manager
 Mike Block, MDWID Hydrologist
 Bill Carroll, Cella Barr & Associates
 Sheila Lewis, MDWID Administration Manager
 Scott Eisenfeld, MDWID
 George Good, Rural Metro Fire Department
 Mike Fleury, Camp, Dresser & McKee
 Michael McNulty, Brown and Bain
 Dan Offret, Community Watch Committee
 Jim Peterson, Town of Oro Valley
 Steve Shepard, MDWID
 Warren Tenney (recording secretary)

I. CALL TO ORDER AND ROLL CALL

- A. The meeting was called to order at 5:01 p.m. by Mr. Herb Johnson, Chairman of the Board of Directors. Mr. Jim Tripp, Mr. Alex Jácome and Mr. Pete Schlegel were present.
- B. Mr. Tripp moved that the Board approve the meeting notice and agenda for March 14, 1994. Mr. Schlegel seconded and the motion passed unanimously with the members present.

II. COMMENTS FROM THE PUBLIC

There was no comment from the public.

III. CONSENT AGENDA

- A. Approval of Minutes - February 14, 1994 Board Meeting.**
- B. Approval of Minutes - February 28, 1994 Study Session.**
- C. Ratification of Billing Adjustments or Small Damage Claims.**
- D. Financial Issues - Update on Revenues, Checks and Warrants.**
- E. Ratification of Contract with Mark Myers.**
- F. Ratification of Contract with SAIC.**
- G. Information Service Subscription Agreement with Pima County.**

Mr. Tripp made a motion to approve all of the items on the consent agenda. Mr. Schlegel seconded the motion and the motion passed unanimously with the members present.

OLD BUSINESS

IV. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

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

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

Mr. Mark Stratton noted that in the March 14, 1994 report regarding 1994 water rates that was provided to the Board, he suggested an option for rate adjustments based on the District's request for a modification to the Asset Purchase Agreement. The modification involves the City of Tucson's willingness to allow the District to take the eighty percent of the CAP per the agreement at the Avra Valley Pilot Recharge Project at the City's cost by July 1, 1995. The Rate Advisory Committee has not yet met to discuss the proposed concept, but a meeting will be scheduled and a formal recommendation to the Board will be prepared.

Mr. Johnson said that Camp Dresser & McKee and Cella Barr & Associates have submitted the Capital Improvement Program for review by the Board, staff and Technical Review Committee. Rates will need to be increased to finance the Capital Improvement Program but they need to be balanced for the customers. City of Tucson's response to the District's request to modify the Asset Purchase Agreement will affect the rate increase.

B. Rancho Vistoso Water Company Condemnation -- Request for Payment; Time Frame.

Mr. Stratton reported that a March 14, 1994 letter has been sent to Mr. Chuck Sweet, Town Manager of Oro Valley, informing the Town of Oro Valley that it can assume the District's position regarding the Rancho Vistoso Water Company condemnation and that the District releases Frank Cassidy as legal counsel. This is based upon the Board's adoption of Resolution 1994-1 and the District's receipt of payment for all legal fees incurred regarding the condemnation from the Town of Oro Valley. The letter expressed continued support from the District to the Town of Oro Valley.

Mr. Johnson thanked Mr. Stratton and the Board members that worked with the Town of Oro Valley regarding the Rancho Vistoso Water Company condemnation.

The Board decided to postpone discussion of legislative issues until Mr. Michael McNulty arrived.

NEW BUSINESS

V. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

A. Administration and Management

1. Fiscal Year 1994-1995 Budget - Draft Proposal.

Mr. Stratton reported that staff has been developing a budget for the Fiscal Year 1994-1995. Due to limited time for completing the budget, two members of the Board may want to work with staff to finalize the draft budget.

Mr. Johnson suggested that a study session be scheduled so all Board members can be involved in discussions regarding the budget.

2. Vehicle and Liability Insurance - Request Bid Proposals.

Mr. Stratton explained that when the District previously requested bids for vehicle and liability insurance, the insurance companies indicated that they required six months to prepare their bids. Presently, the District has six months before needing to repurchase its vehicle and liability insurance.

Mr. Tripp made the motion to authorize staff to request bid proposals for vehicle and liability insurance coverage from October 1, 1994 through September 30, 1995. Mr. Jácome seconded the motion and it passed unanimously.

3. Sponsor of Summer Students.

Mr. Stratton noted that the District sponsored two students in the office and two in the field during the summer of 1993. In reviewing its needs, staff determined that there would not be adequate work in the Administration Division; however, one or two students could be employed by the Utility Division during the summer of 1994. The District could also sponsor a youth for \$892 for the summer.

Mr. Tripp questioned how many students could be kept busy and if they would have proper supervision. Mr. Stratton said two students could be kept active by accompanying the Utility Technician on his routine visits to the various sites where the students could provide site maintenance and landscaping. The Utility Technician would provide supervision and transportation for the students.

Mr. Jácome questioned what was involved with sponsoring a student. Ms. Sheila Lewis explained that the District could sponsor a student for \$892, which would enable the youth to receive training or schooling. Mr. Jácome suggested that the District hire a student rather than become a sponsor.

Mr. Tripp made the motion to hire two students from Pima County's Pledge-A-Job program. Ms. O'Rielly seconded the motion and it passed unanimously.

4. Recommended Salary Adjustments.

Mr. Stratton reported that Mr. Johnson, Mr. Tripp and himself met to adjust salary rates within the salary ranges approved by the Board at its February 14, 1994 meeting and within the budget. The recommendations for salary adjustments are detailed in a March 14, 1994 report by Mr. Stratton.

Ms. O'Rielly made the motion to accept the salary adjustments as noted in the March 14, 1994 report regarding recommended salary adjustments. Mr. Tripp seconded the motion and it passed unanimously.

5. Approval of Intergovernmental Agreement with Pima County - Sewer Billing.

Mr. Stratton reported that an intergovernmental agreement (IGA) with Pima County regarding sewer billing had been completed. Mr. George Brinsko, Director of Pima County Wastewater Management, noted that the District's accounts need to be separated from the contractual arrangements between Pima County and Tucson Water, which should be completed in the near future. The Board needs to approve the IGA before Pima County Board of Supervisors can approve it. The IGA has an indefinite time frame but the rate per customer will be adjusted annually. The IGA also provides for the District to enlarge the sewer billing process by performing the billing for other Northwest area water providers.

Mr. Tripp made the motion to authorize the Chairman to sign the intergovernmental agreement regarding sewer billing and work with Pima County Wastewater Management staff to secure final arrangement for the agreement. Ms. O'Rielly seconded the motion.

Mr. Schlegel questioned if additional staffing would be required to fulfill the IGA and if all costs of the IGA have been considered. Ms. Lewis said that it is possible that additional assistance to initiate the billing process may be required for the first thirty days. Mr. Stratton said that approximately ten to eleven thousand sewer accounts are in the District. The sewer bills remain consistent throughout the year with adjustments for opening and closing accounts. EPA requires quarterly inserts in the billing notices. All aspects regarding the IGA have been considered.

Mr. Jácome questioned if the data determined on the sewers will provide information regarding effluent and septic tanks. Mr. Stratton said the information regarding sewer billing will determine how much effluent goes to the Ina Treatment Plant. Also, the indirect recharge from septic could be considered.

Mr. Johnson called for a vote on the motion regarding the intergovernmental agreement with Pima County regarding sewer billing. The motion passed unanimously.

The Board returned to Item IV.C.2.

IV. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

C. Legislative Issues.

1. District Proposed Legislation.

Mr. Michael McNulty reported that the Arizona Senate passed S.B. 1562 and S.B. 1563 and both bills will be reviewed by House committees during the week of March 21, 1994. The Town of Oro Valley has identified concerns regarding tax authority in S.B. 1563 and has sent a letter expressing its concerns to Legislators. District staff has addressed the Town of Oro Valley's concerns.

2. Other Legislative Matters.

Mr. McNulty said no other legislative matters needed to be discussed.

V. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

B. Engineering and Planning

1. Update on the Water System Management Plan and the Capital Improvement Program.

Mr. Stratton said that the Board received copies of the draft Water System Management Plan and the draft Capital Improvement Program. As previously discussed at the February 28, 1994 study session, the Water System Management Plan needs to be modified due to the high growth occurring in the Northwest area of the District. Current platted subdivisions, properties being rezoned and projects under construction total over 1,800 new residences within the District. The modification to the Water System Management Plan would provide for an additional reservoir to serve A and Z Zones by gravity. Prior to the construction of a Northwest Reservoir, B and C Zones would be serviced through a pressurized system. The C Zone portion of the area is anticipated to have little future development for a few years. Utilizing a reservoir in the area to pressurize predominately for the B Zone would not require much energy cost due to usage of gravity. Mr. Johnson has been assisting with the proposed modification. Camp Dresser & McKee (CDM) have been informed of the requested modification and the overall cost impact is to be provided to the District.

Mr. Johnson noted that the basic issue for modifying the Water System Management Plan is that Linda Vista Estates does not have enough water in an emergency. The District is reviewing the reports and concurs with the basic plan, but must be able to realize financially the plans. The

proposed reservoir to the north of Naranja Drive is one project that may need to be deferred due to finances. This is one reason the plan needs to be modified. By splitting the storage facilities between the area south and north of the CDO Wash, service will be provided for the entire area. A storage reservoir needs to be constructed to provide backup to Linda Vista Estates as well as support the new development in the area. Mr. Johnson said he wanted to reiterate that the District needs additional engineering staff. Mr. Stratton has had to assume the position of General Manager and District Engineer and has demonstrated his ability to do both jobs but his time is taxed. If the District wants to be an active water agency, it cannot be understaffed.

Mr. Schlegel requested that personnel needs be discussed as part of the study session regarding the budget.

2. Northeast Reservoir.

Mr. Stratton reported that he wrote a letter to the Cobo Catalina Homeowners Association regarding the proposed Northeast Reservoir. Mr. Wayne Tanner, president of the Homeowners Association, indicated in a phone conversation that he opposed the construction of a reservoir. A letter was also distributed to the Board that was received from Ms. Virginia Noyes of the homeowners association. Brown & Bain provided an analysis of approaches the District can pursue to deal with the CC&R. One means is to demonstrate the number of nonconformance regarding the CC&R within the homeowners association. Mr. Stratton noted that he would attend a homeowners association meeting to determine the association's concerns.

Mr. McNulty said that the District can pursue different options. The District can continue a dialogue with members of the homeowners association to gain their approval or survey the compliance of the association members to their own CC&R in order to make a case against it.

Mr. Johnson suggested providing the homeowners association with renderings prepared of the final look in order to gain approval of the homeowners association.

Mr. Tripp noted that since the Northwest Reservoir takes precedence over the Northeast Reservoir, then the District can continue to work with the homeowners association to gain their support.

Mr. Tripp made the motion to authorize the General Manager to seek the support of the homeowners association through continued dialogue and to have renderings prepared of the final look. Mr. Schlegel seconded the motion.

Mr. Jácome questioned the cost of the renderings. Mr. Michael Fleury of CDM said that the cost for a rendering from an aerial view could be between \$2,000 and \$4,000. Mr. Jácome, Mr. Fleury, Ms. O'Rielly and Mr. Schlegel discussed other options, but concluded that the best approach for the cost would be the aerial view.

Mr. Johnson called for the vote on the motion regarding the Northeast Reservoir. The motion passed unanimously.

3. Avra Valley Pilot Recharge Project.

Mr. Stratton explained that the Avra Valley Pilot Recharge Project is progressing rapidly. Staff and Mr. Schlegel met with the Central Arizona Water Conservation District's (CAWCD) staff to discuss CAWCD's involvement in the project. CAWCD is positive about the project. Ownership of the project needs clarification. CAWCD's approach is that the percentage of the project's cost incurred is to be the percentage share of ownership. If CAWCD funds the construction of the project, CAWCD assumes the majority of ownership. Due to the recharge potential for the facility, the District may not need to own fifty percent of the project. The various options will be presented to the Board before a final financial agreement is completed with CAWCD. A meeting is being scheduled for all parties involved in the project.

Mr. Jim Peterson of the Town of Oro Valley asked if any other water providers have been invited to participate. Mr. Stratton explained that the ownership aspect needs resolution because the Northwest Water Alliance is part of the overall concept of the Northwest TAMA Replenishment Program and their participation was part of the project's original intent. Another aspect is to assume a role of establishing certain equity in the program based on the Northwest Water Alliance needs and allowing them to reimburse through an operation maintenance type of contract in order to pass the cost along to ratepayers in lieu of a capital investment.

Mr. Schlegel explained that the District will have first right of refusal for the project. Since the District's needs can be met with less than the entire project's potential, other providers in the Northwest Water Alliance will be in a good position. Mr. Peterson asked if other providers will be able to contract for water. Mr. Stratton said without an allocation, the water will be at spot market value. Mr. Schlegel said that ADWR is addressing reallocation.

4. Bids for First Quarter Phase II and Phase V Testing.

Mr. Michael Block explained that ADEQ requires quarterly tests during the year. The District had sought to gain bids for annual testing; however, it was decided to seek only quarterly bids while reviewing the laboratories' work as well as evaluate the recent situation between ADEQ and Tucson Water regarding Phase II and Phase V Testing. Staff recommends dividing the first quarter bid between Aquatech Lab and Copper State Laboratories.

Mr. Tripp made the motion to divide the contract for analytical services between Aquatech Lab and Copper State Laboratories. Aquatech Lab would be responsible for all organic samples except Copper State Laboratories would complete the VOCs samples. Mr. Schlegel seconded the motion.

Mr. Schlegel inquired if testing could be done jointly among the members of the Northwest Water Alliance. Mr. Stratton and Mr. Johnson explained that coordinating the tests would increase the cost because each water provider has different reporting period.

Mr. Jácome asked how the samples would be sent to Aquatech Lab. Mr. Block said that the samples would be sent by UPS.

Mr. Tripp wanted to confirm that Aquatech Lab was \$850 and Copper State was \$85 per sample with a total for ten samples costing \$9,350. Mr. Block said that was correct.

Mr. Johnson requested that the Rate Advisory Committee be provided with information about the increase cost for the new testing requirements.

Mr. Jácome wanted to confirm that the testing meets the requirements for ADEQ and EPA. Mr. Block said the testing meets the requirements.

Mr. Johnson called for a vote for the motion regarding the contract for analytical services. The motion passed unanimously.

C. Operations and Maintenance

1. Status of Projects.

a. Marlene Storage Tank.

Mr. Stratton reported that eighty percent of the sand blasting is completed on the Marlene Storage Tank. The tank is in poor condition. Mr. Dave Tanner and Mr. Gary Smyth will be inspecting the tank to determine the cost feasibility of repairing the tank or replacing it. Staff will keep the Board informed.

b. Well Maintenance Contracts.

Mr. Stratton said that currently Far West Pump Company is performing the maintenance work at New Linda Vista and Gilbert Pump Company is working at the Oracle Jaynes Stations site. The current work should be completed within three to four weeks and then the work will be done at Old Linda Vista and Hardy wells. Staff is working on a few minor problems that have occurred due to low pressure.

c. Escondido Tank Repair.

Mr. Stratton reported that a new tank was ordered on March 11, 1994 at a cost of \$12,000. Due to the age of the tank and the system, design modifications are being made to update the system. The District is working with three contractors before determining the final cost agreement for the design modifications. The insurance company denied coverage regarding the damage of the tank itself but specified that they want to receive copies of the cost incurred to determine whether some of the repair work was caused by the damage.

Mr. Jácome questioned the reason for the insurance denying coverage. Ms. Lewis explained that the insurance company hired an engineer who determined that the explosion was internal, which the insurance policy does not cover. Mr. Stratton noted that the District is requesting that the insurance company provide in writing the justification for denying coverage.

Mr. Tripp and Mr. Jácome requested that the policy with the insurance company be reviewed; however, the tank needs to be repaired as soon as possible.

D. General Manager and Staff Report

Mr. Stratton reported that the District has had theft problems with the office broken into twice and the dump trailer stolen at the Hardy Road site. The cleaning crew had failed to set the alarm causing the first break-in to go undetected, but the alarm did work when the second break-in occurred. Petty cash and keys were stolen at the office. The office locks have been rekeyed. The insurance company has been notified of the stolen trailer. Mr. Tripp and Mr. Schlegel suggested that the old combination lock in the office should be fixed and used.

Mr. Stratton noted that Mr. Block, Mr. Neil Peters and himself will be giving presentations at the annual Arizona Water and Pollution Control Association conference. The District has the most speakers at the conference than any other organization. Mr. Block will discuss Phase II and Phase V water quality sampling, Mr. Peters will speak on preventative maintenance, and Mr. Stratton will talk about a diversified long range water resource plan.

Mr. Stratton reported that during the routine water quality sampling, an exceeded chloroform in the area of Campo Bello and Calle Concordia vicinity was detected. It appears to be a result of back siphonage from the pressure tank at the Campo Bello West well that was created by the low pressure system from the New Linda Vista well being shut down. ADEQ has been contacted and the District may need to notify customers of the high level of chloroform. The Board will be kept informed of the situation.

Mr. Jácome questioned if a back flow device is needed for these sites. Mr. Stratton said that the valve at Campo Bello West should have been shut off completely and that issue has been corrected.

VI. ADJOURNMENT

Mr. Tripp moved that the Board meeting be adjourned. Mr. Jácome seconded and the meeting was adjourned at 6:18 p.m.


Herb Johnson, Chairman

ATTEST:


Clerk