

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

**November 18, 1999**

**\*\* Cafeteria \*  
FRUCHTHENDLER ELEMENTARY SCHOOL  
7570 E. Cloud  
Tucson, AZ 85750**

**MINUTES**

Board Members Present:                      Sam Ray, Chair  
    Marlene Wright, Vice-Chair  
    Jim Doyle, Member

District Staff:                                      Mark R. Stratton, General Manager  
    Warren Tenney, Clerk of the Board  
    Phil Higdon, Legal Counsel

**I.      Call to Order, Roll Call, Welcome & Introductions**

Sam Ray, Chair of the Board of the Metropolitan Domestic Water Improvement District (District) called the public meeting to order at 7:06 p.m. Ms. Wright was present. Mr. Doyle was not present at the beginning of the meeting. Mr. Polley and Mr. Schlegel were not in attendance.

Mr. Ray welcomed the members of the audience and introduced himself. He stated that the District encompassed approximately 44,000 residents and the Hub service area had approximately 1,600 service connections. He said that the Board of Directors are elected by the residents of the District and although Metro-Hub residents are not currently residents of the District, the members of the Board do serve their interests. He explained that the Board of Directors oversees the budget, oversees issues affecting the District, provide direction to the General Manager and generally look out for the interest of the rate payers.

Mr. Ray introduced Ms. Wright and gave brief biographies for the remaining Board members. He stated that the District had 49 full-time employees. He introduced Mark Stratton, General Manager; Chris Hill, Deputy Manager; Mike Land, Chief Financial Officer; Warren Tenney, Assistant to the General Manager; Charlie Maish, District Engineer; and Steve Dean, Utility Superintendent.

## **II. Overview of Metro Water District**

Mr. Stratton thanked the members of the audience for attending and stated that displays had been prepared to offer information and staff members would be available to address any of their questions and concerns. He informed the members of the audience as to the background of Metro Water District. Mr. Stratton stated that the District was formed in 1992 to purchase the Metro Water Company. Mr. Stratton explained the history of the formation of the District. He explained that the District needed to make a number of improvements to its infrastructure. Voter approval to sell Capital Improvement bonds was given in 1997. He told the audience members of resolving the litigation with City of Tucson over contractual obligations with Central Arizona Project (CAP) water and CAP recharge efforts in the Avra Valley area. He advised that the District does not have the infrastructure ability to deliver CAP at the present time, but is exploring all options to use its CAP allocation. He added that these projects would require significant financial contributions and that the Board of Directors would be reviewing whether or not to pursue these options.

Mr. Stratton stated that the District hydrology and other staff were well informed on water quality issues and current and forthcoming regulatory requirements. He said that the District recognized that Hub Water Company did have one monitoring violation for lead and copper during 1998 but that District staff has performed recent sampling and found the water to be fine. All Metro-Hub Water Customers will be receiving notice of this violation in the mail. He reiterated that the monitoring violations occurred under the Hub Water Company ownership, that the District had no monitoring violations. Mr. Stratton stated that District staff was keeping informed of all new regulations regarding radon and arsenic.

Mr. Stratton said that the District has become a regional player in water issues. He stated that for a number of years, Tucson Water was the only public water system in the basin, then the District became the second water provider and since then Marana and Oro Valley have joined in. He said that the District is taking an active role and becoming more vocal on the issue of water resource management and planning to ensure longevity and proper utilization of resources.

## **III. Information about Metro Water District's Rate Structure**

Mike Land explained that the District recognized that its new customers in the Metro-Hub service area were concerned about customer billing and rates. Mr. Land explained that the rates are to cover debt service, bonds and capital projects for the District. He stated that a key factor for the rate structure was to promote conservation and that was one reason the Board of Directors adopted a tiered structure instead of a uniform structure, as had been used at Hub Water Company. Mr. Land explained that in 1995, customers were notified of the proposed rate structure, a public hearing was held, the rate structure request was adopted in November 1995. He reviewed how the rate structure, the base residential rate and the summer rates are calculated.

Mr. Land stated that compared with seven local water utilities, the District's rates were in the middle. He explained that Hub Water Company customers had had no rate increase since 1984.

If basic inflation had been factored by the Hub Water Company, then the rates would be about the same as the District's rates.

Jim Doyle joined the meeting at 7:33 p.m.

#### **IV. Metro Water District & the Hub Water Service Area**

##### **A. History of Hub Acquisition.**

Mr. Stratton informed the audience that the previous owners of Hub Water Company contacted the District in 1996 to determine interest in purchase of the water company. He stated that at that time, the District was not in a financial position to acquire the Hub Water Company. A homeowner's group investigated the possibility of forming a district and obtaining Hub Water Company. Earlier this year, the owner of Hub Water Company again contacted the District to see if there was an interest to purchase the company. The District determined it would be a worthwhile investment and an opportunity to address the concerns of area residents for delivery of water. Mr. Stratton said that in June 1999, Metro Water District took over operation and maintenance of Hub Water Company but that the residents of the newly formed Metro-Hub service area are not legally residents of the District and do not presently have legal standing to take any action on water issues. He stated that the purpose of this meeting was to provide information on the annexation process.

##### **B. Accomplishments on Hub Water Service Area.**

Steve Dean told the audience that the District, in its original service area, pumped 8 million gallons of water per day to customers and, in the Metro-Hub service area, 1 million gallons per day is pumped. He stated that some of the improvements made by staff to the Metro-Hub area included upgrading old service lines, addressing low and high pressure areas, upgrading air compressors to prevent mainline breaks, and addition of new chlorination systems. Mr. Dean also indicated that the well sites had been analyzed for proper maintenance scheduling.

##### **C. Plans and Goals for Hub Water Service Area.**

Charlie Maish identified the District's goals for the Metro-Hub service area. He stated that presently about one-third of the pipelines are 4" diameter or smaller and do not provide for adequate fire flow protection. Mr. Maish said that staff will be identifying and upgrading pipelines to provide for adequate water distribution for all needs including fire flow. He stated that the well production and supply is adequate but that there is a need for additional storage tanks. He told the audience that the Bond Oversight Committee had made a recommendation to the Board of Supervisors to consider transferring \$900,000 in the Capital Improvement Project budget to provide improvements to the Metro-Hub service area. The money had been originally designated for Oro Valley Improvement District #1, which has since returned to Oro Valley. Mr. Maish indicated that the primary focus of those monies would be used towards installing a telemetry system, auxiliary power and improvements in storage facilities. He stated that staff is reviewing prior Hub Water Company records and developing new system maps to locate all

pipeline and valve locations to insure rapid response to any water related emergencies. He said that the Board of Directors previously approved appointment of a consultant for the Metro-Hub service area to help staff make long range planning ideas on where to locate any new wells. He stated that the District's goal was to improve the Metro-Hub water system.

#### **V. Annexation – Why & the Process**

Mr. Ray told the audience members that they could pursue annexation opportunities, form their own water district or take no actions. He encouraged them to meet with their neighbors and explore their options. Mr. Ray stated that the District could offer assistance with regards to annexation, but would not initiate any action.

Mr. Stratton outlined the annexation procedures. He stated that the District has legal descriptions available that residents would need to draft a petition to identify property owners and obtain signatures of the majority of persons owning property or 51% of property owners. The next step would be to file the annexation request with the Board of Directors, who would then schedule and hold a public hearing and vote to approve or not approve the annexation request. Mr. Ray emphasized that the District has maps, legal descriptions and list of Metro-Hub service area residents that would be made available to the residents if they so requested.

#### **VI. Questions & Answers**

A member of the audience asked what financial obligations of the bonds would they face if they chose to annex into the District. Mr. Ray responded that the bonds are being paid off by rate payers through the established rates and Hub Metro service area rate payers would have to assist in paying off the bonds whether they were annexed into the District or not. Mr. Stratton stated that under Arizona Revised Statutes, the District had the authority to levy taxes but that the Board of Directors had directed that all revenues received be from water user fees and not impose any taxes.

A member of the audience inquired if the District would levy taxes on only the Metro-Hub service area. Mr. Stratton answered that the levying of taxes had to be a uniform process and the District could not be selective.

A member of the audience asked if the Metro-Hub service area did not choose to be annexed, would the rates remain the same for the District Main area and the Metro-Hub area? Mr. Ray replied the rates would remain the same.

A member of the audience asked if the District had by-laws that prohibited two service areas from having two different rates. Mr. Ray replied that annexation would put the Metro-Hub service area in the District and the rates would remain the same. He added that Flowing Wells and Oro Valley and Tucson Water have higher rates for their customers who reside outside their jurisdictional areas.

An audience member commented that they had formed a coalition of homeowners associations to investigate the acquisition of the Hub Water Company. He suggested that they try to revive that particular group of people and have an individual meeting of that group so that each representative can then speak to their respective homeowner association group about annexation. Mr. Stratton stated that District staff would provide any documentation needed.

Bob Kendro, Metro-Hub service customer, wanted to know the justification for doubling their rates when Hub Water Company was doing just fine. Mr. Ray responded that the Metro-Hub service area had not had a rate change since 1984. The Hub Water Company had made no improvements to their system for over 10 years and improvements are needed. ADWR was on the verge of issuing penalties against the water company because the consumption per capita was exceeding the regulated amount. Mr. Kendro asked if Hub Water Company charged too low a rate to make improvements. Mr. Ray responded that a study was performed in conjunction with Tucson Water and the District and they found that the expenses to maintain and keep the system up to date exceeded the income of Hub Water Company.

Ms. Wright indicated that there is a separate budget for the Metro-Hub service area that details all the income and expenses and it is available for public inspection. She stated that it helps customers to have representation and welcomed Metro-Hub service area residents to become involved.

A member of the audience pointed out that the homeowners associations investigations revealed that the owner of the Hub Water Company was not making a profit. In looking at forming its own water district, the homeowners associations projected that the rates would have to be raised within 5% of every one of the District's.

Mr. Ray reiterated that the Board of Directors decided everyone serviced by Metro Water District would pay District rates. It should be noted that sewer charges are also included in the monthly billing.

An audience member asked if there were any chance that Tucson Water would take over providing Metro-Hub service area water. Mr. Ray replied not as long as he served on the Board, but he did explain the remote possibility of Casas Adobes becoming a town and forming its own water department. He added that he does not foresee that possibility in the near future.

A member of the audience inquired about the District installing fire hydrants. Mr. Stratton replied that about 1/3 of the lines are too small to relay adequate fire flow, but the District does have plans for mainline replacement and installation of fire hydrants. He stated that staff will work with Rural Metro to determine appropriate locations for improvements but it would take some time.

An audience member asked that if they did not annex into the District but that City of Tucson annexed them into their boundaries, what would be the implication on their water source. Mr. Stratton replied that if the residents annexed into the District first, then the District would have prior rights but explained about condemnation rights. The audience member asked if the Metro



Water District was located within the City of Tucson boundaries. Mr. Ray replied that the District was located in Pima County but if the District were to be annexed by Oro Valley, Marana or Casas Adobes they would have the same powers for condemnation.

An audience member asked about the possibility of recharging in the Metro-Hub Service area. Mr. Stratton stated that the only recharge in this area was natural recharge from the mountains through Sabino Creek and Tanque Verde Creek. He said that currently there is no recharge water pumped into the District area that the only recharge being done was in Avra Valley because it was close to the CAP canal. He indicated there was a possibility of pumping CAP water to the District but it would require a financial venture with Marana and Oro Valley for infrastructure.

An audience member asked if the District was recharging someone else's water in order to retain rights to CAP water. Mr. Stratton explained about the capital component charge that the District has to pay whether they use it or not. He informed the audience about groundwater credits and paper water versus wet water.

An audience member asked if the District had plans for future CAP water direct delivery. Mr. Ray stated that Proposition 200 did not affect the District. Mr. Stratton added that the cost for a pipeline and treatment plant would be very costly and that delivery of CAP water is always an option but since it is so far in the future, the District is not even looking at that issue. He stated that the American Water Works Association (AWWA) is predicting that by the year 2020 all water would go through a membrane filtration system before delivery into the home and at that time it might be cheaper to delivery CAP water.

An audience member asked how many connections Metro Water had. Mr. Stratton replied that there were 15,000 connections in the Metro-Main service area and 1,500 connections in the Metro-Hub service area.

An audience member asked how built-out the Metro-Hub service area was and Mr. Maish responded that it was 90% built out.

An audience member asked if Metro Water District anticipated further growth, what was the District's future plans and vision. Mr. Ray replied that the Board was not aggressively seeking the purchase of additional water companies, he indicated that the Board's main concern was to maintain a good water system that was cost-effective.

Lois Kulakowski, a Metro-Hub customer asked about the costs involved in petitioning for annexation. Mr. Stratton said the costs would be minimal as District staff could provide maps, legal descriptions and prepare the petitions for signature.

An audience member asked why the Board of Directors decided to purchase Hub Water Company. Mr. Ray responded that after looking at the well sites, the history of the wells and no problems involved with meeting a 100-year water supply requirement, the Board felt it would be a cost-effective move.

The City of Tucson has approached the District about the possibility of buying some Tucson Water service areas that border Oro Valley and the District. He stated that there is a possibility of acquiring additional service areas contiguous to our system if it is determined to be cost-effective.

An audience member asked if the Metro-Hub service area wells were as low as those in the Tucson Water service area. Mr. Stratton stated that the Metro-Hub service area is in a good hydrological position since it receives natural recharge from Sabino Creek and Tanque Verde Creek.

Mr. Ray thanked the audience for attending the meeting. Mr. Stratton stated that staff would be available to address any concerns.

**VII. Adjournment**

The meeting was adjourned at 8:31 p.m.

  
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Clerk of the Board  
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Sam E. Ray, Chair of the Board