

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

October 25, 1993
5:00 P.M.
7493 North Oracle Road, Suite 219
Tucson, Arizona 85704

MINUTES

ATTENDANCE:

Members: Herb Johnson, Chairman
Jim Tripp, Vice-Chairman
Pete Schlegel, Member
Kate O'Rielly, Member
Alex Jacome, Member (arrived at 5:15 p.m.)

Others Present: Charles Huckelberry, General Manager
Mark Stratton, MDWID Engineer
Michael McNulty, Brown and Bain
Rick Rollman, Gabroy, Rollman & Bossè
Lisa McDaniel, Camp, Dresser & McKee
Mike Fleury, Camp, Dresser & McKee
Bill Carroll, Cella-Barr & Associates
Mark Cross, E.L. Montgomery & Associates
Barbara Johnson, Pima County
Dan Offret, MDWID Advisory Committee
Jim DeGrood, Town of Oro Valley
Chuck Sweet, Town of Oro Valley
Jim Peterson, Town of Oro Valley
Herb Bloom, Metro Water District Customer
Julie Johnson, MDWID Employee (recording secretary)

A. CALL TO ORDER AND ROLL CALL

1. The meeting was called to order at 5:10 p.m. by Herb Johnson, Chairman of the Board of Directors. Herb Johnson, Jim Tripp, Pete Schlegel, and Kate O'Rielly were present.
2. Jim Tripp moved that the Board approve the meeting notice and agenda for October 25, 1993, Pete Schlegel seconded and the motion passed unanimously.

OLD BUSINESS

G. EXECUTIVE SESSION

Pursuant to A.R.S. § 38-431.03(A)(4) to discuss Metropolitan Domestic Water Improvement District's Position with Counsel as it Relates to the Acquisition or Condemnation of the Rancho Vistoso Water Company.

At this time (5:12 p.m.) the Chairman indicated the Board would be holding the executive session. Mr. Tripp moved that the Board go into executive session, Mr. Schlegel seconded and the motion passed unanimously with four members present.

At 5:25 the Board returned to regular session, with Mr. Jacome now present.

Mr. Jacome made a motion to direct staff and attorneys to proceed with filing an amended condemnation complaint including all of the proper legal descriptions, and initiate the process to employ extra consultants to establish the value of the Rancho Vistoso Water Company. Mr. Tripp seconded the motion, and it carried unanimously.

B. COMMENTS FROM THE PUBLIC

Introduction of guests. See attached attendance sheet.

NEW BUSINESS

C. REVIEW/DISCUSSION OF VARIOUS TASKS ASSOCIATED WITH THE WATER SYSTEM MANAGEMENT PLAN - DISCUSSION

Mr. Mike Fleury of Camp, Dresser, & McKee introduced himself as well as Lisa McDaniel of Camp, Dresser, & McKee, and Bill Carroll of Cella-Barr and Associates. Mr. Fleury gave a brief overview of the Water System Management Plan, indicating the Plan is intended to encompass everything within the District boundaries including Oro Valley Improvement District No. 1.

He indicated Task A is the development of a water system model. Task B is the development of the facilities data. Task C is the development of land use, population data, water demands and overall system design criteria that will go into the model. Task D is an evaluation of the water supply sources, including the existing well system, Central Arizona Project water, and reclaimed water. Task E is an evaluation of the existing distribution system. Task F is an evaluation of future system requirements.

He indicated that as part of the Management Plan, a five year capital development program would be prepared to determine the ultimate needs of the District in terms of future bond requirements. Mr. Fleury stated that the water system model would become an integral element of the District, and that CDM would train District staff to use the model.

In answer to a question from Mr. Jacome, Mr. Fleury indicated that the District would be billed upon actual CDM activity only, and not on planned CDM activity. Mr. Schlegel asked Mr. Fleury to provide copies of the flow chart and project schedule to the Board, and Mr. Fleury indicated he would do so.

Ms. McDaniel highlighted the work that has been accomplished on Tasks A and B for the water system model, on Task C in developing water demands, on Task D in defining the water supply scenarios, and on Task E in developing system design criteria appropriate for the District's service area.

In answer to Mr. Jacome's question, Mr. Fleury indicated that the water model, which was done on an autocadd system, is compatible with the District's autocadd system.

In answer to Mr. Schlegel's question, Ms. McDaniel indicated that the Management Plan does address the fact that although the District has no existing gravity storage, Lot 39 at First Avenue and Magee has been purchased by the District for the purpose of constructing gravity storage.

Mr. Schlegel inquired if CDM had reviewed the Northwest Water Agreement the District has with the City of Tucson, in particular the 80 percent CAP water, and whose numbers would be used, the District's, CDM's or the City's. Mr. Huckelberry answered that the Asset Purchase Agreement stated that for July 1, 1995, it is 80 percent of water used in the previous fiscal year. Thereafter, it is negotiable and will require much more discussion with the City of Tucson. Mr. Fleury feels there is enough ambiguity within the Agreement to allow many avenues to be explored. He indicated this Management Plan would give Mr. Huckelberry the scenarios and numbers needed to present to Tucson Water.

Mr. Schlegel asked about the City's capability to deliver to the eastern side of the District. Mr. Fleury indicated their capability is limited.

Mr. Fleury indicated the time frame for making the system improvements is tight. Mr. Johnson asked, in the event the District is not capable of accepting treated CAP water by July 1, 1995, if the 6,000 acre feet of water could be pumped into the aquifer. Mr. Fleury indicated that was possible. Mr. Schlegel suggested that the District begin the permitting process now.

Mr. Schlegel asked CDM to provide a short, written synopsis that could be distributed to interested individuals. Ms. McDaniel indicated that within the Water System Management Plan they would include an executive summary, which would provide the key points and was created especially to be given out. Mr. Fleury indicated the schedule noted a workshop with the Board and the general public to review the plan. Mr. Huckelberry indicated District staff would also be summarizing the data with tables.

Mr. Peterson of Oro Valley requested a summary of what this would mean for Oro Valley District 1. Mr. Fleury indicated they would have something in approximately one month. He also indicated they could enlarge the autocadd map of District 1.

**D. SANTA CRUZ VALLEY WATER DISTRICT PERMANENCY -
DISCUSSION/DIRECTION TO STAFF**

Mr. Huckelberry stated the vote on permanency of the Santa Cruz Valley Water District must take place prior to December 7 of this year. He alluded to the fact that he sits as the Pima County representative to the Santa Cruz Valley Water District Board and therefore felt it was inappropriate for him to assist the District Board in taking a position. He suggested that Mr. Schlegel, as Vice-Chairman of the Advisory Committee to the Santa Cruz Valley Water District, might desire to discuss the issue with the District Board.

Mr. Jacome suggested that a working breakfast or lunch be arranged to discuss the pros and cons so that a decision can be made. Mr. Schlegel stated that a meeting had been scheduled for Wednesday, October 27, from 4:00 p.m. to 6:00 p.m. at the Westward Look. Michael McNulty and Hugh Holub will be hosting the meeting. Mr. Jacome indicated he would like to see a factual listing of the pros and cons, and how permanency will affect the District.

Mr. Peterson stressed the importance of protecting ones own interests. He also alluded to the possibility of the Santa Cruz Valley Water District not becoming a permanent entity, and having an alternate plan of action.

Mr. Huckelberry indicated he and Mr. McNulty would prepare a synopsis of the pros and cons of the Santa Cruz Valley Water District. Mr. Johnson asked Mr. Huckelberry to contact some of the key players and explain to them some of Metro Water District's problems and attempt to generate cooperation. Mr. McNulty indicated there is not much room for negotiation. It will all depend on what the City of Tucson does. He suggested some conversation between Mr. Huckelberry and the City Manager may help. Mr. Schlegel indicated that Tucson Water is lobbying the Council to vote against permanency, but the Board of the Santa Cruz Valley Water District has scheduled meetings and is doing an excellent job of lobbying the Council. He also implied that Tucson Water's credibility with the Council at this time is at a very low point, which could make the difference.

Mr. Peterson indicated that Council Member Janet Marcus had confirmed that there may be a joint meeting of elected bodies to discuss the issue. Mr. Schlegel indicated that the Oro Valley Mayor has stated that she is in favor of permanency, and that Hugh Holub would probably get Nogales involved, approving a

resolution identical to that which Marana has approved. The resolutions indicate the jurisdictions are in favor of permanency, with a change in Board membership. They desire a guaranteed seat on the Board, and that the Board consist of individuals with more knowledge of water issues versus individuals who may be elected because of name recognition.

The issue was continued to the next Board meeting.

E. TAX ISSUES REGARDING NORTHWEST WATER AGREEMENT - DISCUSSION

Mr. Huckelberry brought the Board's attention to the letter sent by District's legal counsel to the City of Tucson, questioning the City's ability to charge a business privilege tax on the Northwest Area Fund, when money is collected outside City limits. He indicated he would keep the Board apprised.

F. DISTRIBUTION SYSTEM REPLACEMENT RELATING TO CENTRAL ARIZONA PROJECT WATER ACCEPTANCE FROM TUCSON WATER BASED ON THE NORTHWEST WATER AGREEMENT - DISCUSSION/DIRECTION TO STAFF

Mr. Huckelberry reported that the District is determining the location of steel and galvanized pipe, both inside the District and immediately outside the District, since steel and galvanized pipe has been identified as causing brown, rusty and dirty water when treated Central Arizona Project water is introduced into the system. He indicated the District system contains approximately 28,000 feet of steel or galvanized pipe, primarily on the east side of the Cañada del Oro Wash. He also indicated they are reviewing a particular City of Tucson service area which is immediately adjacent to where the District has steel and galvanized pipe, to determine if there is any possibility of cooperation between the District and Tucson Water in servicing this area. He suggested that the District could maybe take over that portion of the City's service area in trade for using groundwater for a longer period of time and thereby allowing the District additional time to replace the lines. Mr. Jacome asked how far east the District is contemplating. Mr. Huckelberry indicated that primarily only the area immediately adjacent to the District is being looked at.

Mr. Schlegel indicated he had performed some preliminary inquiries in the neighborhood and the residents indicated they would be in favor of the Metro Water District taking over water service in their area. Mr. Johnson stated a decision would have to be made as to how this District expansion may be funded, indicating that if faced with a special assessment, the residents may change their minds. Mr. Jacome indicated the method used for financing the District may be the key for financing additional expansion of the District.

Mr. Huckelberry indicated it might be appropriate now for the District to begin communicating with the City of Tucson regarding the difficulties they have experienced with Central Arizona Project water. He indicated he would begin drafting correspondence to the City Manager for the Board's review, discussing cooperation on matters of mutual interest. Mr. Jacome made a motion to direct Mr. Huckelberry to take necessary steps to draft letters and communicate with the City of Tucson regarding possible acquisition of adjacent Tucson Water service areas that have steel or galvanized pipe. Mr. Tripp seconded the motion and it carried unanimously.

H. ADJOURNMENT

Mr. Tripp moved that the open session of the Board Meeting be adjourned and the meeting adjourned at 7:25 p.m.



Herb Johnson, Chairman

ATTEST:



Clerk