

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

September 13, 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 - arrived at 5:05 p.m.
Alex Jacome, Member

Others Present: Charles Huckelberry, General Manager
Michael McNulty, Brown & Bain
Mark Stratton, MDWID Engineer
Sheila Lewis, MDWID Employee
Dave Tanner, MDWID Employee
Scott Eisenfeld, MDWID Employee
Steve Shephard, MDWID Employee
Kathy Tanner, MDWID Employee
Marilyn Roberts, MDWID Employee
Dan Offret, MDWID Advisory Committee
Jim Peterson, Town of Oro Valley
Dave Kay, Del Webb
Grace Schuette, MDWID Customer
Julie Johnson, MDWID Employee (recording secretary)

A. CALL TO ORDER AND ROLL CALL

1. The meeting was called to order at 5:00 p.m. by Herb Johnson, Chairman of the Board of Directors. Herb Johnson, Jim Tripp, Pete Schlegel, and Alex Jacome were present.
2. Jim Tripp moved that the Board approve the meeting notice and agenda for September 13, 1993, Alex Jacome seconded and the motion passed unanimously.
3. Jim Tripp moved that the minutes of the August 9, 1993, meeting and August 19, 1993, special meeting be approved, and Alex Jacome seconded. After Pete Schlegel asked that Mark Stratton be listed as MDWID Engineer on the attendance, the motion passed unanimously. At this time, 5:05 p.m., Kate O'Rielly arrived at the meeting.

B. COMMENTS FROM THE PUBLIC

Introduction of Guests. At this time, Grace Schuette addressed the Board to update them regarding oil in her water. Mr. Huckelberry provided input on what the District has been doing to rectify the problem, and reminded the Board that Mrs. Schuette's billing adjustment request had been approved last month. He indicated that modifications have been made to the system to resolve the problem, such as switching to a different water source, and that the District Engineer was to meet with her later in the week. He also indicated that he and Dave Tanner had been to her home and run water through her internal system for approximately 45 minutes, and in that time found no evidence of oil. He stated that this problem was isolated to her residence only, but that the District would continue to work with her to alleviate the problem. Mr. Jacome questioned whether a degreaser could be tried, to which Mr. Huckelberry answered that injecting anything into the line is not advisable since the source provides water to 100 plus homes. Mrs. Schuette is attempting to sell her home, and feels the oil in the water has been a deterrent. A letter from Mrs. Schuette was distributed to each of the Board members.

OLD BUSINESS

C. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

1. Backflow Prevention Program - Report from Staff Regarding Program Development and those Actions of the Board Necessary to Implement the Program.

Mr. Huckelberry asked the Board to review the draft ordinance, indicating that staff would be asking the Board to approve the ordinance in the near future. The timetable of compliance was alluded to, with Mr. Huckelberry indicating we would like to proceed with this in early October. He indicated staff is researching the financing issues and findings would be reported to the Board. He asked the Board to consider a special meeting to adopt the ordinance, and that the financing issues would be addressed at that time. Mr. Stratton explained that the City is exploring the possibility of operating a revolving fund since the Backflow Prevention Program falls under the general guidelines of public health and safety. No action was required by the Board on this item.

NEW BUSINESS

D. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

1. Administrative and Management

- A. Ratification of Billing Adjustments or Small Damage Claims.

Alex Jacome made a motion to accept the recommendations of the General Manager, Kate O'Rielly seconded, and the motion carried unanimously.

- B. Direction to Staff Regarding Scheduling of October Board of Directors' Meeting.

Mr. Huckelberry informed the Board that October 11, 1993, the next regularly scheduled Board meeting, is a legal holiday. It was decided that the Board meeting in October would be held on October 13, 1993. Mr. Jacome suggested that the Board consider a policy addressing Board meetings which fall on Monday holidays. It is to be brought back as an action item at the next Board meeting, to make it policy that meetings which fall on Monday legal holidays will be on the next Wednesday.

- C. Report on Rancho Vistoso Water Company Sale.

Mr. Huckelberry distributed a press release that was issued by the Town of Oro Valley, which indicated that they are interested in pursuing negotiations for acquisition of Rancho Vistoso Water Company, have engaged the services of a legal firm to represent the Town, and are undertaking appropriate studies and actions. Mr. Huckelberry indicated that the Oro Valley Town Manager is attempting to arrange a special Oro Valley Town Council meeting this week to take further actions on the acquisition.

Mr. Schlegel asked whether the Town of Oro Valley has the staff to manage the Water Company, or if the District should offer to manage it for them through intergovernmental agreement. He also questioned if any of the system to be acquired was outside the Town of Oro Valley's jurisdiction and, if so, could the District consider bidding on that portion.

Mr. Huckelberry indicated that he had offered the District's assistance to the Town and that if they indicated they would like assistance, he would ask for a special meeting of the Board to offer that assistance formally. His offer of assistance was acknowledged and

appreciated, and the Town indicated that when the time was appropriate, they would, if necessary, ask for our assistance. Mr. Jacome voiced the assumption that that assistance would also include providing the vehicle with which they buy the water company. Mr. Huckelberry answered that we would provide whatever assistance the Town deems appropriate.

D. Health Care Benefits - Conversion to County Health Benefit Program.

Mr. Huckelberry expounded on his memorandum. He indicated that the item was to be on the Pima County Board of Supervisors' agenda of September 14, 1993. He reiterated the savings to both the employees and the District, as well as the three recommendations he was making to the Board of Directors.

Mr. Jacome made a motion to accept the recommendations of the General Manager, Jim Tripp seconded it, and the motion carried unanimously.

E. Update on Deposits, Checks, Warrants and Projected Expenditures.

Mr. Huckelberry explained the new format we would be using for financial reporting, indicating Sheila Lewis and he would be working to make a more understandable reporting format. Mr. Huckelberry brought attention to the Monthly Sales Report, bringing particular attention to the bulk sales, and the increase from July to August. He explained that this increase is a precursor to another increase that will occur six months later in new connections. Pete Schlegel requested a change from Year to Date to Fiscal Year to Date. He also noted a decrease in water consumption from July to August. Mr. Jacome requested that we compare year to date figures next year. Mr. Huckelberry indicated we will be using graphics in the future for comparison purposes.

Jim Tripp made a motion to accept the deposits, checks, warrants, and projected expenditures, and Pete Schlegel seconded. Mr. Jacome questioned the check to Metering Services Incorporated and Mr. Huckelberry explained they were the company changing the meters for us, indicating they are close to completion on the small meters they will be changing for us, and they would then move on to the large meters. Our staff will complete the small meter replacements. The motion was unanimously approved.

F. Tom and Erin Leadbetter Request to Provide Service Outside and Adjacent to the District Boundary.

Mr. Huckelberry provided a chronology of the Leadbetters' actions to date. He suggested the Board agree to provide service to the Leadbetters and agree to resolve any problems that may arise with the City of Tucson. Jim Tripp made a motion to accept the General Manager's recommendations, Alex Jacome seconded it, but asked Michael McNulty what kind of exposure the District may face. Mr. McNulty indicated that the District may provide service outside of its boundaries. The exposure will probably be that the City may sue. Mr. Schlegel mentioned that the Leadbetters would have to be advised of a lien against their property. Michael McNulty indicated they would not have a lien because they are not petitioning to be annexed into the District. Mr. Schlegel commented they would have all the advantages without the disadvantages and the precedence that sets. Mr. McNulty pointed out that in the event the District runs out of water, those people outside the District would be cut off before those inside the District, and that is the ultimate disadvantage. He does not, however, expect that to be a problem. He suggested that a condition of service could be that they annex their property into the District. Mr. Huckelberry advised that we could ask the Leadbetters to sign an agreement saying they would agree to any annexation of the District at any future time, as opposed to spending the time and money changing District boundaries for one residence. Mr. Huckelberry suggested that the Board make a motion to provide domestic water service to Tom and Erin Leadbetter and to defend any action that may arise with regard to that water service for both the Leadbetters and the District. Jim Tripp and Alex Jacome made the motion and second, and it carried unanimously.

G. Sewer User Fee Billing for Pima County.

Mr. Huckelberry indicated we have been relatively successful in negotiating a price with the Pima County Wastewater Management Department, with an assurance that if we begin to run in the red, they will entertain a cost adjustment. He indicated the intergovernmental agreement between Pima County and the City of Tucson that was on the agenda for the Board of Supervisors had been continued until October to be appropriately amended to allow the County to enter into an agreement for sewer billing services that are outside City limits. Mr. Huckelberry requested Board approval to allow District staff to negotiate an intergovernmental agreement with the County for a base cost of \$5.45 per billed sewer account per

year. Mr. Tripp made a motion to accept the recommendation and Mr. Jacome seconded. Pete Schlegel questioned when they would make payment to us. Mr. Huckelberry answered that staff would attempt to negotiate a monthly payment and if not, we may ask them to advance half up front to get started. Mr. Jacome suggested that we deduct our fee from what we send to the County. Mr. Huckelberry indicated that because it is programmatic it would be best to keep the dollars separate. Mark Stratton indicated that the City of Tucson does have their money taken out prior to them transferring the monies over to the County on a weekly basis. Mr. Schlegel asked if there was a movement for the District to do billing for the entire sewer system. Mr. Huckelberry suggested that we start with our District customers and then talk about possibly expanding to Flowing Wells Irrigation, Cañada Hills, and Rancho Vistoso. If that expansion is successful, we could then look at other unincorporated areas. The motion passed unanimously.

H. Insurance Coverage for the Metropolitan Domestic Water Improvement District - October 1, 1993 Through September 30, 1994.

Mr. Huckelberry informed the Board that we had placed an ad in the Daily Territorial requesting proposals for insurance. He directed the Board's attention to the figures in his memorandum, bringing particular attention to the \$15,000,000 umbrella policy, and the possibility of lowering that to \$10,000,000 or \$5,000,000. He also indicated this item may require a special Board meeting, possibly on September 23, 1993, due to the expiration date of October 1, 1993, for insurance. Alex Jacome made a motion to have a special meeting on September 23, 1993, Jim Tripp seconded it, and the motion carried unanimously.

Mr. Jacome questioned glass coverage. Mr. Huckelberry indicated glass coverage would be left as it is.

2. Engineering and Planning

A. Computer Mapping Work with the Pima County Engineering and Geographic Information Services Department (EGIS).

Mr. Huckelberry explained that staff is in the process of updating our system maps, and that Scott Eisenfeld has been working closely with EGIS staff. Mr. Huckelberry requested authorization to complete an intergovernmental agreement with the County. Alex Jacome made that motion and Pete Schlegel seconded. Mr. Schlegel asked about the City's preliminary work, and if we could have access to it. Mark Stratton indicated that RGA had done the work

for them, and that their product was not a workable map because they overlap on AutoCadd. He explained that what Scott Eisenfeld and EGIS are doing is reworking them so that they match, and that due to the expanded knowledge this system will provide the District, we will be able to begin utility relocations, line replacements and small water line extensions in-house. Chuck further noted that we will also be able to access the entire regional database that EGIS has so we will be able to overlay every underground storage tank in the District, every floodplain and arroyo, and topography, which all come with the system. The motion carried unanimously.

B. Energy and Power Conservation - Conversion of Non-Essential Facilities to Interruptible Power Rate for Municipal Water Pumping.

Mr. Huckelberry provided a follow-up on the issue of power savings and energy conservation. He explained the process Mark Stratton and Dave Tanner used in determining those sites they felt could be converted to interruptible power. He recommended to the Board that a cautious approach be taken, and explained the three categories listed in the attachment to his memorandum. Mr. Tripp made the motion to direct staff to convert those facilities listed in Item No. 1 to the interruptible power source and Alex Jacome seconded. Pete Schlegel inquired what percent would be saved. Mr. Huckelberry indicated that overall we would probably see a 10 percent savings. The motion carried unanimously.

C. District Long Range Water Resources Plan.

Mr. Huckelberry explained that the Water System Management Plan is essentially a surface hydraulics plan that talks about how efficiently we get water around the surface of the system and is presently under contract with Camp, Dresser & McKee. He asked the Board to authorize staff to initiate a Long Range Water Resources Plan, which is an umbrella over the Water System Management Plan. He indicated it is a plan that can be developed by staff and will review fundamental assumptions about future water supply for the District, dividing those future water supply possibilities into six categories as listed in his memorandum. He pointed out that some individuals believe our long range water future is taken care of by the Northwest Water Agreement; however, he considers the Northwest Water Agreement our short term water future because the Agreement has no term, but in the way it is written has to be construed to have a term equal to an amortization period of capital improvement, say 20 years. He informed the Board that ADWR is asking the District to

prove an assured water supply for 100 years. He asked the Board for specific input on the issue of public participation. Mr. Jacome made a motion to proceed and Mr. Tripp seconded.

Mr. Jim Peterson indicated that the Oro Valley Town Council had appointed a Staff Water Committee the day after the water election in which the Town was authorized to be in the water business and that the Committee has met frequently with the consultant, Gary Woodard, and has accumulated an enormous amount of data. He indicated that the report the Council requested of staff is due in approximately a week, and the executive summary draws a set of conclusions that are virtually parallel to the draft of the District's Long Range Water Resources Plan. He also has been authorized to offer the District any of the data they have accumulated and that the Town will participate in expenditures that may be involved in future hydrology work that may be necessary. Mr. Johnson thanked Mr. Peterson and assured him that the District would reciprocate.

Mr. Jacome reminded Mr. Huckelberry of the septic tank business. Mr. Huckelberry informed him that incidental recharge is in the process. Mr. Schlegel suggested that spot water be added as a 7th source, and Santa Cruz Valley Water District be included. Mr. Huckelberry indicated that Santa Cruz is an institution by which to import and participate. Mr. Jacome questioned if this would preclude Flowing Wells or Marana, or anybody else. Mr. Huckelberry directed the Board's attention to his recommendation that authorizes the Chairman to send letters to Marana, Oro Valley, and the City of Tucson expressing our desire to cooperate with them. Mr. Johnson indicated he felt that spot water should be considered as an option only at "arm's length."

Mr. Huckelberry indicated that he and Mr. McNulty are hopeful that they can renegotiate an agreement where Tucson Water and the District are partners in water future, and that they take their proper place and role in being a partner in our water future.

The motion as outlined in Mr. Huckelberry's memorandum was made and seconded by Mr. Jacome and Mr. Tripp and was unanimously approved.

D. EPA Phases II and V - Water Quality Compliance.

Mr. Stratton reported to the Board that on September 1, 1993, the Pima County Department of Environmental Quality held a meeting at which the Arizona Department of

Environmental Quality conducted a seminar for small water users in southeast Arizona to review the Phase II and V monitoring requirements established by the United States Environmental Protection Agency. He indicated that 1994 would be the District's initial year of compliance in a 9 year cycle they have established. Phase V monitoring requirements for water companies with over 150 connections must be filled by the end of this year. One of the differences in Phase II and Phase V monitoring is the point of sampling. He indicated he and Dave Tanner would be developing points of entry for approval by the Arizona Department of Environmental Quality. Herb Johnson inquired as to whether staff had been able to investigate the grandfathering option. Mark indicated we would be researching all of our water quality records to determine which portions qualify. Pete Schlegel asked if we had evaluated performing our own testing, as Tucson Water has done. Mark Stratton indicated that costs as well as space would be prohibitive. Mr. Schlegel suggested a regional lab for the Northwest Water Alliance, and Mark agreed that option should be investigated.

No action was required on this item.

3. Operations and Maintenance

A. Storage Tank Maintenance and Repair - Action Plan.

Mr. Huckelberry reiterated his staff report on this subject. He indicated that Dave Tanner and his staff are working on the Preventive Maintenance Program so as to preclude this type of deterioration from occurring in the future. He assured the Board that "Marlene's" condition is not as serious as thought. Mr. Jacome inquired as to the status of the electrical panels and cages. Mr. Stratton indicated that the contractor and the electrician under contract with the District felt that due to the time frame required to relocate and reestablish power, it be done at a point in time when water supply issues are less critical.

No Board action was required on this item.

4. General Manager and Staff Report

A. Organizational Design and Development.

Mr. Huckelberry indicated he had received information from the Town of Peoria and that those documents were available for review, as well as all of the responses we have received to date.

B. Water Conservation Program.

Mr. Huckelberry indicated that in conjunction with the Meter Replacement Program, form letters would be sent to those customers whose meters had been under reporting, explaining the increase in their water bill. Along with the letter will be water conservation materials to assist those customers in bringing their water bill back down through conservation. This first step in the water conservation program is tied to the Meter Replacement Program.

C. Ina and Paseo del Norte Office Renovation and Development.

The General Manager informed the Board that we will be moving at the end of October or first of November.

D. General Manager Vacation.

Mr. Huckelberry informed the Board that he will be in Europe from September 16, 1993, through October 5, 1993, and that the District Engineer will be the Acting General Manager in his absence.

E. ADJOURNMENT

Mr. Tripp moved that the open session of the Board Meeting be adjourned, Mr. Jacome seconded, and the meeting adjourned at 6:19 p.m.


Herb Johnson, Chairman

ATTEST:


Clerk