

Splash

Metro Water
Newsletter
Fall 2010

Improvements Do Make A Difference

Recent electrical outages due to the monsoons have highlighted one of the key benefits of capital improvements made by Metro Water District over the last 15 years. When the electricity is off, water remains available at your tap. With increased storage capacity and gravity flow in transmission mains, customers still have water even during electrical outages.

Metro Water has made a number of capital improvements over the last 15 years. All of them have increased the overall reliability of ensuring water is delivered to our customers with minimal interruptions. With two Capital Improvement Programs, Metro has increased its storage capacity from 4.5 million gallons to 16.5 million gallons. The District now has 15.2 miles of transmission mains, large diameter pipes that allow for high volumes of water to move through the system. This is nearly double the transmission mains that existed before 1997. In various neighborhoods, we have replaced and upgraded 24.4 miles of old undersized 2" to 4" pipes to 6" and larger mainlines.

*Metro Water partners with
Tohono Chul Park to offer
plant workshops. For more
information call 575-8100 or
go to www.metrowater.com*

Road Projects Drive Up Demand on Budget

Metro Water District continues to wrestle with how to pay for waterline relocations required by the upcoming Pima County road projects. As reported in the last newsletter, Metro Water needs to relocate an estimated \$6 million of existing waterlines as required by Pima County for five upcoming road projects in Metro's service area over the next two years. Metro's Finance Oversight Committee has been working with staff to investigate options to recommend to the District Board of Directors. (Continued page 3)

LOOKING AT FUTURE FINANCIAL NEEDS

Metro Water's Finance Oversight Committee has been meeting monthly to analyze long-range financial needs for the District. Along with the immediate impact of accelerated RTA/County road projects, three main financial challenges include overall maintenance of existing facilities, design and construction of the Northwest CAP system, and ensuring adequate bond debt ratio requirements. These challenges are more demanding because they are occurring during a severe economic downturn that has seen an increased number of vacancies in which no water is being used and a decrease in new customers because planned developments just stopped.

"With the County pushing the road projects so quickly, it would be impossible for Metro to pay-as-you go for the waterline relocations even with the current waterline relocation fee," said Mark Stratton, General Manager. "That's why we are exploring options to fund the waterline relocations even though it means taking on more debt." (Continued Page 2)

Looking at Future Financial Needs (Continued from Page 1)

Overall Maintenance of Existing Facilities - The District has had to reduce its operating budget while trying to minimize the impact to customer service. However, the tighter budget has kept the District from doing essential proactive maintenance and repair work to the numerous wells and storage facilities and replacing aged and potentially unsafe pressure tanks. A water system is similar to a car – regular maintenance is needed to avoid potentially costly future repairs.

Design and Construction of the Northwest CAP System - For the last 15 years, the District has focused on two Capital Improvement Programs intended to upgrade, integrate and improve the overall water system. The first program was for \$23 million and the second was for \$28 million. Significant improvements and additions have been made to the system but there are still other needed capital improvements to increase the system's overall reliability. Plus, the primary capital project yet to be implemented is for the direct use of Metro's Central Arizona Project water allocation. The District has been recharging its allocation in the Marana area, and eventually plans to recover the water from that location and deliver it Metro-Main's service area, where it can be blended with groundwater from existing wells.

Ensuring Adequate Debt Ratio Requirements - Rate increases have primarily focused on generating funds to help pay for the debt associated with the Capital Improvement Programs; however, the rate increases have not produced all of the debt repayment obligations. Debt repayment has been supplemented by the general revenues. The District is required by its loan agreements and bond covenants to maintain a 120% debt ratio. This means the operating revenues minus operating expenses have to exceed the debt service principal and interest payments by at least 20%. The recent budgetary challenges stemming from the economic downturn has made it more difficult to meet this coverage requirement.

The Finance Oversight Committee is considering various ways to address these financial shortcomings and will be making recommendations to the Board. The challenge for developing recommendations is that the District's budget is already quite tight with 57% of the budget being for costs associated with debt retirement, Central Arizona Project water payment, and electrical cost. The remaining 43% covers operating maintenance and costs and any capital equipment and projects. ■

Water: The Best Health Drink

A 2009 report in the American Journal of Clinical Nutrition showed people who get much of their daily liquids from plain water may have more healthful overall diets. In a national health survey of more than 12,000 Americans, researchers found water drinkers are likely to eat more fiber, less sugar and fewer calorie-dense foods. Sufficient consumption of water keeps cravings under wraps and supports major bodily functions, including metabolism. Hard-training adults should aim to consume half their bodyweight in ounces of water per day, or about 100 ounces for a 200-pound individual. ■

Your Account Information

When you call about your account, for privacy purposes, we can only talk to the person whose name is on the account. In other words, even if your spouse or parent wants information, we cannot discuss the account without his or her name listed. If you would like someone else to be able to also discuss your water account with us, then please contact our office to have those names added. You can reach us at 575-8100.

CURRENT DROUGHT RESPONSE:

**STAGE 1
ALERT**

**STAGE 2
WARNING**

**STAGE 3
EMERGENCY**

**STAGE 4
CRISIS**

Board of Directors:

James O. Doyle, Chair
James M. Tripp,
Vice Chair
Dan M. Offret, Member
Bryan Foulk, Member
Reb Guillot, Member

Fall Board Meetings:

September 13, 2010
October 13, 2010
November 8, 2010



Construction of the Northern Hills Mainline Replacement, Phase 2 construction project is expected to be completed at the end of August 2010. As with previous capital improvement mainline replacement projects, aging and undersized pipes that deliver water through the system are upgraded with 6' or larger lines. This ensures greater reliability and fire flow protection.

ROAD PROJECTS DRIVE UP DEMAND ON BUDGET

(Continued from Page 1)

With the acceleration of Regional Transportation Authority (RTA) funded road projects within Metro's service area, Metro is faced with the County's requirement to relocate our waterlines that are in conflict with the new roadway projects.

Metro has in place a waterline relocation fee for \$3.00 per most common size 5/8" meter. This generates approximately \$800,000 a year. It was instituted in 2009 when the District needed immediate funding for the waterline relocations necessitated in the first phase of the La Cañada road widening project. The fee is to be reviewed and revisited by the Board no later than June 2011.

The five RTA funded projects scheduled by the County within the next two years include 1) La Cañada Road from Ina to River Road; 2) La Cholla Blvd from Magee to Overton; 3) Magee Road from La Cañada to Mona Lisa; 4) Magee Road from Mona Lisa to Thornydale; and 5) Magee Road from La Cañada to Oracle.

While the roadway projects are funded through the RTA, the County designs, plans and constructs the road improvements. The County has accelerated the schedule in part to take advantage of the current lower construction costs. Unfortunately, the schedule also means Metro Water District needs to relocate these waterlines to allow for road construction to begin.

Metro recently completed its required waterline relocations along La Cañada Drive between Ina Road and Calle Concordia. The waterline relocations for the La Canada Drive Road widening cost the District approximately \$1.5 million.

Metro Water estimates that each mile of the RTA roadway improvements costs the District \$750,000 to \$1 million for the waterline relocations and existing pipe removals. While \$6 million is estimated for the five upcoming RTA road projects, until the road designs are finalized by Pima County, Metro Water will not know the full financial impact. ■



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Mon - Thurs
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Fri 7:30 - Noon
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Protect Your Groundwater

The National Ground Water Association has designated September 14th to be "Protect Your Groundwater Day." Currently, groundwater is the only source of drinking water for MetroWater customers. We all need to do our part to keep groundwater safe from contamination by human activities. Proper use and disposal of chemicals around our homes and businesses is one action we can take to protect our groundwater.

- *Metro-Main customers - Unused chemicals can be safely disposed the first Saturday of each month from 8:00 a.m. to Noon at Pusch Ridge Christian Church, 440W. Calle Concordia. For more information, call 888-6947. Unneeded prescription medicines can be dropped off in OroValley outside of the Target store located at First Avenue and Oracle from 8:00 a.m. to Noon on Saturday, August 28. The collection is managed and sponsored by the Oro Valley Police Department.*
- *Metro-Hub customers - Household hazardous waste can be taken to the Eastside City Hall at 7575 E. Speedway Blvd. the first Saturday of the month from 8:00 a.m. to Noon.*
- *Metro-Southwest customers - The Ryan Airfield Transfer Station at 6455 S. Continental Road will take auto batteries, paint, oil and antifreeze from Monday through Thursday at 7:30 a.m. to 3:00 p.m. Hazardous chemicals can also be dropped off the 1st Saturday of the month collection site at Tucson Water Plant #2, 1102W. Irvington Road from 8:00 a.m. to Noon.*

For information about septic systems, go to www.wellowner.org, and under "Well Basics" click on "Septic Systems." ■

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