

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

**August 27, 2007**

**\*\* Board Room \*\***

**Metropolitan Domestic Water Improvement District  
6265 N. La Cañada Drive  
Tucson, AZ 85704**

**MINUTES**

Board Members Present:           Judy Scrivener, Chair  
  Dan M. Offret, Vice Chair  
  Jim Doyle, Member  
  Lauretta Ovseviz, Member  
  James Tripp, Member

District Staff:                     Mark Stratton, General Manager  
  Warren Tenney, Clerk of the Board  
  Alice Stults, Recorder

**Study Session**

**I.     Call to Order and Roll Call**

Judy Scrivener, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:33 p.m. Judy Scrivener, Dan M. Offret, Jim Doyle, Lauretta Ovseviz, and James Tripp were present.

**II.    General Comments from the Public**

There were no comments from the public.

**III.   Discussion of Cost Estimate Study and Financial Analysis for the Northwest Central Arizona Project Water Treatment and Delivery System.**

Mark Stratton, General Manager, said the partners have completed meetings regarding the Northwest Central Arizona Project Water Treatment and Delivery System. Entities included in the partnership are Town of Marana, Town of Oro Valley, Flowing Wells Irrigation District, and Metro Water District. A power point presentation has been created as a result of those meetings, and Warren Tenney, Assistant General Manager, gave the presentation. Also in attendance at this meeting were members of the Flowing Wells Irrigation District Board, its legal counsel, general

manager, and office manager. They were present to observe the presentation on the treatment and delivery system.

Mr. Tenney explained that this presentation is the same presentation that will also be provided to the governing bodies of Marana and Oro Valley. The Northwest partners have been looking at their water future, and how to utilize water resources collectively to maximize those water resources. If approved, it is anticipated that the treatment and delivery system would be completed by 2012. The three main components of the system are a treatment plant, delivery system, and reliability reservoir. The goal is to use renewable water supplies (Central Arizona Project (CAP) water) and not rely solely on groundwater. Groundwater levels are declining in three of the partners water service areas; however, groundwater levels appear to be increasing in Marana. All four partners have CAP allocations. Metro Water has used all of its allocation for the past five years through recharge; however, this has occurred outside our service area.

Mr. Tenney explained that during the early 1990's a study was conducted by the US Bureau of Reclamation on alternatives for using CAP water in the northwest Tucson area. The conclusion of this study showed that treatment and direct delivery of CAP water was the preferred alternative. A number of pilot studies were then conducted to determine methods for using CAP allocations. A Slow Sand and Reverse Osmosis Study is one of the current ongoing projects. Chris Hill, Deputy Manager, said that this current study will hopefully continue for another 1½ years, in addition to other studies that may be conducted in the future.

Mr. Tenney said that Metro has tried to keep its customers informed of the need for renewable supplies; however, more work is needed in the area of public relations and getting the word out for the need of using renewable water resources. A cost estimate study to determine the cost of the treatment and delivery system was recently completed, as well as a financial analysis for funding the project. Corollo Engineers was selected to do the cost estimate study, and Stone & Youngberg completed the financial analysis. Corollo Engineers looked at several water treatment alternatives, reverse osmosis treatment scenarios, concentrate management strategies, and delivery system alternatives. The study focused on VSEP and location of the delivery system. After discussions were completed, the partners outlined the baseline parameters, and looked at the most conservative method for estimating the costs. Two phases for the system were identified and costs estimates established for those phases. Phase I, estimate established at \$191,000,000, is the design and construction of the pipeline and initial phase of the treatment plant. Phase II would be the cost for completion of the plant. Phase II is estimated to cost \$84,000,000. Mr. Tenney explained that these costs are similar to the cost estimates conducted by the Bureau of Reclamation a few years ago, allowing for inflation.

Mr. Tenney noted that partnership options are important for this joint venture to be successful. Financing structure, as well as management of the system, would need to be determined. Mr. Tenney outlined the various partnership options which included creating a special district and an IGA for a nonprofit or joint organization. A clear agreement on each partner's responsibilities

would need to be defined. It is anticipated that after presentations of the current information is provided to each entities governing bodies that information will be gathered to see what the preferences are for the various options being presented.

Mr. Stratton said that based on the cost estimate study, he looked at alternatives for reducing the project's cost. A primary feature is the delivery system. An alternative route along I-10 and Linda Vista Road could reduce the long-term O&M costs. The first phase of this route was already designed so construction could begin sooner than the original plan. This would provide time to further study treatment options. Mr. Stratton has discussed this alternate route with the other managers. Marana would be more involved in the project since the route would be in closer proximity to its service area. Oro Valley is reviewing this alternative since the original route more directly benefited them. Further analysis of the alternate route is needed.

Mr. Stratton said that the partners continue to look for lower cost treatment systems. A definite plan needs to be established prior to going to the customers so that they can be advised of the final plan and cost. Mr. Stratton said that concentrate management is a driving force in the cost estimates studies at this time, and VSEP pilot studies are being conducted by numerous entities. The delivery system would be cheaper to build if construction could begin as soon as possible as the construction costs continue to escalate. We also need to fine-tune the route of the delivery system, and coordinate efforts with the Bureau of Reclamation and CAP to secure federal funds for the reliability reservoir. This reservoir would supply water in the event the CAP system was to go down for whatever reason. Mr. Stratton noted that these, and many other issues, will be discussed with the partnering entities governing bodies. The information gathered from the various Boards will determine how the partners will proceed from this point forward. It is anticipated that all the Boards will meet together to discuss the treatment and delivery service in the near future.

Mr. Doyle left at 6:27 p.m.

At the end of the power point presentation, Flowing Wells representatives participated in discussions to further clarify some of the items mentioned.

#### **V. General Manager's Report**

Mr. Stratton said he received a phone call from the La Cañada Fire District regarding support for the annexation and merging of three fire districts in the area. They asked Mr. Stratton if he would sign a petition on behalf of Metro Water District to show support of the annexation. The Board members indicated they did not see a reason to sign the petition on behalf of Metro Water District at this time.

Mr. Stratton noted that Metro had a burglary occur approximately two weeks ago in the warehouse yard. The security cameras did not pick up anything. Approximately \$8,000 worth of equipment was taken off Metro's vehicles. Mr. Stratton said that fingerprints were taken in the area. Staff is

having the District's security company look at the security cameras to determine the best possible placement.

**VI. Adjournment**

The meeting adjourned at 6:59 p.m.

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Judy Scrivener, Chair of the Board

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Warren Tenney, Clerk of the Board