

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

August 17, 1992
5:00 P.M.
245 East Ina Road
Tucson, Arizona

MINUTES

ATTENDANCE: Members: Alex Jacome, Chairman
 Herb Johnson
 Kate O'Rielly, Clerk
 Pete Schlegel
 -Jim Tripp
 Guests: Jim DeGrood, Oro Valley
 Bud Dooley, Oro Valley
 Jim Eaton, Consultant
 David Furrey, FWID
 Robert Logan, Consultant
 Michael McNulty, Brown & Bain
 Fred Rosenfeld, Consultant
 Richard L. Starkey, Oro Valley
 Mark Taylor, WLB Group
 N. A. Trevino, C.B.A.

A. CALL TO ORDER AND ROLL CALL

1. The meeting was called to order at 5:10 pm by Alex Jacome, Chairman.
2. Jim Tripp moved that the Board approve the meeting notice and agenda for August 17, 1992. Mr. Schlegel seconded. The motion passed unanimously.
3. Mr. Tripp moved that the minutes, August 10, 1992 be approved as corrected. Herb Johnson seconded. The motion passed unanimously.

B. PRESENTATION OF INFORMATION AND DISCUSSION

1. Robert Logan reported on the Groundwater Users Advisory Council of the Department of Water Resources meeting. Elizabeth Ann Rieke suggested a meeting between her staff in Phoenix, Metropolitan Domestic Water Improvement District and Town of Oro Valley representatives. See additional information attached. No action required.

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2. Mr. Jacome will schedule the meeting with Ms. Rieke's staff in Phoenix, Oro Valley and Metropolitan Domestic Water Improvement District.

C. ITEMS FOR DISCUSSIONS AND POSSIBLE ACTION

1. Review of proposed intergovernmental agreement with Oro Valley. Michael McNulty has met with Jim DeGrood and special counsel retained by Town of Oro Valley. They would like to have an equal pro-rata distribution of purchase price, with a commitment by both sides to address most serious problems of system operation first. This would result in significant repairs to the portion of the system within the Town of Oro Valley. Jim Eaton, Cella Barr Associates also spoke on this matter. Mr. McNulty also reported Oro Valley would also like to set its own rates. This matter will be addressed by Fred Rosenfeld.

Mr. Rosenfeld will schedule a joint meeting between representatives of Town of Oro Valley and Metropolitan Domestic Water Improvement District before the Oro Valley meeting on August 19, 1992.

Mr. Tripp moved that Mr. McNulty be appointed to negotiate with Oro Valley regarding their ability to set rates. Mr. Schlegel seconded. The motion passed unanimously.

2. Review of Metropolitan Domestic Water Improvement District financial pro-forma. See C-3.
3. Review and adoption of "Resolution of Intention." Mr. Eaton, Cella Barr Associates, presented financial projections. A group discussion followed. Mr. Rosenfeld reviewed the District Engineer's cost estimate. A 10% reserve fund is suggested to cover possible case flow deficits, thereby avoiding any circumstance which would necessitate collecting assessments. This will help to assure lenders that assessments on property on which they have mortgages will not be collected.

The only result, if use of reserve fund becomes necessary, will be loss of bond income. (arbitrage rebate?) Future discussions should include investment of bond income.

A copy of the agreement between the City of Tucson and Metropolitan Water Company, ordinance #7639, is on file with Metropolitan Domestic Water Improvement District and the Clerk of the Board of Supervisors of Pima County.

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A copy of the District engineer's cost estimate is on file with Metropolitan Domestic Water Improvement District and the Clerk of the Board of Supervisors.

Mr. Rosenfeld reviewed the Resolution of Intention. Posting and publishing are required. Posting must be completed by September 5, 1992 to meet September 21, 1992 deadline.

A protest occurs if more than 50% of property owners contact the District. (50 + 1) This could delay the process for as long as six months. An objection requires a public hearing.

4. Mr. Logan presented the following information about the Metropolitan Water Company:

- o There are presently 17.5 full-time personnel employed by the Metropolitan Water Company. The organization consists of a General Manager and two divisions - Administration and Operations. There are 5.5 employees in the Administration Unit and 11 employees in the Operations Unit.
- o Metropolitan Water Company currently leases 2100 square feet at 7493 N. Oracle Road, Suite 219. The rental rate is \$1,700 per month on a month to month lease. They have been at this location for five (5) years.
- o They have the following equipment:
 - Ten (10) nearly new Dodge Ram pickup trucks, plus a Toyota flat bed with a lift.
 - Computer and telephone system plus office furniture, etc...
- o They have a small storage building at the Via Venezia Reservoir but no maintenance shops. Vehicles, when not in use, are kept at the Oracle office.
- o The Metropolitan Water Company does its own payroll and provides employees with health benefits. The company pays the premium for the employee. They have no retirement system for employees.
- o The billing system uses a post card for water bills and uses a four cycle billing system. -- 10, 17, 24, 31, of each month.
- o The Metropolitan Water Company uses the National Bank of Tucson, who pick up checks each day. A small account exists at 1st Interstate Bank, who pick up payments.
- o Consultants are as follows: Insurance - Muellers & Associates; Accounting - Seby & Associates; Engineer - Jerry Jones & Associates; and attorney - Hugh Holub.

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D. COMMENTS FROM THE PUBLIC

1. No comments from the public. No action required.

E. EXECUTIVE SESSION

1. Mr. Tripp moved that the Board go into executive session. Mr. Schlegel seconded. The motion passed unanimously.

Mr. Tripp moved that the Board return to open session of the meeting. Mr. Schlegel seconded. The motion passed unanimously.

F. ADJOURNMENT

The next meeting date is scheduled for August 24, 1992. Mr. Tripp moved that the meeting, August 17, 1992, be adjourned. Mr. Schlegel seconded. The motion passed unanimously. Mr. Jacome adjourned the meeting at 8:15 pm.

Chairman

Metropolitan Domestic Water Improvement District

ATTEST:

Clerk

Metropolitan Domestic Water Improvement District