

**METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT  
BOARD OF DIRECTORS MEETING**

**December 14, 1998**

\*\*\*Wilson Room\*\*\*  
Tohono Chul Park  
7366 North Paseo del Norte  
Tucson, Arizona 85704

**MINUTES**

Board Members Present:            Jim Doyle, Chair  
   Jim Tripp, Vice-Chair  
   Marty Cramer, Member  
   Sam Ray, Member  
   Herb Johnson, Member

District Staff:                     Mark R. Stratton, General Manager  
   Joyce E. Osborne, Recording Secretary  
   Michael McNulty, Legal Counsel

**EXECUTIVE SESSION**

**Call to Order and Roll Call**

Mr. Doyle, Chair of the Board of Directors of Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 5:06 p.m. Mr. Herb Johnson, Mr. Sam Ray, Ms. Martha Cramer and Mr. Jim Tripp were present.

Mr. Tripp made a motion to go into executive session. Mr. Johnson seconded the motion and it passed unanimously. The Board went into Executive Session at 5:07 p.m.

Executive Session pursuant to A.R.S. § 38-431.03 (A)(3) (consultation for legal advice with the attorney or attorneys of the District) and/or executive session pursuant to A.R.S. § 38-431.03 (A)(7) (to negotiate for the purchase or lease of real property) regarding the following:

- A.     Acquisition, Construction, Reconstruction or Repair of Waterworks for the Delivery of Water for Domestic Purposes.
- B.     1999 Legislation.

The Board recessed at 5:55 p.m.

## **Regular Session**

### **I. Call To Order and Roll Call**

Mr. Doyle, Chair of the Board of Directors of Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 6:04 p.m.. Mr. Herb Johnson, Mr. Sam Ray, Ms. Martha Cramer and Mr. Jim Tripp were present.

### **II. Presentation to Martha Cramer and Jim Tripp**

Mr. Doyle presented plaques to both Marty Cramer and Jim Tripp for their exceptional service on the Board of Directors. Their terms as Board members ends December 31, 1998. Mr. Tripp expressed his heart felt thanks to both staff and the General Manager, saying that they were the ones that made the Board's job easy.

### **III. Comments from the Public**

There were no comments from the public.

### **IV. Consent Agenda**

- A. Approval of Minutes – November 9, 1998 Board Meeting.**
- B. Ratification of Billing Adjustments.**

Mr. Tripp made a motion to approve the Consent Agenda. Ms. Cramer seconded the motion and it passed unanimously.

### **V. General Business – Items for Discussion and Possible Action**

#### **A. Financial Report.**

Mr. Land, Chief Financial Officer for the District said the District account balance was up to a \$1,746,000 and that the District was going to have to write a check for the CAP capital charges in the amount of \$456,000. Mr. Land explained that monies have been set aside for the \$375,000 payment due to the City of Tucson on February 1, 1999.

#### **B. Request for 10242 N. Lambert Court to Receive Service from Tucson Water.**

Mr. Tripp made a motion to deny the request for service from Tucson Water to 10242 N. Lambert Court. Mr. Johnson seconded the motion.

Mr. Romo explained that Mr. Nova, the present owner, and he, a possible buyer of 10242 N.

Lambert Court, were requesting that Tucson Water serve water to the property. The request was because Tucson Water served the adjacent property to the north and west but to hook up to the nearest District connection would cost at least an additional \$40,000 according to conversations with an engineer. His request of the Board is that the District pay for some of the costs incurred or allow Tucson Water to serve the property. Mr. Nava, current owner of the property, stated that he has owned the property since 1978 and wanted to see 3 home sites developed. He doesn't think this is possible unless some kind of option is offered. Mr. Romo spoke with the owner of the property to the south about an easement but the owner has yet to commit to giving an easement and is considering drilling a well. Mr. Johnson wanted to know if there was a possibility of a shared main. Mr. Romo said that since he was not the property owner he did not feel he could enter into negotiations about a shared main. Mr. Johnson asked about access to the property. Mr. Romo said you go south on Lambert Court and his property is located on the east side. All neighbors on Lambert Court have Tucson Water. Mr. Romo noted that he was not a developer but only wanted to build a house at the property.

Mr. Stratton said that looking at the three acre property, Tucson Water lines and at the non-existent Metro water lines, he can appreciate Mr. Romo and Mr. Nava's concern about cost. When the District looked at resolving boundary issues with Tucson Water, they only looked at in-service not the ability to provide service. Mr. Stratton said that District staff estimated \$25,000 on construction costs which he did not perceive as a financial hardship for the District. He suggested that the Board directed Staff to work out an arrangement that the District participate in the construction of that water line.

Mr. Doyle called for a vote for the motion to deny the request. The motion was opposed unanimously.

Mr. Tripp made a motion to direct staff to explore the possibilities of working out an arrangement with Mr. Romo, the owner of the south property, Mr. Nava and the District to construct water line to the property located at 10242 N. Lambert Court and bring back the necessary information for the Board to act on. Mr. Ray seconded the motion. The motion passed unanimously.

Mr. Schlegel wanted to know about any liens if the property is to be served by Tucson Water. Mr. McNulty explained that the liens need to be paid off only if the property is served by Tucson Water.

**C. Approval to Continue Line of Credit with Bank of America.**

Mr. Tripp made a motion to approve and direct staff and Chair of the Board to work with Bank of America representatives to maintain the line of credit for the District. Ms. Cramer seconded the motion and it passed unanimously.

**D. Approval of Stipulation and Order for Non-Per Capita Conservation Program.**

Mr. Tripp made a motion to approve of the stipulation and order accepting the District for regulation by ADWR under the Non-Per Capita Conservation Program. Mr. Ray seconded the motion and it passed unanimously.

**E. Selection of Lobbyist for 1999 Legislative Session.**

Mr. Tripp made a motion to approve hiring Gallagher & Kennedy as the District's lobbyist for the 1999 Arizona Legislative Session. Mr. Ray seconded the motion and it passed unanimously.

**F. Award for the Telecommunications Structured Cabling System Contract for the New Office and Maintenance Buildings.**

Mr. Tripp made a motion to approve awarding the contract for the installation of a telecommunications structured cabling system for the new O & M buildings to Cable Solutions, L.L.C. in an amount not to exceed \$21,194.41 and to authorize the General Manager to approve changes to the contract in an amount not-to-exceed \$5,000 and increase the contract term not to exceed 60 days. Mr. Ray seconded the motion and is passed unanimously.

Mr. Johnson stated that the bids were taken for this contract and the work was awarded to the lowest responsible bidder.

**G. Approval of Master Lease Agreement with Nextel, Inc. for Telecommunications Equipment at District Well Sites.**

Mr. Tripp made a motion to approve entering into a Master Lease Agreement with Nextel, Inc. for a period not-to-exceed five years for equipment sites designated by the General Manager. Ms. Cramer seconded the motion.

Mr. Ray said he was concerned about what kind of antennas be put up that requires FAA approval. Mr. Hill explained that FAA approval only applies if a antennae of such size requires that approval, but the District only intends to consider whip antennas less than 20 feet. Mr. McNulty, Legal Counsel for the District, stated that this type of agreement provides a basic outline of the business principals agreed upon between the parties. Once the agreement is signed, individual site lease agreements are done only on the antennas that meet the District's specifications. If the District does not approve of what they are putting up on each individual site, then we decline to enter into the site agreement.

Mr. Ray and Mr. Tripp noted that the General Manager should only consider whip antennas that are unobtrusive in the neighborhood.

Mr. Doyle called for a vote for the motion to approve the master lease for Nextel, Inc.. The motion passed unanimously.

**H. Consideration of Interruptible Rates from Tucson Electric Power at Related Well and Booster Sites**

Mr. Tripp made a motion to approve giving direction to Staff to pursue present sites applicable for interruptible rates from Tucson Electric Power (TEP) and to pursue future sites as warranted. Mr. Ray seconded the motion and it passed unanimously.

**I. Approval of Incentive Recharge Water Contract with the Central Arizona Water Conservation District.**

Mr. Tripp made a motion to approve the Incentive Recharge Water Contract between MDWID and CAWCD effective until December 31, 1999 unless amended in writing by the District and Central Arizona Water Conservation District (CAWCD). Mr. Johnson seconded the motion and it passed unanimously.

**J. Consideration of Cost of Living Adjustment for District Staff.**

Mr. Tripp made a motion to approve of a cost of living adjustment of 1.7 percent but not less than \$584 effective for District employees the first payroll in January. Ms. Cramer seconded the motion and it passed unanimously.

**K. Approval of Resolution 1998-7 – Issuance of Water Revenue and Refunding Bonds.**

Mr. Tripp made a motion to approve Resolution 1998-7 to give direction to the Chair of the Board and the General Manager to take any and all actions necessary to accomplish the sale of water revenue bonds and refunding bonds subject to the refunding bonds resulting in a net savings to the District. Mr. Johnson seconded the motion.

Mr. Stratton said there were members of the Bond Oversight Committee present in the audience to show their support of this bond issuance.

Mr. Schlegel wanted to know the status of the settlement with the City of Tucson. Mr. Stratton said the settlement was finalized.

Mr. Reader of Peacock, Hislop, Staley & Given passed out the information that was presented to the Board on December 10, 1998. He explained that a new interest rate of 4 1/2% was possible and based on a net present value basis, the District could realize between \$300,000 and \$500,000 savings. This savings depends on technical issues but it appears that refunding will save the District

money and savings can then be taken this year and next fiscal year. Mr. Reader stated that we were successful in securing insurance for the bonds and also a pure revenue bond structure which means that with Board approval, the District can move forward and release the assessment liens. Since the District was able to qualify for a debt service surety bond, more money is now available to the District for their construction plan. He said that Mr. Stratton is making arrangements to go before the Board of Supervisors January 5, 1999 so the sale of the bonds can happen in late January or February of 1999. Mr. Doyle asked Mr. Reader to provide a summation of the trip to New York. Mr. Reader explained that the presentations made to the bond insurers helped the District to secure a good insurance rating thus allowing for a lower interest rate.

Mr. Doyle called for a vote for the motion to pass Resolution 1998-7. The motion passed unanimously.

**L. Approval of Resolution 1998-8 – Establishing Mutual Consent with the Town of Oro Valley to Terminate the Intergovernmental Agreement for Operation of the Oro Valley Water Improvement District #1.**

Mr. Tripp made a motion to approve of Resolution 1998-8 to establish written consent with Oro Valley for termination of the IGA for operation of OV#1. Mr. Ray seconded the motion and it passed unanimously.

**M. Approval of Contract for Acquisition of Hub Water Company.**

Mr. Tripp made a motion to approve the contract for acquisition of Hub Water Company authorizing the Chair of the Board to sign the purchase agreement approval along with the exhibits upon a final review by Legal Counsel. Mr. Ray seconded the motion.

Mr. Johnson wanted to have to annual Arizona Corporation Commission (ACC) reports submitted on the Hub Water Company. Mr. McNulty said he saw no difficulty in obtaining those reports, which would be good to have.

Mr. Tripp amended his original motion to include a request for the annual ACC reports on Hub Water Company be submitted to the District. Mr. Ray seconded Mr. Johnson's amendment and the amended motion passed unanimously.

**VI. General Manager's Report**

Mr. Stratton reported that the District commented on the Third Management Plan at a public hearing. He said that currently Mike Block, District Hydrologist, was in Las Vegas where the National Guard Water Association was giving the District its award for the best groundwater protection project for 1998. Out of the three awards that were given, two were given to the Tucson areas. Mr. Stratton commended staff for their efforts that had produced national recognition for the District.



Mr. Stratton gave a brief status report on the new office building saying that the concrete foundation had been poured and that the steel was to be delivered next week.

Mr. Stratton said that on behalf of staff, he wanted to thank both Mr. Tripp and Ms. Cramer for the years of dedicated service. He appreciated getting to know both of them and hoped they would continue to stay active in the District.

**VII. Legal Counsel's Report**

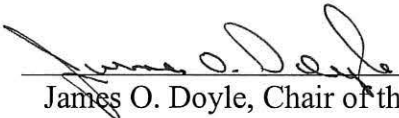
Mr. McNulty reported that the settlement with the City of Tucson was finalized this morning.

**VIII. Future Meeting Dates; Future Agenda Items**


The next regular Board meeting is scheduled for January 11, 1999.

**IX. Adjournment**

The meeting was adjourned at 7:01 p.m.

  
James O. Doyle, Chair of the Board

ATTEST:

  
Clerk of the Board