

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

July 8, 1996  
Wilson Room  
Tohono Chul Park  
7366 North Paseo del Norte  
Tucson, Arizona 85704

**MINUTES**

Board Members Present:	Peter Schlegel, Chair Marty Cramer, Vice-Chair Jim Doyle, Member James Tripp, Member
Board Member Not Present:	Herb Johnson, Member
District Staff:	Mark Stratton, General Manager Phil Higdon, Legal Counsel Michael Land, Chief Financial Officer Michael McNulty, Legal Counsel Warren Tenney, Clerk of the Board

**Call to Order and Roll Call**

Mr. Pete Schlegel, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 5:08 p.m. Ms. Marty Cramer, Mr. Jim Doyle and Mr. Jim Tripp were present. Mr. Herb Johnson was not present due to being out-of-town.

**Executive Session**

Mr. Tripp moved that the Board of Directors hold an Executive Session. Ms. Cramer seconded the motion and it passed unanimously. The Board went into Executive Session at 5:09 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)(4), (to consider the Board's position and instruct its attorneys in pending or contemplated negotiations or litigation) 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. Litigation with the City of Tucson.
- B. Office Relocation - Site Selection.

The Board returned from Executive Session at 6:27 p.m.

## **Regular Session**

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

Mr. Pete Schlegel, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular session of the Board meeting to order at 6:28 p.m. Ms. Marty Cramer, Mr. Jim Doyle, and Mr. Jim Tripp were present. Mr. Herb Johnson was not present.

### **II. Comments From The Public**

There was no comment from the public.

### **III. Consent Agenda**

- A. Approval of Minutes - June 10, 1996 Board Meeting.**
- B. Approval of Minutes - June 18, 1996 Special Board Meeting.**
- C. Ratification of Billing Adjustments.**
- D. Ratification of Bill of Sale - Maya Estates, Lots 1-28.**
- E. Approval of Water Service Agreement - Highgate, Lots 1-41.**
- F. Ratification of Agreement with Robert F. Healey, d.b.a. Renaissance Risk Consultants.**
- G. Ratification of Agreement with Stephen F. Teiper, Fiscal Consultant Services.**

Mr. Jim Tripp made the motion to approve Items A through G on the Consent Agenda. Ms. Marty Cramer seconded the motion.

Ms. Marty Cramer noted that the staff report regarding Item III.G. referred to the intent to hold a bond election. However, the District is only seeking advice for a contemplated bond election and the staff report should reflect that fact.

Mr. Schlegel called for a vote for the motion to approve the Consent Agenda. The motion passed unanimously.

### **IV. General Business - Items For Discussion and Possible Action**

#### **A. Litigation with the City of Tucson.**

Mr. Mark Stratton, General Manager, noted that the dates related to the litigation, as noted at the June 10, 1996 Board meeting, remained the same.

#### **B. Monthly Financial Report.**

There was no discussion or action regarding this item.

**C. Bond Reserve Fund Modifications.**

Mr. Tripp made the motion to direct staff to continue a working relationship with Marion Bass Securities Corporation of Charlotte, North Carolina to get the necessary approval from the appropriate parties and to maximize the interest earning potential on the bond reserve fund, within the allowed guidelines of the official bond offering statement. Ms. Cramer seconded the motion and it passed unanimously.

**D. Avra Valley Recharge Project Opening Ceremony.**

Mr. Tripp noted that he will not be able to attend the Avra Valley Recharge Project opening ceremony.

Mr. Warren Tenney explained that an opening ceremony has been arranged for the Avra Valley Recharge Project. The opening ceremony is for August 1, 1996 at 9:00 am and will emphasize the cooperation between the District, Central Arizona Water Conservation District (CAWCD), and BKW Farms. The opening ceremony will be held in conjunction with a CAWCD Board meeting later that day. The project will provide information about the viability of recharge in Pima County.

Mr. Stratton recognized the combined efforts of Mr. Mike Block, District Hydrologist and Mr. Mark Myers, Consultant, in bringing forth this project.

**E. Report on June 27, 1996 Bond Advisory Committee Meeting.**

Mr. Stratton reported that the staff report details the proceedings of the June 27, 1996 Bond Advisory Committee meeting. Staff has compiled the requested historical information for the Committee, which will be delivered to the Committee members this week. This will allow for Committee members to become familiar with the steps that led up to the present and prepare them to discuss any of the issues regarding that material. Mr. Stratton noted that based on his perception, the Committee feels strongly that they would like to be informed to make unbiased recommendations to the Board about the proposed five year capital improvement program and the rate impact of a contemplated bond election. Such an approach will ensure that the District's credibility.

Ms. Cramer noted that she has met with the Committee and that the Committee has requested financial alternatives if a bond election is not successful. Mr. Stratton said that information is being prepared.

Ms. Cramer asked if Mr. Teiper's role with the Committee was as a member or consulting resource. Mr. Stratton noted that Mr. Teiper is a financial consultant providing financial advise for the Committee.

**F. Approval of Amendment to Contract with Arizona Department of Water Resources on Lower Cañada Del Oro Basin Groundwater Storage Monitoring Project.**

Mr. Tripp made the motion to approve the contract amendment No. AUGTU95-3-01 for the Lower Cañada del Oro Basin Groundwater Monitoring Project with the Arizona Department of Water Resources (ADWR). Ms. Cramer seconded the motion and the motion passed unanimously.

**G. Ratification of Geological Logging and Well Design Services Contract with Dames & Moore, Inc.**

Mr. Tripp made the motion to ratify the professional services contract with Dames & Moore, Inc. on a time and materials basis not to exceed \$8,000 for geological logging and well design services. Ms. Cramer seconded the motion and it passed unanimously.

**H. Ratification of Contract with Pima Association of Governments for Water Quality Monitoring Waiver Applications and Wellhead Protection Program Services.**

Mr. Tripp made the motion to ratify the contract with Pima Association of Governments on a time and materials basis not to exceed \$6,000 for Water Quality Monitoring Waiver application and Wellhead Protection Program services. Mr. Doyle seconded the motion and the motion passed unanimously.

**I. Consideration of Upgrading Utility Maintenance Worker I Position in Production Section to a Utility Maintenance Worker II Position.**

Mr. Tripp made the motion to approve that the existing Utility Maintenance Worker I position in the Production Crew be upgraded to a Utility Maintenance Worker II position. Ms. Cramer seconded the motion and it passed unanimously.

**J. Oracle Road Property.**

Mr. Tripp made the motion to approve the acceptance of bids for the District's Oracle Road property and return the successful contract for the sale of the Oracle Road property to the Board for ratification. Ms. Cramer seconded the motion.

Mr. Stratton asked if the Board wanted to request a minimum bid based on the appraisal done for the property since no bids were received when the District previously tried to sell the property. Mr. Tripp and Ms. Cramer supported not having a minimum bid.

Mr. Schlegel questioned if the District was bound to accept the highest bid when bids are requested. Mr. Michael McNulty of Brown & Bain said that it depends upon how the requests are presented. Acceptance of the highest bid is dependent upon how the bids worded. If worded properly, the District does not have to accept the highest bid.

Ms. Cramer asked if the District has to accept bids. Mr. McNulty said that is unclear since the statutes do not clarify if the county bidding process applies to a county water improvement district.

Mr. Stratton asked Mr. Dave Furrey in the audience about Flowing Wells Irrigation District's bidding procedure. Mr. Dave Furrey of Flowing Wells Irrigation District noted that it has gone out for bids but its Board has the final approval of the contract.

Mr. Tripp asked for clarification of the property's location. Mr. Stratton said that the property is adjacent to Northern Avenue and was used as a storage site when the District had its office at the Oracle Road property. The District is still in discussion with Pima County regarding obtaining access to the property from Northern Avenue.

Mr. Schlegel called for a vote for the motion regarding the acceptance of bids for the District's Oracle Road property. The motion passed unanimously.

#### **K. Status Report of Available Water Resource Alternatives.**

Mr. Stratton noted that he had provided updated information to the Board of Directors regarding a report previously done by Mr. Mark Myers about different alternatives available regarding long-term water resources. Previously the Board has discussed the complications associated with various alternatives. Staff is continually examining anything that is available that will benefit the community long-term, since it is difficult to do projects such as Avra Valley Recharge Project without water. The District is still working with Pima County to secure some excess water. The County is still trying to renegotiate or resolve differences with the City. A number of entities would like to have access to the ninety percent of effluent currently under the City's jurisdiction. Some exploration of constructing small treatment plants has been discussed by the Town of Oro Valley and Sahuarita. It is interesting that under the intergovernmental agreement, the City of Tucson has the right to agree or disagree with who provides effluent to Green Valley, but does not supply water there. Other water resource issues involve CAP allocations, transfer policies of such allocations, and how CAWCD and the Bureau of Reclamation will accept ADWR's recommendations. Mr. Myers will also continue to explore the purchasing of Type I rights that may be available.

Mr. Jim Peterson of the Town of Oro Valley noted that Mr. Tom Carr of ADWR, is currently writing the transfer policy and will be attending the Northwest Water Alliance meeting on July 12, 1996 to discuss the latest draft of that policy.

Mr. Furrey noted that Flowing Wells Irrigation District has water if the District is interested.

#### **H. Office Relocation - Site Selection.**

Mr. Stratton reported that he had received the 1993 appraisal of the Shannon Road property from Mr. Tom Burke, Pima County, which showed a value for the property on both sides of Shannon Road. The appraised value for the property on the west side was \$70,000. Pima County will update the appraisal. Mr. Burke believes that they can structure a trade, which needs to be done since the County generally must request bids for property. Based on direction from the Board of Directors at the June 18, 1996 Board meeting, staff is currently pursuing the Shannon Road property, staying

aware of other property and pursuing the design of an office building. Additionally, the District received a letter from County Administrator, C.H. Huckelberry, about obtaining the property through trading water for County parks. Mr. Tripp noted that such an arrangement is only attractive if the District does not spend more for the cost of the water than what the property is worth.

Mr. Tripp asked if the property could be leased for twenty-five years to avoid the bidding process. Mr. Stratton said that is an option; however, Mr. Burke suggested that the District own the property outright. Additionally, the District will begin this week advertising for the design of the office building, which means a staff recommendation may be before the Board at the August 12, 1996 meeting. As the District moves closer to securing the property from the County, the District can then perform an environmental assessment of the property.

Ms. Cramer asked if the design will be done in such a way that it can work on any site. Mr. Stratton said that with only minor modifications, the design is to apply to any property.

Ms. Cramer questioned if the District worked out a trade with the County, would the County still have to go to bid. Mr. McNulty said at this time he is not certain, but believed that a trade with another public entity does not require an auction to be held. Mr. Stratton also noted that this is what Mr. Burke thought.

Mr. Schlegel noted the discussions with the Board of Supervisors about the land trade proposal continues to be positive.

Ms. Cramer said staff should be directed to continue to examine the various alternatives involved with the site selection.

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

Mr. Stratton reported that with respect to the Northeast Reservoir issue, the Sister at Immaculate Heart still wants to meet though her schedule has not permitted yet a meeting. Although the process is slower than staff desires, more information should be forthcoming in July.

Mr. Stratton said that the new Magee/LaCholla Reservoir is progressing well according to schedule. Mr. Dave Tanner of the Engineering Division has kept a photographic journal of the project. The Board is welcome to review those photos. The Moondance replacement project is nearing completion and the new construction crew will be starting a new project. Mr. Charlie Maish, District Engineer and Mr. Chris Hill, Utility Superintendent, are working on a schedule of upcoming projects for the construction crew.

Mr. Stratton noted that Mr. Peterson and he did a television interview as part of a campaign to promote continued funding of the University of Arizona's Water Resources Research Center.

## **VI. Legal Counsel's Report**

Mr. McNulty reported that he and Mr. Fred Rosenfeld will be completing potential legislation for the upcoming legislative session that would clarify the role of domestic water improvement districts. The



Board will be given a draft when it is completed. Mr. McNulty noted that he will be out of the country for the next three weeks.

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

The next regular session Board meeting will be scheduled for August 12, 1996 at 5:00 p.m.

**VIII. Adjournment**

The Board adjourned the meeting at 7:05 p.m.

  
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Peter H. Schlegel, Chair

ATTEST:

  
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Clerk