

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

June 10, 1996
Wilson Room
Tohono Chul Park
7366 North Paseo del Norte
Tucson, Arizona 85704

MINUTES

Board Members Present:	Peter Schlegel, Chair Jim Doyle, Member James Tripp, Member
Board Members Not Present:	Marty Cramer, Vice-Chair Herb Johnson, Member
District Staff:	Mark Stratton, General Manager Phil Higdon, Legal Counsel Michael Land, Chief Financial Officer 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 5:09 p.m. Mr. Jim Doyle and Mr. Jim Tripp were present. Ms. Marty Cramer and Mr. Herb Johnson were both out-of-town.

Executive Session

Mr. Tripp moved that the Board of Directors hold an Executive Session. Mr. Doyle seconded the motion and it passed unanimously. The Board went into Executive Session at 5:10 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) regarding the following:

- A. Litigation with the City of Tucson.

The Board returned from Executive Session at 5:55 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 6:05 p.m. Mr. Jim Doyle and Mr. Jim Tripp were present. Ms. Marty Cramer and Mr. Herb Johnson were both out-of-town.

II. Comments From The Public

The public made no comment.

III. Consent Agenda

- A. Approval of Minutes - May 13, 1996 Board Meeting.**
- B. Ratification of Billing Adjustments.**

Mr. Tripp made the motion to approve the consent agenda. Mr. Doyle seconded the motion and it passed unanimously.

IV. General Business - Items For Discussion and Possible Action

A. Short-Term Financing for Capital Improvement Projects

Mr. Mark Stratton discussed the difficulties in obtaining short-term financing. Staff plans to present some alternatives to the Ashton Company to determine if the construction of the Linda Vista Reservoir can still proceed. The short-term financing was also to fund the design of three transmission mains, which staff believes would still be advantageous to pursue. The total amount for the three projects combined is \$350,000. The three firms selected by the Board for the design projects should have contracts prepared for presentation at the July 8, 1996 Board meeting. The Board can decide then if it wants to front-end those projects with the alternative financing being able to eventually pay for them.

Mr. Schlegel asked if the Board decides not to front-end these three contracts if the District can again seek bids at a later date. Mr. Stratton answered that a decision can be made once the District has negotiated with the three firms. Although, this will be presented to the Board as individual contracts, the Board may decide at the July 8, 1996 meeting to put the contracts on hold. However, the designs are estimated to take about six months for completion, approximately the time of the contemplated bond election. Assuming the contemplated bond election is successful, the District will then have enough time to make some changes to the designs and proceed with the projects rather than rushing the designs.

Mr. Schlegel noted that he had a concern about the financial impact of front-ending the design. Mr. Stratton said that the Board can decide after it has reviewed the design contracts. The design projects are within the District's budget. Mr. Schlegel asked if the District has extra revenue generated from

the above normal warm weather. Mr. Mike Land, Chief Financial Officer, said that he was waiting for the numbers from May 1996 to determine how much more revenue has been generated from the new rate structure and warm weather.

Mr. Schlegel said that even with \$350,000 in a reserve fund, he wanted to feel comfortable about how the money is used. The discussion would continue at the July 8, 1996 Board meeting.

B. Litigation with the City of Tucson

Mr. Phil Higdon of Brown & Bain reported that on August 19, 1996, the District will present an argument before Judge Veliz regarding the District's obligation on two issues. The first being Tucson's obligation to complete the delivery system to the Northwest and the second deals with the impact of Proposition 200 upon Tucson to sell water to the District. Judge Veliz's decision will only affect those issues and not the whole case. The City is also wanting the judge to consider if groundwater can be a substitute for CAP water and thus has postponed addressing the CAP quality issues.

Mr. Tripp noted that the District had received a letter from Mayor Miller. Mr. Higdon said that the letter from Mayor Miller is being interpreted as a positive response to the letter that Mr. Schlegel had sent about negotiating a settlement. Additionally, a settlement hearing with Judge Fleschmann is scheduled for October 1996, if a private settlement is not reached.

C. Monthly Financial Report

Mr. Land reported that a budget summary would be prepared for the Board by the end of the week.

Mr. Schlegel said that the meter installations have dropped and asked Mr. Land to provide information to the Board regarding that situation.

D. Leasing of District Property

Mr. Stratton noted that at the May 13, 1996 Board meeting, this item was continued so further investigation could be done. McKenzie Telecommunications Group sought to lease from the District a portion of the Hardy site for a 63-foot tall communications tower. While much of the Hardy site is unused, the Utility Division plans to store equipment being purchased. Based on the Utility Division's needs, staff has said to McKenzie Telecommunications Group that only the northeast area of site could be used, which is also the closest to the neighbors. Ms. Marty Cramer had requested additional investigation regarding the tower's impact to neighbors and the ramifications of the District approving it. Mr. Stratton noted that the staff report discussed most of the issues. A representative from McKenzie Telecommunications Group was invited to the meeting and the Board may have some issues not covered by the staff report. Since the District may have some other sites with minimal impact to the surrounding area, the Board may want to consider each request to lease of property as individual cases.

Ms. Sissy McCabe of McKenzie Telecommunications Group said the Hardy site was ideal and zoned properly for the tower that they are trying to locate. She noted that any concerns about the tower's

construction could be addressed and that towers are designed so they can collapse rather than fall. Most of the public is unaware of these towers once they are erected. They can be found across Tucson, but people hardly notice them.

Ms. McCabe, Mr. Stratton and Mr. Chris Hill, Utility Superintendent, discussed the area that McKenzie Telecommunications Group was trying to locate a tower and if some alternatives could be considered about the Hardy well site. None of the alternatives seemed feasible.

Mr. Schlegel asked for information about McKenzie Telecommunications Group. Ms. McCabe said that US Sprint has contracted her firm to do site acquisitions, zoning and permitting for tower sites. Since US Sprint does not have the work force to cover the United States, they contract with such firms to do this type of work. McKenzie Telecommunications Group's home office is in Phoenix and they also do work for AT&T.

Mr. Stratton noted that across the street from the Hardy site is a Tucson Electric Power substation and that site could be considered because power poles already exist. Ms. McCabe said they are presently working with Tucson Electric Power on several other sites.

Mr. Tripp made the motion that based on staff's report and the information presented the Board will not lease the Hardy well site at this time. Other requests to lease property should be considered on an individual bases. Mr. Doyle seconded the motion and it passed unanimously.

Mr. Schlegel noted that the District remained open for further discussion of other sites, but he would like more information about "who" McKenzie Telecommunications Group is.

E. Status of Office Relocation.

1. Selection of a Site.

Mr. Schlegel noted that the agenda item regarding the selection of an office site had been continued from the May 13, 1996 Board meeting. Subsequently, the potential acquisition of the Shannon Road site has been further explored. Mr. Schlegel said he had spoke with Pima County Supervisors Paul Marsh, Ed Moore and Mike Boyd regarding the information presented at the May 13, 1996 Board meeting. All three supervisors were in support of the concept. Pima County Administrator C.H. Huckelberry has asked County Parks and Recreation to provide him possible park designs for the property and to examine the legalities of a land trade. Mr. Steve Nanini is willing to give the property that the District is in need of for a new office site. Ten minutes before this meeting, Mr. Schlegel said that he spoke with Mr. Nanini who is willing to put in writing an agreement for that property. Everyone informed about this project has been positive about its potential.

Mr. Tripp asked if Mr. Nanini owns the property. Mr. Schlegel explained that Mr. Nanini's grandfather owned the property and gave it to the County with certain covenants that the County has not met. He explained how a transfer of land owned by Mr. Nanini and Estes Homes would be exchanged for the Shannon Road property. This would ensure that a park could be built rather than homes, which would then not have a negative impact upon the Marana School District's bonds. Mr. Schlegel said that staff should be asked to continue exploring this opportunity.

Mr. Tripp said that the item had been continued since the last Board meeting and questioned if any of the agreement had been documented for what could be a lengthy transaction. Mr. Schlegel said that the continuance from the last Board meeting was to see if the District would continue to receive positive support from the County, which has happened. Mr. Schlegel said he did not understand why there is an urgency to purchase property. Mr. Tripp said that continuing operating was not practical for the District as it is.

Mr. Stratton said since the design process will take the longest, the District could pursue a design for an office while still exploring the site. He added that from the viewpoint of a District resident, obtaining property at no cost would appear advantageous. However, a written document is needed to denote the exact steps for this transaction.

Mr. Tripp said that he had looked at various potential sites. The property at Orange Grove and La Cañada is ideal compared to other properties he had viewed. If the District loses it and not obtain the Shannon property, the District will have a problem finding a suitable site. He would like to see something in writing regarding the Shannon property. He would like the office to be moved by January 1997.

Mr. Stratton suggested that if something in writing could be obtained in a timely fashion regarding the Shannon property, the Board could discuss it at a special Board meeting.

Mr. Schlegel noted that the Board would do a disservice to the District if it did not explore how to save the District \$300,000 for an office site. He said he would do all that he can to provide the information that Mr. Tripp would like to feel comfortable about the transaction. The transaction could be a benefit, not just in obtaining an office site, but also could help the Northwest Replenishment Program.

The Board decided to schedule a special meeting for June 18, 1996 at 9:00 am to discuss this item.

2. Preparation of RFP for Office/Maintenance Shop Plans and Specifications

Mr. Tripp make motion to direct staff to prepare an advertisement for a request for proposal for design of the office, maintenance shop plans and specifications. Mr. Doyle seconded the motion.

Mr. Stratton asked if a prefab building was acceptable. Mr. Tripp said yes.

Mr. Schlegel asked if a prefab building can be designed to have the Board meeting room separate. Mr. Stratton said yes. Mr. Schlegel said this would allow the Board meeting room to be used as a community center. Mr. Tripp said a water district does not need to construct a community center. Mr. Schlegel said that if the property is obtained free, the District should give something back to the community. Mr. Tripp noted that his motion was for the design of a building at either property.

Mr. Schlegel called for a vote for the motion to request proposals for an office design. The motion passed unanimously.

F. Support for Pima County Flood Control District's Proposal to Use a Site at Orange Grove Road and Interstate-10 as a Central Arizona Project-Tucson Aqueduct System Reliability Reservoir Site.

Mr. Tripp made the motion to approve the sending of a letter of support to Pima County Flood Control District regarding their proposal to examine the use of a site at Orange Grove Road and Interstate-10 as a Central Arizona Project Tucson Aqueduct System Reliability Reservoir Site. Mr. Doyle seconded the motion and the motion passed unanimously.

G. Approval of Intergovernmental Agreement with Pima County Flood Control District for Northwest Replenishment Program

Mr. Tripp made the motion with legal counsel's concurrence to approve the intergovernmental agreement between Pima County Flood Control District and the Metropolitan Domestic Water Improvement District for Northwest Replenishment Program. Mr. Doyle seconded the motion.

Mr. Higdon said that legal counsel has no problem with the agreement.

Mr. Schlegel asked Mr. Jim Peterson of Oro Valley if he were aware of the agreement and asked him if Oro Valley has such an agreement. Mr. Peterson said that a similar agreement is in progress. Mr. Schlegel asked if the District should approve the agreement dependent upon Marana and Oro Valley's action. Mr. Peterson and Mr. Mark Myers noted that Marana has already signed such an agreement.

Mr. Schlegel called for a vote for the motion to approve the intergovernmental agreement with Pima County Flood Control District. The motion passed unanimously.

H. Approval of Contract for Water Policy Consulting by Mark Myers

Mr. Tripp made the motion to approve the consultant contract for the Northwest TAMA Replenishment Program with Mark Myers in the amount of \$3,200 per month for one year. Mr. Doyle seconded the motion and it passed unanimously.

I. Approval of Augmentation Grant Contract with Arizona Department of Water Resources

Mr. Tripp made the motion to reaffirm its approval for the augmentation grant services contract for the Cañada del Oro Recharge and Recovery Project with Arizona Department of Water Resources. Mr. Doyle seconded the motion and it passed unanimously.

J. Ratification of Contract with JCS Engineering

Mr. Tripp made the motion to ratify the contract for Fiscal Year 1996-1997 with JCS Engineering in an amount not to exceed \$9,500. Mr. Doyle seconded the motion and it passed unanimously.

K. Award of Annual Contract for Well Maintenance

Mr. Tripp made the motion to award the annual contract for well maintenance to Farwest Pump Company for Fiscal Year 1996-1997. Mr. Doyle seconded the motion and it passed unanimously.

L. Approval of Booster and Well Pump Efficiency and Performance Field Testing Equipment.

Mr. Christopher Hill, Utility Superintendent, explained that he had met with Dr. Blaine Reely of Envirotech Southwest to review new technology to ascertain well and pump efficiency. Since the District spends a large amount of its budget for electrical power costs, the District should examine how efficient electricity is being used. The equipment would provide that information to the District so that appropriate adjustments can be made to save the District money.

Mr. Tripp asked Mr. Hill if he were recommending the best bids. Mr. Hill said that from researching the equipment, the Panametrics portable flow meter is standard and would be best for the District.

Mr. Tripp made the motion to approve the purchase of a Panametrics portable flow meter for \$6,460 and a compiler for \$6,741 to enable the District to determine well and booster pump efficiencies. Mr. Doyle seconded the motion.

Mr. Schlegel noted that the motion states the purchase of the portable flow meter from Panametrics, but it is unclear as to from whom the compiler will be purchased. The staff report showed that Envirotech had the best compiler. Mr. Hill said that Envirotech's price quote had not yet been received but monies are available in the budget to cover the estimated cost. Mr. Stratton suggested that the motion should be amended since an exact cost was reflected in the motion for the compiler.

Mr. Tripp amended the motion to approve the purchase of a Panametrics portable flow meter for \$6,460 and a compiler for the best price obtainable at approximately \$6,741. Mr. Doyle seconded the amended motion and it passed unanimously.

V. General Manager's Report

Mr. Stratton reported that the Board has received correspondence the past two weeks that provided information about various issues confronting the District. He wanted to provide some update to some items. Mr. Stratton noted that the appraisal for Lot #39 of Cobo Catalina was lower than expected.

Mr. Tripp said that there may have been some misconception about his motion regarding Lot #39 of Cobo Catalina at the April 8, 1996 Board meeting. The motion included the District accepting bids for the property. After reading the appraisal provided by Baker, Peterson, Baker & Associates and comparing other lots that have sold in the area, the District should advertise that it is accepting bids starting at \$250,000. The District could also consider trading the land with the Immaculate Heart High School. Mr. Stratton said that before accepting bids, the District wanted to have the appraisal done as well as schedule a meeting with the Immaculate Heart High School to determine if a land trade is possible.

Mr. Stratton reported that Mr. Schlegel, Mr. Myers and he had met with Mr. Jim McIntyre and Ms. Suzanne Pfister of Central Arizona Water Conservation District to discuss an opening ceremony for the Avra Valley Pilot Recharge Project. Another meeting is scheduled to discuss further logistics for an opening ceremony. The event is planned for August 1, 1996 at 9:00 am and will be held in conjunction with CAWCD's monthly meeting. Mr. Schlegel and Mr. Stratton remarked that this should be a very positive event for both the District as well as CAWCD.

Referring to Lot #39 at Cobo Catalina, Mr. Schlegel questioned if \$250,000 was too low to set as a minimum bid since the District paid more for it than that amount. Mr. Tripp said that the amount was figured according to square footage. He was aware that the property was purchased for \$300,000 and the District bought it under pressure because it wanted that property. Mr. Higdon noted that staff should be careful of wording a request for bids.

Mr. Stratton also reported that the District's budget was passed by the Town of Oro Valley as required under the intergovernmental agreement with the Town. New Town staff members asked pertinent questions regarding the budget, indicating a good working relationship between the District and the Town of Oro Valley.

VI. Legal Counsel's Report

Mr. Higdon reported that the boundary dispute with the City of Tucson has been officially settled.

VII. Future Meeting Dates; Future Agenda Items

A special Board meeting is scheduled for June 18, 1996 at 9:00 a.m to discuss the site selection for the office relocation.

VIII. Adjournment

The Board adjourned the meeting at 7:24 p.m.



Peter H. Schlegel, Chair

ATTEST:



Clerk