

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

**July 8, 2002**

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

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

**MINUTES**

Board Members Present: Dennis Polley, Chair  
Dan M. Offret, Vice-Chair  
Jim Doyle, Member  
Pete Schlegel, Member  
Marlene Wright, Member

District Staff: Christopher Hill, Deputy Manager  
Phil Higdon, Legal Counsel  
Warren Tenney, Clerk of the Board  
Alice Stults, Recorder

**Call to Order and Roll Call**

Dennis Polley, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:04 p.m. Dennis Polley, Dan M. Offret, Jim Doyle, Marlene Wright and Pete Schlegel were present.

Mr. Offret made a motion for the Board to move into Executive Session. Ms. Wright seconded the motion and it passed unanimously. The Board went into Executive Session at 5:05 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 A.R.S. § 38-431.03 (A) (4) (consultation with legal counsel regarding contracts that are in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation) regarding the following:

- A. Notice of Possible Claims by Miura Contracting, Inc. on the Thornydale Transmission Main.**
- B. Well Maintenance Contract with Duncan Pump.**
- C. Security Issues.**

The Board returned from Executive Session at 6:05 p.m.

**Regular Session**

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

Dennis Polley, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:08 p.m. Dennis Polley, Dan M. Offret, Jim Doyle, Marlene Wright and Pete Schlegel were present.

**II. General Comments from the Public**

There were no comments from the public.

**I. Consent Agenda**

- A. Approval of Minutes – June 6, 2002 Special Board Meeting.**
- B. Approval of Minutes – June 10, 2002 Board Meeting.**
- C. Ratification of Billing Adjustments.**
- D. Approval of Bad Debt Write-offs.**

Ms. Wright noted that a typographical change had been made by staff on the total amount listed under Consent Agenda Item C., Ratification of Billing Adjustments.

Mr. Offret made a motion to approve the consent agenda with an amendment to the Billing Adjustments total, amending the total from \$7,895.21 to \$1,698.80. Mr. Doyle seconded the motion. Motion passed unanimously.

**IV. General Business – Items for Discussion and Possible Action**

**A. Monthly Status of the District.**

Mr. Hill said the District is at record levels for water demand. He commended staff for an excellent job managing the system and making necessary adjustments to meet the demands.

Mr. Schlegel expressed concerns that the District had traded customers with Tucson Water and requested that legal counsel research if the District was authorized to invest capital into an area that technically belongs to Tucson Water. He explained that a high density housing project was planned on La Cholla and River, and was concerned that the District was planning improvements in the area and that the franchise technically belonged to Tucson Water.

**B. Financial Report.**

Mr. Land reported that the financial audit of the District's inventory and fixed assets began July 1, 2002. He said meter installs for the month of June were up compared to the same period last year.

Mr. Schlegel asked what is being done with the excess revenues that are received by the District. Mr. Land replied that the cash balance stays with Pima County Treasurer, and the money is invested through the State Treasurer. Mr. Land said the District earns the same interest rate on its money as Pima County. He added that staff requested proposals from financial institutions and the best rate offered was approximately 3%. Currently, the District is earning slightly above 2%. Mr. Schlegel suggested that staff prepare a report on the proposals to be included as a future Board agenda.

**C. Approval of the Collection of Sewer User Fees for Pima County.**

Mr. Land explained that the Intergovernmental Agreement (IGA) with Pima County was for the collection of sewer user fees and included the probability that Green Valley Water Company customers would be added to the collection of sewer user fees by the District. The monthly fee per account would remain at 58¢, with a provision in the IGA that allows the monthly fee to be reviewed annually.

Ms. Wright moved to approve the Intergovernmental Agreement with Pima County to collect sewer user fees from July 1, 2002 through June 30, 2005 for a total amount not to exceed \$417,600.00. Mr. Offret seconded the motion. Mr. Polley and Mr. Doyle said they would abstain from voting on the motion.

Mr. Schlegel questioned why the limit of \$417,600.00 was included in the contract. He was also concerned that a yearly increase for sewer user fees was not built into the contract, and the contract was not brought before the Board in a timely manner. Mr. Schlegel suggested raising the monthly fee per account to 59¢, the same as Tucson Water. Mr. Land said the not to exceed amount of \$417,600.00 in the contract was required by Pima County and took into consideration the District acquiring Green Valley Water Company. He noted that the sewer user fees could be reviewed annually.

Ms. Wright withdrew the pending motion.

Mr. Schlegel made a motion to approve the Intergovernmental Agreement with Pima County to collect sewer user fees from July 1, 2002 through June 30, 2005 for a total amount not to exceed \$417,600.00 with the monthly sewer user fee to be set at 59¢ per account. Ms. Wright seconded the motion. Ms. Wright, Mr. Offret, and Mr. Schlegel voted in favor of the motion. Mr. Polley and Mr. Doyle abstained. Motion passed.

**D. Approval of Loan Agreement with Bank of America.**

Mr. Offret made a motion to approve the new Loan Agreement with Bank of America for the full renewal of the District's \$2,000,000 Line of Credit. Mr. Schlegel seconded the motion.

Mr. Schlegel asked why the line of credit was needed. Mr. Land replied that it would provide the District with a more affordable rate should the District need to utilize the monies. Mr. Schlegel asked if Administration could use the funds without approval from the Board. Mr. Land replied no.

Motion passed unanimously.

**E. Resolution 2002-6 – Compensation for Directors of the Board.**

Mr. Doyle made a motion to approve Resolution 2002-6 to establish the compensation of \$25.00 for directors of the Board for attending Board meetings pertaining to Arizona state law. Mr. Offret seconded the motion.

Mr. Schlegel said while respecting Mr. Doyle's opinion, he felt that \$25.00 was an insult. He believes that providing Board members with more money would attract higher quality people. It also undermines the District's credibility since the District had gone to the Legislature requesting \$100.00, compromised at \$75.00, and now only approving \$25.00. He said that while he was not running again for the Board, he had spent much of his own money in serving on the Board and that Board members should be compensated.

Ms. Wright said she agreed. She felt Board members spent time preparing for meetings. She also noted the District had lobbied for \$75.00.

Mr. Polley called for a vote. Mr. Doyle, Mr. Offret, and Mr. Polley voted in favor on the motion. Mr. Schlegel and Ms. Wright opposed the motion. The motion passed 3 - 2.

**F. Award of Used Vehicle Bids.**

Mr. Doyle made a motion to award the purchase of the 1993 Chevrolet Sonoma and the 1993 GMC Jimmy to the highest bidders per the June 28, 2002 bid opening who can meet all stipulations of the bid and provide a cashiers check for the full amount of their bid. Ms. Wright seconded the motion. Motion passed unanimously.

**G. Consideration of Reconditioning District Vehicles.**

Mr. Hill explained that a fleet management policy is currently being developed by staff which also includes a fleet policy report that will address the disposal and reconditioning of vehicles.

Mr. Schlegel made a motion to continue this item until the fleet management policy is brought to the Board for consideration and possible establishment. Mr. Offret seconded the motion. Motion passed unanimously.

**H. Approval of Exchange Agreement with Pima County for Mona Lisa Well Site.**

Ms. Wright made a motion to approve the property Exchange Agreement with Pima County for the transfer of the District's parcel 225-43-006B on Shannon Road to Pima County and the transfer of the Pima County property located along Mona Lisa Road to the District. Mr. Offret seconded the motion.

Mr. Schlegel suggested that Mr. Doyle and Mr. Polley, as Pima County employees, should abstain from voting on the motion due to the financial enhancement of the County. Phil Higdon agreed one could interpret the transfer that way and to be safe, they should abstain. Mr. Doyle and Mr. Polley agreed to abstain from discussing and voting on the motion.

Mr. Schlegel said he did not believe that the District could build the transmission main mentioned in the Exchange Agreement for the stated \$75.00 per foot. Mr. Maish said this was a fair estimate of the cost. Mr. Schlegel was also concerned that the District would only receive one third the amount of water by transferring the location, and believed Pima County should bear the cost of \$11,000 for tree removal and salvage. He felt the County was benefiting more from this transfer than the District.

Mr. Hill said staff is concerned about the amount of time it has taken to transfer the property so that a new well can be constructed. He noted the well capacity and water supply has been reduced in recent years, and it would be beneficial to the operations of the District to have a new well constructed as soon as possible.

Mr. Polley called for a vote on the motion to approve the property Exchange Agreement with Pima County for the transfer of the District's parcel 225-43-006B on Shannon Road to Pima County and the transfer of the Pima County property located along Mona Lisa Road to the District. Mr. Offret voted in favor of the motion. Ms. Wright and Mr. Schlegel opposed the motion. Mr. Doyle and Mr. Polley abstained from voting. Motion failed.

Ms. Wright said she believed that Pima County should bear the cost for removal of the trees.

Mr. Schlegel made a motion to approve the property Exchange Agreement with Pima County for the transfer of the District's parcel 225-43-006B on Shannon Road to Pima County and the transfer of the Pima County property located along Mona Lisa Road to the District contingent upon the District not bearing the cost of salvaging and replacing the trees to be removed from the temporary construction area. Ms. Wright seconded the motion. Mr. Schlegel, Ms. Wright and Mr. Offret voted in favor of the motion. Mr. Polley and Mr. Doyle abstained from voting. Motion passed.

#### **I. Approval of Sale of Casas Adobes Well Site, Lot 15.**

Mr. Schlegel asked if an official appraisal of the property had been requested. Mr. Maish said that a market analysis was conducted and the price of the site was at the high end of the price range. Mr. Hill noted that generally the only persons interested in property of this size and type were the adjacent property owner.

Mr. Offret made a motion to approve that the Metropolitan Domestic Water Improvement District sell Casas Adobes Well Site, Lot 15 to Ben K. and Christine M. Sternberg for \$3,500.00 and direct staff to use the sale proceeds to help fund the District's Well Abandonment Program. Ms. Wright seconded the motion. Motion passed unanimously.

**J. Ratification of Purchases for Additional Security Items.**

Mr. Schlegel made the motion to ratify the emergency purchases for \$18,157.88 to Central Alarm Company for additional security measures to be implemented additionally in the District. Mr. Offret seconded the motion. Motion passed unanimously.

**K. Award of Miscellaneous Survey Services Contracts for Fiscal Year 2002-2003.**

Mr. Offret made the motion to approve the award of the Miscellaneous Survey Services contracts for Fiscal Year 2002/2003 to Castro Engineering Corp. and AMEC Infrastructure, Inc., on a time and material basis, not to exceed \$100,000 each. The contract expiration date shall be June 30, 2003. The contracts may be extended at the end of June 30, 2003 for up to two additional years with Board of Directors approval. Ms. Wright seconded the motion. Motion passed unanimously.

**L. Discussion and Direction to Staff Regarding July 15, 2002 Public Hearing and Possible Establishment of a Turf Irrigation Fee as Part of the District's Water Rates.**

Mr. Hill explained the turf irrigation fee would apply only to golf courses. Establishing such a rate was due to the acquisition of the Green Valley Water Company since the District did not currently service a golf course. He said staff was seeking direction on turf irrigation fees and water rates for the Public Hearing scheduled for July 15, 2002.

Mr. Schlegel suggested the Board continue discussions of fees and rates at a study session to be scheduled on a later date because the ACC had not yet acted on the acquisition. He explained that the Board needed additional information in order to make an educated decision as a precedent would be established by the District. Mr. Schlegel suggested that staff research other resources such as SAWUA, Oro Valley, City of Tucson, and Mark Myers in order to have more complete data. Mr. Schlegel said the information currently available was confusing.

Mr. Tenney said the Public Hearing had been noticed for July 15, 2002. The Board agreed to reschedule the Public Hearing to a later date, and to schedule a study session for further discussions and considerations.

Ms. Wright was excused from the meeting at 7:30 p.m.

**V. General Manager's Report**

Mr. Hill said meeting the water demands has been a tremendous challenge, and complemented all staff on meeting the water needs for the District.

Mr. Schlegel said he had concerns with the Arizona Corporation Commission's appearance of dragging their feet in addressing the Green Valley Water rate issue. He volunteered to assist



Legal Counsel by contacting the ACC. Mr. Higdon suggested that Mr. Schlegel contact Mr. McNulty to discuss how he might assist in the matter.

**VI. Legal Counsel's Report**

Legal Counsel had nothing further to report.

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


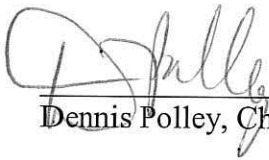
A study session to discuss turf irrigation fees was scheduled for July 22, 2002 at 5:30 p.m. The next regular meeting of the Board is scheduled for August 12, 2002 at 6:00 p.m.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Adjournment**

The meeting adjourned at 7:35 p.m.

  
Clerk of the Board  
Dennis Polley, Chair of the Board