

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

June 18, 1996
Special Board Meeting
7235 North Paseo del Norte
Tucson, Arizona 85704

MINUTES

Board Members Present:	Pete Schlegel, Chair Jim Doyle, Member Jim Tripp, Member
Board Members Not Present:	Marty Cramer, Vice-Chair Herb Johnson, Member
District Staff:	Mark Stratton, General Manager Michael McNulty, Legal Counsel Warren Tenney, Clerk of the Board

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 special Board meeting to order at 9:03 a.m. Mr. Jim Doyle and Mr. Jim Tripp were present. Ms. Marty Cramer and Mr. Herb Johnson were out-of-town.

II. Office Relocation - Site Selection

Mr. Doyle said that he had received a faxed letter signed by Mr. Steve Nanini that explains the proposed arrangement for acquiring property at Shannon Road, north of Ina for an office site as well as a park.

Mr. Tripp noted that he had received the same letter and hoped for a letter of intent from the owner of the property. He understood that Mr. Dan Felix of Pima County Parks & Recreation had been given instruction to prepare a feasibility of constructing a ball park at the site. Yet, it is unknown if this is possible, if Pima County will follow through with the plans, and what will be the exact cost to the District. Free water is promised in the letter for the park; yet, it may have a significant impact on the District's per capita consumption rate.

Mr. Mark Stratton, General Manager, said that when he met with Mr. Schlegel, Mr. Charles Huckelberry and Mr. Nanini about the site, ball fields were not considered due to the narrowness of the site. The concept for the park is a desert landscaped park with low consumption plants to show the attributes of xeriscape. Nothing has been received yet from Parks & Recreation regarding site development. Mr. Schlegel noted that the County's park program promotes linear parks with low water maintenance. Most of the property site would be for parking and as a staging area for people to go to the linear park, which would use a small amount of water. Though the term "free water" is used in the letter, the District would actually be receiving in turn the property. It will take a lot of water to match the value of the property that the District will receive.

Mr. Tripp said that an unanimous vote of the Board of Supervisors is probably required to allow this trade, meaning that politics will become a factor. The values of the land do not suggest support for the trade. A land swap of 85 acres that gives the County the high dollar of \$10.00 per acre in a flood plan would total \$850,000, but the Nanini Gardens site is roughly worth \$1.6 million. The Second Generation Foundation received 10 acres and offered \$400,000 for it and now is on the market at \$800,000. Tucson Electric Power is in control of 52 acres. Mr. Tripp said that he wants only to do what is best for the District. He noted that even if the District acquires the 4.5 acres, he has not seen a plat map showing how much of the site is usable if the District builds a community room along with the office space, parking and storage. The original search for the office site was for a five-acre parcel.

Mr. Schlegel said that he believed that the whole Board wants to do what is best for the District. The Board is considering an alternative to purchasing straightforward a site that would save the District money. The District's present office site is .9 acres. Having a site with 4.5 acres would be five times the present space and it is doubtful staff will continue to grow as it did in the initial years of the District. Some preliminary discussions indicated that 3 acres would be suitable for the District's needs. The County does own the property, though in discussions with Supervisors Marsh, Moore and Boyd have indicated that only three votes are necessary and that they are supportive of the trade. According to the Assessor's office, the property being traded needs to be equal to or of greater value than the property being traded for.

Mr. Schlegel noted that Mr. Doyle and he met with Mr. Nanini. Mr. Nanini has talked with Mr. Doug Noll of Estes Homes, who owns the 80 acre property. Mr. Nanini is out-of-town for a week and will then talk with Mr. Noll about purchasing the property so that it will be in Mr. Nanini's name. Mr. Doyle indicated he had the same understanding. Mr. Schlegel said the price paid would be of equal or greater value so that the exchange could occur. Even if it were worth less, it would still be worth more to the County because the property would then be again on the tax rolls. The zoning is CR-3 so the homes will be lower density than apartments. Mr. Tripp said that he doubted homes would be built since an apartment complex is scheduled on the nearby hill. Mr. Schlegel said that the plans proposed to Pima County are for only houses.

Mr. Tripp said that many issues surrounding the proposed land exchange could change. Mr. Schlegel agreed, but he had tried to address concerns raised at the June 10, 1996 Board meeting. He did not think the District needed to make a decision today regarding the office site selection. While other options are available, shutting the door on this potential site acquisition is not prudent. It may be in

the best interest of the District to be in a parallel mode with the Orange Grove Road property like starting the appraisal, design work, and environmental studies. Then, if the Shannon property works, the Board can vote in favor of it. If not, the Orange Grove Road site would be the choice. It would be beneficial to be able to tell our customers that staff has moved to a larger facility, but it will not put an additional financial burden on the rates. Additionally, at this time, the District should consider holding onto funds to address other issues that may be confronting the District.

Mr. Tripp said doing a parallel approach would not work with the Orange Grove Road property since the owner is holding it for a limited time for the District. He is expecting a decision so that he can pursue a potential buyer if the District is not interested. The District will lose that option if it waits too long. Under the circumstances, he did not object if the Board wants to wait for additional issues to be resolved involving the Shannon Road property. The Shannon Road property appears almost too good to be true and so he is suspicious of receiving something at no cost.

Mr. Doyle stated that he did meet with Mr. Schlegel and Mr. Nanini. He now has a better understanding of how the transfer of property would transpire, though unanswered questions still surround the land transfer that should be answered. The land transfer could financially benefit the District in that it would not have to pay for new property. The decision for a new office site is an important one that perhaps the whole Board should consider. There would be 80 acres available; however, we do not know what that property is worth and Pima County cannot do anything with the property due to the covenants placed on it. At this point, we do not know how much water would be used but we could stipulate the usage. Mr. Doyle suggested that a monetary, as well as, an environmental assessment be done on the property independent of a real estate firm or any politicians. It would be better if the entire Board of Directors made such an important decision regarding an office site.

Mr. Schlegel asked if the owner of the Orange Grove Road property would be willing to postpone a decision if the District paid for a time extension. This would give the District time to explore both options. The Shannon Road property seems that it could be such a positive option that the District should continue to pursue it. The Board of Supervisors is interested in it because it appears to fit everyone's needs. Politically, he would not support the concept if it were not good since he does not want something perceived as a bad deal while running for reelection.

Mr. Michael McNulty said that if the Orange Grove Road property is worth \$500,000, the carrying cost would be \$25,000 for six months for the District to have a right to the property. After six months, the District could decide if it wants to purchase the property.

Mr. Stratton said that he had spoke with Mr. Tom Burke of Pima County who has been involved with discussions with Supervisor Moore about the property. Mr. Burke noted that regardless of Mr. Nanini's involvement, Pima County does own the property and will benefit from the District owning the property. The District could have an agreement structured with the County to build on County property at no cost to the District. This helps eliminate concerns about Mr. Nanini's involvement. Based on discussions with Mr. Burke as well as Mr. Huckelberry, the County likes the idea of the District building on the property, which confirmed County support. Even if it is not "free," it would

be a minimal financial impact to the District. Due to other financial situations impacting the District, examining all options would be advantageous for the District. Mr. Noll with the Estes Company has spoken with Supervisor Grijalva, who has shown interest, but he wants it on the agenda after the primary election. With the background work done with both the Republican Supervisors and with Supervisor Grijalva, there should be enough support garnered to get this done.

Mr. Stratton noted that the Shannon Road property is a good site at an accessible location and also adjacent to one of the District's current sites. The main issue is how quickly can the paperwork be done so the District can use the site. If the trade is scheduled for late September with the Board of Supervisors, the District's office plans will be approximately 80 to 90 percent ready. Minimal site work will be needed, which will put the time frame for those events coming together on track. The District would probably not complete site plans and permits until the first part of the year, which means the most feasible time frame is to be in a new office in approximately a year. For a temporary situation, staff is looking at the Hardy well site to locate a modular for the Utility Division. This would ease parking congestion at the office site. Mr. Tripp said that the Hardy site is a good, temporary recommendation especially for parking. Although splitting staff is not wise due to communications. Mr. Stratton noted that the Utility Superintendent would still be at the office and the field crew will be in the field with their radios.

Mr. Schlegel suggested that the office site could be switched with the planned area for the park. Mr. Tripp said Tucson National would probably be hesitant about having the District office closer. Mr. Stratton noted that some questions are unanswered regarding how much of the Shannon Road property would be usable and how the Shannon Road right-of-way would affect the site. Pima County Park and Recreation staff is researching the particulars and District staff will talk with them.

Mr. Schlegel asked Mr. Tripp if he should continue to talk to the owner of the Orange Grove Road property. Mr. Tripp answered that dropping it would be best and then in January 1977 revisit the available sites if there is no commitment by then for the Shannon Road property.

Mr. Schlegel said staff should continue to pursue the acquisition of the Shannon Road property. Mr. Stratton said that he will work with Pima County Parks and Rec and see if he can get it on the Board of Supervisors agenda. The key is to make sure the District knows who controls the property and that the parties involved want the District to have an office site.

The Board asked legal counsel if the letter to Mr. Nanini regarding the proposed land exchange needs to be signed at this time. Mr. McNulty said that a possible drawback to signing the letter is that the District may want to pursue an intergovernmental agreement with the County and the letter could bind use.

Mr. Schlegel said that the only reason that Mr. Nanini signed the letter was to show the Board his willingness in the proposed land exchange. Signing the letter is probably not necessary.

Mr. Stratton noted that exploring an intergovernmental agreement with the County as a means to ensuring this transaction may be prudent and may possibly speed up the issue.

The Board took no action regarding the signing of the letter.


III. Adjournment

The Board adjourned the meeting at 10:10 a.m.



Peter H. Schlegel, Chair

ATTEST:



Clerk