

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

March 11, 1996  
Wilson Room  
Tohono Chul Park  
7366 North Paseo Del Norte  
Tucson, Arizona 85704

**MINUTES**

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

District Staff: Mark Stratton, General Manager  
Michael McNulty, Legal Counsel  
Michael Land, Chief Financial Officer  
Warren Tenney, Clerk of the Board

**Call to Order and Roll Call**

Ms. Marty Cramer, Acting Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 5:00 p.m. Mr. Jim Doyle, Mr. Herb Johnson, Mr. Pete Schlegel, and Mr. Jim Tripp were present.

**Executive Session**

Mr. Johnson moved that the Board of Directors hold an Executive Session. Mr. Schlegel seconded the motion and it passed unanimously. The Board went into Executive Session at 5:01 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. Green Valley Water Company.
- C. Countryside Portion of Cañada Hills Water Company.

The Board returned from Executive Session at 6:17 p.m.

## **Regular Session**

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

Ms. Marty Cramer, Acting 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 6:18 p.m. Mr. Jim Doyle, Mr. Herb Johnson, Mr. Pete Schlegel, and Mr. Jim Tripp were present.

### **II. Comments From the Public**

Mr. John Nyles said he lived across the street from the District's owned Lot #39 in Cobo Catalina. Mr. Nyles said he has been unable to sell his house because he is required to disclose that the District owns the neighboring property. Potential buyers no longer are interested when they learn about the District's property. He said he had received verbal promises from Mr. Mark Stratton, General Manager, regarding the District's intent to sell the property; however, he has not received such a statement in writing. Since he does not live in Tucson, traveling on weekends to try to sell the house has been difficult. Mr. Stratton said that he did not state the Board of Directors plans to sell the lot. He had spoken with Mr. Nyles about the possible building of a reservoir on the property but District plans were unknown due to various unresolved issues. Mr. Nyles said he had understood that the Board was to sell the lot. His legal counsel advised that since the future of the lot was nebulous, disclosure was not required. However, Mr. Nyles said he believed that the information was material and required disclosure.

Mr. Schlegel explained that although Mr. Nyles' issue was not on the agenda and could not be discussed by the Board, the Board was aware and concerned about the matter. Ms. Cramer directed to staff to place the issue on the agenda for the April 8, 1996 Board meeting.

### **III. Consent Agenda**

- A. Approval of Minutes - February 12, 1996 Board Meeting.**
- B. Approval of Minutes - March 1, 1996 Special Board Meeting.**
- C. Ratification of Billing Adjustments.**
- D. Ratification of Bills of Sale**
  - 1. Ironwood Meadows, Lots 51-95.**
  - 2. Sheva Vistas, Lots 77-138.**

Mr. Schlegel made the motion to approve all the items listed under the consent agenda. Mr. Johnson seconded the motion and it passed unanimously.

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

- A. Election of Officers & Appointments to Committees**
  - 1. Election of Chair and Vice-Chair.**

Mr. Schlegel said that this agenda item was awkward because there may be a concern about discussing the issue among Board members outside a meeting, which he has not done. Since there were many issues to be discussed at the meeting, perhaps the Board could continue this issue later. Mr. Schlegel asked if the statutes prohibited a delay in deciding this issue. Mr. McNulty said there was no problem with continuing the item.

No further discussion or action took place.

## **2. Board Member Committees.**

Mr. Schlegel moved to approve the Board Member Committee assignments as recommended by staff in the March 11, 1996 report. Mr. Johnson seconded the motion and it passed unanimously.

## **3. Appointment to Management Committee.**

Mr. Johnson asked if anyone has expressed interest in participating on the Management Committee. Mr. Stratton said no. Staff had assumed that the recommended candidate noted in the staff report would accept the appointment and the General Manager was not aware of another candidate.

Mr. Schlegel made the motion to continue this agenda item to the next Board meeting. Mr. Johnson seconded the motion and it passed unanimously.

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

Mr. Land stated that at the April 8, 1996 Board meeting, he will include in the report information about those items over or under a certain percentage.

Mr. Schlegel made the motion to accept the Monthly Financial Report. Mr. Tripp seconded the motion and it passed unanimously.

## **C. Linda Vista Reservoir & Booster Station.**

### **1. Award of Contract - Construction of Linda Vista Reservoir and Booster Station.**

Mr. Tripp made the motion to approve staff's recommendation to award a contract to construct the Linda Vista "A" Zone Reservoir and "C" Zone Booster Station to the Ashton Company, Inc. for the amount of \$2,742,315. The Board authorizes the General Manager to approve changes in the contract amount, these changes will not exceed plus or minus twenty percent of the original contract price. Mr. Schlegel seconded the motion.

Mr. Tripp said he was concerned about allowing the General Manager to approve a change order of up to twenty percent, which could be approximately \$500,000. If it were a minus twenty percent change order, it might suggest that something important is not being completed. Mr. Stratton noted said that the management analysis done in November 1996 had noted that the requirement to bring

every change order before the Board for approval caused a delay in completing projects. Twenty percent is not necessarily the key number; however, he recommended that the Board consider an amount it is comfortable with to allow the General Manager to approve change orders within a reasonable amount of money and time.

Mr. Schlegel said another option was to have the General Manager and the Capital Improvement Program (CIP) Board Member Committee authorize the change orders.

Ms. Cramer asked how the District has handled change orders and the average amount of such a change order. Mr. Stratton said that some contracts have had change orders of up to twenty-five percent. The General Manager can presently approve up to \$10,000. Having the CIP Board Member Committee's approval would provide a good check and balance.

Mr. Schlegel said that a dollar amount, not percentage, limit should be set. Mr. Johnson noted that \$25,000 should be the amount, anything over that should come back before the Board.

Mr. Tripp amended the motion to approve staff's recommendation to award a contract to construct the Linda Vista "A" Zone Reservoir and "C" Zone Booster Station to the Ashton Company, Inc. for the amount of \$2,742,315. The Board authorizes the General Manager to approve changes in the contract amount, if these changes do not exceed \$25,000 per change order and are approved by the CIP Board Member Committee. Mr. Schlegel seconded the amended motion and it passed unanimously.

Ms. Cramer noted that if the CIP Board Member Committee notices many change orders for a project, then the Committee and General Manager should bring the issue before the Board.

**2. Award of Contract - Construction Phase Services for Linda Vista Reservoir and Booster Station.**

Mr. Tripp made the motion to approve staff's recommendation to award the not-to-exceed contract for construction phase services to be rendered on the Linda Vista Reservoir and Booster Station to Black & Veatch in the amount of \$165,684.00. The Board authorizes the General Manager to approve changes in the contract amount, if these changes do not exceed \$25,000 per change order and are approved by the CIP Board Member Committee. Mr. Schlegel seconded the motion and it passed unanimously.

**D. Award of Contract - Water Facility Upgrades (Phase III) for New Magee/La Cholla Reservoir.**

Mr. Tripp made motion to approve staff's recommendation to award a contract for Water Facility Upgrades at the Magee/La Cholla Facility to the Ashton Company, Inc., in the amount of \$356,033. The General Manager is authorized to approve changes in the contract amount, if these changes do not exceed \$25,000 per change order and are approved by the CIP Board Member Committee. Mr. Schlegel seconded the motion and it passed unanimously.

**E. Approval of Consultant Selection.**

- 1. Design of Thornydale Well Transmission Main.**
- 2. Design of La Cholla Blvd/Magee Road Transmission Main.**
- 3. Design of La Cholla Blvd/Orange Grove Transmission Main.**

Mr. Stratton said that representatives from the three consulting firms recommended for the design works were in the audience.

Mr. Tripp made the motion to approve staff's recommendation to direct staff to negotiate a final scope of work, schedule, contract and fees with the following consultants for the following projects: Camp Dresser and McKee for the design of Project #1 - Thornydale Well Transmission Main: Canada Del Oro Wash, Ina Road to Magee and Cortaro Farms Road: Canada Del Oro Wash to La Cholla Boulevard; Cella Barr Associates for the design of Project #2 - La Cholla Boulevard: Tucson National Well Site to Ina Road and Magee Road; La Cholla Boulevard to La Canada Drive; Greiner, Inc. for the design of Project #3 - La Cholla Boulevard: Ina Road to Orange Grove Road and Orange Grove Road: La Cholla Boulevard to La Canada Drive. If the District is unable to negotiate an acceptable design fee with any of the three consultants, negotiations will proceed with RS Engineering. Mr. Johnson seconded the motion and it passed unanimously.

**F. Annexation Agreement - River at La Cholla.**

Mr. Stratton noted that Mr. Chris Monson and Mr. Mark Weinberg of the River at La Cholla project were in the audience. The report presented to the Board noted the dollar amounts involved with the proposed annexation agreement. The Board of Directors needs to decide if it wants to provide service to the portion of the development that is outside the District's boundaries and proposed to be annexed within. Otherwise, the revenue generated from this project is only an issue for that portion of the development inside the District's boundaries.

Ms. Cramer said that the Board appears to be held hostage to an agreement that it must either agree to or the boundary settlement with the City of Tucson will be delayed. Mr. Stratton noted it is the Board's decision whether they want to accept the agreement. The District still can provide service to that development within District boundaries; however, the District is not required to provide service outside the District boundaries. The owners of the property feel they do not have a choice because of the boundary settlement between the District and City. The Board needs to decide if it wants to increase its area to the Rillito Creek area and if the terms in the agreement are acceptable.

Mr. Schlegel noted that some promised developments have yet to be built. He questioned when Mr. Monson expected to have the River at La Cholla project completed. Mr. Monson answered that he is anxious to start, though the building will be done in phases. The District should see activity within the next eighteen months though guaranteeing a five year build out will be difficult.

Mr. Tripp made the motion to approve the proposed annexation agreement with River at La Cholla subject to River at La Cholla signing the agreement and subject to resolution of the service area boundary settlement between the District and the City of Tucson. Mr. Schlegel seconded the motion.

Mr. Monson noted that when River at La Cholla was asked to be served by Metro Water District, it agreed only if it were revenue neutral. However, the District's system development fees add thousands of dollars required.

Mr. Johnson questioned if a well site existed at the property. Mr. Stratton answered that two old wells on the site have been abandoned, though an additional well site in the area should be considered due to the potential productivity along the Rillito Creek. Mr. Johnson asked Mr. Monson if he would incorporate a well site into the agreement. Mr. Monson said that he believed much has been provided already, but would agree to discuss the issue.

Mr. Stratton said that when comparing the proposed agreement with the existing rate structure, the difference would be approximately \$150,000. Within the District boundaries are the single family units and a third of the multifamily units. The fees collected from that portion would remain consistent whether or not they accept the proposed annexation agreement. The portion not within the District is the issue. To be serviced by the District will cost the developer more because of the system development fees, which the City does not have. The agreement would include the whole development into the District and provides the benefit of securing the additional properties along La Cholla near River to be annexed into the District. Such annexation would allow for similar development in that area. Mr. Stratton noted that the recommendation is to approve the annexation agreement subject to the developer's signature first.

Mr. Johnson noted that the District will need to construct a main line to the development and also drill a well to service that area; therefore, having a well site dedicated would be advantageous to get a line down there. Ms. Cramer and Mr. Schlegel noted that having a local well would be a positive selling point to demonstrate fire flow protection to the area.

Mr. Monson said he was concerned about the requirement to accomplish everything within five years under the proposed annexation agreement. Mr. Tripp asked with what Mr. Monson felt comfortable. Mr. Monson said the project could start in eighteen months but may take ten years to complete depending on many factors. He suggested that the agreement allow for construction to start within five years and be completed in ten years.

Mr. Stratton asked if the apartments were to be platted at one time. Mr. Monson said no.

Mr. Tripp amended the motion to approve the proposed annexation agreement with River at La Cholla subject to River at La Cholla signing the agreement first and subject to resolution of the service area boundary settlement between the District and the City of Tucson. The system development fees as noted in section 3 of the agreement remain constant if the project begins in five years and is completed within ten years. Additionally, River at La Cholla will dedicate a well site within the annexation territory. Mr. H. Johnson seconded the amended motion. The motion passed four to one, with Ms. Cramer voting against the motion.

**G. Request for Release of Certificate of Convenience - 8540 N. Thornydale Road.**

Mr. Stratton stated that the issue of releasing a certificate of convenience has been brought before the Board several times but has never been granted. An adjacent well that is in need of repair currently serves Mr. Douglas Wright, the property owner requesting a release of certificate of convenience, and is close to Tucson Water lines. The cost estimate to receive service from the District is high based on contracted price; however, if the District does the work, the cost could be substantially less.

Mr. Schlegel noted that the property is owned by a Commercial Land Investors III. Mr. Wright explained that he and his partners have owned the property for 15 years as an investment. The property does have a house on it that is being rented. Water has been provided to the tenant from the adjacent property's well; however, during the last two months, water has been off at least 18 different times for periods of up to 15 hours. Mr. Wright said he was trying to resolve the problem for the tenant. He contacted the City of Tucson and the District about an alternative water supply. Mr. Wright understands that he is in the District; however, the cost of \$12,000 to \$15,000 to receive service from the District was too high. If the property is eventually developed, he would be glad to come back to the District for water, but until then Tucson can provide a water hookup for his rental now at a more reasonable price.

Mr. Johnson asked if Mr. Wright plans to supply water to other than the present tenant. Mr. Wright answered no. Mr. Johnson asked if the five acres to the north and south have the same problems. Mr. Wright said that Tucson Water served the Circle K to the south. Mr. H. Johnson asked Mr. Wright if he can provide the District an easement to the north and across his property. Mr. Wright answered that he could give an easement, but cannot pay \$15,000 to receive service. Mr. Johnson asked if installing a submersible pump could refurbish the well and the District could run lines at a later date. Mr. Wright answered that the neighbor wants to retire the well due to its age and has also found it inconvenient to keep in operation.

Mr. Schlegel asked if Mr. Wright was aware of a lien on his property. Mr. Stratton explained that there were assessment liens on all properties when the District was formed as security for the bonds. Mr. Schlegel said that the Board might not have the authority to require other property owners to pay that loan.

Mr. Wright said he was not aware of the lien. He offered to be required to bring his property back to the District, but for now receive service from Tucson Water. Mr. Stratton said that another possibility might be to have the District run a service line from Tucson Water's line, the District could meter it, then reimburse Tucson Water. Whether or not Tucson Water would agree, it still could be investigated.

Mr. Johnson noted that staff should meet with Mr. Wright to discuss possible solutions, including the examining of an easement at the north end of Mr. Wright's property. Ms. Cramer agreed that the Board would like to see the issue resolved and directed staff to work with Mr. Wright.

## **H. Discussion of Capital Improvement Program.**

### **1. Draft Proforma**

Mr. Stratton said that the staff report was provided for informational purposes to denote the status of financing for a contemplated bond program. District staff has drafted a spreadsheet that provides projections to the year 2009-2010. The District still needs to decide the approximate amount to be financed for a contemplated bond, whether or not the short term financing will be refinanced or not, and how the rate structure will be impacted. Mr. Johnson recommended that any revenue increase remain consistent, such as a revenue increase similar to a cost of living increase and necessary revenues for debt retirement. With a small portion of the contemplated bond being sold every few years, there will not be a huge debt retirement amount. Mr. Stratton noted that Mr. Michael Land, Chief Financial Officer, has moved the draft proforma along much further than originally anticipated. To continue moving the process forward, the Board and District staff may want to consider revisiting the schedule for the contemplated bond election and determine what has been done and yet needs to be accomplished.

### **2. Customer Survey.**

Mr. Stratton noted that at the February 12, 1996 Board meeting, the Board directed staff to hire a firm to conduct a survey to determine the District residents' opinion about a contemplated bond election. The District hired The Summit, Inc. to do the survey. The Summit has begun to work with Mr. Warren Tenney and Mr. Mike Land, along with discussions with Mr. Johnson and Mr. Schlegel. To ensure that the survey is being developed properly, the Board has been asked to review and comment on the current draft of survey questions. A question had arisen regarding how much monies are needed for the bond program and how that should be asked of the customers. In a previous survey, customers have been asked what they are willing to pay for a rate increase and now that question is being asked again. However, conducting a survey without asking what the customers are willing to pay is difficult.

Mr. Tripp questioned if a telephone survey will provide a positive response. Mr. Schlegel suggested that the District provide an incentive to solicit a response. Mr. Mike Crusa of The Summit said that if the District wants to offer an incentive, it can; however, phone surveys have been shown to provide accurate responses. Some surveys have required forty-five minute responses and people have been willing to talk that long because they have an opinion of that issue.

Ms. Cramer said that many capital improvements listed under #18 of the draft survey deal with issues that people probably do not know. Mr. Crusa said that one purpose of the survey is to learn how much knowledge people have about capital improvements. If customers are uninformed, the District could know how much information is needed to educate. This would be important for the upcoming bond election.

Mr. Johnson said that the District did not know yet the percentage of a rate increase that would be needed for a contemplated bond. The District needs to inform people sufficiently of what the District intends. The survey should be delayed until customers have been educated. The District has decided



to postpone a contemplated bond election until early 1997 to allow proper time for customers to be educated. While a telephone survey would be good, the District needs to educate before calling people to solicit their opinion.

Mr. Crusa said that education was important. The purpose of the survey is to take a random sample of 400 of the 27,000 District residents who are registered voters. The survey would give the Board information on what residents understand and what education is needed. Knowing the public's opinion, the District can decide how to pursue the bond election. For example, school districts do a survey to learn what customers are willing to spend money for, and then develop the bond election around that support.

Mr. Johnson said that the District had spent monies on consultants to advise what is needed to improve the District's infrastructure. The District now must inform customers of what needs to be done. The proforma needs to be developed before including possible rate increases in the phone survey.

Mr. Crusa agreed that having more accurate figures from the proforma would solicit better information from the survey. Some amount needs to be offered in the survey or people will not give answers.

Mr. Schlegel made a motion to direct staff to continue to work with The Summit to develop the survey questions and to present the revised questions to the Board. Mr. Johnson seconded the motion and it passed unanimously

**I. Approval of Purchase of Pressure Tank for New Magee/La Cholla Booster Station.**

Mr. Tripp made the motion to approve the purchase of the pressure tank for the new Magee/LaCholla Booster Station from Hennsey Equipment Sales at the price of \$12,421.00. Mr. Schlegel seconded the motion and it passed unanimously.

**J. Amendment to Contract - Miscellaneous Water Systems Consulting Design Services.**

Ms. Cramer asked what the present status was of the contract requested for amendment. Mr. Stratton explained that the monies under the contract are sufficient for the projects currently being done; however, the District needs to add more projects before receiving proposals for a new contract. The original contract was started in 1993 and the monies under that contract have been extended to the present.

Mr. Schlegel made the motion to accept staff's recommendation to approve the amendment to the October 13, 1993 contract for Miscellaneous Water Systems Design Services with Cella Barr Associates to increase the total contract amount by \$20,000.00 and to extend the term of contract to December 31, 1996. If the \$20,000.00 amount is utilized prior to the expiration date of the

amended contract, the contract will then be terminated. Mr. Tripp seconded the motion and it passed unanimously.

**K. Approval of Purchase of Equipment for Construction Crew.**

Mr. Tripp made the motion to approve the purchase of the following for the Utility Division Construction Crew: A) One new wheel mounted air compressor, 185 cfm supplied by Tucson Tractor for \$14,339.07; B) Lease purchase one new vibratory trench compactor supplied by RDO Equipment for 36 months, \$787.93 per month, 8.25% APR; C) Lease purchase one new loader backhoe, item #1, supplied by RDO Equipment for 36 months, \$1,936.00 per month, 6.25% APR.\*; D) Lease purchase for one new loader backhoe, item #2, supplied RDO Equipment for 36 months, \$1,723.81 per month, 6.25% APR.\* (\*APR will be reduced to 5.75% if both loader backhoes are purchased.) Mr. Johnson seconded the motion.

Ms. Cramer and Mr. Schlegel said that the staff report did not show the total cost projects for lease or purchase nor the schedule for beginning the new crew. Mr. Christopher Hill, Utilities Superintendent, said that the new crew was to start April 1, 1996. Three transitions will occur: 1) open positions to existing employees; 2) replace the newly vacant positions; and 3) hire from outside to fill any remaining vacant positions. Cross training is to occur before the equipment is delivered. Mr. Stratton noted leasing the equipment will be approximately \$3,000 more than purchasing it, but more cash flow will be available. Only the wheel mounted air compressor is recommended for purchase.

Ms. Cramer called for a vote for the motion to purchase equipment for the Utility Division. The motion passed unanimously.

**L. Insurance Coverage for the District.**

Mr. Stratton stated that historically March has been when the District requests insurance proposals because insurance companies want six months to prepare a proposal. At the September 11, 1995 meeting, the Board approved the District's insurance coverage to be awarded to The Mahonney Group with the clause in the contract that allows for a continuation of the contract for a three year period. Based on the exemplary job that The Mahonney Group has done for the District, staff is recommending that the contract be extended for one year. If not, the District needs to advertise for insurance proposals to meet the October 1 deadline.

Mr. Tripp made the motion to approve staff's recommendation that the insurance coverage for the Metropolitan Domestic Water Improvement District be extended and awarded to The Mahonney Group for a one year period from October 1, 1996 through September 30, 1997, with the option for another one year extension if the rates and service remain in the best interest of the District. Mr. Johnson seconded the motion.

Mr. Schlegel said that he would support the motion; however, as discussed at the September 11, 1995 Board meeting, the District needs to conduct a true assessment of its insurance needs. A risk assessment should be done due to our growth and to reflect our needs as a water provider.

Ms. Cramer called for a vote for the motion to extend the insurance coverage with The Mahoney Group for another year. The motion passed unanimously.

Ms. Cramer directed staff to pursue a risk assessment of the District needs.

**M. Groundwater Recharge Assistance and Cooperation with Pima County Flood Control District.**

Mr. Stratton noted at the request of Mr. C.H. Huckelberry, Pima County Administrator, a letter has been drafted to express cooperation with the Pima County Flood Control District. Mr. Huckelberry has solicited support from other entities for the County's legislation to be allowed to recharge. The letter is an example of regional cooperation since Pima County controls the water ways, including a substantial amount of properties within the flood plains. The proposed legislation would clarify some existing questions under the statutes regarding the County's authority to recharge.

Mr. Schlegel made the motion to request the assistance and cooperation of the Pima County Flood Control District in developing and implementing a groundwater recharge project on Pima County owned properties along the CDO wash. Mr. Johnson seconded the motion and it passed unanimously.

**N. Acquisition of the Assets of the Green Valley Water Company.**

Mr. McNulty explained that Fairfield Green Valley Inc., had met with District Board members Ms. Cramer and Mr. Johnson regarding the possible sale and purchase of the assets of the Green Valley Water Company. Late last week, a letter of intent was drafted and has been reviewed by Legal Counsel and the General Manager. Legal Counsel met with the owner of Green Valley Water Company to discuss some initial comments, which the owner has accepted and has signed a new draft of the letter of intent. Mr. McNulty distributed to the Board a copy of the current letter of intent.

Mr. Stratton noted that the letter of intent is not a binding contract, only a statement of intent. The Board is committed to endeavor to develop a contract for the sale and purchase of the water company's assets. Mr. McNulty noted that the contract is to be completed by April 9, 1996, a day after the next scheduled regular Board meeting. This will allow for three and a half weeks to negotiate a contract, with intent to close by end of May.

The Board took time to review the letter of intent. Mr. Johnson noted that Mr. Stratton has worked actively with Legal Counsel regarding the letter of intent and requested his recommendation. Mr. Stratton said that he reviewed the letter of intent closely and feels it protects the District as it proceeds to formalize a contract. His recommendation would be to approve the letter of intent.

Mr. Schlegel suggested that a motion to approve the letter of intent should include direction to staff and legal counsel to work with Fairfield Green Valley to do everything possible to complete a contract. Additionally, staff should begin to take necessary steps to ensure positive public relations with the customers of Green Valley Water Company and to address the community's concerns.

Ms. Cramer suggested that the motion should address primarily the approval of the letter of intent and direction could be given to staff regarding working with the Green Valley community.

Mr. Schlegel made a motion to authorize the Acting Chair of the Board to sign the Letter of Intent with Fairfield Green Valley, Inc. for the purchase of the assets of the Green Valley Water Company and to direct staff and legal counsel to prepare the necessary documents for that purchase. Mr. Johnson seconded the motion and it passed unanimously.

Ms. Cramer directed staff also to work with the Green Valley Water Company customers to ensure a positive relationship for the future.

**O. Discussion of Countryside Portion of Canada Hills Water Company.**

Mr. Stratton said that the staff report was self-explanatory. The District received an invitation from the Countryside Community Center to present information regarding water service and if the District can provide service to them. Staff is requesting direction on this issue.

Mr. Tripp made the motion to direct staff to proceed with the necessary steps to acquire the Countryside portion of the Cañada Hills Water Company. The motion was not seconded.

Ms. Cramer said that staff should be directed to be responsive to the Community Center's request for information as well as any other requests by homeowners associations in Countryside. Mr. Schlegel said the District should continue to learn what facts Countryside wants and to provide that information. Staff also should attend the information meeting that the Town of Oro Valley has scheduled in Countryside.

Mr. Johnson made the motion to approve staff to do everything necessary to bring about a discussion with Countryside residents about the District. Mr. Schlegel seconded the motion and it passed unanimously.

**P. Litigation with the City of Tucson.**

There was no discussion or action.

**V. General Manager's Report**

Mr. Stratton discussed noted that the General Manager's report address many issues, but he did want to discuss the office space study. Mr. Tripp, Mr. Johnson, and he met with the owners of property on Mona Lisa Road, north of Ina. Staff is preparing information requested by the owner. This includes a basic floor plan that is functional. While this issue is not on the agenda for action, he plans to solicit a small contract with an architect to determine cost estimates.

Mr. Schlegel said that Mr. Warren Edminister mentioned that it would be in the District's best interest to have an architect hired to assist with the different tasks of selecting a site. Mr. Tripp stated that it would be to the District's advantage to use the property owner's architect if the District selects that

site. Mr. Stratton said that a basic outline or floor plan is needed. Mr. Johnson suggested allowing Mr. Tripp to continue to look for alternate sites since the one property owner is wanting an answer in a month. Also, staff should develop the District's needs and continue negotiations.

**VI. Legal Counsel's Report**

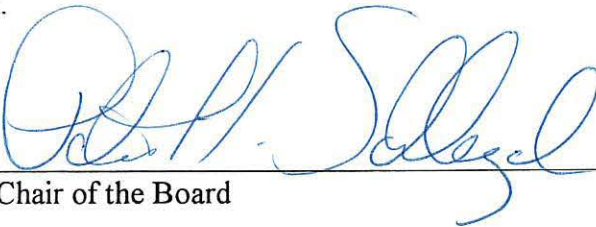
Mr. McNulty noted that the County attorney agrees with the District's opinion that the District is independent of the County zoning and permitting.

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


The next regular Board meeting is scheduled for April 8, 1996.

**VIII. Adjournment**

The Board adjourned the meeting at 8:15 p.m.

  
Chair of the Board

ATTEST:

  
Clerk