

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

March 17, 1993  
5:30 P.M.  
7493 North Oracle Road, Suite 219  
Tucson, Arizona

**MINUTES**

**ATTENDANCE:**

<b>Members:</b>	Herb Johnson, Member Pete Schlegel, Member Kate O'Rielly, Member Jim Tripp, Member
<b>Others Present:</b>	Michael McNulty, Brown and Bain Jim DeGrood, Oro Valley Jim Peterson, Oro Valley Dan Offrett, Community Watch Committee Mike Caporaso, ADWR Jack Conovaloff, General Manager Sheila Lewis, Staff of the MDWID Lucia Spohn, Staff of the MDWID (recording secretary) Mark Stratton, Staff of MDWID Bob Gomez, Staff of MDWID Kathy Tanner, Staff of the MDWID Dave Tanner, Staff of the MDWID Steve Shephard, Staff of the MDWID Amy Frede, Staff of the MDWID

**A. CALL TO ORDER AND ROLL CALL**

1. The meeting was called to order at 5:40 p.m. by Herb Johnson, Vice Chairman of the Board of Directors. All members were present with the exception of Alex Jacome.
2. Jim Tripp moved that the Board approve the meeting notice and agenda for March 1, 1993. Kate O'Rielly seconded. The motion passed unanimously with members present.
3. Jim Tripp made a motion that the minutes of the February 1, 1993 meeting be approved as amended. Kate O'Rielly seconded and the motion passed unanimously with members present.

## OLD BUSINESS

### **B. ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

At this time Jim Tripp moved that item B4 of the Agenda be discussed first. Kate O'Rielly seconded and the motion carried unanimously with members present.

4. Discussion/action on the functions and organization of the Metropolitan Domestic Water Improvement District Board of Directors including the establishment of committees as required.

Mr. Johnson pointed out that Alex Jacome has a full time job with a lot of responsibilities and that there are many tasks that have to be performed by the Board in order to comply with the requirements of the contract with the City of Tucson and the Town of Oro Valley. It has become apparent that these tasks have to be split up between the Board Members in order to accomplish them. Mr. Johnson said, that he appreciated the job that Alex Jacome did in assisting the advisory board actions and acting as an Interim Manager after Bob Logan resigned in December 92. However, he said that he felt that the Board has not been adequately consulted on many of the necessary actions. He said that in his opinion the Board of Directors had not been completely informed of what was going on in terms of incoming correspondence that affected all of the people in the district. Therefore, he recommended that the office of the Chairman of the Board be open for a new person.

The statutes read that the Board of Directors shall elect a chairman at least once a year. Mr. Johnson said that he feels that now is the time to elect a new Chairman because Alex Jacome is completely involved in other activities that restrict him from fulfilling his chairmanship responsibilities. If this change is made, Mr. Johnson proposed that every piece of incoming correspondence will be copied and sent to all Board Members. He said that he hopes that Alex will lend his talents in meeting with people on various projects. He said that it was not his intent, nor did he believe that it was the intent of the Board of Directors to have him removed from the Board. Mr. Johnson hopes that he will stay. The General Manager should receive orders from Board collectively, and the Board Members individually should not be directing the individual division heads of Metro Water District.

The Chair entertained a motion to replace Alex Jacome as the Chairman of the Board from Jim Tripp. Pete Schlegel seconded the motion and the motion carried unanimously with four Members of the Board present.

Mr. Schlegel nominated Herb Johnson to be the new Chairman of the Board. Mr. Tripp seconded the nomination. There were no other nominations. Herb Johnson accepted the position of the Chairman of the Board through June 30, 1993.

Kate O'Rielly made the motion that Herb Johnson be appointed as the Chairman. Pete Schlegel seconded the motion and the motion passed unanimously.

With the Vice Chairman position being vacant by appointing Herb Johnson, Kate O'Rielly made the motion that Jim Tripp be appointed as the Vice Chairman of the Board of Directors. Pete Schlegel seconded the motion and the motion carried unanimously.

Item No. 2a presented by Michael McNulty was moved up. Michael McNulty declared the item as a non-executive item that can be moved into the open session.

#### E.2.a. Pima County Attorney Representation.

In November of 1992 it was discussed to have the Pima County Attorney available as a back-up to do some of the routine public law issues. Michael McNulty contacted David Dingeldine, the Chief Civil Deputy at the County Attorney's Office. David Dingeldine expressed a real interest and offered to prepare a contract. The contract had been sent to Michael McNulty and he suggests to have a County Attorney as a back-up. It will benefit in items like standard public work contracts or topics of that nature. Some of the District's work can be done more efficiently by their office than it could be by Brown and Bain. The Pima County Attorney's office requires an hourly rate of approximately \$70.00 for their services.

All Members of the Board of Directors agreed to review hiring the Pima County Attorney under contract.

Second item presented by Michael McNulty: Senate Bill 1163.

Michael McNulty handed two letters to the Board of Directors which were faxed to him by Senator Ann Day. One letter was originated by George Miller, the Mayor of Tucson and the other letter came from Janet Marcus, Council Member, Ward 2. Both were addressed to Senator Ann Day expressing their opposition of SB 1163.

Mr. McNulty drafted responses to these letters which have to be signed by the Chairman. Michael McNulty said he would discuss the letters with the Chairman the next day and incorporate any suggestions the Board of Directors may have. The letters will be sent to all the members of the House Natural Resources Committee by the end of the next day.

Michael McNulty explained that the Bill left the Senate Natural Resources Committee about 10 days ago. It was passed out of the Senate about a week ago. It is now sitting in front of the House Natural Resources Committee. Mr. McNulty wants to make sure that the Chairman of that Committee has a hearing on our bill.

All Bills before that Committee will be heard on March 24 or March 31, 1993 and Michael McNulty feels that it may be important that some of the Metro Water District Board Members be there.

Michael McNulty will inform all of the Advisory Members of the Board of the current status of SB 1163.

Next items discussed by Michael McNulty: Item No. B3: Discussion/action on RESOLUTION NO. 16, ratifying and confirming the execution of the amendment to the Intergovernmental Agreement with the Town of Oro Valley.

It was clarified by Michael McNulty that item No. B3, can be considered accomplished. Fred Rosenfeld found in one of the previous Board Meeting Minutes a motion that approved the amendment of the RESOLUTION and no further RESOLUTION is necessary.

At this time Michael McNulty and Kate O'Rielly left the Board Meeting.

1. Discussion/action on remodel of Paseo Del Norte property.

Jim Tripp as the Chairman of the sub-committee for the Paseo Del Norte property reported that there had been some changes made to the original proposal of the plan. According to the revised proposal it will take just over \$70,000 to remodel the Paseo Del Norte Property. It will include features like an auto pay window or drive up window for the customers to pay and one handicapped facility.

Mr. Johnson pointed out that he wants to protect the aspect of re-sale value. To do so and in order to increase the space capacity he suggested to extend the distance from the existing house to the west wall to 22

feet and put in two eight foot garage doors. That would enable Metro Water District to convert the property back into a normal residence, should the occasion arise. It will also add 448 square feet of office space.

Considering that the architect charges \$60.00 per square it would increase the cost by another \$27,000.

Pete Schlegel moved that Warren Edminster proceed to draw a final set of plans as soon as possible including Herb Johnson's changes. Jim Tripp seconded and the motion carried unanimously with 3 members voting.

Pete Schlegel made the motion that the architect, Warren Edminster be authorized to explore the option for a double-wide portable trailer. Jim Tripp seconded the motion. The motion carried unanimously with 3 members present.

2. Discussion of the Sub-Regional Recharge Facility.

Mark Stratton will issue an report on this item. Until the completion of the report this item will be continued to the next Board Meeting.

3. Discussion/action on RESOLUTION NO. 16, ratifying and confirming the execution of the amendment to the Intergovernmental Agreement with the Town of Oro Valley.

This item was moved up and discussed earlier in this Board Meeting.

4. Discussion/action on the functions and organization of the Metropolitan Domestic Water Improvement Board of Directors including the establishment of committees as required.

This items was moved up and discussed earlier in this Board Meeting.

5. Discussion on Canada Hills Water Company and Rancho Vistoso Water.

Metro Water District received a report from the Canada Hills Water Company. The report outlines what the owner thinks is the value of the water company. They request that Metropolitan Domestic Water Improvement District purchases their Water Company for \$13,000,000. The Canada Hills Water Company prepared a Proforma which outlines the anticipated earnings and costs of the utility.

The Proforma lists the income and the expenses of 1991

and 1992 as presented to state officials. The 1991 reported income was \$1,313,000. The 1992 reported income was \$1,374,000. The Canada Hills Water Utility anticipates to have an income of \$1,638,000 in 1993. The estimate appears to be too optimistic. The Proforma does not include debt service cost. If Metro Water District would pay \$13,000,000 for the utility they would have to issue \$16,850,000 in bonds based on the \$17,500,000 bond issue that was needed to buy the \$14,500,000 Metropolitan Domestic Water Improvement District. The debt service cost for a 20 year \$16,850,000 bond issue at current rates would be \$1,701,850, which is not reasonable.

Mr. Johnson made up a tabulation of customers in 1991, 1992 and the estimated number of customer 1993 and 1994 using the Canada Water Company's number of estimated customers (which may be slightly high). The estimate for the 1993 income would then come to \$1,554,832. The total expense in proportion to the 1992 expenses on a per user basis would be \$1,027,000, which would leave a net income of \$555,000. The net income for 1993 would be a net loss of \$1,146,492. The \$18.425.000 debt service cost would be \$850,925. The net loss would come to \$295,567. Herb Johnson did the same calculation for 1994 and came to a net loss of \$226,967.

The tabulation shows that in order to buy the Water Company, Metro Water District could pay the depreciated advertised book value of \$6,211,120 as shown in their 1992 report without a rate increase.

According to above calculation Metro Water District would not be able to pay the debt service in full until the year 2003.

The Board feels that the Canada Water Company is overly optimistic on their estimates of the population growth and their income on the basis of their past performance. The rate study by Dr. Woodard compared the Canada Hills Water rates with Metro Water District's water rates and it showed that in 1992 the rates of Canada Hills were higher than those of Metro Water District. In their reports the Canada Hills Water Company shows that the rates will remain the same than what they are at Metro Water District.

The Board decided to wait for a population growth report which will be provided by Mark Stratton and Jack Conovaloff to discuss the subject further and to continue negotiations with the Canada Hills Water Company.

Herb Johnson moved that staff prepares required



information on the water company. Pete Schlegel seconded and the motion carried unanimously with 3 members voting.

6. Discussion/action on vehicles.

After discussing the need, use and urgency of the vehicles the Board of Directors with 3 members present were in favor of the purchase of the following vehicles:

One (1) GMC Crew Cab for the General Manager, one (1) GMC Extended Cab for Operations, two (2) GMC 4 Cylinder for Meter Reading, one (1) GMC Chasis with flat bed for valves, meters and repair service and one (1) GMC Chasis Heavy Duty for wells and motor service.

Two (2) of the five (5) old vehicles will be traded in. Mark Stratton will have one vehicle for his disposition only. Another one will be used for all-purpose-runs, the third vehicle will be used as a flatbed and Dave Tanner will retain the vehicle that he is presently using.

7. Discussion/action on the method of calling special meetings.

Herb Johnson suggested that the Board formalize its policy: Any Board Member can call a special meeting provided he contacts at least two or more Board Members who agree to calling a special meeting. The agenda for a special meeting will be handled like any other meeting. The policy was supported by all Board Members present.

**NEW BUSINESS**

**C. ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

1. Staff Report.

I. Request for Proposals.

The RFPs for the Water Storage Tank Survey and Miscellaneous Design Services have been advertised. Proposals will be back on April 9 and 16, 1993. Mr. Schlegel and Mr. Johnson who chair the sub-committees on the RFPs will then be notified to review and discuss the proposals.

The other two Proposals are still being worked on.

II. Interviews for New Positions.

A. Accounts Payable/Processing Clerk.

Sheila Lewis reported that the response to the advertisement was rather low and that the candidates that were interviewed required a higher hourly rate than offered.

Pete Schlegel made the motion that the position be re-advertised. Ms. Lewis and the Board will review all the applications and if there are no objections after Sheila Lewis has conducted the interviews she will decide on who gets the new position. Jim seconded the motion and it passed unanimously with 3 members present.

#### B. Engineering Assistant.

Mark Stratton reported that he interviewed one woman and three men for this position. Mr. Stratton wants to negotiate with one of the candidates that he would like to hire for the position. If negotiations should not be successful Mr. Stratton will negotiate with a second candidate which he finds qualified for the position.

All Board Members approved this item as presented by Mark Stratton.

### III. Capital Improvement Program.

Metro Water District will have to submit a Master Plan of the Capital Improvement Program to the Town of Oro Valley by April 1, 1993. Mark Stratton and Herb Johnson are presently working on the Master Plan of the Capital Improvement Program. The Board of Directors will review the document and it will then be sent to the Town of Oro Valley. Mr. Johnson pointed out that the report has to be delivered on time.

Mark Stratton asked the Board to authorize the hiring of an agent that would act on our behalf to discreetly negotiate/inquire about District property acquisitions. The Board of Directors had no objection and agreed to provide Mark Stratton with a Real Estate agent.

### IV. Utility Plan Relocation.

The Board approved that the bids be advertised and requested that no bid will be opened until at least two Board Members are present.

### V. Improvement to Daily Operation.



Jack Conovaloff commented on 10 items that have contributed to the improvement of the daily operation and all 10 items were approved by the Board of Directors as presented by the General Manager.

VI. Policy Manual and Standard Operating Procedures.

Both documents will be reviewed by the Board of Directors and it will be discussed in the next Board Meeting.

VII. Insurance.

Sheila Lewis reported that the current insurance policy is not liable for damage on personal vehicles. Pete Schlegel suggested that Sheila talks to Metro Water District's insurance company and ask them to come with a rider.

Mr. Stratton explained the situation with Ms. Bibbens from the Home Owners Associations. She wants the razor wire down. Mark Stratton told Ms. Bibbens that Metro Water is going to move and if the yard is not going to be used the razor wire will be removed.

2. Intergovernmental Agreement with Oro Valley:

a. Upcoming deadlines.

As outlined in the Oro Valley Intergovernmental Agreement Metro Water District needs to have a budget report and an equalization Report. The Budget Report has to be approved by the Town of Oro Valley. Deadlines for both of the reports is March 30, 1993.

b. Direction to staff.

Direction was given to the division heads during ongoing meeting.

c. Management Committee.

The Board has to submit 5 candidates for a Management Committee that serves more or less as an arbitration. If the 5 members disagree then this Board of 8 will meet and decide who is right and who is wrong. The 5 members will have to live within the Metro Water District.

Following candidates were selected to be contacted:

Dan Offret  
Bruce Greer  
John Beatty  
Steve Savage  
Mike Jacobs  
John Meyer (Back-up)  
Dan Schottel (Back-up)

Pete Schlegel volunteered to call the candidates to find out if they are interested in being selected as committee members.

**D. COMMENTS FROM THE PUBLIC**

To enhance comments from the public it was decided that item D (Comments from the Public) will be moved to the front of agenda in order to not let the public wait until the end of the Board Meeting.

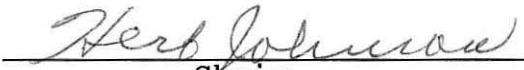
The Board advised to have the guests introduced before the Board.

**E. EXECUTIVE SESSION**

No business was discussed in the executive session.

**G. ADJOURNMENT**

As there was no further business to come before the Board, the meeting was adjourned at 8:15 p.m. The motion was made by Jim Tripp and seconded by Pete Schlegel and carried unanimously with three members voting.

  
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Chair

ATTEST:

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Clerk