

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

March 9, 1998  
Wilson Room  
Tohono Chul Park  
7366 North Paseo del Norte  
Tucson, Arizona 85704

**MINUTES**

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

District Staff:                      Mark R. Stratton, General Manager  
   Joyce E. Osborne, Recording Secretary  
   Lisa Chase, Legal Counsel

**Regular Session**

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

Mr. Doyle, Chair of the Board of Directors of Metropolitan Domestic Water Improvement District (MDWID), called the regular Board meeting to order at 6:00 p.m. Mr. Herb Johnson, Mr. Sam Ray and Mr. Jim Tripp were present. Ms. Marty Cramer was not present at the beginning of the meeting.

**II.    Comments From the Public**

There were no comments from the public.

Ms. Marty Cramer arrived at 6:04 p.m.

**III.   Consent Agenda**

- A.    Approval of Minutes - February 9, 1998 Board Meeting**
- B.    Ratification of Billing Adjustments**
- C.    Approval of Bad Debt Write-Offs**
- D.    Approval of Bills of Sale**
  - 1.    Desert Hacienda**

- 2. **Christ the King Waterline Extension**
- E. **Approval of Water Service Agreements**
  - 1. **Mona Lisa, Lots 1-112**
  - 2. **Walgreens @ Orange Grove & La Cholla**

Mr. Tripp made a motion to approve the Consent Agenda. Mr. Ray seconded the motion and it passed unanimously.

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

##### **A. Financial Report**

Mr. Land, Chief Financial Officer for the District, said that the monthly reports were finally getting back to normal due to increased cash flow and the District was beginning to see the effect of the rate increase.

##### **B. Approval of Increase to Security Deposits for Residential Renters**

Mr. Tripp made a motion to approve the increase to Security Deposits for Residential Renters from \$30 to \$50. Mr. Ray seconded the motion and is passed unanimously.

##### **C. Information about November 3, 1998 Election for Board of Directors**

Mr. Stratton explained that the District Staff is in the process of preparing all issues necessary for the November 3, 1998 election.

##### **D. Approval of Change Order No. 4 to the Contract with the Ashton Company, Inc. for Linda Vista "A" Zone Reservoir and "C" Zone Booster Station.**

Mr. Tripp made a motion to approve Change Order No. 4 to the Contract with the Ashton Company Inc. for Linda Vista "A" Zone Reservoir and "C" Zone Booster Station in a not to exceed amount of \$58,609.00. Mr. Ray seconded the motion and it passed unanimously.

##### **E. Status of Municipal Property Corporation**

Mr. Stratton reported on the March 6, 1998 Municipal Property Corporation (MPC) meeting. Mr. Teiper had submitted his letter of termination because he was unable to market the bonds in a timely fashion. The MPC decided to review and reopen all the other bids that had been submitted through the MPC to see that all aspects regarding marketing the bonds were covered. Based on that information the MPC accepted his letter of termination and recommended hiring the firm of Peacock,

Hislop, Staley & Givens (PHSG). Mr. Land, Chief Financial Officer of the District, contacted Mr. Mark Reader of PHSG after the MPC meeting to determine the time frame that his firm would need to accomplish the necessary procedures to market and issue the bonds. It was noted by Mr. Stratton that Mr. Reader is very aware of the District's need to have financing available for the new office building and was confident that his firm could meet the deadlines.

Mr. Stratton discussed the status of the new office building and said that it is currently under plan review and will be presented to Pima County within the week.

Mr. Tripp asked if the District should request the MPC to dispose of the property at Magee and First Avenue. Mr. Maish reported that negotiations with Immaculate heart about a northeast reservoir site are proceeding slowly but are still positive. Mr. Stratton said he would suggest the District retain the Magee and First Avenue property until another site is located. Additionally, according to state statutes the District is responsible for selling surplus property and cannot delegate that responsibility to a committee or another entity.

#### **F. Update of Central Arizona Project Allocation Transfer to the District**

Mr. Stratton explained that the District had been told that an Environmental Assessment was required by the U.S. Bureau of Reclamation prior to receiving a Central Arizona Project (CAP) allocation. At one point, the District was told that endangered species impact may be required; however, the Bureau has said verbally that no environmental assessment will be required. However, Mr. Stratton stated that until the District has received something from the Bureau of Reclamation with their exact requirements in writing, the District will continue to go through the review process of proposals for the environmental assessment until they are absolutely sure that we do not need this service, i.e. business as usual.

#### **G. Legislative Update**

Mr. Stratton discussed both Senate Bill 1246 and Senate Bill 1266. SB 1246 the Tucson Water Dept. is working with Marana and Avra Valley to come to terms to amenable terms for the legislation even though others are trying to oppose the bill on other issues. SB 1246 has gone to hearing last week but was postponed and we are still unsure of the bill's status. Senate Bill 1266 deals with trying to remove the Arizona Department of Environmental Quality's regulation over backflow issue and most cities and towns have no opinion on the bill itself and it is being opposed primarily by the plumbing industry. If the Bill passes, it would be at the discretion of our Board of Directors as to whether or not to implement.

#### **H. Discussion of Draft Fiscal Year 1998-1999 Budget.**

Mr. Stratton explained that staff wanted to present the draft fiscal year 1998-1999 budget prior to when the Board formally considers it in April since certain outstanding financial issues including the settlement with the City of Tucson, the District's Capital Improvement Program and the issuance of the District bonds will impact the operation budget. The draft budget shows that the budget will be tight and significant cuts have been made. Staff wanted to solicit input from the BOD regarding the draft budget before the process continues.

Mr. Ray wanted to know if this budget would go before the Business Administration Board Member Committee. Mr. Stratton explained that it would be at the Board's direction.

Mr. Stratton added that staff's discussions with Tucson Electric power (TEP) regarding a decrease in the District's power costs may provide significant savings. Mr. Land has prepared a financial plan showing what the next twenty (20) years will look like and Mr. Stratton said that in the interim period, the District will continue to deal with a limited net balance, which was anticipated, until rates stabilize.

#### **V. General Manager's Report**

Mr. Stratton discussed the Founder's Day Celebration at Marana and said that Jim Doyle and Warren Tenney would be attending the BIP breakfast to receive an award for the District's efforts regarding the storage tanks that were provided for Marana. Mr. Stratton touched on several issues that were presented at the WESTCAS conference held in Tucson the past week.

Ms. Cramer asked about the ribbon cutting ceremonies on the new Linda Vista Reservoir. Mr. Stratton stated that it would probably be the middle of April and that staff was preparing and finalizing all the details.

#### **VI. Legal Counsel's Report**

Lisa Chase of Brown and Bain has been working with Pima County on several delinquent property taxes allegedly owed on properties owned by the District in an amount of approximately \$70,000.00. Ms. Chase stated that an error occurred from the Asset Purchase Agreement in 1992 and that City of Tucson paid the taxes for the first three quarters and thought that in the last quarter of 1992 the City was tax exempt and so the last quarter taxes were not paid. In 1995 Pima County raised this issue of delinquent taxes and it was resolved for most but of 15 property parcels that were the District's. Then the Pima County Assessors office took the bulk of the property and claimed it as tax exempt. Ms. Chase said she has made numerous phone calls and letters stating that this is the law

of the land and there is no legal basis for not extinguishing the lien. On behalf of the District, Ms. Chase asked the County Assessor's Office to follow the law and get back to the District regarding the title action so that the entire matter can be put to rest.

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

Mr. Johnson had asked Chris Hill, Utility Superintendent, to bring the District map showing the amount of work that has been completed by District staff. Mr. Johnson suggested that a brochure be sent out to water users stating what has been done in the District in response to their approval of the bond election.

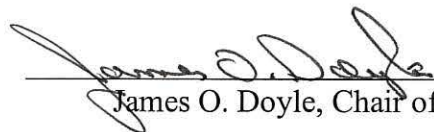
Mr. Ray thanked Mr. Hill and the Utility Division for the excellent job they did on the Jensen property. All the modifications were done in-house and would have cost the District a sizeable amount had the work been done out of house.

The next regular Board meeting is April 3, 1998. Mr. Stratton said there might be another meeting of the Municipal Property Corporation Committee.


Mr. Johnson and Mr. Ray suggested that the Business Administration Board Member committee meet to review the draft budget and then a study session of the whole Board be scheduled to discuss that committee's recommendations, prior to it being considered formally at the April 13, 1998 meeting. This will allow for greater input from the public.

**VIII. Adjournment**

The meeting was adjourned at 6:29 p.m.

  
James O. Doyle, Chair of the Board

ATTEST:

  
Clerk of the Board