

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

May 13, 1996  
Wilson Room  
Tohono Chul Park  
7366 North Paseo del Norte  
Tucson, Arizona 85704

MINUTES

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

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

**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 regular Board meeting to order at 5:10 p.m. Ms Marty Cramer, Mr. Jim Doyle, Mr. Herb Johnson, and Mr. Jim Tripp were present.

**Executive Session**

Ms. Cramer moved that the Board of Directors hold an Executive Session. Mr. Tripp seconded the motion and it passed unanimously. The Board went into Executive Session at 5:11 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) regarding the following:

- A.        Litigation with the City of Tucson.

The Board returned from Executive Session at 6:01 p.m.

## **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 regular session of the Board meeting to order at 6:03 p.m. Ms. Marty Cramer, Mr. Jim Doyle, Mr. Herb Johnson, and Mr. Jim Tripp were present.

### **II. Comments From The Public**

Mr. Jim Peterson said that the Town of Oro Valley and the membership of the Northwest Water Alliance appreciated the District's continual institutional cooperation and efforts to move toward regional water management. The District should be credited for its leadership.

### **III. Consent Agenda**

- A. Approval of Minutes - April 8, 1996 Board Meeting.**
- B. Approval of Minutes - April 24, 1996 Special Board Meeting.**
- C. Ratification of Billing Adjustments.**

Mr. Tripp made the motion to approve the consent agenda. Ms. Cramer seconded the motion and it passed unanimously.

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

#### **A. Short-Term Financing for Capital Improvement Projects**

Mr. Stratton noted that District staff has contacted Mr. Mark Reader of Peacock, Hislop, Staley & Given, Inc. to decide short-term financing can be arranged for capital improvement projects since the District could not make arrangements with Norwest Investment Services. The main issue is putting the financing together quickly so the District can hold onto the contract with the Ashton Company to build the Linda Vista Reservoir. Hopefully an arrangement can be made by early June 1996.

#### **B. Litigation with the City of Tucson**

The Board took no discussion or action on this item.

#### **C. Monthly Financial Report**

The Board took no discussion or action on this item.

#### **D. Third Quarter Financial Analysis**

Mr. Stratton said that after reviewing the third quarter financial analysis, he will request staff to provide an explanation of the categories over budget so that the Board understands the reason for

any high expenditures. Mr. Schlegel agreed with the suggestion. Mr. Land discussed briefly a few items discussed in the third quarter financial analysis.

**E. November 5, 1996 Election.**

**1. Resolution 1996-4 - Call an Election to Fill the Seats Currently Held by Herb Johnson and Peter Schlegel.**

Mr. Tripp made the motion to approve Resolution 1996-4 to call an election for the purpose of electing members of the Board of Directors to fill the seats currently held by Herb Johnson and Peter Schlegel to be held on November 5, 1996. Ms. Cramer seconded the motion and it passed unanimously.

**2. Approval of Intergovernmental Agreement with Pima County for an Election to be Held November 5, 1996.**

Ms. Cramer made the motion to approve an intergovernmental agreement with Pima County for an election to be held on November 5, 1996. Mr. Tripp seconded the motion and it passed unanimously.

**F. Establishment of Bond Advisory Committee**

Mr. Tripp made the motion to approve the establishment of the Bond Advisory Committee with the nine members who have agreed to serve. Ms. Cramer seconded the motion.

Mr. Schlegel questioned if the committee should be limited to nine members. Mr. Tripp said that a nine-member committee was already large and if a committee becomes much larger it can become unwieldy. Mr. Schlegel asked if staff contacted the proposed members of the Bond Advisory Committee. Mr. Stratton said that all of the proposed members have expressed a willingness to serve.

Mr. Schlegel called for a vote for the motion to establish the Bond Advisory Committee. The motion passed unanimously.

Mr. Stratton recommended that two Board members serve with the Bond Advisory Committee to act as a liaison. The members of the Finance Board Member Committee would be appropriate. The members of that committee are Mr. Johnson and Ms. Cramer, and Mr. Tripp is the alternate.

Mr. Johnson suggested that Mr. Tripp serve with the Bond Advisory Committee until the job is completed since he will be out of town during the summer. It would be more consistent and productive to have the same Board members involved with the Bond Advisory Committee. Mr. Schlegel noted that suggestion may be prudent to ensure participation by Board members whose terms are beyond the projected bond election date.

Mr. Schlegel noted for the record that the members of the Bond Advisory Committee are the following: Joan Donnelly, Ian Ellison, Joe Murray, Dan Offret, Bob O'Hearn, Brian Rickert, Debbie Smith, Heidi Tipling, and Frank Wagner.

## **G. Request by McKenzie Telecommunications Group to Lease District Property.**

Mr. Stratton said that staff would like to request that this item be continued because other inquiries regarding the leasing of District property have been received since the staff report was completed. Since policy will be established, staff would like to present all the information together so the various aspects can be considered at one time.

Ms. Cramer questioned if a barometer of neighborhood reaction to a potential visual imposition will be considered when examining this issue. Mr. Stratton said yes. He anticipated that the immediate neighborhood would be contacted at the location requested by McKenzie Telecommunications Group regarding the proposed 63 foot tower.

Mr. Michael McNulty of Brown & Bain noted that Pima County's zoning code may address this issue; however, the code is extremely lax and by the District initially leasing the space, the zoning will probably be approved.

Ms. Cramer noted that good will with the neighborhoods is important and needs to be considered when examining this issue.

Mr. Schlegel said that the Board will continue the item to the next board meeting.

## **H. Status of Office Relocation**

### **1. Comparison of Alternative Sites**

Mr. Stratton distributed a map of the potential location sites for a new office to the Board members and noted that the staff report discussed the sites. Many issues are relevant to each site. A primary criteria that staff felt should be considered is accessibility for our customers and other businesses and entities. Mr. Tripp recommended the site at La Cañada and Orange Grove Roads. This site provides excellent accessibility. The lower sites on La Cholla and San Joaquin Roads are not quite as visible to our customers and the District would need to help customers get acquainted with that new site. The Birch Way site has poor accessibility. The site on Magee Road is the most centrally located; however, a wash runs through it making a large portion of the property unusable. The last site is the Shannon Road site that Mr. Steve Nanini's family donated to Pima County. It is shown as a large area; however, most of the property would be utilized as a park and future parking area for the proposed linear park along the CDO Wash. A positive aspect for the site is that it could be used for large public meetings and is relatively accessible to customers. Mr. Schlegel has worked closely with Mr. Nanini regarding this property. Mr. Schlegel, Mr. Nanini, Mr. Charles Huckelberry and Mr. Stratton met last week to discuss the matter. Mr. Stratton noted that from his personal perception and looking at the overall cost, the site on La Cañada and Orange Grove has merit that the Board should consider.

Mr. Schlegel said that Mr. Nanini's family originally dedicated the land to Pima County for a park but the County decided it could not maintain such a park. Mr. Nanini is willing to provide at no cost the property for the District's office and the District would provide water for the park. The appeal to

this site is to acquire land at no cost and still provide a benefit to the community. Part of that property is adjacent to the Oasis area of the CDO Basin, where recharge basins are proposed as part of the Northwest Replenishment Program. This site ties together replenishment, recreation with a park, additional parking, an office with a large enough meeting room for other community functions.

Mr. Tripp said he wanted to be certain the Board had all the facts regarding the Shannon Road site so there is no unexpected cost or requirement. Mr. Schlegel said that based on his discussions with Mr. Nanini, he did not think the District would have any problems.

Mr. Johnson suggested that the District ask the County to build us a building. Mr. Schlegel said that the County is interested in having some property set aside, but did not think that the County would pay for the District's building. He also stated that he would ask the County to put aside part of the Oasis property for recharge. He had spoken with members of the Board of Supervisors, who seemed positive about the transaction.

Mr. Tripp asked about the projected time frame for acquiring the Shannon Road property. Mr. Schlegel said both District staff and Mr. Nanini are working different aspects of the project so that everything can be expedited. Mr. Johnson asked about the usage for the land east of the property. Mr. Schlegel said to build homes. Mr. Tripp noted that the original plan for the property was for apartments. Mr. Schlegel said that a section that adjoins the property would be given to Pima County Parks and Recreation to build possibly parks and ball fields.

**2. Selection of a Site.**

**3. Preparation of RFP for Office/Maintenance Shop Plans and Specifications.**

Mr. Tripp asked if the Board felt any action regarding purchasing property should be postponed. Mr. Schlegel answered yes. Mr. Johnson asked if some resolution could be had before the next meeting. Mr. Schlegel answered that may be possible. Mr. Stratton noted that the District should know soon if such a transaction looks feasible.

Mr. Johnson asked if District staff can still operate efficiently. Mr. Stratton said another month should not have a negative impact, but he recognizes Mr. Johnson's concern for the District to be in an appropriate office. The District owes it to its customers to examine completely this option. Mr. Johnson agreed.

The Board took no action. Mr. Schlegel said that the discussion of selecting an office site be continued at the next Board meeting.

**I. Employee Health Insurance Coverage.**

Mr. Tripp made the motion to approve the District to fund the \$3,500 increase for medical insurance premiums for the District employees. Mr. Johnson seconded the motion and it passed unanimously.

**J. Purchase of Pressure Tanks for Blackwell and Cresta Loma Well Sites.**

Mr. Tripp made the motion to approve the purchase of two pressure tanks, one for Blackwell and one for Cresta Loma sites, for a combined price of \$26,161. Mr. Johnson seconded the motion and it passed unanimously.

**K. Contract for Drilling Pilot Hole.**

Mr. Tripp made the motion to approve Farwest Pump Company to proceed with drilling a pilot hole at Stiller well to a depth of 700 feet at a price of \$16.50 per foot. Mr. Johnson seconded the motion. The Board did not vote on the motion.

Mr. Johnson said that as an abandoned well, Stiller well falls under certain regulations. The District should spend what is necessary and permissible under the laws and regulations to maximize the capacity potential of the well. While the District should proceed with the pilot hole, the cost of completely rehabilitating the well needs to be considered. Hopefully, the reworking of the well will only involve a new casing.

Mr. Johnson made the motion to approve Farwest Pump Company to proceed with a pilot hole at Stiller well but wait to make application for the reworking of the well based on the results obtained from the pilot hole. Mr. Tripp seconded the motion.

Mr. Stratton asked Mr. Mike Block, District Hydrologist, about the limitations to rehabilitate the well. Mr. Block said different alternatives exist. To deepen an existing well, the diameter of the well constrains one as to how deep one can drill. To drill a replacement production well, one is restricted to the size of the existing well. A gravel pit could be considered for the existing well. If a production well is drilled, adjacent well owners will probably oppose it.

Mr. Stratton asked Mr. Christopher Hill, Utility Superintendent, if removing the existing casing is possible. Mr. Hill answered yes, but it is not easy.

Mr. Stratton said that based on the discussion, he will direct staff to investigate the alternatives and the possible costs involved.

Mr. Schlegel called for a vote for the motion to proceed with a pilot hole. The motion passed unanimously.

**L. Discussion of Proposed Legislation for Fiscal Year 1996-1997.**

Mr. Stratton said that the Board has discussed previously the District's ability to do alternative financing for the District to continue to operate in a fiscally sound manner and that legislation is needed to clarify the District's abilities. The staff report regarding possible legislation to pursue is based upon discussion with Mr. Fred Rosenfeld. Since Mr. Rosenfeld is under contract for financial issues, staff would need direction to utilize Mr. Rosenfeld to the legislative area.



Mr. Schlegel asked if Brown & Bain could write the legislation. Mr. McNulty answered that Mr. Rosenfeld has a statewide reputation for bond advising and having him writing the bills for introduction into the legislature would be prudent.

Mr. Stratton noted that Mr. McNulty has been reviewing the statutes to be certain everything is consistent about water improvement districts. Mr. McNulty said that some statutes are ambivalent making it difficult to know the District's authority is some issues. By reviewing the statutes, he can find those areas of the statutes that may need clarification.

#### **M. Status of Negotiations for the Purchase of Assets of the Green Valley Water Company.**

Mr. Stratton said that the negotiations with Fairfield Green Valley for the assets of the Green Valley Water Company have come to a halt due to differences. Mr. Schlegel and he have met with a few members of the Green Valley Community Coordinating Council, which is still favorable toward the District's involvement in the community. Green Valley realizes that the District can provide the operation of the system at a lesser cost than they can provide for themselves, thus keeping the rate structure from dramatically increasing. The community is also concerned about representation and were favorable about the District having a Board seat specifically from Green Valley and working together to have a greater voice in the region. Members of the Green Valley Community Coordinating Council to meet with Fairfield Green Valley. The Board will be kept advised of any developments.

Mr. Schlegel said he appreciated Mr. Stratton's efforts regarding the Green Valley Water Company. It is rewarding to see the Green Valley residents able to be involved with these issues.

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

Mr. Stratton reported that Mr. Nyles sold his property and the Cobo Catalina property is currently being appraised. The Wright property is not completely resolved due to securing an easement to the property and subsequent water line installation questions.

Mr. Stratton said the Magee/La Cholla well test pumping has been completed. Mr. Hill added that another 100 feet is being added to the pump assembly, which will put it at a 500 feet level. Farwest Pump Company suggested this level. If the test pumping goes well, the system should be on line in approximately a week.

Mr. Stratton indicated that the storage tank for Magee/La Cholla should be in place by the end of June which will be a benefit for the summer months; however, the booster facility took longer than anticipated and will be on line the end of August.

Mr. Stratton noted that the summer conservation rate becomes effective on May 1, 1996 and staff is anticipating a large number of customer inquiries within the next few months.

Mr. Tripp asked about the status of the Northeast Reservoir. Mr. Stratton said that Mr. Charlie Maish, District Engineer, and he had discussed alternative sites for the Northeast Reservoir. The elevation and characteristic of the terrain make it difficult to find a suitable site. Staff will continue to try to identify all of the sites before making a recommendation. Mr. Johnson said an alternative would be to investigate a wire wrap reservoir, which would allow for construction even if the terrain is rough. Mr. Stratton said a suitable site might be easier to find if the tank capacity was reduced. Mr. Schlegel questioned if the District could increase Blackwell's capacity, which would require tying in with Tucson Water during the interim. Mr. Stratton noted in previous discussions with Mr. John Jones, City of Tucson, that he also recommended that this location of distribution systems were close to one another and could be used as an emergency backup; however, it depends on the current resolution of issues with the City of Tucson. Mr. Schlegel asked staff to continue to explore the options.

Mr. Johnson suggested that the Board consider authorizing Mr. Schlegel as the District's representative to the Northwest Water Alliance.

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

Mr. McNulty had nothing further to report.

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

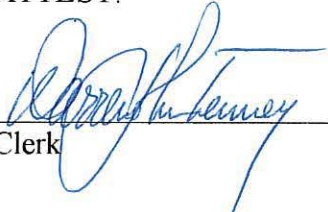
The next regular Board meeting is scheduled for June 10, 1996, unless a special meeting is warranted before then regarding short-term financing or the office site selection.

#### **VIII. Adjournment**

The Board adjourned the meeting at 7:26 p.m.

  
\_\_\_\_\_  
Peter H. Schlegel, Chair

ATTEST:

  
\_\_\_\_\_  
Clerk