

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

May 16, 1997  
Metropolitan Domestic Water Improvement District  
Conference Room  
7235 North Paseo del Norte  
Tucson, Arizona 85704

**MINUTES**

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

District Staff: Mark Stratton, General Manager  
Warren Tenney, Clerk of the Board

**Call To Order and Roll Call**

Ms. Marty Cramer, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the special meeting to order at 7:36 a.m. Ms. Letha Gardner, Mr. Sam Ray and Mr. Jim Tripp were present. Mr. Jim Doyle was not present.

**I. Discussion and Possible Approval to Acquire Property for Office Site**

Mr. Tripp made the motion to approve the purchase of the 8.86 acres' parcel on the west side of La Cañada Drive, south of Orange Grove Road in the amount of \$370,000 and to authorize the General Manager to sign the required documents to finalize this transaction and to issue a check in the amount of \$50,000 in earnest monies to Title Security Agency of Arizona. Mr. Ray seconded the motion.

Mr. Ray said he was concerned about how this purchase is occurring. At the May 12, 1997 Board meeting, the Board authorized the Municipal Property Corporation to negotiate the acquisition of property, specifically the property on La Cañada but did not lock into buying that piece of property. However, the Board is now meeting to consider purchasing the property.

Mr. Tripp said that the Board discussed different potential sites in June 1996. The Board was prepared to purchase the La Cañada property, but Mr. Pete Schlegel, Board member, thought negotiations were possible to secure property on Shannon Road, south of Magee Road, from Pima County. However, those negotiations have yet to produce such a transaction and the District is still waiting for Pima County to act. When the May 12, 1997 Board meeting was over, Mr. Tripp noted

he called the Chair of the Municipal Property Corporation and explained what had transpired. He contacted the agent the District had used previously and learned the La Cañada property was still available but another party had expressed interest in the property. That party was offering less and wanted to make a down payment. The seller was interested in the District because the District could make a cash offer. Mr. Tripp explained that at that point, he called Mr. Ray and Ms. Gardner, members of the Municipal Property Corporation, to discuss the matter.

Mr. Ray said he wanted more information about the property. The Board had considered previously the accessibility of different properties; however, he wanted to know if a survey has been made of the La Cañada property. Also, he assumed that the District would be purchasing the small strip of property next to the primary property, which the same seller owns.

Mr. Tripp said that the small piece of property was included. Ms. Gardner noted there would be two legal descriptions of those properties. Mr. Ray asked if the two properties could be made into one legal description. Mr. Stratton noted that the two properties could be rolled together into one legal property.

Mr. Ray said he was concerned that the Board had authorized the Municipal Property Corporation and now four days later the District was negotiating for the property. He noted that he had not seen much activity occurring at the property when has driven by it. Mr. Tripp said the La Cañada property had been sold three times this year but the seller canceled each time because the buyers were asking for different concessions. Mr. Ray said since the District has cash, it should use that as a leverage to gain a concession rather than offer outright what the seller wants.

Ms. Gardner said she had questions about the property. She asked if a Phase I environmental impact study is planned and who will conduct it. If the study indicates a problem, that needs to be considered with the price. Also, she asked if Mr. Terry Armstrong, Architect, has evaluated the site. Additionally, the location of the property will pose accessibility problems for the District trucks.

Mr. Mark Stratton, General Manager, noted that he was also concerned about site accessibility. In evaluating the different sites, most of the available properties front a major thorough fare, including the site the District was considering on Shannon Road. He was not certain how that will be alleviated, especially turning north on La Cañada Drive.

Ms. Cramer noted that one available site was in a neighborhood but it did not provide much visibility for the District.

Mr. Ray said accessibility will be difficult for any property along a major road. That was why he wanted to know at the May 12, 1997 meeting when La Cañada Drive would be widened.

Mr. Stratton said a turn lane could be constructed. Ms. Cramer said that will be quite expensive if done by only the District. Mr. Stratton agreed, noting pavement costs is usually a third of the total cost for most construction projects by the District.

Ms. Gardner asked who will pay Jim Hicks', real estate agent, commission. Mr. Tripp said the seller pays the commission. Mr. Stratton added that Mr. Hicks works only on commission.

Mr. Ray asked for clarification of the requirement for a Phase I environmental impact study. Mr. Stratton said that they should conduct one to protect the District. For the Linda Vista Reservoir site it cost approximately \$2,000 and the District paid for it. He doubted if the seller would pay for such an assessment. However, the contract should state that if the environmental study is negative, the District can walk away from the contract.

Mr. Ray said a title search should be conducted. Ms. Gardner said that is done when the property is in escrow. Mr. Ray asked who pays for it. Ms. Gardner said the buyer usually pays for it.

Mr. Doyle asked why the small, strip of property was separate from the primary site. Mr. Stratton said it was designated as a future roadway. When the roadway was no longer planned, Pima County sold it back.

Mr. Ray asked if zoning was an issue. Mr. Stratton said that as a political entity, zoning is not an issue for the District. The property is planned for high density residential dwellings. Mr. Ray asked if the District needs an appraisal of the property. Mr. Stratton noted that when an appraisal was done for the District's Oracle Road property, which is smaller than this property but is zoned commercial, the appraisal cost \$2,000. Mr. Tripp and Ms. Gardner both said they did not think an appraisal was necessary.

Mr. Doyle asked if the price being asked was a reasonable price, why has the property not sold. Mr. Stratton said that the property had been vacant for a long time and the seller is willing to wait until he gets the price he wants.

Ms. Cramer noted that Mr. Tripp has been trying to locate an office site for a long time. She asked why he thought the price was right. Mr. Tripp said that other possible sites had been about \$2.00 a square foot for commercial property. The La Cañada property is at \$1.00 a square foot, which would be a bargain. He said that he did not believe any other place was more suitable. He and Herb Johnson had driven all over the District, looking for available property. The District is projected to need five acres. The La Cañada property is more than eight acres, so the District should not out grow it. The Shannon Road property would be a good location, but with the Town of Marana proposing to annex that area and with the County being slow to sell it, it may take too long to acquire that property.

Ms. Cramer asked how the Board should deal with the Municipal Property Corporation since it was asked to negotiate the property. Mr. Stratton noted that the majority of the Municipal Property Corporation, Mr. Herb Johnson, Mr. Ray and Ms. Gardner have been asked about this transaction. Mr. Warren Tenney, Clerk of the Board, noted that the Board of Directors can alter its previous action and take a new approach on an issue if it views it as beneficial.

Mr. Ray asked if the Board could then direct the Municipal Property Corporation to refinance the property after the District had purchased it. Mr. Stratton noted that was the second recommendation under the staff report. Since the time frame is such that the Municipal Property Corporation cannot finance soon enough the purchase of the property now, the District could front-end the purchase and then have the Municipal Property Corporation fund the purchase of the office site and the construction of the office.

Mr. Cramer noted that the Board would like then to have certain items included in the negotiation for the property.

Mr. Ray made a motion to amend the motion to approve the purchase of the 8.86 acres' parcel on the west side of La Cañada Drive, south of Orange Grove Road in the amount of \$370,000 and to authorize the General Manager to sign the required documents to finalize this transaction and to issue a check in the amount of \$50,000 in earnest monies to Title Security Agency of Arizona to include that before closing on the purchase, a Phase I environmental impact study, a survey, and a title search is to be completed while the property is in escrow and the District's earnest monies is to be returned if the above-noted items are negative for the District. Ms. Gardner seconded amendment.

Ms. Gardner asked if electricity is at the site. Mr. Stratton said that electricity lines existed and also sewer lines existed.

Mr. Doyle asked if a problem will exist with the neighbors. Mr. Stratton said he did not believe so because the District would be operating basically an 8:00 to 5:00 business, whereas the property is zoned for multi-family. Most residents near the property would probably prefer not to have apartments constructed. Mr. Armstrong suggested that the utility building be shifted north of the office building so to have less of a visual impact on the existing neighbors.

Ms. Cramer called for a vote for the amendment. The amendment passed unanimously.

Ms. Cramer then called for a vote for the amended motion to purchase the 8.86 acre parcel on the west side of La Cañada Drive, south of Orange Grove. The motion passed unanimously.

Mr. Tripp made the motion to direct the Metropolitan Domestic Water Improvement District Municipal Property Corporation to secure financing for the land acquisition and new office construction. Mr. Ray seconded the motion and it passed unanimously.

Mr. Tripp made the motion to direct staff to prepare an amendment to Terry Armstrong's contract to allow hiring of a civil engineering firm to complete necessary site work for the new office site. Ms. Gardner seconded the motion.

Ms. Gardner asked if Mr. Armstrong had been contacted regarding this matter. Mr. Stratton said Mr. Armstrong had and was to discuss the issue with at least three different firms whom he has worked with in the past. During the construction of the present office building, there was confusion because

no one had overall responsibility for the construction. Amending the contract would ensure that the architect would be the responsible person for all aspects of the construction.

Mr. Ray said he agreed with the concept and would support the motion; however, he was concerned that the issue of the civil engineering firm was not in the bid for the original contract and could pose a liability problem with the other architects who submitted a bid. The District needs to not rush into different projects without having carefully considered each aspect of the project before proceeding to each phase of the project.

Ms. Cramer called for a vote for the motion to direct staff to amend Mr. Armstrong's contract. The motion passed unanimously.

**II. Agenda Items for Future Board Meetings.**

No discussion occurred under this agenda item.

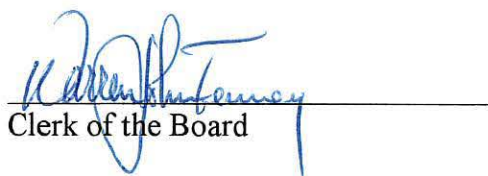
**III. Adjournment.**

The Board adjourned the meeting at 8:12 a.m.



Martha L. Cramer, Chair of the Board

ATTEST:

  
Clerk of the Board