

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

November 10, 1997  
Wilson Room  
Tohono Chul Park  
7366 North Paseo del Norte  
Tucson, Arizona 85704

**MINUTES**

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

District Staff: Mark R. Stratton, General Manager  
Warren Tenney, Clerk of the Board  
Lisa Chase, Legal Counsel

**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 regular Board meeting to order at 4:34 p.m. Mr. Jim Doyle, Mr. Herb Johnson, Mr. Sam Ray and Mr. Jim Tripp were present.

The executive session was held at the District's Conference Room, 7235 North Paseo del Norte, Tucson, Arizona.

**Executive Session**

Mr. Tripp made the motion for the Board of Directors to go into Executive Session. Mr. Ray seconded the motion and it passed unanimously. The Board went into Executive Session at 4.35 p.m.

Executive Session pursuant A.R.S. § 388-431.03 (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 ended the Executive Session at 6:05 p.m.

## **Regular Session**

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

Ms. Cramer, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), reconvened the regular Board meeting at 6:16 p.m. Mr. Jim Doyle, Mr. Herb Johnson, Mr. Sam Ray and Mr. Jim Tripp were present.

The regular session was held at the Wilson Room, Tohono Chul Park, 7366 North Paseo del Norte, Tucson, Arizona.

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

There were no comments from the public.

### **III. Consent Agenda**

- A. Approval of Minutes – October 15, 1997 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Amendment of and Addition to Escrow Instructions for the Sale of the Oracle Road Property**
- D. Approval of Water Service Agreement – Northwest Corporate Center, Phase II**

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. Litigation with the City of Tucson**

There was no discussion or action taken regarding the litigation with the City of Tucson.

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

Mr. Mike Land, Chief Financial Officer, noted that the District's balance will return to positive with the signing of a line of credit with the Bank of America and with the Ashton Company being paid from that line of credit. Mr. Mark Stratton, General Manager, explained that he had worked out a payment plan with Brown & Bain regarding the current litigation expenses.

#### **C. Approval of Fiscal Year 1997-1998 Audit.**

Mr. Tripp made a motion to approve the audited Financial Statements for Fiscal Year 1996-1997 as

recommended by the Business Administration Board Member Committee and to direct staff to implement recommendations by Cotton, Parker, Johnson. In addition, to direct staff to negotiate with Cotton, Parker & Johnson for an Account Procedures Manual. Mr. Doyle seconded the motion.

Mr. Tripp noted staff can determine if it is best to have Cotton, Parker & Johnson develop an Account Procedures Manual or to develop one in-house.

The Board discussed with Mr. Land the recommendation that the District have a listing of its fixed assets, which included a full inventory additions and reductions to the infrastructure. Additionally, it was discussed that Marion Bass is now investing long-term for the District and because of the changing in accounting standards, the fund needs to be shown as lower of cost or market value. If the market value of the investment happens to be lower, the District needs to be sure that we maintain \$1.6 million at all times. The notion was entertained of increasing the reserve fund to ensure fluctuations in marked value.

Ms. Cramer called for a vote for the motion to approve the audited Financial Statements. The motion passed unanimously.

**D. Preparation for Public Hearing - December 4, 1997.**

Mr. Tripp made a motion to direct staff to continue with preparations for the December 4, 1997 rate hearing. Mr. Johnson seconded the motion and it passed unanimously.

**E. Approval of Conservation Program with Tohono Chul Park**

Mr. Tripp made the motion to approve a donation of \$500 to the Tohono Chul Park for conservation program and an additional \$500 to pursue the non-per capita program. Mr. Ray seconded the motion.

Mr. Stratton explained that staff was pursuing the non-per capita conservation program with the Arizona Department of Water Resources (ADWR) as an alternative to being regulated under the total gallons per capita per person (gpcd) program. The District would then be in the non-per capita conservation program through the remainder of ADWR's Second Management Plan and then decide whether to continue it at the beginning of the Third Management Plan. However, until staff develops the program and negotiates with ADWR, the complete cost involved for the non-per capita program is not known.

Mr. Tripp amended the motion to approve a donation of \$500 to the Tohono Chul Park for conservation program. Mr. Ray seconded the amended motion.

Mr. Stratton explained that the recommended contribution to Tohono Chul Park was reduced from previous years because staff felt that the initial benefit from the demonstration garden and the

landscape and garden lecture series had diminished. Ms. Cramer asked if the District would still have the same arrangement with Tohono Chul Park. Mr. Warren Tenney, Assistant to the General Manager, explained that the letter requesting the contribution did not specify an amount and that it was assumed the Park would still work with the District.

Ms. Cramer said that she thought the District had a nice arrangement with Tohono Chul Park and whatever conservation benefits the District received, it represented a symbolic support of Tohono Chul Park as part of the community. She would like the contribution to remain at \$1,000.

Ms. Cramer called for a vote for the motion regarding the contribution. The motion passed four to one, with Ms. Cramer voting against the motion.

#### **F. Contribution to Southern Arizona Water Resources Association**

Mr. Tripp made a motion to approve a \$5,000 donation to the Southern Arizona Water Resources Association (SAWARA). Mr. Ray seconded the motion.

The Board discussed with Mr. Stratton, Mr. Mark Myers, Consultant, and Mr. Tenney regarding SAWARA's relationship with its sister organization, Tucson Regional Water Council (TRWC). The Board wanted to know what the District received in return for its donation. Concern was expressed that the TRWC Board has become more focused on Tucson Water's issues, rather than regional issues despite its staff's efforts. Since SAWARA has a smaller budget than TRWC's, it is difficult for SAWARA to accomplish on its own the focus on the region. It was noted that the District has benefited from information gained from SAWARA as well as association with TRWC. Mr. Stratton suggested that staff from SAWARA and TRWC be invited to attend a Board meeting to provide an explanation of the District's benefit from its contribution as well as answer any questions.

Ms. Cramer called for a vote for the motion for a contribution to SAWARA. The motion did not pass, three to two. Ms. Cramer, Mr. Doyle and Mr. Ray voted against the motion. Mr. Johnson and Mr. Tripp voted for the motion.

Ms. Cramer directed staff to invite SAWARA/TRWC staff to attend the December 8, 1997 Board meeting to discuss a contribution to SAWARA.

#### **G. Status of Issues with Arizona Department of Water Resources**

Mr. Stratton said that with a number of issues confronting the District that are related to ADWR, staff wanted to provide the Board with an update of those issues.

##### **1. Audit.**

Mr. Tenney explained that Mr. Michael Block, District Hydrologist, Ms. Theresa Lutz, Hydrologist,

and he met with ADWR staff for an audit of the District's water consumption for 1996. ADWR stated that the District's water usage for 1996 was over the targeted goal of 169 gpcd under the total gpcd program. ADWR is to send a report of the audit, which will note the need to resolve the overage. Mr. Tenney and Mr. Block explained that the District's student intern had recalculated the single family and multi-family units in the District since 1990 and the numbers are higher than ADWR's, which means the water consumption may be lower. This issue will be discussed with ADWR.

Mr. Ray said that 169 gpcd seemed to be a low number for expected daily water consumption. Mr. Stratton explained that municipal providers in the Phoenix area are granted higher gpcd targets. Under the non-per capita conservation program, the District would not have to meet a gpcd target but be required to implement certain conservation projects.

## **2. Third Management Plan.**

Mr. Stratton explained ADWR is drafting the Third Management Plan. The District, along with other municipal providers, plans to meet with ADWR staff to present a proposed incentive to use renewable supplies through recharge. While conservation is important, conservation programs do not always provide the same cost benefit for the aquifer as replenishment. It is not known if ADWR will be receptive, but this is an attempt to move the region closer to safe-yield.

## **3. Non-Per Capita Conservation Program.**

Mr. Stratton said that the District was pursuing the non-per capita conservation program as the means to be regulated by ADWR rather than the total gpcd program. Mr. Tenney explained that under the non-per capita conservation program, the District would need to select reasonable conservation measures that it would perform in residential interior and exterior, commercial interior and exterior, and public education. As long as the District continues to implement those conservation projects, the District would be in compliance with ADWR. Staff is researching each reasonable conservation measure to determine which ones would best suit the District. To participate in the non-per capita conservation program, a municipal provider needs to have an assured water supply designation and not be out of compliance with the total gpcd program.

Mr. Tripp asked how much money was needed for the non-per capita program. Mr. Stratton said after staff had looked at the full program, the cost would be known for implementing it. The Board asked to be kept apprised of the non-per capita program.

## **H. Award of Contract For Synthetic Organic Chemicals Testing Services.**

Mr. Tripp made the motion to award the contract to Aquatech Laboratories for Synthetic Organic Chemicals, including Dioxin, testing services in an amount not to exceed \$28,500. Mr. Johnson seconded the motion and it passed unanimously.

**I. Letter of Support to Increase WQARF Staffing at ADEQ Southern Regional Office and Preliminary WQARF Site Scores and Ranks.**

Mr. Tripp made the motion to direct staff to prepare a letter of support for increased staffing levels for WQARF at ADEQ's Southern Arizona Regional Office for the Chair's signature. Mr. Ray seconded the motion and it passed unanimously.

**J. Report on Strategic Planning Workshops.**

Mr. Stratton explained that the Board had been given a report regarding strategic planning workshops that were held with staff to discuss how the District may grow in the future and how to plan for that growth. The Board noted that staff had taken much needed time and effort to hold the workshops and that the input gained from staff was an excellent exercise that provided valuable information that should be referred to in the future. It was noted that along with growth issues, the report cited that staff communication between divisions was an area in need of continual improvement.

Mr. Stratton informed the Board that related to the issue of growth, Fairfield Homes had approached the District about the possible sale of Green Valley Water Company. Several Board members expressed concern of not wanting to consider any acquisitions until the litigation was finalized as well as operational, staffing, and customer service concerns due to the distance. Mr. Ray noted that the District should consider offers to expand its base but all factors need to be considered as noted in the report. Mr. Stratton said other possibilities may arise in the near future.

**K. Status of Office Building**

Mr. Tripp made a motion to direct staff to proceed with the rezoning process with regard to the present office site. Mr. Ray seconded the motion.

The Board discussed with Mr. Stratton that the rezoning process included amending the County's comprehensive plan. The cost involved with rezoning is that it is time consuming with the various meetings involved and it is better to use a consultant with knowledge in rezoning rather than in-house staff.

Ms. Cramer called for a vote for the motion to proceed with the rezoning process. The motion passed unanimously.

**V. General Manager's Report**

Mr. Stratton reported that with the District's boundaries within portions of the incorporated Town of Casas Adobes and Town of Tortolita, the District may want to consider establishing an

intergovernmental agreement although the District, as a political entity, existed first. Mr. Ray questioned if that approach would set a precedent. Mr. Stratton said that he would continue to consult with Legal Counsel. Additionally, it was suggested that the District be represented at town meetings.

Mr. Tripp complimented staff's efforts, particularly the performance of the meter readers.

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

Ms. Lisa Chase of Brown & Bain said that the District needed to consider selecting a new lobbyist for Phoenix and the State Legislature since Mr. Chuck Blanchard had moved to Washington, D.C. She would be working with Mr. Stratton regarding that matter.


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

The next regular meeting of the Board of Directors is scheduled for December 8, 1997.


The public hearing is scheduled for December 4, 1997. The Board wanted the public hearing posted to allow the Board to act at that meeting regarding the proposed rate increase.

#### **VIII. Adjournment**

The meeting was adjourned at 7:58 p.m.

  
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Martha L. Cramer, Chair of the Board

ATTEST:

  
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Clerk of the Board