

8

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

November 2, 1992
5:00 P.M.
7493 North Oracle Road
Tucson, Arizona

MINUTES

ATTENDANCE:

Members:	Alex Jacome, Chairman Herb Johnson, Member Kate O'Rielly, Member Pete Schlegel, Member Jim Tripp, Member Jane S. Williams, Clerk
Others Present:	Robert Logan, Interim General Manager Mike McNulty, Legal Consultant, Brown and Bain Staff of the Metropolitan Domestic Water Improvement District

A. CALL TO ORDER AND ROLL CALL

1. The meeting was called to order by Herb Johnson, Vice Chairman.
2. Jim Tripp moved that the Board approve the meeting notice and agenda for November 2, 1992. Kate O'Rielly seconded. The motion passed unanimously with four members voting.
3. Jim Tripp moved that the Board approve the minutes of the October 19, 1992 regular meeting as amended with item number C-5, page 4, reading "Aid-In Construction Agreements". Kate O'Rielly seconded. The motion passed unanimously with four members voting.

B. PRESENTATION OF INFORMATION AND DISCUSSION

1. Update and discussion on issues involving "Assessments" and "Lien on Property".

Mr. Robert Logan addressed the Board regarding the language worked up by First American Title Company. All of the title companies have agreed upon this sort of language. He went on to further explain the bond repayment process and the funding resources needed to repay the bond. Logan also informed the Board that he and Mr. Greenawalt have answered numerous calls regarding the lien.

(Chairman Jacome arrived at this time.)

2. Status report by Interim General Manager.

Bell Reservoir and Office Space:

Mr. Logan addressed the Board regarding the possible acquisition of property at northwest corner of Paseo del Norte and Ina Road for the expansion of reservoir and possible district offices. This is the "Bell Well Reservoir" which was included in our capital improvement request. There is 39,000 square foot of property with an existing house which could be converted to office space. The current reservoir is on the front portion of this property and the district would like to build a second on the east side of the present reservoir.

Two years ago the property sold for approximately \$121,000.00. The present owner is willing to sell to us in the range of \$250,000. - \$260,000. Logan has authorized Mr. Hicks, the realtor, to pursue the matter with the present owner. Mr. Hicks asked that an agreement be signed. Mr. Logan also informed the Board that there is presently an offer on this property from a private party. In addition the realtor is currently looking at alternate office space for us and have numerous considerations within the \$12 a square foot range including utilities. Mr. Logan will follow-up with Mr. Hicks on the possible purchase of the property discussed earlier.

Well Maintenance Bids:

The specifications for the bidding on the well maintenance have been finished and faxed to all likely bidders for their comments. Set of specifications will be sent for publication this week and should be the award the contract should be ready later this month sometime around November 30, 1992.

Reorganization - Office Operations:

Logan explained that a couple of changes in field operations and maintenance have been initiated. Currently there are four part-time people reading meters one and a half days a week on a billing cycle of four times a month. In order to improve operations alternatives have been sought. Southwest gas came out and trained our staff on the reading of meters and more efficient use of the new equipment. A new system was initiated this morning for reading meters 5 days a week with a billing cycle of 5 days a week. This process should even out the cash flow. Two people have been designated to read meters full time.

At Mr. Tanner's suggestion the maintenance department has been subdivided into four geographical areas. This will cut down on the very high vehicle mileage and give accountability for each area by only one person.

Mr. Logan suggested that the November meetings of the district be on the 12th, 16th and the 30th. On the meeting of the 12th the documents for the sale of the bonds should be approved. The Board set the time for a breakfast meeting at 7:30 a.m. The meeting of November 16, 1992 will be to discuss the water rates and the November 30, 1992 meeting will be a public

hearing with a meeting of the Board to start at 6:00 p.m. and the public hearing at 7:00 p.m..

An update of the recruitment of a staff engineer was given. An advertisement was placed last Sunday, with a deadline of Friday, November 13, 1992 for submitting resumes. To date only 4 resumes have been received. A proposal for a screening committee to recommend the top three candidates for the position to be interviewed by the Board was presented.

Oro Valley Public Hearing - Assessment:

Mr. Logan attended a public meeting in Oro Valley last Thursday and 12 people were present. A presentation was made on the financial forecasts and summary. They also adopted a resolution on the bonds and a resolution for presentation to the ballot in April to see if the town should get into the water business.

Miscellaneous Items:

Logan informed the Board that several meetings were upcoming such as: the Santa Cruz Valley Water District on November 9, 1992 at 9:00 a.m. and the Department of Water Resources on the new rules of assured water supply to be held on November 10, 1992. Mr. Logan also explained that Mr. Jacome and Johnson were to get with Logan and Greenawalt to meet with the Southern Arizona Home Builders Association to discuss water system connection fees.

Logan also explained that any major acquisitions be held off until the bonds are sold. This includes any decision to be made concerning personnel. Logan said that Mr. Rosenfeld had indicated that if a lawsuit would be filed it would cloud the sale of the bonds and it was a very tenuous period right now.

Logan also expressed a need to adopt a revised budget and is planning to present this revised budget around mid-December.

C. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

1. Discussion of proposed revised Metropolitan Domestic Water Improvement District water rates and system development fees.

Mr. Logan and Mr. Greenawalt addressed the Board regarding water rates and system development fees. Their main concern is how to come up with a rate structure for equalization to include low water users. The district presently receives 43% of their revenue from the minimum water charges.

They presented four proposals. These proposals reflect the percentage of customers that would be adversely affected by the rate change as compared to Tucson water rates. Logan also explained that there will be a negative impact on a fairly large amount of customers using any of these rate proposals. However, the impact is not that great compared to what they are paying now and considering that there has not been a rate increase since 1987.

The target for income is \$4.6 million as projected by Cella Barr for fiscal year 1993-94.

The pros and cons of all four proposals were discussed. Gary Woodard, Associate Director of the Water Research Institute at the University of Arizona and a member of the City of Tucson, Citizen Water Advisory Committee, presented the current City of Tucson rate system and explained that their present system is undergoing change.

It was explained that all figures for these proposals and the revenue that will be generated are based on adding 500 new customers yearly to the system.

Mr. Jacome added that politically now was the best time for a rate increase and that the acceptance will be there now as opposed to later.

Logan addressed system development fees and connection fees and explained that other water companies are charging between \$400 - \$700 and Metro should fall between these figures.

Logan also stated at this time that the meeting scheduled with the Southern Arizona Home Builders Association would be tentatively rescheduled for Monday, November 9, 1992.

No action was taken on this item.

2. Review and approve the "demand list" and status report on warrants issued to date.

Sheila Lewis presented a list of checks and warrants issued through October 31, 1992.

Motion was made by Kate O'Rielly and seconded by Pete Schlegel to accept and approve the demand list as presented. The motion carried unanimously.

3. Discussion/direction to staff in preparation for the public hearing on November 4, 1992.

Mr. Logan explained that in Oro Valley he used an overhead projector to show information on water data from Mr. Cella's reports and reworded Cella's report for ease of understanding. He said he spoke on the water rates and the liens and indicated that type of presentation worked out well.

Kate O'Rielly asked for the format for this public hearing to be the same as that of the Board of Supervisors public hearings.

Logan explained that Rosenfeld was preparing a list of questions to ask the speakers at the public hearing. The use of speaker cards was also suggested.

Ms. Williams distributed the packets for the public hearings which included an agenda, an alphabetical listing of people who had submitted objection correspondence to the Office of the Clerk of the Board and any copies of that correspondence that they had not previously received. She explained that she would read the alphabetical listing of names at the public hearing and if they are present they may speak if they wish.

D. COMMENTS FROM THE PUBLIC

No one appeared.

On consideration, it was moved by Jim Tripp, seconded by Herb Johnson, and unanimously carried, that the Board of Directors convene to executive session at 7:25 p.m..

E. EXECUTIVE SESSION

Pursuant to ARS §38-431.03 (A)(1) to review and discuss Metropolitan Domestic Water Improvement District's position as it relates to the office of General Manager.

The Board of Directors reconvened at 7:40 p.m. Upon roll call those present and absent were as follows:

Present: Alex Jacome, Chairman
Herb Johnson, Member
Kate O'Rielly, Member
Pete Schlegel, Member
Jim Tripp, Member
Jane S. Williams, Clerk

Absent: None

1. Discussion and direction to staff on position of General Manager.

No action was taken at this time.

F. ADJOURNMENT

As there was no further business to come before the Board, the meeting was adjourned without objection at 7:43.

Chair

ATTEST:

Clerk