

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

November 30, 1992
6:00 P.M.

CROSS MIDDLE SCHOOL
Multi-Purpose Room
1000 West Chapala Drive
Tucson, Arizona 85704

MINUTES

ATTENDANCE:

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

Members Absent: Herb Johnson, Member

Others Present: Robert Logan, Interim General Manager
Mike McNulty, Legal Consultant, Brown and Bain
Fred Rosenfeld, Bond Attorney
Paul Cella, Cella Barr and Associates
Pete Greenawalt and
Sheila Lewis, Staff Members of the
Metropolitan Domestic Water
Improvement District

A. CALL TO ORDER AND ROLL CALL

1. The meeting was called to order by Chairman Jacome. All members were present with the exception of Herb Johnson.
2. Jim Tripp moved that the meeting notice and agenda for November 30, 1992 be approved. Kate O'Rielly seconded and the motion passed unanimously with four members voting.
3. Pete Schlegel moved that the Board approve the minutes of November 4, 1992 as amended. Kate O'Rielly seconded and the motion passed unanimously with four members voting.

Pete Schlegel moved that the Board approve the minutes of November 12, 1992. Jim Tripp seconded and the motion passed unanimously with four members voting.

Pete Schlegel moved that the Board approve the minutes of November 16, 1992 as amended. Jim Tripp seconded and the motion passed unanimously with four members voting.

OLD BUSINESS**B. ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

1. Review and approval of the Metropolitan Domestic Water Improvement District Policy Manual.

Mr. Logan addressed the Board and requested a continuance of this item until December 7, 1992. Pete Schlegel requested that the item be moved to an executive session for discussion. The motion was made by Jim Tripp and seconded by Pete Schlegel to continue this item to December 7, 1992.

2. Discussion and award of contract for Well Maintenance.

Mr. Logan addressed the Board on proposals received in reference to the well maintenance. He also distributed material to the board referencing the services and monies outlined by these companies for the project. He recommended Far West as the low bidder and asked that staff be allowed to negotiate a contract and come back to the Board for approval.

The motion was made by Pete Schlegel, seconded by Jim Tripp and carried unanimously with four members voting, to accept Far West Pump as the low bidder for the well maintenance contract. Mr. Logan went on to explain that the contract negotiations were needed as the extent and cost of each well renovation will not be known until the pump can be pulled from the ground and inspected.

NEW BUSINESS**C. PRESENTATION OF INFORMATION AND DISCUSSION**

1. Report and discussion regarding November 24, 1992 Public Workshop on water rates and system development fees.

Mr. Logan addressed the board and gave a brief overview of the workshop that was held.

2. Status report by Interim General Manager.

Engineering Position

Mr. Logan reported on the task force which reviewed the applications for the position of engineer with Metropolitan Domestic Water Improvement District. He indicated that the field had been reduced to three applicants who were now being considered for the position. Each of these applicants have been notified that they are a finalist. A meeting needs to be scheduled so that the Board may interview and select the applicant for the position. Without objection, Wednesday, December 2, 1992 at 4:30 P.M. was established as the date that the Board will conduct their interviews.

Gasoline for District Vehicles

The Town of Oro Valley has agreed to provide gasoline for District vehicles. This will result in a savings of approximately \$.20 a gallon. The Town of Oro Valley will issue cards to obtain gas. These cards will also enable them to provide a monthly report reflecting how many gallons were used by each vehicle as well as mileage figures for the month.

Legal Services

Logan contacted the Pima County Attorney's Office in respect to providing legal services for the district on a cost reversible basis. The estimated cost of the County Attorney would be \$50.00 to \$75.00 per hour which is approximately half of what is currently paid for legal services. Mr. Dingeldine will prepare a proposal for the Board of Supervisors consideration.

Water Rates and System Development Fees.

Logan gave an overview of current charges for services such as customer deposit fees, establishment fees, reconnection fees, after hour connection fees, water tests, change out fees and late fees. He also made recommendations as to what the increases involving these services should be. Kate O'Rielly suggested that these fees should be established in the form of an official district policy. Mr. Tripp asked that additional information be provided and for Mr. Logan to comeback to the Board after a future date.

District Logo

Finalization of the district logo. will appear on the agenda of December 7, 1992.

Purchase of Reservoir Site

Finalization of the purchase of the reservoir site and made an offer on the property in the amount of approx \$40,000. subject to the sale of the bonds by the district and also to an environmental review. Tucson Electric Power will guarantee the environmental soundness of the property with their testing.

D. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

1. Review and approval of the "demand list" and a status report on warrants issued to date.

Sheila Lewis presented the demand list and gave the status of warrants issued to date to the Board. A motion was made by Kate O'Rielly and seconded by Jim Tripp to approve the demand list as presented. The motion carried unanimously with four members voting.

2. Review and approval of the following invoices for services rendered during the purchase of the Metropolitan Water Company by the Metropolitan Domestic Water Improvement District:
 - a. Cella Barr and Associates, Engineers
 - b. R. K. Logan, Consultant
 - c. Fred Rosenfeld, Bond Counsel
 - d. Mike McNulty, Legal Counsel

A motion was made by Kate O'Rielly and seconded by Pete Schlegel to approve payment of the invoices as corrected. The motion carried unanimously with four members voting.

3. Establish a policy regarding connection charges for lots which have received either no assessment or a nominal assessment of \$.01.

Fred Rosenfeld addressed the Board presenting to them the only equitable solution for those people who are assessed either \$.00 or \$.01 and who would want to connect to the Metropolitan Domestic Water Improvement District at a later date. An offset connection charge would be put in place for these particular people. No action was taken on this item.

The Board took a recess at 6:45 and reconvened at 7:00 P.M.

PUBLIC HEARING

4. Metropolitan Domestic Water Improvement District hearing on water rates and system development fees.
 - a. If deemed appropriate, pass and adopt RESOLUTION NO. 11, establishing water rates for the Metropolitan Domestic Water Improvement District, effective January 1, 1993.
 - b. If deemed appropriate, pass and adopt RESOLUTION NO. 12, establishing new system development fees for the Metropolitan Domestic Water Improvement District, effective January 1, 1993.

Robert Logan addressed the public and gave a background on the water rates and system development fees. He presented the financial pro-forma. He also explained the sale of the bonds, the rate of interest and the triple A rating. He went on to give an explanation of the financial projections and the bond repayment of the district.

Logan explained that the Metro Water Company's last rate increase was in 1987. They invested virtually no money into system improvements since 1987 and now numerous system improvement projects need to be performed.

The Metropolitan Domestic Water Improvement District wants to develop an equitable and fair flat rate system. Mr. Logan presented two proposals for the water rates and gave examples such as the typical residential customer uses 6000 gallons in the winter and 12000 gallons in the summer months, under the current system he would pay \$178.00, under Proposal 1 he would pay \$220.00 and under Proposal 2, \$215.00. These rates are still approximately 11-12% lower than the City of Tucson Water Company. These figures are yearly rates. He also gave examples of a high water volume user and commercial users.

The system development fee is being established so that any new growth in the Metropolitan Domestic Water Improvement District would contribute to the District and existing properties would not be subsidizing new development.

Various questions were taken from the audience and answered by Mr. Logan and Mr. Woodward. Speakers from the audience did not identify themselves for the record.

Mr. Logan then took a census of the audience and asked for a show of hands for both proposals. The majority of the audience were in favor of Proposal 2.

Without objection the public hearing was closed.

Jim Tripp made a motion to pass and adopt RESOLUTION NO. 11, establishing water rates under Proposal Number 2 for the Domestic Water Improvement District, effective January 1, 1993. The motion was seconded by Kate O'Rielly and carried unanimously with four members voting.

Jim Tripp made a motion to pass and adopt RESOLUTION NO. 12, establishing new system development fees for the Metropolitan Domestic Water Improvement District, effective January 1, 1993. The motion was seconded by Kate O'Rielly and carried unanimously with four members voting.

E. COMMENTS FROM THE PUBLIC OR THE GENERAL MANAGER

The Board may not discuss or take action on any items not on the agenda unless an emergency exists. (A.R.S. §38-431.02).*

No one appeared.

C. ADJOURNMENT

As there was no further business to come before the Board, a motion was made by Jim Tripp and seconded by Kate O'Rielly to adjourn the meeting at 8:25 P.M. The motion carried unanimously with four members voting.

Chair

ATTEST:

Clerk