

**METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT
BOARD OF DIRECTORS MEETING**

November 9, 1998

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

MINUTES

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

District Staff: Mark R. Stratton, General Manger
 Joyce E. Osborne, Recording Secretary
 Lisa Chase, Legal Counsel

Regular Session

I. Call To Order and Roll Call

Mr. Doyle, Chair of the Board of Directors of Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 6:00 p.m.. Mr. Herb Johnson, Mr. Sam Ray and Mr. Jim Tripp were present. Ms. Martha Cramer was not present but arrived at 6:04 p.m.

II. Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – October 14, 1998 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Bill of Sale – Chula Vista II, Lots 1-14.**
- D. Ratification of Services for Preparation of Non-Profit Tax Returns for District Municipal Property Corporation**
- E. Ratification of Agreement for Internet Connectivity, E-mail and Web Hosting with Resource Strategies.**

F. Ratification of Agreement for Voice and Data Consultation Pertaining to New Office Building.

Mr. Tripp made the motion to approve the Consent Agenda Items. Mr. Ray seconded the motion and it passed unanimously.

IV. General Business – Items for Discussion and Possible Action

A. Financial Report.

Mr. Land, Chief Financial Officer for the District, said the budget summary for October 1998 will be distributed to the Board later in the week.

B. Approval of Audit for Fiscal Year 1997-1998.

Mr. Tripp made the motion to approve the audit report for Fiscal Year 1997-1998. Mr. Johnson seconded the motion.

Mr. Tripp asked about the procedure manual and its status since it was noted in last year's audit. Mr. Land explained that the District manual is dependent on the new software that has yet to be installed. When the District purchases that software, the manual can be taken care of in a few months.

Mr. Doyle called for a vote for the motion to approve the Fiscal Year 1997-1998 audit. The motion passed unanimously with the members present.

C. Approval of Changing Banking Institutions.

Mr. Tripp made a motion to direct staff to move District bank accounts from Arizona Bank to Bank of America. Mr. Ray seconded the motion and it passed unanimously with the members present.

D. Approval of Bond Feasibility Analysis.

Mr. Tripp made the motion to approve Black & Veach to conduct the Bond feasibility study for an amount not to exceed \$23,750. Mr. Johnson seconded the motion and it passed unanimously with the members present.

E. Election of Director for the District Municipal Property Corporation.

Mr. Tripp made a motion to appoint Dennis Polley to fill the vacancy on the Board of Directors of the District Municipal Property Corporation (MPC). Mr. Ray seconded the motion and it passed unanimously with the members present.

Ms. Cramer arrived at 6:04 p.m.

F. Adoption of Amended Fiscal Year 1998-199 Budget.

Mr. Tripp made a motion to approve the budget amendments for Fiscal Year 1998-1999 including new positions of Deputy Manager, Customer Service Supervisor, and Receptionist. Mr. Ray seconded the motion.

Mr. Doyle requested some clarification on the amended budget. Mr. Land said that the Fiscal Year 1998-1999 year budget was tied into the bond issue and after looking at revenues, expenditures and water sales compared to last year's actual figures, the budget numbers were adjusted to be more realistic and accurate. Expenses including increases for salaries and benefits for new positions and debt service went down due to the 1997 MPC bonds that will not take place until next year. The net effect is a \$54,000 decrease in the fund balance. This year's amended budget is based on actual instead of estimates and gives the District better coverage for debt service to sell bonds.

Mr. Stratton explained the Customer Service Supervisor and Receptionist positions that are included in the amended budget have been contemplated for two years but were put on hold due to space requirements. The Deputy manager position has also be discussed with the Board to assist with additional duties and provide full coverage for day-to-day operations.

Mr. Doyle called for a vote for the motion to approve the amended budget. The motion passed unanimously.

G. Discussion of Development of Mona Lisa Village.

Mr. Stratton introduced Steven Nanini, the developer of the Mona Lisa Village. Mr. Nanini showed the location for the Mona Lisa Village and explained that it was an adult living townhome community. Mr. Nanini said the task before him is to sell the townhomes at an affordable price but he has encountered three problems with the District that he has not been able to resolve with District staff. First, when the project was designed, he used the District's as-builts for developing the site's plans and specifications; however, when trying to connect the lines, the coordinates were not correct and the project was put on hold while the lines were reengineered at an extra cost of \$15,000.

Mr. Doyle asked why Mr. Nanini's engineer prior to excavation had not done field verification. This is standard practice from his experience with construction. Mr. Nanini said he had depended upon the District's drawings.

Mr. Nanini said that the second problem was when the water system was constructed, the District bought it from him for \$1 without providing the option that the system could have been kept private. The third problem, and the main reason for his appearance before the Board, is the District's fee

schedule shows a \$500 per unit cost for a town home but the District is wanting to charge \$800 per unit as a fourplex.

Mr. Tripp said that originally the District classified the project as multi-family but Mr. Nanini went to great lengths for zoning reasons to get the County to consider his units as single family units. This lowered the amount required to pay under the District's La Cholla Corridor Fire Flow Fee. Mr. Tripp asked how many meters are at the site. Mr. Nanini said there were six, two for irrigation and the other four are divided among the 100 homes per twenty-five homes.

Mr. Nanini said that the development is called town homes because they are not apartments for rent. District staff defines it as fourplex, which we disagree. The District needs to provide a clearer definition of its fee schedule.

Mr. Stratton explained that the District inherited the as-builts from its predecessor. He said that very seldom does the District, developers or contractors find field conditions as they exist on those drawings. The as-builts state on the plan that the information should be field verified prior to construction. Mr. Stratton asked Charlie Maish, District Engineer, if the Mr. Nanini's engineer had ever discussed whether the system should be public or private. Mr. Maish said there had been no discussion. Mr. Stratton said that for collection fee purposes, the project was originally classified as multifamily; however, when the fire flow fees were addressed, Mr. Nanini argued for single family, a classification that was less in fees. Mr. Tripp wanted to know what kind of savings was gained by the District changing the fire flow fee from multi-family to single family. Mr. Maish said approximately \$1,120 per acre, which equates to about a \$7,000 difference for Mr. Nanini.

Mr. Stratton explained that for the system development fee, staff had classified the project as fourplex because there are four units to a building. The District has not been able to find a clear definition for a townhome and even Pima County does not have one. Mr. Nanini said that fourplex implies rentals and his units are townhomes, individually owned. Mr. Ray said that for marketing purposes, the project can be classified however Mr. Nanini wants. In his experience, a townhome or condos are always classified as six or more units to a building. However, in the discussion of the District's fees, Mr. Nanini does not appear consistent. For the fire flow, one type of classification is requested, but then a different one is sought under the system development fee. Mr. Ray noted that the difference on the system development fee was \$30,000. Mr. Nanini said that he has been trying to make an affordable adult community for senior citizens, but it becomes difficult due to trying to absorb a system development fee that he had not anticipated.

Mr. Ray questioned if based on the circumstances, if the District should make a one time exception and charge Mr. Nanini \$600 per unit. Mr. Johnson explained that the system development fee was due to the anticipated growth the District will experience. If the District makes an exception and cut these fees for Mr. Nanini, the District will need to do that for other developers. Mr. Johnson said that the inaccuracy of the District maps and the fact that Mr. Nanini's engineer did not field verify were not problems that the District can solve. The District needs to have enough water to meet

growth and the District will require developers to assist. If anything, the system development fees need to be increased.

Mr. Nanini said that he has wanted to provide affordable housing and he now has to absorb these extra costs. He is only asking for some leeway. Mr. Ray noted that a cost analysis should have been done and the system development fee should not be a surprise.

Mr. Doyle said there was confusion regarding the rate schedule and perhaps a compromise of a \$600 fee can be considered since this situation is unique and will likely not occur again. Mr. Johnson said he was concerned that if the District makes one exception, it will need to make more. Mr. Tripp said the fee schedule was adopted at a public hearing. He questioned if the fee schedule can be changed without another public hearing. Warren Tenney, Assistant to the General Manager, said that the fee schedule cannot be changed without a public hearing. Mr. Johnson noted that District staff should review all the fees.

Mr. Ray made a motion that the Board of Directors institute a review the definition of rates per the schedule dated January 1998 within the next four months and at the end of that review, if there are rate changes that would impact Mr. Nanini, that he would be credited. The motion failed to be seconded.

Mr. Doyle said the Board had no further discussion regarding the matter.

H. Approval of Furniture Purchase Requisition for the New Office Building.

Mr. Tripp made a motion to approve the new furniture purchase from Goodmans for an amount not to exceed \$73,000. Mr. Johnson seconded the motion and it passed unanimously.

I. Award and Approval of Contract for Maintenance and Painting of Storage Tanks.

Mr. Tripp made a motion to approve the contract with Rash Tank Painting for the Fiscal Year 1998-1999 in an amount not to exceed \$31,645. Mr. Johnson seconded the motion and it passed unanimously.

J. Approval of New Joint Funding Agreement with United States Geological Survey on the Lower Canada del Oro Basin Aquifer Storage Change Monitoring Project.

Mr. Tripp made a motion to approve the agreement between the United States Geological Survey on the Lower Canada del Oro Basin Aquifer Storage Change Monitoring Project and the District in an amount not to exceed \$15,000 and expire on December 31, 1999. Mr. Johnson seconded the motion.

Mr. Ray wanted to know if the Board would be receiving some type of report. Mr. Stratton said that the USGS would tabulate data in a formal report to show their findings.

Mr. Doyle called for a vote for the motion to approve the agreement with USGS.

The motion passed unanimously.

V. General Manager's Report

Mr. Stratton congratulated Ms. Marlene Wright, Mr. Jim Doyle and Mr. Peter Schlegel as successful candidates in the November 3, 1998 elections for positions on the Board.

Mr. Stratton reported that he, Mike Land and Jim Doyle would be in New York next week to meet with bond insurers so the District can obtain a bond insurance rating and bonds can be issued. Mr. Stratton passed out a draft prepared by Peacock, Hislop, Staley & Given showing future dates based on the results with the insurance agencies with the issuance of the bonds being at the end of January 1999.

Mr. Stratton gave a status report on the new office building. The foundations are being poured, a revised time schedule is still pending from the contract and hopefully, completion will be by mid-March. He extended an invitation to all Board members to attend the annual Thanksgiving luncheon held at the District office on Tuesday, November 24, 1998.

VI. Legal Counsel Report

Ms. Chase said her office has initiated public notification for hearings on the CAP sub contract transfer as per the statutes that require publishing four consecutive weeks prior to the hearing date which is set for December 14, 1998. To accommodate the statute, there will be two more postings prior to Thanksgiving. She informed the Board that Phil Higdon had suffered a heart attack but was recuperating and should be back to work soon.


VII. Future Meeting Dates

As more information comes in on the bond issues, possible meetings will be scheduled accordingly. Mr. Ray and Mr. Stratton suggested that the Bond Oversight Committee be invited to any meetings that concern the bond issuance so that they can be kept informed.

The next regular Board meeting is scheduled for December 14, 1998.

VIII. Adjournment

The meeting was adjourned at 7:05 p.m.



James O. Doyle, Chair of the Board

ATTEST:



Clerk of the Board

**METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT
BOARD OF DIRECTORS
MEETING NOTICE AND AGENDA**

Monday, December 14, 1998

****WILSON ROOM**
TOHONO CHUL PARK
7366 North Paseo del Norte
Tucson, Arizona 85704**

EXECUTIVE SESSION - AT OR AFTER 5:00 P.M.

Call to Order and Roll Call

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)(7) (to negotiate for the purchase or lease of real property) regarding the following:

- A. Acquisition, Construction, Reconstruction or Repair of Waterworks for the Delivery of Water for Domestic Purposes.
- B. 1999 Legislation.

REGULAR SESSION - AT OR AFTER 6:00 P.M.

I. Call to Order and Roll Call

II. Presentation to Martha Cramer and Jim Tripp

III. Comments From the Public

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).*

IV. Consent Agenda (5 min.)

- A. Approval of Minutes – November 9, 1998 Board Meeting.
- B. Ratification of Billing Adjustments.

V. General Business - Items For Discussion and Possible Action

- A. Financial Report. (5 min.)
- B. Request for 10242 N. Lambert Court to Receive Service from Tucson Water. (10 min.)
- C. Approval to Continue Line of Credit with Bank of America. (5 min.)
- D. Approval of Stipulation and Order for Non-Per Capita Conservation Program. (7 min.)
- E. Selection of Lobbyist for 1999 Legislative Session. (5 min.)
- F. Award of the Telecommunications Structured Cabling System Contract for the New Office and Maintenance Buildings. (5 min.)

- G. Approval of Master Lease Agreement with Nextel, Inc. for Telecommunications Equipment at District Well Sites. (10 min.)
- H. Consideration of Interruptible Rates from Tucson Electric Power at Related Well and Booster Sites. (5 min.)
- I. Approval of Incentive Recharge Water Contract with the Central Arizona Water Conservation District (5 min.)
- J. Consideration of Cost of Living Adjustment for District Staff. (5 min.)
- K. Approval of Resolution 1998-7 - Issuance of Water Revenue and Refunding Bonds. (15 min.)
- L. Approval of Resolution 1998-8 – Establishing Mutual Consent with the Town of Oro Valley To Terminate the Intergovernmental Agreement for Operation of the Oro Valley Water Improvement District #1. (7 min.)
- M. Approval of Contract for Acquisition of Hub Water Company. (10 min.)

VI. General Manager's Report (5 min.)

VII. Legal Counsel's Report (5 min.)

VIII. Future Meeting Dates; Future Agenda Items (5 min.)

IX. Adjournment

POSTED:

- Metropolitan Domestic Water Improvement District Office, 7235 North Paseo del Norte, Tucson, Arizona
- Nanini Public Library, 7300 North Shannon Road, Tucson, Arizona
- Casas Adobes Post Office, 6281 N. Oracle, Tucson, Arizona
- Town of Oro Valley Administration Building, 11000 North La Cañada Drive, Oro Valley, Arizona
- Levels A & B, 1st and 5th Floors, Pima County Administration Building, 130 West Congress, Tucson, Arizona

DATE POSTED:

TIME POSTED:

* The order of the agenda may be altered or changed by the Board of Directors

If any person with a disability needs any type of accommodation, please notify the District office at 575-8100 at least three hours prior to the scheduled time of the meeting.