

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

**October 14, 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  
   Herb Johnson, Member  
   Sam Ray, Member

Board Members Not Present:        Martha Cramer, Member

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

**EXECUTIVE SESSION – AT OR AFTER 5:00 P.M.**

**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 5:01 p.m. Mr. Herb Johnson, Mr. Sam Ray, and Mr. Jim Tripp were present. Ms. Martha Cramer was not present.

Mr. Tripp made a motion to go into executive session. Mr. Johnson seconded the motion and it passed unanimously. The Board went into Executive Session at 5:02 p.m.

Executive Session pursuant to A.R.S. § 38-431.03 (A)(1) (discussion or consideration of personnel matters) regarding the following:

- A.        Performance Appraisal for General Manager.

The Board recessed at 5:52 p.m.

## **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 6:01 p.m. Mr. Herb Johnson, Mr. Sam Ray, and Mr. Jim Tripp were present. Ms. Martha Cramer was not present.

### **II. Comments from the Public**

There were no comments from the public.

### **III. Consent Agenda .**

- A. Approval of Minutes – September 14, 1998 Board Meeting.**
- B. Approval of Minutes – September 22, 1998 Study Session.**
- C. Ratification of Billing Adjustments.**
- D. Approval of Bad Debt Write-Offs.**
- E. Ratification of Contract with Adkins Cabling.**

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

### **IV. General Business – Items for Discussion and Possible Action**

#### **A. Financial Report.**

Mike Land, Chief Financial Officer for the District, commented that the District was seeing consistent increases in connection fees and that District revenues were up slightly due to system development fees and connection fees. He added that expenses are under control.

#### **B. Approval of Resolution 1998-5 – Adoption of Conflict of Interest Policy**

Mr. Tripp made the motion to approve of Resolution 1998-5 – Adoption of Conflict of Interest Policy. Mr. Ray seconded the motion.

Mr. Ray wanted to know if staff had looked into affidavits and certifications that were needed during the election process to see if these requirements could satisfy the statutes on conflict of interest. Warren Tenney, Assistant to the General Manager, explained that the candidate's financial

statements and that the information contained on those forms was not consistent with the state statute regarding disclosure. Lisa Chase, Legal Counsel, said that the Board members could continue their standard practice that if they have a conflict, it can be stated at the Board meeting and would be recorded in the minutes. She explained that a second document needed to be created for staff and completed at the time an employee needed to disclose a particular matter in conflict with District interest, ownership, capacity, monetary interest that would disqualify that employee from taking action according to statutes. An example was given of an employee who owns shares of stock in a company that has responded to a District request for proposal (RFP). The employee would have to disclose the conflict and could not be included in the decision making process. All records of a conflict of interest disclosed are to be kept on file.

Mr. Doyle called for a vote for the motion to approved Resolution 1998-5.

The motion passed unanimously.

**C. Report on Year 2000 Compliance.**

Mr. Stratton said the staff report was to inform the Board that the District was pursuing Y2K compliance issues to ensure before the year 2000 that everything electronic that the District relies upon will still continue to function. The District continues to obtain information and the intent is to have finalization by the early part of 1999 so if equipment needs to be replaced, costs can be included in the budget.

**D. Resolution 1998-6 - To Initiate Condemnation Proceedings against Pima Properties Inc., for Acquisition of Water Utility easement at 6201 North Oracle Road.**

Mr. Tripp made the motion to approve Resolution 1998-6 – To initiate condemnation proceedings against Pima Properties Inc., for acquisition of Water Utility easement at 6201 North Oracle Road. Mr. Johnson seconded the motion and it passed unanimously.

**E. Report on Booster Pump Efficiencies.**

Chris Hill, Utility Superintendent, discussed the proactive steps and procedures that the Utility Division is taking to replace and restore approximately 100 booster pumps in the District's system. He explained that there are both short and long term goals regarding pump replacements. The District is moving away from assessing pumps at the time of failure to determine whether or not it is cost effective to replace or rebuild them. One long term goal is finding alternative power sources to run the booster pumps. The electricity required to run these pumps has been billed since 1994 at the uninterruptable rate. Mr. Hill believes that if the proper pumping facilities were in place the

District could save money over the long term. Mr. Hill said that when staff determines performance of booster pumps, tests on flows, pressures at operating ranges, and dead head pressure are all taken into consideration along with pump size, amperage, cavitation and heat that is generated when the motors are running. Obviously, after testing the pumps, if they are found to be too old and inefficient it does not become cost effective to rebuild them.

Mr. Tripp commented that he was pleased that the Utility Division was hedging against failures and being pro-active. Mr. Doyle asked if thermal scanning was one of the measures used to determine motor condition. Mr. Hill said that thermal scanning was used. Mr. Doyle asked why the Herb Johnson Reservoir was having propeller problems. Mr. Hill said the propellers were trimmed because possibly they were not sized correctly. The trimming had resolved the problem. Mr. Johnson asked if standby motors were kept in stock in case on an emergency. Mr. Hill said that standbys are used occasionally. Mr. Stratton stated that most sites have multiple booster pumps and if one is taken out of service the other one is used for backup as a level of safety so that things continue operating.

**F. Discussion of Development of Mona Lisa Village.**

Mr. Stratton said that Mr. Nanini, who had wanted to talk to the Board about his development called Mona Lisa Village, had called today and was not able to attend the meeting.

Mr. Tripp made the motion to table this agenda item until the next Board meeting. Mr. Ray seconded the motion and it passed unanimously.

**G. Direction of Staff Regarding Bond Issuance for 5-Year Capital Improvement Program.**

Mr. Stratton has met with Mark Reader of Peacock, Hislop, Staley & Given to clarify some issues that were brought up at the recent Board study session. Mr. Stratton has asked for further direction by the Board on how they want him to proceed. Mr. Reader's recommendation was for the District to go with the surety policy which would leave more cash on hand for the District. Mr. Stratton explained that regarding issuance of the bonds, the recommendation is that the District proceed immediately with a feasibility analysis by a qualified consulting firm on the projected numbers with respect to financing the debt service on the bonds. Mr. Land and Mr. Stratton have both spoken with several consulting firms about their availability to perform this analysis in a timely manner so that we can present the findings to a bond insurance company so the District can get an insured rating at the lowest interest rates available. Mr. Stratton also wanted direction to delegate staff and Board members, along with representatives from Mr. Reader's firm to travel to New York to meet with interested insurance companies. Mr. Stratton concurred with Mr. Maish, District Engineer, that additional staff needs to be hired to handle the CIP program. Since present physical constraints do

not allow hiring immediately but the process will take several months, Mr. Stratton recommended that the District should probably proceed soon with the recruitment process so the additional staff will be hired when we are in our new building. He also added that in-house staff is always given priority when recruitment for new positions becomes necessary.

Mr. Stratton addressed a question from the audience regarding the impact of liens within the District on the initial bonds. Mr. Stratton explained that the issuance of liens still has to be decided based on the outcome of insurance and the District's ratings. The current liens add a form of security for the District and presentation to insurance agencies is critical to show the District's stability. Mr. Ray noted that he favored that the liens still be removed at the earliest convenience.

Mr. Tripp made the motion that the General Manager be instructed to follow the recommendations as presented in the staff report regarding the bond issuance and 5-Year CIP plan. Mr. Ray seconded the motion.

Mr. Johnson said that since Mr. Stratton has to get approval for an interest rate he needs the flexibility to negotiate and arrive at economic decisions and that the Board has the confidence in his ability to do so. Mr. Johnson asked that Mr. Stratton keep the Board informed and notify them on the final decision of how the bond issuance needs to be done.

Mr. Doyle called for a vote for the motion regarding direction of the Bond issuance.

The motion passed unanimously.

#### **H. Performance Appraisal for the General Manager.**

Mr. Tripp made the motion that the Board grant the General Manger an increase in salary through the district contributing the remaining amount that is allowed under Mr. Stratton's deferred compensation program. Mr. Johnson seconded the motion and it passed unanimously.

#### **V. General Manger's Report**

Mr. Stratton asked Mr. Tenney to show an award from Water Conservation Alliance of Southern Arizona. Mr. Tenney explained that the award was presented to the District at a reception of the Water CASA in recognition of being one of the 7 founding members. Water CASA works collectively on projects that can help the region use water more effectively.

Mr. Stratton said that Phil Higdon of Brown & Bain called him with an update for the petition to approve the CAP allocation. He said that it was filed last week and today Judge Veliz transferred the case so that it could be heard on Monday, December 14, 1998. Mr. Higdon will handle all the

proceedings and Mr. Stratton will be in attendance to answer any questions.

Mr. Stratton gave a brief update regarding the building permit for the new office. Shop drawings have been turned into Pima County but will take at least 10 days to review.

On September 30, 1998, Mr. Stratton attended the Zoning Commission regarding the Comprehensive Plan Amendment for the existing District office building site. Mr. Stratton attended with Mr. Dean to persuade the Commission to pass the Amendment. The Commission did not approve the change however, they did approve policy to grant a zoning variance. By granting the variance, the Commission felt it would provide more leeway. The variance will go before the Pima County Board of Supervisors at the November 11, 1998 Board meeting. If the Board of Supervisors does not approve the variance, the property remains zoned residential.

**VI. Legal Counsel's Report**

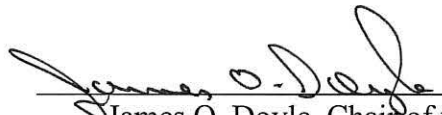
Legal Counsel had nothing to report.

**VII. Future Meeting Dates; Future Agenda Items**


Aside from the regularly scheduled Board meeting in November, the only other meeting would be related to the bond issue and Board members will be notified accordingly.

**VIII. Adjournment**

Mr. Tripp adjourned the meeting at 6:40 p.m.

  
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James O. Doyle, Chair of the Board

ATTEST:

  
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Clerk of the Board