

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

October 15, 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: Warren Tenney, Clerk of the Board  
Michael McNulty, Legal Counsel  
Lisa Chase, Legal Counsel

**Call To Order and Roll Call**

Ms. Cramer, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 5:05 p.m. Mr. Sam Ray, Mr. Herb Johnson, Mr. Jim Doyle and Mr. Jim Tripp were present.

**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 5:06 p.m.

Executive Session pursuant to A.R.S. § 38-431.03 (A)(1), (discussion or consideration of personnel matters) and/or 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) (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
- B. Performance Appraisal for General Manager

The Board returned from Executive Session at 6:14 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 to order at 6:17 p.m. Mr. Sam Ray, Mr. Herb Johnson, Mr. Jim Tripp and Mr. Jim Doyle were present.

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

Mr. Joe Murray, 3230 W. Hardy Road, said he had received a newsletter that questioned a contract between the District and Resource Strategies and how it may be tied to the incorporation of Casas Adobes. He had also been approached by the press regarding the same subject. While the District may not be the target of the attack, he wanted to inform the Board because of the possible negative impact it may have on the District. The Board may be interested in providing accurate information at an upcoming public meeting in which this issue is scheduled to be discussed.

Mr. Michael McNulty of Brown & Bain introduced Ms. Lisa Chase of Brown & Bain and noted that at future meetings she would be providing assistance for the Board in his stead.

### **III. Consent Agenda**

- A. Approval of Minutes – September 8, 1997 Board Meeting.**
- B. Approval of Minutes – October 1, 1997 Study Session.**
- C. Ratification of Billing Adjustments.**
- D. Approval of Water Service Agreement – Luna Vista Estates, Lots 1-36.**

Mr. Tripp made the motion to approve the Consent Agenda. Mr. Johnson seconded the motion.

Ms. Cramer said that the Board was scheduled to discuss its billing adjustment policy later in the meeting. She asked if the Board should still ratify the billing adjustments although the policy may be changed. Mr. McNulty said the Board should proceed as it has in the past regarding billing adjustments under the Consent Agenda.

Ms. Cramer called for a vote for the motion regarding approval of the consent agenda. The motion passed unanimously.

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

- A. Litigation with the City of Tucson.**

There was no discussion of this item.

## **B. Financial Report**

Mr. Land reported that the District was continuing to pursue a line of credit due to the District's diminishing cash flow due to on-going construction projects. While the District has signed documents with Arizona Bank to immediately establish a line of credit, the District is still trying to secure a line of credit with Bank of America due to its lower interest rate. Ms. Cramer asked if there was a higher fee with a higher line of credit. Mr. Land explained that the Bank of America has no fee and Arizona Bank does have a set fee whether the line of credit is used or not.

## **C. Billing Adjustment Policy/Procedure**

Mr. Tripp explained he was comfortable with the Board's approved policy from the August 9, 1993 meeting that had billing adjustments done according to the General Manager's discretion. Billing adjustments should be the General Manager's responsibility and allows the adjustments to be dealt with on a case-by-case basis rather than the Board setting a firm set of rules.

Ms. Cramer noted that one suggestion in the staff report was not to send a formal letter notifying of a billing adjustment less than \$25. Mr. Land explained that the District has sent letters to customers notifying them of a credit regardless of the amount. Mr. Tripp asked if that was necessary. Mr. Land explained that when a customer requests the billing adjustment, it is not known what the amount will be until after reviewing the necessary paperwork. The District has sent letters to inform the customer of the amount.

Mr. Ray asked if the District keeps records to determine if a customer has previously requested a billing adjustment. Mr. Land said that records are kept. He was aware of a customer who received a second billing adjustment but had the proper documentation.

Ms. Cramer noted that the Board could adopt some guidelines or general policies, such as limiting the amount of billing adjustments to no more than \$100. Mr. Tripp said he preferred the policy remaining as adopted in 1993 in which it states, "The General Manager may make billing adjustments and settle small damage claims with specific justification of the settlement documented in writing." There may be circumstances in which more than a \$100 may be justified, such as a customer with a large size meter having a leak. A two-inch line break can leak a lot of water in a short period of time, similar to what happened with his homeowners' association.

Ms. Cramer said she agreed with Mr. Tripp's opinion, but would want the General Manager to develop a general standard. Mr. Ray said that from the report, he understood that staff was seeking a recommendation from the Board regarding billing adjustments. Mr. Tripp noted that the General Manager wrote in the report, "If it had been known that the original policy set in August 9, 1993 allowed more license to the General Manager in making billing adjustments, this General Manager would have taken action sooner in not granting in many situations such liberal adjustments." Mr. Tripp said that the Board will still ratify the billing adjustments and can at that point review the General Manager's decisions on adjustments. Mr. Mike Land, Chief Financial Officer, explained that staff had assumed it was following Board policy and had not realized that the Board had actually left it to the General Manager's prerogative.

Ms. Cramer said that based on the discussion, the General Manager should then take action regarding billing adjustments and if the Board disagrees, it can reconsider the issue at that time.

**D. Approval of Proposed Rate Increase and Scheduling of Public Hearing**

Mr. Tripp made the motion to direct staff to prepare for a public hearing on the proposed four percent rate increase. Such public hearing is to be held on December 4, 1997. Further, that staff is to prepare and distribute a billing insert with regards to the proposed rate increase.

Mr. Murray said he hoped that the Board would consider increasing the District's impact fees. While there is some benefit from development, the whole system may have lasted longer if there had not been the stress and strain caused by increased growth. Perhaps some businesses should pay more since they are willing to pay more under some annexation plans. He felt the general public would like to see increased impact fees.

Mr. Ray explained that part of the proposed rate increase includes an increase for system development fees from \$900 to \$1000 and meter fees be increased from \$280 to \$310, both an eleven percent increase. The Board has been trying to address concerns such as Mr. Murray's.

Mr. Johnson said that the proposed four percent increase is what was approved by 79 percent of the voters. The Board is trying to abide by what it had told its customers regarding a rate increase to cover the cost for the capital improvements.

Ms. Cramer called for a vote for the motion regarding the proposed rate increase. The motion passed unanimously.

**E. Approval of Amendment No. 3 to Professional Services Agreement with Camp Dresser & McKee, Inc. for the Thornydale Well Transmission Main (M-96-11) Design**

Mr. Tripp made the motion to approve Amendment #3 to the Professional Service Agreement with Camp Dresser & McKee, Inc. for a 90-calendar day extension at no additional cost. Mr. Johnson seconded the motion and it passed unanimously.

**F. Award of Analytical Services Contract for Inorganic Chemicals**

Mr. Tripp made the motion to award the Analytical Services Contract for Inorganic Chemicals, Major Ions and Lead and Copper to Bolin Laboratories in an amount not to exceed \$15,300 and award the analytical services contract for other parameters of inorganic chemicals to Turner Laboratories in an amount not to exceed \$4,500. Mr. Ray seconded the motion and it passed unanimously.

Ms. Cramer noted that she appreciated staff's efforts to thoroughly analyze the information to get the best service and to then divide the work for the District's benefit.

**G. Performance Appraisal for the General Manager**

Ms. Cramer explained that the Board discussed the General Manager's performance appraisal in Executive Session. A performance appraisal was compiled with input from the Board. The Board is pleased with the performance of Mark Stratton during the past twelve months and feels fortunate to have him as the General Manager.

Mr. Tripp made the motion that in light of the General Manager's performance, the General Manager is to have a merit increase of five percent per his contract, retroactive to July 1, 1997. Mr. Ray seconded the motion and it passed unanimously.

**V. General Manager's Report**

Mr. Ray asked about the status of the IRS ruling on the tax-exempt status for the District Municipal Property Corporation. Mr. Land said he had spoken with the IRS today. He is working with Brown & Bain to try to finalize the tax-exempt status within two weeks.

Mr. Johnson noted that the ten gas engines under the capital improvement program were to include the installation of one test unit at the New Linda Vista well. He noted that this action has been delayed due to the bonds being postponed and lack of funds. However, he said that one should still be installed and tested before doing all of the gas engines.

**VI. Legal Counsel's Report**


Mr. McNulty said he had nothing additional to report at this time.

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

The next regular meeting of the Board is Monday, November 10, 1997.

**VIII. Adjournment**

The meeting was adjourned at 6:50 p.m.

  
Martha L. Cramer, Chair of the Board 11/10/97

ATTEST:

  
Clerk of the Board