

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

October 16, 1996  
Wilson Room  
Tohono Chul Park  
7366 North Paseo del Norte  
Tucson, Arizona 85704

**MINUTES**

Board Members Present: Peter Schlegel, Chair  
Marty Cramer, Vice-Chair  
Jim Doyle, Member  
Herb Johnson, Member  
James Tripp, Member

District Staff: Mark Stratton, General Manager  
Phil Higdon, Legal Counsel  
Michael Land, Chief Financial Officer  
Michael McNulty, Legal Counsel  
Warren Tenney, Clerk of the Board

**Call to Order and Roll Call**

Mr. Pete Schlegel, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 5:07 p.m. Ms. Marty Cramer, Mr. Jim Doyle, Mr. Herb Johnson and Mr. Jim Tripp were present.

**Executive Session**

Mr. Tripp moved that the Board of Directors hold an Executive Session. Ms. Cramer seconded the motion and it passed unanimously. The Board went into Executive Session at 5:07 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. Performance Appraisal for General Manager.
- B. Litigation with the City of Tucson.

The Board returned from Executive Session at 6:13 p.m.

## **Regular Session**

### **I. Call To Order and Roll Call**

Mr. Pete Schlegel, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular session of the Board meeting to order at 6:15 p.m. Ms. Marty Cramer, Mr. Jim Doyle, Mr. Herb Johnson and Mr. Jim Tripp were present.

### **II. Comments From The Public**

There was no comment from the public.

### **III. Consent Agenda**

- A. Approval of Minutes -- September 9, 1996 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Bad Debt Write-offs.**
- D. Ratification of Water Service Agreement -- Ironwood Meadows, Phase II, Lots 1-45 & 96-103.**
- E. Ratification of Agreement with the Summit Group.**
- F. Approval of Change Order No. 2 to the Contract with The Ashton Company for Water Facility Upgrades at Magee/La Cholla Site.**
- G. Approval of Change Order No. 4 to the Contract with NAC Construction for Site Preparation and Grading at New Magee/La Cholla Site.**
- H. Approval of Time Extension for Augmentation Grant Contract with Arizona Department of Water Resources.**

Mr. Jim Tripp made the motion to approve the items listed under the consent agenda. Ms. Marty Cramer seconded the motion and it passed unanimously.

### **IV. General Business -- Items For Discussion and Possible Action**

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

Mr. Stratton noted that a settlement conference with Judge Fleischman was scheduled for October 17, 1996. Other aspects of the litigation are pending the outcome of the settlement conference.

#### **B. Financial Report.**

Mr. Land reported that revenues were presently exceeding \$500,000. The report shows most expenditures are in line with the current budget, though salaries are currently under budget. Also, the listed purchase power was at \$805,000 and in line with the budget.

**C. Approval of Water Conservation Program with Tohono Chul Park.**

Mr. Tripp made the motion to approve the District's water conservation efforts with the Tohono Chul Park that includes a \$1,000 contribution for the gardening and landscape lecture series. Mr. Johnson seconded the motion and the motion passed unanimously.

Mr. Warren Tenney, Clerk of the Board, explained that an Item IV.D. was inadvertently omitted from the agenda and no such item existed for discussion.

**E. Amendment of Personnel Policy for the Voluntary Transfer of Annual Leave Credit Hours to Another District Employee as Sick Leave Credit.**

Mr. Tripp made the motion to approve the amendment of the current personnel policy to allow for the voluntary transfer of annual leave credit to another District employee as sick leave credit. Ms. Cramer seconded the motion.

Ms. Cramer noted she supported the concept; however, she agreed with the staff report that she hoped a negative aspect would not develop due to peer pressure on an employee to donate time but does not want to. Also, since this policy appeared to be patterned after Pima County's transfer policy, the policy may be easier to administer if donated time is used within blocks of four when more than one employee has transferred credit hours to the employee on medical leave rather than trying to determining a proportional amount. She believed that this was how Pima County did it. Mr. Doyle agreed with Ms. Cramer.

Mr. Tripp amended the motion to approve the amendment of the current personnel policy to allow for the voluntary transfer of annual leave credit to another District employee as sick leave credit with a change of wording in the policy regarding the dividing of time given by more than one employee to be within four hour blocks. Ms. Cramer seconded the amended motion and it passed unanimously.

**F. Award of Contract with Terry L. Armstrong, Architect for the New District Office and Maintenance Buildings**

Mr. Tripp made the motion to approve 1) the negotiated Architectural Services Agreement with Terry L. Armstrong, Architect, for the new District Office and Maintenance Buildings, in the amount of \$58,250.00; and 2) that the General Manager be authorized to approve changes to the Architectural Services Agreement dollar amount and term limit using the following guidelines: a) the General Manager has the authority to approve an increase in the agreement dollar amount up to a cumulative \$10,000; and, b) the General Manager be given authority to approve an increase in the term limit up to a cumulative 60 calendar days with the provision that the Board be presented with the draft proposal to the contractor prior to beginning of work. Additionally, Mr. Mike Jacob and Mr. Jim Tripp, who have assisted with development of a new office building site will be kept apprised of the work performed under the contract. Ms. Cramer seconded the motion.

Mr. Johnson said that before detailed architectural plans are developed, the architect should meet with two members of the Board to discuss how the monies are to be spent to design a new office building. It would be more appropriate for two Board members to review the plans and report to the whole Board, which should then have final approval before detailed plans are started.

Mr. Tripp asked if Mr. Johnson was willing to participate in reviewing and reporting to the full Board regarding the design work. Mr. Johnson said that he was.

Mr. Tripp amended the motion to approve 1) the negotiated Architectural Services Agreement with Terry L. Armstrong, Architect, for the new District Office and Maintenance Buildings, in the amount of \$58,250.00; and 2) that the General Manager be authorized to approve changes to the Architectural Services Agreement dollar amount and term limit using the following guidelines: a) the General Manager has the authority to approve an increase in the agreement dollar amount up to a cumulative \$10,000; and, b) the General Manager be given authority to approve an increase in the term limit up to a cumulative 60 calendar days with the provision that the Board be presented with the draft proposal to the contractor prior to beginning of work. Additionally, two Board members should review the development of the plans and report to the whole Board. Ms. Cramer seconded the amended motion. The amended motion passed unanimously.

#### **G. Report and Recommendation of the Bond Advisory Committee.**

Mr. Stratton reported that the Bond Advisory Committee met on October 10, 1996 to discuss a report and recommendations to the Board of Directors. The Committee members wanted to review and approve the final report based on direction given to staff before the report was distributed to the Board. Since one of the Committee members wanted to discuss further the report's language regarding system development fees, the Committee has decided to meet again before the report is actually issued to the Board. However, based on the October 10, 1996 meeting, the Committee will be recommending that a bond election be held to finance the capital improvement program. The Committee also wants to include more monies for the main line replacement program and that an oversight committee be formed to ensure that the monies are spent as denoted in the bond proposal.

Mr. Schlegel asked if a separate firm needs to be hired for public relations other than the Summit Group. Mr. Stratton noted that once the election is called, the District cannot promote a position for the election; however, the District can only provide information about the bond program. The Summit Group is putting together that information. Members of the Bond Advisory Committee have discussed the possibility of forming a political activist committee to solicit funds and to play an active role if an election is called.

#### **H. Selection of Financial Advisor.**

Mr. Tripp made the motion to approve the selection of the firm of Peacock, Hislop, Staley & Given, Inc. as the Financial Advisor for the District as recommended by the Bond Advisory Committee. Mr. Johnson seconded the motion and it was approved unanimously.

#### **I. Resolution 1996-6 -- Implementation of Impact Fees for Fire Flow Requirements along and contiguous to the Cortaro Farms Road Corridor.**

Mr. Tripp made the motion to adopt Resolution 1996-6 to implement impact fees for fire flow requirements along and contiguous to the Cortaro Farms Road Corridor, and to direct staff to continue to negotiate with the W.M. Grace Development Company to assist the District in

funding Phase I of the distribution system for the Cortaro Farms Road Corridor Fire Flow Impact Area. Mr. Johnson seconded the motion.

Mr. Johnson asked what the time frame was for implementation. Mr. Charlie Maish, District Engineer, said the District is waiting to learn if the W.M. Grace Development Company will proceed. The District believes that the water line would be constructed before the completion of their development; however, the Company continues to debate if it should construct instead a 120,000 gallon tank to accommodate their water needs. Mr. Johnson suggested that if the Company proceeds with a storage tank, the District should seek to have the tank made part of its system after the water lines were constructed. Mr. Scott Eisenfeld, Development Supervisor, noted that the site for the tank is not in the most opportune place and would provide little benefit to the District. Mr. Stratton explained that in a month, the District should know if the W.M. Grace Development Company will proceed with their project. Staff thought it would be more beneficial to spend monies for a transmission main than on a reservoir. Mr. Johnson said the District should still examine how it could obtain the reservoir, if one is built.

Mr. Schlegel stated that the staff report was well written; however, the report showed the contingency fee in Phase I to be 15 percent and Phase II to be 10 percent. Mr. Eisenfeld explained that the contingency fee percentage changes because Phase I includes both design and construction and Phase II is only for the construction phase.

Mr. Schlegel called for a vote for the motion to adopt Resolution 1996-6. The motion passed unanimously.

**J. Discussion of a Relationship and Services of Chilton & Associates as Financial Consultants regarding the Linda Vista Reservoir.**

Mr. Tripp made the motion to approve the relationship with Chilton & Associates to act as placement agent for bonds to be issued by the Metropolitan Domestic Water Improvement District Municipal Property Corporation and secured by a lease-purchase agreement with the District subject to the approval of the Metropolitan Domestic Water Improvement District Municipal Property Corporation. Mr. Johnson seconded the motion.

Mr. Tripp asked who made up the Municipal Property Corporation. Mr. Stratton answered that the current District Board of Directors is also the current Board for the Municipal Property Corporation; however, legal counsel has advised that the governing bodies should be comprised of different individuals.

Mr. Schlegel asked who compensates Chilton & Associates for their services. Mr. James Chilton said a private placement would be made of the bonds and the bonds would be in an amount sufficient to pay Mr. Chilton's fees as well as other costs to set up a reserve fund. The non-profit Municipal Property Corporation to make determination of what those amounts are.

Mr. Schlegel called for a vote for the motion to approve the relationship with Chilton & Associates. The motion passed unanimously.

Mr. McNulty explained that the Board needs to hold an annual meeting of the Municipal Property Corporation and appoint at that time new directors. Bond counsel will not issue a legal opinion

until there is a separation of the District Board of Directors and the Directors of the Municipal Property Corporation. The majority for the Municipal Property Corporation Board will need to be different from the District Board.

Mr. Tripp and Mr. Schlegel noted that Mr. Mike Jacob and Mr. John Beatty may be appropriate directors to consider for the Municipal Property Corporation.

**K. Resolution 1996-7 -- Leasing of Land Owned by the District to the Metropolitan Domestic Water Improvement District Municipal Property Corporation, and the Leasing Back of Such Land with a Reservoir Constructed Thereon.**

Mr. Tripp made the motion to approve staff's recommendation to adopt Resolution 1996-7 regarding leasing of land owned by the District to the Metropolitan Domestic Water Improvement District Municipal Property Corporation and the leasing back of such land with a reservoir constructed thereon. Ms. Cramer seconded the motion and it passed unanimously.

**L. Request by Town of Oro Valley to Purchase Groundwater Savings Storage Credits.**

Mr. Stratton reported that at the October 9, 1996 joint study session with the Town of Oro Valley, the District had offered to provide the Town with 339 acre-feet of groundwater savings storage credits that the Town had requested. Oro Valley also noted that they had a meeting date set with the City of Tucson regarding acquiring those credits from the City. Subsequently, the City approved selling those credits to the Town of Oro Valley. The City of Tucson is presently processing the paperwork and should complete it shortly.

Mr. David Hook, Town Engineer for Oro Valley, said that Mr. Stratton's report is correct. Considering uncertainties and delays of the issue, the Town decided to pursue the purchase with the City of Tucson. However, the Town appreciated the willingness to cooperate as the District expressed at the joint study session.

Mr. Schlegel asked what the terms of the sale were. Mr. Hook said that the Town is buying the credits for \$97 per acre-foot. The purpose of the purchase was to meet the Town's contractual obligations for buying Rancho Vistoso Water Company, and the Town will be reimbursed for the cost of the credits.

**M. Performance Appraisal for General Manager.**

Mr. Tripp made the motion to increase the General Manager's annual salary to \$75,000 retroactive to July 1996 and appoint a committee to negotiate a new contract for April 1997. Ms. Cramer seconded the motion and commented that the performance appraisals of the General Manager as done by the Board members showed that Mr. Stratton was doing a good job as General Manager. The motion passed unanimously.

**V. General Manager's Report**

Mr. Stratton reported that many ongoing issues exist as denoted in the General Manager's report that was provided to the Board. The status reports from the divisions are specific and hopefully the information is useful to the Board. Mr. Stratton complimented staff's diligent work. Staff's activities are now routine and consistent in standardizing how the activities are reported to the Board.

Mr. Tripp noted that he appreciated the good job staff was doing.

**VI. Legal Counsel's Report**

Mr. McNulty said he had nothing additional to report; however, the Board may wish to conduct a performance appraisal for the General Manager.

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

Mr. Stratton said that the next regular meeting of the Board of Directors will be Wednesday, November 13, 1996 due to the November 11, 1996 holiday. Pending the recommendations of the Bond Advisory Committee, the District may need to schedule a special meeting to call an election.

**VIII. Adjournment**

The meeting adjourned at 7:01 p.m.

  
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Peter H. Schlegel, Chair

ATTEST:

  
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Clerk of the Board