

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

October 19, 1992
5:00 P.M.
7493 North Oracle Road
Tucson, Arizona

MINUTES

ATTENDANCE:

Members: Alex Jacome, Chairman
Herb Johnson, Member
Kate O'Rielly, Member
Pete Schlegel, Member
Jim Tripp, Member
Jane S. Williams, Clerk
Others Present: Robert Logan, Interim General Manager
Fred Rosenfeld, Bond Counsel
Mike McNulty, Legal Consultant, Brown and Bain
Jim Peterson, Oro Valley
Paul Cella, Cella Barr Associates
Bill Carroll, Cella Barr Associates
Staff of the Metropolitan Domestic Water
Improvement District

A. CALL TO ORDER AND ROLL CALL

1. The meeting was called to order by Alex Jacome, Chairman. All members were present.
2. Jim Tripp moved that the Board approve the meeting notice and agenda for October 19, 1992. Herb Johnson seconded. The motion passed unanimously with four members voting.
3. Jim Tripp moved that the Board approve the minutes of the October 5, 1992 regular meeting as amended with item number 5, page 3, now reading "maximum rate of \$65,000.00". Pete Schlegel seconded. The motion passed unanimously with four members voting.

B. PRESENTATION OF INFORMATION AND DISCUSSION

1. Report and discussion on meeting with mortgage bankers and title companies regarding "Lien on Property".

Mr. Robert Logan reported that on October 13, 1992 he met with several title companies and mortgage banking representatives in Oro Valley. Mr. Schlegel, Mr. Greenawalt and Mr. Rosenfeld also attended. The consensus seems to be that there is no problem for the title companies in respect to their position on the liens, they would be able to pass this on to future buyers of the property. Logan contacted five additional title companies and sent them literature on the district, including

the Tucson Association of Realtors. Mr. Logan stated he could possibly foresee problems in the future with large property owners in the assessment district.

2. Update relating to District Assessment Letters.

Mr. Logan explained that the office has received quite a few inquiries from the people receiving the assessment letter. The first property owner made a full payment of their assessment today. The office has received a tremendous amount of returned letters from the post office and he suggests trying to track down the owners of these properties. The office shall also make a listing of these parcels for future reference. Mr. Logan also suggested that the district hire a part-time secretarial assistant for about 20 hours a week to assist with the extra paperwork. Logan estimates that around 50 City of Tucson Water customers have been assessed. The district must receive letter from these people to withdraw them.

3. Discussion on preliminary list of system improvements.

Mr. Logan introduced Dave Tanner, an employee of Metropolitan Domestic Water Improvement District, who presented a list of proposed improvements. Mr. Logan stated that he estimates \$5-6 million dollars worth of repairs are needed, as nothing has been done over the last several years. Only "band-aid" repairs have been made and now need to be permanently repaired. These proposals only represent the first "cut" of all the improvements needed to the system.

Mr. Tanner indicated that the well repairs listed are needed on a critical basis and should be done during the winter months to insure enough production for next spring. All items are listed in priority of need. At this time there is no long range planned process for improvements. These are all immediate needs.

4. Status report by Interim General Manager.

Mr. Logan informed the Board that MDWID recently joined the State procurement process and are extremely short of office equipment which they are in the process of buying. At the next meeting he will have a proposal on a vehicle plan.

Staff realignments have been made in the office as well as in the field. Out in the field, all personnel now report to Dave Tanner and in the office Mr. Greenawalt addresses all inquiries on assessments and liens, Sheila Lewis supervises the day to day office operations.

Logan and Jacome talked of the possibility of using interns from the University of Arizona Water Resources Department for future research.

Metropolitan Domestic Water Improvement District has reinstituted a \$30.00 deposit policy for new customers or the customer must furnish a letter of credit from a prior utility.

Jim Peterson, representing the Town of Oro Valley,, addressed the Board on future participation with the Santa Cruz Valley Water District in various committees in conjunction with Department of Water Resources and local water entities. Logan stated that they need to get more active in these committees to obtain a steady stream of information, this would be one of the duties assigned to Mr. Greenawalt, a Board member or the general manager.

Mike McNulty discussed the Bureau of Reclamation stating that approximately one half million dollars worth of planning money is there to be allocated. The Board inquired what would make us eligible for the money and he informed them that currently the district must be a CAP subcontractor to receive funding for planning. McNulty also distributed an agenda for a proposed board retreat that would review the agencies that are out there, how they interact and what their power is and how they affect the district. McNulty said he still has budget money left and is willing to coordinate and invite technical support, Department of Water Resources, Water District representatives, to give short 15 minute presentations and discuss the Northwest Water agreement and our relationship with the City of Tucson at this retreat. This program would probably involve one full day.

Mr. Logan returned to the Interim General Managers report and asked direction to pursue McNulty's proposition. He stated that he had also spoken to an accounting firm to do the district's accounts and will receive bids on that job. He will comeback at the next meeting or so with considerations for an accounting firm.

C. ITEMS FOR DISCUSSION AND POSSIBLE ACTION

1. Discussion of office space alternatives.

Mr. Logan explained that numerous inquiries have been made. All were within the \$12.00 per square foot range with complete service which is far less than what the district is currently paying. He will comeback with some solid suggestions and the earliest possible move could be made in January. No action was taken on this item.

2. Selection of the Metropolitan Domestic Water Improvement Logo.

Herb Johnson will pursue the issue of the logo. No action was taken on this item.

3. Approve issuance of up to \$200,000.00 in warrant transfers from the Pima County Treasurer to Arizona Bank for October/November 1992 operating expenditures of the Metropolitan Domestic Water Improvement District.

(Clerk's Note: This item was taken in conjunction with item number 4.)

Sheila Lewis addressed the Board indicating that the funds would be needed for upcoming expenditures including the current Accounts Payable. This is in addition to the \$500,000.00.

The motion was made by Jim Tripp and seconded by Kate O'Rielly to approve the issuance of the warrant. The motion carried unanimously.

NEW BUSINESS

4. Approve the issuance of a \$200,000.00 warrant to pay off the warrant used to purchase the receivables from Metropolitan Water Company.

(Clerk's Note: This item was taken in conjunction with item number 3.)

Mr. Logan explained the warrant system with Pima County Treasurer and the best way to save on paying more interest on a large warrant would be to issue another warrant to pay off the larger amount.

The motion was made by Jim Tripp and seconded by Kate O'Rielly to approve the issuance of the warrant. The motion carried unanimously.

5. Presentation of a new policy on aid-in-construction agreements. (Protected Main Policy).

Pete Greenawalt addressed the Board explaining the "Protected Main Agreement" and asked for authorization to present a policy at a later meeting and to do away with previous Aid-In Construction Agreements which were the only agreements allowed by the Corporation Commission.

The motion was made by Jim Tripp and seconded by Kate O'Rielly to authorize the preparation of a "Protected Main Policy". The motion carried unanimously.

6. Set November 30, 1992 as the public hearing date for the establishment of revised Metropolitan Domestic Water Improvement District water rates and system development fees.

Mr. Logan explained that in order to comply with Arizona Laws, a water rate would have to be adopted by the end of November

so that it could be implemented on January 1, 1993. Mid-November would be the time to have a public workshop to discuss the setting of the water rates that would involve a 20-25% rate increase and a major change in the method of computation. It would also be necessary to establish a connection fee system with the idea being to have growth pay for itself. Logan will have a memo in the next week or two on a survey of other Arizona cities and their rate systems.

The motion was made by Jim Tripp and seconded by Pete Schlegel to establish November 30, 1992 as the public hearing date for the establishment of the revised Metropolitan Domestic Water Improvement District water rates. The time and place to be determined at a later date. the motion passed unanimously.

7. Discussion of Cella Barr and Associates financial pro-forma for Metropolitan Domestic Water Improvement District.

Mr. Cella distributed a "brief" form and presented the information contained on the pro-forma to the Board. After some discussion on the brief form, Cella handed out a 20-year pro-forma and entertained questions on the figures presented. He explained that this report is drawn to satisfy the bonding people and the City of Tucson.

After discussion, it was also suggested that the pro-forma be streamlined to make the report easier to read for the general public.

Cella indicated that he will have the information on the simplified form and charts drawn up for the public hearing by next week.

Water storage and CAP water are still issues to be decided upon. Therefore no long range capitol improvement program can be worked out at this time. Numerous questions need to be asked on well water and CAP water as far as blending and storage.

No action was taken on this item.

8. Review and approve the "demand list".

Sheila Lewis explained the figures on the demand list to the Board. Mr. Logan explained that in the future a listing of all checks will be given to the Board. The motion was made by Jim Tripp and seconded by Herb Johnson to approve the demand list as presented. The motion passed unanimously.

9. Rule on the objections filed in response to the Notice of Intent to Contract (in lieu of a Notice of Award of Contract).

Fred Rosenfeld addressed the Board regarding the objections filed with the Clerk of the Board. He stated that these objections seem to come in two categories, one is the property

owner is currently serviced by the City of Tucson Water Co. or have their own well and the second is the objection to the formation of the district and the actions of the Board of Supervisors and the posting.

Mr. Rosenfeld read the letters of objection and suggested that the letters from people who are currently using the City of Tucson Water Co or have their own well should be confirmed and their assessment set at \$.01.

Rosenfeld recommended that all objections except those by property owners with their own wells or those that use the City of Tucson Water Co. should be overruled. He will continue with his research on the objections to the actual posting and have information for the November 4th meeting.

Rosenfeld as suggested that in order for a property owner to be removed from the assessment, some proof would be needed. Also a check would have to be made to see that they do not have a double connections. Mr. Logan said that a check of the Metropolitan Domestic Water Improvement District records would determine whether these people have service and also double check the addresses against the maps.

Mr. Tripp made the motion that people who are currently using the City of Tucson Water Co or have their own well be confirmed and their assessment set at \$.01 as outlined by Fred Rosenfeld and further that all objections except those by property owners with their own wells or those that use the City of Tucson Water Co. be overruled. The motion was seconded by Kate O'Rielly and carried unanimously.

10. Review, discussion and possible action on employee benefits.

Mr. Logan refereed to the document circulated to the Board entitled "Employee Benefits". He pointed out the inequities that currently exist in-house. Logan then gave the cost figures for employees and their families from the various local governmental bodies as applies to health coverage. He stated that currently the Metropolitan Domestic Water Improvement District has two employees who have family coverage and the Metro Water Company, at the time of the proposed City acquisition, picked up the extra expense for these two employees to cover their families. Since that time more employees have requested family coverage and the company has denied the request to pickup the cost for these added benefits. Logan now proposes to correct this inequity in the interim, until permanent benefits are decided. He suggests that the District continue to pay for the employee portion of health insurance coverage. The employee who covers his spouse will have to pay \$72.00 monthly and the employee who covers his family will have to pay \$100.00.

Currently the District is not providing life or long term disability insurance, but do provide dental. He has

investigated the Arizona State Retirement plan, which not only provides for retirement but also offers a long term disability coverage plan. They have a once a year enrollment and unless we file for special dispensation and ask it to be effective January 1, 1993 we will have to wait for July, 1993.

Jim Tripp made a motion to make the proposed health benefit package retroactive from October 1, 1992 and authorize filing of an application to the Arizona State Retirement System. Herb Johnson seconded the motion and it carried unanimously.

11. Authorize Metropolitan Domestic Water Improvement District staff to proceed with development and bidding for well maintenance program as outlined in the preliminary list of system improvements.

Suggestion was made to contact Mr. Huckleberry or the Pima County Purchasing Department for assistance in the bidding process.

Kate O'Rielly moved that the board authorize staff to proceed with the bidding process, seconded by Jim Tripp and the motion carried unanimously.

D. COMMENTS FROM THE PUBLIC

General Manager proposed the next meeting be on November 4 at 4:30 at the MDWID offices before the public hearing

Presentation was made to Robert Logan, Paul Cella, Michael McNulty, Fred Rosenfeld and Jane Williams for appreciation of all their efforts on behalf of the Metropolitan Domestic Water Improvement District.

E. ADJOURNMENT

As there was no further business to come before the Board, Jim Tripp made a motion to adjourn the meeting. The motion was seconded by Herb Johnson and carried unanimously. The meeting adjourned at 7:30 p.m.


Chair

ATTEST:


Clerk