

**Metropolitan Domestic Water Improvement District
Board of Directors Meeting**

June 14, 2021

**Approval of Acquisition Agreement for Lattamore Well Site
and Associated On-Site Infrastructure**

Synopsis

The Board of Directors is requested to approve an agreement with Pima County for the acquisition of the Lattamore well site and associated on-site infrastructure.

Background

The District had discontinued using water from Lattmore North Well as a precaution in November 1997 due to high nitrate samples. The District discussed with Pima County about making improvements at the Lattamore North Well so that a non-potable supply can be used for the Dan Felix Memorial Park soccer fields rather than the potable supply that the District had been providing. A lease agreement was developed and approved by both parties in 2000.

In 2010, the lease agreement for Lattamore North Well was renewed for another 10-year period. Under the agreement, the County pays \$1.50 per 1,000 gallons of water to cover operational costs for the District, as well as any maintenance, repairs, or improvements that may be necessary. Per the lease agreement, the County would pay for various infrastructure improvements.

Issues

The current lease agreement expires June 7, 2021 and provides an option to renew for an additional 10-year period. In lieu of extending the lease another 10-years, County and District staff determined it would be in the best interest to both entities if Pima County owned the facility outright. Due to potential delays associated with close of Escrow, the acquisition agreement includes an extension of the lease agreement that would terminate in 9-months or upon close of Escrow, whichever occurs first.

The Lattamore property and associated infrastructure was appraised at \$146,000; however, the majority of the appraised value was from the on-site infrastructure including elements that the County financially contributed to since 2000. As such, the infrastructure improvements made by the District subsequent to 2000 was calculated as a way to arrive at a fair purchase price to reimburse ratepayer investments. This results in a purchase price of \$97,337.47. The purchase agreement does not make any guarantee according to the status of on-site infrastructure and the county would be purchasing those assets “as-is”.

Recommendation

It is recommended the Board of Directors approve the acquisition agreement for the Lattamore Well Site with Pima County.

Suggested Motion

I move to approve the acquisition agreement to sell the Lattamore well site and associated on-site infrastructure to Pima County in the amount of \$97,337.47.

Respectfully submitted,

Sheila M. Bowen, P.E.
District Engineer

I concur with the above-noted recommendation.

Respectfully submitted,

Joseph Olsen, P.E.
General Manager