

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

**March 28, 2005**

**\*\* Board Room \*\***

**Metropolitan Domestic Water Improvement District  
6265 N. La Cañada Drive  
Tucson, AZ 85704**

**MINUTES**

Board Members Present:                   Suzanne Downing, Chair  
  James Tripp, Vice Chair  
  Jim Doyle, Member  
  Dan M. Offret, Member  
  Judy Scrivener, Member

District Staff Present:                   Mark R. Stratton, General Manager  
  Warren Tenney, Clerk of the Board

**STUDY SESSION**

**I.     Call to Order and Roll Call**

Suzanne Downing, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the meeting to order at 5:30 p.m. Suzanne Downing, James Tripp, Jim Doyle, Dan M. Offret, and Judy Scrivener were present.

**II.    General Comments from the Public**

There were no comments from the public.

**III.   Discussion of Draft Fiscal Year 2005-2006 Budget**

**Engineering Division:**

Mark Stratton, General Manager, said the Board previously received copies of the Engineering and Utility Division's draft budgets. He explained that staff would provide a recap of revenues and expenditures, as well as non-bond funded capital improvement projects. Mr. Stratton noted that the Hub service area will require a substantial amount of any remaining revenue from the current year's budget. He has asked staff to prioritize the non-bond funded capital projects, as well as those projects that will be funded by the Water Infrastructure Financing Authority (WIFA), which would be discussed at the next budget study session. Mr. Stratton said the focus of tonight's session will be the operating budget for Engineering and Utilities.

Mike Land, Chief Financial Officer, said revenues have been down due to the amount of precipitation received in recent months. Currently the District is only \$127,000 above last year's budget for revenues. The non-bond funded capital improvement projects are paid out of the revenues received by the District; thus, there will not be a large amount of revenue available for projects.

Mr. Land said there are currently eleven employees in the Engineering Division. The anticipated increase for health care insurance (for all District employees) is expected to be 10 percent for fiscal year 2005-2006. The District should know in June 2005 what the exact increase will be. There will also be an increase in the Arizona retirement system of 2.55 percent for the employee, as well as the District. Mr. Land said the cost of living adjustment (COLA) has been estimated at 3.5 percent according to the latest CPI information. Each employee is also eligible for up to a 4 percent yearly merit increase.

Ms. Downing asked about the medical contributions paid by the District to employees that are retired. Mr. Land said that currently the District does not have retired employees; however, the amount is \$125 per month until the employee reaches 65 or at the end of a 5 year period. The first employee expected to retire who will seek medical insurance assistance will retire in June 2005. Ms. Downing asked if this amount was sufficient. Mr. Land said yes, and explained that employees would also be eligible for COBRA insurance benefits from the State of Arizona of \$150 per month if single, and \$260 per month if married.

Mr. Land noted that most of the operating expenses for Engineering have pretty much remained at the current level. The cost of vehicle fuel has been increasing; however, the amount budgeted for fiscal year 2005-2006 has remained the same for the time being. Mr. Land explained that the total operating expense for Engineering for 2005-2006 is down slightly compared to the budgeted amounts for the current fiscal year.

#### **Utility Division:**

Mr. Land said there are currently 23 employees in the Utility Division. He explained that the monies spent for overtime in the Utility Division is down considerably compared to the same time period last year due the creation of the second shift position. Mr. Land noted that a request has been submitted by Utilities to upgrade a Utility I position to a Utility II position.

Mr. Land said the wells have been identified that require maintenance and the requested budget amount remains the same as in the current fiscal year. He explained that for the most part the majority of line items have been budgeted for the same amounts as the current fiscal year. All of the safety related items and salary for the safety person position have been moved from the Utility budget and placed in the General Manager's budget.

Ms. Downing asked about the amount budgeted for equipment maintenance in the Utility Division. She noted that the proposed budget amount for equipment maintenance is less than what the actual

amounts were for last year. Mr. Land said that the lesser amount budgeted for 2005-2006 should be sufficient.

Mr. Offret asked about the condition of the backhoes. Steve Shepard, Utility Superintendent, said they are in reasonably good condition. He explained that the backhoes receive basic service, while some maintenance occurs only as necessary.

Ms. Scrivener asked what types of things are paid out of the consultant and contract services line item. Mr. Land said that storage tank rehabilitation and well maintenance are some of the service contracts that are paid out of this line item. Mr. Shepard explained that until a well motor and pump is pulled, it is impossible to determine the amount of maintenance that would be required.

Mr. Shepard said that the amount of funds requested for supplies for 2005-2006 has increased. Staff wants to be able to place locks on fire hydrants to further protect the distribution system. The locks cost approximately \$100 per lock. Mr. Offret asked how the fire department would be able to immediately access the hydrants. Mr. Shepard explained that the fire department would be supplied special key-like devices to unlock the locks. He noted that other water utilities within the area are currently using locks on the hydrants with much success.

Mr. Offret asked why the District continues with its meter replacement program as opposed to installing new radio read meters. Mr. Shepard said that new radio read meters are being used for new development and construction. Old and outdated meters only are being replaced with new meters. Mr. Offret asked if this line item would decrease over the next few years after the old meters have all been changed out. Mr. Shepard explained that once the meters have had a certain amount of water metered through them, (consumption based meters) the meters will be replaced.

Ms. Downing asked if the District would qualify for grant monies to roof the Casas Adobes Reservoir due to its age. Mr. Land replied that he would investigate the possibilities. Ms. Downing noted that she believes if a metal roof is placed over the existing roof materials, that this may affect the historical value of the structure.

Mr. Shepard provided information regarding the refurbishing and maintenance of the storage tanks if using a maintenance firm to do the work, which focuses on preventative maintenance. Mr. Doyle asked why District staff does not do the maintenance on its storage tanks. He believes the District could accomplish this cheaper. Mr. Shepard explained that if staff were to do the work it would require special training and would consume a considerable amount of staff time. Mr. Shepard suggested that tanks be set up on a ten year maintenance program. Mr. Shepard explained what services the District would receive for a full service maintenance contract agreement.

Ms. Downing noted that the District has successfully controlled costs by doing more tasks in-house. She said that maintaining the storage tanks in-house may cost more initially, but believes that after the initial set up costs and training the District would save money. Mr. Shepard said there would be an up-front capital cost for equipment, wet-suits, air supplies, paint materials, etc.

Mr. Stratton said he had a concern with the limited number of staff being available to complete the work. The current staffing level is spread thin with additional duties recently imposed such as other preventative programs. The difficulty would be scheduling staff time to complete the storage tank maintenance while completing other work that is either planned or un-planned.

Ms. Downing said that at this time she is leery of maintenance contracts. She would like to know the cost of in-house maintenance versus outsourcing. Mr. Shepard explained that other water utilities in Arizona are currently using a similar approach for the maintenance on their storage tanks. He suggested that perhaps the District could enter into a service agreement for a lesser number of years while it makes the necessary preparations to begin maintaining its storage tanks, or perhaps do some of the less technical work in-house.

Mr. Offret asked how many man hours it would take to refurbish a storage tank. Mr. Shepard said that a four man crew took approximately 3 days to blast off the existing coating on the Escondido storage tank. The entire project took approximately 10 working days for a four man crew to complete. Mr. Offret noted that this was a substantial amount of time, even for trained professionals.

Mr. Doyle said that companies are making money on refurbishing storage tanks and also believes that the District could save money completing the work in-house. Mr. Shepard agreed, and said that if the District were to enter into a ten year agreement with a company who ceased doing business, the potential is there for the District to loose money.

Mr. Stratton said that staff would research this item to determine additional options to bring back to the Board regarding storage tank maintenance and refurbishing, and how this relates to the budget.

#### **IV. General Manager's Report**

Mr. Stratton said the exempt well bill was pulled from the consent calendar and is being scheduled for the committee as a whole.

Mr. Stratton said it is expected that the Marana Town Counsel will approve the Arboles Viejos annexation on April 5, 2005. He noted that he will be attending that counsel meeting.

The Northeast Reservoir public hearing is also scheduled for April 5, 2005. Mr. Stratton said he will try to attend a portion of the public hearing as well.


Mr. Stratton asked if there was anything in particular that the Board would like addressed or provided updates for at its April 11, 2005 meeting as the agenda at this time is not very large. Mr. Offret said he would like an update on the District's agreements with residents that are provided free water use for exchange of the use of their wells, and the status of the Green Valley agreement.

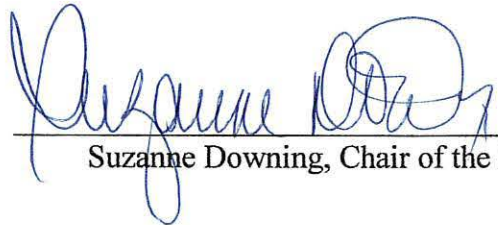
Ms. Downing explained that she would like to see a combined list of all the items the Board has asked for updates or information on for outstanding issues. Mr. Tenney suggested emailing reports

to the Board if that is its preferred method of receiving reports. Ms. Downing said she would also like an update on the bottled water program.

V. Adjournment

The meeting adjourned at 7:15 p.m.

  
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Warren Tenney, Clerk of the Board

  
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Suzanne Downing, Chair of the Board