

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

**April 26, 2004**

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

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

**MINUTES**

Board Members Present:	Dan M. Offret, Chair Suzanne Downing, Vice Chair James Tripp, Member Reb Guillot, Member
Board Members Absent:	Jim Doyle, Member
District Staff Present:	Mark R. Stratton, General Manager Warren Tenney, Clerk of the Board Alice Stults, Recording Secretary

**STUDY SESSION**

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

Dan M. Offret, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the meeting to order at 5:35 p.m. Dan M. Offret, Suzanne Downing, and James Tripp were present. Jim Doyle was not present.

**II. General Comments from the Public**

There were no comments from the public.

**III. Discussion of Draft Fiscal Year 2004-2005 Budget**

- A. Budget Items for Administrative Division and General Manager's Office.**
- B. Review of Budget Items for Utility and Engineering Divisions.**

Mike Land, Chief Financial Officer, gave a brief overview of the draft 2004-2005 budget. He noted that the draft budget now includes projected revenues generated from the May 1, 2004 rate tier structure increase, elimination of the 1,000 gallon allowance, and the increased system development

fee. The total revenue for 2004-2005 is up 8.23%. Mr. Land said the District is currently ahead of last year's ending balance to date.

Mark Stratton, General Manager, explained that recent staffing changes have taken place that will affect the salaries for the 2004-2005 budget. In the Administration Division, the Receptionist position is currently vacant, and the Administrative Services Manager has provided notice of resignation due to retiring on August 2, 2004. Mr. Stratton said the Administration Division will be examining both positions to determine what duties can be assumed by other employees and what the division's current and future needs will be. For the time being, the salaries for both positions have been left in the 2004-2005 budget. In the Engineering Division, a civil engineer has resigned and that position has been taken out of the 2004-2005 budget.

Mr. Tripp asked how many District wells currently have gas generators for auxiliary power and how many are anticipated to be equipped with gas generators. Chris Hill, Deputy Manager said there are five (5) wells that currently have gas generators. It is anticipated that two (2) more will be added at an average cost of \$60,000 per site. The savings from the sites already on interruptible power will pay for the next two sites to be equipped with gas generators. Mr. Hill said the District is required by Tucson Electric Power (as per agreement) to shut down electrical power within 10 minutes of being notified. He noted that an updated report on auxiliary power will be provided to the Board as an agenda item for the May 10, 2004 meeting.

Mr. Guillot asked about the non-bond funded capital improvement projects (CIP). Mr. Stratton explained non-bond funded CIP are identified projects funded each year if the District has monies left remaining in the general fund at the end of the fiscal year.

Mr. Land provided explanations of the line items in the General Manager/Administration Division's budgets. Mr. Guillot noted that a fee is being paid for credit card services and suggested encouraging customers to consider direct electronic payment from their personal accounts as an alternative. He suggested putting an explanation in the District's newsletter. Mr. Land explained that staff will continue to make these efforts.

Mr. Offret asked why a new well was being planned at Tucson National West when improvements were recently made to the existing well. Mr. Stratton noted that some improvements were made on the well itself, and to the landscape. Depending upon how fast water levels decline, the existing Tucson National West will become inoperable within the next few years. There is enough room on this existing site to drill another well that will be drilled deeper. Mr. Stratton also noted that Omni Tucson National is expanding its golf course and wants to work with the District on the additional use of the land in this area.

Mr. Hill said a meeting was held recently with the homeowners association in the Sabino Vista area. At this meeting District hydrology staff explained the need for additional water capacity, as well as meeting the water quality standards in the Hub service area. The customers that attended the meeting responded well to the concept of a new well. The District has been working on securing a site called the 'common area' and it is anticipated that it will be able to build on this site. Mr.

Stratton said the water is shallower in the Hub service area; therefore, the drilling does not have to be as deep. He explained that the money budgeted for this project is just for drilling the well, not equipping it. It is hoped that the well will be drilled to a point that arsenic will not be in the water.

Mr. Guillot asked about merit increases for staff. Mr. Stratton said that not all employees receive a yearly merit increase of 4%. The 4% included in the budget for each employee is the maximum possible that an employee can earn.

Mr. Offret thanked staff for their hard work on the budget and noted how well the recent budget sessions had gone. Mr. Offret asked when it would be possible for the Board to vote on adopting the 2004-2005 budget. Mr. Stratton said it would be at the Board's pleasure. Ms. Downing suggested having a study session prior to adopting the 2004-2005 budget to discuss how future budgets might look to ensure that the District can meet its customers' needs. This means also looking at employee benefits and if the cost should be reduced. Mr. Offret said the Board should look at the 4% merit increases and consider lowering the ceiling. Mr. Stratton said staff will gather information and prepare past history reports to show trends on employee benefits, number of employees, etc., to be presented to the Board at a study session to be scheduled.

Mr. Guillot asked why there had been an increase in payroll services for the 2004-2005 budget. Warren Tenney, Clerk of the Board, explained that the Board recently approved the District to contract with Paychex for its payroll services. Paychex also provides training services and employee assistance programs to the District. Mr. Tenney said staff would provide an update to the Board on Paychex services.

#### **IV. General Manager's Evaluation and Possible Merit Award**

Mr. Tripp made a motion to approve to award a merit bonus of 4% to the General Manager in consideration of the appraisals completed on the General Manager. Mr. Guillot seconded the motion for discussion.

Ms. Downing said she is pleased with the efforts of the General Manager. She noted her concerns of awarding a merit increase with the occurrence of the recent rate adjustment. Mr. Offret agreed that the General Manager had done a good job but was concerned with the merit award.

Mr. Tripp noted that the appraisals reflected that the General Manager had done a good job. He explained that he is happy with the job the General Manager has done, and does not want to see the District faced with the possibility of hiring another General Manager. He believes that District customers are pleased with Metro Water due to the lack of community complaints and because of the absence of customers at public hearings and board meetings. Mr. Tripp said he was supportive of a merit award for the General Manager. Mr. Guillot agreed. He said that through his observations he believes the General Manager is doing an excellent job. Mr. Guillot said he also would support a merit award, and feels the award could be explained to District customers.

Motion passed unanimously.

**V. General Manager's Report**

Mr. Stratton said he talked to Lisa Hoskins with Monterey Homes. Legal Counsel recently provided a legal opinion letter to Ms. Hoskins.

Mr. Stratton said that the District's Legal Counsel has drafted a letter to Duncan Pump.

Mr. Stratton explained that a District customer claimed high water pressure caused a failure under the foundation of her home. The District did give her a credit for the excess water usage, and forwarded her claim to its insurance company. Ms. Downing suggested contacting the owner of the plumbing company that completed the repair to ascertain the cause of the damage.

Mr. Offret said he was contacted by a customer who had an unusually high meter reading during February 2003. Mr. Hill explained that staff would test the meter.

Mr. Stratton said South Shannon well continues to remain closed. The District is currently waiting for a decision from ADEQ on whether they will reimburse us for our costs to improve South Shannon well. A letter to the customers that reside in the area, notifying them of the closure, has been drafted and will be mailed this week.

Mr. Stratton said a meeting is being held tomorrow morning regarding the site selection process for the Northeast Reservoir.


Mr. Stratton will be on vacation April 29 through May 3, 2004 to visit his grandmother who is celebrating her 100th birthday. The Board directed staff to purchase flowers for her birthday.

During the week of May 4-7, 2004, Mr. Stratton and Mr. Hill will be in Mesa for an AWWA conference.

Mr. Hill said staff is preparing a response to the notice of possible violation from the Environmental Protection Agency. It appears that an error was made by the laboratory on how the data was entered into the computer; therefore, the District was not at fault.

**VI. Adjournment**

The meeting adjourned at 7:13 p.m.

  
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Dan M. Offret, Chair of the Board  
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Warren Tenney, Clerk of the Board