

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

**April 27, 2009**

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

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

**MINUTES**

**Board Members Present:** Jim Doyle, Chair  
James Tripp, Vice Chair  
Bryan Foulk, Member  
Reb Guillot, Member  
Dan M. Offret, Member

**District Staff:** Mark Stratton, General Manager  
Warren Tenney, Clerk of the Board  
Alice Stults, Recorder

**Study Session**

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

Jim Doyle, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:30 p.m. Board members Jim Doyle, James Tripp, Bryan Foulk, Reb Guillot, and Dan M. Offret were present.

**II. General Comments from the Public**

There were no comments from the public.

**III. Discussion of Draft Fiscal Year 2009-2010 Budget**

Mark Stratton, General Manager, explained that staff would review draft fiscal year 2009-2010 budget changes suggested from the study session on March 23, 2009. He explained that the District would hold off on consideration of Capital Improvement Program (CIP) projects until during fiscal year 2009-2010 to see how the budget shapes up. Also, new vehicle purchases will not be included in the 2009-2010 budget. Typically, vehicles are replaced every 8 years.

Mike Land, Chief Financial Officer, said in an effort to further reduce the 2009-2010 budget, under Salaries and Benefits merit increases and cost of living's (COLA's) were eliminated. Also, there

are currently three full time permanent positions being left in the budget but they will remain unfunded at this time. Incentive pay will be left unfunded as well. Mr. Land noted that the temporary part time positions filled with San Miguel students are being left in the budget for the time being, as are the two university student intern positions.

Mr. Land said the amount for Janitorial/Trash Services was left the same as last year due to the need for bi-annual carpet cleaning. Mr. Stratton noted that the carpets throughout the office building are beginning to also show signs of wear and tear.

Employee Professional Growth funding was suspended for the 2009-2010 budget year. Employees can use the monies they currently have, but no new monies will be applied in the upcoming fiscal year.

Mr. Land said that Electricity costs were left budgeted at the original amount pending anticipated interruptible rate increases.

The total Operating Budget Summary in the draft budget shows a balance of \$1,007,926, which indicates a change of \$8,628 from the 2008-2009 fiscal year budget. Mr. Land explained that the largest expense item is the District's debt service.

The Capital Equipment items have been extremely limited for the draft 2009-2010 budget. Mr. Land explained the items listed, noting that \$51,608 is the Total Committed Expenditures for Capital Equipment. He also briefly explained the list of Other Potential Capital Equipment in the event monies may be available during 2009-2010, including the purchase of new vehicles.

Mr. Land reviewed the list of potential CIP projects. Mr. Stratton explained that a consultant for the Northwest CAP Water System is finishing the routing and site studies, and it is important at this time to keep the Northwest CAP System moving forward. He added that the Northwest CAP partners continue to meet to discuss the issues. A total of \$300,000 has been budgeted for this project.

Mr. Guillot asked about the funding for the proposed new well at Fruchthendler School. Mr. Stratton said this item is included in the current bond program as far as purchasing the property and mitigation of the well site.

Mr. Land explained that the projected revenues will take care of the proposed fiscal year 2009-2010 budget.

Mr. Foulk asked about the number of delinquent payments, and the cost to the District for writing them off. Mr. Land said the District budgeted \$10,000; however, we will probably see this increase during the 2009-2010 fiscal year. He noted that the District charges an amount for a deposit, as well as a fee to turn the water back on once it has been shut off at a residence for non-payment. Water is turned off when a bill becomes 60 days past due. Delinquent accounts are also submitted to a credit bureau. Mr. Foulk asked if staff has looked at the interest rate the District currently pays

to customers for their deposits. Mr. Land said that we pay 3% interest which is what other entities pay, or lower. Mr. Foulk said he believes that 2% would be fair and asked that the Board consider changing the amount. Warren Tenney, Assistant General Manager, said a public hearing is probably not required, and a report for the Board's consideration would be provided at the next regular meeting.

Mr. Stratton summed up by saying that no other potential reductions are anticipated in job positions or salaries. The longevity plan will still be in effect. Mr. Foulk asked if we get half way through the year, and emergencies come up, can student interns and San Miguel students be let go halfway through the year. Mr. Stratton replied that San Miguel students are on a contract for the entire school year. Student interns could be terminated at any time. Mr. Foulk said he would rather look at eliminating these two job categories as opposed to affecting full time permanent employees. Mr. Stratton agreed, and noted that the District could request a half school year contract with San Miguel in the event monies become tight during the 2009-2010 fiscal year. The Board unanimously agreed they would rather consider these options than affect full time permanent employees.

Mr. Guillot also suggested eliminating the \$25 per meeting attendance for the Board members. It was noted by Mr. Stratton and other Board members that the Board members can elect whether or not to receive the \$25 reimbursement for attending meetings.

Mr. Stratton said some staff have asked about doing voluntary furloughs. Mr. Tenney explained how some of the benefits may or may not be affected, and noted that he believes these employees will still be covered for their benefits. Mr. Foulk said he is in support of the voluntary furloughs, as long as the District being without the employees will not affect productivity. Mr. Offret said he believes there should be a limit on the number of days the employees could take furloughs, and that the supervisor would have to approve it after reviewing workloads.

Mr. Stratton explained that a final 2009-2010 fiscal year budget could be available at the June 2009 regular meeting of the Board. He said that the budget presented at this time will be the budget that is provided to the Board at the June meeting. The only adjustment would be the final Year Ending Balance.

Mr. Doyle mentioned that if we are doing fewer projects, then we should need fewer employees, and that we may want to look at downsizing. Mr. Stratton said Engineering will continue to look at projects so that when funds are available the projects will be ready to go. The Utility Division will focus on some additional items that need attention but do not require additional funds. Christopher Hill, Deputy Manager, explained that staff dramatically reduced well maintenance funding for 2009-2010, and noted that some wells could go out at any time due to age and usage, and that the wells have to eventually be maintained to be kept operational which will take staff time. There are also other projects that require attention that the Utility Division will address.

**IV. General Manager's Report**

Mr. Stratton talked about the waterline relocation work at 6700 N. Oracle Road. He noted that all the property owners were notified of the work the District intended to do. Business owners paved the parking lot prior to the District being able to get in there to do the work. The business owners were unhappy with the way the parking lot looked, so the District did offer money to assist with the pavement overlay. The owners declined the offer and have retained an attorney who indicates the owners want enough money to totally repave the area. Mr. Stratton explained that Lewis and Roca cannot represent the District on this issue as there is a conflict of interest. Therefore, another attorney has been contacted to represent the District if the Board wishes to proceed in this avenue. This item will be on the May 2009 agenda for discussion.

Mr. Stratton said the District did not receive a portion of the stimulus monies received by the Water Infrastructure Financing Authority (WIFA). He noted that some smaller utilities within Arizona did receive money for some of their projects.

Mr. Hill said Hardy Well was put into service too soon. The District received dirty water complaints from some of its customers. Mr. Hill said that the well will be pumped off to get rid of the dirty water waste prior to being put back into service.

Regarding the chlorine issue at one residence in the Metro-Hub service area, Mr. Hill said it was determined that the chlorine residuals did come from one of the District's wells. Staff will be addressing this issue and contacting the property owner that was affected.

Mr. Stratton said District's Legal Counsel attended a summary judgment last Friday regarding the Sun Western claims. District's legal counsel, John Hinderaker, feels the judge is taking into account all the issues brought up. He believes the longer it takes for the judge to make a decision the better it is for the District as this typically means the judge is spending more time reviewing the merits of the case. Mr. Stratton believes that it could take up to three weeks before we hear the results.

**V. Adjournment**

The meeting adjourned at 6:43 p.m.

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Jim Doyle, Chair of the Board

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Warren Tenney, Clerk of the Board