

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

October 20, 2008

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

MINUTES

Board Members Present:	Dan M. Offret, Vice Chair Jim Doyle, Member James Tripp, Member
Board Members Not Present:	Judy Scrivener, Chair Reb Guillot, Member
District Staff:	Mark Stratton, General Manager Warren Tenney, Clerk of the Board Alice Stults, Recorder

Public Hearing

I. Call to Order and Roll Call

Dan M. Offret, Vice Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Public Hearing to order at 6:00 p.m. Dan M. Offret, Jim Doyle, and James Tripp were present. Judy Scrivener and Reb Guillot were not present.

II. Presentation about Proposed Adjustments to Rate Structure

Mark Stratton, General Manager, explained that this proposed 4% rate adjustment is the fourth of five rate increases to pay for the debt service on the Capital Improvement Program (CIP). The proposed adjustment is an across the board 4% increase. Mr. Stratton noted that Gary Woodard, University of Arizona, had recommended a couple of years ago that an across the board increase was the best approach for an adjustment to the rate structure. Mr. Stratton noted that staff continues to look at the District's current tiered rate structure to determine if it needs any adjustments.

Mike Land, Chief Financial Officer, explained the proposed 4% rate increase, and noted how much money was needed each year to pay for the bonds. Mr. Land said that revenues from water consumption are unpredictable due to changes in weather and the decline in water sales. Each year staff reviews the District's total revenues to determine if the proposed 4% rate increase can be lowered. There are currently projects that are needed which remain unfunded at this time. Staff has

been successful in keeping operating expenses down and has been fiscally responsible. The system development fees have decreased significantly, resulting in lower revenues which makes it even more important to keep an eye on the District's rate structure.

III. Comments from the Public Regarding Proposed Adjustments to Rate Structure

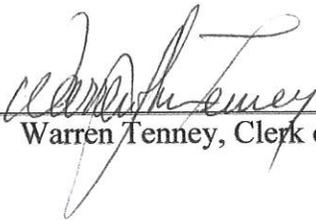
Suzanne Gilstrap, Arizona Housing Association, was present and explained that her organization represents apartments and multi-family complexes throughout the state. They are working with District staff by offering suggestions for the District's rate structure for multi-family dwellings. Ms. Gilstrap said they do not oppose the proposed 4% rate increase, but as a result of the rate increase they do not want to be told later there is no way to change or adjust the rate structure for multi-family dwellings.

IV. Consideration and Possible Action Relating to Water Rates

Mr. Tripp made a motion to approve and adopt Resolution 2008-4 to make a 4% rate adjustment to the established water rates for the Metropolitan Domestic Water Improvement District effective November 1, 2008. Mr. Doyle seconded the motion. Motion passed unanimously.

V. Adjournment

The public hearing adjourned at 6:11 p.m.



Warren Tenney, Clerk of the Board



Dan M. Offret, Vice Chair of the Board