

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

**March 24, 2008**

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

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

**MINUTES**

Board Members Present:           Judy Scrivener, Chair  
  Dan M. Offret, Vice Chair  
  L.G. Ovsevitz, Member  
  Jim Doyle, Member  
  James Tripp, 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**

Judy Scrivener, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:34 p.m. Judy Scrivener, L.G. Ovsevitz, James Tripp, and Jim Doyle were present. Dan M. Offret was not present.

**II.    General Comments from the Public**

There were no comments from the public.

**III.   Discussion of Draft Fiscal Year 2008-2009 Budget**

Mark Stratton, General Manager, explained that all three District division Operating and Maintenance (O&M) budgets for 2008-2009 will be presented tonight. The 2008-2009 draft budget is fairly consistent with the 2007-2008 O&M budget. As can be expected, Salaries and Benefits, and Debt Service are the initial line items that have seen an increase.

Warren Tenney, Assistant General Manager, began by presenting the General Manager/Administration draft budget. He noted that budget amounts for Consultant/Contract

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Services is similar to last year, with the exception of the increase in Matching Funds USGS Study. The District will not be paying a larger sum, just restructuring the payment plan so that payments are made quarterly. Another line item being increased is Water Quality Testing Services due to the constituents the District is required to test for each year, and these constituents vary year to year. The District will be seeking waivers for some of the testing to try to reduce the overall cost to the District.

Mr. Tenney explained that under the General Operating Expenses the title of Conservation Programs will be changed to Efficient Use of Water. Election/Survey costs have been increased by Pima County, resulting in an increase of this line item to \$20,000 from \$15,000. Memberships & Subscriptions has been increased due to funds being allocated to pursue a branding exercise and process under the Utilities Branding Network.

Mike Land, Chief Financial Officer, said that the line item for Vehicle Fuel Expense may need to be increased in all three District division budgets. Mr. Stratton said that staff is continuing to encourage the Utility Division to be more aware of their gasoline consumption and driving habits to reduce fuel costs. Ms. Ovsevitiz asked which division uses the most gasoline. Mr. Stratton replied that the Utility Division consistently consumes more gasoline because these employees work in the field. However, Meter Readers were recently moved to Administration which will shift the use of gasoline somewhat between divisions. Ms. Ovsevitiz asked if the meters could be read from the office. Mr. Stratton said that the equipment to accomplish this will be included in the upcoming demonstration by Dana Kepner, and the District will have to look at the cost. Board members agreed that the fuel expense should be increased.

Mr. Land said the amount indicated in the draft budget document for Education/Training/Travel has been reduced to \$42,560. This change will be included in the next draft budget. The reason for the reduction is that much of the General Manager's travel costs will be reimbursed by AWWA and AWPCA. Mr. Land explained that the General Liability Insurance and Vehicle Insurance budget has been reduced due to the lower cost of insurance from the previous year.

Ms. Ovsevitiz asked what the total percentage increase in Salaries and Benefits for 2008-2009 amounted to compared to 2007-2008. Mr. Land noted that this will be covered later, near the end of these budget discussions.

Mr. Tenney explained that the Building and Grounds budgeted amount has been lowered. Safety Supplies/Related Expenses saw an increase in budgeted amounts, as there are some items that the District anticipates to spend more on to address safety issues such as traffic control. The Safety Incentive Program will also be continued. Computer Related Software/Equipment has decreased due to the District's Information Systems Analyst, Steve Glowacka, concentrated attempt to reduce costs. CAP Water Purchase/Allocation costs have increased somewhat over the previous year.

Debt Service has also increased; however, the actual amount could be lower. The 2008-2009 proposed total funded budget increased from \$9,880,970 in 2007-2008 to \$10,887,516.

Mr. Tenney said the proposed Engineering Division budget for 2008-2009 remained pretty steady compared with 2007-2008. Education/Training/Travel was increased in an attempt to provide additional training for staff. It was noted that some of these expenses may be reimbursed by Tri-State for a staff member who is now secretary of the Tri-State committee. Vehicle fuel costs for Engineering will also increase. Blue stake supplies will increase as blue stake is requiring entities to be more involved, and also a new system for better tracking materials used by the District has been put in place. Materials & Supplies has seen an increase in cost due to CAD reproductions and blueprints, and better accounting of true costs.

Mr. Tenney explained that in the Utility Division, Storage Tank Rehabilitation has been decreased, as the District is current with its rehabilitation of storage tanks. Staff will do only one tank inspection this year. Water Treatment Media Replacement is a new line item added for Hub 1 and Hub 3 for media used to treat arsenic. Emergency Distribution System Repairs, and Emergency Electrical System Repairs are line items which are new; however, staff plans to reduce those line item amounts to \$15,000 each instead of the draft proposal of \$20,000. It is hoped that there will not be a need to use this money, but it should be available in case of an emergency. Mr. Tripp asked about a generator. Christopher Hill, Deputy Manager, said the District does have a portable generator, but if a large widespread outage were to occur, the District would need to rent a larger generator.

The total General Operating Expenditures for the combined three District divisions for 2008-2009 is lower than that budgeted for 2007-2008. Mr. Tripp asked about the security costs for the District. Mr. Land briefly discussed the District-wide budgeted amount for security being lower. Mr. Stratton said that the District has increased security to the point that at many of the well sites all that is needed now is a little enhancing.

Mr. Tenney noted that purchased electrical power is anticipated to increase somewhat. He explained that the major increase for Building and Grounds in the Utility Division is due to the purchase of a restroom facility in the Hub service area.

As mentioned earlier, Mr. Land talked about the Districts Salaries & Benefits increasing by 8.89%. Cost of living adjustments, merit awards, and salary increases from the compensation study is the reason for the overall increase. Mr. Tripp asked about longevity pay. Mr. Stratton said staff continues to work on establishing a plan and guidelines for this item, as well as for an incentive pay program. It is anticipated that staff will have information on this item available to the Board at its April 14, 2008 meeting. Mr. Stratton noted that the District currently has 54 full time employees, 2 interns, and 1 part time employee. Total salaries and benefits increased from \$3,708,578 in 2007-2008 to \$4,038,442 for 2008-2009.

Mr. Stratton explained that some adjustments will be made to the O&M expenditures for 2008-2009, and a new draft copy will be provided to the Board in April 2008. The capital items will be addressed at a study session in April 2008.

Ms. Ovsevitiz wanted to know how the District established the 4% cap for employee merit increases. Mr. Tenney replied that this percentage amount is standard in the industry. Mr. Stratton said this amount could be changed at the direction of the Board. Discussion took place regarding employee salaries and benefits and Ms. Ovsevitiz wanted it noted that she would like to see employees get more money. Mr. Stratton said staff were very positive about the salary compensation survey and the increases they received.

Mr. Tripp explained that when the District was first formed that customers were promised quality water at a reasonable price. While he would also like to give District employees higher pay, he noted that the Board also has a responsibility to District customers to keep the original promise of quality water at a reasonable price. He added that the Board has a duty and responsibility not only to District staff, but also to the community. Whenever feasible and to keep quality employees salaries will be increased by means of salary surveys that will be completed every two years to ensure the District remains comparable to other utilities in the state.

#### **IV. Discussion of Possible Policy for Board Members Unable to Attend a Meeting**

Mr. Stratton said the Board at its February 11, 2008 meeting directed staff to bring back a draft policy for Board members unable to attend meetings. He asked for additional direction and comments from the Board.

Ms. Ovsevitiz said she believes that Board members should have the ability to miss 11 meetings in one year.

Ms. Scrivener said her response would be that Board members not miss more than 4 meetings in any given year. Ms. Scrivener said that the Board needs to be present and interact with staff and other Board members.

Mr. Doyle said public time and staff time interaction is very important for Board members and believes they should attend as many meetings as possible. His experience has been that teleconferencing works if it is only used under abnormal circumstances, and he does not feel it should become a normal way of operating. Mr. Doyle does not necessarily feel there should be a fixed number of meetings that have to be attended by Board members, but if pressed for an opinion, he said no more than 2 meetings per year should be missed.

Mr. Tripp said there was only one teleconference conducted in the past by the District Board and it seemed to work without any problems. Mr. Tripp said if there is an emergency, he believes it is all right for a member to be absent; otherwise, he believes members should be present.

Mr. Stratton said that much of the time it is not necessary for all Board members to be present. If a member is not able to be at a meeting and is passionate about a certain item on the agenda, then they could teleconference. Mr. Stratton noted face-to-face interaction as being important to be actively involved in all matters and issues. He added that staff will support the majority decision of the Board.

Ms. Scrivener said she does not have objections to setting up a teleconference, but does not feel it should be an openly accepted process and should be curtailed whenever possible. Ms. Scrivener said Board members are elected to be on the Board and therefore should be present at as many meetings as possible, and believes the public expects and deserves it.

Ms. Ovseviz said she is confused and frustrated being told by the Board where she has to be according to Metro Water's calendar. She said she is a Board member only by default. Ms. Ovseviz said she was advised that being a Board member was only suppose to mean two hours a month of her time, and feels she is having to meet Metro Water's schedule and is challenged by this.

Mr. Doyle said if there is not a quorum of the Board there can be no meeting. He explained that the Board typically meets only once a month and the members are aware of what is expected of them. Mr. Stratton said nothing in the Arizona State Statutes punishes Board members for not attending; however, he believes that when a citizen is elected they should complete the duties of any elected person to the best of their abilities.

The Board agreed to continue this item on the agenda for the April 14, 2008 meeting.

**V. General Manager's Report**

Mr. Stratton said the Town of Marana has had discussions with the City of Tucson regarding the purchase of the Dove Mountain water system. Tucson has asked Marana to establish where the water would come from. Mr. Stratton and Marana's Town Manager discussed the utilization of reclaimed water. He asked if the Board wanted staff to continue these discussions with Marana. After brief discussion with the Board, Mr. Stratton said he will send a general letter indicating that the District does have the reclaimed water available, but does not want to be totally committed at this time. Ms. Scrivener said she believes a non-committal response would be more appropriate at this time.



Mr. Stratton said that the District's Risk Management Specialist, Janet Brown, has worked hard to re-establish a pipe-taping contest with interested staff from Metro Water to compete at the annual AWPCA conference held at the end of April 2008. Mr. Hill has put together a women's and a men's team. Mr. Stratton said the involved employees are working very hard to improve their pipe-taping skills. If the District's teams win their division, they have the right to compete in Atlanta, Georgia in the national competition held during the annual AWWA conference June 8-12, 2008. Additionally, AWPCA and the District teams are working to raise money to pay for the equipment and travel costs should they win the right to compete in the national competition.

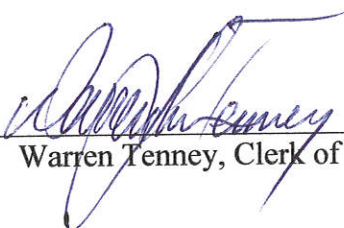
Mr. Stratton said a draft asset purchase agreement has been prepared for a possible acquisition.

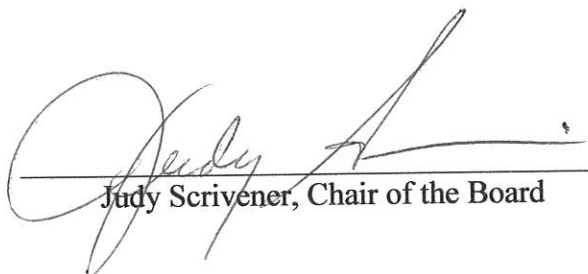
Wednesday, March 26, 2008 is the scheduled date for the James M. Tripp Reservoir dedication ceremony. Mr. Stratton noted that there will be a vehicle to drive people to and from the parking lot to the reservoir site.

Mr. Hill said it is anticipated that the testing cost for pharmaceuticals will be between \$3,000 and \$5,000. There are three District wells that staff would like to be tested even though the District is not required to at this time. Staff will continue to check on costs for the testing.

**VI. Adjournment**

The study session adjourned at 7:08 p.m.

  
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Warren Tenney, Clerk of the Board

  
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Judy Scrivener, Chair of the Board