

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

November 26, 2007

**** 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
Jim Doyle, Member
James Tripp, Member

Board Members Not Present: Laretta Ovsevit, 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 5:00 p.m. Judy Scrivener, Dan M. Offret, and James Tripp were present. Jim Doyle arrived at 5:04 p.m. Laretta Ovsevit was not present.

II. General Comments from the Public

There were no comments from the public.

III. Discussion of Compensation Survey for District Positions

Mark Stratton, General Manager, said staff has been working on completing the District's salary and compensation study. While the results of the study are being provided to update the Board at this meeting, no recommendations from staff will be made at this time.

Billie Sue Morelli, Human Resource Specialist, explained that staff mailed correspondence to 21 entities, public and private, asking for information from them on their compensation and salaries

which matched corresponding job duties at Metro Water. There were eight entities that responded, which was an adequate amount of entities that could be used for comparison information. Staff compared other utilities job classifications and descriptions with those of Metro Water to find the best matches.

(Mr. Doyle arrived at 5:04 p.m.)

Ms. Morelli explained that the titles used by other entities did not always match ours; however, the job descriptions did. Of the eight entities that responded to the District's request for salary compensation information, not all had matches for all the District's positions. Ms. Morelli said she avoided the City of Phoenix because of its size and substantial difference in pay scale. Other utilities in the Phoenix surrounding areas were contacted and the information was used for purposes of the study.

Mr. Offret asked if any of the entities contacted were asked if they anticipated any changes in their compensation amounts. Ms. Morelli explained that the information provided was good for 2007/2008.

Ms. Morelli reviewed the results of the compensation survey beginning with Meter Reader. She noted the District Meter Reader salary fell below the Tucson Area Average, and indicated that the District's salary range should be increased in order to hire and maintain employees.

Likewise, the District's Utility Worker I and II salaries were also below the Average Salary and the Tucson Area Average. The District has recently had trouble filling these positions which could be, in part, due to the District's lower salary ranges. Mr. Doyle asked if there are any District Utility Workers I and II that are at the top of their salary range. Ms. Morelli replied yes, and added that she believed the District's maximum salary amount should be raised.

Mr. Tripp said he wanted staff to look into the possibility of longevity pay for employees that are maxed out in their salary range. Mr. Offret said he did not typically like the idea of longevity pay; however, he believes the District needs to do something to retain long-term employees. Mr. Stratton agreed and said that staff would look at the possibility of longevity pay.

Ms. Morelli explained that the District has also encountered issues when hiring for the Electrician position due to our lower salary range. The minimum salary range is comparable, but the maximum salary range is not. Ms. Scrivener noted that currently Pima County also has a very low salary range for this position, and it is making efforts to increase the salary for this position. Ms. Morelli said that it is important for the District to hire qualified employees, and retain them after spending time and money on training.

Mr. Offret asked if the District currently has a pay step system, and if so, what step are employees currently hired at. Mr. Stratton replied that the District does not have a salary step system. When

offering potential employees a position with the District, he looks at experience when determining the amount of beginning salary that the employee will be paid.

Ms. Morelli said the District is in line with the Utility Program Coordinator salary compared to that of the Average Salary. Mr. Offret asked if this position supervises any employees. Ms. Morelli replied that it does not.

The District's Telemetry position was difficult to match with that of the other entities in terms of job responsibilities. However, after finding similar matches, the District is just slightly under the Average Salary minimum and maximum and Ms. Morelli indicated that the District's salary range could perhaps be increased.

Ms. Morelli said for the Utility Supervisor position the District pays above the average on its minimum, and slightly below on the maximum salary.

The District falls below the Tucson Area Average for the Assistant Utility Superintendent salary range.

Ms. Morelli explained that the District's salary range for the Utility Superintendent is currently above the minimum and maximum Average Salary and therefore will not need adjusting.

Mr. Tripp asked how the difference in the District's pay scale is determined between the minimum and the maximum amounts. He explained that he would like to see a method established for how a person moves up on the salary range, such as established step increases, and development of a pay for performance. Mr. Stratton explained that staff is currently looking at incentive increases; however, staff wants to review the structure and job classifications in the Utility Division first and bring back any recommendations to the Board.

Ms. Morelli said the District's Office Assistant position is above the minimum and maximum Average Salary. This is due, in part, to the recently expanded duties of this part time position.

The District's Administrative Assistant current salary range is a little below the Tucson Area and Average Salary range. There are two Administrative Assistant positions within the District and the range should be increased slightly to remain competitive.

Ms. Morelli said the Customer Service/Accounting Representative salary range is above the Average Salary and Tucson Area Average Salary, and could be left at its current range amounts.

The Inventory Specialist minimum salary is currently below the Average salary and could be increased somewhat. However, the maximum salary is above the Average Salary.

Ms. Morelli explained that the District's Administration Services Manager salary is higher than the Tucson Area Average, but in line with the overall Average Salary.

Ms. Morelli noted that it was difficult to find a match for the Chief Financial Officer position due to the expanded duties and much larger budgets of this position within the other entities which tended to be larger than the District. The District is slightly below the other averages; however, with the differences cited the District's current salary is considered to still be competitive.

The salary range for the District's Water Line Construction Inspector is slightly below the Average Salary. The salary range for Water Systems Project Inspector is above the Average Salary.

Ms. Morelli said that currently the District has two Drafting Specialist positions. The salary for these positions is slightly below the minimum and maximum Average Salary. Since this is a technical position, it would seem appropriate to slightly increase the salary range. However, it was recognized that one of the Drafting Specialist's is primarily responsible for the Geographic Information Systems (GIS). It is envisioned that one of the Drafting Specialist could be reclassified to GIS Analyst.

The maximum Average Salary for Development Supervisor is considerably higher than that of the District. It is believed that the District maximum needs to be increased.

Ms. Morelli said the District's Civil Engineer and Senior Civil Engineer salaries are below the Average Salary and need to be increased. The District Engineer salary is competitive with the Tucson Area Average Salary. Mr. Stratton asked if Pima County has recently completed a salary survey for its pay ranges for these classifications. Ms. Scrivener said not yet, but believes that this will take place in the near future.

Regarding the Hydrology I position, the District is well above the Average Salary. Ms. Morelli said the Hydrology II position is slightly under the Average Salary, and the District may want to bring the salary range up slightly. The District Hydrologist salary is comparable to the Average Salary.

Ms. Morelli said the District's Executive Secretary minimum is lower than the Average Salary, but the maximum salary is higher.

Ms. Morelli indicated that for the Information System Analyst position the District may want to raise the minimum salary and leave the maximum salary where it is at currently.

The District's Human Resource Specialist position is below both the Average Salary and the Tucson Area Average. Ms. Morelli suggested that the minimum and maximum salaries be increased.

Likewise, the District's Risk Management Specialist position is also lower for the minimum and maximum. Mr. Stratton explained that he looked in particular at Marana and Oro Valley's current salary ranges and believes the District should adjust its salary range to remain competitive with these entities.

Ms. Morelli said the Assistant General Manager for the District is lower for both the minimum and maximum Average Salary. She explained that the survey did not result in bringing forth good matches for this position which is unique to the District.

The minimum and maximum salary range for the District's Deputy Manager position falls below the Tucson Area Average Salary and the Average Salary.

Mr. Tripp asked if staff would make the appropriate changes to the District's salary ranges to bring them up to the Average Salary amounts, and bring this information back to the Board at its December 10, 2007 meeting for consideration. Mr. Stratton replied yes, and added that the District will especially review its critical positions to make sure that it can retain and/or attract employees. Mr. Stratton said staff will also be holding meetings with employees to advise them of any suggested recommendations prior to the December Board meeting.

Ms. Morelli explained that when completing the salary and compensation survey she did look at health and other benefits the District offers employees and noted that these match up with other utilities without any concerns.

Randy Collyer, Inventory Specialist, said that many companies do a step increase type of salary compensation, and indicated that he likes the idea of the step increase as opposed to the current way the District determines merit increases.

Steve Shepard asked why the difference in the salary ranges is inconsistent. For example, the difference in the minimum and maximum for some District position ranges could be \$10,000, while others might be \$30,000. Mr. Stratton said that Fox Lawson suggested the broader ranges. Fox Lawson was a company that assisted the District with its compensation and salary survey a few years ago.

Mr. Offret said he was surprised at the difference in the District salaries in comparison to other entities, and asked if the District should be looking at completing salary surveys on a yearly basis so that the salaries would stay more in line with other entities. Ms. Morelli said it is difficult to tell if there would be substantial changes if the survey were to be completed yearly as opposed to bi-yearly as the District currently does. Mr. Stratton said that in the past the District has been a leader in salaries and compensation; however, it seems to be falling behind now. The Board asked that the completed salary and compensation survey recommendations be provided to them as soon as possible for their review prior to the December 2007 Board meeting.

IV. Discussion of Medical Insurance Coverage for District Employees

Mike Land, Chief Financial Officer, said that currently the District's health insurance runs on a fiscal year from July 1st through June 30th. However, since the District is considering new health insurance options everything will change to a calendar year. Mr. Land said the rates for the new proposed insurance options are just a few cents higher than the current plans. He briefly explained the new plans and rates for the various health care plan options. A meeting has been schedule for November 27, 2007 to review the health care plans with employees. Dual plan options will be provided to employees and they will have the choice of which plan best fits their needs.

V. General Manager's Report

Mr. Stratton explained that the District received a resignation letter from Bond Oversight Committee member Robert Carstens. If the Board's recommendation is to fill this vacant position, staff will solicit interest from customers by notifying them in the December 2007 "Splash" newsletter. The Board agreed to fill this position.

Mr. Stratton said that in past years the District has contributed to "Project Graduation" for Ironwood Ridge, CDO, and Amphi high schools by supplying them each with 10 cases (240 bottles) of the District's bottled water. However, the Board unanimously agreed to discontinue the bottled water program. Mr. Stratton asked what, if anything, the District should do to continue participating in "Project Graduation". More information will be made available to the Board at its December 10, 2007 meeting.

Mr. Stratton explained that a recent acquisition offer was countered with a request for more money for the acquisition of a water utility. Mr. Stratton believes the District has already offered a substantial amount and does not feel that the District should move on this issue. The Board members expressed a similar opinion, and asked that staff keep them advised of the status of this item.

VI. Adjournment

The meeting adjourned at 6:15 p.m.

Judy Scrivener, Chair of the Board

Warren Tenney, Clerk of the Board