

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

**October 22, 2007**

**\*\* 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  
   Laretta Ovseviz, Member  
   James Tripp, Member

Board Members Not Present:        Judy Scrivener, Chair

District Staff:                        Mark Stratton, General Manager  
   Warren Tenney, Clerk of the Board

**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, Laretta Ovseviz, Jim Doyle, and James Tripp were present. Judy Scrivener was not present.

**II.       Presentation about Proposed Adjustments to Rate Structure**

Mark Stratton, General Manager, explained that all District customers received an insert in their bill describing the proposed rate adjustments and justification for those increases. Mr. Stratton noted that the current rate increase proposal differs from last year in that besides the yearly 4% rate increase for the Capital Improvement Program (CIP) the District is also asking the Board to consider a 2.3% rate increase to cover operation and maintenance costs.

Mike Land, Chief Financial Officer, noted that the 4% proposed rate increase is the third increase of five planned increases to help cover the debt service on the \$20 million loan program through the Water Infrastructure Finance Authority of Arizona (WIFA). This 4% rate adjustment amount is the same as the District voters were aware of when they approved the March 2005 CIP. Mr. Land noted that it is important that this rate be approved by the Board since revenues generated from water sales are not consistent.

Mr. Land said that the operating fund has been able to subsidize the debt service over the past several years without jeopardizing the District's operating and maintenance provided to customers. The requested 2.3% rate increase in operation and maintenance costs is the first increase since 1995, and is needed due to items such as increased costs in miscellaneous services and insurances to the District. Mr. Land briefly explained upcoming projects planned by the District, and how these projects will be funded. Mr. Land noted that the average customer would see a total monthly increase of \$2.12 on their bill. He added that even with these rate increases the District still remains competitive with other surrounding utilities.

Warren Tenney, Assistant to the General Manager, explained to the Board that District staff "noticed" the Public Hearing being held tonight according to State Statutes, along with providing information to its customers of the meeting and the proposed rate adjustments.

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

There were no comments from the public.

Mr. Tenney noted that the District received one written comment from a customer who stated they supported tier usage increases; however, they opposed base rate increases.

### **IV. Consideration and Possible Action Relating to Water Rates**

Mr. Tripp made a motion to approve a 4% rate adjustment for debt retirement for the Capital Improvement Program for the Metropolitan Domestic Water Improvement District effective November 1, 2007. Ms. Ovsevit seconded the motion. Motion passed unanimously.

Mr. Tripp made a motion to approve a 2.3% rate adjustment for operation and maintenance for the Metropolitan Domestic Water Improvement District effective November 1, 2007. Ms. Ovsevit seconded the motion. Motion passed unanimously.

Mr. Tripp made a motion to approve Resolution No. 2007-4 to make adjustments to the established water rates per the previously noted rate adjustments for the Metropolitan Domestic Water Improvement District effective November 1, 2007. Ms. Ovsevit seconded the motion. Motion passed unanimously.

### **V. Adjournment**

The public hearing adjourned at 6:16 p.m.

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Dan M. Offret, Vice Chair of the Board

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Warren Tenney, Clerk of the Board