

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

April 30, 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
 Lauretta Ovsevitz, 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 5:13 p.m. Judy Scrivener, Dan M. Offret, Jim Doyle, Lauretta Ovsevitz, and James Tripp were present.

II. General Comments from the Public

There were no comments from the public.

III. Discussion of Draft Fiscal Year 2007-2008 Budget.

A. Budget Items for General Manager/Administration Division

Mark Stratton, General Manager, noted that during the Board study session in April 2007 staff presented the proposed Engineering and Utility budgets for fiscal year 2007-2008. Mr. Stratton said that Mike Land, Chief Financial Officer would now be providing information on the General Manager/Administration proposed budget for fiscal year 2007-2008.

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Mr. Land said that only minor changes occurred in the Salaries and Benefits line item, and explained that part of the increase over fiscal year 2006-2007 was for the part time receptionist position. Staff will be meeting with the District's insurance broker to discuss health insurance. It is anticipated at this time that medical and dental insurance will see a 12% increase. The contribution for state retirement is anticipated to increase .5%. Mr. Land added that 2.5% is still being projected for the cost of living increase. The total line item increase for this category is approximately \$41,598 for fiscal year 2007-2008.

Under the Consultant/Contract Services category, the line item for accounting/auditing services increased approximately \$4,500. The proposed budgeted amount for software support has gone down somewhat mainly due to Engineering paying off the plotter during the first part of fiscal year 2007-2008. Miscellaneous consulting services decreased from \$85,000 to \$36,000 due in part to the Northwest CAP System expenditures being moved to Capital Projects. Office equipment maintenance decreased due to the maintenance of the new copier being included in the cost of the lease. Mr. Land explained that payroll/personnel services will decrease in 2007-2008 with the addition of the Risk Management Specialist position assuming many of the tasks previously provided by Paychex. The \$28,000 water policy consultant services budgeted in 2006-2007 has been zeroed out in 2007-2008, as District staff will handle the water policy issues. Mr. Land said that water quality testing services also decreased by approximately \$65,680, as the District is not required to do extensive testing in alternating years. Ms. Scrivener said she would like to see a more defined cost estimate for water quality testing services as the District comes closer to the end of the current fiscal year. The overall total proposed 2007-2008 budgeted amount for the Consultant/Contract Services category decreased by \$170,563.

Mr. Land said that under the General Operating Expenses category, the proposed budgeted amount for education/training/travel will be combined in the 2007-2008 budget. There will not be a budget amount included for elections in the upcoming fiscal year. The amount budgeted in 2006-2007 was \$15,000. Mr. Land explained that the insurance items have been divided out and the overall total has dropped from last fiscal year. The lease for the vehicle assigned to the General Manager's office is coming to an end, so the interest paid will drop off in 2007-2008. Memberships and subscriptions has also dropped in the 2007-2008 proposed budget. The cost for postage has been increased. The total cost for this category will decrease by approximately \$38,000.

Mr. Land said the Supplies category total increased by approximately \$20,000. The major increases for 2007-2008 were in the line items for the credit reporting bureau, materials and supplies, safety supplies, small tools/minor equipment, and computer related software/equipment.

Under the category for Other Expenditures, the regulatory fees for ADWR withdrawal decreased by \$10,000. The CAP water purchase/allocation is the largest expense in this category, and increased by approximately \$97,040. Mr. Land said the total expenditures in this category increased from \$1,460,741 to \$1,553,631 for 2007-2008.

Mr. Land said that Debt Service is a large expenditure category, and the total is down from \$5,532,169 to \$5,368,601 for fiscal year 2007-2008. This decrease is due primarily to the WIFA debt service schedule.

Mr. Land explained that the Contingency Fund has been raised to \$500,000, up from the amount of \$400,000 in 2006-2007. The Total Funded Budget expenses for 2007-2008 are \$9,885,945. The Total Funded Budget expenses for 2006-2007 were \$10,003,503.

B. Budget Capital Items & Projects.

Mr. Land said the Total Capital Equipment proposed budget for 2007-2008 is \$177,321, compared to fiscal year 2006-2008 total amount of \$164,446. Staff will use approximately \$8,500 of the Operating Budget funds from the current fiscal year to pay for capital equipment for the Utility Division. It was anticipated that these items would be included in the 2007-2008 budget; however, funds are currently available to purchase the needed items.

Mr. Land said that Capital Projects (Funded) for 2007-2008 are \$1,755,000, whereas for 2006-2007 the budgeted amount was \$1,134,000. Mr. Stratton explained that funded Capital Projects are a higher priority than Capital Projects that are unfunded. The proposed unfunded capital projects for Engineering have been prioritized. If there is money available for the unfunded capital projects, staff will come back to the Board for approval of those projects.

Mr. Stratton explained that the Utility Division had originally asked that a new position be included in the budget. This request has been updated to include a new Electrical Supervisor position, and to upgrade a Utility Worker 1 position to Utility Worker 2. Staff is still looking at this to determine if the funds will be available to include both items in the 2007-2008 budget.

Mr. Doyle left at 6:10 p.m.

Mr. Stratton mentioned the potential for an intern position through the San Miguel Corporate Internship Program. Mr. Stratton said he has not had the opportunity to talk to division managers about the program to determine if there is a need for a full time intern, and if the District would have enough work to keep them busy 40 hours per week. He will meet with the managers as soon as possible and have a report to the Board at its May 14, 2007 meeting.

Mr. Offret asked about the office expansion plans. Mr. Land said it is anticipated that staff will bring the office expansion drawings to the Board at its May 14, 2007 meeting. Mr. Stratton explained that Terry Armstrong, Architect, wants a design/build contract with the District. Mr. Stratton said the District would like the opportunity to hire the contractors on a separate builder contract.

Mr. Stratton said staff will bring back any necessary changes to the 2007-2008 budget at the Board's June 11, 2007 meeting for approval. He explained that a short study session of the Board may be needed to discuss staffing levels.

IV. General Manager's Report

Mr. Stratton said SAHBA is introducing a regional approach to form a regional water utility at the upcoming Arizona Town Hall. SAHBA's proposal includes funding through a surcharge on wastewater, which would make Pima County in charge of the funds. The Southern Arizona Leadership Council is also looking at a proposal for a regional water utility.

Regarding the La Cholla Blvd claim, Pima County provided the District with additional information from Ashton. Mr. Stratton noted that the District has been asked to respond by the end of May 2007 as to its position.

Mr. Stratton said it is anticipated that the District will meet with Pima County regarding the draft license agreement around the middle of May 2007.

Mr. Stratton explained that it is anticipated the District will receive a safety award at the Arizona Water and Pollution Control Association (AWPCA) seminar in Mesa next week. He noted that several staff, including him, will be attending the AWPCA seminar. Several of the District's staff will be presenting at the seminar and/or acting as moderator for some of the sessions.

With the State of Arizona Workers Compensation safety rebate money, District staff has established a safety incentive program for all staff based upon teams and their safety over a three-month period. Staff that is eligible for safety awards will be able to pick items from a catalogue.

Ms. Scrivener asked for a current status on the Northeast Reservoir. Mr. Maish said inspections are scheduled to take place this week.

V. Adjournment

The meeting adjourned at 6:48 p.m.

Judy Scrivener, Chair of the Board

Warren Tenney, Clerk of the Board