

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

October 23, 2006

**** Board Room ****

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

MINUTES

Board Members Present: Dan M. Offret, Chair
 Judy Scrivener, Vice Chair
 Suzanne Downing, Member
 Jim Doyle, Member
 James Tripp, 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, 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, Judy Scrivener, Suzanne Downing, Jim Doyle, and James Tripp were present.

II. Presentation about Proposed Adjustments to Rate Structure

Mike Land, Chief Financial Officer, said the District is proposing to impose a 4% rate increase to fund the 2005 voter approved Capital Improvement Program. The proposed rate increase information was provided to District customers in their monthly billing statements. Mr. Land noted that he had received only three phone calls from customers inquiring about what the increase would mean to them. Mr. Land explained that the typical District resident would see an increase of between \$1.25 and \$1.50 in their monthly billing amount. With an across the board 4% increase to all the rate tiers, the District will realize a greater revenue increase. The 4% rate increase last year was geared toward the high end user.

Mark Stratton, General Manager, noted that Gary Woodard Consulting Natural Resource Analyst, was present to provide the Board with a brief summary of his report regarding an analysis of the District's rate structure changes, rate increases, and proposed options for a rate increase. Mr.

Woodard explained that he compared the District's historic information and proposed current rates with other similar utilities and found them to be comparable. He noted that with the District's inability to impose conservation efforts, the District could not benefit from water efficiency and conservation efforts, as do other state water utilities. However, he suggested the District continue to encourage its conservation efforts. Mr. Woodard explained that District revenues were down this past summer due to an increase in the amount of rainfall received. He believes that the region may also see a wetter than normal winter this year which could further reduce revenues for the District. Mr. Woodard said that due to those uncertainties, an across the board rate adjustment is the best approach.

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

There were no comments from the public.

IV. Consideration and Possible Action Relating to Water Rates

Mr. Tripp made a motion to approve Resolution No. 2006-5 to include a 4% rate adjustment increase. Ms. Downing seconded the motion. Motion passed unanimously.

V. Adjournment

The public hearing adjourned at 6:13 p.m.

Dan M. Offret, Chair of the Board

Warren Tenney, Clerk of the Board