

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

May 8, 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, Chair
Jim Doyle, Member
James Tripp, Vice Chair

District Staff: Mark Stratton, General Manager
Keri Sylvan, Legal Counsel
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 5:33 p.m. Dan M. Offret, Judy Scrivener, Suzanne Downing, Jim Doyle, and James Tripp were present.

II. Presentation about Proposed Adjustment to Water Resource Fee

Warren Tenney, Assistant to the General Manager, provided a brief presentation outlining the water resource fee. He explained that the water resource fee has not had any increases since 1995. This fee is charged to developers for new connections to assist with acquiring and using new water resources. Other water utilities in the area have similar fees. In looking at the fees, staff looked at Central Arizona Project (CAP) holding and allocation costs for next fiscal year.

Mr. Offret asked how other Arizona water utilities address water resource fees. Mr. Tenney said they base all fee amounts on the size of their utility and most do charge a water resource fee.

Ms. Downing asked about considering charging a percentage as is done on other rates, such as construction costs. Ms. Downing also said she wanted it made clear to District customers what the money would be used for that is collected from the water resource fee. Mr. Tenney explained that

the money would be used for renewable water supplies. He said that an article could be put in the District newspaper to notify customers of how the money would be spent.

Mark Stratton, General Manager, explained that it would be difficult to charge the water resource fee based on a percentage. He was unsure of what information would be used to calculate for a percentage. Ms. Downing said since this fee is to ensure water resources for future generations, she believes that more money could be received by the District if the amount was calculated by charging a percentage. Mr. Tenney said it is staff's belief that charging a flat rate would be more efficient, and easier to explain to customers the process and need for the fee. Ms. Downing still believed that additional monies could be made if the District were to charge a percentage as opposed to having a flat rate.

Mr. Tripp noted that the District would be charging more than the City of Tucson. However, since there is no public present at this hearing to comment, he believes that the District should charge the necessary rate amount to ensure future water resources.

Mr. Stratton said that the proposed water resource fee would create just a break-even amount with the amounts the District is charged for CAP water. Ms. Downing said that since the District is considering raising the water resource fee at this time, she believes that it should be increased enough to allow for future CAP increases as opposed to going back to customers at a later date and asking for additional money. Ms. Downing said it may be difficult to obtain approval for additional monies at a later date. She said she does not agree with spending time, resources, and staff to just break even and is concerned about minus figures in the future.

Ms. Sylvan explained that the purpose for adopting the water resource fee is to specifically pay for renewable water resources and the District would need to quantify the amount of money needed at present and charge customers only that amount. Mr. Stratton said that when establishing the proposed rate for the water resource fee staff looked at the estimated amount of water each District customer would utilize from CAP.

Ms. Scrivener asked when it was anticipated that the District would begin spending the money for the actual delivery of CAP water. Mr. Stratton said when the capital component of the CAP is completed. Ms. Scrivener said she does not see a justification for charging customers more than the actual cost at the present time for the CAP allocation and storage fees.

Mr. Offret said he is concerned that the District would be charging more than Tucson Water, and the District would not be competitive with Tucson Water. Mr. Land noted that the District is currently charging developers more than what Tucson Water charges.

III. Comments from the Public Regarding Proposed Adjustment to Water Resource Fee

There were no comments from the public. Mr. Tenney noted that the District did not receive written or verbal comments from the public prior to this meeting.

IV. Consideration and Possible Action Relating to Water Rates and Fees

Mr. Tripp made a motion to approve and adopt Resolution 2006-1 to make adjustment to the water resource fee portion of the water connection fees for Metropolitan Domestic Water Improvement District effective July 1, 2006. Mr. Doyle seconded the motion. Motion passed with James Tripp, Jim Doyle, and Judy Scrivener voting in favor of the motion. Mr. Offret and Ms. Downing voted in opposition of the motion.

V. Adjournment

The public hearing adjourned at 6:03 p.m.

Dan M. Offret, Chair of the Board

Warren Tenney, Clerk of the Board