

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

March 27, 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
 James Tripp, Member

Board Members Not Present: Jim Doyle, 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

Dan M. Offret, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:29 p.m. Dan M. Offret, Judy Scrivener, Suzanne Downing, and James Tripp were present. Jim Doyle was not present.

II. General Comments from the Public

There were no comments from the public.

III. Approval to Purchase Used Forklift

Mr. Tripp made a motion to approve the purchase of a used Caterpillar forklift from Naumann Hobbs for a total cost of \$15,064. Ms. Downing seconded the motion. Motion passed unanimously.

IV. Discussion of Draft Fiscal Year 2006-2007 Budget

A. Budget Items for Utility Division.

Mark Stratton, General Manager, said staff will review with the Board the draft 2006-2007 budgets for the Utility and Engineering Divisions. He noted that discussions for capital projects would take place at a future Board study session.

Mike Land, Chief Financial Officer, provided information regarding the Utility Division's budget, beginning with Salaries & Benefits. He explained that the District would not receive the final cost information for health/medical benefits until at least the end of April 2006. Therefore, staff has included a 10% increase for purposes of completing the draft budget. Staff is currently reviewing health/medical options with brokerage firms and insurance carriers. Mr. Land said there are 24 positions budgeted in the Utility Division. The Safety/Backflow position is being transferred from the General Manager's Office to the Utility Division. The amount of overtime has decreased during fiscal year 2005-2006 with the addition of the second shift position. Mr. Land noted there is a projected 1.7% increase in the Arizona State Retirement Program for the employee and the employer for 2006-2007. The average yearly employee merit increase is 2.7 %; however, this line item has been budgeted at 4% which is the maximum allowable per employee. The cost of living adjustment is currently 3.4% according to the latest Consumer Price Index. This amount has been rounded off to 3.5% for completing the budget projections.

Ms. Downing asked how long it has been since the District reviewed classifications for the purposes of workers compensation. Mr. Land replied it is done yearly.

Mr. Land explained that included in the Consultant/Contract Services line items is the storage tank rehabilitation of the Deconcini and Horizon Hills wells. Also included is the refurbishment of six District wells during 2006-2007. Other items for Consultant/Contract Services remain pretty much the same as for the 2005-2006 budget. However, meter repair and testing has increased slightly.

For the Supplies line items, Mr. Land said that the cost of vehicle fuel has increased. Purchased Power remained the same for the 2006-2007 draft budget. Supplies total line item is approximately \$13,000 less than 2005/2006. The Total Operating Expenses went up from \$3,017,552 in 2005/2006 to \$3,122,405 for 2006/2007. Mr. Land noted that the total cost for Capital Equipment increased from \$80,369 to \$84,969.

Steve Shepard, Utility Superintendent, explained that for Capital Equipment it is anticipated that one electric cart/trailer will be purchased by the District to determine the savings in gasoline costs for the meter readers. He said also that \$60,000 has been budgeted for Broadband Network. Chris Hill, Deputy Manager, said the Broadband Network would allow for faster data transfer for intrusions at well lots, reduce staff response time, and improve the quality of information. Mr. Shepard said it would also provide information in real time. Staff should have a better

understanding at the next Board meeting of the Broadband Network's total cost and abilities. The total funded budget for the Utility Division increased from \$3,097,921 budgeted in 2005-2006 to \$3,267,374 for the 2006-2007 draft budget.

B. Budget Items for Engineering Division.

Mr. Land gave a brief summary of the 2006-2007 draft budget for the Engineering Division. He explained that salaries have only increased by merit or cost of living adjustments, and there are no new positions planned. The total proposed budget for Consultant/Contract Services is approximately \$1,000 less than last year. The total for General Operating Expenses has only been increased from \$19,970 to \$20,693. The Engineering Division has reduced the Total Supplies line item from \$14,100 to \$12,500. Mr. Land said the Total Operating Expenses increased by just over \$6,000.

Capital Equipment increased from \$9,207 to \$31,944. Charlie Maish, District Engineer, said this increase is due to the District looking at increasing its GIS capabilities, such as the purchase of the ArcIMS system which will allow linking of various District databases. The amount for Capital Projects (funded) increased from \$40,000 to \$200,000. Mr. Maish said this is due to the Orange Grove Road improvements, and for the Orange Grove/Pomelo Avenue Connection which will greatly improve flow capacity. The proposed 2006-2007 total funded budget increased from \$577,323 to \$768,814.

Ms. Downing asked about District water lines, and if there are still problems locating the lines. Mr. Maish said there are quite a few areas where the information is sketchy and the District continues to have difficulty locating water lines in the older areas. Engineering has indicated it would like to purchase new blue staking equipment out of the current fiscal year if funds are available.

Mr. Land briefly explained where the revenues would be generated from for the proposed 2006-2007 budget. He noted that the revenues for 2006-2007 would be slightly less than what was budgeted for in 2005-2006.

Mr. Stratton explained there are capital items the District would like to purchase before the end of this current fiscal year as opposed to waiting to 2006/2007 if the funds are available. The items total \$32,350. He noted the capital projects and items that are anticipated to be funded out of the 2006-2007 budget, and added that the projects were prioritized on the report provided to the Board.

Mr. Stratton said not included in the budget is the need for additional record storage and space for additional employees. He said staff has been looking at building on to the rear of the current office building. Mr. Land said there are funds available in the building fund, and the District could also use the Municipal Property Corporation for funding. Mr. Offret said there is a recognized need for the additional office space, and suggested that staff also consider utilizing the existing Board room

for the additional offices and record storage, and building a separate new Board room at the back of the District offices.

V. General Manager's Report

Mr. Shepard said there were two holes located under the fence this morning at the Escondido well site which indicated entrance into the well site. A Police report was taken, flushing occurred, and the water is being tested.

Mr. Stratton is going to be out of town at the AWWA Fly-In in Washington DC March 28 through March 30. He explained that he would stay on the West Coast until April 3 visiting family.

Warren Tenney, Assistant to the General Manager, reminded the Board that the General Manager performance appraisal is due April 10, 2006. He also noted that two new project boards would be placed on display in the lobby of the District office. The project boards were completed by students, brother and sister, of Harrelson Elementary School. These students recently won recognition awards at the Southern Arizona Regional Science and Engineering Fair by the Arizona Hydrological Society for their water saving projects.

Ms. Downing explained that in real estate continuing education classes, classes are now offered on water education.

Ms. Scrivener said a new water organization has recently been formed called the Citizens Water Alliance. Mr. Stratton said staff would check into the organization further.

VI. Adjournment

The meeting adjourned at 6:52 p.m.

Dan M. Offret, Chair of the Board

Warren Tenney, Clerk of the Board