

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

**January 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  
    Jim Doyle, Member  
    James Tripp, Member

Board Members Not Present:        Suzanne Downing

District Staff:                        Mark Stratton, General Manager  
    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 5:38 p.m. Dan M. Offret, Judy Scrivener, and James Tripp were present. Jim Doyle arrived at 5:50 p.m. Suzanne Downing was not present.

**II.       General Comments from the Public**

There were no comments from the public.

**III.      Discussion of Possible Scenarios for Reducing Health Benefits Cost**

Mark Stratton, General Manager, explained that when considering health care benefits, staff checked several sources and then compiled a variety of alternatives for the Board's perusal and consideration.

Mike Land, Chief Financial Officer, explained the District's current Blue Cross Blue Shield plan. Mr. Land said that staff has been happy with this plan. Mr. Offret noted that it was his understanding that staff liked this plan as it included most of the doctors they generally visit. Mr. Land agreed. He said the current plan typically has a pattern of double digit rate increases each

year; although it is too early to determine what those rate increases might be for fiscal year 2006/2007. The District did not experience the double digit increase for fiscal year 2005/2006.

Mr. Land said the Fringe Benefit Company provided staff with information on how Section 105 (Medical Reimbursement Plan) reduces insurance costs for employers. He explained that under this plan the District would remain with Blue Cross Blue Shield; however, this insurance plan would have higher deductibles but a lower premium. For example, if an employee incurs hospital costs the deductible would be \$1,000. The employee would pay \$100 of the deductible, and the District would reimburse up to 80% of the remaining \$900 deductible, or \$720. The employee would be responsible for \$280. Under this plan, deductibles would also increase for office visits, prescriptions, etc. Mr. Land noted that this plan has the potential to save the District over \$70,000 in employee health care costs next fiscal year.

Mr. Land explained that the District also has the option of seeking health insurance benefits with one of Pima County's current plans. He noted that the County's current health insurance provider, PacificCare, provides an Extended Plan that offers lower premiums by having higher deductibles. Mr. Land provided a brief overview of the Extended Plan, noting the employee does have the option of going with a health plan that has lower deductibles if they know they are going to be dealing with more frequent medical costs. If the District had gone with this plan for the current fiscal year, it would have realized a savings of \$118,000.

Mr. Doyle arrived at 5:50 p.m.

Mr. Land said staff reviewed the total benefit cost for District employees and determined that 9.31% of the District's total budget is spent for benefits. This is about average compared to what other similar entities also pay, and many are at 10% or a little more. Mr. Land said in reviewing some of the available plans it was determined that purchasing a separate prescription plan would not save the District money. Oftentimes, insurance companies will offer lower costs for coverage during the first year, and raise the rates significantly for the following year(s). If an entity has more than 50 employees, insurance companies are more willing to work with the entity to lower annual premiums.

Ms. Scrivener noted that many County employees were confused by the new plan offered by PacificCare and did not opt for that plan. The employees that did opt for the new health care plan have been pleased with it.

Mr. Land said that staff also looked at plans where the coverage for dependents might be free to the employee. However, it is still too early in the year to receive actual quotes for any type of coverage from the various insurance carriers. Generally, most quotes become available late April or early May. At that time staff will bring quotes and options back to the Board for its consideration.

Mr. Offret suggested polling District employees to see what they want or need in the way of health care benefits. Mr. Stratton agreed, and explained that staff could meet with employees and explain the various plans and options, including the plan from the Fringe Benefit Company, and Pima County's current PacificCare plan.

#### **IV. Assessment of Metro-Main Wells and Future Well Needs**

Mr. Stratton said staff wanted to discuss with Board members the results of the District's assessment of its wells. When considering new wells, it is important that the proper location of wells is considered, as well as integration of new wells into the District's current system.

Mike Block, District Hydrologist, provided a power point presentation outlining the District's present condition regarding its existing wells, and the future needs of the District. It is anticipated that in 2015 the District will be built out, and if the current system remains the same, the District will be short 3,856 gallons per minute (gpm) of water. From 1990 to 2004, the District experienced a loss in water production of 1,584 gallons per day (gpd). The average age of a District well is 34 years, and the average lifespan for normal wells is 45 years.

Mr. Block provided information regarding the current water levels in existing District wells. He explained that there is a substantial amount of information available from studies for the wells in the upper aquifer; however, there is not much data regarding the wells in the lower aquifer. Since the wells located in the upper aquifer are experiencing the greatest declines in water levels, the lower aquifer will be looked at more closely as the location to drill new wells. Mr. Block explained that any new wells would probably need to be dug deeper.

Mr. Block said that for the six replacement wells identified the cost will be approximately \$6 million, and for eight new additional wells the cost will be approximately \$9 million, over the next five years at today's dollars. At present, the District owns only two undeveloped well lots possibly suited for new wells. Mr. Stratton added that ideally the lots should be one acre to accommodate all the needed equipment.

Mr. Block explained that if the District receives the anticipated CAP water in 2015, it would receive approximately 10,000 gpm daily. However, the unknown is what impact the drought might have, or what would happen in the event CAP water would not be available, or if the amount were to be reduced. Since it is hoped that the CAP treatment plant will produce water at the same rate all the time, the District would also have to identify storage for the CAP water. At this time the District has not conducted an assessment to determine if inactive wells can recharge excess treated CAP or if wells will need modification or replacement. Mr. Block mentioned that the University of Arizona has a new water supply model for planning that may be useful for the District.

**V. General Manager's Report**

Mr. Stratton said the Moore Well site was broken into last week. Mr. Hill said the well has been taken out of service temporarily until all the analysis can be completed. He noted that it appeared that only vandalism of the site occurred, and not intrusion into the well. Mr. Doyle asked about the possibility of putting electric fencing on the well site properties.

Mr. Stratton noted that he has two meetings scheduled this week related to Mission Peaks, formerly known as Rancho Maria.

**VI. Adjournment**

The meeting adjourned at 6:39 p.m.

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Dan M. Offret, Chair of the Board

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Warren Tenney, Clerk of the Board