

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

MONDAY, APRIL 12, 2021

****BOARD ROOM**
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT
6265 N. LA CAÑADA DRIVE
TUCSON, ARIZONA 85704**

MINUTES

Board Members Present: Judy Scrivener, Chair
Richard Sarti, Vice Chair
Jim Doyle, Member (Participated Electronically)
Bryan Foulk, Member
Lee Jacobs, Member

District Staff: Joseph Olsen, General Manager
Sheila Bowen, District Engineer (Participated Electronically)
Diane Bracken, Chief Financial Officer (Participated Electronically)
Steve Shepard, Utility Superintendent (Participated Electronically)
Theo Fedele, Clerk of the Board
Mark Patton, Legal Counsel (Participated Electronically)

Regular 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 6:00 p.m. Jim Doyle, Bryan Foulk, Lee, Jacobs, Richard Sarti, and Judy Scrivener were present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – March 8, 2021 Board Meeting**
- B. Approval of Minutes – March 22, 2021 Study Session Meeting**
- C. Ratification of Billing Adjustments**
- D. Ratification of Accounts Removed from Active Accounts Receivable**

E. Ratification of Bill of Sale Waterline Extension to 6020 N. Mona Lisa Road (M 19 018)

Mr. Foulk moved to approve the consent agenda. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District

Fiscal Year 2021 consumption compared to last fiscal year-to-date continues to trend higher with consumption averaging 10.4% higher among all service areas.

As of the end of February, 765 acre-feet (AF) of the District's Central Arizona Project (CAP) order has been delivered to Groundwater Savings Facility (GSF) with the remainder of the District's order planned for storage at GSFs by the end of the calendar year. Phoenix's 3,500 AF of inter-AMA firming will be stored later this calendar year at Avra Valley Recharge Project (AVRP) once the planned upgrades are completed.

Mr. Shepard provided an update on noteworthy maintenance projects. Staff replaced a check valve on Hub Reservoir Booster #1. Photos were shown of the repair of the main break at Linda Vista and Shannon. Staff repaired a service line leak on Giaconda and worked on new electrical service for E&T22. Photos and video were shown for the removal of the storage tank, boosters, and pressure tank at Tucson National Booster Station.

Ms. Bowen provided an update on the Northwest Recharge, Recovery, and Delivery System (NWRRDS) Project including the Metro-only portion of the project.

Mr. Patton provided an update regarding the condemnation item. The property owner is on the verge of entering into a purchase agreement with the developer. We will be advised when that agreement complete.

B. Financial Report

Ms. Bracken stated that revenue and expenditures for February are both favorable when compared to a straight-line projection with revenue \$2,817,952 over budget and expenditures \$1,276,517 under budget. The revenue in excess of expenditures is favorable by \$4,094,469. When comparing the total revenue to the prior fiscal year, revenue through February was 10.46% or \$1,692,426 higher than the total revenue in February of the prior year. The Metered Water Revenue is 7.84%

or \$971,109 higher than the prior fiscal year. The historic average of budgeted water revenue billed by the end of February is 67% and the District has billed 75.14% of the budgeted water revenue through the end of February. The operating expenditures in February were \$16,687 lower than they were at the end of February in the prior fiscal year. The March cash deposit balance was \$21,423,358.39, which is \$729,441.66 lower than the February balance with commercial papers purchased as an investment option. The investments as of the end of March totaled \$11,286,008.94, which is \$1,232,797.46 higher than the February balance.

The Arizona State Treasurer Pooled Collateral Program Statement for February included \$11,174,995.59 of cash on deposit with collateralization coverage of \$10,888,495.50 in addition to the \$500,000 FDIC coverage. We opened an account for the Infrastructure Rehabilitation fee in the month of March that caused the change to \$500,000 FDIC coverage. The FDIC coverage will be corrected back to \$250,000 next month.

The Capital One Bank MasterCards were used to purchase \$29,167.19 on the March statement with up to 1.25% cash back earnings. The cash back received from transactions processed in February totaled \$435.42 or 1.13%, with an inception-to-date cash back total of \$13,637.41.

Five new meter applications were received in March with four meter application for the Metro Main and Hub service areas, and one meter application for the Metro Southwest service area. There were 37 new meter application received in February of the prior fiscal year. Year-to-date, 401 meter applications have been received compared to 311 at the same time in the prior fiscal year. All service areas have exceeded the budgeted new meter connections.

The District currently has 46 remaining customers on payment plans related to COVID with an unpaid balance of \$11,634.39, which is down by \$7,096.38 from the prior month.

C. Approval of the Amended Contract for Collection of Sewer User Fees

Mr. Olsen stated that since 1994, the District has had an intergovernmental agreement (IGA) with Pima County Regional Wastewater Reclamation Department to perform billing and the collection of sewer revenue. As part of this IGA, the District receives payment on a per account per month basis to reimburse the District for the costs associated with performing this service. Over the past month, staff have worked with Pima County to update the cost of service calculation for performing this service for the County. The per account per month amount that Pima County currently pays the District to perform this service is \$1.60. It is recommended that the term of the IGA is increased to \$1.75, which will generate approximately \$410,000 in total revenue for the District. This increase also continues to move the District toward full cost of service recovery. The

current IGA expires June 30, 2021 and this amendment extends the agreement for one additional year with the new fee of \$1.75 per account per month effective July 1, 2021 through June 30, 2022.

Ms. Scrivener recused herself from voting on this item due to her employment with Pima County Regional Wastewater Reclamation Department.

Mr. Foulk moved to approve the one-year amendment to the contract with Pima County Regional Wastewater Reclamation Department for the collection of sewer user fees at the rate of \$1.75 starting on July 1, 2021 with an expiration of June 30, 2022. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

D. Presentation on the District's Service Areas and Infrastructure

Mr. Olsen provided a presentation on the District's service areas. Discussion ensued and questions were answered regarding the various service areas, property annexed into the District, and infrastructure.

VI. General Manager's Report

Mr. Olsen stated that the Board was previously briefed on Senate Bill 1366 to extend the remediated water exemption, which was set to sunset in 2025, to 2050. This is important as water pumped from our South Shannon Treatment system is considered remediated water and is not debited from our water resource portfolio. The original version of the bill was unanimously approved by the Senate on February 17, 2021 and the House unanimously approved a modified version of the bill on April 8, 2021. The House version of the Bill removed various edits from the Senate bill but left the 2050 exemption date intact. Hopefully, the Senate will approve the updated language and send the Bill to Governor Ducey for his signature.

Earlier this month, the majority of District staff received their first COVID vaccination thanks to a vaccination clinic organized by Pima County for Utility workers. The second shot for these staff is this week and will enhance our resiliency in the COVID environment.

The billing insert announcing the Information Meeting on May 6, 2021 and Rate Hearing on May 10, 2021 will be received by all District customers in advance of these meeting.

VII. Legal Counsel's Report

Mr. Patton stated he had nothing to report.

VIII. Clerk of the Board Updates; Future Meetings

The next regularly scheduled Board meeting will be held on May 10, 2021.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:48 p.m.

Judy Scrivener, Chair of the Board

Theo Fedele, Clerk of the Board