

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

**MONDAY, JULY 10, 2023**

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

**MINUTES**

**Board Members Present:** Scott Schladweiler, Vice Chair  
Bryan Foulk, Member  
Richard Sarti, Member

**Board Members Not Present:** Lee Jacobs, Chair  
Jim Doyle, Member

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

**Regular Session**

**I. Call to Order and Roll Call**

Scott Schladweiler, Vice 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. Bryan Foulk, Richard Sarti, and Scott Schladweiler were present. Jim Doyle and Lee Jacobs were not present.

**II. General Comments from the Public**

There were no comments from the public.

**III. Consent Agenda**

- A. Approval of Minutes – June 12, 2023 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Accounts Removed from Active Accounts Receivable**

Mr. Foulk moved to approve the consent agenda. Mr. Sarti seconded the motion. Motion passed by a voice vote of 3-0.

#### **IV. General Business – Items for Discussion and Possible Action**

##### **A. Monthly Status of the District**

Mr. Olsen stated that the Fiscal Year 2023 consumption compared to Fiscal Year 2022 was 3.8% lower in Metro Main, 7.3% lower in Metro Hub, and 4.6% higher in Metro Southwest.

As the Board has previously discussed, the Arizona Department of Environmental Quality (ADEQ) is funding the construction of the Advanced Oxidation Process (AOP) plant at the south Shannon treatment facility. ADEQ has expended \$300,000 in equipment, contracts have been awarded and, while the start date is not set yet, the project is anticipated to be complete on target this fiscal year. Staff will also be working a maintenance agreement with ADEQ because the AOP will have different maintenance costs and significantly larger costs compared to Granular Activated Carbon (GAC) treatment reimbursements.

Mr. Shepard provided an update on noteworthy maintenance projects.

Ms. Bowen provided an update on the Northwest Recharge, Recovery, and Delivery System (NWRRDS) and the Metro-only portion, the E&T 22 well replacement, the Ironwood blend well, and the new Linda Vista Well Deepening.

##### **B. Financial Report**

Ms. Bracken stated that the total revenue earned this fiscal year through the end of May was \$21,611,677, which is favorable by \$128,190 when compared to a straight-line projection. Metered water sales and water resource utilization fees are both lower than the straight-line projection by \$81,239 and \$59,775 respectively. Development revenue was budgeted at \$569,292 and the year-to-date development revenue as of the end of May 2023 is \$300,412. Interest income is offsetting reductions in revenue with a total of \$135,000 budgeted and \$719,600 earned as of the end of May. Budgeted expenditures are favorable by \$887,259 when compared to a straight-line projection. The revenue in excess of expenditures is favorable by \$1,015,449. When comparing the total revenue to the same month in the prior fiscal year, revenue through May was higher by 2.36% or \$449,247. The metered watered revenue is lower by 2.2% or \$383,313 when compared to the same month in the prior fiscal year. The historic average of budgeted water revenue billed by the end of May is 90% and the District has billed 91.2% of the budgeted metered water revenue. The

operating expenditures in May were \$977,718 higher than they were at the end of May in the prior fiscal year. The June cash deposit total was \$33,140,735.06, which is \$7,292,767.58 higher than the May balance with \$5 million of water resource utilization fees investments maturing and \$1,717,122.94 of debt service payment funds moved from the investment accounts. The investments as of the end of June totaled \$14,649,702.69, which is \$6,162,003.87 lower than the May balance.

The Arizona State Treasurer Pooled Collateral Program Statement for May included \$16,601,196.84 of cash on deposit with collateralization coverage of \$16,423,220.78 in addition to the \$500,000 FDIC coverage.

The Capital One Bank MasterCards were used to purchase \$38,804.03 on the June statement with up to 1.25% cash back earnings. The inception-to-date cash back total is \$23,130.38.

Six new meter application were received in May for the Metro Main service area. There were two new meter applications received in June of the prior fiscal year. This fiscal year, 91-meter applications were received compared to 92 at the same time in the prior fiscal year. Eight-seven of the new meter applications were for service in the Metro Main service area and four applications were for the Metro Southwest service areas.

On June 15, 2023, the District recovered \$14.62 from the local government investment pooled losses from Lehman Brothers Holdings Inc. who filed Chapter 11 in 2008. The District has now recovered a total of \$30,974.06 or 46.8% of the original Lehman Brothers investment loses.

Ms. Bracken discussed the activities involved in the interest revenue earned through active cash management.

### **C. Approval of Updated Holiday Pay Policy Adding Juneteenth as a District Holiday**

Mr. Olsen stated that Juneteenth is a federal holiday to commemorate the end of slavery following the Civil War, specifically the date that the end of slavery was announced in Texas, which was the last then current state to receive notification following the War. In addition to this date being a federal holiday, Pima County and the City of Tucson also commemorate this date as an employee holiday.

While the District observes 11 holidays, Juneteenth is presently not one of the observed holidays. As other municipalities in the region observe more holidays than the District, 12 annual holidays for the City of Tucson and the Town of Marana, and 13 holidays for the Town of Oro Valley, it

is recommended that Juneteenth is added to the District's observed holidays while still observing the existing 11 holidays.

Mr. Foulk moved to approve the updated Holiday Pay policy adding Juneteenth as a District holiday. Mr. Sarti seconded the motion. Motion passed by a voice vote of 3-0.

**D. Approval of Itron MC4MAX Mobile Collection System from Mountain States Pipe & Supply**

Mr. Olsen stated that the number four priority on the Fiscal Year 2024 Investments to Support the District mission is the purchase of a mobile collection meter reading system. Unlike the District's other service areas, Metro Main is not yet integrated on the fixed network. As such, the mobile collection system is utilized to obtain readings via a drive-by from the roughly 10,000 meters that have endpoints installed as opposed to manual reads. The District currently has one mobile collector and a second unit will provide both operational flexibility and redundancy. Also, the second mobile collector will support obtaining reads during the District's full conversion to the fixed network. The purchase cost is \$30,497.65 and the Fiscal Year 2024 budget allocated \$32,293 for this effort.

Mr. Sarti moved to approve the purchase of the Itron MC4MAX Mobile Collection System from Mountain States Pipe & Supply in the amount of \$30,497.65 and authorize the General Manager to approve up to an additional \$1,000 for any unforeseen costs related to the purchase. Mr. Foulk seconded the motion. Motion passed by a voice vote of 3-0.

**E. Approval of Sole Source Procurement for Badger Meters**

Mr. Olsen stated that the District has historically utilized the badger positive displacement meter for measuring residential water consumption. In 2010, the District moved toward an electronic meter due to the theoretical increased accuracy but these meters had a high failure rate and required early replacement. The District also attempted to use another type of positive displacement meter that, while accurate, had challenges properly integrating with the endpoint requiring manual reads to confirm consumption. Given that the Badger positive displacement meters have historically functioned properly to meet the District's needs, the challenges that arose with other meters, and that the District is embarking on a fixed network upgrade in Metro Main that will replace approximately 12,000 meters, it is recommended that the Board authorize a sole source agreement to purchase Badger meters.

Discussion ensued with staff answering the Board's questions.

Mr. Foulk moved to approve standardizing on the Badger positive displacement water meter for residential and light commercial applications and approve the Sole Source Procurement of Badger water meters with Ferguson Waterworks. Mr. Sarti seconded the motion. Motion passed by a voice vote of 3-0.

**F. Approval for the Purchase of a Vacuum Excavator for the Utility Team**

Mr. Olsen stated that the number six priority on the Fiscal Year 2024 Investments to Support the District Mission is the purchase of a vacuum excavator. A vacuum excavator is used to safely and efficiently excavate to locate underground infrastructure and to minimize the labor intensive and slower hand digging that is required near Blue Stake marked utilities. In 2018, the Board authorized the purchase of a Vac-Tron excavator that has performed well and has been integral to utility operations. Since the Fiscal Year 2024 Capital Improvement Program (CIP) contains projects that will require additional potholing and utility location, such as the galvanized pipe replacement project, along with the need to perform a lead service line inventory as directed by U.S. Environmental Protection Agency (EPA) to water providers, the purchase of a second vacuum excavator is justified. Three vendors were asked to provide quotes. One of the vendors could not provide a demo and one of the remaining vendors, Vac-Tron was purchased by Vermeer Mountain West. Staff demoed the Vermeer vacuum excavator and were pleased to see some of the upgrades on the current model. As the demoed model is similar to the District's current vacuum excavator, it is recommended the Board approve the purchase with Vermeer. The Fiscal Year 2024 budget allocated \$77,369 for this effort and the cost is \$76,460.28

Mr. Sarti moved to approve the purchase of the Vermeer vacuum excavator from Vermeer Mountain West in the amount of \$76,460.28. Mr. Foulk seconded the motion. Motion passed by a voice vote of 3-0.

**G. Presentation on the District's Engineering Team (Continued from the April 10, 2023 Meeting)**

Mr. Olsen stated that continuing our series of educational presentations to the Board, this year each Team Manager will provide a presentation on their respective area. You previously were briefed on Mr. Shepard's Utility Team and today Ms. Bowen will provide a presentation on the Engineering Team.

Ms. Bowen provided a presentation on the District's Engineering Team.

**V. General Manager's Report**

Mr. Olsen stated that on June 27, 2023, he attended the first meeting of the Assured Water Supply Committee, which is a Committee under the Governor's Water Policy Council. The goal of this Committee is to identify, analyze, and propose to Governor Hobbs a package of modifications to enhance Arizona's assured water supply rules. The Committee members were asked to provide recommended modifications. The District partnered with Tucson Water, who also is on the Committee, to jointly submit two recommendations. While these two recommendations do not strategically solve various underlying assured water supply challenges, they do enhance the amount of water available for providers with a designation of assured water supply.

The first recommendation deals with modifying how rain days impact managed recharge facilities. Currently, when the District and other providers' effluent is discharged in the Lower Santa Cruz Managed Recharge Project, credits are earned following cuts to the aquifer, direct diversion, evapotranspiration, and flows that leave the Active Management Area boundaries. Also, whenever there is a rain event, no credits are earned for that day. As water is still being delivered to the river during a rain event, having zero recharge makes zero sense. The recommendation is to earn credits on rain days based on an average of previous non-rain day earned credits. This change could result in approximately 1,000 acre-feet of additional renewable water resources for providers in the Tucson Region.

The second recommendation is to enable additional remediated water waivers. For a limited number of treatment facilities remediating a contaminant plume, Arizona Department of Water Resources (ADWR) has authorized a remediated water waiver where the treated water does not count against the water provider's groundwater allowance. This is because this water is impaired and would not meet safe drinking water standards. The District's South Shannon Treatment site is an example of such a facility. ADWR has ceased authorizing additional remediated water waivers but it is recommended that they relook at this policy given the need to treat numerous non-natural contaminants such as Per- and Polyfluoroalkyl substances (PFAS). These two proposals also comply with Governor Hobbs' goal of a vibrant economy in Arizona without reliance on mined groundwater as the first proposal enhances recycled water use and the second proposal would be remediating impaired groundwater, that could not otherwise be utilized.

The District's \$3 million grant application with Water Infrastructure Finance Authority of Arizona (WIFA) to support the WaterSmart customer portal and to complete the fixed network upgrades will be reviewed by the grant selection committee on July 19, 2023. Hopefully, the District is successful in obtaining the grant funds for this important conservation effort. A grant request was also submitted for the District's share of NWRD for the second round of WIFA conservation grant applications. Staff has also completed the project finance application with WIFA for the treatment of PFAS compounds at the Deconcini and Riverside wells. The Board will continue to be updated on the status of all these external funding opportunities.

The Board was invited to the Southern Arizona Water Users Association (SAWUA) Forum on September 29, 2023. The theme is: Water for the Future Looking Ahead.

Discussion ensued with staff answering the Board's questions.

**VI. Legal Counsel's Report**

Mr. Patton stated he had nothing to report.

**VII. Clerk of the Board Updates; Future Meetings**

The next regularly scheduled Board meeting will be held on August 14, 2023.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Adjournment**

The meeting adjourned at 6:50 p.m.

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Lee Jacobs, Chair of the Board

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Theo Fedele, Clerk of the Board