

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

MONDAY, JANUARY 13, 2025

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

MINUTES

Board Members Present: Scott Schladweiler, 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
Alex Sanders, 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

Lee Jacobs, 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 Scott Schladweiler were present.

II. Election of Chair and Vice Chair for the Board of Directors

Mr. Foulk nominated Mr. Schladweiler as the Board's Chair through 2025 and Mr. Sarti as the Board's Vice Chair through 2025. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

III. General Comments from the Public

There were no comments from the public.

IV. Consent Agenda

- A. Approval of Minutes – December 16, 2024 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. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

V. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District

Mr. Olsen stated that the fiscal year-to-date consumption for the District’s service areas is 4.2% lower in Metro Main, 6% lower in Metro Hub and 1.2% lower in Metro Southwest when compared to the same period in the prior fiscal year.

The Board previously approved preventative maintenance at the Avra Valley Recharge Project (AVRP). The planned 9 inches of material has been scrapped off and removed from the basin floors to improve recharge rates. The maintenance work has been completed and all four basins are back in service. A few weeks of operation, will be required to determine the impact the maintenance has had on the recharge rates. The Board will be updated on the impact at a future meeting.

Mr. Sanders 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 Ironwood well, and the galvanized pipe replacements.

B. Financial Report

Ms. Bracken stated that revenue and expenditures through November are both favorable when compared to a straight-line projection. Revenue is \$999,561 over budget and expenditures are \$225,758 under budget. The revenue in excess of expenditures is favorable by \$1,225,319. When comparing the total revenue to the same month in the prior fiscal year, revenue as of November was lower by 8.14% or \$1,154,141. The \$2 million Central Arizona Project (CAP) conservation revenue was received in December this fiscal year and was received in November in the prior fiscal year. The historic average of budgeted water revenue billed by the end of November is 47% and the District has billed 45.67% of the budgeted metered water revenue. Penalties and service

charges, development revenue water storage, and reclaimed water revenue are all under budget. The operating expenditures as of the end of November were \$557,477 higher than they were at the end of November in the prior fiscal year. The December cash deposit balance was \$36,217,567.79, which is \$1,679,392.88 lower than the November balance. The investments as of the end of November totaled \$9,874,185.69, which is \$1,208,840.37 lower than the November balance.

The Arizona State Treasurer Pooled Collateral Program Statement for November included \$22,938,870.90 of collateralization coverage in addition to the \$500,000 FDIC coverage.

The Capital One Bank MasterCards were used to purchase \$31,020.97 on the December statement with up to 1.25% cash back earnings. The inception-to-date cash back total is \$28,988.66.

There were 21-new meter applications received in December, for the Metro Main service area. There were 4-new meter applications received in December of the prior fiscal year. Fiscal year-to-date, 79-meter applications have been received compared to 39 at the same time in the prior fiscal year.

C. Authorizing the District to Execute a Loan Application and Agreement with the Water Infrastructure Finance Authority of Arizona (WIFA), for Financial Assistance

Mr. Olsen stated that as discussed last month, the inventory of the service line material that the District completed by October 16, 2024 was roughly 20% of the District's total amount of services. U.S. Environmental Protection Agency (USEPA) lead and copper rule improvements moved that to 100% requirement over the next few years. Metro Hub would not qualify for external funding to support this requirement as Hub is not a disadvantaged service area per WIFA's dashboard on the median household income. Staff utilized the budgeted funds allocated for the service line inventory to accomplish the inventory at Hub. The District's contractor has about 100-150 service lines left complete the inventory for the Hub service area.

Staff has also submitted the request to WIFA for \$855,000, which is approximately the cost per service line times the number of services lines remaining in Metro Main, Metro Southwest E&T, and Metro Southwest Diablo Village. Metro Southwest Lazy B is a smaller service area and was completed in-house. Staff submitted the application, which the Federal Programs Committee added to the project priority listing.

The next step is for the District's Board to approve the Resolution to authorize the execution of the loan application. Once approved, WIFA will send the Project Finance Application (PFA), which has a series of questions and details that District staff will need to fill out. After that is

completed, the loan is anticipated to go forward to the Federal Programs Committee Meeting and then consideration for approval at WIFA's February Board Meeting. If the WIFA Board approves the application, the District's Board will be asked to approve an additional Resolution authorizing closing on the loan. As with other WIFA funding, Staff will only proceed with the loan process if the terms and conditions are financially beneficial to the District. In discussions, it is looking like a substantial portion of the \$855,000 could be forgivable principal but the exact amount is unknown until further into the process. It is recommended that the Board approve the Resolution.

Discussion ensued and staff answered questions.

Mr. Jacobs moved to approve and adopt Resolution 2025-1 that will authorize the District to enter into a loan agreement with the Water Infrastructure Finance Authority of Arizona, in the amount not to exceed \$855,000.00 to complete USEPA required lead and copper testing and inventory records. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 5-0.

VI. General Manager's Report

Mr. Olsen stated that last month the Board approved an Intergovernmental Agreement with Pima County for the District to have excess capacity for effluent storage at the Marana High Plains Effluent Recharge Project. The County's Board of Supervisors will review and consider the Agreement on February 4, 2025 and, if approved, the District will be able to move forward with planning and deliveries for this calendar year.

Registration is about to open for the 98th Annual AZ Water Conference, which will be at the Phoenix Convention Center from April 15-17, 2025. Last year the hotel associated with the Conference filled up early so if any Board Members wish to attend, please let Ms. Fedele or me know so we can get you registered.

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 February 10, 2025.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:22 p.m.

Scott Schladweiler, Chair of the Board

Theo Fedele, Clerk of the Board