

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

**MONDAY, MARCH 21, 2022**

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

**MINUTES**

**Board Members Present:** Lee Jacobs, Vice Chair, arrived at 5:45 p.m.  
Jim Doyle, Member (Participated Electronically)  
Bryan Foulk, Member (Participated Electronically) left at 5:50 p.m.  
Scott Schladweiler, Member

**Board Members Not Present:** Richard Sarti, Chair

**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)  
Wally Wilson, Water Resources Manager  
Theo Fedele, Clerk of the Board

**Study Session**

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

Scott Schladweiler, Member of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Study Session Meeting to order at 5:43 p.m. Jim Doyle, Bryan Foulk, and Scott Schladweiler were present. Richard Sarti and Lee Jacobs was not present.

**II. General Comments from the Public**

There were no comments from the public.

**III. Discussion of the Requested Budget for Fiscal Year 2023**

Please note: Mr. Jacobs arrived at 5:45 p.m. and Mr. Foulk left at 5:50 p.m.

Ms. Bracken stated that Metered Water Revenue is \$5,693 higher than the prior year with the approval of a rate increase in the E & T Service Area. The Water Resource Utilization Fees are not planned to change since the consumption levels are not projected to change; the 60 cents per 1,000 gallons will remain in place. Development revenue is based upon the number of new meter

connections, and Engineering staff are anticipating the same number of new connections projected for Fiscal Year 2021 and 2022, which is 60 new connections in Metro Main and 180 new connection in Metro Southwest. The Infrastructure Rehabilitation Fees has increased \$178,893 with the rate increase approved last year. The charge per account will increase from 95 cents to \$1.50 per account for the 5/8" meter, which will generate \$487,890 in revenue. Other revenue also includes an increase \$43,458 for sewer billing to Pima County based upon 19,898 accounts at \$1.75 per account. Staff are working with Pima County on an approval of a 15 cent increase. The requested budget includes \$91,989 of Marana long-term storage credits with 390 acre-feet (AF) planned and the prior fiscal year had no storage credits. The requested total revenue from operations is increasing by \$338,909.

The requested budget includes increased operating expenses totaling \$3,067,451. Salaries and benefits are increasing \$700,752. The General Manager and Administrative Team increased by \$249,143 with the inclusion of the new IT Analyst position and succession planning for the Chief Financial Officer (CFO) retirement. The Utility Team increased \$451,802 with the inclusion of four new positions with three added last fiscal year and an electrician position added in this requested budget. Consultants/Contracted Services increased \$54,451 with an Engineering Team increase of \$18,865 that includes \$20,000 for water quality modeling. The Southwest Utility Team has increased by \$44,564 with increases for planned work on the Diablo Village #1 storage tank and planned well maintenance. General operating expenses are showing a decrease; however, it is really increasing with all of the vehicle leases being moved into the General Manager and Administrative budget with the implementation of the Governmental Accounting Standards Board (GASB) 87. The increase includes increased fuel cost in all teams, the Engineering Team has a \$12,075 increase in training. Banking charges continue to increase with higher rates and additional customers using credit cards to make their payments and the budget includes an additional \$49,150. Fiscal Year 2023 is an election year and \$26,000 has been budgeted for an election. Power, Electric, and Gas costs continue to increase and the requested budget is \$27,214 higher for the Utility Teams. Budgeted supplies have increased \$141,447, which includes an increase of \$21,789 in the Engineering Team for computer related software, and an increase of \$125,379 in the Utility Team for obsolete inventory planned to be removed from Hardy Road, computer related software, tools for the new electrician position, vertical turbine pump repairs, and chlorine supplies and equipment. Regulatory fees for Central Arizona Groundwater Replenishment District (CAGRDR) in the Southwest Utility team are increasing \$26,400 based upon 500 AF, and decreasing \$46,864 in Metro Main with the CAGRDR disenrollment. The credit transfer between Metro Main and Metro Southwest is planned to be \$28,500 higher than the prior fiscal year. The cost of Central Arizona Project (CAP) is planned to increase \$72,860. Debt service is budgeted \$2,235,120 higher than the prior fiscal year, with payments for the 2020 Refunded Bonds increasing \$471,800 and planned debt for the Northwest Recharge, Recovery and Delivery System (NWRDRS) Projects generating an increase of \$1,723,439.

Mr. Olsen stated that the total budget for the Investments to Support the District's Mission is \$102,050 and includes replacement of variable frequency drives at Diablo Village II, CloudStrike Falcon cyber security package to proactively protect our IT infrastructure, printer/copier for the Utility Room, mini-split heat pump for the warehouse office, and Studio 5000 perpetual license for the telemetry program. The request not funded in Fiscal Year 2023 is a circulation fan for the warehouse.

Ms. Bracken stated that the income is very consistent and the planned operating expenses are increasing by over \$3 million. The revenue in excess of the operating expenses is favorable by \$3,519,648.

The projected beginning fund balance is estimated to be \$31,067,815 and funding from the NWRRDS Partners is \$15,618,807. Reductions or uses include spending on the investments to support the District mission at \$102,050, the District capital improvement program totaling \$25,270,758, and the NWRRDS Partners project costs of \$15,618,807 to arrive at a projected ending fund balance of \$9,214,655 with \$3,955,792 of depreciation and amortization, which are non-cash expenses. The total Fiscal Year 2023 requested budget is \$64,864,290.

Ms. Bowen discussed the Capital Improvement Program (CIP) requests for Fiscal Year 2023 including: the NWRRDS Partner Components, NWRRDS Metro Recovery System, Oracle Road pavement drainage upgrades, E&T 22 well replacement, Ironwood Blend well, New Linda Vista well deepening, large meter vault replacement, blending site for future Ina/CDO well replacement, Pantano Road transmission main, and the galvanized pipe replacement program.

Discussion ensued and staff answered questions regarding the items in the Requested Budget for Fiscal Year 2023.

#### **IV. General Comments from the Public**

There were no comments from the public.

#### **V. Adjournment**

The meeting adjourned at 6:17 p.m.

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Richard Sarti, Chair of the Board

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Theo Fedele, Clerk of the Board