

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

MONDAY, APRIL 13, 2026

****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)
Lee Jacobs, Member

Board Members Not Present: Bryan Foulk, Member

District Staff: Joseph Olsen, General Manager
Sheila Bowen, District Engineer
Alex Sanders, Utility Superintendent
Bill Wengert, Chief Financial Officer
Theo Fedele, Clerk of the Board
Kay Nelson, Legal Counsel (Participated Electronically)

Regular Session

I. Call to Order and Roll Call

Mr. Schladweiler, 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, Lee Jacobs, Richard Sarti, and Scott Schladweiler were present. Bryan Foulk was not present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – March 9, 2026 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Accounts Removed from Active Accounts Receivable**

Mr. Sarti moved to approve the consent agenda. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District

Mr. Olsen stated that the fiscal year-to-date consumption compared to last fiscal year is 1.8% lower in Metro Main, 1.6% higher in Metro Hub, and 1.0% lower in Metro Southwest. As of February, 1,448 acre-feet (AF) out of the District's Central Arizona Project (CAP) order of 8,460 AF has been delivered and stored. The remaining portion of the 2026 CAP order is anticipated to be stored by the end of the calendar year.

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

Mr. Wengert stated that there have been no major changes through February from the mid-year projections discussed at the Board meeting in January. The District continues to outperform in most revenue sources and maintaining expenses within or below the budgeted amounts. The February year-to-date operating revenue of \$20 million is favorable by \$305,000 to a straight-line budget. Metered water sales of \$14.6 million are trending higher than budgeted and in line with the prior year and historical billing of 70% through February. Development revenue is still trending lower than budgeted and the prior year. Interest and dividend income are surpassing the total budget by \$499,000. The February year-to-date operating expenses of \$9.8 million are favorable by \$1.6 million to a straight-line budget and \$259,000 higher than Fiscal Year 2025. The March deposit accounts totaled \$47.8 million and balances increased \$166,000, which is a reflection of project funding received from the Water Infrastructure Finance Authority of Arizona (WIFA) and project partners. Investments in March totaled \$10.5 million with \$24,000 of investment income generated during the month offset by \$31,000 in unrealized market adjustments.

No meter applications were received in March compared to one in March 2025. Year-to-date, a total of 13-meter applications have been received compared to 124 in 2025.

The improvements in other revenue streams and reductions in expenses to-date are currently offsetting shortfalls in budgeted development revenue.

Discussion ensued and staff answered questions.

C. Authorizing the District to Incur Debt through the Execution of a Loan Application and Agreement with the Water Infrastructure Finance Authority of Arizona (WIFA)

Mr. Olsen stated that one of the District's key capital infrastructure projects anticipated to commence in Fiscal Year 2027 is the second Herb Johnson Reservoir. The current 5 million-gallon Herb Johnson reservoir supports delivery pressure to the majority of the Metro Main service area. The construction of a separate 2.5-million-gallon reservoir would provide crucial reliability to the service area. The projected schedule is to accomplish the design in Fiscal Year 2027 with construction anticipated in Fiscal Years 2028 and 2029. The estimated design cost is \$1.9 million and the construction estimates will be refined as the design is completed.

The plan was to fund the design of the second Herb Johnson reservoir with existing operating funds and to debt service the construction of the reservoir. In discussions with WIFA, staff learned that WIFA offers a design loan at a low interest rate that could either be incorporated into the construction debt service or paid in full at the completion of design. Given the importance and scale of this project, staff are requesting the Board authorize Resolution 2026-1 that would enable staff to work with WIFA on having the second Herb Johnson reservoir placed on WIFA's Project Priority Listing to secure up to \$1.9 million in a design funding loan if financially advantageous to the District. If a WIFA loan is determined to be financially advantageous to the District for either the design and/or construction portion, a separate resolution will be brought before the Board for consideration prior to executing any loan related documents.

Discussion ensued and staff answered questions.

Mr. Sarti moved to approve and adopt Resolution 2026-1 that will authorize the District to incur debt through the execution of a loan application and loan agreement with the Water Infrastructure Finance Authority of Arizona, in an amount not to exceed \$1,900,000, for the design costs of the Herb Johnson 2.5-million-gallon reservoir. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

D. Authorization of Drainage Analysis for 2nd Herb Johnson Reservoir

Mr. Olsen stated that the prior item focused on the overall funding options staff are exploring for the second Herb Johnson reservoir. One common path that needs to be assessed, independent of

the ultimate funding pathway, is the drainage analysis. The proposed location for the second reservoir is on existing District property to the west of the existing reservoir, which currently serves as the main drainage basin for the facility. The drainage analysis needs to be advanced prior to the design of the reservoir as the result of the analysis may require additional site modifications.

Mr. Jacobs moved to authorize the General Manager to negotiate and execute an agreement with KimleyHorn and Associates, Inc., to complete a drainage analysis and report to support the future construction of a second reservoir at the Herb Johnson facility in the amount of \$50,549.00 utilizing the Pima County Qualified Consultants List Master Agreement. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

E. Authorizing a Storage Agreement Regarding Effluent Storage at the BKW Farms Groundwater Savings Facility

Mr. Olsen stated that the District has continued to proactively explore all water resource partnerships to ensure a robust water portfolio to meet current and future customer needs 100 years into the future. One element of the District's water resource portfolio is effluent, also referred to as recycled water. The District earns effluent storage credits from water that is discharged from the Tres Rios Water Reclamation Facility into the Lower Santa Cruz River Managed Recharge Project. Under this storage agreement, water that flows further down the Santa Cruz River, past Trico Road, is not credited to the District. Approximately 560 AF of District effluent flowed past Trico Road in 2025 resulting in none of that water credited to the District.

The District has been exploring a pilot project with BKW Farms where BKW would pump a portion of the effluent from the Santa Cruz River before Trico Road for irrigation of agricultural lands. This would have multiple benefits including using a renewable water resource, instead of groundwater pumping, for agriculture use, reduce the amount of water resources that leaves the Tucson Active Management Area, and increase the number of effluent credits that the District earns. The initial pilot project partners with BKW Farms, the Town of Marana, Flowing Wells Irrigation District, and the District. The pilot phase will divert approximately 300 AF split between the three water providers. A storage agreement with BKW farms is required to proceed with the pilot project.

Discussion ensued and staff answered questions.

Mr. Sarti moved to authorize the General Manager to execute the Storage Agreement with BKW Farms regarding storage of a portion of the District's effluent at the BKW Farms GSF, and to authorize District staff to acquire a Water Storage Permit at the facility for effluent storage credit accrual. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

F. Approval of Cooperative Agreement for On-Call Professional Survey Services for the District's Advanced Metering Infrastructure Project

Mr. Olsen stated that as part of the Advanced Metering Infrastructure (AMI) initiative, collectors and repeaters will be installed throughout the District to relay meter data. Based on the propagation of reads, there are some areas where collectors will need to be installed on property not owned by the District. In these cases, the collectors will be installed on antenna poles in public right-of-way. To ensure placement of the antenna poles in right-of-way and not private property, a survey is required. It is recommended that the City of Tucson Cooperative Contract for On-Call Professional Survey Services be utilized for Darling Geomatics to accomplish these surveys in a not to exceed amount of \$38,443.

Mr. Jacobs moved to approve the Cooperative Agreement with Darling Geomatics for survey services supporting the District's Advanced Metering Infrastructure Project for the amount not to exceed \$38,443.00 and to authorize the General Manager to approve up to an additional \$5,000 for any unforeseen conditions Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

G. Approval of Amendment No. 2 to the Positive Displacement Meter Contract with Badger Meter

Mr. Olsen stated that this item is to exercise Amendment No. 2 to the positive displacement meter contract with badger. As \$2.04 million out of the original \$2.2 million contract has been expended, no increase in the contract amount is being requested under this amendment and is only a one-year extension to May 30, 2027. Note that Badger included a 2.39% cost increase for all meter sizes.

Mr. Sarti moved to approve Amendment No. 2 to the Positive Displacement Meter contract with Badger Meter extending the contract to May 30, 2027 and to include the 2.39% price increase for all meter sizes. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

H. Presentation on the District's Well Maintenance

Mr. Olsen stated that one of the most critical elements of the District's water infrastructure is the production wells used to pump and deliver safe, reliable water to our customers. These wells require regular preventative maintenance to ensure proper operation. As discussed previously with the Board, the requested Fiscal Year 2027 budget includes increased funding for well maintenance and funding in the 5-year Capital Improvement Program (CIP) to drill and replace multiple wells that are an average of 60-years old.

Mr. Sanders provided a presentation on the District's well maintenance program.

Discussion ensued and staff answered questions.

V. General Manager's Report

Mr. Olsen provided an update on the legislation that the District as either signed in as support or opposed.

House Bill 2099, which the District filed as opposed, would prevent a municipal provider from storing Colorado River water in underground storage facilities and accruing long-term storage credits during a period of shortage on the Colorado River. While the bill did pass the House Natural Resources, Energy and Water Committee, the bill was not voted on by the entire House and the deadline has passed for this bill to be heard in the relevant Senate Committee. As such, this bill will not move forward in this session.

Senate Bill 1448, which the District filed as support, adds on-duty utility workers as protected persons, such as teachers and first responders in the criminal classification of aggravated assault. The Bill has passed the Senate and the relevant House Committee. The bill is still alive for this session and is awaiting a vote by the entire House.

House Bill 4030, which the District filed as opposed, prohibits a municipality from imposing or collecting increased fees, including increased rates for utility service, from July 1, 2026 through June 30, 2030. While House Bill 4030 failed to pass on a full house vote, House Concurrent Resolution 2016, which carries similar language as House Bill 4030, did pass the House and the relevant Senate Committee. If House Concurrent Resolution 2016 passes the Senate as a whole, the measure is then placed on the November ballot for voters to decide the issue and bypasses the Governor. Given the number of active HCRs, it is uncertain whether this will receive a Senate vote or not. Staff will continue to closely track the status of this House Concurrent Resolution.

House Bill 2116, which the District filed as support, allocates \$1 million to the Colorado River litigation fund. The Bill passed the House and the relevant Senate Committee. The next step is for the Senate as a whole to vote on the matter.

Moving forward, staff will provide updates on the remaining active bills that the District has taking a position.

As the Board knows, the District is in the process of replacing galvanized lines throughout the Metro Main service area as a proactive measure prior to the commissioning of NWRD. There

are a number of smaller galvanized pipelines that staff are replacing in-house. The material and equipment cost for each of these replacements is less than the \$30,000 required by the Procurement Policy for Board authorization though collectively these replacements exceed \$30,000. If this work was to be accomplished by a contractor, as opposed to in-house staff, these items would have been brought to the Board for consideration. To be transparent, this effort is being treated similar to other staff accomplish infrastructure replacements and repairs.

Bureau of Reclamation has shared an initial plan to perform reservoir balancing activities over the next month and will release 1 million acre-feet of water from the Upper Initial Units to Lake Powell. This will provide Lake elevations at Powell to ensure deliveries to Lake Mead and for power production. The release to Lake Mead from Powell is anticipated to be 6 million acre-feet, a reduction from the 7.48 million acre-feet released in the previous few years. Currently, there is no ask by Reclamation for reductions in the lower basin and Mexico that would exceed the 1.5 million acre-feet of anticipated reductions in calendar year 2027. Also, the final decision from Reclamation and Interior is pending on the post-2026 operating guidelines and the result of the associated Draft Environmental Impact Statement.

Discussion ensued and staff answered questions.

VI. Legal Counsel's Report

Ms. Nelson stated she had nothing to report.

VII. Clerk of the Board Updates; Future Meetings

The next regularly scheduled Board meeting will be held on May 11, 2026.

VIII. General Comments from the Public

There were no comments from the public.

IX. Adjournment

The meeting adjourned at 6:57 p.m.

Scott Schladweiler, Chair of the Board

Theo Fedele, Clerk of the Board