

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

MONDAY, AUGUST 10, 2026

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

MINUTES

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

Board Members Not Present: Scott Schladweiler, Chair

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
Mark Patton, Legal Counsel (Participated Electronically)

Regular Session

I. Call to Order and Roll Call

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

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – July 13, 2025 Board Meeting**
- B. Ratification of Customer Billing Adjustments**

Mr. Foulk 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 2027 consumption compared to Fiscal Year 2026, with only one month of data, is 1.6% lower in Metro Main, 16.6% lower in Metro Hub, and 3.8% lower in Metro Southwest. While the 16.6% reduction in Metro Hub appears significant, the consumption data typically becomes more closely aligned further into the fiscal year.

As of the end of June, 4,500 acre-feet (AF), out of the District's Central Arizona Project (CAP) order of 8,460 AF, has been delivered and stored.

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 provided an update on the District's financial report.

C. Approval of the Purchase of a Natural Gas Standby Generator and Automatic Transfer Switch for the Oracle Jaynes Booster Station

Mr. Olsen stated that one of the Investments to Support the District's Mission in the Fiscal Year 2027 Adopted Budget is the replacement of the Oracle Jaynes Station standby generator. The current generator was purchased in 1998. The Oracle Jaynes Station well provides the system with 800 gallons per minute (GPM) and is one of the larger water producing wells in the Metro Main service area. The well is on interruptible power rates with Tucson Electric Power and a generator is needed both for resilient operations and to obtain the savings in power costs. The nearly 30-year-old generator requires approximately \$32,000 in repairs and, given the age of the generator, a replacement is warranted.

The adopted budget includes \$135,000 for the replacement of the generator. The cost of the new generator and automatic transfer switch, based on the lowest bid, is \$145,685.00. It is recommended that the Board approve the purchase of the new standby generator with W.W.

Williams and the additional cost of the generator will be covered by other underspent line items in the adopted budget.

Mr. Foulk moved to approve the purchase of a 300 kW natural gas standby generator and automatic transfer switch from W.W. Williams for the total cost of \$145,685.00 and to authorize the General Manager to approve up to an additional \$5,000.00 for any unforeseen expenses during installation. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

D. Approval of the Purchase of Two John Deere Backhoes

Mr. Olsen stated that one of the Investments to Support the District's Mission in the Fiscal Year 2027 Adopted Budget is the purchase of a new backhoe with a budgeted amount of \$226,000. The District currently owns three backhoes, two are almost 30 years old and one is almost 20 years old. The backhoes are a critical and necessary piece of equipment to perform emergency main repairs and proactive system maintenance. One of the backhoes can only be used to load materials at a wellsite and the other two backhoes have required extensive and costly maintenance to remain functional. The cost of maintenance continues to increase annually resulting in a less reliable equipment when needed. Staff determined that two of the backhoes should be replaced but, given the estimated cost of the new backhoes, that only one would be purchased in Fiscal Year 2027 and it was anticipated that the other backhoe would be purchased in Fiscal Year 2028.

The District was able to obtain pricing for a 320P John Deere Backhoe, via cooperative purchasing with Sourcwell, at approximately \$80,000 lower than budgeted. This is due to the competitive benefits the Sourcwell procurement provides versus purchasing directly from the vendor. Staff was also able to negotiate a fair-trade value for the nearly 30-year-old backhoe. Given the urgent need to have a reliable backhoe, and that the Board had already approved the budget, Mr. Olsen authorized staff to proceed with the purchase of the first backhoe.

Also, given that the cost of the second backhoe will likely increase in Fiscal Year 2028, and that there was nearly enough savings to afford the second backhoe within the budgeted amount, it is recommended that the Board also approve the purchase of the second backhoe. After taking into account the trade-in value of both old backhoes, and the savings from Sourcwell, the additional funding to purchase the second backhoe is \$36,000. Savings from other line items will be used to offset the cost increase.

Mr. Jacobs moved to approve the purchase of the two John Deere backhoes for the amount of \$261,994.33 and to authorize the General Manager to approve up to an additional \$5,000.00 for any unforeseen costs. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 4-0.

E. Authorization to Utilize Mohave Cooperative Purchasing Contracts

Mr. Olsen stated that as seen from the previous item, cooperative purchasing contracts save the District both time and financial resources compared to soliciting goods or services directly. The District anticipates proceeding with the construction of a building expansion to house the growing Utility Team this fiscal year. During the initial research, staff determined that the Mohave Cooperative Purchasing Contracts include prefabricated building contractors with prenegotiated pricing. The City of Tucson, Town of Oro Valley, and the Town of Marana are all members of the Mohave Cooperative.

It is recommended that the Board authorize use of the Mohave Cooperative purchasing contracts.

Mr. Foulk moved to authorize the use of Mohave Cooperative purchasing contracts subject to the District's Procurement Policy. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

F. Approval of the Groundwater Savings Storage Agreement Amendment 3 with BKW Farms, Cortaro Water User's Association, and Kai Farms Red Rock

Mr. Olsen stated that the Groundwater Saving Facilities (GSF) are a critical water resource management strategy for the District where a portion of the District's CAP allocation is delivered to farmlands near the CAP canal in-lieu of the farms pumping groundwater. The District also receives an equal amount of water back for water delivered to a GSF along with a GSF rebate of \$12 per AF.

It is recommended that the Board amend the GSF storage agreements with BKW Farms, Cortaro Water User's Association, and Kai Farms for planned delivery volumes in calendar 2027. The planned storage for BKW Farms, Cortaro Water User's Association, and Kai Farms is 500 AF, 7,460 AF, and 500 AF respectively. After 3,000 AF is taken into account for the Compensated System Conservation agreement, and the anticipated mandatory reductions from the post-2026 Colorado River Operating Guidelines, the goal is that the remaining 8,460 AF of the District's 2026 CAP allocation is stored in GSFs. This would generate approximately \$101,000 in revenue for the District in GSF storage rebates and save approximately \$186,000 compared to if this water was otherwise stored in constructed recharge projects.

Mr. Foulk moved to approve Amendment No. 3 between the District and BKW Farms, Inc. for "In-Lieu Water Deliveries and Storage" for calendar year 2027. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

Mr. Jacobs moved to approve Amendment No. 3 between the District and Cortaro Water Users' Association for "In-Lieu Water Deliveries and Storage" for calendar year 2027. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 4-0.

Mr. Foulk moved to approve Amendment No. 3 between the District and Kai Farms Red Rock for "In-Lieu Water Deliveries and Storage" for calendar year 2027. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

G. Discussion and Possible Cancellation of the November Election for Board Members

Mr. Olsen stated that at the November election this year, three Board member seats are up for re-election. Since only three candidates filed to run for the three seats, the election can be cancelled and the Pima County Board of Supervisors can be requested to appoint the three candidates who filed to serve on the District Board of Directors for the 4-year term. This also saves the District \$26,000 in budgeted election costs.

Mr. Jacobs moved to approve requesting that the Pima County Board of Supervisors cancel the November 2026 election for three District Board Members and appoint the three candidates who filed to serve on the District's Board, and to authorize the General Manager to send a letter to the Pima County Board of Supervisors conveying the Board's request. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 4-0.

H. Presentation on the District's New Office Building

Mr. Olsen stated that over the past 12 years, the District has added approximately 1 full-time equivalent position annually to serve the growing needs of the District. As the majority of these new positions were in the Utility Team, the Fiscal Year 2027 Capital Improvement Program (CIP) includes funding to accomplish a building expansion to ensure adequate space for the Utility Team. At a future Board meeting, the Board will be asked to consider awarding a contract for the building expansion and today's presentation is intended to share the concept, provide the justification, and answer initial questions.

Ms. Bowen provided a presentation on the District's new office building.

Discussion ensued and staff answered questions.

VI. General Manager's Report

Mr. Olsen stated that one of the District's key CIP initiatives is the construction of a 2.5 million-gallon (MG) reservoir at the Herb Johnson Reservoir site. This would enable operational redundancy as well as the ability to take the current 5 MG reservoir offline for system maintenance and repairs. The 5-year CIP envisions design advancing throughout Fiscal Year 2027 with construction occurring in Fiscal Year 2028 and Fiscal Year 2029. Staff have been working with the Water Infrastructure Finance Authority of Arizona (WIFA) staff on a design loan of \$1.9 million at only a 1% interest rate. The current plan is to pay off the design loan in full at the completion of the design and to debt service the construction portion of the reservoir through WIFA. The \$1.9 million design loan will be considered at tomorrow's WIFA Federal Programs Committee (FPC) to recommend approval for the WIFA Board the following week. As a member of the WIFA FPC, Mr. Olsen will recuse himself from taking action on this item. Ms. Bowen and Mr. Wengert will be in attendance at tomorrow's FPC to address any questions the Committee may have.

As mentioned in the General Manager's Report last month, there have been multiple Water Bank Commission meetings over the past couple months to finalize water year 2027 firming policies. Since the last update, two major firming policies have been decided. The first is that the Water Bank Commissioners and Mr. Olsen agreed that given the short planning horizon for the water order deadline of October 1, 2026, that it makes sense that the Bank firm the full amount of shortage that M&I subcontractors will experience in 2027. While the Final Environmental Impact Statement (EIS) for Post-2026 Colorado River operations was published, the record of decision (ROD) has not. The current assumption is that M&I subcontractors will experience a mandatory reduction of 14% in 2027 and 2028 but the Bureau of Reclamation has said the ROD could include a higher mandatory reduction. The ROD is anticipated to be published within the next week or two.

The second policy the Water Bank Commission addressed is the one for one transfer of water bank credits for M&I subcontractors that are participating in the 700-plus plan to leave water in Lake Mead. This would distribute credits to those entities that are voluntarily leaving uncompensated water in the Lake. Initial estimates project the amount of water credits transferred under this policy to be less than 150,000 AF. The next steps for the Commission are to engage in a longer stakeholder and feedback session in creating a longer firming policy for post-2027 that will include the maximum ratio of firming and other important elements.

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 September 14, 2026.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:51 p.m.

Scott Schladweiler, Chair of the Board

Theo Fedele, Clerk of the Board