

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

MONDAY, SEPTEMBER 9, 2024

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

MINUTES

Board Members Present: Lee Jacobs, Chair
Bryan Foulk, Vice Chair
Jim Doyle, Member (Participated Electronically)
Richard Sarti, Member
Scott Schladweiler, 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. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – August 12, 2024 Board Meeting**
- B. Ratification of Billing Adjustments**

Mr. Foulk moved to approve the consent agenda. Mr. Schladweiler seconded the motion. Motion passed by a roll call vote of 5-0.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District

Mr. Olsen stated that the combined fiscal year-to-date consumption compared to the same period last year is lower in all service areas with 5.9% lower in Metro Main, 10.3% lower in Metro Hub, and 0.1% lower in Metro Southwest. As stated at the August Board Meeting, the consumption comparison trend is difficult to project with only a couple months of data. This can be seen in comparing this month's data to last month. The August fiscal year-to-date consumption is approximately 30% closer to the previous fiscal year-to-date than the July consumption data with the July decrease in demand in Metro Main at 7.4%, Metro Hub at 15%, and Metro Southwest at 0.2%.

The agreements with the Groundwater Savings Facilities (GSF) Partners have all been received and Wally Wilson, the District's Water Resources Manager, will place the next calendar year's Central Arizona Project (CAP) order in advance of the October 1, 2024 deadline.

Mr. Sanders provided an update on noteworthy maintenance projects.

Ms. Bowen provided an update on the Northwest Recharge, Recovery, and Delivery System (NWRDRS) and the Metro-only portion, the Ironwood blend well, and the galvanized pipe replacements.

B. Financial Report

Ms. Bracken stated that revenue for July is favorable and expenditures are unfavorable when compared to a straight-line projection with revenue \$206,801 over budget and expenditures \$119,085 over budget. The revenue in excess of expenditures is favorable by \$87,716. When comparing the total revenue to the same month in the prior fiscal year, revenue in July was higher by 3.46% or \$87,517 with development revenue higher in Fiscal Year 2025. The historic average of budgeted water revenue billed by the end of July is 10% and the District billed 9.34% of the budgeted metered water revenue in July. The operating expenditures in July were \$331,669 higher than they were at the end of July in the prior fiscal year. The August cash deposit balance was

\$39,121,072.32, which is \$2,756,022.48 higher than the July balance with \$4,711,034.97 of project reimbursements received in July. The investments as of the end of August totaled \$10,566,666.17, which is \$377,993.39 higher than the July balance.

The Arizona State Treasurer Pooled Collateral Program Statement for July included \$24,583,328.52 of collateralization coverage in addition to the \$500,000 FDIC coverage.

The Capital One Bank MasterCards were used to purchase \$31,747.24 on the July statement with up to 1.25% cash back earnings. The inception-to-date cash back total is \$27,780.28.

There were 11-new meter applications received in July, for the Metro Main service area. There were 4 new meter applications received in July of the prior fiscal year. Fiscal year-to-date, 39-meter applications have been received compared to 9 at the same time in the prior fiscal year.

C. Approval for the Purchase of a Flatbed Backhoe Trailer for the Utility Team

Mr. Olsen stated that the District utilizes a large flatbed trailer to transport the backhoe to and from projects or emergency repairs. The District currently has two 30-year-old backhoe trailers with weight limits that are marginal for hauling the District's backhoes. The current trailers are also incurring significant maintenance costs to remain operational. The number five priority of Investments to Support the District Mission, per the Fiscal Year 2025 adopted budget, is the purchase of a new backhoe trailer. The adopted budget allocated \$59,000 for the backhoe trailer purchase and the cost of a new trailer is \$50,977.10. Staff contacted multiple vendors but only found one with a backhoe trailer that meets the District's needs, including an air brake system, hydraulic dovetail to prevent injuries while lifting and lowering the ramps by hand, along with the required load rating. As such, it is requested that the Board approve the purchase of the backhoe trailer.

Mr. Foulk moved to approve the purchase of the backhoe trailer from Hays Trailer Sales of Tucson in the amount of \$50,977.10. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

D. Approval of the District's Uncollected Accounts Procedure

Ms. Bracken stated that in July 2020 the District increased the amount of customer deposits and continues to charge penalties for unpaid accounts. In Fiscal Year 2024, the District's billed revenue collection rate was 99.96% with 0.04% uncollected and spent \$1,860.74 on software and staff time to report residential accounts to the credit bureau. Over the last five years, the District has collected an average of \$227.73 per year from the credit bureau.

In January 2005, the Board approved the recommended process that was outlined by staff for final uncollected accounts. With the cost of reporting uncollectable accounts exceeding the amount collected by the credit bureau, it is requested that uncollected accounts are no longer reported to the credit bureau and staff shall have the discretion to change or amend the collection Procedures as needed. Staff will continue to report uncollected accounts to the Board on a quarterly basis.

Mr. Olsen stated that the Board will also be updated on substantive changes and updates to the Procedure that match the current best practices, along with the needs of the District.

Mr. Sarti moved to approve the District's Uncollected Accounts Procedure and to authorize changes to this Procedure, as applicable, to ensure appropriate debt collection processes based on the level of uncollected accounts. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 5-0.

E. Approval of the Generator Purchase for the Ironwood Blend Well

Mr. Olsen stated that the Ironwood blend well will enable increased utilization of NWRDRS. When this well is not in operation, the amount of water that can be recovered from NWRDRS would substantially decrease as the desired total dissolved solids targets would not be reached at the higher NWRDRS recovery volume. While the well drilling is complete, the well still needs to be equipped along with the construction of on-site infrastructure. One of the long-lead time items required is the backup generator to enable the well to operate during power interruptions or outages to support the increased NWRDRS recovery. The generator and related components have a 21-week lead time so it is recommended the Board authorize the generator purchase. Other long lead elements are anticipated to be brought to the Board for consideration at the October Board Meeting. It is also recommended that the generator purchase is accomplished via cooperative purchasing with Sourcewell, which is a cooperative purchasing vehicle the Board approved in October 2023.

Mr. Schladweiler moved to approve and authorize staff to purchase the generator set and automatic transfer switch for the Ironwood Well utilizing Sourcewell cooperative purchasing in an amount not to exceed \$105,000. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 5-0.

F. Authorizing an Engineering Services Contract for Archeological Monitoring for the Northwest Recharge, Recovery and Delivery System (NWRDRS) Shared Project

Mr. Olsen stated that the NWRDRS shared pipeline alignment crosses through two or more sites where there could be a potential for archeological items to be found during the excavation. The District previously entered into an agreement with SWCA Environmental Consultants, via the

District's miscellaneous design services consultant Carollo Engineers Inc., in an amount not to exceed \$29,000 to cover a total of eight days of on-site cultural monitoring during the construction period. It is now estimated that an additional 20 days of monitoring will be required based on the anticipated construction schedule. The NWRRDS Partners agreed, per Memorandum of Agreement (MOA) 24008-01, that the District should contract directly with SWCA for the additional 20 days of cultural monitoring. As this cost is shared proportionally between the Partners, the District's cost share is \$24,252.31 out of the total \$63,056 for the combined cost for the 28 days of monitoring.

Mr. Schladweiler moved to authorize the General Manager to negotiate and execute an Engineering Services contract for archeological monitoring during construction of the Northwest Recharge, Recovery, and Delivery System with SWCA Environmental Consultants via their City of Tucson Job Order Contract in the amount not to exceed \$34,056.00 for a total authorization not to exceed \$63,056.00. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 5-0.

G. Approval for Increasing the General Manager's Authorization Level for the Professional Engineering Services for Cultural Resources Documentation for the Metro Main Automated Metering Infrastructure (AMI) Implementation

Mr. Olsen stated that the field work for the cultural resource documentation associated with the Advanced Metering Infrastructure has been completed with the exception of one location. The District's Casas Adobes Reservoir was built in the 1950s and may be considered a historic property. If so, this would require a formal historic property search. The Bureau of Reclamation (Bureau) stated that if the District uses an existing pole on the site, compared to installing a new pole, that the historic property search may not be needed. Seeing as there are other entities involved in the review and approval beyond the Bureau, it is recommended the Board increase the prior authorization to include the historic property search if it is needed. This would minimize the delays caused by the additional work.

Discussion ensued and staff answered questions.

Mr. Foulk moved to approve the increase to the General Manager's authorization level for the Professional Engineering Services for cultural resources documentation for the Metro Main Automated Metering Implementation (AMI) project with Carollo Engineers by \$8,000 for an authorization level not-to-exceed \$10,000. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

H. Approval of Liability Insurance

Mr. Olsen stated that each year, the District must renew its liability insurance coverage for property, automobile, and commercial general. It is recommended that the Board approve the liability insurance coverage with Glatfelter Public Practice, who has provided this service to the District since before 2013. After a careful review of the District's policy, Glatfelter was able to offer the same coverage elements as the previous year for \$204,121, which is an increase of \$9,606. Last year, there was an increase of \$22,704. These increases are due to a number of factors to include the property exposure associated with the recent and ongoing construction, a slight increase in the current number of vehicles in the District's fleet, and the continued increase in property values.

This year's increase equates to approximately 5% and it is recommended that the Board approve coverage with Glatfelter given the logical justifications for the increase.

Mr. Sarti moved to approve the Liability Insurance Policy with Glatfelter Public Practice with a total annual premium cost of \$204,121 from October 1, 2024 through September 30, 2025. Mr. Schladweiler seconded the motion. Motion passed by a roll call vote of 5-0.

I. Presentation on the District's Electrical Team

Mr. Olsen stated that he regularly asks District staff if they would like to present to the Board on either a special initiative or provide their unique perspective on how they and their Team support the District's Mission. While always informative, these presentations have numerous benefits that go beyond sharing the information with the Board. These benefits include enhancing the District's collective public speaking and presentation skill-set, enabling cross-team education as these presentations are repeated the next day at the post-Board Meeting, which is open to all staff, and increasing team building as the presenters highlight the collective accomplishments of them and their coworkers.

Ed Karosas, the District's Industrial Electrician, provided a presentation on the District's Electrical Team.

Discussion ensued and staff answered questions.

V. General Manager's Report

Mr. Olsen stated that staff have been closely tracking the recycled water deliveries to the Omni Tucson-National Golf Course. Per the District's agreement with Omni, up to 225 acre-feet is to be delivered annually per the associated rate structure. Last week, this year's deliveries were completed with a total delivery of 225.007 acre-feet, which is excellent precision by the District's Utility Team with 99.997% accuracy.

The Southern Arizona Water Users Association (SAWUA) annual forum will be held on Friday, October 18, 2024 at the Tucson Convention Center. Board Members should have received an invite directly from SAWUA's coordinator for this event with instructions to register. If you did not receive this invite and would like to attend, please let Ms. Fedele or me know.

The annual Colorado River Water Users Association (CRWUA) conference will be held December 4-6, 2024 and will likely include key announcements regarding the selected post 2026 Colorado River operating guidelines that will go through the environmental review process throughout 2025. If any Board members wish to attend, please the Ms. Fedele or me know.

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 October 16, 2024.

VIII. General Comments from the Public

There were no comments from the public.

IX. Adjournment

The meeting adjourned at 6:43 p.m.

Lee Jacobs, Chair of the Board

Theo Fedele, Clerk of the Board