

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

**MONDAY, SEPTEMBER 11, 2023**

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

**MINUTES**

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

**District Staff:** Joseph Olsen, General Manager  
Sheila Bowen, District Engineer  
Cameron Meyer, Assistant Utility Superintendent  
Shane Oman, Finance Manager (Participated Electronically)  
Theo Fedele, Clerk of the Board  
Mark Patton, Legal Counsel (Participated Electronically)

**Executive Session**

**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 5:30 p.m. Lee Jacobs, Richard Sarti, and Scott Schladweiler were present.

**I. Executive Session for Discussion Regarding the Agreement for Delivery of Reclaimed Water to the Omni Tucson National Golf Resort Pursuant to §38-431.03.A.3 and §38-431.03.A.4**

Mr. Schladweiler moved to adjourn into Executive Session. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 3-0. The Board adjourned into Executive Session at 5:35 p.m.

Mr. Doyle and Mr. Foulk joined the conference call to the Executive Session.

The Executive Session concluded at 6:16 p.m.

## **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 6:19 p.m. Jim Doyle, Bryan Foulk, Lee Jacobs, Richard Sarti, and Scott Schladweiler were present.

### **II. Discussion and Possible Action Regarding the Agreement for Delivery of Reclaimed Water to the Omni Tucson National Golf Resort**

Mr. Schladweiler moved to direct staff to proceed as directed in Executive Session. 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 – August 14, 2023 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Bill of Sale Villa Cielo Cortaro (M-22-004A – Phase 1) and (M-22-004B – Phase 2)**

Mr. Sarti moved to approve the consent agenda. Mr. Schladweiler 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 combined fiscal year-to-date consumption for all service areas compared to Fiscal Year 2023 is 11.7% higher. This is most likely attributed to the higher than historical temperatures at the end of July and during August, which drove an increase in water demand. While this is a large increase over last year, the overall trend of historic consumption continues a generally downward trend as this consumption is 6% lower than the same period in 2020 and 13% lower than 2010.

After many years of coordination with Arizona Department of Environmental Quality (ADEQ), the construction of the Advanced Oxidation Process (AOP) treatment plant at the South Shannon well is anticipated to start later this month. It is anticipated that there will be a preconstruction meeting this week, materials will be delivered next week, and construction commencing the week of September 25, 2023. Staff is also coordinating a new O&M reimbursement agreement with ADEQ as there will be higher operating costs associated with the operation of the AOP facility.

Mr. Meyer 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 E&T 22 well replacement, the Ironwood blend well, and the new Linda Vista Well Deepening.

## **B. Financial Report**

Mr. Oman stated that revenue and expenditures for July are both favorable when compared to a straight-line projection. Revenue is \$347,258 over budget and expenditures are \$136,410 under budget. The revenue in excess of expenditures is favorable by \$483,668. Total revenue in July is \$394,300 or 18.5% higher than total revenue at the end of July in the prior fiscal year. Specifically, the Metered Water Revenue is higher by 11.59% or \$211,442. By the end of July, historically the District has billed 10% of budgeted water revenue. This year is right in line as we have billed 10.1% of the budgeted meter water revenue as of the end of July. Operating expenditures in July were \$74,487 higher than they were at the end of July in the prior fiscal year. The August cash deposit balance is \$34,707,710.12, which is \$2,591,871.25 higher than the July balance. The investments as of the end of August totaled \$15,787,913.85, which is \$575,779.08 higher than the July balance.

The Arizona State Treasurer Pooled Collateral Program Statement for July includes \$16,939,559.56 of cash on deposit with collateralization coverage of \$16,768,350.75 in addition to the \$500,000 FDIC coverage.

Four new meter applications were received in August. Three are in the Metro Main service area and one is in the Metro Southwest service area. The total new meter applications for the year is nine, compared to 25 new applications at the same time in the prior fiscal year.

**C. 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 to 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 \$186,381, which is an increase of \$22,704. Last year we also had an increase of \$15,629. These increases are due to a number of factors to include increasing property values, inflationary impacts to building costs, and glass repairs now counting as an insurance claim. While this year's increase equates to roughly 14% increase, it is still 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 \$186,381 from October 1, 2023 through September 30, 2024. Mr. Schladweiler seconded the motion. Motion passed by a roll call vote of 5-0.

**D. Authorization of the Extension of Construction Contract Duration for Drilling, Installation, and Testing of the E&T 22 Replacement Well, Ironwood Production Well, and the New Linda Vista Well Deepening**

Mr. Olsen stated that the Board awarded KP Ventures Well Drilling & Pump Co, LLC the drilling of the E&T 22 replacement well, the drilling of the Ironwood well, and the deepening of the New Linda Vista Well at the November 2022 Board Meeting. Since then, KP Ventures has completed the drilling of the E&T 22 replacement well, has drilled and is in the final stages of finishing the development of the New Linda Vista Well, and is currently drilling the pilot hole for the Ironwood well. The Ironwood well was planned to begin earlier but the drilling rig was delayed at a previous drilling project. It is recommended that the Board authorize an extension to KP Ventures well drilling contract to December 31, 2023. This will ensure adequate time to finish the drilling and development activities. This is a time only extension and there is no request to increase the contract amount at this time. There are change orders associated with unforeseen conditions during the drilling of the E&T 22 replacement well but we will not know the magnitude of the potential increase to the contract amount until the Ironwood well drilling is closer to completion. This is because the contract is a total dollar amount for all three well drilling activities combined as opposed to a specific contract amount for each well.

Mr. Schladweiler moved to authorize the extension of the contract to December 31, 2023, for KP Ventures Well Drilling & Pump Co, LLC to complete all remaining tasks in the contract. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

## **VI. General Manager's Report**

Mr. Olsen stated that as a follow-up to last month's General Manager's report, the Water Infrastructure Finance Authority of Arizona (WIFA) Board approved the District's \$3 million grant request for the District's Advanced Metering Infrastructure upgrade and deployment of a WaterSMART portal for all District customers. Staff is now working the details with the Bureau of Reclamation regarding the \$2 million grant they authorized for this effort, along with WIFA to be able to coordinate the schedule.

While WIFA awarded the District's meter grant, coordination is still ongoing with WIFA staff regarding the next steps for the \$3 million grant submitted to WIFA to support the District's portion of NWRRDS under the category of water management and reductions in groundwater pumping. Given that a grant has already been received from WIFA, the review of the District's package may occur later in the 6-month window WIFA has to review all submissions.

Staff are also providing additional information to WIFA regarding the two loans for the PFAS wellhead treatment at the Riverside and DeConcini wells. This will not be a standard loan as it appears that WIFA will potentially be able to offer 100% forgivable principle on this \$750,000 effort. It is anticipated that these "loans" will be finalized in the next couple months, enabling staff to proceed with coordinating contracts and material ordering.

The annual Southern Arizona Water Users Association (SAWUA) Forum will be held on the morning of September 29, 2023 at the Tucson Convention Center. This year's theme is Water for the Future: Looking Ahead and will have presentations from ADEQ, Central Arizona Project (CAP), and Arizona Water Banking Authority. The Board Members should have received an invite directly from SAWUA's lobbyist who is coordinating the legislative forum. Please let me know if you did not receive the invite or have any questions regarding RSVPing.

Mr. Olsen stated that over the past month, he has attended multiple meetings in support of the Governor's Water Policy Council, to include the Assured Water Supply Committee. The three primary items of discussion at the Committee meetings are working to address build-to-rent loopholes to the assured water supply requirements, wildcat subdivisions, and grandfathered rights. On the rural groundwater side, that Committee is discussing how to measure and report on rural groundwater usage as well as creating a local groundwater stewardship area to focus on management of the aquifer in critical areas. Each of these items could warrant several hours of discussion and there are proposals across the spectrum to address each, some more holistic than others. It is anticipated that there will be much more dialogue before consensus proposals are brought before the Council for recommendation on the pathway forward. Tomorrow, Mr. Olsen

will attend the next Assured Water Supply Committee meeting where Arizona Department of Water Resources' (ADWR) groundwater model will be discussed/critiqued and then on Wednesday, he will participate in the quarterly meeting of Arizona Water Banking Authority in his role as a Commissioner for the Water Bank.

**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 October 11, 2023.

**IX. General Comments from the Public**

There were no comments from the public.

**X. Adjournment**

The meeting adjourned at 6:45 p.m.

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Lee Jacobs, Chair of the Board

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Theo Fedele, Clerk of the Board