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

MONDAY, SEPTEMBER 14, 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)
Bryan Foulk, Member (Participated Electronically) Arrived 6:04 p.m.
Lee Jacobs, 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, 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 10, 2026 Board Meeting
B. Ratification of Customer Billing Adjustments

Mr. Jacobs moved to approve the consent agenda. Mr. Sarti 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 one of the Specific Performance Objectives for the last few years has been to demonstrate coverage on all key tasks and roles. For example, Ms. Fedele has provided training for staff at past Board meetings to ensure the Clerk of the Board duties continue in her absence. At tonight's Board meeting, Ms. Bowen, the Deputy General Manager, will cover the role for the General Manager and brief the relevant items on the agenda.

Ms. Bowen stated that as of August, the Fiscal Year 2027 consumption compared to Fiscal Year 2026 is 2.6% lower in Metro Main, 13.9% lower in Metro Hub, and 0.3% lower in Metro Southwest. The consumption data reflects only two months of data and typically becomes more closely aligned further into the fiscal year.

As of the end of July, 5,500 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, the galvanized pipe replacements, and the GIS Implementation Plan.

B. Financial Report

Mr. Wengert provided an update on the District's financial report.

C. Approving Resolution 2026-6 Authorizing the Execution and Delivery of a Loan Agreement with the Water Infrastructure Finance Authority of Arizona

Ms. Bowen stated that this loan will fund the design costs for the Herb Johnson 2.5 million-gallon (MG) reservoir. On April 13, 2026, the Board of Directors adopted Resolution 2026-1, authorizing the General Manager and Chief Financial Officer to incur debt through the execution of a Water Infrastructure Finance Authority of Arizona (WIFA) loan application and agreement in an amount

not to exceed $1,900,000. On August 11, 2026, the Federal Programs Committee recommended approval of a WIFA Loan Resolution and Due Diligence Summary in the amount of $1,900,000. On August 19, 2026, the WIFA Board of Directors approved the recommendations of the Federal Programs Committee. Resolution 2026-6 authorizes the execution of the loan agreement and associated actions.

Mr. Sarti moved to approve and adopt Resolution 2026-6 authorizing the District to execute and deliver the loan agreement with the Water Infrastructure Finance Authority of Arizona in an amount not to exceed $1,900,000 under the terms specified in the loan agreement for the design of the Herb Johnson 2.5 MG Reservoir. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

D. Approving Resolution 2026-7 Authorizing the District to Incur Debt through the Execution of a Loan Application and Agreement with the Water Infrastructure Finance Authority of Arizona

Ms. Bowen stated that to be eligible for loans associated with the State Revolving Fund, staff submitted an application in August 2026 for the construction phase of the Herb Johnson 2.5 MG reservoir. This will allow the Project to be considered for inclusion on WIFA's project prioritization list. Resolution 2026-7 authorizes staff to submit an application to WIFA to fund the construction phase of the Project.

As noted in the previous item, the District previously submitted a separate application to WIFA for the design phase of the Project totaling $1,900,000. If a WIFA loan is selected for the construction phase of the Project, staff will present a separate loan resolution for Board consideration.

The funding request to WIFA is $9,936,778, based on current cost estimates for the construction phase of the Project.

Mr. Jacobs moved to approve and adopt Resolution 2026-7 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 $9,936,778 for the construction cost of the Herb Johnson 2.5 MG reservoir. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

E. Authorizing the Professional Hydrogeological Services for the Ina-CDO Replacement Production Well Drilling

Ms. Bowen stated that the current Ina-CDO Well has seen reduced production. Video shows that the well has been compromised and needs to be replaced. Clear Creek has prepared a scope and budget to perform hydrogeological support tasks associated with bid document preparation, drilling cost estimation, drilling contractor selection, and drilling and testing oversight activities. Approximately 70% of the on-site drilling and testing supervision will be performed by Clear Creek staff, with the remainder being conducted by District staff. Clear Creek will also prepare a final report detailing results of the well drilling, construction, testing, water quality results, and pump design recommendations.

The total expenses by Clear Creek for this work will not exceed $112,486.00 and funding is included in the Fiscal Year 2027 Capital Improvement Program.

Mr. Sarti moved to authorize Clear Creek Associates, under the Cooperative Services Agreement with the City of Tucson for Miscellaneous Water Resources Consulting Services, to perform hydrogeological program support for the Ina-CDO Replacement Well drilling, construction, and testing in a not-to-exceed amount of $112,486.00. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

F. Award of Construction Contract to Innova Engineering, LLC, for La Canada Bridge at the CDO Wash Waterline Replacement

Ms. Bowen stated that the District operates a water line that is suspended from the La Cañada Bridge where it crosses the CDO wash. Over the years, this water line has developed leaks due to the expansion and contraction of the bridge. The original installation of hangers and fittings did not allow for the pipe movement resulting in leaks at the restrained joints. On July 14, 2025, the Board of Directors authorized funding for the installation of expansion joints and roller pipe hangers to permit the movement of the pipe. That work has been completed though leaks have continued at the waterline joints, which is due to failing gaskets. District staff consulted with multiple contractors regarding the potential replacement of the gaskets. Due to the need to disconnect each joint to replace the gaskets at a cost that would be equivalent to the cost of full replacement, and the inability to provide a warranty on the gasket work, it was determined the most cost-effective solution would be to replace the waterline.

Staff requested a proposal from Innova through their contract with the City of Tucson. Innova submitted a bid in the amount of $435,349.25. Funding for the waterline replacement was included in the Fiscal Year 2027 budget in the amount of $504,000.

Mr. Jacobs moved to award the La Cañada Bridge at the Cañada Del Oro (CDO) wash bridge waterline replacement project to Innova Engineering, LLC, under Job Order Contract for Main Replacement with the City of Tucson in the amount of $435,349.25 and to authorize the General Manager to allocate additional funding in a cumulative amount not to exceed $50,000. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

G. Approval Cyber-Security for the District's Operational Technology

Ms. Bowen stated that the District is in the process of upgrading its Operational Technology (OT), which includes the Supervisory Control and Data Acquisition (SCADA) system. The SCADA system is mainly informational with minimal remote control of facilities for security purposes. However, with the increase in technology and system integration, the chances of a disruption from a "bad actor" increase. Recent global and domestic events targeting water and wastewater systems further justify the installation of a system to protect the OT network.

Cyber-security provides for a separation / firewall between the IT network and the OT. Over the past several months, staff has been evaluating different cyber-security solutions for the OT system. Between the four evaluated, the Gray Matter solution provided the most desired security methodology, security features, and minimal maintenance requirements. The Gray Matter solution is approximately $2,000 more in the initial cost than the second choice, but the cyber security benefits of the Gray Matter solution outweigh the cost differential.

Cyber-security for the OT system was included in the SCADA system upgrade budget development. The initial cost of the Gray Matter solution is $29,787.28. This includes up to 44 hours of professional services to assist in the setup of the system. Staff is recommending an additional 10 hours be included in the not-to-exceed amount to ensure a fully functional cyber security solution for a total not to exceed $32,300.

Mr. Sarti moved to approve the purchase of the Operational Technology cyber-security solution from Gray Matter, LLC in the amount not-to-exceed $32,300. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

H. Approval of the Asphalt Repair at Orange Grove Road and Oracle Road

Ms. Bowen stated that on June 6, 2026, a break on a 6-inch main damaged the asphalt on both Orange Grove Road and Oracle Road. The asphalt in the intersection had just been replaced and is under moratorium. Repairs will need to be performed to Arizona Department of Transportation

(ADOT) specifications, using a pre-approved contractor. Bids were received from three contractors for both day and night work and one contractor submitted for day work only. R. Directional Drilling and Underground Technology, Inc., submitted the lowest bid for both day and night work.

The recommended approval is for the night work repair at $69,163.54 to prevent the delay of the repair if ADOT requires the job to be done during nighttime hours. An additional $5,000 is recommended to enable the General Manager to authorize unforeseen additional work, if needed.

Mr. Jacobs moved to approve the bid from R. Directional Drilling and Underground Technology, Inc for $69,163.54 for the repair of the asphalt at Orange Grove Road and Oracle Road and to authorize the General Manager to approve up to an additional $5,000 for any unforeseen costs. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

I. Award of a Construction Contract to ESB Design+Build for the New Utility Team Building

Ms. Bowen stated that an additional building to house the Utility Team was planned in 1998 with the original development plan for the District office complex. Provisions for water service and sewer service were installed with the original building construction. Electrical service needs were not known at the time of the original building construction. A new electric service is planned to replace the existing service and accommodate the new building. Staff evaluated multiple options for the new Utility Team building including, site-built, modular, and prefabricated buildings and requested a proposal from ESB through their contract with Mohave.

ESB submitted proposal in the amount of $1,499,724.75. Due to the nature of the project, staff is recommending an additional $65,000.00 in General Manager's contingency.

Mr. Sarti moved to award the New Utility Team Building construction contract to ESB Design+Build through the Mohave cooperative purchasing contract in the amount of $1,499,724.75 and to authorize the General Manager to allocate additional funding in a cumulative amount not to exceed $65,000.00. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

J. Authorization to Purchase Electrical Equipment for the New Utility Team Building

Ms. Bowen stated that as noted in the previous item, a new electrical service is planned to replace the existing service and accommodate the new building. During the installation of the backup generator for the District office, it was discovered that the main disconnect was not functional and

required a full shutdown by Tucson Electric Power (TEP). The service upgrade with allow District staff to disconnect power for both buildings independent of TEP.

It is recommended that the Board of Directors authorize the purchase of electrical equipment in the amount of $68,053.49.

Mr. Jacobs moved to authorize the purchase of electrical equipment from Electric Supply, Inc., in the amount of $68,053.49. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

K. Approval of Liability Insurance

Ms. Bowen stated that on October 1, 2026, the District must renew its insurance coverage for Property, Automobile, Commercial General & Professional Liability Coverage and Excess/Umbrella Liability Coverage. The cost for coverage from October 1, 2026 through September 30, 2027 will be $231,521, which is an increase of $8,210 from last year's premium of $223,312. The increase is due to adjusting for changes in property, auto, and excess liability. Inflationary increases on the total insured values of property were slightly higher than the previous year, which impacted the General Liability Exposure.

It is recommended that the Board of Directors approved the Liability Insurance Policy with Glatfelter Public Practice with a total annual premium cost of $231,521 from October 1, 2026 through September 30, 2027.

Mr. Sarti moved to approve the Liability Insurance Policy with Glatfelter Public Practice with a total annual premium cost of $231,521 from October 1, 2026 through September 30, 2027. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

VI. General Manager's Report

Ms. Bowen stated that the 2026 Colorado River Water Users Association (CRWUA) conference is scheduled for December 9 – 11, 2026. Please let Mr. Olsen or Ms. Fedele know if you are interested in attending.

The Southern Arizona Water Users Association (SAWUA) forum is being held October 2, 2026 at the Tucson Convention Center. You should have received an email invitation to register.

Mr. Olsen thanked Ms. Bowen for covering the meeting and demonstrating the District's goal of emergency back-up resiliency in all key tasks.

VII. Legal Counsel's Report

Ms. Nelson stated she had nothing to report.

VIII. Clerk of the Board Updates; Future Meetings

The next regularly scheduled Board meeting will be held on October 14, 2026.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:29 p.m.

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Scott Schladweiler, Chair of the Board

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Theo Fedele, Clerk of the Board