

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

WEDNESDAY, NOVEMBER 13, 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 – October 16, 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 for all the District's service areas is 5.7% lower when compared to the same period in the prior fiscal year.

All of the District's 8,460 acre-feet (AF) of Central Arizona Project (CAP) water ordered in 2024 has been delivered to groundwater storage facilities and all 5,000 AF of the City of Phoenix's inter-AMA firming water ordered in 2024 has been delivered to the Avra Valley Recharge Project (AVRP).

Each year, the Water Sustainability Team, in partnership with the Utility Team, accomplishes an annual water level round up to track those changes in groundwater elevation at production and monitor wells through the District. This year, a new graphic was created to better convey the annual change in water level elevations. As shown on the Metro Main map in the Monthly Status of the District Board Report, there were changes between an increase of 5.97-feet and decrease of 3.39 feet through Metro Main's four wellfields. This aligns with the increased and/or decreased production in various well fields due to maintenance and other activities. The declining trend in the Metro Main service area demonstrates the continued need for the Northwest Recharge, Recovery, and Delivery System (NWRRDS) to bring stabilization to the ground level changes in the aquifer.

In the District's outlying service areas, the groundwater level elevation changed between 2022 and 2023 with a 2.07-foot increase in Metro Hub, a 7.47-foot increase in Metro Southwest Diablo Village, a 0.2-foot decrease in Metro Southwest E&T, and a 5.68-foot increase in Metro Southwest Lazy B.

Discussion ensued and staff answered questions.

Mr. Sanders provided an update on noteworthy maintenance projects.

Ms. Bowen provided an update on NWRRDS and the Metro-only portion, the Ironwood well, and the galvanized pipe replacements.

B. Financial Report

Ms. Bracken stated that revenue and expenditures through September were both favorable when compared to a straight-line projection. Revenue is \$465,105 over budget and expenditures \$18,178 under budget. The revenue in excess of expenditures is favorable by \$483,283. When comparing the total revenue to the same month in the prior fiscal year, revenue was higher by 2.47% or \$185,445. The historic average of budgeted water revenue billed by the end of September is 29% and the District billed 27.8% of the budgeted meter water revenue as of the end of September. The operating expenditures as of the end of September were \$442,838 higher than they were at the end of September in the prior fiscal year. The October cash deposit balance was \$35,920,465.43, which is \$4,000,931.82 lower than the September balance. The investments as of the end of October totaled \$11,521,882.77, which is \$305,834.16 higher than the September balance.

The Arizona State Treasurer Pooled Collateral Program Statement for September included \$20,721,853.14 of collateralization coverage in addition to the \$500,000 FDIC coverage.

The Capital One Bank MasterCards were used to purchase \$36,531.84 on the October statement with up to 1.25% cash back earnings. The inception-to-date cash back total is \$28,402.28.

There were 2-new meter applications received in October, for the Metro Main service area. There were 21-meter applications received in October of the prior fiscal year. Fiscal year-to-date, 47-meter applications have been received compared to 33 at the same time in the prior fiscal year.

C. Approval of Employee Health Insurance Coverage

Mr. Olsen stated that last year, the District offered three health insurance options for employees; a Health Savings Account (HSA) Plan and two Preferred Provider Organization (PPO) Plans, one with a lower deductible/higher premium and one with a lower premium/higher deductible. This was to provide various options for employees and their families.

This year, Blue Cross Blue Shield quoted the same health insurance plan options as offered in calendar year 2024 with a 2% cost increase bringing the total cost in 2025 to \$587,999, based on the current enrollment.

The District also offers two dental insurance options, Employers Dental Service (EDS) and Principal Dental. EDS is proposing a 4% decrease for similar coverage as last year and Principal Dental is proposing a rate pass, or no increase, for 2025. It is recommended that the District

continue to cover the full premium for employees in all categories on the EDS plan and for employees in the employee-only category in the Principal Dental plan.

Thanks to Billie Sue Morelli, the District's Human Resources Manager, who coordinated the renewal with our broker, and Ms. Bracken, who analyzed the District and employee premiums to ensure equitability for staff.

Mr. Schladweiler moved to approve that Crest Insurance administer a contract for employee medical insurance with Blue Cross Blue Shield on the District's behalf for January 1, 2025 through December 31, 2025, approve a contract for employee dental insurance with Employers Dental Service and Principal Dental for calendar year 2025, and to direct the General Manager to implement the employee deductions and HSA contributions as identified per the attached spreadsheet. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 5-0.

D. Approval of Intergovernmental Agreement with Pima County for Rights-of-Way Access for District Infrastructure

Mr. Olsen stated that the District has approximately 400 miles of underground waterline, most of which are located in Pima County public rights-of-way (ROW). The District has had a ROW intergovernmental agreement (IGA) with Pima County to authorize District infrastructure to be located in the ROW but the most recent 15-year IGA, that was approved in 2008, has expired. For the last few months, staff have been coordinating with Pima County staff to negotiate a new IGA. The IGA for Board consideration remains the same from the 2008 version except for some notable changes, which include: an IGA term of 25-years, clarifying applicable State and Federal requirements, elaborating on liability insurance requirements, and complying with Pima County's new requirement for a Heat Injury and Illness Prevention Plan. Mr. Olsen thanked Jeff Teplitsky, Pima County's Director of Real Property Services, who led the coordination efforts for the County on this IGA and partnered with the District to ensure a mutually agreeable IGA.

Mr. Foulk moved to approve the Intergovernmental Agreement with Pima County for utilization of rights-of-way for District infrastructure. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

VI. General Manager's Report

Mr. Olsen stated that on October 16, 2024, the District's initial service line material inventory, as required by U.S. Environmental Protection Agency's (EPA) Lead and Copper Rule Revisions (LCRR), was submitted to the Arizona Department of Environmental Quality (ADEQ). Under the LCRR, approximately 20% of the District's service lines constructed prior to July 1988 required

visual verification. After July 1988, there was no lead utilized in construction or service line or general construction. Meeting this deadline involved Utility Staff working weekends to accomplish potholing efforts to identify the service line material, utilizing the District's contractor to accomplish additional potholing, and an extensive effort by the District's Engineering Team to compile and upload the inventory data. In total, over 3,000 service line locations were potholed and no lead service lines were identified. While inputting the inventory may seem straightforward, each of the District's approximately 21,000 services had numerous items to be input for both the public and customer service lines.

Following the District's submission, ADEQ provided additional information from the EPA's Lead and Copper Rule Improvements (LCRI), which was recently released. This new information required the District to send a notification letter to every building served by a service line that we did not physically inventory and was constructed prior to July of 1988. The letter included links to the public service line database, information from EPA on mitigating lead exposure, and the unlikelihood that lead would be found in the District's service areas given the relative age of construction. This resulted in the need to further update the District's service line database and to print/mail approximately 10,000 letters, by November 15, 2024. As of today, 8,627 letters have been mailed and we are on track to meet this updated requirement.

EPA has also increased their initial goal of surveying approximately 20% of the service lines under LCRR to a 100% inventory for service lines constructed prior to July 1988 under the LCRI. In order to expedite the accomplishment of this new requirement, today, staff submitted an application to Water Infrastructure Finance Authority of Arizona (WIFA) for \$855,000 to complete the remaining visual inventory. This amount would be for all service areas other than Metro Hub as WIFA's metrics do not deem Hub as a disadvantaged service area. The plan is to accomplish the remaining approximately 1,000 service line visual inventories in Hub this fiscal year with the remaining amount the Board authorized for a contractor to support this effort.

I would like to applaud the immense efforts of Ms. Bowen, and Monica Wilson, the District's Senior Engineering Associate, who have worked nearly 6-weeks straight, including many weekends, holidays, and late-night hours, in order to accomplish the initial deadline and to put us on track for Friday's updated submission to ADEQ.

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 December 16, 2024.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:26 p.m.

Lee Jacobs, Chair of the Board

Theo Fedele, Clerk of the Board