

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

**MONDAY, DECEMBER 16, 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  
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)

**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. Jim Doyle, Bryan Foulk, Lee Jacobs, Richard Sarti, and Scott Schladweiler were present.

**I. Executive Session for the Discussion of the Annual Performance and the Employment Contract of the General Manager. Pursuant to §38-431.01.A.1**

Mr. Foulk moved to adjourn into Executive Session. Mr. Schladweiler seconded the motion. Motion passed by a voice vote of 5-0. The Board adjourned into Executive Session at 5:31 p.m.

The Executive Session concluded at 6:00 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 6:02 p.m. Jim Doyle, Bryan Foulk, Lee Jacobs, Richard Sarti, and Scott Schladweiler were present.

### **II. Evaluation of Annual Performance and Consideration of Action Regarding the General Manager's Employment Contract**

Mr. Foulk moved to continue supporting the General Manager's leadership and vision for the District with no changes to his employment contract. Mr. Schladweiler seconded the motion. Motion passed by a voice vote of 5-0.

### **III. General Comments from the Public**

There were no comments from the public.

### **IV. Consent Agenda**

- A. Approval of Minutes –November 13, 2024 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Approval of Regular Board Meetings in 2025**

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

### **V. General Business – Items for Discussion and Possible Action**

#### **A. Monthly Status of the District**

Mr. Olsen stated that the fiscal year-to-date consumption for the District's service areas is 4.4% lower in Metro Main, 5.2% lower in Metro Hub and 0.2% lower in Metro Southwest when compared to the same period in the prior fiscal year.

The maintenance at the Avra Valley Recharge Project (AVRP) is proceeding on schedule. The 9-inches of material have been removed from the basin floors, and site work is anticipated to be

completed by the end of this month. There is a parallel construction task taking place at AVRP regarding excavation for the recovery pipeline that Ms. Bowen will elaborate on in her update. The goal is to begin recharging in January on the available basins.

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**

Ms. Bracken stated that revenue through October is favorable and expenditures are unfavorable when compared to a straight-line projection. Revenue is \$693,869 over budget and expenditures \$75,554 under budget. The revenue in excess of expenditures is favorable by \$618,315. When comparing the total revenue to the same month in the prior fiscal year, revenue as of October was higher by 3.97% or \$394,534. The historic average of budgeted water revenue billed by the end of October is 38% and the District billed 36.84% of the budgeted metered water revenue. Penalties and service charges, development revenue water storage and reclaimed water revenue are all under budget. The Central Arizona Project (CAP) Conservation revenue was received in December. The operating expenditures as of the end of October were \$394,534 higher than they were at the end of October in the prior fiscal year. The November cash deposit balance was \$37,896,960.67, which is \$1,976,495.24 higher than the October balance. The investments as of the end of November totaled \$11,083,086.06, which is \$438,856.71 lower than the October balance.

The Arizona State Treasurer Pooled Collateral Program Statement for October included \$22,252,144.98 of collateralization coverage in addition to the \$500,000 FDIC coverage.

The Capital One Bank MasterCards were used to purchase \$27,675.37 on the November statement with up to 1.25% cash back earnings. The inception-to-date cash back total is \$28,742.81.

There were 11-new meter applications received in November, for the Metro Main service area. There were 2-new meter applications received in November of the prior fiscal year. Fiscal year-to-date, 58-meter applications have been received compared to 35 at the same time in the prior fiscal year.

The District has been offered an option to electronically transfer the monthly escrow payments from one bank to another each month, which will be faster and more efficient keeping the funds earning interest.

**C. Authorizing an Engineering Services Contract for Redesign Costs for the Northwest Recharge, Recovery, and Delivery System (NWRRDS) Shared Project**

Mr. Olsen stated that the design of the partnered NWRRDS project included design reviews to be completed by the Town of Marana. While the plans were provided to Marana, it was later determined that the designs were not routed to their Development Services Department and that a separate submittal is required. Staff have since completed that submittal process and multiple comments were provided by Development Services that need to be addressed. To properly address these comments, the Designer of Record, Carollo Engineers, Inc. needs to perform drawing updates and corrections prior to the issuance of permits. Carollo's cost to accomplish these design updates is \$49,115.00 with the District's cost share at \$21,871.00. The Partner's concurred with the cost share via Memorandum of Agreement 24012-01 and it is recommended that the Board authorize this additional scope to Carollo Engineers, Inc.

Mr. Foulk moved to authorize the General Manager to negotiate and execute an Engineering Services contract for drawing updates and comment resolution of the Northwest Recharge, Recovery, and Delivery System with Carollo Engineers, Inc., via the District's miscellaneous design services contract in the amount not to exceed \$49,115.00. Mr. Sarti seconded the motion. Motion passed by a voice vote of 5-0.

**D. Approval of Intergovernmental Agreement with Pima County for Effluent Storage at the Marana High Plains Recharge Project**

Mr. Olsen stated that approximately 4,000 acre-feet (AF) of the District's effluent is treated by Pima County Wastewater Reclamation District at their Tres Rios Water Reclamation Facility and discharged post-treatment into the Santa Cruz River Managed Recharge Project on an annual basis. Due to historical tribal water settlements and other cuts associated with evaporation, diversions, cuts to the aquifer, rain events, and flows past the Trico stream gauge, the actual amount of recycled water credits that the District received is closer to 1,000 AF annually. Presently, approximately 300 AF of the District's recycled water flows past the Trico Stream gauge, resulting in none of that water credited to the District. If that water was diverted prior to the stream gauge, then the credits would be added to the District's water resource portfolio.

Over the past two years, staff have worked closely with Pima County regarding unused capacity in their Marana High Plains Recharge Project. High Plains was originally permitted at 600 AF annually, which increased to 1,200 AF annually in their new permit. The Intergovernmental Agreement that was mutually created would enable the District to deliver recycled water equivalent to any capacity Pima County does not use to recharge their recycled water. While the

actual capacity will vary annually, the approximate operational and capital cost of \$80 per AF for the District to store water at High Plains is less than 25% of what the 2025 CAP rates are for an acre-foot of delivered CAP water.

The bottom line is that any of the District's recycled water, up to the amount flowing past the Trico Stream gauge that is delivered to High Plains, will result in a 1 to 1 increase in the amount of recycled water effluent that the District receives. As we continue to navigate a nearly 25-year drought, pursuing innovative and collaborative agreements is crucial for all water providers to ensure resiliency in their water resource portfolios.

Mr. Sarti moved to approve the Intergovernmental Agreement with Pima County for storage of a portion of the District's effluent at the Marana High Plains Effluent Recharge Project, and to authorize District staff to acquire a Water Storage Permit at the facility for storage credit accrual. Mr. Foulk seconded the motion. Motion passed by a voice vote of 5-0.

**E. Authorizing an Amendment to the System Conservation Implementation Agreement with United States Bureau of Reclamation and the Central Arizona Water Conservation District for the Lower Colorado River Basin System Conservation and Efficiency Program**

Mr. Olsen stated that at the March 2023 Board Meeting, the Board authorized a compensated system conservation agreement with the Bureau of Reclamation. This agreement was for the District to forego 5,000 AF of water in exchange for \$2,000,000 annually. The agreement was for 2023, 2024, and 2025. The Bureau recently contacted the District and stated that funding was available in 2026 to continue this agreement. Given the District's overall water resource portfolio, the need for water providers to continue supporting Arizona's voluntary conservation goals, and the benefit to ratepayers, it is recommended that the Board authorize an amendment extending this agreement for 2026 at the same terms.

Discussion ensued and staff answered questions.

Mr. Schladweiler moved to authorize the General Manager to enter into a System Conservation Implementation Agreement Amendment with the Bureau of Reclamation and the Central Arizona Water Conservation District to forbear 5,000 acre-feet of the District's Central Arizona Project allocation for calendar year 2026 as contribution to the Lower Colorado Conservation Program. Mr. Sarti seconded the motion. Motion passed by a voice vote of 5-0.

**F. Approval of Increase to the Not-To-Exceed Amount for Badger Meter Purchases**

Mr. Olsen stated that at the May 2024 Board Meeting, the Board authorized the purchase of positive displacement meters from Badger Meters to support the Advanced Metering Infrastructure (AMI) initiative. During the review of meter accounts, 738 existing meters were determined to have incorrect endpoints in the District's database. These endpoints need to be upgraded to be compatible with the AMI end product and the purchase cost of these additional meters is \$156,055.67. While we are still below the not-to-exceed amount authorized by the Board, there would be little capacity for the normal purchase and maintenance of meters. As such, it is recommended that the Board increase the total not-to-exceed amount by \$156,000.00.

Mr. Foulk moved to approve an increase for the purchase of water meters through Badger Meter with a new not-to-exceed amount of \$2,356,000.00. Mr. Schladweiler seconded the motion. Motion passed by a voice vote of 5-0.

**VI. General Manager's Report**

Mr. Olsen stated that during the General Manager Report at last month's Board Meeting, he provided the background and current status of the District's service line inventory as required by the 2024 Lead and Copper Rule Improvements (LCRI) and 2021 Lead and Copper Rule Revision (LCRR). As part of that update, staff had submitted a \$855,000 loan request to Water Infrastructure Finance Authority of Arizona (WIFA) to support the potholing and visual inventory of the remaining service lines in Metro Main and Southwest. Last month the WIFA Federal Program Committee (FPC) added the District's request to the Project Priority List. As a member of the FPC, Mr. Olsen recused himself from voting. The next steps are that staff will complete a Project Finance Application and the District's Board will consider a resolution authorizing the negotiation of the loan terms. Then at their February meeting, the FPC will consider recommending this to WIFA for approval and, if approved, the WIFA Board will then consider the item at their February meeting. The District's Board will then need to consider a final resolution on the loan terms and closing details. The amount of forgivable principle WIFA will provide as they need to validate disadvantage status and the amount of forgivable funding that remains for the service line inventory is not known yet. The Board will be updated at each step and hopefully are able to arrive at terms where the District is able to accomplish the physical service line inventory well in advance of the deadline.

As a tradition, staff are recognized for their years of service to the District. The Board is critical to the continued success and attainment of delivering safe, reliable water to our customers and we

also recognize Board Members for their many years of volunteer service to the District. Mr. Doyle was awarded with a pin for his 30 years of service to the District's Board of Directors.

**VII. Legal Counsel's Report**

Mr. Patton announced that effective January 1, 2025, Lewis Roca will merge with Womble Bond Dickinson.

**VIII. Clerk of the Board Updates; Future Meetings**

The next regularly scheduled Board meeting will be held on January 13, 2025.

**IX. General Comments from the Public**

There were no comments from the public.

**X. Adjournment**

The meeting adjourned at 6:36 p.m.

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Lee Jacobs, Chair of the Board

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Theo Fedele, Clerk of the Board