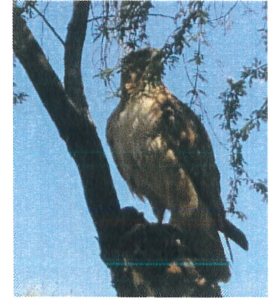


*Metropolitan Domestic Water
Improvement District
Adopted Budget*



*Fiscal Year
2025*

Metropolitan Domestic Water Improvement District

The District was formed in July 1992 when its residents successfully petitioned the Pima County Board of Supervisors to form a domestic water improvement district in order to have an independent and direct voice in water issues rather than be a part of Tucson Water without voting rights. A five-member elected Board of Directors, from within its boundaries, governs the District. The District has 22,186 active accounts and six-service areas. In 1999, the District acquired the Metro Hub Service area and annexed this area in 2003. In December 2009, the District acquired the Thim Water Systems, located southwest of Tucson. These systems are part of the Metro Water service area and includes Metro Southwest – Diablo Village, Metro Southwest – E&T, and Metro Southwest – Lazy B. These areas have not been annexed into the District's legal boundaries. The District includes Arboles Viejos known as Metro West as a service area that was annexed into the District in 2005. This is a 619-acre planned development area with no current services. The total water storage capacity is 13.6 million gallons in the Metro Main service area, 1.05 million gallons in the Metro Hub service area, and 747,000 gallons in Metro Southwest.

The Metro Main service area covers approximately 26 square miles in the northwest metropolitan Tucson area. Metro Main's storage facilities include the Herb Johnson Reservoir (5 million gallons), the James M. Tripp Reservoir (5 million gallons) and the Magee/La Cholla Reservoir (1 million gallons).

The Water Systems consists of approximately 360 miles of water mains, varying in size from 1.5-inch to 30-inch diameter. The District obtains all of its water from wells with 24 wells in Metro Main, 5 in Metro Hub, and 5 in Metro Southwest and the wells range in depth from 70 feet to 650 feet. The water system well sizes range in diameter from 4-inch to 20-inch. The Water Systems includes 72 booster pumps, varying from 5 to 250 horsepower, 11 steel above-ground storage tanks in the Metro-Main Service Area varying in capacity from 8,000 gallons to 1,000,000 gallons, two storage tanks in the Hub Service Area with a capacity of 1,050,000 gallons, 9 storage tanks in the Metro-Southwest Service Area, 37 hydro pneumatic pressure tanks, most of which have a 5,000-gallon capacity, and two 5,000,000-gallon concrete reservoirs. The total District storage capacity is approximately 15,400,000 gallons.

The District operates under the mission to “Deliver safe, reliable water to our customers” and budgets are prepared using a prioritization process with the mission directing all decisions to align with the five-year financial plan. Staff are encouraged to think about how comfortable they would be justifying their requests for items or services in the presence of all customers and the Board of Directors. If they are not comfortable, then the request should not be submitted. The Fiscal Year 2025 Operating Budget includes 59.53 full-time equivalent positions.

Revenue includes rate changes to the Water Availability, the Water Consumption volume charges, the bulk water charges and the Water Resource Utilization fee increased from \$0.75 to \$0.90 per one thousand gallons of water consumed in all service areas.

The fund balance includes Water Resource Utilization Fees which are restricted and planned to be spent on the Northwest Recharge Recovery and Delivery System (NWRDRS) capital project along with various smaller water resource utilization initiatives. The Requested Budget includes \$3,552,555 of non-cash expenses for depreciation and amortization which increased with the implementation of GASB 87 and GASB 96. In accordance with the Debt Management Policy, the District will maintain a minimum unrestricted cash balance equal to 25% of the Operating and Maintenance budget. The District also maintains an unrestricted repair and replace fund with a balance of about \$1.24 million dollar.

**Metropolitan Domestic Water Improvement District
Fiscal Year 2025
Budget**

Account	Account Name	2023 Budget	2024 Budget	Projection for 2024 as of 12/12/2023	2025 Budget	% of Change	Description
	BEGINNING OPERATING BALANCE	\$31,067,815	\$33,338,672	\$32,611,475	\$30,976,039	-7.09%	
	Revenue						
40100	Metered Water Sales	\$18,696,674	\$20,145,666	\$20,145,666	\$21,455,863	6.50%	Based upon Fiscal Year 2022 actual customer consumption data and approved rate adjustments for Fiscal Year 2025.
41050	Private Fire Risers	\$116,727	\$133,419	\$133,419	\$133,419	0.00%	308 active accounts with 2", 3", 4", 6" and 8" meters
45055	Water Resource Utilization Fee	\$1,551,000	\$1,938,750	\$1,938,750	\$2,326,500	20.00%	\$0.90 per 1,000 gallons based upon consumption level of 2,585,000,000 gallons.
40700	Penalties	\$125,000	\$120,000	\$120,000	\$120,000	0.00%	Collected on customer accounts. Calling customers to collect reduces customer penalties
40800	Service Charges	\$155,000	\$150,000	\$140,000	\$135,000	-10.00%	Collected on customer accounts
45000	Investment Income	\$125,000	\$150,000	\$850,000	\$150,000	0.00%	Investments for WRUF, 25% of the operating expenses, and repair and replace funds
45010	Bond Service Fund Interest	\$10,000	\$10,000	\$10,000	\$15,000	50.00%	Coupon payments and interest on debt service payments set aside during the year.
41140	Pima County Wastewater	\$417,858	\$456,912	\$456,912	\$456,912	0.00%	Average number of sewer accounts billed is 20,040 at \$1.90 per month
41010	Development Fees = Connection Fees	569,292	203,618	203,618	730,330	258.68%	Metro Main and Hub 131 5/8", 95 3/4" meters, 11 1" meters and one 2" meters. District Engineer is not planning for any meters in Metro SW.
41020	System Development Fee						
41030	Water Resource Fee						
41060	Infrastructure Rehabilitation Fee	\$487,890	\$487,890	\$487,890	\$487,890	0.00%	\$1.50 per account with a 5/8" meter per month based upon 21,574 meters.
41124	Marana Water Storage	91,989	-	\$0	-	0.00%	Marana will not have long-term storage credit this year.
41127	Water Storage (USF) City of Phoenix & GSF Storage for Metro	\$365,951	\$361,512	\$343,302	\$366,048	1.25%	O&M Rebates from the City of Phoenix 7,200 AF stored. 3,600 @ \$36.42 per AF and 3,600 @ \$37.06. GSF storage 8,460 AF at \$12 or \$101,520.
41115	CAP Reimbursement for Capital Paid	\$175,000	\$0	\$0	\$0	0.00%	Moved to General Ledger account 41117
41116	Compensated Conservation CAP	\$175,000	\$0	\$0	\$0	0.00%	Moved to General Ledger account 41117
41117	BOR Compensated Conservation		\$1,650,000	\$2,000,000	\$2,000,000	21.21%	\$400 AF for 5,000 AF from CAP
41121	Sale of CAP Credits to Metro Southwest	\$114,500	\$121,500	\$121,500	\$166,500	37.04%	CY 2024 & 2025 CAP rates O&M + Energy + Capital x 500 AF. (\$270+\$53)X250=\$80,750, \$289+\$54)X250=\$85,750 (transfer from GSF to Diablo.
41131	Reclaimed Water Revenue	\$0	\$0	\$0	\$103,960	0.00%	225 AF @ \$399.95 AF plus annual meter costs (\$376.7 x 12) and 10% admin fee for reclaimed water delivered to Tucson Omni
41133	Sale of Storage Credit - Effluent	\$117,300	\$72,675	\$72,675	\$91,290	25.61%	Effluent rebate from CAGRD for long term storage of 250 AF @ \$365.16
45005	Interest Income on Note (Tucson Omni)	\$17,350	\$16,275	\$16,275	\$15,188	-6.68%	12 months of interest on 20 year loan to Tucson Omni for infrastructure. Monthly payment \$3,690.82
41120, 41100, 41125, 41128, 41130, 41129, 41131, 41150, 41160	Other Income	\$125,000	\$125,000	\$125,000	\$125,000	0.00%	Plan reviews, backflow inspections, collection of bad debt, Service line installation, NWRDRS invoicing, CapitalOne cash back, and other revenue
	Revenue from Operations	\$23,436,531	\$26,143,217	\$27,165,007	\$28,878,900	10.46%	

**Metropolitan Domestic Water Improvement District
Fiscal Year 2025
Budget**

Account	Account Name	2023 Budget	2024 Budget	Projection for 2024 as of 12/12/2023	2025 Budget	% of Change	Description
	Meter Replacement and Customer Portal Grants (WIFA \$3M and BOR \$2M)		\$1,000,000	\$72,000	\$4,000,000		Two grants totaling \$5 million with \$2 million from the Bureau of Reclamation and \$3 million from the Water Conservation Grant
	WIFA Funding For Metro NWRDSD		\$7,267,767	\$5,774,438	\$6,724,516		WIFA \$14,198,283 loan with \$1,532,500 of principal forgiven.
	Ironwood Blend Well WIFA Funding			\$2,610,491	\$1,830,475		WIFA \$3,998,023 loan with \$902,243 of principal forgiven
	DeConcini Well GAC				\$375,791		100% principal forgiven loan from WIFA
	Riverside Crossing Well GAC				\$364,791		100% principal forgiven loan from WIFA
	NWRDSD Project funding from Marana and Oro Valley	\$17,583	\$8,842,433	\$8,842,433	\$15,343,654		Reimbursed CIP expenditures
	Total Other Funding Sources	\$17,583	\$17,110,200	\$17,227,362	\$28,639,227		
	TOTAL OPERATING FUNDS AVAILABLE (Operating Revenue + Fund Balance + NWRDSD)	\$54,521,929	\$76,592,089	\$77,003,844	\$88,494,166	15.54%	
	Operating Expenditures						
	Salaries & Benefits	\$6,204,896	\$6,362,754	\$6,362,754	\$6,458,106	1.50%	
	Consultant/Contract Services	\$1,456,936	\$1,411,626	\$1,411,626	\$1,183,912	-16.13%	
	General Operating Expenses	\$1,314,655	\$1,364,705	\$1,364,705	\$1,522,306	11.55%	
	Purchased Power	\$1,209,000	\$1,297,100	\$1,297,100	\$1,615,667	24.56%	
	Supplies	\$968,116	\$1,070,821	\$1,070,821	\$1,211,558	13.14%	
	CAP Water Purchase/AVRP O & M	\$2,815,025	\$2,977,396	\$2,977,396	\$3,420,672	14.89%	
	Operating Expenditures	\$13,968,628	\$14,484,402	\$14,484,402	\$15,412,221	6.41%	
	Debt Service - Principal/Interest	\$3,862,054	\$5,006,965	\$5,006,965	\$4,874,950	-2.64%	
	Contingency Fund for Emergencies	\$500,000	\$0	\$0	\$0	0.00%	
	TOTAL OPERATING BUDGET	\$18,330,682	\$19,491,367	\$19,491,367	\$20,287,171	4.08%	
	Capital Expenditures						
	Capital Items (Equipment, Transportation Equipment, etc.)(cash)	\$102,050	\$257,392	\$257,392	\$295,974		
	Capital Projects (equals Development Revenue cash)	\$569,292	\$203,618	\$455,434	\$730,330		
	CIP funded from Fund Balance (cash)	\$3,008,143	\$842,798	\$590,982	\$207,764		
	Water Resource Utilization Fees (cash)	\$48,708	\$16,499,529	\$15,006,200	\$10,584,761		
	WIFA Loans and Principal Forgiveness			\$854,997	\$8,949,782		Includes \$2,273.083 of principal forgiveness
	Infrastructure Rehabilitation Fees (cash)		\$475,000	\$475,000	\$475,000		
	Grant Cost Share Projects		\$1,000,000	\$54,000	\$4,000,000		WIFA Conservation Grant \$3 million, Bureau of Reclamation grant \$2 million. FY 2025 \$3,250,000 grant, \$750,000 cash funded
	TOTAL CAPITAL EXPENDITURES	\$3,728,193	\$19,278,337	\$17,694,005	\$25,243,611	30.94%	

**Metropolitan Domestic Water Improvement District
Fiscal Year 2025
Budget**

Account	Account Name	2023 Budget	2024 Budget	Projection for 2024 as of 12/12/2023	2025 Budget	% of Change	Description
	TOTAL O&M AND CAPITAL	\$22,058,875	\$38,769,704	\$37,185,372	\$45,530,782	17.44%	
	PROJECTED ENDING BALANCE	\$32,445,471	\$28,979,952	\$30,976,039	\$27,619,730	-4.69%	
	<u>Non-Cash Expenses</u>						
	Depreciation and Amortization of Assets	\$3,935,792	\$3,960,858	\$3,960,858	\$3,552,555	-10.31%	
	TOTAL METRO BUDGETED DISBURSEMENTS	\$25,994,667	\$42,730,562	\$41,146,230	\$49,083,337	14.87%	
	<u>Reimbursable Expenditures</u>						
	Marana and Oro Valley	\$17,583	\$8,842,433	\$8,842,433	\$15,343,654		
	TOTAL BUDGET	\$26,012,250	\$51,572,995	\$49,988,663	\$64,426,991	24.92%	