

*Fiscal Year 2024  
Adopted Budget*



*Metropolitan Domestic Water  
Improvement District*



# 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 22,072 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 2024 Operating Budget includes 59 full-time equivalent positions.

Revenue includes rate changes to the Water Availability Rate and the Water Consumption Charges which changes the dual meter fee, the bulk water charges, and the private fire service line fee. With the cost of water meters increasing the Meter fee has been updated to cover the cost of the meter. The Water Resource Utilization fee has increased from \$0.60 to \$0.75 per one thousand gallons of water consumed.

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 \$3,960,858 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 \$1.4 million dollar.

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| Account                 | Account Name   | 2022<br>Adopted<br>Budget | 2023<br>Adopted<br>Budget | Projection for<br>2023 as of<br>11/29/2022 | 2024<br>Adopted<br>Budget | %<br>of<br>Change | Description  |
|-------------------------|--|---------------------------|---------------------------|--|---------------------------|-------------------|--|
|                         | <b>BEGINNING OPERATING BALANCE</b>   | <b>20,130,218</b>         | <b>\$31,067,815</b>       | <b>\$31,067,815</b>                        | <b>\$33,338,672</b>       | <b>7.31%</b>      |  |
|                         | <b>Revenue</b>   |                           |                           |  |                           |                   |  |
| 40100                   | Metered Water Sales  | \$18,690,981              | \$18,696,674              | \$18,690,981                               | \$20,145,666              | 7.75%             | Based upon Fiscal Year 2022 actual customer consumption data and planned rate adjustments for Fiscal Year 2024.                              |
| 41050                   | Private Fire Risers  | \$126,530                 | \$116,727                 | \$125,000                                  | \$133,419                 | 14.30%            | 308 active accounts with 2", 3", 4", 6" and 8" meters  |
| 45055                   | Water Resource Utilization Fee   | \$1,551,000               | \$1,551,000               | \$1,551,000                                | \$1,938,750               | 25.00%            | \$0.75 per 1,000 gallons based upon consumption level of 2,585,000,000 gallons.  |
| 40700                   | Penalties  | \$125,000                 | \$125,000                 | \$125,000                                  | \$120,000                 | -4.00%            | Collected on customer accounts   |
| 40800                   | Service Charges  | \$150,000                 | \$155,000                 | \$150,000                                  | \$150,000                 | -3.23%            | Collected on customer accounts   |
| 45000                   | Investment Income  | \$150,000                 | \$125,000                 | \$150,000                                  | \$150,000                 | 20.00%            | Investments for WRUF, 25% of the operating expenses, and repair and replace funds  |
| 45010                   | Bond Service Fund Interest   | \$20,000                  | \$10,000                  | \$12,000                                   | \$10,000                  | 0.00%             | Coupon payments and interest on debt service payments set aside during the year.   |
| 41140                   | Pima County Wastewater   | \$374,400                 | \$417,858                 | \$456,912                                  | \$456,912                 | 9.35%             | Average number of sewer accounts billed is 20,040 at \$1.90 per month  |
| 41010<br>41020<br>41030 | Development Fees = Connection Fees<br>System Development Fee<br>Water Resource Fee | 569,292                   | 569,292                   | \$455,434                                  | 203,618                   | -64.23%           | Metro Main and Hub 60 5/8" and 16 3/4" meters. District Engineer is not planning for any meters in Metro SW.                                 |
| 41060                   | Infrastructure Rehabilitation Fee  | \$308,997                 | \$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  | -                         | -100.00%          | Marana will not have long-term storage credit this year.   |
| 41127                   | Water Storage (USF) City of Phoenix & GSF Storage for Metro                        | \$359,795                 | \$365,951                 | \$359,795                                  | \$361,512                 | -1.21%            | O&M Rebates from the City of Phoenix 7,200 AF stored. 3,600 @ \$35.80 per AF and 3,600 @ \$36.42. GSF storage 8,460 AF at \$12 or \$101,520. |
| 41115                   | CAP Reimbursement for Capital Paid   | \$175,000                 | \$175,000                 | \$0  | \$0                       | -100.00%          | CAP will reimburse Metro for Capital cost on 3,500 AF at a cost of \$50 per AF.  |
| 41116                   | Compensated Conservation CAP   | \$175,000                 | \$175,000                 | \$0  | \$0                       | -100.00%          | \$50 per AF for 3,500 AF for AVRCP Capital Upgrades in Fiscal Year 2021  |
| 41117                   | 500 Plus Plan  |                           |                           | \$915,600                                  | \$1,650,000               |                   | \$330 AF for 5,000 AF from CAP   |
| 41121                   | Sale of CAP Credits to Metro Southwest   | \$86,000                  | \$114,500                 | \$114,500                                  | \$121,500                 | 6.11%             | CY 2022 CAP rates O&M + Energy + Capital x 450 AF. (\$179+\$50)X450=\$103,050 (transfer from GSF to Diablo.                                  |
| 41133                   | Sale of Storage Credit - Effluent  | \$117,300                 | \$117,300                 | \$117,300                                  | \$72,675                  | -38.04%           | Effluent rebate from CAGR for long term storage of 250 AF @ \$290.70   |

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|--|---|---------------------------|---------------------------|--|---------------------------|-------------------|--|
| 45005  | Interest Income on Note (Tucson Omni)                     | \$18,327                  | \$17,350                  | \$18,327                                   | \$16,275                  | -6.20%            | 12 months of interest on 20 year loan to Tucson Omni for infrastructure. Monthly payment \$3,690.82  |
| 41120  | Other Income  | \$100,000                 | \$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 |
| <b>Revenue from Operations</b>   |   | <b>\$23,097,622</b>       | <b>\$23,436,531</b>       | <b>\$23,854,739</b>                        | <b>\$26,143,217</b>       | <b>11.55%</b>     |  |
|  | <b>WaterSmart Grant</b>                                   |                           |                           |  | \$1,000,000               |                   | Grant reimbursment   |
|  | <b>Proposed WIFA Funding For Metro NWRDRS</b>             |                           |                           | \$0  | \$7,267,767               |                   | E&T Well \$405,762, Ironwood Blend Well \$2,133,424, and NWRDRS Metro Only \$4,745,090 reimbursed from WIFA Loans drawdown schedules.            |
|  | <b>NWRDRS Project funding from Marana and Oro Valley</b>  | \$4,032,318               | \$17,583                  | \$17,583                                   | \$8,842,433               |                   | Reimbursed CIP expenditures  |
|  | <b>Total From NWRDRS Partners</b>                         | <b>\$4,032,318</b>        | <b>\$17,583</b>           | <b>\$17,583</b>                            | <b>\$17,110,200</b>       |                   |  |
| <b>TOTAL OPERATING FUNDS AVAILABLE</b> (Operating Revenue + Fund Balance + NWRDRS) |   | <b>\$47,260,158</b>       | <b>\$54,521,929</b>       | <b>\$54,940,137</b>                        | <b>\$76,592,089</b>       | <b>40.48%</b>     |  |
| <b>Operating Expenditures</b>  |   |                           |                           |  |                           |                   |  |
|  | Salaries & Benefits                                       | \$5,335,144               | \$6,204,896               | \$6,204,896                                | \$6,362,754               | 2.54%             |  |
|  | Consultant/Contract Services                              | \$1,400,685               | \$1,456,936               | \$1,456,936                                | \$1,411,626               | -3.11%            |  |
|  | General Operating Expenses                                | \$1,369,704               | \$1,314,655               | \$1,314,655                                | \$1,364,705               | 3.81%             |  |
|  | Purchased Power   | \$1,181,786               | \$1,209,000               | \$1,209,000                                | \$1,297,100               | 7.29%             |  |
|  | Supplies  | \$828,469                 | \$968,116                 | \$968,116                                  | \$1,070,821               | 10.61%            |  |
|  | CAP Water Purchase/AVRP O & M                             | \$2,772,891               | \$2,815,025               | \$2,815,025                                | \$2,977,396               | 5.77%             |  |
|  | <b>Operating Expenditures</b>                             | <b>\$12,888,679</b>       | <b>\$13,968,628</b>       | <b>\$13,968,628</b>                        | <b>\$14,484,402</b>       | <b>3.69%</b>      |  |
|  | Debt Service - Principal/Interest                         | \$3,350,373               | \$3,862,054               | \$3,772,073                                | \$5,006,965               | 29.65%            |  |
|  | Contingency for Sick/Vacation Payout                      | \$110,380                 | \$0                       | \$0  | \$0                       | -100.00%          |  |
|  | Contingency Fund for Emergencies                          | \$500,000                 | \$500,000                 | \$0  | \$0                       | -100.00%          |  |
|  | <b>TOTAL OPERATING BUDGET</b>                             | <b>\$16,849,432</b>       | <b>\$18,330,682</b>       | <b>\$17,740,701</b>                        | <b>\$19,491,367</b>       | <b>6.33%</b>      |  |
| <b>Capital Expenditures</b>  |   |                           |                           |  |                           |                   |  |
|  | Capital Items (Equipment, Transportation Equipment, etc.) | \$690,323                 | \$102,050                 | \$67,038                                   | \$257,392                 |                   |  |
|  | Capital Projects (equals Development Revenue)             | \$569,292                 | \$569,292                 | \$455,434                                  | \$203,618                 |                   |  |
|  | CIP funded from Fund Balance                              | \$2,583,682               | \$3,008,143               | \$3,272,001                                | \$842,798                 |                   |  |

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|         | WRUF and WIFA Funded/ CIP Projects                          | \$5,059,248               | \$48,708                  | \$48,708                                   | \$16,499,529              |                   |             |
|         | IRF Funding & Grant Funding                                 |                           |                           |  | \$1,475,000               |                   |             |
|         | Carry Forwarded from Fiscal Year 2023                       |                           |                           |  | \$598,270                 |                   |             |
|         | <b>TOTAL CAPITAL EXPENDITURES</b>                           | <b>\$8,902,545</b>        | <b>\$3,728,193</b>        | <b>\$3,843,181</b>                         | <b>\$19,876,607</b>       | <b>433.14%</b>    |             |
|         | <b>TOTAL O&amp;M AND CAPITAL</b>                            | <b>\$25,751,977</b>       | <b>\$22,058,875</b>       | <b>\$21,583,882</b>                        | <b>\$39,367,974</b>       | <b>78.47%</b>     |             |
|         | <b>PROJECTED ENDING BALANCE</b>                             | <b>\$17,475,863</b>       | <b>\$32,445,471</b>       | <b>\$33,338,672</b>                        | <b>\$28,381,682</b>       | <b>-12.52%</b>    |             |
|         | <b>Non-Cash Expenses</b>                                    |                           |                           |  |                           |                   |             |
|         | Depreciation and Amortization of Assets                     | \$3,708,103               | \$3,935,792               | \$3,935,792                                | \$3,960,858               |                   |             |
|         | <b>TOTAL METRO BUDGETED<br/>DISBURSEMENTS</b>               | <b>\$29,460,080</b>       | <b>\$25,994,667</b>       | <b>\$25,519,674</b>                        | <b>\$43,328,832</b>       | <b>66.68%</b>     |             |
|         | <b>Reimbursable Expenditures</b>                            |                           |                           |  |                           |                   |             |
|         | NWRRDS Partner Costs Reimbursed by<br>Marana and Oro Valley | \$4,032,318               | \$17,583                  | \$17,583                                   | \$8,842,433               |                   |             |
|         | <b>TOTAL BUDGET</b>   | <b>\$33,492,398</b>       | <b>\$26,012,250</b>       | <b>\$25,537,257</b>                        | <b>\$52,171,265</b>       |                   |             |