

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

MONDAY, MAY 9, 2022

****BOARD ROOM**
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT
6265 N. LA CAÑADA DRIVE
TUCSON, ARIZONA 85704**

MINUTES

Board Members Present: Lee Jacobs, Vice Chair
Jim Doyle, Member (Participated Electronically)
Scott Schladweiler, Member

Board Members Not Present: Richard Sarti, Chair
Bryan Foulk, Member

District Staff: Joseph Olsen, General Manager
Sheila Bowen, District Engineer
Diane Bracken, Chief Financial Officer (Participated Electronically)
Steve Shepard, Utility Superintendent
Theo Fedele, Clerk of the Board
Alex Sanders, Utility Administrative Planner
Mark Patton, Legal Counsel (Participated Electronically)

Regular Session

I. Call to Order and Roll Call

Lee Jacobs, Vice 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, Lee Jacobs, and Scott Schladweiler were present. Bryan Foulk and Richard Sarti were not present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – April 18, 2022 Board Meeting**
- B. Ratification of Billing Adjustments**

- C. Ratification of Bill of Sale for Waterline Extension to Orange Grove Homes (M-21- 007)**
- D. Approval of Water Service Agreement for Hillcrest Development (M-21-017 On-Site) (M-21-018 Off-Site)**

Mr. Schladweiler moved to approve the consent agenda. Mr. Doyle seconded the motion. Motion passed by a roll call vote of 3-0.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District

Mr. Olsen stated that Fiscal Year 2022 consumption compared to last fiscal year-to-date continues to trend lower with a total decrease in consumption of 9.8%. Even with this decrease, we are still on track with our budgeted metered water sales as Ms. Bracken will discuss in the Financial Report.

Last week we received the 500-Plus compensated system conservation agreement from Central Arizona Water Conservation District (CAWCD). Nothing changed from the draft that was previously reviewed and edited. As the Board previously authorized the General Manager to execute the agreement, we were able to sign and return the agreement for processing. The other signatories on the agreement are the Director of Arizona Department of Water Resources (ADWR), Bureau of Reclamation (BOR) Regional Director for Region 8, and the General Manager of CAWCD. Hopefully this agreement will be fully executed in time to invoice for the compensated system conservation this Fiscal Year.

Mr. Shepard provided an update on noteworthy maintenance projects. Photos were shown of the exterior paint coating at Diablo Village #2 and E&T22 as well as a sink hole from a main break.

Ms. Bowen provided an update on the E&T22 well replacement, the Ironwood blend well, and the Linda Vista well deepening, and photos were shown of the AVRVP upgrades.

B. Financial Report

Ms. Bracken stated that revenue and expenditures for March are both favorable when compared to a straight-line projection with revenue \$35,265 over budget and expenditures \$1,010,430 under budget. The revenue in excess of expenditures is favorable by \$1,045,695. When comparing the total revenue to the prior fiscal year, revenue through March was 10.79% or \$2,098,525 lower than the total revenue in March of the prior year. The metered water revenue is 2.64% or \$388,651 lower than the prior fiscal year. The historic average of budgeted water revenue billed by the end

of March is 73% and the District has billed 76.6% through the end of March. The operating expenditures in March were \$380,650 higher than they were at the end of March in the prior fiscal year. The April cash deposit balance was \$27,616,397.58, which is \$223,043.45 higher than the March balance. The investment balance as of the end of April was \$11,904,522.74, which is \$279,914.34 higher than the March balance.

The Arizona State Treasurer Pooled Collateral Program Statement for March included \$15,988,484.30 of cash on deposit with collateralization coverage of \$15,798,253.99 in addition to the \$500,000 FDIC coverage.

The Capital One Bank MasterCard's were used to purchase \$39,163.67 on the April statement with up to 1.25% cash back earnings. The cash back received from transactions processed in March totaled \$769.89 or 1.14% with an inception-to-date cash back total of \$18,323.80.

Five new meter applications were received in April with four applications in the Metro Main service area and one application in the Metro Southwest service area. There were 78 new meter applications received in April of the prior fiscal year. Year-to-date, 85-meter applications have been received in Fiscal Year 2022, compared to 479 at the same time in the prior fiscal year resulting in Development Revenue being \$893,731 lower than it was in April of the prior fiscal year. The adopted budget included 240 meter applications with two months remaining in the fiscal year.

C. Call November 8, 2022 Election for Board of Directors

Mr. Olsen stated that the terms of the Board Members Jim Doyle, Richard Sarti, and Scott Schladweiler expire at the end of this year and an election is required to fill the three seats. For cost efficiency, the Board election is done in conjunction with the General Election. The Fiscal Year 2023 requested budget has allocated \$26,000 for the election. It is recommended that the Board approve Resolution 2022-2 to call the election on November 8, 2022, to fill the three Board Member seats.

Mr. Schladweiler moved to approve Resolution 2022-2 to call an election for November 8, 2022 for the purpose of electing members of the Board of Directors to fill three seats for a four-year term beginning January 1, 2023. Mr. Doyle seconded the motion. Motion passed by a roll call vote of 3-0.

V. General Manager's Report

Mr. Olsen stated that at the last Board meeting, the Board was asked to continue the Budget discussion as the NWRDSD partners were analyzing the bids that were received on the partner portion of the project, which included the equipping of two wells, collector pipeline, transmission main, and forebay reservoir. Over the past month, the Partners have engaged in extensive discussions and analysis. As the lowest responsive bid exceeding the engineer's estimate by approximately \$10 million, the partners agreed that awarding the project in this current bidding environment would not be financially advantageous to our respective ratepayers. The NWRDSD Committee will be meeting tomorrow to discuss a Memorandum of Agreement (MOA) that will codify these discussions as well as having regular intervals where the Committee will re-evaluate the bidding environment to determine when it is appropriate to go out for bid again.

To clarify, the resources that we have invested in NWRDSD to date have secured the rights for pumping, with the wells already drilled, the design efforts have been finalized, and the required property rights have been secured except for a crossing that is being analyzed which could reduce project costs. All of these completed tasks are necessary to complete the NWRDSD program and ensures we are postured to execute the construction when the timing is correct.

One element of the Metro-only portion of NWRDSD that we will recommend to proceed is the transmission main from the Ironwood blend well to the Herb Johnson reservoir. This is approximately one mile of transmission main that is part of the Metro-only NWRDSD elements but would enable use of the Ironwood well to assist in filling the Herb Johnson reservoir in the intervening period until NWRDSD is constructed.

Given the resulting changes in the Capital Improvement Program (CIP) based on the updated schedule of NWRDSD, we are in the process of reworking the CIP and will ask the Board to consider the Fiscal Year 2023 Requested Budget at the June Board meeting.

VI. Legal Counsel's Report

Mr. Patton stated he had nothing to report.

VII. Clerk of the Board Updates; Future Meetings

The next regularly scheduled Board meeting will be held on June 13, 2022.

VIII. General Comments from the Public

There were no comments from the public.

IX. Adjournment

The meeting adjourned at 6:26 p.m.

Richard Sarti, Chair of the Board

Theo Fedele, Clerk of the Board