

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

**MONDAY, MAY 12, 2025**

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

**MINUTES**

**Board Members Present:** Scott Schladweiler, Chair  
Richard Sarti, Vice Chair (Participated Electronically)  
Jim Doyle, Member (Participated Electronically)  
Bryan Foulk, Member  
Lee Jacobs, Member (arrived at 6:17 p.m.)

**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**

Mr. Schladweiler, 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. Adoption of Fiscal Year 2026 Budget**

Ms. Bracken stated that there was only one change to the Requested Budget since the April 7, 2025 Board Meeting. The total amount of the Northwest Recharge, Recovery, and Delivery System

(NWRDSD) Partners reimbursements were corrected on the team sheet and the budget summary sheet but was correct on all other locations. The proposed outside funding and partner contribution total is \$4,511,317. The total revenue from operations remains unchanged at \$29,030,548, The total of other funding sources is \$7,610,675 for total budgeted revenue amount of \$36,641,22. The consumer price index for April will be released tomorrow. The budget request includes a 3% cost of living increase and 1% merit increase as mentioned previously. The total revenue from operations remains the same and the total operating budget remains the same at \$19,230,991, which is a 5.21% decrease when compared to the prior fiscal year budget. The total requested budget \$36,544,672, which is \$27,882,319 lower than the prior fiscal year. With operating revenue and other revenue sources projected at \$36,641,223 and total spending planned at \$36,544,672, this is a balanced requested budget

Mr. Olsen stated that at the previous Board Meeting, staff reviewed in detail all of the line items including the items in the Capital Improvement Program (CIP) and the Investments to Support the District Mission, and Ms. Bracken covered the changes.

Mr. Foulk moved to adopt the Metropolitan Domestic Water Improvement District budget for Fiscal Year 2026 with a disbursement total not to exceed \$36,544,672. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

#### **IV. Consent Agenda**

- A. Approval of Minutes – April 7, 2025 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Bill of Sale Uptown Phase 1 & Phase 2 (M-24-005 & M-24-007)**
- D. Approval of Amendment No. 1 to the Well Maintenance 2024 Contract with Smyth Industries, Inc.**

Mr. Foulk moved to approve the consent agenda. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

#### **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 0.4% lower in Metro Main, 1.1% higher in Metro Hub, and 0.3% lower in Metro Southwest when compared to the same period in the prior fiscal year.

Mr. Olsen updated the Board on the subsidence and uplift features in the Tucson Region and provided the current subsidence map. The District's six service areas have no subsidence features but there are two uplift features.

For the District's water resources portfolio, the groundwater balance increased by 283 acre-feet (AF), the effluent has increased 479 AF and would be more but this year includes delivery of 250 AF to the Omni Tucson National as part of the effluent wheeling through the City of Tucson, and the Central Arizona Project (CAP) balance long term storage credits increased by 1,011 AF. The total portfolio increase is 1,736 AF. The increase is lower than the historic amount due to 5,000 AF allocated to compensated system conservation through the Bureau of Reclamation for \$2 million.

Mr. Sanders provided an update on noteworthy maintenance projects.

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

Note: Mr. Jacobs arrived at 6:17 p.m.

## **B. Financial Report**

Ms. Bracken stated that revenue and expenditures through March are both favorable when compared to a straight-line projection. Revenue is \$2,812,080 over budget and expenditures are \$1,088,403 under budget. The revenue in excess of expenditures is favorable by \$3,900,483. When comparing the total revenue to the same month in the prior fiscal year, revenue as of March was higher by 7.43% or \$1,092,548. The historic average of budgeted water revenue billed by the end of February is 77.75% and the District billed 75.76% of the budgeted metered water revenue. Penalties and service charges and development revenue are all under budget. The operating expenditures as of the end of March were \$574,360 higher than they were at the end of March in the prior fiscal year. The April cash deposit balance was \$38,731,674.96, which is \$517,919.68 higher than the March balance. The investments as of the end of April totaled \$10,996,222.18, which is \$253,330.10 higher than the March balance.

The Arizona State Treasurer Pooled Collateral Program Statement for March included deposits totaling \$23,800,713.66 in the Statewide Pooled Collateralization Program.

The Capital One Bank MasterCards were used to purchase \$30,396.59 on the April statement with up to 1.25% cash back earnings. The inception-to-date cash back total is \$29,979.42.

There were 14 new-meter applications received in April for the Metro Main service area. There were seven new meter applications received in April of the prior fiscal year. Fiscal year-to-date, 138-meter applications have been received compared to 67 at the same time in the prior fiscal year.

**C. Amendment of the District's Legal Boundary for APEC Properties, L.L.C. and BPEC Properties, L.L.C.**

Mr. Olsen showed a map of the subject property and stated that staff received a request for this area, not currently in the District boundaries but is surrounded by the District's boundaries, to be incorporated into the service area. Staff recommends adopting Resolution 2025-2 for the boundary amendment.

Mr. Foulk moved to adopt Resolution 2025-2 to amend the District's legal boundary to include the APEC Properties, L.L.C. and BPEC Properties, L.L.C. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

**D. Approval of Water Service Agreement for Waterline Extension for Via Latigo (M-24-004)**

Mr. Olsen stated that water service agreements are traditionally on the consent agenda but the Board needed to approve the boundary amendment prior to considering approval of the water service agreement.

Mr. Foulk moved to approve the water service agreement for the Waterline Extension for Via Latigo. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

**E. Approval of Amendment No. 1 to the Cultural Resource Documentation Cooperative Agreement with Carollo Engineers**

Mr. Olsen stated that, as discussed in previous Board Meetings, the environmental review, consultation, and cultural review for the Automated Metering Infrastructure (AMI) project is ongoing. The District received a \$2 million grant from the Bureau of Reclamation and have drawn and been reimbursed approximately \$600,000 for the purchase of meters. The environmental review is still being navigated. This amendment is to extend the contract through December 31, 2025 with no change to the cost.

Discussion ensued and staff answered questions.

Mr. Jacobs moved to approve Amendment No. 1 to the Cultural Resources Documentation Cooperative Agreement with Carollo Engineers extending the agreement through December 31, 2025. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 5-0.

**F. Approval of Bids for Granular Activated Carbon (GAC) Replacement**

Mr. Olsen stated that in prior years the Board was asked to approve the GAC replacements solely for the South Shannon site for the removal of volatile organic compounds (VOCs), which were funded entirely by Arizona Department of Environmental Quality (ADEQ). The frequency for the GAC replacements will likely be reduced with the addition of the advanced oxidation process (AOP). Based on studies, the burnt coconut shell that is used at the South Shannon site is effective for VOCs but Bituminous Coal GACs is more effective for Per-and-Polyfluoroalkyl (PFAS) compounds. The Riverside and DeConcini well sites will be coming online for GAC treatment for PFAS removal. Staff received bids for both Bituminous Coal and burnt coconut shell so the option of the GAC is based on the treatment needs and, as always, the lowest bid will be utilized.

Mr. Jacobs moved to approve all pricing submitted for the Granular Activated Carbon and direct staff to use the lowest responsible bidder first. If the lowest bidder is unable to meet District requirements, then staff is authorized to use the next lowest bidder. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 5-0.

**G. Approval of Quotes for Auxiliary Power Preventative Maintenance Service and On-Call Service Repairs**

Mr. Olsen stated that this is another of the annual contracts from the Utility Team to ensure the critical Auxiliary power is operational when needed for preventative maintenance, emergency maintenance, and on-call maintenance. Multiple bids are received and are utilized depending on the service need and the level of maintenance. The pricing was received from Empire Power Systems and W.W. Williams Company with staff utilizing the lowest bidder for the particular service.

Mr. Foulk moved to approve the bids and pricing submitted for the Auxiliary Power Preventative Maintenance Service and On-Call Service Repairs for use in Fiscal Year 2026 from Empire Power Systems and W.W. Williams Company and to direct staff to utilize the low bidder. If the low bidder is unable to perform the work, staff is directed to use the next lowest bidder. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

**VI. General Manager's Report**

Mr. Olsen stated that a couple of month ago the Board was briefed on the status of receiving the PFAS settlement payment. The payment process is being done in phases. The District anticipates first receiving the funding for three of our service areas and the fourth service area, Metro Main, will be received in another phase. The score for each service area has been received with Metro Main being the highest but we do not know how the score will correlate to the amount that the District will receive. Our plans for what can be accomplished with the settlement payment will depend on the dollar amounts received.

Discussion ensued and staff answered questions.

Mr. Olsen provided an additional update on legislation. None of the bills that the Board voted to oppose or support have moved forward. Of the opposed bills, House Bill 2297 failed in the House and House Bills 2550 and 2692, and Senate Bill 1251 have essentially died in session. The Board voted to support House Bill 2093 and 2103 and both passed the House and were half way through the Senate process but are being held as the focus shifted to the budget process.

**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 June 9, 2025.

**IX. General Comments from the Public**

There were no comments from the public.

**X. Adjournment**

The meeting adjourned at 6:42 p.m.

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Scott Schladweiler, Chair of the Board

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Theo Fedeles, Clerk of the Board