

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

MONDAY, JUNE 9, 2025

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

MINUTES

Board Members Present: Richard Sarti, Vice Chair
Jim Doyle, Member (Participated Electronically)
Bryan Foulk, Member
Lee Jacobs, Member

Board Members Not Present: Scott Schladweiler, Chair

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

II. General Comments from the Public

Samaiyah Monier, a District resident, shared her concerns with the Board regarding charges on her bill.

Mr. Olsen requested Ms. Monier's contact information to look into the account and charges. He stated he would follow up with Ms. Monier and the Board Members.

III. Consent Agenda

- A. Approval of Minutes – May 12, 2025 Board Meeting**
- B. Ratification of Billing Adjustments**

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

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District

The fiscal year-to-date consumption for the District's service areas is 0.1% higher in Metro Main, 2.6% higher in Metro Hub, and 0.6% lower in Metro Southwest when compared to the same period in the prior fiscal year.

The increased recharge rates following maintenance at Avra Valley Recharge Project (AVRP) has continued. Given the increased volume of water that was able to be recharged, we are able to perform a drying period in June on the basins in addition to the planned drying and raking of the basins in the fall. Going forward, we are planning two drying and raking intervals annually to maximize recharge rates.

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 and expenditures through April are both favorable when compared to a straight-line projection. Revenue is \$3,262,102 over budget and expenditures are \$1,346,258 under budget. The revenue in excess of expenditures is favorable by \$4,608,360. When comparing the total revenue to the same month in the prior fiscal year, revenue as of April was higher by 10.10% or \$1,906,928. The historic average of budgeted water revenue billed by the end of April is 84.5% and the District billed 83.65% of the budgeted meter water revenue. Penalties and service charges, development revenue, water storage, and reclaimed water are all under budget. The operating expenditures as of the end of April were \$237,455 higher than they were at the end of

April in the prior fiscal year. The May cash deposit balance was \$41,206,273.65, which is \$2,474,598.69 higher than the April balance with \$874,376.88 of grant funding received, \$770,867.03 of Water Infrastructure Finance Authority of Arizona (WIFA) loan reimbursements, and \$66,916.26 of PFAS settlement funds received. The investments as of the end of May totaled \$11,227,192.38, which is \$230,970.20 higher than the April balance.

The Arizona State Treasurer Pooled Collateral Program Statement for April included deposits totaling \$26,925,303.78 in the Statewide Pooled Collateralization Program.

The Capital One Bank MasterCards were used to purchase \$33,496.09 on the May statement with up to 1.25% cash back earnings. The inception-to-date cash back total is \$30,273.99.

There were 2-meter applications received in May for the Metro Main service area. There were 4 new meter applications received in May of the prior fiscal year. Fiscal year-to-date, 140-meter applications have been received compared to 71 at the same time in the prior fiscal year.

C. Approval of a Modification to Amendment No. 1 to the Positive Displacement Meter Contract with Badger Meter

Mr. Olsen stated that at the April 2025 Board meeting, the Board approved Amendment No. 1 to the Badger positive displacement meter contract. This amendment extended the contract through May 30, 2026 with the total not-to-exceed contract amount increasing from \$2 million to \$2.2 million. Badger provided a 1.32% cost increase for all meter sizes but this increase was not identified in the amendment. This action is for the Board to approve modifying Amendment No. 1 to include the 1.32% cost increase, while keeping the current not-to-exceed of \$2.2 million.

Discussion ensued and staff answered questions.

Mr. Foulk moved to approve the modification to Amendment No.1 to the Positive Displacement Meter contract with Badger Meter to include the 1.32% price increase for all meter sizes. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

D. Approval of Proposals and Purchase of Advanced Metering Infrastructure Electrical Materials

Mr. Olsen stated that to support the meter replacement program and customer portal, the District received \$5 million in external grant funding. This funding requires compliance with Build

America / Buy America (BABA) requirements. The installation of the Advanced Metering Infrastructure (AMI) collectors and repeaters will require general electrical materials, antenna cables, lightning protection, and tower extensions. Three bids were received for these materials but one asked for their proposal to be disregarded. Of the two bids, Electric Supply did not bid all the items and some were not BABA compliant. Graybar did bid all the items and stated all were BABA compliant but some items had discrepancies in quantities and total costs while others were not the requested material. It is recommended that the Board direct staff to work with the vendors to correct the errors in the bids and to purchase from both vendors based on the lowest priced vendor on each component while ensuring compliance with BABA requirements.

Discussion ensued and staff answered questions.

Mr. Jacobs moved to approve the submitted proposals from Electric Supply Inc and Grabar Electric, and to authorize staff to work with the vendors to correct errors in the proposals and to purchase from both vendors based on low price and Build America Buy America compliance with a total not-to-exceed amount of \$50,000. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 4-0.

E. Approving a Temporary Construction Easement Agreement between the Metropolitan Domestic Water Improvement District and the Town of Oro Valley for the Northwest Recharge, Recovery, and Delivery System Additional Partnered Water Facility Construction

Mr. Olsen stated that as part of the overall NWRDRS infrastructure, the Town of Oro Valley, the Town of Marana, and the District each require their own booster station to convey water from the partnered NWRDRS infrastructure to the individual systems. Oro Valley is coordinating the execution of the three booster stations and a portion of the individual transmission mains, which will be located at the District's NWRDRS forebay site. To enable Oro Valley to proceed with the execution of this infrastructure, the District needs to grant Oro Valley a temporary construction easement on the District's forebay site.

Mr. Jacobs recused himself from voting on this item due to his employment with the Town of Oro Valley.

Mr. Foulk moved to approve a Temporary Construction Easement Agreement with Oro Valley for construction of the independent booster stations and associated transmission mains and to authorize the General Manager to execute the agreement. Mr. Doyle seconded the motion. Motion passed by a roll call vote of 3-0.

F. Approval of Analytical Laboratory Services Contracts for Eurofins-Eaton Analytical, Inc. and Turner Laboratories Inc.

Mr. Olsen stated that to ensure compliance with the Safe Drinking Water Act, the District utilizes state approved labs to perform water quality analyses. Eurofins-Eaton Analytical Inc., and Turner Laboratories Inc., currently provide these services to the District. The current contracts are expiring at the end of the fiscal year and it is recommended that the Board authorize a new 5-year agreement with both labs. There are two motions, one for each lab, which elaborates on which analytes each lab will perform with an allowance that the other lab could perform this service if the initial lab is unable to perform the analysis.

There was a correction to the Board report. The Contracts are for Fiscal Years 2026-2030 not 2026-2031.

Mr. Jacobs moved to approve the Analytical Laboratory Services Contract with Eurofins-Eaton Analytical, Inc., for Fiscal Years 2026-2030 in the amount of \$87,655.00 to complete analytical services related to SOC, PFAS, and 1,4 dioxane constituents and to authorize the General Manager to negotiate and enter into a contract for these services. The General Manager is also authorized to negotiate and enter into a contract for these services with Turner Laboratories, Inc., in the event Eurofins-Eaton Analytical, Inc., is unable or unwilling to perform. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 4-0.

Mr. Foulk moved to approve the Analytical Laboratory Services Contract with Turner Laboratories, Inc. in the amount of \$438,995.00 for the remaining compliance and discretionary analyses during Fiscal Years 2026-2030 and to authorize the General Manager to negotiate and enter into a contract for these services. The General Manager is also authorized to negotiate and enter into a contract for additional services with Eurofins-Eaton Analytical, Inc., in the event Turner Laboratories, Inc., is unable or unwilling to perform. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

G. Approval of Bids for Hydrogen Peroxide at the South Shannon Facility

Mr. Olsen stated that the Advanced Oxidation Process (AOP) Treatment at the South Shannon well site requires the addition of hydrogen peroxide to the treatment vessel in order to remove 1,4-dioxane. The hydrogen peroxide dosing system consists of a vessel containing 2,700 gallons of hydrogen peroxide and a dosing skid. Bids were sought to ensure timely delivery of hydrogen

peroxide. Two bidders responded and it is recommended the Board authorize staff to use the lowest responsible bidder first and to use the next lowest bidder if the lowest bidder is unable to meet District requirements.

Mr. Jacobs moved to approve all pricing submitted for the Hydrogen Peroxide 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 4-0.

H. Approval and Award for Water Treatment Media Regeneration Annual Quotes for the District's Arsenic Treatment Media

Mr. Olsen stated that the District uses iron oxide adsorption media to remove arsenic at 4 production sites. The media can be regenerated by chemically stripping the adsorbed arsenic ions as opposed to purchasing new media each time a change out is required. Purolite is the only known vendor to possess the required Gold Seal certification to accomplish this media regeneration process. Bid openings for arsenic regeneration was on April 30, 2025, however no bids were received. Following the bid opening, Purolite provided their arsenic regeneration pricing. The price increased from \$371 per cubic foot (cf) to \$401.79 per cf, which is a 11.3% increase. As Purolite is the only vendor that can meet the NSF 61 requirements, it is recommend the District approve the arsenic media regeneration quote with Purolite.

Mr. Foulk moved to approve the annual quote for Water Treatment Media Regeneration and award Purolite the regeneration of the District's Arsenic Treatment Media. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

I. Approval of Quotes for Miscellaneous Annual Services and Material for the Utility Team

Mr. Olsen stated that each year the Board is asked to approve quotes for various services and materials that the Utility team relies on to ensure deliveries of safe, reliable water to our customers. While individual purchases for these items are typically under the procurement policy threshold for Board authorization, the threshold may be exceeded on a cumulative basis over the course of the year. These quotes include chlorine purchases, asphalt patching services, and analytical services for coliform testing.

The Board is requested to approve these quotes and to direct staff to use the lowest quote when possible.

Mr. Jacobs moved to approve the annual quotes for chlorine purchases, asphalt patching services, and analytical services for coliform from the corresponding lowest bids per item as presented by staff, and to direct staff to use the next lowest bidder for a particular service or material if performance or quality of service from the lowest bidder does not meet the District's needs. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 4-0.

J. Legislative Updates 2025

Mr. Olsen stated that a strike everything amendment Bill was introduced related to an initiative through the Governor's Water Policy Council, the Ag-to-Urban concept, which would migrate agriculture lands to urban rooftops as there is a lower water use for rooftops as opposed to historical agriculture. Under this concept, a certain amount of groundwater pumping would be allowed to continue but at a decreased rate for an overall savings. The Governor's Water Policy Council supported going forward to analyze what the correct conversion rates. The Southern Arizona Water Users Association (SAWUA) had some concerns with the Bill because it only included the Phoenix Active Management Area (AMA) and Pinal AMA but did not include the Tucson AMA (TAMA). TAMA was not included because Arizona Department of Water Resources (ADWR) did not have the staff to adequately determine the impacts of these conversion rates. The challenge is, if TAMA is not included in the Bill it is likely not going to be included in the future. Also, SAWUA members have concerns because, based on estimates, there are 33,000 acres of land that potentially would be converted under the concept and would support the goals of water policy management in Southern Arizona. SAWUA drafted a letter to the Bill's sponsor and local Tucson legislators explaining the concerns of not including TAMA. The Governor's office called stating they were working on including language in the Bill that TAMA will not need to go through a legislative approval process in the future and will be legislatively approved, and the ADWR director would be able to authorize TAMA to participate in the concept once the modelling and analysis has been complete.

As the legislature is working through various strike everything amendments and the language in this Bill may be included on another Bill, it is recommended that the Board support this Bill, Senate Bill 1611, or any Bills with similar language.

Mr. Foulk moved to direct the General Manager to formally support Senate Bill 1611 on behalf of the Metropolitan Domestic Water Improvement District or any Bills with similar language. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

V. General Manager's Report

Mr. Olsen stated that District staff were at the Foothills Mall Farmers Market this past weekend as part of our public outreach process to share with customers about the online customer portal. There were various discussions with the public and some customers have already signed up for the portal.

The initial payment in the PFAS settlement funds were received. Three additional settlements are projected to be received. The settlement funds will be bundled for the Horizon Hills treatment project, currently in the Capital Improvement Program (CIP). Horizon Hills has been off line since 2016 due to 1,4-dioxane and perfluorinated compounds. The plan is to drill a new well at the new Ina/CDO wellsite, which is to the northeast of the existing Ina/CDO well and Horizon Hills is to the south on the other side of Ina Road. An AOP treatment system will then be constructed at the new Ina/CDO site similar to the South Shannon treatment. Horizon Hills well be piped directly to that treatment site as a multi-well treatment solution. The settlement funds are not projected to provide enough revenue to accomplish the entire initiative so staff are looking at various options as it relates to either borrowing from fund balance as well as other funding sources. There will be more planning but this plan is looking very promising to get a high producing well back online while also being able to mitigate these contaminants

On Tuesday, June 17, 2025, Wally Wilson, the District's Water Resources Manager, and I will attend the Arizona Reconsultation Committee (ARC) meeting in Phoenix. The focus of the discussion is how Central Arizona Project (CAP) users across Arizona will be impacted by the reductions proposed for the lower basin alternative for the Colorado River operations post 2026. There have been meetings to discuss how to allocate the shortages for the seven basin states but have not discussed what level the District or M&I subcontractors would be impacted. The results would then be contingent on what the Secretary of the Interior and the Bureau of Reclamation decide as the selected alternative.

On Wednesday, June 18, 2025, Mr. Olsen will be attending the Arizona Water Bank Commission meeting.

Discussion ensued and staff answered questions.

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 July 14, 2025.

VIII. General Comments from the Public

There were no comments from the public.

IX. Adjournment

The meeting adjourned at 6:59 p.m.

Scott Schladweiler, Chair of the Board

Theo Fedele, Clerk of the Board