

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

MONDAY, JULY 14, 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
Jim Doyle, Member (Participated Electronically)
Bryan Foulk, Member
Lee Jacobs, Member

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. Consent Agenda

- A. Approval of Minutes – June 9, 2025 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Accounts Removed from Active Accounts Receivable**
- D. Ratification of Bill of Sale Waterline Extension for Via Latigo (M-24-004)**

Mr. Jacobs moved to approve the consent agenda. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District

The Fiscal Year 2025 consumption compared to Fiscal Year 2024 consumption was 0.7% lower in Metro Main, 0.4% higher in Metro Hub and 0.7% lower in the Metro Southwest service areas.

The June drying cycle finished on the Avra Valley Recharge Project (AVRP) recharge basins and deliveries to the basin resumed early this month. So far, the basins are continuing their high recharge rates following last year's sediment removal.

Mr. Sanders provided an update on noteworthy maintenance projects.

Ms. Bowen provided an update on the Northwest Recharge, Recovery, and Delivery System (NWRDRS) and the Metro-only portion, the Ironwood well, and the galvanized pipe replacements.

B. Financial Report

Ms. Bracken stated that revenue and expenditures through May are both favorable when compared to a straight-line projection. Revenue is \$3,925,534 over budget and expenditures are \$1,407,521 under budget. The revenue in excess of expenditures is favorable by \$5,333,055. When comparing the total revenue to the same month in the prior fiscal year, revenue as of May was higher by 12.42% or \$2,759,703. The historic average of budgeted water revenue billed by the end of May is 91.75% and the District billed 95.19% of the budgeted metered water revenue. Penalties and service charges, development revenue, and water storage and reclaimed water are all under budget. The operating expenditures as of the end of May were \$274,058 higher than they were at the end of May in the prior fiscal year. The June cash deposit balance was \$42,212,613.77, which is \$1,006,340.12 higher than the May balance. The investments as of the end of June totaled \$9,929,256.30, which is \$1,297,936.08 lower than the May balance with \$1,566,685.34 transferred from investments for the debt payments due on July 1, 2025. The Arizona State Treasurer Pooled Collateral Program Statement for May included deposits totaling \$26,357,216.63 in the Statewide Pooled Collateral Program.

The Capital One Bank MasterCards were used to purchase \$31,148.62 on the June statement with up to 1.25% cash back earnings. The inception-to-date cash back total is \$30,571.59.

There were 11-meter applications received in June, for the Metro Main service area. There were 18 new meter applications received in June of the prior fiscal year. In Fiscal 2025, 151-meter applications were received compared to 89-meter applications received in the prior fiscal year.

C. Approval and Award of La Cañada Bridge Expansion Joint Installations

Mr. Olsen stated that the District operates an 8” ductile iron waterline suspended from the La Cañada Bridge where the bridge crosses the Cañada Del Oro wash. The line has required repairs over recent years due to leaks caused by the expansion and contraction of the bridge. To prevent future leaks, the Fiscal Year 2025 Capital Improvements Program included funds to install expansion joints and roller pipe hangers to enable the pipe to move with the bridge.

Due to unforeseen delays in permitting with Pima County Flood Control District, the facility impact permit was not issued until June 12, 2025, preventing the completion of the project in Fiscal Year 2025. As the funding for this project did not carry over from the prior fiscal year, and given the need to complete this project, staff will look for savings on other projects in the first half of the current fiscal year to offset this expense. If savings are not identified, then one of the current fiscal year investments to support the District mission may need to be delayed to Fiscal Year 2027. The Board is requested to approve the use of the cooperative agreement to award the installation of the expansion joints to Innova Engineering.

Mr. Jacobs moved to approve the La Cañada Bridge project and to award Option 1B to Innova Engineering LLC in the amount not-to-exceed \$48,000.00, and to authorize the General Manager to approve up to an additional \$5,000 for any unforeseen construction costs. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

D. Authorizing Amendment No. 6 to Construction Manager at Risk (CMAR) Contract for Northwest Recharge, Recovery and Delivery System (NWRDRS) Shared Project

Mr. Olsen stated that the Board has previously approved Guaranteed Maximum Prices (GMP) Numbers 1 through 5 for NWRDRS partnered infrastructure. The remaining 13.5% of the overall NWRDRS Partnered Project cost model is for the remaining portion of the transmission main, roughly 3.7 miles, that is broken into three pieces. This action item is for the Board to consider authorizing GMP Number 6 for Package 3C in the amount of \$2,719,396.85 with the District’s share at \$1,045,880.03. As authorized by Memorandum of Agreement (MOA) 24002-06, the NWRDRS Partners desire to advance GMP Number 6 for Package 3C.

Should the Board authorize this work, the key remaining items requiring award for the District's overall NWRD program would be the transmission main packages for sections 3D and 3E, the construction of the individual booster stations and associated piping at the forebay site, and the ironwood well equipping.

Discussion ensued and staff answered questions.

Mr. Sarti moved to authorize the General Manager to negotiate and execute Amendment No. 6 to the Construction Manager at Risk contract with Borderland Construction Company, Inc. in an amount not to exceed \$2,719,396.85 for the Northwest Recharge, Recovery, and Delivery System Guaranteed Maximum Price Number 6 – Package 3C Transmission Main Installation. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

E. Authorization of Release of Easement for Uptown Phase 1 (M-24-005) & Phase 2 (M-24-007)

Mr. Olsen stated that Phases 1 and 2 of the Uptown development, currently under construction in the area of the former Foothills Mall, required the removal and relocation of multiple District waterlines due to the planned footprint of the development. With the waterlines removed, the release of the easements is required prior to building construction as the buildings would otherwise encroach on the easements. It is recommended that the Board authorize the easement releases associated with Phase 1 and 2 of the Uptown development. Additional easement releases for the future phases of this development will be brought to the Board for consideration at a future date.

Mr. Jacobs moved that the Metropolitan Domestic Water Improvement District Board of Directors authorize the release of the existing easement associated with the Uptown Phase 1 and Phase 2 development. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

V. General Manager's Report

Mr. Olsen stated that during call to the audience at last month's Board meeting, Samaiyah Monier shared their concerns regarding charges on their bill. Upon further review, the customer did pay their bill on-time but used a third-party payment processing service not affiliated with the District. It can take up to three days for payments to be received from the third-party processors as opposed to instantaneous posting if the payment is made via Express BillPay, linked off our website, or called into our customer service team. While the customer paid their bill, the payment was not received until after their water was turned off and a late fee applied. Given the circumstances, we have waived the late fee and ensured the customer knew their options to make a payment that would post instantly. The customer was very appreciative for this resolution.

Last month, the Board authorized me to formally register our support to the amended Senate Bill 1611, also known as the Ag to Urban Bill. This amendment was the result of compromise between multiple parties including the Southern Arizona Water Users Association (SAWUA), which the District is a member. The Senate and House both passed this bill and the governor has since signed this bill into law. Thank you again to the Board for authorizing me to register support or opposition to water bills to help ensure pragmatic and beneficial water policies.

On June 17, 2025, Wally Wilson, the District's Water Resources Manager, and I attended the Arizona Reconsultation Committee Meeting representing both the District and SAWUA. The meeting was noteworthy as Scott Cameron, the Department of Interior Acting Assistant Secretary for Water and Science, was in attendance. Mr. Cameron was able to hear firsthand from the entities in Arizona that have already contributed to reductions in usage and supporting the critical elevations at Lake Mead. The District was also acknowledged, along with other entities and initiatives, for our numerous years of compensated system conservation that has, in part, contributed to Lake Mead's water level being 143 feet higher than if these proactive efforts did not occur. Mr. Cameron stated that the Department of the Interior still wants a 7-state solution though they acknowledge their role in making a decision if no consensus solution is reached. The timeframe for the Environmental Impact Statement (EIS) is that the current alternatives are currently being reviewed broadly enough so that any consensus solution can be incorporated into the EIS in time for a record of decision in May/June 2026.

Another key point from the meeting was that the discussion has shifted away from assigned allocations of acre-feet for the Upper and Lower Basin states and instead toward a supply driven process. In other words, allocating water each year based on what the Colorado River has been recently providing as opposed to using historical flow rates of the River which are no longer realistic given the changing climate conditions. This concept seems to have general support from the Upper and Lower Basin states but the focus of the discussion will likely be on what percent allocation each Basin receives from the River's supply on an annual basis.

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 August 11, 2025.

VIII. General Comments from the Public

There were no comments from the public.

IX. Adjournment

The meeting adjourned at 6:35 p.m.

Scott Schladweiler, Chair of the Board

Theo Fedeles, Clerk of the Board