

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

MONDAY, AUGUST 11, 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)
Lee Jacobs, Member

Board Members Not Present: Bryan Foulk, 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, Lee Jacobs, Richard Sarti, and Scott Schladweiler were present. Bryan Foulk was not present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – July 14, 2025 Board Meeting**
- B. Ratification of Billing Adjustments**

Mr. Jacobs moved to approve the consent agenda. Mr. Sarti 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

Mr. Olsen stated that the fiscal year-to-date consumption compared to last fiscal year-to-date was 4.2% higher in Metro Main, 30.7% higher in Metro Hub, and 2.8% higher in the Metro Southwest service areas. Note that this comparison is based on only the consumption from the first month of the fiscal year and trends are better determined as we move further into the fiscal year.

With the increased infiltration rates at our Avra Valley Recharge Project (AVRP) facility, the 7,200 acre-feet (AF) of the City of Phoenix's inter-AMA firming storage for 2025 is anticipated to be completed by the end of this month. Phoenix will not be able to participate with the District on inter-AMA firming in 2026 and staff are exploring potential storage partnerships with other entities.

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, and the Ironwood well.

B. Financial Report

Ms. Bracken stated that revenue and expenditures for Fiscal Year 2025 are both favorable when compared to the adopted budget. Revenue is \$4,502,221 over budget with \$3,022,158 of principal forgiveness, interest earning exceeding the budget by \$1,041,560, and metered water revenue \$272,669 higher than budgeted. Expenditures are \$1,402,944 under budget with all categories under budget except for Central Arizona Project (CAP) water purchases. The revenue in excess of expenditures is favorable by \$5,905,165. When comparing the total revenue to the prior fiscal year, revenue in Fiscal Year 2025 was higher by 6.84% or \$1,540,678. The operating expenditures in Fiscal Year 2025 were \$119,471 higher than they were at the end of Fiscal Year 2024. The July cash deposit balance was \$40,975,801.21, which is \$1,236,812.56 lower than the June balance. The investments as of the end of July totaled \$10,094,828.20, which is \$165,571.90 higher than the June balance.

The Arizona State Treasurer Pooled Collateralization Program Statement for June included deposits totaling \$30,319,825.69 in the Statewide Pooled Collateralization Program.

The Capital One Bank MasterCards were used to purchase \$40,184.71 on the July statement with up to 1.25% cash back earnings. The inception-to-date cash back total is \$30,839.61.

There was one-meter application received in July, for the Metro Main service area. There were 28 new meter applications received in July of the prior fiscal year.

This week staff be working with the Independent Auditors, which will be completed remotely. If the Board wishes to speak with the Audit team, please let Ms. Bracken know.

C. Authorizing Job Ordering Contract for Engineering Services During Construction for the Northwest Recharge, Recovery and Delivery System (NWRRDS) Shared Project

Mr. Olsen stated that to support the execution of the NWRRDS partnered project, the Partners approved Memorandum of Agreement (MOA) 24007-00, which allocated \$29,000 for Carollo Engineers Inc. to accomplish the necessary submittal reviews, respond to Requests for Information, and to perform specialty inspections. There is less than \$5,000 remaining on that authorization and the Partners have agreed that additional engineering services during construction will be required to complete the construction of the NWRRDS Partnered project. The Partners have approved MOA 24007-01 authorizing an additional \$29,000, for a total of \$58,000, for Carollo to perform these services. The District's share of the additional \$29,000 is \$12,000.73. As the cumulative total for these services exceeds the General Manager authority in the Procurement Policy, it is requested that the Board authorize Carollo to accomplished these support services.

Discussion ensued and staff answered questions.

Mr. Jacobs moved to authorize the General Manager to negotiate and execute a task order with Carollo Engineers, Inc., utilizing the City of Tucson Job Order Contract for engineering services during construction for the Northwest Recharge, Recovery, and Delivery System Shared Project in an amount not to exceed \$29,000.00. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

D. Authorizing a Construction Manager at Risk (CMAR) Contract for the Metro Water Phase 1 Independent Transmission Main and Booster Pump Station for the Northwest Recharge, Recovery, and Delivery System (NWRRDS) Additional Partnered Water Facilities Project

Mr. Olsen stated that as discussed at the last Board Meeting, there were four substantial construction contracts that the Board would need to consider in order to complete the NWRD effort. Those items are the equipping of the Ironwood Blend Well, the booster facility, and transmission phases 3D and 3E. The item before the Board today is to consider award of the booster facility.

On November 8, 2021, the Board approved an Intergovernmental Agreement (IGA) between the District, the Town of Marana, and the Town of Oro Valley for the construction of additional partnered facilities that includes the Partner's booster stations and associated off-site piping. Per the IGA, Oro Valley would lead the execution of this effort similar to how the District has been leading the execution of the other NWRD partnered infrastructure. On December 12, 2022, the Board adopted Resolution 2022-12 authorizing the District to incur debt with the Water Infrastructure Finance Authority of Arizona (WIFA) for the construction of the NWRD booster station and associated pipeline. On August 6, 2025, a proposal was received from Oro Valley for the construction of the District's booster station and associated pipeline. The proposal was from Smyth Industries in a guaranteed maximum price (GMP) of \$4,302,661.82. The amount is the result of extensive value engineering that the contractor and the NWRD Partners engaged in over many weeks. Based on the recent construction cost of similar projects, this is fair and reasonable. The WIFA loan has sufficient remaining funds to accomplish this effort.

HDR Engineering Inc. is the consultant that accomplished the design of the District's booster station and it is also recommended that the Board authorize a not to exceed amount of \$20,000 for HDR to perform engineering services during construction.

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

Mr. Sarti moved to authorize the General Manager to negotiate and execute a Construction Manager at Risk contract for the Metro Water Phase 1 Independent Transmission Main and Booster Pump Station for the Northwest Recharge, Recovery, and Delivery System Additional Partnered Water Facilities Project in the amount of \$4,388,661.84, and to authorize the General Manager to increase the Construction Manager at Risk contract in a cumulative amount not to exceed \$200,000 and to increase the original construction contract term by thirty (30) calendar days for any unforeseen conditions encountered during construction. Mr. Doyle seconded the motion. Motion passed by a roll call vote of 3-0.

Mr. Sarti moved to authorize the General Manager to negotiate and execute a contract with HDR Engineering, Inc., for engineering services during construction in an amount not to exceed \$20,000. Mr. Doyle seconded the motion. Motion passed by a roll call vote of 3-0.

E. Approval of the Groundwater Savings Storage Agreement Amendment with BKW Farms, Cortaro Water User's Association, and Kai Farms Red Rock

Mr. Olsen stated that the Groundwater Saving Facilities (GSF) are a critical water resource management strategy for the District where a portion of the District's CAP allocation is delivered to farmlands near the CAP canal in-lieu of the farms pumping groundwater. The District also receives an equal amount of water back for water delivered to a GSF along with a GSF rebate of \$12 per AF.

It is recommended that the Board amend the GSF storage agreements with BKW Farms, Cortaro Water User's Association, and Kai Farms for planned delivery volumes in calendar 2026. The planned storage for BKW Farms, Cortaro Water User's Association, and Kai Farms is 500 AF, 7,460 AF, and 500 AF respectively. After 5,000 AF is taken into account for the Compensated System Conservation agreement, the goal is that the remaining 8,460 AF of the District's 2026 CAP allocation is stored in GSFs. This would generate approximately \$101,000 in revenue for the District in GSF storage rebates and save approximately \$186,000 compared to if this water was otherwise stored in constructed recharge projects.

Mr. Jacobs moved to approve Amendment No. 2 between the District and BKW Farms, Inc. for "In-Lieu Water Deliveries and Storage" for calendar year 2026. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

Mr. Jacobs moved to approve Amendment No. 2 between the District and Cortaro Water Users' Association for "In-Lieu Water Deliveries and Storage" for calendar year 2026. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

Mr. Jacobs moved to approve Amendment No. 2 between the District and Kai Farms Red Rock for "In-Lieu Water Deliveries and Storage" for calendar year 2026. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

F. Presentation on the Avra Valley Recharge Project (AVRP)

Mr. Olsen stated that over the past several Board Meetings, we have discussed the increased infiltration rates at AVRP due to significant maintenance activities. This presentation is to provide the Board with a more complete snapshot of the significant maintenance and capital upgrades that has been performed at the facility over the past couple of years,

Wally Wilson, the District's Water Resources Manager, provided a presentation of AVRP and the recent upgrades.

Discussion ensued and staff answered questions.

VI. General Manager's Report

Mr. Olsen stated that last Tuesday he had the honor of presenting the District's revenue stability journey at the Water Finance Conference and, after the presentation, participated on a panel on water affordability. The conference attendees were a broad, cross-section of financial professionals in the water industry from across the United States and Canada. The presentation was well received with multiple attendees stating that they were amazed with the rate model Ms. Bracken built. They want to strive to reach her level of accuracy, and were impressed with the level of the District's revenue stability.

Tomorrow, Mr. Olsen will be in Phoenix for the WIFA Federal Programs Committee where the Committee will review multiple water infrastructure loan requests.

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 September 8, 2025.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:38 p.m.

Scott Schladweiler, Chair of the Board

Theo Fedeles, Clerk of the Board