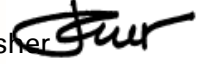




MEMORANDUM

Date: August 4, 2026

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **Additional Information for the August 11, 2026 Board of Supervisors Meeting Related to the Ajo Domestic Water Improvement District and a Proposed Purchase Agreement with Arizona Water Company**

This memorandum provides additional information on the status of the Ajo Domestic Water Improvement District (ADWID) transition and outlines key steps underway to ensure continued reliable water service for the Ajo community customers. An Asset Purchase Agreement will be on the August 11, 2026 Board of Supervisors' Agenda for consideration.

Background

The Ajo Domestic Water Improvement District was established in 1992, converted from an improvement district originally established in 1975. ADWID provides essential water service to approximately 150 connections in the Town of Ajo. For many years, district operations relied heavily on volunteer participation. As operational and regulatory requirements have expanded, this model has become unsustainable, prompting the district in 2025 to begin negotiating a long-term solution by pursuing a sale to the adjacent private water provider, Arizona Water Company (Arizona Water).

Pima County's Role

In late 2025, ADWID was unable to appoint new board members and therefore could not complete required actions for the pending sale. At ADWID's request, the Pima County Board of Supervisors assumed the authority of the ADWID Board of Directors (BOD) on December 2, 2025, to allow essential governance functions to continue during the transition.

Subsequent actions taken have included:

- December 2, 2025: Board of Supervisors assumes temporary role as ADWID Board of Directors.
- April 21, 2026: ADWID BOD designates Art Cuaron as Chief Financial Officer and Jan Leshner as Chief Operating Officer, enabling completion of operational negotiations.
- May 12, 2026: ADWID approves an operations and maintenance (O&M) agreement with Arizona Water.

These steps provided the authority necessary to proceed with negotiations and maintain reliable water service. The ADWID remains a separate legal entity, with the Board acting in an acting governance capacity.

The Honorable Chair and Members, Pima County Board of Supervisors

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Current and Upcoming Activities

ADWID has negotiated an asset purchase agreement with Arizona Water, which will define the purchase terms and anticipated closing schedule. Once the ADWID BOD approves the agreement, Arizona Water will initiate the Certificate of Convenience and Necessity (CCN) expansion process with the Arizona Corporation Commission (ACC). This regulatory process, required for Arizona Water to assume permanent operational authority, is expected to take several months. Per the agreement as drafted, Pima County would agree to written support for the Arizona Water application to the ACC.

During this period, the existing O&M agreement ensures that customers continue to receive full service, including operations, maintenance, billing, and online account access through Arizona Water's customer portal.

The proposed purchase agreement is on the August 11, 2026 Board of Supervisors' agenda. Subject to approval and in accordance with the ADWID incorporation documents, upon completion of the purchase any remaining assets after satisfaction of all liabilities will be distributed by the ADWID BOD to qualified 501(c)(3) organizations for charitable, educational, religious, or scientific purposes within the Ajo community. This ensures that any residual value remains within and benefits the Ajo residents.

Conclusion

With the O&M agreement in place and the purchase agreement awaiting approval, ADWID continues to advance a timely transition to long-term professional water service provision. The ADWID website and contact information remain active for District information, with Arizona Water handling all service and billing inquiries.

If the purchase agreement is approved, we will continue to update the Board as key milestones are reached to ensure uninterrupted and reliable water delivery to the residents of Ajo.

JKL/anc

c: Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
Chad Kasmar, Deputy County Administrator
Art Cuaron, Finance and Risk Management Director and ADWID CFO
Nancy Cole, Senior Advisor, County Administrator's Office