

**CITIZENS' WATER ADVISORY COMMITTEE
(CWAC)**

Technical/Planning and Policy Subcommittee

Wednesday, January 28, 2015, 12:00 p.m.

Director's Conference Room

Tucson Water, 3rd Floor

310 W. Alameda Street, Tucson, Arizona



Legal Action Report

1. Roll Call/Call to Order

The meeting was called to order by Subcommittee Chair, Mark Murphy, at 12:00 p.m. Those present and absent were:

Present:

Mark Murphy	Chairperson-Representative, Mayor
Mitch Basefsky	Representative, City Manager
Chuck Freitas	Representative, City Manager
Brian Wong	Representative, City Manager
Alan Tonelson	Representative, Ward 1
Kelly Lee	Representative, Ward 6

Absent:

Placido dos Santos	Representative, City Manager
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Tucson Water Staff Present:

Melodee Loyer	Water Administrator
Andrew Greenhill	Intergovernmental Affairs Manager
Patricia Eisenberg	Water Administrator
Johanna Hernandez	Staff Assistant

Others Present:

Mark Lewis	Representative, Ward 5 (not a member of subcommittee)
Paul Kinshella	EPCOR Water

2. Announcements – No action taken.

3. Call to Audience – No action taken.

4. Review & Approval of December 17, 2014 Legal Action Report and Meeting Minutes – Member Tonelson motioned to approve the Legal Action Report and Meeting Minutes of December 17, 2014. Member Freitas seconded. Motion passed unanimously by a voice vote of 6-0.

5. Isolated Systems Presentation – Tucson Water staff member Melodee Loyer presented a PowerPoint on Tucson Water's Isolated Systems: Silverbell, Rancho Del Sol Lindo, Valley View Acres, Sierrita Foothills Estates, Diamond Bell Ranch, Vista Catalina, Thunderhead Ranch, and Santa Rita Bell Air. Ms. Loyer provided a summary of purchase, services, demands and water rights associated with each of the eight isolated systems discussed. Each system was reviewed in terms of revenues, cost,

Citizens' Water Advisory Committee, Technical/Planning and Policy Subcommittee

Legal Action Report

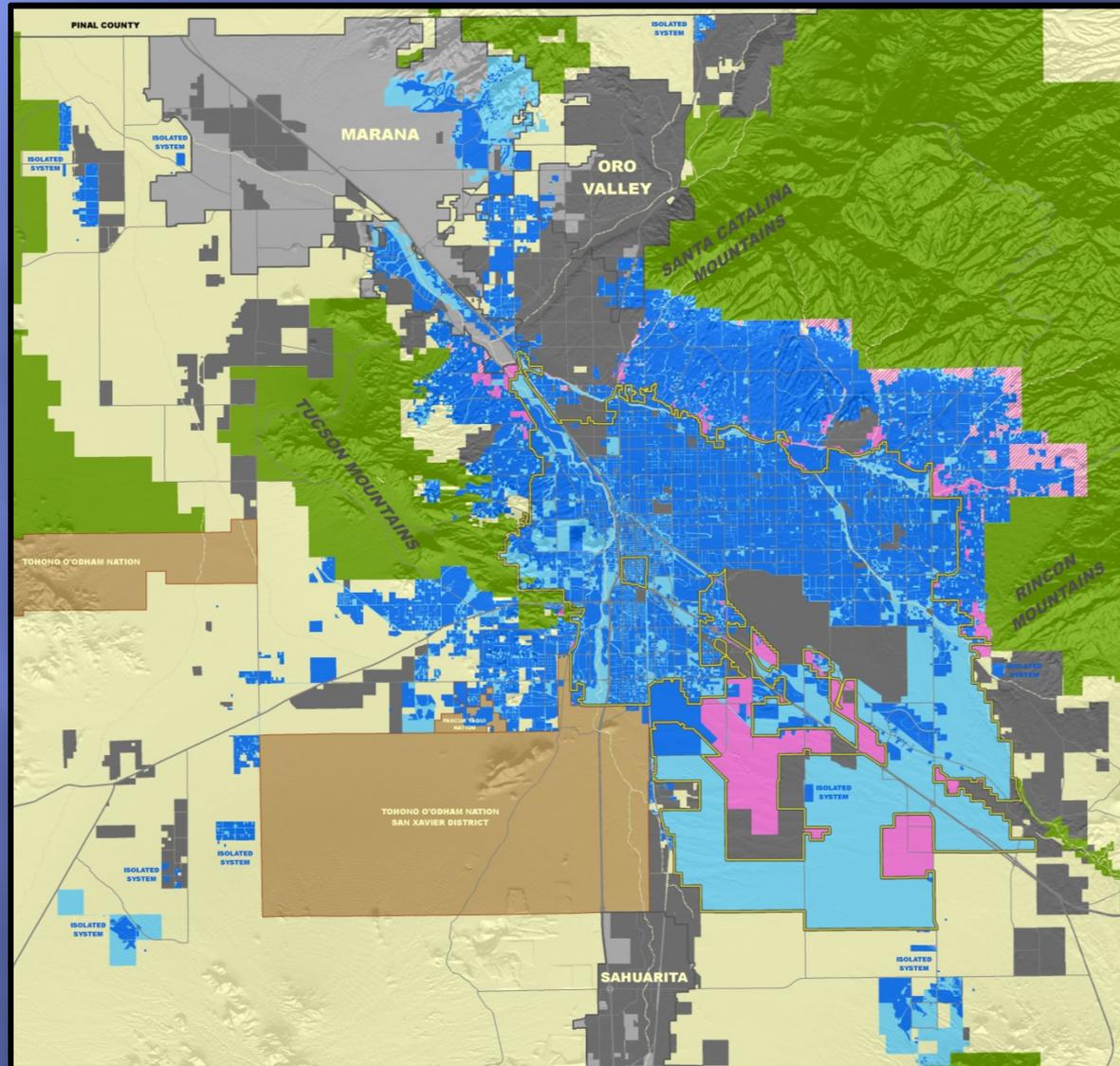
January 28, 2015

asset value and market value. Brief discussion was held regarding how the asset value and market value numbers were calculated. Each system was evaluated in regards to if the system pays for itself, if it can be reasonably connected to the central system and to whom Tucson Water could possibly sell the system. Santa Rita Bel Air and Diamond Bell systems pay surcharges. Overall, the isolated system revenues represent 1.4% of total Tucson Water revenues, the isolated system water use represents 1.06% of the total system use and the isolated systems represent 6.4% of non-renewable water use. Tucson Water has an established policy for water system acquisition, and has a draft policy for water system divestment. Tucson Water is not currently considering the sale of its isolated systems, and has not approached any potential buyers regarding the purchase of the isolated systems. Each system has been evaluated and Tucson Water is open to recommendations from CWAC on the future of each system. Brief discussion was held regarding water quality when Santa Rita is connected to the central system, the installation of new meters at the isolated systems, and the level of pumping in some of the isolated system areas.

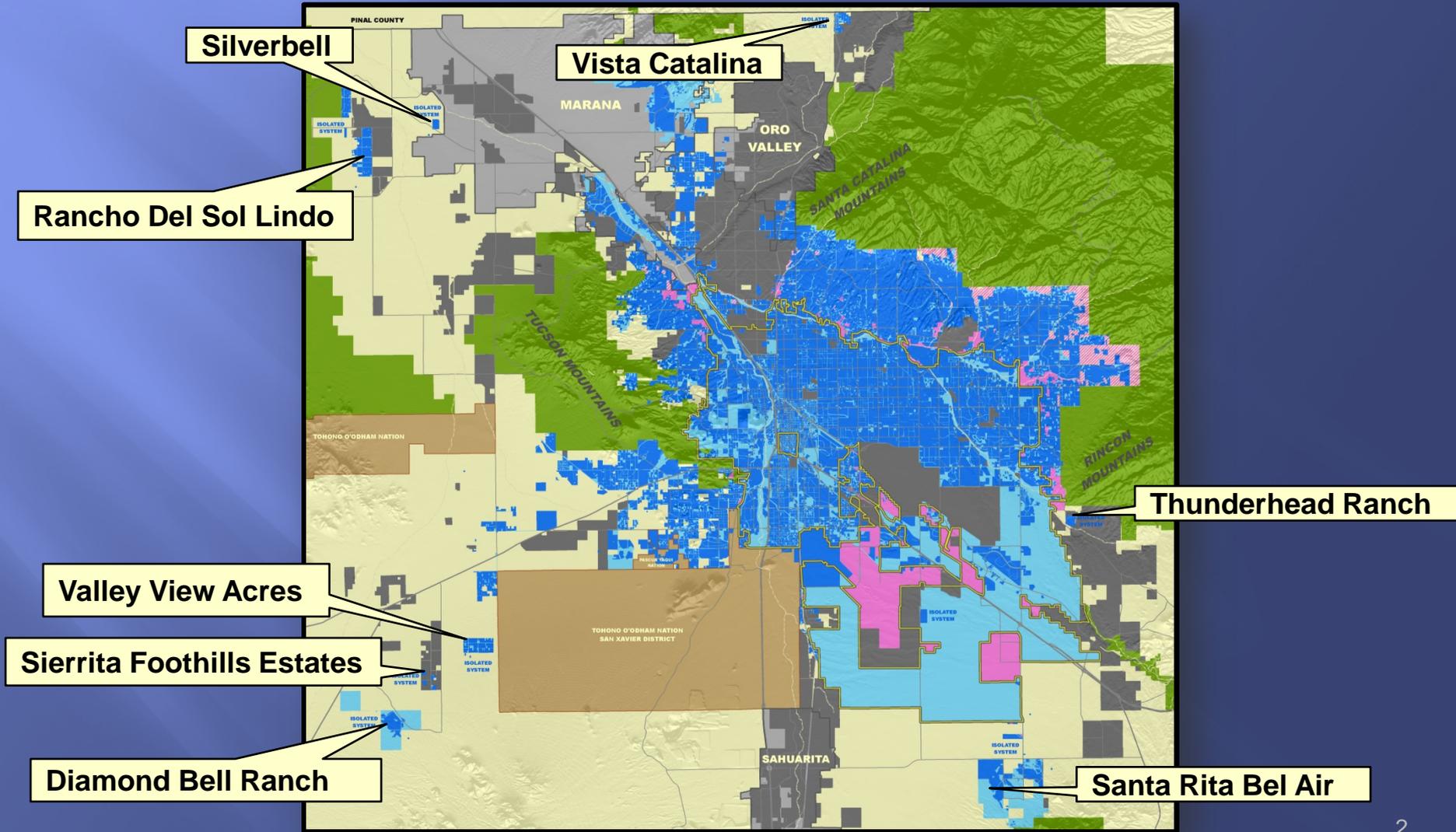
6. **Future Meetings/Agenda Items** – See projected agenda for further information.
7. **Adjournment** – Meeting adjourned at 12:31 p.m.

Impact of Isolated Water Systems

Presented By: Melodee Loyer



Tucson Waters' Isolated Water Systems



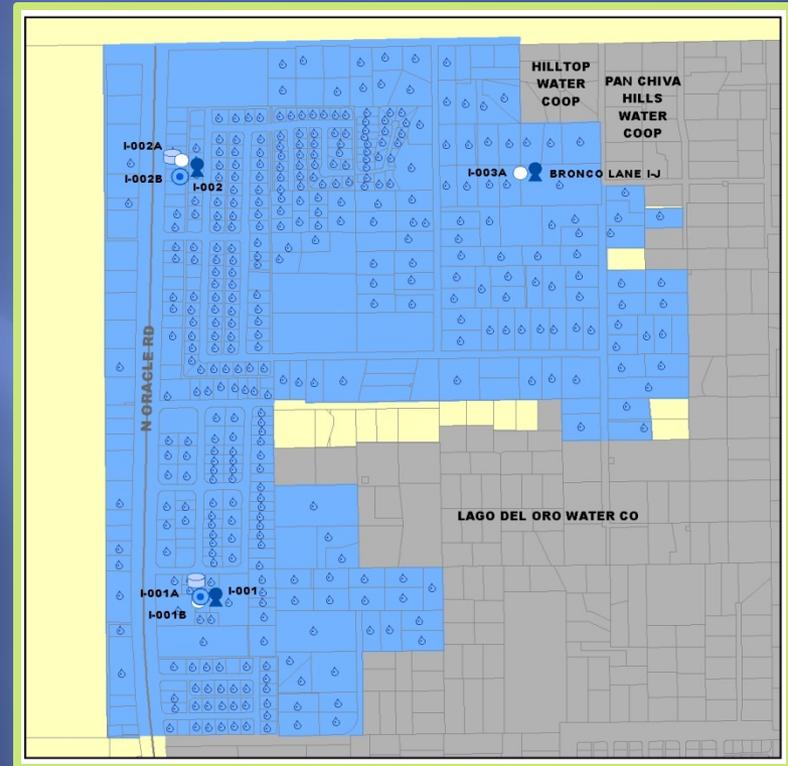
Vista Catalina

Year	Number of Services	Average Demand (AF/Yr)
2010	384	107
2011	377	102
2012	372	98
2013	379	100
2014	372	97

Purchased in 1959 .

Reason for Purchase:

Opportunity to expand water service area



Water Rights: _____

Large municipal provider

Regional recovery

Diamond Bell Ranch

Year	Number of Services	Average Demand (AF/Yr)
2010	226	64
2011	217	64
2012	216	57
2013	216	52
2014	218	52

Purchased in 1971.

Reason for Purchase:

Opportunity to expand water service area



Water Rights: _____

Type 2

Large municipal provider

Regional recovery

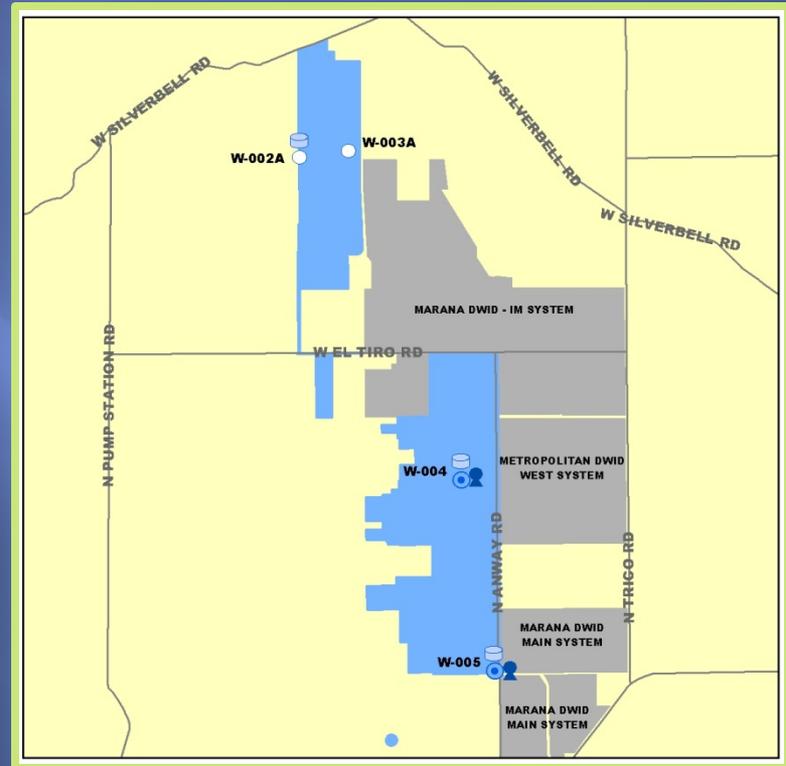
Rancho Del Sol Lindo

Year	Number of Services	Average Demand (AF/Yr)
2010	1013	306
2011	1001	295
2012	983	285
2013	979	267
2014	989	265

Purchased in 1961.

Reason for Purchase:

Opportunity to expand water service area



Water Rights: _____

Type 1

Large municipal provider

Regional recovery

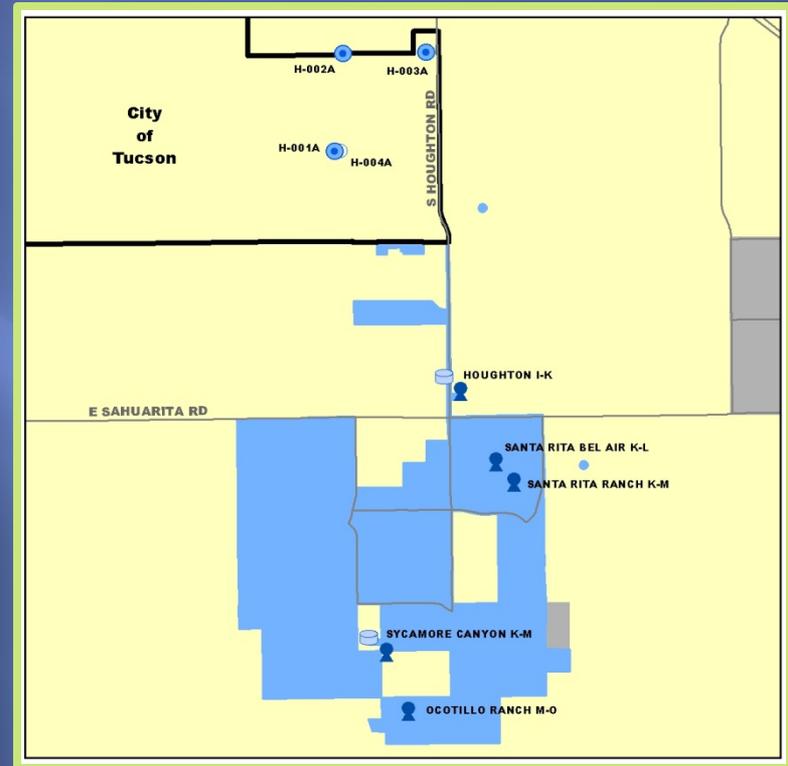
Santa Rita Bel Air

Year	Number of Services	Average Demand (AF/Yr)
2010	2218	672
2011	2335	679
2012	2436	639
2013	2540	656
2014	2629	684

Purchased in 1973.

Reason for Purchase:

Citizens Water Agreement



Water Rights: _____

Type 2

Large municipal provider

Regional recovery

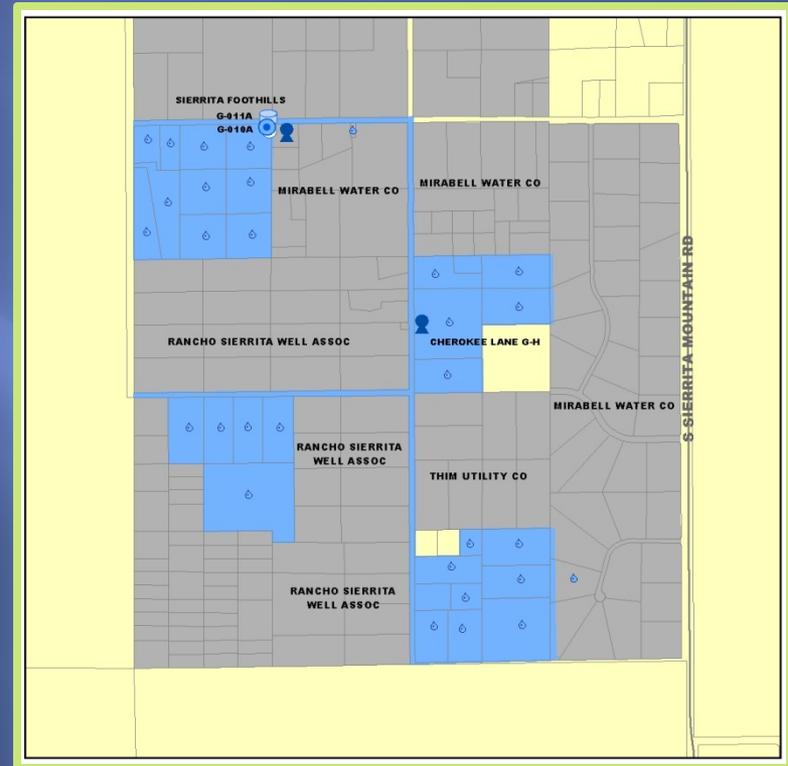
Sierrita Foothills Estates

Year	Number of Services	Average Demand (AF/Yr)
2010	27	9
2011	26	8
2012	28	8
2013	29	8
2014	28	8

Purchased in 2003 .

Reason for Purchase:

Opportunity to expand water service area



Water Rights: _____

Large municipal provider

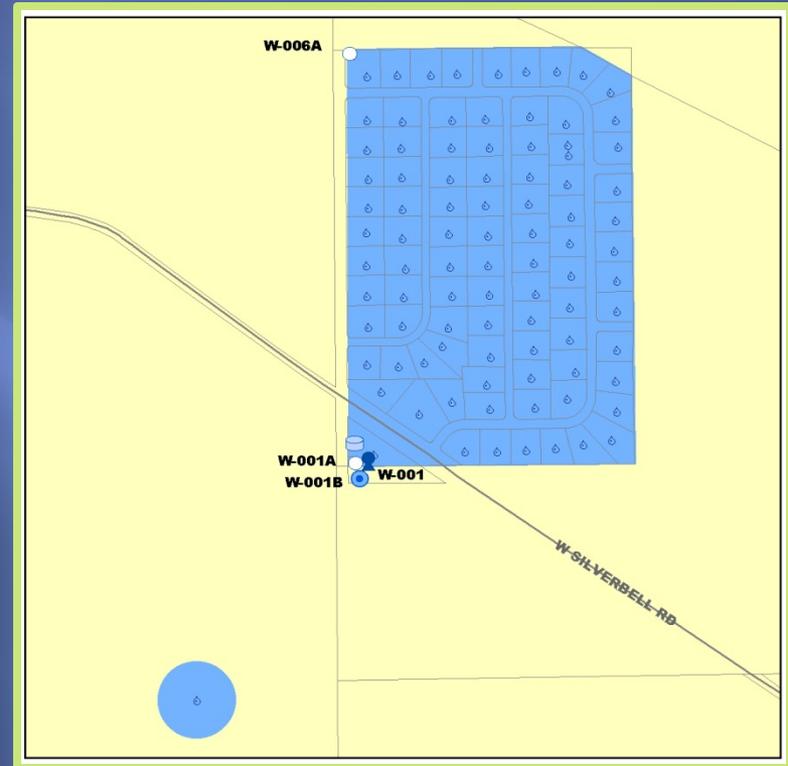
Silverbell

Year	Number of Services	Average Demand (AF/Yr)
2010	86	24
2011	83	23
2012	84	22
2013	82	20
2014	82	20

Purchased in 1994.

Reason for Purchase:

Opportunity to expand water service area



Water Rights: _____

Type 1
Large municipal provider
Regional recovery

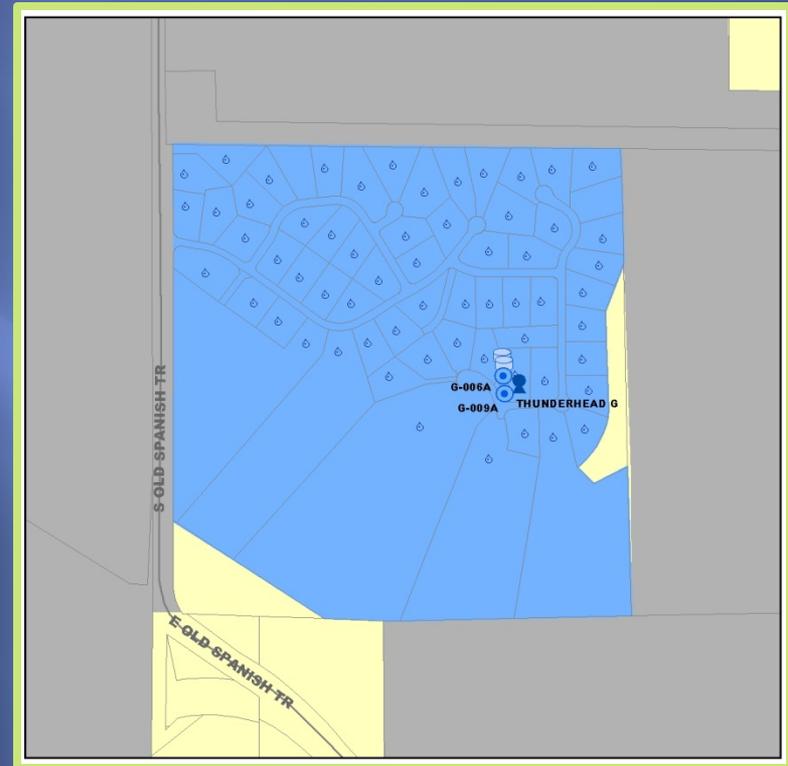
Thunderhead Ranch

Year	Number of Services	Average Demand (AF/Yr)
2010	57	22
2011	56	23
2012	56	21
2013	57	21
2014	57	20

Purchased in 1996 .

Reason for Purchase:

Opportunity to expand water service area



Water Rights: _____
Large municipal provider

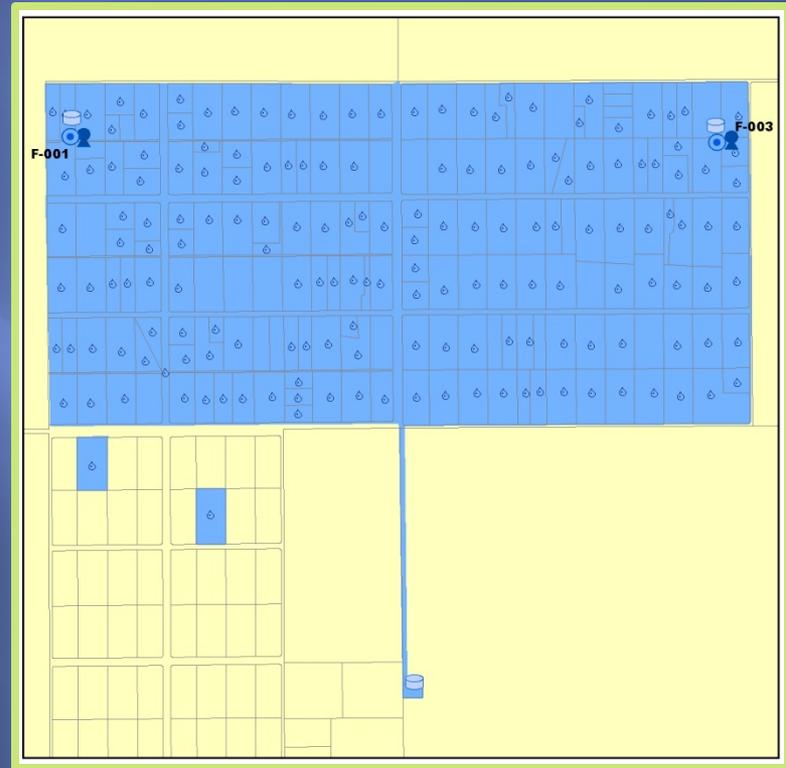
Valley View Acres

Year	Number of Services	Average Demand (AF/Yr)
2010	158	61
2011	158	58
2012	159	48
2013	156	50
2014	152	46

Purchased in 1971 .

Reason for Purchase:

Opportunity to expand water service area



Water Rights: _____
Large municipal provider
Regional recovery

Isolated Systems - Value

- ▣ Revenues
- ▣ O&M Costs
- ▣ Capital Costs
- ▣ Area Development Fees (Diamond Bell Ranch & Santa Rita Bel Air)
- ▣ Asset Value
- ▣ Projected Market Value

Vista Catalina



Year	Annual Revenues (\$)	Operations and Maintenance Costs (\$)
2010	180,021	24,853
2011	163,031	30,745
2012	156,460	33,037
2013	164,454	25,974
2014	178,101	21,995

Purchase & Capital Costs to Date: \$2,337,896

Projected Capital Cost in 5 yr CIP: \$ 0

Asset Value: \$1,295,796

Projected Market Value: \$1,160,000

Diamond Bell Ranch



Year	Annual Revenues (\$)	Operations and Maintenance Costs (\$)
2010	84,926	34,543
2011	95,619	33,980
2012	91,083	26,491
2013	88,007	22,652
2014	97,384	30,083

Area Development Fees Collected \$12,315/5 yrs.

Purchase & Capital Costs to Date: \$1,588,041

Projected Capital Cost in 5 yr CIP: \$ 0

Asset Value: \$1,284,332

Projected Market Value: \$ 680,000

Rancho Del Sol Lindo



Year	Annual Revenues (\$)	Operations and Maintenance Costs (\$)
2010	390,789	58,240
2011	407,760	84,011
2012	428,502	90,562
2013	434,502	51,941
2014	485,596	84,322

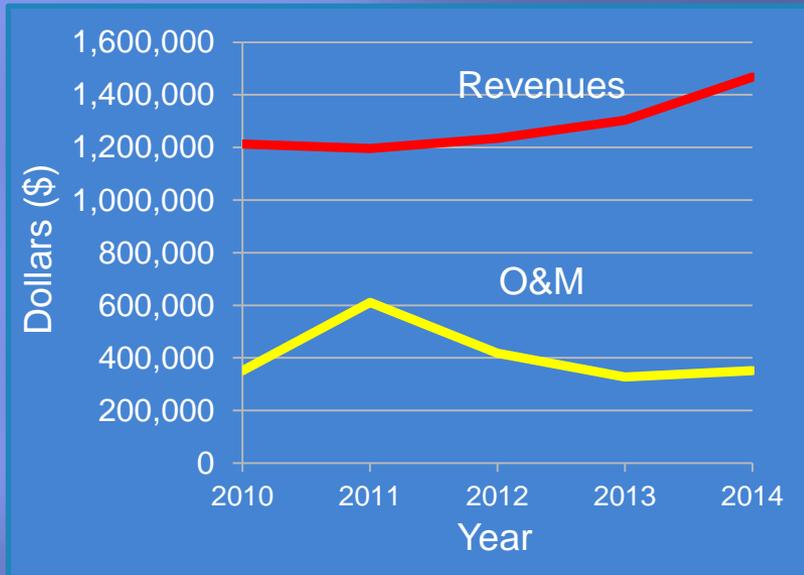
Purchase & Capital Costs to Date: \$1,046,962

Projected Capital Cost in 5 yr CIP: \$1,190,000

Asset Value: \$ 686,965

Projected Market Value: \$3,083,000

Santa Rita Bel Air



Year	Annual Revenues (\$)	Operations and Maintenance Costs (\$)
2010	1,213,076	351,390
2011	1,195,841	611,501
2012	1,234,260	417,921
2013	1,303,798	328,123
2014	1,466,901	351,681

Area Development Fees Collected \$1,740,583/5 yrs.

Purchase & Capital Costs to Date: \$5,823,052

Projected Capital Cost in 5 yr CIP: \$ 0

Asset Value: \$4,828,215

Projected Market Value: \$8,195,000

Sierrita Foothills Estates



Year	Annual Revenues (\$)	Operations and Maintenance Costs (\$)
2010	12,149	14,462
2011	11,401	15,686
2012	12,050	18,611
2013	12,445	10,163
2014	15,174	6,888

Purchase & Capital Costs to Date: \$373,048

Projected Capital Cost in 5 yr CIP: \$ 0

Asset Value: \$317,905

Projected Market Value: \$ 87,000

Silverbell



Year	Annual Revenues (\$)	Operations and Maintenance Costs (\$)
2010	29,385	5,468
2011	30,061	6,687
2012	34,844	4,602
2013	34,271	7,945
2014	34,855	4,558

Purchase & Capital Costs to Date: \$484,812

Projected Capital Cost in 5 yr CIP: \$ 0

Asset Value: \$370,597

Projected Market Value: \$256,000

Thunderhead Ranch



Year	Annual Revenues (\$)	Operations and Maintenance Costs
2010	29,537	50,653
2011	32,226	35,667
2012	30,265	5,648
2013	35,051	10,552
2014	36,361	11,352

Purchase & Capital Costs to Date: \$190,823

Projected Capital Cost in 5 yr CIP: \$ 0

Asset Value: \$150,688

Projected Market Value: \$178,000

Valley View Acres



Year	Annual Revenues (\$)	Operations and Maintenance Costs (\$)
2010	69,931	34,697
2011	87,369	25,445
2012	94,343	24,667
2013	103,547	20,769
2014	99,273	32,658

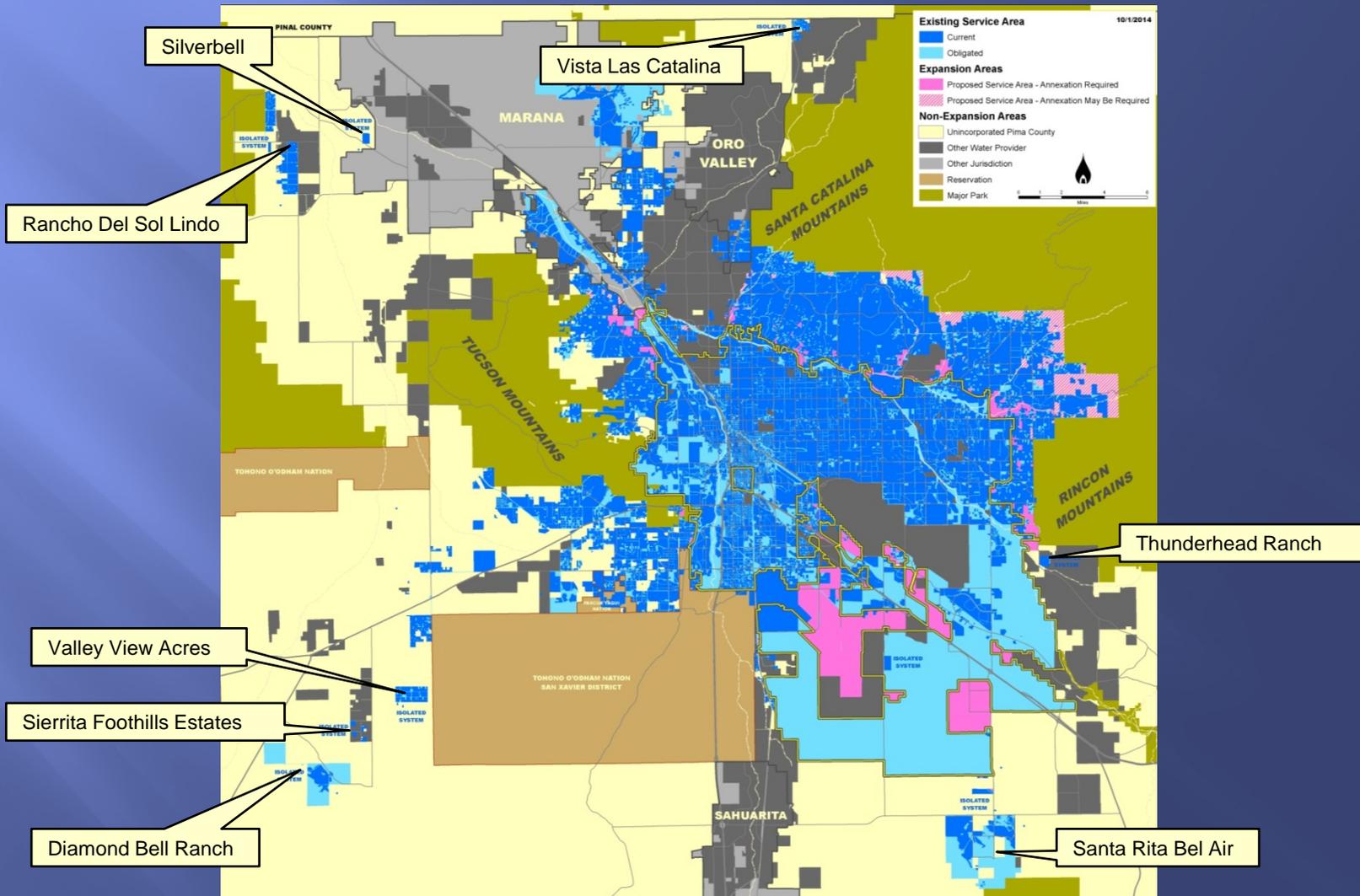
Purchase & Capital Costs to Date: \$6,768,841

Projected Capital Cost in 5 yr CIP: \$ 0

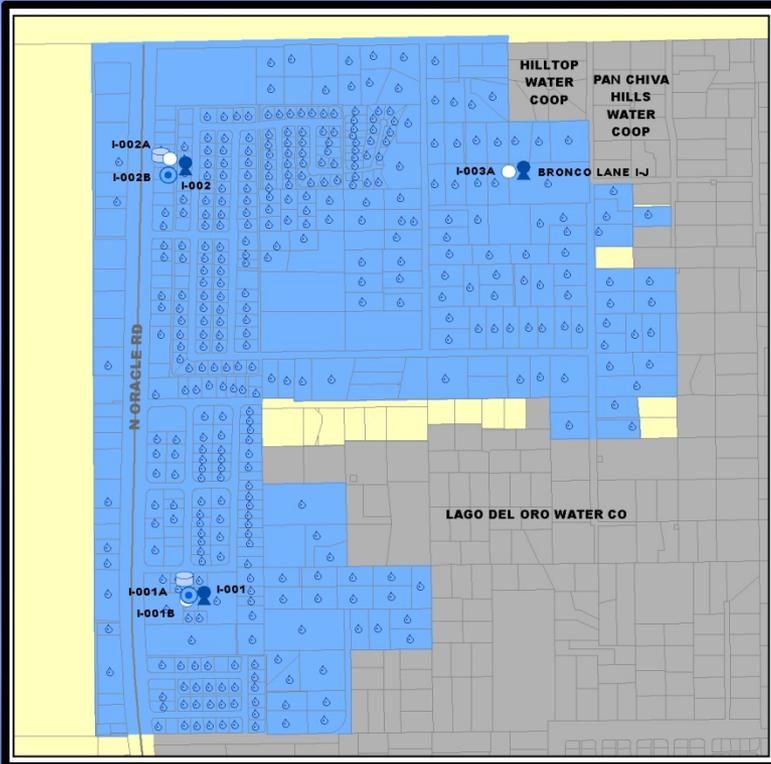
Asset Value: \$4,821,540

Projected Market Value: \$ 474,000

What is The Future of Our Isolated Water Systems?



Vista Las Catalina



Does System Pay for Itself?
(Revenues > O&M)

Yes

Can System Reasonably be
Connected to the Central
System?

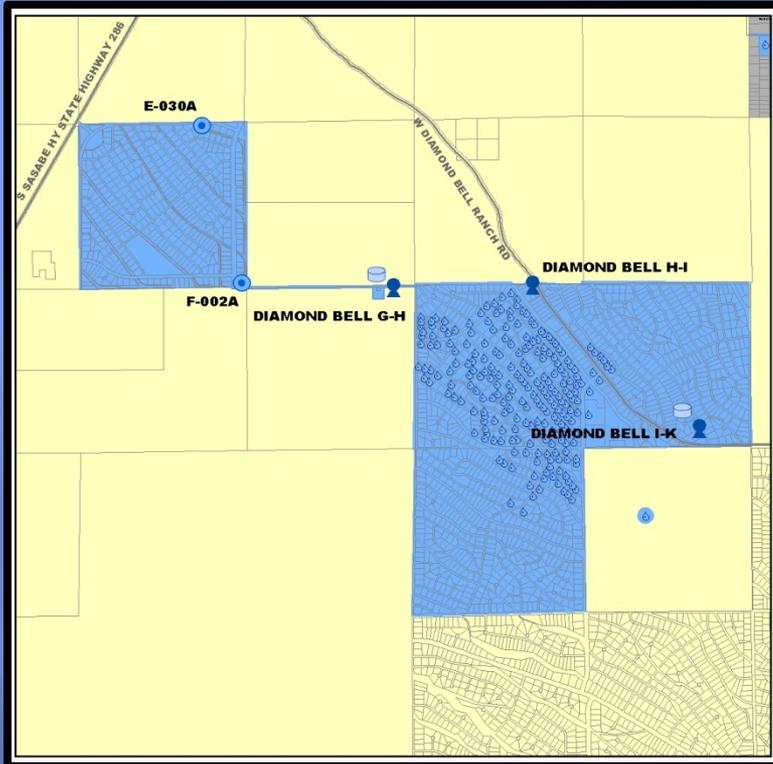
No

Who Might We Sell it to?

*Lago Del Oro Water Co.
Pam Chiva Hills Water Coop
Hilltop Water Coop*

Remarks:

Diamond Bell Ranch



Does System Pay for Itself?
(Revenues > O&M)

Yes

Can System Reasonably be
Connected to the Central
System?

No

Who Might We Sell it to?

Metro Water

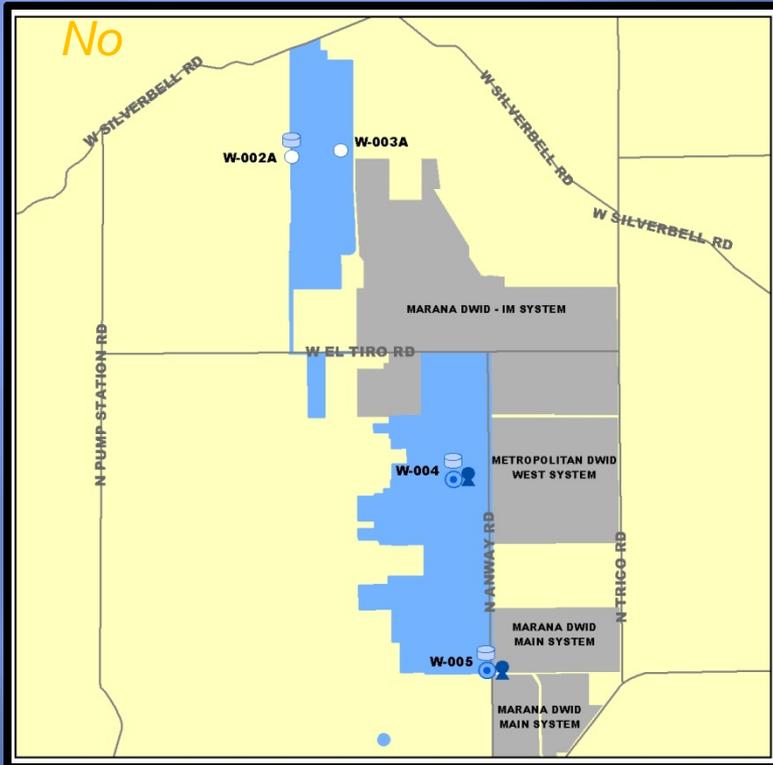
Mirabell Water Co.

Ranch Sierrita Well Assoc.

Thim Utility Co

Remarks:

Rancho Del Sol Lindo



Does System Pay for Itself?
(Revenues > O&M)

Yes

Can System Reasonably be
Connected to the Central
System?

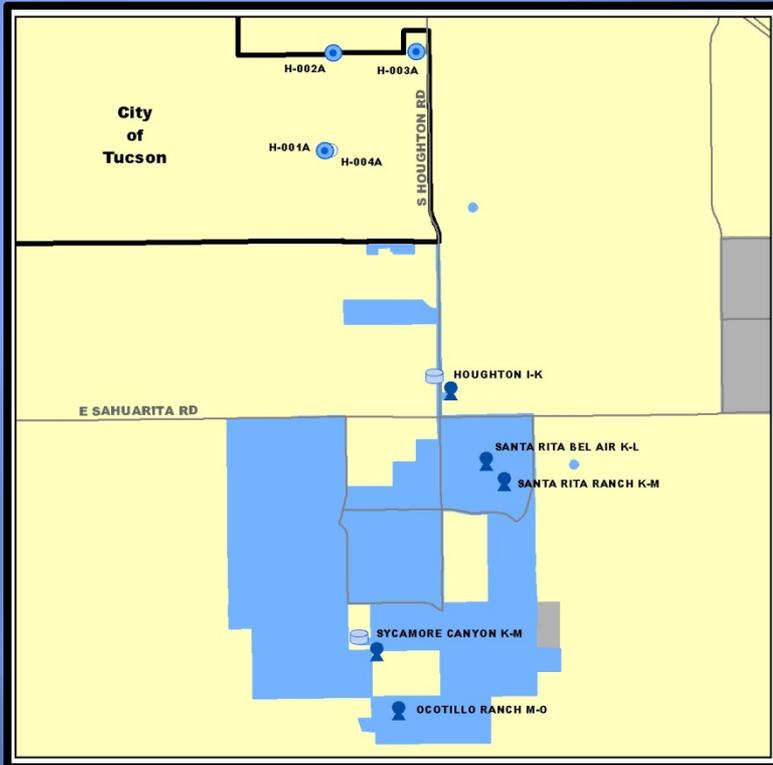
No

Who Might We Sell it to?

Marana DWID
Metro Water

Remarks:

Santa Rita Bel Air



Does System Pay for Itself?
(Revenues > O&M)

Yes

Can System Reasonably be
Connected to the Central
System?

Yes

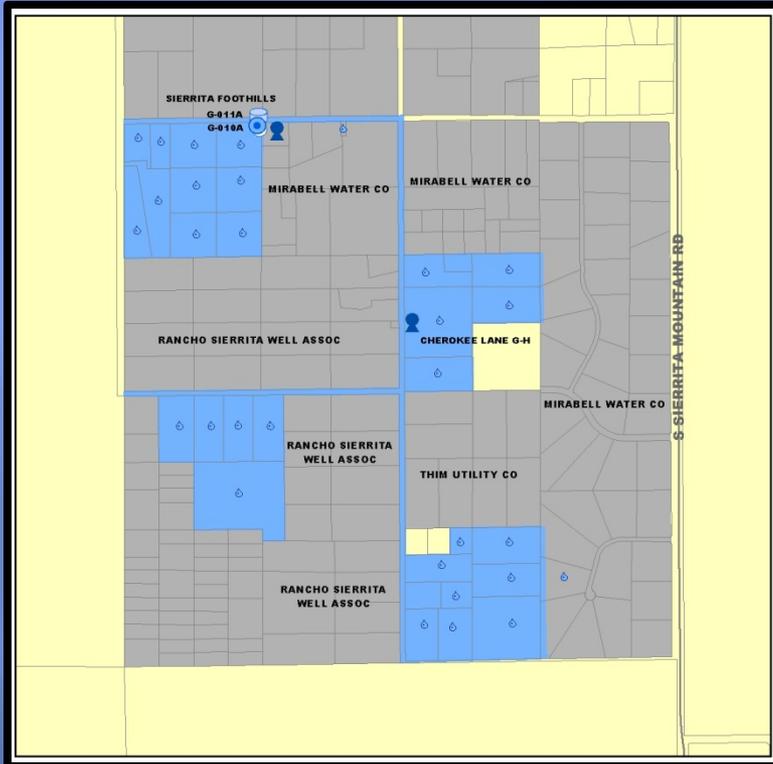
Who Might We Sell it to?

N/A

Remarks:

Connect to Central System

Sierrita Foothills Estates



Does System Pay for Itself?
(Revenues > O&M)

Sometimes

Can System Reasonably be
Connected to the Central
System?

No

Who Might We Sell it to?

Metro Water

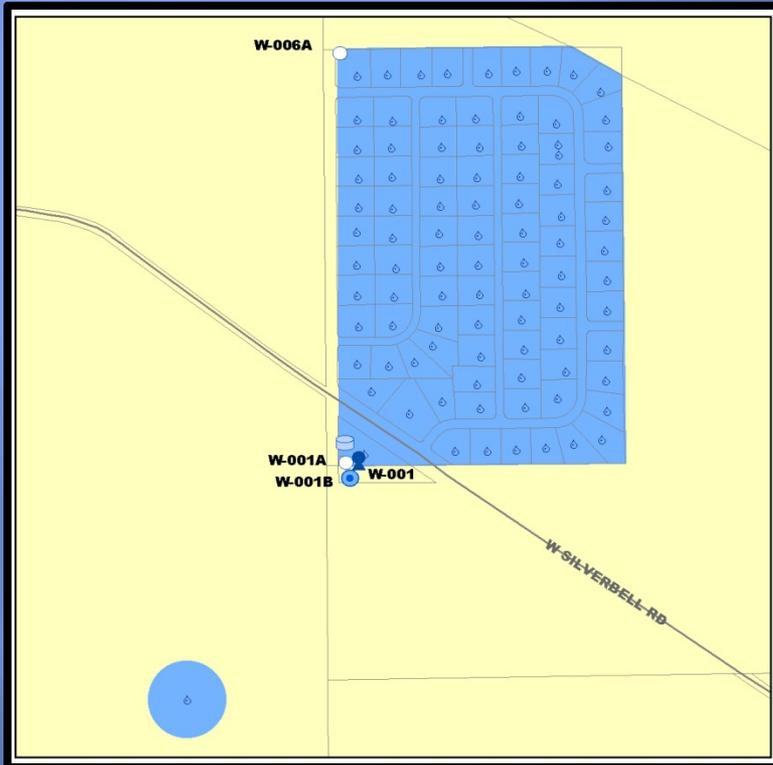
Mirabell Water Co.

Ranch Sierrita Well Assoc.

Thim Utility Co.

Remarks:

Silverbell



Does System Pay for Itself?
(Revenues > O&M)

Yes

Can System Reasonably be
Connected to the Central
System?

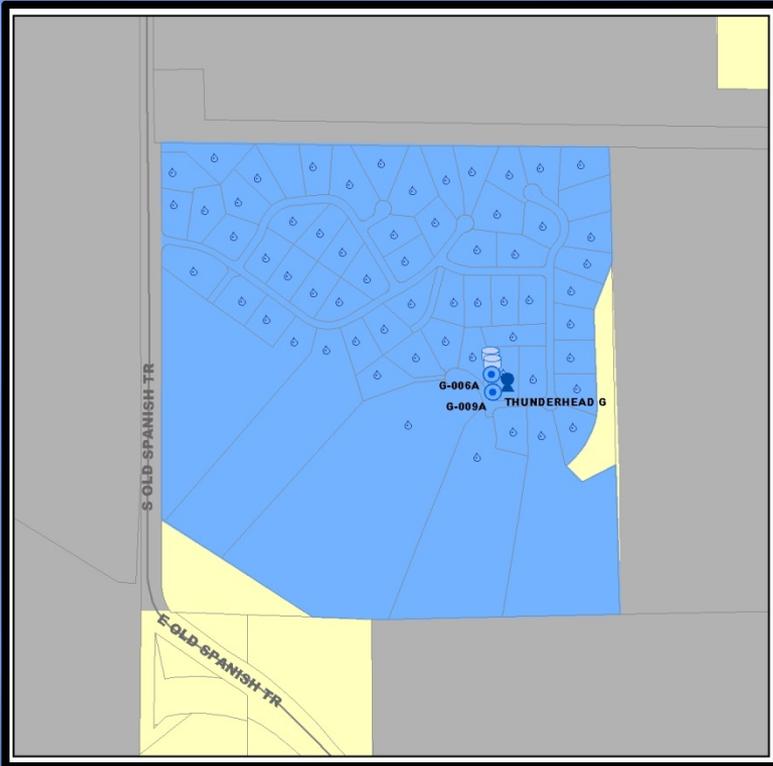
No

Who Might We Sell it to?

Marana Water

Remarks:

Thunderhead Ranch



Does System Pay for Itself?
(Revenues > O&M)

Yes (Now)

Can System Reasonably be
Connected to the Central
System?

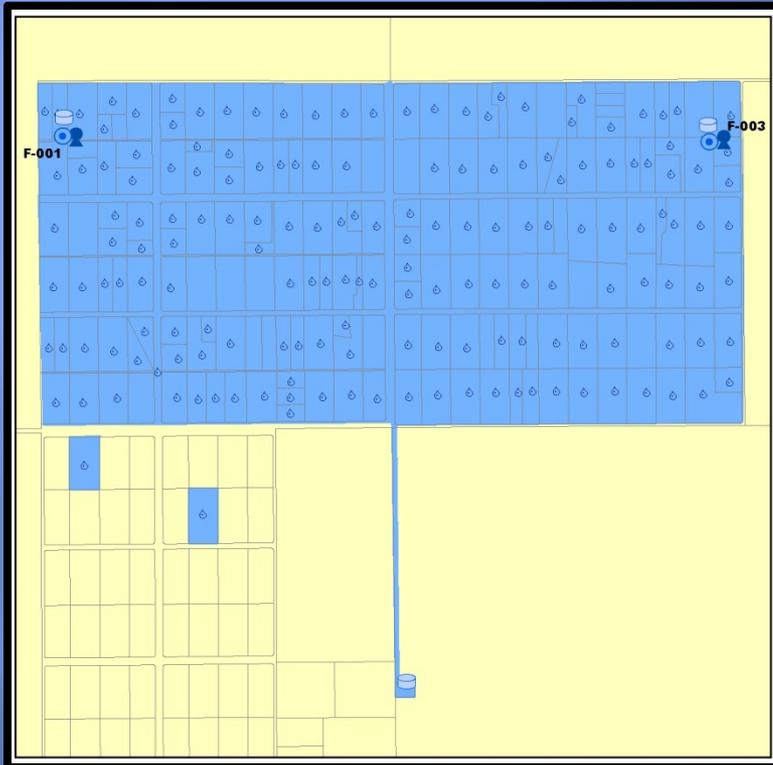
Maybe

Who Might We Sell it to?

Spanish Trail Water Co.

Remarks:

Valley View Acres



Does System Pay for Itself?
(Revenues > O&M)

Yes

Can System Reasonably be
Connected to the Central
System?

Maybe

Who Might We Sell it to?

Metro Water

Mirabell Water Co.

Ranch Sierrita Well Assoc.

Thim Utility Co.

Remarks:

How Much Revenue is Attributed to Isolated Systems Versus Total Revenue?

- ▣ Revenue From Isolated Systems \$2,418,923
- ▣ Total Tucson Water Revenue \$176,411,669
- ▣ % Contribution From Isolated Systems 1.4%

* Note: Values Reflected Fiscal Year 2014

How Much Water Use is Attributed to Isolated Systems Versus Total Water Use?

▣ Isolated Systems Water Use	<u>1,191 AF/Yr</u>
▣ Total Tucson Water Use	<u>112,000 AF/Yr</u>
▣ % of Total System Use	<u>1.06%</u>

* Note: Values Reflected Fiscal Year 2014

How Do Isolated Systems Affect Our Non-Renewable Water Resource?

Total Isolated Systems Non-Renewable Use: 584 AF

Total Tucson Water Non-Renewable Use: 9125 AF

% Attributed to Isolated Systems: 6.4%

* Note: Values Reflect Calendar Year 2014

Water System Buy/Sell Policy

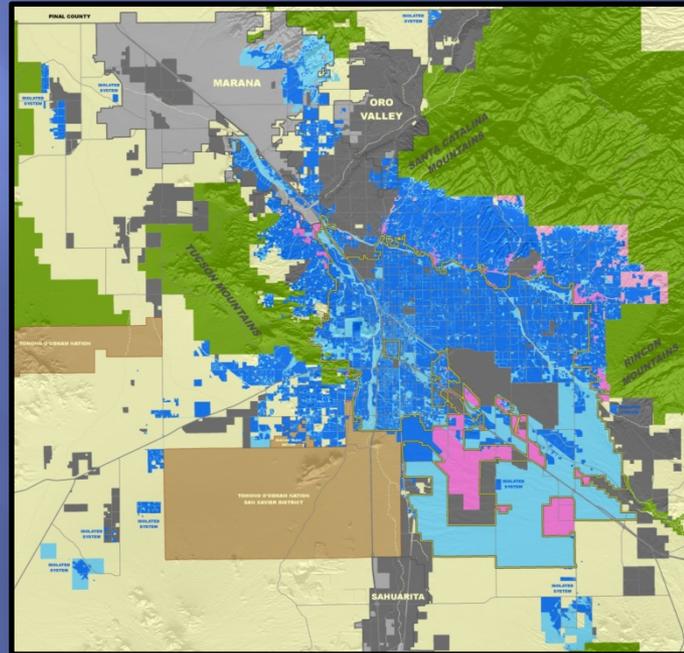
- ▣ Established policies and procedures exist for water system acquisition

- ▣ Draft policy for water system divestment encompasses:
 - Isolated System evaluation criteria and procedures

 - Evaluation-based actions and procedures for Isolated System divestment or modification

Impact of Isolated Water Systems

Presented By: Melodee Loyer



QUESTIONS