

# CITIZENS' WATER ADVISORY COMMITTEE (CWAC)



Wednesday, January 7, 2015, 7:00 a.m.  
Director's Conference Room  
Tucson Water, 3<sup>rd</sup> Floor  
310 W. Alameda Street, Tucson, Arizona

## Summary Minutes

### 1. Roll Call:

The meeting was called to order by CWAC Chair, Brian Wong at 7:02 a.m. Those present and absent were:

#### Present:

Brian Wong	Chairperson, Representative, City Manager
Mark Murphy	Representative, Mayor
Jean McLain	Representative, City Manager
Catlow Shipek	Representative, City Manager
Mitch Basefsky	Representative, City Manager
Placido dos Santos	Representative, City Manager
Chuck Freitas	Representative, City Manager
Mark Taylor	Representative, City Manager
Alan Tonelson	Representative, Ward 1
Bruce Billings	Representative, Ward 3
Mark Lewis	Vice Chair, Representative, Ward 5
Kelly Lee	Representative, Ward 6 (arrived 7:18 a.m.)
Alan Forrest	Tucson Water, Director, Ex-Officio Member
Jackson Jenkins	Pima County Regional Wastewater Reclamation Department Director, Ex-Officio Member

#### Absent:

Amy McCoy	Representative, Ward 2
George White	Representative, Ward 4

#### Tucson Water Staff Present:

Sandy Elder	Deputy Director
Jeff Biggs	Interim Deputy Director
Andrew Greenhill	Intergovernmental Affairs Manager
Chris Rodriguez	Water Administrator
Pat Eisenberg	Water Administrator
Melodee Loyer	Water Administrator
Belinda Oden	Water Administrator
Britt Klein	Water Administrator
Fernando Molina	Water Program Supervisor
Daniel Ransom	Water Conservation Supervisor
Cheryl Avila	Water Operations Superintendent
Shane Oman	Finance Manager
Candace Rupprecht	Public Information Specialist
Johanna Hernandez	Staff Assistant
Kris LaFleur	Staff Assistant

#### Others Present:

Chris Avery	City of Tucson, Attorney's Office
Tony Wong	City of Tucson, Budget
Katie Bolger	City of Tucson, Ward 2
Amy Stabler	City of Tucson, Ward 6
Deb Galardi	Galardi and Rothstein
Julie Brugger	UA Research Scientist
Ted Cooke	CAWCD
Dick Gelpke	Citizen

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2. **Announcements** – Member Tonelson wished the CWAC a belated Happy Holidays. Member Lewis noted that he will be attending a session at Tucson Water to further his knowledge of the AMR/AMI system, and invites others to attend as well. Member McClain announced a presentation by Chuck Graf regarding Reclaimed Water, scheduled for January 8, 2015. Chairperson Wong addressed the Committee regarding general CWAC business. Chairperson Wong requested that members hold their questions on presentations until presenters are done. Additionally, Chairperson Wong reminds the Committee of their charge as an advisory committee to the Mayor and Council.
3. **Call to Audience** – No action taken.
4. **Review of December 3, 2014 Legal Action Report and Meeting Minutes** – Committee Member Freitas motioned to approve the Meeting Minutes of December 3, 2014. Member Tonelson seconded. Motion passed unanimously by a voice vote of 11-0.
5. **Director's Report** –
  - a. **Mayor and Council Items** – On January 21<sup>st</sup> Mayor and Council will consider the approval of the transfer of 19 acre feet per year of CAP allocation from Flowing Wells to Tucson Water.
  - b. **Department Updates** – Tucson Water currently has 52 vacancies, 15 active recruitments and 4 pending new hires.
  - c. **Informational Items** – Director Forrest informed the Committee that the transfer of Sunset Ranch to Marana was completed on December 30, 2014.

Calendar year water production is down 3.6% from this time last year. Director Forrest noted that December 25, 2014 was the minimum demand day for calendar year 2015 at 57.4 MGD. This day reflected the lowest daily demand since January 1, 1995. Other record lows for calendar year 2014 were provided. Brief discussion was held. Member Tonelson questioned the water use of the Fire Department during quarterly drills, Tucson Water staff will follow-up with CWAC members when more specific information on this issue is available.

Director Forrest reported on the closure of the Randolph Park wastewater treatment plant, effective December 30, 2014. Tucson Water and Pima County are working on an amendment to the IGA related to the Randolph Park closure.

Brief discussion held on the progress of the AMR/AMI program in response to member questions.

## 6. **Subcommittee Reports** –

**Technical, Policy, and Planning Subcommittee** – Subcommittee Chair Murphy noted that TPP received a presentation regarding the continuation of the CAWCD \$.04 tax. Subcommittee Chair Murphy conveyed that TPP voted to recommend that CWAC formally support the continuation of the tax, and presented a draft memorandum of support for CWAC's consideration. Discussion began with Member Lewis' questions regarding how much of the tax is used to repay the original debt, as well as changes to the legislation. Ted Cooke, representative of CAWCD, responded to Member Lewis' questions. Member Lewis clarified that by approval of the letter of support, CWAC is supporting the extension of the legislation as it is now, and any further modifications to the legislation would not be included in the approval of this draft letter of support. Member Freitas and Mr. Cooke clarified that there are no other changes proposed to the current legislation than extending the expiration date to 2045. Director Forrest noted that there are other uses of the \$.04 tax, specifically the Water Bank, that benefit Tucson Water rate payers, and the Tucson Active Management Area as a whole, that ought to be considered as well.

Member Lewis motioned for approval of the draft memorandum with an added clarification on the uses of the tax, as well as correction of any typographical errors. Motion seconded by Member Tonelson. Members dos Santos and Basefsky recused themselves for the record. Motion passed by a voice vote of 10-0 with 2 stated abstentions. A corrected memorandum will be disseminated to the Committee as soon as it is available.

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**Finance Subcommittee** – Subcommittee Chair Billings informed the Committee that the Subcommittee has been focused on the Financial Plan, which will come before this Committee for a vote at this meeting. The Subcommittee will be working on Cost of Service next.

**Conservation and Education Subcommittee** – In Subcommittee Chair Amy McCoy's absence Member Shippek noted the Subcommittee has been focused on Rain Water Harvesting, the Conservation Annual Plan, the Conservation Fee, drafting a Strategic Plan and upcoming Conservation programs.

**RWRAC Update** – Member Taylor noted that the focus of current meetings has been the financial process. The Committee is considering a small increase in rates over 3 years. Other issues discussed include the shut-down of Randolph Park, the biogas contract and updates on the fee study.

**Formation/Selection of Ad Hoc Subcommittee for update of CWAC Rules and Regulations** – Tucson Water staff member Johanna Hernandez informed the Committee that the CWAC Rules and Regulations need to be updated. Boards and Commissions strongly recommends the formation of an Ad Hoc Subcommittee to develop these rules in coordination with a Boards and Commissions attorney present to advise on compliance with code. Member Lewis motioned for formation of an Ad Hoc Subcommittee. Motion seconded by Member Freitas. Motion passed unanimously by a roll-call vote of 12-0. Members Freitas, Lewis, and Murphy self-nominated for membership of the Ad Hoc Subcommittee. Member Murphy nominated Member Lewis for Chair, Member Lewis accepted. Member Murphy motioned to approve nominations for membership and chair. Motion seconded by Member Freitas. Motion passed unanimously by a roll-call vote of 12-0. Director Forrest clarified that formation of the rules will be done in conjunction with a City attorney specializing in Boards and Commissions.

7. **Conservation Annual Report** – Tucson Water staff member Fernando Molina introduced the Conservation Annual Report and acknowledged the efforts of Conservation staff in development of this years expanded report. Tucson Water staff member Daniel Ransom briefly summarized the Conservation Annual Report. The major differences from prior reports were noted and minor clarifications were made. Brief discussion on the Report and the conservation program was held. Member Tonelson motioned for approval of the Conservation Annual Report. Motion seconded by Member Taylor. Member Lewis motioned for a first amendment to the original motion reflecting that staff recommendations are still in discussion by the Conservation and Education Subcommittee, and that final rebates and Fiscal Year 2016 recommendations will be processed through the Subcommittee and the full Committee. Motion seconded by member Freitas. Member Murphy clarified that this amendment does not require any modifications to the report, but rather is a clarification for the record. First amendment to the motion passed unanimously by a voice vote of 12-0. Member Lewis motioned for a second amendment to the original motion directing staff to include validated financial data, establish and track metrics, track programs by 10 identified regions, and prepare an amended Conservation Annual Report format to the Committee for consideration no later than May 2015 for future use upon approval. Motion for second amendment did not receive a second and dies. Original motion, including first amendment, passed unanimously by a voice vote of 12-0.
8. **Tucson Water Financial Plan** – Tucson Water staff member Belinda Oden, along with rate consultant Deb Galardi, presented the proposed Fiscal Year 2015-2020 Financial Plan. Ms. Oden spoke to a few typographical errors in the packet provided to the members. Corrected pages were provided. Tucson Water reliability was briefly discussed, followed by a breakdown of the rate process. Tucson Water is currently in step one of the rate process, Development of the Financial Plan. Mayor and Council policies regarding debt service coverage, cash reserves and annual review of rates and charges were all reviewed. Bond covenants and rating agencies were briefly discussed. The Operating and Maintenance as well as the Capital budgets, both previously presented to the Committee, were briefly reviewed. The Committee was presented with two Financial Plans for consideration: Option 1, which includes an in lieu fee, and Option 2, which does not include an in lieu fee. Ms. Galardi discussed the revenue forecast. The forecast has been generally consistent with predictions. This year's forecast is slightly more conservative based on water use. Adoption of Option 1 results in a reduction of the previously recommended rate increase of 8.3% to 7.3%. Adoption of Option 2 results in a reduction of the previously recommended rate increase of 8.3% to 7.1%. A comparison of the prior year's annual revenue requirements from rates and the current year's annual revenue requirements from rates was discussed. New revenues will be used to reduce the rate increase as well as to increase performance targets. Ms.

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Oden covered the next steps in the rate process, including Mayor and Council consideration of the Financial Plan, review of Cost of Service and Rate Schedules, and Mayor and Council consideration of proposed rates.

Member Billings conveyed the Finance Subcommittee's recommendation that both plans be moved to Mayor and Council with a preference for Option 2, which does not include an in lieu fee.

Member Freitas motioned for approval of the Financial Plan for FY 2015-2020 with two plan options, Option 1 with an in lieu fee, and Option 2 without an in lieu fee, reflecting, upon clarification, a preference for Option 2, without an in lieu fee. Motion seconded by Member Billings. Extensive discussion was held. Member Lewis moved to substitute the original motion with an identical motion removing any preference for either plan, seconded by Member Murphy. Further extensive discussion regarding the in lieu fee ensued. Various alternatives for recommendation of a preference for one of the Options were discussed by the Committee. Substitute motion to forward both financial plans without recommendation failed by a roll-call vote of 4-8, with Members Taylor, Wong, Freitas, Shipek, Tonelson, Lee, Basefsky, and dos Santos dissenting. Original motion to forward both plans with a preference for Option 2 passed by a roll-call vote of 11-1, with Member McClain dissenting.

Ms. Oden addressed the proposed Conservation Fee increase from \$.07 to \$.08 for the development and expansion of the Conservation Program. This increase is one year ahead of previous projections. Member Lewis motioned for adoption of the Conservation Fee increase. Motion seconded by Member dos Santos. Discussion ensued. Motion passed unanimously by a voice vote of 12-0.

**9. Future Meetings/Agenda Items** – A tour of CAP facilities will be scheduled outside of a regularly scheduled meeting. See projected agenda.

**10. Adjournment** – Meeting was adjourned at 9:01 a.m.

Approved 2/4/15.