

CITIZENS' WATER ADVISORY COMMITTEE (CWAC)



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

Summary Minutes

1. Roll Call:

The meeting was called to order by CWAC Chair, Brian Wong at 7:05 a.m. Those present and absent were:

Present:

Brian Wong	Chairperson, Representative, City Manager
Jean McLain	Representative, City Manager
Catlow Shipek	Representative, City Manager
Mark Taylor	Representative, City Manager
Mitch Basefsky	Representative, City Manager
Placido dos Santos	Representative, City Manager
Chuck Freitas	Representative, City Manager
Mark Stratton	Representative, City Manager
Ryan Lee	Representative, Ward 1 (arrived after roll call)
Amy McCoy	Representative, Ward 2
Bruce Billings	Representative, Ward 3
George White	Representative, Ward 4
Mark Lewis	Vice Chair, Representative, Ward 5
Albert Elias	Tucson Water, Acting Director, Ex-Officio Member
Jackson Jenkins	Pima County Regional Wastewater Reclamation Department Director, Ex-Officio Member

Absent:

Mark Murphy	Representative, Mayor
Kelly Lee	Representative, Ward 6

Tucson Water Staff Present:

Sandy Elder	Deputy Director
Scott Clark	Deputy Director
Jeff Biggs	Water Administrator
Andrew Greenhill	Intergovernmental Affairs Manager
Melodee Loyer	Water Administrator
Pat Eisenberg	Water Administrator
Wally Wilson	Chief Hydrologist
Johanna Hernandez	Staff Assistant
Kris LaFleur	Staff Assistant

Others Present:

Chris Avery	City of Tucson, Attorney's Office
David Ortega	City of Tucson, Budget
Amy Stabler	City of Tucson, Ward 6
Jeff Tannler	ADWR
Michael Block	Metro Water
Betsy Wilkening	Project Wet
Ty Morton	HDR

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2. **Announcements** – Member McLain announced the joint CAP WRRRC Sustainable Water for Southern Arizona event. The event takes place November 6, 2015 at 7:30 a.m., and members have all received email with detailed information. Tucson Water staff announced that the meeting room has been wired for recording and is sensitive to conversations held in the audience. An update was provided on the process for City/State Garage parking.
3. **Call to Audience** – No action taken.
4. **Review of September 2, 2015 Legal Action Report and Meeting Minutes** – Committee Member Stratton motioned to approve the Meeting Minutes of September 2, 2015. Member McLain seconded. Motion passed unanimously by a voice-vote of 12-0.
5. **Director's Report** –
 - a. **Mayor and Council Items** – On October 20th, Mayor and Council will consider an amendment to the Intergovernmental Agreement (IGA) with the City of Phoenix for additional water storage. Mayor and Council will also consider an amendment an IGA with the University of Arizona to expand an existing study to determine effective messages for the marketing of conservation programs.
 - b. **Department Updates** – Tucson Water currently has 61 vacancies, 27 active recruitments and 7 pending new hires. The Utility is aggressively pursuing filling its vacancies. A brief discussion was held on the nature of the Utility's vacancies.
 - c. **Informational Items** – Potable water production is down 4.1% for the Fiscal Year and down 7.1% for the Calendar Year. Reclaimed water production is down 7.1% for the Fiscal Year and down 15% for the Calendar Year. Recent rains have likely contributed to lower demands. The Director's Recruitment will be closing soon; the announcement was passed around for members to see. At the request of the member's information regarding the financial impact of decreased production on this year's budget will be provided to the Committee.
6. **Subcommittee Reports** –

Technical, Policy, and Planning Subcommittee – On behalf of Subcommittee Chair, Member Wong reported the TPP received a presentation on the Alternative Infrastructure Assessment; Tucson Water will speak to that presentation today. Tucson Water also presented a Staff Report on the use of glyphosate on Tucson Water property; the full Committee will receive a report on this issue in November or December.

Finance Subcommittee – Subcommittee Chair Billings reported meetings are approaching to begin the financial process.

Conservation and Education Subcommittee – Subcommittee Chair McCoy, Member Shipek reported that the next C&E Subcommittee meeting is scheduled for Wednesday, October 14 at 3:00 p.m.

Bill Redesign Ad-Hoc – Subcommittee Chair Freitas reported the Subcommittee is proceeding apace with redesign, and expect to meet in the near future.

RWRAC Update – Member Taylor reported that RWRAC did not meet last month, but the financial process has begun. Having not achieved rate increases, there will be a focus on looking at multiple scenarios.
8. **Subcommittee Appointments** – Member Stratton requested to join Bill Redesign, Member Lee requested to join C&E, and Member Lewis requested to join Finance. Member Billings motioned to appoint members to subcommittees as requested. Motion seconded by Member Freitas. Motion passed unanimously by a roll-call vote of 13-0.
9. **Alternative Infrastructure Assessment (AIA)** – Tucson Water staff member Melodee Loyer presented a PowerPoint on the preliminary results of the Alternative Infrastructure Assessment (AIA) Study. The AIA Study was undertaken as a result of rising costs for the Avra Valley Transmission Main (AVTM) Program.

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The intention of the Study was to evaluate and assess the Utility's infrastructure and determine how best to achieve the redundancy of the planned AVTM with the most efficient use of funds given the falling gallons per capita per day (GCPD) projections. Multiple portfolios were considered, evaluated, and compared to one another. The final evaluation included five portfolios: maintain business as usual; proceed with a 66" AVTM; enhance the Santa Cruz well field; enhance the Santa Cruz well filed along with a 48" AVTM; and enhance the Santa Cruz well filed along with the development of Indirect Potable Reuse, and a 48" AVTM. The Study recommended that the Utility would benefit from focusing on maintaining the current infrastructure, expanding the Santa Cruz well field, and continuing investment in system reliability. Ms. Loyer discussed the implications of the recommendations to Tucson Water's CIP. Current projections may push the need for the AVTM out to 2025 or possibly beyond. The property needed for the AIA is mostly within the Right of Way, little property would need to be purchased. Discussion was held regarding under what circumstances would the 96' be out; how was reliability measured; redundancy and capacity considerations; conservation versus infrastructure investment; and conservation messaging surrounding the reduction in GCPD reducing infrastructure needs.

10. **Arizona Department of Water Resources (DWR)** – Jeff Tannler, Active Management Area (AMA) Director for DWR. DWR's new director is Tom Buschatzke, and he has a background in water; the new Deputy Director is Lynn Smith, and her background is in finance, budget, and personnel. Ms. Smith is implementing the Lean Process, which focuses on efficiency in processes, not reduction in staff. The department's budget is in good shape, and the Governor is involved in getting additional support and funding. The department is limited by the hiring freeze, but dispensation has been granted to fill some positions. DWR is focusing on consistent messaging conveying that we are not in crisis. Extensive water planning, storage, redundancy, and vigilance have all played a role in our current position. The Groundwater Management Act of 1980 accelerated that planning. Arizona's 2014 Strategic Vision is integral to future planning. The Vision includes 22 planning areas and DWR will be heading up the next steps on the Vision, which will be tailored to fit each planning area's needs. Another aspect of the Vision is an Augmentation Council, members of which will be appointed by the governor, to look at state wide augmentation. Both the planning area activities and the Council will be getting started in the coming months. While El Nino may not positively impact water levels in CAP, it will help the region with increased rains. In the past plans were done concurrently, with a much reduced staff plans are being done one-by-one, the 4th Management Plan for the Tucson AMA is in process now; Prescott is done. A draft may be ready by end of month. No significant changes in conservation requirements are expected. The calculation of gallons per capita per day will be slightly different, with no significant impact. The Tucson AMA has generally met safe yield, due in part to storage in Avra Valley. Comparatively, Prescott may reach safe yield by 2025 if they import another source of water. Pinal faces challenges in meeting agriculture irrigation needs and they rely heavily on CAP water. A discussion was held on the make-up and purpose of the Augmentation Council, which will have representatives of water users and providers; agriculture water uses; government; and many more. Extensive delays to the 4th management plan were discussed in more detail and it was noted that careful internal review is being undertaken.

Ex-Officio Member Jenkins departed at 8:00 a.m.

11. **TW Strategic Plan** – Tucson Water staff member Jeff Biggs presented a PowerPoint on Tucson Water's Strategic Plan. Extensive water planning has led to the delivery of CAP water, the development of the reclaimed system (saving 4 billion gallons of potable water yearly), widespread conservation, Long Range 2050 plan, and Recycled Water Master Plan resulting in Tucson Water's Water Reliability Program and drought preparedness. The benefits of a Strategic Plan are: optimization of operation, providing an internal and external blueprint, documentation of standards, engagement of stakeholders, communication of values and goals, and providing transparency and consistency. The result of the Strategic Plan was the development of Water Reliability and ensuring consistency with voter approved plans.

Member Wong departed at 8:11 a.m. and returned at 8:13 a.m.

The Plan is made up of behavioral values, business values, standards, and key policy issues. It is a living document, and will be updated as necessary. The business values were reviewed generally. The key policy issues were discussed generally and the issue of "Meet all current and future water quality issues and requirements" was discussed in depth as an example of the use of the strategic plan. The Plan is currently being used in budget and program planning.

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Committee discussion was held regarding the uses of technologies to reduce costs and increase efficiency, in-house vs external testing, and engagement versus advocacy. Discussion was held regarding a more concerted focus on conservation in the Strategic Plan and Long Range Plan and not be purely reactionary to planning efforts. The Utility may benefit from a more concentrated effort to consider conservation independently, and to coordinate planning efforts and goals specific to conservation. It was suggested that a scenario box, like the AIA scenario result box, reflecting planning for conservation and/or water demand and impacts (finance, infrastructure, and water use) would be a useful graphic for communication. In regards to water demands, the Water Service Area Policy (WSAP) is relatively static, and defines the Utility's service area; all planning is done within the current parameters of the Policy. A discussion was held on the possible effects of the WSAP on demands.

Member McClain departed 8: 31 a.m. returned 8:34 a.m.

12. **Update on IAPC Subcommittee Review of the Admin Service Charge** – Tucson Water staff member Johanna Hernandez briefly summarized recent proceedings of the Independent Audit and Performance Commission (IAPC) and its Cost Allocation Subcommittee's review of the City's Administrative Service Charge procedures. The Subcommittee focused on the methodology, process and program and did not go into detailed review of specific cost allocation factors. The Cost Allocation Subcommittee submitted a report to the full Committee finding that the City's procedures and allocation system is sound and as a result any allocations are fair, equitable, and reasonable. The Committee directed that the Subcommittee provide additional information and data to support its conclusions. When the Committee completes its work, staff will report back to CWAC. The IAPC meets today to consider the revised report. If the report is accepted, staff will request a representative to discuss their conclusions. Staff discussed the Utility's ability to negotiate the number of units of service, but clarified that it cannot negotiate the cost per unit. It was also clarified that Tucson Water is part of the City, and the Utility cannot independently choose not to participate in centralized services. Additionally, it was discussed that independent services from for-profit private organizations would not be reasonably, directly comparable to a centralized system such as the one City utilizes. The City allocates direct costs to recoup the City's cost to provide centralized systems; there is no rate set that could be compared to a private rate. It was noted that the regardless of Tucson Water's participation in the City's centralized services; citizens would still have to cover the cost of the services. It was clarified by members that as citizens pay for centralized services in their taxes, and are assessed fees to cover centralized services in their water rates, the concern is that perhaps rate payers are assessed twice for the same services.

Ex-Officio Member Elias departed at 8:51

13. **Future Meetings/Agenda Items** – See projected agenda.
14. **Adjournment** – Meeting was adjourned at 9:00 a.m.

Approved 11/4/15