



Citizen's Water Advisory Committee
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Citizen's Water Advisory Committee

MINUTES

The regular meeting of the Citizen's Water Advisory Committee was called to order by Frank Boyle, Chairperson, on Wednesday, January 10, 2007, at 7:05 a.m., in the City Information Technology Building, 480 West Paseo Redondo, First Floor, Pueblo Conference Room, Tucson, Arizona.

1. Call to Order

Members Present:

Frank J. Boyle, Chair
James T. Barry, Vice Chair
Lori Lustig
Robert Logan
Corina A. Baca
Evan Canfield
John R. Carhuff
Keith Gentzler
James Horvath
Adam Smith
Daniel J. Sullivan

Appointed by:

Ward 3
City Manager
Ward 1
Ward 4
Ward 5
Ward 6
City Manager
City Manager
City Manager
City Manager
City Manager

Members Absent:

Martin M. Fogel
Carol Zimmerman
Sarah T. Evans
Ursula Kramer

Appointed by:

Mayor
Ward 2
City Manager
City Manager

Others Present:

Tina Lee, Council Administrative Assistant, Ward 2
Holly Lachowicz, Council Administrative Assistant, Ward 3
Andy Squire, Council Administrative Assistant, Ward 4
David Modeer, Tucson Water Department, Director
Marie Pearthree, Tucson Water Department, Deputy Director
Belinda Oden, Tucson Water Department
Bill Richardson, Pima County Wastewater Department, Sr. Administrative Services Mgr.
Byron Howard, City Manager's Office, Special Projects Manager
Cecilio Flores, Tucson Water Department
Chris Avery, City Attorney's Office
David Cormier, Tucson Water Department
Deborah Tosline, Hydrologist, Reclamation
Dennis Rule, Tucson Water Department

Diane Kusel, Arizona Department of Water Resources
Dick Gelpke, Citizen
Fernando Molina, Tucson Water Department
Frank Kern, City Attorney's Office
Jeff Biggs, Tucson Water Department
Joan E. Stauch, Tucson Water Department
John Thomas, Tucson Water Department
Kathleen Skinner, Tucson Chamber of Commerce
Melodee Loyer, Tucson Water Department
Michele Muench, Manager, Arizona State Land Department
Nancy Gradillas, Tucson Water Department
Patricia Pittenger, Recording Secretary, City Clerk's Office
Priscilla Bejar, Tucson Water Department
Ralph Marra, Tucson Water Department
Ray Wilson, Tucson Water Department
Sandy Elder, Tucson Water Department
Tim Thomure, Tucson Water Department
Vince Vasquez, Diamond Ventures

2. Approval of Minutes – December 6, 2006

It was moved by Vice Chair Barry, duly seconded and carried by a vote of 11 to 0 (Martin Fogel, Sarah Evans, Ursula Kramer and Carol Zimmerman were absent) to approve the minutes as presented.

3. Call to Audience

No one spoke.

4. Director's Report

a. Recent and Upcoming Mayor & Council Items

David Modeer, Tucson Water Director reported:

- At the December 7, 2006 Environment, Planning, and Resource Management Mayor & Council Subcommittee meeting, staff provided an update on the Southern Arizona Water Users Association (SAWUA) Regional Water Proposal; an update on the Central Arizona Water Conservation District (CAWCD) Strategic Plan; and reports discussing the Proposed Water Resource Fee and the increased System Equity Fee.
- On December 12, 2006, a Mayor and Council public hearing was held on increased Tucson Water Miscellaneous Fees; the fees were approved and go into effect on January 16, 2007.
- Also on December 12, the Mayor and Council approved a Water Infrastructure Finance Authority (WIFA) Loan Agreement that provides six and one-half million dollars for the Southern Avra Valley Storage and Recovery Project (SAVSARP) and related projects. The reduced interest rate (not to exceed five percent) results in a present value savings of five hundred and thirty thousand dollars over the twenty year life of the loan.

- On January 11, 2007, the Environment, Planning, and Resource Management Mayor & Council Subcommittee (EPRM) is scheduled to review the proposed Water Resource Fee and receive another update on the CAWCD Strategic Plan.
- On January 17, 2007, the Mayor and Council is scheduled to discuss and adopt Notices of Intention to Increase the System Equity Fee and to establish a new CAP Water Resource Fee. Public hearings on each fee would be set for March 20, 2007, if approved by the Mayor and Council.

b. Other items of interest

David Modeer, Tucson Water Director reported:

- The work of the State Water Advisory Group, established by Governor Napolitano to address rural water issues, is coming to a conclusion. The Governor's direction was to have legislation drafted for consideration this year. While the new regulations will not impact cities like Tucson, because we are already regulated under the Ground Water Protection Act, the funding for infrastructure improvements and regulatory controls in rural areas could impact Tucson. One funding option was a system that would provide low interest loans similar to WIFA, but using different monies than WIFA (WIFA funding today is largely Federal monies that are given to all fifty states). The new funding would be generated within Arizona such as from fees on water use or perhaps some of the revenues generated from agreements with the state of Nevada. Every water organization would have access to this funding, including Tucson Water. However, Tucson would not have access to grants that are proposed to be available for the study and planning of water improvements in rural areas.

This new system assumes the adoption of a water regulatory structure in rural areas. The State Water Advisory Group has selected the Sierra Vista area for a pilot program to look at various regulatory methods to control use of water as related to growth. The Sierra Vista area was selected because it is under a Department of Defense mandate to have a program in place by 2011 to get to safe yield, which, if not met, may force the closure of Ft. Huachuca.

An Advisory Group meeting is scheduled for January 12, 2007 to review draft legislation.

- Regarding shortage sharing on the Colorado River, the Lower Basin states – Nevada, California, and Arizona – have reached a milestone agreement in which Nevada will take a share of the shortage.
- The kiosk program taste tests at the malls have been completed. The taste tests were conducted from October through the end of December 2006. Thirteen thousand three hundred surveys were completed by customers, and the percentage preferences remained similar to the percentages provided to CWAC previously: 50% of the people preferred the 450 Total Dissolved Solids (TDS) blend, 35% preferred the 650 TDS blend, and 15% had no preference. Tucson Water will continue taste testing through January using the mobile kiosk, with a focus on special events and locations in Wards 1 and 4 in order to increase the number of completed surveys from those wards. After the results are analyzed, the survey findings from the entire taste testing program will be brought to the Mayor and Council in March 2007.

- Tucson Water's Financial Plan, which is an item on today's agenda, has been reviewed by the Finance Subcommittee, but it is still in the process of being reviewed internally within the City. We would like to put off discussion of the Plan by CWAC until the City Manager's Office and other areas of the City have completed their review of the Plan. Once that is completed, the Plan will then be routed back through the Finance Subcommittee for review before it is returned to the full CWAC for consideration.

Committee Member Carhuff mentioned the mobile kiosk going to certain Wards in the City. He asked if thirty percent of the customers lived outside the City limits, were they represented in the sampling?

Mr. Modeer stated that the distribution of completed surveys by postal zip code showed wide-spread participation across the service area, with coverage both inside and outside the City. However, relatively fewer responses have come from Ward 1 and Ward 4, and that is why the mobile unit will be concentrating in those two wards. He would like to see the number of responses from those two wards brought up to the level of the other areas.

5. Proposed CAP Water Resource Fee

David Cormier, Tucson Water Administrator, distributed the CAP Water Development Fee Study, the Water System Equity Fee Study, and a Proposed CAP Water Resource Fee - Questions and Answers handout. The report was given and discussion followed.

Committee Member Carhuff stated that the Finance Subcommittee made a very serious effort to look at all the interests and balance the equities for the rate payers. He stated that the full CWAC committee considered this fee last month and due to questions it was referred back to the Finance Subcommittee and staff for review, and that the outstanding questions were addressed. The Subcommittee voted 3 to 1 to approve the CAP Water Resource Fee.

It was moved by Committee Member Carhuff, duly seconded, that the Citizens' Water Advisory Committee (CWAC) recommended approval of the CAP Water Resource Fee as described in the January 2007 Tucson Water Report.

Committee Member Lustig voiced concern about part of the interest amount in the fee calculation, the portion that was applied to the excess existing allocation. She did not agree that this was a loan by the ratepayers to new growth.

Committee Member Carhuff responded that an outside consultant reviewed the fee methodology and found that it was consistent with industry practice. On the interest question, he agreed that this was not the only way to do it, but it was a fair way to do business.

Additional discussion occurred

Substitute motion by Committee Member Lustig, duly seconded:

- Part one would be to accept a recalculated amount of two hundred and two dollars resulting from excluding the interest component on the portion of the fee representing the costs for the existing CAP allocation;
- Part two would be to set the fee for new connections at fifty percent of the

- recalculated amount;
- Part three would be to establish an administrative fee at a to-be-determined amount for “new” Tucson Water customers. The administrative fee would be charged one time only at the time of service turn on. “New customers” would be defined as excluding spouses and children of existing customers. Examples would be if a child moved out of their parents’ home and established their own residence they would not need to pay for it, or if two adults divorced, the divorced spouse that does not have the current service in their name would not be charged. Also, persons who have not been customers in the last five years would pay it. Persons who have never been a customer or have moved out of the Tucson Service area more than five years ago would be charged the Administrative Fee.

Discussion on the substitute motion followed.

Chris Avery, Principal Assistant City Attorney, stated that there must be a connection or a nexus between the charge imposed and the service that was provided. In the case of a meter fee for new construction, there was a clear nexus between the new burden that was being placed on the department in terms of additional water services and the charge in this case, which was for the water resource that was needed to serve that new burden. Trying to show that same connection or nexus for a customer turn on was not as easy to do.

Committee Member Lustig said there had never been a definitive discussion about what percent or how to allocate that portion of growth as part of this fee and that was what concerned her. An administrative fee would be geared toward the person who comes to Tucson from out of town, not the person who moved from one area of town to another, who had been paying into the system for a number of years.

Committee Member Gentzler stated that even though there was some merit in the substitute motion, a “yes” vote means that they would be endorsing all three parts of the motion. He had particular problems with the third part of the motion and so he would be voting no on the substitute motion.

Chair Boyle called for a roll call vote on the substitute motion.

Upon roll call, the results were:

Aye: Committee Members Logan and Lustig

Nay: Committee Members Baca, Barry, Boyle, Canfield, Carhuff, Gentzler, Horvath, Smith and Sullivan

Absent/Excused: Committee Members Fogel, Evans, Kramer, and Zimmerman

Substitute motion failed 2 to 9.

Chair Boyle asked Committee Member Carhuff to restate his motion.

Committee Member Carhuff restated his motion that the Citizens’ Water Advisory Committee (CWAC) recommended approval of the CAP Water Resources Fee and that the Chairman of CWAC transmit to Mayor and Council CWAC’s recommendation that the Mayor and Council adopt the CAP Water Resources Fee as described in the

January 2007 Tucson Water Report.

Chair Boyle called for a roll call vote on the original motion.

Upon roll call, the results were:

Aye: Committee Members Baca, Barry, Boyle, Canfield, Carhuff, Gentzler, Horvath, Smith and Sullivan

Nay: Committee Members Logan and Lustig

Absent/Excused: Committee Members Fogel, Evans, Kramer, and Zimmerman

Motion passed 9 to 2.

6. FY 2007 – FY2011 Tucson Water Financial Plan

This item was deferred to the next meeting as discussed in the Director's report.

7. Water Rate Process Calendar

This item was deferred to the next meeting.

8. Acquisition of the Rincon Ranch Water Company

Sandy Elder, Tucson Water Chief Engineer, reported on the acquisition of the Rincon Ranch Water Company. It is a small system with about two hundred thirty-five customers located east of Houghton, south of Old Spanish Trail, north of Escalante, and bordered by the Saguaro National Monument. The owners would like to get out of the business. Discussions have taken place with the owners and City staff. The proposed acquisition agreement would be sent to the Finance Subcommittee for review and then brought back to the full CWAC committee at a later date. Discussion followed.

9. 2007 Meeting Schedule

Committee Member Boyle distributed a draft CWAC 2007 Meeting Schedule to the members. Discussion followed on the meeting dates and locations. The meetings have been moved to the Information Technology Building in the Pueblo Meeting room, but it was not available for three of the meetings. John Thomas would look for other locations for those meetings. It was recommended to keep the meetings dates as the first Wednesday of every month rather than change dates to accommodate the availability of the room. There would be no meeting during the month of July.

There was a unanimous decision to adopt the 2007 CWAC meeting schedule as presented.

10. Discussion of Potential Future Agenda Topics

Discussion ensued on possible outside speakers for future meetings. The subject would go back to the various CWAC Subcommittee Chairs for more discussion and brought back to the committee at a later date.

11. Subcommittee Reports

Conservation Education Subcommittee – Evan Canfield

- A meeting would be scheduled for the last week of January

Finance Subcommittee – Chair Boyle

- A meeting is scheduled for January 25, 2007 to discuss the acquisition of Rincon Ranch Water Company
- Pima Wastewater would make a decision on the Roger Road Plant and they were going to the Oversight Committee and would send recommendations to the Board of Supervisors soon.

Technical, Planning and Policy Subcommittee – Chair Boyle

- A letter was drafted and sent to Council Member Uhlich on how to deal with studies and other regional water issues. There has been no feedback on this item yet.

12. Call to the Audience

Kathleen Skinner, Tucson Chamber of Commerce, spoke about the Water Resource Fee. She said there were some significant concerns that still needed to be ironed out as CWAC continued through the process. Some concerns were interest rates from the past twelve years and the legal problems that have been submitted around the state. She was asked by the Arizona Builders Alliance to comment that they do not officially have a policy on this issue as of yet, but they were concerned as well. The Arizona Builders Alliance was studying the issue and they would have some comment on it soon.

Vice Chair Barry welcomed Lori Lustig and Adam Smith as the two newest members of the committee.

13. Adjournment 8:22 a.m.