



Citizens' Water Advisory Committee  
P.O. Box 27210  
Tucson, Arizona 85726-7210  
(520) 791-4213  
(520) 791-2639 (TDD)  
(520) 791-4017 (FAX)

## **Citizens' Water Advisory Committee**

### **MINUTES**

The regular meeting of the Citizens' Water Advisory Committee was called to order by Francis Boyle, Chair, on Wednesday, October 10, 2007, at 7:05 a.m., in the City Information Technology Building, 481 West Paseo Redondo, First Floor, Pueblo Conference Room, Tucson, Arizona.

#### **1. Call to Order**

##### Members Present:

Francis Boyle, Chair  
Martin M. Fogel  
John R. Carhuff  
Sarah Evans  
Daniel Sullivan  
James Horvath  
Lori Lustig  
Robert Logan  
Corina A. Baca  
Evan Canfield

##### Appointed by:

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

##### Members Absent:

James T. Barry, Vice Chair  
Ursula Kramer  
Carol Zimmerman

##### Appointed by:

City Manager  
City Manager  
Ward 2

##### Others Present:

Marie Pearthree, Tucson Water Deputy Director  
Karen Masbruch, Assistant City Manager, City Manager's Office  
Jim Cameron, City of Tucson Finance Director  
Chris Avery, Principal Assistant City Attorney  
David Cormier, Tucson Water Department Administrator  
Belinda Oden, Tucson Water Operating Budget Coordinator  
Pat Eisenberg, Tucson Water Department Administrator  
Jeff Biggs, Tucson Water Department Administrator  
Sandy Elder, Tucson Water Department Administrator  
Barbara Buus, Tucson Water Rates & Revenues Manager

John Thomas, Tucson Water Management Coordinator  
Trucynda Hawkins, Tucson Water Management Coordinator  
Karen Tenace, Budget Department Lead Analyst  
John O'Hare, Tucson Water Department Staff Assistant  
Karen Wilson, Pima County Flood Control  
Tina Lee, Council Administrative Assistant, Ward 2  
Holly Lachowicz, Council Administrative Assistant, Ward 3  
Melodee Loyer, Tucson Water  
Joan Stauch, Tucson Water Department Administrator  
Nancy Gradillas, Tucson Water  
Barbara Dildine, Tucson Water Capital Budget Coordinator  
Fernando Molina, Tucson Water  
Ries Lindley, Tucson Water  
Sue Valdez, Tucson Water  
Ilene Grossman, Tucson Water  
Ceci Sotomayor, Recording Secretary, City Clerk's Office  
Tiki Lawson, Recording Secretary, City Clerk's Office

**2. Call to Audience**

No one spoke.

**3. Approval of Minutes: September 5, 2007**

Motion to approve the minutes of September 5, 2007 as presented. Passed by a voice vote of 10 to 0 (Committee Members Zimmerman, Kramer and Vice Chair Barry were absent).

**4. Director's Report**

**a. Recent and Upcoming Mayor & Council Items**

Marie Pearthree, Tucson Water Department Deputy Director reported:

- Ordinance # 10458 eliminating the reserve fund requirement for Central Arizona Project (CAP) surcharge revenues was adopted at the Mayor and Council meeting on October 9, 2007.

**b. Other items of interest**

- Ms. Pearthree handed out an article titled "Arizona fights changes in Colorado River plan" from the Arizona Republic dated October 9, 2007 that gave some background on the issue of the Seven Basin States Agreement and proposed changes to a Colorado River drought plan.
- An Information Brief was handed out titled "Discussions Regarding Development of New Water Supplies" that covered the Central Arizona Water Conservation District (CAWCD) board meeting. Discussion

followed summarizing the process detailed in the brief. In addition, on September 28, 2007, the Board approved a four party twenty-year power agreement with the Salt River Project (SRP), Bureau of Reclamation, CAP and the Western Power Authority. That agreement will extend from 2012 to 2032. The Agreement ensures that the revenue stream from the sale of excess power from the Navaho generating station to SRP would cover CAWCD's capital repayment obligation to the federal government. Ms. Pearthree explained that for Tucson Water the capital charge would decrease to five dollars per acre foot in FY 2010, and would disappear after 2011. With the elimination of the five dollar per acre foot capital charge in 2012, that element of the Tucson Water budget would be reduced by seven hundred thousand dollars.

- CAWCD would be holding a stakeholders' workshop on October 18, 2007 regarding a two year budget, and Tucson Water staff would be in attendance.
- Ms. Pearthree announced that there would be a press conference at 1.30 p.m. on October 10, 2007 on Proposition 200. It would be held by state legislators and elected officials on the south side of City Hall.
- Members of CWAC would be receiving invitations from BKW Farms for a tour that included different groundwater savings projects, followed by a reception and dinner at the White Stallion Ranch on Twin Peaks Road.

**5. Summary: FY 2009 Operating Budget**

David Cormier, Tucson Water Business Services Administrator, introduced Belinda Oden, the Tucson Water Operating Budget Coordinator, who and gave a presentation on Tucson Water's Requested FY 2009 O & M Budget. She distributed a handout that provided a breakdown of the \$137.1 million O & M budget as follows.

Debt service	30%
Staffing	27%
CAP Water	13%
Power	12%
Admin Service Charge	6%
Other Operating	12%

- Debt service is the principal and interest on the more than three hundred ninety-five million dollars of outstanding Water Revenue Bonds. The O & M Budget includes about forty million dollars in debt service, which is about a \$4.1 million increase from the prior year but is consistent with the Financial Plan.

- Staffing includes five hundred seventy-eight full time positions. The requested budget reflects five new positions that have not been officially approved yet.
- CAP water purchases account for thirteen percent of the overall budget, and enable Tucson Water to purchase the City's full allocation of 144,191 acre-feet of CAP water in FY 2009.
- There will be a slight decrease in the electric power budget due to a new rate negotiated with Trico Electric Cooperative.
- The Administrative Service Charge is paid to the City to cover direct and indirect services provided to Tucson Water.
- Twelve-percent of the budget is in the "Other Operating" category. Reductions were made in this area, as this is the primary budget area where there is any flexibility to make reductions. Other areas (debt service, CAP purchases, power, personnel costs, and the Administrative Service Charge) are inflexible.

The Conservation Task Force recommendations are phased into the budget over a five-year period: \$180,000 in FY 2009 with an additional \$180,000 each year to reach the \$1 million level in FY 2013.

Ms. Oden indicated that the costs associated with the New Programs will be discussed in detail at the upcoming finance subcommittee meeting.

Committee Member Logan asked Ms. Pearthree about the change in the purchase of CAP water for full allocation. He wanted to know if one had a choice not to buy that much and could this cost be phased-in.

Ms. Pearthree replied in the affirmative. However, she said, the direction of Mayor and Council is to get the full allocation now in the event a shortage was declared on the Colorado River.

Committee Member Logan asked what other cities were doing with their CAP allocations.

Ms. Pearthree replied that they had much smaller allocations than Tucson, who is by far the largest contractor.

Committee Member Logan asked if they were taking their full allocations.

Ms. Pearthree replied that she would check.

Committee Member Logan asked who had the second largest allocation and Ms. Pearthree replied that she would check on this as well.

Committee Member Sullivan asked if the legal expenses involved one particular law firm or if this was spread out in the 'outside legal' element mentioned previously.

Chris Avery, Principal Assistant City Attorney, replied that 'outside legal' is spread throughout several law firms.

## **6. Update on Community Conservation Task Force Plan**

Committee Member Canfield began a discussion of the recommendations from the September 2006 Community Conservation Task Force (CCTF) report. Fernando Molina, Tucson Water Conservation Program Manager, distributed handouts pertaining to the report. The total estimated water savings in 2015 from all recommendations would be twelve thousand acre-feet. The initial first year cost would be 2.1 million dollars.

Barbara Buus, Tucson Water Rates & Revenues Manager, provided a handout showing the rate impact of adopting the \$2.1 million program in FY 2009. A 2.5% water sales revenue increase would be required. Ms. Buus added that in 2010, an additional 0.2 % would be needed for full implementation of the CCTF recommendations. This would mean a potential increase in water rates.

The next handout was a table showing staff's top three recommendations:

- The Targeted Ultra Low Flow Toilet rebate
- The Greywater Incentive
- The Irrigation System Upgrade

These programs are included in the staff recommended funding level of \$180,000 beginning in FY 2009 and increasing thereafter.

Discussion followed.

## **7. Requested FY 2009-FY 2013 CIP Budget**

Sandy Elder, Tucson Water Department Administrator, distributed a handout and gave a presentation on the Clearwater Program including a discussion on the Southern Avra Valley Storage & Recovery Project (SAVSARP). The bulk of the CIP would go towards bringing in the Colorado River water into the community. The four things that CIP focused on were:

- Clearwater Program
- Infrastructure Replacement
- Road Improvements
- Reclaimed Water

This new 5-year CIP is about \$86 million dollars larger than the prior 5-year CIP.

Chair Boyle asked David Cormier about the schedule to develop the new Financial Plan.

Mr. Cormier said the Financial Plan was currently being put together, and was the most challenging Tucson Water had seen in over a decade. Staff plan to present the Financial Plan to CWAC in November, and requested the meeting be changed to November 14.

There was a Motion by Committee Member Carhuff to change the November meeting date from November 7, 2007 to November 14, 2007 which passed by voice vote of 10 to 0.

## **8. Second Supplement to License Agreement with Pima County**

Chris Avery distributed a handout titled "Summary of Second Supplement to Utility Relocation License Agreements" and gave a presentation on utility relocation. This issue went back to 1979 when the City and County entered into the Sewer Effluent Agreement. If this current Agreement went through, it would waive and release all claims that either the City or the County had against each other, wiping the slate clean. The only other topic left would be the Regional Transportation Authority (RTA) issue. This Agreement was to the benefit of both the City and the County in that it settled and categorized the amount of outstanding claims between the City and the County.

Committee Member Logan asked if the Speedway disagreement with the County was covered under this. Mr. Avery replied that that was a utility relocation issue.

Committee Member Logan then inquired what the status of that utility relocation issue was.

Mr. Avery replied that there were a series of class action lawsuits and multi-party law suits. Once the legal action commenced, these claims started to diminish rapidly and were settled at a low cost. Once the class action lawsuits were resolved, the third party effects would diminish.

Committee Member Logan asked if the City and County were making progress.

Mr. Avery replied that they were still talking about what to do. As long as the class action lawsuits were outstanding and there were still some appeals, the City and County agreed not to go against each other for the benefit of third parties.

Committee Member Lustig then asked if this had been presented to the offices of the City Manager and County Manager.

Mr. Avery replied that the City Manager's office had been involved in every step of the negotiations on this Second Supplement. The County had asked to move this forward through CWAC and Mayor and Council approval. It was his understanding that they would proceed upon this approval.

Committee Member Horvath brought up the subject of the RTA and what was currently happening in Marana.

Mr. Avery said that the RTA issue was unresolved. It was a question that would have to be figured out. Marana was a utility relocation issue. They claimed that Tucson Water was trespassing because there was no formal agreement. This would have to be resolved eventually as well.

Chair Boyle asked a question regarding the money involved and it was clarified that when this Agreement was ratified, Tucson Water would pay \$1.7 million to the County.

Committee Member Carhuff asked where this money would come from.

Mr. Cormier replied the funds would be charged to the CIP this year if the Agreement was entered into this year.

Committee Member Lustig asked when this would be presented to the Mayor and Council as she was concerned if it would be before the new council took effect which would involve re-educating people and there would be delays.

Mr. Avery was not sure of the timetable, as there were many steps. He assumed it would be over the next month but was not sure if it would be before or after the election.

Motion to approve the Second Supplement to License Agreement with Pima County as presented. It passed by voice vote of 10 to 0. (Committee Members Zimmerman, Kramer and Vice Chair Barry were absent).

## **9. Appointment of Nominating Committee for Chair and Vice-Chair Positions**

Chair Boyle proposed setting up a committee to nominate a chairperson and vice-chair for the next twelve months starting with December 2007, and it was decided that it would be a five person committee consisting of Committee Members Zimmerman, Canfield, Carhuff, Lustig and Sullivan. Recommendations and voting would be made at the next meeting.

## **10 Future Meeting Dates**

Chair Boyle announced the next meeting would be November 14, 2007 instead of November 7, 2007.

**11. Subcommittee Reports**

Committee Member Canfield reported that at the Education and Conservation subcommittee meeting, Mr. Molina discussed water wasting enforcement activities as there had been a number of violations mostly in multi-family apartments. Committee Member Canfield said they organized an advisory group of commercial representatives to begin developing a program for the commercial customers in order to work with them more closely.

Committee John Carhuff reported on the finance subcommittee, which continued to work through the CIP and which would start on the rest of the Financial Plan. He reported that this had been an unusually difficult CIP cycle.

**12. Call to Audience**

No one spoke.

**13. Adjournment at 8.25 a.m.**