



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 James Barry, Chair, on Tuesday, January 22, 2008, at 7:08 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:

Tina Lee
Carol Zimmerman
Francis Boyle
Corina A. Baca
Evan Canfield
Martin M. Fogel
James T. Barry, Chair
Sarah Evans, Vice Chair
Ursula Kramer
James Horvath
Daniel Santamaria Samorano

Appointed by:

Ward 1
Ward 2
Ward 3
Ward 5
Ward 6
Mayor
City Manager
City Manager
City Manager
City Manager
City Manager

Members Absent:

Daniel Sullivan
John R. Carhuff

Appointed by:

City Manager
City Manager

Others Present:

Mike Hein, City Manager
David Modeer, Tucson Water Director (arrived 7:50 a.m.)
Marie Pearthree, Tucson Water Deputy Director
David Cormier, Tucson Water Department Administrator
Pat Eisenberg, Tucson Water Department Administrator
Sandy Elder, Tucson Water Department Administrator
Barbara Buus, Tucson Water Management Coordinator

Mac Hudson, Council Administrative Assistant, Ward 1
Katie Bolger, Council Administrative Assistant, Ward 2
Holly Lachowicz, Council Administrative Assistant, Ward 3
Fernando Molina, Tucson Water Conservation/Info Supervisor
Trucynda Hawkins, Tucson Water Management Coordinator
John Thomas, Tucson Water Management Coordinator
Tiki Lawson, Recording Secretary, City Clerk's Office

2. Call to Audience

No one spoke.

Chair Barry welcomed the two new Committee Members: Tina Lee, appointed by Ward 1 and Danny Samorano, a City Manager appointee who would attend and be counted but not be able to vote today as his Loyalty Oath was not completed. He also announced that Martin Fogel was re-appointed by the Mayor and Council and Carol Zimmerman was re-appointed by Council Member Glassman.

Chair Barry said the City's policy was that after eight years, a term on the Committee was completed. This was the reason why John Carhuff would not be a member as of February 15, 2008.

3. Approval of Minutes: December 5, 2007

Motion, duly seconded, to approve the minutes of December 5, 2007, as presented.

4. Director's Report

This item was deferred to the next meeting.

5. Financial Plan: FY 2008 – FY 2013

Chair Barry introduced David Cormier, Tucson Water Department Administrator, who gave a presentation. All questions were held until the end of the presentation and then comments were taken.

Mr. Cormier circulated a handout entitled 'Tucson Water, Proposed FY 2008-2013 Financial Plan: Changes to Plan Presented to CWAC December 5, 2007, and gave an analysis of the major elements of the Plan.

Mr. Cormier went through the various fundamentals of the Plan including how the Plan differed from the Plan presented at the December 5, 2007 meeting.

Mr. Cormier then spoke about how the Utility was able to meet an eight percent annual increase. The major program focus over the Plan years were (1) an

aggressive CIP to complete facilities for the recharge, recovery and delivery of CAP water, and (2) the actual purchase of the City's full allocation of CAP water (144,191 acre-feet). Staff vacancies would be held in order to generate savings to cover the costs associated with the City's current retirement incentive program.

Mr. Cormier discussed the various charts and outlines in the document, and pointed out the need for a new bond authorization in late May of FY 2009. He concluded with a breakout of how the increased revenues would be utilized.

Chair Barry congratulated all those involved in putting this revised Plan together. He said he thought it was an excellent Financial Plan. The course had been changed quickly and professionally and all were to be complimented. Chair Barry pointed out that over the five years, this 8 percent increase would generate one hundred sixty-eight million dollars more than last year's Financial Plan would have. This was fifteen million dollars less than the earlier 9.8 percent proposal but it was substantial and would be money well spent.

Marie Pearthree, Tucson Water Deputy Director, commented that this particular Financial Plan was built around the notion of sustainability. The Utility had promised to the community, after instructions from Mayor and Council, to acquire Tucson's full allocation of Colorado River water. The Council knew this was critical to the health of the community should a shortage be declared on the River, which could happen as early as 2010.

Committee Member Boyle, Chair of the Finance Sub-committee, said that the Sub-Committee met and reviewed the proposed Plan in much greater detail than today, and unanimously recommended that CWAC approve this Plan.

Chair Barry mentioned another aspect of sustainability he called fiscal sustainability. The Utility needed to have the revenues to maintain bond coverage and adequate reserve levels. This Plan helped to invest in that fiscal sustainability.

Committee Member Canfield asked for a clarification regarding the FTE (full time equivalent position) for the Community Conservation Task Force, and if it would be impacted by the proposed hiring freeze for FY 2009. Mr. Cormier replied that specific staffing vacancies had yet to be determined.

Committee Member Zimmerman said it was very critical to have this rate increase to take the full CAP allocation, indicating that the community would need to be involved and educated regarding how important it was to have this rate increase in order to take the full allocation and use it before 2012. Mr. Modeer agreed it was important for the public to understand that the majority of this increase was being used to buy CAP water and continue building the facilities to deliver it.

A discussion ensued and a variety of questions were raised regarding the various aspects of the Financial Plan with emphasis on the yearly 8 percent increases.

Committee Member Boyle moved, and Committee Member Horvath seconded, that CWAC approve and recommend to the Mayor and Council the proposed FY 2008-2013 Financial Plan as presented. The Motion passed by a voice vote of 11 to 0.

6. City Manager presentation on policy regarding new water connections outside of City limits.

Mike Hein, City Manager, congratulated the Tucson Water staff who worked so hard on the Financial Plan.

At Mr. Hein's request, Sandy Elder, Tucson Water Department Administrator, presented a map showing the Tucson City limits along with Tucson Water pipelines. Mr. Elder explained the boundaries of the water service area and the locations where Tucson Water is obligated to serve vs. areas that are discretionary.

Mr. Hein commented on a variety of issues while referring to this map. He said the City had enough resources to supply its current and future population but did not have the money. This would be an issue over the next few years.

He said there had to be dialogue about where the City's water resources should go in the future: agriculture, industry, commerce and residential. Growth and water could not be discussed without speaking about growth and transportation. There were also regional concerns, such as reflected in Marana wanting to utilize effluent from the Pima County treatment plant there. This led to the issue of what was Tucson Water's role in supporting the growth policies of other communities.

Mr. Hein added that about thirty three percent of the City's service was outside the City's limits. There were legal obligations to be considered. If the City funded service outside its borders, there may not be enough water to supply within its borders.

Mr. Hein said a dialogue was needed to determine how much water the City had. Hundreds of acres of land being developed for residential uses similar to Star Valley to the west, without public dialogue, could result in funding these developments without sufficient water to fund developments within the City's boundaries.

Sandy Elder discussed the different boundaries on the map showing extensions in the Tucson Mountains and elsewhere.

Mr. Hein likened the extension of the water system to the body's capillaries or an extension of the blood vessels. At some point the body would be stretched too thin and too far out. In past discussions, there had been some hard decisions. The market (today) was what it was and therefore the Utility was not getting overwhelmed with these requests.

He said another policy decision that needed to be made by Mayor and Council, but also for staff to do some groundwork in, is exemplified by the Rincon Ranch system, which is east of Houghton Road, and bordered on three sides by Tucson Water service area. Rincon Ranch had been working with Tucson Water over the past three years regarding possible acquisition by the City. From an annexation perspective, there were many existing residences further to the east, which did not want any part of the City. This area would be a difficult annexation. Mr. Hein appreciated that it would be advantageous to connect the Tucson Water system from the north side to the south side through Rincon Ranch. The City should engage in some thoughtful discussions with those system and property owners about annexing the Frontage Road in order to control the land masses around the major corridors to make sure there was no negative effect on the City's population to the north, south, east and west.

Mr. Hein brought up that there was a lot of state land, and if the system was expanded past this land, all of a sudden growth was enabled without any policy discussion. He added he was currently trying to relieve Mr. Elder and his team from the burden of making policy decisions, which was what they were doing every day.

Committee Member Canfield asked a question regarding the development out in the West. He was told that some of these subdivisions chose to become Groundwater Replenishment Districts (GRDs) and to join the Central Arizona Groundwater Replenishment District (CAGRDR). They had the opportunity to get on Tucson Water but that was a preference only.

Mr. Modeer said he was not aware of any who had voluntarily joined the CAGRDR. It was significantly less cost for them to come to Tucson Water rather than to join the CAGRDR. There were some projects, however, that were further out that probably had to join the CAGRDR for development purposes. He added that in the long run, the Utility did need clarity as to where their resources would be going. There must be some way of clearly allocating the water where Mayor and Council felt that was the best way to allocate those resources. There has been a transition to the belief that there is a finiteness to the City's water supply. This was why this discussion with Mayor and Council proposed by Mike Hein was so vital to the Utility.

Committee Member Boyle asked about the process of the proposed dialogue.

Mr. Hein said he envisioned this to be five year dialogue and was something that would not just happen overnight. There were many issues to be considered, such as increased population. The Mayor and Council had to be thoughtful on a different level as to the community's direction. This was not up to the water directors and city managers or CWAC. It was a much broader discussion that needed to take place. Everyone was worried about 'regionals.' He said that did not mean just one provider. He said small steps had been taken, for example, if there was a major development on the fringe of the community, within a mile or two of another jurisdiction, this new development would not be looked on favorably as it was so near City boundaries. In the past, there had never been any communication.

Mr. Hein added he had told Planning staff to practice what the community would like others to practice to the City. A conversation should be engaged in so there could be review. He did not suggest capitulation to another jurisdiction, only to start that dialogue. As it got more structured and more policies were developed and people learned to cooperate from a governing standpoint, the City would be a lot further along. Until there could be a dialogue where people were willing to set aside their parochialism, the City was not going to get very far. The initial gut reaction in such a passionate community regarding growth and water made it hard to have a dispassionate dialogue based on numbers and reality. Growth could not be stopped. The community was more educated and involved than it had ever been with respect to discussions regarding water and growth. Much of this was due to Tucson Water talking about CAP and water supply over the years.

Committee Member Zimmerman noted that the Committee did not get a chance to talk about Proposition 200. She said that, while the City was able to convince people that it was a bad way to implement policy, people were convinced that there was in fact a water problem and that water and growth had to be dealt with. The community remained strongly convinced that if something did not happen at a leadership level, then further efforts needed to happen for better or worse. She brought up what this meant in terms of short and long term revenues. It was a big problem in terms of the replenishment district and how the community was impacted but that this forced the community to deal with growth. The City was forced to say it could no longer provide water from Tucson Water or the replenishment district without looking at it regionally. The idea of dialogue was important but there is a question in the short term as far as what it would mean for revenue.

Committee Member Zimmerman raised the issue of annexation.

Mr. Hein said if Proposition 200 had occurred and some things were different, the City would not have extended its system as far south as it did. This was not about annexation because industrial parks did not generate revenue. There was no sales tax in annexation. Basically, if it was really in the 'skin' (the area in

which Tucson Water is obligated to serve), but it would impact the community, then it should be annexed.

Committee Member Horvath asked a question regarding Tucson Water's policy towards serving the Marana area.

Mr. Hein said that Marana was selecting a new council member and there would be upcoming elections as well. There needed to be some dialogue which had not happened in the past. Tucson Water staff had been extraordinarily patient in this matter.

7. CWAC Meeting Times

Chair Barry counted a show of hand vote of 8 to 4 Committee Members in favor of considering a change in meeting times. This item would be added for discussion at the next meeting. Chair Barry said he would call the committee members to talk about it as there were a lot of options with regard to the day of the week and time of day and there should be open discussion.

8. Future Agenda Items

Committee Member Canfield suggested bringing Val Little, Director of the Water Conservation Alliance of Southern Arizona, to speak to the Committee. He said she had some data on water use that might be useful.

Chair Barry said that David Modeer would bring the long range water resource plan to the next meeting for discussion.

The topic of Plant #1 would also be on the Agenda for discussion at the next meeting. Chair Barry asked Committee Member Zimmerman to go over the polling data that she gathered from Proposition 200.

9. Call to Audience

No one spoke.

10. Adjournment: 8:52 a.m.