



Citizens' Water Advisory Committee
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Citizens' Water Advisory Committee

MINUTES

The regular meeting of the Citizens' Water Advisory Committee was called to order by James Barry, Chair, on Tuesday, March 18, 2008, at 7:00 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:

James T. Barry, Chair
Sarah Evans, Vice Chair
Carol Zimmerman
Francis Boyle
Corina A. Baca
Evan Canfield
Ursula Kramer
Thomas Meixner
Daniel Sullivan
Daniel Samorano

Appointed by:

City Manager
City Manager
Ward 2
Ward 3
Ward 5
Ward 6
City Manager
City Manager
City Manager
City Manager

Members Absent:

Martin M. Fogel
Tina Lee
James Horvath

Appointed by:

Mayor
Ward 1
City Manager

Others Present:

David Modeer, Tucson Water Director
Marie Pearthree, Tucson Water Deputy Director
David Cormier, Tucson Water Department Administrator
Pat Eisenberg, Tucson Water Department Administrator
John Thomas, Tucson Water Management Coordinator
Michael Gritzuk, Director, Pima County Regional Wastewater Reclamation Department
John Carlson, Pima County Wastewater Management Advisory Committee
Mac Hudson, Council Administrative Assistant, Ward 1
Katie Bolger, Council Administrative Assistant, Ward 2
Holly Lachowicz, Council Administrative Assistant, Ward 3
C.T. Revere, Council Administrative Assistant, Ward 6
Deborah Galardi, Galardi Consulting
Eric Rothstein, Galardi Consulting
Tiki Lawson, Recording Secretary, City Clerk's Office

2. Call to Audience

Chair Barry announced that Committee Member Fogel had surgery but should be at the next meeting. In addition, he announced that it was the last meeting for Committee Member Boyle, who was there today as a voting member.

David Modeer, Tucson Water Director, presented Committee Member Boyle with a Certificate of Recognition on behalf of the City of Tucson and the staff at Tucson Water, in appreciation of his past commitment and service.

Michael Toney spoke about the water levels in Lake Mead and future drought conditions.

3. Approval of Minutes: February 13, 2008

Motion, duly seconded, to approve the minutes of February 13, 2008, as presented. Passed by a voice vote of 10 to 0.

4. Cost of Service, Revenue Targets, and Rate Schedules

David Cormier, Tucson Water Department Administrator, circulated a handout titled "Tucson Water Proposed FY 2009 Rate Schedule", and gave an analysis of the major elements of the schedule. He thanked CWAC and its Financial Sub-Committee for helping to create a Plan that was hoped to be acceptable to Mayor and Council and the Utility's customers.

Mr. Cormier said CWAC would be asked today to make a recommendation on the Rate Schedule. If the Schedule was approved, it would be taken to Mayor and Council on April 15, 2008, for adoption of a Notice of Intent to increase rates and setting a May 20, 2008 Public Hearing date. If new rates were then approved by then Mayor and Council after the Public Hearing, the new rates would become effective on July 7, 2008.

Mr. Cormier introduced rate consultants, Deborah Galardi and Eric Rothstein from Galardi Consulting who provided the Utility with guidance on some of the methodologies used in rate design and establishing development fees as well as assisting the Utility in bond sales.

Both Ms. Galardi and Mr. Rothstein spoke about the contents of the pamphlet with emphasis on cost of service analysis and rate design. Ms Galardi discussed the allocation of the eight percent revenue increase which was split out between the conservation program costs and the general water system revenue increase. The conservation program totaled almost \$1.5 million and included the \$455,000 recommended by the Community Conservation Task Force (CCTF) as well as Tucson Water's existing base conservation program. Of the eight percent total increase, 1.2% of that related to the conservation program and the 6.8% was the required increase for the general water system.

In addition, Mr. Rothstein went over sample bills on page 12 of the pamphlet covering the single-family customer class. It could be seen that, although there was an eight percent system wide revenue increase, the single family customer class would have bills in which the average residential use in the wintertime would have a total bill impact of \$1 or about a 5.7% increase. In addition, he said that although there was a system-wide rate increase of about eight percent, about seventy-eight percent of the single-family residential customers would be seeing bill increases that were below the system-wide average. Historically, customers in the higher volume rate blocks have been subject to higher percentage increases.

Mr. Cormier commented that if the conservation fee was adopted by the Mayor and Council, these revenues would go into a separate fund used solely to record the expenses and revenues of the conservation program.

Committee Member Zimmerman verified that the proposed rates being considered today reflected the recommendations of the customer rate design group.

It was moved by Committee Member Sullivan, and duly seconded, to approve the Proposed FY 2009 Rate Schedule as contained in the pamphlet on page 7. The Motion passed by a voice vote of 10 to 0.

Committee Member Boyle commented that the Finance Sub-Committee was unanimous in its recommendation of the proposed rates taking into consideration the input received from Mayor and Council.

7. CWAC Meeting Schedule (item taken out of order)

It was moved by Committee Member Sullivan, and duly seconded, to change the time of the meeting from 7:00 a.m. to 8:00 a.m., keeping the date as the first Wednesday of the month.

A discussion ensued regarding changing the meeting time.

The motion to change the meeting time from 7:00 a.m. to 8:00 a.m. failed by a roll call vote of 6 to 4.

Discussion followed regarding an alternative 7:30 a.m. meeting time. Chair Barry said the issue of an alternative time could be taken up at a later meeting.

Recess: 7:55 to 8:00 a.m.

5. Tucson Water Long-Range Plan Update

Due to lack of time, this item was deferred to the next meeting.

6. Water Infrastructure, Supply and Planning Scope of Work

Mike Hein, Tucson City Manager, was joined by Chuck Huckelberry, Pima County Administrator, to talk about the new Joint City/County Water Study Committee.

Mr. Hein began the discussion talking about what the City and County were trying to accomplish. He said there had been criticism that it had not been regional in scope. He said partnering with Pima County was very important as they both share geographic areas.

Mr. Hein said that when he looked at water supply and future resources, he thought there was a basic assumption that needed to be questioned regarding water supply and future resources because there were so many variables such as conservation rates, technology, and growth patterns. He added that the City was not growing as fast as the region as a whole was.

Mr. Hein said that when it came to the region, he thought more resources were needed although it was not the City's responsibility unless the Mayor and Council decided it was in the City's economic, social, and quality of life interest to help support regional growth. He

added that he felt this venture was going to be dynamic and would take many years to complete, but it had to start some place. He appreciated CWAC's willingness to engage in the start. Chair Barry would be appointing several CWAC members to the new Joint City/County Water Study Committee, and two members from the City Planning Commission, Jim Watson and Sean Sullivan, would also be appointed. These members would be working with the County appointees and the public in the coming months, if not years, to begin the process.

Mr. Hein said that much of this work had been done by Tucson Water. This entailed compilation into a format that was transparent and available and agreed upon by the public. Mr. Hein reiterated that nothing would be hidden. Everyone would be given the opportunity to agree on what the infrastructure looked like and what the City's resources were and how those resources should be utilized. He said he appreciated Pima County partnering with the City. There have already been long dialogues between the two jurisdictions. Regarding why it was important for the City to partner with the County, he said it was because City residents were all tax and ratepayers in the same system and it was a regional issue. He said he felt the quality of effluent in regard to water supply and reuse should be looked at, but this did not mean that the City was endorsing the idea of "toilet-to-tap". He added that, as a Utility, the City should concern itself with the kind of quality discharge coming out of County treatment plants as it had a tremendous effect on the sort of facility that might be constructed in the future. There were issues that dealt with acquisition of land or construction of facilities for the treatment of effluent for reclaimed water delivery.

Chuck Huckelberry, Pima County Administrator, said that what distinguished Pima County from the City of Tucson was that in operating a wastewater treatment system over the last thirty years there had been no voter initiatives to tell the County how to do it. He did not know if that was because people were not that interested in the wastewater business or that the subject had just not come to the forefront at this point.

Mr. Huckleberry said that there was a plan to go before the Board of Supervisors today to discuss this issue and what should be done. Pima County's view was that in the long run, joint actions and considerations were more productive. There had been talk about improvements for the joint ratepayers and he said he thought now was the appropriate time. The urgency of working together and cooperating to get things done would be conveyed to those joint ratepayers. Wastewater customers had not yet seen the full extent of the rate increases that would be experienced to finance a billion-dollar reinvestment in the wastewater system. Rates had been significantly increased in the last three years and there were more increases to be implemented. He said he did not know what people might begin to think four or five years out regarding this reinvestment program, which was absolutely necessary with regard to water supply. This whole process was about trying to get everyone on the same page with regard to water and resource supply.

Currently, Pima County was subject to litigation right now with other entities fighting over water or water resources, which was not the most productive thing for the region. There currently existed a lack of common understanding about the water resources of the region that could be overcome. The issue of what conservation really was should be tackled, and this would be a very long process.

Mr. Huckleberry added that, as reiterated by Mr. Hein, it took twenty years to address the transportation issue which was a relatively straightforward matter. Water was an entirely different story. If, in forty years the water issues were solved, there would have been a great deal of progress made. To start the dialogue between the entities that had the greatest

ability to affect positive change meant that everyone was welcome at the table. One of the tasks of this joint City/County Water Study Committee would be to figure out in about sixty days how to bring all the various interests to the table. Mr. Huckleberry said that dialogue and discussion was much more cost effective than litigation, therefore, if the community comes together to begin talking on these issues, there will have been a great deal of progress made. There was significant benefit for the City and County to be working together.

Mr. Huckleberry introduced Michael Gritzuk, the Director of the Pima County Regional Wastewater Reclamation Department (PCRWRD) who had already appointed four Wastewater Advisory Committee (WAC) members to sit on the new committee being formed. The idea was that in the respective advisory bodies, whether they were WAC or CWAC or the City and County Planning Commissions, that the citizens who represent the diverse, broad views and values of the community needed to be in this process leading the discussion.

Mr. Hein said this issue incited much passion. It was his opinion that, in a regional conversation, all the entities had to have an understanding of their own position before there could be regional dialogue. He said he believed this was how the transportation issue became successful: the City recognized urban infrastructure and what was necessary to increase transportation capacity compared to some of the suburban areas. Water policies were values of the City which would differ from the values of other utility providers. Until they were all on the same wavelength, it was hard to have external conversation.

Mr. Hein introduced Nicole Ewing-Gavin who was now with the City Manager's office and would help coordinate the committee process from the City side.

Mr. Hein said the bottom line in this matter was acquiring additional water resources. People who were invested in the growth industries represented the Southern Arizona Leadership Council (SALC) to a large degree. It was in their interest for the City and County to expand their system and acquire more resources. If the City and County as a region did not agree on acquiring more resources, individual jurisdictions or private utilities and landowners would have to figure that out, which would get expensive.

Committee Member Sullivan asked if there was a message for the smaller jurisdictions that might be intimidated by commencement of this process.

Mr. Hein said he would tell them to relax. There was no reason why they should not go through a similar process. This issue would wind up in a regional discussion but without a definite time limit. Phase One was agreeing internally with all seven of his bosses and for CWAC to agree on certain issues such as the condition of the Utility's pipes, the location of the Utility's services, and how much water the City could own and control. Mr. Hein said each utility, provider or jurisdiction should be having these same discussions. As Mr. Huckleberry said, it was a lot cheaper politically and financially to work together. In the past, there were issues with providers in the North and Northwest areas partnering with the City to save money. They could not be forced to do something they were not interested in.

Committee Member Zimmerman clarified that what CWAC was being asked to do was to come out with the research and process for regional communication and that this tied in with the different study Phases.

Mr. Huckelberry advised that about ten people would get together in a “to be determined” combination and that within sixty days, this committee would come back and discuss the inclusive regional process they came up with. This would involve getting all ten people together, going through the phone book, and, with information regarding every interest group that might have a concern, inviting them in and asking what they thought. This meant starting from scratch without any preconceived ideas, and everyone should be invited for their point of view, be it the folks running the initiatives, the environmental or business community, or the associations who signed the letter from the Southern Arizona Leadership Council.

Chair Barry verified that Mr. Hein and Mr. Huckleberry were both proposing an Oversight Committee that would have five members on the City side and five members on the County with some combination of CWAC, Planning and Zoning, and WMAC members with a Chair. Originally, this Oversight Committee was to be concerned with Phase One and would be working on the inventory, ending in December 2008 to January 2009 after the policy phase or Phase Two began in early 2009. Chair Barry’s understanding was that the role of the Oversight Committee would end there. Mayor and Council had asked that this Oversight Committee come back in sixty days with their ideas for public involvement, then the Oversight Committee could focus on Phase One and Phase Two.

Committee Member Zimmerman verified that the Oversight Committee would be funded.

Mr. Hein said there was money available if needed. Phase One would be a compilation of existing resources and would probably involve just staff time to come to grips on what the status, inventory and assessment of the systems were. If nothing else but better cooperation between the City and County came out of this on infrastructure planning, we will have come a long way.

Chair Barry confirmed the Oversight Committee would have eleven members: five plus five and a Chair. From the City, there would be three CWAC members and two Planning and Zoning members who have already been appointed. From CWAC, Committee Members Zimmerman and Sullivan had been appointed. A third member would be appointed by the end of the week.

Mr. Hein said the new group would be subject to open meeting law requirements and it would give proper notice of meetings to the public.

Chair Barry said that although the committee would begin on Phases One and Two, the remaining Phases Three, Four and Five did not have to wait for One and Two to finish in order to start. He thanked Mr. Hein and Mr. Huckleberry and said he looked forward to this new project.

8. Director’s Report

a. Recent and upcoming Mayor & Council items

There would be a Mayor and Council Public Hearing today on the proposed Miscellaneous Fee schedule. On April 8, 2008, there would be an amendment to the Low-Income Assistance IGA with Pima County to add funding for this year and continue services next fiscal year. Then on April 15, 2008, the proposed water rate study would go to the Council for adoption of a Notice of Intent to increase rates and setting of a public hearing date.

b. Other items

The general conditions in the Colorado River basin had been outstanding this year, with a snowpack significantly above normal. The good news was that the reservoirs should rise substantially, delaying a shortage condition several years. If conditions like these continued over the next several years, the City was headed in the right direction in terms of future drought.

One of the two ongoing State processes involved in water interests had begun with a public stakeholder process with a project team to drive this process over the next several years. The ADD water (Acquire, Develop, and Deliver water) project team was composed of about four or five members of the staff of Central Arizona Water Conservation District (CAWCD) and CAP with stakeholders from other water providers from the cities of Phoenix and Tucson, West and East Valley cities, and the environmental and developmental community. This was a formal and not a CAP controlled process that met every other Friday at CAWCD with a diverse project team.

Additionally, there was a process going on to develop legislation to hopefully modify the Central Arizona Groundwater Replenishment District (CAGR) legislation. There was a large stakeholder group that met on the other Fridays of every other week to put together this draft legislation. Mayor and Council directed the Utility and City staff to become involved in that process. This legislation would hopefully be completed and out in the public by this fall. The good news locally was the monitoring of the ground water showing the levels continuing to rise because of the Utility's daily decrease in pumpage of groundwater in the Tucson basin. The monitoring of the gallons per capita per day (GPCD) rate shows a decline as well. Residents were continuing to conserve which had been seen in the Utility's revenues.

9. Future Agenda Items

Chair Barry said that Tucson Water's Long-Range Plan Update would be the first thing on next month's Agenda.

Committee Canfield said the CCTF was going to have a series of Town Hall meetings in April 2008. He added that Kathy Chavez, Water Policy Manager of the Pima County Regional Flood Control District, could also come in to discuss water conservation at the May 2008 meeting.

Committee Member Sullivan raised the issue of the CWAC meeting starting time to be discussed again.

10. Call to the Audience

Michael Toney spoke about the effects of weather conditions on water shortages.

11. Adjournment – 8:52 a.m.