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 – October 7, 2009

The regular meeting of the Citizens' Water Advisory Committee was called to order by Sarah Evans, Chair, on Wednesday, October 7, 2009, at 7:00 a.m., in the Tucson Water Building, 310 W. Alameda, 3rd Floor Director's Conference Room, Tucson, Arizona.

1. Call to Order

Members Present:	Appointed by:		
Sarah Evans, Chair	City Manager		
Jim Barry	City Manager		
Thomas Meixner	City Manager	Arrived:	7:12 a.m.
Christopher Brooks	City Manager		
Martha Gilliland	City Manager		
Mark Taylor	City Manager		
Tina Lee	Ward 1		
Amy McCoy	Ward 2	Arrived:	7:05 a.m.
Bruce Billings, Vice Chair	Ward 3		
Vince Vasquez	Ward 4	Departed:	7:55 a.m.
Evan Canfield	Ward 6	Arrived:	7:07 a.m.
Jeff Biggs, Tucson Water Director	Ex-Officio Member		
Michael Gritzuk, Pima County Regional Water Reclamation Department Director	Ex-Officio Member		

Members Absent:	
Martin M. Fogel	Mayor
Jim Horvath	City Manager

Others Present:
Ivey Schmitz, Tucson Water Deputy Director
Chris Avery, Tucson Water Interim Deputy Director
Sandy Elder, Tucson Water Interim Deputy Director
Belinda Oden, Tucson Water Business Services Administrator
Sharon Megdal, Director, Water Resources Research Center (WRRC)
Fernando Molina, Tucson Water Public Information Officer
Pat Eisenberg, Tucson Water Planning & Engineering Administrator
Ralph Marra, Water Resources Management Administrator, Tucson Water P&E Division
John Thomas, Tucson Water Management Coordinator
Mac Hudson, Ward 1 staff
Holly Lachowicz, Ward 3 staff
Tiki Lawson, Recording Secretary, City Clerk's Office
Deborah Keenan, Recording Secretary, City Clerk's Office

Diane Kusel, ADWR
Val Little, Water Casa
Barb Dolan, Arizona Multihousing Association

2. "Growth, Water Planning and the Environment" presentation/discussion

Sharon Megdal, Director, Water Resources Research Center, gave a PowerPoint presentation which, she said, would address water planning at a level above the individual utility level as well as addressing water for the environment.

Ms. Megdal said the water consumption in the State broken down into approximately 73.3% by the agriculture sector, 5.8% by the industrial sector and 20.9% by the municipal sector. She stated industrial users included dairies and certain golf courses, and while the agriculture sector still used the largest amount of water in Arizona, the municipal sector was rapidly growing.

Ms. Megdal said the last time she appeared before CWAC was in November 2006, when she spoke about a study she had done looking at water resource availability in the Tucson region. She stated the study attempted to inventory water resources known and available to the region. The spreadsheet study looked at groundwater that could be used per the assured water supply rules and regulations of the State of Arizona, and expected flows of effluent out of the treatment plants. The study examined under specific assumptions, how far water supplies could be spread and how many people the water supply could support. Ms. Megdal said there were a couple of points to be made. The lower the gallons per capita per day (GPCD), the more people an existing water supply could serve. If all the CAP supply available to the region and even half the effluent supply were used, people could be supplied through 2030 and beyond.

Ms. Megdal said there were known supplies which could be utilized to serve the population. She said she was often asked whether the State was running out of water to which she replied in the negative. Ms. Megdal reviewed the figures from her Scenario Worksheet in the 2006 Study, which in retrospect, were not low. She said this was the only study she was aware of in the State that tried to look at the available resources in the region.

Ms. Megdal discussed the 2004 Plan of the Central Arizona Groundwater Replenishment District (GAGRD) approved by the Arizona Department of Water Resources (ADWR) in 2005. This was a ten year plan of operation showing projected replenishment obligations for the CAGRD over one hundred years. This Plan had not been updated since 2004; a new plan did not need to be submitted again until 2014-2015. She said since the 2004 Plan was published, growth had slowed (temporarily) and interest in conservation had increased citing rainwater harvesting, gray water systems and a change to the ADWR base conservation program from GPCD to Best Management Practices. She said, in addition, per capita use had decreased not only in Tucson but also in other areas in the State, which appeared to reflect a shift in the public's attitude toward water use. Ms. Megdal said the quest for new water supplies continued and Tucson Water was involved in that effort. She stated the acquisition, development, and distribution (ADD) water process was led by CAP and focused on the three county CAP service areas. She added that the ADWR Water Atlas was nearing completion of the final volume.

Ms. Megal said this had been a challenge to those who needed to work with numbers about the State's water situation. The last comprehensive look by the State was in 1993 and based on data from the early nineties. She stated that the CAGRD had a replenishment obligation of

220,000 AF which had to be found annually. To date, the CAGRD had a firm supply of 7,000 plus AF.

Ms. Megdal said since the 2004 Plan, there had been little public process related to ADWR's development of its fourth Management Plan. She said ADWR was behind in promulgating this Plan as it was supposed to cover the period 2010-2020, and it has not been published yet. Ms. Megdal said the Plan's primary focus was setting out conservation regulations for active management areas (AMAs). She added there was very limited regional and less statewide coordination of planning going on, but there was the opportunity to collectively look at how the different regional plans were proposing to meet their future obligations. She added there should at least be a needs assessment.

Ms. Megdal mentioned that the legislation to provide the CAGRD with bonding authority did not pass in this last legislative session, but would probably be re-introduced. The bill had the votes but could not get to the floor because an elected official from outside the three county area served by the CAGRD, brought up the needs of rural areas outside of the three county area. Ms. Megdal brought up planning questions to ponder, but commented that most water resource agencies did not have the budget to fully consider those issues. She thought that any planning effort had to be an inclusive and transparent process.

Ms. Megdal spoke briefly regarding the environment. She mentioned the State did not recognize the environment as a water-using sector. In recent Atlas data, there was a section regarding wetland use of reclaimed water. She said it was important when planning to consider at some level the water needs of the environment. In order to do that, she said there had to be some measure of the needs of the environment. Ms. Megdal mentioned a few current projects relating to meeting environmental water needs. She said the ultimate goal was to translate voluntary efforts to conserve water, and that the customer's savings in water bills could be donated to a fund to purchase water for the environment. There were several logistical ways to do this, but she noted that that one way, involving modifying a utility's billing system, would be costly and have other complications. She said that Tucson Water was assisting in reviewing alternatives.

Ms. Megdal said progress was being made; the goal was to bring the environment to the table as a water customer. She said an additional Water Resources Research Center (WRRC) effort, if funded, would develop a statewide environmental water needs assessment so that those needs were quantified when and if there was a statewide water planning effort. Ms. Megdal ended by stating there was a lot of focus on climate change, yet there were many people who did not know what that meant. The uncertainty regarding climate change made planning even more challenging.

Ms. Megdal concluded her presentation by answering some questions from committee members.

3. Announcements

No one spoke.

4. Call to the Audience

No one spoke.

5. Approval of Minutes – September 9, 2009

Motion, duly seconded, to approve the Minutes of the September 9, 2009 meeting as presented, was carried by voice vote of 10 to 0 (Committee Members Horvath, Fogel and Vasquez absent).

6. Director's Report

a. Mayor and Council items

Jeff Biggs, Tucson Water Director, updated the Committee about the latest Mayor and Council activities.

- September 9, 2009, the first amendment to the Reclaimed Water Agreement with Davis-Monthan Air Force Base was passed for the current fiscal year. The Utility would be working with Davis-Monthan to see if they could start paying more of the reclaimed water costs in the next year.
- September 9, 2009, Mark Taylor was appointed and Jim Horvath re-appointed as committee members to CWAC.
- September 15, 2009, the acquisition of water easements from the Arizona State Land Department for the Utility's recovered water transmission main in Southern Avra Valley was passed.

Upcoming items:

- On October 14, 2009, the Mayor and Council will review various City Strategic Work Plan projects, including initial review of the proposal (approved by CWAC at its September meeting) that the City of Tucson work with the Town of Marana to obtain an appraisal of the value of Tucson Water assets within the Town's limits. Completion of this appraisal would be the first step in Marana's possible acquisition of those Tucson Water assets. However, no Council action on this proposal is expected on October 14th, rather this item will be scheduled for a wider discussion at a future Council meeting at which time the Council will provide staff direction on the proposed appraisal.

- On October 20, 2009, the Mayor and Council will review three additional Tucson Water Strategic Work Plan projects: (1) continue to refine Tucson Water's obligated service area policy, (2) continue to participate in the City/County Water/Wastewater Study, and (3) develop a plan to wheel (convey) CAP water through the City's system for the Town of Oro Valley and the Metropolitan Domestic Water Improvement District (Metro Water).

- On October 27, 2009, a presentation to Mayor and Council is planned on the Utility's water quality monitoring program, with a focus on pharmaceuticals and personal care products in water. He said he would be happy to give the presentation to CWAC as well.

b. Other

Mr. Biggs announced the appointment of Fernando Molina as the Utility's new public information officer. He said Mr. Molina had been with the Utility since 1991, and the Utility was looking forward to working with him.

7. FY 2011 Financial Planning

Belinda Oden, Tucson Water Business Services Administrator, distributed handouts covering the Utility's financial plan process. The Water Rate Study Process, known as the 'egg diagram' illustrated the steps of the process. Ms. Oden explained that the Committee had to proceed through each step, or 'egg', in order, and that questions pertaining to later steps could not be answered until the earlier steps were completed. She said presently, the Committee was at the first 'egg', which was to identify the requirements for the Utility to operate over the next five years, and related revenue requirements.

Ms. Oden described the calendar for the FY 2011 Rate Process. She said that the requested operating and capital budgets would be summarized for CWAC today, and that more detailed budget and fee information would be provided to the CWAC Finance Subcommittee for their review, discussion, and recommendation.

Ms. Oden said the Conservation-Education Subcommittee would receive its own financial packet covering the conservation programming budget summary, and would make a recommendation on the conservation financial plan.

Ms. Oden discussed the different dates of the FY 2011 Rate Process Calendar and how the process came together. She reviewed a summary of the Utility's operating budget and the progression to get to where it currently was. She said there were no surprises in the budget insofar as 57% of the Utility's budget was staffing and debt service, which was a fixed figure. She said the Administrative Service Charge of 6% used to pay the City for services consisting of direct and indirect components. This cost had been held constant and was not expected to increase.

Ms. Oden said the FY 2010 adopted budget was approximately $128 million. The Utility was now looking at a $140 million operating budget request for the FY 2011, an $11.8 million increase. She spoke about the different factors contributing to the difference. Ms. Oden compared the major Operations & Maintenance (O&M) elements of the FY 2010 and FY 2011 requests as outlined on her handout, and summarized the increases and decreases therein.

Ms. Oden took questions from CWAC members regarding various aspects of the FY 2011 requested O&M budget.

Mr. Biggs commented that filling positions within the Utility was difficult, as it was not certain what shape the City would be in over the next few years. The Utility, however, as an enterprise fund, had a little leeway in hiring staff. He said he did not think the Utility could fill all seventy vacant positions next fiscal year, but was in a good place to start. Mr. Biggs confirmed to Committee Member Barry that before CWAC is asked to vote on the Financial Plan, that he would discuss the Plan with the City Manager and receive agreement on that Plan from the Manager.

Pat Eisenberg, Tucson Water Planning & Engineering Administrator, distributed a handout with charts on the FY 2011–FY 2015 Capital Budget, which included major CIP projects as well as an Eight Year Comparison of Budget to Actual. She began by saying the numbers had not changed much from last year and summarized the figures contained in the charts. Ms. Eisenberg said, among the planned items going forward, was the Utility's construction of the reservoir for the Southern Avra Valley Storage and Recovery Project (SAVSARP). She said in the five-year CIP, the Utility was trying to stretch its money as far as it could. Main replacement projects totaling $12.2 million were developed from a priority list of twenty

projects costing approximately $96 million.

Ms. Eisenberg said the Utility had almost $9 million for meter replacement to ensure that delivered water is being properly metered both at the source wells and when delivered to customers. Old meters typically underreport water volumes, which leads to underpayment for the actual amount of water delivered. She said the Utility, because of its reduced staffing, was looking at some proven alternative methods to get the infrastructure work done, including hiring an outside company to do valve assessments and repairs. She said the Utility was committed to do as much as it could with the money it had in its capital program.

Ms. Eisenberg took questions from the CWAC members regarding different aspects of the capital budget.

Mr. Biggs added some comments about what the Utility had done over the last few years to reduce the amount of lost and unaccounted for water. In addition to replacing old mains and meters as discussed by Ms. Eisenberg, Utility employees are now better tracking the volume of known water losses, such that occur through planned maintenance activities (well purging) as well as main breaks. This tracking allows the "lost" water to be accounted for. In addition, the Utility began a reservoir assessment program this fiscal year to evaluate the condition of reservoirs and address any leaks.

8. Update: City-County Water / Wastewater Study Committee

Committee Member Jim Barry, also Chair of the City-County Water/Wastewater Study Committee, gave a brief summary of events that had transpired since the update at the previous CWAC meeting. Mr. Barry said the Study Committee commenced in April 2008, and there was now "light at the end of the tunnel". He said the Phase 2 Staff Report was drafted and presented to the Oversight Committee at the beginning of October 2009. A facilitator had been hired to assist the Committee to write its report. The Committee was working toward a November 2009 timeline for completion.

Mr. Barry said the Study Committee was not the first to think about regional water issues, but it was the first time that the Mayor and Council and the Pima County Board of Supervisors had voted for a study. They approved a detailed scope of work, and the Committee and staff worked for twenty months to assemble information into a meaningful presentation. He noted that the Study Committee set the foundation upon which a regional dialogue could build. However, he said that the Study Committee's proposals should be started on immediately, independent of a regional dialogue, noting that 75% of municipal and industrial (M&I) water was delivered by Tucson Water, and 98% of wastewater by Pima County Regional Wastewater. He said he thought the Study Committee's report was a unique and important document.

Mr. Barry added it was his thought, as an outcome of the Study Committee, that CWAC and the Regional Wastewater Advisory Committee take responsibility for getting more in depth understanding of the report and subsequently monitor its implementation.

9. Orientation Briefing: Tucson Water's Planning & Engineering Division, Water Resources Management Group

Ralph Marra, Water Resources Management Administrator, gave a presentation summarizing the functions of the Utility's Water Resources Management Group. He said there were three parts to the Planning & Engineering Division: Water Resources Management; Design

Engineering, and System Planning. These three groups collectively work together to provide the planning and engineering function for the Utility, and report to Sandy Elder, Tucson Water's Interim Deputy Director, who in turn reports to the Director.

Mr. Marra said there were 22 staff in Water Resources Management that are divided into three teams: Hydrologic Assessment, Data Management, and Recharge & Special Projects. The teams coordinate together and work on joint projects.

Mr. Marra summarized the functions of the Water Resources Management Group.

- Water Resource Planning
- Scenario Planning
- Inter-Agency Water Resource Coordination
- Regulatory Compliance
- Analytic Tool Development
- Environmental Assessment and Mitigation
- Well Construction & Testing
- Recharge Facility Development & Operations
- Well-Field Assessment
- Intra-Departmental Support

He said Water Resources Management redefined and consolidated its primary functions during development of the 2004 Report: *Water Plan: 2000-2050*. In particular, staff developed tools to perform much more detailed and comprehensive water resource planning. He said that Water Resources Management has an identity within the Utility and that its staff has a high degree of cohesion and sense of mission. Mr. Marra answered questions from committee members regarding different aspects of Water Resources Management.

10. Subcommittee Updates

Committee Member Canfield said the Conservation-Education Subcommittee was scheduled to meet later in the month. He said the Subcommittee had worked with staff to develop reports that show how much money was being spent as well as the impact of the program. The program had really done well this year, and the Subcommittee was looking at activities to get even greater adoption of its program.

Committee Member Barry confirmed that the Technical/Planning & Policy Subcommittee would look at the Marana issue and report back to CWAC.

11. Future Agenda Items

Mr. Biggs was asked to report on pharmaceuticals and personal care products in water.

12. Call to Audience

No one spoke.

13. Adjournment: 8:50 a.m.