

**CITIZENS' WATER ADVISORY COMMITTEE
(CWAC)**

Technical/Planning and Policy Subcommittee

Wednesday, December 17, 2014, 12:00 p.m.

Director's Conference Room

Tucson Water, 3rd Floor

310 W. Alameda Street, Tucson, Arizona



Legal Action Report

1. Roll Call/Call to Order

The meeting was called to order by Subcommittee Chair, Mark Murphy, at 12:02 p.m.
Those present and absent were:

Present:

Mark Murphy	Chairperson-Representative, Mayor
Mitch Basefsky	Representative, City Manager
Brian Wong	Representative, City Manager
Chuck Freitas	Representative, City Manager
Placido dos Santos	Representative, City Manager
Alan Tonelson	Representative, Ward 1
Kelly Lee	Representative, Ward 6

Absent:

None

Tucson Water Staff Present:

Melodee Loyer	Water Administrator
Belinda Oden	Water Administrator
Andrew Greenhill	Intergovernmental Affairs Manager
Wally Wilson	Chief Hydrologist
Johanna Hernandez	Staff Assistant

Others Present:

Marie Pearthree	CAP
Ted Cooke	CAP

2. Announcements – None.

3. Call to Audience – No action taken.

4. Review & Approval of November 19, 2014 Legal Action Report and Meeting Minutes – Member Tonelson motioned to approve the Legal Action Report and Meeting Minutes of November 19, 2014. Member Freitas seconded. Motion passed unanimously by a voice vote of 6-0.

Member Wong arrived at 12:03 p.m.

Citizens' Water Advisory Committee, Technical/Planning and Policy Subcommittee

Legal Action Report

December 17, 2014

5. **CAP \$.04 Tax Continuation** – Marie Pearthree and Ted Cooke presented a combined PowerPoint presentation on the continuation of the CAP \$.04 tax to the year 2045. Ms. Pearthree provided a timeline of the development and modification of the tax since its inception in 1990. The major stages of the tax were highlighted: 1990 – Inception in Maricopa and Pima Counties (AMAs) for construction of state demonstration projects; 1994 – Modification to include OM&R expenses and federal repayment (complete in 2045), inclusion of Pinal County, and extension to 2001; 1996 – Authorization to use tax for Arizona Water Banking Authority, and extension to 2017; 2003 – Resolution to retain all tax revenues in a CAP to avoid sweeping by the state; Post 2003 – Annual resolution by CAWCD to specify use of tax revenues. Brief explanations of the current and proposed legislation were provided. The proposed legislation is solely an extension; no additional language has been added or changed. Mr. Cooke proceeded with an explanation of what sources fund the CAP, how the tax equates to home owner costs, how the tax has been collected and used historically, why the tax continuation is necessary, CAP's financial planning and known future obligations, examples of the use of the tax and current and future considerations. In summary, the presentation reflects that as a result of CAP funding combined with CAP expenditure obligations, the continuation of the \$.04 tax is necessary to continue providing the same level of services while maintaining reasonable rates. Examples reflect possible scenarios in which the tax is available and in which it is not, indicating rate increases would be 50% more without the tax revenues. It is noted, and studies reflect¹, that all citizens in the three county area benefit from CAP, and from its continued reliability. Should the tax continue it will cost homeowners \$4 per year for every \$100,000 of home value. Should it not continue, the entire burden will be placed on water users and their rate payers. Extensive discussion was held on the various aspects of the presentation.

After discussion, Member Tonelson motioned for TPP to recommend to full CWAC that the full Committee formally support the \$.04 tax continuation. Member Freitas seconded. Brief discussion was held as to the procedures of formal support. The motion was passed by a voice vote of 5-0, with Members dos Santos and Basefsky abstaining.

6. **2015 Meeting Schedule and Presentation Times** – The Subcommittee has requested that a single PowerPoint presentation be scheduled for the meetings, and have the schedule allow for flexibility to include additional presentations as necessary. The Subcommittee will maintain their schedule of the 4th Wednesday of the month, excepting November and December when meetings will be the 3rd Wednesday due to holidays. There will be no meetings in July or August for a summer break.
7. **Future Meetings/Agenda Items** – See projected agenda for further information.
8. **Adjournment** – Meeting adjourned at 1:08 p.m.

¹ The ASU Economic Impact Study of the CAP to the State of Arizona can be found at www.cap-az.com/documents/finance/CAP_Final_040413.pdf