



## CITIZENS' WATER ADVISORY COMMITTEE (CWAC)

Wednesday, June 2, 2021, 9:00 a.m.

Virtual Meeting – Microsoft Teams

### Legal Action Report and Meeting Minutes

**1. Roll Call:**

CWAC Vice-Chair Alison Jones called the meeting to order at 9:00 a.m. Those present and absent were:

**Present:**

Mark Taylor, Chair	Representative, City Manager
Alison Jones, Vice Chair	Representative, Ward 6
Ed Hendel	Representative, Mayor
Raye Winch	Representative, City Manager
Mitch Basefsky	Representative, City Manager
Rory Juneman	Representative, City Manager
Steven Washburn	Representative, City Manager
Mark Stratton	Representative, City Manager
Placido dos Santos	Representative, City Manager
Marie Pearthree	Representative, City Manager
Raul Ramirez	Representative, Ward 1
Steve Arnquist	Representative, Ward 2
Val Little	Representative, Ward 3
George White	Representative, Ward 4
Mark Lewis	Representative, Ward 5

**Absent:**

- 2. Announcements** – Vice Chair Jones announced Chair Taylor is delayed in his travels and will be present for the majority of the meeting via Teams virtual meeting with limited internet access. Chair Taylor advised he was present, and Vice-Chair Jones would run the meeting. Member Basefsky Central Arizona Project (CAP) will hold its second CAP University on June 15; additional information is available on the CAP website and posted in the chat. Information to be provided includes an update to the Colorado River, Ground Water Replenishment district works, the shortage on the river, and the current power situation. Member Pearthree stated the CAP Board meeting has been moved to June 10, 2021 at 10 a.m. and continues to be a virtual event.
- 3. Review and approval of May 5, 2021, Legal Action Report and Meeting Minutes** - Member Stratton moved to approve the Legal Action Report and Minutes. Member Washburn duly seconded the motion. Discussion: Member Pearthree requested a correction and clarification on the legislative update provided by Mr. Greenhill. Discussion continued. Member Pearthree asks the minutes to reflect the two bills Mr. Greenhill discussed and agreed to provide a comprehensive update at the next CWAC meeting. Member Pearthree and Chair Taylor requested that Mr. Greenhill provide a written update to the committee on the legislative issues. The motion passed on a voice vote of 14 – 0.

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### **4. Director's Report** - Interim Director John Kmiec provided a brief update on Mayor and Council proceedings, potable & reclaimed water demands, and department updates.

#### *a. Water Demand*

- i. Reclaim Daily Demand 24.3 MGD
- ii. Potable Daily Demand 104.5 MGD

#### *b. Department Update:*

- i. Vacancies 93
- ii. Active Recruitments 23
- iii. Pending New Hires

#### *c. Mayor and Council Updates:*

- i. The Mayor and Council approved pay Structures for Tucson Water staff based on Market Rates.
- ii. *May 18*
  1. Approved: Conservation Effluent Pool project
  2. Application for the Heritage project
  3. June 24 is El Dia de San Juan, the Second Anniversary of the Heritage Project.
- iii. *June 8*
  1. Regular: Public Hearing: Water Rate Increase (Differential Rates)
- iv. *July 7*
  1. PFAS quarterly update

### **5. Differential Water Rates Discussion –**

- a. Finance Subcommittee update on proposed rate options - Steve Washburn, Finance Subcommittee Chair, provided an overview of the Finance subcommittee meeting; a memorandum drafted and sent to the full committee. Those items reviewed and discussed were:

- i. Provision of a sound vision behind the implementation of the initiative.
- ii. Definite goals for the funds and the funds should remain within the Utility
- iii. Transparency of all information provided to Rate Payers and display the impacts on the monthly statement.
- iv. Request transparency relating to all documents regarding Differential Water charges.
- v. Seeks additional information to fully understand the City versus County Rate Payer's actual 'cost of service' and assurance of a fair rate structure.
- vi. The Differential Rate Structure should strive to charge rates that reflect the actual cost to Tucson Water service.

The discussion continued among members on implementation based on the cost of services versus policy and the purpose behind implementing differential rates. A recommendation from Finance subcommittee on the model presented was requested by the members. The Finance Chair Washburn responded that the subcommittee needed additional time to analyze the model and make a recommendation.

- b. Open discussion on Differential Water Rates – Vice Chair Jones invited members to comment and provide feedback. Those items reviewed and discussed were:

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- i. Pima County Memorandums were sent to CWAC on February 22, 17, and March 31.
- ii. Commentary on the previous processes for rate increases by Tucson Water and the current differential rate proposal, and the purpose behind rate increase.
  1. Considerations for using the funds for Conservation
  2. , Debt Pay-off
  3. , and Operation & Maintenance
- iii. New premises for increases outside of annexation
- iv. The roles and purpose of CWAC
- v. An inquiry was made on the amount of time needed for the Finance Subcommittee to provide a recommendation. The committee members' response was for 90 days to acquire additional information and make a recommendation to the Utility.
- vi. Considerations for the increase in rates include Historic drought, shrinking rivers, rise in temperatures, risk to groundwater, and sprawl- differential water rates protect the water supply and reign in sprawl.
  1. Additional considerations for the simultaneous crisis happening in the U.S; debt and the pandemic.
  2. Increased rates can be used to cancel the debt.
  3. CWAC has the opportunity to provide a recommendation for the funds- such as low-income assistance or to invest in climate mitigation strategies.
- vii. Differential Rates is a topic of discussion for the city council for a decade; it is not new.
- viii. The City of Tucson purchased the Utility from the county without reimbursement, and city taxpayers hold responsibility for the Utility, The City of Tucson is financially responsible for Utility.
- ix. Policy versus Cost of Service
  1. Conservation costs should be distributed evenly.
  2. Growth and sprawl can be mitigated with policy.
  3. Homeowners in the county pay for the infrastructure when homes are built
- x. The era of inexpensive water is over-issues across the southwest; drought, debt, need for increased conservation.
  1. Concerns and issues can be addressed through policy and the rate structures
  2. Consideration to be applied fairly across the board among all residents (city and county) to benefit the entire service area
- xi. The increase and consideration should support Low-income residents and canceling water debt.
  1. Changing policy for social security cards when applying for low-income assistance
  2. Prioritize the access to low-income benefits for customers
  3. Increased rates to county customers affect small farmers; implemented rate increases could create unintentional consequences
  4. Separation of goals through policy decisions to clarify intentions
- xii. Previous business practices could not predict the extended drought or pandemic
  1. Tucson Water Memorandum – water rates as a policy
- xiii. Timeline and History
  1. 1980s Memoranda prepared regarding annexation

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2. 1990s Restructuring
3. State Shared Revenue & Annexation
4. Study session January 2021, Pre-Annexation and Development Agreement (PADA) fees are approximate timeframe for the resurrection of the discussion.
5. Policy Discussion is not currently a Cost-of-Service discussion
- xiv. Water as a human right and consideration of costs to provide water to all humans
  1. Increased rates create a perspective of first and second class ratepayers
  2. Taxation without representation.
- xv. Solutions are being created before a problem is presented in the policy creation or increase rates.
- xvi. Vice Mayor Cunningham provided background and reasoning behind differential water rates.
  1. Lost State Shared Revenues
  2. HURF Bonds (equity issues)
  3. The Utility is an enterprise fund and is backed by the general fund covered by city taxpayers.
  4. Contractors for the main break outside city limits
  5. City residents pay additional costs to cover GSI
  6. The proposal is not for a significant increase manageable increase
  7. Refusal to annex and cooperation with the city
  8. Additional infrastructure outside city limits providing water
  9. Unclaimed wastewater credits
  10. Low-income covered by city taxpayers

Members continued to comment and provide feedback. Those items reviewed and discussed were:

- xvii. Mixed messages are complex for processing create challenges for the recommendation of a rate increase.
- xviii. The advisory committee should provide feedback for the use of funds
  1. CWAC opportunity to be active in the discussion
  2. Subsidizing unincorporated Pima County residents
  3. Low-Income Assistance and eligibility requirements
- xix. The policy creates profound divisiveness and controversy surrounding the issue of differential rate increases.
  1. Townhall's commentary included extortion, inequitably, monopolistic, taxation without representation, and profanity directed at city staff
  2. .
  3. Townhall's comments reflect passion and division among community members.
  4. A survey was given to residents; 88% of the respondents are again differential rates.
  5. The community is not ready for a decision.

**Motion:** Member dos Santos moved for the Chair of CWAC should send a letter to Mayor and Council recommending that they defer a decision on differential water rates until at least the Fall of 2021 to allow time for further analysis, discussion, and public participation about the details of any options that are being considered by the Mayor and Council. Member Little duly seconded the motion. **Discussion:** Member Lewis provided

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- his position on differential rates and supported the motion as a timely manner to continue the conversation. Member Arnquist did not support additional time for discussion based on entrenched views of the committee members. Motion passed on a voice vote 11-3-1
- c. Representation at the June 8 Mayor and Council meeting - Vice Chair Taylor advised the approved motion to send a memorandum to the Mayor and Council will be a representation of the CWAC committees views. An additional request for the Chair and Vice-Chair to be present at the meeting to communicate the vies of the committee.

**Motion:** Member Winch requested to add terminology to the letter of the motion above to the Mayor and Council on the delayed implementation of differential rates to include: a reduction of the barriers for people with low income to access existing programs to eliminate the requirement of social security cards, and to eliminate in-person requirements. Member Hendel duly seconded the motion. **Discussion:** Member Lewis would defeat the logic of a comprehensive purpose of the letter. Member Juneman suggested that the added content would mix up the issues. Interim Assistant City Manager Timothy Thomure provided a timeline for information received as material for the June 8 meeting. Member Hendel identified the low-income matters that could assist in developing policy. Member Little supported the views of Member Juneman. The motion passed on a voice vote 8-7.

6. **Water Checkbook and Water Service Area Policy** –Dee Korich, Tucson Water Chief Hydrologist, Source Water division, introduced the item. Michael Morreale, Tucson Water Engineering Manager, New Area development, spoke about the Water Service Area Policy review. Those items reviewed and discussed were:

- a. Water Checkbook
  - i. Annual Report
  - ii. Water checkbook
  - iii. Questions
- b. Water Service Area Policy
  - i. Policy
  - ii. Approval and Denials

No action was taken on this item.

7. **Subcommittee Reports & Membership** – Vice Chair Jones advised that updates were provided in writing and distributed with meeting materials prior to the meeting.

- a. Technical, Planning, and Policy Subcommittee (TPP) – Next meeting June 17, 2021
- b. Finance Subcommittee – Next meeting June 17, 2021
- c. Conservation and Education Subcommittee (C&E) – Next meeting June 7, 2021

8. **Call to Audience** – None

9. **Future Meetings / Agenda Items** – Member Winch called attention to the low-income status of the community in previous agenda items and asked for inclusion as a future agenda item. CWAC is headed for summer break and will return on September 1, 2021. Additional agenda items should be sent to the Chair and Vice-Chair.

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**10. Adjournment** – Meeting ended at 11:07 a.m.