



CITIZENS' WATER ADVISORY COMMITTEE
(CWAC)

Wednesday, September 7, 2022, 8:00 a.m.

Virtual Meeting – Microsoft Teams

Legal Action Report and Meeting Minutes

1) **Call to Order / Opening Statement:**

CWAC Chair Rory Juneman called the meeting to order at 8:00 a.m.

2) **Roll Call:**

Those present and absent were:

Present:

Rory Juneman, Chair	Representative, City Manager
Ed Hendel	Representative, Mayor
Mark Stratton	Representative, City Manager
Val Little	Representative, City Manager
Raye Winch	Representative, City Manager
Raul Ramirez	Representative, Ward 1
Roxanna Valenzuela	Representative, Ward 2
Lisa Shipek	Representative, Ward 3
Robert Jaramillo	Representative, Ward 5
Alison Jones, Vice Chair	Representative, Ward 6
James Doyle	Ex-Officio (Non-Voting) Pima County Regional Wastewater Reclamation Department
John Kmiec	Ex-Officio (non-Voting) City of Tucson Water Department Director

Absent:

Steven Washburn	Representative, City Manager
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3) **Announcements** – None.

4) **Review and approval of August 17, 2022, Legal Action Report and Meeting Minutes** –

Member Stratton moved to approve the Legal Action Report & Meeting Minutes. Member Hendel duly seconded the motion. **Discussion:** Member Ramirez indicated that he felt the



minutes did not properly capture a “no growth” option in discussion about future water resources; however, he opted not to alter the record. The motion passed on a roll-call vote of 7 – 1 – 1, with Member Jones abstaining and Member Ramirez dissenting.

5) **Director’s Report** – Director John Kmiec provided brief updates as follows:

- a) Mayor and Council items: August 8: Authorization to expend GSI funds on Storm to Shade project construction. August 23: Discussion and direction that Tucson Water purchase its full 2023 CAP water; quarterly PFAS update; and authorization to pursue AZ WIFA funding for water quality improvement capital projects. September 27: Colorado River system conservation update; and proposed multi-department rate and fee adjustments. Members asked and staff fielded questions about Tucson Water’s potential role in Colorado River system conservation.
- b) Department updates: Staff vacancies (98), active recruitments (27), and pending new hires (19)
- c) Differential water rates update: Review of funds collected to-date, and discussion between members and staff about the allocation of those funds.

6) **Financial Plan, Cost of Service, and Rate Design** – Silvia Amparano, Tucson Water Deputy Director, and Colin Jones, Tucson Water Business Services Administrator, led a presentation and discussion on Tucson Water’s Fiscal Year 2023-27 financial plan, cost-of-service study, and rate design recommendations. Topics generally included:

- Financial Planning Objectives and Key Metrics
- Financial Planning Assumptions
 - o Consumption
 - o Account Growth
 - o Expenditures
- Financial Plan and Recommendations
- Cost-of-Service Results
- Rate Design Recommendations
- Next Steps and Timeline

Staff recommendations included:

- Increase CAP Surcharge to \$1 per CCF as of 1/1/2023 and change name of surcharge to Water Resource Fee
- 5.5% total revenue increase for each of the next four years starting 7/1/2023
- Issue revenue bonds in the amount of \$60M to help cover capital costs for 3 years

Citizens' Water Advisory Committee

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- Use of \$30M fund balance over 5 years
- A FY2023-27 rate package based on a “smoothing” cost-of-service model, with reclaimed increase; complete details of the proposed rate package were provided

Members and staff discussed the above recommendations and additional considerations during and after the staff presentation.

Member Hendel moved that CWAC advise Mayor and Council via letter that the committee supports the concept of tiered commercial water rates and recommends Mayor and Council study the concept and work with Tucson Water staff to determine feasibility, as a means to further incentivize conservation within the commercial class. Member Winch seconded the motion.

Members discussed the motion.

Member Hendel amended the motion to specify that CWAC’s letter should be delivered to M&C prior to its September 27 Study Session. Member Winch seconded the motion as amended. The motion passed on a roll-call vote of 6 – 3, with Members Little, Stratton, and Jones dissenting.

Chair Juneman called for a motion on Tucson Water’s proposed financial plan and rate design.

Member Shipek moved that CWAC support the rate increase as proposed, with additional recommendations. Member Stratton seconded the motion. Discussion followed, during which members developed additional recommendations through a series of friendly amendments, resulting in the following motion:

CWAC supports Tucson Water’s proposed financial plan and rate design package, with additional recommendations to be included in a letter to be delivered to Mayor and Council prior to its September 27 Study Session:

- 1) CWAC recommends that rather than rename the CAP Surcharge to the Water Resource Fee as staff has requested, that the name be changed to the CAP Surcharge and Water Resource Fee
- 2) CWAC supports prioritizing fixed rate revenues by way of gradually increasing the monthly service fee (base rate) to provide more assurances that the utility has the



funds it needs, particularly as enhanced conservation efforts will reduce revenues based on volumetric consumption.

- 3) CWAC requests that Tucson Water do more to target outreach to low-income customers who need assistance but might be reluctant based on prior barriers to entry that have since been addressed. CWAC also requests that the Mayor and Council direct the City's Equity Officer to review the proposed rate increase for its effect on low-income water users.

The motion passed on a roll-call vote of 7 – 1, with Member Little dissenting. (Member Jones left the meeting at 10 a.m. and did not participate in the vote.)

7) **Subcommittee Reports & Membership –**

Technical, Policy, and Planning Subcommittee: Member Little reported that the subcommittee did not meet due to lack of quorum.

Finance Subcommittee: Chair Juneman reported that the subcommittee received an incomplete version of the financial plan and rate package presentation that was given at today's meeting.

Conservation and Education Subcommittee: Member Shipek reported that the subcommittee discussed passive and active rainwater harvesting and gray water programs, and prepared an annual calendar of topics for subcommittee discussion and action.

Regional Wastewater Reclamation Advisory Committee (RWRAC): Andrew Greenhill reported that RWRAC discussed consolidation of capital planning and financing process within the County, and also discussed budget issues.

- 8) **Call to Audience –** This item was not taken due to time constraints.

- 9) **Future Meeting / Agenda Items –** Chair Juneman indicated that the next meeting would include a discussion of member availability for future return to in-person committee meetings.

- 10) **Adjournment –** The meeting ended at 10:08 a.m.