



COUNTY ADMINISTRATOR'S OFFICE
130 WEST CONGRESS, 10TH FLOOR
TUCSON, ARIZONA 85701



CITY MANAGER'S OFFICE
P.O. Box 27210
TUCSON, ARIZONA 85726-7210

**CITY/COUNTY WATER AND WASTEWATER STUDY
OVERSIGHT COMMITTEE**

**August 20, 2009
Meeting Summary**

1. **CALL TO ORDER**

Chairman Jim Barry called the August 20, 2009 meeting of the City/County Water and Wastewater Study Oversight Committee (Oversight Committee) to order at 5:07 p.m. at the Tucson Association of Realtors, 2445 N Tucson Blvd, Tucson, AZ 85716.

Members Present:

Jim Barry, Chairman
Vincent Vasquez
Bonnie Poulos
John Carlson
Rob Kulakofsky
Marcelino Flores
Christopher Brooks
Joseph Maher
Tina Lee
Mark Stratton

Representing:

Citizens Water Advisory Committee (CWAC)
CWAC
County Planning & Zoning (P&Z) Commission
Regional Wastewater Reclamation Advisory Committee (RWRAC)
RWRAC
RWRAC
CWAC (to be confirmed July 7, 2009)
City Planning Commission (to be confirmed July 7, 2009)
CWAC
RWRAC

Alternate Present:

Bob Cook

Representing:

County P&Z Commission

Absent:

Thomas Sayler-Brown
Bruce Gungle

Representing:

City Planning Commission
County P&Z Commission

City/County Staff Present:

Nicole Ewing Gavin, City Manager's Office
Chris Avery, Tucson Water
Sandy Elder, Tucson Water
Tom Arnold, Tucson Water
Nicole Fyffe, Pima County Administrator's Office
Kathleen Chavez, Regional Wastewater Reclamation Department
Melaney Seacat, Regional Wastewater Reclamation Department
Eric Wieduwilt, Regional Wastewater Reclamation Department
Ed Curley, Regional Wastewater Reclamation Department
Jeff Nichols, Regional Wastewater Reclamation Department

A quorum of the Committee was established.

2. **ANNOUNCEMENTS**

Thomas Saylor-Brown representing the City Planning Commission has resigned from the Oversight Committee.

3. **APPROVAL OF July 16, 2009 MEETING SUMMARY***

Approval of the July 16, 2009 meeting summary with edits was passed.

4. **CALL TO THE AUDIENCE**

Margot Garcia requested a change in the time and location of the Oversight Committee meetings to 5:30 p.m. and to a neutral location such as schools or parks and recreation facilities. Margot Garcia stated an objection to meeting at Tucson Association of Realtors as not a value neutral location as the position the realtors have taken is problematic.

5. **FOLLOW UP ON INTEGRATING LAND USE AND WATER RESOURCES PLANNING PAPER**

Nicole Ewing Gavin distributed the follow up document to the Integrating Land Use and Water Resources Planning paper and explained that these documents are intended to capture follow up items and the Committee's discussion themes. There are three levels of records for all the Committee meetings (with varying degrees of detail): the follow up document, the meeting summary, and the meeting transcript.

Marcelino Flores mentioned that the Growth Technical paper was presented at the Pima Association of Governments Planning Directors Meeting and will be presented to the Pima Association of Government Management Team Meeting the second Wednesday in September.

Bob Cook stated the need to do a full cost of growth study as called for in the General Plan.

6. **PHASE 2 REPORT WRITING DISCUSSION**

Jim Barry described the need to be done by Thanksgiving. The committee needs to write the report not the staff. Discussion followed of the outline and process for the Phase 2 Report.

Bonnie Poulos agrees with the need to consolidate but does not like the grading system, however the outline is workable.

Joseph Maher asked what is in the body of these categories. Jim Barry responded that would be discussed later.

Vince Vasquez questioned Section 3, is it issue identification and policy recommendations. Jim Barry responded first analysis of what we got from the papers and then our hierarchy of what we need to do.

Bob Cook stated that we are missing an opportunity to develop key responses related to different scenarios that may unfold. Need to identify various scenarios given various assumptions. We are highly constrained by economic realities. Jim Barry responded that will be done.

John Carlson stated that he is glad that this is being done and that darts can be shot at it. Blurbs of dissenting opinions can be added. Growth cannot continue in this area as it has in the past. It is necessary to continually reexamine if this is sustainable. In 50 years we could look at desalination. He is overwhelmed by the amount of information we have. "I'm overwhelmed."

Marcelino Flores stated that there is a great amount of information from the Phase 1 sustainability statements and he proposed to show how the statements connect and would welcome anyone who would like to help.

Mark Stratton commented that what is being proposed is setting the right tone and how the committee is making recommendations is going in the right direction.

Joseph Maher questioned if the issues will be prioritized. RTA took 40 years. Are there priorities for water? Desalination could be a reality looking at Florida. Which issues take the lead? Jim Barry responded this can be done in how we describe these.

Vince Vasquez suggested 2 or 3 take-aways from each paper to start. Begin with this to hammer out policy language. If it is too conceptual it may not be able to be implemented. In Phase 1 there was a ranking system that was not used but the conversation was helpful, listing themes and then having fluid conversation.

Bonnie Poulos agreed with Vince Vasquez. Make column titles more specific. Papers she agreed with ranked higher. This is not as easy as it looks on a spreadsheet.

Jim Barry stated that it will take work. Work needs to proceed quickly and this could be a starting point to lead to conversation in the October and November meetings. We can see how far apart we are.

Tina Lee agreed with Vince there should be a broader discussion. She stated she was unsure how to grade it.

Vince Vasquez suggested consulting the Arizona Town Hall process for report writing. Jim Barry stated there was not enough time to do town hall process.

Marcelino Flores stated that open ended questions would be helpful but grading could also help.

Melaney Seacat described the schedule with four additional meetings.

Jim Barry asked for additional thoughts? It will need to come back for approval.

7. **PRESENTATION: ECONOMIC NEEDS FOR WATER**

Ron Shoopman, President of the Southern Arizona Leadership Council and member of the Tucson Regional Water Coalition (with 12 member organizations) introduced the technical paper on *Water as an Economic Resource*. Looking through an economic lens we have a way to evaluate decisions we make in a productive way. Valuing water as an economic good and use economics as a model to make sound decisions on water.

A panel discussion of the paper took place with George Frisvold, Professor, Agricultural and Resource Economics, University of Arizona, Carl Bauer, Professor, School of Geography and Development, University of Arizona, and Tom Arnold, Tucson Water.

Carl Bauer made the following points: Need to be careful about economics and water markets; Spain faces similar water situation as the United States, Latin America less so. What

does it mean that water is an economic good? It means that water is scarce. He does not agree that the economic effect should be the main standard for future water policy.

George Frisvold made the following points: How can we maximize competing benefits to make the pie as big as possible? Using price to signal scarcity is important. Pricing also relates to distribution and how do you fund water now. Who pays how much? Opportunity cost of water is important. Block pricing structure tries to get at the issue of efficiency and equity. Average versus marginal cost distinction is important. This paper is asking all the right questions.

Tom Arnold made the following points: The creation of markets is not always realistic. The Community Conservation Task Force looked at this issue. Do you reduce demand or purchase new water? Toilet rebates versus water harvesting. You can buy new water and delay delivery to delay cost. Tucson Water has incorporated these economic principles into water policy analysis.

Bonnie Poulos asked what the panelists thought of the recommendations.

Tom Arnold agreed that the full set of costs and benefits of water decisions should be considered.

George Frisvold stated there should be a full cost / benefit analysis as this tries to put a dollar value on environmental benefits.

Carl Bauer stated that water is scarce, trade offs have to be made and competing uses need to be recognized. Carl disagrees with #2. The political and legal systems will resolve conflicts not economics.

George Frisvold stated that regarding point #2 it is important but it is not the only consideration. Distribution is important also.

Rob Kulakofsky commented that this was not on the topic he thought it would be and would like the paper stricken from the record. Rob stated the TRWC is a business front group and this paper was a self serving paper and everything in this paper is outrageous. This paper wants existing users to pay for new water.

Bonnie Poulos questioned if a value is going to be placed on competing uses – who and how? Consolidation of water and wastewater seems to be pushed in this paper.

Tom Arnold stated that the CEP is a mitigation of past abuses. When you bump up against your portfolio, the value becomes an issue.

Carl Bauer stated that water gets valued through law and politics. He stated a natural monopoly would need to be seriously regulated to be efficient. Energy needs to be factored into this in the future.

George Frisvold stated that 20 percent of California energy is used to transport water.

Marcelino Flores commented referring to Figure 1 that full cost would constrain growth and be unaffordable. Restricted use would lower cost of agricultural water. Marginal value of urban uses is higher than agricultural uses.

Chris Brooks stated that science, economics and law should definitely be part of the analysis. Economic analysis should not be the central criterion though.

Jim Barry stated that he felt that comments made by Rob Kulakofsky were insulting to the guests present at the meeting. He felt the paper was valuable and helpful.

Rob Kulakofsky stated the supposition was made that conservation has a cost to the provider. Conservation can be taken care of by ordinances, i.e. require low flow toilets with building permits. He questioned how to determine the value of open spaces or locally grown food. Stated that it is difficult to quantify all the externalities.

John Carlson questioned potable water flush with low flow toilet? Suggested to control growth by focusing on birth control.

Colette Altaffer commented that it is easy to get distracted when talking economics. What about salt? The environment makes everything possible.

Chris Avery stated that 1 acre foot of water supports \$166K of economic activity versus lesser in other sectors. George Frisvold commented that care must be taken with this statistic because you want a mix of all uses. At the end of the day people want to live in houses, eat food and have an ecosystem too. Some urban activities have very low value, i.e. washing your sidewalk.

Ron Shoopman stated that the discussion was very helpful. It introduced a topic that is important. Let's not vilify a group, less than 10% of Southern Arizona Leadership Council members are developers. Opinions of others should be respected.

8. **PRESENTATION: UTILITY COST OF GROWTH**

Ed Curley and Jeff Nichols of Pima County Regional Wastewater Reclamation Department and Chris Avery of Tucson Water presented the paper as a supplement to the Phase 1 presentation. The paper and presentation are posted to the study website.

John Carlson asked whether developer contributed assets were included in the CIP. The answer is no. He asked about ROMP vs. rehabilitating the existing plants.

Rob Kulakofsky stated that looking at contributed assets for water versus sewer can represent where growth occurs (in which water jurisdiction). Diamond Bell, Corona de Tucson, Santa Rita fees for example. These were calculated specifically because of a small defined area.

Joseph Maher inquired if there is a plant being planned for the Vail area. The answer is affirmative, it is in planning.

John Carlson stated that it is important to locate the plant on the southeast side.

Bob Cook asked if user fees are proportional to water consumption. The answer was yes for residential use. Commercial users also get charged for quality of discharge or what they put in the system.

Charles Cole asked if the new systems will be eliminating pharmaceuticals and herbicides. The answer is no at this time however processes are being put into place that can accommodate this in the future.

Marcelino Flores asked if Tucson Water is getting back the full supply cost. The answer was rates are set by adding up all costs.

9. **AGENDA FOR NEXT MEETING**

10. **CALL TO THE AUDIENCE**

11. **ADJOURNMENT***

The meeting was adjourned by Jim Barry at 8:50

Attendees:

George Frisvold
David Graham
Arlene Scadron
Ron Shoopman
Margot Garcia
Madeline Kiser
Charles Cole
Shelia Bowen
Chuck Freitas
Alice Roe
Bob Iannarino
David Godlewski
Natanya Siegel
Mary Hamilton
Ralph Marra
David Pittman
Rebecca Kunsberg
Holly Lachowicz
Mitch Basefsky
Colette Altaffer