

Tucson Regional Water Coalition

Prosperity - Sustainability - Community

SENT VIA ELECTRONIC MAIL
April 5, 2021

The Honorable Regina Romero
Mayor, City of Tucson
P.O. Box 27210
Tucson, AZ 85726-7210

Alliance of Construction Trades

Arizona Builders Alliance

Arizona Multi-Housing Association

Arizona Small Business Association

Arizona Transportation Builders Association

Marana Chamber of Commerce

Metropolitan Pima Alliance

Greater Oro Valley Chamber of Commerce

Safe and Sensible Water Committee

Southern Arizona Home Builders Association

Southern Arizona Leadership Council

Tucson Association of Realtors

Tucson Hispanic Chamber of Commerce

Tucson Metro Chamber

RE: Mayor & Council Study Session Agenda Item 7, Regular Meeting Agenda Item 10, Differential Water Rates

Dear Mayor Romero:

On behalf of the Tucson Regional Water Coalition, we respectfully request the Council not approve the proposed Differential Rate increase. For more than 40 years, the City and County have worked collaboratively to provide safe and efficient water and wastewater service at equitable and reasonable rates. This has been successfully achieved regardless of political boundaries. While there is merit, and support from organizations like ours, for a comprehensive regional annexation and incorporation strategy, this approach of charging different rates solely based on where a Tucson Water Customer lives, would threaten the very regional collaboration which the City/County agreement was built upon. There are numerous other concerns and flaws with the policy.

- **There is a better approach to annexation.** While we applaud the Council for prioritizing annexation and incorporation, this policy will likely have the unintended consequence of discouraging both. A better approach would be for the Council to call for a regional "blue ribbon committee" that studies the state shared revenue our region misses out on due to the large unincorporated areas and provides a report outlining a comprehensive plan to facilitate annexation and incorporation.
- **Historically, Tucson Water has served as the "regional water provider."** While the City of Tucson may be the subcontractor of the CAP allocation, the application for the allocation was premised on providing water service to meet the needs of future growth for the region, not just the City. As a result, the City received the largest CAP allocation in the state that it has yet to grow in to. Nearly 50,000 acre feet annually goes unused. Further, even though we are facing potential shortages on the Colorado River, Tucson Water is recently on record indicating there is enough water to withstand even the most severe cuts. Tucson Water can continue to serve water outside of the City without risk of harming its residents or needing differential rates.
- **The Council appointed advisory council does not support differential rates.** The Citizens Water Advisory Committee was established to advise the Mayor and Council regarding water system planning, water resource planning, and water rates and fees. They have been evaluating the proposal and concluded there are many problems associated with this policy including many of those outlined in this letter. For years, Mayor & Council has relied on the counsel of CWAC when it came to rate

increases and financial management of Tucson Water. We ask the Council strongly consider the majority's opinion on this concept and observe the advice outlined in their letter.

- **Rate increases hurt low-income residents.** Wisely, even prior to the pandemic, the Mayor & Council have been in tune with the needs of low-income residents and sought to ensure these constituents are not disproportionately burdened. Measures have been put in place, initiated by the Council and enacted by Tucson Water to assist low-income rate payers. However, this type of increase will only further push more families into needing financial assistance and strain these programs. This area needs more clarity and quantification before implementation of any rate increase.
- **How will the associated revenue be used?** A 10% increase in rates for customers in unincorporated Pima County will generate more than $5 million and yet it is unclear how those monies will be used and whether they will be reinvested into the Tucson Water system.
- **Effected ratepayers have no "voice."** Tucson Water ratepayers living in unincorporated Pima County, who will be subject to the increased rates, are not represented through this process. While this is not new, the Mayor & Council and Board of Supervisors have always ensured water and wastewater customers pay the same rates regardless of where they live. If this proposal is approved, it would only be logical for the community to consider a regional water authority to manage the resources and set rates with formal representation from City and County officials.
- **No cost-of-service basis for the rates.** Increasing rates in this manner is purely arbitrary and capricious. As acknowledged by Tucson Water, there is no corresponding "Cost of Service" rationale for the increase. It generates questions of fairness and gives the appearance of penalizing specific areas without justification. De-coupling cost of service from rates is a concerning precedent. Future Councils could use this as justification for arbitrarily increasing rates and fees for other City services.
- **The statutory requirements have not been satisfied.** A.R.S. §9-511.01 is clear: *water fees are required to be "just and reasonable."* Prior to any increase, a report must be prepared indicating "all anticipated revenues" and "the overall expenses for providing water or wastewater service". If this has been completed, the information has not yet been made public (which is also required by statute).

In conclusion, as our State continues to seek ways to mitigate water shortages and plan for a secure water future, our region too must act. Our future success is dependent upon our ability to work together. This will be accomplished through partnerships and collaboration. It will be incumbent on policy makers in each community in our region to be committed to ensuring water enables, not impedes, healthy economic growth.

Sincerely on Behalf of the Coalition,





David Godlewski
Co-Chair

Christopher (Kip) Volpe
Co-Chair

cc: Council Members, Mr. Ortega, Mr. Thomure, Mr. Kmiec, Mr. Randolph