



MEMORANDUM

DATE: April 23, 2013

TO: Honorable Mayor and Council
Members

FROM: Richard Miranda
City Manager

SUBJECT: Progress Report - City/County Water and Wastewater Study Action Plan

It has been five years since the Mayor and Council initiated the City/County Water and Wastewater Study, and we are now in Year 3 of implementation of the 5-year Action Plan for Water Sustainability that was adopted following the Study. I am pleased to report that the Study and the Action Plan continue to guide the City's efforts toward a sustainable water future and significant progress continues to be made. The attached report summarizes progress made in the past year and below are a few highlights of success:

- Plan Tucson, the City's proposed new General and Sustainability Plan provides an important vehicle to incorporate the goals and policies from the City/County Water and Wastewater Study into the City's primary long range planning guidance document. The Study and the Action Plan were foundational pieces in the preparation of Plan Tucson which is now under review by the Planning Commission and will come before the Mayor and Council in June.
- The continued implementation and refinement of the City's Water Service Area Policy is a critical element in creating a sustainable water future by defining where water resources and infrastructure will be directed based on social, economic, and environmental considerations. The Water Service Area Policy is aligned with the City's annexation goals which help bring additional state shared revenue to the region.
- Promoting Mixed Use Development and Encouraging Infill is an important element of water sustainability because it is a more sustainable urban form that makes use of existing infrastructure, and has public service, economic and environmental benefits. The Mayor and Council have taken several actions toward this goal, including the establishment of the Main Gate Urban Overlay District and the GPLET incentive to encourage economic investment in the central city.
- The Recycled Water Master Plan is being developed by Tucson Water and is a critical step in the creation of a sustainable water future by identifying best practices and making recommendations for maximizing the use of Tucson's locally renewable water supplies.
- Tucson Water continues to be vigilant in the monitoring of and reporting on water quality. The new Advanced Oxidation Process Treatment Facility to treat 1,4 Dioxane is under construction.
- Tucson Water continues to facilitate the delivery of renewable supplies to areas previously reliant on groundwater by entering into wheeling agreements with other water providers.

Background on the City/County Water Study and Action Plan

In February 2008, the Mayor and Council and Board of Supervisors approved a scope of work for a joint *Water Infrastructure, Supply and Planning Study*. The purpose of the Study was to improve City/County

collaboration on water and wastewater issues and to define and plan for a sustainable water future for the region. The scope set forth a five-phase scope of work, with a City/County effort initiating the process. To provide independent review and oversight of staff work, the Council and Board appointed a Joint City/County Oversight Committee (Committee), consisting of four members each from the Citizens Water Advisory Committee and the Regional Wastewater Reclamation Oversight Committee and two members each from the jurisdictions' Planning and Zoning Commissions, for a total of 12 members. At the explicit direction of the Council and the Board, staff and the Committee implemented a broad-based public process for engaging the community in Phases I and II. Detailed documentation of the entire Study and public process is available on the study website www.tucsonpimawaterstudy.com.

Phase I was completed in April 2009 with both governing bodies endorsing the Phase I Report. The goal of Phase I was to assemble basic information on City and County water and wastewater systems and resources and to identify the elements that must be addressed as part of water sustainability. A key outcome from Phase I was improved cooperation and fact sharing between the two largest water utilities in the region, a necessary basic foundation in moving toward a sustainable water future.

Key findings from Phase I included:

- Our water and wastewater systems are generally reliable, well maintained and newer than those found in many other cities. However, these systems are aging, and both water and wastewater rates will need to increase in the future to fund the rehabilitation of our systems and to meet increasingly stringent water and wastewater quality standards.
- Due to past investments in acquiring and delivering Central Arizona Water Project (CAP) water, Tucson Water has a reliable and renewable water supply that can meet the needs of current residents and provide for a significant amount of growth (approximately 360,000 additional customers).
- Faced with a variety of uncertainties, we need to be prudent with our water resources. Global warming, climate change, and long-term drought could affect local water demand, rainfall amounts and future flows of the Colorado River.
- Any expansion of the Tucson Water service area must be done thoughtfully and with deliberation. The recent past shows that demand-based service expansion is not sustainable or prudent. Planning for and directing growth to areas where it is most appropriate should guide future water service decisions.
- Additional water resources will likely be needed in the future and the time to plan for this is now. Obtaining new water resources, which will be more expensive than what we are familiar with today, will require regional cooperation.
- Sustainability requires that we think more broadly about water resource management, beyond just clean, safe water for people, to considering environmental and economic needs for water and allocating water for these purposes.

Phase II began immediately following Phase I in the spring of 2009. The scope of work for Phase II called for the City and County to reach agreement on a set of water resource development and conservation goals, including:

- Agreement on population growth, water, urban form, land use planning and infrastructure.
- Integration of land use planning with water resources and infrastructure.
- Increasing the use of reclaimed or recycled water on turf irrigation to substitute for groundwater use.
- Develop renewable water sources for the City/County area.
- Develop a consolidated drought management plan.
- Implement consistent water conservation standards.
- Respect for the environment.

Fourteen technical papers were prepared by staff and outside parties during Phase II on these topics. The technical papers were presented at Committee meetings for review and comment by Committee members and the public. The Phase II Report included perspectives from both City and County staff and the Oversight Committee. The Phase II Report set forth 19 City/County shared goals and 56 recommendations organized around four critical aspects of water sustainability:

- Comprehensive, integrated planning
- Respect for the environment
- Water supply
- Demand management

On February 17, 2010, the Mayor and Council approved Resolution No. 21478 adopting the City/County Water and Wastewater Study Phase II Report. One of the follow up items called for in the Resolution was the development of an Action Plan to implement the Phase II goals and recommendations.

The Action Plan was developed by a joint City/County staff team working together over a 6 month period with the input of stakeholders and citizen oversight committee members. The Plan describes specific steps the City and County plan to take toward water sustainability over a 5 year period (2011-2015). It should be viewed as a living document subject to updates and refinements based on additional input by stakeholders, new information and opportunities, and changing circumstances.

The Plan includes a set of 87 specific actions grouped within 14 programs to be implemented over 5 years to achieve the following outcomes:

- Water, wastewater, and stormwater resources are planned in an integrated fashion.
- More renewable water resources including effluent, reclaimed, stormwater and rainwater and greywater are put to beneficial use in an efficient manner.
- Water resource policies are aligned with economic goals.
- Collaborative efforts are undertaken to acquire new water, to achieve greater flexibility in use of existing supplies, and to align and enhance standards for water use efficiency.
- Improved water quality resulting from regional wastewater treatment facility upgrades (i.e. the Regional Optimization Master Plan or ROMP) is matched to needs for recharge, environmental restoration and public amenities such as parks, golf courses and ball fields.
- Land use, infrastructure and water resources planning are linked and foster optimum use of renewable water resources in future growth areas and increased water and energy efficiency outcomes in new development.
- Water is dedicated and allocated to environmental needs, sensitive riparian ecosystems are preserved and maintained, and cost-effective and collaborative environmental restoration projects are advanced
- Public values are considered in water resources planning and public awareness of the environmental and human benefits of increased water use efficiency is increased.

In these challenging economic times, the financial constraints facing the City and County loomed large over the action planning process. Staff did not feel it was prudent to make this plan contingent on the securing of new resources. Rather, staff focused on how best move water sustainability efforts forward in light of the current economic times. The Action Plan does not rely on new resources to move forward, but rather is intended to be integrated into existing programs and organizational structures of the City and County. That is not to say that additional resources will not be sought through grants or partnerships. Additional resources would allow certain activities to move forward more quickly or to be implemented more extensively.

Water Policy Decision Making Framework – As part of the February 17, 2010 Resolution adopting the City/County Water and Wastewater Study Phase II Report, the Mayor and Council approved a Water Policy Decision Making Framework in response to concerns raised by SAHBA and the Tucson Regional Water Coalition related to the economic and cost impacts of the Study recommendations. These

principles have been used by staff in developing the Action Plan and will continue to be used to guide the more detailed scoping of the action items that still needs to be done. The framework below will serve as a filter, providing staff a set of factors that will be analyzed prior to coming forward with any proposed IGAs, regulations, or policies required to implement the Action Plan.

Water Policy Decision Making Framework

1. Financial costs (to the City, to Tucson Water ratepayers, to private parties, and on Tucson Water's bond coverage ratio)
2. Economic impacts (jobs, housing, tax base)
3. Environmental impacts
4. Impact on Tucson Water's resources, per capita water demand, and water quality
5. Effect on drought/climate change preparedness
6. Impact on public infrastructure, services, and fiscal sustainability
7. Impact on location of growth, urban form, and land use
8. Energy costs
9. Opportunity costs (does this foreclose other opportunities)
10. Social equity considerations/community's ability to pay

Please contact Nicole Ewing Gavin or Sandy Elder if you have any questions.

RM/NEG

Attachment: 2012 Year End Progress Report