



MEMORANDUM

Date: December 13, 2022

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner
County Administrator

Re: **City of Tucson Differential Water Rate Lawsuit Update**

On [October 19, 2022](#), I transmitted to you the latest Non-Uniform Interrogatories and Requests for Admissions. I also informed you of upcoming depositions. To date Timothy Thomure, Assistant City Manager and Mike Czechowski, City Economic Initiatives Project Manager have been deposed.

Our attorneys have also solicited and submitted opinions from three experts on the County's behalf:

[Thomas J. Bourassa, CPA](#)

- Addresses issues with the City cost of service study related to allocation of capital improvements.
- Addresses issues with the City cost of service study related to methodology that incorrectly applies a Utility Basis Approach.

[Bryan G. Hopkins, PhD, CPSS & Neil Hansen, PhD](#)

- Addresses issues with City claim that unincorporated customer water are "one-time use" because some 32 percent are not connected to the sewer system and the water is "lost."
- Addresses City claim that unincorporated customers use 43 percent more water than incorporated customers.

[Yves Khawam, PhD](#)

- Addresses issues related to the inputs not used in the City cost of service study, including capital improvement projects, fixed costs, contamination mitigation operational costs, reclaimed water costs and subsidies provided by the County to the City, and taxes paid to the Central Arizona Water Conservation District.
- Addresses issues with City cost of service study related to methodology that incorrectly applies a Utility Basis Approach.
- Addresses City claim that unincorporated customers consume on average more water than City customers do.
- Addresses the City claim that the differential rate is intended to promote annexation and the associated "benefits" of annexation.

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- Addresses the City claim that unincorporated customers require more infrastructure than City customers do.
- Addresses the City's claim that it is not a "regional" water provider.

Lastly, our attorneys have submitted a [sixth Supplemental Disclosure Statement](#).

Final dispositive motions are still on track for February 21, 2023. Following this date, the Court will set a trial setting conference with the trial date expected to start late spring or summer 2023.

Please let me know if you have any questions.

JKL/anc

c: Carmine DeBonis, Jr., Deputy County Administrator
Francisco García, MD, MPH, Deputy County Administrator and Chief Medical Officer
Steve Holmes, Deputy County Administrator