



MEMORANDUM

Date: August 7, 2018

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Water and Wastewater Utility Rates Comparison**

Attached is a July 18, 2018 memorandum from the Regional Wastewater Reclamation Director Jackson Jenkins and Deputy County Administrator Carmine DeBonis in response to my request regarding utility rates.

This information is helpful in comparing the County's cost of utility service with other providers. Our rates are comparable or lower than other wastewater utility providers in the region.

As I have previously indicated, it is unlikely there will be any significant wastewater utility rate increases in the future. Mr. DeBonis and Mr. Jenkins confirms this on Page 2 of the memorandum.

CHH/anc

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Jackson Jenkins, Director, Regional Wastewater Reclamation



WASTEWATER RECLAMATION
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JACKSON JENKINS
DIRECTOR

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July 18, 2018

TO: C.H. Huckelberry, County Administrator
THRU: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
FROM: Jackson Jenkins, Director, Regional Wastewater Reclamation Department
SUBJECT: Water and Wastewater Utility Rates Charged In Pima County

Recently you requested water and wastewater billing amounts for some of the other providers in Pima County. This memorandum is in response to your June 27th memorandum regarding the Town of Marana's (Town) water service rates.

Staff has reviewed water rates for five of the water companies serving within Pima County. A rate comparison shows the following for a residential (5/8 inch meter) usage of 7,000 gallons (9.4 CCFs). Water meter connection fees for a 5/8" residential meter are also provided:

Water Company Provider	Monthly Residential Bill (without taxes added in)	Residential Connection Fee 5/8" Water Meter
Tucson Water	\$42.32	\$2,333.68 (with pavement replacement)
Oro Valley Water	\$39.13	\$6,384.99
Marana Water	\$44.36	North Marana: \$5,741 Twin Peaks: \$6,150 Saguaro Bloom: \$4,248
Metropolitan District Water	\$47.00	\$2,372.05
Sahuarita Water	\$54.91	\$600 (with water line)

Further, staff reviewed wastewater billing amounts for Pima County compared to the amounts charged by Town of Marana and the Town of Sahuarita. The information is for an average residential user with 7 CCFs of discharge (5236 gallons) to the sewer. Included are sewer connection fee charges for a typical residential connection with a water meter size of 5/8", 3/4" or 1".

Wastewater Treatment Provider	Monthly Residential Bill (7 CCF's)	Residential Connection Fee
Pima County Regional Wastewater	\$38.40	\$4,188
Town of Marana	\$37.29	\$3,930
Town of Sahuarita	\$59.12	\$4,933

Specifically your memorandum of June 27th requested a breakdown of Marana's water rate structure.

In February 2009, Marana's Town Council unanimously approved an 8 percent increase with four consecutive 4 percent increases. These increases became effective March 27, 2009 and ran through 2013. The AZ Daily Star article, dated February 28, 2009, indicates this rate increase will support the utility in becoming independent of the Town's general fund to cover its own cost. The increase will also provide the necessary funds to service their aging infrastructure which was built 30 years ago. Without this increase, the Town's revenue would be less than the cost associated with providing this service. The Town's water service rates have remained the same since 2013, with no proposed water service rate increase.

C.H. Huckelberry, County Administrator

Subject: Water and Wastewater Utility Rates Charged in Pima County

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Tucson Mayor and Council approved water rate increases on May 22, 2018 for Tucson Water. Effective July 2, 2018, Tucson Water customers saw a 7-8 percent increase on their monthly bill. Customers will see an additional 7-8 percent increase in fiscal year 2020.

Based on the County's 5-year financial planning models for Wastewater, it does not appear that sewer user fees will need to be increased as long as the Department 1.) Continues to hold its O&M and CIP budgets within inflation range for potential increases and 2.) Continues to use in-substance defeasance to prepay debt. At the end of this 5-year period, the Department's debt service will decrease precipitously and future user fee increases would be unlikely as the Department could transition toward a pay-as-you-go utility model.

Please let me know if you have any questions or if additional information is needed.

c: Kathy Chavez, Water Policy Manager, Office of Sustainability and Conservation



MEMORANDUM

Date: June 27, 2018

To: Carmine DeBonis Jr.
Deputy County Administrator
for Public Works

From: C.H. Huckelberry
County Administrator 

Jackson Jenkins, Director
Regional Wastewater Reclamation

Re: **Water Utility Rates in the Town of Marana**

I recently met with the Tucson Regional Water Coalition. I learned that the Town of Marana's water utility rates are 18 percent higher than the City of Tucson's water rates. This is somewhat concerning since it has always been common knowledge that Tucson Water rates were the highest in the region.

Please review the reason Marana's water service rates are more than the City of Tucson's water rates.

During the meeting, I provided a brief overview of our wastewater utility and indicated we did not forecast any immediate or future rate increase and we had significant additional capacity to accommodate as many as 100,000 new connections. Revenues from these additional connection fees would equal or exceed \$500 million. Hence, the long-term financial stability of our wastewater utility is relatively assured without possible future rate increases.

I also indicated we operate our utility as such and we do not cross subsidize any other County function. Cross subsidizing has been requested by the City Council in adopting a differential surcharge for unincorporated area residents served by Tucson Water. This is a significant issue, since the original 1979 regional sewer and water merger, intent was the County would provide wastewater service and City water service. Since a number of water connections in the unincorporated area occurred under this premise, it is inappropriate to compare Tucson Water with other water providers in the Phoenix area who may have differential water fees and charging these resident a surcharge would be unfair.

I discussed our desire to move sewer user fees from a volume variable fee to a fixed fee for and to place collection of the fee on the property tax statement, ensuring full collection at significantly higher than the water utility. I also advised of the County's conceptual planning to intercept the County's 10 percent of effluent discharge to the Santa Cruz and reroute it into the Sunset Road recharge basin, back to the Santa Cruz, thereby qualifying for

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construction recharge credits despite the lack of legislative action to allow 100 percent recharge for effluent discharge to natural river systems.

Finally, there was a short discussion regarding the green stormwater fee and whether it would be charged to all Tucson Water customers and only used inside the City of Tucson, or charged only to Tucson Water customers living inside the City and used in the City. There was really no conclusion to this discussion and the policy direction is still pending.

CHH/anc

c: Kathy Chavez, Manager, Office of Sustainability and Conservation