July 9, 2021

C.H. Huckelberry
County Administrator
Pima County
130 W. Congress,
Tucson, AZ 85701

RE: Your letter dated June 24, 2021/Participation in the Proposed City Cost of Service Study Associated with Providing Water Service to Unincorporated Residents

Dear Mr. Huckelberry:

I am in receipt of the referenced letter requesting Pima County be a participant in the City’s Cost of Service analysis related to Mayor & Council’s recent adoption of differential water rates for customers in the unincorporated area. The City has always conducted its analyses of water rates and service costs in a transparent manner, and we will complete this analysis in accordance with industry standards and best practices, using a highly qualified consultant. The analysis and associated report will be made available to the public and will be reviewed in public meetings of the Citizens’ Water Advisory Committee (CWAC).

CWAC serves as the advisory body to the Mayor and Council for water rate structure formulation and capital improvement programming. All CWAC members are appointed by the Mayor and Council. As you may know, several of the CWAC members reside in unincorporated Pima County. Additionally, Jackson Jenkins of your Wastewater Reclamation Department is an Ex-Officio member of CWAC, and in that role has always had access to cost of service information as well as other policy recommendations as they are developed. That will remain the case with this new study and report. We are happy to include others from your staff at these public meetings as well. Please provide their names and contact information to Interim Water Department Director John Kmiec (John.Kmiec@tucsonaz.gov), so they can be invited to the upcoming meetings.

For the record, please note that while the Mayor and Council directed that a cost of service analysis be completed in connection with the water service rates, they were quite clear that the differential water rate is independently supported and justified by compelling policy considerations. The Legal Action Report of the motion and the findings of the Mayor and Council is available here (see Item 8):

https://tucsonaz.onbaseonline.com/1801AgendaOnline/Meetings/ViewMeeting?id=1539
&doctype=2
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Finally, I join you in your belief that residents of both the incorporated and unincorporated areas of Pima County should have the benefit of information and data that explains the relationship between the revenues generated through the taxes, rates, fees, and other charges they pay to local governments and the government services they receive in return. Perhaps that is a broader conversation that should occur with participation from both Pima County and the City of Tucson.

Sincerely,

[Signature]

Michael J. Ortega, P.E.
City Manager

Cc: The Honorable Chair and Members, Pima County Board of Supervisors
   The Honorable Mayor and Council, City of Tucson
   Liana Perez, Deputy City Manager
   Tim Thomure, Interim Assistant City Manager
   John Kmiec, Interim Director, City of Tucson Water Department