

**DATE:** January 10, 2005

**TO:** Mayor and Council

**FROM:** John R. Carhuff  
Chairperson, Citizens'  
Water Advisory Committee

**SUBJECT:** Recommendations of the CWAC: May 2005 Water Revenue Bond Election

At the December 6, 2004 meeting, Mayor and Council requested the Citizens' Water Advisory Committee (CWAC) provide Council with recommendations regarding the proposed May 2005 Water Revenue Bond Election. Via this memorandum, CWAC submits the requested recommendations. In evaluating Tucson Water's need for the additional bond authorization, the CWAC was able to draw upon its understanding of the Utility's overall financial requirements, obtained through on-going review by the Committee, to generate a timely response to Council.

### **RECOMMENDATIONS**

*(1) Need for a New Authorization:*

Tucson Water, like all water utilities, has significant on-going capital requirements. Mayor and Council Water Financial Policies, and bond covenants, result in Tucson Water's capital needs being funded with a combination of annual water revenues and water revenue bond proceeds. Tucson Water has utilized all of the authorization from the 2000 bond election and has identified total capital requirements for the FY 2006-2010 period of \$262 million.

CWAC will be presenting Mayor and Council with a report on Tucson Water's Preliminary FY 2006-2010 Financial Plan during early February. That plan, which has been reviewed by CWAC, indicates the need for the proposed new Water Revenue Bond authorization of \$142 million. The proposed authorization will provide bond capacity through FY 2010, thereby funding approximately 54% of the \$262 million capital improvement program (CIP). The remaining \$120 million is projected to be funded by annual water revenue.

***The CWAC recommends Mayor and Council call for a \$142 million Water Revenue Bond Election to be held on May 17, 2005.***

*(2) Projects Proposed for Funding with the New Authorization:*

Attached to this report (Attachment 1) is a listing of the projects proposed for funding with the \$142 million authorization. These projects have been included in Tucson Water's requested FY 2006-2010 CIP (\$2.9 million is projected to be used in FY 2011). The requested CIP was reviewed and approved by CWAC earlier this year.

In response to the request from Mayor and Council, the CWAC conducted an additional review of the projects proposed for funding with the new authorization. The new authorization would fund projects within all of the Utility's capital program areas:

- \$46.3 million is included to fund construction of facilities in southern Avra Valley for (1) the annual recharge of 45,000 acre-feet of Colorado River water and (2) the subsequent recovery and transmission of 30,000 acre-feet of the river water/groundwater blend. Construction of this project will continue the community's increasing utilization of the City's CAP allocation, thereby further reducing its dependence on mined groundwater.
- \$28.2 million of the proposed authorization will fund expansion of the Utility's reclaimed system. Over 26 miles of reclaimed transmission mains will be constructed throughout the service area, expanding the Utility's ability to offer, where appropriate, reclaimed water as an alternative to potable water usage.
- The remaining \$67.5 million is proposed to fund various improvements to the Utility's system (source development, storage, pumping plant, transmission/distribution, general plant, treatment).

***The CWAC recommends Mayor and Council approve funding of the projects included on Attachment 1 with the proposed \$142 million bond authorization.***

#### **PUBLIC INFORMATION/OUTREACH**

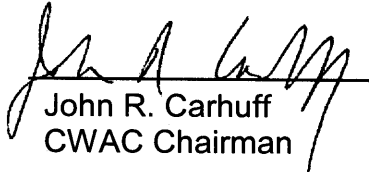
Mayor and Council has also asked the CWAC to develop a public outreach program for the election. During the next month CWAC members will work with Tucson Water staff and the City Attorney's Office to develop an outreach program and related educational materials. CWAC will provide Mayor and Council with details once program development has been completed.

In closing, the CWAC wishes to thank Mayor and Council for the opportunity to continue its participation in the community's important water resource discussions.

*CWAC vote on recommendations:*

*Approved 13-0*

*January 5, 2005 CWAC Meeting*

  
John R. Carhuff  
CWAC Chairman



ATTACHMENT 1

PROPOSED USE OF NEW WATER BOND AUTHORIZATION: FY 2005-2011 \*

Project Name / Fund	(\$000)						TOTAL	
	Year 0 FY 2005	Year 1 FY 2006	Year 2 FY 2007	Year 3 FY 2008	Year 4 FY 2009	Year 5 FY 2010		Year 6 FY 2011
<b>SAVSARP - Phase I Related Projects</b>								
New Well Equipping	-	-	1,000.0	72.0	1,000.0	250.0	-	2,322.0
Drill Production Wells	-	800.0	800.0	800.0	200.0	-	-	2,600.0
South Avra Valley Storage and Recovery Project	-	977.0	3,489.0	989.0	2,489.0	-	-	7,944.0
South Avra Valley Reservoir and Booster Station	-	-	180.0	-	400.0	3,000.0	-	3,580.0
South Avra Valley Recovered Transmission Main	-	-	-	8.0	32.0	623.0	-	663.0
Spencer Avenue Storage and Booster	-	-	-	1,000.0	-	-	-	1,000.0
Spencer Avenue Transmission Main	-	1,335.0	4,200.0	-	-	-	-	5,535.0
South Avra Valley Raw Water Delivery Pipeline	270.0	1,327.0	7,400.0	2,800.0	-	-	-	11,797.0
Avra Valley Transmission Main Augmentation	-	225.0	590.0	2,650.0	7,450.0	-	-	10,915.0
<b>TOTAL</b>	<b>270.0</b>	<b>4,664.0</b>	<b>17,659.0</b>	<b>8,319.0</b>	<b>11,571.0</b>	<b>3,873.0</b>	-	<b>46,356.0</b>
<b>Potable Source Development</b>								
New Well Equipping	-	620.0	-	-	-	-	-	620.0
Pressure Tank Replacement	-	450.0	-	-	-	-	-	450.0
<b>TOTAL</b>	-	<b>1,070.0</b>	-	-	-	-	-	<b>1,070.0</b>
<b>Recharge &amp; Recovery</b>								
CAVSARP Recharge Expansion	-	495.0	-	-	-	-	-	495.0
<b>TOTAL</b>	-	<b>495.0</b>	-	-	-	-	-	<b>495.0</b>
<b>Potable Storage</b>								
22nd Street Reservoir Modifications (Vault)	-	848.0	-	-	-	-	-	848.0
Diamond Bell I Zone Reservoir and Booster	-	660.0	-	-	-	-	-	660.0
Peppertree Ranch Y Zone Reservoir	-	-	-	250.0	1,700.0	1,700.0	-	3,650.0
Southeast Area F Zone Reservoir	-	-	-	50.0	500.0	540.0	-	1,090.0
Southeast C Zone Reservoir	-	-	-	-	400.0	1,000.0	2,851.0	4,251.0
Southeast E Zone Reservoir	-	2,100.0	1,644.0	-	-	-	-	3,744.0
Southeast G Zone Reservoir	-	-	-	200.0	900.0	2,900.0	-	4,000.0
Thornycroft/Tangerine C-Zone Reservoir	-	650.0	-	-	-	-	-	1,190.0
<b>TOTAL</b>	<b>540.0</b>	<b>4,258.0</b>	<b>1,644.0</b>	<b>500.0</b>	<b>3,500.0</b>	<b>6,140.0</b>	<b>2,851.0</b>	<b>19,433.0</b>
<b>Potable Pumping Plant</b>								
Hayden-Udall D-B Pressure Regulating Valve	-	-	1,600.0	-	-	-	-	1,600.0
Hydroelectric Facilities	-	-	-	1,000.0	750.0	1,100.0	-	2,850.0
Las Palomas B-C Booster Modifications	220.0	-	-	-	-	-	-	220.0
<b>TOTAL</b>	-	-	<b>1,600.0</b>	<b>1,000.0</b>	<b>750.0</b>	<b>1,100.0</b>	-	<b>4,670.0</b>



ATTACHMENT 1

PROPOSED USE OF NEW WATER BOND AUTHORIZATION: FY 2005-2011 \*

Project Name / Fund	Year 0 FY 2005	Year 1 FY 2006	Year 2 FY 2007	Year 3 FY 2008	Year 4 FY 2009	Year 5 FY 2010	Year 6 FY 2011	TOTAL
<b>Potable Transmission</b>								
Catholic Protection for Critical Pipelines	-	1,000.0	589.0	-	-	-	-	1,589.0
Clearwell/Columbus Manhole Improvements	-	700.0	-	-	-	-	-	700.0
Pipeline Protection: Manhole Upgrades	-	210.0	220.0	230.0	240.0	250.0	-	1,150.0
Santa Rita Bel Air Transmission Main (Well H-2)	-	2,187.0	-	-	-	-	-	2,187.0
Santa Rita Bel Air Transmission Main (Well H-3)	-	-	-	600.0	-	-	-	600.0
Southeast C Zone Transmission Main	-	-	-	400.0	1,157.0	2,000.0	-	3,557.0
Southeast E Zone Transmission Main	-	2,950.0	-	-	-	-	-	2,950.0
Southeast F Zone Transmission Main	-	-	-	300.0	1,500.0	1,500.0	-	3,300.0
Westside C Zone Reservoir Transmission Main	-	-	-	-	-	500.0	-	500.0
<b>TOTAL</b>	<b>-</b>	<b>7,047.0</b>	<b>809.0</b>	<b>1,530.0</b>	<b>2,897.0</b>	<b>4,250.0</b>	<b>-</b>	<b>16,533.0</b>
<b>Potable Distribution</b>								
Distribution Main Projects - General	-	-	-	-	903.0	-	-	903.0
Emergency Main Replacement	-	300.0	300.0	300.0	200.0	200.0	-	1,300.0
On-Call Valve Replacement Program	-	300.0	143.0	200.0	400.0	200.0	-	1,243.0
Quadrant Main Replacements	-	1,015.0	-	-	-	-	-	1,015.0
Road Improvement Main Replacements	579.0	2,385.0	2,310.0	-	2,686.0	200.0	-	8,160.0
Routine Main Replacements	-	100.0	500.0	500.0	500.0	500.0	-	2,100.0
<b>TOTAL</b>	<b>579.0</b>	<b>4,100.0</b>	<b>3,253.0</b>	<b>1,000.0</b>	<b>4,689.0</b>	<b>1,100.0</b>	<b>-</b>	<b>14,721.0</b>
<b>General Plant</b>								
Eastside Maintenance Facility	-	800.0	-	-	-	-	-	800.0
Facility Improvements - General	-	-	-	1,361.0	279.0	-	-	1,640.0
Facility Safety and Security Improvements	-	507.0	-	367.0	-	-	-	874.0
La Entrada Improvements	-	900.0	-	-	-	-	-	900.0
SCADA System Improvements	-	700.0	-	-	-	-	-	700.0
Geographic Information System	-	106.0	-	-	-	-	-	106.0
Meter Upgrade and Replacement Program	-	1,890.0	-	-	-	-	-	1,890.0
<b>TOTAL</b>	<b>-</b>	<b>4,903.0</b>	<b>-</b>	<b>1,728.0</b>	<b>279.0</b>	<b>-</b>	<b>-</b>	<b>6,910.0</b>
<b>Potable Treatment</b>								
Hayden-Udall Water Treatment Plant Impr, Ph. II	-	1,683.0	600.0	-	-	-	-	2,283.0
Technical Drive Improvements	-	400.0	953.0	-	-	-	-	1,353.0
<b>TOTAL</b>	<b>-</b>	<b>2,083.0</b>	<b>1,553.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,636.0</b>
<b>Reclaimed Source Development</b>								



ATTACHMENT 1

PROPOSED USE OF NEW WATER BOND AUTHORIZATION: FY 2005-2011 \*

Project Name / Fund	(\$000)						TOTAL
	Year 0 FY 2005	Year 1 FY 2006	Year 2 FY 2007	Year 3 FY 2008	Year 4 FY 2009	Year 5 FY 2010	
Ina Road Reclaimed Water Facility	-	-	-	-	-	2,728.0	2,728.0
Reclaimed Storage and Recovery	1,100.0	350.0	-	-	-	-	1,450.0
<b>TOTAL</b>	<b>1,100.0</b>	<b>350.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,728.0</b>	<b>4,178.0</b>
<b>Reclaimed Storage</b>							
Ina Road Reservoir	-	-	-	-	840.0	-	840.0
La Paloma Reservoir Expansion	-	-	-	706.0	-	-	706.0
Roger Road Reservoir Expansion	-	940.0	840.0	-	-	-	1,780.0
Sunrise Reclaimed Reservoir	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>940.0</b>	<b>840.0</b>	<b>706.0</b>	<b>840.0</b>	<b>-</b>	<b>3,326.0</b>
<b>Reclaimed Pumping Plant</b>							
Houghton Road Booster Expansion	-	-	-	280.0	560.0	560.0	1,400.0
Roger Road Plant Booster Expansion	-	1,000.0	-	-	-	-	1,000.0
Reclaimed Pressure Reducing Valves	-	10.0	10.0	10.0	10.0	10.0	50.0
Reclaimed Pumping Facility Modifications	-	10.0	10.0	10.0	10.0	10.0	50.0
<b>TOTAL</b>	<b>-</b>	<b>1,020.0</b>	<b>20.0</b>	<b>300.0</b>	<b>580.0</b>	<b>580.0</b>	<b>2,500.0</b>
<b>Reclaimed Transmission</b>							
Alvernon/La Paloma Reclaimed Transmission Main	-	-	-	720.0	720.0	-	1,440.0
Broadway/Columbus Reclaimed Transmission Main	-	-	-	280.0	550.0	550.0	1,380.0
Broadway/Pantano Wash Reclaimed Main	-	-	-	-	-	170.0	170.0
Campbell/Drexel Reclaimed Transmission Main	-	3,640.0	-	-	-	-	3,640.0
Columbus/22nd Street Reclaimed Transmission Main	-	-	-	225.0	420.0	-	645.0
Forty-Niners Reclaimed Transmission Main	2,400.0	332.0	-	-	-	-	2,732.0
Forty-Niners Reclaimed Laterals	-	664.0	-	-	-	-	664.0
Norris/Main Avenue Reclaimed Transmission Main	-	100.0	400.0	1,300.0	-	-	1,800.0
San Juan/Greasewood Reclaimed Transmission Main	-	-	-	-	-	210.0	210.0
Sunrise/Craycroft Reclaimed Transmission Main	-	-	-	180.0	120.0	-	300.0
Sunrise/Craycroft to Sabino Reclaimed Main	-	-	-	458.0	408.0	-	866.0
<b>TOTAL</b>	<b>2,400.0</b>	<b>4,736.0</b>	<b>400.0</b>	<b>3,163.0</b>	<b>2,218.0</b>	<b>930.0</b>	<b>13,847.0</b>
<b>Reclaimed Distribution</b>							
City of Tucson Parks Main Extensions	-	55.0	55.0	55.0	55.0	55.0	275.0
Main Extensions: Miscellaneous	-	-	-	55.0	55.0	55.0	165.0
Sabino/Sunrise to Snyder Reclaimed Distribution	-	-	-	180.0	720.0	-	900.0
Seneca/Palo Verde Reclaimed Distribution Main	-	-	-	-	-	170.0	170.0



ATTACHMENT 1

PROPOSED USE OF NEW WATER BOND AUTHORIZATION: FY 2005-2011 \*

(\$000)

Project Name / Fund	Year 0 FY 2005	Year 1 FY 2006	Year 2 FY 2007	Year 3 FY 2008	Year 4 FY 2009	Year 5 FY 2010	Year 6 FY 2011	TOTAL
System Enhancements: Reclaimed	-	100.0	100.0	100.0	100.0	100.0	-	500.0
Tucson Unified School District Main Extensions	-	55.0	55.0	55.0	55.0	55.0	-	275.0
<b>TOTAL</b>	-	<b>210.0</b>	<b>210.0</b>	<b>445.0</b>	<b>985.0</b>	<b>435.0</b>	-	<b>2,285.0</b>
<b>Reclaimed Treatment</b>								
Roger Road Reclaimed Treatment Plant	-	50.0	850.0	-	-	-	-	900.0
Roger Road Plant Clarifier Additions	-	400.0	-	-	-	-	-	400.0
<b>TOTAL</b>	-	<b>450.0</b>	<b>850.0</b>	-	-	-	-	<b>1,300.0</b>
<b>Reclaimed Process Control</b>								
Control Panels: Reclaimed System	-	80.0	80.0	80.0	250.0	250.0	-	740.0
<b>TOTAL</b>	-	<b>80.0</b>	<b>80.0</b>	<b>80.0</b>	<b>250.0</b>	<b>250.0</b>	-	<b>740.0</b>
<b>Grand Total</b>	<b>5,109.0</b>	<b>36,406.0</b>	<b>28,918.0</b>	<b>18,771.0</b>	<b>28,559.0</b>	<b>21,386.0</b>	<b>2,851.0</b>	<b>142,000.0</b>

\*NOTE: The projects shown for funding with the new bond authorization reflect the projects and funding distribution (revenues/bonds) in Tucson Water's proposed capital program. Over the next five years, changes in system requirements and/or changes in revenues available for funding of capital projects may result in bonds being used for different water related projects.

ADOPTED BY THE  
MAYOR AND COUNCIL

January 25, 2005

ORDINANCE No. 10109

AN ORDINANCE ORDERING AND CALLING A BOND SPECIAL ELECTION TO BE HELD IN AND FOR THE CITY OF TUCSON, ARIZONA, ON MAY 17, 2005 TO SUBMIT TO THE QUALIFIED ELECTORS THEREOF A QUESTION ON AUTHORIZING THE ISSUANCE AND SALE OF BONDS OF THE CITY TO PROVIDE FUNDS IN THE AMOUNT OF \$142,000,000 TO BE USED FOR IMPROVEMENTS TO THE CITY'S WATER SYSTEM; PROVIDING FOR AND GIVING NOTICE OF THE BOND SPECIAL ELECTION; AND DECLARING AN EMERGENCY.

WHEREAS, the Mayor and Council of the City of Tucson, Arizona (the "City"), believe it is in the best interests of the City that bonds of the City be authorized to be issued and sold in the aggregate principal amount of \$142,000,000 to provide funds to make certain water system improvements; and

WHEREAS, it is necessary that the Mayor and Council submit the question relating to the issuance and sale of such bonds to the qualified electors of the City,

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, AS FOLLOWS:

SECTION 1. A bond special election is hereby ordered and called to be held on May 17, 2005, to submit to the qualified electors of the City the question set forth in the form of Notice of Bond Special Election, which shall be in substantially the form attached hereto as Exhibit "A" and incorporated herein by this reference.

SECTION 2. Notice of the order and call of the bond special election will be given by publishing this ordinance, including the Notice of Bond Special Election, at least once in the official newspaper of the City, and at least once in a newspaper published in Pima County and of general circulation within the City not less than fifteen (15) nor more than thirty (30) days prior to the date of the election and by posting a copy of the Notice of Bond Special Election at each polling place.

SECTION. 3. The polling places shall be those designated by the City Clerk and approved by the Mayor and Council. The period of time during which the polls shall be open shall be as provided in the Notice of Bond Special Election.

SECTION 4. The City Clerk shall cause ballots in the form prescribed by law, setting forth the question contained in the Notice of Bond Special Election attached as Exhibit "A" hereto, to be prepared and delivered to the election boards to be furnished to the qualified electors wishing to vote at the bond special election. The City Clerk shall also provide ballots and related materials, and otherwise direct early voting, in the manner provided by law.

SECTION 5. All voting shall be by paper ballots suitable for counting by an optical scanning system.

SECTION 6. The bond special election shall be conducted and the poll lists kept, and the votes cast thereat shall be recorded and returned, in the manner provided by law. Only persons who are qualified electors of the City shall vote at the bond special election.

SECTION 7. In order to comply with the Voting Rights Act of 1965, as amended, the following proceedings pertaining to this election will be translated into Spanish and

posted, published and recorded in each instance where posting, publication and recording of such proceedings are required: the Notice of Bond Special Election, the ballot, all early voting materials, and all instructions at the polls.

SECTION 8. The returns of the election shall be made to the Mayor and Council not less than six (6) days nor more than fifteen (15) days following the election, and the Mayor and Council will hold a special meeting no later than May 31, 2005, to canvass the returns and certify the results of the bond special election, as provided by law. The Mayor and Council will be governed by the vote of the majority as to the question submitted.

SECTION 9. The various City officers and employees are authorized, empowered and directed to take all actions necessary or desirable to give effect to this ordinance.

SECTION 10. If any provision of this ordinance or the application thereof to any person or circumstance is determined to be invalid, such invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provisions or applications, and to this end the provisions of this ordinance are severable.

SECTION 11. It is necessary for the preservation of the peace, health and safety of the City of Tucson that this ordinance become immediately effective. Accordingly, an emergency is hereby declared to exist and this ordinance shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Tucson, Arizona on January 25, 2005.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

REVIEWED BY:

  
\_\_\_\_\_  
CITY ATTORNEY

\_\_\_\_\_  
CITY MANAGER

APPROVED AS TO FORM:

  
\_\_\_\_\_  
BOND COUNSEL

EXHIBIT A

**NOTICE OF BOND SPECIAL ELECTION TO BE HELD IN AND FOR THE  
CITY OF TUCSON, ARIZONA ON MAY 17, 2005**

TO THE QUALIFIED ELECTORS OF THE CITY OF TUCSON, ARIZONA:

A bond special election will be held on May 17, 2005.

The purpose of the election is to submit to the qualified electors of the City the question as to whether water system revenue bonds of the City should be authorized to be issued in addition to all bonds authorized at previous elections.

**Question No. 1**

**BONDS FOR WATER SYSTEM IMPROVEMENTS  
TO BE PAID FROM WATER SYSTEM REVENUES**

Shall the City of Tucson be authorized to issue and sell not exceeding \$142,000,000 principal amount of its water system revenue bonds to provide funds to acquire and construct improvements and extensions to the waterworks plant and system of the City, both within and without the corporate limits of the City, including acquisitions of land, interests in land and rights-of-way necessary for such purposes, establishment of necessary reserve funds and payment of costs and fees in connection therewith; such bonds to be issued in one or more series, maturing not more than 30 years from the date of issuance of each series, bearing interest at a rate or rates not in excess of 10% per annum and payable solely from the revenues of the water system of the City?

The polls will open during the period from 6:00 A.M. to 7:00 P.M., inclusive, on the day of the election.

Any qualified elector may vote by early ballot in the manner provided by law. An official early ballot may be requested by telephone or mail from the Office of the City Clerk, P.O. Box 2031, Tucson, Arizona 85702-2031, telephone: (520) 884-VOTE ((520) 884-8683), provided that such request is received by the Office of the City Clerk no later than 5:00 p.m. on May 6, 2005. Any elector who appears personally no later than 5:00 p.m. on May 13, 2005, at an on-site early voting location established by the City Clerk will be given a ballot and permitted to vote at the on-site location.

Any elector who is prevented from voting at the polls as a result of an emergency occurring between 5:00 p.m. on May 6, 2005 and 5:00 p.m. on May 16, 2005, should contact the Office of the City Clerk at telephone: (520) 884-VOTE ((520) 884-8683) for instructions as to voting.

ADOPTED this 25<sup>th</sup> day of January, 2005.

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MAYOR

ATTEST:

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CITY CLERK