

MEMORANDUM

To: Melissa Manriquez, Clerk of the Board
Pima County Board of Supervisors

Date: April 9, 2025

Re: Addendum Item for 4/15/25 Meeting

From: Rex Scott
District 1 Supervisor
Pima County Board of Supervisors

Please place the following item on the addendum for the Board of Supervisors meeting April 15, 2025.

BOARD OF SUPERVISORS

RESOLUTION NO. 2025-____, A RESOLUTION OF THE PIMA COUNTY BOARD OF SUPERVISORS
REAFFIRMING SUPPORT OF JURISDICTIONAL RATE PARITY FOR TUCSON WATER CUSTOMERS.

RESOLUTION NO. 2025- ____

**A RESOLUTION OF THE PIMA COUNTY BOARD OF
SUPERVISORS REAFFIRMING SUPPORT OF JURISDICTIONAL
RATE PARITY FOR TUCSON WATER CUSTOMERS**

WHEREAS, since the 1970s, the City of Tucson has committed Tucson Water to serve as a regional – rather than a municipal – water supplier that has, until 2021, treated its customers equally, regardless of whether customers are located in unincorporated or incorporated areas, and

WHEREAS, because Tucson Water is a regional water provider, it is a monopoly service provider with captive customers that do not have a reasonable alternative for water service, and

WHEREAS, beginning in January 2021, the City of Tucson initiated steps to implement for the first time an inequitable rate structure for Tucson Water customers located in unincorporated areas, and

WHEREAS, on April 6, 2021, the Pima County Board of Supervisors adopted Resolution No. 2021-9 affirming Pima County's support of jurisdictional rate parity for all customers of Tucson Water, and

WHEREAS, on December 1, 2021, the City of Tucson raised the rates for water service to customers in unincorporated areas of Pima County. The differential rates for unincorporated customers were higher than rates for similarly situated customers within the City of Tucson, and

WHEREAS, on December 17, 2021, Pima County filed a lawsuit against the City of Tucson claiming the differential rates for unincorporated customers were discriminatory and violated the statutory requirement for municipal utilities to set "just and reasonable" rates, and

WHEREAS, on September 11, 2023, Pima County prevailed in its lawsuit when the Maricopa County Superior Court granted the County's Motion for Summary Judgment and found that the City's differential rates were unjust and unreasonable, and

WHEREAS, at a meeting on October 3, 2023, City of Tucson Mayor and Council directed the City Manager to "commence the process to secure a new cost-of-service study relating to the provision of water service to customers located outside of the incorporated city limits," and

WHEREAS, on April 8, 2025, City of Tucson Mayor and Council approved a Notice of Intent to impose a new differential rate structure starting on August 4, 2025 that will raise the water rates up to 23% for unincorporated customers and will lower the rates for all incorporated customers by the same percentage, and

WHEREAS, the City of Tucson justifies the differential rates on the flawed assumptions that all Tucson Water customers inside the City are the owners of the utility and are entitled to a rate of return for the financial risk of serving unincorporated customers, and

WHEREAS, Tucson Water will not charge the differential rate to governmental customers receiving water service in unincorporated Pima County, including the United States, the State of Arizona, Pima County, school districts, and any customer on land

owned by the United States in trust for a Native American tribe or part of a federally-established reservation, and

WHEREAS, by adopting differential water rates, the City of Tucson will end its commitment to serve as a regional water provider but continue to maintain a monopolistic market for its unincorporated water customers who lack political representation through either the City of Tucson Mayor and Council or the Arizona Corporation Commission, and

WHEREAS, Pima County reaffirms the reasons stated in Resolution 2021-9 for opposing differential water rates and supporting jurisdictional rate parity.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of Pima County, Arizona, that:

1. Pima County recommends the City of Tucson Mayor and Council consider providing regional water service to all of Pima County not served by another water utility as originally envisioned, and
2. Pima County opposes differential water rate fees for Tucson Water customers residing in unincorporated Pima County, and
3. The County Administrator is authorized to do all things necessary to support jurisdictional rate parity for Tucson Water customers, including legislative changes to the City's ratemaking authority, reconsideration of the County's commitment to the 1979 Intergovernmental Agreement with the City of Tucson, and support for any legal challenges to the City's imposition of differential water rates on unincorporated customers.

Passed and Adopted this ____ day of _____, 2025.

Rex Scott, Chairman, Board of Supervisors

ATTEST:

APPROVED AS TO FORM:

Melissa Manriquez, Clerk of the Board



Bobby Yu, Deputy County Attorney