

**CITIZENS' WATER ADVISORY COMMITTEE  
(CWAC)**

**Finance Subcommittee**

7:30 a.m., Wednesday, January 6, 2016  
Tucson Water La Entrada Building  
3<sup>rd</sup> Floor Director's Conference Room  
310 W. Alameda Street, Tucson, Arizona



**Summary Minutes**

Approved 1/21/16

**1. Roll Call**

The meeting was called to order by Finance Subcommittee Chair Bruce Billings at 7:32 a.m. Those present were:

**Members Present:**

Bruce Billings (Chair)	Representative, Ward 3
Mark Lewis	Representative, Ward 5
Chuck Freitas	Representative, City Manager
Catlow Shipek *	Representative, City Manager
Mark Stratton	Representative, City Manager
Brian Wong	Representative, City Manager

\* Member Shipek arrived at 7:38 a.m.

**Members Absent**

Mark Taylor	Representative, City Manager
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**Tucson Water Staff Members:**

Albert Elias	Acting Director
Sandy Elder	Deputy Director
Scott Clark	Deputy Director
Jeff Biggs	Strategic Initiatives Administrator
Melodee Loyer	Interim Financial Services Administrator
Fernando Molina	Public Information Supervisor
Britt Klein	Maintenance Administrator
Wally Wilson	Chief Hydrologist
Andrew Greenhill	Intergovernmental Management Coordinator
Steven Ritter	Finance Management Coordinator
Theresa Bourne	Lead Financial Accountant
Rebecca Spry	Staff Assistant
Joaquim Delgado	Public Information Specialist
Johanna Hernandez	Staff Assistant
Kris LaFleur	Staff Assistant

**Others Present**

Mitch Basefsky	CWAC
W Mark Day	

**Via Conference Call**

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Deb Galardi  
Harold Smith

Galardi Rothstein Group  
Raftelis Financial

2. **Announcements** – There were no announcements.
3. **Call to Audience** – Mark Day thanked Tucson Water staff for providing him with block usage data information from recent years. He expressed support for block-rate pricing management to increase revenues, rather than adjustment of service charges.
4. **Review of December 16, 2015, Legal Action Report and approval of Meeting Minutes** – Subcommittee Members reviewed the Legal Action Report from the December 16, 2015, CWAC Finance Subcommittee meeting. Member Freitas moved to approve the Minutes; Member Stratton seconded the motion. The motion was carried by a vote of 4-0.
5. **Revised FY 2016-2021 Financial Plan options (including Conservation Fund): Review & vote** – Tucson Water staff presented revised results of the FY 2017-21 financial plan analysis, and advised the subcommittee that the utility would recommend a rate increase of 9.8% for FY 2017.

Staff presented two financial plan options to the subcommittee:

Option A reflected a 9.8% revenue increase, and a Capital Improvement (CIP) budget that did not include funds for Sonoran Corridor infrastructure development.

Option B reflected a 9.8% revenue increase, and CIP funds of \$6.5M available for Sonoran Corridor infrastructure development.

Members, staff, and Tucson Water's financial consultants engaged in extensive discussion.

Member Lewis moved for approval of Option B, with two caveats:

- 1) A staff presentation would be made to full CWAC regarding a best-possible estimate for return on investment of the \$6.5M in CIP funds allocated for Sonoran Corridor infrastructure; and
- 2) The recommended \$0.02/ccf Conservation Fee increase would be contingent upon Conservation & Education Subcommittee approval at the subcommittee's next meeting

Member Stratton seconded the motion.

Member Freitas suggested a substitute motion, which would include Member Lewis' motion with an additional caveat: The CWAC chair would address a letter to Mayor & Council indicating that the recommended Tucson Water budget included two items that did not conform to Mayor & Council Water Policy – a Payment in Lieu of Tax, and a low-income assistance program. Member Lewis seconded the substitute motion. After discussion between members, Member Freitas withdrew the motion.

The subcommittee voted on Member Lewis' motion, which passed on a voice vote of 5-1.

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Member Freitas asked Chair Billings to arrange for the subcommittee to forward a letter to full CWAC, which would address subcommittee concerns about Tucson Water's proposed funding for Sonoran Corridor infrastructure, as well as concerns about Tucson Water funds spent for Payment In Lieu of Tax and the Low-Income Assistance Program.

6. **Future Meetings / Agenda Items** – The next Finance subcommittee meeting is scheduled for January 21, 2016. The subcommittee and staff will review cost of service, revenue targets, and rate schedules.
7. **Adjournment** – The meeting was adjourned at 9:38 a.m.