

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

**Finance Subcommittee**

2 p.m., Wednesday, January 21, 2016  
Tucson Water La Entrada Building  
3<sup>rd</sup> Floor Director's Conference Room  
310 W. Alameda Street, Tucson, Arizona



**Summary Minutes**

**Approved 1/28/16**

**1. Roll Call**

The meeting was called to order by Finance Subcommittee Chair Bruce Billings at 2:03 p.m. Those present were:

**Members Present:**

Bruce Billings (Chair)	Representative, Ward 3
Chuck Freitas	Representative, City Manager
Catlow Shipek	Representative, City Manager
Mark Stratton	Representative, City Manager
Mark Taylor	Representative, City Manager

**Members Absent**

Mark Lewis	Representative, Ward 5
Brian Wong	Representative, City Manager

**Tucson Water Staff Members:**

Albert Elias	Acting Director / Assistant City Manager
Sandy Elder	Deputy Director
Scott Clark	Deputy Director
Pat Eisenberg	Chief Engineer
Melodee Loyer	Interim Financial Services Administrator
Fernando Molina	Public Information Supervisor
Andrew Greenhill	Intergovernmental Management Coordinator
Steven Ritter	Finance Management Coordinator
Theresa Bourne	Lead Financial Accountant
Rebecca Spry	Staff Assistant
Suzanna Snyder	Staff Assistant
Johanna Hernandez	Staff Assistant
Kris LaFleur	Staff Assistant

**Others Present**

Amy Stabler	Ward 6 Council Aide
W Mark Day	

**Via Conference Call**

Deb Galardi	Galardi Rothstein Group
Harold Smith	Raftelis Financial

**2. Announcements – There were no announcements.**

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3. **Call to Audience** – There were no audience comments.
4. **Review of January 6, 2016, Legal Action Report and approval of Meeting Minutes** – Subcommittee Members reviewed the Legal Action Report from the January 6, 2016, CWAC Finance Subcommittee meeting. Member Freitas moved to approve the Minutes; Member Stratton seconded the motion. The motion was carried by a vote of 5-0.
5. **FY 2016-2021 Financial Plan update** – Deputy Director Clark and Tucson Water's Business Services staff briefed the subcommittee on Financial Plan developments since the January 13 CWAC meeting. At the direction of the City Manager, the utility produced financial plan scenarios representing zero or minimal revenue increase for FY2017. These scenarios indicated that, under such conditions, the utility would not meet its debt service or operational reserve obligations. After further discussion about these results, Mr. Clark indicated that the City Manager directed the utility to explore financial plan scenarios representing 5%, 6%, and 7% revenue increases. Based on these parameters, division administrators added the additional funds to their projected budgets, and preliminary financial plan scenarios were created. Staff presented financial plan scenarios to the subcommittee representing FY17 revenue increases of 0%, 2.25%, 3%, 5%, 6%, and 7%. Mr. Clark indicated that revenue increases of 6-7% would allow the utility to meet debt service and operational reserve obligations, and to also add \$2.5M to the Operations & Maintenance budget, maintain conservation program funding at M&C-directed levels, maintain low-income assistance program funding, create new Customer Service Representative positions, and maintain other high-priority programs. Mr. Clark indicated that staff would discuss the revised projections with the City Manager on January 22.

Staff and members discussed these developments and next steps at length.

Mr. Clark indicated that staff would provide updated financial plan options to the subcommittee for review early the following week, with subcommittee discussion and recommendation to occur at a meeting on January 28.

6. **Draft communication re: Financial Plan alignment with M&C Policy** – Members briefly considered the content and intent of a draft letter submitted by Member Freitas, and discussed next steps. The letter would request M&C direction on funding for three items in the current Financial Plan discussions: payment in-lieu of tax (PILOT), low-income assistance, and public works development.

Members opted to review the draft letter and return with suggestions and a recommendation at an upcoming subcommittee meeting.

7. **Preliminary Cost-of-Service discussion** – Mr. Ritter noted that staff is in the process of updating files with current customer accounts, usage projections, O&M and CIP budget figures before beginning FY17 cost-of-service discussions. Staff expects to provide a full update at a February subcommittee meeting, to be scheduled.
8. **Future Meetings / Agenda Items** – Members determined that a subcommittee meeting would be held on January 28 to consider and make recommendations on Tucson

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Water's revised FY16-21 Financial Plan. Other items discussed for future subcommittee meetings were:

- Financial Plan alignment with M&C Policy: communication review and recommendation
- Cost-of-Service discussion

**9. Adjournment** – The meeting was adjourned at 3:03 p.m.