

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

**Finance Subcommittee**

8:30 a.m., Wednesday, March 2, 2016  
Tucson Water La Entrada Building  
3<sup>rd</sup> Floor Director's Conference Room  
310 W. Alameda Street, Tucson, Arizona



**Summary Minutes**  
**Approved 5/26/16**

**1. Roll Call**

The meeting was called to order by Finance Subcommittee Chair Bruce Billings at 8:30 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
Brian Wong	Representative, City Manager

**Absent:**

Mark Stratton	Representative, City Manager
Mark Taylor	Representative, City Manager

**Tucson Water Staff Members:**

Timothy Thomure	Director
Scott Clark	Deputy Director
Jeff Biggs	Strategic Initiatives Administrator
Melodee Loyer	Interim Financial Services Administrator
Christine Rodriguez	Customer Service Administrator
Wally Wilson	Chief Hydrologist
Cheryl Avila	Metering Operations Superintendent
Steve Ritter	Finance Management Coordinator
Theresa Bourne	Lead Financial Accountant
Daniel Ransom	Water Conservation Supervisor
Kris LaFleur	Staff Assistant

**Others Present**

W Mark Day	Citizen
Amy Stabler	Ward 6 Council Aide
Michelle Crow	CWAC
Susan Spiess	City of Tucson Finance Department

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

**3. Call to Audience** – There were no audience statements.

## Citizens' Water Advisory Committee (CWAC) Finance Subcommittee

### Summary Minutes

March 2, 2016

4. **Review of January 28, 2016, Legal Action Report and approval of Meeting Minutes** – Subcommittee Members reviewed the Legal Action Report from the January 28, 2016, CWAC Finance Subcommittee meeting. Member Brian Wong moved to approve the Minutes; Member Catlow Shipek seconded the motion. The motion was carried by a vote of 5-0.
5. **Response to subcommittee information requests: AMR/AMI update** – Chris Rodriguez presented an update on the progress and impacts of Tucson Water's rollout of AMR/AMI (Automatic Meter Reading/Automatic Metering Infrastructure) technology in its distribution system. She explained that, between 2000-2015, as Tucson Water began replacing aging water meters with AMR technology, the utility realized a 44% increase in daily meter reads, during a period when services grew by 6%. Ms. Rodriguez briefly reviewed the history of Tucson Water's meter installations, and she presented a timeline of current meter replacements, including the budget and inventory for the project. The presentation also covered the technological impact of AMR/AMI technology, such as transitioning employee roles and an increase in back-office data analysis. Staff fielded and answered questions from members
6. **Financial Plan, Cost of Service, and Rate Study update** – Scott Clark presented an update on the Tucson Water financial planning and rate setting process. He indicated that a financial plan with a recommended 7% revenue increase would be moving forward for Mayor & Council consideration, as approved by CWAC and as discussed with the City Manager. Mr. Clark discussed additional direction from the City Manager, which included a recommendation to hold the Conservation Fee at \$0.09/cf in FY17, and a request that the utility develop a multi-year financial planning and rate setting process, rather than the current annual process. Mr. Clark announced that the utility is in a good position in its efforts to refinance its current bonds.

Members and staff discussed the revised timeline for development of FY17 rate proposals, and the impact this would have on CWAC's ability to participate in the process. Members expressed a preference to shift initially to a two- or three-year financial and rate planning cycle, rather than a four-year cycle.

Mr. Clark explained that guidance from the City Manager included a request that Tucson Water begin shifting revenues to a higher ratio of fixed fees, and he indicated that CWAC would be included in analysis and discussion during that process. He indicated that the utility still intended to send a strong conservation signal and would seek to protect low-income rate payers with any revised rate structure. Members also expressed concern about protecting low-income ratepayers while developing a new rate structure. Member Shipek indicated a desire to develop a stronger conservation message by decreasing the upper limit of the first usage block, and increasing rates for the second block. Members and staff discussed additional potentially revenue-generating fee and policy changes.

Members and staff discussed the portion of reclaimed production that was supported by potable sales, and Member Lewis requested an explanation of the cost of reclaimed production on other water system users.

## **Citizens' Water Advisory Committee (CWAC) Finance Subcommittee**

Summary Minutes

March 2, 2016

Members requested an analysis of rates for other water providers in the Tucson area, including a review of fixed vs. variable costs and usage blocks, including information about median income for ratepayers of those providers.

Member Lewis requested that staff distribute information about proposed rates to members in advance of the next Financial Subcommittee meeting, allowing time for members to submit questions before the meeting.

7. **Future Meetings / Agenda Items** – Members and staff discussed scheduling for future meetings of the Finance Subcommittee.
8. **Adjournment** – The meeting was adjourned at 9:45 a.m.

*[Note: An audio recording of this meeting is not available due to equipment failure.]*