

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

Finance Subcommittee

1:30 p.m., Wednesday, August 10, 2016
Tucson Water La Entrada Building
3rd Floor Director's Conference Room
310 W. Alameda Street, Tucson, Arizona



Legal Action Report

1. Roll Call

The meeting was called to order by Finance Subcommittee Chair Mark Stratton at 1:31 p.m. Those present were:

Members Present:

| | |
|-----------------------|------------------------------|
| Mark Stratton (Chair) | Representative, City Manager |
| Chuck Freitas | Representative, City Manager |
| Catlow Shipek | Representative, City Manager |
| Mark Taylor | Representative, City Manager |
| Brian Wong | Representative, City Manager |
| Mark Lewis | Representative, Ward 5 |

Tucson Water Staff Members:

| | |
|-----------------|--|
| Scott Clark | Deputy Director |
| Pat Eisenberg | Chief Engineer |
| Melodee Loyer | Interim Financial Services Administrator |
| Fernando Molina | Public Information Supervisor |
| Steve Ritter | Finance Management Coordinator |
| Theresa Bourne | Lead Financial Accountant |
| Rebecca Lapora | Staff Assistant |
| Kris LaFleur | Staff Assistant |

2. Announcements – There were no announcements.

3. Call to Audience – There were no audience comments.

4. Review of July 6, 2016, Legal Action Report and approval of Meeting Minutes – Subcommittee Members reviewed the Legal Action Report from the July 6, 2016, CWAC Finance Subcommittee meeting. Member Freitas moved to approve the Minutes; Member Shipek seconded the motion. The motion was carried by a vote of 6-0.

5. Development of Finance Subcommittee work plan, FY 2017-18 – Staff presented a draft Finance Subcommittee Work Plan for calendar years 2016-2018. Members and staff discussed Subcommittee goals and expectations, members proposed changes and corrections to the work plan, and members requested that staff distribute additional topical information prior to future meetings.

Citizens' Water Advisory Committee (CWAC) Finance Subcommittee

Legal Action Report and Minutes

August 10, 2016

6. **Low-income assistance program discussion** – Members and staff briefly discussed goals for the collection, distribution, and review of background information prior to the full discussion of this topic at the next Finance Subcommittee meeting.
7. **Future agenda items** – The next Finance Subcommittee meeting will be held on September 14, 2016. Items proposed for discussion at future meetings included:
 - Continued discussion of Tucson Water's low-income assistance program
8. **Adjournment** – The meeting was adjourned at 3:03 p.m.

TUCSON WATER - FINANCIAL WORK PLAN MATRIX - 2016 through 2018

8/9/2016

| TASKS | Completion Target | TW Staff | RFC/GRG | CWAC | PARTICIPANTS | | |
|---|-------------------|----------|---------|------|--------------|---------------|-----------------------|
| | | | | | City Manager | Mayor/Council | External Stakeholders |
| 2016 | | | | | | | |
| Draft Work Plan List | August | P | P | I,R | | | |
| Low Income Discussion - and/or including Right to Water <i>Maintaining a robust low income subsidy while shifting to a rate structure more reliant on fixed rates.</i> - Maintain a strong conservation signal - Avoid regressive rates for low income customers - Offer low income plumbing repairs - Avoid penalties for low income customers - Scheduled payment date - Develop a means for community to contribute towards Low Income on utility statement | September | P | S | I,R | I,D | I,A | ? |
| Conservation Discussion of Programs & Incentives <i>Study of fixed-rate alternatives to achieve long term revenue stability & reduce volume charge volatility.</i> | October | P | S | I,R | I,D | I,A | ? |
| Fixed Rate Discussion and Analysis <i>Reclaimed Discussion Analysis of Program, future uses, subsidy policies.</i> | November | S | P | I,R | I,D | I,A | |
| Inside/Outside Differential Rates <i>- Analysis of rate structures</i> | December | S | P | I,R | I,D | I,A | |
| 2017 | | | | | | | |
| System Equity / Economic Development / Equity Fee <i>Determine if current fee is recovering appropriate revenues from new development to fund use of existing capacity.</i> -Explore implementation of system Equity fees that drive redevelopment and annexation | January | P | S | I,R | I,D | I,A | |
| Financial Plan / Rate Modeling - Review Multi <i>Develop multi-year rate planning process that ensures revenue stability, but provides ability to request adjustments as circumstances require.</i> | February | P | S | I,R | I,D | I,A | |
| Volume Rate Structure (SF Blocks / Tiers & MF) | March/April | S | P | I,R | I,D | I,A | |

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|--|-------------------|----------|---------|-------|--------------|---------------|-----------------------|
| <i>Analysis of optimal Rate-block structures for stimulating conservation and maintaining affordability.</i> | | | | | | | |
| Summer Tier | | | | | | | |
| <i>Optimization of tiers to promote conservation values. Currently only Commercial & Industrial.</i> | | | | | | | |
| Other on-going Tucson Water | | | | | | | |
| Pay / Technology - Reviews | May | P | P | I,R | I,D | | |
| Rate Model Improvements/Redevelopment | TBD | I,D | P | | | | |
| Brief CWAC | June | P | P | I,R | | | |
| Start 2018 Rate Process | | | | | | | |
| CIP Budget due to Business Services | September | P | | | | | |
| - Department O&M due | October | P | | | | | |
| - CIP Budget CWAC | October | P | S | I,R | | | |
| - Consumption | November | P | P | | | | |
| - O & M Budget CWAC | November | P | S | I,R | | | |
| 2018 | | | | | | | |
| Financial Plan / Revenue | | P | P | I,R | I,D | I,A | |
| - COS / Proposed Rates | January | S,I,D | P | I,R | | | |
| - Study Session / Financial Plan / COS / Proposed Rates | February | P | P | I,R | I,D | I,A | |
| - Sub-Committee Final - Recommendation to CWAC | February | S | S | P,I,R | I,D | I,A | |
| - Sub-Committee Deliberations | February | S | S | P | | | |
| - CWAC Deliberations | February | S | S | P | | | |
| - Public Notice | February | P | S | | | | |
| CWAC Letter | March | P | S | P | | | |
| Public Process | March/April | P | S | | | | I |
| Council Adoption New Rates | May | P | S | | | I,A | |

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|---|---|
| P | Primary responsibility for preparing work product |
| S | Secondary responsibility for preparing work product |
| I | Provides input, advise and feedback |
| R | Makes recommendation |
| D | Makes decision or provides recommendation |
| A | Approval |