

CITIZENS' WATER ADVISORY COMMITTEE (CWAC)

Finance Subcommittee

Wednesday, February 18, 2014, 9:00 a.m.
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 Bruce Billings at 9:03 a.m. Those present and absent were:

Members Present:

Bruce Billings (Chair)	Representative, Ward 3
Alan Tonelson	Representative, Ward 1
Brian Wong	Representative, City Manager
Chuck Freitas	Representative, City Manager
Mark Taylor	Representative, City Manager

Members Absent:

Catlow Shipek	Representative, City Manager
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Tucson Water Staff Members:

Belinda Oden	Business Services Administrator
Melodee Loyer	Chief Planner
Candice Rupprecht	Public Information Specialist
Kris LaFleur	Staff Assistant
Vidin Metelov	Secretary

Others Present:

Harold Smith	Raftelis Financial
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- 2. Announcements** – There were no announcements.
- 3. Call to Audience** – There were no Audience comments.
- 4. Review of February 3, 2015, Legal Action Report and approval of Meeting Minutes** – Subcommittee Members reviewed the Legal Action Report from the February 3, 2015, CWAC Finance Subcommittee meeting. Member Tonelson moved to approve the Meeting Minutes; Member Freitas seconded the motion. The motion was carried by a vote of 5-0.
- 5. Cost-of-Service / Rate Design Options** – Harold Smith of Raftelis Financial led a presentation and discussion between Members and Staff about water-usage block pricing methods and options for Tucson Water. Discussions included common methods for setting appropriate block cutoffs, comparison of block rate practices of water utilities

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February 18, 2015

nationally and regionally, and an exploration of Tucson Water's conservation and revenue goals via its block pricing structure.

Discussion focused on three proposed options for changing Tucson Water's block pricing structure: 1) reduce the Block 1 cutoff to 7 ccf/mo (cutoffs at 7, 15, 30 ccf), 2) reduce the Block 1 cutoff to 5 ccf and Block 2 cutoff to 10 ccf (cutoffs at 5, 10, 30 ccf), or 3) include the first 5 ccf in each residential customer's service charge (no cutoff changes).

After extensive discussion, Members opted to remove Option 3 from further consideration. Members expressed interest in exploring projected revenues under Option 1 or under the current block rate structure.

Further discussion included consideration of service charge changes, contemplation of block rates and water conservation goals for multifamily residential units, and additional consideration of the cost-of-service vote from the February 3, 2015, Subcommittee meeting.

6. **Miscellaneous Fees** – This item was continued to the February 24 Finance Subcommittee meeting.
7. **Future Meetings / Agenda Items** –
 - Bill redesign (March)
8. **Adjournment** – The meeting was adjourned at 10:57 a.m.