



Citizens' Water Advisory Committee (CWAC)

February 6, 2013

**Belinda Oden, Business Services Administrator
Deb Galardi, Galardi Rothstein Group**

A Long Term Strategic Plan



Water **Reliability**

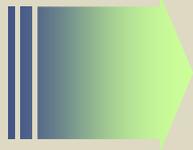
The Water Reliability Program includes projects and programs that ensure we have a reliable water supply and water system – today & in the future

First Step in Water Rate Process: Financial Plan

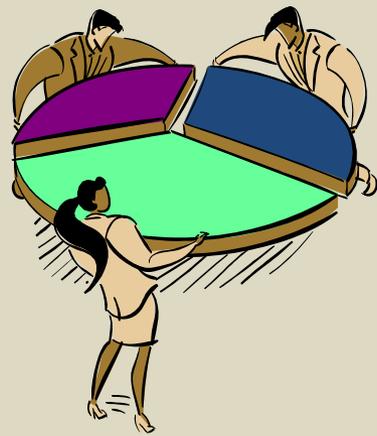
Financial Plan



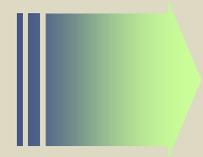
- CWAC
- City Staff
- Rate Consultants



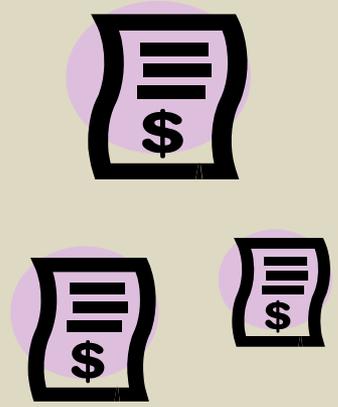
Cost of Service Analysis



- Customer Rate Design Group



Rate Design



- Customer Focus Groups
- Customer Rate Design Group

Policy Framework

Mayor & Council Policies

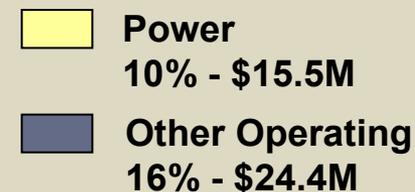
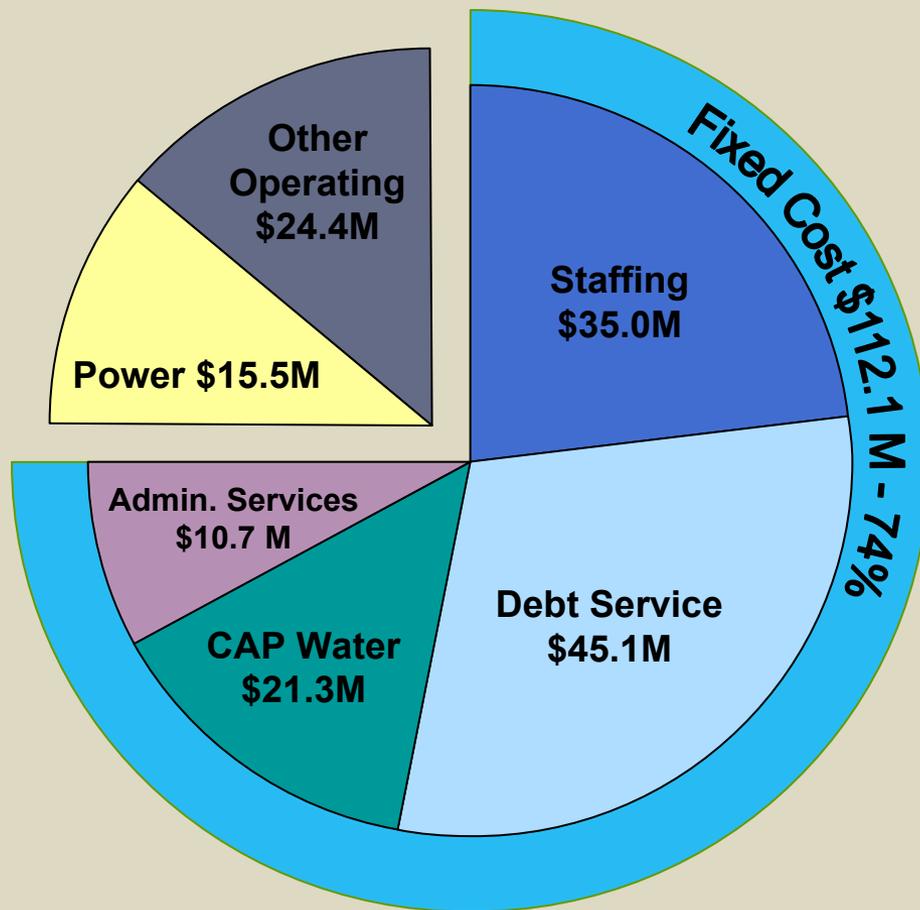
- Debt Service Coverage
- Cash Reserves
- Annual Review of Rates & Charges

Bond Covenants/Rating Agencies

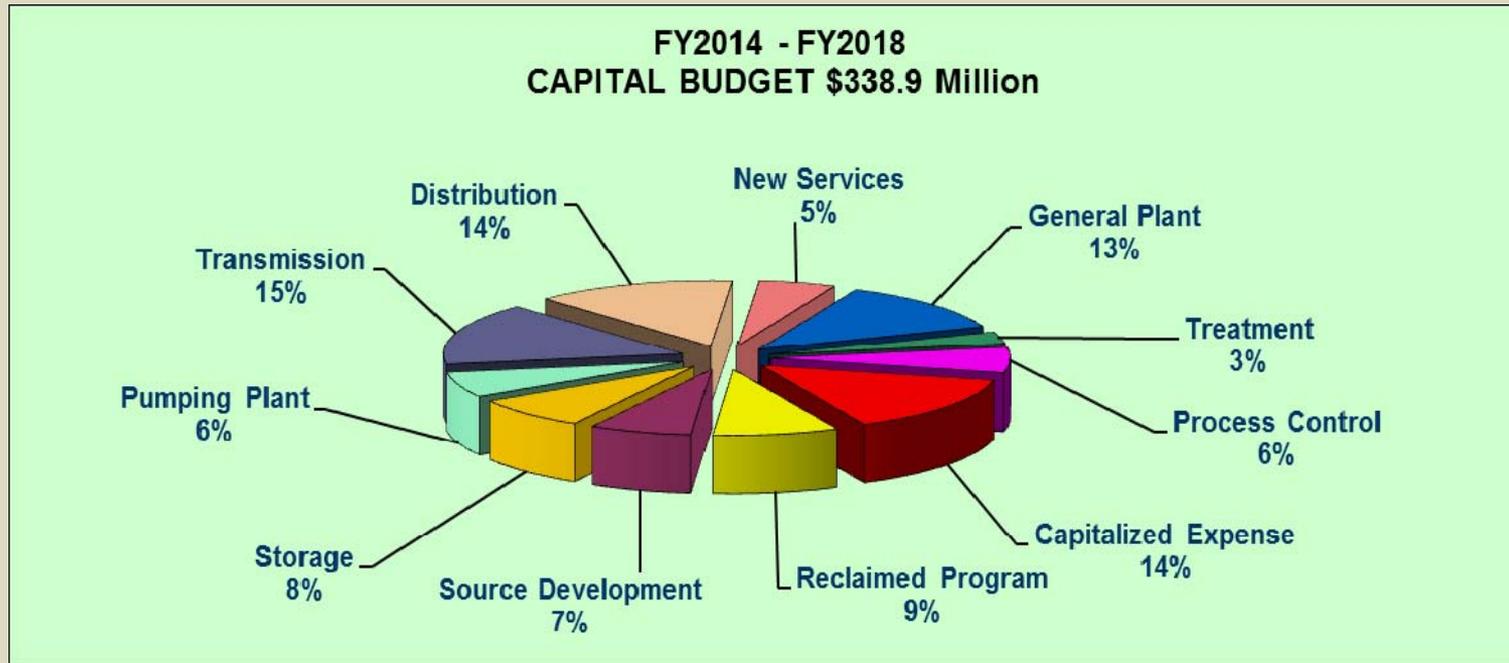
- Debt Service Coverage (Senior Lien)
- Working Capital – Days of O&M



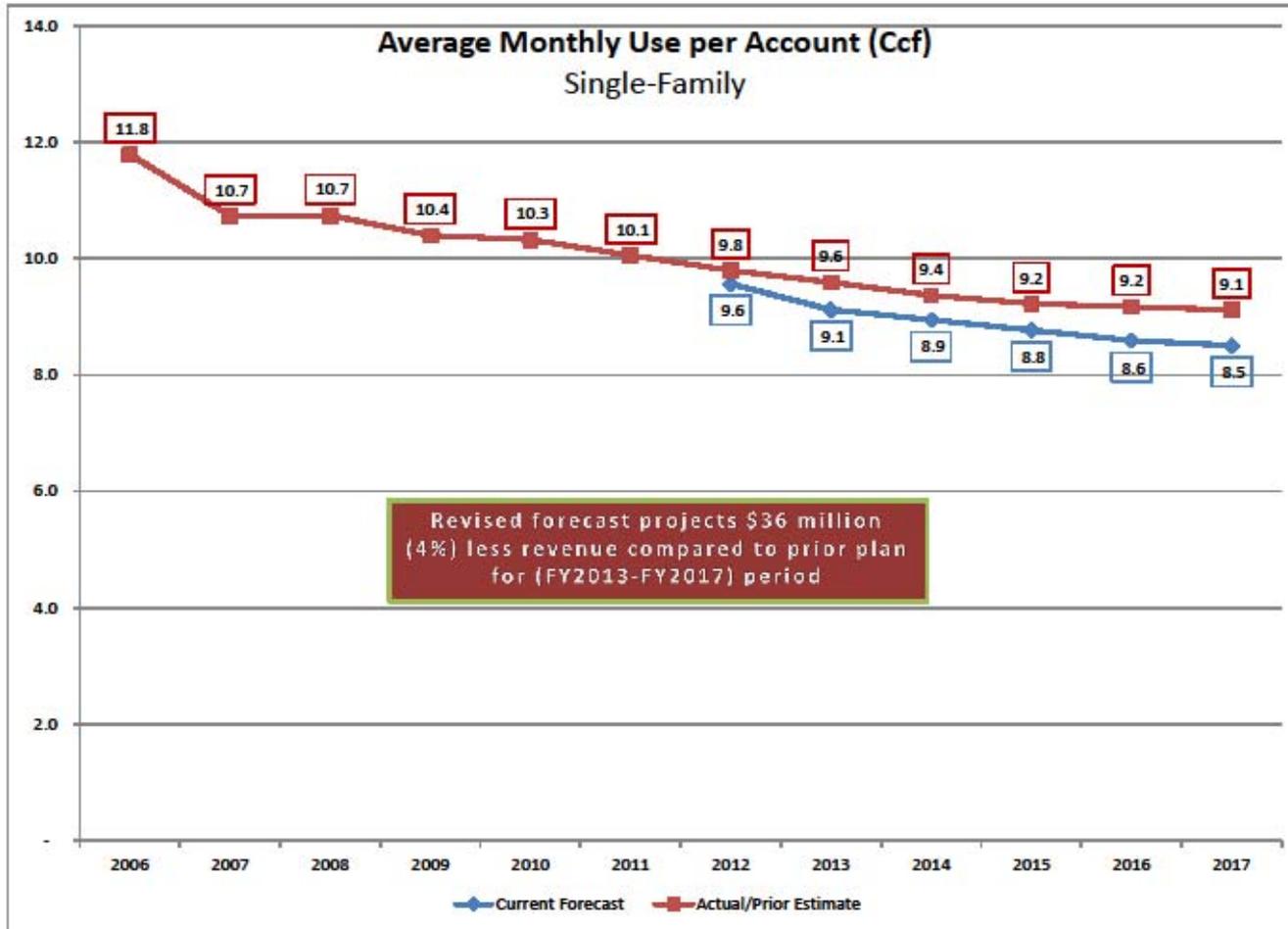
Tucson Water FY2014 Operating Requirements = \$152.0 M



FY 2014-FY 2018 Capital Budget



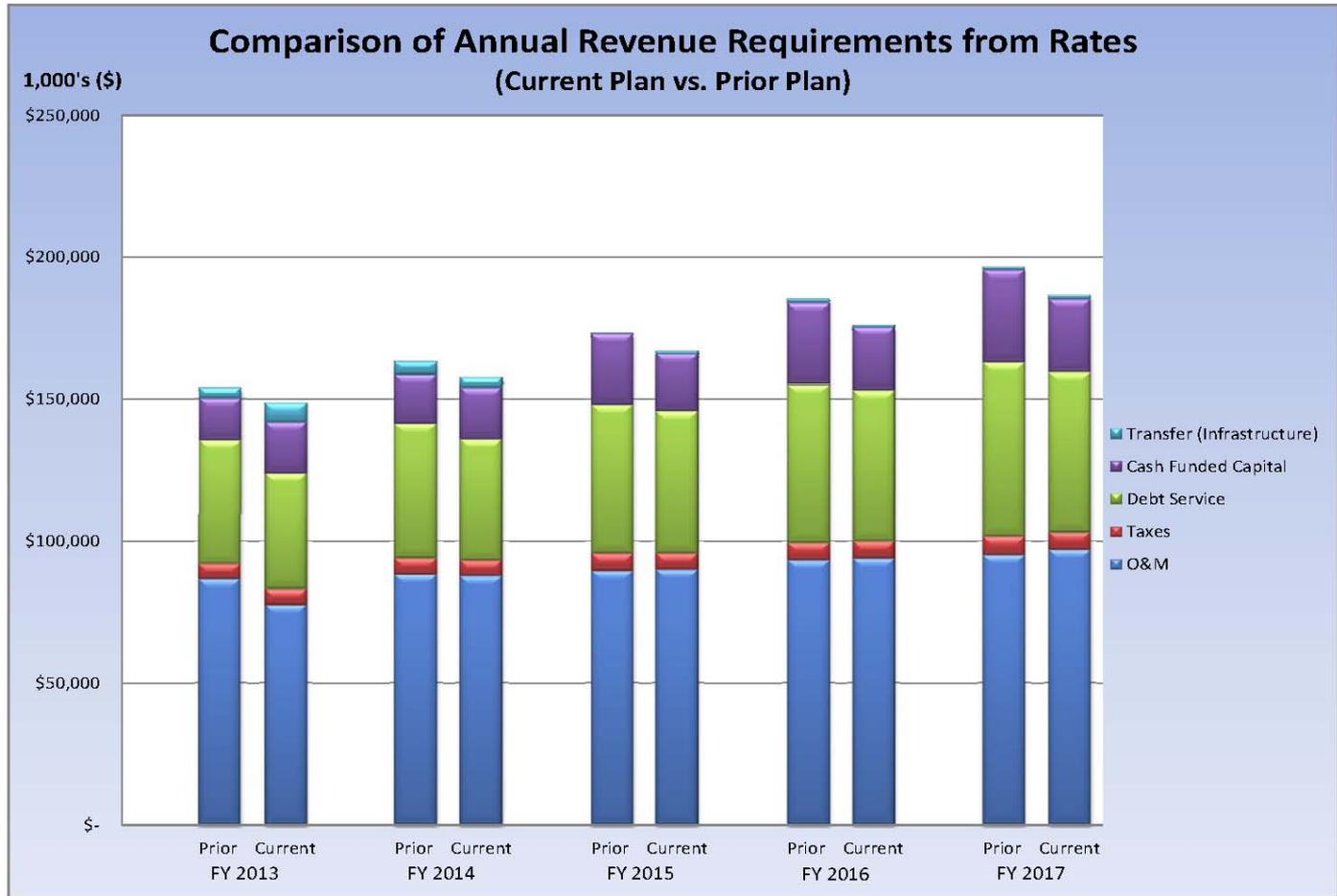
Forecasting Revenue



Comparison of Overall Revenue Increases

	<u>Current Preliminary Plan</u>	<u>Prior Plan</u>
FY 2014	8.3%	8.3%
FY 2015	8.3%	8.3%
FY 2016	8.3%	8.3%
FY 2017	8.3%	8.3%
FY 2018	8.3%	NA

Balancing Revenue & Requirements



FY 2013-2018 Preliminary Financial Plan: Debt Service Coverage

	2013	2014	2015	2016	2017	2018
All Debt¹	173%	166%	160%	161%	166%	168%
Sr. Lien Coverage²	206%	197%	185%	185%	188%	189%

¹ M&C Policy = 175%

² Bond covenant = 175%

FY 2013-2018 Preliminary Financial Plan: Working Capital/Cash Reserves

	<u>2013*</u>	<u>2014*</u>	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>
Working Capital Cash Reserves	\$23.4M	\$25.7M	\$23.6M	\$24.4M	\$25.1M	\$28.9M
Days of Working Capital	95	95	85	85	85	95

*Reflects FY ending June 30

Next Steps

- **March 5** Mayor and Council vote to adopt (or not) the FY 2013-2018 Financial Plan
- **Early March** Staff conducts *Cost of Service Study*
- **March 6-15** CWAC Finance Sub-Committee meets to review Cost of Service/revenue targets and resulting rate schedules
- **March 20** Special CWAC meeting to review rate schedules
- **April 16** Mayor & Council review proposed rate schedules and schedule Notice of Intent to increase water rates
- **May 22-** Mayor & Council Public Hearing on Proposed Water Rates and Miscellaneous Fees.
- **July 1** - New Water Rates and Miscellaneous Fees take effect

Questions



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