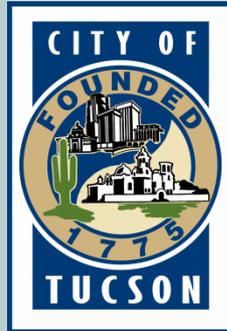


# Water Rates FY 2014 Information Presentation

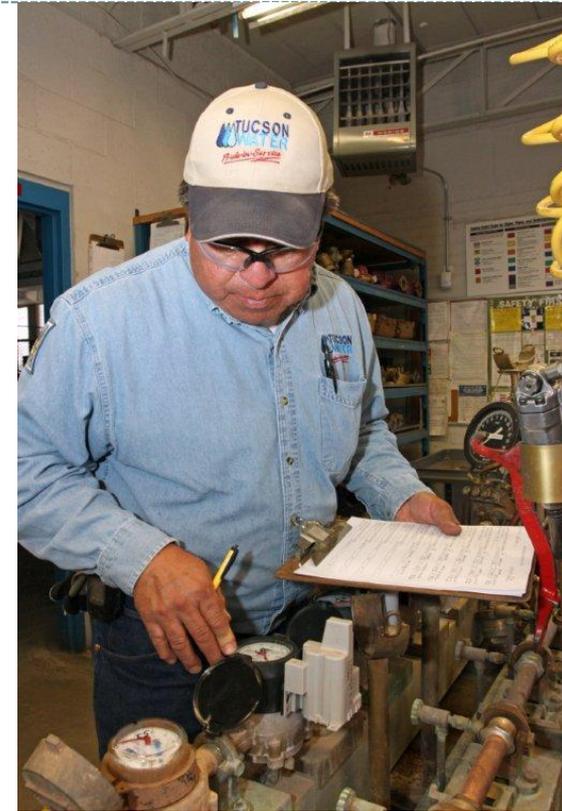


MAY 7, 9, 14 & 15, 2013



# Utility Overview

- Tucson Water is an enterprise fund of the City of Tucson
- We serve 709,000 people, with 225,000 metered accounts
- Potable and reclaimed water customers
- Customers reside inside (66%) and outside (33%) the city limits
- The primary water provider for Southern Arizona
- \$1B in infrastructure and capital assets



# Rate Resiliency is a Key Component of



## Water Reliability

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



# The Value of Tap Water

Cost comparison of 1 gallon of water

**Tap Water**



**Less than  
\$0.004**

**Bottled Water**



**\$1.49**

**Vending  
Machine**



**\$0.25**

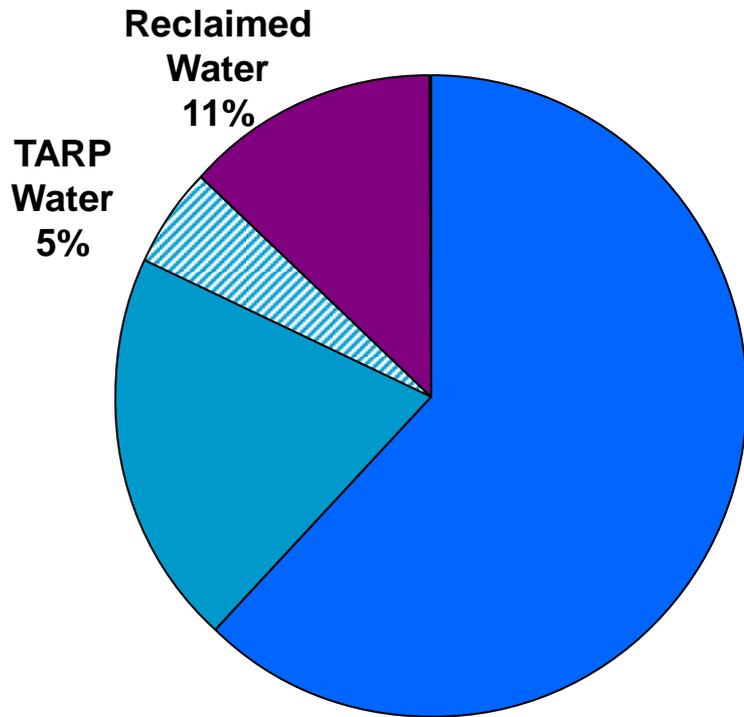


# Professionals Working to Ensure Water Reliability



# Our Water Portfolio

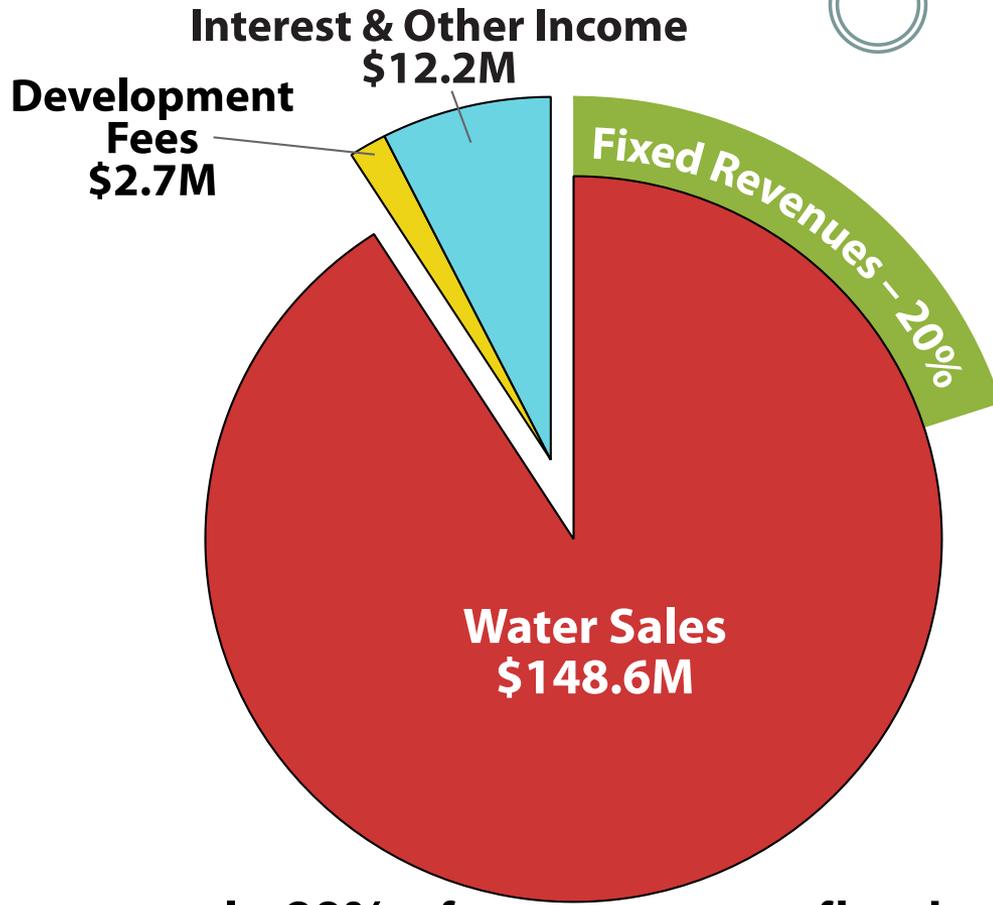
**Total Water Production**  
120,350 acre feet (~150 M m<sup>3</sup>)



 Groundwater  CAP  TARP  Reclaimed



# Tucson Water Revenue



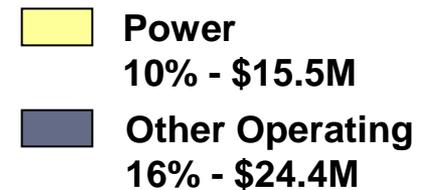
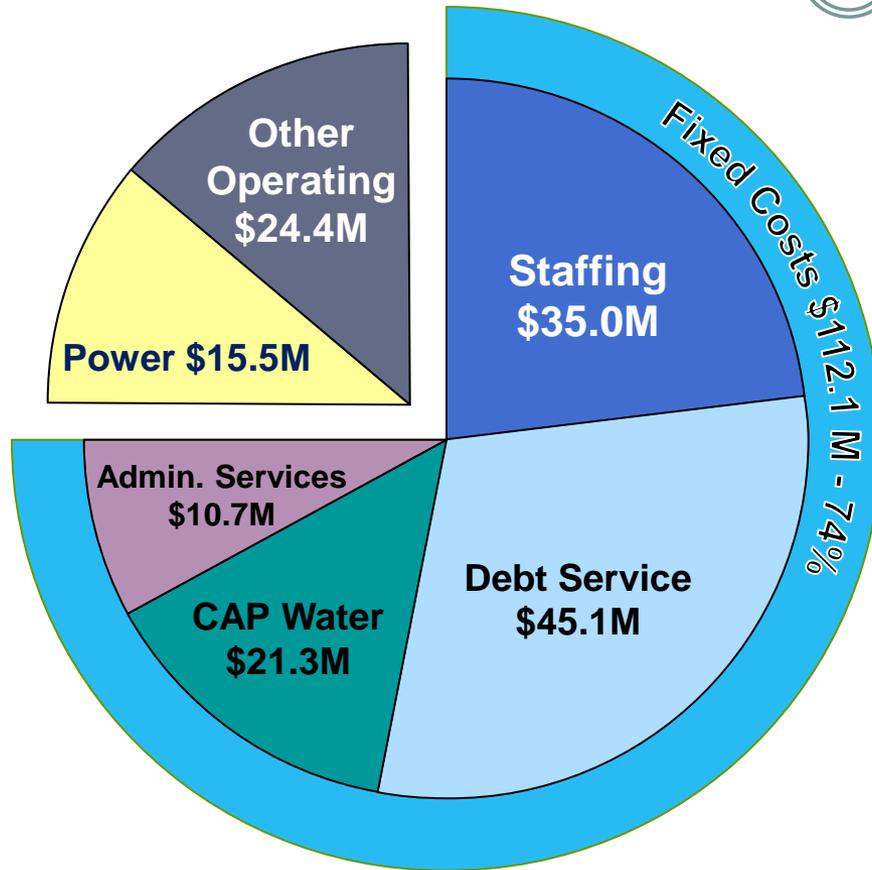
only 20% of revenues are fixed

Please note:

- Revenue generated from customer billing must cover all expenses with an Enterprise Fund.
- Development fees are linked to changing economic conditions.



# The Cost of Operating Tucson Water





# UTILITY SERVICES STATEMENT

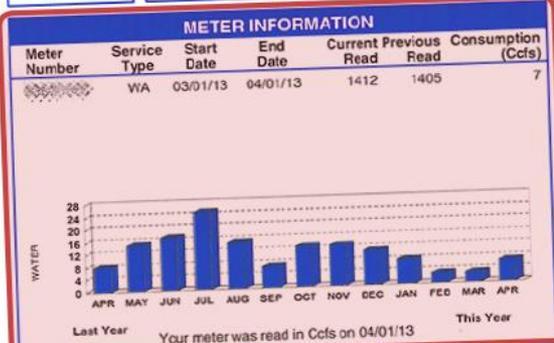


Tucson Water Customer Service Office  
Phone: 520-791-3242  
Outside Tucson: 800-598-9449  
www.tucsonaz.gov/water

Account Name: [REDACTED]  
Account Number: [REDACTED]  
Service Address: [REDACTED]  
Bill Date: 04/02/13  
Service Period: 03/01/13 to 04/01/13  
Hours: 8:00 am - 5:00 pm MST (Mon-Fri)

Pima County Regional Wastewater  
Reclamation Department  
Phone: 520-724-6509  
www.pima.gov/wwm  
City of Tucson Environmental Services:  
Phone: 520-791-3171  
www.tucsonaz.gov/esd

Last Bill	Payments (Credits)	Deposits Applied	Adjustments	Balance Forward	New Charges	ACCOUNT BALANCE
\$53.99	-\$53.99	\$0.00	\$0.00	\$0.00	\$72.00	\$72.00



**ACCOUNT ACTIVITY**

LAST BILL	\$53.99
TOTAL PAID SINCE LAST BILL	-\$53.99
ADJUSTMENTS	\$0.00
BALANCE FORWARD	\$0.00
<b>NEW CHARGES</b>	
ENVIRONMENTAL SVCS FEES	\$17.93
SEWER VOLUME	\$32.14
WATER VOLUME	\$20.10
MISCELLANEOUS	\$1.83
<b>TOTAL NEW CHARGES</b>	<b>\$72.00</b>
ACCOUNT BALANCE	\$72.00
PAY THIS AMOUNT BY: 04/22/13	\$72.00

**IMPORTANT MESSAGE**

Pledge online for water conservation and efficiency and make Tucson a top ten city in 2013's National Mayor's Challenge for Water Conservation. Last year, Tucson placed 6th in the nation. The Wyland Foundation, sponsors of the challenge, took note and are planning to visit Tucson as part of their national tour. The challenge goes from April 1-30 and is online only at [www.tucsonaz.gov/water/take-the-pledge](http://www.tucsonaz.gov/water/take-the-pledge).

Due date applies to current charges ONLY.  
Any balance forward is due now.  
Please allow 7 days for payments to post to your account.  
A \$28.00 fee will be charged for any returned check.

**UTILITY SERVICES**  
PO Box 28804  
Tucson, AZ 85726-8804

Please fold on perforation before tearing and return bottom portion with your payment.

MAKE CHECKS PAYABLE TO:  
**CITY OF TUCSON**

Account Number: [REDACTED]  
Service Address: [REDACTED]  
Cycle-Route #: [REDACTED]

DUE DATE: 04/22/13  
AMOUNT DUE: \$72.00  
Open Space / Riparian Contribution (optional):  
AMOUNT PAID:

Your tax-deductible contribution to "Open Space or Riparian Enhancement" will support the preservation of biologically-rich open space and the Conserve to Enhance program, an effort that links local river and wash enhancement with individual water conservation efforts. Visit [www.tucsonaz.gov/water/checkbox](http://www.tucsonaz.gov/water/checkbox) to learn more. Your contribution will not affect service fees.



CITY OF TUCSON  
PO BOX 28804  
TUCSON, AZ 85726-8804

Front 00013482300013780600000072001

# Your Utility Bill

Total Water charges incurred this month equal \$20.10

\$72.00 is the total for 3 services

- Tucson Water
- Environmental Services (City residents)
- Pima County Wastewater

Meter info and water consumption history for 12 months so customers can note trends & changes. Water is measured in 100 cubic feet (Ccf), where 1 Ccf = 748 gallons of water

# Charges Included on Your Bill

Water consumption history. This household consumed 7 Ccf or 5,236 gallons during this billing period.

## Water Rate Components

**Monthly Service Charge** – fixed charge per month based on meter size; typical residential meter is 5/8”.

**CAP Charge** – recovers a portion of costs to transport, recharge and recover CAP water.

**Conservation Fee** – fund dedicated to water efficiency and conservation programs.

**Volume Charges** – variable charge per unit of water consumption.

Page: 2 of 2

Utility Services Statement - Continued  
Your Water Provider is: TUCSON WATER

CITY ITEMIZED ENVIRONMENTAL SERVICES CHARGES			
DESCRIPTION			AMOUNT
GRNDWTR PROTECT FEE			1.06
GARBAGE 95 GAL CURB			16.75
ES FUEL SURCHARGE			0.12
TOTAL:			\$17.93
PIMA COUNTY ITEMIZED SEWER CHARGES			
DESCRIPTION			AMOUNT
SERVICE FEE			11.86
SEWER RESIDENTIAL	SEWER FLOW VOLUME 6.33		20.28
TOTAL:			\$32.14
CITY ITEMIZED WATER VOLUME CHARGES			
WATER USAGE			
THIS MONTH:	IN GALLONS	IN Ccfs	(1 Ccf = 748 GALLONS)
LAST MONTH:	5,236	7	
THIS MONTH LAST YEAR:	2,244	3	
	5,984	8	
DESCRIPTION			AMOUNT
MONTHLY SERV CHRG			8.27
VOL 7.00 @ \$ 1.26			8.82
CAP CHARGE \$ .36/CCF			2.52
CONSRV FEE \$ .07/CCF			0.49
TOTAL:			\$20.10
MISCELLANEOUS CHARGES			
DESCRIPTION			AMOUNT
CITY SALES TAX			0.40
STATE SALES TAX			1.43
TOTAL:			\$1.83

Back

# How Much is 100 Cubic Feet of Water?



**100 Cubic Feet (Ccf) Water = 748 Gallons or  
Fifteen, 50-Gallon Drums**

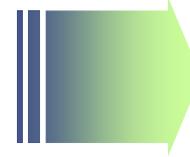


# How Rates are Determined

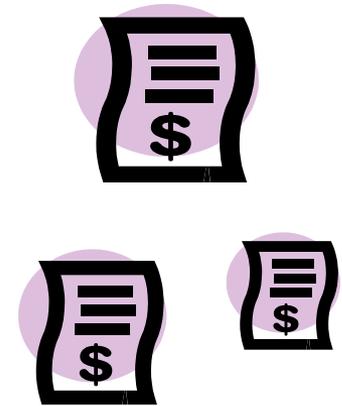
## Financial Plan



## Cost of Service Analysis



## Rate Design



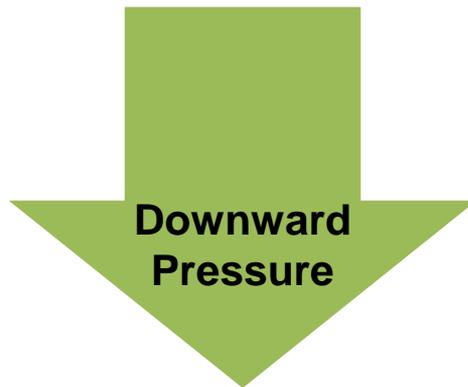
CWAC (Citizens Water Advisory Committee)  
City Staff  
Rate Consultants

Customer Rate Design Group

Customer Focus Groups  
Customer Rate Design Group



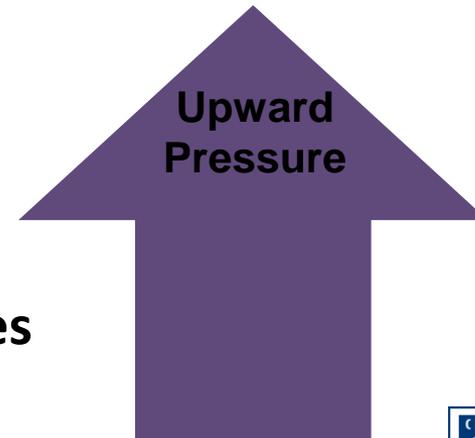
# What Drives Rate Changes?



- Reduced interest rates on debt
- Managing staff vacancies
- Staging capital projects



- CAP costs for full allocation
- Replacing aging infrastructure
- Need to maintain/increase cash reserves
- Declining water sales



# Goals of Determining Rates

- Create fair rates and charges
- Encourage water conservation
- Avoid “pocketbook shock”
- Maintain revenue stability



# Three Rate Options Proposed by the Citizens' Water Advisory Committee



## Typical Household Water Rate Changes

CWAC option proposed	monthly service	CAP charge	volume rate*	total increase per month
Option A	\$0.98	\$1.20	\$1.00	\$3.18
Option B	\$0.98	\$1.20	\$1.50	\$3.68
Option C	\$1.41	\$1.20	\$0.30	\$2.91

\* Based on 10 ccf/mo or 7,480 gallons water/mo - the typical monthly usage for 73% of Tucson Water customers.



# Residential Monthly Bill Impacts: All Options



Ccf Usage	Option A	Option B	Option C
0	\$ 0.98	\$ 0.98	\$ 1.41
3	\$ 1.64	\$ 1.79	\$ 1.86
10	\$ 3.18	\$ 3.68	\$ 2.91
30	\$ 12.53	\$ 8.58	\$ 12.76
50	\$ 22.93	\$ 11.98	\$ 29.96
70	\$ 33.33	\$ 15.38	\$ 41.46



# UTILITY SERVICES STATEMENT

**Option A**

	CURRENT RATE	PROPOSED RATES	DOLLAR DIFFERENCE	
<b>TUCSON WATER SERVICE *</b>				
MONTHLY SERVICE CHARGE	\$8.27	\$9.25	\$0.98	
RESIDENTIAL VOL	\$12.60	\$13.60	\$1.00	
CAP	\$3.60	\$4.80	\$1.20	
CONSERVATION FEE	\$0.70	\$0.70	\$0.00	
<b>TOTAL WATER</b>	<b>\$25.17</b>	<b>\$28.35</b>	<b>\$3.18</b>	
<b>PIMA COUNTY SEWER SERVICE **</b>				
<b>PIMA COUNTY CHARGES</b>				
MONTHLY SERVICE CHARGE	\$11.86	\$12.63	\$0.77	
RESIDENTIAL VOL	\$25.62	\$28.18	\$2.56	
<b>TOTAL SEWER</b>	<b>\$37.48</b>	<b>\$40.81</b>	<b>\$3.33</b>	
<b>TUCSON ENVIRONMENTAL SERVICE</b>				
GROUNDWATER PROTECTION FEE	\$1.06	\$1.06	\$0.00	
95 GAL CURB	\$16.75	\$16.75	\$0.00	
<b>TOTAL ENVIRONMENTAL</b>	<b>\$17.81</b>	<b>\$17.81</b>	<b>\$0.00</b>	
<b>TOTAL</b>	<b>\$80.46</b>	<b>\$86.97</b>	<b>\$6.51</b>	<b>7.48%</b>
* Water Service based on average 10.00 Ccfs				
**Sewer Service based on average 8.00 Ccfs				

# UTILITY SERVICES STATEMENT

**Option B**

	CURRENT RATE	PROPOSED RATES	DOLLAR DIFFERENCE	
<b>TUCSON WATER SERVICE*</b>				
MONTHLY SERVICE CHARGE	\$8.27	\$9.25	\$0.98	
RESIDENTIAL VOL	\$12.60	\$14.10	\$1.50	
CAP	\$3.60	\$4.80	\$1.20	
CONSERVATION FEE	\$0.70	\$0.70	\$0.00	
<b>TOTAL WATER</b>	<b>\$25.17</b>	<b>\$28.85</b>	<b>\$3.68</b>	
<b>PIMA COUNTY SEWER SERVICE **</b>				
<b>PIMA COUNTY CHARGES</b>				
MONTHLY SERVICE CHARGE	\$11.86	\$12.63	\$0.77	
RESIDENTIAL VOL	\$25.62	\$28.18	\$2.56	
<b>TOTAL SEWER</b>	<b>\$37.48</b>	<b>\$40.81</b>	<b>\$3.33</b>	
<b>TUCSON ENVIRONMENTAL SERVICE</b>				
GROUNDWATER PROTECTION FEE	\$1.06	\$1.06	\$0.00	
95 GAL CURB	\$16.75	\$16.75	\$0.00	
<b>TOTAL ENVIRONMENTAL</b>	<b>\$17.81</b>	<b>\$17.81</b>	<b>\$0.00</b>	
<b>TOTAL</b>	<b>\$80.46</b>	<b>\$87.47</b>	<b>\$7.01</b>	<b>8.01%</b>
* Water Service based on average 10.00 Ccfs				
**Sewer Service based on average 8.00 Ccfs				

# UTILITY SERVICES STATEMENT

**Option C**

	CURRENT RATE	PROPOSED RATES	DOLLAR DIFFERENCE	
<b>TUCSON WATER SERVICE*</b>				
MONTHLY SERVICE CHARGE	\$8.27	\$9.68	\$1.41	
RESIDENTIAL VOL	\$12.60	\$12.90	\$0.30	
CAP	\$3.60	\$4.80	\$1.20	
CONSERVATION FEE	\$0.70	\$0.70	\$0.00	
<b>TOTAL WATER</b>	<b>\$25.17</b>	<b>\$28.08</b>	<b>\$2.91</b>	
<b>PIMA COUNTY SEWER SERVICE **</b>				
<b>PIMA COUNTY CHARGES</b>				
MONTHLY SERVICE CHARGE	\$11.86	\$12.63	\$0.77	
RESIDENTIAL VOL	\$25.62	\$28.18	\$2.56	
<b>TOTAL SEWER</b>	<b>\$37.48</b>	<b>\$40.81</b>	<b>\$3.33</b>	
<b>TUCSON ENVIRONMENTAL SERVICE</b>				
GROUNDWATER PROTECTION FEE	\$1.06	\$1.06	\$0.00	
95 GAL CURB	\$16.75	\$16.75	\$0.00	
<b>TOTAL ENVIRONMENTAL</b>	<b>\$17.81</b>	<b>\$17.81</b>	<b>\$0.00</b>	
<b>TOTAL</b>	<b>\$80.46</b>	<b>\$86.70</b>	<b>\$6.24</b>	<b>7.20%</b>

\* Water Service based on average 10.00 Ccfs

\*\*Sewer Service based on average 8.00 Ccfs

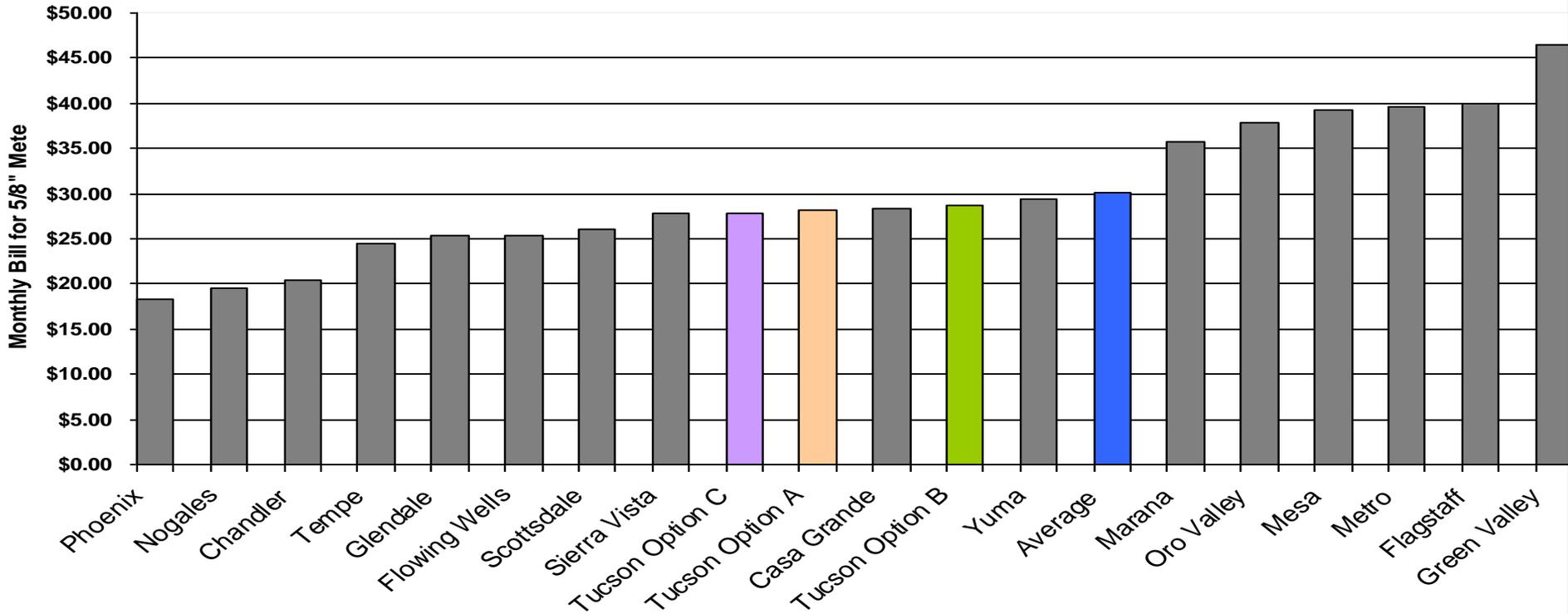
# Evaluating Rate Options



	Option A	Option B	Option C
<b>Revenue stability</b>			
● Increased fixed revenue %	medium	medium	high
● reliance on upper blocks	medium	low	high
<b>Promote conservation message</b>	high	medium	high
<b>Consistent with Cost of Service</b>	medium	high	medium

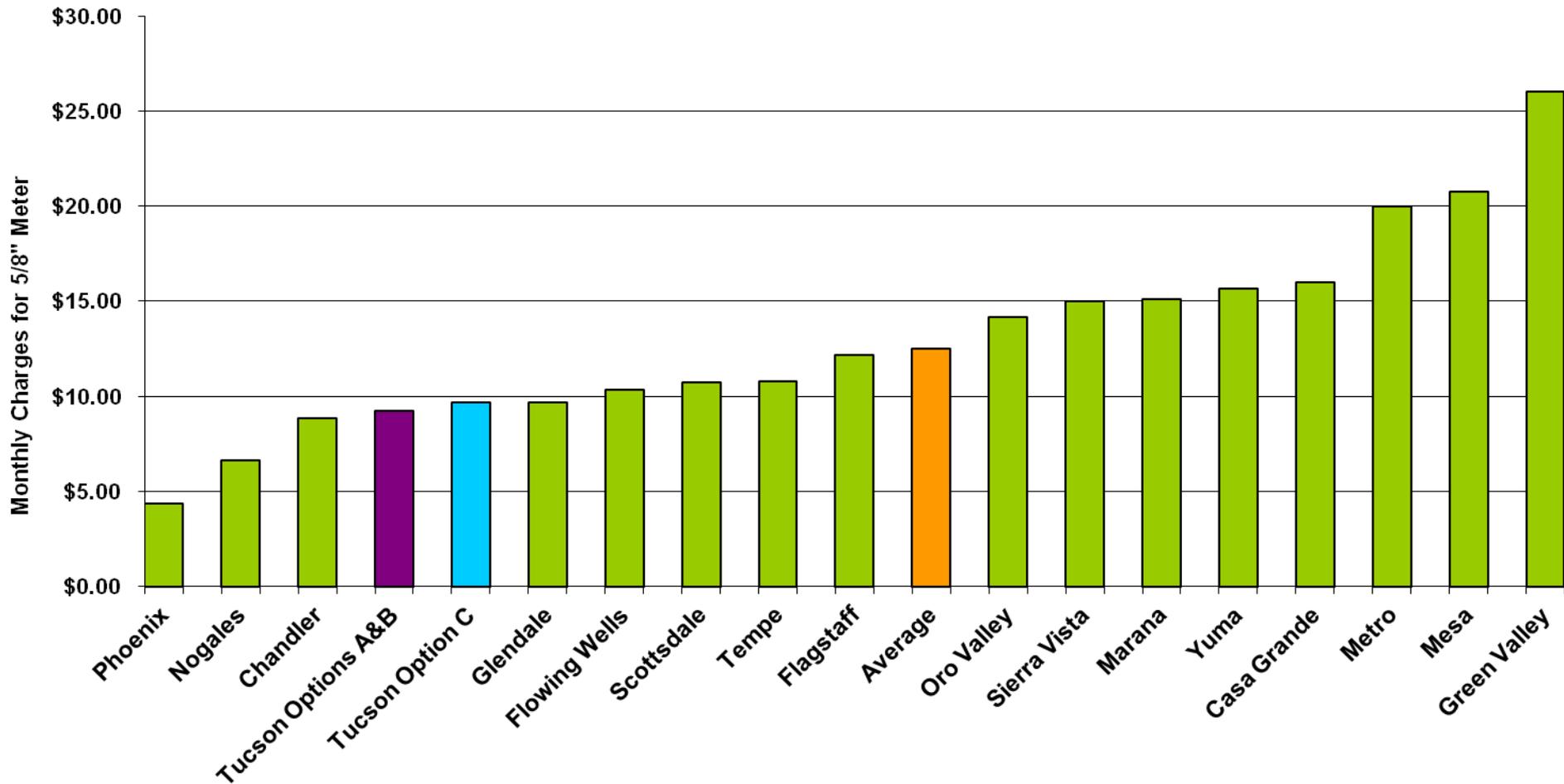


# How Tucson Monthly Bill Compares to other AZ communities



# Residential Monthly Service Charge Comparison

## standard residential meter



# Changes to the Low Income Program effective July 1 2013

- Increases from 30% to 40% credit on monthly water bill
- .03 per month maximum increase for customers
- Tucson Water works in tandem with Pima County Community Action Agency and TW's public information to ensure awareness & participation
- Low income program funds are allocated within the Utility's budget



# You Can Count on Tucson Water for...

- Long-term planning and appropriately investing in water reliability, water quality, and the environment
- Highly reliable water supplies and water service
- Providing safe, high-quality water
- Protecting, restoring and enhancing the environment based on community dialogue
- Providing exceptional customer service
- Sound financial management
- Effective and efficient communications



# Thank You

