

Sound Fiscal Management Ensures Sustainability

Tucson Water has more than 4,300 miles of distribution and transmission infrastructure, facilities that represent more than \$1 billion in community investment and our future sustainability.



On average, Tucson Water funds approximately 40% to 60% of its capital or infrastructure programs via debt financing. Tucson Water currently uses three financing options: Tucson Water Revenue Bonds, Water Infrastructure Finance Authority (WIFA) loans, and Water System Revenue Obligations. Tucson Water issues debt, generates the required cash for an infrastructure project, and then repays the debt with interest over time, typically 20 to 30 years.

Tucson Water revenue bonds and water system revenue obligations are currently rated as Very High Grade bond quality by all three of the major rating agencies: Aa3 by Moody's, AA- by S&P, and AA- by Fitch. Fitch's June 2009 evaluation of Tucson Water revenue bonds reflect sound financial oversight and strategic investment in key potable water system and reclaimed water system improvements:

"The 'AA-' rating reflects the water system's historically strong financial management, its sufficient long-term supplies to meet customer demands, and manageable Capital Improvement Program (CIP). Extensive water planning has helped produce a diverse mix of water supplies, and these planning efforts and customer outreach have led to strong community support for Tucson's bond programs..."

The Water Infrastructure Finance Authority (WIFA) provides federal loans at reduced interest rates. WIFA loans use up the utility's voter-approved revenue bond authorization. As a result, WIFA loans provide capital financing at interest rates approximately 20 to 25% below rates on Tucson Water revenue bonds. Since 1998, Tucson Water has received WIFA loans totaling more than \$56 million with approximately \$6 million in interest savings over the life of the debt.

Fiscal Management *continued inside*

Your Water Connection

News & Tips for Tucson Water Customers

October 2009

www.tucsonaz.gov/water

On The Water Front



Last spring, the Mayor and Council adopted the City of Tucson's final budget for fiscal year 2010. I want to provide an update on the specific steps Tucson Water is taking to tackle this year's budget challenges while meeting our core mission – to deliver high quality water and excellent service in a cost efficient and environmentally responsible manner.

Tucson Water is an 'enterprise fund' of the City, meaning that we must generate revenues to cover the cost of operations. During fiscal year 2009, reduced revenues resulting from fewer construction permits and lower water sales resulted in Tucson Water having to revise its financial plan. I am glad to report that by undertaking several measures to reduce costs, Tucson Water was able to finish the fiscal year under budget.

There is a rigorous and open process in Tucson Water's financial plan development. Tucson Water's financial staff works with the Citizens' Water Advisory Committee (CWAC) and the Mayor and Council to develop a financial plan that projects the utility's needs for the coming fiscal year, and determining how much revenue we need to pay for these costs. On February 25, 2009 the CWAC, whose members are appointed by Mayor and Council, and the City Manager, and represent Tucson Water customers living inside and outside of City limits, unanimously recommended approval of Tucson Water's financial plan for 2009-2014. The Mayor and Council approved Tucson Water's financial plan on March 24, with water rate changes presented for public consideration and comment in the following weeks.

The fiscal 2010 operating and capital budget information
On the Water Front continued inside

Have a question for Water 101 or a suggestion for a topic?
Call us at 791-4331 or e-mail to TW_Web1@ci.tucson.az.us

Pima County –
**The Ina Road
 Wastewater
 Reclamation Facility**

The Ina Road Wastewater Reclamation Facility (WRF) is Pima County's second largest wastewater reclamation facility. This facility, which is located at the corner of Ina Road and Interstate 10, began operating in 1979. A recent 12.5 million gallon a day (mgd) expansion brings the capacity of the facility to 37.5 mgd. The expansion operates with different technology than the original facility, and the new expansion affords a higher level of treatment than the original facility provides.



Under the Regional Optimization Master Plan (ROMP), the original plant at the Ina Road WRF will

be retrofitted to meet increased environmental standards. In addition, another 12.5 mgd expansion will be constructed, bringing the total capacity of the Ina Road WRF to 50 mgd. This expansion will make up for the decrease in capacity that will take place when the existing 41 mgd Roger Road facility is replaced with a 32 mgd facility.

The ROMP is a mandated environmental program that the Arizona Department of Environmental Quality has directed RWRD to construct in order to reduce ammonia and nitrogen levels in our effluent discharges. The ROMP requires that the upgraded and expanded Ina Road facility be in operation by the year 2014.

This is the second article in a series that will focus on the eleven wastewater treatment facilities owned and operated by the Pima County Regional Wastewater Reclamation Department (RWRD).

Your Utilities Services statement includes fees for your water, wastewater, and environmental services.

The Pima County Regional Wastewater Reclamation Department (PCRWRD) - For more information about the regional wastewater system, call (520) 740-6500 or visit www.pima.gov/wwm.

Environmental Services –
**It's New – Plastic
 Bag Recycling**

As we all see as we drive along our streets or enjoy the outdoors, plastic bags can be a nuisance. Many of us find ways to reuse the bags, but still, too many bags end up littering our community – until now.



Earlier this year, Tucson's Mayor and Council passed an ordinance requiring retailers to offer plastic bag recycling. This ordinance makes Tucson the only city in Arizona to have such a requirement. The ordinance, which takes effect September 24, 2009, applies to retail and grocery stores larger than 10,000 square feet, with more than two locations in the City that use plastic bags. To reduce plastic bag waste, customers can take plastic grocery bags, dry cleaner bags, clean sandwich bags, newspaper bags, and other types of film plastic to their grocery store where they will be collected. Trucks belonging to the retailers take the bags to warehouses, where bags will be sent to manufacturers that make things like playground equipment and outdoor decking. There is an increased demand for film plastic as many more products containing the plastic are being manufactured.

The City of Tucson collaborated with the Arizona Food Marketing Alliance and the Arizona Retailers Association to develop the new ordinance. In addition to collecting film plastic, participating stores will have reduce, reuse, and recycle messages on plastic bags so customers will be aware of the program and will also offer reusable bags for purchase. This partnership should result in more plastic bags being recycled and made into new products.

For more information on plastic bag recycling, please visit the Bag Central Station website at www.bagcentralstation.com.

Environmental Services (ES) – To ask questions, learn more about ES, or schedule a Los Reales tour, call (520) 791-3171 or visit www.tucsonaz.gov/esd or www.tucsonrecycles.org.

On The Water Front

On the Water Front *continued from front*

is available at the City of Tucson's website at www.tucsonaz.gov/budget but I wanted to offer some key specifics:

There is a \$12,000,000 decrease in operating and capital expenditures between the 2009 and 2010 budgets. Specifically, the 2010 budget reflects reductions in staffing, power, computers, vehicles, and large equipment purchases. However, the overall thrust of Tucson Water's budget is on the nuts and bolts of delivering drinking water: expenses related to field personnel, water quality testing, and maintaining water production and distribution systems.

Additional reduction in personnel costs. Nearly 80 positions at Tucson Water remain unfilled, which means it may take longer to answer your phone calls or address lesser-priority issues in the water system.

Seeking debt financing to fund long term projects that increase

our allotment of Colorado River water, expand the reclaimed water system, and make improvements to our drinking water system. Since repayment on bond debt is over time, using bond money will impact water rates less than funding projects directly from water revenues.

Overall water revenue increase of 10% across all customer classes, effective July 6, 2009. Different customer classes have different rates based on usage – water prices increase with higher usage. The average price of water service under the new rates, regardless of customer class or rate scale, is still much less than a penny a gallon.

Tucson Water's guiding principal is to provide our 775,000 customers with top quality water and service at a fair rate. Working together—with creative ideas, honest conversation and tough choices—we will meet the fiscal and operational challenges in 2010 and beyond.

Jeff Biggs, Director, Tucson Water

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Fiscal Management continued from Back

'Water System Revenue Obligations' are an alternative form of financing similar to water revenue bonds. (Unlike revenue bonds, water system revenue obligations do not require voter approval.) Financing with water system revenue obligations will be used by Tucson Water until 2011, when the City will have its next opportunity to seek voter approval for water revenue bonds.

Tucson Water takes the responsibility of planning, budgeting and financing capital projects seriously because they are the cornerstone of long-term water supply management.

Visit the Tucson Water web site at www.tucsonaz.gov/water

Your Water Connection is produced by Tucson Water. To receive a copy, or to receive this information in Spanish, call 791-4331 or mail your request to: Tucson Water, Customer Information, P.O. Box 27210, Tucson, AZ 85726-7210. City of Tucson TTY number: 791-2639

Si usted desea este documento escrito en español, por favor llame al 791-4331.



Stop Commercial Water Wasters!

Between July 2008 and June 2009, two water conservation inspectors investigated 243 commercial properties for violations of Tucson's Water Waste Ordinance, looking for waste and educating property owners and managers on using water efficiently. Water inspectors depend on timely information about water waste and that's where the public can help by reporting suspected water waste at commercial sites such as apartment complexes, office buildings, strip malls, industrial complexes, and schools:

☎ Call (520) 791-2514 and leave a message

E-mail Tucson Water at TW_Web1@ci.tucson.az.us



When you make contact, please provide location information (address), day and time, and description of the problem such as a flooded street or a broken sprinkler or emitter.

The most common violations on commercial sites are related to watering grass and irrigation system problems corrected by removing turf, improving old irrigation systems, adjusting irrigation run times, fixing leaks, and converting landscaping with low water use and native plant designs.

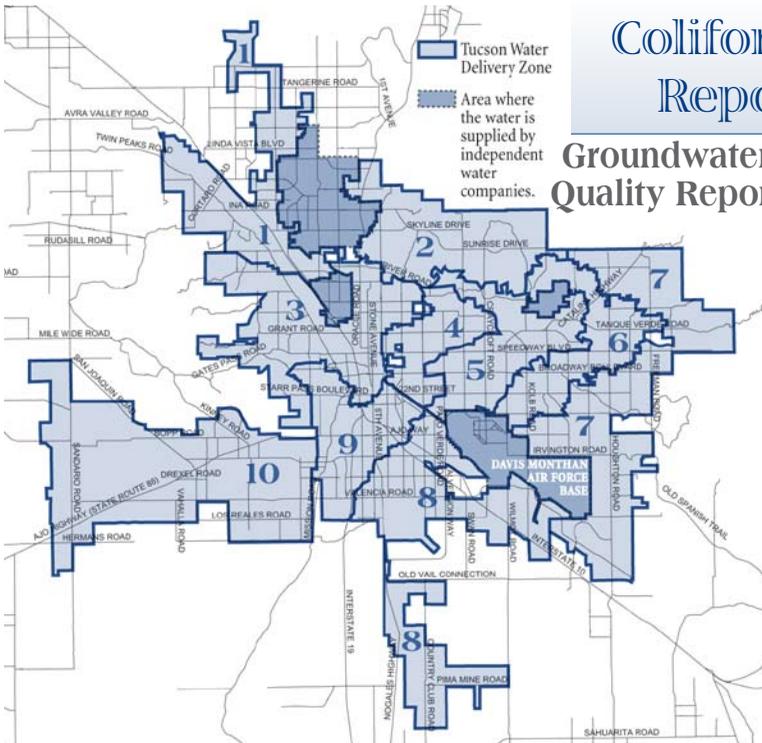
Clearwater Quality Report

*Most recent water quality data
(August 7 – September 9, 2009)*

63	Sodium (mg/L) (Aug. 24)
439.1	Mineral (mg/L) (Aug. 7 – Sept. 9 avg.)
208	Hardness (mg/L) (Aug. 24)
7.97	pH (S.U.) (Aug. 7 – Sept. 9 avg.)
Neg	Coliform Bacteria (July 15)
1.11	Chlorine level (mg/L) (Aug. 7–Sept. 9 avg.)
87.6	Temp (deg F) (Aug. 7 – Sept. 9 avg.)

Groundwater Quality Report - August 2009

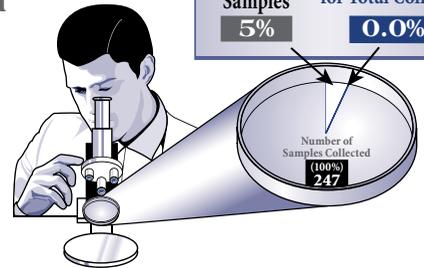
Water Quality Zone		1	2	3	4	5	6	7	8	9	10	System Wide
Sodium (mg/L)*	Average	49	62	56	56	52	55	41	47	52	45	52
84 SAMPLING POINTS	Range	46-53	60-63	36-62	40-64	35-65	38-59	22-62	43-48	41-64	41-54	22-65
Mineral Content (mg/L)*	Average	348	450	407	416	394	394	312	392	369	289	384
247 SAMPLING POINTS	Range	166-615	438-464	225-458	244-483	217-463	225-451	161-447	330-500	211-507	210-485	161-615
Hardness (mg/L)*	Average	242	206	179	184	175	195	147	226	154	101	178
84 SAMPLING POINTS	Range	136-356	201-215	88-201	101-218	90-219	141-211	82-210	196-283	76-286	76-155	76-356
pH (S.U.)	Average	7.8	7.9	7.9	7.9	7.8	7.8	7.8	7.6	7.9	7.9	7.8
247 SAMPLING POINTS	Range	7.4-8.0	7.8-8.0	7.7-8.1	7.8-8.0	7.4-8.1	7.3-8.0	7.6-8.0	7.4-7.8	7.7-8.0	7.8-8.0	7.3-8.1
Temperature (deg F)	Average	87	89	91	89	88	88	89	89	90	91	89
247 SAMPLING POINTS	Range	82-94	85-93	82-99	86-95	84-93	82-93	84-96	83-97	85-94	87-95	82-99



Coliform Bacteria Testing Report - August 2009

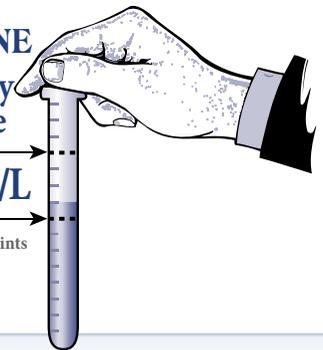
Groundwater Quality Report COLIFORM

EPA Standard for Positive Samples	Number of Positive Samples for Total Coliform
5%	0.0%



CHLORINE Monthly Average

Target = 0.8 to 1.2 mg/L
0.9 mg/L
 247 Sample Points



* mg/L means milligrams per liter; 1 mg/L = 1 teaspoon in 1,302 gallons

** 17.1 milligrams per liter (mg/L) = 1 grain per gallon; Therefore, the system-wide hardness average as reported for August 2009: 178 mg/L divided by 17.1 = 10.41 grains per gallon.

To give you a more accurate measurement of the water quality in your neighborhood, the Tucson Water service area has been divided into 10 zones based on differences in water pressure and water quality. For a detailed description of the zone boundaries, call 791-4331.

With the exception of chlorine and coliform bacteria, none of the water quality parameters reported here have U.S. Environmental Protection Agency primary standards set for them. For more information about primary and secondary water quality standards, visit Tucson Water's Web site at www.tucsonaz.gov/water.