



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

Thursday, April 21, 2022, 2:00 p.m.

Virtual Meeting via MS Teams

Legal Action Report

1. Call to Order/Roll Call

The meeting was called to order at 2:00 p.m. by Chair Washburn. Those present and absent were:

Present:

Steven Washburn, Chair	Representative, City Manager
Rory Juneman	Representative, City Manager
Mark Stratton	Representative, City Manager

2. Announcements – None.

3. Review & Approval of the January 20, 2022, Legal Action Report and Meeting Minutes – Member Juneman moved to approve the Legal Action Report and Meeting Minutes; member Stratton duly seconded the motion. The motion passed on a roll-call vote of 3 - 0.

4. Financial Update – (2:03 p.m.) Amber Kerwin, Tucson Water Business & Organizational Support Services, presented 3rd Quarter projections for Tucson Water's FY22 expenditures and revenues. Topics included:

- FY22 budgeted, actual year-to-date, and projected expenses and revenues
 - Staff indicated that expenses (\$279.4M) are projected to outpace revenues (\$250.7M) for FY22. Members and staff discussed the concept of initiating future rate increases based upon indexation to factors such as Consumer Price Index, or CAP costs. All members present expressed support for the concept and indicated that the topic should be added to a future agenda for discussion.
 - Members also indicated that the topic should include discussion about potential mid-year CAP cost increases.
- FY22 cash on hand (bond funding vs Tucson Water revenues)
- Summary and breakdown of water revenues

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- Summary of water consumption by month
- Overview of delinquent customer accounts
- Summary and breakdown of O&M expenses
- Summary and breakdown of capital expenses
- Review of Conservation Fund and GSI Fund budgets and expenditures

No action was taken on this item.

5. **Differential Water Rates** – (2:41 p.m.) Colin Jones, Tucson Water Financial Services Administrator, presented an update on the implementation of Tucson Water’s differential rate structure. Mr. Jones indicated that the presentation would cover current financial information and would not discuss ongoing litigation related to this matter. Presentation topics included:

- Overview of differential rate schedule for unincorporated Pima County
- Overview of revenue collected vs expected
- Review of eligible uses for differential rate revenues
- Allocation of revenues to approved uses

No action was taken on this item.

6. **One Water 2100 (1W2100) Technical Memorandum: Benefits and Costs of Reclaimed** – (2:56 p.m.) Jaimie Galayda, Tucson Water Conservation Lead Planner, led a review and discussion of the draft Technical Memorandum.

No action was taken on this item.

7. **Call to Audience** – (3:17 p.m.) Mr. Mark Day addressed questions to the subcommittee and staff regarding rate recovery of CAP costs and deferred-cost value of reclaimed water usage. These questions were addressed by staff in subsequent emails, which were shared with the subcommittee and are included with the public record.

8. **Future agenda items** – (3:24 p.m.)

- a. **Meeting dates and time for quorum** – Members agreed to meet on Tuesday, May 24, at 2 p.m., and Thursday, July 21, at 2 p.m.

Deputy Director Silvia Amparano advised that staff will be prepared to present a FY 2023 budget during the May meeting; Mr. Jones will provide a presentation on rate price indexing. Staff expects a rate-design presentation to be available for the July subcommittee meeting.



9. **Adjournment** – The meeting was adjourned at 3:34 p.m.