

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

Tuesday, May 24, 2022, 2:00 p.m.

Virtual Meeting via MS Teams

**Legal Action Report and Meeting Minutes**

**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** – Chair Washburn had technical difficulties and requested Mrs. Jessica Rodriguez to assist in running the meeting. Chair Washburn requested a moment of silence for the victims and the families of the Uvalde, Texas, shooting.

- 3. Review & Approval of April 21, 2022, Legal Action Report and Meeting Minutes** – Member Stratton moved to approve the Legal Action Report and Meeting Minutes; member Juneman duly seconded the motion. The motion passed on a roll-call vote of 3 - 0.

- 4. FY23 CIP and Operating Budget** – Amber Kerwin, Tucson Water Business & Organizational Support Services, Rates Manager, presented the Budget Request topics: Operations & Maintenance (O&M), annual Capital Improvement Projects (CIP), and Supplemental Requests for onetime costs. Mrs. Kerwin shared information on the Water Operating Funds; critical points of interest were the cost increases for Central Arizona Project (CAP) and staff compensation due to market-based adjustments. The Conservation Program showed a decrease in FY23 requested budget, which was shifted into the Water Conservation Rebate Program. The Storm to Shade program is funded through the Green Stormwater Infrastructure fee.

No action was taken on this item.

5. **Rate Indexing discussion** – Amber Kerwin, Tucson Water Business & Organizational Support Services, Rates Manager, opened the discussion for member comment. Mrs. Kerwin outlined the comparison benefits and risks for member discussion and comment. Indexing rate increases topics included:

- Benefits
  - Guaranteed annual revenue increase
  - Cost increases can be tied to indexes for labor and materials
  - Easier public messaging and increased transparency
  - Time reductions for water staff and automatic increases for M&C
- Risks
  - Periods of low inflations create insufficient indexed rate increases
  - No perfect fit index leads to additional increases complicating public messaging
  - Indexes would not account for outlier events or challenges, for example, PFAS remediation
  - Selecting the best fit index

No action was taken on this item.

6. **Call to Audience** – Member Basefsky advised the committee the Central Arizona Project (CAP) would host the CAP university on June 20 and do a deep dive into the shortages. On June 23, CAP would do a shortage briefing, including the municipal stakeholders. The briefing would be available in person and on the CAP website.

7. **Future agenda items** – Members were asked to send topics to Mrs. Rodriguez

8. **Adjournment** – The meeting was adjourned at 3:21 p.m.