

Splash

Metro Water
Newsletter
Fall 2013

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Metro Water's **2012-13 Annual Report** is now online. The article below is an excerpt from the annual report. Please visit www.metrowater.com to read more about your water district.



Tightening the Financial Belt

At the beginning of Fiscal Year 2012-13, Metro Water recognized that a large financial challenge was looming with its expenses about to exceed its revenue, which has been dropping due primarily to lower metered water sales. It was projected that the current course would cause a significant deficit for the District within two fiscal years. A major factor is that water consumption in calendar year 2012 was the lowest the District had experienced since the year 2000. Water usage in January 2013 was the lowest since the District's formation. Despite an increase in population, overall water consumption has been trending downward, which is positive for greater efficiency in water usage. However, less water usage than anticipated has a direct impact on metered water sales, which means less projected revenue. This creates a dilemma since the District has fixed costs that must be paid for no matter the amount of water used by customers.

Making up 75% of the annual fixed costs is debt service for water system improvements by two Capital Improvement Programs, one \$23 million and the other \$28 million. During its first 20 years, Metro Water worked hard to improve and upgrade an aging water infrastructure. The District has been proactive in making improvements to make its water systems reliable, to increase storage capacity from 4.5 million gallons to 16.5 gallons, to install miles of major transmission mains, to improve flow for fire protection, to convert to a gravity system so water can be delivered even during electrical outages and save power costs, and to drill new wells.

Many water utilities nationwide are struggling with aging infrastructure that will need repair and upgrade at increasingly higher costs. Metro Water has avoided many of these future problems by being proactive and in the long run saving money. Unfortunately, the debt retirement must be paid, which creates a financial challenge for the District.

(continued page 2)



Tightening the Financial Belt (continued from page 1)

Recently, the District was able to strengthen its financial situation through two key actions of the Board of Directors. The Board approved a rate adjustment [in November 2012] that included a \$2.50 increase to the water accessibility rate (base rate) to add more reliability to the District's revenues and assist with paying for fixed costs. No increase was added to the 1st and 2nd tiers of the usage rate; however, the 3rd, 4th, and 5th tiers of the usage rate were increased each by 4 percent. Overall, the average customer was asked to pay \$2.50 more per month to ensure water reliability.

The second key decision was the Board of Directors approval to refinance and restructure most of the District's debt retirement [in December 2012]. The District's financial advisor, Steifel, was instrumental in crafting a refinancing package that helped to lower interest rates and restructure the debt retirement. This gave the District much needed breathing room regarding its finances.

Although the District's financial status is stronger at the end of Fiscal Year 2012-13 than it was at the beginning of the fiscal year, the District continues to look for ways to reduce operating costs and closely monitor metered water sales to determine its impact on revenue. ■

Fall Irrigation Tips

The monsoon season is winding down. The days are still hot but overall the temperatures and humidity levels are starting to decline. Fall is a good time to adjust your watering schedule and check for irrigation leaks.

Slow down your irrigation/watering schedule for the coming cooler months. Less frequency between watering is needed now, especially for established plants. Continue to water early in the day before it gets warm or windy.

Identify and stop irrigation leaks with maintenance. Replace cracked tubing and broken emitters, and clean out clogged emitters.

More irrigation tips at
www.metrowater.com



Looking Ahead Financially

At the August 12, 2013 meeting, the Board of Directors reviewed the 2013 Water Rates & Revenue Analysis, which looked at this year's financial standing and the projection of what Metro Water's finances will look like in the future.

The biggest challenge facing the District is the continued uncertainty with metered water sales. Less water was used this last fiscal year than what was used in Fiscal Year 2000-01. With its continued decline, the District is projecting a 2.1% decrease in water use. As described in the previous story, the District has fixed costs that have to be paid no matter how much water is used.

With the continued reduction in metered water sales, the Analysis concluded that the District must be proactive in a disciplined and careful approach with both revenue and expenditure needs necessary to sustain a solid financial foundation in the future. This was highlighted by projections that showed that without any future rate adjustments, the District would see a deficit by the end of the Fiscal Year 2016-17.

The Board of Directors asked the Finance Oversight Committee to review the Analysis and provide recommendations regarding possible rate adjustment scenarios that could then be considered by the Board. ■

Pima County Wastewater Charges

Your wastewater, or sewer, charges are determined by Pima County. Wastewater is managed by Pima County Regional Wastewater Reclamation Department (RWRD). Metro Water includes the sewer charges on our water bills as a convenience to our customers.

A sewer rate increase recently went into effect. Information about sewer rate increases can be found at the RWRD website www.pima.gov/wwm/about/faq/#rates

Sewer charges are recalculated each July by using your average water usage in the previous December, January and February, or "winter quarter average," which are considered the lowest water use months. If you can show that three other consecutive months have a lower water usage, you can work with RWRD to have that lower average used to calculate your sewer charge. Our customer service representatives would be happy to help you identify your lowest months. If you know the lower three months already, you can file your appeal with RWRD online at dot.pima.gov/wwm/apps/sewer_billingappeal/

All questions and inquiries about sewer charges should be directed to Pima County Regional Wastewater Reclamation Department at 520-724-6609 or visit www.pima.gov/wwm/ ■

The Metro Water office will be closed the following Fall holidays:

Labor Day
Monday, September 2, 2013

Columbus Day
Monday, October 14, 2013

Veterans Day
Monday, November 11, 2013

Thanksgiving
Thursday, November 28, 2013
& Friday, November 29, 2013

***Is your meter box full
of dirt and debris?***



dirty meter box (left), cleaner meter box (right)

Meter boxes frequently fill with dirt and debris and it can happen quickly, especially during a summer monsoon or a windy day. Please check your meter box periodically. Most meter boxes are located near the street at the edge of the property. It is the customer's responsibility to keep the area in and around the meter box clean and unobstructed. Meter readers must remove enough dirt each month to obtain a read. Meter readers are not able to estimate reads because they do not carry previous reads with them in the field. In rare cases, when meters are covered by a car or other personal property, an estimate must be made by the billing clerk. ■



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 Tucson, Arizona 85704
 520-575-8100 phone
 520-575-8454 fax

PRSR STD
 U.S. POSTAGE
 PAID
 PHOENIX AZ
 PERMIT NO. 2691

Office Hours:
 Monday - Thursday
 7:30 - 5:30
 Friday 7:30 - Noon
metrowater.com

Please Pardon the Dust!

Our office entrance at 6265 N. La Canada Drive is being relocated due to County road improvements. Look for the blue "BUSINESS ACCESS" sign and please use caution in construction areas. ■



PAYMENT OPTIONS



Metro Water accepts Visa, Mastercard, American Express, and Discover for making payments over the phone, through the mail, or in person. All card payments require the three (3) digit security code on the back of the card.

You also can pay online. Go to www.metrowater.com to learn how to use XpressBillPay to pay online, view your bill, or even set up a recurring payment. XpressBillPay accounts can only be set up by the customer.

You can have your payment automatically deducted from your checking or savings account each month. This service is free with no transaction fee. Again, visit www.metrowater.com or stop by our office to sign up for this service.

If you have any questions about how to make your water payment an easy transaction, please contact Customer Service at (520) 575-8100. ■

Board of Directors:

Judy Scrivener, Chair
 Dan M. Offret, Vice Chair
 Richard Byrd, Member
 Jim Doyle, Member
 Bryan Foulk, Member

Board Meetings:

Monday, September 9, 2013
 Wednesday, October 16
 Wednesday, November 13
 Monday, December 9
 Monday, January 13

Board meetings typically start at 6:00 pm and are held at 6265 N. La Cañada Drive. Board meetings are held the second Monday of each month. If the second Monday is a holiday, the meeting is moved to the following Wednesday.

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