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2015  
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## Putting Together an Effective Financial Plan



Each month you pay your water bill to ensure you have water when you turn on your faucet. That money is then used to preserve and develop water resources as well as to operate, maintain, and improve the infrastructure to deliver water to you.

The Board of Directors, Finance Oversight Committee, and Metro Water staff take seriously their obligation to manage Metro Water District in the most financially responsible way. The most critical tool for accomplishing this is to have an effective financial plan. That's why this spring, Metro Water is going through its rigorous annual process to compile the budget for the next fiscal year.

Metro Water puts its financial plan together using a prioritization process where requests for additional expenses and capital requests can be included in the new fiscal year budget based on the availability of projected revenue. The operation and maintenance (O&M) and capital requests are prioritized based on the goal to ensure the safest, most reliable, and financially efficient way to provide water service. The Board of Directors is involved with this process, receiving input from the Finance Oversight Committee. The Board is responsible for the final adoption of the budget.

When compiling the budget, Metro has to consider both fixed and variable expenditures that will occur to develop the most effective financial plan. Fixed costs are defined as those expenses that Metro must pay for regardless if water is consumed or not. Whereas, variable costs are those that may fluctuate with how much water is used. For the current budget, 53% of expenses are fixed compared to 47% variable.

*(continued page 3)*

## Water Charges on Your Monthly Statement

Your monthly water statement is made up of different components. Here is a description of what makes up your water bill:



**Water Availability Rate** or base rate is a set amount that all customers pay. It is calculated per the size of the meter serving your home or business. The Water Availability Rate is meant to try to cover the fixed costs that must be paid to ensure water is available to you and that the water system is reliable and functional regardless of how much water is used. Currently, the Water Availability Rate covers 70% of Metro's fixed costs.

**Water Consumption Charges** are calculated by the amount of water you use within the five tiers of the District's rate structure. The more water you use the higher the consumption charges. The increasing tier blocks are structured to encourage the efficient use of water.

**Water Resources Utilization Fee** is a designated fee for increasing Metro's use of CAP water and recycled water. It is currently set at 40 cents per 1,000 gallons.

**RTA Waterline Relocation Fee** is a designated fee to pay for the associated financing and cost for all the waterlines Metro was required to relocate due to the RTA / County road improvements made in Metro's service area. The debt retirement is projected to be paid for by the end of 2021.

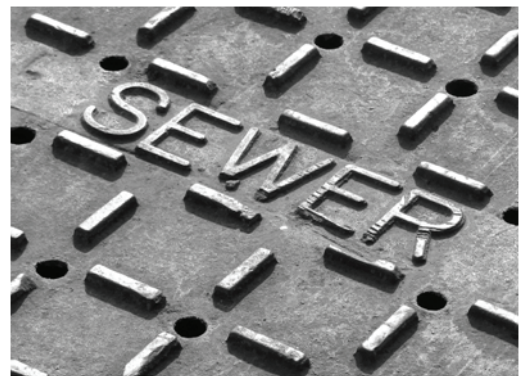
**State Tax** and **Superfund Tax** are paid to the State of Arizona. The Superfund Tax is to help assist with the cleaning up areas where water that has been contaminated in the State.

If you have questions about your specific water charges, please call us at 575-8100. You can also read more about Metro's rate structure on [www.metrowater.com](http://www.metrowater.com) under "Billing/Customer Service". ■

## Sewer Charges on Your Monthly Statement

Your monthly statement includes another charge that is not related to water or Metro Water District and that is the sewer charge. Your sewer charge is included on your monthly statement as a convenience and is determined by the Pima County Regional Wastewater Reclamation Department. For many customers, the sewer charge has become larger than the water charge on your monthly statement.

Pima County calculates your sewer rate by using your average water usage from December, January and February, which are considered the lowest outdoor water use months. If you can show that three other consecutive months have a lower water usage, you can work with Pima County to have that average used to calculate your sewer charge. If you know the lower three months already, you can appeal online at [www.pima.gov/government/wastewaterreclamation](http://www.pima.gov/government/wastewaterreclamation). All questions about your sewer charge should be directed to Pima County Regional Wastewater Reclamation Department at 520-724-6609 (option 4). ■



# Putting Together an Effective Financial Plan

(continued from page 1)

An example of fixed cost is the payments that must be made for the loans and bonds that were issued to finance water infrastructure improvements including two previous Capital Improvement Programs. Another fixed cost is regulatory water quality testing that must be completed to verify that our water meets the Safe Drinking Water Act no matter how much of it is used. Other examples of fixed costs include regulatory fees, insurance, postage, maintenance, and leased vehicles.

Variable costs include energy, materials, and supplies used in the production of water and vary depending on the amount of water used. The largest variable costs include our Central Arizona Project (CAP) water allocation and the power costs to move our water. The CAP cost is based on how much water is ordered and the power costs based on how much water is used.

It should be emphasized that fixed and variable costs are not synonymous with necessary and unnecessary. Meeting variable costs can be just as critical as fixed costs to ensure Metro Water operates effectively and efficiently. In developing a financial plan, identifying fixed and variable costs is an important business management tool.

The first step in preparing for a balanced budget is to project the revenue available to cover planned expenses. Metro's challenge is that its Water Availability Rate or base rate only generates revenue to cover 70% of fixed expenses that must be paid whether water is used or not. The ideal scenario is to have the Water Availability Rate covers all fixed costs and the Water Consumption Charges for actual water usage address variable costs. Metro Water has tried to capture more of its fixed costs by increasing the Water Availability Rate in recent years.

As Metro Water District works through its budget process this spring, prioritization of needs will again be closely examined to draft a balanced budget to accomplish Metro's goals. The Board of Directors, Finance Oversight Committee, and staff are committed to ensuring the District is fiscally strong to meet the day-to-day water needs of our customers.

The current budget can be viewed online at [www.metrowater.com](http://www.metrowater.com) under "About Metro Water". ■

## Prepare now for Summer Water Harvesting

Mother Nature gives away free water once in awhile to those clever enough to make use of it. In Southern Arizona, summer is typically the season with the most rainfall. Springtime is a great time to build your own water harvesting system and have it ready in time for the summer monsoon season.

Rain Water Harvesting is beneficial in many ways for saving water for a drier day. Rainwater provides an excellent primary, supplementary, or alternative source of water. Rainwater is low in salts and good for plants. Water harvesting can reduce flooding and erosion. Water Harvesting conserves energy.



Harvesting your rainfall can be simple, as easy as catching rain from a roof or downspout and directing the flow towards your plants. Or, it can be complex using roof gutters, a storage vessel, a filter, overflow valve, and perhaps even a pump to capture, store, and later deliver your rainfall to specific parts of your landscape.

An informative booklet on water harvesting is available in Metro Water's lobby. Once you have a plan, you can find materials to put together a gutter and drain system at local hardware stores or online. Shop around and find out what type of harvesting best meets your needs. Metro also offers a \$50 rebate for materials used in installing a water harvesting system. For more details visit [www.metrowater.com](http://www.metrowater.com). ■



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Office Hours:  
Monday - Thursday  
7:30 - 5:30  
Friday 7:30 - Noon

The Metro Water office  
will be closed on:

Monday, May 25, 2015  
Memorial Day

### Board of Directors:

Judy Scrivener, Chair  
Bryan Foulk, Vice Chair  
Jim Doyle, Member  
Helen Ireland, Member  
Dan M. Offret, Member

### Board Meetings:

Monday, April 13  
Monday, May 11  
Monday, June 8

Board meetings  
are held at  
6265 N. La Cañada Drive  
and typically start  
at 6:00 pm.  
Board meetings  
are typically held the  
second Monday  
of each month.

# Spring Planting

Spring is when many of us like to get out in our yards and create by replacing or adding plants. The type of plant you choose will affect if you have an efficient low water and low maintenance landscape.

Many beautiful, colorful plants use little water, provide year round color, and can reduce the need for maintenance especially native and desert friendly plants.

Select plants that once established will not need irrigation.

Grouping plants of common water usage makes for easier care.

At the nursery, look at the label or ask for assistance to be certain the plant needs little water and can handle the sun. If you want great ideas for low water and low maintenance plants, come visit Metro's demonstration garden. ♣

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