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Balancing Rate Structure for Long-term Stability

At the May 18, 2015 rate hearing, the Metro Water Board of Directors approved restructuring the District's rates to ensure greater revenue stability with minimal impact to customers.

A week earlier, an Information Meeting was held to give customers an opportunity to ask questions about Metro Water and about the rate and fee adjustments for revenue stability.

At both meetings, an overview of a proposal to balance the rates and fees was presented. In that presentation, Joseph Olsen, the District's General Manager, explained that by adjusting the rate structure, Metro Water can enhance revenue stability for the District. Revenue stability is improved by having the Water Availability Rate (or base rate) cover more of the fixed costs and the revenue from the Water Consumption Charges (or usage charges) cover variable expenses.

Fixed costs are those expenses that the District must pay for regardless if water is consumed or not. Variable costs are those that fluctuate with how much water is used.

The American Water Works Association stated in its March 2015 Journal, "How a utility portions out its fixed and variable revenues heavily influences revenue stability, affordability, and the strength of the conservation signal sent. In general, a utility that receives revenue mainly from fixed charges can expect more stability in its ability to meet costs."

Metro Water wanted to balance the rate structure to gain revenue stability but with minimal impact on customers. The new structure does have a sizeable increase to the Water Availability Rate but the first and second tiers of the Consumption Charges were lowered so that the average customer has less than a \$1.00 change to their monthly water bill. This balancing means Metro Water is able to cover 83% of its fixed costs with the Water Availability Rate rather than the current 69%.

The benefit of greater revenue stability for Metro Water and its customers is that the District is in a better position for when operational cost increases occur in the future. In turn, this helps to minimize the impact of future rate adjustments to customers. With more fixed costs

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Balancing Rate Structure for Long-term Stability

captured through the balancing of the rate structure, Metro can mitigate significant rate increases that other water utilities are imposing.

At the end of the presentation, Joseph Olsen pointed out that for the average customer using 8,000 gallons under the new rate structure, two gallons equate to only 1¢. The rate adjustment becomes effective July 1, 2015. ■

Why is my water cloudy?

Often when temperatures are transitioning from cool to hot or hot to cool, you may see more air in your water. Air in the water can make it appear cloudy or milky white. This happens due to tiny air bubbles that are trapped in the water, which are under pressure while deep underground in the aquifer and contained in a pipeline until the water is released at the faucet.

If you have cloudy water, place it in a container and allow a few minutes for the tiny air bubbles to rise to the surface and escape from the water. These air bubbles are harmless and not a health concern and will not damage your plumbing or appliances. If you have persistent cloudy water or other questions, please contact us. ■

Questions Raised at Recent Meetings

At the May 18, 2015 public hearing, Reb Guillot, Chair of Metro’s Finance Oversight Committee, said that the Committee voted unanimously to recommend to the Board the rate and fee adjustments. The Committee concluded that the proposed balancing of the rates is a well-developed, efficient plan to ensure financial stability for Metro Water. The restructuring of the rates would keep the District operating on a smooth and even keel by covering a larger percentage of the District’s fixed costs with fixed revenue. The Finance Oversight Committee is comprised of customers who make recommendations to the Board regarding the District’s finances.

At the May 13, 2015 Information Meeting, some of the residents who attended asked questions. We wanted to share those questions along with the answers.

How does the water situation in California affect us?

Arizona has a long legacy of planning and investing in its water resources. The 1980 Groundwater Management Act set up proactive guidelines for Arizona to manage its water so that we are not presently in the same crisis that California is currently facing. When a shortage is declared on the Colorado River, it will impact agriculture and excess CAP users but not municipal water users. Metro Water and the rest of Arizona continue to prepare and invest in water resources. Metro Water has been recharging its CAP water in the Avra Valley Recharge Project to prepare for future needs. The Water Resources Utilization Fee was increased last year so that Metro Water is financially able to pursue its CAP Recharge, Recovery and Delivery System.

Why is Tucson Water’s base rate lower? Tucson Water has a larger number of customers to spread its base rate across; however, Metro Water is seeking revenue stability by restructuring its rates. This will help keep the degree of future increases lower rather than chasing after larger rate adjustments each year as other water utilities are having to do as water consumption continues to decline.

What is the status of the RTA waterline relocations? The majority of waterline relocations required by the RTA/County road projects are completed. Metro Water is still paying for the bonds that funded those mandated relocation projects. The bonds will be paid off in 2021.

How are sewer charges calculated? Pima County is responsible for the setting sewer charges, which are collected with your water bill. Pima County uses the average water consumption from the months assumed to be the lowest, December, January and February, to calculate how much you pay for the sewer. If your lowest consumption is during three other consecutive months, you can request Pima County to use those months for your sewer fee calculation. For more information, go to <http://webcms.pima.gov/government/wastewaterreclamation/> and choose “Billing Questions” to find their online form. ■

Spotlight on Metro Southwest

Regional Collaboration Strengthens Water Management in Metro Southwest

Metro Water improved its water resources in Metro Southwest by working collaboratively with the City of Tucson. This spring, Metro's Board of Directors approved a wheeling agreement with Tucson to strengthen water resource management in Metro Southwest's Diablo Village and Lazy B service areas.

Under the wheeling agreement, Metro Water will store 300 acre-feet of its renewable Central Arizona Project (CAP) water in Tucson's recharge facilities, where the CAP water is placed in spreading basins and percolates into the aquifer. Tucson Water will then recover Metro's water and have it wheeled or moved through Tucson's water system to allow Metro to deliver water to its Metro Southwest customers in the Diablo Village and Lazy B service areas.

Metro Water benefits from the wheeling agreement because it allows Metro to have an Assured Water Supply Designation for Diablo Village and avoids the high costs of the Central Arizona Groundwater Replenishment District. The agreement also reduces Metro's costs at Lazy B by wheeling water rather than the current operation of an expensive water treatment system. Finally, the wheeling agreement ensures a renewable water supply for future development at Diablo Village. ■



Board Member Dan M. Offret watches as the concrete foundation is prepared for the placement of an auxiliary power generator at Metro Southwest – Diablo Village Well No. 2. The generator provides resilient water service by ensuring that the well continues to pump water during a power outage for Metro Southwest – Diablo Village customers. Metro Water refurbished a generator that had been used at a well site that was decommissioned.

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 recurring payments. 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. Visit www.metrowater.com or stop by our office at 6265 N. La Canada Drive 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. ■



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PRESORTED STANDARD
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PERMIT # 129

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



Summertime Water Tips

Water plants deeply and less frequently.

Water at night or early morning.

Even in the summer, established plants can take less water than you may think.

Let the plant tell you when it needs water – if the plant looks healthy, try watering it less.

Check your irrigation system, sprinklers and timers to make sure they are working properly and no leaks.

Install a water harvesting system to capture rain – receive a \$50 rebate for materials.

For more water saving ideas, visit www.metrowater.com ■

The Metro Water office will be closed on:

Friday, July 3, 2015
Independence Day
(observed)

Monday,
September 7, 2015
Labor Day

Board of Directors:

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

Board Meetings:

Monday, July 13
Monday, August 10
Monday, September 14

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.

Splash Newsletter ~ Summer 2015