



**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE
FINANCIAL SUB-COMMITTEE
Administration East Building
130 W. Congress, 9th floor conference room**

MEETING MINUTES

Tuesday, December 10, 2013

COMMITTEE MEMBERS PRESENT:

John Lynch
Amber Smith
Mark Stratton
Mark Taylor

COMMITTEE MEMBERS ABSENT:

Ann Marie Wolf

A. CALL TO ORDER. John Lynch called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) Financial Sub-Committee to order at 2:09 p.m. Veronica Lopez took the roll call and a quorum was present.

B. PLEDGE OF ALLEGIANCE.

C. SAFETY SHARE. Amber Smith reminded everyone during freezing temperatures, to cover and protect pipes at home and vegetation, as well as bringing in pets. Mark Taylor also shared a Safety Share and discussed the importance of first-aid and safety training.

D. APPROVAL OF MINUTES

1. Meeting Minutes of November 6, 2013

ACTION: Mark Stratton made a motion to approve the minutes of the November 6, 2013 meeting. Mark Taylor seconded the motion. Motion passed unanimously.

E. DISCUSSION/ACTION.

1. **DEBT FINANCING.** Tom Burke, Director, Finance and Risk Management Department, stated at the end of last year RWRD had \$638 million worth of outstanding debt, which \$465 million of that was related to the Regional Optimization Master Plan (ROMP) project and the sewer revenue obligations that were issued. There was an additional \$60 million that was for the Certificates of Participation (COPs) that the County issued in May for RWRD projects. Therefore, the Department began this fiscal year with a total of \$698 million of outstanding debt. Mr. Burke stated the debt amount will continue to stay in the high \$650 million range and after approximately seven years or so, that amount should start to decline. Mr. Burke continued to explain the outstanding debt issues/debt service and answered various questions from the Sub-Committee. Mr. Taylor asked how quickly the COPs will be paid off. Mr. Burke replied that \$30 million will be paid off this year, \$25 million the following year, and \$5 million the year after that.

Mr. Burke discussed a Debt Service Coverage Calculation spreadsheet and explained the changes that were made were on the sewer connection revenue and proposed debt service lines. Discussion ensued regarding the debt service and interest rates. Mark Stratton asked Mr. Burke to explain why the County converted to revenue obligations versus revenue bonds. Mr. Burke explained that the revenue bonds by statute require a vote by the public. Mr. Burke continued to answer various questions on debt from the Sub-Committee.

- 2. REVIEW OF 2014 FINANCIAL PLAN ASSUMPTIONS AND RECOMMENDATIONS.** Mr. Burke distributed Appendix A – the Financial Plan Assumptions spreadsheet and stated there are no changes from last month's handout. Mr. Burke discussed the data on the spreadsheet and reviewed the growth rate used to increase sewer user fees and connection fees. Discussion ensued regarding growth rates. The Sub-Committee requested that Mr. Burke review the detailed Pima Association of Governments' data on the growth rates and compare it to what Tucson Water and others are currently using.

Mr. Burke presented another assumption for the annual increase of expenditures, which is remaining at the 2% growth rate for next few years. By 2017, \$38 million worth of WIFA and 2007 bonds will be paid off. Mr. Taylor asked how often the County will issue salary pay increases. Mr. Burke stated it could be another two years or so before the County reviews issuing pay raises again.

- 3. OTHER RWRD BUDGET ISSUES.** No issues were discussed.
- 4. REVIEW OF 2014 MEETING SCHEDULE.** The Sub-Committee agreed to continue to meet the first Wednesday of every month at 1:30 p.m. However, since the January meeting will fall on New Year's Day, the Sub-Committee agreed to hold next month's meeting on January 8th.
- 5. OTHER ISSUES.** No issues were discussed.

F. FUTURE AGENDA ITEMS. Discuss first draft of the Financial Plan.

G. CALL TO THE AUDIENCE. There were no comments from the audience.

ACTION: Mark Stratton made a motion to adjourn the meeting. Mark Taylor seconded the motion. Motion passed unanimously.

H. ADJOURNMENT. The meeting was adjourned at 3:37 p.m.