

**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC) MEETING**

**Water Campus**

**2955 W. Calle Agua Nueva – Radon Conference Room**

**Thursday, February 28, 2019**

**8:00 a.m.**

**Members Present:** Steve Foley, Bill Katzel (via phone), Rob Kulakofsky, John Lynch, Corin Marron, Jean McLain, Armando Membrila, Scott Oldendorph, Claire Zucker

**Members Absent:** Matt Matthewson, Asia Philbin, Mark Taylor, Ann Marie Wolf

**Others Present:** Mary Allen (RWRD), Mandy Armenta (FRMD), Marla Berry (RWRD), Adam Bliven (RWRD), Michelle Campagne (FRMD), Isai Centeno (FRMD), Jennifer C. Coyle (RWRD), Jim DuBois (RWRD), Barbara Escobar (RWRD), Mike Gerstenberger (RWRD), Jackson Jenkins (RWRD), Julie McWilliams (RWRD), Jeanette Montano (RWRD), Fernanda Quintanilla (RWRD), Xavier Rendon (FRMD), Jaime Rivera (RWRD), Chuck Wesselhoft (PCAO), Eric Wieduwilt (RWRD), Claire Zugmeyer (Sonoran Institute)

**A. Call to Order / Roll Call**

Corin Marron, Chair, Regional Wastewater Reclamation Advisory Committee (RWRAC), called the meeting to order at 8:00 a.m. Fernanda Quintanilla, Program Coordinator, Regional Wastewater Reclamation Department (RWRD), took roll call and a quorum was present.

**B. Pledge of Allegiance**

**C. Call to the Audience** – There were no comments from the audience.

**D. Safety Share**

Armando Membrila, member, RWRAC, stated you cannot turn left on a red light at the intersection from I-10, which causes vehicles to “block the box.”

**E. Approval of Minutes** – Minutes from January 24, 2019

**ACTION:** John Lynch made a motion to approve the meeting minutes from January 24, 2019. Jean McLain seconded the motion. Motion passed with two abstentions from Armando Membrila and Asia Philbin.

**F. Discussion/Action**

**1. Director’s Update**

Jackson Jenkins, Director, RWRD, stated the Department is currently experiencing a high rate of retirements, with an average of three retirements per month creating a loss of institutional knowledge and an increase in brain drain.

Mr. Jenkins stated the ordinance revisions to the Pima County Code Chapters 13.28 and 13.32 went before the Board of Supervisors on February 5, 2019, and passed unanimously.

Mr. Jenkins stated ordinance revisions to Pima County Code Chapter 13.20 are intended to go before the Board of Supervisors before the end of the fiscal year. He added the changes simplify and clean-up the language. Mr. Jenkins said there is discussion as to whether to include a pump station fee for developments who want to include pump stations that are to be run by RWRD, and whether or not to adjust the fees charged for services done by RWRD and the Development Services Department.

Mr. Jenkins stated the Biogas Project is progressing as the Board of Supervisors recently approved the first major portion of the project. He added Bioscrew, a project that converts biosolids to class A, is currently being piloted without charge at the Tres Rios Water Reclamation Facility (WRF). Mr. Jenkins added the Nutrient Recovery Project is currently moving forward and Annamox, a biology that requires little to no oxygen to go through the denitrification process, is currently under consideration by the Department to treat centrate at the Tres Rios WRF.

Mr. Jenkins presented Jean McLain, member, RWRAC, and Mr. Scott Oldendorph, member, RWRAC, with a Philabaum glass sculpture in appreciation for their willingness to serve on the Committee.

## **2. CIP Subcommittee Update**

The Subcommittee did not hold a meeting this month.

## **3. Financial Subcommittee Update**

John Lynch, member, RWRAC, stated the Financial Subcommittee met during the month of February and went over a number of items.

Mr. Lynch stated the Subcommittee discussed the debt repayment schedule, which is currently on schedule. Mr. Lynch explained how the bond defeasance process has accelerated the debt repayment process.

Mr. Lynch stated revenues are stable and there is currently no foreseeable need for an increase in sewer rates. Mr. Lynch added revenue demands may decrease later in the future that rates can be revisited, but in the meantime there is not enough certainty to say for sure.

Mr. Lynch stated the Department has shelved the billing topics for the time being and may be brought up once more with continued decrease in debt coupled with a stable revenue stream.

Mr. Lynch stated the Subcommittee received an update on the manner in which the Department handles economic development that creates demands on the existing sewer system.

Mr. Lynch stated the Department is financially responsible for sewer improvements in the Arizona Department of Transportation (ADOT) right-of-way but actual costs were coming in larger than the estimate given by ADOT. Mr. Lynch added the Department is now obtaining third party estimates for work with ADOT to improve financial planning for similar projects.

Mr. Lynch stated that given the fact the Department's revenue situation is stabilized and the CIP Subcommittee did a thorough examination of the five-year CIP program, the Financial Subcommittee will only meet as needed moving forward.

## **4. Fiscal Year 2019/2020 Rate Workbook Review**

Michelle Campagne, Director, Finance and Risk Management Department (FRMD), presented the highlights of the draft Fiscal Year 2019/2020 Rate Workbook that is used to create the annual financial plan. Ms. Campagne stated the Workbook indicates revenues are up and expenses are flat resulting in a net revenue in a positive balance to provide for debt service and meet the debt coverage. Ms. Campagne added the current debt ratio is above the 1.3 desired range with an ending unrestricted cash above the three months of operations set by the Department. Discussion ensued.

## **5. Fiscal Year 2019/2020 Budget**

Mr. Jenkins explained the Department has kept its operation and maintenance costs relatively flat for the past 6 years by improving efficiencies and consistently looking for ways to save in costs. Mr. Jenkins stated the Department will take the budget requests to the Board of Supervisors in May.

Ms. Campagne stated FRMD budgets for the interest component of debt, not the principal component, which is determined by what the Department is going to sell, with a conservative estimated interest rate resulting in a \$1.6 million positive variance. Ms. Campagne added revenues will be up by \$5 million from the previous year due to an increase in customers and increase in volume. Ms. Campagne stated the operating transfers out difference by \$24 million is attributed to the 2015 and 2016 certificates of participation (COPS) paid off in 2019, with only the 2018 COPS remaining to be repaid in 2020. Ms. Campagne added the gain will be used to further defease debt and increase cash.

**6. Fiscal Year 2018/2019 RWRD Expense & Revenue Update**

Mandy Armenta, Administrative Support Services Manager, FRMD, provided the Expense and Revenue Update for Period 6. The total operating and maintenance expenses are projected at \$82.7 million, while the total revenues are projected at \$183.4 million.

**7. Sonoran Institute “Living River” Report**

Claire Zugmeyer, Ecologist, Sonoran Institute, gave a presentation on the current status of the “Living River” report which annually tracks 10 indicators of river health in the Santa Cruz River in partnership with Pima County.

**8. Technical Services and Engineering Update**

Eric Wieduwilt, Deputy Director, RWRD, gave an update of the Technical Services and Engineering Division, which provides support to the Treatment Division, Conveyance Division and the development community. Mr. Wieduwilt presented the organizational structure of the Division, including its five different sections. Discussion ensued.

**9. Citizen’s Water Advisory Committee (CWAC) Update**

Jean McLain, member, RWRAC, stated the February CWAC meeting consisted of a legislative update. Ms. McLain stated CWAC also discussed the development of the Green Storm water Infrastructure Fund which will expand storm water services in the City of Tucson, focused on green infrastructure rather than gray infrastructure.

**G. Future Agenda Items**

- Debt repayment schedule
- PAG 208 Plan

**H. Call to the Audience** – There were no comments from the audience.

**I. Adjournment**

**ACTION:** Bill Katzel made a motion to adjourn the meeting. Corin Marron seconded the motion. The meeting was adjourned at 9:43 a.m.