

REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC) MEETING

Water Campus

2955 W. Calle Agua Nueva – Radon Conference Room

Thursday, August 23, 2018, 8:00 a.m.

Members Present:, Bill Katzel, Rob Kulakofsky, Matt Matthewson, Shaun McClusky, Jean McLain, Armando Membriila (via phone), Scott Oldendorph, Asia Philbin, Ann Marie Wolf, Claire Zucker

Members Absent: Corin Marron, Mark Taylor

Others Present: Mandy Armenta (FRMD), Marla Berry (RWRD), Melody Burton (FRMD), Michelle Campagne (FRMD), Isai Centeno (FRMD), Jennifer C. Coyle (RWRD), Barbara Escobar (RWRD), Jason Grodman (RWRD), Michelle Hamilton (FRMD), Jackson Jenkins (RWRD), Veronica Lopez (RWRD), Julie McWilliams (RWRD), Jeanette Montano (RWRD), Jeff Prevatt (RWRD), Fernanda Quintanilla (RWRD), Jaime Rivera (RWRD), Caroline Vargas (RWRD), Chuck Wesselhoft (PCAO)

A. Call to Order / Roll Call

Matt Matthewson, Vice-Chair, Regional Wastewater Reclamation Advisory Committee (RWRAC), called the meeting to order at 8:01 a.m. Veronica Lopez, 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

Bill Katzel, Member, RWRAC, suggested that members learn alternate driving routes in case of severe traffic congestion. Jackson Jenkins, Director, RWRD, stressed with school back in session to use caution around areas of traffic where children might be present.

E. Approval of Minutes – Meeting Minutes for June 28, 2018

ACTION: Shaun McClusky, Member, RWRAC, made a motion to approve the meeting minutes of June 28, 2018. Bill Katzel seconded the motion. Motion passed unanimously.

F. Discussion/Action

1. Director's Update

Mr. Jenkins reminded RWRD staff that they are not considered the “audience” and must refrain from making public comments unless called upon by himself or the Chair during RWRAC meetings.

Mr. Jenkins informed the RWRAC that the Department would like to pursue eliminating the winter quarter average for non-residential users as a priority, while continuing discussion on the fixed residential fee and reduction in the number of industrial classes.

Mr. Jenkins stated revisions to Pima County Code chapters 13.20, 13.28, 13.32, and 13.24 are currently underway. These changes include: 13.20 Sanitary Sewer Construction and Connection Fee (finalizing concurrence with the Development Services Department); 13.28 Mt. Lemmon Connection Information Update; 13.32 Mt. Lemmon Conservation Fee adding an operation surcharge and language clarification; and 13.24 User Fee Modification.

Mr. Jenkins reviewed the status of Avra Gro, the company that takes care of RWRD biosolids. Avra Gro stockpiled biosolids by more than contractually allowed which resulted in complaints by nearby properties, requiring RWRD to intervene. This issue is being monitored and close to resolution. The Twin Peaks Project is being fast tracked at the request of nearby developers who will be paying premium connections fees. The Biogas Project is currently under discussion with a firm and deciding on a technology. The Struvite Recovery Project is also in discussions with a firm that will blend it back into biosolids.

Mr. Jenkins gave an update on the discussions with the Town of Sahuarita and other stakeholders for a potential regional treatment plant in the Sahuarita area.

Mr. Jenkins provided information on the long-term contract with Robson to purchase effluent in Green Valley. In November the deal will revert to an index that is closer to the CAP index and will return to the market value.

Mr. Jenkins stated connection fees are still not being paid in some instances and the Department continues to attempt to catch and prevent this from happening.

2. Financial Subcommittee Update

John Lynch, Chair, RWRAC Financial Subcommittee, stated the subcommittee met earlier this month and discussed the modification to the rate structure and other billing topics. The Financial Subcommittee voted 4-0 to recommend the water usage versus the winter quarter average option proposed by the Department. Regarding the number of industrial classes and the residential sewer user fee structure, the Financial Subcommittee posed additional questions to Department staff. The Financial Subcommittee recommended that all new members review the Raftelis Rate Study Report and to devote a future full committee meeting to discuss the number of industrial classes and residential sewer user fee rate structure.

3. Modification to the Rate Structure & other Billing Topics

Mr. Matthewson encouraged RWRAC members, especially newer members, to pose questions regarding the number of industrial classes and residential sewer user fee rate structure to Ms. Lopez for Departmental consideration.

ACTION: Shaun McClusky made a motion to recommend to the Board of Supervisors that non-residential sewer users be billed based on actual water usage rather than by winter quarter averaging. Bill Katzel seconded the motion. Motion passed (vote was 10 – 1).

For the benefit of the less tenured RWRAC members, Mr. Jenkins reviewed how the Finance and Risk Management Department (FRMD) had compared the data of actual vs. Winter Quarter Average usage of non-residential customers and determined a difference of \$13 million more in revenue from those entities. Mr. Jenkins also noted that schools were at one of the prime non-residential users not being billed appropriately due to holiday closures and their use of irrigation meters. Discussion ensued.

Mr. Jenkins informed the Committee of the two public outreach events scheduled for late September to seek input from the community. In addition, the Department will be target non-residential sewer users that would be significantly impacted by the billing methodology change. The Committee then took counts of their availability for the special public meetings.

Mr. Jenkins introduced Fernanda Quintanilla, Program Coordinator, RWRD as the new RWRAC Coordinator.

Mr. Matthewson then opened up discussion on the potential reduction of the number of industrial classes. Shaun McClusky, Member, RWRAC, proposed a five-year fixed volumetric multiplier of 1.35 for high strength users, excluding multi-family, in order to avoid additional rate increases in the future, pay off debt, and promote conservation. Mr. McClusky also suggested a two-year evaluation of the residential volumetric multiplier, with a potential reduction.

Mr. Lynch shared his concern with how going to one fixed rate would affect businesses that were solely office buildings. Mr. Jenkins explained how the current method of billing high strength users is flawed and how a flat rate non-residential billing would be more equitable than the current model. Mr. Jenkins also added that many businesses are located on strip malls with one water meter with a variety of classes attached to one sole meter, making it difficult to separate out office-only sewer users. Discussion ensued.

Mr. McClusky suggested a 1.25 strength class for offices and a 1.35 strength class for any users above that strength, simplifying the system to two classes. Jeff Prevatt, Deputy Director, RWRD, commented that one of the unique challenges of our utility is that our billing is done by a separate entity, Tucson Water, so it is difficult to follow-up when businesses change from office-only to higher strength users, such as restaurants.

Mr. Matthewson suggested the RWRAC continue discussion by dedicating the October meeting to the billing topics and that it be facilitated by staff with strong data to guide the Committee in their decision-making. Ann Marie Wolf, Member, RWRAC, suggested that staff provide charts of examples of how potential changes in the volumetric multiplier might affect the bills of non-residential users. Michelle Hamilton, Division Manager, FRMD, asked the RWRAC if the FRMD could solely use the data coming from Tucson Water to avoid confusion while making estimated calculations. Various RWRAC members concurred.

4. Fiscal Year 2017/2018 RWRD Expense & Revenue Update

Mandy Armenta, Administrative Support Services Manager, FRMD, provided the Expense and Revenue Update for Period 13. The total operating and maintenance expenses projections are \$81.4 million. Total revenues are projected at \$182 million.

5. Capital Improvement Program Subcommittee Update

There was no Capital Improvement Program Subcommittee meeting update.

6. Citizens' Water Advisory Committee (CWAC) Update

The CWAC met in June and the main topic of discussion was on the election of new members.

7. Draft RWRAC Annual Report to the Board of Supervisors

Various members provided suggestions on the report, which were noted by staff.

ACTION: Matt Matthewson made a motion to approve the RWRAC Annual Report. Motion passed unanimously.

G. Future Agenda Items

- Continued discussion on number of industrial classes and residential sewer user fee rate structure.

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

I. Adjournment

ACTION: Mr. Kulakofsky made a motion to adjourn the meeting. Ms. Wolf seconded the motion. The meeting was adjourned at 9:53 a.m.