



## REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE

Transamerica Building  
Pima Association of Governments'  
177 N. Church Avenue, 5<sup>th</sup> Floor Conference Room

### MEETING MINUTES

Thursday, November 15, 2012

#### Committee Members Present:

|                |                 |                   |                 |
|----------------|-----------------|-------------------|-----------------|
| Ann Marie Wolf | Barbee Hanson   | Rob Kulakofsky    | Jackson Jenkins |
| John Lynch     | Bob Iannarino   | Armando Membriola | Jeff Biggs      |
| Sheila Bowen   | Bill Katzel     | Mark Stratton     |                 |
| John Carlson   | Kendall Kroesen | Mark Taylor       |                 |

#### Committee Members Absent:

Amber Smith

**A. CALL TO ORDER.** Ann Marie Wolf, Chair, called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:46 a.m. Veronica Lopez took the roll call and a quorum was present.

**B. PLEDGE OF ALLEGIANCE.**

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

**D. APPROVAL OF MINUTES.**

1. Meeting Minutes of October 18, 2012

**ACTION:** Mark Stratton made a motion to approve the minutes of the October 18, 2012 meeting. Sheila Bowen seconded the motion. Motion passed unanimously.

**E. COMMITTEE/SUBCOMMITTEE REPORTS.**

1. **CITIZENS' WATER ADVISORY COMMITTEE (CWAC).** Mark Taylor gave the CWAC update and stated at last month's meeting, topics discussed were the Painted Hills water service policy and the potential land trade, approval of the CWAC Rules and Regulations, and there is a new ad-hoc sub-committee, which is trying to bring potential water uses and differential rates to urban agriculture. Mr. Taylor stated debt financing will be discussed at next month's CWAC meeting.

**F. DISCUSSION/ACTION.**

1. **DIRECTOR'S UPDATE.** Jackson Jenkins, Director, Regional Wastewater Reclamation Department (RWRD), provided a brief update on the Regional Optimization Master Plan (ROMP) project and stated the project is continuing to progress well. The Ina Road project is 75% complete and the Campus Project is ahead of schedule.

Interviews will be held in early December for water campus staffing and 75% of those positions must be hired from Pima County.

Mr. Jenkins also gave an update on the biogas project Request for Proposals (RFP) and the expectation is to advertise the RFP's in January. Discussion ensued regarding the comment period and when the RFP will be advertised. Ms. Wolf asked that the Committee have an opportunity to review the draft RFP.

Mr. Jenkins noted that it has been almost a year since he gave an extensive ROMP update and suggested he present another extensive update in January 2013. Bill Katzel commented that he noticed the bond ratings for ROMP were highly complimentary in regards to the managerial side of ROMP. Mr. Jenkins added that the Finance Department should also be praised for their assistance with this major project.

Mr. Jenkins gave a PowerPoint presentation on the recent re-organization of RWRD and provided an overview of the four divisions that make up RWRD, which are: Director's Office & Administration, Planning and Engineering, Treatment and Conveyance. Mr. Jenkins stated there are 502 full-time employees (FTEs) in RWRD and provided the number of FTEs within each section.

Mr. Jenkins added that the five positions in the Co-Generation section under the Treatment Division will be eliminated due to the closure of the power plants in April. However, the department is working with these employees to place them elsewhere within RWRD. Mr. Jenkins made a correction to the presentation and stated that the actual number of FTEs for Ina is 41 FTEs and Roger Road is 30 FTEs and not 13. Mr. Jenkins stated that the 30 positions at Roger Road will also be eliminated due to the closure of the Roger Road facility and discussed the various options on how the department may handle the placement of these employees.

Another item Mr. Jenkins discussed was the expansion of the Water and Energy Sustainability Center to accommodate the University of Arizona (U of A) laboratory, which was unanimously approved by the Board of Supervisors' (BOS) at the November 13, 2012 meeting. RWRD is supportive of building the expansion because more space will be needed by the Department in the future for Water Effluent Toxicity (WET) testing. The timing of all this is very dynamic because the U of A is ending their lease at the Tucson Airport and they are anxious to sign a new lease with Pima County. Allowing the U of A to lease this property will be advantageous to RWRD because RWRD will benefit from the vast knowledge and experience U of A staff will offer. Mr. Jenkins stated the County is building the 20,000 square foot shell building, but the U of A will be responsible for the tenant improvements and will be paying their proportionate share of the operating and maintenance costs, as well as capital equipment replacement. John Lynch asked what the term of the lease will be. Mr. Jenkins responded it will be a 5-year lease agreement with a 5-year renewable option, and termination of lease with a one-year notice. Discussion ensued regarding the lease agreement conditions.

Mr. Jenkins announced to the Committee that a recommendation was made to summarize the RWRAC meeting minutes rather than the detailed minutes that have been previously produced. Therefore, beginning with today's meeting, the minutes will be provided in a more summarized version.

- 2. SEWER CONNECTION FEE ORDINANCE UPDATE.** Mr. Jenkins provided the sewer connection fee ordinance update on behalf of Eric Wieduwilt, Deputy Director, RWRD. In regards to the refund and credits program for the change in connection fees, which was previously approved by the BOS, the potential total in refunds is \$900,000 and approximately \$463,000 has been identified and there was a \$1.7 million potential total for credits and \$350,000 credits have been identified. The current total for both credits and refunds is approximately \$813,000. Mr. Katzel asked if the refunds will be shifted back to user fees. Mr. Jenkins and Ms. Wolf clarified that this refund and credit program will not impact user fees.

Mr. Jenkins stated the BOS requested that RWRD staff report any problems encountered within the first six months of transitioning to the new methodology and recommend revisions to the ordinance. Mr. Jenkins stated that one problem the department was faced with was how to deal with shell buildings, where the tenant occupancy is over a long period of time, and one option is to offer payment plans. The department is still working on the recommendations to present to the BOS and if this can wait to be presented to the BOS in January rather than December, staff will present to the Committee at December's meeting.

Ms. Wolf suggested rearranging agenda items #3 and #4 and discuss Item #4 first. The Committee concurred.

3. **RWRAC FINANCIAL SUB-COMMITTEE DISCUSSION AND FORMATION.** Mr. Lynch reminded the Committee that at last month's meeting, the Committee unanimously voted to establish a RWRAC Financial Sub-Committee to review and discuss financial issues. Mr. Lynch stated that this Committee will consist of 5 members. Mr. Lynch stated he anticipates these meetings to be once a month, for at least one hour. Mark Stratton volunteered to serve on the Financial Sub-Committee. The sub-committee members are: Ann Marie Wolf, John Lynch, Mark Taylor, Amber Smith and Mark Stratton. The location of these meetings is yet to be determined. Ms. Wolf stated that these meetings will still abide by Open Meeting Laws. Discussion ensued regarding notification of these meetings to the public and how the sub-committee will report back to the RWRAC.

Mr. Katzel asked if any of the Finance Department staff will be ex-officio members to the sub-committee due to the financial expertise they can offer. Mr. Lynch stated they will be invited to participate. However, the first meeting will be an organizational meeting.

Mr. Lynch noted that the RWRAC members should use the sub-committee members as a conduit to get financial questions answered and should forward any questions they may have to the sub-committee members so they can assure those questions are addressed and answered. Mr. Stratton stated that caution should be taken when RWRAC members and sub-committee members communicate due to Open Meeting Laws. Chuck Wesselhoft, Deputy County Attorney, suggested that all questions be forwarded to the sub-committee Chair.

Discussion ensued regarding meeting location and the scheduling of the first meeting. Mr. Lynch suggested holding the sub-committee meeting one week prior to the RWRAC monthly meeting. Mr. Taylor and Mr. Stratton both stated that the purpose and focus of these meetings should be clearly identified and the Committee discussed the proper way to accomplish this. Discussion ensued regarding scheduling the first meeting the afternoon of either December 11<sup>th</sup>, 12<sup>th</sup> or 13<sup>th</sup>, 2012. Amber Smith was not present at this meeting and Ms. Wolf stated once Ms. Smith's availability is confirmed for these dates, a meeting date and time will be scheduled.

4. **FY 2011/12 BUDGET AND FY 2012/13 BUDGET/FINANCIAL PLAN UPDATE.** Tom Burke, Director, Finance and Risk Management Department, provided the financial update. Mr. Burke first discussed the comparison of 2011 to 2012 financial statements. Mr. Burke stated that cash balances increased significantly and one reason for this is there are rates that produce excess cash in order to meet debt service requirements and debt service ratios. Another reason was in 2011, there was an abnormal low level of cash because invoices were purposely processed in June 2011 due to the transfer of the new accounting computer system. Discussion ensued regarding the debt service and how the debt is paid. Mr. Katzel suggested that the Financial Sub-Committee look into the control aspects of funds. John Carlson asked if the Financial Sub-Committee will be responsible for projecting increases over the next few years. Mr. Lynch replied yes and this Sub-Committee will assure they fully understand the direction the department is going in with regards to rates.

Mr. Burke discussed the Expense and Revenue Summary and stated RWRD is very close to being on budget for expenditures. However, depreciation is showing \$12 million more than budget because staff felt it would be appropriate to write off the remaining value of the Roger Road Treatment Plant, which will be decommissioned. At the time of the budget adoption last year, this decision had not been made to accelerate the depreciation. Mr. Burke briefly discussed the differences between the budget and projected costs.

Mr. Burke noted Standard & Poor's Rating Services and the Fitch Ratings reports were both included in the packet he distributed to the Committee. Ms. Wolf thanked Mr. Burke and Patrick McGee for the financial updates and information they have provided to the Committee.

- 5. FEEDBACK ON BIOSOLIDS/BIOGAS MASTER PLAN LETTER.** Ms. Wolf stated she received feedback from Keith Bagwell, Supervisor Richard Elias' office, on the Biosolids/Biogas Master Plan letter that was sent to the Pima County BOS from her on behalf of the RWRAC.

Ms. Wolf stated she met with Mr. Bagwell and they discussed how the Committee decided on their recommendation on this issue, and he advised Ms. Wolf that he was not in agreement with the Committee's recommendation, as stated in the October 2, 2012 letter. Discussion ensued regarding the process on how the Committee makes recommendations to the BOS to assist with their decision making process. Ms. Wolf informed the Committee that they may hear more about this topic from the BOS and to be mindful of this.

- 6. DISPOSE-A-MED UPDATE.** Due to a scheduling conflict, Jeff Prevatt could not be in attendance, but provided Mr. Jenkins with information to present the update on his behalf to the Committee. Mr. Jenkins reported that on National Take Back Day in September, our community received 1,226 pounds of pills and approximately 490,000 pounds of pills were collected nationwide.

Mr. Katzel complimented Mr. Prevatt on his work and participation with this program. Mr. Katzel provided a brief update on the discussion that took place at the last Dispose-A-Med meeting, which he attended. Mr. Katzel stated that there is no funding for this program and it is operating on a zero budget and a proposal was distributed to the members for a request for funding. Claire Zucker, Pima Association of Governments' (PAG), stated that PAG has been involved with this program and discussed how PAG has offered assistance and guidance with the outreach and funding of this program. Ms. Zucker stated PAG has suggested using its status as a non-profit organization, 501(c)(3), to assist with the funding.

Mr. Jenkins noted that Metropolitan Pima Alliance is holding the Common Ground Awards ceremony at the end of this month and the Dispose-A-Med, along with the new Sewer Connection Fee Methodology, are both nominees for awards.

Discussion ensued regarding the process of operating under a non-profit organization and how this organization would function. Ms. Wolf asked Ms. Zucker to provide an update at a later date/time when further information is available.

- 7. DECEMBER RWRAC MEETING DATE.** Ms. Wolf announced that next month's meeting is scheduled for Thursday, December 20<sup>th</sup>, and asked the Committee members if this date is fine as scheduled. The Committee agreed to keep the meeting as scheduled.

**F. FUTURE AGENDA ITEMS.** Ms. Wolf stated that feedback from the RWRAC Financial Sub-Committee will be on next month's agenda.

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

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

**H. ADJOURNMENT.** The meeting was adjourned at 9:23 a.m.