



REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE

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

MEETING MINUTES

Thursday, December 19, 2013

Committee Members Present:

Ann Marie Wolf	Rob Kulakofsky	Jackson Jenkins
Barbee Hanson	Armando Membrilla	Alan Forrest
Bill Katzel	Amber Smith	
Kendall Kroesen	Mark Stratton	

Committee Members Absent:

Sheila Bowen	John Lynch	Mark Taylor
John Carlson	Bob Iannarino	

A. CALL TO ORDER. Ann Marie Wolf, Chair, called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 8:03 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. SAFETY SHARE. Barbee Hanson reminded everyone not to drink and drive and for those that smoke, to consider quitting to improve their health.

E. APPROVAL OF MINUTES.

1. Meeting Minutes of November 21, 2013

ACTION: Mark Stratton made a motion to approve the minutes of the November 21, 2013 meeting. Rob Kulakofsky seconded the motion. Motion passed unanimously.

F. COMMITTEE/SUBCOMMITTEE REPORTS.

1. **CITIZENS' WATER ADVISORY COMMITTEE (CWAC) UPDATE.** Alan Forrest, Director, Tucson Water Department, stated the CWAC is primarily focused on the budget at this time.

2. **RWRAC FINANCIAL SUB-COMMITTEE UPDATE.** Mark Stratton provided an update on behalf of the Sub-Committee. Mr. Stratton stated the Sub-Committee met earlier this month and mainly discussed the Capital Improvement Program (CIP). Mr. Stratton stated the Sub-Committee will be recommending approval of the CIP.

G. DISCUSSION/ACTION.

1. **DIRECTOR'S UPDATE.** Jackson Jenkins, Director, RWRD, provided an update on the Regional Optimization Master Plan (ROMP) project. The Tres Rios Wastewater Reclamation Facility (WRF) reached substantial completion on October 11, 2013 and has been operating in regulatory compliance, which was the mandate of ROMP. There are still small side projects continuing, which will last a few more months. Mr. Jenkins stated on December 13, 2013, the Agua Nueva Water Reclamation Facility also reached substantial completion and began taking sewer flow on December 16, 2013. The Roger Road WRF will be shut down from processing on or before December 31, 2013. Mr. Jenkins stated the Department plans on having a ribbon cutting ceremony in Spring 2014. Mr. Jenkins continued to discuss the ongoing work with ROMP. The ROMP budget for capital was originally \$720 million. The current budget for this fiscal year is \$645 million, which is quite a reduction. The budget that staff is currently working on for next fiscal year has the ROMP budget further reduced to \$605 million.

Mr. Jenkins stated he will be discussing the biogas Request for Proposals and struvite recovery at next month's meeting.

Mr. Jenkins discussed a situation where a camera got stuck during a CCTV and praised staff for resolving the problem and retrieving the camera.

Bill Katzel asked how the reduction in the ROMP budget affects future rates. Mr. Jenkins stated there will be no rate increase next year and whether a rate increase will be necessary the following year(s) is yet to be determined. Mr. Katzel asked if a rate reduction in the coming years is possible. Mr. Jenkins stated he would hope that could be a possibility, but is unable to say at this time.

2. **MPA COMMON GROUND AWARDS.** Mr. Jenkins stated the Department has received an incredible amount of recognition and positive feedback for the ROMP project. Mr. Jenkins stated there was a local award ceremony, presented by MPA, and the Department was a finalist in two categories. Mr. Jenkins presented staff from the three main divisions (Planning/Engineering, Treatment and Conveyance) of Regional Wastewater Reclamation Department (RWRD) with individual awards.

Mr. Jenkins made a special acknowledgement to Jaime Rivera, Project Manager, RWRD, for his work on the Plant Interconnect, as well as his other roles and responsibilities with the Tres Rio WRF. Mr. Jenkins also recognized RWRD and County staff, various contractors and stakeholders and all those involved with ROMP and their work on this huge project. Ms. Wolf stated it is nice to see the RWRD staff receive recognition for all the hard work that has been put into ROMP.

3. **FY 2013/14 BUDGET UPDATE.** Tom Burke, Director, Finance and Risk Management Department (FRMD), stated that he just received word that the County/RWRD received a AA rating from Fitch Ratings for the latest bonds being issued.

Patrick McGee, Division Manager, FRMD, gave an overview of the Expense and Revenue comparison data from Period 4. Personnel Services is approximately \$663,000 over budget, which most of that is due to the cost of living increase that was approved by the Board of Supervisors (BOS) this fiscal year. Supplies and Services is \$1.5 million over budget and this is mostly attributed to the increase in electrical rates. The sewer user fees are over budget by \$395,000. Mr. McGee stated that the Department is \$4.1 million under the budgeted amount for connection fees.

4. **DRAFT FY 2014/15 FINANCIAL PLAN ASSUMPTIONS/PROJECTIONS.** Mr. Burke discussed the FY 2014/15 Financial Plan assumptions. The first assumption that has the most impact is what amount the system will grow by. The idea is that population growth will mirror wastewater customer's growth and we can use that as an estimate. Mr. Burke recommended that the same growth rate be used this fiscal

year from the prior year. Mr. Stratton stated that he agreed with that recommendation, as did the Financial Sub-Committee at their last meeting. Mr. Forrest commented that Tucson Water is still seeing reductions on a per unit basis and they are still projecting less water use. Mr. Burke stated this was discussed at the RWRAC Financial Sub-Committee meeting and staff will continue to monitor this issue.

Mr. Burke stated the next assumption he will be reviewing for the Financial Plan is rate increases. The BOS approved four rate increases in 2010 and the last one went into effect in July of this year. There are currently no additional BOS approved rate increases at this time. However, Mr. Burke stated there is the possibility of a minor rate increase in the next couple years in order to keep the ratios high enough. Mr. Burke discussed the process for paying down the debt.

Another assumption will be on connection fee growth. The same growth rate will be used from last year. Mr. Burke also stated operating expenses are another assumption and the Department is committed to a 2% increase per year in operating expenses. The next major assumption is on the capital projects and Finance staff works with RWRD staff to view the most current CIP estimates for the year. Discussion ensued regarding the assumptions. Ms. Wolf asked the Sub-Committee members present what their recommendation is with regards to the 5.5% interest rate assumption. Mr. Stratton stated he concurs with the 5.5% rate.

Mr. Burke stated that the Financial Sub-Committee will be reviewing the first draft of the Financial Plan at the January meeting and then will present to the full Committee. Mr. Stratton stated that the Sub-Committee members agreed that based on the projections, there should be no need for a rate increase. Mr. Burke answered various questions from the Committee.

5. **2014 CAPITAL IMPROVEMENT PROGRAM: RWRAC LETTER OF SUPPORT.** Mr. Stratton stated for this year, most of the work needed is conveyance rehabilitation and thanked John Warner, Division Manager, RWRD and his staff for doing an excellent job on providing explanation on how these projects are prioritized and analyzed. The Sub-Committee's recommendation is to provide a letter of recommendation in support of the CIP for the upcoming fiscal year.

ACTION: Mark Stratton made a motion that the RWRAC provide a letter of support on the recommendation for the CIP for the RWRD for FY 2014-15. Amber Smith seconded the motion. Motion passed unanimously.

6. **DRAFT 2014 WORK PLAN.** Ms. Wolf asked the Committee to review the draft 2014 Work Plan and provide their input. Discussion ensued regarding the work plan.

H. FUTURE AGENDA ITEMS. No other items were discussed.

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

Mr. Jenkins offered his condolences to those that have recently lost loved ones and also shared with the Committee that a long-time employee and friend of RWRD passed away unexpectedly last week.

Ms. Wolf notified the Committee that she sent a letter thanking Pima Association of Governments' for use of their conference room and the assistance they have graciously provided over the past several years.

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

J. ADJOURNMENT. The meeting was adjourned at 9:09 a.m.