



**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE  
FINANCIAL SUB-COMMITTEE  
Public Works Building  
201 N. Stone Avenue, 7<sup>th</sup> Floor Conference Room**

**MEETING MINUTES**

**Wednesday, February 5, 2014**

**COMMITTEE MEMBERS PRESENT:**

Mark Stratton  
Mark Taylor  
Ann Marie Wolf

**COMMITTEE MEMBERS ABSENT:**

John Lynch  
Amber Smith

**A. CALL TO ORDER.** Mark Stratton called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) Financial Sub-Committee to order at 1:35 p.m. Brandy Peterson took the roll call and a quorum was present.

**B. PLEDGE OF ALLEGIANCE.**

**C. SAFETY SHARE.** Tom Burke, Director, Finance and Risk Management Department (FRMD) suggested that everyone should use handrails when going up or down stairs to help prevent tripping or falling.

**D. APPROVAL OF MINUTES**

1. Meeting Minutes of January 8, 2014

**ACTION:** Ann Marie Wolf made a motion to approve the minutes of the January 8, 2014 meeting. Mark Taylor seconded the motion. Motion passed unanimously.

**E. DISCUSSION/ACTION.**

1. **RECAP OF RWRD's 2014 FINANCIAL PLAN ASSUMPTIONS.** Mr. Burke reviewed the Financial Plan assumptions being recommended for the 2014 Financial Plan. The assumptions include: user growth rate, rate increases, connection fee growth factor, annual rate of expense increase, capital projects, debt assumptions, and interest rate assumptions. Mr. Burke stated that we are still using the Pima Association of Governments' (PAG) growth rates (medium growth), which are 1.4% - 1.5% for future years, however; we are currently projecting a 1.6% growth rate for this year. The same growth rate will be used for both the connection and user fees. There are currently no proposed user fee or connection fee increases in the future assumptions at this time. Mr. Burke stated the one significant change in the assumptions since the last meeting is the annual rate of the expense increases, which has been set at 4% now for 2015 and returning to 2% for future years. Mr. Burke answered several questions from the

Sub-Committee regarding the assumptions.

Mr. Burke then stated the remaining assumptions of capital projects, debt and interest rates had not changed from the previous version. Mr. Burke proceeded to discuss payment of the debt service. Mr. Burke stated that the County's total debt is \$1.4 billion and 50% of that is the Regional Wastewater Reclamation Department's (RWRD) debt of \$711 million. Mr. Burke went on to discuss the financial assumptions about the debt and the payments of the Certificates of Participation (COPs).

The Sub-Committee and Mr. Burke discussed possible future rate increases. Mr. Stratton asked Mr. Burke to provide the same data that he is presenting at today's meeting to the full RWRAC on February 20<sup>th</sup>. Mr. Burke stated he will. Discussion ensued regarding the debt service ratio and the future projections of the debt service ratio.

- 2. ANALYSIS OF ALTERNATIVE ASSUMPTIONS.** Mr. Burke then worked with the Sub-Committee to change basic assumptions presented and review the results of alternative assumptions.
  - 3. EVALUATION OF RECOMMENDED ASSUMPTIONS.** Mr. Burke summarized the pros and cons for the alternative and recommended assumptions. The Sub-Committee agreed that the assumptions initially presented by Mr. Burke were feasible. The Sub-Committee then came to a consensus to recommend the Financial Plan as presented to the full RWRAC.
  - 4. OTHER RWRD FINANCIAL PLAN AND BUDGET ISSUES.** Patrick McGee, Division Manager, FRMD, discussed the Period 6 Expense and Revenue Summaries. Currently, the operating and maintenance expenses are below budget at \$78.2 million. Mr. McGee stated that revenues are also below budget by \$3.9 million.
  - 5. OTHER ISSUES.** No other issues were discussed.
- F. FUTURE AGENDA ITEMS.** The Sub-Committee determined they will not hold a meeting in March pending results of the Financial Plan presentation to the full RWRAC.
- G. CALL TO THE AUDIENCE.** There were no comments from the audience.
- ACTION:** Ann Marie Wolf made a motion to adjourn the meeting. Mark Taylor seconded the motion. Motion passed unanimously.
- H. ADJOURNMENT.** The meeting was adjourned at 3:00 p.m.