



**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, June 4, 2014**

**COMMITTEE MEMBERS PRESENT:**

John Lynch  
Mark Taylor  
Ann Marie Wolf

**COMMITTEE MEMBERS ABSENT:**

Amber Smith  
Mark Stratton

**A. CALL TO ORDER.** Ann Marie Wolf called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) Financial Sub-Committee to order at 1:31 p.m. Veronica Lopez took the roll call and a quorum was present.

**B. PLEDGE OF ALLEGIANCE.**

**C. SAFETY SHARE.** John Lynch reminded everyone to stay hydrated during the summer months and to work in pairs when working outside in the heat, especially in remote areas.

**D. APPROVAL OF MINUTES**

1. Meeting Minutes of February 5, 2014

**ACTION:** Mark Taylor made a motion to approve the minutes of the February 5, 2014 meeting. John Lynch seconded the motion. Motion passed unanimously.

**E. DISCUSSION/ACTION.**

The Sub-Committee decided to address the agenda items out of order and begin with item E.2.

1. **COMPOSITION OF RWRAC FINANCIAL SUB-COMMITTEE.** Ms. Wolf stated she asked that this item be placed on the agenda to discuss membership of the Sub-Committee. Ms. Wolf stated she wanted to provide an opportunity for members to express their desire to remain on the Sub-Committee and whether to poll the full RWRAC members to see if other members would be interested in serving on the Sub-Committee. After discussion, it was agreed that the current Sub-Committee should remain as-is for at least another year.

2. **PROPOSED NEW TUCSON WATER BILLING INTERGOVERNMENTAL AGREEMENT (IGA).** Tom Burke, Director, Finance and Risk Management Department (FRMD), distributed a memorandum that he issued to the County Administrator, dated April 14, 2014, regarding IGA with Tucson Water for Sewer Billing Services. The Sub-Committee presented questions that the full RWRAC had to Mr. Burke.

Mr. Burke stated that the City of Tucson (COT) has not raised billing rates in nine years. Tucson Water conducted an analysis to review costs incurred by the COT and the method of allocating each of those costs in the calculation of the proposed rates. The COT proposed a rate increase of \$0.32, to \$1.14 per bill, based on an allocation of actual costs. Mr. Burke explained that Pima County has never had a billing system to bill for wastewater and Tucson Water has been providing these billing services since 1979. The COT bills approximately 90% of the County's wastewater customers and has 90% of the data of the customers. If Pima County began to bill and collect the sewer user fees, the County would still need to purchase customer data from the COT in the same manner the County purchases data from all other water providers. Currently, this information is included with the services Tucson Water provides.

Mr. Burke continued to explain the costs the County would incur if the County chose to process its own billings. Mr. Burke stated he conducted a rough analysis and it would cost the County more than what the COT is charging, to process its own billing. The County would need to purchase, implement, and maintain a billing system. There would also be a cost to hire billing staff and collection staff. The County would have to process the mailing of more than 2.7 million invoices annually and this would involve purchasing equipment that can handle such a large volume of mail, as well as paying for postage on each bill. Mr. Burke stated the main benefit for continuing in this IGA with Tucson Water is the enforcement mechanism. The cost of uncollectable accounts would increase if the County processed its own billings. RWRD cannot cut off sewer services for non-payment. However, Tucson Water can terminate service for customers who are delinquent in payment. Discussion ensued regarding how the County would handle delinquent bills and the enforcement of collecting payment for services if the County were to bill on its own.

Mr. Lynch asked what the rates are, per bill, for the other water providers. Mr. Burke stated Metro Water will be raising their rates to \$1.14. The other provider's rates are approximately \$1.00. The Sub-Committee continued to discuss how the COT costs are allocated for the billing. Mr. Burke stated the COT used a reasonable allocation method. The IGA was approved by the Mayor and Council yesterday and will be presented to the Board of Supervisors at their June 17<sup>th</sup> meeting. Ms. Wolf asked if this IGA will affect RWRD's budget in the coming year. Mr. Burke replied this rate increase was anticipated and is in the budget. Mr. Burke summarized why it is beneficial for the County to remain in this IGA with Tucson Water.

3. **RWRD FINANCIAL PLAN/BUDGET ISSUES.** Mr. Burke gave a brief overview for the process on how the budget is drafted for the following fiscal year. Mr. Burke stated that the BOS has approved the tentative recommended budget for FY 2014/15. A salary increase was recommended for all County employees. The recommendation is for a 2% increase; however, employees who make \$37,500 annually would get slightly over 2%, but not more than \$750. Mr. Burke stated the BOS suggested a \$0.50 increase for all employees (a \$0.50 per hour increase was adopted by the BOS on June 17<sup>th</sup>). All Departments will have to do an expenditure cut to absorb this increase. The BOS will vote on the final adoption of the FY 2014/15 Financial Plan at the June 17<sup>th</sup> meeting. Mr. Burke stated no rate increases were requested for RWRD for next fiscal year. Discussion ensued regarding future rate increases.

Patrick McGee, Division Manager, FRMD, discussed the Period 10 Expense and Revenue Summaries. Mr. McGee stated RWRD should be very close to being on budget for this fiscal year. Sewer User Fees are slightly under budget by \$368,000.

**4. OTHER RWRD ISSUES.** No other issues were discussed.

**F. FUTURE AGENDA ITEMS.** The Sub-Committee determined they will not hold a meeting until possibly October pending any pertinent financial issues that may come up that would require the Sub-Committee to meet prior to October.

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

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

**H. ADJOURNMENT.** The meeting was adjourned at 2:34 p.m.