

**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC)
FINANCIAL SUBCOMMITTEE MEETING
Public Works Building
201 N. Stone Avenue – 3rd Floor Conference Room
Wednesday, August 15, 2018, 10:00 a.m.**

Members Present: John Lynch, Corin Marron, Matt Matthewson, Armando Membrila

Members Absent: 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), Richard Miranda (RWRD), Jeff Prevatt (RWRD), Xavier Rendon (FRMD), Charles Wesselhoft (PCAO)

A. Call to Order / Roll Call

John Lynch, Chair, RWRAC Financial Subcommittee, called the meeting to order at 10:03 a.m. Veronica Lopez, Program Coordinator, Regional Wastewater Reclamation Department (RWRD), 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

Jason Grodman, Permit Regulatory Compliance Officer, RWRD, stated the University of Arizona students are returning to school so be aware of the added population and traffic in the area.

E. Approval of Minutes – Meeting Minutes of May 10, 2018

ACTION: Matt Matthewson made a motion to approve the meeting minutes of May 10, 2018. Corin Marron seconded the motion. Motion passed unanimously.

Mandy Armenta, Administrative Support Services Manager, Finance and Risk Management Department (FRMD), requested to have Agenda Item F.2 discussed first as she had a scheduling conflict and needed to excuse herself from the meeting early. The agenda items were discussed out of order.

F. Discussion/Action

1. Fiscal Year 2017/2018 Expense & Revenue Update

Ms. Armenta provided the Period 13 Expense and Revenue summary update. The total operating and maintenance expenses are budgeted for \$83.3 million, but the projected amount is \$81.4 million. The total revenues is budgeted at \$177.4 million and the forecast is \$182.5, which is above the projected budget.

2. Continued Discussion Regarding Rate Structure & Other Billing Topics

a. Actual Water Usage vs Winter Quarter Averaging

Jackson Jenkins, Director, RWRD, stated the department's intent is to move forward with this item, as a stand-alone item, and present the proposed modification to the Board of Supervisors (BOS) in December 2018. Mr. Jenkins stated he would like to hear where the Subcommittee stands on this item and take their recommendation to the full committee at next week's meeting. Mr. Jenkins reiterated this proposed modification to the billing methodology is an equity issue and to ensure customers are paying for the

actual cost of service they receive. Discussion ensued.

Mr. Lynch asked if the Department has developed an outreach plan to communicate this proposed modification to the public. Mr. Jenkins stated the Department will be creating a detailed plan, to include: special public meetings, public notices, and contacting those who would be most impacted. The subcommittee asked various questions of staff.

Matt Matthewson and Corin Marron, Members, RWRAC Financial Subcommittee, both stated they are in support of the proposed modification to the billing methodology for non-residential users. Ms. Marron asked what methodology was used in developing the data that shows the amount billed versus the amount based on actual consumption. Michelle Campagne, Director, FRMD, explained how the data was calculated and stated a lot of work went into compiling the data. Mr. Matthewson asked if the Department has considered removing multifamily from this proposed modification. Mr. Jenkins stated multifamily customers should be billed equitably for actual usage. Mr. Lynch added multifamily customers are less prone to conserve. Armando Membrila, Member, RWRAC Financial Subcommittee, stated he has communicated his support on this item to his respective BOS Member.

ACTION: Armando Membrila made a motion to support the Regional Wastewater Reclamation Department's efforts to modify the billing methodology from Winter Quarter Average to bill based on actual water usage for non-residential customers, as well as the support the Department's public outreach plan. Corin Marron seconded the motion. Motion passed unanimously.

b. Residential Sewer User Fee Rate Structure

Mr. Jenkins stated the Department's recommendation is a non-volumetric flat charge that would provide revenue stability. Mr. Lynch asked if going to a flat fee would have a positive impact on billing costs. Mr. Jenkins stated that is correct and discussions with the Tucson Water Director on what the billing costs decrease would be are ongoing. Discussion ensued concerning the feedback received from some committee members at a previous meeting regarding possible negative consequences with going to a flat rate with regards to conservation.

Mr. Jenkins stated he would like to see this item and the number of industrial classes matter presented to the BOS in June 2019; therefore, the Department would need a recommendation from the committee in February or March 2019. Jennifer C. Coyle, Special Assistant to the Director, RWRD, suggested the subcommittee provide any further questions and/or concerns on Items F.1.b and c. to staff so staff can respond. Mr. Membrila suggested the RWRAC hold a Study Session. Ms. Marron asked Ms. Lopez to email the full committee and ask that they be prepared to bring their questions/concerns to the full committee meeting next week. Discussion ensued regarding the committee meeting schedule to discuss the residential sewer user fee rate structure and the number of industrial classes. The subcommittee suggested the October regular monthly meeting be primarily focused on these two items.

c. Number of Industrial Classes

Mr. Lynch asked with regards to the industrial users, what is the quality of their effluent after pre-treatment. Mr. Grodman stated it is generally higher than what the plant gets and are currently charged on their actual strength of discharge. Discussion ensued. Ms. Marron asked how the average bill would change by going to one rate and recalled this information is in the Raftelis Rate Structure Study Report (Report). Mr. Lynch asked Ms. Lopez to reach out to the full committee and encourage them to review the Report as there is relevant information related to these items.

G. Future Agenda Items

- Residential Sewer User Fee Rate Structure
- Number of Industrial Classes

H. Call to the Audience – Mr. Grodman provided suggestions for the public outreach on the proposed modification to the billing methodology for the non-residential users.

I. Adjournment

ACTION: Corin Marron made a motion to adjourn the meeting. Matt Matthewson seconded the motion. The meeting was adjourned at 11:31 a.m.