



PIMA COUNTY
WASTEWATER RECLAMATION

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

MEETING MINUTES

Wednesday, October 1, 2014

SUB-COMMITTEE MEMBERS PRESENT:

Mark Stratton
Mark Taylor
Ann Marie Wolf

SUB-COMMITTEE MEMBERS ABSENT:

John Lynch
Amber Smith

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. Brandy Peterson took the roll call and a quorum was present.

B. PLEDGE OF ALLEGIANCE.

C. SAFETY SHARE. Mark Taylor reminded everyone to never speed while driving, even if you think you are going to be late.

D. APPROVAL OF MINUTES

Meeting Minutes of September 3, 2014

ACTION: Mark Stratton made a motion to approve the minutes of the September 3, 2014 meeting. Mark Taylor seconded the motion. Motion passed unanimously.

The Sub-Committee decided to discuss the Regional Wastewater Reclamation Department (RWRD) budget issues first, then the Financial Plan issues next.

E. DISCUSSION/ACTION.

1. RWRD BUDGET ISSUES.

Tom Burke, Director, Finance and Risk Management Department (FRMD) discussed budget issues first. Mr. Burke stated budget Period 2 ended on August 31, 2014. At that time the Operation and Maintenance (O&M) budget was \$5,000 over budget. The revenue amount of \$385,000 is interest earning.

Mr. Burke then proceeded to go over the overhead comparison spreadsheet that he provided to the committee. Mr. Burke highlighted that out of the \$76 million dollars in current year central service cost for Pima County, RWRD has been allocated approximately 9.6% of this total. This percentage is slightly higher than the average that RWRD has been responsible for over the last several years. Mr. Burke went on to explain this increase by referring to the handouts that showed department cost allocations within the County. Mr. Burke also noted that of all of the \$76 million in overhead charges, only \$21 million dollars was allocated out to the enterprise departments. The remainder was paid in property tax for the non-enterprise departments. Of the \$21 million, wastewater is allocated 35% of those central service costs. Members of the Sub-Committee had a number of questions for Mr. Burke on the method and rationale for cost allocation, and the different allocation categories for RWRD.

Mr. Taylor will be presenting a report to the full Committee about the RWRAC Financial Sub-Committee discussion on this issue. This summary was in response to questions from the full RWRAC Committee at the last meeting. Mr. Burke will provide additional handouts and information at the next full Committee meeting on October 16th. Ms. Wolf requested a draft copy of the overhead comparison sheets from Fiscal Year 2012-2015 to be presented at that meeting also.

2. 2015 RWRD FINANCIAL PLAN.

Mr. Burke discussed the bond debt service and the Certificates of Participation. He then passed out the charts showing the schedule of bond repayment for principal and interest for all wastewater debt. There was some discussion about 15 versus 20 year bonds, and Mr. Burke also explained the WIFA call requirements. Mr. Taylor asked, "How is the debt going to look over the next 10 years?" Mr. Burke explained that the total debt will stay level until 2023 and then reduce rather quickly after that. Mr. Burke discussed the debt service coverage and growth ratio; the Committee previously passed a resolution to keep the bond debt service coverage as close to 130% as possible. Ms. Wolf asked about public hearings in December and January. Mr. Burke responded that the Committee would first review the Financial Plan and then the public hearings could be in January and February for any potential recommended rate increase. The Sub-Committee and Mr. Burke discussed the schedule going forward and the information to be provided for the full Committee on the Financial Plan, assumptions and recommendations. The Sub-Committee discussed future agenda items, which include a revised second draft of the Financial Plan for the Sub-Committee and updated budget numbers from FRMD for the current budget for the full Committee.

F. FUTURE AGENDA ITEMS.

- Review the second draft of the Financial Plan.
- An update from John Warner regarding the status of the Capital Improvement Program.

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

H. ADJOURNMENT. The meeting was adjourned at 2:55 p.m. Mark Stratton made the motion. Mark Taylor seconded the motion.