

**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC)
FINANCIAL SUBCOMMITTEE MEETING
Public Works Building
201 N. Stone Avenue – 3rd Floor Conference Room
Wednesday, October 17, 2018, 10:00 a.m.**

Members Present: John Lynch, Corin Marron, Matt Matthewson, Armando Membrila, Mark Taylor (via phone)

Others Present: Marla Berry (RWRD), Melody Burton (FRMD), Michelle Campagne (FRMD), Isai Centeno (FRMD), Jennifer C. Coyle (RWRD), Michelle Hamilton (FRMD), Jackson Jenkins (RWRD), Meredith Litton (FRMD), Fernanda Quintanilla (RWRD), Xavier Rendon (FRMD), Caroline Vargas (RWRD), Charles Wesselhoft (PCAO)

A. Call to Order / Roll Call

Matt Matthewson, Vice-Chair, RWRAC Financial Subcommittee, called the meeting to order at 10:11 a.m. Fernanda Quintanilla, 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

Corin Marron, RWRAC Financial Subcommittee member, reminded drivers to be vigilant to yield to pedestrians whether or not they are in a crosswalk as they always have the right-of-way. Mark Taylor, Vice-Chair, RWRAC Financial Subcommittee, reported he received a bat bite in the evening at a recent hotel stay. Mr. Taylor added bat bites are hardly felt and require a rabies shot and suggested everyone be aware of this hazard.

E. Approval of Minutes – Meeting Minutes of August 15, 2018

ACTION: Corin Marron made a motion to approve the meeting minutes of August 15, 2018. Armando Membrila seconded the motion. Motion passed unanimously.

F. Discussion/Action

1. Continued Discussion Regarding Rate Structure & Other Billing Topics

a. Actual Water Usage vs Winter Quarter Averaging (WQA)

Jackson Jenkins, Director, RWRD, stated the Department is still conducting community outreach regarding the billing topics under discussion. Mr. Jenkins stated he sent a memorandum to County Administration for guidance on how to move forward with the Actual vs. WQA proposal. Mr. Jenkins prefers the Department continue to discuss options with the RWRAC and continue to build consensus before moving forward.

Charles Wesselhoft, Deputy County Attorney, Pima County Attorney's Office, clarified the motion regarding the Actual vs. WQA proposal is for a committee recommendation to the Board of Supervisors (BOS), it does not place the issue on the agenda, only the Department can place an item on the agenda. Mr. Matthewson stated he supports the Department if they are not comfortable in moving forward with presenting billing topics to the BOS at this time. Mr. Jenkins suggested a more holistic approach to addressing billing topic issues and felt that the Department should reassess billing methodology concerns before moving forward with any further changes.

John Lynch, Chair, RWRAC Financial Subcommittee, asked if the Department had considered combining

changes in the rate structure and billing topics with decreases in sewer rates. Mr. Jenkins stated in a few years, a large amount of debt will be paid off and barring any future capital needs, there is a possibility of adjustments to the revenue needs of the Department. Michelle Campagne, Director, Finance and Risk Management Department (FRMD), stated the last Financial Plan indicates rates would remain the same through 2024, but FRMD can look into the potential of changes in sewer rates as they work through future projections. Discussion ensued.

Mr. Lynch stated RWRAC representatives should bring forward any concerns raised by their respective Supervisor to RWRAC meetings so that they may be addressed by the full Committee and the Department. Mr. Taylor stated members should be in consistent communication with their respective BOS member. Armando Membrila, RWRAC Financial Subcommittee member, stated it is also the responsibility of each member to be reaching out to the members of the community within their District. Discussion ensued.

b. Number of Industrial Classes

Mr. Jenkins stated the number of industrial classes is currently the most significant billing topic, which, if reduced to a single category, would increase equity in the billing methodology and eliminate misclassification of industrial businesses. Mr. Membrila stated the Department could do away with issues regarding the misclassification of businesses if the billing was done internally. Mr. Jenkins said the Department depends on water companies to identify sewer customers and provide data, regardless of whether or not the Department does its own billing. Discussion ensued.

c. Residential Sewer User Fee Rate Structure

Mr. Jenkins stated the residential sewer user fee rate structure topic is summarized as the Department's interest in considering a fixed residential fee.

2. Fiscal Year 2018/2019 Expense & Revenue Update

Isai Centeno, Finance Analyst Principal, FRMD, provided the Period 3 Expense and Revenue summary update. The total operating and maintenance expenses are budgeted for \$83.4 million and the projected amount is \$82.9 million. The total revenues are budgeted for \$177.3 million and forecasted amount is \$177.4 million.

3. November and December Meeting Schedule

Mr. Lynch suggested the issues heard during the Financial Subcommittee should be brought to the full RWRAC and that an additional Financial Subcommittee meeting be postponed until the Department has further progress on the rate structure and other billing topics. Discussion ensued.

G. Future Agenda Items

The committee will defer scheduling another meeting until staff and the full RWRAC decide it is appropriate.

H. Call to the Audience – There were no comments from the audience.

I. Adjournment

ACTION: Armando Membrila made a motion to adjourn the meeting. Corin Marron seconded the motion. The meeting was adjourned at 11:05 a.m.