

**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC)
FINANCIAL SUB-COMMITTEE MEETING
Public Works Building
201 N. Stone Avenue – 7th Floor Conference Room
Tuesday, October 25, 2016, 3:00 p.m.**

Members Present: Sheila Bowen, John Lynch, Mark Stratton, Mark Taylor

Others Present: Jennifer C. Coyle (RWRD), Keith Dommer (FRMD), Adriana Fuentes (RWRD), Bob Iannarino, Jackson Jenkins (RWRD), Veronica Lopez (RWRD), Patrick McGee (FRMD)

A. Call to Order / Roll Call

John Lynch, Chair, called the meeting to order at 3:07 p.m. Veronica Lopez, Program Coordinator, took the roll call and a quorum was present.

B. Pledge of Allegiance

C. Call to the Audience – Jackson Jenkins, Director, RWRD, announced that Ms. Lopez has been temporarily assigned to a different department to assist with administrative duties and Adriana Fuentes, Administrative Specialist, RWRD, will be filling in for Ms. Lopez during this time.

D. Safety Share

Jackson Jenkins reminded everyone to be patient while driving and not to partake in road rage.

E. Approval of Minutes – Meeting Minutes of October 14, 2016

Sheila Bowen commented that Item #3 on the minutes be more generalized.

ACTION: Mark Stratton made a motion to approve the meeting minutes of October 14, 2016 with the suggested amendment. Sheila Bowen seconded the motion. Motion passed unanimously.

F. Discussion/Action

1. Revenue Needs and Potential Rate Increase Adoption Process

Jennifer C. Coyle, Special Assistant to the Director, RWRD, stated the department is required to post a public notice three weeks from today, which will provide a 60-day notice prior to the Board of Supervisors (BOS) January 17, 2017 meeting. Ms. Coyle confirmed with Chuck Wesselhoft, Deputy County Attorney, that the notice must indicate the specific rate increase percentage that the Committee is recommending. Discussion ensued regarding the RWRAC meeting schedule, timeline and requirements of the public meetings. The Sub-Committee discussed what their process should be in making their recommendation to the County Administrator and the BOS.

Keith Dommer, Director, Finance and Risk Management Department, distributed various handouts to the Sub-Committee. Mr. Dommer stated he included the most recent population growth numbers from the University of Arizona, which slightly lowered the revenue growth numbers. Mr. Dommer proceeded to explain the changes he made and how that affected the data that was previously provided at the last meeting. Mr. Dommer continued to discuss various factors related to pre-payment options. Mr. Dommer went over total expenses as compared to total revenues. The Sub-Committee and staff discussed how bond ratings are affected by the debt service ratios and paying down the debt. Mr. Lynch stated a presentation should be given to the full RWRAC on this matter. Mr. Dommer stated if the Sub-Committee decides to recommend a 6% increase that could be based on the re-evaluation of the population growth, flow, volume, and the results from last year and a 1.2 ratio would be acceptable.

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2. Rate Study

Mr. Jenkins stated the rate study should be completed by Raftelis in December; however; the department will be complete with their review by the end of the first quarter of 2017. Discussion ensued regarding when the Committee will be provided a copy of the draft and/or final report.

3. Meeting Schedule

Discussion ensued regarding the next meeting date and it was agreed the Sub-Committee would not meet again until January 4, 2017.

G. Future Agenda Items

- Revenue Needs
- Rate Study Update
- CIP Update

H. Call to the Audience – Bob Iannarino discussed the difficulty to request a change to the original four percent recommendation of the Sub-Committee. The presentation at the next financial meeting of the report card by Keith Dommer will provide a simplified justification that instead of the individual ratio that has been tackled, the rating agencies look at financial stability of how it is operating, cash reserves and ratios of senior and junior debt, and the fact that we want to maintain an overall ratio. Bob Iannarino questioned, how many times do you have to meet with a rating agency to get ratings? Keith Dommer answered it is only when you issue debt or depending on activity.

I. Adjournment

ACTION: John Lynch made a motion to adjourn the meeting. Mark Stratton seconded the motion. The meeting was adjourned at 5:05 p.m.