

**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC)
FINANCIAL SUBCOMMITTEE MEETING
Public Works Building
201 N. Stone Avenue – 3rd Floor Conference Room
Thursday, February 21, 2019, 8:00 a.m.**

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

Others Present: Mandy Armenta (FRMD), Adam Bliven (RWRD), Michelle Campagne (FRMD), Isai Centeno (FRMD), Michelle Hamilton (FRMD), Jackson Jenkins (RWRD), Meredith Litton (FRMD), Richard Miranda (RWRD), Fernanda Quintanilla (RWRD), Xavier Rendon (FRMD), Jaime Rivera (RWRD), Charles Wesselhoft (PCAO), Eric Wieduwilt (RWRD)

A. Call to Order / Roll Call

John Lynch, Chair, RWRAC Financial Subcommittee, called the meeting to order at 8:01 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

Jackson Jenkins, Director, RWRD suggested caution when walking as temperatures this weekend are anticipated to be low and the unusual walking terrain may increase the likelihood of slips, trips, and falls.

E. Approval of Minutes – Meeting Minutes of October 17, 2018

ACTION: Corin Marron made a motion to approve the meeting minutes of October 17, 2018. Matt Matthewson seconded the motion. Motion passed unanimously.

F. Discussion/Action

1. Proposed Ordinance Revisions to Pima County Code

Eric Wieduwilt, Deputy Director, RWRD, stated the proposed revisions to Pima County Code Chapters 13.12, 13.16, 13.20, have been through several stakeholder meetings and the Department is currently taking into consideration feedback received from the public.

Mr. Wieduwilt stated the Pima County Code Chapter 13.28 and 13.32 related to Mt. Lemmon were modified to remove the operational surcharge after discussion with County Administration. The proposed modifications passed at the February 5, 2019 Board of Supervisors meeting.

2. Bond Repayment Schedule

Michelle Campaign, Director, Finance and Risk Management Department, provided a schedule of bond repayment from December 2018 through 2025. Armanda Membrila, RWRAC Finance Subcommittee member, asked what the cause of an increase in revenues is attributed to. Ms. Campagne explained that the increase in revenue is attributed to the stabilization of water consumption coupled with the natural increase in residential customers due to growth. Mr. Jenkins added revenue increase is also spurred by the Department's efforts to add unpaying sewer customers as new accounts.

3. Rate Structure and other Billing Topics

Mr. Jenkins stated, in respect to customer classes, the Department intends to perform a detailed analysis of where costs of service are incurred and where revenue can be attributed to. Mr. Jenkins added he intends to readdress the rate structure and billing topics with County Administration and the Board of Supervisors to determine how to move forward.

Mr. Jenkins stated that the repayment of debt associated with the Regional Optimization Master Plan may be an ideal time to make potential changes to items associated with billing. Discussion ensued.

4. Fiscal Year 2019/2020 Budget

Mr. Jenkins stated the operations and maintenance component of the proposed budget for fiscal year 2019/2020 is slightly less than the current year's operations and maintenance budget despite upward financial pressures due to increases in the cost of chemicals and other items.

5. Fiscal Year 2018/2019 Expense & Revenue Update

Many Armenta, Administrative Support Services Manager, FRMD, provided the Period 7 Expense and Revenue summary update. The total operating and maintenance expenses are budgeted for \$83.4 million and the projected amount is \$82.7 million. The total revenues are budgeted for \$177.3 million and forecasted amount is \$183.4 million.

6. Arizona Department of Transportation Billing and Utility Relocations

Jaime Rivera, Deputy Director, RWRD, stated that the Arizona Department of Transportation (ADOT) process for obtaining estimates involved utilizing the engineer for the estimate provided to RWRD without the approval of the contractor performing the work. Mr. Rivera added this resulted in large variances from the proposed estimate to the actual funds required to perform the work. Mr. Rivera stated the Department now obtains third party estimates prior to budgeting for projects in conjunction with ADOT and utilizes the figures determined by the third party for the purpose of budgeting.

7. Financial Impact of Economic Development Capital Improvement Program

Mr. Rivera stated the Aerospace Corridor Augmentation project was set into motion both by future economic development and capacity needs.

Mr. Wieduwilt outlined the Twin Peaks Augmentation project which is spurred by economic development and costs will be recovered by a connection surcharge paid by developers as construction moves forward.

Mr. Wieduwilt stated the Department works closely with the University of Arizona to determine where growth is anticipated to occur and plan accordingly. Mr. Wieduwilt added the Department would identify if a developer is responsible for the need in capacity increase and ensure the developer is responsible for the costs associated with augmentation. If the augmentation cannot be attributed to a particular developer but is needed to maintain the integrity of the sewer system, the Department will move forward with the work and recover costs through connections fees and sewer user fees. Discussion ensued.

G. Future Agenda Items

The committee will defer scheduling another meeting until staff and the full RWRAC determine 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 9:24 a.m.