

REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC) MEETING

Water Campus

2955 W. Calle Agua Nueva – Radon Conference Room

Thursday, April 25, 2019

8:00 a.m.

Members Present: John Lynch, Jean McLain, Matt Matthewson, Corin Marron (via phone), Armando Membrilla, Scott Oldendorph, Asia Philbin, Mark Taylor, Ann Marie Wolf

Members Absent: Steve Foley, Bill Katzel, Rob Kulakofsky, Claire Zucker

Others Present: Mary Allen (RWRD), Mandy Armenta (FRMD), Marla Berry (RWRD), Adam Bliven (RWRD), Isai Centeno (FRMD), Jennifer C. Coyle (RWRD), Barbara Escobar (RWRD), Mike Gerstenberger (RWRD), Jackson Jenkins (RWRD), Veronica Lopez (RWRD), Julie McWilliams (RWRD), Michele Milensky (FRMD), Jeanette Montano (RWRD), Jeff Prevatt (RWRD), Xavier Rendon (FRMD), Jaime Rivera (RWRD), Timothy Thomure (Tucson Water), Caroline Vargas (RWRD), Chuck Wesselhoft (PCAO), Eric Wieduwilt (RWRD)

A. Call to Order / Roll Call

Matt Matthewson, Vice-Chair, Regional Wastewater Reclamation Advisory Committee (RWRAC), called the meeting to order at 8:01 a.m. Veronica Lopez, Program Coordinator, Regional Wastewater Reclamation Department (RWRD), took 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

Jean McLain, Member, RWRAC, reminded everyone not only text while driving, but to also not text while walking. Mr. Matthewson also gave a reminder not to leave children or pets alone in vehicles, especially as the weather is getting warmer, and to also remain observant for children and pets left alone in vehicles.

E. Approval of Minutes – Minutes from March 28, 2019

ACTION: Scott Oldendorph made a motion to approve the meeting minutes from March 28, 2019. Jean McLain seconded the motion. Motion passed unanimously.

Mr. Matthewson expressed his gratitude to Claire Zucker, Member, RWRAC, for volunteering to Chair last month's RWRAC meeting.

F. Director's Update

Jackson Jenkins, Director, RWRD, introduced Mike Gerstenberger, Special Assistant to the Director, RWRD, to the committee and stated that Mr. Gerstenberger is heading the project of reviewing all of RWRD's billing related matters and is working with RWRD staff, as well as the Finance and Risk Management Department (FRMD), and the Development Services Department. In the near future, Mr. Gerstenberger will give an update/presentation to the committee on this topic.

With regards to the Pima County Fairgrounds, this project of eliminating the lagoon and connecting a gravity sewer continues to move forward. The Nutrient Recovery Project is moving forward and will result in cost savings for the purchase of chemicals. The Biogas Project is a little behind schedule, but is continuing to progress well. The Annamox Project is still underway and expected to be advertised for proposals soon.

Phase I of the Twin Peaks Gravity Sewer Project has been completed and Phase II is underway. Mr. Jenkins applauded staff for the public outreach that was done in that area for this project.

Mr. Jenkins stated the pump station at the Wilmot State Prison was changed out to a screening system and RWRD has been working with the Prison to improve their managing of the sewer system. RWRD and the prison staff have been working well together and are seeing progress and improvements with this process.

RWRD is currently in the process of replacing a second Schwing pump at the Tres Rios Water Reclamation Facility (WRF).

During the week of April 15th, RWRD sent approximately 33 employees to the Arizona Water Conference in Phoenix, Arizona.

G. Discussion/Action

1. Personnel and Key Performance Indicators Update

Mr. Jenkins stated RWRD focuses on six pillars of the business, which includes: safety, financial, regulatory compliance, sustainability, customer service, and personnel. Mr. Jenkins gave a PowerPoint presentation that focused on a few of these pillars.

Mr. Jenkins discussed the full time equivalent (FTEs) positions in RWRD. Since FY 2008/2009, the department has seen a downward trend in the total number of FTEs and has decreased from 598 to 442. The department's current vacancy rate is at seven percent. Over the past few years, the absentee rate was on average at a ten percent rate; however, with the implementation of Proposition 206, this rate has increased over the last couple years. Mr. Jenkins went on to discuss the overtime pay and how overtime is calculated and what is factored into overtime pay. Mr. Jenkins reiterated that the department tracks this data to ensure that the department is rightsizing.

The average age of RWRD employees is 50.5 years of age. Currently, twenty percent of RWRD employees have more than 80 points and are eligible to retire. Mr. Jenkins stated 21 percent of employees have 70 to 79 points, and 58 percent of employees have fewer than 70 points. Mr. Jenkins discussed the monthly turnover trend which tracks the types and numbers of turnovers.

Mr. Jenkins displayed a pie chart of the adopted Operations and Maintenance (O&M) budget for FY 2018/2019. Mr. Jenkins stated Personnel Services is just over \$31 million and accounts for 38 percent of the department's costs. The "other" category contains those expenses that are under \$2 million. The two largest items that are in the "other" category is the \$1.5 million biosolids hauling contract and \$1.5 million for liability insurance. Mr. Jenkins went over the requested O&M budget for FY 2019/2020 and pointed out for next FY the costs for chemicals decreased from the current FY. Discussion ensued. The O&M budget has remained steady between \$83 and \$84 million for the past few years. For next FY, the department is requesting just over \$83 million.

2. 13.20 Code Text Amendment Presentation

Eric Wieduwilt, Deputy Director, RWRD, presented on the proposed Code Text Amendments for Pima County Code Title 13, Chapter 13.20 – Construction, Connections, and Fees. Mr. Wieduwilt explained to the committee the options they have moving forward with this proposed recommendation. Mr. Wieduwilt stated staff has met a few times with the Southern Arizona Homebuilders Association (SAHBA) and Metropolitan Pima Alliance (MPA), as well as others from the development community to discuss these amendments. Originally, there was a proposed fee change included where the department was looking to recover costs associated with plan reviews and inspections. After discussion, the fee elements were moved to a separate, non-code proposed ordinance in order to conduct additional studies. Mr. Wieduwilt continued to provide an overview of this process, which included cleaning up the narrative and removed process language, re-aligned it with the County's development process, and consolidated and re-organized chapters. The term "connection fees" is changed to "wastewater utility fees" to accurately reflect their purpose, which was suggested by the stakeholders. A new capacity section was added that describes the requirements for allocating capacity in the Public Sewerage Conveyance System (PSCS) for new development.

The Large Agency section (13.20.300) defines requirements for entities not under Pima County jurisdiction to acquire wastewater service. The Protection of the Existing PSCS (13.20.450) sets the requirements for work being done in proximity to the existing PSCS, as well as formalizing the Public Manhole Access Permit and the Observation Permit at no charge. Mr. Wieduwilt stated the discounts, credits, and wastewater utility fees will remain in code, but the customer service fees will move into a non-code ordinance. Mr. Wieduwilt distributed a handout that listed the customer service and permit fees. Scott Oldendorph, Member, RWRAC, requested the handout be emailed to the committee.

Mr. Jenkins stated this has been a huge undertaking by Mr. Wieduwilt and his team and went on to reiterate the process regarding the fees, as well as, at the stakeholders request, how to deal with pump stations. These items are still being discussed with stakeholders and updates on these items will come at a later time. The current proposed amendments are not expected to receive any pushback.

ACTION: Mark Taylor made a motion to support RWRD's proposed revisions to Code Text Amendments for Pima County Code Title 13, Chapter 13.20 – Construction, Connections, and Fees. Ann Marie Wolf seconded the motion. Motion passed unanimously.

3. 2019 RWRD Financial Plan

Michele Milensky, Division Manager, FRMD, presented on the RWRD Financial Plan. Ms. Milensky noted there are no significant changes from the 2018 Financial Plan and provided an overview of the methodology used for the Financial Plan. There are no recommendations for sewer revenue increases and no changes to the rates. The department is issuing \$165 million of new sewer revenue obligations to fund future CIP projects over the next four years. The total revenues have remained flat at approximately \$180 million and are expected to remain flat over the next few years. The O&M costs are also projected to remain flat through FY 2023. Ms. Milensky discussed debt issuances and debt service payments. Discussion ensued. Mr. Matthewson asked for clarification on the \$61.5 million debt payment amount that is listed on Page 9 of the Financial Plan handout. Ms. Milensky stated she will confirm if this amount is correct and get back to the committee. Ms. Milensky stated the year end cash balance is expected to be \$140.5 million. The debt service ratio is at or near 1.3 through 2025 and the ratings should remain at AA or AA-. Ms. Milensky provided a brief overview of the rate workbook and answered various questions from the committee.

ACTION: Mark Taylor made a motion to support RWRD's 2019 Financial Plan. Ann Marie Wolf seconded the motion. Motion passed unanimously.

Mr. Matthewson moved the CWAC Report up on the agenda.

4. Citizens' Water Advisory Committee (CWAC) Report

Ms. McLain stated the CWAC met on April 3, 2019 and discussed various items. The CWAC received updates on the Drought Contingency Plan and the Southeast Houghton Area Recharge Project (SHARP). The Director's Update included an update on water usage. Ms. McLain stated potable water production is down 5.3 percent in the calendar year and is down 6.9 percent in the FY. Reclaimed water is down by 18.9 percent for the FY and is most likely due to the weather. The CWAC received a legislative update on the bills that were water related. Mark Taylor, Member, RWRAC, asked if there is a public ceremony scheduled for SHARP. Tim Thomure, Director, Tucson Water Department, stated the dedication ceremony is anticipated to be held between February – April 2020.

5. Financial Subcommittee Report

John Lynch, Member, RWRAC, stated no Financial Subcommittee meeting was held this month, but is expecting that the subcommittee will reconvene in September when the start of the new budget year preparations.

a. Future Debt Payment

Ms. Milensky discussed the graph displaying debt service payments, which was included in the committee's handouts.

6. Capital Improvement Program (CIP) Update

Adam Bliven, Program Manager, RWRD, presented a PowerPoint presentation. Mr. Bliven stated the CIP Program is doing well with programs on schedule and on budget. For FY 2019, the CIP was approved for a budget of \$41.3 million with 14 of the 34 projects in the construction phase. Mr. Bliven went on to discuss the CIP budget spent rate. Since 2016, the department has spent 98% of what was budgeted. Some of the major projects for FY 2019 are: the Conveyance JOC Program, the Twin Peaks Sewer, the Aerospace Corridor, and the Continental Ranch PS Facility Mods. Mr. Bliven discussed and provided project highlights and pictures displaying the work that has taken place. For FY 2020, the department is requesting a CIP budget of \$48 million. Mr. Bliven displayed the various awards that RWRD has received on the CIP Program. Mr. Bliven answered questions from the committee.

7. CIP Subcommittee Report

Mr. Matthewson stated the CIP Subcommittee will meet in early June. Agenda items to include: Long-term planning, the PAG 208 Plan and the Facility Plan.

8. Fiscal Year 2018/2019 RWRD Expense & Revenue Report

Mandy Armenta, Administrative Support Services Manager, FRMD, provided the Expense and Revenue Update for Period 9. The total operating and maintenance expenses are projected at \$82.6 million, while the total revenues are projected at \$184 million. Mr. Matthewson asked about the SHARP refund is related to. Mr. Jenkins stated the SHARP project was originally a RWRD and Tucson Water joint effort, but as things progressed, RWRD staff determined this project would not be beneficial to the department. Therefore, RWRD stepped away from the project and requested a refund on monies that RWRD contributed to this project.

H. Future Agenda Items

- Community Relations Office Update
- Appoint Nominating Committee
- Emergency Plan Presentation

I. Call to the Audience – Asia Philbin stated as Arizona Water representative, she thanked Mr. Jenkins for his recognition of the conference and complimented Pima County for representing southern Arizona, as well as all the work they do and their contributions to the community.

J. Adjournment

ACTION: Scott Oldendorph made a motion to adjourn the meeting. Asia Philbin seconded the motion. The meeting was adjourned at 9:53 a.m.