

REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC) MEETING

Water Campus

2955 W. Calle Agua Nueva – Radon Conference Room

Thursday, May 25, 2017, 8:00 a.m.

Members Present: William Garner (Phone), Bill Katzel (Phone), Rob Kulakofsky, John Lynch, Corin Marron, Shaun McClusky, Matt Matthewson, Armando Membriila, Mark Stratton, Ann Marie Wolf

Members Absent: Sheila Bowen, Amber Smith, Mark Taylor

Others Present: Mary Allen (RWRD), Marla Berry (RWRD), Jennifer C. Coyle (RWRD), Barbara Escobar (RWRD), Andrew Greenhill (Tucson Water), Jackson Jenkins (RWRD), Veronica Lopez (RWRD), Patrick McGee (FRMD), Julie McWilliams (RWRD), Jeff Prevatt (RWRD), John Sherlock (RWRD), John Warner (RWRD), Charles Wesselhoft (PCAO), Eric Wieduwilt (RWRD)

A. Call to Order / Roll Call

ACTION: Mark Stratton made a motion to nominate John Lynch to serve as Chair for today's meeting. Armando Membriila seconded. Motion passed unanimously.

John Lynch, Regional Wastewater Reclamation Advisory Committee (RWRAC), called the meeting to order at 8:00 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

Mark Stratton, Member, RWRAC, reminded everyone to drink plenty of water and stay hydrated as temperatures rise during the summer months.

E. Approval of Minutes

1. Public Meeting Minutes for March 23, 2017

ACTION: Mark Stratton made a motion to approve the public meeting minutes of March 23, 2017. Shaun McClusky seconded. Motion passed unanimously.

2. Regular Monthly Meeting Minutes for March 23, 2017

ACTION: Mark Stratton made a motion to approve the regular monthly meeting minutes of March 23, 2017. Shaun McClusky seconded. Motion passed unanimously.

F. Discussion/Action

1. Director's Update

Jackson Jenkins, Director, RWRD, introduced Andrew Greenhill, Government Relations Manager, from Tucson Water who was in attendance at today's meeting on behalf of the Director of Tucson Water, Timothy Thomure.

Mr. Jenkins provided background and an update on the Saguaro Bloom transfer to the Town of Marana (TOM), which occurred on May 16, 2017. All sewer related activities previously managed through Pima County were transferred to the TOM. There have been no major changes to the user fee billing other than RWRD will no longer receive revenue.

The Sewer Amnesty Program will end June 30, 2017. To date, of the approximately 1,700 mailers that were sent out, 505 forms have been returned. Approximately 370 new customers have been identified.

Mr. Jenkins stated a Legislative Update was included in the meeting packets and if the committee would like a presentation on this topic at a future meeting, staff can request a presentation from Larry Hawke, Program Coordinator, Department of Environmental Quality.

Mr. Jenkins, and a number of RWRD staff, attended the annual AZ Water Conference, which was held in Phoenix, AZ earlier this month. The conference is a great networking opportunity, as well as allowing staff to obtain or maintain certain certifications that are required for their positions. Jeff Prevatt, Research and Innovation Manager, RWRD, Barbara Escobar, Program Manager, RWRD, and Corin Marron, Member, RWRAC, presented on the Pure Water Challenge truck at the conference. Mr. Jenkins reminded the committee that a tour of the truck will be provided immediately following today's meeting. On July 4, 2017, the Pure Water Challenge truck will be at the Tucson Electric Power ballpark and demonstrations and water and beer samples will be provided. The National Re-Use Conference will be held in Phoenix this September. John Sherlock, Deputy Director, RWRD, stated the Tres Rios Water Reclamation Facility received the 2017 Large Plant of the Year award at the AZ Water Conference luncheon and staff were in attendance to accept this award.

On April 18, 2017, the Board of Supervisors (BOS) approved a 3% increase to user fees, as well as a 3% to connection fees, which will be effective June 1, 2017. Mr. Jenkins stated County staff have continued to discuss the outstanding issue with Davis-Monthan Air Force Base (DMAFB) not paying connection fees since 1993. Mr. Jenkins provided background on this matter. A meeting with DMAFB is scheduled in early June and Mr. Jenkins is hopeful that this matter can be resolved soon. Discussion ensued.

Mr. Jenkins stated since revenues may be somewhat short, he had a discussion with the County Administrator on selling long-term storage credits that have been accrued. There are approximately 14,000 acre feet in the bank with ADWR. The department plans to advertise competitively and the hope is to get proposals in the range of \$200.00/acre foot. Mr. Jenkins stated the department received an unsolicited offer for 10,000 acre feet at \$180.00/acre foot and that has been set for the minimum bid. This could be a potential revenue of \$2 to \$3 million.

Mr. Jenkins presented RWRD's proposed budget for FY 2017/2018 to the BOS at a Special Budget Hearing on May 17, 2017. The BOS approved the tentative budget. RWRD's operation and maintenance (O&M) costs are \$1.4 million less than what was requested last year. Mr. Stratton stated if the BOS chose to approve a cost of living increase for employees, those costs would come from the approved budget that is in place and it would not be able to be changed; therefore, the department would have to make internal changes to make-up for those costs. Mr. Jenkins explained the County does not allow a budget for vacancy rates in Salaries and Wages. The department currently has budgeted 457 positions, which is down significantly from several years ago when there were 599 positions. Mr. Jenkins stated due to the Fair Labor Standards Act (FLSA) changes that occurred a few months ago, several employees are now non-exempt and the department must monitor overtime closely.

The developer for the solar project at Corona de Tucson has not been able to obtain financing for the project and the project may not be built. With regards to the Biogas Project, the department is currently in negotiations with the second place firm. However, if negotiations do not work out with this firm, the department is prepared to advertise for proposals again.

Mr. Jenkins stated RWRD recently received notice from Tucson Water regarding the costs of billing service in which they are requesting an approximate 23% increase. RWRD and Tucson Water will be looking to extend the existing contract in order to continue discussions and negotiations on this matter. Shaun McClusky, Member, RWRAC, asked if this potential increase was accounted for in RWRD's upcoming budget. Mr. Jenkins stated it was not and discussions are still ongoing. Discussion ensued.

Mr. Jenkins provided an update on the Twin Peaks development. RWRD's infrastructure does not extend where the development requires. Discussions are underway with the developers regarding the possibility of RWRD installing that infrastructure and charging them additional fees for those costs.

The department should receive the Rate Structure Study final report, with staff's edits, by the end of the week. Mr. Jenkins stated he is interested in evaluating a fixed rate billing for residential customers for a number of reasons. Discussion ensued between Mr. Jenkins and the committee.

2. Fiscal Year 2016/17 Financial Update

Patrick McGee, Division Manager, Finance and Risk Management Department (FRMD), provided an overview of RWRD's expenses and revenues for Period 10. The projected operations and maintenance expenses were approximately \$1.1 million under the budgeted amount of \$84 million. The projected sewer user fee revenues are approximately \$2.5 million under budget, which includes the adjustment for the recent fee increase. Other revenues were \$1.8 million and these revenues includes sale of land and equipment. Matt Matthewson, Member, RWRAC, stated he noticed the capital contributions have been non-existent to-date, yet the projections show to receive the full \$5 million. Mr. Matthewson asked if that is likely to occur. Mr. McGee stated FRMD relies on the department to provide that information and as far as he is aware the department is still projecting on coming close to that amount.

G. Other Committee/Subcommittee Reports

1. Citizens' Water Advisory Committee (CWAC) Update

Mr. Greenhill stated an agreement with CAP was approved that will provide approximately \$5 million, which will be split up between the northwest providers and Tucson Water to protect reliability. Tucson Water will utilize their share of those funds to improve its lower Santa Cruz storage and recovery operations. The Mayor and Council approved a 2-year budget last year, so the City of Tucson's (COT) budget is set and has remained stable and revenues have slightly increased. Mr. Greenhill stated Tucson Water is working with the Environmental Protection Agency on water quality issues. Mr. Greenhill stated an item that will be going before the Mayor and Council next month is how to fund water infrastructure in order to support economic development within their rates. The Mayor and Council may consider an incentive program for certain qualified projects.

2. Capital Improvement Program Subcommittee Update

Mr. Matthewson stated the next meeting is scheduled for June 20, 2017 at 10:30 am. The meeting will be held downtown at the Public Works Building, 7th floor conference room. Mr. Matthewson stated he plans on reviewing and discussing the mission, goals, and objectives of the subcommittee, as well as how to review the 10-year CIP needs of the department. There is one vacancy on this subcommittee and Mr. Matthewson welcomed any member who would like to fill this vacancy.

3. Financial Subcommittee Update

Mr. Lynch stated a doodle poll will go out to the Financial Subcommittee to schedule a meeting next month. At next month's meeting, Mr. Lynch would like to discuss the implications of the revenue increases and the Rate Structure Study moving forward.

H. Future Agenda Items

- Pima County Administrative Overhead Presentation
- Consolidation of Rates through Raffelis' Rate Structure Study
- Option/alternatives for Tucson Water billing
- Review of the County's bond re-funding options
- Election of Officers

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

I. Adjournment

ACTION: Rob Kulakofsky made a motion to adjourn the meeting. Mark Stratton seconded the motion. The meeting was adjourned at 9:21 a.m.