

REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC) MEETING

Water Campus

2955 W. Calle Agua Nueva – Radon Conference Room

Thursday, June 22, 2017, 8:00 a.m.

Members Present: Sheila Bowen, Rob Kulakofsky, Corin Marron, Shaun McClusky, Matt Matthewson, Armando Membriola, Amber Smith, Ann Marie Wolf

Members Absent: William Garner, Bill Katzel, John Lynch, Mark Stratton, Mark Taylor

Others Present: Jennifer C. Coyle (RWRD), Keith Dommer (FRMD) Andrew Greenhill (Tucson Water), Jackson Jenkins (RWRD), Carol Johnson (RWRD), Veronica Lopez (RWRD), Patrick McGee (FRMD), Julie McWilliams (RWRD), Jeff Prevatt (RWRD), Fernanda Quintanilla (RWRD), Xavier Rendon (FRMD), John Sherlock (RWRD), Charles Wesselhoft (PCAO)

A. Call to Order / Roll Call

ACTION: Armando Membriola made a motion to nominate Ann Marie Wolf to serve as acting Chair in the absence of the Chair and Vice-Chair. Matt Matthewson seconded. Motion passed unanimously.

Ann Marie Wolf, Regional Wastewater Reclamation Advisory Committee (RWRAC), called the meeting to order at 8:04 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

Armando Membriola, Member, RWRAC, reminded everyone to stay hydrated as temperatures rise during the summer months.

E. Approval of Minutes

1. Meeting Minutes for May 25, 2017

ACTION: Rob Kulakofsky made a motion to approve the meeting minutes of May 25, 2017. Armando Membriola seconded the motion. Motion passed unanimously.

F. Discussion/Action

1. Director's Update

Jackson Jenkins, Director, RWRD, stated the Board of Supervisors (BOS) approved RWRD's budget at their June 20th Board meeting. RWRD's adopted budget is approximately \$83.4 million for operations and maintenance, which is 1.4% less than the current fiscal year's budget.

Mr. Jenkins introduced Andrew Greenhill, Government Relations Manager, from Tucson Water who was attending on behalf of the Director of Tucson Water, Timothy Thomure. The Mayor and Council approved a six-month extension of the existing Tucson Water/RWRD billing contract to allow both parties to continue discussions regarding Tucson Water's request for proposed increases for wastewater billing services. This contract extension will also go before the BOS for their approval at their July 11th meeting.

(Amber Smith, Chair, arrived to the meeting and took over as Chair.)

Mr. Jenkins stated the Sewer Amnesty Program will conclude on June 30th. To date, there are 463 new accounts, which equals to approximately \$250,000/year in additional revenue. The Arizona Daily Star will publish an article on the program in this Sunday's newspaper. Mr. Jenkins went on to discuss how this program has assisted with improving internal processes and ensuring that all users are appropriately billed in the future.

RWRD is moving forward with the selling of long-term water credits, which is approximately 12,000 acre feet and could be a potential revenue of \$2 to \$3 million. Staff will be holding a meeting next week to discuss final details. BOS approval will be required to accept the sale of these credits.

Ms. Smith asked if there is an opportunity to work with the City of Tucson to allow customers to complete an application that clarifies the type of business it is for wastewater related purposes. Jennifer C. Coyle, Special Assistant to the Director, RWRD, stated the issues with correctly classifying new commercial users as high-strength users is not occurring during new account set up, it occurs when the account is turned on. Staff have held a few meetings to discuss this process to assure that accounts are set up properly.

Mr. Jenkins stated RWRD held a meeting with Davis-Monthan Air Force Base (DMAFB) regarding outstanding fees they owe for connection fees and more discussions are to come.

Jeff Prevatt, Research and Innovation Manager, RWRD, provided a brief update on the Water Innovation Project and the Pure Water Brew Challenge Trailer. The trailer has and continues to receive a lot of national coverage and fanfare.

As a safety precaution, Mr. Jenkins informed the committee which exit to use and where the rally point is in the event of an emergency.

2. Open Meeting Law Reminder

Charles Wesselhoft, Deputy County Attorney, Pima County Attorney's Office, provided a reminder to the committee on some Open Meeting Law guidelines. Anytime seven or more members of the public body discuss public business, by any means, it is considered a quorum of the committee and an agenda would be required. When sending e-mails, it is still considered a quorum if seven or more are included in the e-mail, even if some are courtesy copied, and there should be no splintering of e-mails. Mr. Wesselhoft also reminded the committee that only those items listed on the meeting agenda can be discussed. Mr. Membrilla asked if members can participate during the Call to the Audience. Mr. Wesselhoft stated they can. Discussion ensued regarding attendance at the subcommittee meetings by non-subcommittee members. Mr. Wesselhoft stated he will get clarification on this matter from Karen Friar, PCAO. Ms. Coyle stated we can ask Ms. Friar to provide a training if that is the pleasure of the committee.

3. Financial Subcommittee Update

Keith Dommer, Director, Finance and Risk Management Department (FRMD), stated the subcommittee reviewed and discussed some of RWRD's debt, the availability of refunding some of that debt and extending payments out and the effect it may have on rates. The subcommittee requested additional information of specific formats and they will review at the next subcommittee meeting in August. With regards to the revenues going forward, the subcommittee will review the projections more thoroughly. Discussion ensued. Ms. Smith asked if the subcommittee will review the plan from staff on offsetting the debt and if those recommendations will be presented to the full RWRAC. Mr. Dommer stated what will come before the full committee is either a new 2017 Financial Plan or an update to the 2016 Financial Plan. Mr. Dommer stated Mr. Jenkins and his staff are doing a great job with controlling costs and coming up with a variety of supplemental sources.

Ms. Smith asked for status on the final Raftelis Rate Structure Study Report. Mr. Dommer stated the final report will have multiple rate structure options. Mr. Jenkins added that the report was distributed to the Leadership Team for comments, and once those comments are received, the report will be final. The

committee can choose to make a recommendation to the BOS on the results of the final report. Ms. Coyle stated the report will be provided to the committee for their review prior to the August monthly meeting.

Mr. Dommer discussed RWRD Administrative Overhead costs. Mr. Dommer explained the County only allocates actual costs that have been incurred in our indirect costs allocation method, which causes a two-year delay. There were increases in 2014 through 2016 due to the assistance RWRD was receiving from other departments for the Regional Optimization Master Plan (ROMP) project. With ROMP being finalized, the department is now seeing a drop off in 2017 and 2018. Mr. Dommer provided a breakdown of the 2016 central administration costs and RWRD's portion of those costs, as well as the allocation factors. The committee asked various questions of staff.

4. Capital Improvement Program (CIP) Subcommittee Update

Matt Matthewson, Chair, RWRAC CIP Subcommittee, provided an overview of the most recent CIP Subcommittee meeting and distributed a handout that summarizes the last few CIP Subcommittee meetings. Mr. Matthewson stated with the concurrence of the full committee, the CIP Subcommittee will continue to meet and review the CIP projects. The next CIP Subcommittee meeting is scheduled for Wednesday, December 6, 2017, which will be during the time the department will be developing the CIP budget for the following fiscal year. The subcommittee will review the department's Facility Plan to assist with the review of the ten-year CIP needs. Ms. Wolf asked staff to reach out to members not currently serving on a subcommittee and seek their interest in serving on the CIP Subcommittee as there is one vacancy.

5. Citizens' Water Advisory Committee (CWAC) Update – Meeting Report and Tucson Water Activities

Mr. Greenhill stated Tucson Water is seeing an increase in demand compared to the last few years where it has been a reduced amount. CWAC received a report on Neighborhood Stormwater Programs that are funded out of the conservation fund and there will be approximately \$45,000 a year per award for neighborhood stormwater projects. Mr. Greenhill stated Tucson Water is looking at their two years of authorized rates.

6. Fiscal Year 2016/17 Financial Update

Patrick McGee, Division Manager, FRMD, provided the Period 11 forecast. The department is \$160,000 below budget for expenses. The debt service is \$1.8 million under budget. Revenues are \$438,000 under budget.

7. Election of Officers

ACTION: Armando Membrilla made a motion to nominate Corin Marron to serve as the RWRAC Chair and Matt Matthewson to serve as the RWRAC Vice-Chair for the upcoming fiscal year. Rob Kulakofsky seconded the motion. Motion passed unanimously.

G. Future Agenda Items

- Raftelis Rate Structure Study – Final Report Update
- Financial Subcommittee Update on Bond Repayment Schedule and RWRD Revenue
- Energy Consumption – September Meeting

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

H. Adjournment

ACTION: Shaun McClusky made a motion to adjourn the meeting. Ann Marie Wolf seconded the motion. The meeting was adjourned at 9:32 a.m.