



REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE

Water & Energy Sustainability Center
2955 W. Calle Agua Nueva
Radon Conference Room

MEETING MINUTES

Thursday, October 16, 2014

COMMITTEE MEMBERS PRESENT:

Ann Marie Wolf	Kendall Kroesen	Alan Forrest
Sheila Bowen	Rob Kulakofsky	Jackson Jenkins
Barbeen Hanson	John Lynch	
Bill Katzel	Mark Stratton	

COMMITTEE MEMBERS ABSENT:

Bob Iannarino	Mark Taylor
Matt Matthewson	Amber Smith

A. CALL TO ORDER. Ann Marie Wolf, Chair, called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 8:06 a.m. Brandy Peterson took the roll call and a quorum was present. Ms. Wolf announced that Veronica Lopez who has served as the RWRAC Coordinator will no longer be the Coordinator for this Committee. Brandy Peterson will now serve as the Coordinator. Ms. Wolf and the Committee thanked Ms. Lopez for her outstanding work over the past three years and welcomed Ms. Peterson.

B. PLEDGE OF ALLEGIANCE.

C. CALL TO THE AUDIENCE. There were no comments from the audience.

SAFETY SHARE. Bill Katzel suggested driving 5 miles under the speed limit in the travel lane on the freeway rather than the passing lane, which he feels is a safer way to travel.

D. APPROVAL OF MINUTES.

Meeting Minutes of August 21, 2014

ACTION: Mark Stratton made a motion to approve the minutes of the August 21, 2014 meeting. Rob Kulakofsky seconded the motion. Motion passed unanimously. Barbee Hanson abstained from the vote.

E. COMMITTEE/SUBCOMMITTEE REPORTS.

1. CITIZENS' WATER ADVISORY COMMITTEE (CWAC) UPDATE. Alan Forrest, Director, Tucson Water Department, advised the Committee that CWAC recapped last year's financials and reviewed the rate process for this coming year at their last meeting. CWAC will also be reviewing the Tucson Water

Capital Improvement Program and is in the process of receiving budget requests from the different divisions.

Mr. Forrest discussed the Habitat Conservation Plan in Avra Valley, which they are getting ready to submit to the Mayor and Council. Mr. Forrest then discussed the CAP Exchange Program with the City of Phoenix. The concept is to have Tucson Water recharge water from CAP on behalf of the City of Phoenix. When Phoenix needs water, they will take Tucson's CAP water from the canal, and Tucson Water will have the right to use the Phoenix Water, which has been recharged. Mr. Katzel asked if there was a collaborative effort between Tucson Water and other jurisdictions for predicting water needs. Ms. Wolf requested that Mr. Forrest give a report on this topic at a future meeting.

2. **RWRAC FINANCIAL SUB-COMMITTEE MEETING.** Mark Stratton provided an update on the October 1, 2014 Financial Sub-Committee meeting. Mr. Stratton indicated that at this point in the Fiscal Year there is very little variance between the budget and actual expenditures and revenue. Mr. Stratton discussed the need to maintain the 130% debt service coverage as recommended by the full Committee. Without a rate increase, it is predicted that the Department will not be able to meet this ratio within the next couple years. The Committee is looking at the possibility of a couple of small increases over two years.

Mr. Stratton then discussed the overhead component of the Department's budget and how it has increased operating costs. The Committee discussed operating costs and revenues and the effect on the debt service ratio. Mr. Katzel asked if the compounded rate increases to consumers over the last few years could be reviewed on a compounded basis. Mr. Stratton responded that inflation must also be factored into this analysis. Mr. Stratton said that, on balance, RWRD is still at the low end of nationwide wastewater rates.

F. DISCUSSION/ACTION.

1. DIRECTOR'S UPDATE.

- a. **TRES RIOS WATER RECLAMATION FACILITY UPDATE.** Jackson Jenkins, Director, Regional Wastewater Reclamation Department (RWRD), reported that the Tres Rios Water Reclamation Facility (WRF) is operating well, but there has been a change in biosolids characteristics. This change makes it more difficult to pump the biosolids. An evaluation is ongoing. Mr. Lynch asked if this increased the cost to treat. Mr. Jenkins indicated at this point it did not.
- b. **AGUA NUEVA WATER RECLAMATION FACILITY UPDATE.** Mr. Jenkins indicated that they are trying to eliminate the use of a polymer which may be a factor in the biosolids issue at Tres Rios. Mr. Jenkins then discussed the issue with the filters being clogged from time to time. Sheila Bowen asked if the water discharged to the river was subject to the same filters, and Mr. Jenkins indicated that it is.
- c. **BIOGAS UPDATE.** Mr. Jenkins indicated that the Pima County Board of Supervisors had approved the Energia contract. They have six months to get a buyer for the biogas as well as to contract with Southwest Gas for pipeline usage.
- d. **PASCUA YAQUI UPDATE.** Mr. Jenkins indicated that we expect to receive the \$1.2 million connection fee payment balance owed to us this Fiscal Year. That money will go into the RWRD revenue fund.
- e. **DAVIS MONTHAN UPDATE.** There has been an agreement that RWRD will place a flow meter at a juncture between the onsite line for the Base and the public system. This will help us determine

future connection fees. Ms. Bowen asked if the flow meters would help with capturing user rates as well and Mr. Jenkins stated that indicated that it would.

- f. **RANDOLPH PARK WATER RECLAMATION FACILITY STATUS.** Mr. Jenkins indicated that it is the Department's intent to suspend operations at Randolph Park effective January 1, 2015. RWRD and Tucson Water are working together to accomplish this.
- g. **ROGER ROAD REPURPOSING REQUEST FOR PROPOSAL STATUS.** Mr. Jenkins indicated that we had achieved clean closure approval from the Arizona Department of Environmental Quality (ADEQ). The focus now is on re-purposing the facility. We are working with the University of Arizona and there is an RFP out right now. November 14 is the due date to have the RFPs returned. Discussion ensued regarding fish farming and odors. Mr. Jenkins indicated that any final determination as to the future use of the facility would ultimately be with the BOS.

2. FINANCIAL UPDATE.

- a. **RWRD FISCAL YEAR 2014/2015 BUDGET.** Patrick McGee, Division Manager, Finance and Risk Management Department (FRMD) presented the Period 2 forecasts. However, these numbers are from early in the Fiscal Year and are likely to change as the year progresses. Mr. Membrilla asked for addition detail on the food budget as food purchased seemed unusual for a wastewater department. Mr. Jenkins explained that most of the expense was water, ice, and electrolytes for field and sampling crews, plus a small amount of refreshments for public meetings. The Committee will receive a copy of the budget break-down for this item.
- b. **RWRD 2015 FINANCIAL PLAN.** Tom Burke, Director, FRMD, presented a review of the assumptions used in producing the Annual Financial Plan for RWRD. There are eight major assumptions used for planning purposes. Mr. Burke then presented scenarios regarding rate increases over the next five years comparing several smaller rate increases versus fewer, but larger rate increases. Mr. Burke indicated that after 2023, the expectation is that debt will decrease significantly because by that time most of the current debt will be paid down.

- 3. **CIP UPDATE.** Jaime Rivera gave a Capital Improvement Project (CIP) update. There are currently 8 completed projects, 25 under development, and 30 under construction. As of July the forecast for the current Fiscal Year CIP spending is approximately \$73 million. Mr. Rivera indicated that the goal of the CIP group is to "level off" in the \$30-\$50 million per year range. The focus is to be on keeping the system in good shape. Discussion then ensued about the mechanics of the CIP program, moving projects to future years, as well as incorporating the Closed Circuit Television (CCTV) analysis of the entire conveyance system into the overall CIP Program. Committee members also discussed connection fees which are supposed to pay for increased capacity. The Department needs to ensure fairness in its rate structures relative to the percentage of connection fees versus user fees.
- 4. **RWRD STRATEGIC PLAN.** Melaney Seacat gave a short presentation on the updated Strategic Plan which includes the core business systems and the six pillars. The 6 pillars of the Department are: Employees, Compliance, Safety, Customers, Financial, and Sustainability. Ms. Wolf asked if the Committee members would review the document over the next couple months and then it would be scheduled as an agenda item for Committee input after the members had a chance to review the document. Mr. Katzel asked where rate payers fit into this document. Ms. Seacat indicated that presently it is an internal guidance document, but there are future plans to incorporate feedback from external stakeholders.

- 5. APPROVAL OF ANNUAL REPORT TO THE BOARD OF SUPERVISORS.** The Committee was pleased with the Annual Report and the work that had gone into it. Mark Stratton made the motion to approve. Rob Kulakofsky seconded. The vote was unanimous.

ACTION: Mark Stratton made a motion to approve the RWRAC Annual Report to the Board of Supervisors. Rob Kulakofsky seconded the motion. Motion passed unanimously.

- 6. RWRAC SUB-COMMITTEE MEMBERSHIP.** There was a discussion of a process for appointing members to the Finance Subcommittee. Ms. Wolf indicated that she would like to see members of the full Committee volunteer for two-year terms on the Sub-Committee. The process proposed would be that Ms. Wolf would ask for volunteers, and then appoint them to empty spots on the Sub-Committee.

ACTION: Armando Membrilla made a motion to approve Ms. Wolf's proposed plan. Sheila Bowen seconded the motion. Motion passed unanimously.

Ms. Wolf asked for volunteers. Mr. Membrilla and Ms. Bowen volunteered. Mr. Membrilla will now replace Amber Smith on the Sub-Committee.

G. FUTURE AGENDA ITEMS.

- Sweetwater Wetlands
- Regional Water Assessments
- Report on Tucson Water Reuse plan
- Clarification on HCS ownership in the public right away
- Current extent of the flows into the lower Santa Cruz

- H. CALL TO THE AUDIENCE.** There were no comments from the audience.

Ms. Wolf then indicated that she had gone to the Living River reception on behalf of the Committee and she thanked Mr. Jenkins for his comments praising the support of the RWRAC Committee for the Living River Project.

ACTION: Bill Katzel made a motion to adjourn the meeting. John Lynch seconded the motion. Motion passed unanimously.

- I. ADJOURNMENT.** The meeting was adjourned at 10:22 a.m.