

REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE (RWRAC) MEETING
Pima County Fleet Services Department
1291 S. Mission Road – Training Room

Thursday, December 14, 2017, 8:00 a.m.

Members Present: Rob Kulakofsky, John Lynch, Corin Marron, Jean McLain, Matt Matthewson, Armando Membriola (via phone), Asia Philbin

Members Absent: William Garner, Bill Katzel, Shaun McClusky, Amber Smith, Mark Taylor, Ann Marie Wolf

Others Present: Mary Allen (RWRD), Adam Bliven (RWRD), Isai Centeno (FRMD), Mark Day (Member of Public), Bobby DeAngelo (RWRD), Suzette Castro (RWRD), Jennifer C. Coyle (RWRD), Keith Dommer (FRMD), Jackson Jenkins (RWRD), Carol Johnson (RWRD), Veronica Lopez (RWRD), Patrick McGee (FRMD), Julie McWilliams (RWRD), Eric Nelson (RWRD), Jeff Prevatt (RWRD), Fernanda Quintanilla (RWRD), Xavier Rendon (FRMD), John Sherlock (RWRD), Eric Wieduwilt (RWRD)

A. Call to Order / Roll Call

Corin Marron, Regional Wastewater Reclamation Advisory Committee (RWRAC), called the meeting to order at 8:12 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 – Mark Day, Member of the Public, Eastside Neighborhood Association, addressed the committee. Mr. Day stated he previously served on the Citizens' Water Advisory Committee (CWAC). Mr. Day spoke to research he has taken part regarding how to promote and maintain water conservation in Tucson. Mr. Day also distributed handouts on this research.

D. Safety Share

Jeff Prevatt, Research and Innovation Manager, RWRD, reminded everyone to be careful when hanging holiday lights.

E. Approval of Minutes

Meeting Minutes for November 16, 2017

ACTION: John Lynch made a motion to approve the meeting minutes of November 16, 2017. Matt Matthewson seconded the motion. Motion passed unanimously.

Ms. Marron stated the agenda items will be taken out of order and Mr. Prevatt's presentation will be heard first.

F. Discussion/Action

1. Tres Rios Nutrient Recovery Project (Struvite)

Mr. Prevatt stated there has been a struvite problem at the Tres Rios Water Reclamation Facility for a number of years. Mr. Prevatt explained what struvite is, how it clogs pipes, and what steps the department has taken to prevent it from occurring; and the department will advertise for a Request for Qualifications (RFQ) beginning tomorrow. Mr. Prevatt answered various questions from the committee.

2. Director's Update

Mr. Jenkins informed the RWRAC that on December 12th the Board of Supervisors (BOS) continued their consideration of a 16% adjustment to the strength factor for the Commercial Billing Class. Some BOS members requested more time to review this item and expressed interest in receiving additional information. This item is scheduled to go before the BOS on February 6, 2018.

The department has made revisions to the Engineering Design Standards, Standard Specifications and Details for Construction, and this item is expected to go before the BOS on January 2, 2018. This revision will amend the Pima County Code. Carol Johnson, Chief Engineer, RWRD, discussed the membership of the RWRD Standards Committee and their role in making these revisions.

With regards to the Tucson Water billing contract, Mr. Jenkins stated RWRD and Tucson Water agreed to a negotiated increase to the cost per customer, per month of \$1.30. This item is scheduled to go before the Mayor and Council on December 19, 2017 and to the BOS on January 16, 2018. This contract is for a five-year period. In addition, Tucson Water has expressed interest in purchasing the 12,000 acre feet of water credits that RWRD has accrued. RWRD will continue to hold discussions with Tucson Water regarding this matter.

Mr. Jenkins provided an update on the possible consolidation of RWRD's Capital Improvement Program (CIP) into a centralized Public Works Project Management Office. RWRD has been doing incredibly well with CIP delivery and is not looking to consolidate. Discussions are ongoing and Mr. Jenkins stated he will keep the committee updated.

Mr. Jenkins stated RWRD has three large projects that will be advertising for RFQs. One is the Tres Rios Nutrient Recovery Project (Struvite), which Mr. Prevatt discussed. Second, the department is planning on advertising an RFQ for the Tres Rios Biogas Cleaning and Utilization next month. The third project is the Twin Peaks project and the RFQ should be ready by Spring 2018.

RWRD has been working with the Finance and Risk Management Department (FRMD) staff on preparing the budget for FY 2018/2019. Mr. Jenkins recognized Keith Dommer, Director, FRMD, and Patrick McGee, Division Manager, FRMD, for their assistance during this process. Mr. Jenkins also introduced two other FRMD staff members who also largely contribute to assisting the department in budget preparations, Xavier Rendon and Isai Centeno. Mr. Jenkins wished everyone a joyous Christmas season.

3. Raftelis Rate Structure Study

b. Modifications to the Rate Structure Study and other Billing Alternatives as Outlined in the Study.

Mr. Jenkins provided an overview of the residential, commercial and commercial/industrial current bill structures. Mr. Jenkins stated during this presentation, he hopes to discuss the pros and cons of going to a residential fixed fee or to increase the fixed portion of the bill. Rob Kulakofsky, Member, RWRAC, suggested adding a third option which would increase the Winter Quarter Average (WQA) component. Mr. Kulakofsky stated over time as the WQA goes down, the fees go up and that would increase conservation and at the same time revenues would keep pace with the conservation. Mr. Jenkins summarized Mr. Kulakofsky's suggestion that the department would request approval from the BOS to offset savings of conservation with an increase to the multiplier. Mr. Jenkins stated 92% of costs are fixed in nature and 8% are variable, and 34% of sewer user fees are fixed and 66% is variable. Mr. Jenkins stated this is the imbalance between utility cost incurrence and revenue recovery.

Mr. Jenkins stated with regards to commercial, the proposal went to the BOS for approval to increase the strength factor by 16% to begin to more equitably recover cost to provide service to commercial customers. Currently, commercial has the same strength factor as residential, which is 1.0. The department's evaluation, as well as industry standard studies, shows commercial is a higher strength than residential. The sampling data from commercial only businesses in which samples were taken from three locations (representing 38 businesses) on three separate occasions were not influenced by other high strength users

in the system. Mr. Jenkins stated from the data gathered, recommending a 1.16 adjustment to the high strength factor is the most conservative. Mr. Jenkins stated if the committee receives feedback or questions from their respective BOS member on this topic, to please share with staff so that they can properly address any questions or concerns.

Mr. Jenkins stated the department would like to change the number of classes within Commercial/Industrial and also discontinue WQA. Mr. Jenkins stated he would like to receive input from the committee on these items. John Lynch, Member, RWRAC, asked if RWRD staff could research to find out if there have been articles or discussions on the pros and cons of fixed residential rates versus the variable component and share the findings with the committee. Mr. Jenkins stated he will have staff look into this.

4. Proposed Revisions to Pima County Code Title 13, Chapters 13.12, 13.16, 13.20, and 13.32

Mr. Jenkins provided an overview of the revisions that are being made. One of the main revisions is an introduction to the concept of special facilities pump station charges. This lays out requirements to recover costs for operation and maintenance (O&M) for 10 years based on the number of lots served. Discussion ensued. Another main revision is the deletion of discounts offered for new qualifying off-site public sewer built by developers.

5. RWRD FY 2018/2019 Budget Preparations

Mr. Jenkins stated budget preparation meetings are underway. Mr. Dommer stated per the County Administrator all departments are to have a maintenance only budget. There are no significant changes to the department's budget. The department's budget is due on January 16th for centralized review and evaluation.

6. Financial Subcommittee Update

Mr. Lynch stated due to scheduling conflicts the Financial Subcommittee did not meet this month and because FRMD is busy with budget preparations, Mr. Lynch asked Ms. Lopez to reschedule the January meeting.

7. Capital Improvement Program Subcommittee Update

Mr. Matthewson stated the CIP Subcommittee met on December 6, 2017 and the subcommittee discussed and reviewed the FY 2016/2017 and 2017/2018 CIP projects, as well as reviewed the FY 2017/2018 budget and five-year CIP budget. Mr. Matthewson stated the subcommittee unanimously voted to recommend the approval of the FY 2018/2019 CIP budget and the five-year CIP budget.

ACTION: Rob Kulakofsky made a motion to recommend the approval of the FY 2018/2019 CIP budget and the five-year CIP budget. Asia Philbin seconded the motion. Motion passed unanimously.

The next CIP subcommittee meeting is tentatively scheduled for June 2018.

8. Fiscal Year 2017/2018 Expense & Revenue Update

Mr. McGee provided the Expense and Revenue update for Period 5. As of November 30, 2017, O&M expenses are forecasted to be \$82.6 million, which is approximately \$717,000 under budget. Revenues are forecasted at \$178 million, which is \$665,000 over budget.

9. Citizens' Water Advisory Committee (CWAC) Update

Jean McLain, Member, RWRAC, stated CWAC held a meeting earlier this month. Timothy Thomure, Director, Tucson Water, reported that local water use is up 5% from last year. CWAC held officer elections and adopted their meeting schedule, which is available for viewing on their webpage. The January CWAC meeting has been rescheduled to January 10, 2018. Dr. McLain stated they also received a Legislative Update. Discussion ensued regarding the Tucson Water billing contract.

G. Future Agenda Items

- Continued Discussion on the Rate Structure Study and Other Billing Alternatives
- Conveyance Division Update

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

H. Adjournment

ACTION: Rob Kulakofsky made a motion to adjourn the meeting. John Lynch seconded the motion. The meeting was adjourned at 9:37 a.m.