

WASTEWATER MANAGEMENT ADVISORY COMMITTEE
MEETING MINUTES
December 16, 2004

Committee Members Present:

John Carlson Brad DeSpain Ann Marie Wolf
Kathleen Chavez

Committee Members Absent:

Bill Carnes Steve Halverson Armando Membrila
Mark Stratton

Wastewater Management Department Staff Members Present:

Paul Bennett Mike Bunch Ed Curley
Suzy Hunt Jackson Jenkins

Other County Staff Present:

Patrick Cavanaugh, Executive Aide
Ann Day, Supervisor, District 1

- I. **CALL TO ORDER.** Vice Chair, John Carlson, called the meeting of the Wastewater Management Advisory Committee (WMAC) to order at 7:55 AM.

- II. **APPROVAL OF MINUTES.** As there was not a quorum, approval of the Committee meeting minutes of the November 18, 2004 WMAC meeting was tabled to the next scheduled Committee meeting, and the formal meeting was adjourned. Informal presentations and discussion then followed.

- III. **STAFF REPORT.** Mike Bunch provided Committee members with copies of the Staff Report and reported on the following items:
 - **FY05-06 Budget.** Staff are preparing the Department's FY05-06 budget. The first draft of the budget is to be submitted to WWM's Finance section by December 21, 2004.
 - **2005 Financial Plan.** Mr. Bunch noted that discussion of the Department's 2005 Draft Financial Plan would occur later in the meeting, under Agenda Item, V.A.2.
 - **Randolph Park Water Reclamation Facility (WRF).** Ancillary instrumentation testing (including the SCADA system) is being conducted on the Randolph Park Facility. Seeding of four of the WRF's six treatment processing trains with biomass is scheduled for completion by March 2005.
 - **Mt. Lemmon Wastewater Treatment Plant.** On December 14, 2004, the Board of Supervisors approved an amendment to the Mt. Lemmon Sewer Connection Ordinance Under the Amended Ordinance, 30 additional properties may be connected to the County's sewer system, in addition to the 47 properties already permitted, by agreement with the U.S. Forest Service.

- **Corona de Tucson Wastewater Treatment Facility Expansion Project.** On December 7, 2004, the Board of Supervisors approved a contract with TRICO Electric for installation of the Facility's electrical system. The power installation is scheduled for completion by the end of December 2004. Staff are preparing a response to comments received on the permit application for this Facility to increase its treatment capacity to 300,000 gallon per day from ADEQ.
- **Ina Road Water Pollution Control Facility – 12.5 mgd Expansion Project.** On December 14, 2004, the Board of Supervisors approved reassignment of the contract for completion of the Ina Road Expansion Project, which was previously held by Danis Environmental Industries, Inc., at the request of the St. Paul Bonding (Surety) Company. Mr. Carlson asked whether the Bonding Company had given the Department a timeframe for completion of the Ina Road Project. Mr. Bunch responded that under the new agreement, the Bonding Company is required within 40 days of the Agreement's execution to provide WWM with the completion date for this Project.

At this point in the discussion, Ms. Wolf expressed some concern that WMAC members were not informed in advance that Solid Waste was no longer a division of WWM, but was now a part of the County's Department of Environmental Quality.

IV. COMMITTEE REPORTS.

- A. **Citizen's Water Advisory Committee (CWAC) Update.** No report was presented.

V. DISCUSSION.

- A. **Old Items/Updates.**

1. **WMAC Administrative Items.**

- a. **WMAC Appointment Update.** On December 14, 2004, the Board of Supervisors approved Mr. Carlson's reappointment, as Supervisor Carroll's representative, to the WMAC.

At this point in the meeting, Mr. Carlson noted that Committee members had received copies of the Departments Draft Spring 2005 Financial Plan prior to the meeting. He added Department staff had informed Committee members that individual/small group meetings would be arranged for WMAC members interested in providing individual feedback/input on the Financial Plan.

- 2. **Draft Spring 2005 Financial Plan.** Paul Bennett presented an update. The Financial Plan includes four potential alternative rate structures for providing the revenues the Department needs to fund its Capital Improvement, Operations, and Maintenance Programs. In addition, the Plan has included additional information relative to the types of rates that would be necessary to support the Department's new 2004 \$150 million Bond Program.

Alternative A - This is considered as the "No Action" alternative and will leave the current average residential customer's bill (10 ccf of usage) at \$13.61 per month. This alternative reflects the current rate structure's ability to meet current

operational and capital obligations with a \$4.3 million increase in mandated Operations and Maintenance (O&M) expenses. However, there are no funds for increased treatment plant O&M, initial issuance of 2004 Sewer Revenue Bonds, and the initialization of a proactive Rehabilitation Program.

Alternative B - This alternative will increase the current average residential customer's monthly sewer bill by \$1.37, raising it from \$13.61 to \$14.98. This alternative requests a 10% user fee increase and reflects how this increased rate will meet the mandated O&M expenses, plus the increased \$4.9 million of O&M expenses created due to the new treatment plant capacity coming on-line. However, this alternative does not provide funding for the initial issuance of 2004 Sewer Revenue Bonds or the initiation of a proactive Rehabilitation Program.

Alternative C - This alternative will increase the current average residential customer's monthly sewer bill by \$1.75, raising it from \$13.61 to \$15.36. This alternative requests a 10% user fee increase to meet the mandated O&M expenses, the increased \$4.9 million of O&M expenses created due to the new treatment plant capacity coming on-line, and a user fee increase of 3% along with a connection fee increase of 4% to fund increases in debt service for the initial issuance of 2004 Sewer Revenue Bonds. However, this alternative does not provide funding for the initiation of a proactive Rehabilitation Program.

This alternative will also increase the current average residential connection fee (24 fixture units – participating rate) by \$103.44 from an average of \$2,587.68 to \$2,691.12.

Alternative D - This alternative will increase the current average residential customer's monthly sewer bill by \$3.50, raising it from \$13.61 to \$17.11. This alternative requests a 10% user fee increase to meet the mandated O&M expenses, the increased \$4.9 million of O&M expenses created due to the new treatment plant capacity coming on-line, a user fee increase of 3% along with a connection fee increase of 4% to fund increases in debt service for the initial issuance of 2004 Sewer Revenue Bonds, a 10% increase in user fees to initiate the funding of a proactive Rehabilitation Program and the establishment of an Emergency Reserve in the System Development Fund (user fee increase of 3%).

This alternative will also increase the current average residential connection fee (24 fixture units – participating rate) by \$103.44, from an average of \$2,587.68 to \$2,691.12.

Mr. Bennett added that staff would make further revisions to the Financial Plan, based on comments received from the Committee, and the Board of Supervisors' action on the Black & Veatch Audit Report. He said staff would contact Committee members to schedule individual/small group meetings for those members interested in a more in-depth review/discussion of the Plan. (Following the meeting, staff contacted Committee members and scheduled individual/small group meetings.)

Committee members also discussed the proposed schedule and key dates in the dissemination of the Financial Plan.

B. NEW BUSINESS

1. **Draft Black & Veatch Audit Report.** The Draft Black & Veatch Audit Report was not available at the time of this meeting. Mr. Bennett said staff would contact Committee members to confirm their availability for a special meeting on the Black and Veatch Audit Report, tentatively scheduled for January 13, 2005. (Note: Following the meeting, January 13, 2005 was confirmed for the WMAC Committee meeting.)

VI. FUTURE AGENDA ITEMS. 2004-05 Draft Financial Plan; Black and Veatch Audit Report; and 2005 Work Plan. In addition, Mr. DeSpain requested that Department staff provide the Town of Marana's Water User Advisory Committee with a presentation on the Financial Plan at the Committee's Tuesday, February 8, 2005 meeting, which will be held at 5:30 PM in the Marana Town Hall, Palo Verde Conference Room.

VII. CALL TO THE AUDIENCE. There being no response from the audience, Mr. Carlson adjourned the meeting.

VIII. ADJOURNMENT. The meeting adjourned at 9:06 AM.