



REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE

Transamerica Building
Pima Association of Governments'
177 N. Church Avenue, 5th Floor Conference Room

MEETING MINUTES

Thursday, April 18, 2013

Committee Members Present:

Sheila Bowen	Bill Katzel	Armando Membrila	Jeff Biggs
John Carlson	Kendall Kroesen	Mark Stratton	
Barbee Hanson	Rob Kulakofsky	Mark Taylor	
Bob Iannarino	John Lynch	Jackson Jenkins	

Committee Members Absent:

Ann Marie Wolf
Amber Smith

A. CALL TO ORDER. John Lynch, Vice-Chair, called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:47 a.m. Veronica Lopez took the 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. Jackson Jenkins, Director, Regional Wastewater Reclamation Department (RWRD), reminded everyone to think of safety first in the workplace and/or at home. Mr. Jenkins shared two stories in which thinking safety first could have helped prevent injuries/accidents in both these scenarios.

E. APPROVAL OF MINUTES.

1. Meeting Minutes of March 21, 2013

ACTION: Bill Katzel made a motion to approve the minutes of the March 21, 2013 meeting. Barbee Hanson seconded the motion. Motion passed unanimously.

F. COMMITTEE/SUBCOMMITTEE REPORTS.

1. CITIZENS' WATER ADVISORY COMMITTEE (CWAC) UPDATE. Mark Taylor stated CWAC held a meeting on April 3rd. Mr. Taylor stated the Tucson Water Financial Plan for next year was approved. A major discussion was held on CAP water rates. The bulk of water supply is purchased from CAP.

Mr. Taylor stated that an 8.3% proposed rate increase with three options for note schedules were presented to the Mayor and Council.

Mr. Taylor announced that Mr. Jenkins is scheduled to give a presentation on the Regional Optimization Master Plan (ROMP) at the CWAC meeting on May 8th. CWAC will also be scheduling a date and time with Tom Burke, Director, Finance and Risk Management Department (FRMD), to

present the RWRD Financial Plan. Mr. Taylor stated he would like to see the RWRAC receive presentations from the CWAC committee to keep each other informed.

2. **RWRAC FINANCIAL SUB-COMMITTEE UPDATE.** Mr. Taylor stated the last meeting was held on April 3rd and the major focus was spent reviewing and discussing the Financial Plan. Mr. Taylor stated that the Sub-Committee is learning more on how this process works and is gaining a better understanding with each meeting. Mr. Taylor gave a brief overview of what was discussed at the last meeting.

G. DISCUSSION/ACTION.

1. **DIRECTOR'S UPDATE.** Mr. Jenkins stated that a major milestone with ROMP was met this week at the Ina Road construction site. The high purity oxygen facility has now been converted to a bardenpho process. Mr. Jenkins provided a summary of the work it took to complete this element of the project and how the process works. Mr. Jenkins also recognized the amount of work it has taken to complete this project and commended everyone who has had a hand in this process. Mr. Jenkins added that the work at Roger Road is continuing to go very well.

Mr. Jenkins stated that RWRD and Town of Marana (TOM) staff met with the Arizona Department of Environmental Quality (ADEQ) staff yesterday and we are continuing to work together on the Settlement Agreement for the Marana Wastewater Treatment Facility. The Settlement should be close to being finalized in late June. Mr. Jenkins also stated that he met with the new interim director of Pima Association of Governments (PAG), Cherie Campbell, to advise her that RWRD staff has met with ADEQ and to assure her that RWRD will be responsive to help the PAG 208 process move along smoothly. A meeting with RWRD, TOM and PAG staff will be scheduled soon to discuss the PAG process in regards to this matter.

Mr. Jenkins gave an update on the Biogas Draft Request for Proposals (RFP) process and stated staff is compiling all the comments received. The target date to advertise the RFP is the end of April or early May. Once the proposals are received and evaluated, staff will send a final recommendation to the Board of Supervisors for their approval.

Mr. Jenkins also stated RWRD is hoping to resolve a long-standing issue with receiving connection feepayment from Davis-Monthan Air Force Base (DMFAB). Mr. Jenkins provided some history on this matter to the Committee. Mr. Lynch asked if DMFAB operates and maintains their own sewer system on base. Mr. Jenkins replied that they do have some private sewers on base. Eric Wieduwilt, Deputy Director, RWRD, added that they connect to RWRD's system in one location, with two parallel pipes. Mr. Jenkins noted that as part of these negotiations they have agreed on a new approach to user fees and RWRD wants to install a new flow meter. Mr. Wieduwilt clarified that DMAFB is paying user fees based on a fixed rate, but RWRD wants to correct that and tie it to the actual flow. DMFAB would pay for the flow meter and it would cost approximately \$350,000 to install.

Mr. Jenkins went on to discuss the improvements on the sewer rehabilitation program. The process of notifying the public of upcoming or current work in their neighborhoods is going very well. RWRD staff sends out mailers and holds public meetings. In addition, 24-48 hours prior to the work being done, staff hangs door hangers on those residences/businesses that will be impacted. Mr. Jenkins stated that the department tries to accommodate the public as much as possible. John Carlson asked if home owner associations are notified. Mr. Jenkins stated they are notified and do their best to contact everyone necessary. Mr. Jenkins shared a story with the Committee to provide an example of what kind of accommodations the department will make.

2. **INDUSTRIAL WASTE ORDINANCE (IWC) REVIEW.** Mr. Jenkins stated that the first IWC ordinance was produced in the early 1980's and was revised in 1991. The Environmental Protection Agency (EPA) has undergone a streamlining rule process, which has made changes to the IWC Program, and RWRD is taking this opportunity to update our IWC ordinance as a result of this. Mr. Jenkins introduced Jeff Prevatt, Program Manager, Compliance and Regulatory Affairs Office (CRAO), and Doug Kirkland, Permit and Regulatory Compliance Coordinator, CRAO, who head up the IWC efforts for the department.

Mr. Prevatt stated that one of the major changes was to incorporate changes in the Uniform Plumbing Code changes were incorporated into this revision. Other revisions include Best Management Practices (BMP's) that were added for food service facilities. In addition, some fees were increased. Fees have not been increased in 20 years. Mr. Prevatt stated that industrial user fees went from \$75 to \$150 and significant industrial user fees went from \$600 to \$800. Mr. Prevatt stated that Mr. Kirkland has received feedback and interaction from the groups that are impacted by these changes.

Mr. Kirkland stated that most of the feedback has been positive, but the most concern among these groups was the increases in fees. Mr. Kirkland explained that these fees have not been increased since 1991 and are good for a five-year permit. Mr. Kirkland continued to discuss some of the feedback he has received, as well as other changes that were made to the ordinance. The ordinance is available on the Pima County RWRD website.

Mr. Jenkins stated that treatment plants are designed around residential sewage and the department needs to assure that what goes into the sewers are things that can be treated. Education is the number one goal and there is a monthly sewer pollution prevention class that is held for business and industry, that discusses the importance of what should and should not be put into the sewer. Mr. Jenkins stated this class is normally for first time violators, but the department is looking into opening up the class to anyone interested in attending. Mr. Lynch asked that the RWRAC members receive notification of upcoming classes. Mr. Kirkland answered various questions from the Committee members.

Mr. Jenkins noted that there have been a minimal number of sewer system overflows (SSO's) in recent years. Mr. Jenkins stated the public outreach and the tremendous efforts by staff have contributed to such a low number of SSO's.

3. **FY 2012/13 BUDGET.** Michelle Hamilton, Financial Accounting Supervisor, Finance and Risk Management Department (FRMD), discussed the expense and revenue summary for Period 8. There are no major changes from the Period 7 projections. Staff is seeing some savings with the operating and maintenance (O&M) expenses, as compared to last month, mostly in the area of Personnel Services. Ms. Hamilton stated that revenues are less than budget in the area of sewer user fees and connection fees. More savings in the O&M expenses are expected.

Mark Stratton asked if there is a significant event that is causing the increase in which depreciation is higher than what was anticipated. Ms. Hamilton replied yes and it is due to the closure of the Roger Road facility. Sheila Bowen asked if the reduction of personnel services is due to the closure of Roger Road and some of RWRD staff going to the private sector. Mr. Jenkins stated no that RWRD has been reducing staff and there are a number of vacancies that have not been filled, as well as the County-wide consolidation that took place in 2009, and the multi-skill O&M program.

4. **DRAFT FY 2013/14 FINANCIAL PLAN REVIEW.** Tom Burke, Director, FRMD, stated he reviewed the draft Financial Plan with the RWRAC Financial Sub-Committee a couple of weeks ago, as he did with the whole Committee at last month's meeting. Mr. Burke stated he created a spreadsheet, Draft –

Appendix C, presents the anticipated RWRD financial metrics for the next five years. (The Committee received this spreadsheet in their meeting packets.) Mr. Burke reminded the Committee that much of this plan is based on assumptions and assumptions can change based on various factors. The key factors that are going to effect what happens within the next five years are going to be the rate of growth, what occurs with the economy, and construction. This will effect sewer user fees and connection fees, which staff will be monitoring. Mr. Burke stated that the RWRAC Financial Sub-Committee asked if this data could be reported at the regular RWRAC monthly meetings on a reoccurring basis to keep the Committee updated on this information. Mr. Burke stated this can be done when the monthly projections update is given and he can show how things are going for the year and what the impact will be long-term. Next year, staff will need to consider whether or not rate increases are necessary for the following years.

The biggest assumptions will be what will happen to the economy with regards to growth. Mr. Burke stated that the biggest impact to the department will be the remaining size of the capital program, which is currently just over \$300 million. Mr. Burke continued to discuss how these assumptions effect the department and how they will help determine the recommendations that are made for potential rate changes.

Mr. Burke discussed the Draft – Appendix C spreadsheet and explained the various rate options. Mr. Burke explained why he will be recommending that RWRD may need to consider a rate increase in 2016/17. Mr. Burke discussed net revenues and debt service. Mr. Burke stated his preference of debt ratios is above 1.3% and 1.2% is the minimum. Mr. Burke announced that the County Certificates of Participation received an AA- rating from Fitch. Discussion ensued regarding potential future rate increases. Mr. Burke explained there will be the already approved rate increase this July, we will not have a rate increase next year, but discussion will be needed next year to consider future rate increases.

Mr. Stratton stated he agrees with Mr. Burke that if the trends go with what the projections are, then rate increases will be necessary. Mr. Stratton stated that his concern is the debt ratio and agrees that dropping below the 1.3% has a significant cost factor associated with that. Mr. Stratton then made a recommendation that the RWRAC recommend to the Board of Supervisors (BOS) a baseline of what not to drop below on debt ratio to maintain appropriate ratings for the department in moving forward to costs at borrowing money remains as low as possible. Mr. Burke recommended that the range remain at the 1.3%. Mr. Burke explained the process for presenting the Financial Plan to the BOS for their review. The Committee continued to discuss future projections and possible rate increases.

Mr. Taylor asked Mr. Burke if the Committee should make a recommendation to approve the 2013 Financial Plan and how will Appendix A and C be addressed. Mr. Burke stated he would like at least one recommendation, possibly two, from the Committee. One recommendation being what Mr. Stratton suggested that the County strive for a 1.2% debt service coverage ratio and try to maintain that ratio. The other that the Committee recommends the Financial Plan showing the possibility of rate increases beginning in 2016 or later.

ACTION: Mark Stratton made a motion that the Committee recommend to the Board of Supervisors to maintain a bond debt ratio goal of 1.3% for the Department. Rob Kulakofsky seconded the motion. Motion passed unanimously.

The Committee continued to discuss the motion, the 1.3% ratio, and asked various questions of Mr. Burke and Mr. Jenkins.

5. **CONVEYANCE REHABILITATION UPDATE.** John Warner, Deputy Director, RWRD, gave a PowerPoint presentation to the Committee. Mr. Warner showed a map from last year and a current map displaying completed public sewer lines and completed CCTV projects. The target goal is to get 500 miles per year of CCTV and staff is predicting that the department will reach the goal this year.

Mr. Warner went on to discuss various repairs that are made and also displayed various photographs, which provided insight into these repairs. Mr. Stratton asked if staff are noting what may have caused the breaks when they make repairs. Mr. Warner stated when staff is doing the CCTV of the pipes, staff does their best to identify the cause. Mr. Warner answered various questions from the Committee.

Mr. Warner stated there is a larger CIP update and report coming out within the next couple of months. This year CIP and Rehabilitation was funded for \$13 million. Currently, there is approximately \$4.9 million in expenditures and \$8 million encumbered. Mr. Warner presented a list of the largest projects that are underway. The Committee and Mr. Warner continued the discussion.

6. **SEMI ANNUAL SYSTEM-WIDE ODOR CONTROL PROGRAM UPDATE.** Mr. Warner stated this update covers the third and fourth quarters of 2012. Mr. Warner presented a chart showing the fence line sampling for each treatment facility that was monitored during these last two quarters. All of the facilities have maintained very good fence line results and are well below the limit.

Mr. Warner presented charts of odors reported for the third and fourth quarters and discussed the data provided.

H. FUTURE AGENDA ITEMS.

- Side-Stream Update
- Dispose-A-Med Update

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

ACTION: Mark Stratton made a motion to adjourn the meeting. Barbee Hanson seconded the motion. Motion passed unanimously.

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