



## REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE

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

### MEETING MINUTES

Thursday, February 21, 2013

#### **Committee Members Present:**

Ann Marie Wolf	Barbee Hanson	Mark Stratton
John Lynch	Bob Iannarino	Jackson Jenkins
Sheila Bowen	Bill Katzel	Jeff Biggs
John Carlson	Rob Kulakofsky	

#### **Committee Members Absent:**

Armando Membrila  
Amber Smith

**A. CALL TO ORDER.** Ann Marie Wolf, Chair, called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:48 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.** Sheila Bowen reminded everyone to be cautious of black ice while driving and walking due to recent weather conditions.

**E. APPROVAL OF MINUTES.**

1. Meeting Minutes of January 17, 2013

**ACTION:** Mark Stratton made a motion to approve the minutes of the January 17, 2013 meeting. Sheila Bowen seconded the motion. Motion passed unanimously with Bill Katzel abstaining from the vote.

**F. COMMITTEE/SUBCOMMITTEE REPORTS.**

1. **CITIZENS' WATER ADVISORY COMMITTEE (CWAC) UPDATE.** An update was not provided.

2. **RWRAC FINANCIAL SUB-COMMITTEE UPDATE.** Ms. Wolf stated that the Financial Sub-Committee meeting will need to be rescheduled because a quorum was not present.

**G. DISCUSSION/ACTION.**

1. **DIRECTOR'S UPDATE.** Jackson Jenkins, Director, Regional Wastewater Reclamation Department (RWRD), presented Philabaum Awards to the Committee members and thanked them for their continued dedication and service to the RWRAC.

Bill Katzel announced that he was recently reappointed to the RWRAC.

2. **BIOGAS RFP UPDATE.** Mr. Jenkins provided an overview of the biogas RFP process to date. On January 28, a draft RFP for biogas was advertised and feedback was requested from the public. The last day for comments is March 7<sup>th</sup>. The final RFP will be advertised in April.

Mr. Jenkins presented a PowerPoint presentation on the Biogas Sale and Related Issues. Mr. Jenkins stated biogas is currently being produced at two of RWRD's large water reclamation facilities (WRF): Roger Road WRF and Ina Road WRF. As part of the Regional Optimization Master Plan (ROMP), the new facility being built at Roger Road will not include digesters, so the untreated biosolids will be sent via pipeline to the Ina Road WRF to be treated in the six large digesters which are being constructed.

RWRD plans to discontinue operation of the Ina Road WRF power plant. Mr. Jenkins explained that Tucson Electric Power will provide electricity at a cost-effective rate. The Service Employees International Union (SEIU) submitted a report to the Board of Supervisors (BOS) entitled, "Don't Flip the Switch at Ina Road," voicing their objections and concerns to the closing of the power plant. Mr. Jenkins explained that the power plant has reached the end of its useful life. Studies have shown that it is significantly inefficient compared to modern electrical generators and cannot be cost effectively upgraded. RWRD provided a response (which has been provided to the Committee) to SEIU's report. Mr. Jenkins stated that it is important to know no employees will be negatively affected by the Ina Road power plant closure.

Mr. Katzel asked if RWRD has received a response from the BOS on the department's response to SEIU. Mr. Jenkins stated that he has not yet received a response from the BOS on that issue, but the BOS and County management have requested that RWRD do its due diligence in the evaluation process on what to do with the biogas and assure that all options are reviewed prior to making a final decision.

Mr. Jenkins discussed the Master Plan that was conducted to determine short and long-term plans for beneficial use of biosolids and biogas. The Plan recommended that the biogas be sold via a public process. RWRD has issued a Request-for-Expressions of Interest (RFEI) to gain information for the public process. Many of those who responded to the RFEI recommended that the County sell biogas via Design-Build-Finance-Own-Operate procurement. Bob Iannarino asked how many responses RWRD received. Jing Luo, Civil Engineering Manager, RWRD, stated the department received 19 responses.

Discussion ensued regarding the process of selling biogas for cleaning and marketing as biomethane. Mr. Jenkins stated there is a white paper out (and made available to the Committee). RWRD is also studying the development of Compressed Natural Gas (CNG) fuel. It may be cost-effective to utilize the CNG to fuel County vehicles.

Discussion ensued regarding how the biogas is cleaned. Mr. Jenkins answered various questions from the Committee. Mr. Jenkins stated that RWRD staff is interested in the Committee's input on this matter. Ms. Wolf reminded the Committee that the RFP materials are available online for their review and to provide any comments to staff by March 7th.

Tom Burke, Director, Finance and Risk Management Department (FRMD), asked to take the agenda items out of order and discuss the draft Financial Plan next. Ms. Wolf concurred with his request.

3. **DRAFT FY 2013/14 FINANCIAL PLAN REVIEW.** Mr. Burke distributed a spreadsheet to the Committee showing the key assumptions that are being used to project the department expenses and revenues.

Mr. Burke first discussed the assumptions for projected growth assessments for the next five years. As the community grows, the connection fees are likely to grow at the same rate. The connection fees for the current year are projected to be approximately \$16 million, with \$2.6 million of that being a one-time payment from Davis-Monthan for historical costs. Next, Mr. Burke discussed user rate increases. Mr. Burke continued to discuss other miscellaneous payments to be received. Discussion ensued regarding the growth projections.

Mr. Burke continued with his financial plan review and how much will be spent on capital improvement projects (CIP) over the next five years and how they will be funded. Discussion ensued regarding the CIP expenditures.

Ms. Wolf asked for clarification regarding possible user fee rate increases other than those previously approved by the BOS. Mr. Burke explained that unless connection fees increase significantly due to development, the only way to generate revenues would be to increase user rates.

Mr. Burke continued to discuss revenue compared to Operating & Maintenance expenses, and Debt Service expenses. Bob Iannarino asked with regards to the bond covenant if it is time to start paying down the ROMP debt and if 1.2 debt service coverage ratios are needed for the ROMP debt. Mr. Burke explained that the 1.2 has been in every debt the County has issued. Mr. Burke stated the only reason he would recommend rate increases in the future if revenues do not increase at a higher rate than what is projected. Discussion ensued regarding the rating agencies, the debt service and possible user fee rate increases.

4. **FY 2012/13 MID-YEAR REVIEW.** Patrick McGee, Division Manager, FRMD, discussed Period 6 expense and revenue comparison charts. The projection of depreciation is higher due to the closing of the Roger Road Treatment Plant. Mr. McGee stated the projection for expenditures is approximately \$300,000 under budget and for revenues approximately \$12 million under budget.

Ms. Wolf asked if there were any adjustments or corrections to the mid-year review when this was discussed and reviewed with the department. Mr. McGee stated there were no major corrections and Period 7 has already been completed.

5. **SEWER CONNECTION FEE ORDINANCE UPDATE.** Eric Wieduwilt, Deputy Director, RWRD, provided an update to the sewer connection fee ordinance. Mr. Wieduwilt stated a final report will be available for distribution in a couple of weeks. The department estimated that \$900,000 would be refunded. The actual total amount that was refunded was \$868,000. The department estimated \$1.8 million would be issued in credits and the actual total credited is \$770,000. Mr. Wieduwilt stated applicants have 12 months for residential and 18 months for commercial to utilize these credits, so the actual impact will not be determined until after the deadline. The development and implementation of the program is complete.

Mr. Wieduwilt added that the final revised ordinances are still being developed. They will be distributed within the next three months.

6. **STATE LEGISLATIVE/REGULATORY UPDATE.** Ed Curley, Program Manager, RWRD, discussed the bills that have been introduced to date. Mark Stratton stated with regards to House Bill (HB) 2338, there was a committee meeting on Tuesday and there was a fair amount of opposition from the Yuma area. There has been a lot of testimony, but no action has been taken on this yet. Mr. Curley and Mr. Stratton provided background on HB 2338.

**H. FUTURE AGENDA ITEMS.** Mr. Katzel asked for a Dispose-A-Med Update. It was decided that the Dispose-A-Med Update will be added to the April meeting agenda.

Items for next month's meeting are:

- Comprehensive ROMP Update
- Biogas RFP Update
- Mid-Year Review Update
- CCTV/Conveyance Update

**I. CALL TO THE AUDIENCE.** There were no comments from the audience. Mr. Kulakofsky was presented with a Philabaum Award.

**ACTION:** Mark Stratton made a motion to adjourn the meeting. Sheila Bowen seconded the motion. Motion passed unanimously.

**J. ADJOURNMENT.** The meeting was adjourned at 9:31 a.m.