

THE PIMA COUNTY
REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE
AND
THE PIMA COUNTY
REGIONAL WASTEWATER RECLAMATION DEPARTMENT



*INVITE YOU TO A PUBLIC MEETING
TO DISCUSS THE*

FISCAL YEAR 2009/10 FINANCIAL PLAN

TUESDAY, FEBRUARY 9, 2010
7:00 PM

Pima Association of Governments,
Fifth Floor Conference Room
Transamerica Building, 177 North Church Avenue
(Northwest Corner of Church and Alameda)

Public comment and input are being requested regarding the Pima County Regional Wastewater Reclamation Department's FY 2009/10 Financial Plan.

The principal points of the Financial Plan are summarized in this section and are as follows:

\$974 Million Capital Improvement Program Needed For Sewer Improvements

The County has developed a proposed wastewater Capital Improvement Program (CIP) to comply with regulatory requirements and to maintain, rehabilitate and expand the wastewater system as needed. The CIP is approximately \$812 million through Fiscal Year (FY) 2013/14 and an additional \$162 million through FY 2017/18, for a total of \$974 million.

Regulatory Requirements To Be Met By The ROMP Program

Approximately \$694 million of the CIP Program is for the Regional Optimization Master Plan (ROMP). The purpose of the ROMP is to reduce nitrogen concentrations in the effluent discharged to the Santa Cruz River from the Ina Road and Roger Road wastewater reclamation facilities (WRFs). These regulatory requirements are included in the effluent discharge permits issued by the Arizona Department of Environmental Quality and must be complied with by January 30, 2015. To meet these regulatory requirements, the ROMP Program includes the upgrade and expansion of the Ina Road WRF, which will increase the capacity of this facility to 50 million gallons per day (MGD). The RWRD will centralize all biosolids processing and handling at the Ina Road WRF. A new 32 MGD Water Reclamation Campus will be constructed in the vicinity of the obsolete Roger Road WRF site. Adjacent to the new WRF site, a new laboratory, regulatory staff offices, and training center will be constructed. The Plant Interconnect Pipeline will connect the two treatment facilities, allowing for better flow management.

Financing Of The Capital Improvement Program, Including ROMP

In order to finance the required capital improvements within the next five years, the County will issue debt on an annual basis in the form of sewer revenue obligations.

Anticipated debt issuance: 2009/10 - \$165 M; 2010/11 - \$165 M; 2011/12 - \$200 M; 2012/13 - \$200 M; 2013-14 - \$67 M; Total \$797 M.

Need To Maintain Adequate Debt Service Coverage

The County needs to establish sufficient revenues to pay for ongoing operations and maintenance (O&M) expenses and required debt service payments. In addition, the County needs to maintain a debt service coverage ratio that will meet industry standards. The debt service ratio is the ratio of system revenues less total O&M expenses (net system revenues) divided by debt service payments. This year's Financial Plan is based on debt service coverage of between 175% and 200%.

Strengthening Of Cash Reserves Recommended

Staff recommends that the County increase the existing Emergency Reserve Fund from \$10 million to \$20 million over two years and recommends that cash set aside in the Operating Reserve Fund be increased to cover 90 days of O&M expenses.

Commitment To Raise Sewer Rates Over A 4-year Period

The County will need to commit to increase sewer rates over a period of four years to:

- meet the County's sewer related capital improvement needs;
- finance the required regulatory construction projects for the next five fiscal years;
- meet debt service requirements; and
- meet the necessary debt service coverage ratio.

Based on the analysis of projected O&M expenses and debt service costs, the following rates are recommended July 1st of each fiscal year:

- Standard Service Fee: 2010/11 – 6.5%; 2011/12 – 6.5%; 2012/13 – 6.5%; and 2013/14 – 6.5%.
- User Fee Volume Rate: 2010/11 – 10%; 2011/12 – 10%; 2012/13 – 10%; and 2013/14 – 10%.
- Connection Fee: 2010/11 – 6.5%; 2011/12 – 6.5%; 2012/13 – 6.5%; and 213/14 – 6.5%.

Public comments from this meeting will be forwarded to the Pima County Board of Supervisors for review.

Copies of the FY 2009/10 Financial Plan are available for review at:

- any Pima County Public Library;
- the Pima County Regional Wastewater Reclamation Department Public Works Building, 201 North Stone Avenue, 8th floor; or
- the Pima County Finance and Risk Management Department, County Administration Building, 130 West Congress, 10th floor.

Arrangements for individuals with disabilities who require accommodations (auxiliary aids or services) for effective participation and communication in the meeting may be made by contacting the Pima County Regional Wastewater Reclamation Department. Requests should be made as early as possible to arrange accommodation. The meeting site is wheelchair accessible. Please call Edward F. Curley or Diana St. John at 740-6500 to arrange accommodations, and for questions about the meeting or additional information.