

# Regional Wastewater Reclamation Department Fiscal Year 2017/18

## Requested Department expenditures, revenues, and operating transfers:

	FY 16/17 BUDGET	FY 17/18 BUDGET	PERCENT CHANGE
<i>Personnel</i>	\$ 33,627,611	\$ 33,224,171	(1) %
<i>Supplies and Services</i>	\$ 49,411,598	\$ 47,954,044	(3) %
<i>Capital Equipment &gt;\$5,000</i>	\$ 1,524,598	\$ 2,220,359	46 %
<i>Debt Service (Interest Only)</i>	\$ 21,918,926	\$ 15,452,880	(29) %
<i>Contra Assets</i>	(\$ 1,524,598)	(\$ 2,220,359)	(46) %
<i>Depreciation</i>	\$ 51,413,463	\$ 54,909,208	7 %
<b>Operating Expenditures</b>	<b>\$156,371,598</b>	<b>\$151,540,303</b>	<b>(3) %</b>
<b>Operating Revenues<sup>1</sup></b>	<b>\$171,557,547</b>	<b>\$168,040,114</b>	<b>(2) %</b>
<b>Operating Transfers</b>	<b>\$24,725,270</b>	<b>\$23,982,776</b>	<b>(3) %</b>
<b>Total FTEs</b>	<b>457</b>	<b>457</b>	<b>0 %</b>

- **The *Personnel Services* budget reflects a \$403,440 decrease from last fiscal year.**
  - RWRD did not budget for sick and vacation payouts, with the anticipation that vacancy savings will cover the cost of all retirement and termination payouts for FY 2017/18.
- **The *Supplies and Services* budget reflects a \$1,457,554 decrease from last fiscal year.**
  - Reduced Administrative Overhead costs accounts for the *Supplies and Services* decrease (\$1,873,292).
- ***Operating Capital and Capital* budgets are projected to increase a total of \$695,761.**
  - *One (1) Combo Truck*: The existing combo truck is reaching the end of its life cycle and is out of warranty. If it becomes unusable, the scheduled maintenance of the sanitary sewer collection system will be compromised and potentially result in unexpected Sewer System Overflows (SSOs). A new unit will not only operate more efficiently, but will also prevent workers' compensation claims by minimizing the need to manually clean sanitary sewer reaches, manholes, catch basins, and pump station wet wells.
  - *Three (3) Rodder Units*: The existing units are reaching the end of their life cycles and are out of warranty. If the existing equipment becomes unusable, the scheduled maintenance of the sanitary sewer collection system will be compromised and potentially result in unexpected SSOs. New units will not only operate more efficiently but also reduce costly overtime.
  - *One (1) Forklift*: The addition of a new forklift will improve Division efficiency and provide adequate/safe load capacity when distributing/stocking supplies. The one existing forklift does not have sufficient capacity, and moving the forklift from one property to another is inefficient, time consuming, and accelerates wear and tear of the vehicle.

<sup>1</sup> A Board-approved 3% increase for user and connection fees will be included in the tentative budget, for a total projected revenue of \$172,471,432.

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## Major programs and related services provided by the Department:

- **Treatment Operations:** Operate and maintain water reclamation facilities to treat sanitary sewage including associated biosolid facilities. Implement, in partnership with the Compliance and Regulatory Affairs Office (CRAO), the Environmental Protection Agency (EPA) mandated industrial pretreatment program through permitting, inspection, sampling, and enforcement. Conduct investigations and studies on treatment related issues and concerns.
- **Conveyance System:** Provide required services to repair, rehabilitate, and construct sanitary sewage collection, conveyance, treatment, disposal or reuse, and odor control facilities in compliance with federal, state, and local regulatory requirements. Maintain Best Management Practices to ensure that the highest operating standards in the quality of service, environmental protection, and occupational health and safety are continually met. Provide project planning, management, oversight, coordination, and required construction services for the Department's Capital Improvement Program.
- **Planning & Engineering:** Provide engineering review, inspection, and connection of sewerage and sewer service elements for new wastewater customers and manage sewerage design standards. Develop and maintain a regional long-range facility plan and provide project planning services and inspection for the department Capital Improvement Program. Provide conveyance capacity information from metering and hydraulic modeling and evaluate the availability of sewer capacity to serve new development. Develop GIS tools and maintain connection records and maps of the public sewer system.
- **Administration and Compliance and Regulatory Affairs Office:** Supervise, monitor, and direct Department operations, annual budget planning, strategic planning, and process improvement planning. Coordinate community services, facility security, quality control, sustainability/energy management, and employee services functions for the Department. Operate a state-licensed laboratory to test samples for regulatory compliance. Collect samples and prepare requisite reports and submittals in accordance with federal and state permit requirements. Administer regulatory compliance and permitting programs including inspection of industrial sites requiring wastewater control. Conduct operational and technical training programs and activities.

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Major costs of providing programs and related services by the Department; distinguish mandated from discretionary services.

PROGRAM	MANDATE	COST
<b>Treatment Operations</b>	AZPDES AZ0024121; AZ0024937; AZ0020001; AZ0025291; AZ0022250; and AZ0026107. APP P100640; P100642; P100644; Type 2.05 GP; #20061111; P100629; P100630; P103617; Type I GP; Type I GP; P100635; and P100655; Reuse R105345; R105498; R100629; R511460; R105667; R100635; R511386; and R511386. Industrial Stormwater AZMSG-2010; AZMSG-2010; AZMSG-2010; AZMSG-2010; and AZMSG – 2010. Air Quality ATO # 3301; GP #300; GP # 301; ATO # 3302; GP #300; ATO # 891; GP #300; Class I #1903; GP #301; and GP #300. Dam No. 10.19 and No. 10.15. Hazardous Waste CESQG and CESQG. COE GP #27. ADWR Recharge #73-211284; 71-211284; and #71-563876. USFS SAN0139.	<b>\$35,979,305</b>
<b>Conveyance System</b>	Capacity, Management, Operations, and Maintenance (CMOM) Plan; AAC R18-9-C305; AZPDES Permit; Aquifer Protection Permit.	<b>\$15,027,260</b>
<b>Planning &amp; Engineering</b>	Pima County Code 13.20; Arizona's Underground Facilities Law – ARS Title 40, Article 6.3 Underground Facilities	<b>\$6,768,711</b>
<b>Administration and Compliance and Regulatory Affairs Office</b>	US EPA 40 CFR, Part 136 Clean Water Act Methods; US EPA 40 CFR, Part 503 Biosolids Rule; US EPA 40 CFR, Part 403 Pretreatment Regulations; Arizona Department of Health Services Environmental Laboratory Licensure Rules A.A.C. R9-14-609. et. seq. Arizona Revised Statutes (A.R.S.) Title 49, The Environment (covers all permits, AZPDES, APP, Air, etc.); and Pima County Code Title 13.	<b>\$25,623,298</b>
		<b>\$83,398,574</b>

Significant changes in the requested FY 2017/18 budget versus the FY 2016/17 adopted budget:

- None

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### Major budget issues the Department is facing in FY 2017/18:

- On April 18th, the Board approved a 3% increase in user fees and a 3% increase in connection fees. This is less than the recommendation from the Finance and Risk Management Department which consisted of a 4% user fee increase in each of three consecutive years (2017, 2018, and 2019).
- The Fund Impact is currently estimated at **(\$7,482,965)** in the recommended budget and will be a reduction to the fund, or cash balance. The tentative budget will include the Board-approved 3% increase to user and connection fees, which will lessen the fund impact to **(\$3,091,647)**; however it is still a negative impact.
- Wastewater flows continue to decrease, an average 2% each year since 2006/07. This will be a continuing factor in revenue projections going forward. The Department is currently evaluating rate structure alternatives in an effort to address revenue stability while maintaining sensitivities to conservation and efficiency.
- For Fiscal Year 2017/18, three of the four sewer billing contracts are increasing up to 32%. This is an unexpected cost for the Department and discussions are currently underway with the Department, Pima County Finance and Risk Management, and the water companies (Tucson Water, Oro Valley, and Metro Water).

### Any requests for supplemental funding over and above the base budget amount:

- None

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## Various issues related to FY2017/18 budgets administered by the Department:

### Main Operating Budget

- RWRD's requested budgets reflect careful and difficult decisions in an effort to limit expenditure growth.
- It is RWRD's intent to fulfill budgeted performance commitments without exceeding budget targets.
- RWRD's goal is to achieve between 97 percent and 100 percent of our budget target.
- RWRD believes this budget authorization allows us to achieve all levels of service required.

### Special Program Budgets

- None

### Grants Program Budgets

- \$40,000 Water Innovation Challenge

### Capital Improvement Program Budgets

- 80 Projects proposed with a Budget of \$ \$49,257,735
  - 19 Projects scheduled to be under design or construction in FY 17/18
  - 26 Projects scheduled to close in FY 17/18
  - 35 Project scheduled to start beyond FY 17/18

### Internal Service Fund Budgets

- None