

**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE**

Transamerica Building  
Pima Association of Governments' 5<sup>th</sup> Floor Conference Room  
177 North Church Avenue  
**Thursday, April 15, 2010**

**REGULAR MEETING**

**Committee Members Present:**

Jim Barry	Mike Gritzuk	Rob Kulakofsky	Ann Marie Wolf
Sheila Bowen	Barbee Hanson	John Lynch	
John Carlson	Bill Katzel	Corey Smith	

**Committee Members Absent:**

Jeff Biggs	Brad DeSpain	Armando Membrilla	Mark Stratton
------------	--------------	-------------------	---------------

**Staff Present:**

Ed Curley	Jackson Jenkins	Gregg Hitt	Tom Burke
Diana St. John	Kristin Borer	Matt Matthewson	Charles Wesselhoft
Jackson Jenkins	Sandy Current	Lorraine Simon	Chris Avery, for Jeff Biggs, COT
Eric Wieduwilt	Laura Fairbanks	Lillian Von Rago	

**Others:**

Jesse Lugo	Linda Smith, COT	Claire Zucker, Pima Association of Governments'
------------	------------------	---

**I. CALL TO ORDER.** Chair Sheila Bowen called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:53 a.m.

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

**III. APPROVAL OF MINUTES.** The minutes of the March 18, 2010 meeting were approved 6 YES, 0 NO, 3 Abstain.

New RWRAC member John Lynch introduced himself.

**IV. HOUSEHOLD HAZARDOUS WASTE UPDATE.** (Taken out of order) Ann Marie Wolf, Chair for Household Hazardous Waste (HHW) Program, gave an update on the Program. The same budget as Fiscal Year 2009/10 is proposed for Fiscal Year 2010/11: The City of Tucson and Pima County have proposed to each give the program \$306,000. The Program will function the same as last year. The HHW Committee is taking a look at the operation of the Program to ensure it is providing the most services to the community with the existing budget. They would like to bring back the pharmaceutical collection program. The Program, as well as other national programs, had collected pharmaceuticals until the Drug Enforcement Agency stepped in and required law enforcement to be present.

Bill Katzel said that he would like a commitment from the Regional Wastewater Reclamation Department that RWRD will fund one half of the program until such time equity by other [jurisdictional] users can be established.

Corey Smith said the budget is consistent with last year. Mr. Katzel said that budgets can be changed. Mr. Smith said that it [funding] could be addressed at that time.

Ms. Bowen said that several months ago this Committee formally expressed their support for the HHW Program. She reiterated that the Committee continues to be supportive of the program and reviews it annually during the financial plan review process.

**V. COMMITTEE/SUBCOMMITTEE REPORTS. Citizens' Water Advisory Committee (CWAC) Update.** Chris Avery gave an update on the last CWAC meeting. He said that the CWAC discussed two topics: the obligated service area and rates. The budget requires a 9.75 percent revenue increase for Fiscal Year 2011.

Jim Barry said the 9.75 percent is how much revenues have to increase to cover the budget. The actual increase, if any, will be determined by the Mayor and Council.

## VI. DISCUSSION.

### A. Old Items/Updates.

**1. Water Infrastructure, Supply and Planning Study: Conservation Effluent Pool and Obligated Service Area.** Chris Avery gave an update on the conservation effluent pool and obligated service area. The City of Tucson Mayor and Council added two caveats to adoption of the Study: Tucson Water needed to return to the Mayor and Council with a discussion of the conservation effluent pool and the obligated area policy. The Water Study Phase 2 report recommended that the City and County enter into an extended planning effort and make refinements to the obligated service area. The Mayor and Council want a shorter time table than what was recommended in the Water Study for a proposal regarding the obligated service area.

**Conservation Effluent Pool.** The City, Pima County and other jurisdictions contribute to the conservation effluent pool. Developers are concerned that there will be a water supply shortage in the future. The Water Department feels that they successfully conveyed the value of the Conservation effluent pool, including the ability to deal with Endangered Species Act concerns and projects to restore the environment. The Mayor and Council would like Tucson Water to take steps to complete the procedural agreement. Allocations from the conservation effluent pool need to be brought to them for approval or review. To maintain the joint nature of the pool, there will be some proposed amendments that would give the Board of Supervisors the same review and approval of projects.

**Obligated Service Area.** In addition, staff has been working on a recommendation regarding the City's obligated area policy. The current policy is to not expand the area they are obligated to serve. The Study identified four potential growth areas, including the Houghton Road corridor, the Southlands, an area within the developed area of Tucson and an area north of the San Xavier district, which includes the Pasqua Yaqui reservation. The recommendation presented to the Mayor and Council is that any new water service in a specific area surrounded by the City only be given with the execution of an annexation agreement or a pre-annexation development agreement. This area [Houghton Road corridor and the Southlands] includes the University of Arizona Science and Technology Park and the Target distribution center. In addition, areas immediately adjacent to the City limits along the Tanque Verde Valley and Pantano Wash areas will also require annexation.

East of the Tanque Verde Valley area will not require annexation, such as along the Agua Caliente wash and areas where there is abundant shallow ground water. Any request will be reviewed to determine if it makes fiscal sense or if it is detrimental to the environment to drill private wells. This area is also in the biological core of the Sonoran Desert Conservation Plan and likely to develop with low density.

The City does not expect to grow its water service area between the Town of Oro Valley and Marana beyond what currently exist. They expect Oro Valley and Marana to acquire land by annexation if needed and will provide their own water supply services. In addition, the City does not expect to expand service to the area along the Tucson Mountains, unless areas immediately adjacent to the City are annexed.

In the [Southwest Infrastructure Plan] SWIP area where the Metropolitan Domestic Water Improvement District recently purchased a private water company and a vacant area near the Casino del Sol, the City does not believe that area will be annexed and it is recommended that water service not be expanded there.

The City would entertain wheeling agreements in which existing city recharge facilities are used to help move renewable water supplies to areas that would be supplied by another water provider.

This obligated service area proposal is a compromise between the old way of providing water service to anyone who asked and the current policy of no expansion. This is a step towards looking at a more discrete area to more closely link water planning with future population projections and census results. He noted that over past 25 years, Tucson has bought 20,000 acres in Avra Valley and retired the water rights, securing a water supply and land to run recharge projects.

Barbee Hanson asked if there were issues with the 100-year water supply. Mr. Avery said that the City has 100-year assured water supply for a large area. That is a rolling series of 10-year water supplies that get updated. The next 100-year water supply application will be done in 2017. The recommended service area is smaller than what is currently in the 100-year assured water supply. This also gives developers clarity as to where the City will provide water service. A concern from the water supply perspective is that the current obligated service area will use about what their renewable supply is.

Mr. Katzel asked how areas outside the City limits will be affected and if residents have an option to drill a well. Mr. Avery said that it depends on where the new home is located. The intention is to continue to provide

service where they currently provide service. To the extent that line extensions are necessary, the City will not be building those line extensions or attaching them to the system, except for the Tanque Verde Valley area. In some cases, wells can be drilled. On a large scale development, they will have to form or join another water company and solve the issue comprehensively, not piece by piece.

John Carlson said that he has advocated for a regional approach to water and sewer. Mr. Avery said that the City is interested in extending water service to specific areas if annexed. The Tanque Verde Valley area will be on a case-by-case basis. There is no interest in expanding service in the northwest between Oro Valley and Marana, and southwest between Tucson Mountain Park and San Xavier district. Mr. Carlson asked how many customers did not live in the City and how much of the effluent produced was owned by the City. Mr. Avery said that between 30-40 percent of Tucson Water customers do not live in the City limits. In the metropolitan area, ownership is 90 percent City, 10 percent County. [The ratio applies to remaining effluent after 40 percent is taken off.] 40 percent of the current metropolitan entitlement was allocated to the Federal government to settle an Indian water right lawsuit. Water [from the City of Tucson share] has been allocated to Oro Valley, Metropolitan Domestic Water Improvement District, Flowing Wells Irrigation District, etc.

**2. Regional Optimization Master Plan.** Mike Gritzuk, Director, gave a PowerPoint presentation of the Regional Optimization Master Plan (ROMP) and Design-Build-Operate contract.

**Questions asked during the ROMP presentation were as follows.**

Mr. Smith said that Guaranteed Maximum Prices (GMP's) 2 through 5 were 10 percent under budget. Mr. Gritzuk said that the goal is to come in under budget. Mr. Smith asked if the preliminary estimates for GMP 6 were under budget. Mr. Gritzuk said the preliminary estimates are at the budget, but they are just estimates, some of which were based on 60 percent drawings.

Mr. Lynch asked about the pre-qualification of the sub-contractor process. Mr. Gritzuk said that there is a detailed qualification for sub-contractors that was negotiated before the contract was signed, including capability to do large construction and this type of construction. All have prior large plant experience. References are also verified. Mr. Lynch asked if the Construction Manager at Risk (CMAR) was selected based on the sub-contractor or after. Mr. Gritzuk said afterwards. The CMAR selection was based on qualification, not price. NWH Constructors was selected from several companies. They then negotiated a contract price. First, a pre-construction scope of work was drafted with them, and then the GMPs are negotiated. Mr. Lynch asked if the sub-contractors were subject to approval of the Department. Mr. Gritzuk said yes. The CMAR is liable with the Department providing oversight. The CMAR makes the selection, the Department does the review. Mr. Lynch asked if the negotiation process for the CMAR and sub-contractors is done by in-house staff in conjunction with consultants. Mr. Gritzuk said that there are two other consultants involved in the process. The Department has a program manager overseeing the entire program. There is also a project manager with our staff assisting. Mr. Lynch asked if specialized cost consultants were brought into the process. Mr. Gritzuk said yes. The project manager is Jacobs Engineering.

Mr. Smith asked about power operating costs. Mr. Gritzuk said that life cycle cost estimates were done. Due to more reliance on commercial power, we will have a different, lower power rate.

Mr. Carlson asked if methane gas was being utilized. Mr. Gritzuk said yes. Methane gas will be used to run the power plant, heat the digesters, to heat the buildings and to provide air conditioning to some of the buildings. In addition, methane gas will be used to convert sludge from class B to class A. 100 percent of the methane will be used.

Ms. Bowen asked if it will be LEED certified. Mr. Gritzuk said yes.

Ms. Bowen asked if the planned bike path/access road would be paved. Mr. Gritzuk said that it will be paved with a special porous pavement, and will support maintenance equipment. Mr. Lynch asked how this portion of the project will be funded. Mr. Gritzuk said that RWRD will fund it. Other entities will fund fencing, turnouts and landscaping.

Mr. Carlson asked if a bridge will be built for the service road where the pipes dip down into the siphon. Mr. Gritzuk said Parks and Recreation and Flood Control are funding bridging the wash and river.

**Questions during the DBO presentation were as follows.**

Mr. Smith asked if as County personnel policies change, do the contract personnel policies change. Mr. Gritzuk

said no.

Mr. Lynch asked about the cost of current labor versus the cost in the private sector. Mr. Gritzuk said they are equal. Jackson Jenkins said that the multi-skill program training will make the employees very competitive in the market.

Mr. Carlson asked if retirement amounts can be changed arbitrarily. Mr. Burke said no, retirement is controlled by the State. There is no agreement as to retirement.

Ms. Bowen asked about the County's involvement in providing a list of interested employees to the DBO contractor. Mr. Gritzuk said that RWRD will only provide a list of operations and maintenance employees.

Mr. Lunch asked if past performance evaluations will be provided to the DBO contractor. Chuck Wesselhoft said no, that information is not accessible to them.

Mr. Barry asked if all 41 RWRD staff decline to go to the DBO contractor, does the DBO have to hire 15-20 new people. Does that increase RWRD staffing levels? Mr. Gritzuk said no, as staff will be reduced by attrition. Mr. Barry asked if the DBO was required to take employees even if they were not competent to do the job. Mr. Gritzuk said that they will have to go through an interview process. Mr. Jenkins said that all of the employees are capable, just different levels of experience. The DBO is required to take 75 percent of their workforce from RWRD, provided there are applicants. Mr. Gritzuk said that RWRD will determine if the employee meets the minimum qualifications.

Mr. Lynch asked if there will be Arizona Department Environmental Quality involvement with regard to the operations and maintenance portion of the contract or in reviewing and approving this agreement. Mr. Gritzuk said their primary requirement is that Pima County meets the quality requirements in the discharge permits. They also have design standards.

Mr. Barry asked if there are standard terms and conditions for this type of facility and if requiring 75 percent of a workforce be taken is common. Mr. Gritzuk said that contracts in other parts of the country are similar, but each project is unique, resulting in some differences. Mr. Wesselhoft said that requiring some percentage of a workforce is common.

Mr. Lynch asked if either of the two firms eliminated by the initial short-listing were invited to participate when one of the top three DBO companies dropped out. Mr. Gritzuk said that the number four firm was invited, but they declined as they did not feel they could catch up in the process.

**VII. FINANCIAL UPDATE: Draft Preliminary Official Statement.** Tom Burke gave an update on the draft preliminary official statement. The sale of the sewer revenue obligations is currently on schedule. They had to work out the list of projects, as there are 35-40 projects within the next year. Arrangements have been made to add to and delete projects. The requested budget has been submitted to the County Administrator, who will provide the Board of Supervisors a total County budget by the end of April. It is scheduled for a Board vote on May 19 for tentative adoption. That sets the maximum budget levels. Between then and the final budget adoption, the Board can adjust but never increase the maximum. Normally the vote would be on May 18, but there will be a special election on May 18 involving Prop 100. Prop 100 relates to state sales tax. The outcome of that election impacts the County budget. The County Administrator is preparing two budgets in anticipation of the outcome of that election.

**VIII. RWRAC PURPOSE/ORDINANCE DISCUSSION.** Ms. Bowen tabled the discussion until the May meeting.

**IX. RWRAC ADMINISTRATIVE POLICY: Telephonic meeting attendance.** Ms. Bowen said that there was some discussion at the last meeting regarding this policy and some concerns were raised regarding abuse and quality of participation. Staff was asked to revise the policy taking these concerns into consideration, which has been done.

Mr. Carlson asked who decides when to have a member attend telephonically. Ms. Bowen said the Chair makes that decision. There must be extenuating circumstances. The request would be submitted a week before the meeting. If the member is legitimately out of town but wants to participate by phone, the opportunity should be made available to them. Mr. Carlson asked if the Chair could be more liberal if there is no quorum. Ms. Bowen said there is leeway on a case-by-case basis.

Mr. Barry made a motion to adopt the policy. There has to be an opportunity to attend if extenuating circumstances exist. Mr. Smith seconded the motion.

Rob Kulakofsky said that he will be voting against adopting the policy as he feels that if you cannot attend on a regular basis then it is your obligation to resign from the Committee. That is not happening. If this is used on an occasional basis, it would be okay, but he does not feel that will happen.

Ms. Bowen said that one of her goals is to move the Committee towards a consensus. Perhaps the Committee could review the policy quarterly. If that provision were put in place, would that be satisfactory.

Mr. Barry said that Mr. Kulakofsky is right: if a member can not attend they should resign. That is not what this policy is for. It is for the unusual circumstance. If a member abuses it, the Chair has the authorization to say no.

Ms. Bowen said that there are challenges, such as a member having to work out of town for an extended period. Mr. Carlson said that if it becomes a problem, they can rescind the policy. Ms. Bowen said that is why she offered to put a provision in the policy to review the policy.

Mr. Lynch asked if it was Ms. Bowen's intention to track attendance and who uses the policy. Ms. Bowen said that the Supervisor who appointed a member has that role of determining if an appointee is performing as they expect. If a member is not fulfilling the Supervisors expectations, the Supervisor has the right to remove them.

Mr. Barry asked for the question to be called. Ms. Bowen said the motion is to adopt the policy as written. 5 YES, 3 NO. Motion passed.

**X. FUTURE AGENDA ITEMS.** In May, biosolids, Water Study Action Plan, Odor Control, nominating committee for future officers, annual report to the Board of Supervisors ideas, financial report, and ROMP update.

Mr. Barry said that it would be important to look at the conservation effluent pool from the County's perspective. This Committee is not as conversant as they should be. Mr. Gritzuk said the conservation effluent pool agreement is being worked on. One of the provisions is that the City and County are co-administrators. Both parties have to agree to projects. Mr. Gritzuk said that a detailed presentation could be given, but did not know if it could be done before it was finalized. Mr. Wesselhoft said that would be premature as it is a long way from being done. Mr. Barry said that they did not need to get into the particulars of the agreement. Ms. Bowen said that at this time, a general overview of what it is, how it functions and how it has evolved would be beneficial to the Committee. Mr. Wesselhoft said that at presentation could be given as to how the draft exists now and the intentions, but they can not speculate as to the final product. Mr. Barry said that one of the things swept under the rug in the [Water Study] final report was one of the most contentious issues between County and City staff was effluent. Ms. Bowen said that it would be helpful to get some background in the form of a presentation.

**XI. CALL TO THE AUDIENCE.** Jesse Lugo, CEO, Lugo & Associates, PO Box 26363, Tucson AZ 85726 spoke. He had a question about annexation of the 30-40 percent of city water customers not in the city limits. Is there a requirement to annex, and, if not, what are the legal ramifications for not doing so. Mr. Avery said that they cannot ask their current customers to annex as a condition of continued water service. They can ask new customers to annex.

Laura Fairbanks advised that there is an Earth Day parade at Reid Park on Saturday at 10:00 a.m.

**XII. ADJOURNMENT.** The meeting was adjourned at 9:58 a.m.