

**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE**

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

**Thursday, November 17, 2011**

**MEETING MINUTES**

**Committee Members Present:**

John Lynch	Rob Kulakofsky	Jackson Jenkins
Sheila Bowen	John Carlson	
Mark Stratton	Armando Membriola	
Bob Iannarino	Bill Katzel	

**Committee Members Absent:**

Brad DeSpain	Kendall Kroesen	Amy McCoy
Barbee Hanson	Ann Marie Wolf	Jeff Biggs

- I. **CALL TO ORDER.** John Lynch, Vice-Chair, called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:50 a.m.
- II. **CALL TO THE AUDIENCE.** There were no comments from the audience.
- III. **APPROVAL OF MINUTES.** Mr. Lynch stated that the approval of minutes would be deferred until a quorum was in attendance. The minutes of the October 20, 2011 meeting were approved after the Director's Update.
- IV. **COMMITTEE/SUBCOMMITTEE REPORTS.**

**A. CITIZENS' WATER ADVISORY COMMITTEE (CWAC) UPDATE.**

Ivey Schmitz, Deputy Director of Tucson Water, stated that she was attending today's meeting on behalf of Jeff Biggs. Ms. Schmitz stated that they are beginning to work on their financial plan and at their last meeting the main focus was on the requirements on their capital and operating budgets. In addition, Ms. Schmitz stated they also had a Ward perspective in which Katie Bolger from Ward 2 gave a presentation on how Ward 2 feels on water issues and how they interact with the community. Ms. Schmitz stated that she gave a presentation on staffing challenges and Kathy Chavez, Regional Wastewater Reclamation Department (RWRD), gave a presentation on the local drought impact advisory group. Bill Katzel asked Ms. Schmitz if Tucson Water is playing a role with the proposed merger of Green Valley area water companies. Ms. Schmitz stated that Tucson Water is interested in what is going on, but they are not influencing or playing a role in their discussions. John Lynch stated that at the last meeting there was mention of potential revisions to the Service Area Policy. Ms. Schmitz stated they have had several public forums on the Water Service Policy and continue to make presentations on this topic, but they believe the existing Water Service Policy will remain as is.

**V. DISCUSSION.**

**A. OLD ITEMS/UPDATES**

**1. DIRECTOR'S UPDATE.** Jackson Jenkins gave an update on the Regional Optimization Master Plan (ROMP). Mr. Jenkins stated that the budget was originally \$720 million to implement ROMP, but the budget has been reduced to \$660 million from savings they have incurred in the process. Mr. Jenkins presented a PowerPoint presentation containing a variety of aerial photos of the construction and explained the various activities that are occurring on the ROMP project. Mr. Jenkins showed a slide of the new central laboratory and stated that some staff have already moved into the new building and the remaining staff will be moved in by the end of this month. Mr. Jenkins noted that the RWRAC meeting in January will be held at the new lab building, at which time the Committee members will be given a tour of the facility.

Mr. Katzel asked Mr. Jenkins if the savings of \$60 million will be passed back to the rate payers. Mr. Jenkins explained that the rate model was based on \$720 million for ROMP, certain interest rates, and Operations and Maintenance (O & M) costs to operate the facility. Mr. Jenkins stated that capital costs are reduced and interest rates and O & M costs are lower than what was in the model; however, there are still two more pre-approved rate increases, one in July 2012 and one in 2013. The Finance Department has recommended leaving the 2012 increase as is and they will re-evaluate 2013 rates at that time.

Mark Stratton asked how the construction projects are doing in relation to the timeframes required by Arizona Department of Environmental Quality (ADEQ). Mr. Jenkins stated that the Ina Road facility compliance date is January 2014 and this is the most complicated project at this time; however, the contractor has assured us that they are on schedule and will have the project completed by Oct. 2013. Mr. Jenkins also noted that the Water Reclamation Campus Project to replace the current Roger Road WRF, is scheduled to be in compliance by January 2015 and this project is on schedule.

**2. Financial Plan/Budget Update.** Patrick McGee started by saying that there were no negative findings in the completed FY 2010 independent audit by Beach Fleischman. Mr. McGee discussed the Statement of Revenues, Expenses and Changes in Fund Net Assets and stated that RWRD is doing great with their balance sheet and has cash reserves on hand towards the bond debt service and for emergency funds.

Sheila Bowen asked about the increase in revenue compared to last year; is in line with what was budgeted. Mr. McGee stated that the sewer user fee increased revenue is coming in as projected, and most of that is going to be used for the debt service in the next few years because the debt service payment is going to be increased after the sale of bonds for the ROMP Project.

Mr. Lynch stated that Mr. Jenkins had a few more items to discuss with the Committee.

**1. DIRECTOR'S UPDATE.** Mr. Jenkins stated that RWRD has had discussions with the University of Arizona (U of A) and is very close to having an Intergovernmental Agreement with the University regarding the new lab complex. Mr. Jenkins explained that RWRD had always planned to expand the lab complex in the future. Under the pending Agreement, RWRD would build the future expansion of the lab now and lease out the additional space to the University for advanced water and wastewater research until it was needed for RWRD activities. Ms. Bowen asked who would be responsible for funding the construction. Mr. Jenkins stated that the County would fund the construction and the U of A would be responsible for the costs associated with the operating and maintaining of the facility. Mr. Jenkins stated that if at any time the County determined it needed the space, the County could terminate the lease with short notice.

The second item Mr. Jenkins discussed was the connection fee evaluation study. Mr. Jenkins stated that RWRD and the Finance Department have been working with Raftelis Financial Consulting to evaluate the methodology for the connection fees. Bob Iannarino asked how the presentation to the Southern Arizona Home Builders Association (SAHBA) was received. Mr. Lynch stated they received good feedback, that there was a large representation from stake holders, and that they agreed to meet the first week of December to have a larger discussion.

**3. Legislative Update.** Ed Curley presented a PowerPoint Presentation to explain the methods that the County uses to monitor and track legislation. Mr. Curley first discussed the 2012 Monitor and Advise issues recommended to County Administration by RWRD.

Mr. Stratton noted that Southern Arizona Waters Users Association (SAWUA) had a meeting yesterday and the report from the SAWUA was that Arizona Department of Water Resources (ADWR) would not be entertaining any legislation this year; however, there have been rumblings that various communities are not pleased with the new fees that have been assessed to municipalities.

Mr. Stratton further explained that the Legislature has cut the general funds to ADWR and the legislation has required the municipalities to pay a fee to make up for these cuts.

Mr. Curley continued with his presentation and discussed a memorandum from C.H. Huckelberry, County Administrator, presenting the Recommended Legislative Agenda for 2012. Mr. Huckelberry's focus this year is

on the outsourcing of fees and charges by the State Legislature. Mr. Stratton asked if anything has been identified with legislative mandates that have affected the RWRD regarding costs that have been passed to the County from the State. Mr. Jenkins stated that we are still sorting through SB 1598 (Regulatory Bill of Rights). Discussion ensued regarding how this legislation could impact the RWRD.

Mr. Curley discussed the last item of his presentation regarding a request by the Pima County Small Business Commission to the Legislature to provide greater opportunities for small business firms located in the State of Arizona to obtain contracts for professional services.

Mr. Curley also noted that an ordinance will be placed on the Board of Supervisors' agenda for the December 6, 2011 meeting, which will provide a Remediated Water Classification, so that RWRD can charge entities that would put remediated water into the sewer systems.

**4. Capital Improvement Program/Lessons Learned Update.** Eric Wieduwilt introduced Michael Kostrzewski, Capital Programs Manager, and stated that he would be giving the presentation. Mr. Kostrzewski stated that his presentation would focus specifically on the Ina Road Wastewater Reclamation Facility upgrade. The presentation would cover alternative delivery methods, describe Ina Construction Manager At Risk (CM@R) Project, and discuss the lessons learned.

Mr. Kostrzewski stated that the Ina Road Treatment Plant has eight Guaranteed Maximum Price (GMPs) and provided a brief description of each of the GMPs.

Mr. Kostrzewski stated that the first lesson learned was the more GMPs negotiations that you have the harder it is to manage them. Mr. Iannarino asked with multiple GMPs and a single contractor, if the contractor experienced any difficulties or delays due to the sequencing of the multiple GMPs. Mr. Kostrzewski gave an example of three GMPs. One of the early GMPs was for major equipment and did not result in any early purchases or equipment nor did it delay the project. The second GMP was for commodities, steel and concrete, and did not result in any time benefit, but did save the project significant amounts of money due to the locking of prices. The third GMP for early earthwork did get the project off to an early start and assisted the project in staying on time as the excavation process uncovered the location of unknown utilities which could have resulted in costly delays. Mr. Carlson asked if the County purchases the equipment and Mr. Kostrzewski replied that the CM@R buys the equipment as it is County policy for the contractor to be responsible for all equipment purchase, delivery and installation. Ms. Bowen asked how the pre-ordering of the major equipment affected the warranties or if it was included in the package so that the warranty started when it was operational. Mr. Kostrzewski stated yes and the contractor has a lot of responsibility with the equipment because it is not considered the County's equipment until it is operational.

The second lesson learned was to avoid a GMP prior to having 100% of the contract details. However, if a GMP has been submitted prior to a 100% GMP contract document, another lesson learned is not to renegotiate the GMP amount based on the 100% contract. Discussion of the allocation of risk in the contract followed.

Mr. Kostrzewski continued with his presentation and discussed the pros and cons of competitively bidding subcontractor work outside or allowing the CM@R to perform the work without alternative bids. Mr. Kostrzewski also discussed the lesson learned and the importance of keeping a consistent set of contract documents and how changing the contract documents between GMPs makes it harder to manage the CM@R contracts. Ms. Bowen asked if in the future this process is utilized with other projects, has using a value engineering process with a traditional construction bid process rather than a CM@R been considered. Mr. Wieduwilt stated that would be a unique way to combine those and they did get a lot of value out of having the contractor work with the designer through the design phase. Mr. Carlson asked if the CM@R contractor always has the design contractor and Mr. Wieduwilt explained no, that this is what is referred to as a "forced marriage" and the owner selects the contractor and the design professional and that is one of the risks because if the two do not get along this causes problems.

**5. 2010 Effluent Generation and Utilization Report.** Jim DuBois presented the 2010 Effluent Generation and Utilization Report. Mr. DuBois stated that the Department' prepares this report as required by the 2003 Wheeling Agreement with the City of Tucson (COT) and are required to provide an annual accounting for

what effluent is generated. Mr. DuBois provided an overview as to what is contained in the report.

Mr. DuBois stated the report is a good source of information related to what the effluent allocations are, including the Southern Arizona Water Rights Settlement Act (SAWRSA). Mr. DuBois stated that RWRD reports on the reclaimed water use of the County. Mr. DuBois pointed out the maps included in the report which displays the locations of the various WRF facilities, which include three metro facilities and eight sub-regional facilities.

Mr. DuBois discussed the production of effluent by Pima County RWRD facilities for 2010. Mr. Carlson inquired about the growth in 2010 versus that of the previous year. Mr. DuBois stated that there is historical information contained in the report and showed a diagram from 2003 that shows a downward trend of effluent production over the past 3 years. Mr. Katzel asked if this could be a correlation to the economy. Mr. DuBois stated that they believe there could be several factors related to this trend, including the economic downturn, as well as increased water conservation and drought impacts. Mr. Katzel asked if this trend should continue would it affect the rates. Mr. Jenkins noted that if this trend continued costs could be an issue because the costs are fixed and RWRD receive a large portion of revenues based on volume.

Mr. DuBois discussed effluent from all Pima County RWRD facilities by type of discharge, delivery, or use for 2010. Discussion ensued regarding the allocation to the various facilities, and what the County receives and what SAWRSA and the COT, and other water providers, receive. Mr. DuBois stated that Pima County's share of Metropolitan Effluent for 2010 was 3,634 AF/YR.

Mr. DuBois continued his presentation by noting that he added information to the report to account for effluent that the County has used for various environmental restoration projects. Mr. Iannarino asked if the Canoa Recharge Area was included and Mr. DuBois stated no it is just a conceptual plan at this time. Mr. DuBois stated that "multiple benefit" means that they are doing recharge and they are getting riparian habitat benefit, recreational opportunities and there are multiple things being done with the water.

Mr. DuBois provided a summary of the accounting for the Lower Santa Cruz Project, Marana High Plains Effluent Recharge Project and Corona de Tucson and stated that last year the County's total credits with Arizona Department of Water Resources for effluent recharge was 1,085.30 AF and the long-term storage cumulative credits total 5,451.79. Mr. Stratton asked if any of the storage credits have been utilized by the County in other departments or does it remain with RWRD. Mr. DuBois replied that the County has not used any of their effluent credits. The participants in the Lower Santa Cruz Managed Recharge Project have not recovered any stored effluent, although there have been exchanges of effluent credits by some. Mr. Iannarino inquired about the Marana High Plains Effluent Recharge Project and the Corona de Tucson Project. Mr. DuBois explained that because these are constructive recharge facilities, they receive 100% credit.

Mr. DuBois announced that they will be generating another report for 2011 in March of 2012.

**6. Bureau of Reclamation Constructed Recharge Project.** Deborah Tosline, U.S. Bureau of Reclamation Department, stated that she was the Project Manager for the Enhanced Recharge Demonstration Project (ERDP). Ms. Tosline explained that the objectives of this project were to increase recharge and evaluate the effectiveness of enhanced recharge methods. Ms. Tosline stated that they coordinated several agencies and jurisdictions (including RWRD) and the construction was a collaborative effort. Ms. Tosline discussed how they achieved completing the construction in 8 days, when it was projected by the engineers to take 10 to 15 days. Ms. Tosline presented slides of the construction.

Ms. Tosline pointed out the daily average infiltration rates and how they increased after the maintenance events. The ERDP recharged 90 AF/YR before it was washed out on July 5, 2011. Ms. Tosline stated that as Mr. DuBois mentioned in his presentation, the ERDP accrued 100% credit for constructed recharge.

Ms. Tosline again stated that if the Committee would like to discuss this further or had questions, she would be willing to come back at another date and time.

**VI. FUTURE AGENDA ITEMS.** Mr. Lynch called the Committee member's attention to the agenda for the December meeting and asked for any suggestions, additions and/or comments regarding the items listed on

the agenda. Mr. Lynch also stated that the Committee needs to start reviewing and providing input for the upcoming 2012 Agenda Items and determine how they wish to amend those future agenda items. Mr. Curley introduced Veronica Lopez to the Committee and stated that she will now be the contact person for the RWRAC and that he will send her contact information to the Committee members. Mr. Carlson commented that he has seen on television complaints about the odor at the treatment plants and asked for status on this issue. Mr. Jenkins stated that he believes they have made significant improvements on the odor problem, especially at Roger Road. Mr. Jenkins noted that with the construction adjacent to Roger Road on Prince/I-10 there will be significant wastewater diversions, and there may be potential for odors. Mr. Jenkins stated the Department will work to maintain the odor problems.

Mr. Katzel asked if Laura Fairbanks would be conducting a consumer advocacy presentation at a future meeting. Mr. Curley indicated that we would be making a consumer advocacy presentation.

Mr. Curley stated that a draft work plan will be brought to the next meeting in December to discuss agenda items for 2012.

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

**VIII. ADJOURNMENT.** The meeting was adjourned at 9:50 a.m.