



REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE

Water and Energy Sustainability Center
3035 W. El Camino del Cerro
Training Room

MEETING MINUTES

Thursday, February 16, 2012

Committee Members Present:

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

Committee Members Absent:

Brad DeSpain	Armando Membrilla
Amy McCoy	

1. **CALL TO ORDER.** Ann Marie Wolf, Chair, called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:45 a.m. Veronica Lopez took the roll call.
2. **PLEDGE OF ALLEGIANCE.**

Ms. Wolf announced that most of the Regional Wastewater Reclamation Department (RWRD) staff must attend a 10:00 a.m. meeting downtown with County Administration, and asked that the meeting move along to assure that staff can leave at a reasonable time to make their next meeting.
3. **CALL TO THE AUDIENCE.** There were no comments from the audience.
4. **APPROVAL OF MINUTES.** The minutes of the January 19, 2012 meeting were approved.
5. **COMMITTEE/SUBCOMMITTEE REPORTS.**
 - A. **CITIZENS' WATER ADVISORY COMMITTEE (CWAC) UPDATE.**

Jeff Biggs, Tucson Water, stated he did not attend the February CWAC meeting and did not have an update to provide.
6. **DISCUSSION/ACTION.**
 - A. **OLD ITEMS/UPDATES**
 1. **DIRECTOR'S UPDATE.** Jackson Jenkins provided an update on the Regional Optimization Master Plan (ROMP). Mr. Jenkins stated that the construction at Ina Road is approximately 59% complete and the construction at the Water Campus– Reclamation Facility is approximately 24%. Mr. Jenkins pointed out that there are 392 people working

at the Water Campus – Reclamation Facility site and that at both the Water Campus and Ina Road work sites, there have been no reportable accidents or other incidents. Mr. Jenkins noted that the WES Center – Laboratory Complex is functioning well and there is still site work being done on the security fencing and the planting of vegetation.

John Lynch, Vice-Chair, asked what the status is on the negotiations with the University of Arizona (U of A) with regards to the expansion of the WES Center. Mr. Jenkins stated that Reid Spaulding, Director of Facilities Management Department is conducting the negotiations with the U of A and they are currently working on the Intergovernmental Agreement language and terms of the lease. Mr. Jackson stated he plans to meet with Mr. Spaulding to receive an update on these discussions.

2. **FY 2011/12 BUDGET / FY 2012/13 FINANCIAL PLAN UPDATE.** Patrick McGee stated that as of the end of January, expenditures are at \$38,375,366, which is approximately 53% of the budget. Mr. McGee stated that revenues are \$106 million, which is 64% of the budget. At this point, the Department is slightly below budget on expenses and slightly above budget on revenues. Mr. McGee noted that the budget for FY 2012/13 is currently in process. Ms. Wolf, Chair asked when the Committee will be presented with this budget to review. Mr. Jenkins stated that it should be scheduled for presentation to the Committee next month.
3. **STATE LEGISLATIVE ISSUES.** Matt Matthewson provided an update along with a handout on a selection of Senate and House Bills (SB and HB) that have some relevance to the RWRD, but have no direct operational impact to the Department. Mr. Matthewson stated that some of the Bills are of interest because they deal with water resources in general. Mr. Matthewson pointed out how this information can be obtained via the internet. Mr. Matthewson spoke briefly about each Bill that was listed on the handout.

Bob Iannarino stated that SB 1418 has major impacts over the Federal oversight of the 404 program and asked Mr. Matthewson to elaborate on this Bill. Mr. Matthewson stated that under this Legislation, the State would need to set up a program for conducting the same kind of review for the dredged or fill activities as the 404 Program. Once that mechanism is set up then the State could receive the primacy in that area. A stakeholder process would be set up to determine if the delegation of the program is appropriate.

Mr. Matthewson also elaborated on HB 2416. This bill would prohibit any city or town or county of more than 500,000 from denying service of water or wastewater service outside their boundaries if they are already serving outside their boundaries. Jeff Biggs noted that there is an article (2/16/2012 edition) in the Arizona Daily Star about this legislation.

Mr. Matthewson provided a summary of SB 1598, known as the Regulatory Bill of Rights, from last year's legislative session and explained that we are currently struggling to come into compliance with this particular State mandate. The bill requires a county's or city's permitting, plan review process, and inspection functions to be detailed and outlines extensive procedural requirements. Mr. Matthewson also provided an outline of RWRD processes that are subject to SB 1598. He stated that the inspection portion of this law is effective at the end of June and that the licensing time frame for this law is

effective at the end of this calendar year. Mr. Matthewson suggested that perhaps sometime between June and December, an update can be provided of where the Department stands on implementing this law and we should also know by then if HB 2827 passed into law as this bill further extends the regulatory bill of rights.

Mr. Lynch stated that currently there is legislation that has been introduced dealing with the manner in which counties, specifically Pima County, establishes the means or methods of bonding projects and who decides that process. Mr. Lynch stated that this particular legislation should be added to the update because it will potentially have major impact on Pima County and how the County is able to handle bond projects. Chuck Wesselhoft, Deputy County Attorney, noted that he is aware of this legislation and he is sure that the County is deeply involved in monitoring the bill's passage through the State Legislature. Harlan Agnew, Deputy County Attorney, stated that what it essentially does is it gives each jurisdiction a vote and/or a veto on bond initiatives.

Ms. Wolf asked how this Committee provides recommendations on proposed legislation. Mr. Matthewson stated that this is something that should be addressed earlier in the year before the legislative session begins. The Department is invited to weigh in with any requests or preferences it has, so the County can lobby on our behalf during the session. Ms. Wolf asked if it is too late to make recommendations for this year and Mr. Matthewson stated that it is as the last day to hear bills in the state committees is tomorrow (February 17th). Ms. Wolf stated that for next year, the Committee needs to be more proactive with this topic. Mr. Matthewson suggested that this be placed on the agenda in the fall. Mark Stratton stated that there are timeframes for when bills are submitted and since the Committee only meets once a month, it leaves a short period for the Committee to react. Mr. Lynch asked if there are legislative items of concern that RWRD bring them to the Committee's attention so they, as members, can notify the Board of Supervisors' (BOS) and make them aware of what the issues are.

- 4. BIOSOLIDS/BIOGAS MASTER PLAN.** Mr. Jenkins provided a presentation on Biosolids/Biogas Master Plan and stated that this is a critical decision and issue for RWRD going forward. Mr. Jenkins stated that ROMP will consolidate all of the biosolids/biogas processing into one location, Ina Road, and it is imperative to plan how to manage all the biosolids/biogas not only now, but for the future. Mr. Jenkins stated Brown and Caldwell is the firm that was selected to do the master plan and that the process has been ongoing for a approximately six months.

Mr. Jenkins stated that currently most all of the biosolids are land applied -- typically north of the Ina Road facility. Pima and Pinal Counties, and the Marana area contain the registered agriculture fields where the biosolids can be applied. The biosolids generated at the Green Valley WRF are applied to the tailings at the nearby Mission Mine. Mr. Jenkins explained that the plan is to develop alternate biosolids application sites and that RWRD is also exploring how to potentially reduce overall operational costs. Mr. Jenkins noted that currently RWRD produces a Class B biosolids; the Department is aware that it may need to go to a Class A at sometime in the future, but for now we will continue producing Class B biosolids.

John Carlson asked in regards to the mine tailings application, are the mines using everything that the Green Valley WRF is producing or is there additional capacity. Mr. Jenkins replied that the Green Valley WRF produces 15 dry tons a year and that all goes

to the tailings. The Town of Sahuarita has a different biosolids disposal method currently, but they are planning to talk with the mines about applying their biosolids. The problem with the mining alternative is that it is not conducive to a long-term resolution as their demand for biosolids does not match our production, so this is not a good technological match for a method of disposal.

In regards to biogas, Mr. Jenkins stated that currently at Ina Road WRF, the methane gas being generated in the digestion process is mostly used to generate electricity and at Roger Road WRF, a large portion of the gas is used to run pumps or generate electricity and the rest of it is flared. Mr. Jenkins also noted that after ROMP is completed all of the gas will be produced at Ina Road. Unfortunately, the current Ina Road power plant would not meet specifications or code in the post-Romp environment. It would take a significant investment to upgrade that facility in order to utilize the existing power plant in the future. Furthermore, when generating electricity with biogas it also produces heat. Currently the facility at Ina Road is in balance as the electricity and heat are both being utilized to a maximum benefit for the process. In the future, RWRD would not be able to utilize all of the heat that is generated, reducing its value, and the electricity generated would be more expensive. This would drive the cost of generating the electricity above the cost of what it can be purchased from Tucson Electric Power (TEP). Mr. Jenkins stated that one of the options is to flare all of the gas that is produced at Ina Road, like is done in Phoenix, as this would result in zero capital costs to the Department. But per the Board of Supervisors Policy on sustainability, we need to find a beneficial use for that renewable resource.

Mr. Jenkins discussed the three short-listed technologies for biogas: clean the biogas and then sell to premium markets; convert the biogas to the equivalent of compressed natural gas (CNG) for vehicle fueling; and utilize the biogas for generating combined heat and power (CHP). Mr. Jenkins stated that the BOS approved an amendment to the Brown and Caldwell contract on the master plan to bring in two gas marketing experts. We will be meeting with them to get their input before making the final decision on what to do with the biogas. Rob Kulakofsky stated that TEP needs to create a certain percentage of their energy from renewable sources and asked if RWRD has spoken to TEP about putting in a small scale plant. Mr. Jenkins stated they have met with TEP to discuss options and opportunities with them, but our methane gas would not provide any credits to TEP. John Sherlock, Deputy Director, stated that TEP has no interest unless a certain size is reached such as 15 megawatts and it costs a tremendous amount of money to build a power plant that size. Kendall Kroesen asked if the cleaning of the gas is the same for fueling vehicles as it is for putting it into the pipeline. Mr. Jenkins stated that it is similar.

Mr. Jenkins stated that another component of the treatment process that has been re-evaluated is the side-stream treatment (SST) and explained how RWRD is exploring the opportunities to recover nutrients from waste streams as a renewable source.

Mr. Jenkins again noted that the gas marketing experts and the panel of experts to investigate the needs and best option for SST have been hired. Mr. Jenkins stated that a draft of the Master Plan Report will be ready in March that will consist of Brown and Caldwell's recommendations on how to proceed with the biosolids and biogas, a final decision on how to proceed will probably be made in May 2012.

Ms. Wolf commented that she had worked on a report for Congress and the President

on renewable resources and their use throughout the Southwest. This report contains a chapter regarding biosolids and biogas and may have a good summary on the topic that would be useful to the Department's investigation. Ms. Wolf stated she will bring a copy of this report for Mr. Jenkins to review.

Ms. Wolf requested that the Committee receive the Master Plan Report in March so that they have an opportunity to comment on it in a timely manner. Mr. Jenkins stated that he would get them the report when it was available.

- 5. CONNECTION FEE METHODOLOGY.** Eric Wieduwilt, Deputy Director, provided an introduction to the Connection Fee Methodology by stating that the County Administrator had instructed RWRD to move forward with researching a connection fee methodology change. After conducting research on alternate methods to charge connection fees that exist in other municipalities, the Department has decided to move forward with the water meter approach. Mr. Wieduwilt stated that this change has tentatively been approved by the County Administrator. The proposal has been accepted and the rate structure that he will be presenting today provides a benefit to the community, and results in lower connection fees. Mr. Wieduwilt noted that the tentative schedule is to have the ordinance drafted by mid-March, hold a 60-day public comment period, and seek approval from the BOS in May for adoption July 1, 2012.

Mr. Kulakofsky stated that in the report sent to the Committee, it shows that Equivalent Residential Unit (ERU's) are more accurate and fairly simple to determine and wanted to know why the ERU method was not selected. Mr. Wieduwilt replied that there are number of different methodologies and felt that the water meter approach had the best nexus to the wastewater usage. In the final decision, the Department felt that this was the best approach for a wastewater utility.

Mr. Wieduwilt stated that the current methodology is based on the number of Fixture Unit Equivalents (FUE). Staff counts all the fixtures units in a house or commercial building using a hybrid chart to determine how much each of these FUE's was worth. Mr. Wieduwilt stated that the current rate per fixture unit as of July 2011 is \$264.61 for residential and \$529.36 for commercial.

Mr. Wieduwilt stated that the FUE method was labor intensive as staff had to go through each submitted plan and count every fixture unit. This approach could also create disagreements and arguments over fee calculations between staff and applicants. Mr. Wieduwilt stated that this new approach to water meter size will reduce the time it takes to review plans and alleviate some of the difficulty developers experience in estimating connection fees.

Mr. Carlson asked about water use versus sewer fees and if the RWRD works with Tucson Water, since they own the meters, and whether they exchange information with each other. Mr. Wieduwilt stated that yes, the Department currently works with Tucson Water and that this new method will encourage more dialogue with the various water providers. Mr. Stratton asked what type of coordination is being set up for water providers to inform the Department when a meter is installed at a given location. Mr. Wieduwilt replied that the developer will be responsible for informing RWRD of verification from the water provider and what water meter was installed.

Mr. Wieduwilt stated that currently a flat rate is being reviewed for residential

connections. Most residential homes use a 5/8, 3/4 or 1 inch water meter, depending on the home size and fire prevention flow requirements. Mr. Wieduwilt continued by saying that commercial buildings would pay the same connection fee rate for 5/8 and 3/4 inch meters, and a higher rate for each larger size up through 4-inch meter. For the 6-inch meter and larger sizes, each project will be evaluated separately to determine the flow volume impact to determine the connection fee. Mr. Stratton asked if a multi-family residence would be under commercial. Mr. Wieduwilt stated that is correct and they will define residential in the updated ordinance

Mr. Wieduwilt presented and discussed a graph showing the non-residential connection fee comparison. Mr. Wieduwilt stated that for the larger meters there is a significant savings in the connection fees. Mr. Wieduwilt clarified that the connection fee is to recover the cost of infrastructure and capacity. The user fee covers the costs for the operation and maintenance (O & M). Mr. Wieduwilt explained how the new base rate was calculated for capacity using 80 gallons per person per day, which meets the State's regulatory requirements.

Mr. Wieduwilt stated that the BOS will need to address the remaining 6.5% connection fee increases scheduled for July 2012 and July 2013. Mr. Wieduwilt noted that there are challenges in dealing with different water providers and their unique methods for establishing water meter sizes, but should have these challenges ironed out by July 1, 2012. Mr. Wieduwilt discussed how the stakeholders have requested a consideration of refunds for recent customers who paid connection fees under the current rate method. Mr. Wieduwilt stated that an update will be provided each month with more information. Ms. Bowen stated that the Town of Sahuarita is contractually obligated to follow the connection fees that Pima County has in place.

Ms. Wolf stated that since this Committee is the official Advisory Board on rate structure formulation, they will need to take an official vote and hold a public hearing and take public comments on this issue. Discussion ensued regarding details for holding a public hearing and the scheduling of an additional meeting. This topic will be discussed again at the March meeting.

Mr. Lynch asked what portion of the monthly user rates for sewer service is attributable to the conveyance system. Mr. Jenkins replied that the O & M budget last year was \$73 million and the conveyance portion was approximately \$11 million. Mr. Iannarino asked if there had been any indirect conversations with the BOS in support of this or is it still at the staff or County Administrator's level. Mr. Wieduwilt stated that RWRD was given direction by the County Administrator and he is not aware of what dialogue the County Administrator has had with the BOS, but they have been provided with the same packet that the Committee received. Mr. Jenkins stated that the County Administrator submitted a lengthy economic development document to the BOS, which had a number of recommendations in it and one recommendation was that they accept the changes of the connection fee methodology and corresponding reduction in rates.

Ms. Wolf suggested that due to time restraints, Agenda Item. 6 – Capital Improvement Program Update, be held off and put on the agenda for next month's meeting.

Mr. Carlson announced that he attended the last BOS meeting and made it known that

he was not there representing the RWRAC. Mr. Carlson stated that he mentioned that RWRD staff is very knowledgeable and he is pleased with the expertise shown by staff. Mr. Carlson continued to discuss the other issues he addressed with the BOS.

- 6. MEETING TIME/LOCATION COMMITTEE DECISION.** Ms. Wolf began the discussion by asking if RWRD staff had any input regarding holding the meetings at the WES Center versus downtown. Mr. Jenkins stated that on behalf of staff, the recommendation is that the meetings be held downtown at Pima Association of Government (PAG) – Conference Room, for at least the next 6 months until some issues are resolved. After this time frame, the Committee could re-visit the possibility of relocating the meeting back to the WES Center. The Committee had no objection to this recommendation and it was decided that the meetings will be held downtown at PAG for the next six months.
- 7. FUTURE AGENDA ITEMS.** Ms. Wolf stated that she and Mr. Lynch held a discussion and they thought it would be a good idea for the Committee to re-visit what their official responsibilities are and to discuss this at the next meeting. Ms. Wolf handed out Ordinance 2008-115 to the Committee members and asked that they read it prior to the next meeting. Ms. Wolf mentioned that she and Mr. Lynch also discussed the possibility of forming a subcommittee to meet with RWRD staff quarterly to discuss agenda items and would like this topic placed on the next meeting agenda. Ms. Wolf pointed out that the Connection Fee Issue is going to be a key issue for the Committee and the topic needs to be on the next agenda. Mr. Lynch recommended that the future ROMP updates be limited to five minutes and that the ROMP PowerPoint presentation should be included in the packets that are mailed to the Committee.
- 8. CALL TO THE AUDIENCE.** There were no comments from the audience.
- 9. ADJOURNMENT.** The meeting was adjourned at 9:07 a.m.