



## REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE

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

### MEETING MINUTES

Thursday, August 16, 2012

#### **Committee Members Present:**

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

#### **Committee Members Absent:**

Barbee Hanson  
Armando Membriila  
Amber Smith

**A. CALL TO ORDER.** Ann Marie Wolf, Chair, called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:46 a.m. Veronica Lopez took the roll call and a quorum was present.

**B. PLEDGE OF ALLEGIANCE.**

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

**D. APPROVAL OF MINUTES.**

1. Meeting Minutes of July 19, 2012

**ACTION:** Sheila Bowen made a motion to approve the minutes of the July 19, 2012 meeting. Kendall Kroesen seconded the motion. Motion passed unanimously.

**E. DISCUSSION/ACTION.**

1. **DIRECTOR'S UPDATE.** Jackson Jenkins, Director, Regional Wastewater Reclamation Department (RWRD), announced to the Committee that the department is holding a retreat workshop tomorrow on the RWRD Strategic Plan. Mr. Jenkins also announced that in the July 2012 issue of ENR Magazine, an article on the Regional Optimization Master Plan (ROMP) project was featured. Mr. Jenkins asked staff to forward this article to the Committee.

The Committee received a hand-out on the ROMP project update. Mr. Jenkins stated that he and staff will be attending a monthly ROMP project meeting today on the Ina Road project. The Ina Road project has been the most challenging of all the ROMP projects because it is the most complicated and requires a lot of resources and effort.

Mr. Jenkins gave a brief update on the ongoing litigation with the Town of Marana (TOM) over the Marana Wastewater Treatment Facility. Mr. Jenkins stated the TOM did file a motion with the court for reconsideration of the appeal results and that motion was denied. The TOM has now filed an appeal through the Arizona Supreme Court.

Bill Katzel commended staff on the Pipeline Newsletter and stated he appreciated receiving a copy in the meeting packet.

- 2. FY 2011/12 BUDGET & FY 2012/13 FINANCIAL PLAN UPDATE/BUDGET.** Patrick McGee, Finance and Risk Management Department, reported that for ending fiscal year (FY) 2012, the department is currently right on budget, however it is expected that the department may go over budget a little bit when all the final numbers are in. The department's O&M expenses are at \$73 million for FY 2011-2012.

Mr. McGee stated for FY 2012-2013, the department expenditures are at \$8 million for the first month, with an O&M budget of \$75.5 million. Mr. McGee noted the draft final report for FY 2011-2012 should be completed by October.

Ms. Wolf stated that she recalled having a budget inquiry at last month's meeting. Sheila Bowen stated last month's meeting minutes indicate that *"a more accurate financial update will be provided at next month's meeting once all the data has been entered into the Advantage AMS System."* Mr. McGee replied that Period 13 closed last night, so the current numbers are not available. Ms. Wolf asked when the Committee could receive a more detailed report for FY 2011-2012. Mr. McGee stated he could have it available in a couple of days. Ms. Wolf asked that the Committee receive this report once it is ready.

- 3. SEWER CONNECTION FEE ORDINANCE UPDATE.** Eric Wieduwilt, Deputy Director, RWRD, stated the revision on the sewer connection fee ordinance will go before the Board of Supervisors (BOS) on August 20<sup>th</sup>; the revision will allow the department to proceed with the refund/credit process. Mr. Wieduwilt stated the implementation for the refunds will begin September 20, and will be accepted until December 31<sup>st</sup>. The department wants to allow the most time possible for customers to apply for the refunds and the refunds will be issued as they are received. As for issuing credits, the process is a little more restrictive. Mr. Wieduwilt explained the window to apply for a credit is from September 20<sup>th</sup> to November 20<sup>th</sup> and the reason for this is the BOS has requested that they approve every credit application. Therefore, it is anticipated that a list of the credit applicants will be provided to the BOS at their December 18, 2012 meeting for their approval. The credit/refund process will expire December 31, 2012.

Mark Stratton asked if customers that are eligible for a refund are being informed. Mr. Wieduwilt stated yes, the department is putting together a mailing list of all those customers that are eligible for a refund and are sending a mailer to them. However, for the credits this is not being done because most individuals have already been involved with this process and it is up to them to complete the web-based application.

Mr. Wieduwilt stated the department is still working with two key stakeholder representatives, Metropolitan Pima Alliance and Southern Arizona Home Builders Association, on other possible revisions to be made to the connection fee ordinance and that report is due to the BOS in December. Mr. Wieduwilt explained the primary focus on further revisions is on shell buildings and tenant improvements. Mr. Wieduwilt stated that a draft report should be ready for review mid-November and will be presented to the Committee at that time for their review. Ms. Wolf asked if the Committee will have sufficient time to review and comment if they receive the report in November. Mr. Wieduwilt stated the Committee could provide individual comments via RWRD staff or staff could present to the Committee at an extra meeting and then put together a draft report in October and review the more firmed up language in November.

Ms. Wolf asked the Committee for their thoughts on this issue. Mr. Stratton stated he feels it is more helpful to have a discussion as a group so there is a level of consensus. Mr. Wieduwilt suggested he provide an update at each monthly meeting through December. Ms. Wolf agreed with Mr. Stratton.

Ms. Bowen asked on commercial spaces, where there is vacancy, if there is an opportunity for them to grandfather in under the old fixture unit equivalent method of assessing fees. Mr. Wieduwilt replied that no, this is not possible, under the wording of the ordinance as currently written.

Mr. Jenkins stated that one of the key stakeholder concerns was related to how Tucson Water sized the water meter. RWRD and Tucson Water held discussions on this issue, resulting in some changes. Mr. Wieduwilt further explained that Tucson Water uses a conversion sheet that calculates water meter size based on fixture unit ranges. Tucson Water reviewed their chart after joint meetings with RWRD and stakeholders and made some significant revisions that reduced the water meter size being installed in many commercial projects.

4. **BIOSOLIDS/BIOGAS MASTER PLAN.** Mr. Jenkins stated the PowerPoint he will be presenting is a follow-up to last month's discussion and presentation given by Gary Newman from Brown and Caldwell. Mr. Newman headed up the effort on the project for the Biosolids/Biogas Master Plan. Mr. Jenkins also introduced Jing Luo who is the RWRD Project Manager that is working with Mr. Newman and Dr. Ian Pepper from the University of Arizona.

Mr. Jenkins said this presentation should cover many of the questions the Committee had at last month's meeting. Mr. Jenkins began with the biosolids portion of the master plan. Mr. Jenkins discussed the key criteria and objectives of the Master Plan. The goal is to maintain a reliable outlet for the biosolids, which involves improving the long-term reliability and address the vulnerabilities in the current program. Mr. Jenkins stated RWRD wants to maintain biosolids management costs as low as possible and recommendations must be sensitive to user rate impacts. Mr. Jenkins also noted a key objective is to promote beneficial use and sustainability, comply with all regulations and enhance environmental stewardship.

Mr. Jenkins stated that the cost to haul and land-apply biosolids from the Ina Road Wastewater Reclamation Facility (WRF) to the general agricultural area north of Ina Road is approximately \$85/ton and the current method of hauling is a slurry of 6-8% solids. RWRD's current land application program is one of the most cost effective programs in the United States. Mr. Stratton asked what percentage of the large reclamation facilities utilize land application compared to other solid waste disposal methods. Mr. Jenkins stated that some areas in the country allow incineration and hauling to landfills, as well as agriculture application for biosolid disposal. Mr. Newman stated approximately half of the reclamation facilities in the country use agriculture land applications to dispose of their biosolids.

Mr. Jenkins noted for the Committee that the handout they were provided with is supplemental to the PowerPoint he is presenting. Mr. Jenkins acknowledged that Mike Gritzuk had joined the meeting and stated that Mr. Gritzuk has worked diligently on this Master Plan, as well.

Mr. Jenkins reviewed the County's procurement process for the biosolids hauling contract. RWRD's biosolids program is similar to other local and national agencies, such as the City of Phoenix, City of Mesa, and the City of Los Angeles, among others. John Carlson asked if the haulers get paid by the crop owners. Mr. Jenkins replied that our hauler does not get paid by the farms that they apply to. Mr. Jenkins continued to say that Pima County is paying much less than other agencies on a dollar-per-dry-ton basis.

Mr. Jenkins stated that producing a Class A biosolids is very expensive. It involves capital investment, annual operations and maintenance (O&M) costs, and transportation costs. Mr. Jenkins also stated the market for Class A biosolids has not been developed in the greater Pima County area, and it will take effort and time for that market to develop.

Mr. Jenkins discussed the biosolids treatment at the Green Valley WRF; this is the only sub-regional facility with on-site biosolids treatment. Due to the biosolids treatment and odor control costs, it is more expensive than wet hauling raw sludge to the Ina Road WRF. Mr. Jenkins noted that the facilities for hauling raw sludge from Green Valley WRF are in the design stage and construction should be completed next year. Mr. Stratton asked if this hauling will be outsourced or will it be a part of the operating expenses of the facility. Mr. Jenkins replied the department currently has its own tanker trucks and equipment operators that haul for all the sub-regional facilities, so the department may only need to buy another tanker truck. Mr. Jenkins stated the department feels they have a very efficient and cost effective method for dealing with the biosolids and there is no need to go to Class A at this point in time. Kendall Kroesen asked what percentage of agencies, similar to Pima County, have converted to Class A biosolids and why did they convert. Dr. Pepper replied there was a push from certain parts of the nation to go to Class A, but that has since tapered off. Part of the reason it has is because of the research conducted on Class B showing that it is effective and sustainable. Dr. Pepper also stated that Pima County has one of the most successful operations and is running a great program. Discussion ensued regarding Class A biosolids and possibly converting from Class B to Class A in the future.

Ms. Wolf asked the Committee members if they wanted time to review the biosolids portion of the handout they just received addressing the questions the Committee asked at last month's meeting. After discussion, the Committee decided they did not need additional time to review the handout.

Mr. Jenkins continued with his presentation and discussed the topic of biogas. Mr. Jenkins noted the Ina Road energy recovery facility has been in operation since the 1970's and is scheduled to close soon. This system has been very reliable and currently provides 2 megawatts of power with the use of supplemental gas. Mr. Jenkins added that this system currently provides all thermal energy required at the plant site and the waste heat recovered at this plant is for beneficial use. Mr. Jenkins stated the equipment at this plant is over 30 years old. Mr. Jenkins stated the existing energy generation facility will be decommissioned in April 2013 as the ROMP project plant upgrades requires a higher level of treatment. This will put the department in a higher usage bracket for electricity and the Department will be charged for electricity at a much more competitive price. Ms. Bowen asked if Tucson Electric Power's (TEP) proposed rate increase will impact this issue.

Mr. Jenkins discussed the objectives of the Biogas Master Plan. Without a power generation facility to use the biogas, the department needs to come up with alternative ways to utilize the biogas. The biogas is produced 365 days a year. Mr. Jenkins stated a couple of key criteria: the department hopes to avoid flaring the biogas, and hopes to avoid any air permitting complications.

Mr. Jenkins continued with his presentation and stated that on-site co-generation was evaluated in significant detail. The Master Plan started with 17 different candidate options for biogas utilization, eight of which were combined heat and power options. Mr. Jenkins stated with the new lower tariff offered by TEP, on-site co-generation is not cost competitive to the commercial power. A prior energy study by CH2M Hill came to the same conclusion. An on-site co-generation plan would be complicated, costly, and time consuming for air emissions permitting. RWRD will have uninterrupted power from TEP. The power supply for Ina Road WRF is from a main distribution loop fed from independent sub-stations and the reliability is extremely high. Mr. Jenkins stated purchasing the commercial power from TEP is the most economical solution for RWRD through the foreseeable future. Mr. Jenkins also stated should on-site co-generation become economically attractive in the future, the recommended gas cleaning system maintains the flexibility of returning to on-site power generation.

Mr. Jenkins noted Pima County will produce 850,000 to 1,000,000 cubic feet per day of biogas at the Ina Road WRF by 2014 and the flaring of gas is unacceptable. Mr. Jenkins stated that the evaluation has recommended that RWRD clean the biogas and offer it for sale to get a positive economic return to our rate payers. To accomplish this, Pima County proposes to contract with a private entity to clean and market the biogas with a modest return and minimize the risk to the County. Ms. Bowen asked, if there are not any entities that want the biogas, would the department then need to flare the gas. Mr. Jenkins stated he is aware of firms that are interested in the biogas produced and is confident that there will be bidders for the biogas. Mr. Newman commented that although there have been changes in the market the last several months, there continues to be interest in the utilization of biogas.

Mr. Kroesen asked what is done with the contaminants that are taken out of the biogas. And he also asked that if a private company is contracted to take the gas and process it, will there be any reassurance that if the private company experiences an emergency that would cause them not to be able to take the biogas what would RWRD do? Mr. Jenkins replied Co<sub>2</sub> is the other primary component of the gas and the department is entering into a study with the University of Arizona to see if there is a market that would allow RWRD to pull that off as a byproduct when the gas is cleaned. Otherwise the cleaning process would remove the Co<sub>2</sub>. In answering Mr. Kroesen's second question, Mr. Jenkins stated that the contract with the private company would include very detailed language as to how long the company would be allocated to handle an emergency and there would be a penalty so it would not be beneficial to do so.

Mr. Katzel asked that with the vulnerability of gas prices, what would be the expenditures involved for selling alternative fuel for automobiles. Mr. Jenkins stated the department is still evaluating the alternative fuel option. Mr. Katzel asked about providing the fuel for government vehicles. Mr. Jenkins stated if RWRD's fleet was converted to compressed natural gas (CNG), then 10% of the biogas would be utilized. The entire County fleet would use most of the gas. Discussion ensued regarding using CNG as alternative fuel and whether it would warrant consideration of a capital investment to produce for the commercial market.

Ms. Wolf asked when the department is taking this to the BOS. Mr. Gritzuk stated the timeframe to present this to the BOS is by December 2012. Mr. Jenkins stated the next step then is to go through the procurement process and accept proposals; he is hoping to begin this process early next calendar year and it should take approximately two years to compete. Ms. Wolf asked if the Committee should voice their view as to whether or not they support the direction the department is taking, and send a letter to the BOS. Mr. Gritzuk stated the timeframe to present this to the BOS is by December 2012.

Mr. Lynch asked, with regards to the Request for Proposals (RFP), if the department is looking to streamline the number of options that are currently on the table on the RFP. Mr. Jenkins replied that the pros and cons of this analysis are still being discussed. However, the decision should be made within the next couple of months as the intent is to advertise in January 2013. Mr. Lynch asked if there will be an opportunity for the Committee to have a better understanding of what the RFP will look like. Mr. Wesselhoft stated only to a certain degree because of the potential for any undue conflict on the process. Mr. Jenkins suggested that staff can provide updates on this process at every monthly meeting up to the time this is presented to the BOS in December.

Ms. Bowen asked for clarification that there will be no additional cost passed on to rate payers. Mr. Jenkins stated that is correct, the department is anticipating making revenue from this process.

Ms. Wolf asked the Committee if they wish to receive monthly updates on the Biosolids/Biogas Master Plan process. Mr. Jenkins stated the Master Plan recommendation that staff has presented is the direction the department is going with this. The details involved with this recommendation is open for discussion. Rob Kulakofsky stated he feels the Committee should be aware of the details involved with a contract, within reason. The Committee discussed and agreed with Mr. Jenkins' suggestion and

asked that the Biosolids/Biogas Master Plan item be on each upcoming agenda until December. Mr. Lynch stated the Committee could make a decision on the department's recommendation to not utilize the gas for their own power supply, but to wheel the gas in some other fashion. Ms. Wolf added there are actually two decisions, which are to stay with Class B biosolids and not utilize the biogas on-site. Mr. Jenkins added that with the biosolids the department is pursuing looking at additional County lands as other avenues to do agriculture.

**ACTION:** John Carlson made a motion that the Committee endorse the conclusion from the study the County has made and the direction they are proposing in terms of the biosolids and biogas. Sheila Bowen seconded the motion. Motion passed unanimously.

Ms. Wolf stated that a letter from the Committee supporting RWRD's direction with the Biosolids/Biogas Master Plan will be included in the package that the BOS receives.

- 5. RWRD FY 2012/13 STRATEGIC PLAN.** Melaney Seacat, Program Manager, RWRD, stated it has been her pleasure and privilege to work with RWRD's upper management on coordinating the development of RWRD's Strategic Plan. This is the first 5-year Strategic Plan and it lays out a road map for achieving the department's vision to be an industry leader in the management and sustainability of the water reclamation cycle and other renewable resources. Ms. Seacat stated that this plan includes 7 strategies and 40 goals, and these strategies and goals are across the 5 Pillars of Success. The Five Pillars of Success are: Human Resources, Regulatory Compliance, Safety Culture, Customer Service and Financial Responsibility.

Ms. Seacat stated the strategies and goals were developed first and then they were aligned around the pillars. Mr. Carlson asked what a pillar is. Ms. Seacat explained a pillar is a foundation for organization. Ms. Seacat explained and gave a description for each of the 5 pillars.

Ms. Seacat discussed how the Strategic Plan was implemented and stated a lot of effort was put into developing an annual work plan and an RWRD scorecard. There are a total of 80 Key Performance Indicators (KPIs) across all 5 pillars. Ms. Seacat stated staff is in the process of developing a tracking process for the KPIs and setting performance targets. Ms. Seacat noted that an annual retreat for upper management is being held tomorrow and these retreats will be held quarterly.

Ms. Seacat highlighted some of the goals within each of the pillars and some of the initiatives that are underway for this year. For the Human Resources pillar, there is a huge emphasis for training. This has been occurring with Treatment staff quite successfully and will be expanded to administrative staff this year. Ms. Seacat stated that a formal management training program to increase leadership and supervisory skills is also being developed. Ms. Seacat also indicated that an emphasis has also been placed to increase coordination, communication, problem solving and teamwork.

Ms. Seacat stated within the Regulatory Compliance pillar there is an emphasis of increased communication and reporting. Strengthened permit compliance training and regulatory compliance will be launched this fiscal year. Ms. Seacat added similarly with the Safety Culture pillar there is emphasis to enhance safety performance and culture. One of the key initiatives is to expand and standardize the Safety Program, which will also be launched this fiscal year.

Ms. Seacat highlighted the Customer Service pillar and stated the goal is to improve performance through a better understanding of stakeholder and customer needs and discussed how the department will reach that goal. With regards to the Financial Responsibility pillar, Ms. Seacat stated that ROMP is the single largest Capital Improvement Project (CIP) in Pima County history and the current CIP budget has over \$465 million for 100+ projects underway with the focus on sewer rehabilitation.

Ms. Seacat presented an example of what the RWRD Scorecard looks like and discussed how it is used. A tracking mechanism is still being developed and will be recorded regularly at retreats and will keep staff focused on “what gets measured, gets done.” Mr. Carlson asked who is responsible for making sure the KPIs are actually getting done. Ms. Seacat stated there is staff deemed as “Pillar Champions” and they are responsible for making sure the annual work plan gets implemented. Mr. Jenkins added that every quarter upper management meets and reviews the Scorecards. Ms. Seacat displayed the Annual Work and Budget Planning Timeline and explained this shows when staff discusses on an ongoing basis. Ms. Seacat stated she expects to continue to have broad employee input and the department will also continue with retreats, surveys and Pillar Talks. Going forward, RWRD would like to engage the RWRAC in providing input.

Ms. Seacat noted that the Annual Work Plan is online and staff is working on updates on this plan, and welcomed any comments the Committee may have. Mr. Jenkins stated that every 6 months, upper management meets with every employee at Pillar Talk meetings to provide updates on the Strategic Plan, and to receive input from employees. Mr. Katzel asked if there are any plans to update the Committee on the progress of the Strategic Plan. Mr. Jenkins stated updates can be given to the Committee quarterly. Mr. Katzel applauded staff on this Strategic Plan and stated he would like to see a brief report from Mr. Jenkins on what occurs with this plan so the Committee is kept informed. Mr. Stratton stated he feels this is an overall good program; however, being in the utility business, Mr. Stratton suggested that there should be some way the utility is branded, how the department communicates with the public and perhaps a Scorecard for interaction with the public. Matt Matthewson, Special Assistant to the Director, RWRD stated the department recognizes they need to get better on this issue and stated this is part of the Customer Service pillar. Mr. Jenkins added that staff meets with every jurisdiction or stakeholder within the County that wants to meet. Mr. Stratton stated the interaction between Tucson Water and Pima County RWRD is important and that these two entities work together to get information out to the community is vital. Jeff Biggs, Tucson Water Department, stated branding the utility correctly is essential in gaining the public’s trust and displaying reliability.

Mr. Carlson asked for an example of a KPI. Ms. Seacat stated an example would be “100% permit compliance” and gave a couple of additional examples. Mr. Matthewson and Mr. Jenkins also provided examples.

Mr. Iannarino commented that he feels more is needed in the way of extending physical infrastructure, to entice job growth. He feels it is important for this department, and it is critical to look at physical infrastructure that would appeal to someone coming in. Mr. Jenkins stated that is a good comment and he feels the development community is critical and are key stakeholders, and does not think there is enough in the Strategic Plan about this. Mr. Jenkins stated as staff is working on the next update, staff will expand in this area.

- 6. RWRAC ANNUAL REPORT.** Ed Curley, Program Manager, RWRD stated due to technical problems with staff’s computers, we only have a partial draft layout of the Annual Report. Mr. Curley noted he does have all the articles and will have a draft report sent to the Committee in early September for their review and feedback. Ms. Wolf stated that the goal is to approve the final report at the September RWRAC meeting and asked the Committee to review it upon receipt.

**F. FUTURE AGENDA ITEMS.** Mr. Katzel stated he would like to receive an update on the Dispose-A-Med Program at a future meeting and how RWRD is now working with the Pima County Health Department on this program and how this affects RWRD. Mr. Prevatt stated he can provide an update at the October RWRAC meeting.

Mr. Kroesen stated in the RWRAC 2012 Work Plan, an Effluent Utilization Report was due to be given at today's meeting and since it was not, asked when could that report be given. Mr. Jenkins stated that report is available. Ms. Wolf stated the Effluent Utilization Report will be placed on next month's agenda. Discussion ensued on topics listed on the Work Plan and when to schedule them for discussion.

Mr. Taylor stated that Tucson Water has done a reclaimed utilization report and asked if this is tied together with the Effluent Utilization Report. Mr. Biggs suggested that at some point a presentation

be given on Recycled Water Master Plan after the Committee receives the Effluent Utilization Report update. Mr. Biggs stated an appropriate time would be sometime in the fall or early next year. Discussion ensued regarding the difference between the Recycled Water Master Plan and the Effluent Utilization Report.

Ms. Bowen suggested having an update on CCTV. Mr. Jenkins recommended a CCTV or the Hydraulic Model Report also be placed on next month's meeting agenda. Ms. Wolf asked that the CCTV be placed on the October agenda.

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

**ACTION:** Kendall Kroesen made a motion to adjourn the meeting. John Lynch seconded the motion. Motion passed unanimously.

**H. ADJOURNMENT.** The meeting was adjourned at 9:32 a.m.