

**WASTEWATER MANAGEMENT ADVISORY COMMITTEE**  
**MEETING MINUTES**  
February 26, 2004

**Committee Members Present:**

John Carlson	Bill Carnes	Armando Membrila	Mark Stratton
Vernon Watwood	Ann Marie Wolf	John Wood	Kathleen Chavez

**Committee Members Absent:**

Brad DeSpain

**Wastewater Management Department Staff Members Present:**

Ed Curley	Roderick Gary	Roy Garcia	Suzy Hunt
Jon Schladweiler			

- I. **CALL TO ORDER:** Chairman Mark Stratton called the meeting of the Wastewater Management Advisory Committee to order at 7:43 AM.
- II. **APPROVAL OF MINUTES:** The Committee approved the meeting minutes of the January 6, 2004 Public Meeting on the Wastewater Management Department's (WWM) 2003-04 proposed Financial Plan. The Committee also approved the minutes of the regular monthly meeting, which followed the Public Meeting.
- III. **STAFF REPORT:** Jon Schladweiler reported on the following items:
  - **2003-04 Proposed Financial Plan.** On February 3, 2004, the Board of Supervisors decided to continue consideration of the Department's requested Connection and User Fee rate increases until the March 9, 2004 Board meeting.
  - **Zero-Based Budgeting (ZBB).** On February 20, 2004, staff submitted the Department's draft ZBB budget for FY 2004-05 to the County's Finance Department.
  - **1997 Bond Implementation Plan, Amendment III.** On March 9, 2004, the Board of Supervisors will consider approval of Amendment Number III to the 1997 Bond Implementation Plan. If approved, bond funding will be reallocated to help finance completion of the Randolph Park Water Reclamation Facility (WRF) construction project.
  - **Introduction of Karl Kohlhoff, P.E.** Mr. Schladweiler acknowledged Mr. Kohlhoff, who is currently performing an operational audit of Wastewater Management at the direction of the County Administrator.
  - **Kinder-Morgan – New 11-Mile Gasoline Pipeline.** Kinder-Morgan has completed 98 percent of the installation of approximately 11 miles of new 12- inch in diameter steel gasoline pipeline. The proposed completion date for this project is the first week of March 2004.

- **ADEQ Enforcement Action Over The Crushing of the Norwest Outfall Interceptor (NWOI).** Negotiations with ADEQ are continuing.
- **Proposed New Federal Prison, Tucson, Arizona.** On January 17, 2004, the Board of Supervisors approved a master sewer service agreement with the Federal Bureau of Prisons (FBOP) for Pima County to provide sanitary sewer service to the new federal prison that will be located at South Wilmot Road. The County has submitted the Agreement to the FBOP for final approval. Under the agreement, the FBOP will pay all costs associated with construction of the Prison's new required outfall sewer, in addition to the required/involved connection fees.

Mr. Schladweiler also noted that the Arizona State Prison Facility at Wilmot Road may be increased in size (300 additional units.) The State has been told that the balance of the currently un-served portions of the existing State Prison Facility are to be connected to the County's sewer system by 2008.

**Capital Development Division (CDD) Activities.** Ed Curley provided an update on the following CDD activities:

- **Capital Improvement Plan.** Staff submitted the proposed Bond Implementation Plan for the 2004 Bond Authorization to the Capital Improvement Program Administrative Group.
- **Arid West Water Quality Research Project (AWWQRP).** The Scientific Advisory Group of the AWWQRP is reviewing/evaluating proposals for a U.S. Bureau of Land Management study on copper toxicity in arid west waters. In addition, staff has prepared a draft contract with the Water Environment Research Foundation for a joint WET Evaluation Study. AWWQRP Researchers wrote an article, for the *Encyclopedia of Water*, entitled, "Effluent Water Regulation in Arid Lands."

**Capital Improvement Projects (CIP).** Mr. Schladweiler gave an update on the status of the following CIP Projects:

- **Randolph Park Water Reclamation Facility (WRF).** The WRF has been delivering approximately 300,000 gallons per day (gpd) of reclaimed water to the City of Tucson's distribution system since December 30, 2003. Completion of this project is anticipated by spring 2004.
- **Green Valley Biological Nutrient Removal Oxidation Ditch (BNROD).** WWM increased to 1.25 mgd. the quantity of Class A+ reclaimed water being delivered from this new WRF to the Quail Creek Development at the request of the Development.
- **Santa Cruz Interceptor – Phases II & III.** Construction monies for Phases II and III of the Santa Cruz Interceptor Project, are included in the May 2004 Sewer Revenue Bond Ballot; but are not yet available.

- **Pump Station SCADA.** The contractor, K&F Electric, has completed the fieldwork for this project, and WWM's pump stations are now on the SCADA system and being monitored at the Richey Road Facility. Full completion of this project is expected within March 2004.

**Barrio Hollywood Fiesta Grande Celebration.** Mr. Schladweiler also informed Committee members that WWM played a key role in coordinating setup activities for the Barrio Hollywood Grande Fiesta, which was held on January 21 and 22, 2004. He acknowledged the contributions of the Director, Kathleen Chavez, and members of her staff, including Karen Wilson and Laura Fairbanks, to organizing the Fiesta. Ms. Chavez commented the Department's contribution to the Fiesta was providing matching in-kind services to the City of Tucson's, as well as providing educational materials for distribution.

#### **IV. Committee Reports:**

- A. **Citizen's Water Advisory Committee (CWAC) Update.** Vernon Watwood provided the CWAC update.

#### **V. DISCUSSION**

##### **A. Old Items/Updates**

1. 2002-03 Financial Plan Update: Ms. Chavez said the Board of Supervisors (BOS), in their consideration of the WWM Financial Plan at the February 3, 2004 Board meeting, chose to approve a comprehensive financial audit of WWM in addition to the County Administrator's Operational Audit. The Board also asked that the WMAC Committee help develop the scope of work for this audit.

Chair, Mark Stratton, and Committee member, John Carlson, offered their observations of the BOS meeting, which they both attended. They felt the Supervisors' overall concern was that there be an accounting/justification for the Department's current financial situation before moving forward with consideration of the 2003-04 proposed Financial Plan.

Ms. Chavez reported that, in response to the Supervisors' expressed concerns about the Department's financial deficit, staff prepared a report for the County Administrator detailing the events that negatively impacted WWM's financial picture (i.e., repair of the Speedway sinkholes, and acceleration of the NWOI rehabilitation project. The Department also accelerated construction of the Randolph WRF in order to provide the City of Tucson with effluent and meet the obligations of the 2000 Supplemental Intergovernmental Agreement with the City as well as receive reclaimed water at a cheaper rate. In addition, the Department lost approximately \$1.3 million from investments that the County made in the local investment pool.) The County Administrator forwarded this report to the BOS.

Ms. Chavez said that, in response to questions from the Supervisors, staff also prepared a detailed report on WWM's Odor Control Projects at the Roger Road Treatment Facility, which the County Administrator has submitted to the BOS. She noted that the proposed 2004 Bond Ballot includes approximately \$ 4.5 million for odor control projects.

Mr. Stratton asked whether the Odor Control Report addressed Supervisor Day's concerns that 1997 Bond Authorized funds for Roger Road Odor Control projects were reassigned to finish the Randolph Park WRF. Ms. Chavez said WWM prepared a separate response, which addressed Supervisor Day's concerns. She noted that the 1997 Bond Authorization included about \$2.3 million of funding for Roger Road Odor Control projects. After completing the designated Roger Road Headworks and Conveyance System Odor Control Projects, a surplus of \$105,000 of Bond Authorization remained. WWM will ask the BOS on March 9, 2004 to approve reallocation of this authorization to help finance the Randolph WRF.

Mr. Carlson commented that WWM also held a public meeting on odor control at Roger Road. Roderick Gary noted that longer-term residents living near the Facility have remarked at the improvements that have been made. In response to Mr. Carnes question about how the proposed \$4.5 million for Odor Control in the 2004 Bond Authorization would be spent, Ms. Chavez said WMAC members would receive copies of the Odor Control Report. Mr. Schladweiler added that the NWOI has a siphon at the Santa Cruz River, 200 feet south of Sweetwater, and both the inlet and outlets to the Interceptor need odor control because of the turbulence that is released. Mr. Carnes asked whether the Roger Road clarifiers needed to be replaced. Mr. Schladweiler said a lump sum of money for Roger Road is included in the proposed Bond Authorization to help with odor control, and the clarifiers are high on that list. (Note: WMAC members received copies of this report and the separate report to Supervisor Day on March 6, 2004.)

Mr. Membrilla asked why the cost over-runs on some projects were not anticipated. Ms. Chavez explained the Department has a list of desired projects and estimates are prepared as a part of the bond implementation plan process (i.e., for the proposed May 2004 Bond Ballot). In addition, she noted the concept of a project may change by the time the actual project begins (e.g., the Randolph Park WRF.). Ms. Chavez noted the Department needs to keep the BOS better informed/provide feedback on explaining project costs and benefits for requested amendments to the Bond Authorization Ordinance (i.e., Randolph Park WRF and Amendment III to the 1997 Bond Authorization Ordinance.) Ms. Chavez briefly reviewed the history of the Randolph Park project. Mr. Carlson commented that the public needed to know that the reason the cost for the Randolph Park Facility had increased so much was that the total concept of the Facility had changed from the time it was first approved as a part of the 1997 Bond Authorization.

Mr. Carlson recommended that the Department include project criteria justification, (e.g., additional treatment capacity), type of treatment processes involved, in addition to cost estimates in its descriptions of projects. Then if there is a cost overrun on a project, (e.g., because of changes in the scope of the project or regulatory requirements), the Department will have the project justification to fallback on.

Ms. Chavez added that the BOS approved a reduction of \$ 6 million to the Department's \$ 50 million FY 2003-04 operating budget as a cost control measure. WWM is making up this deficit by instituting measures to monitor/limit expenditures to essential purchases. Ms. Chavez also reported that she instituted a monthly cash flow report in January 2004 to monitor Department finances more closely. This first report projected the Department would have a \$3.4 million deficit by the end of FY 2003-04. The February 2004 cash flow report projects a much smaller deficit of \$ 900 thousand by the end of this Fiscal Year. Mr. Stratton observed the Department is being proactive – it is looking at its operation to make sure tracking is in place to identify potential problems well in advance of their becoming a crisis.

Ms. Chavez also reported the Department submitted a draft budget for FY 2004-05, which includes a base budget reflecting no rate increases, and a supplemental budget (reflecting BOS approval of rate increases and passage of the 2004 Bond Authorization).

The BOS will reconsider the Department's Financial Plan at their March 9, 2004 meeting. For that meeting, the Board has been provided with reports on Roger Road Odor Control, the Randolph Park WRF, and an explanation of the Department's deficit.

Operational Audit. At this point in the meeting, Ms. Chavez introduced Karl Kohlhoff, P.E., the consultant hired by the County Administrator to perform an operational audit of the Department. Mr. Kohlhoff reviewed for Committee members the audit's scope of work. In addition, he reviewed recommendations included his interim report to the Board of Supervisors, which they will receive before their March 9, 2004 meeting. Staff will provide WMAC members with copies of the Interim Report. Discussion followed. In conclusion, Mr. Kohlhoff said he will submit his final report by June 30, 2004 to the Board of Supervisors. (Note: WMAC members received copies of the Interim Report on March 6, 2004.)

2. 2004 Bond Authorization Status. Ms. Chavez said the 2004 Bond Election is set for May 18, 2004. She referred WMAC members to information provided in their meeting packets from the County's official 2004 Bond Election website.

## **B. New Items**

1. Scope of Work for Outside Audit. Ms. Chavez noted that that on February 3, 2004 the Board of Supervisors approved a

comprehensive outside audit of the Department, and asked for WMAC member input into development of the scope of work for the audit. Discussion followed, and Committee members revised the draft scope of work, which they received in their meeting packets. Revisions include:

Mr. Stratton requested Point Four in the Scope (which includes a financial audit of the Department for the past 10 fiscal years to examine revenue and expenditure flow) be revised to include an overview of any capital projects with cost-overruns (including justifications).

Support was expressed for Point 11, (the review of the allocation of Connection and User Fees revenues.) Some members felt a major concern of the Board of Supervisors was that the Department had not adequately shown that revenues from Connection Fees only pay for new capacity (growth) and User Fee revenues only pay for operations and rehabilitation. The Committee asked staff to provide this information to the Board of Supervisors at the March 9, 2004 meeting.

The Committee recommends Point 14 be expanded to reference one of the recommendations included in the Department's proposed Financial Plan, namely that the Board of Supervisors consider approving a rate feasibility study to be performed by an outside consultant.

Mr. Stratton said he felt the scope of work was very comprehensive and addressed the Board of Supervisors concerns expressed at their February 3, 2004 meeting. He encouraged Committee members to contact staff with any additional questions/comments about the Outside Audit Scope of Work.

2. WMAC Administrative Items:

- a) Draft 2004 Work Plan. Mr. Stratton requested staff add a budget status report/overview in May or June of 2004 to the Work Plan. Committee members unanimously approved the 2004 Work Plan as revised.

**VI. Future Agenda Items.** Facility Plan Update; Solid Waste Update; WMAC's 2004 Work Plan.

**VII. Call to the Audience.** Mr. David Cormier of Tucson Water introduced himself.

**VIII. ADJOURNMENT:** The meeting adjourned at 9:37 AM.