

WASTEWATER MANAGEMENT ADVISORY COMMITTEE
MEETING MINUTES
December 15, 2005

Committee Members Present:

Sheila Bowen	John Carhuff	John Carlson
Steve Halverson	Rob Kulakofsky	William Thornton
Ann Marie Wolf		

Committee Members Absent:

Bill Carnes	Brad DeSpain	Armando Membriila
Mark Stratton	Mike Gritzuk	

Staff Present:

Paul Bennett	Mike Bunch	Ed Curley
Laura Fairbanks	Suzy Hunt	Jackson Jenkins
Jeff Nichols	Karen Ramage	John Warner

Other County Staff Present:

Chuck Wesselhoft,
County Attorney's Office

- I. **CALL TO ORDER.** Vice Chair John Carlson called the meeting of the Wastewater Management Advisory Committee (WMAC) to order at 7:49 a.m.
- II. **APPROVAL OF MINUTES.** The Committee approved the minutes of the November 15, 2005, meeting.
- III. **COMMITTEE/SUBCOMMITTEE REPORTS.**
 - A. **Citizens' Water Advisory Committee Update.** Mr. John Carhuff provided the CWAC Update.
- IV. **WASTEWATER MANAGEMENT (PCWMD) DIRECTOR'S REPORT.** Mr. Paul Bennett presented the Report and reported on the following items:
 - **Financial Issues.** PCWMD will continue to move forward on the following issues in FY 2005-06:
 - **QualServe Self Assessment Survey.** PCWMD contracted with the American Water Works Association to conduct a QualServe Self Assessment Survey, a national self-evaluation tool for water and wastewater utilities, of all Department staff. Participation of staff in the survey was excellent (457 of 460 employees completed the survey). Survey results are anticipated by January 2006.
 - **Skills-Based Pay Program.** The Department is exploring implementation of a skills-based pay program.
 - **FY2006-07 Budget.** The Department's budget for FY2006-07 is being prepared concurrent with preparation of the 2006 Financial Plan.

- **2006 Financial Plan.** The Financial Plan, which includes amendments to the Connection Fee and User Fee Ordinances, is in the development stage. The proposed schedule for preparation of the Financial Plan includes the Committee's receipt of regular updates on preparation/review of the Plan between January and March 2006. In addition, public outreach, the WMAC Financial Plan Public Meeting and presentation of the Plan to the Board of Supervisors would occur between April and June 2006.
- **Black & Veatch Rate Study.** The County is considering extending Black & Veatch's contract so the firm can assist PCWMD with the rate analysis process and development of the FY2006-07 Budget and 2006 Financial Plan.
- **Water Infrastructure Financial Authority (WIFA) Loans.** Mr. Jeff Nichols reported that PCWMD provided WIFA with the Department's estimated draw-down schedule for the remainder of the loan associated with the 1997 Voter Authorized Bonds for FY2005-06 and FY2006-07.

In addition, the Department provided WIFA with a draw-down schedule for \$8.5 million of 2004 Voter Authorized Bonds. Mr. Nichols anticipates the Department will enter into a contract with WIFA to fund these projects in spring 2006.

At the direction of the County's Finance Director, PCWMD has begun a cost benefit analysis of how best to finance its bond projects. The Department is investigating whether it would be financially beneficial to sell the bonds on the open market versus continuing to finance bond projects through WIFA loans.

- **Metropolitan Facility Plan Update.** Mr. Bennett informed the Committee members that issues regarding Pima Association of Governments' and Tucson Water's population forecasts and population distribution have been resolved, which enables development of a uniform set of base data and projections for all three agencies.
- **Capital Improvement Projects (CIP).** Mr. Bennett reported on the following CIP projects:
 - **Southeast Interceptor Rehabilitation Project.** The contractor currently is in the process of lining the Southeast Interceptor at Interstate 10 and Grant Road.
 - **Ina Road Water Pollution Control Facility (WPCF) – 12.5 Million Gallons Per Day (MGD) Expansion Project.** This project is 96 percent complete. Substantial completion is anticipated by March 2006, and final completion is anticipated by May 2006.
 - **Avra Valley Wastewater Treatment Facility (WWTF) Interim Capacity Expansion Project - 1.2 MGD to 2.2 MGD.** A developer construction funding agreement for the Avra Valley WWTF for an interim capacity increase from 1.2 MGD to 2.2 MGD has been finalized. This Project is being accomplished in two phases. The Department executed a contract with Kennedy/Jenks to provide a detailed design for Phase I improvements (increasing capacity from 1.2 MGD to 1.6 MGD).
 - **Corona de Tucson WWTF.** Completion of the 500,000 gallon per day (GPD) expansion of the Corona de Tucson WWTF is anticipated by spring 2006.
 - **Marana WWTF Phase II Expansion.** The Board of Supervisors approved/awarded the biological nutrient removal-oxidation ditch (BNROD) design for the Marana Phase

II Project, and contract negotiations are underway. The Project has a Construction-Manager-At Risk, and the Department has issued a notice to proceed.

- **Field Operations Division.** Mr. Mike Bunch reported on the following items:
 - **Closed Circuit Television (CCTV) Rehabilitation Inspection Project.** CCTV inspection of the County's major sewer interceptors that were rated as "Class Fours" two years ago is currently underway. The condition assessment will be completed in March 2006. Staff will provide a report to the Committee, once the assessment is complete. Discussion followed.

Mr. Carlson asked how frequently the Department would be inspecting the sewers. Mr. Bunch responded the Department will use data gathered from the current sewer condition assessment to determine how frequently CCTV inspections need to be conducted in the future. In addition, the Department plans to increase its investment in the CCTV inspection program. The FY2006-07 Budget being developed includes the doubling of CCTV staff and the purchase of two additional CCTV trucks. The Department will begin FY2006-07 with CCTV contract services of approximately \$500,000, and will ramp-up spending on condition assessment in association with its CMOM Program.

- **"Blue Stake" Legislation.** Mr. Bunch reported that there is legislation before the state Legislature to change the ownership of house connection sewers which, under current law, property owners own and are responsible for maintaining. Approval of this legislation would have a huge economic impact on the Department. Initial estimates are that it could cost the County \$30-\$60 million over the next 10 years to own/maintain the house connection sewers. The County and other stakeholders will meet with State Representative John Nelson this month to share their concerns about the proposed legislation.

In addition, Mr. Bunch told Committee members that the state Legislature approved a revision to the Blue Stake statute that requires contractors to install cleanouts at the property line for new house connections. The revised statute is effective January 1, 2006.

- **Treatment Division.** Mr. Jackson Jenkins reported on the following items:
 - **Roger Road Odor Control.** A chemical that has proven successful at controlling odors at the Roger Road Plant is going to be implemented throughout the conveyance system in the first quarter of 2006.
 - **Odor Control Study.** The Request for Qualifications (RFQs) for the Odor Control Study to develop a comprehensive system-wide odor control master plan is being advertised at the national level. RFQs are due by mid-January 2006.
 - **Randolph Park Water Reclamation Facility (WRF).** The Randolph Park WRF is producing approximately 2.7 MGD of effluent.

V. DISCUSSION.

A. Old Items

1. WMAC Committee Administrative Items

- a. **WMAC Appointment Update.** WMAC Coordinator, Ms. Suzy Hunt, reported no additional new appointments were scheduled for the Board of Supervisors consideration at this time.

New WMAC Committee member Ms. Sheila Bowen informed members that she is an active consulting engineer, and she would recuse herself from discussion of specific agenda items when there appears to be a potential conflict of interest. She noted that the Board of Supervisors was aware of her professional activities at the time of her selection.

2. **Consultant Selection for the “De-nitrification” Study – Written Report to WMAC.** This item was tabled until the next WMAC meeting.

3. **Update on Proposed Amendment to Connection Fee Ordinance.** Mr. Bunch reported that, on December 6, 2005, the Board of Supervisors approved the proposed amendment to the Connection Ordinance. Under the Amended Ordinance, there is one standard connection fee rate and developers will receive a dollar-for-dollar discount against the standard connection fee for any off-site sewer they build. The new connection fee rate is effective January 6, 2006. Discussion followed.

Mr. Carlson felt it might have been appropriate for any business potentially impacted by the change to have been invited to comment on the amendment before the WMAC made its recommendation to the Board of Supervisors. Mr. Bunch responded that staff met with the Southern Arizona Home Builders’ Association and they expressed no objection to the Ordinance change.

4. **2006 Work Plan.** Members reviewed the draft Work Plan which they received in their meeting packets. The Work Plan will be reviewed for final approval at the next WMAC meeting.

B. Reports/Updates

1. **2006 Financial Plan.** Mr. Nichols and Mr. Bennett presented the update on preparation of the 2006 Financial Plan.

Mr. Nichols reported that the user fee rate increase implemented in July 2005 is bringing in the projected revenue needed in FY2005-06 for operation and maintenance (O&M) of the sewer system. Going forward in FY2006-07, Mr. Nichols said budgeted revenue figures need to be revised due to a change in average customer flows.

The Financial Plan and the O&M Budget are in alignment, and the Department’s Deputy Directors will have final budget requests by December 16, 2005. At that time, staff will have a better picture of the ability of the Department to fund CIP projects with both System Development Funds and WIFA loans. Staff can then produce a combined O&M and CIP Budget in a five-year pro forma to give a good idea when and what rate increases are necessary.

Mr. Bennett provided Committee members with background information on PCWMD CIP projects and the CIP Budget for FY2005-06 and FY2006-07. In FY2005-06, the Department will spend \$21 million to \$24 million on CIP projects, and approximately \$3.5 million to \$4.0 million on conveyance system rehabilitation projects. An RFP is being advertised for electrical redesign at the Roger Road Facility. That work effort and whether to take it forward will be balanced against the results of the Denitrification Study. The Department will present two job order contracts for \$2.5 million each on January 3, 2006 to the Board of Supervisors. These contracts will allow the Department to order construction repairs at the Ina Road Facility, Roger Road Facility or any of the outlying treatment facilities as necessary.

For FY2006-07, staff are developing three different budget packages that will mirror what is in the 2006 Financial Plan. Budget Package A will include a base CIP budget of approximately \$26 million that does not include any additional 2004 bonds. Budget Package B will include the debt service necessary to fund the implementation of the \$45 million 2004 Bond Program in 2006. 2004 Bond projects include \$10 million for the Marana WWTF and \$2.8 million for the Marana Airport projects. Mr. Bennett informed Committee members that the Town of Marana is asking that the \$2.8 million bond project to connect the Marana Airport to the Marana WWTF be expedited. The estimated \$32 million Santa Cruz Interceptor Project is also a part of this package. Other non-bond funded projects include the Avra Valley WWTF and Corona de Tucson WWTF expansions. Budget Package C, the Rehabilitation and Regulatory package, includes an additional \$5 million to provide funds to put more money back into the system (e.g., CCTV inspection of the sewer system) and the \$100 million Denitrification Project. In addition, Package would C would require additional bond authorization in 2008.

Mr. Carlson asked what determines when bond projects occur. Mr. Bennett responded the Department was precluded from doing any work on the 2004 Bond projects until connection fee and user fee rates were in place, which happened in July 2005. In addition, the initial timing of issuance of the 2004 Bonds was over 12 or 14 years. Mr. Bennett estimated PCWMD will probably complete these projects in five to six years.

2. **Arid West Water Quality Research Project (AWWQRP) Update.** Ms. Karen Ramage presented the update on AWWQRP research activities. The purpose of the AWWQRP is to improve the scientific basis for regulation of water quality and protection of species, habitats and uses of effluent-dependent and ephemeral waters in the arid West. This research project has been on-going since 1995 and is funded through grants from the U.S. Environmental Protection Agency. Information gathered from research activities will be put into a user's guide and made available for use by the regulated community as well as federal and state regulators. The AWWQRP will end October 31, 2006.

C. New Business

1. **Federal Legislative/Regulatory Update.** Mr. Ed Curley presented the Federal Legislative/Regulatory Update and reviewed materials that Committee members received in their meeting packets.
2. **Water Environment Federation (WEF) – Program on “Water is Life, Infrastructure Makes It Happen.”** Mr. John Warner informed Committee members

that WEF has designed this new public outreach and education program to inform and motivate the general public, ratepayers, and elected officials to invest in water and wastewater infrastructure. WEF has identified PCWMD as one of the potential seven to 10 utilities and five WEF member associations that will be asked to help create "pilot" public outreach and education programs. WEF plans to select the entities that will conduct these pilot programs by January 2006, and begin the Project in spring 2006.

In addition, Mr. Warner provided members with copies of materials about the "Water is Life, Infrastructure Makes It Happen" Program. Also, he asked members to provide their evaluation of the Program direction and materials by completing a questionnaire included in the distributed materials. Members were asked to return the completed questionnaires by January 2006 to PCWMD staff.

VI. FUTURE AGENDA ITEMS. 2006 Work Plan; 2006 Financial Plan; Proposed FY2006-07 Budget; Skill-Based Pay Program; Metropolitan Facility Plan Update; State Legislative Update (February 2006); Ina Road Facility Tour (April 2006); Roger Road Tour; Wastewater Management Strategic Plan; Capital Improvement Program Update; and a Tucson Water Assured Water Supply Presentation.

VII. CALL TO THE AUDIENCE. At this point in the meeting, Mr. Bill Thornton asked whether PCWMD has, in order to save money, considered using riverbed infiltration to treat effluent for reuse. Mr. Bennett responded the Department is evaluating two methods of filtration for discharge from the Marana Facility – one going to a sand filter that would go directly into a non-potable system, and the other type of discharge is a subsurface discharge that would be deposited in a constructed recharge facility and then pumped backup for reuse.

In addition, Mr. Thornton suggested that an agency and facility risk assessment study might help in prioritizing the Department's O&M and CIP projects, and he offered to discuss the details of this type of process with staff.

There being no further response from the audience, Mr. Carlson adjourned the meeting.

VIII. ADJOURNMENT. The meeting was adjourned at 9:34 a.m.