

WASTEWATER MANAGEMENT ADVISORY COMMITTEE
MEETING MINUTES
January 19, 2006

Committee Members Present:

Sheila Bowen	John Carhuff	John Carlson
Bill Carnes	Brad DeSpain	Armando Membriila
Mark Stratton	Ann Marie Wolf	Mike Gritzuk

Committee Members Absent:

Steve Halverson	Rob Kulakofsky	William Thornton
-----------------	----------------	------------------

Staff Present:

Paul Bennett	Mike Bunch	Ed Curley
Laura Fairbanks	Suzy Hunt	
Jeff Nichols		

- I. **CALL TO ORDER.** Chair Mark Stratton called the meeting of the Wastewater Management Advisory Committee (WMAC) to order at 7:55 a.m.

- II. **APPROVAL OF MINUTES.** The Committee approved the minutes of the December 15, 2005, meeting.

Mr. Stratton asked Mr. Ed Curley to provide a brief summary of Mr. John Warner's presentation on the Water Environment Federation's (WEF) new program, "Water Is Life, and Infrastructure Makes Happen" that he gave at the December meeting. Mr. Curley said Mr. Warner, besides wanting feedback from the Committee on the program materials, was also looking for a vote of support from the Committee.

Committee members expressed their support for the program, and staff was asked to prepare a letter of support for Mr. Stratton's signature.

III. COMMITTEE/SUBCOMMITTEE REPORTS.

- A. **Citizens' Water Advisory Committee Update.** Mr. John Carhuff provided the CWAC Update. Mr. Carhuff informed committee members that CWAC is in the process of reviewing Tucson Water's five-year financial plan, and provided members with a summary statement of Tucson Water's Operations and Maintenance (O&M) budget for FY2006-07. The Finance Subcommittee will present their recommended rate increase at the February 1, 2006 CWAC meeting that will be held at 7:00 a.m. in the Tucson Water Director's Conference Room.

IV. WASTEWATER MANAGEMENT (PCWMD) DIRECTOR'S REPORT. Mr. Michael Gritzuk presented the Director's Report and reported on the following items:

- **Regionalization Study.** The Regionalization Study will be two years in duration. Phase I of the Study will determine whether there is a better way than operating two independent treatment facilities at the Ina Road and Roger Road Facilities. Mr. Gritzuk anticipates the preferred alternative will be identified by the end of the first year of the study.

Phase II of the Regionalization Study will develop a de-nitrification implementation plan for the Ina Road and Roger Road Facilities and take about two years.

In addition, Mr. Gritzuk informed Committee members that the Department now has a new discharge permit for the Ina Road Facility, and is negotiating a new discharge permit for the Roger Road Facility. These permits include the defined schedule for implementing de-nitrification at both facilities.

The short list of consultants for the Regionalization Study will be interviewed at the end of January 2006.

- **Odor Control Study.** A “Request for Qualifications” to develop a comprehensive system-wide odor control master plan was advertised on November 16, 2005. Qualification statements are anticipated by the middle of December 2005, and the project will begin the first quarter of 2006. Once completed, the master plan will be presented for policy decisions to County Administration.
- **QualServ Self Assessment Survey.** PCWMD contracted with the American Water Works Association (AWWA) to conduct a QualServ 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).

AWWA will present a final report on the survey results the first week of February 2006 to the entire staff of PCWMD. The Department will identify areas of need from the Report and move ahead with implementation of fulfilling those needs. Mr. Stratton requested that the Committee receive a summary of the QualServ Report. Mr. Gritzuk responded the Department will provide members with copies of the Report. In addition, he said staff will try to arrange a presentation of the Report by AWWA to WMAC members.

- **2006 Financial Plan.** The Financial Plan, which includes amendments to the Connection Fee and User Fee Ordinances, is in the development stage. Mr. Gritzuk anticipates the Financial Plan will include recommended rate increases in the “double digit” range. He observed that the Black & Veatch Rate Study recommended, after an initial revenue increase of 28 percent, significant double-digit revenue increases in subsequent years. Discussion followed.

Committee members felt the Department should be proactive in keeping the public informed about the recommended rate increases. Mr. Gritzuk responded that the Financial Plan and proposed rate increases will first be presented to the WMAC Committee prior to presentation to the Board of Supervisors. Mr. Paul Bennett added that staff typically presents the Plan to the Southern Arizona Home Builders’ Association, the Tucson Metropolitan Chamber of Commerce, and notifies home owner/neighborhood associations and the League of Women Voters about the Plan.

Mr. Carhuff felt Tucson Water’s model for development of their financial plan was a good one. He said before any recommendation is made to the Mayor and Council, the CWAC (working through its Finance Subcommittee) and the committee at large spends several months reviewing all items in the budget so that when the request for a rate increase is transmitted to the Mayor and Council, it is accompanied by a detailed letter from the Committee stating it has reviewed the underlying policy assumptions, recommendations for rate increases, CIP Program, and supports the rate increase for specified reasons.

In addition, Mr. Bennett said staff would meet individually with WMAC members to receive comment/feedback on the Plan. Mr. Gritzuk added that, as the Department goes through the rate review process, it is going to try to stress what the real dollar impact would be to the customers.

- **Black & Veatch Management Audit.** Mr. Gritzuk informed Committee members that with the exception of one or two minor items, the Department has successfully completed/resolved all of the issues that were identified in the Black & Veatch Management Audit Report. On January 17, 2006, the Board of Supervisors accepted what will be the last monthly report on the Audit. From this point forward, the Department will provide quarterly reports that will address major Departmental issues (e.g., the Regionalization and Odor Control studies) to the Board of Supervisors. Mr. Gritzuk said WMAC members would receive copies of these reports.

V. DISCUSSION.

A. Old Items

1. WMAC Committee Administrative Items

- a. **WMAC Appointment Update.** WMAC Coordinator, Ms. Suzy Hunt, reported that on January 17, 2006, the Board of Supervisors approved Mr. Adam Bliven's appointment as Supervisor Bronson's second representative on the Committee.

2. Consultant Selection for Pima County Alternatives and "De-Nitrification" Study.

This item was addressed under Agenda Item IV, Wastewater Management Director's Report. Mr. Carnes asked which firms were being interviewed for the Study. Mr. Stratton responded the three consulting firms being interviewed were Greeley and Hansen, Black & Veatch and a joint venture of Malcolm Pirnie and Brown & Caldwell.

3. **Approval of 2006 Work Plan.** Mr. Stratton recommended that the Plan be revised to include presentations/updates on the De-Nitrification Study and Oder Control Study, as well as a presentation on regional wastewater/water discussions.

A motion to approve the Revised 2006 WMAC Work Plan was unanimously approved by the members.

B. Reports/Updates

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

Mr. Bennett reviewed the suggested schedule for presentation of the Financial Plan to the Committee. Under the proposed schedule, Committee members would receive the Draft Financial Plan for review prior to the Committee's next scheduled meeting on February 16, 2006. At the February meeting, staff would provide Committee members with an in depth review of the Plan. In addition, staff would be available for follow-up discussions with WMAC members between the February and next scheduled meeting on March 16, 2006 to solicit additional feedback/comments. At the March Committee meeting, members would review the Revised Draft Financial Plan and select a date for holding a public meeting on the Financial Plan to receive comments/feedback. The schedule identifies April 3 – April 5, 2006 as potential dates for this public meeting. The schedule also reflects presentation of both the Financial Plan and the Department's FY2006-07 Budget on May 16, 2006 to the Board of Supervisors.

In addition, Mr. Bennett informed Committee members that staff are developing three different budget packages that will mirror what is in the 2006 Financial Plan (which includes the Connection Fee and User Fee Ordinances). Budget Package A will include no rate increases, 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 2004 Bond Program in 2006. In addition, Package would C would require additional bond authorization in 2008.

Mr. Nichols also informed Committee members that PCWMD made a commitment to the Board of Supervisors that it would not raise the User Fee \$5.72/month Service Fee for fixed costs for four years when the Board approved the rate increase in June 2005. The Service Fee represents one-third of the User Fees. Discussion followed.

Mr. Carhuff felt the Financial Plan should include one budget package recommendation, rather than three budget package options. Mr. Nichols said the packages will reflect the funding needed for the Department's O&M and CIP Programs. Mr. Stratton observed that the packages reflect what the needs are rather than alternatives of different percentages to provide a revenue amount; the choice would then be whether to fund all of the needs. Mr. Bennett added that staff would 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.

2. **2005 Metropolitan Facility Plan Update.** Mr. Ed Curley presented the Facility Plan Update. Mr. Curley reminded Committee members that the Facility Plan was first presented to the Committee in May 2005. In addition, he informed the members that the Plan was presented to those municipalities and utilities affected by PCWMD decisions. He added that initially, the Pima Association of Government's (PAG) 208 General Plan, Tucson Water's Long Range Plan and the Facility Plan used slightly different versions of PAG's population data. Now, population forecasts and population distribution have been resolved, which enabled development of a uniform set of base data and projections for all three agencies. This process facilitated a mutual understanding of each agency's planning process and institutional constraints.

The Facility Plan findings indicate that the interceptors will need some minor expansion. In addition, during the next 25 years, the Ina Road WPCF should be expanded by another 12.5 MGD and 18.3 MGD of expansion capacity is needed at the Outlying Facilities. Including rehabilitation and regulatory capital needs, the 25 year total is \$1.5 billion. (The Nitrification/De-Nitrification project estimate is over \$100 million by itself.)

Mr. Curley reviewed the schedule for presentation of the Facility Plan to the Board of Supervisors and the Pima Association of Governments. Staff are available to meet with WMAC members individually to provide additional information if desired.

Mr. Carnes asked if the Plan address reclaimed water. Mr. Curley responded that an entire chapter (Chapter 6) dealt with effluent reuse.

3. **Capital Improvement Program (CIP) Update.** Mr. Bennett presented the CIP Update, and noted that the Department's 2005-06 CIP Budget is approximately \$22 million. In addition, he reported on the status of the following projects:

- **Ina Road Water Pollution Control Facility (WPCF) – 12.5 Million Gallons Per Day (MGD) Expansion.** The Ina Road WPCF expansion project is 96 percent complete. Hydro-testing of the facility is expected within the next four to six weeks. Final completion is anticipated by May 2006. Mr. Bennett suggested that Committee members tour the facility in April 2006 when he anticipates the project will be completed.
- **Marana Wastewater Treatment Facility (WWTF) Interim Capacity Expansion.** The contractor, Stantec, is completing the 100 percent design of the Marana WWTF 1.5 MGD BNROD. Hunter Construction has been selected as the Construction-Manager-At Risk for this project.
- **Marana Phase II Expansion.** The Department expended approximately \$3 million for purchase and cleanup of land to create a buffer setback around the Marana WWTF for the Phase II Expansion.
- **Arthur Pack Golf Course.** The Department is working with County Parks and Recreation and the Tucson Water Department to provide a reclaimed water source to the Arthur Golf Course other than the existing reclaimed line from Ina Road. A Construction-Manager-At-Risk has been selected for this project. The design consultant is preparing a 95 percent submittal. K&G was selected as the contractor for the project.
- **Carrillo School Rehabilitation Project.** On January 3, 2006, the Board of Supervisors awarded the approximately \$3.2 Carrillo Rehabilitation Project. This project will rehabilitate older six, eight and 10 inch sewer line located in the area of the school. The Department anticipates issuing a Notice to Proceed within the next two weeks.
- **Task Order Contract.** On January 17, 2006, the Board of Supervisors approved an increase in the task order contract with Western Slopes Utilities in order to reline larger diameter sewers that were re-inspected through closed circuit television (CCTV) and found to have increased degradation.

In addition, Mr. Bennett informed Committee members that the Department's FY2005-06 Budget includes approximately \$4 million for rehabilitation projects.

- **Santa Cruz Interceptor, Phases I & III, Project.** Acquisition of land for the right-of-ways for Phases I and III of the Santa Cruz Interceptor is nearing completion. Approximately \$12 million is included in the Department's proposed budget for FY2006-07. The total cost of the project is in the range of \$32 to \$35 million.
- **Tanque Verde Interceptor, Phase I, Project.** The Department is in the process of purchasing easements for Phase I of the Tanque Verde Interceptor (Craycroft to Tucson Country Club) Project.
- **Roger Road Wastewater Treatment Plant.** Some repairs were made to the roof enclosure of one of the thickeners at the Roger Road WWTP through an emergency contract. In addition, other structural assessments are being evaluated. The design for rehabilitation of the stormwater basin will be completed by the end of January 2006. A Request for Proposals for installation of an additional stormwater basin will be advertised the week of January 23, 2006. The stormwater basin is used to divert flows, but also to hold flows on-site.

- **Roger Road WWTP to Ina Road WPCF Interconnect.** Department staff are working on a routing study so an alignment for the Interconnect can be selected.
- **Marana-Honea Heights Colonia Project.** This project to sewer and connect residents of the Marana-Honea Heights Colonia to the sewer system was originally scheduled to start in September 2005, but was delayed because the sewer pipe scheduled for delivery was sent to New Orleans, Louisiana. The Contractor for the Project, Grimm Construction, is on-site and has begun construction of the sewer.
- **New Federal Prison in Tucson.** Pima County entered into an agreement for construction of a sewer system to serve the new Tucson federal prison with the Federal Bureau of Prisons (FBOP). In 2004, the Department received an initial payment of \$3.2 million for this construction project from the FBOP. A Construction-Manager-At-Risk was selected for the Project; however, construction has been delayed because the Department was required to conduct a Pigmy Owl study. Construction is anticipated to begin in FY2006-07.
- **Avra Valley WWTF Interim – Interim 1.2 MGD to 2.2 MGD Expansion.** A developer construction funding agreement for an interim capacity increase of the Avra Valley WWTF 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).

A contract modification to also include the design for further increasing capacity to 2.2 MGD has been effected to accelerate Phase II construction. Completion of this project is anticipated by fall 2006. Also, an increase in the Facility's capacity to 4 MGD is in the design phase. Anticipated completion of this project is about two and one-half years.

- **Corona de Tucson WWTF – 500,000 Gallon Per Day (GPD) Expansion.** Completion of the 500,000 GPD expansion of the Corona de Tucson WWTF is anticipated by spring 2006. Flow projections received from the Corona de Tucson developer indicate it may be necessary to increase the Facility's treatment capacity to 1.0 MGD sooner rather than later.

C. **New Business**

1. **FY2006-07 Budget.** This topic was previously discussed under Agenda Item V.B.1, 2006 Financial Plan.

VI. FUTURE AGENDA ITEMS. 2006 Financial Plan; 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; and a Tucson Water Assured Water Supply Presentation.

CALL TO THE AUDIENCE. There being no further response from the audience, Mr. Stratton adjourned the meeting.

VII. ADJOURNMENT. The meeting was adjourned at 9:37 a.m.