

**WASTEWATER MANAGEMENT ADVISORY COMMITTEE**  
**MEETING MINUTES**  
March 16, 2006

**Committee Members Present:**

Adam Bliven	Sheila Bowen	Brad DeSpain
John Carlson	Rob Kulakofsky	Mark Stratton
William Thornton		

**Committee Members Absent:**

Bill Carnes	John Carhuff	Steve Halverson
Armando Membrila	Ann Marie Wolf	Mike Gritzuk

**Staff Present:**

Paul Bennett	Mike Bunch	Ed Curley
Laura Fairbanks	Suzy Hunt	Jackson Jenkins
Jeff Nichols	Mike Kostrzewski	Karen Ramage
Lorraine Simon		

**Other County Staff Present:**

Charles Wesselhoft, Country Attorney's Office	Pat Cavanaugh, Executive Aide District 1
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- I. **CALL TO ORDER.** Chair Mark Stratton called the meeting of the Wastewater Management Advisory Committee (WMAC) to order at 7:58 a.m.
- II. **APPROVAL OF MINUTES.** The minutes of the February 16, 2006 meeting, agenda item, V.A.1, 2006 Financial Plan, "Task Order Contract" was corrected, to read: "Job Order Contract." The Committee approved the minutes of the February 16, 2006 meeting as corrected.
- III. **COMMITTEE/SUBCOMMITTEE REPORTS.**
  - A. **Citizens' Water Advisory Committee Update.** Chair Stratton reported for Mr. John Carhuff that Tucson Water's rate increase will be scheduled for August 2006 and CWAC is still in the rate making process.
- IV. **WASTEWATER MANAGEMENT (PCWMD) DIRECTOR'S REPORT.** The Deputy Directors, Mr. Paul Bennett, Mr. Mike Bunch, Mr. Jackson Jenkins and Controller, Mr. Jeff Nichols, provided reports for their respective Divisions.
  - **Engineering and Planning Division.** Mr. Bennett reported on the following items:
    - **De-Nitrification Study.** The Department will hold the next contract negotiation meeting on the De-Nitrification Study with the contractor, Greeley and Hansen, on March 17, 2006.
    - **Odor Control Study.** The Department will interview the top candidates for the Odor Control Study on March 28, 2006.
    - **Bond Implementation Plan.** The Bond Implementation Committee (BIC) will consider the proposed change in the Department's 2004 Bond Program at their March 17, 2006, Committee meeting. If the BIC approves the change, bond funding for both the Ina Road WPCF Central Plant and Electrical Update, and the Ina Road WPCF Laboratory and

Office Building projects would be reallocated to fund a portion of the \$35.5 million Avra Valley WWTF expansion in combination with the existing 2004 Bond Authorization for Miscellaneous Water Reclamation Facilities.

- **Ina Road Water Pollution Control Facility (WPCF) 12.5 Million Gallon Per Day (MGD) Expansion.** Operational testing of the new Ina Road Facility will start by the end of March 2006.
- **Marana Wastewater Treatment Facility (WWTF) Interim Capacity Expansion.** On March 14, 2006, the Board of Supervisors approved an amendment to the Construction Manager at Risk contract with Hunter Contracting Company for the Marana 1.5 MGD Expansion Project. Under the amended contract, the Department received its first partial guaranteed maximum price from Hunter to order the long lead time items for installation of the Biolac process at the Marana WWTF. This is an aeration process that will be installed in the new facility's emergency overflow basin that will provide 0.5 MGD of capacity by about August 2006. (The contractor, Stantec, is nearing completion of the design of the Marana 1.5 MGD Facility.)
- **Corona de Tucson WWTF.** On April 4, 2006, the Department will present a proposed amendment to the original Corona de Tucson Development Agreement to the Board of Supervisors. This proposed amendment will allow developers to construct the base 0.5 MGD facility at the Corona de Tucson WWTF as well as the first planned upgrade (additional 0.5 MGD) during the initial facility construction.
- **Conveyance/Development Services.** Mr. Bunch reported on the following items:
  - **Field Operations Division.** The Field Operations Division ended calendar 2005 year with a 35 percent reduction over calendar 2004 year in sewer system overflows (SSOs). Discussion followed.

Chair Stratton asked if the Environmental Protection Agency (EPA) regulations included a differentiation for SSOs based on estimated gallonage of spillage. Mr. Bunch responded that EPA's Capacity, Management Operations and Maintenance (CMOM) Rule identifies what EPA considers reportable overflows. That is, any SSO over 50 gallons that is near a public structure (e.g., hospitals or schools) and any SSO of 2,000 or more. However, the Department reports every drop of overflow to the Arizona Department of Environmental Quality (ADEQ).

Chair Stratton said he was pleased to hear the Department was able to differentiate the various SSO volumes and that everything is being tracked.

- **Sanitary Sewer Inspection and Inventory Project (SSIP).** The condition assessment report on the condition of the County's major sewer interceptors was completed at the end of FY2004-05. Approximately 266 miles of sewer interceptors were inspected and classified as to their condition/need for rehabilitation through closed circuit television (CCTV). Under Mr. Gritzuk's direction, the Department is re-inspecting the interceptors that were previously inspected and classified as "Class 4s." Committee members will receive copies of the report in approximately two months.

The Department is in the process of implementing its CMOM Program. The Department's largest expense for implementation of CMOM is the continued condition assessment of the sewer lines. Mr. Bunch estimates it could cost the Department an

additional \$4 million to \$6 million per year for the inspection program. Under CMOM, PCWMD has 10 years to complete an analysis of the County's entire sewer system.

- **Treatment Division.** Mr. Jenkins reported on the following items:
  - **Ina Road WPCF.** On the morning of February 25, 2006, the Ina Road WPCF suffered a plant malfunction. One of the Facility's return activated sludge pumps (RAS) experienced a broken pipe header. The leaking from the ruptured pipeline and fittings filled the facility that houses the RAS, waste activated sludge pumps (WAS) and motors with partially treated sewage to about 13.5 feet. Mr. Jenkins told Committee members that staff from all areas of PCWMD assisted with remedying the situation. The Facility was put back on-line after about 18 hours. The costs to repair the facility are still being assessed. Discussion followed.

Committee member, Mr. John Carlson, asked how soon the plant malfunction was discovered, and the age of the pipe header joint. Mr. Jenkins responded that the joint was at least 20 plus years old, and the malfunction was discovered within an hour of its occurrence.

Committee members complimented the Department on its handling of this event. (Committee members received copies of the County Administrator's February 28, 2006, Report on the Ina Road WPCF Malfunction to the Board of Supervisors.)

- **Financial Services.** Mr. Nichols reported on the following items:
  - **Synergen Computer Program.** Department staff are in the process of migrating all of the Department's accounts payable, work orders and work authorization computer data bases to the Synergen program. Synergen will go live on April 1, 2006. Discussion followed.
- **Community Relations.** Ms. Laura Fairbanks, Community Relations Manager, introduced the Department's new Community Relations Specialist, Ms. Lorraine Simon. Ms. Simon will be responsible for implementing the Department's communication plan.

At this point in the meeting, Chair Stratton told Committee members that on March 7, 2006, the Board of Supervisors approved Mr. Les Wolf as Supervisor Day's newest appointee to the WMAC.

## V. DISCUSSION.

### A. Reports/Updates

1. **2006 Financial Plan.** Mr. Bennett and Mr. Nichols provided an update on the preparation of the Department's 2006 Financial Plan.

Mr. Bennett reviewed information included in the Draft Financial Plan and critical program and financial needs for the Department that was presented at the February 16, 2006, WMAC meeting. He noted that the Department was still under-funded relative to depreciation of infrastructure. Critical programs include de-nitrification efforts, odor control and rehabilitation. Operations and Maintenance and regulatory costs are increasing. The Department has major funding hurdles to meet these needs.

The Department's budget proposal for FY2006-07 would increase the CIP budget from the current \$21.8 million to \$46 million. Mr. Bennett anticipates the CIP could increase in two to three years to \$80 to \$100 million per year. Mr. Bennett reviewed projects included in the current and future CIP program. He noted that in the next five years the Department is looking at \$144 million of capital projects that would be funded out of the 2004 Bonds. The Financial Plan identifies future project funding needs in the range of \$245 to \$355 million which are recommended for a 2008 Bond Authorization.

Recommendations included in the 2006 Financial Plan are based on continuing recommendations from the Black & Veatch Rate Study and the 2005 Financial Plan. These recommendations include: a multi-year approach in regard to forecasting and raising the revenue necessary to meet the Department's projected O&M and CIP expenditures; full implementation of the 2004 Bond Authorization and an enhanced CIP program; a proactive CMOM program; and establishment of emergency reserve funding.

In addition, the 2006 Financial Plan recommendations also include specific program elements. These are: a \$15 million emergency reserve allocation; significantly increased O&M expenditures, including an additional 52.5 full time equivalent positions; an enhanced CMOM Program; funding of a \$46 million CIP Program in FY2006-07; funding of \$115 million for CIP projects from 2006 through 2011 with System Development pay-as-you-go funding; recommendation of a 2008 Sewer Revenue Bond Authorization Election primarily for Ina Road/Roger Road nitrification/de-nitrification, system-wide odor control, comprehensive biosolids treatment and utilization, Ina Road WPCF improvements and conveyance rehabilitation.

Mr. Bunch commented that the Department's challenge is to do a better job of communicating to the public exactly what the system needs.

Mr. Bennett reviewed the Financial Plan's initial recommendation for rate increases, which are based on the Black & Veatch rate model. The Plan now recommends four increases of nine percent each in User Fees and four increases of six percent each in Connection Fees. The Plan recommends these increases occur in six month intervals beginning in July 2006 and ending in January 2008. The average monthly residential sewer bill would increase from the current \$17.52 to \$22.22 by January 2008. The User Fee Service Charge would not increase. The average connection fee would increase from \$4,050.24 to \$5,113.44 by January 2008.

At this point in the meeting, Black & Veatch Project Manager, Ken Martin, reviewed the Department's projected five-year CIP and O&M revenue and expense needs based on the B&V model. He noted that the Board of Supervisors approved a 28 percent increase in User Fees in June 2005, but locked the Service Fee Charge at \$5.72 per month for the next four years.

Mr. Martin informed Committee members that going forward, even with the four nine percent increases, the trend would continue of the User Fees not fully supporting the full cost of the O&M Program and debt service associated with rehabilitation bond projects. He commented further that, if the Department continues with the anticipated CIP program and a 2008 Voter Bond Election, additional User and Connection Fees rate increases would be necessary in FY2008-09.

Mr. Martin told Committee members that when the Black & Veatch rate model was developed, initial projections used a residential growth rate of two percent per year and a commercial growth rate of one percent per year and building permit increases of two

percent per year. Department staff continue to refine the model by plugging in the University of Arizona's projections to reflect residential and commercial growth on an annual basis. Staff will adjust the model to reflect the permits issued on a year-to-year basis.

Mr. Curley noted that the University of Arizona projections indicate a significant downturn in permits issued as compared with the Black & Veatch projections. Staff are currently analyzing this variance. Mr. Martin added that the Department is very dependent on connection fees so any adjustment in permits issued can have a significant impact on revenues. Mr. Curley requested WMAC members' comments on these projections, and said final projections would be included in the Revised Financial Plan that will be presented at the next WMAC meeting.

Finally, Mr. Bennett said staff would continue to be available for individual/small group meetings on the Financial Plan to receive comment/feedback. Committee members reviewed the schedule going forward, and decided to hold the Committee's public meeting on the Financial Plan on May 10, 2006, at 7:00 PM.

Committee members received copies of the Financial Plan PowerPoint presentation.

2. **FY2006-07 Budget.** Mr. Nichols presented the FY2006-07 Budget update. The Department's FY2006-07 Proposed Budget is currently being reviewed by the County Finance Department.
3. **Pima County Wastewater Management Department (PCWMD) 2006 Metropolitan Facility Plan Update.** Mr. Curley presented the Facility Plan Update. PCWMD and the Pima Association of Governments held a joint meeting on March 6, 2006, to receive comment on the Facility Plan and PAG's 208 Plan. The Department will present the Facility Plan on March 21, 2006, to the Board of Supervisors. Committee members were encouraged to attend the Board meeting. Staff distributed copies of the Facility Plan to Committee members.
4. **State Legislative/Regulatory Update.** Mr. Curley presented the State Legislative/Regulatory Update and reviewed information that Committee members received in their meeting packets.

In addition, Mr. Bunch told Committee members that the Department and others are working with Southwest Gas to figure out the best and most economical way to mark house connection sewers on a project-by-project basis. Discussion followed.

Mr. Bliven asked if going forward, the Department had design standards that identify a way to locate house connection sewers. Mr. Bunch said State House Bill 2708 would require installation of a cleanout at the property line which would allow the County to take ownership of lateral sewers in the future and be more accurate with Blue Staking. The Pima County design standards now require that a cleanout to be installed at the property line for all new homes.

**B. New Business.** No new business was presented.

**VI. FUTURE AGENDA ITEMS.** 2006 Financial Plan; FY2006-07 Budget; Skill-Based Pay Program; State Legislative Update; Roger Road Treatment Plant Update and Tour; Regionalization of Water/Wastewater – Status of Discussions; Treatment Update for Outlying Facilities; Ina Road

Facility Tour; Wastewater Management Strategic Plan; and a Tucson Water Assured Water Supply Presentation.

Committee members decided to hold the next Committee meeting at the Roger Road WWTP in conjunction with a tour of the facility.

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

**VIII. ADJOURNMENT.** The meeting was adjourned at 9:43 a.m.