

**WASTEWATER MANAGEMENT ADVISORY COMMITTEE**  
**MEETING MINUTES**  
**September 21, 2006**

**Committee Members Present:**

Adam Bliven	Sheila Bowen	John Carhuff
John Carlson	Steve Halverson	Rob Kulakofsky
Ann Marie Wolf		

**Committee Members Absent:**

Brad DeSpain	Armando Membriila	Mark Stratton
Les Wolf	Michael Gritzuk	

**Staff Present:**

Paul Bennett	Mike Bunch	Laura Fairbanks
Mary Hamilton	Barry Holbert	Suzy Hunt
Jackson Jenkins	Jeff Nichols	Michael Kostrzewski

**Other County Staff Present:**

Pat Cavanaugh	Chuck Wesselhoft
Executive Aide District 1	County Attorney's Office

**I. CALL TO ORDER.** Chair Adam Bliven called the meeting of the Wastewater Management Advisory Committee (WMAC) to order at 7:47 A.M.

At this point in the meeting, Chair Bliven recognized Mr. Bill Carnes, former WMAC member, and presented him with a commemorative plaque for his years of service to the Committee.

In addition Chair Bliven announced that, on September 20, 2006, the Board of Supervisors ratified the appointment of John Sawyer as Supervisor Carroll's representative to the Committee.

**II. APPROVAL OF MINUTES.** The Committee approved the minutes of the July 20, 2006 WMAC meeting.

**III. COMMITTEE/SUBCOMMITTEE REPORTS.**

**A. Citizens' Water Advisory Committee (CWAC) Update.** Mr. Carhuff presented the CWAC Update. The Committee approved changes to Tucson Water's Miscellaneous Fee Study at their September 6, 2006 meeting. CWAC will discuss Tucson Water's Capital Improvement Program (CIP) at their October 4, 2006, meeting. A significant goal for Tucson Water is that by the end of this CIP Program, the Utility will have taken their entire allotment of Central Arizona Project water.

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

- **Regional Optimization Master Plan (ROMP).** The purpose of the Regional Optimization Plan, which is currently underway, is to develop the optimal technical and cost effective

plan for management for the Metropolitan Pima County Sewerage System. The driving force of the ROMP is the need to reduce nutrients in the effluent produced by the Metropolitan Treatment Facilities in order to meet Arizona Department of Environmental Quality (ADEQ) regulatory requirements, as well as evaluate the flow management and locations/configurations of the Metropolitan Treatment Facilities.

The Consultant for the Study, Greeley and Hansen, is conducting a series of 16 workshops during the course of the ROMP. Potential treatment processes for the Ina Road and Roger Road facilities have been narrowed down to three. The next workshop is scheduled for September 26, 2006. Greeley and Hansen will present their evaluation (including cost estimates) of treatment options for the treatment facilities and sewerage conveyance system at that workshop. An idea currently being discussed by the County and City is the possibility of locating a sports park in the Roger Road WWTP area. The park and the economic development it may bring will also be factored into the ROMP.

- **Odor Control Study.** The intent of the Odor Control Study is to study the entire wastewater conveyance and treatment system and develop a method of system-wide odor control. The product of the Study will be a comprehensive segmented odor control program, including a detailed cost estimate. Greeley and Hansen is in the process of completing a system-wide assessment of odors through a detailed sampling program to develop a baseline.

By the end of October 2006, Mr. Bennett anticipates the Department will have the initial results of the sampling and areas where odors can be easily reduced, and the Department will be able to implement and monitor the success of those odor control programs.

- **Capital Improvement Program (CIP).** Mr. Bennett provided an update on the following CIP projects:
  - **Ina Road WPCF - 12.5 MGD Expansion Project.** On July 17, 2006, the Ina Road 12.5 MGD Expansion Facility began treating sewage. The Department must demonstrate the Facility's de-nitrification/nitrification process by October 15, 2006, to ADEQ. Although the 12.5 MGD expansion brings the Facility's total capacity to 37.5 MGD, it is limited to producing its original capacity of 25 MGD until Tucson Electric Power (TEP) finishes their connection to provide backup power to this facility. Mr. Bennett anticipates TEP will have the cable in place by October 2006.
  - **Avra Valley Wastewater Treatment Facility (WWTF) - 1.0 MGD Expansion Project.** On August 31, 2006, Ashton Construction, the Contractor for Phase I of the developer-funded Avra Valley WWTF 1.0 MGD Expansion, completed installation of additional aeration equipment and temporary power and controls to operate the equipment. Testing is ongoing at the Facility to confirm the increased capacity (estimated at 200,000 gallons per day) of this first phase of the Avra Valley Project.
  - **Corona de Tucson WWTF – 1.0 MGD Expansion Project.** Construction of the developer-funded Corona de Tucson 1.0 MGD Expansion is currently underway. Mr. Bennett anticipates the 1.0 MGD expansion will be on-line by February 2007.
  - **Marana WWTF – Interim Capacity Expansion Project.** Hunter Construction is the Construction-Manager-At-Risk-Contractor for the Marana WWTF Interim Capacity Expansion Project. The Contractor currently is constructing the BIOLAC treatment system at the Marana WWTF. The recent inclement weather caused some delays in

construction of the 0.5 MGD ditch. Completion of this Phase is anticipated by November 2006.

- o **New Federal Prison.** In January 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 located at South Wilmot Road in Tucson. Under the agreement, the FBOP is to pay all costs associated with construction of the Prison's new required outfall sewer, in addition to the required/involved connection fees. The estimated cost for construction of the sewer system is \$7 million. The Department awarded and is getting final bids for this project under the Construction-Manager-At Risk delivery method. Mr. Bennett anticipates construction will begin in November 2006, and will take approximately nine months to complete.

## V. DISCUSSION.

### A. Old Items/Updates.

1. **Fiscal Year (FY) 2005/06 Budget – Year-End Report.** Mr. Jeff Nichols presented the FY2005/06 Budget – Year-End Report. He referred Committee members to information included in the Staff Report, which they received prior to the meeting. Members learned that the Department finished FY2005/06 with revenues of \$107.7 million, which was ahead of budget projections. User fees generated revenues of approximately \$61.7 million and Connection fees generated revenues of approximately \$42.2 million, and the remainder, approximately \$3.8 million, was generated from miscellaneous revenue sources.

FY2005/06 Operations and Maintenance (O&M) expenses totaled approximately \$56.1 million, and the debt service expenses (principal and interest for loans and bonds) totaled \$15.1 million. In addition, the Department transferred approximately \$14.4 million into the System Development Fund (SDF) to cover costs associated with pay-as-you-go CIP projects. The Department currently has a balance in the SDF of approximately \$40.8 million. These funds are already allocated for the Marana WWTF, Santa Cruz Interceptor, Avra Valley WWTF and Corona de Tucson projects.

Mr. Nichols also informed Committee members that the Department is currently evaluating the 2004 Bond projects for a potential bond issuance of approximately \$50 million in January 2007.

2. **FY2006/07 Revenue Projections – User Fees and Connection Fees.** Mr. Nichols presented the FY2006/07 Revenue Projections – User Fees and Connection Fees Report. He informed the members that the Department has forecasted total revenues at approximately \$104.2 million. User fees are estimated to generate revenues of \$63.4 million, connection fees \$38.1 million, and the balance of \$2.7 million would be generated by miscellaneous revenue sources.

However, connection fee revenues have declined rather sharply (37 percent over projected revenues) the first two months of FY2006/07 due to a recent slow down in building permit issuance. If the slow down in building permits continues and connection fee revenues remain low, the Department will need to re-evaluate its revenue projections and System Development Fund project funding. The Department currently forecasts that it will finish FY2006/07 with a positive cash balance.

Mr. Bliven asked if any of the FY2006/07 Budget's projected cash balance would go into the Department's emergency fund. Mr. Nichols responded, of the \$40 million currently in the SDF, \$10 million has been set aside for the emergency fund.

Mr. Bliven also asked about the current status of user fee revenues. Mr. Nichols responded user fee revenues were on target with the Department's forecasts for FY2006/07. However, he informed the members that the Department must base its FY2006/07 Budget forecasts on the user fee and connection fee rates that were in place in FY2005/06, because rate increases are authorized by the Board of Supervisors after they adopt the budget. User fee revenues currently are not covering the Department's total O&M costs.

In addition, Mr. Nichols reported that Department staff would be preparing the 2007 Financial Plan in alignment with the FY2007/08 Budget in December 2006, and probably present it in March 2007 to the Committee and to the Board of Supervisors in May/June 2007.

3. **Aquifer Protection Permit (APP) for Sewer Conveyance System.** Mr. Mike Bunch presented the APP for Sewer Conveyance System Report. He referred members to information they received in their meeting packets prior to the meeting. On July 25, 2006, the Department satisfied the requirements of the consent decree with the Arizona Department of Environmental Quality (ADEQ) for the Speedway sewer collapse.

However, Mr. Bunch informed Committee members that, as a result of the major storm event and 100 year flood of the Rillito River that occurred in August 2006, the regional sewerage conveyance system sustained some damage and several sanitary sewer overflows (SSOs) occurred.

Some of the SSOs occurred because the Department had to focus the majority of its resources (including manpower and equipment) on handling these emergencies, and it had to delay routine inspection/maintenance of the sewerage conveyance system. As a result, the Department experienced probably one of its worst four-week periods for SSOs in the last five years. The total number of Sanitary Sewer Overflows for this calendar year to-date have already exceeded last year's total of 78 SSOs. The Department could be subject to penalties for each SSO of up to \$27,500 per day, per occurrence, and per contaminant. (There are 126 regulated wastewater contaminants.) Mr. Bunch noted that the Department is in the process of responding to ADEQ's request for information regarding these SSOs, and could potentially receive fines of over \$2 million.

In addition, Mr. Bunch informed Committee members that the Department has completed development of its Capacity, Management, Operations and Maintenance (CMOM) Plan for its Field Operations Division in response to the new Administrative Code (R-18-9-C305) that became effective on November 15, 2005. The new rule allows the Department to apply for a separate CMOM APP for the conveyance system.

Mr. Bunch requested assistance from the Committee with making an important policy decision -- whether to continue operation of the regional conveyance system under the current permits for the Metropolitan Treatment Facilities (subject to the previously

mentioned penalties from ADEQ) or move forward with applying for the CMOM APP. He noted that some members of the Board of Supervisors had expressed concerns about the Department applying for the CMOM APP.

The CMOM APP requires wastewater utilities to have (and implement) a plan for on-going condition assessment and rehabilitation of their sewerage conveyance systems. The Department estimates it would cost between \$40 million to \$50 million for the condition assessment of the regional system over the next 10 years. The Department has performed condition assessments of all its major interceptors; however, this is less than 10 percent of the conveyance system's 3,500 miles. The Department has identified that it will need an additional \$170 million to \$200 million for rehabilitation of the conveyance system over the next 10 years.

The Department has increased staff in the Field Operations Division and is in the process of purchasing three Closed Circuit Television (CCTV) inspection trucks to enhance its condition assessment program. In addition, the Department is in the process of finalizing a \$1 million contract for condition assessment of the County's smaller diameter sewer lines.

Although establishment of a CMOM program is not mandated, there are benefits to going forward with the program. This administrative rule allows the Department to apply for a separate CMOM APP for the conveyance system independent of the treatment facilities' APP. The current national trend indicates that SSO penalties are not being assessed by regulatory agencies on wastewater utilities. Instead, when SSOs occur, regulators are asking utility's to modify their CMOM programs to eliminate the potential for future SSOs. Nationally, some wastewater utilities without CMOM APPs have been forced to immediately implement CMOM programs under a consent decree. Discussion followed.

Mr. Bliven felt the benefits of the Department getting a CMOM APP were great because it provides potential protection from fines, and the only drawback is that the Department would be required to have a high degree of maintenance of its sewerage conveyance systems. He asked what the Board of Supervisor's concerns were regarding implementing a CMOM program. Mr. Bunch responded that the CMOM APP commits utilities to performing condition assessment and rehabilitation of their conveyance systems. Another objection is that CMOM currently is not a mandated program.

Mr. Halverson expressed that successful companies are proactive in maintaining their businesses, and non-successful companies wait until the "big fire" hits. He expressed support for the Department applying for the CMOM APP and the proactive management of the conveyance system.

Mr. Bunch noted that \$1.2 million for the CMOM Program (including increased root control and grease control, increased CCTV inspection, rehabilitation of pump stations) was cut out of the Department's FY2006/07 Requested Budget. However, the Department is cutting back on some other programs to fund these activities.

Ms. Bowen asked if the Department felt the U.S. Environmental Protection Agency would mandate the CMOM Program in the future. Mr. Bunch responded it was Mr. Gritzuk's opinion that the Department would be implementing the CMOM Program one

way or the other -- either by being proactive in its implementation or by consent decree at an extremely accelerated rate.

In addition, Ms. Bowen asked if implementation of the CMOM Program would be graduated. Mr. Bunch responded the CMOM Program would be implemented gradually over a ten-year period.

Mr. Carlson asked what caused the August 2006 storm-related SSOs. Mr. Bunch responded that one SSO occurred in the Canada del Oro Wash. A sewer line in the Wash was found to have five manholes with missing lids that consequently filled up with sand. The Department never had any problems with this system before and a failure analysis is being performed. Another sewer line located in the Ventana Wash, four feet below ground level, appeared to have floated up (and then washed away) and had to be replaced.

In addition, Mr. Nichols informed the members that, if the Department wants to implement a CMOM program, the Board of Supervisors would need to authorize the Department to increase its revenues.

Mr. Bliven observed that under the CMOM APP, ADEQ allows wastewater utilities to prepare a CMOM plan and show how they are going to grow into that plan.

Ms. Bowen asked whether the Department would be subject to any fines if an SSO occurred while it was developing its CMOM Program and before the CMOM APP was in place. Mr. Bunch responded there are no stipulated penalties that are defined in the Arizona's CMOM rule.

Following this in-depth discussion, the Committee voted 7 to 0 to recommend that the Department move forward with its application for a CMOM APP (with its CMOM plan) for the regional sewerage conveyance system.

Mr. Bliven asked staff to prepare a letter forwarding the Committee's recommendation to the Board of Supervisors.

## **B. New Items.**

1. **Tucson Water's Life Line Program.** Mr. David Cormier, Administrator of Tucson Water's Business Services Division, gave a presentation on Tucson Water's Life Line Program. Ms. Norma Gallegos, Program Manager for the County's Community Action Agency, assisted with the presentation. The Life Line Program was implemented in 2002 to assist low-income customers with payment of their water bills. Currently, Tucson Water customers, who meet income eligibility criteria (150 percent of the federal poverty guidelines), can receive assistance two times per year with payment of their water bill from Life Line. The Community Action Agency handles the intake/application process for Tucson Water's Life Line Program. Mr. Cormier informed the members that that an estimated one-third of Tucson Water's customers meet income eligibility criteria for the Program, and added that Life Line is funded by the City's General Fund. Discussion followed.

Ms. Bowen asked if there was some cost sharing for Life Line's water assistance program between the City of Tucson and Pima County. Mr. Cormier responded the

County pays Tucson Water approximately \$2.9 million to act as its billing agency and bill its sewer customers.

Mr. Carlson asked if the Department already contributes a little bit to the Life Line Program because it pays the City to act as its billing agent. Mr. Cormier responded in the affirmative. He added, however, that the County deals with multiple billing agents (e.g., the Town of Marana, the Town of Oro Valley and Metro Water, etc.).

Mr. Nichols informed Committee members that the Department is in the process of modifying its contract with the consultant, Black & Veatch, to add (as an additional task within the Rate Study) evaluating and making recommendations for implementing an assistance program for low-income sewer customers. Mr. Nichols commented further that concern has been expressed by some members of the Board of Supervisors that the Department's program should be more robust than Tucson Water's Life Line Program.

Mr. Carhuff felt, if the BOS wants to implement a program to assist the Department's low-income customers, often these individuals need a wide range of services, which means the program would need to be funded by the County's General Fund. Mr. Nichols responded that the Department is an enterprise fund and also has bond covenants that limit it to only providing wastewater services.

Mr. Bliven suggested that the Department include the number of Pima County's wastewater customers that are in the Tucson Water service area when it makes its recommendation for a low-income assistance program in January 2007 to the Board of Supervisors.

Mr. Carhuff asked when the low-income customer assistance component of the Black & Veatch Rate Study would be completed. Mr. Nichols estimated Black & Veatch would complete the Study by November 2006 and the Study would then be presented for comment to the Committee.

Ms. Bowen suggested that if WMAC members had specific concerns/items they wanted Black & Veatch to consider in this study, they provide this information to Mr. Nichols. Mr. Carhuff requested that Black & Veatch review Tucson Water's Life Line program and how it evolved. Mr. Nichols responded Black & Veatch would be reviewing Tucson Water's Life Line Program, as well as several other municipalities' low-income assistance programs.

Mr. Bliven suggested that, as Tucson Water's Life Line Program probably serves 75 percent to 85 percent of the Department's customers, maybe it could just be modified for the County's low-income assistance program. Mr. Nichols said he would provide Committee members with information on customer billing, and observed that the Board of Supervisors may not be aware that a portion of the Life Line Program is already paying wastewater fees. Mr. Carlson suggested that the Department provide this information to the Board before January 2007, and Mr. Bliven asked staff to include this information in the Department's October 2006 quarterly report to the Board of Supervisors (Note: On September 25, 2006, staff forwarded an electronic copy of the breakdown of the Department's customer accounts by billing vendor to Committee members.)

2. **Draft FY2005/06 Annual Report to the Board of Supervisors.** Mr. Bliven asked Committee members to review the Draft Annual Report, which they received prior to the meeting, and let staff know if they have changes. Approval of the Report was tabled to the next WMAC meeting.

**VI. FUTURE AGENDA ITEMS.** 2007 Financial Plan; Arid West Water Quality Research Project Update; Regional Optimization Master Plan; and Odor Control Study Update; Black & Veatch Rate Study Report on Low-Income Assistance Program (December 2006); Skill-Based Pay Program; State Legislative Update; Ina Road Facility Tour; Wastewater Management Strategic Plan; a Tucson Water Assured Water Supply Presentation; Regional Discussions on Water/Wastewater Issues; Detailed Presentation on Regional Optimization Master Plan – Draft Plan (November/December 2006).

**VII. CALL TO THE AUDIENCE.** Ms. Laura Fairbanks, Program Manager for Community Relations, said that the next meeting for the Odor Control Study Citizen Involvement Group is at 6:15 PM, on September 26, 2006, in the Public Works Building Basement Conference Room C. There being no further comments from the audience, Chair Bliven adjourned the meeting.

**VIII. ADJOURNMENT.** The meeting adjourned at 9:30 A.M.