

WASTEWATER MANAGEMENT ADVISORY COMMITTEE

March 15, 2007

Committee Members Present:

John Carlson	Brad DeSpain	Marcelino Flores
Steve Halverson	Rob Kulakofsky	Armando Membrilla
John Sawyer	Mark Stratton	Michael Gritzuk

Committee Members Absent:

Adam Bliven	Sheila Bowen	John Carhuff
Ann Marie Wolf	Les Wolf	

Staff Present:

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

Other County Staff Present:

Harlan Agnew	Chuck Wesselhoft
County Attorney's Office	County Attorney's Office

I. CALL TO ORDER. Interim Chair, Brad DeSpain, called the meeting of the Wastewater Management Advisory Committee (WMAC) to order at 7:55 A.M.

At this point in the meeting, Mr. DeSpain introduced Mr. Marcelino Flores, the Pima Association of Governments, Environmental Planning Advisory Committee newly appointed representative, to the Committee.

II. APPROVAL OF MINUTES. The Committee approved the minutes of the February 15, 2007, WMAC meeting.

III. COMMITTEE/SUBCOMMITTEE REPORTS.

A. Citizens' Water Advisory Committee (CWAC) Update. The CWAC Report was not presented.

IV. Wastewater Management Director's Report. Mr. Michael Gritzuk presented the Director's Report, and reported on the following items:

- **2008 Bond Program.** On March 14, 2007, the Department presented its request for the 2008 Bond Program to a subcommittee of the County Bond Advisory Committee. The amount of the Bond Request is \$565 million. This includes \$445 million for the Regional Optimization Master Plan (ROMP) and \$120 million for other projects identified in the Department's 20-year Metropolitan Facility Plan Update. These proposed bond projects address needs in the areas of regulatory compliance, rehabilitation, growth/capacity expansion, and odor control. Discussion followed. (On March 22, 2007, staff forwarded electronic copies of the PowerPoint presentation of the Department's 2008 Bond Request to the WMAC members.)

Mr. Jeff Nichols informed the WMAC members that a member of the Bond Advisory Subcommittee complimented Department staff on the Bond Request presentation. Mr.

Nichols acknowledged Mr. Ed Curley and his staff for their major contribution to the preparation of the Bond Request presentation.

Mr. Mike Bunch reported that two additional comments were received from the Bond Subcommittee members. These included a comment about the potentially significant rate increases that would be needed to support such a large bond program and referenced Seattle's use of a sunset clause in their rates to pay for the construction of a bridge. Once the bridge was paid for, the increase went away. The other comment was about the possibility of combining the 2008 water and wastewater bonds into a separate bond election because the combined bond requests represent over \$1 billion.

Mr. Marcelino Flores asked how many of the 2008 Bond proposals include parks. Mr. Gritzuk responded that it was his understanding that the Natural Resources, Parks and Recreation Department will be requesting substantial bond funding for parks. In addition, he reported that Parks and Recreation is retaining the University of Arizona Eller College to prepare a conceptual analysis of a regional sports complex that would be located near the Water Reclamation Campus at the Roger Road site.

V. DISCUSSION.

A. Old Items/Updates.

1. **Regional Optimization Master Plan and Odor Control Plan.** Mr. Gritzuk presented the following updates on the ROMP and Odor Control Plan:

- **ROMP.** The Department is developing a concept to go out to the public with a formal "Expression of Interest" to request responses from consultants and contractors on how they would proceed with the ROMP. The components of this Expression of Interest include: 1) Project delivery methods - such as reaching out to major contractors and consultants to ask them how they would proceed with construction of the overall ROMP Program; and 2) Public/private partnerships - such as attracting a power company to build a bio-gas co-generation plant at the Ina Road Water Pollution Control Facility (WPCF) site. (Power companies have a requirement to generate a certain amount of "green power" and bio-gas falls into this category.)

Mr. Gritzuk indicated that the Department also wants to explore whether there is any other method of a public/private partnership as far as the reuse and disposal of biosolids. Discussion followed.

Mr. Sawyer asked if the ROMP Team has visited other municipalities that have updated their facilities in the past few years to review problems/solutions they have had with financing. Mr. Gritzuk responded that team members have been able to do a lot of comparisons through reports received from the Greeley and Hansen consultant team and also from staff's own knowledge, but it has not visited other municipalities. He added the Department would also like to test the marketplace for public/private financing through the "Expressions of Interest."

Mr. Mark Stratton commented that, over the past few years, the Department has focused on financing its bond projects through the Water Infrastructure Finance Authority (WIFA). He asked if the Department has discussed with WIFA their ability to finance a project the size of the ROMP. Mr. Gritzuk responded all sources of funding, including WIFA, will be considered in the ROMP financial evaluation.

Mr. Gritzuk informed the members that the ROMP workshops scheduled for today would be looking at solidifying the concepts for the "Expressions of Interest" and also evaluating the alternatives of enhanced chlorination/de-chlorination versus ultraviolet (UV) light disinfection at the Ina Road and Roger Road facilities.

The Department is moving ahead with the \$28 million Roger Road to Ina Road Plant Interconnect Project. The Procurement Department is currently advertising the Solicitation for Qualifications for design of the Plant Interconnect.

Mr. Carlson asked if the Department has decided whether to have a single or multiple contracts for the Plant Interconnect. Mr. Gritzuk responded the Department has decided to use the Construction-Manager-at Risk method, and is strongly considering multiple contracts or, if one contractor is chosen, to have several crews, due to the size of the contract and the need to get the Interconnect on-line by 2010.

Because of the complexity, size and duration of the ROMP, the Department wants to move ahead with retaining a consultant to act as the program manager for the entire ROMP Program. Department staff are preparing the scope of services for a consultant and the Procurement Department will advertise the Solicitation for Qualifications in the near future. Following this, the Department will develop a Solicitation for Qualifications for the design components for the Ina Road and Roger Road facilities. In addition, the Department will probably need to hire consultants to serve as project managers because it lacks sufficient engineering staff to oversee the magnitude of the various ROMP projects. Discussion followed.

Mr. Armando Membrila asked who would be the liaison between the consultants. Mr. Gritzuk responded the Department would use a team of Department staff to act as the liaison with the ROMP program manager.

Mr. Sawyer asked how much authority the ROMP consultant program manager would have to sign off for changes and cost overruns. Mr. Gritzuk responded that these authorities would need to be negotiated because the Department has certain obligations within the County that cannot be conveyed to a consultant.

Mr. Carlson asked about the County Administrator's and Board of Supervisors reaction to the Department's lack of ability to hire staff in key positions, especially engineering and technical. Mr. Gritzuk responded that the County Administrator has retained a consultant to conduct a County-wide salary survey. Mr. Bennett added that the salary survey is supposed to be completed by May 2007.

The Department is also having difficulty hiring experienced personnel in other areas. It was recently successful in getting County Administration's approval to increase a number of salaries within the Operations Division and also was able to promote some staff from within.

The Department has calculated that if a consultant performs a function, as opposed to in-house staff, the cost is 2.5 to 3 times greater. Recently, the Department was scoping project management for the Marana Wastewater Treatment Facility (WWTF) expansion and estimated that it would cost about \$400,000 if the project was managed by Department staff and about \$1 million if managed by consultants.

Mr. Membrilla commented that the trend is that government on the whole is reducing its work force and moving towards using more consultants.

Mr. Gritzuk reminded Committee members that the Department's 20-year Metropolitan Facility Plan had previously identified an estimated \$1.4 billion of CIP needs, which does not include all of the ROMP projects. The combined estimated cost of the CIP and ROMP is \$2 billion.

Mr. Halverson suggested that the agenda of a future WMAC meeting be focused exclusively on staffing and salary issues. In addition, he suggested that staff prepare/present data which would allow the Committee to build a plan on staffing and salary issues for presentation to the Board of Supervisors.

Mr. DeSpain suggested that staffing and salary issues be added to the agendas for the Committee's May and June 2007 meetings. In addition, he suggested a report be included in the Committee's July 2007 Annual Report to the Board of Supervisors.

- **Odor Control Program.** The Department has identified 22 "quick fix" odor abatement projects that are within the conveyance system and at the treatment facilities. Many of the projects are completed and operational. All of the projects are scheduled for completion by July 2007. There should be a noticeable reduction in the odor problem throughout the sewer system, most notably around the Roger Road WWTP, by this summer.
2. **2007/08 Budget Update.** Mr. Jeff Nichols presented the 2007/08 Budget Update, and reviewed the schedule for submission of the recommended FY2007/08 Budget to the Board of Supervisors. In addition, he reviewed budget projections for FY2006/07. Projected budget forecasts for FY2006/07 indicate the Department has a favorable variance of approximately \$3.3 million in expenses. Most of this is due to salary savings. Budget projections for FY2006/07 indicate connection fee revenues of \$28 million, which is \$10.3 million lower than budgeted and user fee revenues of \$5 million in excess of what was budgeted. This additional revenue is due to the Department's FY2006/07 budget being compiled prior to the Board of Supervisors authorization in July 2006 of the two 6% user fee rate increases.
3. **Financial Plan Update and Low Income Assistance Program.** Mr. Nichols presented the following report on the Financial Plan and Low Income Assistance Program:
- **Financial Plan Update.** The Department is working with Raftelis Financial Consultants to develop the Department's 2007 Financial Plan that will be presented to the WMAC for its review and to the Board of Supervisors for their consideration in October of 2007.
 - **Low Income Assistance Program.** Department staff met and reviewed the City of Tucson Water Department's low income assistance program with County Community Action Agency staff. Department staff were informed that the Agency would probably need an increase in staff, if there was a significant number of individuals that avail themselves of the Department's low income program. The Department would have to fund the increase.

The Department is looking at establishment of two separate programs. One, an emergency assistance program, would help those customers who are in need due to an unforeseen circumstance. The other, a rate discount program, would provide reasonable assistance to those customers whose financial situation qualifies them for ongoing assistance. The Board of Supervisors has directed the Department to bring a recommended program back to them for consideration in May 2007. The goal is to have a low income program implemented by July 2007.

4. **Capital Improvement Program (CIP).** Mr. Bennett presented an update on the Department's CIP Program. Department staff met with County Administration in February 2007 to discuss the Department's proposed 2007/08 CIP Budget, which is in the range of approximately \$95 million. The Department's five-year CIP, which includes the ROMP, is approximately \$625 million. Key CIP projects for FY2006/07 and FY2007/08 include:
 - **Santa Cruz Interceptor (Phases II and III).** The Department has issued the Notice to Proceed for the Santa Cruz Interceptor Project. Mr. Bennett said the Department would like to offer a field trip for the WMAC, once the Project has begun.
 - **Avra Valley WWTF.** Construction of the Avra Valley WWTF capacity expansion to 2.2 MGD should be completed in March 2007. The consultant, Sundt Corporation, is completing design of the 4.0 MGD capacity expansion. This project represents \$30 million of the FY2007/08 CIP Budget.
 - **ROMP.** \$7 million is included in the FY2007/08 CIP Budget for the ROMP project and design of the Roger Road to Ina Road Plant Interconnect.
 - **Corona de Tucson WWTF.** \$2 million is included in the FY2007/08 Budget to finish paying for construction of the Corona de Tucson expansion.
 - **Federal Bureau of Prisons (FBOP) Tucson Facility.** Approximately \$2 million is included in next year's CIP budget for construction of the sewer extension to serve the new FBOP prison facility in Tucson.
 - **Marana WWTF.** Approximately \$9 million is included in the FY2007/08 Budget for design/construction of the next 1.1 MGD expansion of the Marana WWTF. Seeding of the 0.5 MGD BIOLAC at the Marana facility is scheduled for March 19, 2007.
 - **Conveyance System Rehabilitation.** Approximately \$3 million for conveyance system rehabilitation projects is included in next year's CIP Budget. Discussion followed.
5. **State Legislative/Regulatory Update.** Mr. Ed Curley presented the State Legislative/Regulatory Update and referred Committee members to background information they received prior to the meeting. He noted especially that House Bill 2208 would amend the State Open Meeting Law and require all governmental advisory committees (including the WMAC) to post recordings of their meetings within a specified period of time on an available internet site. Discussion followed.
6. **Arid West Water Quality Research Project.** Ms. Karen Ramage presented an update on the Arid West Water Quality Research Project (AWWQRP). The AWWQRP has completed the Phase I \$5 million grant, and it received a "clean bill of health" from the Environmental Protection Agency (EPA). The Project received a six month extension on the Phase II \$500,000 grant that will conclude in April 2007. Two final research projects plus the User's Guide are in the last stages of completion. EPA Headquarters has invited Project staff to Washington D.C. to present the successful model used by the AWWQRP which has produced results-based research at a relatively low cost.

Project staff will report back to the Committee the results of the research reports and results of the meeting with EPA.

B. New Items. There were no new items.

VI. FUTURE AGENDA ITEMS. Low Income Assistance Program (April 2007); Staffing and Salary Issues (May and June 2007); 2007 Financial Plan Update; FY2007-08 Budget; Capital Improvement Program Update; Regional Master Plan and Odor Control Plan Update; and Wastewater Management Strategic Plan. In addition, Mr. Flores requested that the Southwest Infrastructure Study be added to the agenda for the April 2007 meeting.

At this point in the meeting, Mr. Carlson asked about the status of the letter forwarding the Committee's support of an additional user fee rate increase of six percent in July 2007 to the Board of Supervisors. Ms. Hunt responded that the letter was forwarded to the members electronically for comment. Mr. Carlson felt the letter did not address the fact the Committee had recommended higher rate increases than the Board of Supervisors approved. Mr. DeSpain asked Mr. Carlson and the other Committee members to get their comments back to Ms. Hunt.

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

VIII. ADJOURNMENT. The meeting adjourned at 9:00 A.M.