REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE
November 20, 2008

Committee Members Present:

Adam Bliven	John Carlson	Brad DeSpain
Barbee Hanson	Rob Kulakofsky	Mark Stratton
Corey Smith	Ann Marie Wolf	Michael Gritzuk

Committee Members Absent:

John Carhuff	Sheila Bowen	Marcelino Flores
Armando Membrila	John Sawyer	

Staff Present:

Diane Bracken	Ben Changkakoti	Ed Curley
Laura Fairbanks	Mary Hamilton	Suzy Hunt
Jackson Jenkins	Mike Kostrzewski	Jeff Nichols
Karen Ramage	Melaney Seacat	Lorraine Simon
Lilian Von Rago		

Other County Staff Present:
Chuck Wesselhoft
County Attorney's Office

I. **CALL TO ORDER.** Chair Adam Bliven called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:52 a.m.

II. **APPROVAL OF MINUTES.** The Committee approved the minutes of the October 16, 2008 RWRAC meeting.

III. **COMMITTEE/SUBCOMMITTEE REPORTS.**

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

IV. **DISCUSSION.**

A. **Old Items/Updates.**

1. **Water Infrastructure, Supply and Planning Study (Study).** Melaney Seacat, Co-coordinator for the Study, provided an update on the activities of the Study's Oversight Committee. The Oversight Committee has the responsibility of providing direction and oversight on Phase I and Phase II of the Study. Phase I has included presentations on water/wastewater infrastructure by Tucson Water and the Wastewater Reclamation Department. Phase II includes development of a common set of water development and conservation goals.

   Ms. Seacat informed Committee members that since the last RWRAC meeting, the Oversight Committee held two meetings where the sustainability aspect of the Study was discussed and members of the community and stakeholders were invited to give presentations at these meetings. The Oversight Committee is currently holding all day workshops to prepare their final Phase I Report to the Board of Supervisors. These workshops are open to the public and the next workshop is on December 13, 2008. Staff distributed copies of the Oversight Committee's workshop report preparation schedule and an outline of the Final Phase I Report to Committee members.

- **Joint CWAC/RWRAC Meeting to Receive Final Phase I Report.** Ms. Seacat informed Committee members that the joint CWAC/RWRAC Committee meeting has been scheduled for Wednesday, January 21, 2008 at 7:30 a.m. to receive a summary of the Study's Phase I Final Report.

  Ms. Seacat also informed Committee members that three open houses will be held for presentation of the draft Phase I Final Report with participation by members of the City of Tucson Council and Pima County Board of Supervisors. A review panel of stakeholders (e.g., Arizona Department of Water Resources, the University of Arizona, Southern Arizona Water Users Association, the business community, Sustainable Tucson, neighborhood groups and various other stakeholders) have also been asked to review the Phase I Final Report. The Pima Association of Governments (PAG) will also be asked to provide some technical review as well. The Oversight Committee will also be meeting with staff of the City and County Planning and Zoning Departments to get their input.

  Ms. Seacat informed Committee members that Individuals can provide input on the draft Phase I Final Report on-line at the Study's website and via statements to the Oversight Committee. In February 2009, the community can provide formal statements to the Oversight Committee. A brief discussion followed.

2. **Regional Optimization Master Plan (ROMP) Update.** Mike Gritzuk, Department Director, provided the ROMP Update. There are three major components of the ROMP Program. They are the upgrade and expansion of the Ina Road Water Reclamation Facility (WRF), the Roger Road to Ina Road Plant Interconnect and the new Water Reclamation Campus in the vicinity of the Roger Road site.

   Mr. Gritzuk reminded Committee members that the County has requested a five year extension of the construction deadlines for the ROMP from the Arizona Department of Environmental Quality (ADEQ). (Committee members received copies of this correspondence prior to the meeting.) He reported that no response has been received from ADEQ as of this date.

   The Plant Interconnect will convey wastewater from the service area of the Roger Road WRF to the Ina Road WRF. Design of the Plant Interconnect is 100 percent complete. Negotiations are underway with the contractor, Sundt/Kewit, for a guaranteed maximum price (GMP) to move ahead with construction of the Plant Interconnect. A group of subcontractors have been pre-qualified that will bid portions of this contract. The intent is to have the Plant Interconnect constructed by 2010, and the Department feels it is currently ahead of schedule.

   The Ina WRF upgrade and expansion project will increase the capacity of this facility to 50 million gallons per day (mgd). The design consultant, CH2MHill, has completed a 10 percent design of the project. The Department will approve the 10 percent deliverable before approval to proceed with added design work. Initial interim biosolids facilities need to be constructed to support the additional biosolids and additional flows that will be going to the Ina Road WRF from the Plant Interconnect. That design is approximately 30 percent complete.

   The Department will be decommissioning the Roger Road WRF and constructing a new water reclamation campus just north of the existing facility. The Department went through an extensive evaluation of procurement methods for the Water Reclamation Campus and has selected the design-build-operate (DBO) method. This means that the proposers on this project will be a team which consists of a design consultant, a contractor and another operating entity. Procurement documents are currently being prepared. Mr. Gritzuk anticipated request for qualifications (RFQ) for this project would be advertised by the end of January 2009.

Mr. Gritzuk informed Committee members that the Department is evaluating various procurement options for the power plant at the Ina Road WRF. He anticipated this project being some form of public-private partnership. No decision will be made about the procurement method for the power plant until the RFQ for the Water Reclamation Campus DBO has been advertised.

Mr. Gritzuk noted that he and John Bernal, Assistant County Administrator for Public Works, were in Washington, D.C. the week of November 7, 2008 to meet with federal governmental agencies and the Arizona congressional delegation to discuss the County's proposed projects as a part of the potential economic stimulus package. The Department has approximately $97 million of projects that meet the economic stimulus package criteria. Discussion followed.

3. **Update on Pima Association of Governments 208 Amendments: Regional Optimization Master Plan and Marana Designated Management Area (DMA).** Ed Curley, Manager of Strategic Planning, provided an update on the PAG 208 Amendments for the ROMP and the Marana DMA. He reminded Committee members that they had received electronic copies of responses to the Arizona Department of Environmental Quality (ADEQ) from PAG, the Town of Marana and Pima County concerning the ROMP 208 Amendment. As previously stated, the Department has heard nothing further from ADEQ regarding the Department's request to extend the ROMP deadlines.

   Mr. Curley also informed Committee members that a scope of work committee has been established by PAG for review of the Marana 208 Amendment. The Scope of Work Committee includes representation from the Department, Town of Marana, Tucson Water, Metro Water, and other stakeholders. The Scope of Work Committee will determine whether the Marana 208 Amendment meets ADEQ and PAG requirements for Marana to establish their own DMA. Mr. Curley invited Committee members to advise Suzy Hunt, RWRAC Coordinator, if interested in being notified of future Scope of Work Committee meetings. Discussion followed.

4. **System-Wide Odor Control Program.** Mr. Gritzuk provided an update on the System-Wide Odor Control Program. Mr. Gritzuk informed Committee members that we have gone through the period of climatic inversion and experienced some odors in the last two months but these were minimal in magnitude. Discussion followed.

   Mr. Carlson asked whether odor complaints had diminished. Mr. Gritzuk felt odor complaints were significantly lower and that record was included in the Department's July to September 2008 Quarterly Report. Committee members will receive copies of the Quarterly Report prior to the next scheduled meeting.

   Mr. Gritzuk also reported that the Department was installing an odor monitoring system called Odor Watch at the Roger Road WRF. Mr. Gritzuk anticipated the system would be in operation by the end of December 2008. The Department is developing a website that should be operational by the end of December 2008 that will provide almost continuous information about the various odor installations throughout the County.

5. **2008/09 Financial Plan Update.** Jeff Nichols, Deputy Director of Finance and Administration, and Harold Smith and Bart Kreps of Raftelis Financial Consultants, presented an update on preparation of the 2008/09 Financial Plan.

Mr. Nichols noted that since the last RWRAC meeting, the County Administrator submitted a request for an extension of the ROMP regulatory timelines to ADEQ. However, the 2008/09 Financial Plan is being developed by Raftelis based on the original timelines.
As was reported at the last RWRAC meeting, the Department has had a decrease in connection fees. The Department has responded to this decrease by reducing its Capital Improvement Program (CIP) budget. Connection fees are a one time revenue that should be used for one time expenses. Their purpose is to expand the conveyance and treatment systems within the total wastewater system. The Department has actually reduced its CIP budget in a greater amount than the reduction in connection fees. User fees are used to operate and maintain the County's sewer systems.

The week of November 5, 2008, the Department was instructed by the County Budget Office to develop a plan to reduce the current Operations and Maintenance (O&M) budget by approximately $2 million. The Department must submit its plan by December 1, 2008 to the County Budget Office. The Department will have a chance to explain what the impact will be when the expenditure authorization is reduced.

Mr. Nichols then introduced Harold Smith and Bart Kreps who provided a PowerPoint presentation on the draft preliminary results of the 2008/09 Financial Plan rate model.
In his presentation, Harold Smith identified some of the key assumptions used by Raftelis to forecast – develop a financial rate model that takes into account all of the Department's costs and revenues and determines what types of rate adjustments need to be made in order to align those revenues with the costs. It also looked at some of the key assumptions that were used in that forecast, revenue requirements, what the Department's costs are (both O&M and CIP), and then looked at scenarios for how Raftelis is proposing to address the Department's need for rate adjustments over the upcoming year.

Harold Smith then reviewed the challenges currently facing the Department that we were not aware of at the time of the 2007/08 Financial Plan. He informed Committee members that actual connection fee and user fee revenue current collected from FY 2007/08 was $4.9 million lower than budgeted. The Department has to make up this shortfall as it moves into the coming fiscal year and, based on collected revenue, connection fee revenue for FY2008/09 are projected to be $11.9 million less than budgeted.

The 2007/08 Financial Plan talked about bridging the gap between the time the Department got the 2008 Bond Authorization and when these 2008 Bonds could be sold with some Certificates of Participation (COPs). However, now the COPs are being used for another financial purpose to allow the County to stay under the County's expenditure limitation. The anticipated interest payments associated with the COPs will result in approximately $2.25 million of debt service in FY 2008/09 and $1 million in FY 2009/10 that was not identified in the 2007/08 Financial Plan. Due to the fact that the bond authorization that was anticipated to take place in 2008 has now been moved to 2009, some projects the Department anticipated funding with bonds (both in the current year and in FY 2009/10) are going to have be paid for with System Development Funds (cash).

Corey Smith asked what percentage of user and service fees are as a result of lowered connection fees. If you have fewer connections, you will also have fewer user and service fees for the households that are not connected to the sewer system – what is the shortfall as a result of this? Harold Smith did not feel that a lot of the shortfall in user fees in FY 2007/08 were the result of fewer connections, but it would in the future.

The next challenge is the decline in connection fee revenue in FY 2008/09. The CIP budget for this fiscal year included projections of $32.8 million in Connection Fee revenue. Based on the revenue collected since the beginning of this fiscal year, current projections for annual connection revenue are approximately $21 million, which leaves an approximately $11.9 million shortfall.

Mr. Smith asked if Raftelis anticipated connection fee revenue being flat for the balance of the fiscal year – increased or decreased?. Harold Smith said Raftelis is projecting connection fee revenue to be pretty constant over the year.

The Department needs to recover the revenue it is not getting from connection fees from user fees and service fees. Harold Smith informed Committee members that this would be taken into account as Raftelis does its projections of rate adjustments that will be required.

The Department has about $2.25 million that is being added to its costs in FY 2008/09 and another $1 million in FY 2009/10 that is debt service on the COPs that the County has issued. These cash needs were not anticipated in prior model projections.

The biggest challenge facing the Department is a significant increase in the need to fund projects with cash (despite the fact that the Department has made significant decreases to its overall CIP for FY 2008/09 and FY 2009/10) due to the fact that the 2008 bond authorization became a 2009 bond authorization. In the 2007/08 Financial Plan, a significant number of projects were earmarked to be funded with these bonds. All of the FY 2008/09 projects that were funded with bonds now have to be funded with cash or delayed. Approximately one-third of bond projects anticipated to be funded in the FY 2009/10 CIP now have to be funded with cash. The cash CIP needs in FY 2008/09 are approximately $46.8 million and in FY 2009/10 they are $38.7 million.

Corey Smith asked how much of that is the $97 million that are potential appropriations for CIP budget improvements through the federal economic stimulus package. Mr. Gritzuk responded the Department's request includes the Plant Interconnect, part of the ROMP Program and the biosolids handling at the Ina Road WRF, conveyance system rehabilitation projects and treatment rehabilitation.

Corey Smith asked if the Department received funding of $97 million as requested for the economic stimulus package- - how much could be applied against these immediate cash needs Harold Smith said he would have to review the projects scheduled to go within the economic stimulus package's requirement of 90 to 120 days and determine whether the Department is planning on funding those projects with bonds or cash. Mr. Gritzuk added that the economic stimulus package if it happens means there would be a local share – what the Department has been told is the intent is to spread that cash out. Harold Smith said the Department has to plan as if that money is not going to be available.

Mr. Curley added that the Department asked for economic stimulus money for all of the projects that would need cash. Mr. Nichols added that the Department could provide exact answers when Committee members have individual meetings with staff to discuss the 2008/09 Financial Plan. He commented further that the Plant Interconnect and the Santa Cruz Interceptor Phase III are almost all cash and are included in the economic stimulus package request list.

Harold Smith informed Committee members that the 2007/08 Financial Plan anticipated funding $57.3 million of the CIP with cash. At the beginning of the 2008/09 Financial Plan planning process, Raftelis was looking at funding $98.7 million of the CIP with cash over a two year period. Over the two years, the Department is now looking at funding $85.5

million with cash as opposed to the $57.3 million identified in the 2007/08 Financial Plan. The projections that were presented last year are no longer viable projections in terms of rate increases. Each $1 million of cash funding the Department has to spend each year results in an approximately one percent increase in user fees and service fees.

The 2008/09 Financial Plan rate model is projecting user fee increases in the range of 15.5 percent and 23.25 percent and a service fee increase of 9.5 percent. At this point, Raftelis is not proposing to increase the connection fees and instead using cash the Department has on hand of approximately $43 million to apply toward the funding of those CIP projects.

Bart Kreps reviewed key assumptions included in the rate model and how Raftelis and Department staff are developing the 2008/09 Financial Plan and, in particular, how projections of revenue requirements are being developed in the immediate and longer term planning periods.

Mr. Kreps informed Committee members that in the first two years having to fund a significant chunk of CIP needs up front with cash is what is placing a lot of stress on the rates. Looking out further, there is a large deployment of CIP costs in FY 2012/13 and FY 2013/14, but those costs are assumed to be bond funded which then gets amortized over the term of the bonds.

In those first two years, a significant portion of the CIP is funded with cash and the Department has to raise that either through revenue that is generated annually from rates during that year or from System Development Funds (cash).

Mr. Kreps reviewed two scenarios for rate increases for immediate and future needs. Scenario A assumes a 15.5 percent increase in the user fee only in January 2009, and assumes 15.5 percent increases in both the user fee and service fee in July 2009 and a 15.5 percent increase in the user fee only in January 2010. The user fee is the component of the rate that is based on flows and the service fee is the fixed component.

Mr. Kreps informed Committee members that Scenario B assumes one 23.25 percent rate increase in the user fee only in January 2009 and a 9.5 percent fee increase in both the user fee and service fee in July 2009 and a 9.5 percent increase in the user fee only in January 2010.

In both of these scenarios, the Department would be drawing down its System Development Funds (cash) to meet the additional cash needs for FY 2008/09 and FY 2009/10, but this would not impact the Department's Emergency Reserve.

The rate model is not projecting increases in connection fees. The significant contraction of the construction industry has pointed out the inherent risks and some of the volatility in recovering fees up-front from customers. There has been a significant amount of growth in the County and it makes sense to have connection fees to help in recovery of those growth-related costs. However, in doing so, there is a certain level of risk inherent because when the growth goes away, a lot of the Department's costs are fixed and we have to make up that shortfall.

Mr. Kreps referred to Scenario A, which offers a consistent program of rate increases, in the first two years, and said the Department would be a little short of where it needs to be but would have some reserves available to cover that gap. Under this scenario, by the third year in the forecast, the Department starts building up those reserves back to where they were before. Looking out further, Scenario A has some more moderate increases in place because we have to recognize that the Department is going to be borrowing a substantial amount of money that it will be paying debt service on and it has to be recognized in the rate model. In the near term, Scenario A gets the Department where it needs to be and gets the line up above the Department's revenue requirements to have a sound foundation for the future. Discussion followed.

Corey Smith asked if the recommended user fee rate increase of 23.25 percent would go on forever – if a person is paying $50 and it goes to $70 does it stay at $70 throughout the entire period or does it ever come back down. Mr. Kreps responded the rate model does not assume rates will come back down, but what you do see is you get your rates up to meet those needs and if those cash needs drop off within the next couple of years, then you can start rebuilding up your reserve position.

Corey Smith asked if there were any subsequent rate increases assumed in the 2008/09 Financial Plan rate model. Mr. Kreps responded the rate model left rates flat after the increases in Scenario A and Scenario B for about another one and one-half years and then the Department would see some user fee and service fee increases of about five to six percent per year.

Corey Smith asked if Raftelis had done an evaluation of rates relevant to Phoenix or other cities in the Southwest. Mr. Kreps responded that information would be included in the 2008/09 Financial Plan. Last year the County's rates compared favorably with other cities in the Southwest.

Mr. Carlson suggested that future 2008/09 Financial Plan presentations should show the outer limits of what might happen – the worst and best case scenarios.

Corey Smith felt the rate model's biggest assumption is the five percent increase year-over-year in capital construction costs over a ten year period, the Department's debt service on that five percent - incrementally - is a huge amount of money. Mr. Kreps responded there is no question that is a huge driver. Mr. Kreps noted that the 5 percent increase is the average increase over a long period and that the escalation factor was developed based on historical construction cost indices.

Chair Bliven asked what impact the Department is looking at if Marana becomes a DMA and users are no longer paying user fees to the County – does that have a significant impact on the rate model? Mr. Kreps responded that would have to be factored into the rate model. Although Marana does not represent a significant amount of customers and flows, it does represent something. We would need to build that into both the billable flow number and the customer number. The bulk of the Department's costs and short-term basis, at least, are fixed. The only true variable costs are chemicals and electricity if the Department did not treat as much flow –there would be some savings there.

Chair Bliven referred to information earlier that the number of users in Marana are not a significant portion of the user base. So if those users went away, it probably would not affect the revenue very much. But on the flip side, if the Department did not have the treatment facility and those conveyance systems, some of the capital costs may come down also. Mr. Kreps responded that would have to be evaluated as well. Chair Bliven felt these questions would come up with the Board of Supervisors since they are all happening at the same time.

Mr. DeSpain expressed that you could look at this that there is probably not a lot of difference for two years anyway – nothing can happen any faster in Marana's projections so he felt the rate model was pretty well on target for the period of time. After that there could be some minor changes that might occur.

Mr. Gritzuk informed Committee members with the latest user fee increase implemented in July 2008, the average single family residence is paying approximately $23.50/month. The statewide 2007 average was $25/month. As the Department moves ahead with its rate increases, other utilities will have the same type of demands and that statewide average will continue to increase as well.

Mr. Stratton asked what expectations are regarding the timing the Committee needs to make recommendations to the Board of Supervisors.

Mr. Nichols responded a lot is dependent upon the response the Department receives from ADEQ regarding its request to extend the ROMP timeline.

Corey Smith asked if user fee rates are increased 9.5 percent in January 2009, it raises an additional $10 million. Harold Smith responded that this would just be in the user fees, it does not include a service fee increase. Corey Smith said the Department is losing roughly $750,000 per month every month the Department delays implementing the service fee increase. He felt if there was a 30 day window and if the 2008/09 Financial Plan rate just presented assumes a January 2009 implementation of rate increases, it would be appropriate to have a discussion regarding rate increases at the next RWRAC meeting.

Mr. Nichols said that this issue would be included on the agenda for the next scheduled Committee meeting and if there was some response from ADEQ before then we could actually work with the rate model and make a strong recommendation. We could come back to the RWRAC in January 2009 with a recommended rate increase that probably would not take effect until March 2009.

Corey Smith noted that by delaying until March we would be about $1.5 million off this 2008/09 Financial Plan rate model projection already.

Harold Smith said the rate model does not include the ADEQ issue and delaying the ROMP deadlines by five years. It is a very complicated process, it is not simply a process of we can push these projects out five years. A lot of it would mean delaying the Water Reclamation Campus. The Department would still have to spend money on the Roger Road WRF over that five year period to make it last five years longer than we have been planning.

Mr. Gritzuk stressed if the Department did get some type of delay from ADEQ, it would not be a delay in the Plant Interconnect and there would not be a delay in the early work planned for the Ina Road WRF – like the biosolids project. He added that the Department may be able to delay the 12.5 mgd expansion at the Ina Road WRF, but the Department is envisioning that the bulk of the work still has to move ahead. The Department's feeling is that in the next couple of years, there is not going to be a significant difference in what has been presented at this meeting. Regarding ADEQ, Mr. Gritzuk felt it could take an extended period of time before the Agency makes a determination about the Department's request for an extension on the ROMP timelines.

Corey Smith felt a deferral on the part of ADEQ on the ROMP does not affect the Department's budgetary shortfall in the first two years.

A motion was unanimously approved to make a recommendation to the Board of Supervisors on rate increases at the next scheduled Committee meeting.

Mr. Curley informed Committee members that staff would work with Mr. Nichols and Raftelis to prepare a Financial Plan schedule with several alternatives.

Chair Bliven expressed that since he has been on the Committee and the Department has had Raftelis helping with the Financial Plan, it seems like they have had a consistent message about rate increases. He felt by starting this process a couple of years ago, the Department was in much better shape then the impacts would have been if they were just starting the process now.

B. New Items.

1. **Ak-Chin Discharge Prohibition: Arizona Department of Environmental Quality (ADEQ) Triennial Review, Impacts and Options.** Mr. Gritzuk presented an update on the Ak-Chin discharge prohibition issues. He reminded Committee members that at the last Committee meeting, the members were informed of a new regulatory requirement that was to be implemented as a result of part of ADEQ's water quality Triennial Review process. As was reported, ADEQ's draft recommendations included a prohibition of effluent flow to the washes tributary to the Ak-Chin Indian community. The Department submitted comments on the draft recommendations indicating that they would have a huge economic impact on the County as they would on other communities in the same situation.

   The final recommendations that have been issued by ADEQ, and the recommendations will go to a hearing of the Governor's Regulatory Review Committee. ADEQ has removed the two washes that could receive effluent from Pima County and indicated that they want to encourage the dischargers that are impacted by that requirement, to meet with the Ak-Chin Indian community, develop scenarios to comply with that requirement at some future date, and that they would bring forward that requirement in the next Triennial Review. The Department interprets this to mean that we may have about a three year window until the next Triennial Review is completed to come up with ways of diminishing the discharge or going to a zero discharge. The Department also feels by diminishing the discharge it will go a long way with complying with the new requirement in that, if we take a substantial amount of our discharge and divert it through a recharge project or some other means, whatever discharge still goes down the Santa Cruz Riverbed may not reach the Ak-Chin community which is 70 miles away from the discharge of the Ina Road WRF.

   Mr. Gritzuk informed Committee members that the Department is encouraged by this decision and wants to discuss it in more detail with ADEQ.

   Currently, the Bureau of Reclamation owns approximately 41 percent of the effluent being discharged, the City of Tucson (and other municipalities) own about 53 percent, and Pima County owns about six percent. The Department's approach is to get all of these owners together to see how we can work together. To that effect, the Department has met with the Bureau of Reclamation and they have indicated that they want to convert their block of water to credits or cash and they also have a need to use this block of water to shore up other water rights. This afternoon, the Bureau is making a presentation to the County Administrator to review some of the plans and needs that they have and the Department is hoping to partner with them. There will be additional meetings with the other effluent owners to try to encourage this type of approach.

   ADEQ acknowledged that they did not thoroughly evaluate the extent of the economic impact and were unaware of the magnitude of the cost of compliance with the new requirement, which the Department provided them during the Triennial Review process. Discussion followed.

Corey Smith asked if the discharge owners were financially responsible for any improvements that may be necessary to meet ADEQ responsibility. Mr. Gritzuk responded that is the position the County is taking – the owners may take a different position.

Mr. Gritzuk noted that the position taken by the Ak-Chin Indian community is that the quality of water should be equivalent to historical waters that have religious purposes and cultural purposes and that no degree of treatment of wastewater would meet their traditional requirements.

V. FUTURE AGENDA ITEMS. 2008/09 Financial Plan and Evaluation/Recommendation on Rate Increase; Water Infrastructure, Supply and Planning Study; Federal/State Legislative Update; Regional Optimization Master Plan Update; Odor Control Plan Update; Capital Improvement Program Update; Voter Bond Authorization Update; Houghton Area Master Plan Update; and Industrial Wastewater Control Update and Solar Project.

At this point in the meeting, Chair Bliven informed Committee members that staff have created a letter from the Committee to the Board of Supervisors supporting the Ordinance Amendment making Mr. Gritzuk (or his representative) and the Direct of Tucson Water (or his representative) ex officio members of the RWRAC. The Ordinance Amendment will be considered by the Board of Supervisors on December 9, 2008.

VI. CALL TO THE AUDIENCE. Gal Witmer, an architect and project manager with the Gadsen Company, 127 West Franklin, Tucson, Arizona 85701, addressed the Committee. Ms. Witmer said most of the Company's work in Tucson is on the Westside of the Rio Nuevo. The Company is using low flow fixtures and they are not really represented in the fixture count or rate structure when they go to pay their sewer connection fees. The chart represents a value for a 1.6 gallon toilet but the Company is using 1.0 toilets – they are getting LEED points for getting 50 percent down on sewage conveyance. Ms. Witmer informed Committee members that Mr. Nichols and Mr. Wieduwilt suggested that she come to the RWRAC as possibly the quickest way to get this out and see if there is a way to open dialogue and start working on this issue. Discussion followed.

Chair Bliven suggested that the Committee could ask staff to work with Ms. Witmer and see if maybe the connection fees need to be adjusted for some of the LEEDS certified fixtures.

Corey Smith expressed that if we are going to do that it would be good to include graywater systems as well. Chair Bliven commented that the City of Tucson has an ordinance where graywater plumbing is going to be required in 2010.

Chair Bliven added the Department will have to deal with this issue when graywater systems start getting installed and creating greater impact on the wastewater system.

Ms. Seacat said the Water Study is in the Phase II planning process and a report was approved by the Oversight Committee that is going to the City of Tucson Mayor and Council and the Pima County Board of Supervisors next week that recommends the issues in Phase II. These are addressing consistent conservation standards and consistent drought planning and have been grouped according to issue clusters. The first issue cluster is called adaptive management and is looking at consistent standards and the recommendation is that the Oversight Committee be given background technical reports analyzing the issues – for example water harvesting.

Mr. Wieduwilt reminded Committee members that the Department was given direction to develop some low-flow design standards for houses impacted by graywater and that process has been started. The deadline for having low flow standards in place is by June 2009. He noted that the County has a sustainability plan and that is promoting LEEDS certification. He added staff would be happy to present some of the issues next year to the Committee.

There being no further response from the audience Chair Bliven adjourned the meeting.

VII. ADJOURNMENT. The meeting adjourned at 10:00 a.m.