

REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE
December 18, 2008

Committee Members Present:

Sheila Bowen	John Carhuff	John Carlson
Barbee Hanson	Rob Kulakofsky	Corey Smith
Michael Gritzuk		

Committee Members Absent:

Adam Bliven	Brad DeSpain	Marcelino Flores
Armando Membrila	John Sawyer	Mark Stratton
Ann Marie Wolf		

Staff Present:

Ben Changkakoti	Ed Curley	Laura Fairbanks
Mary Hamilton	Suzy Hunt	Jackson Jenkins
Doug Kirkland	John Munden	Jeff Nichols
Karen Ramage	Melaney Seacat	Lorraine Simon
David Smith	Lilian Von Rago	Eric Wieduwilt

Other County Staff Present:

Pat Cavanaugh, Executive Assistant, District I	Harlan Agnew Deputy County Attorney	Chuck Wesselhoft Deputy County Attorney
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- I. **CALL TO ORDER.** Vice Chair Sheila Bowen called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:52 a.m.
- II. **APPROVAL OF MINUTES.** As a quorum of the Committee members was not present, approval of the minutes of the November 20, 2008 RWRAC meeting was continued to the next regularly scheduled Committee 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 will include development of a common set of water policies and water conservation goals.

Ms. Seacat provided Committee members with a review of the remaining milestones for the Study's Phase I. All-day workshops are being held by the Oversight Committee to prepare the final Phase I Report to the City of Tucson Mayor and Council and the Pima County Board of Supervisors. (The next all-day workshop is scheduled for January 10, 2009, from 9 am to 4 pm at the Tucson Association of Realtors, 2445 North Tucson

Boulevard) Ms. Seacat informed Committee members that the Draft Phase I Report will be posted on line at the Study's website. She also reminded Committee members that the joint CWAC/RWAC meeting will be held on January 21, 2009 at 7:30 a.m. to receive a summary of the Study's Draft Phase I Report. (Committee members received copies of the Phase I milestones.)

In addition, three open houses will be held for presentation of the Draft Phase I Report in early February 2009. (Committee members received copies of the flyer announcing the open houses.)

A joint meeting of the City/County Planning and Zoning Commissions to review the Draft Phase I Report will also be held in February 2009. The final meeting of the Oversight Committee to finalize the Phase I Report is scheduled for February 21, 2009. The Final Phase I Report will be presented in March 2009 to the Mayor and Council and the Board of Supervisors. John Carlson felt that the Final Phase I Report should inform the governing bodies regarding the concerns expressed by some stakeholders that they were not represented on the Oversight Committee.

A report with draft recommendations on how to approach the Study's Phase II was presented the week of December 1, 2008 to the elected bodies. The key milestones for Phase II include three issue clusters. The first cluster pertains to adaptive management issues. The second and third clusters pertain to comprehensive planning and water resources respectively. (Committee members received copies of the Phase II milestones.) Phase II will include development of technical reports for each of the issue areas. The Oversight Committee will hold meetings to deliberate on and receive stakeholder input for these technical reports. Phase II of the Study wraps up in October 2009 with a final report on Phase II accomplishments to the elected bodies.

RWRAC members who serve on the Oversight Committee then gave their perspectives on the activities of the Oversight Committee.

Rob Kulakofsky noted that the Oversight Committee received a lot of public comment and that has really influenced him and the way he looks at the work of the Oversight Committee. Barbee Hanson asked Mr. Kulakofsky to expand on his comments. Mr. Kulakofsky responded that there was a significant amount of information on water harvesting presented through public comments. He said he did not know that there was so much potential water savings available – both private and public – through water harvesting.

Mr. Carlson asked about the amount of effluent that goes to the Ak-Chin community and the comment that the Department could control it to a certain extent. Mr. Carlson asked how do you measure it – is it all surface flow or do you measure sub-surface flow which in some situations can be quite significant? He informed Committee members that this issue came up at the Oversight Committee meetings and he sensed that there is a lot of pressure by environmental groups to make sure that there is water set aside for the desert ecosystem.

Ms. Seacat also distributed information about opportunities for providing input on the Final Phase I Report to Oversight Committee members. She noted that the written comments from the public and the issue response papers prepared by staff in response to questions from the public are on the Study's website. A working copy of the Draft Phase I Report is also on the Study's website.

Mr. Carlson acknowledged Ms. Seacat's efforts and said she deserves a lot credit for getting this information in place.

2. **Current Status of Regional Optimization Master Plan.** Mike Gritzuk, Department Director, provided an update on the current status of the Regional Optimization Master Plan (ROMP). He informed Committee members that he, Chuck Huckelberry and John Bernal met with Arizona Department of Environmental Quality (ADEQ) senior management on December 8, 2008 concerning the County Administrator's request to extend the ROMP regulatory deadlines by 5 years in light of the current economic slowdown.

Mr. Gritzuk presented the PowerPoint presentation that was presented on December 8, 2008 to ADEQ. (Committee members received copies of the PowerPoint presentation.) The primary function of the ROMP is to upgrade the Ina Road Wastewater Reclamation Facility (WRF) and Roger Road WRF. This includes developing the optimal treatment process and plan to comply with regulatory requirements for effluent reduction of ammonia and nitrogen, master plan future regulatory requirements, determine the long-term treatment capacity needs of the County, develop a regional plan for the treatment, handling and reuse of system biosolids and bio-gas; develop a detailed implementation schedule to meet regulatory implementation deadlines; and develop a financial plan to support the systems' regulatory and other needs for the next fifteen years. Upgrades for regulatory requirements are to be operational and in compliance with ADEQ requirements at the Ina Road WRF by 2014 and at the Roger Road WRF by 2015.

The ROMP includes the Ina WRF upgrade and expansion project which will increase the capacity of this facility to 50 million gallons per day (mgd) and also convert the existing processes at Ina to the new Bardenpho process to bring nitrogen and ammonia levels down. The Department will centralize all biosolids processing and handling at the Ina Road WRF, as well as bio-gas utilization. The new Water Reclamation Campus in the vicinity of the existing Roger Road site, includes a new 32 mgd Bardenpho treatment process and will house the central laboratory facility and may be a showcase for cultural and biological resources. Some environmental enhancements could include adjacent parks, natural areas and economic development as well as the County's solar energy project. The Plant Interconnect will connect the Roger Road WRF to the Ina Road WRF. The intent of the Plant Interconnect is to convey wastewater from the Roger Road service area to the Ina Road WRF where there is more treatment capacity available.

In the December 8, 2008 presentation, the County wanted to demonstrate to ADEQ that it has aggressively moved ahead with the implementation of ADEQ's regulatory schedule. A detailed list of the contracts that have been awarded for the ROMP Program was provided. These include:

- In March 2008, the Department retained the Wall Street law firm, Hawkins, Delafield and Wood, LLP, to help with project delivery methods and provide legal assistance primarily in the development of service agreements.
- Negotiations are underway with the contractor, Sundt/Kewit, for a guaranteed maximum price (GMP) to move ahead with construction of the Plant Interconnect. Mr. Gritzuk was hopeful that contract would be in place by the end of January 2009.
- MWH Constructors, Inc., is the Construction Manager At Risk (CMAR) for the Ina Road WRF upgrade and expansion project.
- In November 2008, the Board of Supervisors awarded the project management services for this project to the contractor, Jacobs, Fields Services of North America, Inc.

- In November 2008, the Department selected the contractor, EMA Services, Inc., for the Supervisory Control and Data Acquisition (SCADA). Negotiations are underway for the SCADA Master Plan.

The ROMP Planning level estimated cost, which was \$536 million (2006 dollars) resulted in the ROMP budget now of \$720 million (assuming an inflation rate of 5 percent for construction contracts). The Department's intent is to bring all of ROMP within that budget. This budget will increase to over \$1 billion when bonding/debt service is added.

The bulk of funding for the ROMP Program would come in the Department's requested \$565 million 2009 Bond Authorization. This includes \$440 million for the ROMP and \$125 million for other capital needs. The Department would also need bond authorizations in 2012 and 2016 to complete the ROMP Program. The Department's concern is the ROMP funding "hump" in FY 2009/10 through FY 2013/14 – the Department needs to raise a lot of money in a very short time to meet ADEQ's existing compliance schedule. The Department needs rate increases to support that debt service.

The Department's budget for FY 2008/09 includes \$22.6 million for debt service and the Capital Improvement Program (CIP) budget is approximately \$120 million. If the Department proceeds with this CIP as projected, the debt service is projected to grow in less than 10 years to \$124.6 million, which is equivalent to the Department's current overall Operations and Maintenance budget.

Mr. Gritzuk informed Committee members that the Department has projected rate increases to user fees every 6 months through 2014 to support the entire CIP, primarily involving the ROMP.

Recent conditions have adversely impacted the Department's 2007/08 Financial Plan:

- The Department anticipated a 2008 Bond Authorization that was postponed to November 2009. Mr. Gritzuk informed Committee members that the week of December 8, 2008, the County's Bond Advisory Committee made a recommendation to the Board of Supervisors that the County precede with a 2009 Bond Authorization.
- In FY 2007/08 and FY 2008/09, the Department projects a total shortfall in its budgeted revenue both in user fees and connection fees. The shortfall is projected to be \$16.8 million. Much of this was the result of the slowdown in the building industry.
- Interest payments through the use of Certificates of Participation (COPs) resulted in an additional \$2.25 million of debt service in FY 2008/09.
- To continue with committed capital projects and the ROMP schedule, the Department has additional capital cash needs of \$46.8 million in FY 2008/09 and \$38.7 million in FY 2009/10. With the shortfall, the Department would be using up more of its cash reserves in order to continue its programs.

Raftelis Financial Consultants has developed two rate increase scenarios, Scenario A and Scenario B, to meet the Department's immediate and future financial needs. Scenario A would increase the user fee by 17.5 percent in January 2009 and then increase the service fee and user fee by another 17.5 percent in July 2009. Even with this increase the Department would still have to drawdown on its cash reserves by \$44 million. Scenario B would increase the user fee by 23.25 percent in January 2009 and then increase the service fee and user fee by 9.5 percent in July 2009. It was noted by Jeff Nichols, Administration and Finance Deputy Director, that these figures have been adjusted slightly since the presentation to ADEQ was made. Under this scenario, the Department would need to drawdown its cash reserves by \$44.3 million.

Mr. Gritzuk reviewed the recommendation proposed in the December 8, 2008 meeting with ADEQ. The Department is in the process of having the latest Ina Road WRF (12.5 mgd) expansion re-rated to a capacity of 17.5 mgd. The Department feels it can meet the regulatory requirement with this 17.5 mgd expansion by the end of 2009, whereas the current compliance date is 2014. Given this, the Department requested postponing the remaining Ina Road WRF process conversion and expansion to 50 mgd from January 2014 to January 2019. The Department would continue with its current aggressive schedule to have the Plant Interconnect operational by December 2010. The Department's proposal to ADEQ also included delaying the replacement of the existing Roger Road WRF with the new Water Reclamation Campus from January 2015 to January 2020.

The proposed modifications would increase the probability of success for future bond authorizations and dampen projected rate increases. This would be an indication to the rate payers that the Department is taking into consideration the current economic conditions. It would increase the probability of successful program delivery because the Department would have more time to move ahead with the ROMP Program. There would be a significant reduction in immediate capital cash needs, and there would be increased inter-generational equity (those benefiting from the facility improvements would pay for them).

Mr. Gritzuk felt that ADEQ was quite impressed that the Department was moving ahead with meeting the Agency's regulated schedule and the work that has been accomplished to-date. However, he informed Committee members that if an extension was granted, ADEQ indicated that they would want a much more detailed schedule (similar to what would be included in a consent order), that would be included in new Arizona Pollutant Discharge Elimination System (AZPDES) permits. ADEQ considered the Department's request and decided that a 5 year extension was a stretch, and if the Department submitted for a 5 year extension it would not be supported by ADEQ. However, because of the economy and financial conditions outlined in the meeting, the Agency could support a much shorter extension of 1 to 2 years with no guarantees. The Department would still have to go through a formal process to make this request and there was no guarantee that the request would be granted even for this period of time.

The County Administrator subsequently recommended to the Board of Supervisors, because of the response from ADEQ, that we have no choice but to move ahead with the current ROMP Program and schedule and the proposed rate increase requests.

Mr. Gritzuk informed Committee members that the Department's average residential customer is currently paying less than \$25 per month for sewer service. Of that amount, the fixed service fee is approximately \$7. At the December 8 meeting, ADEQ informed County representatives that Lake Havasu City, Arizona had to construct an entirely new conveyance system and sewage treatment facility. The average Havasu City residential customer is paying approximately \$60 per month for sewer service and the fixed service fee is \$30. Discussion followed.

Mr. Gritzuk also informed Committee members that the Department is aggressively advocating for the proposed federal economic stimulus package and has submitted projects to get on a list of stimulus projects. The way the economic stimulus package would be administered in Arizona would be through the State Revolving Loan Program. If it occurs, the way ADEQ is looking at it, it would be loans instead of grants.

Corey Smith asked what the penalties were for failing to meet ADEQ's regulatory timelines. Mr. Gritzuk responded if the Department failed to meet any one of the

regulatory dates, ADEQ would negotiate a consent order with a lot of detail and dates as to what has to be accomplished and when. Each one of those dates has a stipulated penalty if the dates are not met (e.g., if the Department missed submitting a report, there could be a stipulated penalty of possibly \$2,000). Mr. Smith asked what the penalty would be for complete failure to meet the deadlines. Mr. Gritzuk responded it could be in the millions of dollars in penalties. Mr. Smith said with the ROMP's \$1 billion price tag, \$5 million would not be a big amount.

Ms. Hanson commented that the Department would still have to build the ROMP, it is not like the Department would have the option of not building the facilities and just pay the financial penalties.

Mr. Gritzuk said the difference between a consent order and a consent decree is that a consent order is negotiated directly with ADEQ. A consent decree is the next level up and that is negotiated in the courts and a court monitor is assigned to oversee that. The Department would see a diversion of its resources to regulatory compliance rather than moving ahead and doing the ROMP Program.

Chuck Wesselhoft, Deputy County Attorney, informed Committee members that under federal law, there is a \$37,000 per day penalty for each violation for each parameter. Harlan Agnew, Deputy County Attorney, added that there is a penalty policy where they would calculate what the Department would gain as a benefit from not building. They have a bottom line minimum that you have to pay. He said there is never an economic benefit for not building.

Mr. Carlson asked if the Department's only problem was money and whether it can meet ADEQ's original schedule if it had the money. Mr. Gritzuk responded in the affirmative. He felt the Department was ahead of schedule with the overall ROMP Program.

3. **Update on System Wide Odor Control Program.** Mr. Gritzuk presented an update on the Department's System Wide Odor Control Program. Just recently, the Department completed development of the website that is part of the Odor Control Management Program that will provide the community with another avenue to ask an odor question or file an odor complaint. In addition, the Department just received delivery of the odor monitoring system, Odor Watch, that will be installed at the Roger Road WRF site. The Odor Watch system will provide automatic (around the clock) odor monitoring. It records concentrations of various odors in addition to hydrogen sulfide. Mr. Gritzuk was hopeful the equipment would be operational by the end of January 2009. The Department has a dedicated staff that manages the Odor Control Program.
4. **2008/09 Financial Plan Update.** Jeff Nichols presented the 2008/09 Financial Plan Update.
 - **RWRAC Recommendation on 2008/09 Financial Plan.** Mr. Nichols informed Committee members that while the regulatory relief from the ADEQ regulatory timelines would have helped in both the delivery and financial impact on the Department's customers, as Mr. Gritzuk mentioned, the Department is on track to delivery the ROMP under the current regulatory timelines. Normally, at this point in the year, the Department would be going to the Board of Supervisors requesting a rate increase so that it could take effect in January. He reminded Committee members that at the last RWRAC meeting, Mr. Smith noted that each month a rate increase is delayed, it is a loss of approximately \$750,000 per month.

Mr. Nichols referred Committee members to the draft 2008/09 Financial Plan schedule which was provided by staff at the meeting. The Department is suggesting holding the public meeting on either January 13 or January 14, 2009, and immediately following the public meeting holding a regular meeting to make a recommendation to the Board of Supervisors on rate increases. Committee members were asked to advise Suzy Hunt, RWRAC Coordinator, of their preferences for the public meeting date.

Since the Department's December 8, 2008 presentation to ADEQ, Raftelis made some revisions to the proposed rate increase scenarios that are included in the draft 2008/09 Financial Plan, which Committee members received prior the meeting. Scenario A now reflects rate increases of 16.75 percent to the user fee occurring on January 1, 2009, July 1, 2009 and January 1, 2010. Scenario B would be a larger rate increase of 25.25 percent to the user fee in January 2009 and more moderate increases of 9.25 percent in July 2009 and January 2010. This Scenario would generate more revenue upfront and provide flexibility to use additional reserves to reduce the level of rate increases in FY 2009/10.

Mr. Nichols said the Department was looking for discussion on the Financial Plan and public consideration on the proposed January 13 or January 14 dates. He added that it is critical for the Committee to have a quorum of the members present at that meeting.

Mr. Nichols also informed Committee members that some additional tweaks will be made to the draft Financial Plan. As an example, the Department is looking at the design-build-operate (DBO) procurement method for design of the Water Campus. With the DBO procurement method, the upfront costs and design is much flatter until construction starts so it provides some "wiggle" room. Raftelis is evaluating that.

Semi-annual increases to connection fees and user fees are time consuming from a staffing perspective both for the County and the City of Tucson Water Department. Each time there are rate increases, Department and Development Services staff have to make adjustments to billing software programs as does Tucson Water staff. Mr. Nichols preference would be to have annual rate increases at some point in the future.

Mr. Nichols informed Committee members that the Department feels its current connection fees are paying for the increased capacity needed within the sewer system. Within ROMP, there is a little increase in capacity (approximately 3.5 mgd) because the Roger Road WRF is reduced from 41 mgd down to 32 mgd while we increase the capacity by 12.5 mgd at the Ina Road WRF. Some new capacity is also provided within the conveyance system by adding the Plant Interconnect – a portion of that project would be paid for through connection fees.

Mr. Nichols reiterated that one-time revenue should be used for one time expenses. The decrease in the housing market and the falling off of connection fees has demonstrated this is not a very stable revenue source to deliver programs. Mr. Nichols solicited for Committee members' questions and comments either now (at the meeting) or following the meeting via email. Discussion followed.

Vice Chair Bowen asked if connection fee increases are anticipated for FY 2009/10 but not in FY 2010/11. Mr. Nichols responded that the current draft 2008/09

Financial Plan does not recommend rate increases to the connection fees. What the Plan does recommend is reviewing those fees annually.

Mr. Nichols also informed Committee members that the Department is conducting a study of the way connection fees are calculated. Currently, connection fees are calculated on a per fixture unit basis. Many utilities calculate fees on meter size. Vice Chair Bowen commented that the Department might lose some fees if a remodel was done. Mr. Nichols agreed and said his only requirement would be that any change in the way the Department calculates the connection fees is revenue neutral.

- **Selection of RWRAC Public Meeting Date.** Committee members discussed potential meeting dates. Mr. Smith asked about the process for approving the Financial Plan. Ed Curley, Strategic Planning Manager, responded that the normal procedure is that the RWRAC holds the public meeting and then the Committee holds its regular meeting immediately following the public meeting at which time the Committee makes a recommendation to the Board of Supervisors. That recommendation would go forward with the 2008/09 Financial Plan to the Board of Supervisors.

Vice Chair Bowen asked if initially ADEQ were to give some relief on the regulatory timelines, there would still be an element where the Department would have had to move forward with rate increases. Mr. Gritzuk responded the Department would have moved ahead with the earlier rate increases. Mr. Nichols added that even if the Department got relief from ADEQ, it would need to move forward with the Plant Interconnect to relieve the stress on the Roger Road WRF and within portions of the conveyance system. The majority of the Santa Cruz Interceptor, Phase III, is a cash funded project that needs to go forward to relieve the stress currently experienced on the Northwest Outfall. The Avra Valley WRF expansion project also needs to be completed. Significant rate increases would still have been necessary; however, the Department could have dampened those increases and maybe recommended single digit rate increases if regulatory relief had been granted.

Mr. Gritzuk is anticipating, after the RWRAC Public Meeting, the Board of Supervisors would consider the Financial Plan on February 17, 2009. He encouraged RWRAC members to attend this Board meeting.

Vice Chair Bowen asked if it turns out that it is more favorable to have annual rate increases, how that would be addressed in the Financial Plan? Mr. Nichols responded the Financial Plan provides two scenarios, but the Committee can also add its own options. He reminded Committee members that if the County did not go forward with the 2009 Bond Authorization, in order to raise the rates to level needed to deliver the ROMP, the Department said it would need a 70 percent increase in fees. He said the Department is very much counting on the 2009 Bond Authorization. He informed Committee members that at the last Bond Advisory Committee meeting, the members were unanimous in their support. The Bond Committee and the audience wanted the Department to go forward with the bond authorization.

Mr. Kulakofsky asked if the Department discussed that we will have to have rate increases even if we get full bond funding approved in November 2009. Mr. Nichols responded the County Administrator did share the results of his meeting with ADEQ and let the Bond Advisory Committee know that the rate increases even with a bond authorization would be significant.

Mr. Kulakofsky said the Bond Committee needs to have full disclosure and understand that the Department is going to need rate increases whether or not the voters approve the 2009 Bond Authorization. He felt it was important for the Bond Committee to be fully aware of the plans for rate increases and the rationale for these increases. He noted that if we come forward with a substantial rate increase at the beginning of the process, the subsequent rate increases can be a smaller percentage – it would be harder to get the first increase, but the subsequent ones will be easier.

Mr. Nichols informed Committee members that the Bond Committee is holding their next scheduled meeting in February 2009. He said the Department could ask to get on that agenda to present its Financial Plan to the Bond Committee, which would be soon after the RWRAC holds its public meeting. He added that the Department is discussing the possibility of maybe bringing forward a recommendation to the Board of Supervisors letting them show their support for the ROMP. He felt that the ROMP is not only in line with the ADEQ regulatory requirements, but is also in line with the County's Sustainability Plan and the environmental positions of the County.

John Carhuff asked if in the current ROMP implementation costs there is a 5 percent inflation factor built in. In the scenario proposed to ADEQ where completion of the ROMP is moved further into the future, is it still 5 percent? Mr. Gritzuk responded in the \$536 million that was the inflation figure used. When the Department moved ahead and developed the ROMP implementation plan and identified all of the individual construction contracts, the Department took those figures and tested those estimates again. For each construction contract, the Department did inflate the cost to the mid-point of construction. In those areas there is an inflationary factor of 5 percent. Today, that inflation may be going in the other direction and the Department feels comfortable with the \$720 million figure. The projection is that there will be inflation during the course of the implementation of the ROMP Program and the Department is projecting that at 5 percent overall.

Mr. Nichols added that every contract associated with ROMP that the Department has entered into to-date is already at or below budget. In the GMP for the Plant Interconnect, the Department believes that will also come in under budget.

Vice Chair Bowen requested that Committee members notify Ms. Hunt of their preferred dates for the Public Meeting. (Note: Following the Committee meeting, January 13, 2009 was selected for the public meeting.)

B. New Items.

- 1. Industrial Wastewater Control Update.** Doug Kirkland, Industrial Wastewater Control (IWC) staff, presented an update on the IWC. He informed Committee members that IWC runs the County's Pretreatment Program. IWC was formed in 1982 as a result of the Federal Clean Water Act. IWC operates under the Industrial Wastewater Ordinance (Chapter 13.36 of Pima Code) This Ordinance applies to industries that discharge into the County's sewer system and it outlines specific limits on what can be discharged to the sewer system. In 1991, the Ordinance was amended to adopt the pretreatment program changes implemented by the Environmental Protection Agency which required the IWC to develop an enforcement response plan. IWC is currently developing an amendment to the Ordinance to include a fat, oil and grease (FOG) program.

General pretreatment requirements are included in the Code of Federal Regulations (40 CFR 403). These requirements set the ground rules on types and quantities of pollutants

that can be discharged into the publically owned treatment works, which can prevent the pass-through of pollutants or interference in the treatment process.

The IWC Ordinance applies to discharges of non-domestic wastewater. IWC issues specific industrial wastewater discharge permits to industries that have specific discharge limits. Regulated industries include vehicle washing and repair, photo developing, schools and hospitals, food service facilities, metal plating facilities, grocery stores, septage haulers, etc.

The IWC Permit is a contract between Pima County and the permittee. This permit gives the permittee authorization to discharge industrial wastewater to the sewer system, but includes some limits/liabilities. Permits are for 5 years and require the permittee to conduct self-monitoring. If they have any violations there are some notification requirements. If permittees fail notification requirements, they receive a penalty. Legal actions include the ability to assess a penalty (Pima County Code 13.36) up to \$25,000/day for each violation.

In 1991, the Department developed its Enforcement Response Plan that identified how it would handle violations of its Pretreatment Program. Mr. Kirkland reviewed the Enforcement Response Plan and the process for handling permit violations. Penalties may include a non-judicial settlement agreement or a judicial complaint or consent decree. Negotiated settlements are put up for public comment on the agendas for Board of Supervisors meetings. Anyone wishing to comment on the settlement may do so through the RWRAC Director's office. After 30 days, the settlement goes back to the Board for ratification. Mr. Kirkland noted that the Department has had only one comment since implementation.

Mr. Kirkland informed Committee members that grease management has become a big problem for the Department and IWC. When a stoppage occurs, the County's Risk Management Department gets involved because there are typically claims against the County. IWC investigates these claims, because the County wants to recoup some of those costs from industry. The new FOG Program will have procedures to minimize fat, grease and oils from entering drains. Discussion followed.

Mr. Kulakofsky felt one of the reasons the County gets so few public comments is that individuals have to come downtown to read all of the information to determine whether commenting is worthwhile. He felt this information should be made available on-line. He said the reasons this would be good is because it allows for better public comment and it also lets the public know what the County is doing to protect the sewer system and the environment.

Mr. Kulakofsky also asked about self-reporting. What happens to a company that reports a permit overage, and the County instructs on how to address that incident and prevent future problems, but the company keeps having permit overages – at what point does the process go to the next higher level? Mr. Kirkland responded that if a permittee is out of compliance 33 percent of the time or more within a 6 month period, that is a significant non-compliance. The County has not had this type of violation since its Pre-treatment Program was established. Since the establishment of the Pima County Pretreatment Program, no industry has discharged a regulated pollutant that has passed-through the treatment plants to the Santa Cruz River.

Mr. Kirkland informed Committee members that Pima County has been recognized as having one of the best Pretreatment Programs in the country. Other programs have contacted IWC to learn about the Program

Mr. Carlson asked whether IWC makes presentations about FOG to schools when requested. Mr. Kirkland responded IWC makes presentations to schools upon request.

At this point, Jeff Prevatt, Manager of the Compliance and Regulatory Affairs Office (CRAO), presented an update on safe disposal of pharmaceuticals and personal care products. Committee members previously received an update at the August 2008 RWRAC meeting.

Mr. Prevatt informed Committee members that many communities are implementing take-back programs to keep products from going into landfills and into the sewers. He noted that there are 24 take-back programs throughout the United States. At Mr. Gritzuk's request, CRAO completed a comprehensive research survey of take-back programs in the U.S., Europe, Australia and Canada to see how they compared.

Mr. Prevatt said the U.S. has more regulatory obstacles that do not exist in other countries. The three main drivers are: prevent prescription drug abuse (predominantly among teenagers), prevent accidental poisoning, and then prevent damage to the environment and the water supply.

Barriers impeding an improved process in the U.S. include the Drug Enforcement Agency's (DEA) Controlled Substances Act. These are strict regulations on who can dispense and receive drugs. At this point, only law enforcement agencies can receive controlled substances – they cannot be taken back by pharmacies in the U.S. The Medical Waste Management Act dictates that once waste has been collected, the hauler has to have a medical waste hauler license – a hazardous waste hauler is not allowed to dispose of medications. The Resource Conservation and Recovery Act (RCRA) standards dictate that all controlled substances must be disposed of through a witnessed incineration by either a pharmacist or law enforcement. Postal restrictions prevent consumers mailing controlled substances back to any collection site. These regulations are preventing a lot of take-back programs from taking root in the U.S.

Mr. Prevatt noted that consumers in King County Washington were surveyed and 74 percent were willing to participate in some form of a take-back program. 84 percent said they would participate if it was made convenient.

Mr. Prevatt reviewed the changes that have occurred since the last update received by the Committee in August 2008. The Department conducted the research survey in November 2008 that is currently being reviewed by Mr. Gritzuk and John Bernal. On November 8, 2008, the U.S. Office of Management and Budget endorsed an Environmental Protection Agency proposal to relax the RCRA rules, which would reclassify medical waste as universal waste which then would not require witnessed incineration and makes disposal easier. Mr. Prevatt also informed Committee members that the Town of Green Valley, Arizona started a pilot take-back program in November 2008 with boxes set up at fire stations. The boxes are then taken to Carondelet Medical Centers for disposal. On December 5, 2008, the second National Pharmaceutical Dialog meeting was held which was hosted by pharmaceutical companies that had Federal Drug Administration, and Department of Transportation participation to identify obstacles and ascertain options for take-back programs. The DEA has chosen not to participate because they are advocating their own policy and which it indicated would be issued in Spring 2009. A brief discussion followed.

2. **2009 Work Plan.** Discussion/approval of the 2009 Work Plan was continued until the next regularly scheduled meeting. Ms. Hunt requested that Committee members forward suggested items for the Work Plan to her.

V. FUTURE AGENDA ITEMS. 2008/09 Financial Plan; 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 County Solar Project.

At this point in the meeting, Jackson Jenkins, Treatment Deputy Director, informed Committee members that staff was finalizing a request to significantly increase the septage hauler fees by almost 55 percent at the Steptage Receiving Facility and that the IWC Ordinance Amendment would be presented to the Board of Supervisors very soon. The septage rate has not been increased since 1999.

VI. CALL TO THE AUDIENCE. There being no response from the audience, Vice Chair Bowen adjourned the meeting.

VII. ADJOURNMENT. The meeting adjourned at 9:56 a.m.