

REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE
Corrected Meeting Minutes
February 19, 2009

Committee Members Present:

Sheila Bowen	John Carlson	Brad DeSpain
Barbee Hanson	Rob Kulakofsky	Corey Smith
Mark Stratton	Ann Marie Wolf	Michael Gritzuk
Jeff Biggs		

Committee Members Absent:

Adam Bliven	John Carhuff	Marcelino Flores
Armando Membrila	John Sawyer	

Staff Present:

Ed Curley	Laura Fairbanks	Wendy Gort
Mary Hamilton	Suzy Hunt	Jackson Jenkins
Michael Kostrzewski	Jeff Nichols	Karen Ramage
Melaney Seacat	Lorraine Simon	David Smith
Lilian Von Rago	John Warner	Eric Wieduwilt

- I. **CALL TO ORDER.** Vice Chair Sheila Bowen called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:48 a.m.

At this point in the meeting, Vice Chair Bowen welcomed Jeff Biggs, Director City of Tucson Water Department, as an ex officio member of the Committee.

- II. **APPROVAL OF MINUTES.** The Committee approved the minutes of the January 13, 2009 public and regular monthly meetings and the January 21, 2009 joint Citizens Water Advisory Committee (CWAC)/RWRAC meeting.

III. **COMMITTEE/SUBCOMMITTEE REPORTS.**

- A. **Citizens' Water Advisory Committee Update.** Jeff Biggs presented the CWAC Update. Mr. Biggs informed Committee members that Tucson Water's Five Year Financial Plan for FY 2010 through 2014 would be presented on February 25, 2009 to CWAC.

IV. **DISCUSSION.**

A. **Old Items/Updates.**

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

Ms. Seacat informed Committee members that the formal public comment period for the Draft Phase I Report ended on February 18, 2009 with a presentation to a joint meeting of the City/County Planning and Zoning Commissions. Ms. Seacat also reported that three open houses and several speaker bureau presentations were held over the last month. She stated that the Oversight Committee will meet on February 21, 2009 to consider public

input and finalize the Water Study's Phase I Report. This meeting will be held from 9:00 a.m. to 11:30 a.m. at the Tucson Association of Realtors

The joint City/County Technical Team is developing three technical paper clusters for Phase II of the Water Study. These papers will address (and make recommendations on) how to maximize reclaimed water, how to increase water conservation, cooperation and consistency between the City and County; and how to do consolidated drought planning. After review/approval by County Administrator Chuck Huckelberry, City Manager Mike Hein, and the Department Directors, the technical papers will be reviewed by the Oversight Committee. The Oversight Committee will review recommendations included in the technical papers and give feedback and endorsement as appropriate.

RWRAC members who serve on the Oversight Committee then gave their perspectives on the activities of the Oversight Committee. Mark Stratton observed that attendance at the open houses was less than desired.

2. **Regional Optimization Master Plan Update.** Mike Gritzuk, Department Director, provided an update on the current status of the Regional Optimization Master Plan (ROMP).

The ROMP includes the Ina Wastewater Reclamation Facility (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.

CH2M Hill is the design consultant for the design of the upgrade and expansion of the Ina Road WRF, which includes construction services and commissioning of the expanded facility. Design of the Ina Road upgrade and expansion is actively underway. Completion of the design of the interim biosolids portion of this project is approximately 60 percent complete. Completion of the overall design of the project is approaching 30 percent. The contractor, MWH Constructors, Inc., is the Construction Manager At Risk (CMAR) for the Ina Road WRF project.

Mr. Gritzuk informed Committee members that the Department has negotiated a guaranteed maximum price (GMP) with the contractor, Sundt/Kewit for the Plant Interconnect. The Department presented the GMP for approval on February 17, 2009 to the Board of Supervisors. A local pipe manufacturer protested award of the GMP at the February 17 Board meeting. As a result, the Board continued consideration of the GMP award to their March 3, 2009 meeting. (Note: The GMP award was subsequently moved to the Board of Supervisors March 10, 2009 Board meeting to allow extra time in addressing the items raised by the pipe manufacturer.)

The pipe manufacturer is protesting the Department's selection of a resin-type pipe over a locally produced reinforced concrete-lined pipe for the Plant Interconnect project. The resin-type pipe, Hobas, was selected because it has been used by the Department on other projects. This includes the Santa Cruz Interceptor, Phase I and Phase II. This pipe

will also be used for the Santa Cruz Interceptor Phase III. The Department will be meeting with the protesting contractor; however, the contractor does have the right to submit a formal protest with the County Procurement Department.

The negotiated GMP for the Plant Interconnect project is \$25.2 million. The budget for the project is \$27 million. The Department received some cost estimates as high as \$33 million.

The Department selected the design-build-operate (DBO) project delivery method for the Water Reclamation Campus. Request for Qualifications for the Water Campus DBO are currently being advertised. Mr. Gritzuk anticipated a pre-submittal meeting would be held the week of February 23, 2009. Canadian, French, and U.S. firms have ~~submitted bids on~~ expressed interest in this project.

Mr. Gritzuk informed Committee members that the Department is considering the DBO project delivery method for the power plant because we have received information indicating that constructing a new power plant versus upgrading the existing power plant would be more cost effective. The power plant would be constructed in the vicinity of the existing power plant. Mr. Gritzuk anticipated this project would be advertised very shortly. Once the power plant gets advertised, all of the major ROMP projects will be either underway or in advertisement.

3. **System Wide Odor Control Program Update.** John Warner, Conveyance Deputy Director, presented the Odor Control Program Update. Mr. Warner informed Committee members that in January 2009, a vapor phase carbon adsorption process was put into operation at the Silverbell Golf Course. This process solar powered system, the first one to be installed by the Department, is performing well – eliminating odors and complaints in the vicinity of the 18th hole tee (at the Santa Cruz Siphon) location since installation.

Mr. Warner also informed Committee members that the Department's odor complaint website has been operational since December 2008. So far no odor complaints have been received through the website. Staff will be working to inform the public about this on-line service which can be accessed 24 hours/day and 7 days/week. The URL for the Department's Odor Reporting website is <http://dot.pima.gov/www/apps/odorreporting/>

The week of February 9, 2009, the OdoWatch® system went into operation at the Roger Road WRF. The Department is the first utility in the U.S. to purchase this technology. The System allows staff (based on real-time data) to determine the source of odors in the vicinity of the Roger Road WRF and to proactively abate them by operational means. Mr. Warner anticipated he would be able to share additional information about the success of the OdoWatch® system at the next scheduled RWRAC meeting. Discussion followed.

Anne Marie Wolf reported that, for about a month, residents in the area of Grande and A Mountain have made unsolicited reports about "sewer gas smells" to her and staff from her company who make home visits on environmental health issues. Ms. Wolf offered to assist residents with submitting complaints via the odor complaint website. Mr. Warner responded complaints can also be emailed or phoned in 24/7 (for those that do not have access to a computer) to 326-4333.

4. **2008/09 Financial Plan Update.** Jeff Nichols, Administration and Finance Deputy Director, presented the 2008/09 Financial Plan Update. On February 17, 2009, the Board of Supervisors accepted the Department's FY 2008/09 Financial Plan. Mr. Nichols expressed his appreciation for the Committee's support and input on the Financial Plan.

The Board of Supervisors also approved the Financial Plan's Scenario C. Scenario C includes one dollar and fifty cents (\$1.50) increases in the base Service Fee (which is currently \$6.82 per month) in March 2009 and January 2010 as well as twelve and three quarter percent (12.75%) increases in the volumetric fee in March and July 2009, and January 2010. This Scenario increases the typical residential customer's sewer bill by \$3.21 with the first increase, almost \$2.00 in July 2009 and \$3.68 in January 2010.

Mr. Nichols also informed Committee members that the Board of Supervisors approved Scenario C with the caveat that the Department will review its financial position relative to connection fees and come back to the Board in December 2009 and see if some adjustments can be made to increase connection fees in January 2010. Mr. Nichols anticipated that if the economy is looking better at that time, the Board would entertain an increase in connection fees and maybe a decrease in the user fees recommended in the FY 2008/09 Financial Plan.

The Board of Supervisors indicated they were pleased that the Department recommended a slight modification to the Sewer Outreach Subsidy (SOS) Program to include the base Service Fee. After the proposed modification to the SOS Program and the base Service Fee, residents most in need of assistance would actually pay less of a monthly sewer bill after all of the rate increases through January 2010. Mr. Nichols reported that the Department also made a commitment to the Board to work with the Pima County Community Action Agency to make the SOS Program more user friendly. He said a link will be added to the County's main website to provide detailed information on how to apply for the SOS Program. Staff hours will also be adjusted to include some afterhours times. Mr. Nichols felt the impact on user fee revenues would not be significant.

The Board of Supervisors also directed the Department to actively pursue Federal Stimulus Package Funding. Mr. Nichols informed Committee members that Mr. Gritzuk and he met with Water Infrastructure Finance Authority (WIFA) executives and presented approximately \$98 million of CIP projects. The Department is going to make a request to the WIFA Board in April 2009 to be included in WIFA's funded list.

Mr. Nichols informed Committee members that the Department has approximately \$28.9 million remaining of its 2004 Sewer Revenue Bond Authorization. On February 17, 2009 the Board of Supervisors authorized County Finance to sell the remainder of the 2004 Sewer Revenue Bonds. On February 18, 2009, Mr. Nichols met with County Finance and requested that they only go forward with the sale of \$18.9 million of the Sewer Revenue Bonds and leave \$10 million of the Sewer Revenue Bond Authorization available for the potential WIFA loan.

Mr. Gritzuk said all indications are that \$4 billion of the \$700 billion Federal Stimulus Package is for clean water projects. Of that \$4 billion, Arizona will receive 0.68 percent or \$27.2 million. WIFA executives indicated to Mr. Gritzuk and Mr. Nichols that they thought the \$27.2 million of Stimulus funding would need to be spread across the State and focused on those communities that were considered communities in hardship and communities that do not have the ability to get their own bond authorization or other funding sources. At the meeting with WIFA, Mr. Gritzuk and Mr. Nichols also requested wastewater projects be considered for grant funding if allowed under the Stimulus Plan, or low-interest or no-interest loans. Discussion followed.

Barbee Hanson also attended the February 17, 2009 Board of Supervisors meeting. She expressed that it was very good news that the Board approved the rate increases.

Vice Chair Bowen informed Committee members that Chair Bliven attended the February 17, 2009 Board meeting, and that he relayed to the Board of Supervisors Committee members' comments on the desire to re-evaluate the increases in the connection fees at a later date. Vice Chair Bowen noted that the motion was amended to include that concept.

John Carlson asked for further clarification on the role of WIFA and distribution of Federal Stimulus Package funds. Mr. Nichols responded the U.S. government is using all of the state revolving funds as a way to distribute the funding for both water and wastewater projects. Mr. Gritzuk added that the Department has been following the status of the Stimulus Package along with the Department's Washington, DC consultant. He informed Committee members that the Department has been advocating that a portion of those funds should at least go to grants rather than all loans. He said there is a provision in the Stimulus Package law that allows for grants, but the indication from the State is that they want to do loans only because they can spread the money around.

Mr. Carlson asked if there was something Committee members could do as individuals. Mr. Gritzuk responded that the Department is under direction from the Board of Supervisors to pursue grants and funding from the Stimulus Package and the Department is being very aggressive in that endeavor. Mr. Gritzuk commented further that there is \$4 billion on the clean water side that will be distributed through the individual state revolving loan programs and \$27 million will be coming to Arizona. There is an additional \$2 billion that will go to the revolving funds on the water side and that allocation formula is different.

Mark Stratton reported that there is also money in the Stimulus Package for the U.S. Corps of Engineers, the Bureau of Reclamation, and the Environmental Protection Agency. He asked whether the Department qualified for any of the Title 16 (Bureau of Reclamation) monies that are available. Mr. Gritzuk responded in the affirmative. He said the Department is looking at all of the other areas. He added there are also packages for green power, and the Department has solar energy projects that we are moving ahead with that may be able to qualify for those funds. In addition, the power plant at the Ina Road WRF with the use of bio-gas should qualify for green power as well.

B. New Items.

1. **FY 2009/10 Budget.** Mr. Nichols provided an update on preparation of the Department's budget for FY 2009/10. He informed Committee members that following the February 17, 2009 Board of Supervisors meeting, the Department forwarded its budget request for FY 2009/10 to the Central Budget Office.

The Department's total budget for FY 2009/10 is approximately \$137 million. The personnel budget is \$37.2 million. Mr. Nichols noted that the Department cut its full-time equivalent positions by 24. He added that, during FY 2008/09, the Department brought over five staff from the Development Services Department to fill positions where the Department had existing needs. Mr. Gritzuk added that the Department was very aggressive in looking at our organizational structure and was successful in eliminating 19 other positions. Discussion followed.

Mr. Nichols informed Committee members that the Department's budget for Supplies for FY 2009/10 is \$8.6 million. The budget for Services and Charges, which includes Depreciation, is \$63.6 million. The budget for Capital Items for FY 2009/10 remains relatively flat at \$4.5 million. The debt service is reduced for FY 2009/10 to \$23.4 million. Mr. Nichols added that most of these costs are not in the Department's control. Out of the \$8 million that the Department's budget increased, approximately \$6 million of it, the Department has no control over.

Mr. Nichols stressed that the Department really worked hard to keep our budget at or below what it was in FY 2007/08. He noted that the Department was under budget last year, and we expect to come in under budget in FY 2008/09 by a significant amount. Those savings role over and assist the Department with funding programs or the Capital Improvement Plan in the next fiscal year.

2. **Capital Improvement Program (CIP) Update.** Eric Wieduwilt, Planning, CIP and Engineering Deputy Director, presented the CIP Update. Mr. Wieduwilt referred Committee members to information about the CIP Program that they received at the meeting.

Mr. Wieduwilt informed Committee members that the Department started with a \$117 million approved CIP budget for FY 2008/09; however, due to the delay of the proposed bond authorization from 2008 to 2009, the Department did a transfer of many projects, delaying their delivery to try to preserve cash. The new baseline budget for FY 2008/09 is approximately \$75 million. Six months into FY 2008/09, the Department is at a \$32.8 million spend rate, which is a little under 50 percent of the baseline budget. Mr. Wieduwilt anticipated the Department would come close to meeting the target goal of \$75 million.

Mr. Wieduwilt reported that the cost projection for the Plant Interconnect is not expected to be met in FY 2008/09. This is due to the Board of Supervisors decision to delay consideration of the award of the GMP Plant Interconnect until March 3, 2009. Another contributing factor to the delay is that the contractor for this project would prefer to delay the material purchases of the sewer pipe until it is needed so we do not have to manage a large stockpile of material for the length of the project. As a result, the Department may see a \$2 million to \$6 million reduction in cash expenditures for FY 2008/09 for the Plant Interconnect.

Mr. Wieduwilt noted that \$54 million of the CIP in FY 2009/10 is dependent on a successful 2009 Sewer Revenue Voter Authorization and bond sale. The Department is working on alternative funding scenarios, but would like to remain optimistic and be able to spend that money in the second half of FY 2009/10. In FY 2008/09 the Department projected spending \$40 million of System Development Fund (SDF) (cash reserves) and that is being reduced to just under \$17 million. With a successful 2009 bond sale, the Department would be able to start conserving cash and leveraging that with bonds. Discussion followed.

Vice Chair Bowen asked how the \$40 million SDF relates to the \$44 million of SDF in the FY 2008/09 Financial Plan that was being used to fund some of the improvements – are those the same funds. Mr. Nichols responded that when talking about the \$44 million in the Financial Plan they would be one and the same. At the beginning of this fiscal year, the Department had \$44 million in SDF. He added that part of the need to raise the rates immediately was to generate SDF between now and the end of the fiscal year and also during FY 2009/10 in order to raise those cash capital needs the Department has within the CIP. He observed further that some of them would be the funds that the Department carried over (the \$44 million) and some of them would be generated by the new fees.

Mr. Wieduwilt referred Committee members to the list that includes the proposed FY 2009/10 CIP. The first list prioritizes every CIP project on the program. Some projects, with an "X" noted on the left column, were pushed into the second half of FY 2009/10 to allow funding from bonds instead of SDF (cash). The second page was sorted by the dollar value of that project for FY 2009/10. He said this list was pretty telling in that there are just a few large projects to deliver in FY 2009/10 and the Department has a total of about 60 projects and most of these are smaller Job-Order contracts that are necessary from a repair/rehabilitation standpoint. Discussion followed.

Mr. Carlson said he sensed that there was a lot of hesitation on when to have a bond election and asked if there was anything the RWRAC or its members could do. Vice Chair Bowen said in her discussion with a community group, they suggested getting out to the public very soon – there was a sense that there was not enough information being presented.

Mr. Gritzuk responded that Department staff cannot advocate the bond issue; however, individual Committee members support would be appreciated.

Vice Chair Bowen asked if Department staff could make presentations before technical groups to provide information about the proposed bond election. Mr. Gritzuk responded in the affirmative. Because of the uncertainty of whether there will be a bond election, the Department is developing a contingency plan of continuing to finance its capital programs – particularly the ROMP. Some of the options being considered are to go to the private sector for financing of certain of the Department's projects. Private sector financial institutions have come to the Department indicating their interest in investing in public sector-type projects. Another option is continued, temporary, financing through the use of Certificates of Participation (COPs). The Department will be developing a formal contingency plan in the event that we do not have a bond issue in 2009, or in the event that there is a 2009 Bond referendum and it fails. Mr. Gritzuk stressed that most of the Department's CIP is regulated and regulatory agencies are not concerned about how you raise the money and the Department has to continue with the regulated projects.

Mr. Nichols said the bond authorization election in November 2009 is critical to the Department's Financial Plan. He noted the impact of not having a bond election in 2008 and the impact it had on the Department's rate structure. He also noted that the County is conducting an internet (on-line) survey regarding the Bond election. (On February 17, 2009, staff emailed the link to the survey to Committee members.)

Mr. Nichols noted that Department staff have given presentations on the FY 2008/09 Financial Plan to the Tucson Metropolitan Chamber of Commerce, Tucson Utility Contractors Association, the Southern Arizona Homebuilders Association, and the Tucson Realtors Association. He added the Department is willing to make presentations to any civic group regarding the importance of the ROMP.

Vice Chair Bowen asked whom organizations should contact to request presentations. Mr. Nichols suggested organizations contact him or Suzy Hunt, RWRAC Coordinator.

Mr. Nichols informed Committee members that staff used the rate model to look at what would happen if we did not get the 2009 Bond Authorization. The rate model indicated that to raise the type of revenue the Department would need to continue with the ROMP, an increase in rates of approximately 40 percent would be needed in January 2010. He added long-term, bond funding costs a little bit more because you have interest expense, but it helps you normalize rates and not increase them as quickly as you would need to by funding the ROMP with cash.

Mr. Gritzuk reminded Committee members that next year, the average residential sewer customer will pay \$29 per month. He added if the 2009 Bond Authorization is not approved by the voters, rates would need to increase by 40 percent or to about \$41 per month, which is a very significant rate increase.

Mr. Carlson suggested that staff produce a fact sheet with this information.

Ed Curley expressed that part of the problem is that usually there is a definitive selection of a date by the County's Bond Committee. Without that decision - whether to go forward with the bond election - there is nothing to get traction on.

Corey Smith commented that it is not the informed person that we need to inform, it is the uninformed person. He expressed that prior to launching a communications effort, the Department should get all of the alternatives in line so that we can talk intelligently as to what the impact would be. If you have a \$1 billion debt service and principal payment necessary and you have 250,000 to 275,000 customers, it equates to \$3,600 that has to be captured over the next 15 years per customer. He added this equates to an average of about \$20 per year rate increase. Mr. Smith said if the Department does not do that, the Department is going to get fines from the Arizona Department of Environmental Quality. He felt that was a fairly straightforward message to get out to the public.

Vice Chair Bowen said many of the technical groups have governmental liaisons that know what the Department's needs are from an infrastructure standpoint, and they can actually be a vehicle to inform the public.

3. **RWRD Solar Project.** Jackson Jenkins, Treatment Deputy Director, introduced Wendy Gort, Technical Services Manager with the Treatment Division. Ms. Gort presented a PowerPoint presentation on the two solar projects that are underway in the Department. Committee members received copies of the PowerPoint presentation.

Ms. Gort informed Committee members that the Roger Road WRF was selected as the site for the County's first solar project under Master Agreements with the Solon Corporation and SunEdison which were instituted in August 2008. The Department selected the Solon Corporation to install solar equipment on 10 acres of land north of the Roger Road WRF. This project is being performed under a power purchase agreement (PPA) and a solar licensing agreement (SLA) with Solon. Once installed, the equipment will generate approximately 1 megawatt (MW) of solar power. Under the PPA, the contractor will own the equipment and the County will lease the contractor the land under the SLA. The power generated will then be sold by Solon to the Department at a specified amount per kilowatt hour (kWh). The cost of this additional power will be included in the Department's regular utility bill, so there is no capital involved.

Ms. Gort said that Solon was selected both because they have a plant in Tucson and they have lower termination fees. Under the agreement with Solon, the Department will pay approximately 9.5 cents per kWh for power over the next 20 years. The 1 MW solar facility will produce approximately 1.9 million kWh per year of electricity for the Roger Road WRF, and will cost the Department around \$3.2 million over the 20-year period. About 40 percent of the power the Department currently purchases from Tucson Electric Power will be produced by the solar facility. Under the Agreement, Solon will setup two educational kiosks one at Roger Road and one possibly at a local library. In addition, a website will be setup so individuals can see what kind of power the solar facility is producing. The solar facility will be set up with net metering at Roger Road – your meter can go either forward or backward – depending on if you are buying power from TEP or sending it back to the grid. The expected completion date for the solar power facility is November 2009.

Mr. DeSpain asked what TEP has offered to pay for the power that the Department puts back on the grid. Ms. Gort responded that Arizona recently implemented net metering rules. She said TEP will trade the Department one kWh for one kWh. At the end of 12 months, if the Department gives TEP more power than the Department takes from the utility, TEP will buy that power at their "avoided cost" which is going to be approximately two cents or three cents per kWh. The Department does not want to sell back power at the

end of a 12-month period, but on a month-to-month basis it is a good trade for the Department to net meter with TEP.

Ms. Gort informed Committee members that the Department is currently negotiating the PPA and SLA with Solon.

Much of the Roger Road WRF was built starting in the 1950s and has been expanded over the years and has a mix of different energy sources. In addition to purchasing power from TEP, the WRF does some co-generation with digester gas and the Department also buys natural gas. The Roger Road WRF is currently on a partial requirement service from TEP, which gives a really high energy rate at the facility. The Department is currently paying approximately 15 cent to 16 cents per kWh from TEP, because we do not buy all of our energy from the utility. This is another challenge of putting another energy facility at this facility. Another challenge is that the solar facility is 5,000 feet from the facility given the ROMP expansion plans.

Ms. Gort informed Committee members that the Department decided to start another solar project because a number of other vendors have indicated their interest in providing solar energy to the County. She added that the Department wants to use solar energy only if it provides a clear economic benefit for the County and the Department.

The County advertised Request for Proposals (RFPs) for the Department's solar project for three sites in December 2008. These include the Roger Road WRF, Ina Road WRF and Corona de Tucson WRF. Companies can submit RFPs for any or all of the sites. If the economics are there, the Department plans to award one project for each site. Pre-proposal conferences and tours were held on January 21-23 and February 18, 2009. Over 30 vendors attended the Roger Road and Ina Road tours. The RFPs are due March 10, 2009. Ms. Gort was hopeful the Department would be able to make a recommendation on the RFPs by June 2009.

In summary, Ms. Gort said that the Department is looking for ways to use solar power and other renewable energy sources to lower its costs. The Department is supporting the County Sustainability energy goals to get 15 percent of the energy used by County facilities from renewable sources by 2025. Even so, the Department already does that with its use of methane. She added that the knowledge gained from these first two solar projects will provide knowledge and experience about solar and renewable energy which will help with future projects. Discussion followed.

Mr. Smith said the University of Arizona Industrial Park is doing a similar project, and offered to provide Ms. Gort with contact information.

Mr. Biggs said that Tucson Water is looking at a similar project and said he would have the Utility's project manager contact Ms. Gort. In addition, he expressed interest in setting up some future joint Pima County and Tucson Water solar projects.

Mr. DeSpain said he would also like to involve the northwest utilities in future solar power joint efforts. He asked in the Department's licensing agreement and power purchase agreement, who would be doing the maintenance. Ms. Gort responded whoever owns the solar facility will operate it. Mr. DeSpain commented further that the U of A's agriculture farm that's going in between Marana and Red Rock is also doing a big solar project for that farm.

Mr. Jenkins added that the County is also looking at a partnership for a very large solar project near the Davis-Monthan Air Force Base. He informed Committee members that Ms. Gort has been instrumental in helping be the liaison for the Department and other projects.

Mr. Carlson asked for clarification on the difference between a contract and a master agreement, and the Department's other solar projects. Ms. Gort responded the master agreements are umbrella agreements that allow Solon and SunEdison to work with all County departments to find solar projects subject to the individual departments' control. She added the Department also decided to pursue projects not under the master agreements, and Solon and SunEdison can bid on these projects as well.

Mr. Gritzuk said early on when these projects were being conceived by the County Sustainability Program, the County entertained proposals from a group of solar energy entities and they entered into two master agreements with Solon and SunEdison. The Department also has been approached by various other consortiums, and made a decision to develop a project to entertain any other technology out there. The project that the Department has under direct control is the one currently being advertised. Vice Chair Bowen requested that Ms. Gort come back and give an update on the solar projects at a future Committee meeting.

Mr. Despain said he would like to encourage that he and Department staff get together and work on low-head hydro for the power plant at the Ina Road WRF.

V. FUTURE AGENDA ITEMS. FY 2009/10 Budget Update; Water Infrastructure, Supply and Planning Study; Federal/State Legislative Update; Regional Optimization Master Plan Update, including Status of Water Campus DBO; Odor Control Plan Update; Houghton Area Master Plan Update; and County and Department Solar Projects Update.

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 reminded Committee members that she spoke at the Committee's November 20, 2008 meeting during the call to the audience. She said her Company is trying to get some alternative fixture rates on the Connection Fee rates to account for people who are using lower-flow technologies. She added that she just wanted to come today to "keep it on the radar." She expressed that she was not aware of what was happening at the Committee level. She had been working with Department staff Karen Ramage in addition to Mr. Nichols and Mr. Wieduwilt. Discussion followed.

Mr. DeSpain suggested that Ms. Witmer contact the Water Conservation Alliance (CASA) Director Val Little for possible collaborative efforts and assistance with information on the most effective water saving appliances. Ms. Witmer responded that her company is meeting all of their gray-water goals and requirements. She said their real issue is that she has a project under construction that is a proposed LEEDS Gold project, and she has already paid \$20 thousand in sewer fees – she was assessed at the same rate as if she was using the same toilets that a developer who did nothing different than the code asked, where as she used lower-flow toilets, etc. They are getting hit with those sewer fees and they are not really getting assessed properly. She said the Company understands that their maintenance costs are lower because they ultimately use less water. She added that she has four tenant improvements that she wants to pull the permits on, and they want to bring out into this economy, but they are trying to balance all of their numbers and she is looking at a \$100 thousand for sewers – maybe it should be \$80 thousand.

Mr. Stratton said he was a strong advocate for water conservation, but on the other side when you are reducing the amount of flow, your sewage strength also increases – so there is a level that needs to be taken into account on additional treatment required. He expressed that the Department needs to make sure they take that into context. He added the size of the facilities are lower, but the

technical component of treating that may be a little bit higher. He said there is a balance and he applauded the efforts being taken by Ms. Witmer and her company in conserving indoor water usage. He said it is something that we need to be looking at, because as we keep moving into the future, there is going to be a continued push for reducing of indoor water use.

Mr. Nichols responded that the Department does have a study of connection fees that is under review by staff. He informed Committee members that Raftelis Financial Consultants assisted the Department with looking at the Connection Fees to see if they could be modified in some way. The Department is considering whether fees should be based on meter size and situations like entities that are LEEDS certified versus the current system which is based on a fixture unit count. He noted that the Company's operations and maintenance costs relating to building go down, and Ms. Witmer's concern is the upfront costs of pulling the permits and connections to the sewer system.

Ms. Witmer added that what she would like to see if sooner rather than later something come of this and go in front of the Board of Supervisors similar to what is happening on the City of Tucson side that they recognize that impact fees – maybe we do not need to get rid of them – but we need to try and help developers figure out ways such as maybe paying them at the end. They are just trying to reduce their costs upfront.

There being no further comment, Vice Chair Bowen adjourned the meeting.

VII. ADJOURNMENT. The meeting adjourned at 9:21 a.m.