

REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE
Meeting Minutes
March 19, 2009

Committee Members Present:

Adam Bliven	Sheila Bowen	John Carlson
Marcelino Flores	Barbee Hanson	Rob Kulakofsky
Corey Smith	Mark Stratton	Ann Marie Wolf
Ivey Schmitz for Jeff Biggs		

Committee Members Absent:

John Carhuff	Brad DeSpain	Armando Membriila
John Sawyer	Michael Gritzuk	

Staff Present:

Ed Curley	Laura Fairbanks	Diana Hofsdal
Suzy Hunt	Jackson Jenkins	Michael Kostrzewski
Jeff Nichols	Melaney Seacat	Lorraine Simon
David Smith	Lilian Von Rago	John Warner

- I. **CALL TO ORDER.** Chairman Adam Bliven called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:51 a.m.

At this point in the meeting, Chairman Bliven welcomed Ivey Schmitz, City of Tucson Water Deputy Director, representing Jeff Biggs, Director City of Tucson Water Department.

Chairman Bliven then informed the Committee that Suzy Hunt, RWRAC Coordinator, was retiring. Chairman Bliven thanked Ms. Hunt for her years of commitment to the Committee and presented her with a commemorative certificate from the Committee.

Suzy Hunt thanked the Committee and introduced Diana Hofsdal, the new RWRAC Coordinator.

- II. **APPROVAL OF MINUTES.** The Committee approved the minutes of the February 19, 2009 RWRAC meeting with one change recommended by Chairman Bliven. Item IV.A.2, Regional Optimization Plan Update, seventh paragraph is changed to read "Canadian, French, and U.S. firms have expressed interest in this project."

III. **COMMITTEE/SUBCOMMITTEE REPORTS.**

- A. **Citizens' Water Advisory Committee Update.** CWAC update was not provided.

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 Oversight Committee met on February 21, 2009 and elected to continue the Phase I Report for one month to continue to provide comment on the Report. The Committee is meeting tonight and will focus on finalizing the Phase I Report. The meeting will be held from 5:00 p.m. to 9:00 p.m. at the City of Tucson IT Building, 465 West Paseo Redondo, Tucson. In addition, the meeting will include a presentation of the first technical paper on drought by City and County staff. The drought technical paper includes recommendations. It is the first in a series of technical reports for Phase II. Discussion followed.

John Carlson inquired as to the status of the water study document regarding Metropolitan Effluent. Ms. Seacat responded that it is an update to Chapter 2 of the Phase I Report which deals with water resources. There were questions at the last meeting regarding effluent so the chapter was revised. Mr. Carlson stated that he felt that this document would be of interest to the Committee. Chairman Bliven asked that copies be distributed to the Committee. Ms. Seacat added that it was also available online.

Ms. Seacat advised that there was a conference at the University of Arizona sponsored by the Water Resources Research Center on March 17, 2009 that was focused on stakeholder engagement. There was a poster session and presentation for the Water Study, and a lot of interest was expressed about the Study.

2. **Regional Optimization Master Plan Update.** Mike Kostrzewski, CIP Manager, provided an update and PowerPoint presentation on the current status of the Capital Improvement Projects (CIP) for FY 2008/09 including the Regional Optimization Master Plan (ROMP).

The ROMP includes the Ina Road 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® [wastewater treatment] 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 WRF 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 more treatment capacity is available.

- **Ina Road WRF Upgrade and Expansion.** Design of the Ina Road upgrade and expansion project is actively underway. The Ina Road ROMP program consists of multiple sub-projects. Among these are:
 - **ROMP High Purity Oxygen (HPO) Replacement System.** This project is in design and will result in a total of 50 MGD (12.5 MGD new capacity and replacement of the 25 MGD HPO with a completely new treatment train). This expansion and modernization project is part of an \$18 million design project with CH2M Hill and includes construction services. This project is on time and on budget.
 - **Power Generation at Ina Road (WRF).** The Department is moving forward with the power generation project at the Ina Road WRF. The Department is looking at both the DBO (Design, Build, Operate) and the DBFO (Design, Build, Finance, Operate) project delivery process.

- **Water Reclamation Campus at Roger Road.** The Department has selected the DBO (Design, Build, Operate) project delivery process for the Water Reclamation Campus.
- **Roger Road to Ina Road WRF Plant Interconnect.** The projected FY 2008/09 construction budget for the \$25 million Plant Interconnect project is approximately \$8.5 million. The Plant Interconnect construction project is the third component of the big projects for ROMP. The guaranteed maximum price (GMP) for the Plant Interconnect was awarded by the Board of Supervisors the week of March 9, 2009. There are still several right-of-way issues. The major one is purchasing a building from California Portland Cement Company as a pipeline will go under the building. We are in possession of the building through condemnation and may need to go to court or mediation to determine the final value of the land. Right-of-way is the only major issue on the entire Interconnect project. There was cooperation with the County Cultural Resources and Real Property Departments to get five miles in easements and right-of-ways.

Mr. Kostrzewski informed Committee members that the Department is trying to get \$10 million Water Infrastructure Finance Authority (WIFA) package including a loan and a grant (debt-forgiveness through the Federal Stimulus Program). The loan would be at an extremely low interest rate. However, if there is stimulus funding involved, the project will require paying Davis-Bacon wages. The Department is going forward to compile a new GMP if the stimulus money comes through so we can re-award the construction contract with no delay in the delivery schedule.

- **Ina Road Interim Biosolids Facilities Improvement.** The Ina Road Biosolids Facilities Improvement project is currently on time within design. This is the interim biosolids, not the ROMP biosolids project. The project is needed to handle the biosolids when the Interconnect is completed and flows start to be transferred from Roger Road to Ina Road. This project is moving to construction (90% design complete). The contractor is MWH and the design consultant is CH2M Hill. This is also a CMAR project. The \$13 million budget for this project requires 2009 bond funding.
- **Avra Valley BNROD (Biological Nutrient Removal Oxidation Ditch) 4.0 MGD Expansion.** The Sundt contract is \$46.3 million for construction. The remainder of the \$56 million total project cost is for Project Management/Construction Management (PM/CM) services, Land Acquisition, and internal labor. As of this meeting, there is approximately \$500,000 remaining in Owner's Contingency. This project is finishing on schedule and under budget, with FY2008/09 budget of \$25.9 million. The contractor should be completely off-site in July 2009. Mr. Kostrzewski felt this is a major accomplishment which the Committee may want to tour once completed.
- **Marana WRF Expansion.** This project essentially has 6 phases; four to be completed in the summer of 2009. The first four phases are: (1) Completion of the Biolac, 0.5 MGD; (2) Installation of the UV Sand Filtration; (3) 100% Design of the Deep Influent Pump Station and Headworks, and a 65% Design of the first 1.5 MGD BNROD; and (4) Final integration of the site due to postponing the building of the first 1.5 MGD ditch, due to current economic/housing conditions. The plant's current capacity is now rated at 0.7 MGD, with the Biolac and the four package plants. Current flows are just over 0.2 MGD. Phase 5 will be the construction of the Deep influent Pump Station and Headworks, and Phase 6 the completion of the first 1.5 MGD ditch design/construction.

- **Santa Cruz Interceptor, Prince to Franklin, Phase III.** Construction of the Santa Cruz Interceptor, Prince to Franklin, will require the 2009 Bond Authorization as the Department does not have System Development Funds (cash reserves) to fund this project. If 2009 bonds become available, the project is scheduled for approximately \$3 million of work that could go forward in January 2010. This project is “shovel-ready”, and if the bond money becomes available, the bid could be awarded in 90 to 120 days.
- **Large Line Rehabilitation and Construction.** The Department has spent approximately \$1 million on large line rehabilitation and construction. We are also rehabilitating two pump stations for approximately \$500,000 total. Several other projects have been identified for this fiscal year.
- **Roger Road Rehabilitation.** Two recently completed projects involve the installation of a backup aeration system for one of the two aeration basins, and application of a cured-in-place pipe to a 30” high—pressure aeration line. This is probably the last major rehab project for Roger Road being funded by the 2004 \$20 million bond authorization.
- **Mission View Wash.** This is a cooperative development between the City of Tucson, PCRWRD, Pima County Regional Flood Control District (PCRFCDD) and a developer. Two large box stores will be built at Park Avenue and 36th Street. PCRFCDD completed their section first, RWRD will construct the sewer portion and the developer will construct a new four lane road with median and turnout lane. The sewer improvement will be an expansion of an existing interceptor to a 40 inch and 42 inch line from 30 and 36 inch line. Completing the work in logical succession was a major objective. The GMP will probably be given out in the next 30 to 60 days.
- **Ina Road Gas Digester Equipment Replacement.** Four compressors and some gas lines will be replaced at the Ina Road facility. The old compressors were out of service, not allowing the power plant to utilize methane gas for electrical power generation. This required the Ina Road facility to buy natural gas from Southwest Gas.
- **CIP Annual Projections.** Based upon Project Manager’s estimates, and as of 02/28/09, the overall CIP spending is projected to be approximately \$75 million for FY2008/09. The CIP total can vary by \$2 million to \$4 million based upon construction schedules, material deliveries, and issuance of Notice’s to Proceed (NTP’s) for large contracts, such as the Plant Interconnect.

Mr. Kostrzewski showed photographs of the Avra Valley WRF Expansion. Discussion followed.

John Carlson asked about the status of Marana wanting to be independent? Ed Curley responded that Marana has officially asked the Pima Association of Governments (PAG) to be the Designated Management Agency (DMA) for their town boundaries/planning area. RWRD is the DMA for all of Pima County with the exception of a portion of the Town of Sahuarita, Marana is asking for the same designation.

Marcelino Flores asked about the Federal Stimulus funds. He noted in the minutes of the February 19, 2009 RWRAC meeting it was stated that the State wanted to distribute the funds where it considered hardships exist. Initially, Pima County, Pinal County and Maricopa County didn’t qualify under some of the transportation maps, but PAG was responding by developing more detailed “hardship” maps.

Mr. Nichols responded that \$27 million in Stimulus Funding have been received by the State related to clean water and will be distributed through Water Infrastructure Financing Authority (WIFA). That money is supposed to be distributed to as many entities state-wide as possible and to take into account communities that do not have the ability to bond for themselves. We have applied for stimulus funding and have since completed two addendums to our applications. At that time there were approximately 110 projects submitted statewide, totaling \$536 million. Mr. Nichols said that some entities responded to requests for stimulus funding that do not have current bond authorization. We do have \$10 million in bond authorization to offer WIFA. If we do not receive part of the \$27 million as a stimulus grant, it is still our intent to get a revolving loan from WIFA for \$10 million.

Mr. Flores asked if Mr. Nichols was aware that there is stimulus money for renewable projects. Mr. Nichols said yes. The power generation project at Ina Road would qualify as a renewable energy resource project.

Mr. Carlson referred to the shovel-ready project previously described (the Plant Interconnect) and congratulated Mr. Kostrzewski as it seemed like a lot was anticipated. Mr. Kostrzewski stated that they tried to anticipate as much as possible in order to be eligible for the federal funds.

3. **System Wide Odor Control Program Update.** John Warner, Conveyance Deputy Director, presented the Odor Control Program Update. Mr. Warner provided Committee members with copies of a PowerPoint presentation on the solar powered odor treatment the Department installed at the Silverbell Golf Course. Also included in the handout were photos of the OdoWatch® system that has been deployed at the Roger Road WRF and screen shots of the Odor Complaint form found on the Department's website. Mr. Warner informed Committee members that the Odor Complaint form on the Department's website has only been used twice. Word does need to get out to the community that this mechanism of reporting odors does exist.

Mr. Warner provided Committee members with copies of the System-wide Odor Management Program Quarterly Reports for the third and fourth quarters of 2008 that were submitted to the Board of Supervisors.

Conveyance Division staff are in the process of getting three chemical dosing units deployed and relocated within the conveyance system. The Department already has five of these units installed. The coordination and relocation of the first of the three dosing units was completed with in-house staff and with services of Rental Crane, for a total cost of approximately \$500. This same methodology will be used to deploy the next two dosing units. The Division is working to be as prudent and efficient as possible to get these systems up.

Odor Control staff are continuing to monitor all of the odor control systems at the Roger Road WRF and the conveyance system. There are some odor problems with Tucson Mountain Garden pump station. The Division is converting this pump station from a bleach-feed system to a Thioguard® product. We have proven that sodium hypochlorite is readily effective on hot-spots. Looking farther out in the conveyance system and changing to Thioguard® (magnesium hydroxide) as a feed product may actually be the cheaper product to use. The Tucson Mountain Gardens pump station is usually problematic during the summer months. Test analysis and residents living in the area will tell us if this is a success. The Department is always looking for continuous improvement and how we can make the system more affordable, efficient and effective. Discussion followed.

Chairman Bliven commented that Mr. Warner's group gave a presentation on the Department's Odor Control Program two weeks ago at the AZ Water Association monthly luncheon. He said he was impressed with the presentation and added that he had always thought odor control was a primitive problem. He commented further that the Department has taken a high-tech approach to monitoring at the wastewater treatment plants, issues related to chemical dosing units and using various chemicals. He said he was impressed with the level of sophistication to what seems like a simple and basic problem.

Chairman Bliven asked for confirmation that only two odor complaint forms have been completed on the Odor Control website and more complaints were still received by telephone. Mr. Warner responded in the affirmative. Chairman Bliven asked if information could be included in customer bills about the Department's internet odor complaint website.

Laura Fairbanks, Community Relations Manager, informed Committee members the Department has three full bill inserts a year in July, November and December. In addition, the Department just started running a column in Tucson Water's newsletter.

Mr. Flores asked if the Department has sought out links from other websites, such as the City of Tucson ward offices or PAG. Ms. Fairbanks thanked Mr. Flores for the suggestion and said staff would look into it.

Barbee Hanson asked if there is a prompt on the Odor Control telephone message that could direct someone to the website? Mr. Warner thanked Ms. Hanson for the suggestion and said staff would get the message changed to refer customers to the website.

Mr. Carlson stated that he has been aware of how much money has been spent on odor control. He asked how much the monitoring system was and asked for clarification of an e-nose and a validation e-nose.

Mr. Warner said that the Department was the first utility in the United States to purchase the OdoWatch® system. The OdoWatch® system cost the Department \$185,000. It provides a lot of data and the Department has a performance guarantee from the company. The OdoWatch® system is going through final calibration this week. The Environmental Protection Agency (EPA) also has a high level of interest. They are scheduled to visit the Roger Road WRF. The EPA sees it as something that they may recommend to other agencies. The e-nose is a portion of the OdoWatch® system device and it can be located anywhere on the facility. The Department started with five, but decided to add a sixth. The real time monitoring data resides on a computer at the Conveyance Division. The engineer and plant operators can see the data at any time of the day. If there is an odor complaint, staff will have the ability to download weather station data that is being collected on Roger Road and overlay them, so that air plume movement can be validated and verify if it was from the facility. Several e-noses are pulling 16 different parameters of measurement that are known to be detectable to the human nose. If the Department has good success with the system, we will implement this technology to the Ina Road WRF as ROMP is completed. The one that exists today can be moved over to the new water campus.

Mr. Carlson then asked about the operating cost for the OdoWatch® system. Mr. Warner replied that that operating cost annually is about \$15,000 for service maintenance by the providing company. The electricity the system uses is minimal.

Mr. Carlson asked whether the Department saw as much need for this type of system with the new Water Reclamation Campus and upgraded Ina Road facilities. Mr. Warner stated that the Department is anticipating having a very sound operating technology at Ina Road. But by employing e-nose at process units and at discharge of the odor control facilities, the

Department will know when there is an equipment failure or an odor breakthrough. There will still be a benefit to always mitigate the odor before it leaves the facility.

Ann Marie Wolf thanked staff for the quick response to the odor complaints that she talked about at the last RWRAC meeting. She said she received calls back from the Odor Control staff within a day or two following up. She advised that they are giving out that website and telephone number during home visits if families have concerns.

Mr. Flores commented that a benefit of the OdoWatch® system is that Department staff can definitely say when odors are not coming from our facility.

4. **2009/10 Budget.** Jeff Nichols, Administration and Finance Deputy Director, presented the 2009/10 Financial Plan Update. He reminded Committee members that the Department has submitted a modified zero-based budget for FY 2009/10. Each line item had to be justified. He said the Department is currently responding to questions from the County Central Finance Office (Finance).

Finance is working with Standard and Poor's on bond ratings as the Department wants to sell sewer revenue bonds. Finance expressed concern that the Department's requested budget for FY 2009/10 was 10% greater than the Department's estimated or projected expenditures as of January 30, 2009. Finance was comparing the Department's projected expenditures for FY 2008/09 as of January 30 2009 and saying the Department is increasing its budget by 10% over projected. Mr. Nichols responded by stating that, if you look at the Department's adopted budget for FY 2008/09 compared to the recommended budget for FY 2009/10, we are increasing the budget by 3.8%, which is approximately what was in the Department's FY 2008/09 Financial Plan that was just accepted by the Board of Supervisors.

Mr. Nichols said Finance would allow the Department to increase their FY 2009/10 Operations and Maintenance (O&M) budget by 4% over the FY 2008/09 Projected Expenses as of January 31, 2009. Mr. Nichols noted that amounts to a 7% reduction in our FY 2009/10 requested budget or about \$5.8 million. It was suggested that Finance would just do a 4% across the board increase from the projected budget. The Department's Executive Team met and developed a memorandum outlining how the Department would respond to these cuts. One point made in the memorandum was if a 4% across the board increase based on projected expenses as of January 31, 2009 is very simple to do, but would result in the Department's justifications for each line item not matching up with the requested budget. The Department would have to go back and redo the whole zero base budget. The budget cuts offered in the memo included cuts to three programs that are considered a best management practice not a regulatory requirement by the Arizona Department of Environmental Quality (AZDEQ): the odor control program, the vector program and the Summer Youth Program.

Mr. Nichols noted that Department staff has always felt that odor control is a best management practice; however, it is not a regulatory requirement with the Arizona Department of Environmental Quality (ADEQ). Just as controlling vectors (ie. roaches) in the system is also a best management practice, but again it is not a requirement of our permits from ADEQ. The Department also recommended other reductions, such as the Summer Youth Program. Although the Department believes in and funds this program at approximately \$300,000 annually, again, the Summer Youth Program is not a regulatory requirement.

The Executive Team looked at line item cuts, where the Department could reduce the budget and the justification that went with it, so staff would not have to redo the budget. A

memorandum went from Mr. Gritzuk advising what the Department was proposing and noting that there are ramifications that would stem from these proposed budget cuts. Discussion followed.

Mr. Smith asked for further clarification and whether the Department submitted \$5 million worth of budget cuts against what the Department's original budget was and whether there was any reduction in services that are being provided. Mr. Nichols responded the Department feels that there would be a reduction in services in the vector control program and the odor control program. The Department also asked to reduce the funding for the Household Hazardous Waste Program by 10%, which is inline with what the City of Tucson had recommended within their budget. The Department reduced, but did not eliminate, funding in the proposal related to the Department's Conveyance System Assessment Program.

In addition, the Department also requested reduced funding for administrative overhead and the Department's rent for the Public Works Building.

Mr. Smith asked if 7% was equal to the \$5 million reduction of the budget? Mr. Nichols responded in the affirmative.

Mr. Smith asked if the budget reductions are accepted as is and the Department does not increase its capital spending, how much could the second increase be reduced? Mr. Nichols answered that if you go by the proxy that we had put forward earlier, each \$1 million equates to a 1% volumetric fee increase.

Mr. Smith asked for clarification that the second User Fee rate was going to be effective in July 2009. Mr. Nichols replied in the affirmative. When the Board adopted the recommendation put forward in February 2009, they adopted an immediate rate increase (March) for the base fee and volumetric fee and a second volumetric increase for July 2009.

Mr. Smith asked about a contemplated second rate increase. Mr. Nichols confirmed that was the Board-approved volumetric fee increase of 12.75% in July 2009. There is a further increase recommended for January 2010. The Board of Supervisors requested that the department come back to them in December 2009 and report to them regarding the possibility of a connection fee increase along with a user fee increase. Mr. Smith asked if that January 2010 increase was the one that could be potentially be reduced if these cuts were put in place. Mr. Nichols confirmed that it was the best option since it has not been approved.

Mr. Flores asked for the status of the 2009 Bond election. He believed that responses to the public survey were on the Bond Advisory Committee's upcoming meeting agenda. Mr. Nichols responded that approximately 2,500 individuals responded to the short, four-question survey. Mr. Nichols felt sewer revenue bonds have the highest percent of support in the whole program, above parks and open space. Around 71% that said they would look favorably at going forward in 2009 with a bond election or were neutral.

Mr. Flores asked if Mr. Nichols would be making a presentation at the March 20, 2009 Bond Advisory Committee meeting. Mr. Nichols replied that the Department has asked for a bond implementation amendment related to the Department's cash flow funding. He added that the Department is going to try to use its entire bond funding prior to using any cash funding.

The Department will present this bond amendment request at the March 20, 2009 Bond Advisory Committee meeting. The Department's FY 2008/09 Financial Plan is dependent upon a 2009 bond authorization. The impact of not having a 2008 bond authorization pushes the rate increases up that were requested in February 2009. If the bond program does not go forward in 2009 the user fee rate increase needed in January 2010 would be in the range of a 40% to 50%.

Mr. Smith asked if Mr. Nichols could distribute the memorandum sent to Finance. Mr. Nichols responded in the affirmative. Mr. Smith asked what the impact is to the services being provided. If they are not extremely dramatic, he expressed that since the RWRAC just voted on and the Board of Supervisors approved a fairly significant rate increase in the face of difficult economic times that you question why those cuts were not made in the first place. Mr. Nichols responded that he did not feel that the reduced service level related to basic sewer service. But again, it would almost totally eliminate the Department's Odor Control Program due to the cost of the chemicals. Mr. Smith asked how much of the \$5 million cut was related to odor control. Mr. Nichols offered to provide that information after the meeting. Mr. Smith felt that a lot of people would say in lieu of a rate increase they would prefer to see these cuts. Mr. Nichols felt that people who live around Roger Road would disagree. Mr. Smith felt that message needs to get out.

B. New Items.

1. **Update on Staffing Levels.** Jeff Nichols, Administration and Finance Deputy Director, presented the update on staffing levels. He presented two handouts to the Committee. The first is a vacancy report as of March 9, 2009.

He also informed Committee members that as of March 9, 2009, the Department has a total of 35 positions that are vacant. If added to the positions the Department is not funding in FY 2009/10, the Department's current vacancy rate is approximately 10%, which is the lowest in the last four years. He noted that the Department's position vacancies sometimes run as high as 20%.

Mr. Nichols referred the Committee members to the second handout which reflects the 26 positions the Department has requested be unfunded in FY 2009/10. Beginning in FY 2009/10, the Department's total FTE count will be approximately 575 FTEs. Discussion followed.

Mr. Smith asked if the budget for FY 2009/10 that Mr. Nichols previously addressed that includes the \$5 million cuts presumes a 7%, 10% or 5% vacancy or does it presume all positions are filled? Mr. Nichols said that the Department's budget does assume a vacancy rate and we budget that as a line item. Mr. Smith asked for clarification on the percentage. Mr. Nichols replied that it is not a percentage, it is an amount. For next year the Department is looking a vacancy savings of approximately \$700,000. Mr. Smith asked if the budget presumes a lower vacancy rate from what the Department currently has. Mr. Nichols responded that the budget for FY 2009/10 assumes that the Department cannot fill positions immediately and assumes a related salary savings.

Mr. Flores asked if increased workload affects the budget in terms of overtime pay. He asked how the work would get done if an austerity plan was implemented. Mr. Nichols responded that the operational areas are fully staffed so the Department is actually requesting less in overtime funding in FY 2009/10 than we did in FY 2008/09. The Department is reducing its budget in the personnel area (for standby, on-call and overtime pay) by approximately \$800,000.

Mr. Nichols informed Committee members that a project coming up for Pima County is called Project PimaCore. The County is replacing all of its financial systems, including the general ledger, human resources system, payroll system and possibly the work management systems. Mr. Nichols expectation is that, with reduced levels of personnel, staff will pick up the load. Most people in the Administrative area are not eligible for overtime as they are salaried employees.

2. **State/Federal Legislative/Regulatory Update.** Ed Curley, Strategic Planning Manager, presented the State/Federal Legislative/Regulatory Update. He referred Committee members to information they received prior to the meeting including the bulletin from the National Association of Clean Water Agencies (NACWA). This document discusses the \$18 million for the reauthorization of the state revolving funds.

The NACWA bulletin also provides information about a federal issue regarding better coordination on unused pharmaceuticals. This is a significant issue as there is not a good disposal mechanism. Pharmacies do not want to take them back as there are typically controlled substances mixed in, which require police or some type of law enforcement presence. There is discussion about a universal waste designation for unused hazardous pharmaceuticals so certain pharmaceuticals could then be put in landfills without problems. This is an issue particularly with the concern about pharmaceuticals in wastewater streams coming in part from disposal down drains by large institutional organizations such as pharmacies, hospitals and nursing homes.

The NACWA bulletin also talks about a biosolids land application case which is very significant to Department. Kern County, California enacted a ban on land application of biosolids in 2006. The City of Los Angeles Orange County Sanitation District and the Los Angeles County Sanitation District sued them to strike down this ban as being illicit use of their governmental authority. A temporary injunction was obtained and now the 9th Circuit Court is hearing that case. This is significant because the Department utilizes biosolid application on land. If municipalities or counties are allowed to ban this practice, it may prevent utilities from using this very highly regulated but very acceptable practice.

Mr. Curley next referred Committee members to the Public Works Legislative Update for March 10, 2009 as an example of the type of tracking that is done internally by the Public Works Department. Mr. Curley advised that this year the Legislature (Senate) made a rule that they are not going to do final consideration of any bill until they have the budget is settled. There is one bill that affects all water interests, which is the proposal for the Central Arizona Ground Water Replenishment District (CAGRDR).

Mr. Stratton stated this bill went through an active stakeholder process. It is looking at the groundwater replenishing districts ability to finance some additional purchases of water to meet their obligation. It does impact member land and member service areas commitment levels up front so there is a higher cost, especially for developers that have member lands that are served by water providers who do not have a designation for secured water supply. Overall, he said it does have support from most of the water utilities throughout the region. There are two entities that have opposed it, one being Global Water. He also noted that the Arizona Senate has indicated that they are not going to hear any bills until the budget is resolved. That being said if they do not resolve the budget issue until May or early June 2009, there probably will be no bills heard in the Senate.

Mr. Stratton commented on federal legislation on the reauthorization of the Clean Water Act for the State Revolving Funds. He informed Committee members that Arizona has the worst appropriation for the Revolving Funds on the Clean Water side than any other state. He noted that Senator Kyle has been trying for years to get the formula amended. The

problem is that if Arizona gets more, somebody else gets less. Senator Kyle's office is still trying to gain support and is trying to hold up this reauthorization bill until they can get some assurances that the formula will be changed.

Mr. Curley added that the problem is that the Revolving Fund formula penalized all the fast-growth western states because the formula is based on the 1970 census.

Mr. Curley informed Committee members that the Southern Arizona Water Users Association has a website and produces one of the best legislative issue papers. The website explains and includes opinions about the issues. Mr. Stratton added that the website was created prior to the legislative session so there are a lot of bills that are not included, but these bills are the ones the organization does get regular updates from their lobbyist. Mr. Stratton suggested that staff could provide a copy of this tracking report as an update for monthly meetings.

- V. FUTURE AGENDA ITEMS.** FY 2009/10 Budget Update; Regional Optimization Master Plan Update, including status of Water Campus DBO; Odor Control Plan Update; Water Infrastructure, Supply and Planning Study; Federal/State Legislative Update; Treatment Operational Update; Houghton Area Master Plan Update; and County and Department Solar Projects Update.
- VI. CALL TO THE AUDIENCE.** There being no comments, Chairman Bliven adjourned the meeting.
- VII. ADJOURNMENT.** The meeting adjourned at 9:29 a.m.