

REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE

Transamerica Building
Pima Association of Governments' 5th Floor Conference Room
177 North Church Avenue
Wednesday, March 22, 2011

MEETING MINUTES

Committee Members Present:

Jeff Biggs	Rob Kulakofsky	Armando Membrila
Sheila Bowen	Bill Katzel	Mark Stratton
Bob Iannarino	John Lynch	Jackson Jenkins

Committee Members Absent:

John Carlson	Barbee Hanson	Ann Marie Wolf
Brad DeSpain	Kendal Kroeson	

- I. CALL TO ORDER.** Chair Sheila Bowen called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) to order at 7:51 a.m.
- II. CALL TO THE AUDIENCE.** There were no comments from the audience.
- III. APPROVAL OF MINUTES.** The minutes of the January 19 meeting were approved. Rob Kulakofsky and Amy McCoy abstained from the vote as they were not in attendance at the January 19, 2011 meeting.
- IV. INTRODUCTION OF NEW MEMBERS AND STAFF.** Ms. Bowen announced the addition of new committee member Amy McCoy who represents the Citizen's Water Advisory Committee (CWAC). Jackson Jenkins then introduced John Sherlock as the new Deputy Director for the Treatment Division of the Pima County Regional Wastewater Reclamation Department.

V. DISCUSSION

A. Old Items/Updates

1. Regional Optimization Master Plan (ROMP) Update. Jackson Jenkins gave a presentation and overview of the Regional Optimization Master Plan. The Ina Road Facility is broken into eight projects (GMPs). GMP 6 comprises the lion's share of the work and, out of \$212 million total projects costs at Ina, GMP 6 totals \$174 million of those total costs. When Pima County received the GMP bid engineering was at ninety-five percent. When the County went to one hundred percent there were some slight changes in the amount of work being done and that increased the cost from the bid price to almost \$10 million with the additional engineering design. Through a number of efforts including value engineering and going through an audit of estimates, Pima County has been able to reduce that additional cost to around \$5 million. Additional value engineering is still being evaluated but ultimately some tough decisions will need to be made on this big GMP.

Mark Stratton asked for further explanation on the \$10 million difference in bid price. Mr. Jenkins said that one of the factors contributing to the increase was the tunnel work associated with the digesters. A \$1 million estimate for tunnel work was projected but, due to safety criteria that was put into place, the cost amounted to a \$2.8 million construction estimate. Eric Wieduwilt added that the design evolution changed a lot more than what was anticipated because of control issues and regulatory compliance or OSHA standard items. Mr. Jenkins continued by reiterating that at least \$5 million had been eliminated from that initial \$10 million difference but there remained a few decisions to make as to how to bridge that gap between the last \$5 million.

Bob Iannarino asked if Mr. Jenkins could elaborate on the fact that ADEQ is allowing Pima County to monitor the odors instead of using expensive covers. Mr. Jenkins explained that the secondary clarifiers were considered a non-odor source, however ADEQ interprets the regulations to mean that all process equipment gets covered and odor scrubbed. Pima County argued that the secondaries had never been covered before as they were non-odorous and presented a complete odor model that shows the minor odor coming off of the secondary is so diluted as to be undetectable. Monitors were even installed on the existing secondaries with data collected and sent to ADEQ who then agreed that covers were unnecessary. Pima County will maintain continuous monitoring of the secondary clarifiers.

Mr. Jenkins continued his presentation. Construction at the Ina Road facility is in full swing with around eight cranes on site. On March 10th of this year ADEQ issued final approval for the Plant Interconnect to go into service. A ribbon cutting ceremony will take place later this month for that milestone.

Bill Katzel asked if the Interconnect connected Roger to Ina. Mr. Jenkins stated that this was the purpose of the Interconnect. He continued by adding that the Roger Road facility had a current capacity of 41 million gallons per day. However, that service is probably over 42 million gallons per day of flow so much of the flow has been diverted through the existing conveyance system over to Ina Road and it's taking capacity for future growth and expansion out of the Ina Road system so the interconnect will allow for transfer of flows to Ina where all the capacity is located without burdening the main conveyance system. Mr. Katzel asked if the Interconnect would also alleviate some of the odor issues experienced at Roger Road. Mr. Jenkins stated that there were odor systems on the conveyance system and just by the nature of taking flow away from Roger Road the odor will abate.

Mr. Jenkins continued saying that the odor effort implemented about four years ago used a holistic approach including the installation of chemical feeders along the conveyance system and lots of enclosures and scrubbers and odor treatment systems at the facilities with an emphasis on Roger Road. However, in light of the planned replacement of Roger Road through the ROMP program, construction materials were used that were meant to last only eight to ten years. Ducting was one area where these materials were used and the material did not have the expected life span that was anticipated so it is in the process of being replaced. This has caused odors to flair up around the Roger Road facility. The bike path is complete and runs along the surface of the plant interconnect. This allows for easier RWRD maintenance while providing a nice bike path for multiuse. The laboratory complex at Roger Road has begun to take shape in that the masonry has started to go up. The project is scheduled for completion at the end of this calendar year and staff should be able to occupy the building at that time.

Mr. Iannarino asked how the severe weather of the upcoming monsoon season is going to be handled in light of the extensive subterranean work now under way at the sites. Mr. Wieduwilt commented that the contractor was excellent in both cleanliness and safety and was certainly aware of the dangers of such occurrences.

2. Budget Update and 2010/11 Financial Plan Discussion. Tom Burke, Finance Director, began with a budget presentation. The budget will be issued in the later part of this month and go to the Board of Supervisors in early May for adoption of a tentative budget. At that time the Finance Department will present a copy of the financial plan as part of the department's submission of its budget. The financial plan shows that in the next five years the department expects to spend about \$700 million on capital improvements. Because of this projected \$700 million, the County must borrow sufficient money to pay those expenditures. The current revenue estimate for this year is \$147 million with only \$16 million coming from connection fees.

Ms. Bowen asked if a comparison had been done between what the financial plan projections were versus what actuals have been and then revised projections going forward. Mr. Burke stated that increases in spending are based on projections versus actuals and this can be seen in the current financial plan. Ms. Bowen commented that many of the GMPs have come in under budget and asked if that savings will affect the proposed rate increases set over the next few years. Mr. Burke said that this would not affect the scheduled rate increase because this provides financial stability and the better a financial picture they can present to rating agencies the better the interest rates received by the County.

Mr. Katzel asked for clarification regarding any surplus funds and how they can be used once the debt has been repaid. Mr. Burke said that he would never suggest that surplus RWRD funds be used for non-RWRD purposes. Mr. Burke also said that it would be unlikely that, given the debt issuance in the next several years, rates would decrease due to surplus funding.

Ms. Bowen asked if the annual operation budget over then next five years would be significantly less than what was originally projected. Mr. Burke indicated that both construction and operational costs came in under the estimate but this would be spread over a five-year period.

Mr. Burke continued by saying that the county will not know if rates need to be reduced or raised until the actual debt service payments are understood over subsequent years and that information will not be know until bonds are sold. At the moment the County is in a fairly good position and rating agencies see us as making decisions that will allow us to borrow debt in the next three and a half years.

Mr. Katzel said that one of the factors that should be considered when regarding future financial planning is the fact that at some point the rate payer may no longer be able to afford the rates and is therefore unable to pay at all. Mr. Katzel said it might be useful to see the history of RWRD billings versus defaults in order to try and better understand the economic consequences of higher rates on the rate payer. Mr. Iannarino said he also felt it was important to educate the public on how and why rates are changing and will continue to change over the course of the next several years.

Ms. Bowen expressed her concern that the committee would not have enough time to make any comment on the budget given the fact that it was due to go to the Board of Supervisors in May. Mr. Burke stressed that the budget that would be going to the BOS was the tentative maximum budget but that the final budget would be adopted in June. Mr. Burke also

stated that the BOS had requested that rate increases be submitted as part of the budget rather than a separate item. Ms. Bowen continued by asking whether the budget had been reviewed in detail with the committee and if not, when would the committee be able to see the actual budget that would be accompanying the financial plan. Mr. Jenkins added that the budget had been submitted only within the last few weeks but that it would not be a problem to include on the agenda for the next committee meeting.

Ms. Bowen reiterated that what she hoped the committee could see at the next meeting was a comparison of what was in the original plan that included the four-year rate increase with where the County is currently and what amount of additional funding will go towards paying down debt early.

3. State Legislative/Regulatory Update. Ed Curley gave a brief update on Senate Bill 1171 (SB1171). Mr. Curley stated that the bill was on hold waiting to go to the floor but so far there had not been any significant opposition. There are no other significant water bills except for ADWR financing which would allow for a tax or fee on municipalities to pay to the department for water usage. The bill does not specify utilities but rather municipalities that would pay this cost. There is opposition from cities and towns to this approach.

4. Update on the Proposed Marana 208 Plan Amendment. Ed Curley stated that there was a public hearing scheduled for March 30th at the Marana Municipal Complex.

Mr. Katzel asked how the rates would be affected if SB1171 were to pass. Mr. Jenkins said that the County believed the Marana rate payers would pay a substantially higher rate for sewage treatment and that the remainder of the Pima County system would pay a slightly smaller rate. Mr. Curley directed the committee members to the Pima County website to view the correspondence made by the County Administrator regarding the both the Proposed Marana 208 Plan Amendment as well as SB1171. Mr. Jenkins added that the County had offered Marana all of the effluent from the Marana WRF for their own use but this has not been accepted by the Town.

Mark Stratton asked what the next step in the process would be once the public hearing was held. Mr. Curley stated that the comments made at the public hearing would be assembled and given to the PAG Committee first and then to PAG Regional council for their use in voting on the issue. Then it would go to the Statewide Water Quality Management Working Group and then to ADEQ for signature and then to the governor and then to EPA.

Mr. Iannarino asked what the current amount of effluent would be if Marana opted to accept that offer. Mr. Jenkins stated that it would be around 500 acre feet. Mr. Stratton asked if there were other restrictions on that amount such as the SWARSA share. Mr. Jenkins said that the SWARSA would need to be resolved at some point.

5. CRAO Update. Jeff Prevatt gave a presentation regarding the Compliance Regulatory Affairs Office. Mr. Prevatt reiterated that the lab at the Water Reclamation Campus would be operational in December of this year. One of the efforts being made within CRAO is to educate the public on the quality of water they can expect given the rate increases that will be occurring as well as gain an understanding of what CRAO does and the value of water in arid regions. With this in mind, Pima County began looking for tenants at the campus and ended up in negotiations with the University of Arizona. The university is developing a program called the Water and Energy Sustainable Technology. It is anticipated that if the campus is developed in the way that Pima County envisions, then the surrounding area will see not only a rise in property value but it will incorporate a more commercial environment rather than industrial and this would help boost the community as a whole.

6. Dispose-A-Med Update. Jeff Prevatt gave a brief update on the Dispose-A-Med program. The program will have completed its second year in May. Some of the big changes made since the last committee presentation include the website which is now up and running. The program is now represented by over fifty agencies with most being in the water sector, law enforcement, health care providers, fire departments and pharmacies. Last year DEA had a national take-back day where there was three tons of medication collected in Arizona with the Pima County area representing more than half of that due to the excellent organization of this program. One of the biggest things the program has been doing is to create a free newsletter that would be distributed to households giving the public both information and outside resources to combat the problem of unused medications. This newsletter is scheduled for a first run in May of this year.

B. New Items. There were no new items on this agenda.

VI. FUTURE AGENDA ITEMS. Update on Pima County's public outreach program, discussion of future RWRAC meeting dates and place.

VII. CALL TO THE AUDIENCE. There were no comments from the audience.

VIII. ADJOURNMENT. The meeting was adjourned at 9:49 a.m.