

arizona municipal water users association

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September 11, 2009

TO: Members of the Sub-Regional Operating Group Advisory Committee
of the Joint Municipal Water Reclamation System

FROM: Mr. Carlos Padilla, Chairman, Phoenix

SUBJECT: MEETING NOTICE AND TENTATIVE AGENDA

Thursday, September 17, 2009 - 1:30 p.m.
AMWUA Office - Boardroom
4041 North Central Avenue, Suite 900
Phoenix, Arizona 85012

The next meeting of the SROG Advisory Committee will be held at the above time and place. If you have any questions, please call the AMWUA office.

AGENDA

<u>Item</u>	<u>Action Requested</u>
1. <u>Call to Order</u>	
2. <u>Approval of the Minutes from the July 16, 2009 Meeting</u> Please refer to <u>Agenda Item #2</u> on <u>white</u> paper.	2. For information, discussion, and possible action.
3. <u>Set Next Meeting Date</u> The next regular meeting is scheduled for Thursday, October 15, 2009, at 1:30 p.m.	3. Set next meeting date.
4. <u>Information Items</u> The following items are provided for your information.	4. For information, discussion, and possible action.
A. <u>Capital Improvements Analysis of the 91st Avenue WWTP and Aging Report</u> Please refer to <u>Agenda Item #4A-1</u> on <u>blue</u> paper and <u>Agenda Item #4A-2</u> on <u>canary</u> paper.	
B. <u>SROG Statement of Revenues and Expenses - July 2009</u> Please refer to <u>Agenda Item #4B</u> on <u>lilac</u> paper.	

C. Construction Activities at the 91st Avenue WWTP

Enclosed are the July and August 2009 Construction Summary Reports for the 91st Avenue WWTP.

Please refer to Agenda Items #4C on white paper.

D. SROG Operating Expenditures and Encumbrances

Enclosed is the information on expenditures for both fixed and variable costs, through the month of August 2009, at the 91st Avenue WWTP.

Please refer to Agenda Item #4D on gray paper.

5. JEPA Reporting Requirement: Mr. Conway

Greeley and Hansen will present their monthly update on the flows, COD, BOD, and TSS.

Greeley and Hansen will present the ANPP flow demand and each city's flow for the month of October 2009.

5. For information, discussion, and possible action.

6. Metering Station Audit Report: Mr. Conway

The SROG Metering Station Audit Report is being presented for acceptance as fulfilling the provisions of Exhibit G of Addendum Number 4 to the JEPA for Fiscal Year 2008-09. If recommended by this Committee, the report will be presented to the SROG Committee for acceptance at their October 2009 meeting.

6. For information, discussion, and possible action.

7. Operational Cost Savings at the 91st Avenue WWTP: Mr. Coughenour

The City of Phoenix will provide the Committee with a briefing on the various operational cost savings achieved at the 91st Avenue WWTP.

7. For information, discussion, and possible action.

8. NPDES/Aquifer Protection Permits: Mr. Hollander

The City of Phoenix will provide the Committee a status update of these permits.

8. For information, discussion, and possible action.

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| <p>9. <u>Compliance Well for Aquifer Protection Permit:</u>
Mr. Kinshella</p> <p>The City of Phoenix will update the Committee on the need for a new compliance well that needs to be in place within the next eight (8) months, as part of the requirements for the Aquifer Protection Permit.</p> | <p>9. For information, discussion, and possible action.</p> |
| <p>10. <u>Central Arizona Salinity Study:</u> Mr. Kinshella</p> <p>The City of Phoenix will provide the Committee with a status report on the Central Arizona Salinity Study.</p> <p>In addition, the City of Phoenix is requesting authorization to enter into Modification 10 with the U.S. Bureau of Reclamation for \$50,000 to continue their participation in the Central Arizona Salinity Study. SROG will match those funds with in-kind staff services.</p> | <p>10. For information, discussion, and possible action.</p> |
| <p>11. <u>Central Arizona Concentrate Management:</u>
Mr. Kinshella</p> <p>The City of Phoenix is requesting authorization to enter into Modification 2 with the U.S. Bureau of Reclamation (BOR) for additional funding for the Central Arizona Salinity Concentrate Management Study Alternatives Viability Assessment. The BOR will contribute an additional \$38,333 in funds, which will be matched by SROG with in-kind staff services.</p> | <p>11. For information, discussion, and possible action.</p> |
| <p>12. <u>Electrical Instrumentation and Control Systems:</u>
Mr. Kinshella</p> <p>The City of Phoenix will request authorization to advertise for professional services related to inspection and testing services of the electrical, instrumentation, and control systems at the 91st Avenue WWTP.</p> | <p>12. For information, discussion, and possible action.</p> |
| <p>13. <u>Buckeye Irrigation Company:</u> Mr. Kinshella</p> <p>The City of Phoenix will request authorization to exercise the first option of the 1994 agreement with the Buckeye Irrigation Company to provide 20,000 acre-feet of effluent per year, for the four-year term of the first option.</p> | <p>13. For information, discussion, and possible action.</p> |

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| 14. <u>Cave Creek Water Reclamation Plant</u> : Mr. Coughenour

The City of Phoenix will provide the Committee with a status report on Phoenix's consideration of a temporary closure of the Cave Creek Water Reclamation Plant. | 14. For information, discussion, and possible action. |
| 15. <u>Regional Capacity Management Facility Project</u> : Mr. Kinshella

The City of Phoenix will provide the Committee with a status report on the Regional Capacity Management Facility project. | 15. For information, discussion, and possible action. |
| 16. <u>Adjournment</u> | 16. Adjourn. |

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MINUTES OF THE
SROG ADVISORY COMMITTEE
MEETING OF
SEPTEMBER 17, 2009

MEMBERS:

Carlos Padilla, Chairman, Phoenix
Lawrence Brotman, Glendale
Steve Dalton, Tempe
Brian Draper for Richard Bradford, Mesa
Chris Hassert, Scottsdale

OTHERS:

<p>Blaine Akine, Phoenix Tom Arn, Malcolm Pirnie, Inc. Larry Ayers, Brown & Caldwell Kathi Barrett, Phoenix Charlotte Benson, Tempe Joshua Calandreli, Phoenix Ray Cons, Phoenix Kevin Conway, Greeley and Hansen Jim Coughenour, Phoenix Jeff Cowee, Phoenix Behrouz Fathali, Phoenix Mike Golden, Tempe Bill Haney, Carollo</p>	<p>Troy Hayes, Phoenix Bob Hollander, Phoenix Paul Kinshella, Phoenix Noe Naeole, Phoenix Lisa Nevitt, Phoenix Greg Ramon, Phoenix Richard Sacks, Scottsdale Don Sehorn, AMWUA Kim Tanner, Kennedy Jenks John Watson, Phoenix Stephen Wetherell, Phoenix Thalia Williams, AMWUA</p>
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1. CALL TO ORDER

Mr. Padilla called the meeting to order at 1:30 p.m.

2. APPROVAL OF THE MINUTES FROM THE JULY 16, 2009 MEETING

Upon a motion by Mr. Brotman, a second by Mr. Hassert and unanimous approval, the SROG Advisory Committee approved the minutes of the July 16, 2009 meeting.

3. SET NEXT MEETING DATE

The next regular meeting of the SROG Advisory Committee was scheduled for Thursday, October 15, 2009, at 1:30 p.m.

4. INFORMATION ITEMS

There was no discussion on Items A, B, C, or D.

5. JEPA REPORTING REQUIREMENT

Mr. Conway, of Greeley and Hansen, presented and distributed the monthly JEPA reporting information for the 91st Avenue WWTP for the month of July 2009. COD actuals were close to the projections for the month; 8,000 pounds per day below projections. TSS was above the projections by about 23,000 pounds per day. For flow, actuals were very close to the projections; 1 mgd from projections.

Mr. Conway presented charts indicating the weekly versus monthly amounts for COD, TSS, and flow that are used to track the differences within the website. For July 2009, there was a 7% adjustment made within the website for COD because the monthly event was less than the sampling week. For TSS, there was an adjustment of about 9%; sampling week was lower than the monthly event. No adjustment was made for flow on the website; however, there was a slight difference between sampling week and the overall month.

Mr. Dalton asked when the WAS discharges began. Mr. Coughenour said they began in late November 2008, around the same time the pump station was turned off. Mr. Conway said the combination of the pumping station and the WAS make up the increase in the projections from last year to this year for TSS and COD. COD for last year was about 800,000 and for the next year it is going to be closer to the 900,000, as an annual average.

Mr. Dalton asked how Phoenix was doing in terms of purchased capacity on TSS and COD. Mr. Conway said on a maximum month basis they are within 10% of their purchase capacity (under as far as UP01). He said there was a month Phoenix was over their purchased capacity in COD, but once UP05 comes on line they will have another cushion they don't have right now. Mr. Conway added that Glendale is within their purchased capacity for COD and TSS.

Mr. Conway distributed and discussed the Daily Planning Envelope by SROG city for the month of October 2009. He said the chart reflected the ANPP's planned shut down for maintenance October 12 through October 21, 2009. However, Mr. Kinshella said he thought the maintenance shutdown was changed to November because Phoenix is coordinating the connection between the force mains to Tres Rios with the connection to the ANPP pipeline, thus delaying the shutdown. Mr. Conway said they would verify with ANPP the dates of the shutdown, and will resubmit a new planning envelope for the month of October.

6. METERING STATION AUDIT REPORT

Mr. Conway, of Greeley and Hansen, provided the Committee with a Metering Stations Audit Report for Fiscal Year 2008-09. He reviewed the task activities, the flume/ADFM/lookup table alignment, proposed lookup table updates, and the next steps.

Mr. Conway said task activities began in January and February 2009 with annual calibration scheduling, evaluation of maintenance logs; pre-field activities (verification of flow ADFM/lookup table alignment), and lookup table adjustments, if required. Field activities took place from March 3 through 12, 2009. During that time, representatives

from each of the SROG cities visited each of the stations and performed a field verification of the secondary element, verified SCADA connections, and numerous other activities. Verification of flow ADFM/lookup table alignment (post-field activities) took place from March through September 2009. He said this work is, in some cases, continuing.

Mr. Conway said the purpose of the metering station audit report is to verify and modify, as necessary, the alignment between the flume data, ADFM data, and the lookup table. He said if the ADFM data is incorrect then the flume data may be incorrect or vice versa. Since the lookup table is relying on the ADFM data to be accurate, when there is a situation where the ADFM is not as accurate as it can be, they have challenges with creating a lookup table. He said that occurred this past year and also brought forth a need of a sequence of some maintenance activities for 2010. He said the field and office work confirmed several metering stations that were in alignment which meant that the flume, the ADFM and the lookup table were all in very good shape. The field staff was able to require that the ADFM signals and the alignment of the meter were proper. There were several items done in 2009 that provided a much higher degree of confidence in the ADFM as far as the meters providing accurate information.

Mr. Conway said the stations not in alignment were SD01 (Princess Road) and TP03 (Southern Avenue). He said that at GL03 there was a significant difference between the flume reading and the ADFM from June to August 2009. They then put lookup tables in and found they were able to achieve, within 2% plus or minus, an overall low and high at the station. He said what they want to see is a dataset that was long enough that they could get them all in alignment so at the end of the exercise they would have a station that would be within 2% and verified. He said the same thing was done with ME01; there were some small adjustments, but found they were all verified after evaluation of the data. Mr. Conway said that for TP03 they installed a new ADFM in July 2009; Greeley and Hansen is in the process of evaluating the data to generate a lookup table. He said they are finding they need three months of data in order to make a recommendation for a lookup table. For SD01, an updated lookup table was installed in August 2009; they are still evaluating the lookup table performance; and, they are finding some electronic cards that had ADFM problems. He said they anticipated they could put the lookup table in, perform monitoring afterwards, and they would be lined up properly. They discovered it was an electronics failure within the station and since then they have not been able to verify that they are in alignment. Greeley and Hansen are working with Operations staff to get that issue corrected.

Mr. Conway said the next steps are to develop a lookup table for TP03 when the three months of data is available; continue to monitor the SD01 metering station, which includes the maintenance activities that are going to be needed; and, perform ADFM maintenance activities in September 2009 in preparation for year 2010 metering station auditing (March 2010). He said they are beginning to go into the stations and perform an on-site maintenance of the ADFM sensors. He said once all the ADFM's are properly aligned, it will provide a proper data set to perform the proper analysis in the January/February 2010 timeframe.

Mr. Hassert said recent discussions indicated that Scottsdale's data was about 1 mgd lower than actual and asked if that were still the case. Mr. Conway said it was almost 1.5 to 2 mgd lower than actual; it goes back to July 2009 at this point, and will be taken into account at the year-end when it is identified as a special case. He said they will then re-set that meter once they get the lookup table installed and get it into alignment; the reconciliation will take care of the difference. Mr. Conway said the measurements from the ADFM's right now indicate that there is something on the electronics package that is not communicating properly with that particular meter. He said the lookup table they put in shows that the flume is actually producing the numbers according to the lookup table, but the ADFM has been very erratic. He said they received 90 days of solid data and at the end of that period is when the electronics failure took place; they are now seeing erratic data from that station. Mr. Conway said they are currently working on the issue and they are trying to figure out why it is happening. There have been meetings with ISCO/Teledyne where the City of Phoenix technicians have been in contact with them to rectify the situation and figure out the next step in the process.

Mr. Kinshella asked if there was a report that Greeley and Hansen was certifying from this audit. Mr. Conway said yes, it is signed and sealed, and satisfies the requirement of the annual audit. Mr. Sehorn added that the report is used by the auditors to inform them that the cities are in agreement with the flows and strengths that have been measured throughout the year. Mr. Conway noted that, at this point, there are two stations with outstanding issues to be resolved. He said the report is finalized with recommendations to develop the lookup table after the period of time has taken place and to continue monitoring SD01, as well as acceptance of the alignment of the other stations.

Mr. Sehorn asked if the differences were material in relationship to the entire flow and strength. Mr. Conway said that, for the City of Scottsdale, it would be material and is a reason they have it included in their recommendations. He said it would be material for the year going forward, which will be taken care of as part of the reconciliation and a special case on the final robust analysis report. Mr. Sehorn asked if this issue with Scottsdale affected Fiscal Year 2008-09. Mr. Conway said at this particular stage, the month of June 2009 may have had a discrepancy; but in July 2009 they knew for sure there was a discrepancy. He said because they don't have the final table to know what the final numbers look like, to go back and adjust beyond a reconciliation point is something the SROG partners need to ask Greeley and Hansen to do.

Mr. Sehorn asked if, after they finalize the financial statements, there would be an adjustment to the year-end of 2009 based on anything Greeley and Hansen is doing for that fiscal year. Mr. Conway said that, in the past, it has been the partnerships policy that they basically close out a fiscal year. Mr. Sehorn said if everyone is in agreement there would be no adjustments to Fiscal Year 2009 and that they would continue to look at the current fiscal year for adjustments that may have taken place in July and August. He said as long as all the cities agree to that, there would be no issue with the auditors because they would know that each of the SROG cities are placing their own reliance on that final report.

Mr. Kinshella asked if there were two documents produced to finance utilities relative to flow and loads last year or just this one. Mr. Conway said this report doesn't go to

Finance Utilities; it is a requirement of the JEPA that indicates the need for an audit every year. Mr. Kinshella said the final flow and loadings are another document that Greeley and Hansen produce stating that we have the best data available. Mr. Conway said that was correct. Mr. Sehorn said that particular document is used for the year-end settlement. Mr. Conway said that if they find that there is something material for Scottsdale, it would be brought to the attention of the partnership and they would then ask for guidance on what to do.

Mr. Dalton noted that the Robust Analysis had already been accepted for Fiscal Year 2009. Mr. Conway said that was correct; they typically go with the best available information that is within that time frame. He said that precedent goes back almost 10 years; there may be a difference in the month of June for Scottsdale, but let Greeley and Hansen come back if it is something that is large and then if the partnership wants to address it or not is up for discussion at a later time.

Mr. Hassert asked if there has been a precedent where the Robust Analysis had been accepted and memorialized and it was later discovered that part of the fiscal year there had been an error or suspected error in the numbers. Mr. Dalton said yes, they have had a situation or two where it was discovered that there were problems after all with the data, but they have never gone back and changed it. Mr. Hassert asked if there were any kind of financial reconciliation after that robust analysis once it had been memorialized. Mr. Dalton said they have not gone back and made those kinds of adjustments, as it has never been so significant that it would cause them to do that. Mr. Hassert said there doesn't appear to be a significant error in the flows prior to July 2009.

Mr. Conway said they need to get the dataset so they know the lookup table has been verified and that it is solid. He said at that point, they can then do an analysis to roll it back and at that point make a decision whether it is something material that needs to be dealt with. Mr. Hassert said there is definitely a separation between the audit report and satisfying the condition of the JEPA versus the Robust Analysis Report.

Mr. Dalton asked if the flume at TP03 appeared to be doing a reasonable job of metering the flow. Mr. Conway said the dataset he had seen looked good, but they want to get a full 90 days of data before they make a recommendation. He added that they know there are some electronic issues they need to take care of.

Upon a motion by Mr. Padilla, a second by Mr. Dalton and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee that the SROG Wastewater Metering Station Calibration and Flow Audit Report for Fiscal Year 2008-09 be accepted as fulfilling the provisions of Exhibit G, Addendum 4 to the Joint Exercise of Powers Agreement.

7. OPERATIONAL COST SAVINGS AT THE 91ST AVENUE WWTP

Mr. Coughenour, of the City of Phoenix, provided the Committee with an update on the various operational cost savings achieved at the 91st Avenue WWTP. He said the Fiscal Year 2008-09 appropriation was \$40,136,114, and the amount spent during that fiscal year was \$35,723,566, resulting in a savings of \$4,412,548. He said the obstacles to

reducing costs were SRP energy rates and chemical costs, both of which skyrocketed last year. He said there have been many years in the past with steady energy rates, \$0.055/kilowatt hour or lower. However, last summer the amount increased from \$0.06 to \$0.08/kilowatt hour and this year the amounts have increased again. He said that limiting energy usage to keep costs down was complicated. Chemical costs were also an obstacle to reducing costs. He presented charts that showed how chemical costs have risen from Fiscal Year 06-07 through Fiscal Year 09-10 for sodium bisulfate (used to dechlorinate to meet the permit), sodium hydroxide (used in the odor scrubbers to meet the air quality permit), and ferric chloride (used for primary enhancement, reducing H₂S concentrations and digester gas). Mr. Coughenour said that, other than chlorine, all the other chemical costs went up to a level that made it difficult to hold down costs or project what they were going to spend for those chemicals.

Mr. Coughenour said the things that worked to reduce costs were the centrate treatment facility combined with primary treatment and solids handling. He presented a graph that showed suspended solids, raw COD (which has increased over the last five years at a linear rate), and primary effluent COD (which has dropped over the last five years). COD concentration at the headworks increased from 600 mg/liter to 800 mg/liter. In the primaries, a reduction was seen. Soluble COD, a better predictor of lower-cost aeration costs, saw a steady increase and the primary effluent soluble COD saw a huge decrease (now 50 mg/liter lower than at the headworks). He said with ammonia there was a steady increase in raw ammonia, but after primary effluent, a steady decrease was seen. He noted that what they have coming in is what they are actually treating. He said that not only are the concentrations significantly lower, but so are the flows, so the loads on aeration are even less than what is seen for concentration. Mr. Coughenour said to really manage primary treatment, it is important to have the right number of tanks in service. He showed a rough schematic with Plants, 3, 2, 1, and UP01 and which tanks were in service. He said they are almost to the point where they need to take one more clarifier, aerator, and secondary out of service.

Mr. Coughenour discussed solids handling and associated costs. He said they have been working very hard with the vendors to try and optimize what they are doing and what we have been doing with the solids handling facility. The monthly costs were depicted on a graph. Last month, when 100% solar drying was done on an experimental basis, the cost went from \$150,000 down to \$50,000. He said that two years ago we were spending \$4 million on hauling costs and this past year \$2.5 million; they believe they can reduce the cost to \$2 million this year even if they don't do a lot of solar drying. They are working with the compliance staff to ensure they have everything covered if they want to move in that direction.

Mr. Hassert asked about the blowers being utilized at Plants 1, 2, and 3. Mr. Coughenour said three of them were 1750 hp blowers, they use one and the other two are standby. At Plant 3 they have new ones that are 2000 hp blowers; those have inlet and discharge guides that start and stop to work with the demand. He said there are also some smaller 600 hp that start and stop automatically. Mr. Hassert asked if on the older blowers there were any with variable speed capabilities. Mr. Coughenour said they were very efficient, with 100% outlet. Mr. Hassert asked if they manage costs by taking some units off-line. Mr. Coughenour said taking some units off-line, optimizing primary treatment and

centrate treatment is doing far more than they realized in terms of making the plant easy to operate; they try to integrate all the pieces they can.

Mr. Hassert asked about the spike in the energy usage during the summer months. Mr. Coughenour said that the 23rd Avenue WWTP has the same rate year-round with APS; however, SRP has always had a structure based upon their cost. He said he was using the chart to show that if we used the same amount of energy we were going to be \$600,000 down.

Mr. Dalton said, pertaining to chemical costs, that power costs are a huge factor of production on all of these chemicals. Mr. Coughenour said absolutely; it is all interrelated and nothing is getting cheaper. Mr. Dalton noted that the performance improvements all relate back to the centrate treatment. Mr. Coughenour said this issue will be discussed at WEFTEC; and what is happening between the headworks and primary treatment are pretty astonishing and that he has been looking for some funding to analyze this in more detail.

Mr. Hassert said since commodity prices are pretty volatile, and some are retraced, is there any sign that we might see some retracement downward in some of these other chemicals. Mr. Coughenour said some have come down; the biggest negative influence on cost right now is what recently happened with chlorine. Chlorine costs about \$750 per ton and that is about the best they can do. He said chemical prices are just unpredictable right now and the price of chlorine has increased quickly; polymer is also a record high.

Mr. Padilla thanked Mr. Coughenour and his staff for their work on this issue. He said some of these cost savings will be reflected in the upcoming budget that will be adopted in December.

8. NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM (NPDES)/
AQUIFER PROTECTION PERMITS

Mr. Hollander provided the Committee with a status update on these permits. He said the Aquifer Protection Permit (APP) public notice draft was issued on September 5, 2009. He said the APP will allow SROG to put effluent in the wetlands and allows for testing of the Unified Pump station. He said a key issue is the Best Available Demonstrated Control Technology (BADCT) demonstration. There is a fairly stringent requirement for pathogens, but a reduced pathogen was obtained in lieu of nitrogen reduction. The Arizona Department of Environmental Quality (ADEQ) agreed that the nitrogen reduction benefit outweighs the increased pathogens. He said the industrial pretreatment program continues to address toxic pollutants.

Mr. Hollander reviewed the key permit conditions. He said they are: monitoring and reporting requirements; contingency plans; closure and post-closure requirements; and, compliance schedule. There are three locations for discharge monitoring, the current location at 91st Avenue and the Salt River, and the influent to both the flow regulating wetland, and the Hayfield Wetlands sites. There are five locations for groundwater monitoring, two of the previous monitoring wells were omitted because they are on the west side of the plant and would not provide value to the monitoring; however, there is

one new point of compliance well. There are three locations for reclaimed water monitoring. He said there is a requirement for quarterly reporting which is typical for these permits.

Mr. Hollander said there were three items of significance regarding the compliance schedule. They will need to work on a signed, dated, and sealed Engineer's Certificate of Completion prior to discharge. He said with three projects going on, the Unified Pump Station, the UP05 Project, and the Tres Rios Wetlands, they will be asking how we would implement that requirement with ADEQ prior to the comment period closing. He said we need to install a groundwater monitoring well; this well would be located on the west side of the flow regulating wetland. Related to the point of compliance well, we will have to submit a well installation report of that well 30 days after its completion.

Mr. Hollander said the City of Phoenix will coordinate any SROG comments. The public comment period for the APP closes October 4, 2009; any comments from the SROG partners need to be provided by September 21, 2009. ADEQ will review the comments and revise the permit as necessary. He said they are hopeful a final permit will be issued before the end of October. In response to a question from Mr. Dalton, Mr. Hollander said there were no major changes from the first draft they received or that they could see. He said it was going to be a complicated permit to implement because they have a lot of monitoring locations and coordination. He noted that the 91st Avenue WWTP is the biggest plant in the state, so one would expect fairly extensive monitoring.

Mr. Hollander said he indicated at a previous meeting that they would look at getting the Tres Rios Pump Station and the Overbank Wetlands into this current amendment. After discussions with ADEQ, they agreed there may be some confusion if they tried to get part of one project into this current amendment and so to simplify matters, Phoenix would just file a new amendment to cover the Tres Rios Pump Station or the expansion of the pump station and the Overbank Wetlands. He said they would be working on that amendment right away.

Mr. Hollander then provided a status report on the NPDES Permit. He said the City of Phoenix received a pre-public notice draft permit on June 9, 2009. The permit was distributed to the SROG cities and Phoenix provided comments back to the EPA on July 7, 2009. The comments included information on compliance points and monitoring requirements; reporting of sanitary sewer overflows (SSO's); and, issues with specific parameters (e.g. *E. coli*, ammonia, diazinon). The EPA staff visited the 91st Avenue WWTP and the wetlands on July 17, 2009; this was to allow one of the new permit writers from the EPA to see the plant for the first time and also provided the EPA with an opportunity to see the almost completed Tres Rios Wetlands. He said they have had a number of communications with the EPA, specifically a conference call between Phoenix and the EPA senior staff on September 8, 2009.

Mr. Hollander discussed Phoenix's proposal for compliance points in the permit. He said they had requested that there be a compliance point for the carbonaceous biochemical oxygen demand (cBOD), TSS, and pH which is the technology based limits and *E. coli* at the influent to the wetlands. He said that would take into account the processes at the treatment plant. Compliance for all other parameters, including total residual chlorine,

ammonia and chronic whole effluent toxicity would be measured at the effluent from the wetlands to take advantage of the processes.

Mr. Hollander said the EPA's proposal, expressed during the conference call, was to: maintain existing point of compliance at 91st Avenue and the Salt River; single point of compliance for wetlands at the Salt River (compliance with all effluent parameters); an additional monitoring point at the influent to the wetlands (to collect data on the flow regulating wetlands function and changes to water quality as it flows through the wetlands); and, the proposal based partially on Phoenix's desire to incorporate wetlands into treatment. During that call, the EPA stated they cannot draft a permit with multiple compliance points in series as Phoenix requested. The EPA feels they do not have the regulatory justification to do that. Also, the EPA was concerned that compliance points going into the wetlands could result in the consideration of the wetlands as a "waters of the U.S."

Mr. Hollander said the EPA process would include a cover letter and fact sheet that would acknowledge support for the wetlands, but also indicate that changes in water quality through the wetlands is not fully understood. The EPA will use adaptive management to study the flow regulating wetlands (collect data at influent to wetlands during upcoming permit cycle to assist them in future permit decisions). The EPA will use enforcement discretion regarding compliance issues (specifically *E. coli* at the wetlands). Mr. Hollander said Phoenix's initial responses were concern about accepting a permit that SROG simply could not comply with; the need for stronger language regarding regulatory protection; the proposed concept of a "credit" to account for the increase in parameters due strictly to natural wetland processes and wildlife visitation (e.g. *E. coli*); and, if the proposed permit language could be provided to Phoenix prior to public notice draft. He said they indicated they understood our concern and they feel they have, or will have added, substantial language to the fact sheet and cover letter to provide some level of protection. He said the EPA is trying to meet our schedule as far as needing this permit; therefore, there may not be a whole lot of time for them to provide us with the language in advance, if we want a permit by the beginning of November.

Mr. Hollander said some of the other issues discussed during the call were SSO reporting. The EPA wants the SROG cities to report SSOs, which Phoenix would not be required to do that for them; they envision some kind of relationship, similar to the relationship that exists under the Industrial Pretreatment Program where the SROG cities report their own annual reports and Phoenix provides some level of oversight. The draft permit also included notification and reporting to Gila River Indian Community (GRIC) DEQ, this includes the 24-hour oral and 5-day written notifications. He said the EPA indicated during the conference call that they would clarify the issues requiring notification; the EPA acknowledged that GRIC does not have enforcement authority over Phoenix or SROG, but they could not see why we had a major problem with this if it is just reporting.

Mr. Hollander said the EPA's projected schedule is to issue a public notice draft permit by the end of September so the comment period could close by the end of October. He said, assuming minimal to no comments, the final permit could be issued in early November. The next steps for SROG are to: continue to express to the EPA continuing

concern regarding accepting a permit that we cannot comply with; consult with national wetlands and NPDES Permit experts; be prepared to delay the permit, if necessary; have the contractors prepare a contingency plan to test the Unified Pump Station in October/November without a NPDES permit; and, prepare contingency operation plans if the permit gets delayed.

Mr. Brotman asked if Mr. Hollander could expand on the independent SSO reporting. Mr. Hollander said he had not seen the specific language and the EPA was not providing it at this time; the EPA understands the issues so Phoenix has not seen the specific language. Mr. Padilla said it appears that since the individual cities would be reporting to ADEQ any overflows, that that city would also notify the EPA with a copy of that report. He said the EPA said they didn't see it as burdensome because we have to report to ADEQ any SSO's; they would establish a way to notify the EPA at the same time.

Ms. Benson asked if the reporting requirement to the GRIC would be only by Phoenix should there be an issue in the area of the 91st Avenue WWTP or would each of the SROG cities need to report their SSO's to GRIC. Mr. Hollander said it was his understanding that the EPA needs to clarify what the notification would include; his initial interpretation was that it would include those things that we currently report, such as any exceedances of permit limits. He said Ms. Benson brought up a good question as to whether the SSO's would have to be reported; most of the SSO's wouldn't impact the GRIC so it shouldn't be an issue. However, if there were any SSO's that occurred that might impact Indian lands, we should be informing them. Mr. Padilla said that is why they want a clear understanding of what we need to report to GRIC.

Ms. Benson asked what the terms in the permit are with which we can't comply, other than the *E. coli*. Mr. Hollander said that in effluent from the wetlands, there could be several *E. coli*, but TSS, cBOD could also very likely increase. He said they had requested that we measure total residual chlorine at the effluent from the wetlands because from an operational standpoint, we wouldn't have to de-chlorinate, we could use the wetlands to allow the chlorine residual to decay. The EPA did not have a concern with that, but the issue we face is that we have seen false positive total residual chlorine levels coming from the wetlands primarily due to various oxidants that are produced by the wetland plants to prevent rotting in the water.

Mr. Hassert asked if there was a date for the contingency operation plans. Mr. Padilla said staff is beginning to work on the contingency plans; if we want to discharge out of the wetlands we would have to have the permit by November 1 according to the UP05 schedule so the pumps can be tested. He said they are assuming we will not get the permit on time.

Mr. Dalton said they have a long history with the EPA in planning for the wetlands and regulatory relief, not stepped up requirements, as part of the benefits for our investment in the wetlands which is also part of our settlement solutions with the Brogdon community. He said SROG made certain investments with respect to the wetlands and the 91st Avenue WWTP under their guidance and now it appears the requirements are being changed. He asked if this put the 91st Avenue WWTP back to zero discharge. Mr. Padilla said they have expressed those same concerns to the EPA over the past few

months and the EPA says they understand the issue completely, which is why the EPA is going to put some good words in for the wetlands and include enforcement discretion. He said the bottom line is they feel they can do these according to the permitting structure they have. He said they will ask whether we can involve Mr. Landry who has a history with SROG.

Mr. Hollander said the EPA is struggling with supporting the wetlands yet, at the same time, they have to write a permit they can justify in the fact sheet.

9. COMPLIANCE WELL FOR AQUIFER PROTECTION PERMIT

Mr. Kinshella provided the Committee with an update on the need for a new compliance well that also needs to be in place within six (6) months of when the permit becomes effective as part of the requirements for the Aquifer Protection Permit (APP). He said this compliance well is not in the Capital Improvements Projects program right now. In the past, compliance wells have cost somewhere between \$50,000 and \$100,000 to build. He said they realize they are not utilizing the normal SROG procedure and process on this, but they feel it is important to comply with the permit. He said they are going to move forward with this and will provide some cost figures on it, as the information is developed.

This item was presented for information and Mr. Kinshella said they will keep the Committee informed.

10. CENTRAL ARIZONA SALINITY STUDY (CASS)

Mr. Kinshella requested authorization to enter into Modification 10 with the U.S. Bureau of Reclamation (BOR) for \$50,000 to continue participation in CASS. SROG will match those funds with in-kind staff services. He reported that, to-date, SROG's in-kind contributions for CASS total \$1,930,338.14 and the government's budget, including Modification 10 is \$1,603,000. This means that SROG is ahead of them in our contributions. There is no cash requirement from SROG and Ms. Kelso of the City of Phoenix has been keeping the SROG cities' staff informed of the issues as we go through them.

Mr. Kinshella said the BOR has contributed \$2,053,166 and SROG has contributed in-kind services totaling \$2,372,837.14 to date on the salinity projects.

Mr. Draper asked why SROG was performing this study along with the BOR. Mr. Kinshella said the Central Arizona Salinity Study (CASS) has been on-going for over seven years. CASS began by looking at the salinity issues in the Valley and what issues other various agencies throughout the Valley have with salinity. The DewVap Study is the only salinity project we had to put actual funds into which was for some equipment installed at the 23rd Avenue WWTP. The rest of these studies have all been in-kind services. The first output of the study looked at where the salinity problems were in the Valley, how much salinity was costing, and the need for installing reverse osmosis systems for those that need high quality water for manufacturing processes, golf courses, etc. He said they look at issues that come from the fact that we have a saline issue and

that we do not have a salt outflow. He said there is not a means to dispose of the salt that comes to the Valley; there are about 900 pounds of salt per year per person that comes to the Valley out of our water supplies and this number does not include how much is added due to industrial processes or water softeners in homes.

Mr. Kinshella said the study looks at how we dispose of the concentrate and the brine from the reverse osmosis processes in the long-term. He said an outcome that was looked at is that we may need a centralized concentrate collection and treatment and disposal project. He said an issue discussed in the past was taking brine from the Tucson and Phoenix areas and transporting it down to Mexico to dispose in the Santa Clara canal in Yuma; however, there is a huge cost involved. He said a problem was that they were assuming it was 4,000 mg per liter water, which is the next quality of water we will be going after as a water supply, not something we can throw away. He said it became evident that that type of a project was not cost effective so we are looking for a better solution to concentrate management in the Valley.

Mr. Dalton added that one of the reasons this project was supported in Tempe was because SROG was getting a lot of information and research without any significant investment other than supporting the in-kind services with the BOR. He said this research puts SROG in a stronger position to deal with regulatory agencies on salinity and TDS issues. He said Scottsdale is at the point where they have to address water quality issues for their reclaimed water before it can go to golf courses and all the cities are looking at similar situations. He said Phoenix has difficulties with chronic toxicity and WET testing thought to be primarily caused by TDS at the Cave Creek WRP and Tempe has the same thing going on at Kyrene. He said we have to get a handle on the TDS issue by knowing where it is coming from and how it gets increased. Mr. Kinshella said this study also allows SROG to continue our partnership with the BOR without a lot of money and keeps the salinity issue in their minds.

Mr. Hassert asked, for clarification purposes, if the focus of these efforts was on the treated effluent side of things for salinity. Mr. Kinshella said it was on the treatment side; whether it is effluent or treated before it gets put into the distribution system, it is any water that might be going through a reverse osmosis process (whether it is impaired water that will be made available for drinking water or effluent to be made available for another use). Mr. Dalton added that the study also included some salt balance type work such as identifying the areas, sources, and concentrations, for example, the cooling towers on large buildings that front their A/C systems. He said these cooling towers contribute about 40% of the increased salinity that hits our plants, yet no one is paying for that. Mr. Hassert said that this study focuses on the technologies that produce the wastewater prior to treatment. He said Scottsdale is very interested in the topic and are also partnering with Phoenix and HDR looking at alternate technologies (home based and business based).

Mr. Padilla said funds for these in-kind services are included in the SROG CIP Cash Flow for Fiscal Year 2009-10.

Upon a motion by Mr. Padilla, a second by Mr. Brotman and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee that the City of

Phoenix be authorized to execute Modification 10 with the U.S. Bureau of Reclamation for an additional \$50,000 of in-kind services related to the Central Arizona Salinity Study. The Project Number is WS90120027 and will be billed according to Billing Schedule 42.

11. CENTRAL ARIZONA CONCENTRATE MANAGEMENT

Mr. Kinshella requested authorization to enter into Modification 2 with the U.S. Bureau of Reclamation (BOR) for an additional \$38,333 of in-kind services related to the Concentrate Management Alternatives Viability Assessment. As with the CASS, SROG will match those funds with in-kind staff services and will not require any additional cash from SROG.

Mr. Padilla said funds for these in-kind services are included in the SROG CIP Cash Flow for Fiscal Year 2009-10.

Upon a motion by Mr. Padilla, a second by Mr. Dalton and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee that the City of Phoenix be authorized to execute Modification 2 with the U.S. Bureau of Reclamation for an additional \$38,333 of in-kind services related to the Concentrate Management Alternatives Viability Assessment. The Project Number is WS90120031 and will be billed according to Billing Schedule 50.

Without objection, the order of the agenda was suspended.

13. BUCKEYE IRRIGATION COMPANY (BIC)

Mr. Padilla said that the City of Phoenix met on this issue recently regarding the amount of effluent SROG provides to the BIC and that Mr. Kinshella would present.

Mr. Kinshella reported that they met earlier this month with representatives from each of the cities on this issue and provided some background information. He said in 1994 a revised agreement with the BIC was approved and signed. The previous agreement expires in 2011 and the new agreement extends that agreement to four, five-year options for effluent in the future until the year 2030. The terms of the agreement changed in two specific areas. The first change allows SROG to offer the BIC a range of flow that goes from zero, then to 20,000 acre-feet, and then to 40,000 acre-feet per year. The second change allows the BIC to peak their flows during certain months of the year allowing them to take 15% of their contracted flow in the months of June, July, and August.

Mr. Kinshella presented and reviewed the current flow commitment of 125 mgd from the 91st Avenue WWTP. The peak requirement the Palo Verde Nuclear Generating Station (PVNGS) can pump is 86 mgd. He noted that Tolleson supplies about 4 mgd from their plant and there have been times when the PVNGS have cut Tolleson off for water quality problems and taken all the flow from SROG. He said this analysis assumes the PVNGS taking no water from Tolleson. Tres Rios' commitment is 28,500 acre-feet per year, non-specific as per month, and is about 25.4 mgd. The maximum long-term percolation for a summer month from Tres Rios based on 1.2 inches per day is 8.8 mgd. There is an

evapotranspiration of .3 inches per day (2.2 acre-feet), and the remaining amount, 14.4 mgd, would be discharged to the river through the wetland. The BIC can take 15%, 3,000 acre-feet per month or 32.6 mgd, and during those peak summer months leaves an excess of 4.2 mgd. He said this is not enough to have to request more flow to the 91st Avenue WWTP from the SROG cities.

Mr. Kinshella said if we do not make this commitment to BIC, they would probably get this much anyway since we have to put in water for Tres Rios and some water will get to the river, and eventually to BIC. He said BIC pays related to a percentage of the charge that Salt River Project charges for water, so SROG might as well collect some revenue since it will be there for their use any way. He said the City of Phoenix feels that 20,000 acre-feet is what we have to offer them.

Mr. Kinshella said the contract requires Phoenix to notify the BIC by the end of this calendar year on how much water we are going to extend to them. The BIC then has all of next calendar year to decide how much they want to take and pay for in 2011 when the contract expires (Spring 2011), this contract goes into effect through 2015. He added there are five year increments in which we would go through this same process.

Mr. Hassert asked if any revenue changes were being considered. Mr. Kinshella said no, the revenue for this water is currently about \$270,000 per year. Mr. Dalton said it was not a sale though; it is a place to deliver this much water as part of a settlement from their claims against Phoenix for Gate Water, Horseshoe, and the Plan 6 cities for the modified Roosevelt Dam.

Mr. Dalton asked Mr. Conway if the minimum flow commitment that was developed as part of JEPA work was 30,000 acre-feet and divided evenly across the year for the BIC. Mr. Conway said that was correct. He said they assumed some coming back through Tres Rios, the net was shown on the chart and that they would have to revise the chart.

Upon a motion by Mr. Padilla, a second by Mr. Draper and unanimous approval, the SROG Advisory Committee recommended to the SROG Committee that the City of Phoenix be authorized to exercise the first option of the 1994 agreement with the Buckeye Irrigation Company to provide 20,000 acre-feet of SROG effluent from the 91st Avenue WWTP to the BIC per year for the term of the first option.

14. CAVE CREEK WATER RECLAMATION PLANT

Mr. Padilla said this item was being presented for information only and that Mr. Coughenour would provide a presentation on this issue.

Mr. Coughenour said Phoenix is considering closing the Cave Creek WRP on a 30-day trial basis to study the feasibility of temporarily closing it for three years. The reasons include that it would supply flow to help the 91st Avenue WWTP meet Palo Verde and Tres Rios commitments; and the influent flows and loads to Cave Creek WRP are coming in less than the designed capacity. He said that at the Cave Creek WRP the concentrations are so low they cannot operate primary clarifiers; they are actually directing the influent directly into aerators because the flows are so low that treatment

processes won't work the way they are supposed to. In addition, effluent sodium/chloride levels are causing reuse/compliance issues; and, a high cost of operation. He said last year at the Cave Creek WRP the treatment cost was about \$4,000 per million gallons versus \$700 at the 91st Avenue WWTP.

Mr. Coughenour presented a chart showing flows, concentrations, and loads at the Cave Creek WRP through July 2009. However, he said the flows are about 500,000 million gallons less because the metering at Cave Creek WRP included an internal recycle stream. Peak flows could be about 6 mgd, but the impact at 91st Avenue WWTP would be negligible.

Mr. Coughenour said there have been numerous occasions of secondary effluent bypasses from Cave Creek WRP over the years. He said, on those occasions, the water enters the SRO in between the SRO2 and SRO3 metering stations and the water then proceeds to the 91st Avenue WWTP. He said they tried to use the historical data they had to look for secondary effluent bypasses to see if there was any impact either on the SRO2 metering station or the 91st Avenue WWTP. A chart was presented that showed some of the dates and times of secondary effluent bypasses that were looked at for this analysis. At the end of March 2009, there was bypass of more than 24 hours. The next chart showed data from the SRO2 metering station and a diurnal pattern of that metering station, which is similar to the 91st Avenue WWTP pattern. He presented a graph that showed SRO2 flow for the period of time the Cave Creek WRP was bypassing flow. Mr. Coughenour said the purpose of the chart was to show there was no apparent impact to peak flows on the SRO due to this secondary effluent bypass. He noted that the peaks were normal during that same time period at 91st Avenue WWTP.

Mr. Coughenour said they plan to close the Cave Creek WRP on or about October 26, 2009, for a 30-day trial period. He said during this time period they will closely monitor the effect of not bypassing secondary effluent, but completely bypassing the Cave Creek WRP at SRO2 and at the 91st Avenue WWTP. After studying the data, a decision will be made concerning the closure. He showed flow monitoring data for the month of August for SRO2 and will be using that as a guide to look at the new information during the trial period.

Mr. Draper asked if the additional flows would cause any surcharging of the line with diminished capacities in the area of the SRO upstream of the pinch point in the interceptor. Mr. Coughenour said they have had dozens of secondary effluent bypasses and it hasn't shown any affect on the system. He said there is a difference between secondary effluent and bypassing the whole plant, which is why they will be watching this very carefully. Mr. Padilla added that, based on the data they have, they do not see a significant impact; in addition, they want to go through the trial period to determine if there is any impact they are not seeing with the data they have.

Mr. Dalton had some concerns regarding capacity. He said he is pleased Phoenix is doing a 30-day trial period and the 3 to 3.5 mgd is probably not going to be a big issue. However, he said they are also in a situation where time is of the essence on RCMF with only 10 years to get in compliance. He said this issue by itself would not be a deal breaker, but when you start putting several things together he is beginning to get

concerned about the potential risks that SROG is in, in terms of capacity. He said we probably should look at the RCMF and, if justified, adjust some of those hydrographs, but nonetheless there are some things we need to get done to address the capacity issues on the SRO. He said in addition to that, while it is a little bit of a different situation, Mesa asked for 5 mgd margin on the SRO/SAI system just as a cushion, which would have been a permanent situation, as opposed to temporary, but nonetheless the partnership said no because the capacity wasn't there. He said Tempe discussed this with Greeley and Hansen and asked them to look at the capacity situation relative to shutting down the Kyrene WRP for the very same reasons as Phoenix; Tempe was having trouble with WET testing, the chronic toxicity, salinity issues, in addition to other issues. He said of course it is expensive to treat; we all knew going in to reclamation that it was not going to be as cheap as treatment at the 91st Avenue WWTP or any other good-sized reclamation plant, reclamation is not cheap and cities are doing it for the water resource. He said he had a hard time justifying dollars alone as a reason to shut down a plant. He said meeting permit requirements at this point is nearly impossible; nonetheless, Kyrene goes to the SAI where it is not as tight as the SRO and the answer was that there was no capacity there. He said we know we have capacity issues; we're not on track for addressing them, combined with the fact that we're certifying sewer capacity, collection system and treatment for the Maricopa County for every new connection and Phoenix talking about shutting down plants makes him real nervous.

Mr. Dalton said we do not want to get into a situation where we are putting ourselves at risk. He said we are all in that pipe together and need to be very careful and deliberate when we start looking at things like this. Mr. Dalton said he wanted to go on record with the cautionary message that we're getting real close to a line here, which is not a safe place for any of us to be.

Mr. Padilla said Mr. Dalton's comments were very well taken. He said one of the things they are trying to do is be very careful, which is the reason they are doing this on a trial basis. He said they are not contemplating this to be a permanent solution for Phoenix; but only for two to three years and would look at the 30-day time period to figure out if that is a problem or not. He said he understands; they have tremendous budget issues just like everybody else and are exploring everything they can. He said the permitting issue is very big; they also have a golf course and salinity issue as well.

Mr. Dalton said Tempe considered the same thing and the answer was no. He said he just wanted to state that for the record.

Mr. Dalton said Tempe has the same problems at Kyrene that Phoenix has with the Cave Creek WRP. He said we have quite a bit of work completed with the Central Arizona Salinity Study and much of this is related to salinity. He said he doesn't know if Scottsdale, Mesa, and Glendale are running into any of these issues too, but if there is anything we could do to jointly address these issues as opposed to shutting down plants, we need to be looking at that.

Mr. Padilla said they need to consider everything they can. He suggested a workshop to discuss this and the RCMF issue. He said they are committed to the SROG partnership in

whatever they do, as well as regulatory compliance. He said they have to explore all options.

Mr. Dalton suggested placing this item on the agenda next month to address some of those issues jointly; Tempe has some of the same issues and the solution is not long term; we are not shutting down plants; Tempe spent \$45 million to upgrade their plant and is not interested in shutting it down, they just need to make it work correctly.

Mr. Padilla said that as they get data on this issue, they would come back and share it with the Committee. He said they are willing to continue to work on items of common interest to see how we can resolve some of these issues as a partnership.

15. REGIONAL CAPACITY MANAGEMENT FACILITY (RCMF) PROJECT

Mr. Kinshella provided the Committee with a status report on Phoenix's planning efforts relative to the RCMF Project. He said there are short-term issues that cause them to want to re-look at this project. He said they have been reviewing the impact of lower populations and flow projections as they update their master plan. He said they would like to evaluate sending water reclamation plant flows to the 91st Avenue WWTP and how that would impact the RCMF. He said the evaluation would firm up the flow commitment to the Palo Verde Nuclear Generating Station; look at higher treatment costs at WRP's, and look at the slower growth and decreased flows that are being seen at the 91st Avenue WWTP.

Mr. Kinshella said they would like to evaluate facility phasing opportunities in the RCMF, slower and smaller phases, and some other options. He said they would also like to review and implement the results of the Rainfall Derived Infiltration/Inflow Study. He said they have been trying to make improvements in the collection system and are evaluating what impact those improvements have relative to various storms. He said if they can reduce the percentage of flow that moves into the collection system, they would like to factor in these improvements and continue the field measurements to verify with various storms that they are achieving that type of reduction.

Mr. Kinshella said they would like a review of the design requirements needed to meet the capacity requirements in the system and revise the Capital Improvement Plan and Schedule. He said they remain committed to the regulatory compliance issues.

Mr. Padilla said they are aware they need to review/revise Phoenix's hydrographs from time to time, seeing that things have changed significantly for Phoenix. He said that opens up additional opportunities to look at the phasing approach for Phoenix, specifically the 23rd Avenue WWTP project, which is 100% Phoenix's share of the RCMF Project. He said just that particular project is about \$327 million and a good reason for Phoenix to look at everything, due to the huge costs involved. He said they are not satisfied that, at this point, they have looked at everything and that they have the right assumptions in the plan. He said if the other cities have similar situations in which they think their hydrographs are changing, there may be some items in which they could work

jointly to figure out what to do. He stressed that they are committed to regulatory compliance, the SROG partnership, and the RCMF program. He said they just need to take another look at the project.

Mr. Hassert said they are noticing these changes to population and flow projections as well and they have updated them. He said they recently met with Greeley and Hansen and discussed Scottsdale's projections through the year 2035, which have measurably changed downward. He said Scottsdale is also in the process of updating both their water and wastewater hydraulic models. He said they have recently notified a consultant that they would be developing a scope of work with them to update both hydraulic models. He said they would be looking at their model, how new and projected flows are routed through the model, and looking at anticipated long-term changes.

Mr. Draper said Mesa is in a similar situation. He said they projected much higher flows for the Greenfield Plant, the Northwest and Southeast Plants, and are not seeing them. He said he believes it is critical that they revisit the hydrographs to determine what is feasible and what is not. He said Mesa is attempting to keep more and more in-house, but as the flows decrease, since they have their obligations at the 91st Avenue WWTP, it is becoming a shuffling game; the RCMF and what was projected as being an excess capacity in the system just may not be the case anymore. He said it would be good for the group to revisit this issue and open up discussions to determine where SROG wants to go with this project.

Mr. Dalton said he has been thinking about an update on flow projections in terms of a change in the hydrographs. He said the hydrographs are basically a band with low and high flows with the critical issue being the 2060 hydrographs, although we have 2015 hydrographs, as well. He said he doesn't think the long-term numbers are likely to change much and are what we all consider "build-out flows." He said the most critical issue is specifically the projections over the next 10 years, especially with CMOM compliance. He said Mr. Conway has shared, on several occasions, that one of the inputs for Phoenix through some of the critical areas may be high. He said Scottsdale thinks, with good evidence, that theirs are probably high, maybe not the 2060 flows, but certainly the ones that are critical for regulatory compliance in planning for capacity at this time. He said he thinks we need to revisit some of the base information in the RCMF and update it.

Mr. Dalton reminded the partners that it has been one year since the managers accepted the RCMF Master Plan, which included a provision for the possibility of adjusting the hydrographs, as well as the commitment to regulatory compliance. He said during the course of the study, especially as we saw how it was shaping up with different cities doing different things, we all agreed that we would need to do a periodic status update for the group so we all knew where each of the SROG cities stood and that has not been done. He said Phoenix carries the Phoenix-only project and the joint Tempe/Phoenix project on the CIP, but the projects have been delayed due to funding. He said, once again, there is a clock ticking where we are about one and one-half to two years into the 10-year timeframe for compliance. He said he agrees that we need to take another look at this project, update the hydrographs, the short-term commitments, and the flow projections to see whether or not the current plan is still valid. He said we do not have a

lot of time, especially if we decide to look at alternative projects. He said they need to move forward on this quickly and hopes the partnership can support that.

Mr. Padilla said their biggest concern is the 23rd Avenue WWTP, which is 100% Phoenix; however, they try to be transparent and put that in the SROG CIP. He said the other cities have their plans, but Phoenix has not seen them and is sure each of the cities also has concerns and pressures like Phoenix does. He said they are going to try to make the best, cost-effective decision on how to implement their portion of the RCMF, just as the other cities would because it is a 100% Phoenix facility. He agreed with Mr. Dalton's point about needing to understand the status of each of the cities' RCMF programs. He said the other SROG cities know about Phoenix's because they have put it in the budget. He said this is a great opportunity for each of the SROG cities to relook at what we're doing relative to this issue.

Mr. Padilla suggested conducting a workshop to further discuss the RCMF issue. Mr. Dalton said we need to move quickly because there are no funds for any RCMF work in the budget this year. Mr. Dalton said if the Committee agrees they need to do this, we're going to have to agree that there will be some shuffling to do on the CIP. He said either another project gets deferred or we may have to contribute more funds and increase the second six months of the CIP this year to cover this. He said increasing the CIP was an issue that each of the cities' has expressed difficulty with, but this isn't something we can wait on when the clock is ticking. He said if we need to do this we also need to contribute the money and get it done.

Mr. Padilla said he knows that Tempe has the funds and program to do their portion of RCMF, but asked each of the other SROG cities what they were doing with their capital program for RCMF. He asked if the other SROG cities were finding the same pressures Phoenix was regarding the program budgeting and rates. He said they are having a very hard time getting it budgeted because of the magnitude of the project and asked where each of the other SROG cities was with this program.

Mr. Hassert said they do a five-year CIP and do not have anything within five years in the CIP for RCMF. Mr. Dalton asked what improvements they were contemplating. Mr. Hassert said they have pushed out the expansion of both their wastewater treatment facility and Water Campus beyond five years. He said they have actually shut down half of their pump-back system, which has been in hibernation for four months because they do not have the flows to operate both legs of it. He said given that, and looking at their projections and trend line up, they are years out before they would upgrade the pump-back for capacity and the same thing with treatment capacity.

Mr. Draper said he knew the big capital item was expansion of the Greenfield Plant and possibly the Northwest Plant, but the flows have gone down so much that they are having a hard time shuffling the water between the two plants, thus keeping the Southeast Plant operational and keeping the Greenfield Plant up and going as well. He said the costs are going up dramatically; operationally for the small amount of flow, so those expansions have been pushed out to about 2012 to defer the cost, plus the projections for flow just aren't there. He said they have looked at some other projects that would bring additional flow back into the Southeast and Greenfield area, which would definitely reduce flows in

the Baseline interceptors. He said there are things they are inadvertently doing that will impact this, but not necessarily related to what was originally outlined in the study. He said the Northwest Plant has done as well as it could; however, they are now bypassing flow because of the work they are doing on the headworks.

Mr. Padilla said this may be an opportunity to include phasing the RCMF Project differently. Mr. Dalton agreed with Mr. Padilla. He said Tempe recently pushed through a 21% rate increase for wastewater and a 13% rate increase for water, to help fund this issue. He said that doesn't mean he is determined to spend every penny, but if the project can get some relief with phasing and demonstrate, with solid scientific numbers, that defensible changes on this plan can be implemented, then he supports it. He said we have to begin soon because time is of the essence.

Mr. Padilla said they asked for a rate increase that included their RCMF, not exactly what was planned before, but they still included part of the program within the 10-year period.

Mr. Brotman said they are seeing the same thing, a reduction in flows. He said they are still negotiating with Peoria with the 99th Avenue capacity. He said they are in pretty good shape; however, they have pushed out their plant expansion into the future a couple of years. Mr. Kinshella said their proposal was that Glendale had enough capacity in the 99th Avenue that was unused, just right now that capacity is owned by Peoria.

Mr. Dalton said he is very, very nervous; they are all seeing lower flows and much of it they assume is due to the economy; a lot of it is because of a reduction overall in population because of vacant houses. He said this has been seen before and when the economy starts to come back, companies that were running understaffed, one shift per day of production, all of a sudden become fully staffed, operate three shifts a day, seven days a week, and the flow increases. He said there are probably 150,000 vacant houses right now, maybe another 100,000 vacant apartments, which can fill up in a hurry. He said he absolutely supports taking another look at this project. He said we must get it going and fund some work that is not currently in the budget, but if we are going to do this we need to proceed as soon as possible.

Mr. Padilla suggested having another meeting with this group to strategize some of the steps that we need to do in order to get the RCMF Project moving again.

There was no objection to Mr. Padilla's suggestion from the Committee members.

12. ELECTRICAL INSTRUMENTATION AND CONTROL SYSTEMS

Mr. Kinshella, on behalf of the City of Phoenix, requested authorization to advertise for professional services related to inspection and testing services of the electrical, instrumentation and control systems at the 91st Avenue WWTP. He said the budget for this work would be \$1.2 million for Fiscal Year 2010-11. He said they would like to advertise at this time for these services so they can go through the normal selection process, get a contract in place, and issue a notice to proceed by next fiscal year. He said

the contract period is 24 months; however, they often see extensions for time on these contracts because they haven't fully spent the funds. He said he does not expect to spend this amount within the 24-month period.

Mr. Dalton asked if this was linked to UP05. Mr. Kinshella said UP05 is estimated to be complete in May 2010. He said these services are for support of the computer systems related to some sludge pumps coming in, some small flow pumps in the Unified Pump Station, and some gates which will need electrical and control services.

Mr. Padilla said funds for these services are available in the SROG CIP Cash Flow for Fiscal Year 2009-10 through 2011-12.

Upon a motion by Mr. Padilla, a second by Mr. Brotman and unanimous approval, the SROG Advisory Committee authorized the City of Phoenix to advertise for professional services related to inspection and testing services of the electrical, instrumentation, and control systems at the 91st Avenue WWTP.

16. ADJOURNMENT

Upon a motion by Mr. Hassert, a second by Mr. Brotman and unanimous approval, the meeting was adjourned at 4:00 p.m.

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