

MINUTES OF THE
 SROG ADVISORY COMMITTEE
 MEETING OF
 NOVEMBER 19, 2009

MEMBERS:

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

OTHERS:

<p> Blaine Akine, Phoenix Tom Arn, Malcolm Pirnie, Inc. Larry Ayers, Brown & Caldwell Kathi Barrett Sturdivant, Phoenix Charlotte Benson, Tempe Andy Brown, Phoenix Dan Buhrmaster, Black & Veatch Josh Calandreli, Phoenix Aimee Conroy, Phoenix Ray Cons, Phoenix Kevin Conway, Greeley and Hansen Rich Distler, McCarthy Brian Draper, Mesa Sam Edmondson, Brown and Caldwell Jami Erickson, Phoenix Behrouz Fathali, Phoenix Ron Frey, Kennedy Jenks Denny Fulton, Mesa </p>	<p> Randy Gottler, Phoenix Bill Haney, Carollo Engineers Troy Hayes, Phoenix Paul Kinshella, Phoenix Gina Lopker, Phoenix Noe Naeole, Phoenix Lisa Nevitt, Phoenix Chris Ochs, Glendale Greg Ramon, Phoenix Steve Rohrer, Malcolm Pirnie, Inc. Tammy Ryan, Phoenix Richard Sacks, Scottsdale Don Sehorn, AMWUA Steve Todd, Wilson Engineers Thomas Walz, Phoenix John Watson, Phoenix Thalia Williams, AMWUA </p>
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1. CALL TO ORDER

Mr. Padilla called the meeting to order at 1:39 p.m.

2. APPROVAL OF THE MINUTES FROM THE OCTOBER 15, 2009 MEETING

Mr. Dalton inquired about the status of Item 10 (National Pollution Discharge Elimination System/Aquifer Protection Permits) from the October 15, 2009 minutes. He said Phoenix was hoping for a final APP by the end of October and asked if that had occurred. Mr. Kinshella said a final APP for the wetlands and UP05 was received in early November; however, there are still items that are required to be completed. Mr. Padilla said they had a teleconference with the EPA regarding the NPDES Permit and the

EPA was very cooperative in working with us on the limits we want. The City of Phoenix has provided the EPA with the information they requested and is hoping for a favorable outcome. He said they anticipate seeing a document going out for public comment in mid-January 2010.

Mr. Dalton requested an update on the APP at the December SROG Advisory meeting and said he would like a copy of the permit and a review of the items to be completed. Mr. Padilla said they would provide an update on both the APP and the NPDES Permits. Mr. Kinshella suggested adding the APP for the Overbank Wetlands.

Upon a motion by Mr. Brotman, a second by Mr. Bradford and unanimous approval, the SROG Advisory Committee approved the minutes of the October 15, 2009 meeting.

3. SET NEXT MEETING DATE

The next regular meeting of the SROG Advisory Committee was scheduled for Thursday, December 17, 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 September 2009. The projections were updated to begin in 2009. He said the COD actuals were above projections by 69,000 pounds per day. He noted that in August the COD value was above 900,000 pounds per day; it was identified that Greeley and Hansen would look at various large industries within the Valley to determine if the loading amount could be substantiated. Through research with the data set they were not able to find an industry that contributed to that load. Further review indicated there was a channel at the 91st Avenue WWTP that was significantly higher than the other two channels, which resulted in the increase in August. The two channels that tracked correctly received better information, indicating an outlier value from the first channel. This was substantiated with a review within the treatment plant of the amount of solids that are going through the primaries. Greeley and Hansen recommended that the value presented last month be used. TSS was also above projections by 11,000 pounds per day. There was an adjustment due to the same issue that took place with the COD. The same review process was followed for COD to obtain the better data. For flow, actuals were very close to the projections; 5 mgd below 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 September 2009, there was a small adjustment made within the website for COD because they were very close, within 2%; the monthly event being slightly higher than the sampling week.

TSS was also very close because the sampling week was only slightly lower than the monthly event. No adjustment was made for flow on the website; however, there was a very slight difference between sampling week and the overall month.

Mr. Brotman asked if they were able to determine what the sampling issue was and if there was any corrective action taken. Mr. Conway said they have another process which can figure out exactly what happened during that 14-day period with that channel. He said his staff met with the operations staff with the understanding that they would continue to follow up on this issue.

Mr. Conway distributed and discussed the Daily Planning Envelope by SROG city for the month of December 2009. He also presented an additional chart showing the ANPP projected daily demand in mgd, the 91st Avenue WWTP effluent to the ANPP in mgd, and 91st Avenue and Tolleson WWTP effluent to the ANPP in mgd. He said when adding the Tolleson flow and the 91st Avenue flow to the overall amount, the ANPP is targeting (the blue bar on the chart), the ANPP have been very good at taking the amount they indicate they will take. He said there are some anomalies that take place, but their planned shutdown in November and their take afterwards are pretty much in line with what they have indentified. He said they would present this chart on a monthly basis because it shows how predictable the demand is for the ANPP.

Mr. Padilla asked about the demand shown (the blue bar) and if it included Tolleson. Mr. Conway said the blue bar included Tolleson.

6. ARIZONA DEPARTMENT OF TRANSPORTATION (ADOT) IMPACT ON THE SALT RIVER OUTFALL (SRO)

Ms. Conroy of the City of Phoenix introduced Ms. Erickson, the City of Phoenix Water Services Department ADOT liaison. She said the SRO goes through the Sky Harbor Airport, under the Loops 143 and 153, and Ms. Erickson's presentation would focus on the impact to the main in that area where ADOT is widening the Loop 143. An aerial view of the area and precast concrete arch details were distributed.

Ms. Erickson said the ADOT has returned control of the Loop 153 to the City of Phoenix and it is now 44th Street. ADOT is going to connect the access from Sky Harbor Boulevard going eastbound to the Loop 143 going southbound to get to Interstate 10. She said there would be a ramp which would provide some construction around the SRO; the ramp is not going to impact the 72-inch outfall of the SRO, but a precast arch will be constructed to protect the SRO from the additional abatement that is placed on top of it. The precast arch is 130 feet long and 50 feet across, making sure not to load the pipe. She noted that the second sheet of the handout showed the dimensions.

Ms. Erickson said the second area of slight concern is the siphon outfall structure. She said there would not be any impact to the outfall structure, but that it would be behind an ADOT fence. They are working with ADOT to ensure they have access to that area.

There was discussion regarding the siphon at 44th Street. Mr. Kinshella asked if it was a Tempe siphon or if it was downstream of the Tempe meter station. Ms. Erickson said the

information they have shows the City of Tempe easement that may have been relocated when the Loop 153 was put in. There was also discussion regarding manhole number 310 for reference. Mr. Dalton said he thought this was the structure that has the flow from the 48th Street station that in the future would be carrying a lot more flow. He said Brown and Caldwell might have the most accurate information on location and pipe sizes. Mr. Edmondson said they may have been feeding chemicals there at one time. Mr. Dalton said there was a large effort by Brown and Caldwell to locate that manhole because it got moved with the Loop 202 construction and it was not well documented.

Mr. Dalton said it is necessary to confirm the pipe sizes. Ms. Conroy said they show an 18-inch and a 48-inch; however, Ms. Erickson said ADOT drawings show two 18-inch pipes and Phoenix shows an 18-inch and a 48-inch. Mr. Dalton said he hopes it is a 48-inch pipe because then they wouldn't need to upsize the pipe for the RCMF. Ms. Conroy said they would figure it out.

Ms. Conroy said that Ms. Erickson has been successful in obtaining as-builts from ADOT and plans on having more accurate as-builts on what ADOT builds in the future.

Mr. Hassert asked if the arch was shown in the correct location on the plan; it looks like it is not over the pipe. Ms. Erickson said the area he was looking at was a storm drain; the dashed line is a new storm drain.

This presentation was presented for informational purposes only.

7. UP05 EXPANSION UPDATE

Mr. Brown, of the City of Phoenix, provided an update on the UP05 Expansion at the 91st Avenue WWTP. He distributed a copy of his Power Point presentation to the committee. He showed an aerial view of the plant, noting the locations of both Projects A and B. He said most of the information he was presenting could be seen in the monthly construction report.

Mr. Brown said Project A has two contracts. Black & Veatch provides construction administration and inspection services and the original contract was \$5,314,765; there has been one change order for \$200,000, due to some survey and coordination for some of the SRP work. The project is 69% complete and the amount paid, to date, is \$3,788,625. He said they are currently ahead in their construction progress, although the commissioning phase, which is labor intensive, will be entered into soon.

Mr. Brown said the construction manager-at-risk for Project A is PCL. The original contract was \$43,650,00. There have been a few change orders made to that contract. He said of those change orders, only one (for \$2,455,000) increased the contract amount and that was for the Palo Verde junction box. APS will reimburse that cost to SROG. The revised contract amount is \$45,105,000; the project is about 95% complete. There are some contingencies on the owners' side of \$714,711 and currently they do not anticipate the need to spend those funds and will receive that money back after the project is completed.

Mr. Brown reviewed the construction schedule. The notice to proceed was issued on November 19, 2007, and will reach substantial completion on December 21, 2009. The project is on track to complete on schedule and final completion is expected in March 2010. The solids thickening facilities are essentially completed with the commissioning currently underway. The Unified Pump Station will begin November 30, 2009; prior to utilizing the pump station, they needed to make sure the permits were in place; the APP was received November 5, 2009. They hope to have the NPDES Permit by January or February 2010, if all goes as planned and the outstanding issues are resolved. He said once they start commissioning that facility they could start pumping water to Tres Rios. Progress photographs were shown of the pumps at the Unified Pump Station, the electrical building that supports the pump station, the new centrifuge that was added at the solids thickening facility, and the piping at the new sludge pump station.

Mr. Brown said McCarthy and Malcolm Pirnie, Inc. are performing Project B. It is essentially a mirror image of the UP01 project. He said Malcolm Pirnie, Inc. is performing the construction administration and inspection services. Project B is approximately 53% complete. McCarthy is performing as the construction manager-at-risk. The original contract amount was \$105,077,000; change orders to-date brings the adjusted contract amount to \$106,102,000. He said they are in good shape with respect to owners' contingency; if things go as well as they have been, we will be able to recover most of that contingency. The project is 81% completed to-date with 70% of the construction time elapsed. The actual construction phase will be from February 2008 to July 2010, although McCarthy was able to reduce the schedule by six months. The notice to proceed was issued February 4, 2008; substantial completion will be May 31, 2010, although the date may be improved upon. The commissioning phase will be from May to June 2010, with final completion July 31, 2010. Progress photographs were shown of the covered primary sedimentation basins, the odor control facility, the polymer building, the mixing vessels, the bulk storage, the aeration basins (IMLR piping, diffuser system, baffle wall, overflow weirs), the RAS/WAS pump station, and the secondary sedimentation basin.

Mr. Padilla said the project has been going very well. Mr. Brown said it was completely opposite of the last expansion experience.

Mr. Padilla suggested holding the next SROG Advisory Committee meeting at the 91st Avenue WWTP so the members could tour that facility. He said he would work out the details with the Phoenix staff and advise the SROG members of the logistics.

8. PROCESS OPTIMIZATION

This item was tabled. Mr. Bradford asked if Phoenix could send some information regarding this project and what the City of Phoenix is actually looking at.

9. DIGESTER GAS AGREEMENT NEGOTIATION SERVICES

Mr. Akine, on behalf of the City of Phoenix, requested authorization to execute a contract with Energy Strategies for consulting services to support the 91st Avenue WWTP digester

gas sale negotiations. He said Energy Strategies is experienced in green energy issues and the negotiation of natural gas and electric sale rates. Energy Strategies received recommendations from the Public Works Department and the Aviation Departments based on recent contract experience. He said their services would be helpful in negotiating with Black & Veatch/Sempra. The professional fees for this work are not expected to exceed \$85,000. No construction costs have been determined because this is a project in which they anticipate will generate revenue for SROG.

Mr. Hassert asked when the scope would end. Mr. Akine said this contract takes the project just through negotiations with Black & Veatch/Sempra. Mr. Kinshella said they are primarily looking for Energy Strategies' expertise in assisting SROG in pricing gas, especially digester gas, and with the value of the green energy. He said green energy is a California market which makes it more difficult for us to price here in Arizona.

Mr. Hassert said it doesn't sound like Sempra is going to be able to do a full cost model and give SROG a cost until around January because they still need to negotiate with an energy provider in California. Mr. Akine said that was correct; there have not been any subsequent meetings since the meeting where Sempra indicated they were going to go and negotiate with their energy provider in California. Mr. Padilla said Energy Strategies would also be able to assist us with an idea of the amount of revenue we can expect and the timeframe involved so we can determine the length of time we want to contract with Sempra.

Mr. Padilla said funds for these services are not available in the current 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 enter into a contract with Energy Strategies for an amount not to exceed \$85,000 to assist SROG in the negotiation of a long-term agreement with Black & Veatch/Sempra Energy for the sale of digester gas generated at the 91st Avenue WWTP. The Project Number is WS90100088 and will be billed according to Billing Schedule 41.

10. SROG CAPITAL IMPROVEMENT PROJECTS CASH FLOW ESTIMATE

Mr. Kinshella reviewed a comparison of the previous six-month cash flow with the proposed cash flow for the next six-month period. He reviewed each of the projects that had a change in estimate from the previous cash flow.

- Project Number WS90100051, Instrumentation and Controls, was \$500,000 and will continue at \$500,000.
- Project Number WS90100061, Process Control Optimization & Inspection; was \$50,000; now is zero; sufficient funds have been collected as of this time.
- Project Number WS90100062, SROG JEPA Reporting; was zero and is increasing to \$73,000.
- Project Number WS90100063, UP05 Instrumentation & Control Inspection; was \$250,000 and is decreasing to \$173,000.

- Project Number WS90100067, Process Control Network Implementation; was \$91,000 and no more funds need to be collected.
- Project Number WS90100079, UP05 Expansion-Construction Team A; staying as projected in the previous cash flow.
- Project Number WS90100080, UP05 Expansion-Construction Team B; staying as projected in the previous cash flow.
- Project Number WS90100085, 91st Avenue Low Flow Pumps/Split; was \$50,000 and is now zero; sufficient funds have been collected at this time.
- Project Number WS90100086, 91st Avenue 3 Motor Operated Flushing Gates; was \$50,000; was increased to \$82,000 to match anticipated upcoming costs.
- Project Number WS90100087, Primary Sludge Booster Pumps, was \$100,000; is now zero; sufficient funds have been collected at this time.
- Project Number WS90120033 25-Year Master Plan; was \$210,000 and is now zero, sufficient funds have been collected at this time.
- Project Number WS90160011, SRO Sewer Odor Study; was previously zero and the project has been postponed into the future.

Mr. Kinshella said the current projects totaled \$31,826,000 in the prior cash flow estimate and have decreased to a total of \$31,128,000 for this six-month period.

Mr. Kinshella reviewed the Planned Projects on the cash flow. These are projects that have not been brought to the SROG Advisory Committee for approval, but ones they anticipate bringing forward in the next time period. He said there is \$14,000 in the planned projects section that was not there previously, which is for the 91st Avenue Digester Gas Sale Support (Item 9) that was just approved.

- Project Number WS9010XXX, JEPA Legal Support Services; was \$500,000 and is being carried forward with no additional funding required because sufficient funds have been collected.
- Project Number WS90120027, Salinity Research & Improvements Pilot; was \$200,000 and no additional funds are required at this time.
- Project Number WS90120031, Concentrate Management Alternative Viability Assessment; was \$150,000 and no additional funds are required at this time.

The planned projects for this six-month period total \$14,000 that will be brought for approval compared with \$850,000 projected in the last six-month cash flow.

Mr. Kinshella said the total for the January 2010 through June 2010 cash flow totaled \$31,142,000; a decrease from the previously estimated \$32,676,000.

Mr. Dalton said, for clarification, there are no dollars for this work in the O&M Budget on the JEPA Legal Support Services where the previous amount was \$500,000 and no additional funds are being collected this period. Mr. Kinshella said it was his understanding that they have previously collected sufficient funds to cover this cost; it is not an O&M cost. He said, originally, they thought this might be a \$1,000,000 contract; however, after a review with Mr. Wetherell they now think they will not expend more

than \$200,000 on these services. Mr. Sehorn added that this has not yet been advertised and is for the legal support to Mr. Wetherell for the JEPA contract revisions and would be a new project.

Mr. Bradford asked for an explanation on the SRO Sewer Odor Study, Project Number WS90160011. He said on Mesa's previous six-month cash flow in the future year's column, it showed a future billing of \$6 million and it is now showing \$12 million. Ms. Naoele said the increase is in year 2019-20 in which \$34 million was added. The funds are beyond this cash flow into the future.

Mr. Bradford said it would be helpful if Phoenix could provide them with the amount of funds collected for each of the projects when discussing projects that Phoenix indicates have sufficient funds. Mr. Calandreli said Ms. Olson is trying to work towards looking at how much is in the fund balance, not on a project by project basis, and whether there are sufficient funds for the six-month period. Mr. Kinshella said that the way the new JEPA is written, projects are not tracked individually, but by each city's fund, which is more manageable.

Upon a motion by Mr. Padilla, a second by Mr. Bradford and unanimous approval, the SROG Advisory Committee accepted the SROG CIP Cash Flow for the period January 2010 through June 2010 as presented by the City of Phoenix, and that the SROG CIP Cash Flow be used for the advanced monthly CIP billings for the period January 2010 through June 2010.

11. JEPA LEGAL SUPPORT SERVICES

Mr. Dalton said that in September 2008, when the RCMF Master Plan was accepted, the SROG Committee also directed the SROG Advisory Committee to pursue the interceptor capacity reallocation that would go along with the build out flows planned for the SRO and SAI. He said that since that time, the Committee authorized the City of Phoenix to advertise for services to update the RCMF flow projections for the interim period between now and build out flows because we recognize our flows are lower and have changed from the assumptions and the data we had when we did the RCMF Master Plan, as well as the JEPA Legal Support Services.

Mr. Dalton said that in May 2009, Phoenix received authorization to advertise for the JEPA Legal Support Services, yet it has not been advertised to-date. Since then, it has been identified that we don't need \$1 million for legal support services, but something closer to \$200,000, and according to the review of the CIP Cash Flow, some funds have already been collected. He said between the change of perspective on what we need for the services and the time that has elapsed, it is a little difficult to understand, with any certainty, as to where we stand. He said, from Tempe's perspective, we need to get the Legal Support Services contract in place if a new one is necessary because we are very close to completing the JEPA work and we need to get it done. He said the second piece is that his understanding was that with this contract we would also have the services required to finalize the calculations and get a stamped engineering report on which to base the interceptor capacity reallocation (this was directed by the SROG Committee 14 months ago).

Mr. Dalton asked where we currently stood and what needs to be done to get this work done.

Mr. Padilla said that in December, Phoenix would bring a request to advertise for Legal Support Services. He said sole sourcing is not an option; therefore, SROG will have to go through the process of advertising, reviewing the SOQ's, etc. and the most qualified firm will be selected. He said funds are available; they are just not collecting funds during this time period.

Mr. Padilla said that in December they could also bring a request to advertise for the RCMF services. He said they have the funding for that project in the July through December 2010-11 cash flow. The services could include the modeling, the flow projections, and storm event assumptions. He said that once the model is complete, the Committee can then discuss what each city will do and whether or not it makes sense for some cities to do something jointly. Mr. Kinshella said they would have to ask staff to expedite the process so they can go to the city council in June to approve funding for next year's budget. Mr. Padilla said they could request to advertise in December, although it will not be advertised until January 2010.

Mr. Padilla apologized for the delay and said the City of Phoenix has been reevaluating the CIP and what needs to be done which, has taken time.

For clarification on the JEPAs Legal Support Services, Mr. Dalton said that although they authorized an estimated amount of \$1 million in May of 2009, we would now be looking at about \$200,000, plus another \$150,000 to finish the reallocation issue. Mr. Conway said probably \$50,000 to \$100,000. Mr. Padilla said the reallocation supports the JEPAs work. Mr. Hassert asked if the request for proposal was for legal services with an engineering sub-consultant. Mr. Padilla said that when they say legal support, it is probably going to be an engineer that provides engineering support to the legal team, the technical aspect of it.

Mr. Dalton said it is a continuation of the work that Greeley and Hansen has been doing thus far on the JEPAs. Mr. Padilla said this is a separate effort from what Greeley and Hansen does each month with the JEPAs Reporting Requirement.

Mr. Dalton said he very much appreciates Phoenix moving forward with this and wants to go on record as questioning the need to advertise for services on work that is so very close to completion, and why we would go through the administrative process of advertising, interviews, etc. when we have expertise that is so close to completing the work. He said he understands the position that Phoenix is in, but wants to go on record indicating that he doesn't think it is an efficient use of resources. Mr. Padilla said he understands that and if Phoenix could do anything about that they would; however, going through the process is the right thing to do and they want to make sure that everybody has a fair chance to compete for those services.

Mr. Padilla asked if the Greeley and Hansen contract for the Legal Support Services was complete. Mr. Conway said they have \$30,000 or less left on their contract.

12. ADJOURNMENT

Upon a motion by Mr. Brotman, a second by Mr. Hassert and unanimous approval, the meeting was adjourned at 2:38 p.m.

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