

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
WATER QUALITY ADVISORY COMMITTEE MEETING

Tuesday, October 16, 2012
MAG Office Building
Phoenix, Arizona

MEMBERS ATTENDING

Kathryn Sorensen, Mesa, Chair	David McNeil, Tempe
Randy Gottler, Phoenix, Vice Chair	Kevin Chadwick, Maricopa County
Jerry Postema for Goodyear	* John Boyer, Pinnacle West Capital
Barbara Chappell, Avondale	* Jim Kudlinski, Salt River Project Summer Waters, University of Arizona Cooperative Extension
Arnold Coronado for Buckeye	Sherrie Logg for Michael Byrd, Salt River Pima-Maricopa Indian Community
Anupa Jain for Robert Goff, Chandler	# Carole Klopatek, Fort McDowell Yavapai Nation
# Jamie McCullough for Dave Emon, El Mirage	Elisabeth Kahn for Glenn Stark, Gila River Indian Community
Mark Horn, Gilbert	
Michael Weber, Glendale	
Brian Biesemeyer, Peoria	
Greg Homol, Queen Creek	
Rich Williams Sr., Surprise	
Richard Sacks for Suzanne Grendahl, Scottsdale	

*Those members neither present nor represented by proxy.
#Attended by telephone conference call.

OTHERS PRESENT

Julie Hoffman, Maricopa Association of Governments	Stuart Peckham, Water Infrastructure Finance Authority
Kara Johnson, Maricopa Association of Governments	Steve Carlson, Liberty Utilities
Brian Hamrick, Liberty Utilities	Rob Bryant, Water Works Engineers
Matthew Garlick, Liberty Utilities	Matt Tsark, Strand Associates, Inc.

1. Call to Order

A meeting of the MAG Water Quality Advisory Committee (WQAC) was conducted on Tuesday, October 16, 2012. Kathryn Sorensen, City of Mesa, Chair, called the meeting to order at approximately 1:30 p.m. Jamie McCullough, City of El Mirage, and Carole Klopatek, Fort McDowell Yavapai Nation, attended the meeting via telephone conference call.

2. Agenda Announcements

Chair Sorensen provided an opportunity for member agencies to report on activities of interest in their agencies.

3. Call to the Audience

Chair Sorensen provided an opportunity for members of the public to address the Committee on items not scheduled on the agenda that fall under the jurisdiction of MAG or items on the agenda for

discussion, but not for action. She noted that according to the MAG public comment process, members of the audience who wish to speak are requested to fill out comment cards, which are available on the tables adjacent to the doorways inside the meeting room. Citizens are asked not to exceed a three minute time period for their comments. Chair Sorensen noted that no public comment cards had been received.

4. Approval of the October 25, 2011 Meeting Minutes

The Committee reviewed the minutes from the October 25, 2011 meeting. David McNeil, City of Tempe, moved and Randy Gottler, City of Phoenix, seconded, and the motion to approve the October 25, 2011 meeting minutes carried unanimously.

5. Draft MAG 208 Water Quality Management Plan Amendment for the Service Area Expansion of the Litchfield Park Service Company dba Liberty Water Palm Valley and Sarival Water Reclamation Facilities

Rob Bryant, Water Works Engineers, presented the Draft MAG 208 Water Quality Management Plan Amendment for the Service Area Expansion of the Litchfield Park Service Company (LPSCo) doing business as (dba) Liberty Utilities Palm Valley and Sarival Water Reclamation Facilities. Mr. Bryant stated that this amendment entails a service area expansion for the LPSCo dba Liberty Utilities, formerly Liberty Water, in the City of Glendale Municipal Planning Area (MPA). Mr. Bryant indicated that Liberty Utilities just recently underwent a name change when they expanded operations to include gas and electricity. The City of Glendale has provided a letter requesting the amendment.

Mr. Bryant provided an overview of the amendment. The proposed service area expansion is at the northern end of the current LPSCo service area. Mr. Bryant noted that there is sufficient capacity in both the existing collection system and treatment facility. He mentioned that the expansion has been conditionally approved by the Arizona Corporation Commission (ACC) pending the approval of the 208 amendment. Mr. Bryant mentioned that the amendment includes an increase of 0.099 million gallons per day (MGD) to the existing annual daily flow.

Mr. Bryant reviewed the vicinity map from the amendment. He discussed the proposed areas for the service area expansion located in Glendale. The map shows that the facilities are located in the Goodyear MPA.

Mr. Bryant stated that letters of no objection have been provided by jurisdictions within a three mile radius of the proposed service area expansion. Letters were received from: City of Avondale; City of El Mirage; City of Goodyear; City of Litchfield Park; Luke Air Force Base; Maricopa County Environmental Services Department; City of Peoria; City of Phoenix; and the Town of Youngtown.

Mr. Bryant presented the flow projections. He explained that the proposed service area expansion is comprised of various land uses, which include residential and light commercial. Mr. Bryant stated that the service area expansion flows are 0.099 MGD.

Mr. Bryant discussed infrastructure capacity. He indicated that Liberty Utilities has conducted hydraulic modeling on their collection system. The hydraulic modeling confirmed the d/D of 0.75 is not exceeded under peak flow conditions. Mr. Bryant added that there are no impacts on the existing collection system. He commented that the Palm Valley Water Reclamation Facility is currently under construction for an expansion to 5.1 MGD, which is not driven by this amendment. The Aquifer Protection Permit (APP) was signed on April 13, 2012.

Mr. Bryant provided a summary of infrastructure status. He explained that some areas in the expansion have existing infrastructure in place; however, there is no development yet. Mr. Bryant stated that areas with no infrastructure will be constructed by developers in the future. These plans will be reviewed and approved by Liberty Utilities. Constructed infrastructure will then be owned and operated by Liberty Utilities. Mr. Bryant thanked the Committee and inquired if there were any questions on the amendment.

Jerry Postema, City of Goodyear, inquired if the Hydraulic Modeling Analysis of the collection system was included in the report. Mr. Bryant replied that the analysis was not included in the report. He stated that Liberty Utilities is currently going through the model update and adding in the additional flows. The analysis will be completed in approximately one month. Mr. Postema indicated that he is interested in reviewing the Hydraulic Modeling Analysis and how the additional flows would impact the area of Litchfield Road and McDowell Road. He requested the model once it is completed. He asked if Liberty Utilities has a Capacity Management, Operations, and Maintenance Program in place. Mr. Bryant responded no.

Carole Klopatek, Fort McDowell Yavapai Nation, inquired how the biosolids will be handled and how they are handled now. Mr. Bryant responded that biosolids are currently digested on site, dewatered, and hauled to a landfill. Dr. Klopatek stated that the amendment indicates various ways of managing biosolids, which is why she is inquiring how they will be handled in the future. Mr. Bryant replied that the current method of managing biosolids will continue to be used which is what is identified in the APP.

Summer Waters, University of Arizona Cooperative Extension, mentioned that the service area expansion will be creating an unsewered island. She inquired if the amendment will affect areas currently using septic systems. Mr. Bryant responded that the amendment creates an unsewered island currently on septic systems. He stated that the City of Glendale has issued a letter stating that when and if the unsewered area requests sewer service that Liberty Utilities may be a service option.

Chair Sorensen asked if the unsewered area flows are included in the ultimate flow estimate. Mr. Bryant replied that those flows were not included. Chair Sorensen inquired the size of the flows from the unsewered area. Mr. Bryant responded he did not have the exact figure, but that there are approximately 30 to 40 lots.

David McNeil, City of Tempe, asked if attainment of a portion of Glendale's service area by Liberty Utilities equates to a reduction in Glendale's service area to exclude that portion. He also inquired if another amendment is necessary for the reduction of service area. Julie Hoffman, Maricopa Association of Governments, responded that Glendale has brought forward this amendment to have a portion of their wastewater planning area be served by LPSCo dba Liberty Utilities. She clarified that the amendment is not changing their actual Municipal Planning Area boundary. The amendment is requesting that sewer service be provided to this area by facilities in the City of Goodyear MPA. Ms. Hoffman stated that Goodyear has forwarded a letter of no objection for this amendment. Mr. McNeil asked if this amendment would prohibit Glendale from providing service in that area without a future amendment. Michael Weber, City of Glendale, replied that the utility provider Certificate of Convenience and Necessity for the area, granted by the Arizona Corporation Commission, provides the utility the sole authority to provide service.

Chair Sorensen inquired if septic areas are included in population projections and wastewater flows in the MAG 208 Water Quality Management Plan. Ms. Hoffman responded that the MAG 208 Water Quality Management Plan includes the population projections for the entire planning area.

She stated that the 208 Plan does not detail specific service areas for treatment facilities and areas on septic. The wastewater service area for a jurisdiction is the MPA boundary.

Chair Sorensen commented on including the septic area flows in the ultimate flow projections for the amendment. Mr. Bryant replied that the City of Glendale has not relinquished all of their rights to the unsewered service area and could potentially run a line to the area in the future. Mr. Weber mentioned that is correct, Glendale could serve areas west of 115th Avenue, however, the current direction is not to serve west of 115th Avenue. He commented that in the letter from Glendale discussing the island created, Glendale indicated it would be willing to allow Liberty Utilities to serve the area in the event that the residents requested a private utility system. Chair Sorensen clarified Glendale does not intend to service the unsewered island and that if sewer service is requested it would be from Liberty Utilities. Mr. Weber responded that was correct.

Dr. Klopatek inquired which party would be financially responsible for the sewer connections. Mr. Weber replied that if the service provider were to be the utility, they would work through the ACC. In addition, the matter would likely be brought back to the Committee with an amendment to add the additional area. He stated that costs would be handled between the land owners and the utility provider in accordance with the rules and regulations approved by the ACC.

Dr. Klopatek inquired about the plan for biosolids. She indicated that the amendment states biosolids will be either stored and sold or landfilled for disposal; however, there will be an opportunity to use the Sarival Water Reclamation Facility as a biosolids processing plant for both facilities once it is completed. Matthew Garlick, Liberty Utilities, responded that, in the past, biosolids have been treated at the facility, centrifuged, and landfilled. The policy has since changed to aerating, centrifuging, and landfilling the biosolids to remove odor. Mr. Garlick mentioned other options for biosolids in the amendment; however, the plan is to continue landfilling biosolids to minimize odor.

Dr. Klopatek asked about the projected quantity of reclaimed water for groundwater recharge. Mr. Garlick stated that LPSCo produces approximately 3,620 acre feet of effluent. He discussed that approximately one third of the effluent is sold to reuse customers. Mr. Garlick explained that the remainder of the effluent is placed in a Roosevelt Irrigation District canal where it is recharged through a groundwater savings facility which is shared between LPSCo and the City of Phoenix. The credits from the recharge return to the utility. Mr. Garlick stated that there are plans for a larger groundwater recharge facility in the area within the next several years.

Jamie McCullough, City of El Mirage, commented on the vicinity map in the amendment. She stated that the El Mirage Wastewater Treatment Plant location is incorrect. Mr. Bryant stated that the map will be revised with the correct location. Mr. Bryant also indicated that the unsewered area flows will be added to the amendment to show what the impacts could be to the system.

Dr. Klopatek inquired if Ms. Hoffman had received comments or concerns on the amendment. Ms. Hoffman replied that no public comments have been received. She stated that she only received the letters of no objection included in the amendment.

Chair Sorensen requested a motion to authorize a public hearing on the Draft MAG 208 Water Quality Management Plan Amendment for the Service Area Expansion of the Litchfield Park Service Company dba Liberty Utilities Palm Valley and Sarival Water Reclamation Facilities. She noted that this is not a motion to approve the amendment. Mr. Weber, moved and Rich Williams Sr., City of Surprise, seconded, and the motion carried unanimously.

Chair Sorensen stated that a public hearing needs to be advertised 45 days in advance. The public hearing will be scheduled for Thursday, December 13, 2012 at 3:00 p.m.

6. Water Infrastructure Finance Authority Presentation

Stuart Peckham, Water Infrastructure Finance Authority, presented an overview of the Water Infrastructure Finance Authority (WIFA). Mr. Peckham stated that he is an Environmental Programs Specialist at WIFA. He indicated that WIFA offers below-market interest rate construction loans for 100 percent of eligible project costs. Mr. Peckham mentioned that there are no application deadlines and loans are given year-round.

Mr. Peckham stated that WIFA is Arizona's water and wastewater funding source that functions as a bond bank. He discussed that WIFA is an independent agency of the State of Arizona and dedicated to maintaining and improving water quality and public health for all Arizonans. He added that WIFA is in place to promote environmental quality, through funding and technical assistance programs. WIFA is committed to steering resources to communities with the greatest need. Questions are asked in the application process that score the need of communities. Mr. Peckham described that communities with great need can receive a further reduced interest rate. He noted that WIFA helps maintain and enhance Arizona's high quality of life.

Mr. Peckham presented some functions of WIFA. He indicated that WIFA issues water quality bonds on behalf of communities. The proceeds of the bonds fund water infrastructure projects. Mr. Peckham stated that one-on-one assistance is provided to all that approach WIFA. A project manager is assigned to all projects to assist in every step of the process. Mr. Peckham added that WIFA offers borrowers below-market interest rates on loans for 100 percent of eligible project costs.

Mr. Peckham stated that since 1992, WIFA has invested almost \$2 billion in Arizona communities through the funding of drinking water and wastewater projects. He indicated there is no minimum or maximum limit to get a WIFA loan. The smallest loan funded was \$2,968 and the largest single loan amount funded was \$87.7 million. Mr. Peckham noted that the largest multi-loan project WIFA funded was \$346 million. The multi-loan project entailed re-sewering an entire community and constructing a new treatment facility. There were several small loans since the project was completed in phases.

Mr. Peckham discussed the types of projects WIFA finances. He stated that WIFA finances the rehabilitation and/or improvement of water related projects including: drinking water infrastructure; wastewater infrastructure; wastewater reclamation infrastructure; stormwater management; and nonpoint source pollution mitigation.

Mr. Peckham presented on WIFA funding sources. He indicated that funding originates from the federal government under the Clean Water Act and the Safe Drinking Water Act. The funding is derived from the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF). Mr. Peckham stated that these two funds have provided nearly \$2 billion in low-cost financing and grants to protect Arizona's water quality and provide safe drinking water. Both funds were established by the Environmental Protection Agency (EPA). Mr. Peckham noted that WIFA relies on their AAA credit ratings and EPA funding to offer financing at a significantly lower cost than communities can obtain elsewhere. He stated that WIFA is able to lower a borrower's interest costs even more with discounts between five and 30 percent. Additional interest rate reductions can be achieved depending on need.

Mr. Peckham discussed WIFA funding. Under the Clean Water State Revolving Fund, WIFA offers financial assistance to design, construct, rehabilitate, and upgrade wastewater treatment and reclamation facilities and related water quality projects. Mr. Peckham provided examples of WIFA funded CWSRF projects, which include: septic to sewer; advanced wastewater treatment systems; recharge facilities; biosolids handling facilities; water reclamation and reuse; sewer line replacement; and stormwater infrastructure.

Mr. Peckham discussed the Drinking Water State Revolving Fund. DWSRF funding can be used to design, construct, rehabilitate, and upgrade drinking water facilities. Mr. Peckham explained that DWSRF funding is used for publicly held community water systems, as well as privately held drinking water systems that are regulated by the Arizona Corporation Commission. To clarify, he stated that the CWSRF is only able to fund public entities. Mr. Peckham provided examples of WIFA funded DWSRF projects, which include: well rehabilitation and drilling; storage tanks; transmission lines; treatment systems for arsenic/fluoride/nitrate; meter replacement; and pump stations.

Mr. Peckham presented the WIFA application process, which is streamlined and user-friendly. The project manager is a consistent point of contact to guide the applicant throughout the financing process. Mr. Peckham noted that there are no application deadlines and that financing is available year-round. He added that loans are approved at bimonthly board meetings. Mr. Peckham commented that completing an online application and closing the loan may happen in as little as a few months. Project managers are assigned to projects based on the county in which the project is located. He noted that he is the project manager for Maricopa County.

Mr. Peckham provided the WIFA standard terms and conditions. He stated that current interest rates are in the 2.8 to 3.5 percent range which may be lower depending on placement on the priority list. Mr. Peckham discussed that a 20 year repayment term is typical for most projects, however, the repayment term may be extended in some circumstances. He indicated that interest is only calculated on funds drawn from the loan. WIFA requires a debt service coverage of 1.20, however, this depends upon the dedicated source of repayment. Mr. Peckham added that since WIFA is federally funded, projects must comply with the Davis-Bacon Wage Rate Requirements. He mentioned that project managers assist organizations with this process.

Mr. Peckham discussed the incentives for green projects. He explained that there are four green project categories recognized by EPA: water efficiency; energy efficiency; environmentally innovative; and green stormwater infrastructure. Some examples of water efficiency include effluent reuse and meters and Automatic Meter Reading Systems. Examples of energy efficiency include renewable energy, such as solar, wind, geothermal, and micro-hydroelectric, and energy audits or assessments. Environmentally innovative projects include reaching Leadership in Energy and Environmental Design (LEED) certification for renovated or constructed buildings. Stormwater harvesting and reuse at a facility, as well as, establishment or restoration of permanent riparian buffers or soft bioengineered stream banks are examples of green stormwater infrastructure projects. Mr. Peckham mentioned that the preceding categories are put in place by EPA. He indicated that if WIFA finds a projects fits one of the green categories, a basis point discount is applied, which is a reduction in the combined interest and fee rate. WIFA determines whether a project meets the green criteria, as outlined in the EPA Green Project Reserve (GPR) guidance. Mr. Peckham commented that the green incentive is only available until the GPR is spent for the year.

Mr. Peckham presented options for planning and design loans which have a one percent interest rate and a three year repayment term. Mr. Peckham stated that the planning and design loans can be rolled into the construction loans.

Mr. Peckham stated that WIFA also administers a grant program. He indicated that WIFA offers planning and design grants for drinking water and clean water projects. The grants are designed to help prepare water and wastewater facilities for future construction of infrastructure projects. Mr. Peckham noted that grants are for planning and design only and that no construction costs can be included. He mentioned that limited funding available for the grants creates a competitive selection process.

Mr. Peckham discussed grant applications. He indicated that WIFA looks for projects that assist in developing a capital improvement project. Mr. Peckham noted that WIFA wants to see projects with solid documentation and descriptions, are appropriate for the facility, well-planned, and ready to begin. He stated that the grant evaluation criteria are as follows: critical need; green components; application content and project description; costs and benefits; community need for grant funding; and system capacity. Mr. Peckham stated that the next cycle of drinking water grant applications begins in January of 2013. Applications are due February 28, 2013. There is \$150,000 available in grant funding and there is a \$35,000 limit per grant.

Mr. Peckham provided a summary of the loan program. He noted that the loan program entails: below-market interest rates; 20-year repayment term; year-round availability; no restrictions on monetary amount; and the loan can encompass planning, design, and construction costs.

Mr. Peckham summarized the grant program. He indicated that the grant program includes: a competitive selection process; limited funding; only two cycles per year; and the grant may only be applied to planning and design.

Mr. Peckham stated that WIFA will be conducting a funding forum on November 7, 2012. Information was made available to Committee members. He also provided the Committee with WIFA contact information.

Chair Sorensen stated that the City of Mesa had its first experience with WIFA with the American Recovery and Reinvestment Act (ARRA) funding. She noted that it was a professional and relatively painless experience; Mesa was very pleased.

Mr. McNeil inquired about earmarked funding for green projects in the next grant cycle. Mr. Peckham responded that there is no GPR in the grant program; it is for loans. Although, a project could score higher if there is a green component.

Brian Biesemeyer, City of Peoria, asked what percentage of the loan program is designated for green projects. Mr. Peckham replied that 20 percent of the federal grant for clean water is designated for green projects. He noted that the grant amount changes each year.

7. MAG 208 Water Quality Management Plan Update on Hold Until New MAG Socioeconomic Projections are Available

Ms. Hoffman discussed the update to the MAG 208 Water Quality Management Plan. She stated that MAG staff has been revising the Point Source Section of the MAG 208 Water Quality Management Plan to include 35 wastewater treatment plants approved by the MAG Regional Council since the Plan was last updated in 2002. The 2007 MAG socioeconomic projections and

municipal planning areas were also included. Ms. Hoffman indicated that the draft descriptions were distributed for review to the MAG member agencies. She noted that feedback was received on the updated sections to identify the needs of communities for the next 20 years. She noted that concern was also expressed on using the 2007 socioeconomic projections due to the 2010 Census data and the economic downturn. She stated that 18 MAG member agencies submitted projections other than the 2007 socioeconomic projections. Ms. Hoffman mentioned that the MAG 208 Plan update is being placed on hold until the new MAG socioeconomic projections are available.

Ms. Hoffman discussed updated population projections. She stated that MAG staff is currently developing new population projections based on the 2010 Census which are expected to be approved in 2013. Ms. Hoffman explained that the Arizona Department of Administration (ADOA) is the designated agency for producing the official population projections for the State and counties. Per Executive Order 2011-04, the population projections produced by ADOA in accordance with the executive order shall be used by all State agencies for all purposes including those required by federal law. She indicated that MAG then utilizes the control totals when developing the sub-county projections. Ms. Hoffman stated that once the new socioeconomic projections are approved by the MAG Regional Council, likely around April 2013, the new projections would be incorporated into the draft update of the MAG 208 Plan. The update would then be distributed to member agencies for final review. Ms. Hoffman noted that the Point Source Section update has been substantially completed since jurisdictions have already had an opportunity to review their sections and provide comment.

Chair Sorensen inquired about what is needed for the jurisdictions that provided their own population projections originally. Ms. Hoffman responded that there is a table in each jurisdiction section of the 208 Plan that includes the population projections. She stated that these tables will be updated with the new projections approved by the Regional Council and the information will be distributed to the member agencies for final review.

Chair Sorensen asked if anyone had comments on the update of the MAG 208 Water Quality Management Plan being placed on hold until the new MAG socioeconomic projections are available. Mr. Biesemeyer concurred with holding the update for the new socioeconomic projections.

8. Call for Future Agenda Items

Chair Sorensen asked the Committee for suggestions on future agenda items. She indicated that the Committee can email suggestions to either herself or MAG staff. No comments were received.

9. Comments from the Committee

Chair Sorensen invited comments from Committee members. Mr. Postema commented that the City of Goodyear is seeking approval for creating A+ effluent at their Corgett Water Reclamation Facility. The City is also increasing redundancy. In addition, the City of Goodyear is looking to design an expansion for their 157th Avenue Water Reclamation Facility which is at 83 percent capacity. Chair Sorensen inquired about the expansion size. Mr. Postema stated that the expansion may be one or two MGD.

With no further comments, Chair Sorensen thanked the Committee for participating and called for adjournment of the meeting at approximately 2:20 p.m.