

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

Tuesday, June 27, 2006
MAG Office Building
Phoenix, Arizona

MEMBERS ATTENDING

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| Roger Klingler, Scottsdale, Chair | Phoenix: Robert Hollander |
| *Avondale: Greg Stack | Surprise: Rich Williams Sr. |
| Buckeye: Lucky Roberts | Tempe: David McNeil |
| #Chandler: Jacqueline Strong | Maricopa County: Dale Bodiya for John Power |
| *El Mirage: Michael Salisbury | Pinnacle West Capital: Maria Mahar for John Boyer |
| *Gilbert: Lonnie Frost | *Salt River Project: Ray Hedrick |
| Glendale: Chris Ochs | *U of A Cooperative Extension: Patrick Clay |
| Goodyear: David Iwanski | Citizen Representative: Eugene Jensen |
| #Mesa: Bill Haney | |
| *Peoria: Stephen Bontrager | |

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

OTHERS PRESENT

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| Arizona Department of Environmental Quality: Edwina Vogan | JF Properties: Keith Watkins |
| Town of Buckeye: Mike Salisbury | Maricopa County: Ken James |
| Beus Gilbert: Paul Gilbert | Pacific Environmental Resources Corporation: Steven Owen |
| Beus Gilbert: Felipe Zubia | City of Surprise: James Shano |
| CSA Engineering: John Tyldesley | Sierra Negra Ranch: Bryan O'Reilly |
| CSA Engineering: Peter Chan | Glennie Reporting Services: Marianne Burton |
| Element Homes: Mike Kocourek | Maricopa Association of Governments: Julie Hoffman |
| Gallagher & Kennedy: Garry Hays | Maricopa Association of Governments: Ann Wimmer |
| Global Water/Hassayampa Utilities Company: Robin Bain | |
| JF Properties: James Condit | |

1. Call to Order

A meeting of the MAG Water Quality Advisory Committee was conducted on Tuesday, June 27, 2006. Roger Klingler, City of Scottsdale, Chair, called the meeting to order at 3:07 p.m. Jacqueline Strong, City of Chandler, and Bill Haney, City of Mesa, attended the meeting via telephone conference call. Chair Klingler noted that letters providing public comment on the Balterra 208 Plan Amendment area at each place.

2. Agenda Announcements

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

3. Call to the Audience

Chair Klingler 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. No members of the public indicated that they wished to address the Committee.

4. Approval of the April 25, 2006 Meeting Minutes

The Committee reviewed the draft minutes from the April 25, 2006 meeting. Chris Ochs, City of Glendale, moved and Robert Hollander, City of Phoenix, seconded, and the motion to approve the April 25, 2006 meeting minutes carried unanimously.

5. Public Hearing - Draft MAG 208 Water Quality Management Plan Amendments for the Balterra Wastewater Treatment Facility, City of Surprise Special Planning Area 4 Regional Water Reclamation Facility, and City of Surprise Special Planning Area 5 Regional Water Reclamation Facility

Chair Klingler opened the Public Hearing on the Draft MAG 208 Water Quality Management Plan Amendments for the Balterra Wastewater Treatment Facility, City of Surprise Special Planning Area 4 Regional Water Reclamation Facility, and City of Surprise Special Planning Area 5 Regional Water Reclamation Facility. He indicated that the hearing would begin with a briefing on the projects, followed by an opportunity for hearing participants to make comments on the draft 208 plan amendments for the public record. He added that a Court Reporter was present to provide an official record of the hearing and written comments were also welcome. Chair Klingler invited members of the public wishing to provide comments to fill out a yellow card and submit it to MAG staff. The Committee will hear all three presentations and then go to public comment.

Paul Gilbert, Beus Gilbert, and James Condit, JF Properties, presented a brief overview of the Draft MAG 208 Water Quality Management Plan Amendment for the Balterra Wastewater Treatment Facility with an ultimate capacity of 15 million gallons per day (mgd). Mr. Gilbert indicated that Maricopa County is requesting the 208 amendment. He added that Maricopa County required that the Balterra Wastewater Treatment Facility provide for an area larger than just the Balterra Development. Mr. Gilbert briefly stated that the financing for the design, build, and start up operation and maintenance of the facility would be provided by JF Properties, with Balterra Sewer Corporation owning and operating the facility.

Mr. Gilbert indicated that the Balterra Sewer Corporation will be a private utility company regulated by the Arizona Corporation Commission (ACC) which has issued a Certificate of Convenience and Necessity (CC&N) defining the initial area to be served. The area includes the Balterra Development and the Ruth Fisher School District. Mr. Gilbert stated that the Balterra Sewer Corporation will operate in accordance with the Aquifer Protection Permit and Arizona Pollutant Discharge Elimination System (AZPDES) Permit to be issued by the Arizona Department of Environmental

Quality (ADEQ). He added that the treatment facility is at the 90 percent Design Phase, has received the Arizona Department of Water Resources availability notice for groundwater, and has submitted an Aquifer Protection Permit application with ADEQ.

Mr. Gilbert displayed a vicinity map and the discharge location for the Balterra Wastewater Treatment Facility. He showed the boundaries for the North Tonopah Wastewater Planning Area and indicated that this 208 amendment is only for the North Tonopah Southeast Planning Area. He mentioned that the Saddle Mountain Unified School District #90 provided a letter regarding sewer service by the Balterra Sewer Corporation and are included in the CC&N that has been awarded by the ACC. Mr. Gilbert stated that by 2026, estimated population of the North Tonopah Southeast Planning Area will be approximately 150,000.

Mr. Gilbert stated that the Balterra Wastewater Treatment Facility would be designed in phases capable of expanding to accommodate the ultimate build-out of the service area. He added that enough land has been allocated for that to take place. Mr. Gilbert mentioned that the wastewater flows by gravity to the treatment plant. He indicated that there would be sufficient setbacks, effective use of the land, and the facility would be close to the discharge location.

Mr. Gilbert discussed the status of the Balterra Sewer Corporation. He stated that the Balterra Sewer Corporation was formed with the Arizona Corporation Commission and in June 2006, the ACC approved the CC&N. In addition, the Maricopa County Board of Supervisors has authorized the sewer franchise for the Balterra Sewer Corporation. Mr. Gilbert presented the facility design and indicated that the facility would meet ADEQ Title 18 Class A+ Effluent Standards. Mr. Gilbert discussed the anticipated project schedule and the effluent disposal for the plant.

Mr. Gilbert asked if there would be an opportunity to respond to the opposition. Chair Klingler replied that the Committee would provide an opportunity to respond following public testimony. Mr. Gilbert stated that Balterra is well down the road and here with Maricopa County sponsorship, Maricopa County approval of the franchise, the CC&N from the Arizona Corporation Commission, and a facility that is 90 percent designed.

Rich Williams, City of Surprise, provided an introduction for the Draft MAG 208 Water Quality Management Plan Amendments for the City of Surprise Special Planning Area (SPA) 4 Regional Water Reclamation Facility and the City of Surprise Special Planning Area 5 Regional Water Reclamation Facility. He indicated that both amendments are City amendments and similar to Special Planning Areas 1, 2 and 3 that have already been approved. Mr. Williams stated that they are part of the City of Surprise General Plan 2020. The Surprise Municipal Planning Area is approximately 300 square miles and has an integrated water master plan where the water resources and water and wastewater systems and infrastructure have been identified at the master plan level.

Mr. Williams stated that the City of Surprise is moving forward with a five year midterm amendment to the General Plan to capture the aggressive development since 2001, which was when the General Plan was approved by the voters. Following the five year midterm amendment, Surprise would be updating, in FY 2007, the existing Integrated Water Master Plan to match the densities and the expectations of the amendment. He added that the City of Surprise is partnering with the developers in this effort. Many of the developments are currently in unincorporated Maricopa County. However, Surprise is actively negotiating preannexation development agreements. He stated that the City of Surprise would be the sewer service provider in these areas until the mandate within the

preannexation development agreement would require annexation once connectivity in the annexation formula is satisfied.

Steve Owen, Pacific Environmental Resources Corporation, gave a brief overview of the Draft MAG 208 Water Quality Management Plan Amendment for the City of Surprise Special Planning Area 4 Regional Water Reclamation Facility. He discussed Sunhaven and other developments in the Surprise Special Planning Area 4. Mr. Owen indicated that financing for the design, build, and start up operation and maintenance of the facility would be provided by Sunhaven 1 LLC, and ownership and operation would be transferred to the City of Surprise. Mr. Owen gave a brief overview of the City of Surprise Special Planning Areas 1-6. He indicated that by 2020, the estimated population of the SPA 4 Water Reclamation Facility Service Area would be approximately 64,233 people. The facility would be designed in phases capable of expanding to accommodate the ultimate build-out of the surrounding development with an ultimate capacity of 8.0 mgd. Mr. Owen also discussed the SPA 4 facility site selection.

Mr. Owen stated that the facility would be a Hybrid Sequential Batch Reactor with biological oxidation of organic matter, biological nutrient removal, and tertiary treatment utilizing disk filtration and UV disinfection. The plant would meet ADEQ Title 18 Class A+ Effluent Standards and EPA Class B biosolids requirements. He also mentioned the enclosed treatment system and presented a treatment process schematic. Mr. Owen mentioned the required permits and the anticipated project schedule for the design, construction and start-up of the facility. Primary effluent disposal would include percolation basins, potential irrigation of golf courses and parks, onsite reuse for processed water, and potential lake source water. The secondary disposal would include discharge into adjacent recharge basins, underground storage and recovery, and an AZPDES Permit discharge.

Mr. Owen gave an a brief overview of the Draft MAG 208 Water Quality Management Plan Amendment for the City of Surprise Special Planning Area 5 Regional Water Reclamation Facility. He discussed the various developments in Special Planning Area 5. Financing for the design, build, and start up operation and maintenance of the facility would be provided by Elliott Homes, Whittman 510 LLC, which is now Woodside Homes, and Anderson Land. Ownership and operation would be transferred to the City of Surprise once the facility is completed. Mr. Owen described the Special Planning Area 5 and indicated that by 2020, the estimated population would be approximately 49,770 people. The SPA 5 Regional Water Reclamation Facility would be designed in phases capable of expanding to accommodate the ultimate build-out of the surrounding development with an ultimate capacity of 8.0 mgd.

Mr. Owen discussed the SPA 5 facility site selection. He indicated that the facility would be a Hybrid Sequential Batch Reactor with biological oxidation of organic matter, biological nutrient removal and tertiary treatment utilizing disk filtration and UV disinfection. The plant would meet ADEQ Title 18 Class A+ Effluent Standards and EPA Class B biosolids requirements. He presented the treatment process schematic, required permits, and the anticipated project schedule. Mr. Owen indicated that the primary disposal would include percolation basins, potential irrigation of golf courses and parks, onsite reuse for process water, and potential lake source water. The secondary disposal would include discharge into adjacent recharge basins, underground storage and recovery, and an AZPDES Permit discharge.

Chair Klingler provided an opportunity for Committee questions regarding the projects. He stated that at this time public comments are invited. Chair Klingler requested that the speakers please adhere to the three minute time limit.

Chair Klingler recognized public comment on the Draft MAG 208 Water Quality Management Plan Amendment for the Balterra Wastewater Treatment Facility from Robin Bain, Global Water/Hassayampa Utilities Company, 21410 N 19th Avenue, Phoenix, Arizona 85027. She stated that she would like to applaud the efforts of MAG with the regional wastewater planning and Balterra for their application. Ms. Bain stated that Global Water recognizes the capabilities and abilities of Balterra to provide service to that area; however, opposes the service area as proposed. She added that Global Water Resources proposes instead that the Committee consider shrinking the service area to the approximate two sections that is in the Balterra certificated area, which is the Balterra Development. Ms. Bain commented that the Hassayampa Utilities Company is a wholly-owned subsidiary of Global Water, and Global Water is a private water and wastewater utility that is regulated by the Arizona Corporation Commission. She added that Global Water Resources is not affiliated with any developer and is locally and privately owned and very well capitalized. Ms. Bain stated that Global Water submitted a 208 amendment in western Maricopa County on May 8, 2006 for approximately 175 sections, which is 151 sections more than the service area in the Balterra 208 Plan Amendment. She stated that the magnitude of the Global Water 208 Amendment was at the suggestion and encouragement of Maricopa County to submit a regional plan. Ms. Bain said that the Global Water 208 Amendment is a comprehensive regional plan that discusses wastewater and reclaimed water, comprehensive integrated services, a phased approach, looking at approximately seven water reclamation facilities. She stated that this would avoid having another 151 208 plan amendments or 50 or, whatever the development community would have it be. Ms. Bain said that in conclusion, Global Water opposes the service area as proposed and believes that 208 does not have a first in first approval kind of mandate from the Clean Water Act, but instead the mandate is area wide water quality master planning and regionalization, which the May 8, 2006 Hassayampa Utilities Company (HUC) 208 Amendment provides.

Chair Klingler commented that Balterra has received a CC&N and asked if Global Water/HUC has a CC&N in that area. Ms. Bain responded that Global Water has not yet filed a CC&N, but will be able to do so with the property owners who have requested service from the Hassayampa Utilities Company, which includes a number of those currently shown in Balterra service area.

Chair Klingler asked for clarification on a statement made in the written comments provided by Global Water about the Ruth Fisher School District. He stated that Global Water provided a general letter from the Ruth Fisher School District expressing interest in acquiring sewer service from a regional provider. However, Balterra has submitted a letter that states that the Ruth Fisher School District is specifically interested in partnering with Balterra. Chair Klingler asked if there is a letter that specifically states that the Ruth Fisher School District is interested in service by Global Water/HUC. Ms. Bain responded that the letter by the Ruth Fisher School District was a general letter Global Water received that expressed interest in a regional solution. Ms. Bain added that the HUC 208 Amendment provides for services to the Ruth Fisher School District if service is requested.

Mr. Williams inquired about the size of the Global Water CC&N. Ms. Bain responded that Global Water currently has an application for a 2,000 acre CC&N for Hassayampa Ranch, which is west of

the Hassayampa River. She added that the 208 amendment was submitted to Maricopa County and MAG last summer.

Mr. Williams asked if Global Water has an entitlement to an existing CC&N in the same area. Ms. Bain responded that Global Water does not have a CC&N for wastewater in the area. She added that Global Water just had the first hearing with the ACC for Hassayampa Ranch and is now preparing for the remainder of the public meetings on that CC&N, which is under the Hassayampa Utilities Company. Ms. Bain stated that Global Water has not yet made an application for the approximate 80 sections that have requested service, but will be doing so this summer under the umbrella of Hassayampa Utilities Company. She mentioned that the application will include Belmont, Copper Leaf, Silver Water Ranch, Silver Springs Ranch, the 339th Avenue Development, and many others.

Mr. Williams inquired about the number of square miles included in the Hassayampa Utilities Company CC&N. Ms. Bain replied 2,000 acres are included in the current application, but it will be expanded to include the 80 sections. Mr. Williams asked about Hassayampa Ranch and the HUC CC&N. Ms. Bain replied that the Hassayampa Ranch 208 Amendment is the original Hassayampa Utilities Company venture in western Maricopa County. She stated that it is immediately to the west of the Hassayampa River, just north of Indian School Road at approximately 339th Avenue, in the southeastern corner of what is known as Belmont. Chair Klingler thanked Ms. Bain for her comments.

Chair Klingler recognized public comment on the Draft MAG 208 Water Quality Management Plan Amendment for the Balterra Wastewater Treatment Facility from Garry Hays, Gallagher and Kennedy, on behalf of New World Properties, who is developing 1,200 acres referred to as Copper Leaf. He stated that a portion of the 1,200 acres is included in the Balterra 208 Plan Amendment, and the southern portion, located south of I-10, is not included. Mr. Hays said that by granting the Balterra 208 Plan Amendment, there will be a 1,200 acre master planned community with two sewer providers. He stated that it does not work well to bifurcate a master plan with the utilities. Mr. Hays said that the letter provided to the Committee from the Copper Leaf president, Mark Brown, states that service has been requested from Hassayampa Utilities Company, not Balterra. He stated that he had been an advisor to a commissioner at the ACC and can talk about ACC issues. Mr. Hays said that the ACC adopted a policy three to four years ago that said they want consolidated water and wastewater utilities. He stated that, to his knowledge, Balterra is not nor will ever be in the water business. However, Global Water is and has become in the past three to four years the largest game in town. Mr. Hays said that Global Water has a great reputation with the ACC and that the ACC uses Global Water as a model because they do have consolidated water and wastewater. He stated that his client's development is not included in the Balterra CC&N. Mr. Hays said that he thinks the CC&N is limited to the two square miles that is the Balterra Development. He said that two other developments have the same issue of being bifurcated by I-10 and doesn't think any of them are included in the Balterra CC&N. Mr. Hays stated that anybody who wants to serve his client's development or other developments out there will still have to get a CC&N extension. He said that those who regulate these utilities want water and wastewater. Mr. Hays said that the worst secret in town is that Global Water is trying to buy some of the utilities out there. So Global Water will be able to provide water and wastewater to the developments, and Balterra will not.

Chair Klingler inquired if Mr. Hays' client had requested service from Hassayampa Utilities Company for both north and south of I-10. Mr. Hays replied that is correct. Chair Klingler asked

if Mr. Hays' client is concerned because there would be more than one sewer provider or that there would be different providers for water and sewer. Mr. Hays replied that the bigger concern is that there would be two sewer providers for one master plan. Chair Klingler commented on situations where one sewer provider buys out another. Mr. Hays responded that it is not that easy because of the ACC process of reorganization or selling an assets and the transfer of a CC&N. He added that the process is at least one year. Chair Klingler thanked Mr. Hays for his comments.

Chair Klingler recognized public comment on the Draft MAG 208 Water Quality Management Plan Amendment for the Balterra Wastewater Treatment Facility from Bryan O'Reilly, Partner with Sierra Negra Ranch, 50 S. Jones Boulevard, Las Vegas, Nevada 89107. He stated that he opposed the Balterra 208 Plan Amendment. Mr. O'Reilly said that Sierra Negra Ranch was included in the Balterra 208 Plan Amendment without their permission. He stated that they would like a fully integrated solution and have been working with Global Water for some time in hopes that they could provide it. Mr. O'Reilly referred to the letter from the Ruth Fisher School District regarding a regional solution. He said that as Maricopa County proposed, Sierra Negra Ranch is looking for a regional solution. In trying to work with Balterra, the regional solution proposed was only north of I-10 therefore splitting Sierra Negra Ranch in half. Mr. O'Reilly stated that Sierra Negra Ranch also provided written comments to the Committee.

Mr. Hollander asked for clarification that the Sierra Negra Ranch property is intersected by I-10 and that part of the property is included in the Balterra 208 Plan Amendment. Mr. O'Reilly responded that is correct. The northern part of the Sierra Negra Ranch property is included; however, the southern part is not.

David Iwanski, City of Goodyear, asked if Sierra Negra Ranch had an opportunity to voice their objections to the Balterra principals. Mr. O'Reilly responded yes. Mr. Iwanski asked when Sierra Negra Ranch voiced their objections. Mr. O'Reilly replied that he has letters dating the objections prior to the submittal of the 208 amendment. Chair Klingler inquired about the response received from Balterra. Mr. O'Reilly replied that the Balterra response was that they needed to move forward and the only way they would get approved was to move forward with an application and it is in our best interest to go ahead and start an application. Chair Klingler thanked Mr. O'Reilly for his comments.

Chair Klingler provided an opportunity for Balterra to respond to the public comments received. Mr. Gilbert stated that he would like to reciprocate the respect that Global Water indicated for Balterra. He mentioned that the Global Water request to shrink the Balterra application to the two sections that is approved by the CC&N is where they started. Mr. Gilbert indicated that all three speakers stated that they wanted a regional solution. He stated that Maricopa County wanted the facility to service more than just the Balterra Development and the Ruth Fisher School District. Therefore, shrinking the application to two sections is the antithesis of what Maricopa County requested. Mr. Gilbert stated that it is apparent from the discussion that Balterra is much further along than anyone else. He mentioned that Balterra has defined a small service area, and will leave the rest of the 175 sections to Global Water.

Mr. Gilbert commented that Maricopa County has not requested Global Water to proceed in the same area as Balterra. He stated that Balterra has received Maricopa County support for the Balterra 208 Plan Amendment. Mr. Gilbert mentioned that he believes the Ruth Fisher School District is in a bind and chose to work with Balterra since we will be able to provide service the quickest. Balterra

has a specific letter, not a general letter, saying that the Ruth Fisher School District is ready to go with Balterra and they are included in the CC&N, so that is already established.

Mr. Gilbert stated that Balterra is the only one before the Committee with an approved CC&N from the Arizona Corporation Commission. He referred to comments made by Mr. Hays regarding an ACC policy for consolidated water and wastewater. Mr. Gilbert mentioned that the ACC has approved the Balterra CC&N. He added that Balterra has an agreement with the holder of the CC&N for water in the area.

Mr. Gilbert referred to a comment made regarding hardships that may be encountered since part of some developments might be in the Balterra 208 Plan Amendment or in the HUC 208 Plan Amendment. He stated that it happens all over the Valley where there is one development with two providers. Mr. Gilbert mentioned the Litchfield Park Service Company as an example. He indicated that there is also I-10 that splits the developments, so there is already a barrier.

Mr. Gilbert stated that Balterra is providing a regional solution and is well down the road in the process. He indicated that there are many developers in the Balterra service area that support the amendment. Mr. Gilbert discussed the request by Maricopa County to provide a regional solution and the location of the wastewater treatment plant.

Chair Klingler inquired about the two sections in the CC&N and asked how many more sections are included in the Balterra 208 Plan Amendment. Mr. Condit referred to a map that showed the Balterra Development and the Ruth Fisher School District that are included in the CC&N. He also pointed out the Copper Leaf Development and Sierra Negra Ranch property and stated that not only does the I-10 separate the pieces of the Sierra Negra Ranch property, but there is also some land between them. They are not two contiguous pieces of property. Mr. Condit mentioned that the service area in the Balterra 208 Plan Amendment is approximately 24 sections.

Chair Klingler referred to a comment made regarding many more amendments being brought forward in this area. Mr. Gilbert responded that the service area in the Balterra 208 Plan Amendment is the only area Balterra is seeking to provide sewer service in and it is the area that Maricopa County has designated. Balterra has no expansion plans. Mr. Gilbert added that it is his understanding that Global Water is interested in serving the rest of the area.

Jacqueline Strong, City of Chandler, asked for clarification on the ultimate number of sections to be served by the Balterra Wastewater Treatment Facility. Mr. Condit responded that the service area was expanded to 24 sections at the request of Maricopa County.

Mr. Iwanski asked when Balterra was first aware of the objections. Mr. Condit responded that in October 2005, Balterra met with the Maricopa County Environmental Services Department and were told that a regional solution needs to be provided. He added that Balterra was also told that the Maricopa County Board of Supervisors were going to have a regional planning meeting to discuss water and wastewater as well as other regional planning issues in Tonopah, and that was held in November 2005. Mr. Condit stated that Balterra then met with Maricopa County again in December 2005, with all of the developers, and began talking about what it would take to do a water and sewer master plan. He stated that Balterra volunteered to do the North Tonopah area. A plan was presented to Maricopa County and the other developers, of which Sierra Negra Ranch and Copper Leaf were both present, in January 2006. Mr. Condit mentioned that they asked for comments at that

time and none were received. Balterra did the master plan, presentation of the actual document, in February 2006. The report was distributed to all in February as well as Maricopa County and Balterra asked for comments and none were received.

Mr. Condit stated that Balterra did receive some letters requesting service rates. It was explained to them that Balterra was not in the position to set rates since the application with the Arizona Corporation Commission had not been completed, and that Balterra would be glad to share the rates with them once we knew what they were. He added that the process of finalizing the rates will likely be done next month. Mr. Condit mentioned that a separate meeting was held with Rick Jellies and Bryan O'Reilly with Morrison-Maierle in January 2006. He stated that he was present and there was discussion with Morrison-Maierle on how they could assist in planning the remainder of this area with those developers. Mr. Condit indicated that Balterra did not hear from them again. He mentioned that the Balterra Master Plan was submitted to Maricopa County in April 2006 and had not heard any comments until today.

Mr. Iwanski commented that the chronology was extremely helpful to him and he appreciated the responses since there were indications in several of the letters that mentioned information was not received from the Balterra representatives. He added that if people were asking for exact rates or ranges of rates that early in the process, he does not think that it is fair to Balterra.

Mr. Hollander asked if the Balterra 208 Plan Amendment has met all of the requirements of a 208 plan amendment. Chair Klingler responded that MAG staff has indicated that the requirements have been met. He added that since this facility would be located in unincorporated Maricopa County, the County has brought forward the amendment. Chair Klingler asked if Maricopa County would like to provide any comments on the amendment.

Ken James, Maricopa County, stated that the Balterra 208 Plan Amendment was submitted to Maricopa County in December 2005 and we went through three iterations where the County issued comments and Balterra responded until the County was satisfied that the project met all the technical merits of the 208 plan. Maricopa County then submitted a letter of sponsorship to MAG.

Chair Klingler inquired if it has happened before where there are two applications for the same area. He asked if Maricopa County generally responds to whoever has submitted an amendment. Dale Bodiya, Maricopa County, responded that is correct. He clarified that both sides have pointed out that Maricopa County searches for regional solutions and does so in all situations. Maricopa County tries to make sure there are not isolated pieces of property left out. Maricopa County wants to see that adjacent properties are covered so that is where we start on looking for regional solutions.

Mr. Bodiya stated that normally amendments occur in the municipal areas; however, the Balterra 208 Plan Amendment adds a facility in the rural area. He mentioned that Maricopa County is trying to plan ahead and look at what is best for the area. Mr. Bodiya added that if Maricopa County accepted the proposals of each developer, we could be in a situation where there would be 50 plants. He stated that Global Water is proposing seven treatment plants for the 175 section area. It is not one service area, there are actually seven plants included in the submittal Maricopa County is reviewing.

Chair Klingler commented that the HUC 208 Plan Amendment was submitted to Maricopa County after the Balterra 208 Plan Amendment. He asked if the HUC 208 Plan Amendment would remove the service area for the Balterra Wastewater Treatment Plant from their application if the Balterra

208 Plan Amendment is approved. Chair Klingler requested clarification that there would not be two applications competing for the same service area. He asked if the amendment would come to MAG after these issues have been worked out at Maricopa County. Mr. Bodiya replied that is correct. He added that right now there are some conflicts that Maricopa County is addressing in the HUC 208 Plan Amendment. Maricopa County would also be the sponsor of the Global Water application once it meets the County's criteria.

David McNeil, City of Tempe, commented that this appears to be an issue of two entities competing for the rights or exclusions to provide sewer service in certain areas. He stated that he thinks the Committee is empowered with determining whether or not certain visions for providing wastewater are consistent with the regional vision; however, he is not certain the Committee and the MAG 208 Plan is the place where service areas are actually established. Mr. McNeil added that process is completed through the Arizona Corporation Commission. He asked if the Committee can approve overlapping service areas in the MAG 208 Plan if we see both options as consistent with the regional vision. Mr. McNeil stated that the Committee's approval of a certain planning area does not establish a right or exclusion to provide service in a certain area.

Chair Klingler commented that the task of the Committee is good planning for the sewer service and consistency with the MAG 208 Plan. He stated that it makes good planning sense to not have overlapping service areas.

Bill Haney, City of Mesa, commented that he agrees with Mr. McNeil. He stated that he believes that it is the duty of the ACC to determine service areas and not the Committee. Once those service areas are determined, then the Committee decides whether the wastewater plant is consistent with the MAG 208 Plan. Mr. Haney commented that the ACC needs to finish their job before the Committee can start determining whether the wastewater facilities are consistent with the MAG 208 Plan. Chair Klingler commented that there is another check in the system since the local jurisdictions bring forward amendments that they have determined are best for their area.

Mr. Hollander commented that he supports regionalization and consolidation of utilities wherever possible. He stated that Global Water is a company with a good reputation and is well proven. However, Balterra has done everything that has been requested of them and probably more. Mr. Hollander indicated that Balterra has a CC&N in the area and it appears that they have a right to carry out their plan.

Mr. Williams stated that he concurred with Mr. Hollander's comments. He stated that the Committee is an advisory committee and there is an obligation to act on the viable applications.

Chair Klingler stated that he would like to move to the next step. Generally, after the public comments, the public hearing is closed and then there is an agenda item where the Committee considers the public comments and has discussion. Mr. O'Reilly asked if there is an opportunity to comment on what was said. He indicated that his questions were not just about rates. Mr. Iwanski requested that an opportunity be provided for Mr. O'Reilly to comment on the record. Chair Klingler responded that he does not want a debate. Generally, three minutes are given for public comment. Chair Klingler requested that Mr. O'Reilly limit his comments to correct the misinformation he believes was presented.

Mr. O'Reilly stated that it was the request of Sierra Negra Ranch to work together as opposed to work separately on and integrated utility. However, Balterra decided it was in their best interest to work alone and not with their next door neighbors, and go out and look for other people that would request service from them. Mr. O'Reilly stated that Sierra Negra Ranch spent the time to work with an independent utility looking for a regional solution that could be integrated; therefore, there were no comments on the Balterra plan because Sierra Negra Ranch was in the process of working with Global Water for the past five months. He said that there was no reason to comment on the Balterra plan as it was good for Balterra, but not for Sierra Negra Ranch. Chair Klingler thanked Mr. O'Reilly for his comments.

Ms. Bain requested an opportunity to speak. Chair Klingler stated that he did not want to have a debate. He asked that Ms. Bain limit her comments to anything that needs to be corrected for the record.

Ms. Bain commented that Hassayampa Utilities Company is also way down the road with their plans in Hassayampa Ranch, which is part of the consolidated 208 that was submitted on May 8, 2006. She stated that HUC has an Aquifer Protection Permit and Arizona Pollutant Discharge Elimination System Permit application filed and is waiting for a consistency from the 208 process to get the permits. Mr. Bain said that Global Water owns and operates a three mgd facility in Pinal County that is their standard water reclamation facility with A+ effluent. She stated that Global Water will be very pleased when it is their turn to present the Hassayampa Utility Company 208 Plan Amendment. Ms. Bain said that it is true Balterra is ahead of the HUC 208 Plan Amendment by six months, it may seem. She stated that she thinks the merits of the regional comprehensive approach that they are proposing may be worth slowing the Balterra 208 Plan Amendment so that Global Water could catch up and the Committee could compare in terms of what is best in terms of meeting the charges of the Committee and MAG in terms of meeting the water quality management planning in the region. Chair Klingler thanked Ms. Bain for her comments.

Chair Klingler stated that the Committee appreciates the public comments and that the Committee will be considering them. He then closed the public hearing and requested that the Court Reporter end the transcription.

6. Draft MAG 208 Water Quality Management Plan Amendment for the Balterra Wastewater Treatment Facility

Chair Klingler indicated that the Committee is requested to recommend approval of the Draft MAG 208 Water Quality Management Plan Amendment for the Balterra Wastewater Treatment Facility. He provided an opportunity for discussion and consideration of public comments received.

Mr. Bodiya stated that Maricopa County met with Global Water Resources on June 5, 2006. One of the issues being discussed is bisecting the properties by I-10. The I-10 was used as a boundary line and individual collection systems would be separated by that, so if they were going to serve either side of I-10 there would be independent facilities. Mr. Bodiya stated that in the HUC 208 Plan Amendment, there is no intention to link them together other than by common ownership. Chair Klingler commented that it would make sense from a drainage prospective that I-10 would be a natural boundary.

Eugene Jensen, Citizen Representative, commented that Balterra has gone through all of the appropriate steps and is qualified.

Mr. McNeil asked if approving the Balterra 208 Plan Amendment would preclude Global Water from the service area. Chair Klingler responded that Global Water would first need to work with Maricopa County, the sponsoring agency, to determine if it is good planning. Mr. McNeil expressed hesitation to take action to establish a service area or exclude entities from a service area. He stated that he does not think that it is the business of the Committee. Chair Klingler responded that is not the intent. He stated that the owners of these private companies may change some day, so he would not say anything is be excluded. Chair Klingler added that it is the sponsoring agency who determines which amendments are brought forward in their planning area.

Mr. Haney asked for clarification on the Balterra CC&N. Chair Klingler responded that the current CC&N is for two sections and Ruth Fisher School District, not for the entire service area. Mr. Haney stated that it would be easier to make a decision if Balterra had the CC&N for the entire service area or none of it.

Mr. Williams asked if it would be possible for the Committee to recommend approval of the two square miles included in the current CC&N even though that is not how the application was received. Julie Hoffman, Maricopa Association of Governments, responded that changing the service area from approximately 24 sections to about two sections may be considered a material change that would require another public hearing. She added that it would need to be looked at futher.

Mr. McNeil inquired if the Committee could approve the amendment contingent upon Balterra obtaining a CC&N from the ACC for the entire service area. Chair Klingler commented on the purview of the Committee. He asked if Maricopa County looks at who has a CC&N in the area. Mr. Bodiya responded that typically MAG has not made the ACC process part of the 208 process. He stated that the 208 process is such an early piece of the operation and the CC&N is something that Maricopa County does require in the actual development of properties and utilities.

Chair Klingler stated that if the Committee recommends approval of the Balterra 208 Plan Amendment and then further in the regulatory process they do not get their permits or something else happens to their ability to provide service, Maricopa County could request another amendment in that area. Mr. Bodiya stated that the Ruth Fisher School District is a good example. He stated that recently MAG approved the expansion of the Ruth Fisher School District Wastewater Treatment Facility. However, the flows from the Ruth Fisher School District are now proposed to go to the Balterra Wastewater Treatment Facility.

Mr. Hollander stated that there is a real need for the Ruth Fisher School District and asked when the Balterra Wastewater Treatment Facility could be in operation compared to a Global Water facility Mr. Gilbert responded that Balterra could have the plant in operation in 2008 and believes they are at least six month ahead of the other applicants.

Mr. Haney stated that he has concerns with the Committee recommending approval of an amendment for someone that may or may not have a legal right to serve that area. He stated that he is supportive of Balterra moving forward, but thinks that they need to do things one step at a time. Chair Klingler asked for confirmation that the Committee has approved amendments in the past before they received the CC&N. Mr. Bodiya responded that is correct. He added that Global Water

is proposing to do that same thing for 175 square miles. Mr. Bodiya stated that not everyone has signed an agreement to participate.

Mr. Gilbert commented that Balterra is the only certificated entity that is allowed to serve in the area now. He stated that if a CC&N for the service area is required before the 208 amendment could be approved, there would be very few wastewater treatment plants ever built.

Lucky Roberts, Town of Buckeye, commented that there are two issues being discussed: the 208 process and the ACC process. She stated that she thinks the Committee should focus on the 208 process for the Balterra 208 Plan Amendment.

Mr. Hollander commented that he agrees and that there is a regional approach before the Committee. He stated that there could be other situations like this in the future where various developments are occurring in an area. Mr. Hollander suggested that the Committee move ahead so that the process does not get bogged down.

Chair Klingler asked if there were any other questions from the Committee. Mr. Williams moved to recommend approval of the Draft MAG 208 Water Quality Management Plan Amendment for the Balterra Wastewater Treatment Facility. Ms. Roberts seconded, and the motion passed through a roll call vote with Mr. Haney voting no and Maria Mahar, Pinnacle West Capital, abstaining.

7. Draft MAG 208 Water Quality Management Plan Amendment for the City of Surprise Special Planning Area 4 Regional Water Reclamation Facility

Chair Klingler provided an opportunity for questions from the Committee and indicated that the Committee is requested to recommend approval of the Draft MAG 208 Water Quality Management Plan Amendment for the City of Surprise Special Planning Area 4 Regional Water Reclamation Facility. Mr. Bodiya moved and Mr. Hollander seconded, and the motion to recommend approval of the Draft 208 Plan Amendment was unanimously passed through a roll call vote by the Committee.

8. Draft MAG 208 Water Quality Management Plan Amendment for the City of Surprise Special Planning Area 5 Regional Water Reclamation Facility

Chair Klingler provided an opportunity for questions from the Committee and indicated that the Committee is requested to recommend approval of the Draft MAG 208 Water Quality Management Plan Amendment for the City of Surprise Special Planning Area 5 Regional Water Reclamation Facility. Ms. Roberts moved and Mr. McNeil seconded, and the motion to recommend approval of the Draft 208 Plan Amendment was unanimously passed through a roll call vote by the Committee.

Chair Klingler asked if there were any question or comments from the Committee. There being none Chair Klingler thanked the Committee for participating and called for adjournment of the meeting.