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# MEMORANDUM

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Date: March 6, 2008

To: Chair and Members  
Pima County Bond Advisory Committee

From: C.H. Huckelberry  
County Administrator 

Re: **Proposal for a Sewer Revenue Bond Election in 2008**

Attached is a memorandum from Deputy County Administrator John Bernal outlining the need for a sewer revenue bond election in November 2008. In short, there are certain design and capital improvements that must be completed before December 2010 in order to meet the Arizona Department of Environmental Quality (ADEQ) mandated deadlines for reduced nitrogen concentrations in the effluent discharges from Ina and Roger Road Wastewater Reclamation Facilities in 2014 and 2015. HCR2050, recently introduced in the State Legislature, would limit both general obligation and sewer revenue bond elections to even November General Elections only. In order to be effective, this bill requires approval by the Legislature and subsequent approval by voters as a constitutional amendment at the 2008 November General Election. If the County does not hold a bond election in November 2008 and this bill is approved by the Legislature and the voters, then we will not be able to hold a bond election until 2010. This would be too late to provide the necessary funding to meet our wastewater reclamation obligations under the AQEQ agreement. This bill has not yet been scheduled for a hearing, and we obviously will continue to follow it closely.

This item is on your agenda tomorrow for consideration.

CHH/dr

Attachment

c: Martin Willett, Chief Deputy County Administrator  
John Bernal, Deputy County Administrator - Public Works  
Mike Gritzuk, Director, Wastewater Management  
Nicole Fyffe, Executive Assistant to the County Administrator



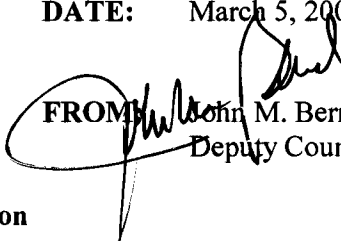
# MEMORANDUM

## Public Works Administration



DATE: March 5, 2008

TO: C.H. Huckelberry  
County Administrator

FROM:  John M. Bernal  
Deputy County Administrator

RE: Necessity for 2008 Sewer Revenue Bond Election

The Wastewater Reclamation Department is requesting that the Bond Advisory Committee endorse a \$565 Million Sewer Revenue Bond Authorization Election on November 4, 2008 to initiate the Capital Improvement Projects required for the Regional Optimization Master Plan (ROMP) and other significant rehabilitation and expansion projects for the regional conveyance and treatment system. Mike Gritzuk, Director of the Department, is scheduled to present this request to the Committee at their meeting this Friday.

In a memorandum to the Bond Committee dated November 29, 2007, you requested that the Committee consider a March 2009 sewer revenue bond election. This recommendation was based on the financial needs of the Department to meet mandatory requirements tied to an agreement with the Arizona Department of Environmental Quality (ADEQ) to reduce total nitrogen concentrations in the effluent discharges from the Ina Road and Roger Road Wastewater Reclamation Facilities (ROMP Program). We were since advised by the County Attorney's Office and Bond Council that the State had limited sewer revenue bond elections to November elections only. You reported this information to the Bond Committee as well as stating that it may be possible for the Department to squeeze by until a November 2009 sewer revenue bond election with non-bond short-term borrowing methods. The problem now is that a bill, HCR 2050, has been introduced in the State Legislature that would limit bond elections to even years, meaning that if a sewer revenue bond election does not occur in November 2008, then we may be limited to November 2010, which is too late.

It is essential that the Department have additional funding of \$9.3 million to meet ROMP and non-ROMP capital commitments in Fiscal Year (FY) 2008/09 and that \$132.1 million be available to meet these capital commitments in FY 2009/10. \$445 million of the requested \$565 million in bond funding is for ROMP projects, which specifically require \$1.9 million in FY 2008/09 and \$85.7 million in FY 2009/10 for a total of \$87.6 million for the projects described in the next paragraph. The non-ROMP funding needs for these periods are \$7.4 million and \$46.4 million respectively, for a total of \$53.8 million. (The attached table shows the ROMP and non-ROMP projects requiring new (2008) bond funding for FY 2008/09 and FY 2009/10.)

The ADEQ mandate requires that construction of the ROMP facilities be initiated by FY 2010/11 and completed by FY 2014/15. In order to meet this schedule (which has been incorporated into the AZPDES discharge permits for both facilities), it is necessary that all ROMP design work be initiated in FY 2008/09 and substantially completed in FY 2009/10. This includes the Plant Interconnect, the initial design of the 32 million gallons per day (MGD) Water Reclamation Campus at Roger Road and the design and initial construction of the 50 MGD expansion/modifications at Ina Road (including the interim biosolids improvements, 12.5 MGD expansion, the 12.5 MGD BNRAS modification, 25 MGD HPO modification and electrical upgrades). The construction of the Plant Interconnect and interim biosolids improvements must be completed by December 2010.

Memo to C.H. Huckleberry, County Administrator  
**Re: Necessity for 2008 Sewer Revenue Bond Election**  
March 5, 2008

Again, although it may be possible through short-term borrowing and significant rate increases, to wait until a November 2009 bond election, it is not possible to hold off until 2010. As you are aware, there are significant consequences if the County does not meet the mandatory ADEQ deadlines, including hefty fines.

Your office provided us with the following planning time line based on a November 4, 2008 bond election date. I would ask that you consider the need for a wastewater reclamation bond issue on November 4, 2008.

Bond Advisory Committee recommends sewer revenue bond package to Board	May 2008
Board deliberates on bond package	June/July 2008
Board calls bond election	July 2008
Drafting, approval by Board, and notice in newspaper of Bond Implementation Plan Ordinance	July - September 2008
Early voting begins	October 2, 2008
Election Day	November 4, 2008

JMB:sjh:jgs

Attachment

Cc: Michael Gritzuk, Director, Regional Wastewater Reclamation Department  
Nicole Fyffe, Executive Assistant to the County Administrator

**Proposed Bond Authorization (2008) used in FY 2008-09 and 2009-10**  
(Numbers in Million Dollars)

CIP PROJECT NAME	FY 2008/2009	FY 2009/2010
ROMP Ina Rd. WPCF Power Generation & Distribution		0.7
ROMP Ina Rd WPCF Biosolids Facilities Improvements		13.1
ROMP Ina Rd. WPCF HPO Replacement		18.2
ROMP Roger Road WWTP to Ina Road WPCF Plant Interconnect		16.8
ROMP Ina Rd. WPCF BNRAS System Modification		7.9
ROMP Ina Rd WPCF East/West Electrical Upgrade	0.2	2.0
ROMP Ina Rd WPCF 12.5 MGD Expansion	1.0	13.1
ROMP Roger Rd New NdeN Facility	0.7	13.9
<b>ROMP Total:</b>	<b>1.9</b>	<b>85.7</b>
New Marana WWTP BNROD Expansion (2.2 mgd) (2004 Auth Phase)	5.4	14.6
Miscellaneous Conveyance System Rehabilitation and Repair	1.8	5.0
Park / 18th Sewer Augmentation		5.0
Green Valley BNROD Exp 2.0 to 4.0 MGD	0.2	19.9
Sunrise Lift Station		0.7
Prudence Lift Station		1.2
<b>Non-ROMP Total:</b>	<b>7.4</b>	<b>46.4</b>
<b>Total cumulative bond funds needed:</b>	<b>9.3</b>	<b>132.1</b>