JOINT STAFF REPORT
FOR THE TUCSON MAYOR AND COUNCIL
AND THE PIMA COUNTY BOARD OF SUPERVISORS

ESTABLISHMENT OF A REGIONAL WATER, WASTEWATER,
AND SOLID WASTE MANAGEMENT AGENCY

PRELIMINARY DRAFT FOR REVIEW ONLY
MARCH 21, 1974
BACKGROUND

On January 28, 1974, the Board of Supervisors and the Mayor and Council adopted a joint policy statement expressing their desire that there be ... "total basin-wide control over water quality; water allocation; regional and local water systems; regional and local wastewater facilities and solid waste disposal systems ...". The policy statement adopted by the two governing bodies is as follows:

1. We endorse the concept of regional management of our water, wastewater, and solid waste resources.

2. We agree in principal to equal representation of the Mayor and Council and the Board of Supervisors on a regional policy board, and to representation of the town of South Tucson and the public at large.

3. We support the establishment of an equitable system for funding those services on behalf of the residents of Tucson, South Tucson and Pima County.

4. We recognize and support the desirability of combining City and County staffs for the efficient performances of these functions.

The respective staffs were directed to jointly prepare a report delineating the necessary methods to implement the above policy. The management problems associated with water resource systems are somewhat similar to those encountered in solid waste management. Each originates from the consumption of regional resources by urban jurisdictions without the wherewithal to manage or control the resource.

The following report deals with the problem of integrating regional water resources management efforts separately from the consideration of solid waste management. However, the proposed solution for regional water resource management problems would create an agency which could easily be modified to include additional functions such as regional solid waste management. Although a method for providing representation on a regional policy board in accordance with the stated policy of the City and County governing bodies is suggested herein, the powers and responsibilities of that board have not been delineated. A number of the powers required for effective basinwide water resources management are tied to the City or County governing bodies by existing legal structures. Other such powers are not held by either entity, but would have to be obtained through legislative action. The City and County Attorney's offices are currently investigating the interrelationships between these necessary powers, the proposed policy board, and the existing legal structure. Upon completion of this legal investigation, a supplementary report will be prepared dealing specifically with the powers and responsibilities of the regional policy board. It is anticipated that this supplementary report will be completed by April 15.
The objective of forming a water resource management agency is to provide a legal vehicle whereby existing water and wastewater management efforts within the Tucson regional area (primarily by agriculture, mines, and municipalities) can be channeled into more effective, regionally-oriented action. Although the establishment of such an agency with the full powers required for true regional control is not possible without special State legislation, integration of the existing City Department of Water and Sewers and County Department of Sanitation would result in an organization capable of implementing the most significant of the water resources management programs which will be required for effective regional control.

Integration of the existing municipal water and wastewater utility functions is only the first step towards the development of a regional water resources management agency. The second step and by far the most difficult, will be the integration of non-municipal water users into the first-step agency.

The implementation of this second step is envisioned as a rather lengthy and involved process of extracting proper water resources management laws from an historically reluctant state legislature, and of developing detailed agreements between municipal, mining and agricultural water users relating to groundwater rights and reclaimed water utilization. It is apparent that the implementation of the second stage of the regional water resources agency is largely dependent upon the good will and interest of parties over which the City and County governing bodies have only limited control. For this reason, the following report is concentrated primarily upon delineating the actions required to implement step one, integration of the City Water and Sewers and County Sanitation Departments.

It is recommended that a series of functional divisions be formed by mutual agreement between the City and the County. These jointly-staffed divisions would operate within an overall organizational structure agreed upon by both governing bodies and operating under the control of a regional policy board. A possible organization chart for the proposed regional water resources management agency has been prepared by staff for consideration by the governing bodies (attachment A).

As shown in the figure, the organization would be divided into three major functions: (1) Operations; (2) Finance; and (3) Engineering. These three areas would be under the control of an Executive Director, who would report directly to the policy board. The policy board would act in an advisory capacity to the Board of Supervisors and Mayor and Council regarding the overall direction of the proposed agency.

IMPLEMENTATION SCHEDULE

The implementation schedule of the proposed agency is related to the time schedule set forth in the Federal Water Pollution Control Act Amendments of 1972 (FWPCA-72). EPA guidelines governing eligibility for wastewater facility funding stipulate that:
1. A single representative organization, including local elected officials or their designees, capable of developing an effective area-wide wastewater management plan be designated; and

2. An approvable plan and schedule of implementation for an equitable system of user charges be developed.

These steps must be taken according to the law, by July 1, 1974, to retain funding eligibility. FWPCAA-72 further required that by 1977, the powers of the designated area-wide wastewater management agency must be expanded to encompass basin-wide water quality control. To effectively achieve basin-wide water quality control, it is necessary to first practice basin-wide wastewater management.

Given the expressed desire of the two governing bodies to move forward as rapidly as possible with the formation of a regional water resources management agency, staff offers the following implementation timetable for consideration:

**Phase I: Before July 1, 1974**

1. Selection of policy Board members.

2. Designation of management level staff positions.

3. Development of a joint financing system and selection, adoption, and partial implementation of an equitable system of user charges for the municipal wastewater system.

4. Integration of sub-management level staff to deal with the following functional areas:
   a. Sewer rebate agreements
   b. Design and construction specifications
   c. Rights-of-way and land acquisition
   d. Planning
   e. Metropolitan area treatment capacity
   f. Collection system monitoring
   g. Wastewater analysis
   h. Wastewater reclamation and groundwater rights
Phase II: Before July 1, 1975

1. Complete implementation of wastewater system user charge plan as a part of the total finance plan.

2. Complete integration of City and County staff and functions.

Phase III: After July 1, 1975

1. Obtain legal authority for basin-wide water resources management.

2. Develop agreements with non-municipal water users and wastewater generators for basin-wide water resources management.

3. Continue to refine and update water resources management planning.

POLICY BOARD

In line with the stated policy of the City and County governing bodies regarding the composition of the Regional Policy Board, the staff suggests that a nine member board be selected as follows:

1. Three members of the Policy Board be appointed by and from the City of Tucson Mayor and Council, and three members be appointed by and from the Pima County Board of Supervisors.

2. One member be appointed by the Town of South Tucson, and that the balance of the Policy Board members should not have veto powers on South Tucson's appointment.

3. Two members of the public at large be appointed, one by the Pima County Board of Supervisors, and one by the City of Tucson Mayor and Council.

The resultant nine-member Policy Board would thus provide equal representation for the City and County governing bodies and representation for the Town of South Tucson and the public at large.

Financing and Sewer User Charge System

Implementation of the proposed MUM entity requires that the City and County proclaim similar objectives with respect to water resources management. One of the first steps was taken when the Mayor and Council and Board of Supervisors authorized a joint City-County Cost Recovery System Study in January, 1974.

One of the objectives of this study was to come up with a "user charge" which would apply uniformly to all residents of the area. It was felt that, because the current method of funding of the wastewater functions is from the general fund of the City and County, implementation of a system which was entirely divorced of this type of funding would be an administrative nightmare. Some portion of the funding of the
entity would have to continue to come from that source at least until MUM got started and some operational experience was developed so as to better assess the financial picture of water resources management. It was also felt that the ultimate end of any financial plan should be to have the MUM entity become independent of an "ad valorem type" tax within the first decade of its existence.

An ad valorem basis for some of the O&M costs of MUM in the long range plan can be justified on a number of points. It is an undisputed fact that adequate water and wastewater facilities in an area enhances the market value of property in the area, whether the property fully utilizes those facilities or not. The availability of these services contributes to the health and welfare of the entire area. Industries do not have to provide these services for their employees which they have to do in remote areas where they are trying to develop. Another justification for some portion of the funding of MUM to have an ad valorem type of base is that the HUD 701(b) study found that wastewater flows from a residence are highly correlated to the property value, i.e., the higher value property generates a greater wastewater flow.

The draft of the Cost Recovery Study discusses the short and long term requirements for fiscal integration of the City of Tucson Water and Sewers Department and the Pima County Department of Sanitation. The following is a summary of the short term recommendations to be found in that report:

1. A uniform schedule of County-wide connection fees be established which would be approximately $250 for a single-family residence or equivalent connection.

2. A single County-wide ad valorem tax rate for wastewater services be established each year at a level which will provide the revenue requirements needed from the residential class of users. Initially, when the mechanism of commercial and industrial surcharge is not yet available, the tax rate would have to include an amount which would generate the revenue required from these user classes. It is estimated that the County-wide tax rate for wastewater operations would be $0.4054 per $100 assessed valuation in 1975 and increase to $0.5688 per $100 assessed valuation in 1979.

3. A commercial and industrial surcharge is recommended for institution for fiscal year 1975-1976. This surcharge would recover from these user classes the additional costs allocated to them for the increased strengths and/or volumes associated with their discharges relative to that of an average residential user. The delay in implementation of this surcharge is to allow a period for an extensive survey, monitoring, and chemical analysis program which the City and County will have to develop.

4. The City and County should immediately establish and adopt a uniform system of accounts. The recommended system is that which was drafted by the National Water Pollution Control Federation to standardize accounts in the water pollution field nation-wide.
5. The foregoing require that the City and County adopt joint or identical ordinances relating to taxes and fees.

The above represent short term requirements of a cost recovery system; much of the long term requirements hinge on acquiring enabling State legislation. This is discussed further under the section titled "Legal Powers Required for Regional Water Resources Management."

Some of the long term requirements could be met without special legislation. One of these is bond monies for capital improvements. The City has some $3 million in G. O. bonds available for wastewater. The County has $19 million in G. O. bonds available for wastewater facilities. The Cost Recovery Study indicated that an additional $11 million in bonds would be required to meet the capital improvement needs of the area. If MUM is created by merging the City Water and Sewers Department, it would be possible, given the revenue generation capacity of MUM as envisioned in the Cost Recovery Study, to set up revenue bonds which would be guaranteed by the G. O. of the City and/or County.

Sub-Management Level Staff

Once selection of management level staff for the proposed Agency has been accomplished, integration of sub-management level staff may begin. It is recommended that this integration process be carried out over a period of time (as indicated in the above implementation schedule) on a functional area basis. Examples of how this integration process can be carried out may be drawn from current staff efforts to coordinate in specific activities.

The present status of staff thinking on the functional areas listed in the proposed implementation schedule is subsequently summarized in this report. The integration of sub-management level staff to deal with the problems in these functional areas represents the degree of integration which staff feels could reasonably be instituted by the end of the current fiscal year. Complete integration of City and County personnel will probably require until the end of the 1974-75 fiscal year.

Preliminary analysis of the results of staff integration indicated that elimination of duplicative efforts in a number of functional areas should result in significant manpower savings. These savings will be reflected in the form of lower manpower requirements in future budgets, or in the ability of the proposed agency to more fully cover some functions.

It is recommended that staff be given the authority to enlist the aid of management consultants in resolving the problems of staff integration which will undoubtedly arise.

It is further recommended that until management staff has had an opportunity to sort out the tangle of fringe benefits and salary levels involved in the integration of these two major departments, that City and County employees continue to fall under their existing respective jurisdictions with respect to payroll and fringe benefits.
Emphasis must be given to the fact that it is staffs intent that all personnel currently employed by the respective City and County departments will be utilized in the integration process. Job descriptions and duties may be altered to a degree but current levels of employees will not be reduced.

The following items, as enumerated earlier, represent additional areas where staff feels the City and County can immediately effect joint agreements as the first step toward basin-wide water resources management.

**Connection Rebate Policy**

As a measure directed toward full financial integration, the City of Tucson is seeking to achieve a "sewer construction grants in aid" or rebate policy similar to that of the County's. Subdivision or other construction requiring extensions of the existing systems, to secure sewer service, will be required to do so in their own behalf, but the legal possibility of their recovering their excess expenditures through connection fee rebates will be offered. We recommend that the policies of the City and County in this regard be identical.

**Design and Construction Specifications**

Currently, the two staffs are working on updating, revising, and publishing design and construction specifications for each of the departments. We have agreed that we will standardize these specifications when each feels that their respective review is completed. Subsequent to this standardization, the Pima County Department of Sanitation will additionally seek recognition of these standards by the Superintendent of Streets as coordinator for County improvement districts. The City of Tucson Water and Sewer Divisions will seek the approval of the agreed-upon standards by the City Engineering Division so that are similarly manifested on City improvement districts. Each existing department intends to achieve an identical interface between the department and the respective building code division.

**Rights-of-Way and Land Acquisition**

Additional agreements can be directed toward right-of-way and land acquisition functions which are currently applicable to both the City and the County. As soon as practically possible, the easements which the Pima County Department of Sanitation has traditionally acquired as exclusive easements will be modified to include municipal water utilities wherever and whenever possible. It is further recommended that the feasibility of a joint right-of-way and land unit be determined and implemented if feasible.

**Planning**

Planning the size, location, and staging of water and sewer utilities is difficult in the face of constantly changing population patterns and growth rates and limited availability of pertinent planning data. When, as is the case with the metropolitan Tucson area, responsibility for planning various portions of the same sewer system rests with two different agencies, the job becomes a practical impossibility without close cooperation between those agencies. A number of informal working agreements have greatly facilitated the coordination of water resources system planning, but effort from duplicative planning still occurs simply because of the physical and organizational separation of the City and County personnel involved in the system planning process.
It is proposed that a joint water and wastewater system planning unit be formed. This unit would be staffed by existing personnel from the City Department of Water and Sewers and the County Sanitation Department and financed jointly by the City and County governments.

**Metropolitan Area Treatment Capacity**

One of the major recommendations of the HUD 701(b) water resources planning study is that the existing City treatment plant near Roger Road, together with the proposed County plant at Ina Road, be integrated to serve as regional treatment facilities for the central metropolitan area. The study further recommended that the City plant be eventually either phased out of existence or converted into an upstream reclamation facility and that the Ina Road plant ultimately become the major treatment plant for the metropolitan area. Under this recommended plan, the City plant capacity will be limited to a maximum of 40 million gallons per day. Because it is estimated that this capacity limit will be exceeded before 1980, it is imperative that an agreement be reached between the City and County regarding the allocation of capacity and costs in the proposed Ina Road treatment facility.

**Collection System Monitoring**

Until recently, monitoring of the wastewater collection system has been basically limited to the measurement of rates of flow from residential areas. This type of information is used to determine available capacities and to deduce design criteria and is currently exchanged by City and County staffs on an informal basis. Because of an Environmental Protection Agency requirement that certain commercial and industrial sewer system users be charged on the basis of the quantity and quality of their wastewater, monitoring of wastewater discharge from non-residential areas will be necessary. The measurement of commercial-industrial wastewater characteristics is vastly more complicated than for domestic wastewater. Because of this complexity, quite an expensive complement of staff and equipment will be required to expand the current City and County programs to include commercial-industrial wastewater monitoring. In order to avoid the duplication and unnecessary expense, it is recommended that an agreement be worked out between the two governing bodies regarding the institution of a cooperative wastewater monitoring program.

**Wastewater Analyses**

A substantial number of wastewater reclamation projects are either under way or being contemplated by both the City and the County. Both the implementation and continued operation of these types of projects required the performance of sophisticated analytical procedures on a large number of samples. Although several local organizations currently provide analytical services (Health Department, University of Arizona, U. S. Geological Survey) on a limited basis, they cannot be expected to provide the extensive level of service which will be required for the reclamation program envisioned for the future. Cooperative agreements regarding the development of analytical services facilities should be developed in the early stages of the reclamation program, to ensure the availability of the necessary services.
Wastewater Reclamation and Groundwater Rights

To meet its growing needs, the City Water Utility is acquiring groundwater rights in Avra Valley through the purchase of agricultural lands. The County Department of Sanitation is investigating the feasibility of using reclaimed water from its proposed Ina Road wastewater treatment facility to meet agricultural water needs in northern Avra Valley. By integrating the City agricultural land acquisition program and County reclamation project, a number of substantial benefits can accrue to the entire community:

1. Because agricultural water quality requirements are lower than for direct discharge to the Santa Cruz River, less sophisticated, and consequently less expensive, treatment facilities would be required at the Ina Road site.

2. Groundwater rights presently being used to satisfy the water needs of agricultural operations, would be freed for municipal and industrial purposes.

These activities are now being coordinated on an informal basis by the City and County staffs. Because of the substantial amounts of funding involved, and because of the importance of the integration of the City and County programs to successful basin-wide water resources management, it is recommended that the possibility of a more formal cooperative agreement between the two governing bodies be initiated.

REGIONAL SOLID WASTE MANAGEMENT

Currently, the City of Tucson affords the City's residents free residential garbage collection and Pima County administers franchises by which private companies collect garbage in the urban portions of the County. The two operations are significantly different because the City consists of relatively dense areas within described limits while the County operations involve many sparsely-settled, foothills, and other developed areas.

The HUD 701(b) Systems Engineering Analysis considered the possible disposal alternatives available to the community. Sanitary landfills proved to be the most feasible method of disposal for the foreseeable future. The study also considered various combinations of collection and disposal such as transfer stations and concluded that current practices should prevail until higher value can be assigned to the reclamation aspects of solid waste practices.

In the HUD 701(b) Study, all of the measurements for alternative solid waste systems were economic. Since then, significant changes in the cost of transportation have occurred which may prompt the imposition of collection service charges within the City. Environmental constraints and fuel conservation may increase the desirability of disposal fees at both City and County landfills, it would then be necessary to re-evaluate the advisability of bringing solid waste within the scope of metropolitan operations.
RECOMMENDATIONS

It is recommended that the Mayor and Council and Board of Supervisors adopt the implementation schedule contained in this report as a general guideline for City and County efforts to create the proposed regional water, wastewater, and solid waste management agency. It is further recommended that the governing bodies authorize their respective staffs to take the following specific actions:

(1) Obtain the services of a management consultant for assistance in developing a staff integration plan.

(2) Obtain the services of a financial consultant for assistance in developing an integrated financing and accounting system.
Mayor & Council Communication

July 1, 1974

Subject: ESTABLISHMENT OF METROPOLITAN UTILITIES MANAGEMENT AGENCY

The following documents are attached for consideration by the Mayor and Council:

Attachment A: Intergovernmental Agreement with Pima County for the creation of the Metropolitan Utilities Management Agency.

Attachment B: Proposed ordinance relating to the partial establishment of an equitable cost recovery system.

Attachment C: Resolution authorizing Pima County to engage in sewerage activities.

At their meeting of January 28, 1974, the Mayor and Council and the Board of Supervisors jointly adopted the following policies:

1. We endorse the concept of regional management of our water, wastewater and solid waste resources.

2. We agree in principle to equal representation of the Mayor and Council and the Board of Supervisors on a regional policy board, and to representation of the Town of South Tucson and of the public at large.

3. We support the establishment of an equitable system for funding these services on behalf of the residents of Tucson, South Tucson and Pima County.

4. We recognize and support the desirability of combining City and County staffs for the efficient performance of these functions.

The governing bodies have directed their respective staffs to cooperatively implement the stated policies:

Intergovernmental Agreement

The attached Intergovernmental Agreement (Attachment A), prepared by the joint legal staffs, is presented for Mayor and Council review.

JUL1044974
Sewer Connection Fee Ordinance

On May 20, 1974, the Mayor and Council and the Pima County Board of Supervisors conducted a public hearing on the recommendations of the consulting firm of Brown and Caldwell, Inc. for an equitable cost recovery system for the combined City and County Sanitary Sewer System. The City and County staffs concurred with the consultants' recommendations regarding a county-wide ad valorem tax of approximately 41 cents per $100 assessed valuation, a county-wide sewer connection fee of $250 for a single-family residence or equivalent to be implemented by July 1, 1974, and a commercial-industrial surcharge to be made effective by July 1, 1975.

At the conclusion of the public hearing a majority of the Mayor and Council and a majority of the Board of Supervisors voted to accept the recommendations of Brown and Caldwell and instructed staff to begin implementation of the proposed sewer user charge system. An ordinance which will enable staff to initiate that portion of the cost recovery system, recommended for implementation by July 1, 1974, is attached (Attachment B) for consideration by the Mayor and Council.

County Seweraging Authorization

During the last State Legislative Session, Senate Bill 1207 was passed authorizing counties to engage in wastewater management activities. The legislation stipulates that the county can engage in seweraging activities only after the concurrence of the City of Tucson. A proposed resolution, which would authorize the County's seweraging operation, is attached as Attachment C.

Discussion of City and County Budgets

In preparing the cost recovery plan, the consultants conferred with both City and County staffs to determine their respective budget requirements for the 1974-75 fiscal year. A comparison of the budgeting figures which were supplied to the consultants by City and County staffs for preparation of the cost recovery report with the actual budgets later submitted to the respective governing bodies is attached. It is important to note the differences (See Attachment D, Columns 2 and 3) between the County budget amounts indicated for capital expenses supported from current revenues in the cost recovery report ($564,000) and in the actual County budget ($1,833,229). The difference ($1,269,229), was not included in the consultants' original
calculation of the tax levy requirement, and represents an additional 12 cents tax levy requirement above the consultants' calculations.

The basic result of this change in the proposed County portion of the M.U.M. budget is that the funds provided by the cost recovery system are inadequate to cover the full costs of the M.U.M. operation not funded by Bond Funds and Federal Grants. There are three alternative solutions to this budgeting problem. They are:

1. Decrease the county-wide ad valorem tax. Staff does not recommend this solution.

2. The City could provide the additional funds required from the City budget. Staff does not recommend this solution.

3. The County can revise its budget to provide an additional $1,269,229 for capital improvement projects from Bond Funds. This would reduce the County operation and maintenance budget to the amount originally indicated in the consultants' cost recovery report. This modification would result in a cost recovery system which would yield adequate funds for all City and County operation, maintenance, replacement, and debt service expenses, and still allow for a reduction in the 41 cents county-wide tax rate.

Recommendation

In view of the financial implications for the City's budget, it is recommended that Mayor and Council table action on the Intergovernmental Agreement and the Resolution establishing the legal right of Pima County to engage in sewerage activities until the County budget has been modified to allow the cost recovery system to cover all costs of M.U.M. operations. It is recommended that Mayor and Council approve the sewer connection fee Ordinance, since it is designed to recover the cost to the community of providing sewer service to each new customer and is desirable whether or not M.U.M. is established.

Respectfully,

Joel D. Valdez
City Manager

JUV:ch/PR
Water & Sewers
JUL04974
Attachments: Attachments A,B,C,D

APPROVED □ OTHER □
RESOLUTION NO. 9242

RELATING TO THE CREATION OF THE METROPOLITAN UTILITIES MANAGEMENT AGENCY; AUTHORIZING THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF TUCSON AND PIMA COUNTY REGARDING CREATION OF A COMBINED WATER AND SEWERS AGENCY.

WHEREAS, the City of Tucson, a municipal corporation, and the County of Pima, a political subdivision of the State of Arizona, which are collectively referred to hereinafter as the Governments, desire to enter into an Intergovernmental Agreement pursuant to Arizona Revised Statutes §11-951, et. seq., in order to form and constitute a Metropolitan Utilities Management Agency of Pima County, hereinafter referred to as MUM,

WHEREAS, the Mayor and Council of the City of Tucson have determined that such an agreement to form MUM will be of advantage to the City and its inhabitants;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, AS FOLLOWS:

SECTION 1. That the City of Tucson enter into an Intergovernmental Agreement with Pima County to form the Metropolitan Utilities Management Agency of Pima County for the purpose of more efficiently and economically managing and coordinating the metropolitan water and sewer systems of the City of Tucson Department of Water and Sewers with the Pima County Department of Sanitation, and to provide a means for representation of County residents in the formulation of water utility policies to be carried out by the City, all in accordance with the attached Intergovernmental Agreement, marked Exhibit A, and made a part hereof as though fully set forth herein.

SECTION 2. That the Mayor be, and hereby is, authorized
and directed to execute said Intergovernmental Agreement, for
and on behalf of the City of Tucson; and the City Clerk be,
and hereby is, authorized and directed to attest the same.

SECTION 3. That the various City officers and employees
be, and they hereby are, authorized and directed to perform
all acts necessary to give effect to this resolution.

SECTION 4. WHEREAS, it is necessary for the preserva-
tion of the peace, health and safety of the City of Tucson
that this resolution become immediately effective, an emer-
gency is hereby declared to exist, and this resolution shall
be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of
the City of Tucson, Arizona.

__________________________
MAYOR

ATTEST:

__________________________
CITY CLERK

APPROVED AS TO FORM:

__________________________
CITY ATTORNEY

REVIEWED BY:

__________________________
CITY MANAGER

PIMA000034
INTERGOVERNMENTAL AGREEMENT

BETWEEN THE CITY OF TUCSON, A MUNICIPAL CORPORATION, AND THE COUNTY OF PIMA, A POLITICAL SUBDIVISION OF THE STATE OF ARIZONA, RELATING TO THE FORMATION OF A METROPOLITAN UTILITIES MANAGEMENT AGENCY TO OPERATE WATER AND SEWER SYSTEMS.

WHEREAS, the City of Tucson, a municipal corporation, (hereinafter referred to as "City"), and Pima County, a political subdivision of the State of Arizona, (hereinafter referred to as "County"), desire to cooperate with each other to the fullest extent allowed by law in order to provide a metropolitan-wide management system in the area designated in paragraph 4, and to coordinate the operation of the water and sewerage systems therein; and

WHEREAS, the Governing Bodies of the City, the Mayor and Council, (hereinafter referred to as "Mayor and Council"), and the County, the Board of Supervisors, (hereinafter referred to as "Board"), which are collectively hereinafter referred to as "Governing Bodies", have authorized, by their respective ordinances or resolutions, the creation of an agency to be known as the Metropolitan Utilities Management Agency of Pima County, hereinafter referred to as "MUM";

NOW, THEREFORE, the City and County pursuant to the provisions of A.R.S. §11-951, et seq., do hereby enter into the following intergovernmental agreement in order to more efficiently and economically manage and coordinate the metropolitan water and sewerage and solid waste systems; and to provide Pima County, which although it does not presently have the authority to provide water service, does represent a substantial number of persons residing in the County who are provided water by the City, with a role in representing
County residents in the formulation and administration of water supply, distribution and finance policies to be carried out by the City as herein designated:

IT IS HEREBY AGREED THAT:

1. The Governing Bodies shall cooperate in carrying out the policies, purposes and provisions set forth in this Agreement establishing the Metropolitan Utilities Management Agency or MUM.

2. The Metropolitan Utilities Management Agency shall be established as of July 1, 1974.

3. Each of the Governing Bodies has legal authority to enter into this Agreement and that nothing in this Agreement shall be construed as either limiting or extending the statutory jurisdiction of the Governing Bodies.

4. The geographical area to be served by this Agreement, and the jurisdictional area of MUM, is the corporate limits of the City of Tucson, and all of the unincorporated area of Pima County, Arizona; and such other areas the Governing Bodies contract to serve.

5. MUM represents a means of coordination of the activities of the now existing City of Tucson Water and Sewers Department, and Pima County Sanitation Department.

6. MUM shall be administered by a nine member Policy Advisory Board (hereinafter referred to as “Policy Board”) composed of three members of the Mayor and Council, appointed by the Mayor and Council, three members of the Board of Supervisors, appointed by the Board of Supervisors, and three members at large, one appointed by the Mayor and Council, one appointed by the Board of Supervisors, and one appointed by the Town Council of the Town of South Tucson.
7. Members of the Policy Board shall serve terms of two years, with the initial members terms commencing July 1, 1974. Members may be reappointed by their respective Governing Bodies. Members may be removed at will by their appointing Governing Bodies.

8. Vacancies on the Policy Board created by termination of office or otherwise shall be filled for the period of the unexpired term within 30 days by the respective Governing Body whose member or appointee created the vacancy.

9. The Policy Board shall meet at least once a month. Additional meetings of the Policy Board may be called by a quorum of the membership upon notice to all members.

10. A quorum of the Policy Board necessary to act on any matter shall consist of five members, with at least one member from the Mayor and Council and one member from the Board of Supervisors continuously in attendance. A voting majority shall be a majority of a quorum, with at least one member from the Mayor and Council and one member from the Board of Supervisors casting votes.

11. Powers of the Policy Board are:

   A. To review the policies and programs of participating agencies as they affect, directly or indirectly, the responsibilities of and functions set forth by the Governing Bodies controlling MUM, and to make recommendations for new or modified policies as appropriate.

   B. To review and approve plans for all water supply and waste water collection, treatment and disposal facilities within MUM's jurisdiction for approval by the Governing Bodies.

   C. To represent the Governing Bodies in applications for state and federal funds for water supply and waste water collection, treatment and disposal studies, planning and
projects, subject to review and acceptance by the Governing Bodies.

D. To establish necessary regulations and standards for the operation of waste water facilities which discharge into the combined waste water collection and treatment system so they conform with operational requirements of the system.

12. The Policy Board shall serve the Governing Bodies as follows:

A. Promulgate and periodically recommend revisions to the Regional Plan for Water, Sewage and Solid Waste Management (PAG 701-B Study).

B. Review the plans, policies, programs and proposals of the state and federal governments or other executive or administrative agencies which may substantially affect or apply to the operational program of MUM, and submit its recommendations to the Governing Bodies, and report such recommendations upon approval of the Governing Bodies to the state and federal government.

C. Propose improvement and assessment districts within MUM's area of jurisdiction for the purpose of allocating and assessing costs to property owners in the improvement or assessment districts in relation to benefits received.

D. Propose the acquisition of existing facilities, within or without the geographical area administered hereunder, which would become operational components of the combined water and sewer systems.

E. Propose the location of water and sewage and solid waste facilities, and in particular, in relation to their being within or crossing other utility installations or utility easements, and propose areas to be acquired by purchase, eminent domain, or otherwise.
P. Propose the acquisition of property or right-of-way outside MUM's area of jurisdiction which is or may be necessary or convenient for performing any of the work required to carry out the purpose of MUM.

G. Initiate, negotiate, and participate in contracts and agreements between the Governing Bodies, and negotiate and participate in intergovernmental contracts or agreements authorized by the state and/or federal government, for review and approval by the Governing Bodies.

H. Appoint officers, employ permanent and temporary personnel, and secure professional services on a fee basis, subject to ratification of the Governing Bodies.

I. Sell, lease, or otherwise dispose of any property held for MUM by the Governing Bodies, or any interest therein whenever it is no longer required for the purposes of MUM, subject to the approval of the Governing Bodies.

J. Accept or reject gifts of personal property subject to the approval of the Governing Bodies.

K. Propose to the appropriate Governing Bodies the issuance of general obligation and revenue bonds to secure funds for the construction of facilities needed by MUM.

L. Propose an ad valorem tax of the Governing Bodies to provide revenue for the metropolitan sewer system.

M. Propose the issuance of funding and refunding bonds; propose the acceptance of funds from federal, state and local agencies; propose the acceptance of short-term loans and issuance of interest-bearing warrants; propose assessments to cover the cost of improvements; and propose procedures to impose and collect connection fees, user fees and other service fees.
N. Propose a plan for the investment of any monies held in reserves or sinking funds, or any monies not required for immediate disbursement.

O. Propose a regional capital improvement program which will enumerate and describe the proposed projects.

P. Propose an annual development program which sets forth an annual schedule and priority list of capital improvements to be undertaken during the ensuing fiscal year, and to prepare and propose to the Governing Bodies the estimated expenditures and required revenue for each subsequent year over an ensuing five-year period.

Q. Propose to the Governing Bodies an annual capital budget which shall be in conformance with the coordinated capital improvement program.

R. Propose to the Governing Bodies an annual operation and maintenance budget and a uniform system of accounts for the waste water utilities.

S. Propose to the Governing Bodies sewer user fees, connection fees and water rates.

T. The Policy Board shall elect a Chair person and vice Chair person and shall adopt rules and operating procedures for the Policy Board of MUM in writing, subject to the approval of the Governing Bodies, certified copies of which to be kept in the clerks offices of each of the Governing Bodies.

U. Administer all the above matters as provided and directed by the Governing Bodies.

13. A. All funds relating to water production and distribution shall be deposited with and disbursed by the Finance Director of the City of Tucson, pursuant to the City of Tucson Ordinance Number 3943, enacted November 28, 1972.

B. All funds relating to sewerage operations, except as provided in Section 16(C), shall be deposited with and disbursed by the Finance Director of the County.
14. The Finance Directors shall administer and disburse said sums on behalf of the Governing Bodies in accordance with customary accounting procedures of the respective City or County and further according to rules and operating procedures adopted by the Policy Board, and according to applicable state laws and charter provisions.

15. The failure of any Governing Body to approve and fund its share shall not prevent MUM from expending funds approved and funded by another Governing Body.

16. A. The Governing Bodies shall deposit the following funds with the City Finance Officer for functions administered by MUM as they are collected obtained or accrued:

(1) Water sales revenues.
(2) Charges for water utility hookups.
(3) Penalties levied in connection with water service.
(4) State and federal grants for water systems.
(5) Interest on invested funds of the city water operations.
(6) All other revenues generated for or by the operation of the metropolitan water systems of the Governing Bodies.

B. The Governing Bodies shall deposit the following funds with the County Finance Officer for functions administered by MUM as they are collected, obtained or accrued:

(1) Sewer connection fees, except as provided in Section 16(C), below.
(2) Commercial and industrial surcharges for sewage treatment, except as provided in Section 16(C), below.
(3) Charges for sewage utility hookups.
(4) Penalties levied in connection with sewage operations and water quality control ordinances.
(5) State and federal grants for sewage systems.
(6) Sale of products and effluent.
(7) Ad valorem taxes levied for MUM operations, capital improvements, or the metropolitan sewage system.

(8) Interest on invested funds of county sewer operations.

(9) All other revenues generated for or by the operation of the metropolitan sewage systems of the Governing Bodies.

C. County ad valorem taxes and sewer connection fees and sewer user fees derived from connections and services outside the corporate limits of the City shall not be used to satisfy service and sinking fund requirements on sewer bonds authorized by the voters of the City prior to July 1, 1974. Sewer connection fees and sewer user fees derived from connections and services within the corporate limits of the City shall be deposited with the Finance Director of the City and disbursed in the following order of priorities:

(1) First to satisfy interest and capital refunding requirements on sewer bonds authorized by voters of the City prior to July 1, 1974.

(2) Second, to repay to the City any sums that may have been disbursed from the general revenues of the City after July 1, 1974 for interest and capital refunding on the bonds described in subparagraph (1), in excess of sums disbursed pursuant to that paragraph.

(3) Third, to forward to the Finance Director of the County all remaining sums to be expended for sewage and wastewater activities and facilities administered by MUM.

(D) The total amounts required to operate the sewage systems of the City and County, except as provided in paragraph 16(C), will be encompassed in the County's annual budget for each fiscal year.
1. County Sanitation Department expenditures will be made by demand of the County Sanitation Department to the County Finance Department.

2. City Department of Water and Sewers expenditures will be made by the City, but the source of funding shall be the County.

17. All employees of the respective Governing Bodies' water and sewer departments shall remain employees of their respective Governing Bodies until such time as a system for employment by MUM is adopted by the parties to this Agreement.

18. This Agreement shall be for an indefinite time. However, it shall be subject to annual review and renegotiation. Such reviews shall be made on or before July 1, 1974, and each and every July 1st thereafter. Termination by the City or the County shall constitute a total dissolution of MUM. Notice of intent to terminate shall be in writing and termination shall not be effective for 180 days after notice.

19. Upon dissolution of MUM, the property coordinated by MUM shall be divided as follows:

A. If there exists, as a separate legal entity from the Governing Bodies, a metropolitan-wide management authority with the power to operate water and sewerage systems, the Governing Bodies, may, subject to applicable law and charter provisions, transfer all property, funds and operations coordinated by MUM to such separate legal entity.

B. If no such separate legal entity exists, the property coordinated by MUM shall be divided as follows:

(1) All real property relating to the water supply production and distribution system shall vest in the City of Tucson;

(2) All real property relating to the waste water and sewage collection and treatment system shall vest in either the City of Tucson or the County of Pima as follows:
a. Waste water and sewage collection and treatment real property located within the corporate limits of the City of Tucson at the time of dissolution shall vest in the City of Tucson.

b. Waste water and sewage collection and treatment property not within the corporate limits of the City of Tucson at the time of dissolution shall vest in the County of Pima, except for the City treatment plant and its accessory facilities and land located in the area of West Prince Road, which shall vest in the City.

(3) Any personal property acquired by MUM shall revert to the Governing Body whose revenue was used to purchase it; and if the source of the funds for each item cannot be identified, then the property shall revert to the County of Pima which will in turn distribute said property to the Governing Bodies in proportion to the amounts they have contributed for its acquisition cost.

(4) All division of property shall be under the supervision and approval of the Superior Court of the State of Arizona in Pima County.

20. This Agreement shall become effective upon the 11th day following the filing of an original thereof with the Secretary of State of Arizona.

SIGNED AND ATTESTED this _____ day of _____, 1974.

CITY OF TUCSON, a municipal corporation,

By ____________

ATTEST & COUNTERSIGN:

________________
CITY CLERK

________________
CITY ATTORNEY
PIMA COUNTY, a political subdivision of the State of Arizona,

By ____________________________
Chairman, Board of Supervisors

ATTEST:

Clerk, Board of Supervisors

APPROVED AS TO FORM:

_________ COUNTY ATTORNEY

APPROVED BY THE ATTORNEY GENERAL OF THE STATE OF ARIZONA
AS REQUIRED BY A.R.S. §§11-952(D).

_________ ATTORNEY GENERAL
ORDINANCE NO. 4207

RELATING TO SEWERAGE AND SEWAGE DISPOSAL; REGULATING SEWAGE COLLECTION, TREATMENT AND DISPOSAL, PROVIDING CONNECTION FEES AND CHARGES; AMENDING CHAPTER 24 OF THE CODE OF THE CITY OF TUCSON AS AMENDED.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, AS FOLLOWS:

SECTION 1. That Chapter 24 of the Tucson Code, §2-24, be, and the same hereby is, repealed and replaced by the following sections:

SECTION 24-1. Definition of Terms

MUM shall be defined as the Metropolitan Utilities Management Agency established by Intergovernmental Agreement between the City of Tucson and the County of Pima dated July 1, 1974.

EXECUTIVE DIRECTOR refers to the general executive officer of MUM.

DIRECTOR OF WATER AND SEWERS refers to the administrator of the City Department of Water and Sewers and is hereafter referred to as Director.

AREA UNDER DEVELOPMENT refers to an area in which sanitary sewer improvements are being constructed and may include single family and multiple family residential subdivisions, mobile home subdivisions or parks, Improvement Districts, plats or development plans with intent of developing land for residential, commercial or industrial use. Generally the category includes all development in which "on-site" sewerage improvements have been provided by the applicant by Improvement District or contract.

APPLICANT FOR SERVICE shall be defined as an applicant for sewer service for personal use requiring
the extension of an existing sewer.

**APPLICANT FOR DEVELOPMENT** shall be defined as an applicant for sewer service for an area under development for marketing purposes.

**SUBDIVISION** shall mean any tract of land which is hereafter divided into five (5) or more parcels along an existing or proposed street, highway, easement, or right-of-way for sale, lease, or rent as residential, industrial or commercial building plots regardless of whether the lots or plots are described by metes and bounds, by reference to a map or survey of the property, or by any other method.

**ACRE** shall mean 43,560 square feet of land, excluding easements or rights-of-way and any other unusable portions of land.

**POLLUTION** shall mean contamination or other alteration of the physical, chemical, or biological properties of any waters in the City of Tucson, discharge of any liquid, gaseous, or solid substance into any waters, onto, or under any land within the City of Tucson that creates a nuisance or renders such waters or land harmful or injurious to public health, safety, or welfare, to domestic, commercial, industrial, agricultural, recreational, or other lawful beneficial uses, or to livestock, wild animals, birds, fish, or other aquatic life.

**WATERS OF THE CITY** shall mean all streams, lakes, ponds, marshes, watercourses, waterways, wells, springs, irrigation systems, drainage systems, and all other bodies or accumulations of water, surface and underground, natural or artificial, public or private, which are contained within, flow through, or border upon the corporate limits of the City or any portion thereof.
SEWAGE shall mean the wastes from toilets, baths, sinks, lavatories, laundries, and other plumbing fixtures in residences, institutions, public and business buildings, mobile homes, and other places of human habitation, employment, or recreation.

INDUSTRIAL WASTES shall mean the liquid, gaseous, or solid wastes produced as a result of any industrial operation.

SEWERAGE SYSTEM shall mean pipelines or conduits, pumping stations, force mains, and all other devices, appurtenances, and facilities used for collecting and conducting wastes to a point of treatment and disposal.

WASTE TREATMENT WORKS shall mean any plant, disposal field, lagoon, pumping station, incinerator, or other works used for the purpose of treating or stabilizing sewage and industrial wastes.

PERSON shall mean the state, a municipality, county, or other political subdivision, a cooperative, institution, corporation, company, firm, partnership or individual person.

RESIDENTIAL shall mean an area under development where a family unit normally resides.

IMPROVEMENT DISTRICT shall mean a district formed under the provisions of Title 9, Chapter 6, Article 2, A.R.S. 1956 (as amended) or formed by the City of Tucson for the purpose of installation of sanitary sewers, which district shall be considered as an area under development.

ON-SITE SEWERAGE IMPROVEMENTS shall consist of all sewage facilities within any plat, improvement plan, development plan or other improvement but shall exclude capacities in excess of capacities necessary to serve the development as may be required by the Director, subject to approval by the Executive Director.
OFF-SITE SEWERAGE IMPROVEMENTS shall include all sewerage construction necessary to connect "On-Site" facilities to an existing system as required by the Director of Water and Sewers and approved by the Executive Director.

MULTIFAMILY RESIDENCE shall mean a residential complex under single or corporate ownership designed for use by more than one family unit including apartments and mobile home parks and excluding townhouses and condominium projects.

NON-PARTICIPATING PROPERTY shall mean any property either residential, commercial or industrial that has not participated directly in the construction cost of a sanitary sewer providing service to that property.

PARTICIPATING PROPERTY shall mean any property, either residential, commercial or industrial that has participated directly in the construction cost of a sanitary sewer providing service to that property.

SECTION 24-2. GENERAL CONSIDERATIONS

(1) No sewage or industrial wastes shall be permitted to flow into waters within the City or upon or under any lands within the City in any manner determined by the Executive Director to be detrimental to the health, safety or welfare of persons who may be affected by the resulting environmental condition.

(2) No individual disposal system, development plan, or improvement plan shall be approved, nor shall any sewage disposal system be installed in a subdivision or development consisting of lots one acre in size or less, except as approved by the Director, subject to the approval of the Executive Director.
(3) Where soil conditions or topography are such that in the opinion of the Executive Director, based on his experience, knowledge, or engineering data, septic tank system cannot be expected to function satisfactorily or where ground water conditions are such that septic tank systems may cause pollution of the ground water supply, other sewage disposal methods satisfactory to the Executive Director shall be provided; and in no such case shall an individual disposal system be approved or installed.

(4) Subdivisions consisting of lots of one acre or less within the corporate limits of the City of Tucson shall be connected to a sewerage system.

SECTION 24-3. APPLICATION FOR APPROVAL

Before any person shall construct or contract for the construction of sewerage systems, sewerage system extensions, or waste treatment works or shall install any such process, device or equipment, either in whole or in part, an application for approval to construct the contemplated works shall be made to the Director on forms provided by the Executive Director. The Director, subject to approval of the Executive Director, shall act on the complete application within thirty (30) days upon receipt thereof by designating either approval or disapproval. In case of a disapproval, the Executive Director shall state in writing the reasons for the disapproval. No construction shall be commenced until approval has been obtained from the Director and the Executive Director.

SECTION 24-4. FEES FOR CONNECTION TO SANITARY SEWERS

(1) Connection fees relating to Participating Property in Areas Under Development:

(a) Single Family Residential

For service of residential subdivisions and residential Improvement Districts

5.
said fee shall be charged at the rate of Two Hundred and Fifty Dollars ($250.00) per residential lot payable in cash at the time of application or upon execution of a written agreement between the owner and City for the sewer service.

(b) Multiple Family Residential
For service of residential subdivision and residential Improvement Districts, said fee shall be charged at the rate of One Hundred Fifty-Five Dollars ($155.00) per residential unit payable in cash at the time of application or upon execution of a written agreement between the owner and the City for the sewer service.

(c) Commercial and Industrial
For service of commercial and industrial property, said fee shall be charged at the rate of Twenty-Five Dollars ($25.00) for each fixture unit so connected as determined from the Uniform Plumbing Code as adopted by the City of Tucson, and according to the following tables:

<table>
<thead>
<tr>
<th>Kind of Fixture</th>
<th>Minimum Trap &amp; Trap Arm Size</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bathtubs</td>
<td>1-1/2&quot;</td>
<td>2</td>
</tr>
<tr>
<td>Bidets</td>
<td>1-1/2&quot;</td>
<td>2</td>
</tr>
<tr>
<td>Dental Units or Cuspidors</td>
<td>1-1/2&quot;</td>
<td>1</td>
</tr>
<tr>
<td>Drinking Fountains</td>
<td>1-1/4&quot;</td>
<td>1</td>
</tr>
<tr>
<td>Floor Drains</td>
<td>2&quot;</td>
<td>2</td>
</tr>
<tr>
<td>*Interceptors for grease, oil, solids, etc.</td>
<td>2&quot;</td>
<td>3</td>
</tr>
<tr>
<td>*Interceptors for sand, auto wash, etc.</td>
<td>3&quot;</td>
<td>6</td>
</tr>
<tr>
<td>Laundry tubs</td>
<td>1-1/2&quot;</td>
<td>2</td>
</tr>
<tr>
<td>Clothes Washers</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>*Receptors (floor sinks) indirect waste</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>receptors for refrigerators, coffee urn, water stations, etc.</td>
<td>1-1/2&quot;</td>
<td>1</td>
</tr>
</tbody>
</table>
### Table 1, con't

<table>
<thead>
<tr>
<th>Kind of Fixture</th>
<th>Minimum Trap &amp; Trap Arm Size</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Receptors, indirect waste receptors for commercial sinks, dishwashers, airwashers, etc.</em></td>
<td>2&quot;</td>
<td>3</td>
</tr>
<tr>
<td>Showers, single stalls</td>
<td>2&quot;</td>
<td>1</td>
</tr>
<tr>
<td><em>Showers, gang, (one unit per head)</em></td>
<td>2&quot;</td>
<td>2</td>
</tr>
<tr>
<td>Sinks, bar, private (1-1/2&quot; min. waste)</td>
<td>1-1/2&quot;</td>
<td>1</td>
</tr>
<tr>
<td>Sinks, bar, commercial (2&quot; min. waste)</td>
<td>1-1/2&quot;</td>
<td>2</td>
</tr>
<tr>
<td>Sinks, commercial or industrial, schools etc. including dishwashers, wash up sinks and wash fountains (2&quot;min. waste)</td>
<td>1-1/2&quot;</td>
<td>3</td>
</tr>
<tr>
<td>Sinks, flushing rim, clinic</td>
<td>3&quot;</td>
<td>6</td>
</tr>
<tr>
<td>Sinks, and/or dishwashers (residential) (2&quot; min. waste)</td>
<td>1-1/2&quot;</td>
<td>2</td>
</tr>
<tr>
<td>Sinks, service</td>
<td>2&quot;</td>
<td>3</td>
</tr>
<tr>
<td>Trailer park traps (one for each trailer)</td>
<td>3&quot;</td>
<td>6</td>
</tr>
<tr>
<td>Urinals, pedestal</td>
<td>3&quot;</td>
<td>6</td>
</tr>
<tr>
<td>Urinals, stall</td>
<td>2&quot;</td>
<td>2</td>
</tr>
<tr>
<td>Urinals, wall (2&quot; min. waste)</td>
<td>1-1/2&quot;</td>
<td>1</td>
</tr>
<tr>
<td>Urinals, wall trough (2&quot; min. waste)</td>
<td>1-1/2&quot;</td>
<td>1</td>
</tr>
<tr>
<td>Wash basins (lavatories) single</td>
<td>1-1/2&quot;</td>
<td>2</td>
</tr>
<tr>
<td>Wash basins, in sets</td>
<td>1-1/2&quot;</td>
<td>2</td>
</tr>
<tr>
<td>Water closets</td>
<td>3&quot;</td>
<td>6</td>
</tr>
</tbody>
</table>

*NOTE--The size and discharge rating of each indirect waste receptor and each interceptor shall be based on the total rated discharge capacity of all fixtures, equipment or appliances discharging thereinto in accordance Table 2.*

Drainage piping serving batteries of appliances capable of producing continuous flows shall be adequately sized to provide for peak loads. Clothes washers in groups of 3 or more shall be rated at 6 units each for the purpose of common waste pipe sizing.

Where trap sizes are increased over the minimums shown in Table 1 or greater waste loadings are evident, the discharge rating shall be determined in accordance with Table 2.

Trap sizes shall not be increased to a point where the fixture discharge may be inadequate to maintain their self-scouring properties.

### TABLE 2

**DISCHARGE CAPACITY**

*(in Gals. per min.)*

<table>
<thead>
<tr>
<th>Up to 7-1/2</th>
<th>Equals</th>
<th>1 Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 to 15</td>
<td>Equals</td>
<td>2 Units</td>
</tr>
<tr>
<td>16 to 30</td>
<td>Equals</td>
<td>4 Units</td>
</tr>
<tr>
<td>31 to 50</td>
<td>Equals</td>
<td>6 Units</td>
</tr>
</tbody>
</table>

Over 50 gals. shall be determined by the Administrative Authority.
(2) Connection Fees Relating to Non-Participating Property in Areas under Development.

(a) Single Family Residential
For service of single family residential property, said fee shall be charged at the rate of Twenty-Five Dollars ($25.00) per fixture unit as determined from the Uniform Plumbing Code as adopted by the City of Tucson.

(b) Multi-family Residential
For service of multi-family residential property, said fee shall be charged at the rate of Twenty Dollars (20.00) per fixture as determined from the Uniform Plumbing Code as adopted by the City of Tucson, but not less than One Hundred Fifty-Five Dollars ($155.00) per residential unit.

(c) Commercial and Industrial
For service of Commercial and Industrial property, said fee shall be charged at the rate of Fifty Dollars (50.00) per fixture unit as determined from the Uniform Plumbing Code as adopted by the City of Tucson.

(3) Special Facilities
If the property to be connected to the sanitary sewer system necessitates the construction of special facilities required to handle the waste, the Director, subject to approval by the Executive Director, may require the applicant to provide these special facilities at his own expense.

SECTION 24-5. CONSTRUCTION OF SEWER SYSTEMS UNDER PRIVATE CONTRACT AUTHORIZED

(1) Upon written application, the Director, subject to approval of the Executive Director, may permit
construction of permanent sanitary sewer systems for sewer service where no existing sewer is available. Said sewer will be constructed at the sole expense and cost of the applicant within streets, avenues, alleys and rights-of-way pursuant to grants of easements and subject to approval of the Executive Director. The applicant will be required to construct all "on-site" and "off-site" facilities large enough to provide service to his development and in no case shall a line be less than 8-inches in internal diameter.

(2) Permits for Construction
Plans for construction will be provided by the applicant, certified by a Registered Professional Engineer and the Director, subject to approval by the Executive Director. The construction of sewer facilities authorized by said permit will be inspected by the Director, or his authorized representative. An inspection fee shall be charged. Said inspection fee will be computed to be 2.5% of the value of the proposed construction. Upon completion of the sewers and acceptance by the Director, title to such sewers shall be transferred to the City.

(3) Agreement for Construction
With each application for a permit for the construction of sewers authorized by this section, the applicant shall execute and deliver to the Director in duplicate, the agreement for the construction thereof by private contract. If the proposed construction is approved and the agreement otherwise conforms with the provisions of this chapter, it shall be
the duty of the Director to approve the agreement, subject to further approval of the Executive Director, and for and on behalf of the City, and issue the permit in accordance therewith.

SECTION 24-6. PROVISION FOR REFUND OF COST OF SEWERS INSTALLED BY PRIVATE CONTRACT UNDER CERTAIN CONDITIONS AUTHORIZED

(1) In cases of sewers installed by Applicant for development by private contract, should the Director require an applicant to install an "on-site" or "off-site" sewer system of a size and/or capacity larger than is required to collect the waste of the area under development, as determined by the Director, an agreement for refund of the cost of the oversizing may be made with the Applicant. In no case will the agreed refund amount exceed the total fees to be collected as authorized in Sec. 24-4(1), above.

(2) Sewers installed by applicant for service by private contract

(a) Should a sewer system installed by an applicant for service be installed in such a manner as to provide service to a non-participating property, an agreement for refund of the cost of the sewer system may be made with the applicant. In no case will the agreed refund amount exceed the total fees to be collected as authorized in Sec. 24-4 (1), above, plus the fees when collected by the City, as authorized in Sec. 24-4 (2) in excess of the fees authorized in Sec. 24-4(1). Such refunds shall be made until the
full sum has been refunded, or for a maximum period of five (5) years from the date of the refund agreement, whichever shall first occur. In the event the full sum has not been refunded within the said five (5) year period, any balances remaining unpaid shall be considered cancelled, and the City shall be fully discharged from any further obligation under the agreement.

SECTION 24-7. PERMITS FOR TEMPORARY INSTALLATIONS FOR AREAS NOT CONTIGUOUS TO SEWERS ISSUANCE AUTHORIZED.

Upon written application, the Director may, subject to approval of the Executive Director, issue a permit authorizing an area not contiguous to any sewer to be temporarily connected to a nearby sewer.

All permits issued and installations made pursuant to this section shall be on a temporary basis only, and shall be subject to the following terms and conditions.

(1) The temporary line referred to in this section shall be only at such locations as shall be approved by the Executive Director.

(2) All such installations shall be made without cost or expense to the City.

(3) Upon the installation of permanent sewers contiguous to the area being serviced by such temporary installations, the said temporary line shall be abandoned, and connection shall be made to the permanent sewers; and the area serviced shall be subject to the same charge set forth in Section 24-4 above.
(4) All charges and expenditures, including rental charges incurred or paid by the applicant in installing and maintaining such temporary line, shall in no manner be considered as having been incurred or paid with respect to any permanent sewer improvement district, private contract authorized by this ordinance, or any sewer installed by the City.

SECTION 24-8. FAILURE TO OBTAIN PERMITS AND APPROVALS AS REQUIRED

By this ordinance prior to the commencement of construction of sewer systems, temporary installations of waste treatment works shall be a misdemeanor and may be punishable by a fine of not to exceed Three Hundred and No/100 ($300.00) Dollars, or by imprisonment in the City Jail not to exceed six (6) months or by both such fine and imprisonment.

SECTION 2. This ordinance is effective and operative as of July 1, 1974.

SECTION 3. WHEREAS, it is necessary for the preservation of the peace, health and safety of the City of Tucson that this ordinance become immediately effective, an emergency is hereby declared to exist, and this ordinance shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Tucson, Arizona,

______________________________
MAYOR

ATTEST:

______________________________
CITY CLERK

APPROVED AS TO FORM:

______________________________
CITY ATTORNEY

REVIEWED BY:

______________________________
CITY MANAGER

Jr. Jan. 26, 1974

PIMA000057
REASON NO. 9201

RELATING TO THE AUTHORITY OF PIMA COUNTY TO OWN AND OPERATE A SEWAGE SYSTEM.

WHEREAS, The City of Tucson, by virtue of Arizona Revised Statutes §11-264, and representing not less than one half of the population of the County, must consent to the purchase, construction or operation of sewage systems by the County in which the City is located; and

WHEREAS, the Mayor and Council of the City of Tucson have determined that such consent will be of advantage to the City and its inhabitants;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, AS FOLLOWS:

SECTION 1. That the City of Tucson does hereby and in conformance with A.R.S. §11-264 grant its consent to the County of Pima to purchase, construct or operate a sewage system in Pima County.

SECTION 2. WHEREAS, it is necessary for the preservation of the peace, health and safety of the City of Tucson that this resolution become immediately effective, an emergency is hereby declared to exist, and this resolution shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Tucson, Arizona.

ATTEST:

MAYOR

CITY CLERK

APPROVED AS TO FORM:

CITY MANAGER

June 6, 1974
## COMPARISON OF CITY AND COUNTY SEWER BUDGETS

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>From JOINT Cost Recovery Report</th>
<th>Actual County Budget</th>
<th>Actual City Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>City (A)</td>
<td>County (B)</td>
<td></td>
</tr>
<tr>
<td>Operation and Maintenance</td>
<td>$1,791,800</td>
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<td>-167,015</td>
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<td>294,000</td>
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Net deficit: -$76,019
Subject: Proposed M.U.M. Budget for Fiscal Year 1976-77

A preliminary M.U.M. Budget, including water and wastewater operations and capital requirements, is herewith submitted. The Mayor and Council are requested to approve a schedule for processing the M.U.M. Budget and also are requested to set a joint public hearing with Pima County prior to budget adoption.

PROCESS FOR ADOPTING M.U.M. BUDGET

City of Tucson Ordinance No. 3943, which is the basic ordinance governing Water Utility operations, requires the submission of a proposed Water Utility Budget to the Mayor and Council not less than 75 days prior to the beginning of the fiscal year (April 17). The ordinance requires that a public hearing be held on the Water Utility Budget at least 45 days prior to the beginning of the new fiscal year (May 17). The final adoption of the Water Utility Budget is to be made not later than 30 days prior to the beginning of the ensuing fiscal year (June 1).

At the January 8, 1976 joint meeting of the Mayor and Council and the Board of Supervisors, the governing bodies agreed to adopt the M.U.M. Wastewater Budget concurrently with the Water Utility Budget. The "Memorandum of Understanding," approved by the governing bodies at that joint meeting states in part:

"...That discrepancies exist between the County and City budget process, and to resolve problems created thereby, it is understood that in 1976-77 sewer system budget preparations, identical constraints shall be applied to City and County departments respectively and, in furtherance of this objective, it is intended that the County and City budgets relating to sewer systems shall be adopted at a joint meeting of the governing bodies, after consideration of M.U.M. Policy Board recommendations, and not later than May 31, 1976."

Based on the foregoing requirements, the suggested budget calendar is as follows:

**April 12, 1976** - Submit water and wastewater budgets. Set date for public hearing (subject to Board of Supervisors' concurrence on: 1) Proposed M.U.M. Budget; and 2) Proposed Water System financing structure.

**April 19 to May 10, 1976** - Mayor and Council Board of Supervisors review of proposed Water System financing structure.

**April 22, 1976** - Mail notices on Water Budget Hearing to principal underwriters.
MAYOR & COUNCIL COMMUNICATION page 2 April 12, 1976

"Proposed M.U.M. Budget for Fiscal Year 1976-77"


May 13 to May 23, 1976 - Mayor & Council - Board of Supervisors Study Sessions(s) (Intergovernmental Conference) to review M.U.M. Budget and Water System financing structure and water and wastewater rates and charges.

May 24, 1976 - Final adoption of M.U.M. Budget and water and wastewater charges and rates for fiscal year 1976-77.

GENERAL COMMENTS

The proposed budget calendar is predicated on the continuation of M.U.M. as a joint agency of the City and County. The schedule is admittedly a very ambitious one and will require cooperation by all concerned in order to successfully complete. If, for any reason, the legal requirements within the budget calendar cannot be met by joint action of the City and County, it will be necessary for the City to comply with the legal requirements for review and adoption of the water utility budget.

In view of the time restrictions that have existed and due to the legal requirements for the review and adoption of the water utility budget, this office has not formulated a final recommendation regarding the M.U.M. Budget. The attached M.U.M. Budget represents the current direction from the M.U.M. Policy Board and the Special M.U.M. Budget Review Committee. It is proposed that the Mayor and Council accept this budget and set it for public hearing with the understanding that additional evaluation will be required by budget and management staff and by the governing bodies.

Finally, while not addressed in this communication, it should be recognized that a M.U.M. Intergovernmental Agreement for fiscal year 1976-77 must be renegotiated.

RECOMMENDATION

It is recommended that the Mayor and Council order the proposed public hearing and approve the proposed budget calendar, both subject to concurrence by the Board of Supervisors.

Joel D. Valdez
City Manager

Attachments
Subject: Proposed M.U.M. Water Utility Budget for Fiscal Year 1976-77

The M.U.M. Board Budget Review Committee held a budget review session on April 1, 1976, to discuss the proposed 1976-77 Water Utility Budget. The purpose of this Communication is to transmit the Committee's recommended Water Utility Budget and to advise the Board of the budget adoption schedule for M.U.M.

BACKGROUND

City of Tucson Ordinance No. 3943, which is the basic ordinance governing Water Utility operations, requires the submission of a recommended Water Utility Budget to the Mayor and Council not less than 75 days prior to the beginning of the fiscal year (April 12). The ordinance requires that a public hearing be held on the Water Utility Budget at least 45 days prior to the beginning of the new fiscal year (May 12). The final adoption of the Water Utility Budget is to be made not later than 30 days prior to the beginning of the ensuing fiscal year (May 31).

At the January 8, 1976 joint meeting of the Mayor and Council and the Board of Supervisors, the governing Bodies agreed to adopt the M.U.M. Wastewater Budget concurrently with the Water Utility Budget. The "Memorandum of Understanding," approved by the governing bodies at that joint meeting states, in part:

"... That discrepancies exist between the County and City budget process, and to resolve problems created thereby, it is understood that in 1976-77 sewer system budget preparations, identical constraints shall be applied to City and County departments respectively and, in furtherance of this objective, it is intended that the County and City budgets relating to sewer systems shall be adopted at a joint meeting of the governing bodies, after consideration of M.U.M. Policy Board recommendations, and not later than May 31, 1976."

The original budget review schedule for Fiscal Year 1976-77 was as follows:

February 19, 1976 - Preliminary Budget submitted to M.U.M. Policy Board.

March 25, 1976 - Final consideration and approval of the preliminary Budget by M.U.M. Policy Board and recommendation of a sewer user fee for Fiscal Year 1976-77.
April 12, 1976 - Proposed M.U.M. Budget submitted to Mayor and Council and Board of Supervisors, and a date set for a joint public hearing on the proposed budget.

May 12, 1976 - Joint public hearing conducted by Mayor and Council and Board of Supervisors on the proposed M.U.M. Budget.

May 24, 1976 - Final adoption of M.U.M.'s Budget for Fiscal Year 1976-77 by both governing bodies. Final adoption of sewer user fee.

M.U.M. BUDGET REVIEW COMMITTEE RECOMMENDATIONS

On February 19, 1976, the proposed M.U.M. Water and Sewer Budgets were presented to the M.U.M. Board for review and consideration. On March 11, 1976, the Board began preliminary review of the budgets and established a special Budget Review Committee to analyze the proposed budgets and make recommendations to the M.U.M. Board. On March 24, 1976, the Budget Review Committee recommended, and the Board approved, the proposed M.U.M. Wastewater Budget for 1976-77. This recommended budget has been transmitted to the Mayor and Council and the Board of Supervisors (Attachment A).

The Budget Review Committee reviewed the proposed Water Utility Budget on April 1, 1976. The results of the Committee's review are presented below.

The Budget Review Committee's recommended budget is attached (Attachment B). This budget includes a projection of 2,000 new connectees to the water system, and a revenue increase projection of 35 percent (including a 2 percent rate increase, the establishment of a System Development Charge, a discontinuation of aid-in-construction agreements and an evaluation of water connection fees to determine the actual cost of service installations which could lead to a revision of the connection fee rates. The Committee agreed that the budget is basically a "tight" budget, with little room for further reductions if efficient operation is to be maintained.

The basic recommendations of the Committee are:

1. The Capital improvement program should be approved, with the exception of the purchase of HUB Water Company. The Committee does not necessarily recommend the purchase of Metropolitan, Ray and Silver Shadows Water Companies at this time, but included funds for the purchase of these companies in the capital budget to provide flexibility at a later date. These proposed purchases should be thoroughly justified on a cost/benefit and water resources basis at the time they are considered for purchase.
2. The Committee recommends the allocation of $200,000 to provide funds to institute an intensive conservation program during fiscal year 1976-77. These funds can be made available from revisions to the 1975-76 capital budget and, therefore, represent carry-forward funds which will not affect revenue needs for 1976-77.

3. The Committee discussed the advisability of reducing projected operating costs as a result of the institution of the proposed water conservation program. The Committee decided to not revise projected operating costs until results of the proposed conservation program could be analyzed, especially since operational budget revisions would also require revisions of projected revenues.

4. In evaluating the O & M Budget and particularly the staffing level recommended for Fiscal Year 1976-77, the Committee was especially conscious of staff additions and their impact upon proposed increase in water rates. It was determined that if the staffing level for 1975-76 was retained for Fiscal Year 1976-77, the Water Utility would still require a water rate increase of 22 percent. Therefore, only a minimum impact would be made upon the projected rate increase by sacrificing cost effective operational expenditures. The Committee recommends the following staff level which represents a reduction of 6 positions originally requested by staff.

   | Department                      | Staff Level |
---|--------------------------------|-------------|
  1| Production                     | 92          |
  2| Distribution                   | 96          |
  3| Commercial                     | 97          |
  4| Director's Office              | 13          |
  5| Engineering                    | 60          |
  6| Planning & Technical Services  | 12          |
  7| Water Resources                | 11          |
  8| **Total**                      | **381**     |

Attachment B summarizes the proposed budget for each division. The recommended staff reductions will result in a savings of $55,000, which reduces the projected water rate increase from 25 percent to 24 percent.

5. The Committee eliminated the purchase of a proposed cable tool drilling rig from the budget. This also eliminated the necessity to hire two additional staff members to operate the drill rig. It was agreed to continue leasing these services for another year. This will result in a one-year saving of $25,000 during 1976-77. This item will be re-evaluated during preparation of the 1977-78 budget.
6. The Committee agreed that preventive maintenance programs should be funded (as proposed) since they represent long-term economy measures.

WATER REVENUE REQUIREMENTS

The Budget Review Committee's recommended Water Utility Budget requires a 24 percent increase in water sales revenues and the establishment of a System Development Charge for new connectees to the water system. Staff has formulated a water rate structure based upon the cost-to-serve and water conservation concepts, and has prepared the method of calculating the System Development Charge. Staff is prepared to present the recommended rate structure for consideration by the governing bodies. It is recommended that a special meeting of the governing bodies be conducted to consider this matter at the earliest possible time.

OTHER CONSIDERATIONS

The budget review and adoption schedule for M.U.M. requires the submission of the Water Utility Budget to the Mayor and Council on April 12, 1976, and the establishment of a public hearing on May 12, 1976. The governing bodies have agreed to follow the same schedule for the Wastewater Budget and the public hearing on May 12, 1976 will be a joint public hearing of the Mayor and Council and the Board of Supervisors. Since the Board has not recommended a Water Utility Budget, and due to time restraints for scheduling the submission of the budget, the Budget Review Committee's Recommended Budget has been transmitted to the Mayor and Council. This budget would be the basis for the public hearing on May 12, 1976 and can be changed based upon the M.U.M. Board's final review and the comments from citizens at the public hearing.

The M.U.M. Board does have the option of revising the Budget Review Committee's Recommended Budget at today's meeting and transmitting to the Mayor and Council the revised budget. This budget, then, would be the basis for the public hearing on May 12, 1976.

RECOMMENDATION

It is recommended that the Board review the attached budget and request the Mayor and Council and Board of Supervisors to hold a public hearing on May 12, 1976 regarding the M.U.M. Water and Wastewater Budgets. It is further recommended that a special meeting of the governing bodies be conducted to discuss the proposed water rate structure.

Respectfully submitted,

Frank Brooks
Executive Director

FB:eh
Attachments
April 7, 1976

City of Tucson Mayor and Council
Pima County Board of Supervisors

Subject: M.U.M. Board's Recommended Budget for Fiscal Year 1976-77

Honorable Members of the Governing Bodies:

As Chairman of the M.U.M. Policy Board, I am transmitting to the Mayor and Council and the Board of Supervisors this Board's recommended Wastewater Budget for fiscal year 1976-77. This Board has devoted many hours in the review of the recommended budget and considers that the programs and projects it provides for are designed to meet the critical sewer problems confronting our community. At a time when the City and County are faced with financial difficulties which could result in increased taxes or the reduction of governmental services, the recommended M.U.M. Wastewater Budget for 1976-77 requires no increase in the sewer user fee rate and provides for a reduction of the Pima County property tax rate devoted to wastewater programs.

The M.U.M. Board wishes to emphasize the many positive programs of M.U.M. which are included in our recommended budget. We feel that local governments provide many beneficial services to the public and too often these positive actions are overshadowed by criticism of governmental activities. Therefore, the following are the significant aspects of the recommended budget:

1. The proposed capital improvement program provides for the construction of sewer system improvements totalling $29 million, including major interceptor and trunk sewers, the completion of the Ina Road Wastewater Treatment Plant, and revisions to the Roger Road Treatment Plant;

2. The operation and maintenance budget provides for the staffing of the Ina Road Treatment Plant, which is the second major plant serving the metropolitan area and is designed to meet all federal standards for the treatment of wastewater;

3. The development and implementation of a water conservation program (in conjunction with the Water Utility) designed to not only conserve our water resources but to also reduce sewer flow which could relieve critically overloaded sewer lines;
4. The expanded use of wastewater effluent for the watering of golf courses at Arthur Pack Park and Silverbell Road, thereby preserving groundwater for use by people. These golf courses, along with Randolph Park, will use over one billion gallons of effluent a year, which will not have to be provided from our potable water source; and

5. The reduction of the Pima County property tax assessment for M.U.M. by 2¢ per $100 of assessed valuation and the continuation of the sewer user fee rate at the present level.

In addition, this recommended budget incorporates the terms of the various agreements between the Board of Supervisors and the Mayor and Council concerning M.U.M. These agreements, itemized below, are designed to more efficiently utilize the financial resources available and to equitably distribute the costs of operating M.U.M. to the community:

1. The allocation of $250,000 from water revenues for water resource oriented wastewater programs;

2. The allocation of County-wide authorized sewer bond funds for projects within the Tucson City limits which amounts to $1.6 million in 1976-77;

3. The allocation of M.U.M. sewer connection fees to finance bond debt service costs, supplemented by Pima County property tax revenues when required;

4. The accounting of wastewater funds by the Pima County Department of Finance, if feasible;

5. The support of state-enabling legislation by the City of Tucson to permit Arizona counties to operate water systems, and;

6. M.U.M. will move to the Transwest Building, which will permit the consolidation of staff.

Finally, much has been said recently about dissolving M.U.M. M.U.M. is a viable organization, and the method of financing wastewater services is equitable to all citizens of Pima County. M.U.M.'s Wastewater Budget represents the most efficient use of available financial resources to solve this community's problems. If M.U.M. were dissolved and federal funding eligibility retained,
the City sewer operations could be financed from sewer user fees collected within the City, and the present rate could be reduced by 12 percent. However, the capital improvement needs of the City sewer system could not be met with the current bond funds available to the City. It would be necessary to immediately ask the voters of the City to pass a bond issue to finance sewer system capital improvements. Pima County would be required to increase the sewer user fee to residents outside the City by 97 percent to finance the County sewer operations.

The M.U.M. Board requests your full consideration of our recommended Wastewater Budget. The M.U.M. Board and M.U.M. staff are available to discuss the budget with you at your convenience.

Respectfully,

Ron Asa, Chairman
M.U.M. Policy Board

RA:eh
Attachment: M.U.M. Wastewater Budget, FY 1976-77

ccs: K. S. Scharman, County Manager
Joel D. Valdez, City Manager
Frank Brooks, Executive Director
### Solid Waste and Water Utility Budget

#### RevISED 1976-77

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#### OPERATIONS & MAINTENANCE EXPENSE

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<td>General Expense</td>
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**TOTAL CAPITAL OUTLAY:**

| Capital Equipment | 193,655 | 128,550 | 49,500 |
| Construction & Replacement | 792,831 | 350,000 | 50,000 |
| Wastewater Reuse Projects | -0- | 250,000 | |
| **TOTAL CAPITAL OUTLAY** | 986,486 | 728,550 | 99,500 |

**TOTAL O & M, CAPITAL & DEBT:**

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**DEFICIT:**

(55,317)
## Recommended Five Year Capital Improvements Program Summary

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## RECOMMENDED FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM SUMMARY

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<td>Current Rev.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>60,000</td>
</tr>
<tr>
<td>17. Camino Martin Trunk Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>50,000</td>
</tr>
<tr>
<td>18. Bear Claw Way Trunk Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>45,000</td>
</tr>
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</table>
### RECOMMENDED FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM SUMMARY

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>19. Sabino Canyon Road Trunk Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$40,000</td>
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<tr>
<td>20. Rancho Perdido Trunk Bonds</td>
<td></td>
<td></td>
<td>$40,000</td>
<td></td>
<td></td>
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<td>$40,000</td>
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<tr>
<td>21. Oversize Rebate Bonds</td>
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<td></td>
<td>$26,000</td>
<td></td>
<td></td>
<td></td>
<td>$26,000</td>
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<tr>
<td>22. Camino Seco Trunk-Wrightstown to Broadway</td>
<td></td>
<td></td>
<td></td>
<td>$336,000</td>
<td></td>
<td></td>
<td>$187,000</td>
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<td>23. South Seventh Ave. Trunk - Irvington to 44th Street Bonds</td>
<td>200,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$200,000</td>
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<tr>
<td>24. Yaqui Indian Village Trunk Bonds</td>
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<td></td>
<td></td>
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<td>25. Magee to Ina Trunk Bonds</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>150,000</td>
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<tr>
<td>26. Ajo, Arizona Sewerage System Trunk and Treatment Bonds</td>
<td>250,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>250,000</td>
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<tr>
<td>27. Branding Iron Park Pond Connection Trunk Bonds</td>
<td>250,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>250,000</td>
</tr>
<tr>
<td>28. La Puerta del Norte Outfall Bonds</td>
<td>60,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>60,000</td>
</tr>
<tr>
<td>29. Marana, Arizona Outfall Bonds</td>
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<td></td>
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<td>500,000</td>
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</tbody>
</table>

PIMA000076
### RECOMMENDED FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM SUMMARY

<table>
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<th></th>
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</thead>
<tbody>
<tr>
<td>30. Aravaca Junction Outfall Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>31. Purchase Agreements and right-of-way—Current Revenues</td>
<td>100,000</td>
<td>40,000</td>
<td></td>
<td></td>
<td>100,000</td>
<td></td>
<td>40,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$17,279,440</td>
<td>$29,938,000</td>
<td>$23,120,000</td>
<td>$23,279,000</td>
<td>$4,971,000</td>
<td>$1,743,000</td>
<td>$100,330,440</td>
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<td><strong>BONDS</strong></td>
<td>4,805,890</td>
<td>8,903,810</td>
<td>6,394,550</td>
<td>6,284,000</td>
<td>1,390,000</td>
<td>1,143,000</td>
<td>28,921,250</td>
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<td><strong>FEDERAL</strong></td>
<td>12,224,110</td>
<td>20,379,190</td>
<td>16,125,450</td>
<td>16,395,000</td>
<td>2,981,000</td>
<td>-0-</td>
<td>68,104,750</td>
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<td><strong>OTHER (MINES)</strong></td>
<td>50,000</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>50,000</td>
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<tr>
<td><strong>CURRENT REVENUES</strong></td>
<td>199,440</td>
<td>350,000</td>
<td>600,000</td>
<td>600,000</td>
<td>600,000</td>
<td>600,000</td>
<td>2,949,440</td>
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<tr>
<td><strong>WATER UTILITY REVENUES</strong></td>
<td></td>
<td>250,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>250,000</td>
</tr>
<tr>
<td><strong>PUBLIC WORKS FUND – COUNTY</strong></td>
<td>55,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>55,000</td>
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</table>
# Metropolitan Utilities Management Agency
## Proposed 1976-77 Water Utility Budget

### A Operating Revenues

<table>
<thead>
<tr>
<th></th>
<th>Adopted 1975-76</th>
<th>Revised 1975-76</th>
<th>Proposed 1976-77</th>
<th>Recommended 1976-77</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Sales</td>
<td>15,750,000</td>
<td>15,750,000</td>
<td>19,017,414</td>
<td>18,870,295</td>
</tr>
<tr>
<td>Fire Protection</td>
<td>160,000</td>
<td>160,000</td>
<td>160,000</td>
<td>160,000</td>
</tr>
<tr>
<td>Connection Fees</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>System Development Charge</td>
<td>-0-</td>
<td>-0-</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Interest Earnings</td>
<td>1,500,000</td>
<td>1,500,000</td>
<td>1,300,000</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Service Charges</td>
<td>35,000</td>
<td>35,000</td>
<td>40,000</td>
<td>40,000</td>
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<tr>
<td>Other Fees &amp; Charges</td>
<td>35,000</td>
<td>35,000</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Cash Balance</td>
<td>-0-</td>
<td>-0-</td>
<td>945,000</td>
<td>1,145,000</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>17,980,000</td>
<td>17,980,000</td>
<td>23,562,414</td>
<td>23,615,295</td>
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</tbody>
</table>

### B Operation & Maintenance Expense

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Production</td>
<td>3,892,417</td>
<td>3,915,283</td>
<td>5,177,308</td>
<td>5,153,183</td>
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<tr>
<td>Distribution</td>
<td>1,160,545</td>
<td>1,053,019</td>
<td>1,326,821</td>
<td>1,300,736</td>
</tr>
<tr>
<td>Commercial</td>
<td>1,434,525</td>
<td>1,438,763</td>
<td>1,434,358</td>
<td>1,434,358</td>
</tr>
<tr>
<td>Director's Office</td>
<td>249,697</td>
<td>260,603</td>
<td>263,053</td>
<td>254,445</td>
</tr>
<tr>
<td>Engineering</td>
<td>330,905</td>
<td>329,309</td>
<td>478,410</td>
<td>485,795</td>
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<tr>
<td>Planning &amp; Technical Services</td>
<td>107,085</td>
<td>91,332</td>
<td>155,769</td>
<td>152,544</td>
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<tr>
<td>Water Conservation</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>200,000</td>
</tr>
<tr>
<td>Water Resources *</td>
<td>(252,157)</td>
<td>(236,570)</td>
<td>(279,952)</td>
<td>(279,952)</td>
</tr>
<tr>
<td>General Expense</td>
<td>2,028,000</td>
<td>1,973,000</td>
<td>2,208,695</td>
<td>2,116,234</td>
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<tr>
<td>Non-Operating Expense</td>
<td>104,000</td>
<td>104,000</td>
<td>58,000</td>
<td>58,000</td>
</tr>
<tr>
<td><strong>Total O &amp; M</strong></td>
<td>9,307,974</td>
<td>9,165,309</td>
<td>11,102,414</td>
<td>11,155,295</td>
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</tbody>
</table>

### C Debt Service

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Bond Principal</td>
<td>2,825,000</td>
<td>2,825,000</td>
<td>2,950,000</td>
<td>2,950,000</td>
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<tr>
<td>Bond Interest</td>
<td>2,718,600</td>
<td>2,718,600</td>
<td>3,344,000</td>
<td>3,344,000</td>
</tr>
<tr>
<td>Bond Reserve</td>
<td>600,000</td>
<td>600,000</td>
<td>700,000</td>
<td>700,000</td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td>6,143,600</td>
<td>6,143,600</td>
<td>6,994,000</td>
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</table>

### D Capital Outlay

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2,528,426</td>
<td>2,528,426</td>
<td>5,466,000</td>
<td>5,466,000</td>
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</tr>
</tbody>
</table>

### E City Manager's Budget Freeze

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>142,665</td>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

**Total O & M, Capital, Debt**

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>17,980,000</td>
<td>17,980,000</td>
<td>23,562,414</td>
<td>23,615,295</td>
<td></td>
</tr>
</tbody>
</table>

### Staffing

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>85</td>
<td>84</td>
<td>94</td>
<td>92</td>
</tr>
<tr>
<td>Distribution</td>
<td>100</td>
<td>94</td>
<td>98.5</td>
<td>96</td>
</tr>
<tr>
<td>Commercial</td>
<td>94</td>
<td>94</td>
<td>97</td>
<td>97</td>
</tr>
<tr>
<td>Director's Office</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>Engineering</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Planning &amp; Technical Services</td>
<td>9</td>
<td>7</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Water Resources</td>
<td>11</td>
<td>9</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total Staffing</strong></td>
<td>373</td>
<td>362</td>
<td>387.5</td>
<td>381</td>
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</tbody>
</table>

* The Water Resources Program is capitalized and therefore is not included in total O & M.
Due to an increasing number of production facilities (wells, boosters, reservoirs), this activity is requesting an additional 5 maintenance positions. Basically, these positions are required in order to adequately maintain the pumping equipment and thereby minimize interruptions in service caused by equipment failures. Two of the additional 8 positions are transfers from other M.U.M. activities. One is an Administrative Assistant position to provide additional administrative support to the field divisions, while the other is a welder position to begin establishing a machine shop to support pumping equipment maintenance. In the Equipment Maintenance Activity, a Technical Inspector is requested for preventive maintenance functions. The power budget accounts for $882,165 of this Division's budget increase.

PROGRAM STATISTICS:

<table>
<thead>
<tr>
<th></th>
<th>TOTAL INSTALLATIONS</th>
<th>INSTALLATIONS PER MAINT. MAN</th>
<th>INSTALLATIONS PER PLANT OPERATOR</th>
<th>POWER COST PER MIL./GAL. PUMPED</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 1971-72</td>
<td>327</td>
<td>11.2</td>
<td>25.2</td>
<td>$28.69</td>
</tr>
<tr>
<td>FY 1972-73</td>
<td>436</td>
<td>16.1</td>
<td>33.5</td>
<td>32.65</td>
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<tr>
<td>FY 1973-74</td>
<td>459</td>
<td>15.3</td>
<td>35.3</td>
<td>33.47</td>
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<tr>
<td>FY 1974-75</td>
<td>473</td>
<td>16.0</td>
<td>36.4</td>
<td>60.75</td>
</tr>
<tr>
<td>FY 1975-76*</td>
<td>528</td>
<td>17.1</td>
<td>40.6</td>
<td>88.00</td>
</tr>
<tr>
<td>FY 1976-77*</td>
<td>553</td>
<td>16.3</td>
<td>39.5</td>
<td>115.38</td>
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</table>

* Estimates
### DISTRIBUTION DIVISION

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>1975-76 ADOPTED</th>
<th>1975-76 REVISED</th>
<th>1976-77 REQUEST</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
</tr>
<tr>
<td>7217 - Mains &amp; Services</td>
<td>1,039,144</td>
<td>92</td>
<td>1,181,910</td>
<td>224,291</td>
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<tr>
<td>7227 - Meter Shop</td>
<td>121,401</td>
<td>8</td>
<td>118,826</td>
<td>23,426</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,160,545</td>
<td>100</td>
<td>1,300,736</td>
<td>247,717</td>
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</tbody>
</table>

**REQUEST SUMMARY:**

It is proposed that two of the six positions frozen during fiscal 1975-76 be re-budgeted in 1976-77. One of the positions is an Account Clerk II which would provide additional clerical support for this Division. The other is a Meter Repairman position which is requested in order to implement a program of repairing or replacing all meters with 20 or more years of service.

**PROGRAM STATISTICS:**

<table>
<thead>
<tr>
<th>FY</th>
<th>STAFFING</th>
<th>MILES OF MAINS</th>
<th>MAINS INSTALLED</th>
<th>METERS &amp; SERVICES INSTALLED</th>
<th>NUMBER OF FIRE HYDRANTS</th>
<th>NUMBER OF METERS REPAIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971-72</td>
<td>82</td>
<td>1,685</td>
<td>86,962 ft.</td>
<td>5,347</td>
<td>5,819</td>
<td>6,030</td>
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<tr>
<td>1972-73</td>
<td>86</td>
<td>1,826</td>
<td>131,507</td>
<td>5,524</td>
<td>6,209</td>
<td>5,799</td>
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<tr>
<td>1973-74</td>
<td>99</td>
<td>1,929</td>
<td>53,704</td>
<td>4,484</td>
<td>6,376</td>
<td>5,977</td>
</tr>
<tr>
<td>1974-75</td>
<td>120</td>
<td>2,397</td>
<td>56,614</td>
<td>3,166</td>
<td>6,607</td>
<td>7,300</td>
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<tr>
<td>1975-76*</td>
<td>100</td>
<td>2,502</td>
<td>68,000</td>
<td>2,900</td>
<td>6,821</td>
<td>7,094</td>
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<tr>
<td>1976-77*</td>
<td>96</td>
<td>2,602</td>
<td>70,000</td>
<td></td>
<td>7,021</td>
<td>8,000</td>
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</table>

* Estimates
### COMMERCIAL DIVISION

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>1975-76 ADOPTED</th>
<th>1975-76 REVISED</th>
<th>1976-77 REQUEST</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
</tr>
<tr>
<td>7317 - Customer Services</td>
<td>655,540</td>
<td>655,914</td>
<td>776,804</td>
<td>140,890</td>
</tr>
<tr>
<td>7327 - Field Services</td>
<td>705,066</td>
<td>728,189</td>
<td>814,825</td>
<td>86,636</td>
</tr>
<tr>
<td>7337 - Control Services</td>
<td>73,919</td>
<td>74,660</td>
<td>80,835</td>
<td>6,175</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td><strong>1,434,525</strong></td>
<td><strong>1,438,763</strong></td>
<td><strong>1,672,464</strong></td>
<td><strong>233,701</strong></td>
</tr>
</tbody>
</table>

**Charge to Sewer**: 1,434,525 94 1,438,763 94 1,672,464 97 (238,106) (238,106)

**Charge to Water**: 1,434,525 94 1,438,763 94 1,434,358 97 (4,405) 3

**REQUEST SUMMARY:**

It is proposed that for Fiscal 1976-77, the Customer Services budget of the Commercial Division be allocated 25% to the Sewer Utility and 75% to the Water Utility, except for postage costs, which are allocated on the basis of the number of water and sewer accounts. This allocation results in a charge of $238,106 to the Sewer Utility. In order to handle the increased billing workload resulting from the sewer user fee, it is requested that the Customer Services section be allowed three additional Customer Services Clerks.

Postage, motor pool, and data processing services account for $145,000 of the budgeted increase, while a proposed upgrading of staff of the Field Services section accounts for approximately $23,000.

**PROGRAM STATISTICS:**

<table>
<thead>
<tr>
<th></th>
<th>TOTAL WATER &amp; SEWER ACCOUNTS</th>
<th>ACCOUNTS PER CUSTOMER SVC. EMPLOYEE</th>
<th>NUMBER OF METERS READ</th>
<th>NUMBER OF METERS READ PER MAN-DAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 1971-72</td>
<td>89,446</td>
<td>3,313</td>
<td>1,024,191</td>
<td>290</td>
</tr>
<tr>
<td>FY 1972-73</td>
<td>100,667</td>
<td>3,595</td>
<td>1,139,436</td>
<td>301</td>
</tr>
<tr>
<td>FY 1973-74</td>
<td>105,828</td>
<td>3,470</td>
<td>1,246,613</td>
<td>309</td>
</tr>
<tr>
<td>FY 1974-75</td>
<td>109,442</td>
<td>3,588</td>
<td>1,294,955</td>
<td>302</td>
</tr>
<tr>
<td>FY 1975-76*</td>
<td>121,533</td>
<td>3,683</td>
<td>1,322,000</td>
<td>291</td>
</tr>
<tr>
<td>FY 1976-77*</td>
<td>127,450</td>
<td>3,540</td>
<td>1,377,600</td>
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</tr>
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</table>

* Estimates
### Director's Office

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>1975-76 ADOPTED</th>
<th>1975-76 REVISED</th>
<th>1976-77 REQUEST</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
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<tr>
<td>7417 - Director's Office</td>
<td>249,697</td>
<td>260,603</td>
<td>254,445</td>
<td>(6,148)</td>
</tr>
</tbody>
</table>

**REQUEST SUMMARY:**

The only change to this activity involves the transfer of an administrative position to the Production Division to provide additional administrative support to the field divisions.
**QUEST SUMMARY:**

The increase in the Engineering Division results from increased personnel and motor pool costs, and reduced transfers to the Capital Program and Sewer Utility. The charge to the Sewer Utility is for a share of the Mapping and Records Section and is based on the services of three full-time draftsman and five positions at one-third time.
### ACTIVITY

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>1975-76 ADOPTED BUDGET POSITIONS</th>
<th>1975-76 REVISED BUDGET POSITIONS</th>
<th>1976-77 REQUEST BUDGET POSITIONS</th>
<th>CHANGE BUDGET POSITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>430 - Planning &amp; Technical Services</td>
<td>215,770</td>
<td>182,663</td>
<td>242,710</td>
<td>60,047</td>
</tr>
<tr>
<td>Charge to Sewer</td>
<td>(107,885)</td>
<td>(91,331)</td>
<td>(90,166)</td>
<td>1,165</td>
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<tr>
<td>Charge to Water</td>
<td>107,885</td>
<td>91,332</td>
<td>152,544</td>
<td>61,212</td>
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</tbody>
</table>

**REQUEST SUMMARY:**

Of the twelve positions requested for this Division for Fiscal 1976-77, six relate to wastewater planning and are to be charged to the Sewer Utility Budget. The five additional positions include three new wastewater monitoring staff to give the Planning Division the capability to implement and monitor the Industrial Waste Control Ordinance which is to become effective July 1, 1976. Also, an additional Civil Engineer I position is requested to assist with the maintenance of customer data files and to begin utilizing to a greater degree the information available for such applications as computerized mapping, revenue generation, customer class development, etc. The other additional position includes the re-budgeting of the Planning Director which was frozen during Fiscal 1975-76.
## GENERAL & NON-OPERATING EXPENSE

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>1975-76 ADOPTED</th>
<th>1975-76 REVISED</th>
<th>1976-77 REQUEST</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
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<tr>
<td>7437 General Expense</td>
<td>2,028,000 -0-</td>
<td>1,973,000 -0-</td>
<td>2,116,234 -0-</td>
<td>143,234 -0-</td>
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<tr>
<td>7447 Non-Operating Expense</td>
<td>104,000 -0-</td>
<td>104,000 -0-</td>
<td>58,000 -0-</td>
<td>(46,000) -0-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,132,000 -0-</td>
<td>2,077,000 -0-</td>
<td>2,174,234 -0-</td>
<td>97,234 -0-</td>
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</table>

### REQUEST SUMMARY:

The General Expense budget includes allocations for such expenses as consulting, legal, and auditing services in addition to the major items of the City's administrative overhead charge and sales tax expense. The overhead charge is budgeted at the same amount ($725,000) as this fiscal year. Sales tax expense, which is based on a 25 percent increase in water sales revenue, accounts for approximately $140,000 of the total increase. The Non-Operating Expense budget includes allocations for membership and subscriptions and bad debt expense. The reduction results from contract interest expense being budgeted next fiscal year in the Capital Budget.
WATER RESOURCES DIVISION

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>1975-76 ADOPTED</th>
<th>1975-76 REVISED</th>
<th>1976-77 REQUEST</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
<td>BUDGET POSITIONS</td>
</tr>
<tr>
<td>57 Water Resources*</td>
<td>252,157 11</td>
<td>256,570 9</td>
<td>279,952 11</td>
<td>43,382 2</td>
</tr>
</tbody>
</table>

* The Water Resources program is a capitalized expense, and is therefore not reflected in the total O & M Budget.

QUEST SUMMARY

Two additional Hydrologist positions are requested for the Water Division. Basically these people are being requested in order to initiate and carry out much needed research and development programs vital to the water resources of the area, including reducing the backlog of data interpretations and meeting the additional workload created by the production and test-hole drilling programs and the water quality requirements being implemented by E.P.A.

GRAM STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>FY 1975-76</th>
<th>FY 1976-77</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRODUCTION AND TEST WELLS DRILLED</td>
<td>20</td>
<td>32</td>
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<tr>
<td>WELL CUTTINGS ANALYZED</td>
<td>7,500</td>
<td>11,500</td>
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<tr>
<td>WATER QUALITY ANALYZED</td>
<td>-0-</td>
<td>300</td>
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<tr>
<td>WATER SAMPLES</td>
<td>4,700</td>
<td>4,900</td>
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</table>
### RECOMMENDED FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM SUMMARY

#### PROJECT

<table>
<thead>
<tr>
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<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Source Development &amp; Transmission</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>a) Research and Exploration</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>1,250,000</td>
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<tr>
<td>b) Drill Redrill and Equip Wells</td>
<td>1,000,000</td>
<td>1,410,000</td>
<td>1,380,000</td>
<td>840,000</td>
<td>790,000</td>
<td>5,420,000</td>
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<tr>
<td>c) Avra Valley Wells</td>
<td>200,000</td>
<td>520,000</td>
<td>590,000</td>
<td>630,000</td>
<td>670,000</td>
<td>2,610,000</td>
</tr>
<tr>
<td>d) Southwest Pumping Plant &amp; Pipelines</td>
<td>-0-</td>
<td>7,135,000</td>
<td>461,000</td>
<td>370,000</td>
<td>216,000</td>
<td>8,182,000</td>
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<tr>
<td>e) Northwest Pumping Plant &amp; Pipelines</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>25,240,000</td>
<td>25,240,000</td>
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<tr>
<td>f) Agricultural Land Purchases (Down Payments)</td>
<td>882,000</td>
<td>1,025,000</td>
<td>1,406,000</td>
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<td>50,000</td>
<td>3,363,000</td>
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<tr>
<td>g) Agricultural Land Contract Payments</td>
<td>1,540,000</td>
<td>1,734,000</td>
<td>2,554,000</td>
<td>3,521,000</td>
<td>3,327,000</td>
<td>12,676,000</td>
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<td><strong>TOTAL</strong></td>
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<td>12,074,000</td>
<td>6,641,000</td>
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<td>30,543,000</td>
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<tr>
<td><strong>2. Storage</strong></td>
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</tr>
<tr>
<td>a) Northwest Reservoir</td>
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<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
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<tr>
<td>b) Catalina Reservoir</td>
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<td>-0-</td>
<td>270,000</td>
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<td>c) Northeast Reservoir</td>
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<td>-0-</td>
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<tr>
<td><strong>TOTAL</strong></td>
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<td>-0-</td>
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#### SOURCE OF FUNDS

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<td>Highway User Tax</td>
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<td>Other</td>
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</tr>
<tr>
<td><strong>Total Funds</strong></td>
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<td></td>
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</tr>
</tbody>
</table>

**TOTAL COST**
### RECOMMENDED FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM SUMMARY

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>3. Pumping Plant Improvements</td>
<td>500,000</td>
<td>380,000</td>
<td>210,000</td>
<td>190,000</td>
<td>1,350,000</td>
<td>2,630,000</td>
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<td>4. Major Support Mains</td>
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<td>1,500,000</td>
<td>600,000</td>
<td>1,700,000</td>
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<tr>
<td>5. Distribution System</td>
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</tr>
<tr>
<td>a) Major Mains (Fire Protection)</td>
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<td>1,200,000</td>
<td>1,400,000</td>
<td>1,500,000</td>
<td>1,500,000</td>
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<td>b) Minor Mains</td>
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<td>160,000</td>
<td>172,000</td>
<td>175,000</td>
<td>175,000</td>
<td>832,000</td>
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<tr>
<td>c) Main Replacement</td>
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<td>500,000</td>
<td>400,000</td>
<td>400,000</td>
<td>2,100,000</td>
</tr>
<tr>
<td>d) Fire Hydrants</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>1,000,000</td>
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<tr>
<td>e) Contract Payments (Aid-In-Constr.)</td>
<td>600,000</td>
<td>605,000</td>
<td>700,000</td>
<td>695,000</td>
<td>690,000</td>
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<tr>
<td>6. Services</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>a) Fire Service</td>
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<td>130,000</td>
<td>139,000</td>
<td>149,000</td>
<td>158,000</td>
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<tr>
<td>b) Mtered Service</td>
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<td>518,000</td>
<td>557,000</td>
<td>595,000</td>
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<td>518,000</td>
<td>525,000</td>
<td>525,000</td>
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<td>1,128,000</td>
<td>1,214,000</td>
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<td>1,317,000</td>
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### TOTAL COST

<table>
<thead>
<tr>
<th>SOURCE OF FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIOR YEAR FUNDING</td>
</tr>
<tr>
<td>CURRENT REVENUE</td>
</tr>
<tr>
<td>CITY BOND FUNDS</td>
</tr>
<tr>
<td>HIGHWAY USER TAX</td>
</tr>
<tr>
<td>ASSESSMENTS</td>
</tr>
<tr>
<td>OTHER</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUNDS AVAILABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNFUNDED AMOUNT</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL FUNDS</th>
</tr>
</thead>
</table>

PIMA000088
# RECOMMENDED FIVE YEAR CAPITAL IMPROVEMENTS PROGRAM SUMMARY

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>7. General Plant</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>a) Land and Building</td>
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<td>70,000</td>
<td>70,000</td>
<td>80,000</td>
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<td>700,000</td>
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<td>b) Equipment</td>
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<td>450,000</td>
<td>480,000</td>
<td>500,000</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>790,000</td>
<td>490,000</td>
<td>520,000</td>
<td>560,000</td>
<td>580,000</td>
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<td><strong>8. Private Water Company Purchases</strong></td>
<td></td>
<td></td>
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<tr>
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<td>-0-</td>
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<td>980,000</td>
<td>3,256,000</td>
<td>1,108,000</td>
<td>1,181,000</td>
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<td>7,790,000</td>
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<tr>
<td><strong>9. Wastewater Reuse-Water Resource</strong></td>
<td></td>
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</tr>
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<td>250,000</td>
<td>250,000</td>
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<td>1,250,000</td>
</tr>
<tr>
<td><strong>TOTAL COST</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>PRIORITY YEAR FUNDING</strong></td>
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<td>6,324,000</td>
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<tr>
<td><strong>CURRENT REVENUE (R &amp; R FUND)</strong></td>
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<td>5,294,000</td>
<td>30,620,000</td>
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<tr>
<td><strong>HIGHWAY USER TAX</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>ASSESSMENTS</strong></td>
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<tr>
<td><strong>OTHER</strong></td>
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<td></td>
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</tr>
<tr>
<td><strong>FUND AVAILABLE</strong></td>
<td>13,502,000</td>
<td>22,263,000</td>
<td>13,515,000</td>
<td>13,731,000</td>
<td>40,170,000</td>
<td>103,181,000</td>
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<tr>
<td><strong>UNFUNDED AMOUNT</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL FUNDS</strong></td>
<td>13,502,000</td>
<td>22,263,000</td>
<td>13,515,000</td>
<td>13,731,000</td>
<td>40,170,000</td>
<td>103,181,000</td>
</tr>
</tbody>
</table>
The M.U.M. Executive Director has prepared the attached report dealing with the impact of dissolving M.U.M. The City Finance Director has reviewed the financial facts presented therein and is confident of the accuracy of the City-related figures. The County figures are taken from the preliminary budget presented by M.U.M. and the County Sanitation Department.

Joel D. Valdez
City Manager
Correspondence

TO
Joel D. Valdez
City Manager

FROM
Frank Brooks
Executive Director

DATE
May 21, 1976

SUBJECT
M.U.M. - Impact of Dissolution

Once again, the future of M.U.M. has become a community issue. I have prepared this report in an effort to illustrate the realities we face if dissolution of this first attempt at Metropolitan Utilities Management does occur. This report presents: (1) a brief history of why M.U.M. was formed; (2) the method adopted by the two governing bodies for financing wastewater activities; (3) the anticipated effect of dissolution upon our community's eligibility for Federal funding of wastewater programs; and; (4) the alternative methods to finance the community's wastewater system if either governing body effects the dissolution of M.U.M.

Why M.U.M. Was Established

On July 8, 1974, the Tucson Mayor and Council and the Pima County Board of Supervisors adopted an Intergovernmental Agreement establishing the Metropolitan Utilities Management Agency. The primary reasons for the establishment of M.U.M. were:

1) To establish a regional water resource management and planning agency to effectively manage and plan water use and wastewater reuse programs designed to ensure water quality and availability in the Tucson basin.

2) To establish equitable uniform policies and procedures for financing wastewater operations within Pima County and required by the Federal Water Pollution Control Act Amendments of 1972 as prerequisites to receive Federal funds for the construction of wastewater conveyance and treatment facilities.

3) To establish a single management organization for the day-to-day operation of the City and County wastewater systems which were physically integrated but separately administered.

Financing of M.U.M. Wastewater Activities

Since July, 1974, the financing of M.U.M. wastewater activities has been changed to comply with Federal regulations regarding the establishment of an equitable system of sewer charges. To receive Federal assistance for wastewater construction projects, local communities must institute a system of sewer charges requiring each recipient of wastewater treatment services to pay their proportionate share of: (1) the costs of operation; and (2) the cost of maintenance (including replacement) of waste treatment facilities provided by the community.
In compliance with Federal law, the governing bodies have implemented, and the Environmental Protection Agency (EPA) has tentatively approved, an equitable Cost Recovery System composed of: (1) Sewer User Fees, (2) Connection Fees, and (3) Ad Valorem Taxation. Basically, operation costs and maintenance costs (including replacement) are funded from User Fee revenues. Debt service costs for outstanding bonds are funded from Connection Fees and Ad Valorem Taxes.

Prior to M.U.M., City and County wastewater systems operational costs were financed from the General Fund (ad valorem taxes, sales taxes, etc.) of the City and ad valorem taxes of the County. The financing of the County system from ad valorem taxes was inequitable to City residents because they paid for the operation of both systems but used only the City system. The United States Solicitor General and EPA have ruled that financing the wastewater systems from ad valorem taxes is inequitable in Pima County since two large non-users of the sewer system (vacant land and the mines) account for over 40 percent of the assessed valuation.

The Federal law also requires the establishment of an industrial Cost Recovery System whereby industrial waste dischargers must pay a surcharge in addition to the sewer user fee if the strength of their waste exceeds standards established by EPA. The purpose of the industrial surcharge is to require industries to pay the actual cost of treating their waste at publicly-owned treatment facilities. In April 1975, the governing bodies tentatively approved the formula for calculating the industrial surcharge. Staff has prepared a proposed ordinance establishing the fee and it has been forwarded to EPA for consideration and approval. EPA is withholding the final grant payment for the Randolph Park Treatment Plant pending the review of this formula and the proposed ordinance. Following this review and approval, ordinances will be presented to the governing bodies for final consideration and adoption.

M.U.M.'s Capital Improvement Program is financed from voter-authorized bonds of the City and County and Federal grant-in-aid funds. The City of Tucson has $3.3 million remaining in bond funds to finance $4.9 million in capital program improvement needs for fiscal year 1976-77. Pima County has $5.4 million remaining in County-wide bond authorization after financing projects planned for fiscal year 1976-77. At a meeting of the two governing bodies on January 27, 1976, the Board of Supervisors agreed to allocate $1.6 million of these County-wide, authorized bond funds for projects required within the City Limits. The budget recommended by the M.U.M. Board to the Mayor and Council and Board of Supervisors reflects this allocation of County-wide authorized bond funds for projects needed within the City Limits.

Based upon the proposed five-year Capital Program for sewer improvements, M.U.M. will require an authorization from the voters of Pima County for an estimated $36 million in the Spring of 1977 to provide the needed sewer improvements. Staff has previously proposed to the two governing bodies that all future bond funds for wastewater projects be sold under the auspices of Pima County so that all residents of the County would share equally in the benefits derived from the constructed projects and in the repayment of the bonds.
Impact of Dissolution and Alternative Financing Plans for City and County Wastewater Activities

Recently, both the Mayor and Council and the Pima County Board of Supervisors indicated an interest in dissolving M.U.M. and developing alternative management and financing methods for M.U.M. The County Manager has submitted a report to the Board of Supervisors on that subject. In evaluating the alternatives to M.U.M. as it exists today, staff considered the following conditions to be necessary for our community to remain eligible for Federal grants to finance wastewater capital facilities:

Condition 1. Whatever management structure is adopted by the governing bodies, the operation and maintenance and capital replacement expenses must be financed from an equitable system of sewer financing.

Condition 2. Whatever management structure is adopted by the governing bodies, provision must be made for coordinated regional wastewater planning activities.

Condition 3. Whatever management structure is adopted by the governing bodies, provision must be made for coordinated regional wastewater treatment facilities operation.

If these conditions are not met, it is staff's opinion that all existing and future EPA construction grants would be revoked. The United States Congress is presently considering the appropriation of grant funds for the construction of wastewater facilities throughout the nation. If additional authorization is not made, over $40 million in anticipated Federal grant funds will not be forthcoming to our community during the next five years even if the community continues an equitable Cost Recovery System.

Financial Consequences of Dissolution

The following evaluation of financing the separate agencies considers the estimated expenditures and revenue generation capabilities of the City and County within the three conditions presented previously in this report.

Approximately 77,000 sewer connections are located within the City Limits. The City sewer users generate approximately 75 percent of the wastes treated in the community - or 34 million gallons per day. If M.U.M. is dissolved and the City and County enter into the necessary agreements to retain Federal funding eligibility, the estimated revenues and proposed expenditures for the City wastewater department will be as follows:

<table>
<thead>
<tr>
<th>FY - 1976-77</th>
<th>Estimated Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer User Fees</td>
<td>$3,480,000</td>
</tr>
<tr>
<td>Connection Fees</td>
<td>610,000</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,290,000</strong></td>
</tr>
</tbody>
</table>
Proposed Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>O &amp; M Costs</td>
<td>$2,404,823</td>
</tr>
<tr>
<td>Debt Service</td>
<td>1,048,676</td>
</tr>
<tr>
<td>1974-75 Expenses</td>
<td>148,450</td>
</tr>
<tr>
<td>Capital Outlay (Current Revenue)</td>
<td>164,900</td>
</tr>
<tr>
<td></td>
<td>$3,766,849</td>
</tr>
</tbody>
</table>

Carry Forward to FY 1977-78 = $286,849

Staff estimates that the City sewer user fee revenue for fiscal year 1976-77 would provide $286,849 more than the amount required to finance the needs for FY 1976-77. This amount would be carried forward to meet FY 1977-78 needs. Since connection fees are established to finance bond debt service costs, user fees would be used to fund the difference in connection fee revenues and debt service expenses. Therefore, no General Fund monies would be required to supplement the wastewater system and that would be a carry forward.

The City would have to present a proposed bond issue to the voters of the City one year earlier than anticipated, since County-wide authorized sewer bond funds would not be available for City projects.

All 1973 authorized sewer bonds ($5.6 million) have been sold and only $3.3 million for uncommitted projects remain to fund 1976-77 capital needs of $4.9 million. The five-year capital program requires a total capital expenditure of approximately $53,000,000. To meet this requirement, we would need $15 million in new authorization from the voters of the City. This estimated need assumes Federal funding of eligible projects which is not currently available. Staff would recommend a bond election for a proposed $15 million prior to January 1, 1977, if M.O.M. is dissolved.

Approximately 24,000 sewer connections are located in the County outside City limits. These sewer connections are primarily single-family residences and are dispersed throughout the County from Green Valley to Marana. These sewer users generate approximately 25 percent of the wastes generated in Pima County and require numerous small treatment facilities due to the geographic dispersion of the users. For this and other reasons, the operation and maintenance of the County sewer system is more costly than the higher density City sewer system.

Estimated Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer User Fees</td>
<td>$1,020,000</td>
</tr>
<tr>
<td>Connection Fees</td>
<td>610,000</td>
</tr>
<tr>
<td>Sale of Effluent</td>
<td>108,000</td>
</tr>
<tr>
<td>Ad Valorem Taxes</td>
<td>713,859</td>
</tr>
<tr>
<td></td>
<td>$2,451,859</td>
</tr>
</tbody>
</table>

Estimated Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>O &amp; M Costs</td>
<td>$1,800,860</td>
</tr>
<tr>
<td>Debt Service</td>
<td>1,323,859</td>
</tr>
<tr>
<td>Capital Outlay (Current Revenue)</td>
<td>313,650</td>
</tr>
<tr>
<td></td>
<td>$3,438,369</td>
</tr>
<tr>
<td>Deficit</td>
<td>$986,510</td>
</tr>
</tbody>
</table>
Staff estimates that the County sewer user fee revenue requirements for fiscal year 1976-77 would have to be increased 97 percent (from $1,020,000 to $2,006,410) if the County finances its wastewater system solely from revenues derived from County residents living outside the City Limits. Staff considers the financing of the County system through direct user charges to those discharging to the County system as the only equitable method of financing the system and ensuring the community's eligibility for Federal funds. If the ad valorem tax were to be used for this purpose, approximately .08 cents per $100 of assessed valuation would be required if the tax were applied to residents living both inside and outside the City Limits. This method of financing County debt service would be inequitable to City residents and probably would be challenged by EPA. The tax would be approximately $0.16 if applied to only those customers living outside the City.

Summary and Conclusions

Throughout the history of M.U.M., the financing of wastewater activities has been the major source of conflict between City and County governments. It is obvious that the immediate dissolution of M.U.M. would provide a short-term financial benefit to the residents of the City of Tucson. It is equally obvious that the original reasons for establishing M.U.M. have been over-shadowed by the discussions regarding the financing of M.U.M.

If costs were the only issue under consideration at this point in time, I would recommend the dissolution of M.U.M. The long-term need for resource management requires the development and implementation of unified wastewater reuse programs and groundwater management programs to insure the availability of potable water for our community. The success of M.U.M. in implementing water resource management programs requires firm commitment by both governing bodies and administrative staff to establish and follow these water resource programs. If this commitment is not evidenced through joint action by the two governing bodies, the goal is so important and the challenge so great that unilateral action by the City of Tucson is required to ensure that the necessary actions are taken to ensure the proper reuse of wastewater and continued groundwater management.

I am convinced that M.U.M. is a viable organization to implement regional water resource management policies and programs; however, the County government must be committed to unifying the administrative structure of M.U.M. and supportive of M.U.M.'s overall goals and policies. The lack of this commitment and support has adversely affected the operation of M.U.M. This condition has prevented the initiation of effective management of M.U.M. Therefore, I recommend that the governing bodies reiterate their commitment to M.U.M. and positively support staff in developing and implementing a unified management structure. Lacking these conditions, M.U.M. should be dissolved and the governing bodies should enter into agreements to plan and operate wastewater facilities and develop separate financing structures which follow the principles of the adopted Cost Recovery System.

Frank Brooks
Executive Director
Problems - Upon MIM Dissolution

1. Cost Recovery - Revenue Program
   a) User Fee Ordinance
   b) Ind. Surcharge and Cost Recovery Ordinance
   Continuance, development and/or implementation of above programs.

2. EPA projects and studies
   a) Management
   b) Funding
   c) Grant Transfers

3. Regional Planning
   a) Vehicle to accomplish

4. Staff Requirements
   a) User Fee
   b) Ind. Surcharge and cost recovery
   c) System mapping, monitoring & analysis capability
   d) EPA projects

5. Sewer Policy and Development review comments
TO: Chairman and Members
Board of Supervisors

FROM: K. S. Scharman
County Manager

DATE: June 11, 1976

RE: Pima County Status Upon Dissolution of MUM

The City of Tucson's forcing the dissolution of MUM, I feel, does not alter the necessity to work cooperatively in solving wastewater problems on a regional basis. While certain administrative responsibilities can be divided between political jurisdictions, many facets of the total wastewater system must remain, through working agreements, a shared responsibility.

Following are the staff thoughts on areas that must be addressed if MUM is to be dissolved.

BUDGET (Exhibit I)

In the little time we have had this week, it appears that we will be able to adopt a Sanitation budget with no increase in user fees, connection fees, or the ad valorem rate. This is totally in line with the cost recovery allocation adopted by the Mayor and Council and Board of Supervisors, and no ad valorem tax revenues will be spent on operation and maintenance.

A number of problems are apparent, though. The MUM budget as prepared for Fiscal Year 1976-77 reflected consolidated staffing and work programs. That is to say, that if dissolved, Pima County is left without the current capabilities for computer sewer system analysis, mapping and record development and updating, sufficient depth in the subdivision review process, and a user fee billing and collection system, as these were common functions; but actually the capability was developed within the City System. It is our feeling that the County certainly has an equity in these through the joint funding of MUM for two years. Satisfactory agreements have to be reached with the City to continue these services and programs, as they are not reflected in our current budget.

The County's operating budget can be supported through projected revenues. We feel a problem exists in the City, as they may be
generating as much as $1,000,000 in excess user fee revenues than is necessary to meet their operation and maintenance budget. As we understand, EPA is currently reviewing this region's Cost Recovery System developed through the 701B Study, which was jointly adopted by the Board of Supervisors and Mayor and Council. Federal funds for the entire region could be in jeopardy if the user and connections fees are not calculated and expended in accordance with prior commitments to EPA. EPA's stand has been that the fee structure must be equitable to users within the identifiable region that is being served. It is impossible at this time to separate the pipeline and treatment within our metropolitan system. It's quite possible that the City of Tucson would be required to expend the excess user fee revenues as was originally intended towards the regional operation and maintenance expenses.

USER FEE - BILLING AND COLLECTION

This program was developed jointly as part of MUM and is performed by the City. Mr. Valdez verbally had agreed that at least for Fiscal Year 1976-77, the City would provide this service to the County with the only fee being the expense of mailing bills to non-City water users and a $1.00 fee for each new customer outside the City Water System.

County staff will evaluate this arrangement during Fiscal Year 1976-77, along with the development of an independent or partially independent system.

CAPITAL CONSTRUCTION FISCAL YEAR 1976-77 (Exhibit II)

Staff sees no problems with our capital program, nor the proportionate cost sharing with the City, as reflected in Exhibit II which includes all projects proposed in the MUM Budget.

CURRENT EPA COMMITMENTS

Staff feels that there are no projects or programs in jeopardy and should be no problems unless the City or County would deviate from the joint setting of an equitable fee system on a regional basis. A firm commitment should be made that, no matter where or how the monies are collected, they would be used as proposed and adopted. Anything other than this would cause chaos and jeopardize Federal funding.

EXISTING CONTRACTS

All contracts entered into during the existence of MUM, especially the Southeast, Southwest, South Rillito, and 201 Effluent Reuse,
should be reviewed and re-written, if necessary, to clarify Management, Administration, financial, and authority responsibilities. Any changes or revisions should be transmitted to EPA.

PLANNING REQUIREMENTS

Facilities planning for the next year or so will be done through the 208 Program, and we do not feel these activities will be hampered by the dissolution of MUM. At the end of the 208 Study, planning will be conducted through an agency or agencies developed through this process.

The administration, reporting, and interfacing of agencies to 208 should be reviewed to insure that Pima County has continuing input to the Program.

SEWAGE TREATMENT

An agreement needs to be reached concerning the reciprocal treatment of sewage at the Ina and Roger Road plants. We are not aware that the capability exists today to meter flows sufficiently to totally identify City-County sewage. For the foreseeable future, treatment should occur at both plants without regard to its original generation within the system.

The user fee for the Tucson Metro System is based upon the cost of operating and maintaining the entire system, irrespective of political boundaries. Revenues, as any other utility, should therefore be allocated to the activities of the system, and not according to the artificial political jurisdictions in which the revenues are collected.

Future improvements to the Roger Road Plant should be made only to the benefit of the regional system and after all operation and maintenance procedures and practices are evaluated.

County staff would also like to see an agreement to continue the joint laboratory operation.

EFFLUENT POLICY

The County and City need to adopt a policy in the reuse of effluent. Until the completion of the 701 Effluent Reuse Study, the City and County could agree to reuse effluent from their respective plants in conformity to the recommendations in the 701B Study.
3. At the Board of Supervisors' hearing, two actions may occur:

a. Sufficient information to document a recommendation of the Department of Sanitation will be transmitted to the Board Hearing. The Board may deny the rezoning on the basis of documentation presented. Documentation will include the collection and treatment availability.

b. The Board may act on the rezoning "subject to a satisfactory agreement regarding sewer service with the Department of Sanitation." In this case, the general requirements made upon the applicant will require approval of preliminary sewer plans prior to plat approval. Additionally, other conditions such as capacity limitations, offsite requirements, etc., constituting a satisfactory agreement will be manifested at this time, but they will be of a general nature.

Approved this ___ day of ___., 1973.

[Signature]
Chairman of the Board of Supervisors
Pima County, Arizona
4. At the time of the rezoning ordinance, final sewer plans must have been approved, together with an agreement for sewer service.

5. In situations where zoning or rezoning now exists subject to general requirements, the Department of Sanitation will require preliminary sewer plans approval prior to final plat or development plan approval. Conditions such as capacity limitations, offsite requirements, collection and treatment availability, etc., constituting a satisfactory agreement will be manifested prior to final plat or development plan approval.

Approved this 5th day of November, 1973.

[Signature]
Chairman of the Board of Supervisors
Pima County, Arizona
OFFICE OF THE COUNTY MANAGER

To: Board of Supervisors
From: Kenneth S. Scharman
       County Manager
Date: June 22, 1976
Re: Dissolution of M.U.M.

The following is a recap of the events subsequent to the Mayor and Council's action to dissolve M.U.M.

1. June 7 - Action by Mayor and Council to dissolve M.U.M.

2. June 8 - Meeting between myself and the City Manager to discuss the ramifications of dissolution and the aspects of his budget option #1 to the Mayor and Council.

3. June 11 - My recommendation to the Board on the county's status upon the dissolution of M.U.M.

4. June 16 - The City Manager's response to my recommendation to the Board. This response varies considerably with his budget recommendation of June 7 and our discussion and agreements of June 8.

My recommendation to you of June 11 was based upon county expenses for operation the Pima County Department of Sanitation, agreed upon construction and research projects, our understanding of E.P.A. requirements, and the apparent position of the City of Tucson as expressed in the City Managers memorandum of June 7 and my discussions with him on June 8.

The budget embodied in the June 11 recommendation properly recognizes operation and maintenance costs and the funding thereof. The City Manager's "option 1" budget does not include payment of a connection fee for the Kino Hospital, or payment of $254,594 to the city by the county or expenditure of county-wide approved bond funds for projects within the city limits. I concurred with this recommendation and proceeded in good faith accordingly.

Staff and myself are deeply concerned that funding mechanisms for the regional sewer system meet E.P.A. requirements. This is the reason my recommendation of June 11 notes that the presently established regional sewer user fee is based upon the O & M costs of the regional system. We are concerned that E.P.A. will require the user fee revenues to be allocated to the costs as they occur within the system, and not according to the political jurisdiction from which the revenues originate. The City Manager's budget recommendation to the Mayor and Council does not recognize the regional nature of the system or the criteria for the development of the user fee. That recommendation would undoubtedly necessitate...
the future establishment differential user fees respecting political boundaries within the metropolitan sewer system. We are fearful that differential fees would jeopardize E.P.A. funding for any projects within the metro system, be they city of county projects.

In order to avoid controversy and delay at a time when it is imperative to set budgets, I have recommended to the Board adoption of a budget consistent with that presented by the City Manager to the Mayor and Council and consistent with our understanding of E.P.A. requirements. However, I feel it is necessary to meet with E.P.A. representatives, as soon as possible, to resolve the questions surrounding cost recovery for the entire system.

Also, it is necessary that city and county staffs get together this week to develop agreements for management and responsibilities for ongoing studies and construction projects.

Since Mr. Valdez's memo in response to my recommendation to you appears to change most of the agreements and understandings with this office, and his accepted recommendation to the Mayor and Council, I feel your input would be necessary for further discussions with city staff toward reaching the necessary intergovernmental agreements. I feel it is imperative that we meet on this matter as soon as possible that we may proceed in a timely manner with the dissolution of M.U.M.

Kenneth S. Scharman

KSS:RGP:maq
IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF PIMA

CITY OF TUCSON, a municipal corporation,

v.

PIMA COUNTY, a body politic, and the PIMA COUNTY BOARD OF SUPERVISORS; E.S. "BUD" WALKER, Chairman; SAM LENA; KATIE DUSENBERRY; CONRAD JOYNER and DAVID YETMAN, Members of the Board,

Defendants.

COMES NOW the Plaintiff herein, by and through its attorneys undersigned, and for its Complaint alleges as follows:

COUNT ONE

Plaintiff, CITY OF TUCSON, is a municipal corporation, duly incorporated under the laws of the State of Arizona (hereinafter referred to as "City"); PIMA COUNTY is a body politic and corporate duly organized under the Constitution and laws of the State of Arizona (hereinafter referred to as "County"); the BOARD OF SUPERVISORS OF PIMA COUNTY is the legislative and executive authority of Pima County.
II
The City owns and operates a municipal water utility which serves all of the metropolitan Tucson area without respect to corporate boundaries with the exception of the areas served by franchised private water companies.

III
The water furnished by the City to its customers is developed from groundwaters underlying lands owned by the City; the so developed water is the property of the City.

IV
The City owns and operates a sewage treatment plant known as the Roger Road Wastewater Treatment Plant; the County owns and operates a sewage treatment plant known as the Ina Road Wastewater Treatment Plant.

V
Ninety percent of the treated and reclaimed water discharged from the Roger Road and Ina Road Wastewater Treatment Plants is derived from groundwater developed and owned by the City and furnished to the customers of the City water utility.

VI
The treated and reclaimed water which is water developed and owned by the City and used to transport waste materials through the sanitary sewer system to the treatment plants, and which is then discharged from the Roger Road Wastewater Treatment Plant, is the property of the City.

VII
The treated and reclaimed water which is water developed and owned by the City and used to transport waste through the sanitary sewer system to the treatment plant, which is then discharged from the Ina Road Wastewater Plant, is the property of the City.
VIII

On November 9, 1977, in his office, Defendant Walker, in the presence of Defendant Dusenberry, Mayor Lewis C. Murphy, Councilmember Richard Amlee and members of City and County staff as well as a member of the press, stated that the County intended to execute a contract with a third party for sale of the treated and reclaimed water owned by the City.

IX

On Monday, November 14, 1977, the Board of Supervisors agreed to execute a contract with a third party for the sale of the treated and reclaimed water owned by the City.

X

The County has no estate, right, title, claim, lien or interest in the treated and reclaimed water owned by the City or any portion thereof.

XI

The County has no legal authority to sell, lease, distribute or otherwise engage in the business of furnishing water to others, except as provided in A.R.S. 11-701 et seq.

XII

The acts of the County constitute a cloud on the title to the City's treated and reclaimed water, diminish its value and impair the City's rights as owner to dispose of the treated and reclaimed water in a manner that is most beneficial to the citizens of Tucson, and the customers of the water utility.

XIII

The above described acts of the County are in violation of law and in excess of the authority of the County and constitute immediate and irreparable harm, damage and injury now accruing and which will continue to accrue to the City, its citizens and customers of the water utility.
XIV

Unless the County is required to cease negotiating
to sell, selling, and otherwise attempting to exercise dominion
over the City's treated and reclaimed water, the City, its
citizens and customers of the water utility will continue to
suffer irreparable, immediate and substantial injury without
timely or adequate remedy at law.

WHEREFORE, the City prays judgment against the
Defendants and each of them as follows:

1. That this Court forthwith issue an order for the
defendants to appear and show cause, if any there be, why they
should not pay into court all proceeds they may have received
or may receive in the future from the disposition of treated and
reclaimed water to third parties, pendente lite.

2. That Defendants be permanently enjoined from
negotiating to sell, selling, or otherwise exercising dominion
over the treated and reclaimed water discharged from the Roger
Road and Ina Road Wastewater Treatment Plants.

3. That Plaintiff have such other and further relief
as the Court deems just and proper, together with costs of this
action.

COUNT TWO

I

The allegations contained in Paragraphs 1 through XII
of Count One are incorporated as if fully set forth herein.

II

The County, as operator of a sewage treatment system,
including the Ina Road Wastewater Treatment Plant, is required
by State and Federal law to meet certain discharge requirements
relating to pollution.

4.
III

Federal law requires that all operation and maintenance, and some capital costs of the treatment system be recovered from the recipients of waste treatment services.

IV

Pursuant to such Federal law the City and the County have adopted sewer user fees and industrial cost recovery systems. City Code Sections 24-21 and 24-46 and County Ordinance Nos. 1976-142 and 1977-60 are attached hereto and incorporated herein.

V

The County has consistently maintained the position that it intends to charge the City for the cost of treatment of the treated and reclaimed water if it is determined by the Court that such water is the property of the City.

VI

Implementation of the County position would result in the County charging the sewer users for the cost of treatment and again charging the City and the water utility water rate payers of the City for the same costs of such treatment.

VII

The position taken by the County with respect to such payment is contrary to law and unlawfully places the burden of cost of treatment on the water users, and not on the sewer users.

VIII

The County has no legal authority to charge the City which is the owner of the treated and reclaimed water for any portion of the cost of treatment required by State and Federal regulations.

IX

An actual and justiciable controversy exists between the City and the Defendants regarding the ownership of the treated and reclaimed water discharged from the Roger Road and Ina Road Wastewater Treatment Plants.
That an actual and justiciable controversy exists as to the authority of the County to buy, sell, distribute or otherwise engage in the business of furnishing water to others.

That an actual and justiciable controversy exists as to the right and authority of the County to charge the owners of the treated and reclaimed water for the cost of the treatment required by State and Federal regulations.

WHEREFORE, the City prays:

1. For a Judgment declaring that the City is the owner of treated and reclaimed water derived from water developed by it and discharged from the Roger Road and Ina Road Wastewater Treatment Plants.

2. For a Judgment adjudging title in the said treated and reclaimed water to be in the City free and clear of any claim or claims of the Defendants; and that the Defendants be barred forever and estopped from claiming or having any right or title to the treated and reclaimed water which is adverse to the City.

3. For a Judgment that the County has no legal authority to buy; sell, distribute or otherwise engage in the business of furnishing water to others.

4. For Judgment that the City, as owner of the treated and reclaimed water that is derived from water developed by it, is not liable to the County as operator of the Ina Road Wastewater Treatment Plant for any of the cost of treatment which is required by State and Federal law before the treated and reclaimed water may be discharged.

5. For a Judgment that all monies received by the County in payment for treated and reclaimed water be paid over to the City of Tucson.

6.
6. For such other and further relief as the Court deems just and proper, together with costs of this action.

FREDERICK S. DEAN
City Attorney

LORETTA HUMPHREY
Assistant City Attorney
Attorneys for Plaintiff

STATE OF ARIZONA )
) SS.
COUNTY OF PIMA )

LORETTA HUMPHREY, being first duly sworn upon her oath, deposes and says: That she is the attorney for Plaintiff herein; that she has read the foregoing Complaint, knows the contents thereof and that the same are true of her own knowledge save and except for those matters stated upon information and belief, and as to those matters she believes them to be true.

LORETTA HUMPHREY

SUBSCRIBED AND SWORN to before me this ______ day of November, 1977, by LORETTA HUMPHREY.

Rosemary Narvaez
Notary Public

My Commission expires:
August 23, 1980
June 9, 1978

TO:      MAYOR AND COUNCIL, CITY OF TUCSON
         BOARD OF SUPERVISORS, PIMA COUNTY

FROM:   MARVIN S. COHEN

SUBJECT: SEWER INTERGOVERNMENTAL AGREEMENT 78-79

The undersigned recommends to the governing bodies, after
lengthy conferences with city and county staffs that the governing
bodies agree to the following to resolve immediate differences con-
cerning wastewater treatment, to establish a basis for entering
into an intergovernmental agreement for fiscal year 1978-79 and to
establish procedures for management of the sewer treatment and
collection systems by one entity. These recommendations are gen-
erally in accord with the position of city and county staffs, except
that staffs make no joint recommendation as to which entity should
be the management entity.

1. Effluent within the area tributary to Roger, Ina and
   Randolph plants to be owned by the city subject to the following:
   a. County to retain 10% of the effluent for its own use.
   b. Net profits, if any, to be split 50/50 between the
      sewer fund (to the benefit of the sewer user fee) and
      the water fund (to the benefit of the water rates).
   c. To the extent that the City uses the effluent to
      protect, benefit or enhance the water supply of the city
      without receiving payment for the effluent, the sewer
      fund will not receive any money in lieu of the value of
      such effluent.
   d. The pending litigation regarding ownership of effluent
      shall be terminated by a judgment by stipulation which
      incorporates the provisions of Paragraphs 1, 2 and 3
      of this document.

2. City and county agree that, except as otherwise provided
   below on a one-time basis for fiscal year 1978-79, the operation
   and maintenance costs of collection, conveyance and treatment of
   wastewater from the area tributary to the Ina, Roger and Randolph
   plants will be funded by a sewer user fee schedule in which there
   shall be no differential based upon city or county residence and
   no differential based upon the plant at which the wastewater is
   treated.

   While the operation and maintenance costs of isolated
   county sewer systems must be included in the uniform user fee for
   the fiscal year 1978-79, the county will initiate the study necessary
   to separate the costs of these systems so that there will be
   separate cost based sewer user fees for the isolated systems in the
   1979-80 fiscal year.

   Connection fees shall also have no differential based
   upon city or county residence or based upon the plant at which
   waste water is treated.
3. The provisions of paragraphs 1 and 2 are interdependent and shall be specifically enforceable. In the event of breach by one party of either of the paragraphs, and failure or refusal of the Courts to specifically enforce, both paragraphs shall be null and void.

These provisions shall both be made an element of the City/County facility plan and shall be conditions of the grants from EPA to fund the capital program in the facility plan.

4. The proposed City and County wastewater budgets require $11,028,257 to fund operation and maintenance, debt and capital. The anticipated revenues from all sources other than sewer user fees under current rates are $2,868,251. The difference between anticipated revenues and anticipated total expenditures is $8,160,000. If the sewer user fee was set at a rate sufficient to raise the entire $8,160,000, it would constitute an increase of approximately 65%. The required sewer user fee revenues shall be reduced $850,000 by the following:

a. Existing connection fee rates were set more than three years ago. Construction costs have increased 40% or more since these rates were set. A 40% increase in connection fee revenues would raise approximately $560,000 in additional revenues in 1978-79 under current projections. This would offset a portion of county and city debt service expense and consequently lower the county ad valorem tax revenue requirements for debt service. Connection fee revenues shall be increased 40% by connection fee rate increases.

b. City and county staffs shall cut $105,000 each from the current revenue capital outlay budget. County staff shall make additional budget cuts of $80,000.

c. The result of these changes will be to allow the county to fund $560,000 of general sewer maintenance and operating expenses (other than treatment) from ad valorem taxes without increasing the County tax rate. Concomitantly, the amount to be raised by sewer user fees will be reduced from $8,160,000 to $7,310,006. This will mean a sewer use fee increase of approximately 47% rather than 65%. Dick Reavis of EPA has advised that general sewer expenses need not be funded by sewer user fees.

d. Sewer user fee shall be increased approximately 47%.

All of the above is recommended, provided that EPA confirms, in writing, the advice from Reavis.

5. The existing I.G.A. shall be renewed for one final year, subject to modifications in accordance with the other provisions of this document.

6. The city and county shall approve the Brown & Caldwell engineering contract for the facilities plan amendment.

7. Prior to December 31, 1978, the staffs of the city and county shall present to the governing bodies a detailed program for single management of the wastewater collection, conveyance and
treatment systems to take effect prior to June 30, 1979, in accordance with the following principles:

a. The management entity will follow the capital program, timing and priorities in the finally adopted facility plan. 

b. The management entity will not seek to amend the capital program, timing and priorities in the finally adopted facility plan within the first three years after its adoption without consent of the other governing body. 

c. With regard to matters not covered by the facility plan such as upgrading of the existing lines and growth:

1) If the city is management entity, capital funds will be expended for the benefit of city and county areas in the proportion which the total connection fees collected in the city during the previous year bears to the total connection fees collected in the non-city portion of the county during the previous year.

2) If the county is management entity, at least 20% (on a non-cumulative basis) of such capital funds will be expended for the benefit of city areas.

d. With regard to capital funding:

1) If the city is management entity, capital funding will be by fees and city bonds.

2) If the county is management entity, capital funding will be by fees and county bonds, and/or ad valorem tax.

3) Whichever entity takes over the system, it will pay annually to the other entity all of that entity's debt service related to sewer facilities.

e. In connection with firm commitment by the governing bodies to single entity management of the sewer system, it is recommended that capital funding of facility plan program (including Roger Road) be accomplished as follows until the single management operation is set in place:

1) If the city bond issue passes, city bond proceeds shall be used for the local share, supplemented by county bond proceeds for the funding of the facility plan program in accordance with facility plan priorities and timing.

2) If the city bond issue does not pass, city will devote its remaining unencumbered bonds and bond proceeds to the local share and county will supplement with county bond proceeds for local share -- for the funding of the facility plan program in accordance with facility plan priorities and timing. It is recognized that if the city is management entity, the city will reimburse the county debt service on these bonds, and if the county is management entity, it will pay debt service whether the bonds are city or county.
f. Staffs of both entities shall work together in planning the sewer capital program. The management entity shall have final responsibility for the program subject to the paragraph 7b limitation for three years on amendments to the facility plan.

g. In the event that the facility plan recommends upgrading of Roger Road beyond 30 MGD capacity, both entities agree that the capacity above 30 MGD shall be phased for later construction.

h. The facility plan shall include a management plan and financial plan for single agency operation and EPA funding shall be requested for consultant studies to develop such plans. Local shares for such studies shall be provided. The consultants shall, among other things, address the issues raised in the attached joint staff issues paper.

8. The governing bodies of city and county agree to accept the Brown & Caldwell report after technical review and input to Brown & Caldwell by city and county staff.

9. In addition to the Brown & Caldwell report, the governing bodies agree to accept the other elements of the regional facility plan as recommended by consultants after staff technical input.

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HORTATORY COMMENTS

All of the above recommended agreements were developed in a day-long session in close consultation with Bill Ealey, Gene Cronk, Ken Sharman and Byron Howard. They are the result of hours of separate meetings with city staff, county staff, Mayor Murphy, Chairman Walker, the Mayor and Council, the Board of Supervisors, and Dick Reavis of EPA since May 10, 1978. These recommendations represent our best effort at a solution to the pending city-county impasse concerning the sewer system. If the impasse is not resolved very soon, Tucson and Pima County will probably lose $28,000,000 in EPA Grants in the next year or two. I strongly urge that the two governing bodies reach agreement as soon as possible.

In addition to the above recommendations which were jointly developed with the named city and county staff members, I am recommending that the city and county now agree that the county be the single management entity for the sewer system. While certain considerations tend to favor city management, I believe that these are outweighed by the following factors favoring county management:

1. The broader tax base of the county would provide greater financial flexibility and strength for the long range capital needs of the sewer system. Under city management, ad valorem taxes would not be available for capital programs.

2. The county Board of Supervisors is politically responsible to all of the users of the sewer system, while the Mayor and Council are politically responsible only to city residents. Power without political responsibility would be contrary to important principles of our governmental system.
3. There is general community support for county operation of the sewer system; city operation has not been publicly considered and could generate opposition from county residents.

4. The major consideration favoring city management would be unified management of the entire water resource. The effluent agreement recommended above would deliver the effluent to the city at each treatment plant, giving the city full ability to utilize the effluent as a water resource. This would mitigate the need for unified water and sewer system management.

Marvin S. Cohen, Attorney for Citizens for Regional Water Quality and Sanitation.
## A. Cost Recovery System

The existing cost recovery system provides for:

1. A uniform City and County sewer user charge to finance the costs of operation and maintenance and repair and replacement;
2. A uniform City and County sewer connection charge to help finance regional debt service costs; and
3. A county-wide ad valorem tax to finance the remaining debt service expense not covered by the connection fee revenue.

## B. Debt Service - City

The City now has existing sewer bond indebtedness which is being financed from City connection fees and County ad valorem tax.

## C. Rate-setting

The Mayor and Council and Board of Supervisors now set uniform rates based on combined revenue requirements of the City and County.

## D. Billing

The City now performs the billing services for all sewer users both inside and outside the City. There is an economic advantage of utilizing joint water and sewer billing functions, partially because the computation of sewer user fees are based on water use records.

## E. City Administrative Support

The City Sewer Department now pays the General Fund ($225,000 for 1978-79) for support services such as accounting, personnel, legal, purchasing, etc. In addition, the City

### Comment

- **Except for a potential problem of the County financing existing City debt, this cost recovery system could be continued (See Item B).**
- **Future sewer bond issues would be County-wide with the requirement of County wide voters’ authorization.**
- **With the transfer, the County would be responsible for setting all rates and charges necessary to finance the wastewater operations inside and outside the City. The County now possesses the authority to set these rates.**
- **With the transfer, the County would need to develop its own sewer billing system.**
- **The City General Fund would lose this revenue with the transfer of the wastewater operations to the County.**

### Issue

- **Can the County legally assume responsibility for the existing City debt? Could the bond holders call the bonds if the source of service was cut off?**
- **The City and County must determine the method of billing sewer fees. Separate billing systems will be more costly for both utilities. The County may wish to contract with the City to provide billing services for the sewer utility.**
- **It needs to be determined what impact the transfer will have on these support services and how the loss of revenue is to be replaced.**
2. We agree with the comments and issues, but emphasis should be equal for waste treatment costs and any potential effluent reuse program. We should not penalize the sewer user fee customer for the benefit of an effluent reuse program.

3. We agree with the comments, but EPA will continue to establish effluent discharge standards on our community and all existing treatment facilities must be upgraded as additional requirements are mandated.

BUDGETING & FINANCE

1. We agree with the comments but would recommend the County Finance Dept. establish a short term/long term department analysis for Board/Council review.

2. We agree with the comments but we are under the impression that the Board already has assumed a portion of the existing City of Tucson wastewater bond indebtedness via County ad valorem tax.

3. We agree.

4. We agree with the comments and issues.

5. We acknowledge the comments and issues but all services relating to Wastewater Management should be paid by the sewer user fee. Likewise only services which affect the Wastewater Department should be applied towards the sewer user fee budget.

6. We acknowledge the comments and issues by the City Water and Sewers Department, but should not be a problem for the ultimate merger of wastewater activities. The County likewise contracts services with other County Departments and this should be transferred to the existing County Wastewater Department and/or other County service Departments.

7. The existing agreements should be honored and continued until the entire effluent reuse program is established and implemented.

8. The existing agreement should be honored and continued until a detailed sludge sales program is established in our community.

9. We acknowledge the comments and issues, but do not agree there is a problem. We presently perform maintenance, repair and replacement activities in the City of South Tucson, Oro Valley and Marana without any substantial complications. We agree there should be a written understanding of authority, responsibility and procedure for this activity in the City of Tucson.

PLANNING

1. We acknowledge the comments and issues, but offer the following:

A. The City Water Department should be involved in any major decision which would affect overall planning in our community.

2. We agree that water costs and rates would be affected by wastewater planning but decisions should not be changed at the expense of the sewer user fee customers. Any type of effluent reuse program which will be established must
JOINT STAFF ISSUES PAPER
Re: Single Management Entity for Sewer System

PIMA COUNTY
PERSONNEL

In support of this issue, the existing City personnel in 10% of their time on water matters would transfer to the County.

1. Existing County employees in Mapping and Records, Planning, Field Engineering and Business Services could assume the responsibility which is presently performed by City of Tucson employees, but these services should be contracted to the City of Tucson for a transitional period and eventually transfer the functions and the necessary personnel to the County. The sewer user billing functions could be undertaken by the Finance Department of Pima County. The existing City personnel who serve 75% to 90% of their time on water matters should remain with the City to perform this function. The following information should be provided to the County for review and discussion:

A. Identification of personnel who are doing both water and sewer functions including financial impact, rules and job descriptions.

B. Do these employees charge the sewer user fee budget of the City?

C. Should the sewer user fee billing be separated from the water billing and should the County assume this responsibility?

2. We realize the obstacles and existing problems for the ultimate merger of functions and personnel, but we are very sensitive and concerned for the professional future of all water utility employees with the City of Tucson. Because there are many problems which cause a difficulty for the immediate transfer of personnel, we recommend that we consider the following:

A. From all existing Tucson personnel under the City Civil Service System let enter into a contractual arrangement with the Board of Supervisors to pay for the transition, benefits and retirement and other existing items as personnel would only change on paper and not lose benefits accrued while City employees.

B. As City employees retire, resign or transfer to another City Department in further their career, the position would automatically transfer to the County with the County pay scale, personnel policies and all other matters being under the direction of the Board of Supervisors.

We would like to agree with the alternative as suggested by the City Water and Sewer Department.

CITY OF TUCSON
PERSONNEL

Presently, 90 City employees are directly performing water services to City residents. These employees are in the areas of treatment plant operation and maintenance, water system engineering, and sewer line and facilities maintenance. Employees in other divisions of the Water Utility provide indirect services to the sewer system ranging from 10 - 25% of their work time. These employees work in the area of mapping and records, planning, field engineering, and business services.

A detailed evaluation of City support services must be undertaken to identify the impact of the sewer transfer on budget and personnel within other divisions. The Business Services Division has absorbed the additional work load created by the sewer user fee billing requirements primarily through technological applications. However, numerous employees in this division do perform other related business. A method to determine the equivalent personnel performing indirect sewer functions must be established to assess staff to be transferred to the County.

The transfer without other arrangements would constitute a layoff situation for City employees. These employees would have "bump" rights within the department of water and sewer. The Personnel Department is currently reviewing all classifications affected by the transfer to determine "bump" rights of the incumbents. It is very likely that, based upon employee rights and service records, some employees ultimately subject to transfer will be from the Water Utility and have no experience in the Sewer Utility. This may be a cause for concern to the County, since they may not be willing to accept inexperienced employees.

Determine the acceptable method of transferring City employees to the County Merit System.
JOINT STAFF ISSUES PAPER
Re: Single Management Entity for Sewer System

<table>
<thead>
<tr>
<th>ISSUE NUMBER</th>
<th>AREA</th>
<th>PERSONNEL (Page #)</th>
<th>DESCRIPTION</th>
<th>ISSUE</th>
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<tbody>
<tr>
<td>2</td>
<td></td>
<td>Method of Transferring City Employees (Continued)</td>
<td>An alternative to transferring the employees to the County Merit System, could be that the employees remain City employees and be paid by the County. All new hiring would be through the County system. The contract approach has several potential problems associated with it. First, the City employees would continue to be under the City Civil Service and any personnel actions, termination, layoff, promotion, demotion, salary change, etc. would have to be acted upon by the City. If the employee disagrees with the action, his appeal would be through the City, but the action is initiated by Pima County. Such a system would be cumbersome and, possibly, illegal. Second, this approach would continue to affect Water Utility employees if a sewer employee is subject to layoff: he may have &quot;bump&quot; rights over a Water Utility employee.</td>
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<tr>
<td>3</td>
<td></td>
<td>Seniority</td>
<td>City employees now accumulate seniority by time and grade in the City's Civil Service System. Employees in the Sewer Utility have employment histories with the City ranging from one year to more than 25 years. Seniority is a factor in determining promotional opportunities and &quot;bump&quot; rights in the event of layoff. County sewer personnel have also accumulated seniority by time and grade under the County's Merit System.</td>
<td>How will City employees be allowed to transfer their seniority to the County Merit System under a layoff situation?</td>
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</tbody>
</table>

3. City employees would be under a contractual agreement with Pima County and any personnel changes should be discussed by mutual agreement and contract amendment.
JOINT STAFF ISSUES PAPER
Re: Single Management Entity for Sewer System

PIMA COUNTY

JOINT STAFF ISSUES PAPER
Re: Single Management Entity for Sewer System

PIMA COUNTY

CITY OF TUCSON

AREA: PERSONNEL Page 3

DESCRIPTION

4. Salary
The City and County operate under different classifications and pay plans. Some classifications and pay levels are similar but the combination of salary and benefits vary.

5. Fringe Benefits
The City and County offer different fringe benefits to their employees.

SONS RECOMMEND

4. Salary
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waiting ror tho study.

5. fringe Benefits
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DESCRIPTION

The City and County Personnel Departments have completed the attached study comparing classifications and pay levels of the City Department of Water and Sewer and the County Department of Wastewater Management.

The fringe benefits provided differ substantially. In general, the City provides its employees a higher level of benefits than does the County. Therefore, fringe benefits must be evaluated along with salary levels in order to evaluate the overall impact of the transfer.

The City Personnel Department has completed the attached study comparing the fringe benefits of the two jurisdictions.

ISSUE

Upon completion of this study, a determination can be made regarding the effects of the transfer upon City employees' salaries.

Upon completion of this study, a determination can be made regarding the effects of the transfer upon City employees' fringe benefits.

PIMA000124
**PIMA COUNTY**

**JOINT STAFF ISSUES PAPER**

**Re:** Single Management Entity for Sewer System

**PIMA COUNTY**

1. We agree with the comments, but ownership of effluent should not affect any complication effort.

2. We agree with the comments and issues, but emphasis should be equal for wastewater treatment costs and any potential effluent reuse program. We should not penalize the sewer user fee customer for the benefit of an effluent reuse program.

3. We agree with the comments, but EPA will continue to establish effluent discharge standards on our community and all existing treatment facilities must be upgraded as additional requirements are mandated.

**CITY OF TUCSON**

**AREA:** EFFLUENT

**DESCRIPTION**

1. **Ownership**

   The City has taken legal action against Pima County regarding the ownership of effluent. The case is in Superior Court and a ruling has not been made.

2. **Delivery and Quantity**

   In the Metropolitan area, effluent is presently delivered at the Roger Road, Ina Road, and Randolph Park Wastewater Treatment Plants. Roger Road processes 27-30 million gallons per day; Ina Road 8 - 10 million gallons per day; and Randolph Park 1 - 1.5 million gallons per day.

3. **Quality**

   The City and County are presently required to meet EPA standards for effluent quality.

**SOME MENTOR**

1. **Ownership**

   It is staff's understanding that the merger is dependent upon City ownership of the effluent. Potential use by the Papago Indians is considered as part of the Papago water rights lawsuit settlement.

2. **Delivery and Quantity**

   Depending upon what decisions are made regarding effluent reuse, high standards for effluent quality may be required. This could require the City to construct another advanced treatment plant and monitor the quality of the effluent. Additional staff requirements and operational costs are not known.

**ISSUE**

Should the transfer be held in abeyance until the effluent ownership is resolved?

The City and County should enter into a formal agreement to jointly plan treatment facilities to ensure coordination of effluent reuse and sewer facilities.
JOINT STAFF ISSUES PAPER
Re: Single Management Entity for Sewer System

PIMA COUNTY

BUDGETING & FINANCE

1. We agree with the comments but would recommend the County Finance Dept. establish a short term/long term department analysis for Board/Council review.

2. We agree with the comments but we are under the impression that the Board already has assumed a portion of the existing City of Tucson wastewater bond indebtedness via County ad valorem tax.

3. We agree.

4. We agree with the comments and issues.

5. We acknowledge the comments and issues but all services relating to Wastewater Management should be paid by the sewer user fee. Likewise only services which affect the wastewater department should be applied towards the sewer user fee budget.

CITY OF TUCSON

A. Cost Recovery System

The existing cost recovery system provides for (1) a uniform City and County sewer user charge to finance the cost of operation and maintenance and repair and replacement; (2) a uniform City and County sewer connection charge to help finance regional debt service costs; and (3) a county-wide ad valorem tax to finance the remaining debt service expense not covered by the connection fee revenue.

B. Debt Service - City

The City now has existing sewer bond indebtedness which is being financed from City and County connection fees and County ad valorem tax. The Mayor and Council and Board of Supervisors now set uniform rates based on combined revenue requirements of the City and County.

C. Rate-setting

The City now performs the billing services for all sewer users both inside and outside the City. There is an economic advantage of utilizing joint water and sewer billing functions, partially because the computation of sewer user fees is based on water use records. With the transfer, the County would be responsible for setting all rates and charges necessary to finance the wastewater operations inside and outside the City. The County now possesses the authority to set these rates.

D. Billing

The City General Fund would lose this revenue with the transfer of the wastewater operations to the County. Can the County legally assume responsibility for the existing City debt? Could the bond holders call the bonds if the source of service was cut off?

E. City Administrative Support

The City Sewer Department now pays the General Fund ($225,000 for 1978-79) for support services such as accounting, personnel, legal, purchasing, etc. In addition, the City

Except for a potential problem of the County financing existing City costs, this cost recovery system could be continued (see Item B).

Future sewer bond issues would be County-wide with the requirement of County-wide voters' authorization.

With the transfer, the County would have to develop its own sewer billing system. It needs to be determined what impact the transfer will have on these support services and how the loss of revenue is to be replaced.

PIMA000126
# Joint Staff Issues Paper

## Re: Single Management Entity for Sewer System

### Pima County

1. We acknowledge the comments and issues by the City Water and Sewers Department, but should not be a problem for the ultimate merger of wastewater activities. The County likewise contracts services with other County Departments and this should be transferred to the existing County Wastewater Department and/or other County service departments.

2. The joint agreement should be honored and continued until the entire effluent reuse program is established and implemented.

3. The existing agreement should be honored and continued until a detailed sludge sales program is established in our community.

4. We acknowledge the comments and issues, but do not agree there is a problem. We presently perform maintenance, repair and replacement activities in the City of Santa Tucson, Oro Valley and Marana without any substantial complications. We agree there should be a written understanding of authority, responsibility and procedure for this activity in the City of Tucson.

5. The existing agreement should be honored and continued until the County Water and Sewers Department agrees to provide similar services.

6. The existing agreement should be honored and continued until the entire effluent reuse program is established and implemented.

7. We acknowledge the comments and issues, but do not agree there is a problem. We presently perform maintenance, repair and replacement activities in the City of Tucson, Oro Valley and Marana without any substantial complications. We agree there should be a written understanding of authority, responsibility and procedure for this activity in the City of Tucson.

8. The existing agreement should be honored and continued until the entire effluent reuse program is established and implemented.

9. We acknowledge the comments and issues, but do not agree there is a problem. We presently perform maintenance, repair and replacement activities in the City of Tucson, Oro Valley and Marana without any substantial complications. We agree there should be a written understanding of authority, responsibility and procedure for this activity in the City of Tucson.

### City of Tucson

<table>
<thead>
<tr>
<th>AREA</th>
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<tbody>
<tr>
<td>E. City Administrative Support</td>
<td>(continued from Page 1)</td>
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<tr>
<td>F. Water Utility Administration Support</td>
<td>The Water Utility now performs various support services for the Sewer Utility. This includes administrative, engineering, planning, and billing services. For 1970-79, the Water Utility is budgeted to receive approximately $886,500 from the Sewer Utility for these services. With the transfer, the Water Utility would lose some, or all, of the revenue it now receives for the support services provided to the Sewer Utility.</td>
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<tr>
<td>G. Effluent Sales to City Parks and Recreation Department</td>
<td>Currently, the City's Sewer Utility provides effluent from its Roger and Randolph Treatment Plants to the Silverbell and Randolph golf courses. The Sewer Utility receives revenue from the Parks and Recreation Department for the effluent based on a previously agreed upon rate. With the transfer, the County will assume the operation of these treatment plants. The County golf courses do not pay for effluent delivered.</td>
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<tr>
<td>H. Sludge Sales to City Parks and Recreation Department</td>
<td>The City's Sewer Utility also provides sludge to the City's Parks and Recreation Department for fertilizer purposes. The City's Sewer Utility receives revenue from Parks and Recreation based on a previously established amount ($10,000/year). With the transfer, the County will assume operation of the Roger Road Treatment Plant where this sludge is generated.</td>
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<tr>
<td>J. Legislative Authority</td>
<td>Does the existing legislation permit the County to establish a sewer district inside an incorporated area? The Attorney General's opinion has been requested.</td>
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</tbody>
</table>

As with the General Fund support services, it must be determined what impact the transfer will have on the support services provided by the Water Utility and how the loss of revenue is to be replaced.

It needs to be determined what the impact will be of the transfer on the existing arrangements regarding the provision of the effluent and the rates charged to the City's Parks and Recreation Department and the County's golf course.

It needs to be determined if the existing arrangements regarding the provision of sludge to the City's Parks and Recreation Department will be continued.

Legislation would have to be introduced to permit the County to operate within the City limits.
1. We acknowledge the comments and issues, but offer the following:

A. The City Water Department should be involved in any major decisions which would affect overall planning in our community.

B. We agree that water costs and rates would be affected by wastewater planning and decisions should not be changed at the expense of the sewer user for customers. Any type of off-site reuse program which will be established must affect the water budget but could directly affect the Board of Supervisors in its budget planning and the sewer user for customers. For obvious reasons, all major decisions relating to wastewater management should continue as it is established which is by public hearings.

C. We recommend we establish a similar policy in both the City and County and plan for proper augmentation of existing facilities when necessary.

D. We recommend the County Attorney's Office review the existing City and County policies and legal commitments and provide a legal opinion on this issue.

PLANNING (Page 11)

<table>
<thead>
<tr>
<th>ISSUE</th>
<th>City of Tucson</th>
<th>Description</th>
<th>Comment</th>
<th>Joint Staff Issues Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Coordination with Water Resource Planning</td>
<td>Planning and operation of wastewater management facilities must be consistent with water resource planning.</td>
<td>The City and County currently are jointly developing regional wastewater facility plans. The City's fund assures coordination with water resource planning. Water consumption is generally the basis for projected wastewater generation. Water costs will be affected by the decisions made regarding new water collection and treatment facilities and sewer planning.</td>
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<td>2. Prioritization of Sewer Facility Needs</td>
<td>City sewer facility needs are prioritized by relating current sewer capacities, public health standards, City development policies, estimated capital and operational costs, and short-range growth projections to the long-range wastewater management plan.</td>
<td>The City and County jointly prioritize regional sewer facility needs (treatment plants and interceptors). Localized sewer needs are prioritized by the City utilizing the adjacent described project.</td>
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<td>3. Allocation of Sewer Capacity</td>
<td>City policy for allocation of sewer capacity allows rezoning and phasing to proceed if the relief sewer is scheduled for early relief (budgeted in current or next fiscal year). Also, sewer connections are approved unless the proposed connection will create an unreasonable risk to public health and safety. County policy for allocation of sewer capacity is more restrictive than the City policy because of the higher percentages of undeveloped land in the county.</td>
<td>There is justification for the two existing policies due to the wide ranging densities in the city and county. If the County policy were utilized in the city, approximately 50 percent of the city area would be denied sewer connections.</td>
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PIMA COUNTY

4. We are cognizant of the existing City of Tucson policies and procedures relating to zoning/plat review and recommend on continuing the same process with the following exceptions:

A. We professionally disagree with the legal opinion on connecting additional customers to an identified, overloaded, undersized sewer line. The necessary augmentation should be identified and committed prior to additional connection when it is engineering/botanically proven an existing system is overloaded and insufficient capacity is the condition.

5. He agree with the comments and issues.

6. We disagree with the City—the County should not issue plumbing permits in the City as this is a function of a Building Codes Department and should remain with the City of Tucson. Once again the allocation policy must be established and we recommend it be consistent in both jurisdictional areas.

7. We acknowledge the position of the City on this line, but would recommend the County exercise responsibility for the Roger Road Treatment Facility very carefully prior to renovation of the plant. As there is pending litigation and the estimated 20 million dollar commitment needed for this facility, the County should have legal authority to assume responsibility but the question is do you want to assume this liability until such time the plant has been renovated?

JOINT STAFF ISSUES PAPER
Re: Single Management Entity for Sewer System

PIMA COUNTY

4. Coordination with City Zoning, Rezoning, and Plat Review Process
The Department of Water and Sewer currently advises the Planning Department of the impact of proposed zoning, rezoning, or plats on the sewer system. In instances where existing sewers are surcharged, recommendations are made concerning the City policy for allocation of sewer capacity.

5. Review of Construction Plans for Developers-Financed Extension to the Sewer System
The Department of Water and Sewer reviews and approves sewer construction plans and inspects construction for conformance with plans, specifications, and City Engineer permit requirements.

6. Issuance of Sewer Permits and Coordination with Inspections Division on Issuance of Plumbing Permits
The Department of Water and Sewer issues sewer permits and coordinates with the Inspections Division on issuance of plumbing permits. In conformance with the City policy on allocation of sewer capacity.

7. Environmental Protection Agency National Pollutant Discharge Elimination System (NPDES) Permit
The City should require that the County advise the Planning Department of the impact of zoning, rezoning, or plats in conformance with the City policy for allocation of sewer capacity.

The County Department of Wastewater Management shall review and approve sewer construction plans and inspect construction for conformance with County plans, specifications, and City Engineer permit requirements.

The City should require that the County issue sewer permits and coordinate with the Inspections Division on issuance of plumbing permits in conformance with the City policy on allocation of sewer capacity.

The City should require that the County issue sewer permits and coordinate with the Inspections Division on issuance of plumbing permits in conformance with the City policy on allocation of sewer capacity.

The City should require that the Roger Road NPDES permit be transferred to the County, and that the County be solely responsible for complying with all permit conditions, coordination of plumbing and sewers.

Does the County have legal authority to assume responsibility for the NPDES permit? In the event of continued noncompliance to the point of limiting federal funding, how will other City services be affected?

There are two different methods of determining capacity.

The disposition of existing and proposed development plans needs to be status quo.

There should be status quo. Coordination of plumbing and sewers.

There should be status quo. Coordination of plumbing and sewers.

The County should have legal authority to assume responsibility for the NPDES permit. In the event of continued noncompliance to the point of limiting federal funding, how will other City services be affected?
## JOINT STAFF ISSUES PAPER

**Re: Single Management Entity for Sewer System**

### PIMA COUNTY

The City has established the SUCICR program that was agreed upon by both parties as most of the industry is presently located within the City and it properly belonged under their guidance. With the possibility of merging the functions, the County would continue this function, as the City personnel had prior to the responsibility being transferred to the County.

We agree,

We do not see a problem (legal or procedural) as we had to transfer grants from EPA and we did not encounter problems.

### CITY OF TUCSON

8. Industrial Waste Control and Industrial Cost Recovery System
   - **DESCRIPTION:** To retain its eligibility for EPA 207 grant funds, the City and County have jointly adopted an ordinance which provides for INICER implementation. Industrial waste control has not been thoroughly developed and implemented by the City. The Industrial Cost Recovery System as it exists within the ordinance was developed by the City.
   - **COMMENT:** The transfer would require the County to implement its own county-wide Industrial Waste Control Program. Amendments to EPA-207 provide for changes to simplify the existing ICR System.
   - **ISSUE:** The City presently has an annexation policy whereby areas desiring to be annexed will be revenue supporting are presented to the Mayor & Council for approval.

9. Regional 208 Water Quality Planning
   - **DESCRIPTION:** Both City and County participate in the management of and technical problem-solving within the 208 plan development process. Efforts have been made by the City to assure a coordinated approach to both water quality and quantity planning. Key issues developing from the process include what form of agency should plan for and operate the regional sewage collection and treatment facilities.
   - **COMMENT:** The transfer would simplify the 208 designation of management agencies in that a single agency would have all planning authority. The City must be assured that water quantity considerations are included in maintenance and implementation of the 208 Plan.
   - **ISSUE:** The City should maintain planning and grant funding identity. Without the authority to prioritize sewer capital improvements within the corporate limits, annexations to the City may be adversely affected.

10. Grant Transfer and Accountability
    - **DESCRIPTION:** Both City and County, individually and jointly, have received EPA 207 grants for planning, design, and construction. The transfer would require realignment to the County.
    - **COMMENT:** The City presently has an annexation policy whereby areas desiring to be annexed will be revenue supporting are presented to the Mayor & Council for approval.
    - **ISSUE:** Restitution and accountability are legal questions and are affected by specific grant conditions such as available cost recovery and INICER implementation.

The City presently has the capability to prioritize and schedule sewer improvements within the corporate limits. The City Attorney's Office should be requested to evaluate technologies and impacts of grant transfers.

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<table>
<thead>
<tr>
<th>AREA: PLANNING</th>
<th>DESCRIPTION</th>
<th>COMMENT</th>
<th>ISSUE</th>
</tr>
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<tbody>
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</tr>
</tbody>
</table>
JOINT STAFF ISSUES PAPER
Re: Single Management Entity for Sewer System

PROPERTY

1. Real Property
   - All property used by the Sewer Utility is owned by the City of Tucson General Fund. This includes the Sewer Farm where the Roger Road wastewater Treatment Plant is located and Randolph Park where the Randolph Park Wastewater Treatment Plant is located.
   - The city has numerous easements and rights-of-way dedicated for sewer purposes. Most dedications are not transferable.
   - By Charter, the City cannot donate or give real property to other parties without a bid process. Arrangements can be made, such as long-term leases, to accomplish the transfer.

2. Equipment, Vehicles, etc.
   - There are 26 vehicles and numerous pieces of equipment, office furnishings and miscellaneous items assigned to the Sewer Utility.
   - By Charter, the City must competitively bid these items if they are declared surplus. Under the pool concept both light and heavy-duty equipment is being transferred into the general fund.

3. Easements and Rights-of-Way
   - The City has numerous easements and rights-of-way dedicated for sewer purposes. Most dedications are not transferable.
   - The City Attorney's Office will have to determine how these easements can be transferred to the County. The staff has agreed the ownership should follow the function.

LEGAL REVIEW

- Local review of the potential effects of the transfer upon sewer properties must be accomplished prior to the transfer after needs are defined.
- The County's power of eminent domain within the corporate limits of the City must be investigated for future easements.

CITY OF TUCSON

PIMA COUNTY
A. Sewer Improvement Districts - This could be handled by either our Property Management Department or remain in the City Engineer's Department with coordination with our staff. This should not pose a serious problem.

Does the County have authority to establish Improvement districts within the City? Can they set and collect assessments?
This intergovernmental agreement, entered into pursuant to Title 11, Chapter 7, Article 3, A.R.S., by and between:

The City of Tucson, a municipal corporation (hereinafter sometimes referred to as the "City"); and

The County of Pima, a body politic and corporate, a political subdivision of the State of Arizona (hereinafter sometimes referred to as the "County").

Whereas, Pima County is authorized by A.R.S. §11-254 to purchase, construct or operate a sewerage system, including the collection, transportation, pumping, treatment and disposal of sewage; and

Whereas, the City of Tucson is authorized by Chapter IV, Section 1 (12) of its Charter to construct and maintain sewerage systems within and without its corporate limits; and

Whereas, the sewerage systems of the City of Tucson and Pima County in the metropolitan area in and surrounding the City of Tucson physically constitute an integrated system with no regard to jurisdictional boundaries; and

Whereas, Pima County and the City of Tucson have undertaken a metropolitan Tucson regional wastewater facilities plan program; and

Whereas, said plan has been prepared and subjected to a public hearing; and

Whereas, in November of 1977, in a special election held in the City of Tucson, the qualified electors of the City voted in favor of the following proposition:

Shall the City be authorized, until June 30, 1979, to transfer to the County of Pima its sewers, drains, and all other works for disposition of sewage and wastewater both within and without the City, under such terms and conditions as shall be determined by the Mayor and Council.

Whereas, on December 11, 1978, the Mayor and Council adopted the Metropolitan Tucson regional wastewater facility plan, dated November, 1977, and the first addendum report, dated November, 1978, each prepared by Brown and Caldwell; and

Whereas, on December 11, 1978, the Mayor and Council adopted intergovernmental agreements (iga) relating to each of the following subjects: (1) wastewater flow routing, (2) construction of Phase I of Roger Road wastewater...
Treatment Plant improvements, (3) design and construction of the Phase I elements of the Santa Cruz-Southeast Interceptor System, (4) design and construction of the Oshrin Interceptor; and

WHEREAS, on December 18, 1978, the Mayor and Council approved the Coopers and Lybrand Financial Study and Phase I of the Arthur D. Little Management Study, each study being a component of the Regional Wastewater Plan; and

WHEREAS, also on December 18, 1978, a motion was made and seconded and passed by the Mayor and Council to adopt the City Manager's recommendation to transfer the City sewer system to Pima County subject to four conditions; and

WHEREAS, on December 18, 1978, the Mayor and Council adopted an Intergovernmental Agreement with Pima County relating to the financing and planning of their respective sewerage systems for the fiscal year 1978-1979; and

WHEREAS, on December 11, 1978, the Board of Supervisors adopted, subject to conditions, the Metropolitan Tucson Regional Wastewater Facility Plan, dated November, 1977, and the First Addendum Report, dated November, 1978, each prepared by Brown and Caldwell; and

WHEREAS, on December 11, 1978, the Board of Supervisors adopted, subject to conditions, Intergovernmental Agreements (IGA) relating to each of the following subjects: (1) wastewater flow routing, (2) construction of Phase I of the Roger Road Wastewater Treatment Plant improvements, (3) design and construction of the Phase I elements of the Santa Cruz-Southern Interceptor System, (4) design and construction of the Oshrin Interceptor; and

WHEREAS, on December 18, 1978, the Board of Supervisors approved the Coopers and Lybrand Financial Study and Phase I of the Arthur D. Little Management Study, each study being a component of the Regional Wastewater Plan; and

WHEREAS, on February 26, 1979, the Board of Supervisors adopted the Intergovernmental Agreement relating to the financing and planning of their respective sewerage systems for the fiscal year 1978-1979; and

WHEREAS, on December 18, 1978, the Board of Supervisors upon motion unanimously approved the transfer of the City sewer system to the County by June 30, 1979, subject to the four conditions set out in the City Manager's memorandum; and

WHEREAS, on December 21, 1978, the Regional Council of the Pima Association of Governments passed and adopted a resolution in which the Council concurred with the actions taken by the City of Tucson and Pima County, in adopting the
Regional Facilities Plan prepared in accordance with the requirements of Section 208 of the Federal Water Pollution Control Act Amendments of 1972 and 1977, in agreement to transfer the city sewerage system to Pima County subject to four stipulated City conditions no later than June 30, 1979, whereupon Pima County will be the sole management and operating agency in the PAG designated planning area, and provided, for the submission to EPA of the Facilities Plan and a plan for implementation of the transfer; and

WHEREAS, the City and County, in furtherance of their actions taken on both December 11 and December 18, 1978, intend, in good faith, to proceed in the orderly transfer of the City sewerage system to Pima County and to provide that such transfer be accomplished with the minimum amount of disruption.

NOW, THEREFORE, City and County agree as follows:

ARTICLE I

PURPOSE

The purpose of this agreement is to:

A. Set forth and clarify the previous actions taken by the Mayor and Council and Board of Supervisors with respect to the City and County sewerage systems.

B. Provide guidelines for the orderly and timely transfer of the City of Tucson sewerage system located within and without the incorporated areas of the City to Pima County.

C. Provide for the identification of and procedures for resolution of matters related to and affected by the transfer of the City sewer system to Pima County.

D. Provide for the establishment of approximate time frames with which matters are to be resolved in order to effectuate an orderly and efficient transition with a minimal amount of disruption.

ARTICLE II

PREVIOUS ACTIONS CLARIFIED

A. City and County hereby confirm and by reference herein incorporate and make a part hereof their motions of December 18, 1978, whereby it was moved and carried by the City Council and subsequently moved and carried by the Board of Supervisors that the ownership of the entire City of Tucson sewerage system be transferred to Pima County, subject to the following four conditions:
1. County acceptance of the City's terms on the effluent issue.

2. County acceptance of the responsibility for existing City sewer debt.

3. County commitment to the Regional Facilities Plan for a period of three (3) years and award of a construction contract for the Roger Road Plant by September 30, 1979. (End of Federal fiscal year)

4. County commitment to not turn the sewerage system over to an independent agency for a period of ten (10) years.

B. The City and County hereby confirm their approval and adoption of Volumes I and II of the November, 1977, Metropolitan Tucson Regional Wastewater Management System Plan, and the November, 1978, Addendum Report (Regional Facility Plan), and by reference herein incorporate and make same a part of this Agreement.

C. The City and County hereby confirm their approval of and by reference incorporate and make the following a part of this Agreement:

   1. The Wastewater Management Study entitled "Evaluation of Organizational Alternatives for Wastewater Management in the City of Tucson and Pima County," prepared by Arthur D. Little, Inc. and selecting the second recommendation, Pima County Management Agency.

   2. The Regional Financial Plan prepared by Coopers and Lybrand.

D. The City and County hereby rescind their respective actions adopting the following Intergovernmental Agreements:

   1. Agreement between City and County related to design (Step 2) and construction (Step 3) of the Southeast-Santa Cruz Interceptor Project (City Resolution No. 10687 and 10688).

   2. Agreement between City and County related to design (Step 2) and construction (Step 3) of the Oshrin Interceptor Project (City Resolution No. 10685 and 10686).

   3. Agreement between City and County related to construction (Step 3) of the Roger Road Treatment Plant (City Resolution No. 10684).

   4. Agreement between City and County related to division of wastewater flows between City and County treatment plants (City Resolution No. 10682).
E. The subject matter covered by the IGA rescinded by Article II, D(1), above, is now covered in Article V of this Agreement. The matters covered by the IGAs rescinded by Article II D(1) (2) (4), above, are not covered herein for the reason that the transfer of the entire City sewerage system to the County renders such Agreements unnecessary.

ARTICLE III
TREATED AND RECLAIMED WATER
(EFFLUENT)

As part of the consideration of the City's agreement to transfer its sewer system to Pima County, County agrees with City as follows with regard to effluent (treated and reclaimed water):

A. As a basis for agreements on effluent, the City and County agree that effluent is a major water resource that must be controlled by the City of Tucson in order to maintain management of total water resources of the Santa Cruz and adjacent water basins. It is further agreed that the City will endeavor to use effluent in such a manner as to preserve the underground water supply and to minimize costs to water rate payers in the City and County.

B. Notwithstanding other sections of Article III, County agrees that all effluent from all County sewer treatment plants may be used by the City to settle or satisfy litigation relative to water rights pending with the City at the time of closing. In the event all the effluent is not required to settle or satisfy litigation, City and County agree that the effluent that is required for settlement will be provided by the City and County on a pro-rata basis with each providing an equal proportion from the total effluent controlled by each.

C. Insofar as there is no conflict with this agreement, the County agrees that as successor to Sanitary District One, it has agreed to be and is bound by each and every obligation of the District. The matter set out in this paragraph (Article III, Paragraph C) shall not be deemed an admission against interest on the part of the County. The foregoing, however, shall not prevent the City from offering the above judgment in any litigation between the parties.

D. County agrees to relinquish, quitclaim, and transfer to the City, all of County's interest, estate, right, title, claim or lien in effluent which is discharged from metropolitan treatment facilities. The term "metropolitan" means the area which is or may be served by the Roger Road.
Ina Road or Randolph Park Treatment Plants, or by any additional collection
and treatment facilities hereafter constructed which are physically integrated
into the existing metropolitan sewerage system. The City shall have unilateral
control, without limitation, over the use and disposition of all such effluent
discharged from any and all treatment facilities so located. City shall take
delivery of its effluent at any or all of the said treatment facilities at no
cost to County.

E. County agrees to continue to operate the Randolph Park Waste-
water Treatment Plant unless otherwise mutually agreed to by the City and
County in writing or unless the County provides, at no cost to the City, a com-
parable quantity and quality of effluent at Randolph Park from another source.

F. Notwithstanding Article III D, County shall be entitled to take
up to ten (10) percent of the effluent discharged from metropolitan treatment
facilities, which City owns or controls, for use only on County parks, golf
courses, and recreational facilities, except as provided in Article III H below.

1. County may take its total daily effluent entitlement at the
Ina Road Plant. County may, at its option, take from other
treatment plants at their discharge points such portions of
its entitlement not to exceed ten (10) percent of the flow
at any such plant, provided however that taking from the
Randolph Park Treatment plant shall be excess to the needs
of the City. City agrees to grant, at no charge to County,
easements, rights-of-way, and access to facilitate County
use of its effluent, and City shall bear no costs associated
therewith.

2. The County entitlement shall be daily and non-cumulative.

3. The total daily effluent entitlement of County shall be
determined on the basis of a measurement method to be agreed
upon between City and County staffs. As may be required,
County agrees to construct measuring devices and City agrees
to read and maintain such devices.

G. City and County agree that there will be no charge to the County
for the effluent taken by the County pursuant to Article III F(1) above.

H. City agrees that any portions of County's ten percent (10%)
entitlement may be used by the County as a basis for a contract with the
Cortaro-Marana Irrigation District.
City and County agree that the City shall have unilateral
control, without limitation, over the use and disposition of all effluent
discharged from County treatment plants located outside of the Metropolitan Area.
City shall take delivery of such effluent at any or all of said treatment facilities at no cost to County.

1. In the event that disposition by the City of effluent to which
it is entitled within the non-metropolitan area results in a
net profit, the net profit shall be divided as follows:
   50% of the net profit will be treated as water revenues and deposited to the same accounts
   and funds as receipts from City water sales;
   50% of the net profit will be treated as sewer user fee revenues and deposited to the same
   accounts and funds as sewer user fee revenues.
   a. Net profit shall be determined by the City and the
      County in accordance with generally accepted accounting methods. Net profit will include the cash revenue
      remaining after costs for capital, operation and maintenance, including indirect and administrative
      expenses, and the cost for additional treatment, if any, have been met.
   b. Use of effluent to settle water related claims against
      the City or County, exchange for groundwater pumping
      rights, Central Arizona Project, or in any other manner
      to protect, benefit or enhance the water supply of the
      City where there is no cash revenue shall not
      be valued in any way for purposes of determining net profit.

2. Notwithstanding Article III 1 (1)(a)(b), City agrees that County
may take effluent from County treatment facilities located out-
side the metropolitan area commensurate with their needs for
irrigation of parks, golf courses, and recreational facilities
located outside the metropolitan area.

J. County agrees not to provide or divert wastewater from any portion
of its collection and treatment systems to any person or other entity without
the prior written consent of the City.

K. In order to assure that the full potential quantity and quality of
City effluent is not reduced, the County agrees to the following:
1. Maintain effluent quality at the Ina Road, Roger Road, Randolph Park Treatment Plants and other treatment plants within the metropolitan area, regardless of whether or not there is a discharge into the waters of the United States, in accordance with Federal and/or State standards for discharge into the waters of the United States within the State. The disposition of treated wastewater from a treatment plant shall not constitute a part of the treatment process.

2. At other treatment facilities outside the metropolitan area, the treatment processes will be maintained in accordance with EPA and State requirements.

3. Except as may be required in Article III H, City agrees County shall not be required by City to exceed NPDES Permit Standards. City further agrees that County shall not be responsible for any additional treatment costs required by City to meet its reuse plans which is in excess of NPDES Standards.

4. City agrees that specific effluent allocations made to County shall not be subsequently denied in whole or in part unless approved by City and County.

5. County agrees to make untreated wastewater available to the City for treatment and use on other recreational facilities in the City, all at no cost to the County. County further agrees to treat wastewater in accordance with Arizona Department of Health Services standards where such effluent will be used to irrigate the Randolph, Silverbell and Arthur Pack Golf Courses, or future similar facilities.

6. County agrees to grant, at no charge to City, easements, rights-of-way and access to treatment facilities to facilitate City use and disposition of its effluent, and County shall bear no costs associated therewith.

7. County agrees that at closing it will withdraw its Application for Permit to Appropriate Water, No. 33-47923, and thereafter it will not refile such Application(s). Further, County agrees to withdraw its opposition to City's Application for Permit No. 33-42494.

8. City and County agree to settle Cause No. 170727, City of Tucson, a municipal corporation v. Pima County, a body politic, et al., presently pending in the Superior Court of the State of Arizona in and for the County of Pima by a stipulation for dismissal without prejudice.
ARTICLE IV

ASSUMPTION OF SEWER SYSTEM FINANCING AND LIABILITIES

A. County agrees that it shall assume the responsibility of paying the existing City sewer bond debt pursuant to the Schedule attached hereto and made a part hereof (Exhibit A). Existing sewer debt shall mean all debt of the City as of June 30, 1979 incurred from the expenditure of sewer bond funds for the construction, design or planning of any component of the City's sewer system and all other debt of the City incurred as a result of sewer bond sales, the proceeds of which have not been used for construction, design or planning and which shall be used on or after June 30, 1979 for City debt service payments or payments pursuant to IV D (1) (c).

County's obligation herein is subject to annual appropriation. Revenues used for this purpose shall be expended in accordance with State law.

B. Unexpended City Sewer-Bond proceeds existing at time of closing will be used to reduce the existing City Sewer debt or as provided in IV D (1) (c). These proceeds and interest earnings shall be applied in accordance with the existing debt service schedule of the City shown in Exhibit A herein.

C. City and County agree that after closing the County shall be solely responsible for all financing for capital and operation and maintenance costs of the combined sewer system incurred after June 30, 1979. Any costs incurred in the City system prior to June 30, 1979 will be the responsibility of the City.

(1) Consistent with the foregoing, the following existing City contracts shall be assigned to the County effective June 30, 1979.

<table>
<thead>
<tr>
<th>Contract No.</th>
<th>Project</th>
<th>Contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>0182-79</td>
<td>Main Avenue Trunk Sewer</td>
<td>J.S. Anderson Construction Company</td>
</tr>
<tr>
<td>0296-79</td>
<td>I-19 Trunk Sewer</td>
<td>Gus's Trenching &amp; Pipeline Co., Inc.</td>
</tr>
<tr>
<td>033-79</td>
<td>I-19 Trunk Sewer/Pile Driving</td>
<td>Gus's Trenching &amp; Pipeline Co., Inc.</td>
</tr>
<tr>
<td>0312-79</td>
<td>YWCA Relief Sewer</td>
<td>R.E. Miller Paving &amp; Construction, Inc.</td>
</tr>
<tr>
<td>0365-79</td>
<td>Craycroft Trunk Sewer</td>
<td>R.E. Miller Paving &amp; Construction, Inc.</td>
</tr>
</tbody>
</table>

(2) Notwithstanding other sections of Article IV, the City shall be financially liable for tort claims and court judgments arising from City's negligent actions in connection with the City's
operation of the City sewer system whether the injury occurred before or after June 30, 1979. A contingent liability fund shall be established by the City from 1978-79 sewer user revenues in the amount of One Hundred Thousand Dollars ($100,000) for payment of such tort claims, court judgments (excluding the Dow Chemical Judgment) and other liabilities pursuant to IV E. The fund shall be closed at the end of two years and any balance therein shall be disbursed to the County.

(2) The County shall be financially liable for tort claims and court judgments arising from County's negligent actions in connection with the County's operation of the combined sewer systems when the injury occurs after June 30, 1979.

D. (1) City and County agree to the disposition of existing City grants in the following manner, subject to EPA approval:

(a) The following grants will be transferred to the County effective June 30, 1979.

<table>
<thead>
<tr>
<th>EPA Grant No.</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-04-0160-01</td>
<td>Santa Cruz Interceptor System Phase I Steps 2 &amp; 3</td>
</tr>
<tr>
<td>C-04-0134-01</td>
<td>Randolph Park Wastewater Reclamation Plant Step 3</td>
</tr>
<tr>
<td>C-04-0147-01</td>
<td>South Rillito Interceptor System Phase I Steps 2 &amp; 3</td>
</tr>
<tr>
<td>C-04-0147-03-1</td>
<td>South Rillito Interceptor Sewer Phase II Step 1</td>
</tr>
<tr>
<td>C-04-0147-03-2</td>
<td>South Rillito Interceptor Sewer Phase II Step 2</td>
</tr>
<tr>
<td>C-04-0147-03-3</td>
<td>South Rillito Interceptor Sewer Phase II Step 3</td>
</tr>
<tr>
<td>C-04-0178-01-1</td>
<td>Metropolitan Tucson Regional Wastewater Management System (Facility Plan) Step 1</td>
</tr>
<tr>
<td>C-04-0178-02</td>
<td>Design of Modification to Roger Road Wastewater Treatment Plant Step 2</td>
</tr>
<tr>
<td>C-04-0178-03</td>
<td>Modifications to Roger Road Wastewater Treatment Plant Phase I Step 3</td>
</tr>
</tbody>
</table>

(b) All City shares of local costs in connection with EPA grants discussed in IV D (1) (a) shall be the responsibility of the City when incurred prior to June 30, 1979 and shall be the responsibility of the County when incurred after June 30, 1979.
1. The County shall meet this obligation from County sewer bonds and sewer connection fees.

2. The City shall meet their obligation from a Five Hundred Thousand Dollar ($500,000) fund which shall be established prior to June 30, 1979 comprised of City sewer bond-funds. This fund shall be closed after final EPA audit approval has been received on all EPA grants listed in IV D (1) (a), any balance therein shall be used to reduce the existing City sewer debt.

3. In the event that EPA grant reimbursements are received by the City after July 1, 1979, these payments shall be distributed to either the fund identified in IV D (1) (b)(1)(f) or the County if so provided for in existing IGA's.

4. Consistent with the disposition of grants in IV D (1), the following existing City contracts shall be assigned to the County effective June 30, 1979.

<table>
<thead>
<tr>
<th>City Contract No.</th>
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<tbody>
<tr>
<td>0037-79</td>
<td>Burdick Contractors, Inc.</td>
</tr>
<tr>
<td>4551-77</td>
<td>Brown &amp; Caldwell</td>
</tr>
<tr>
<td>4596-78</td>
<td>Black &amp; Veatch</td>
</tr>
<tr>
<td>P.O. 51599</td>
<td>Arizona State Museum</td>
</tr>
</tbody>
</table>

5. City and County agree that any other City sewer system cost not specifically covered elsewhere in this Agreement shall be the responsibility of the County if incurred after June 30, 1979 and shall be the responsibility of the City if incurred prior to June 30, 1979.

ARTICLE V

REGIONAL FACILITY PLAN

County agrees not to change the adopted Regional Facility Plan for three (3) years from the date of this Agreement. County agrees to implement the recommended first phase of construction in the Facility Plan as follows:

A. All City and County approved facility plan modifications to Roger Road Wastewater Treatment Plant, County agrees:

1. The City, as sole Applicant, shall forthwith apply for an EPA Step 3 Construction Grant, including plantwide treatment modifications (including digester modifications).
2. In order to ensure EPA funding in the 1978-79 Federal fiscal year and in order to clarify the third condition of transfer as set out in Article II A(3) of this Agreement, the County shall award a construction contract for 30 MGD plantwide modifications, including digester modifications as approved by the joint City-County Technical Advisory Committee, prior to September 30, 1979, or in compliance with the grant conditions of EPA grant number C-04-0178-03.

3. The City and County agree that early completion of the solids storage and disposal facilities at Roger Road is necessary. County therefore agrees that it shall complete the design and construction of such facilities at the earliest possible date by endeavoring to comply with the following guidelines. City and County further agree that the County's obligations under this subsection are subject to EPA approval.

a. Complete design of Roger Road plant solids storage and disposal facilities prior to June 30, 1980.

b. Apply for EPA Step 3 Construction Grant for solids storage and disposal by June 30, 1980, and accept grant offer within ten days of receipt thereof.

c. Award construction contract for solids storage and disposal by September 30, 1980.

4. The City will, from time to time, request information regarding progress of the project. The County will furnish the requested information in a timely professional manner. The City will be advised of progress meetings between County and contractor or the EPA and, at its option, may attend same. The City will pay for the costs associated with providing City requested information. The County shall advise the City prior to initiating any substantial changes to the Roger Road Project.

B. County agrees to implement the remainder of the facility plan and to follow to the extent possible the following priority and schedule used as a guideline, subject to EPA approval and availability of funding.

1. Panano Interceptor - Speedway to 29th Street, and Tanque Verde Interceptor - Tucson Country Club to Camino Seco.
2. Santa Cruz/Southeast Interceptor: Award construction contracts by August 31, 1980.

County agrees that in the event the Phase I Santa Cruz/Southeast Interceptor does not have sufficient priority on the Arizona Construction Grants Priority List to receive EPA Step 3 Construction Grants, and there are insufficient County funds for 100% local funding of this Project, the Project may be implemented as part of phased overall prioritized County capital program as follows:

1. Santa Cruz/Southeast Interceptor Phase I.
2. Canada del Oro Interceptor to the Highlands.
3. Other interceptors and trunks.

C. Regardless of Article V, B priorities, County agrees that the local share of the Roger Road Plant 30 MGD modifications, including digester modifications, sludge storage and disposal, as well as the Pantano and Tanque Verde Interceptors, will be funded in total prior to initiation of phased overall prioritized County Capital Program.

Nothing in this Article V shall be construed to relieve the County from implementation of any other portion of the adopted Facilities Plan.

ARTICLE VI

PIMA COUNTY: SINGLE MANAGEMENT ENTITY

Pima County, as the single management entity, is committed to the concept of equal service for all users of the metropolitan system without regard to jurisdictional location. Therefore, the County agrees:

A. To accept the adopted Mayor and Council current policy with regard to allocation of sewer capacity and to utilize the current methodology employed by the City in computing sewer capacity. The current City policy and methodology, attached hereto as Exhibit B, shall be continued within the City by the City and County until surcharged conditions are relieved by implementation of the approved facility plan and related capital projects. The exact terms and conditions regarding the allocation of sewer capacity as agreed to herein shall be a part of the final agreements between the parties at closing.

B. Prior to adoption the County shall submit its proposed annual sewer capital budget to City for review and shall consult with City in planning and prioritizing all sewer capital improvements in the metropolitan area and shall coordinate such planning with City water planning. Such coordination may be accomplished through any means acceptable to the City and County.
ARTICLE VII
INDEPENDENT AGENCY

County agrees not to turn its sewer system over to an Independent agency for a period of ten (10) years, said period to begin running upon the effective date of this Agreement.

ARTICLE VIII
TRANSFER OF CITY SEWERAGE SYSTEM - CLOSING

A. City and County agree that the legal transfer of the City sewerage system shall be accomplished on or before June 30, 1979.

B. City and County further agree that they shall cooperate so that all documents related to said transfer shall be executed not later than June 30, 1979.

C. The executed documents to be delivered on or before closing shall include, but are not limited to, the following:

1. Appropriate documents conveying to the County title to real property or easements or licenses necessary to carry out the intent of this Agreement. Bills of Sale transferring to County all specialized equipment, vehicles, supplies and other personal property necessary to operate the City's sewerage system. Said deeds and other applicable documents shall contain the power of termination as set forth in Exhibit C attached hereto and by this reference incorporated herein.

2. Documents by which the County relinquishes, quitclaims, and transfers to the City, all of the County's interest, estate, right, title, claim or lien in effluent in accordance with Article III;

3. Documents whereby the County grants to the City permission to use the public right-of-way in Pima County for the purpose of installing, extending, enlarging, or maintaining the water system owned by the City of Tucson.

4. Documents whereby the City grants to County permission to use the public right-of-way within and without the City for the purpose of installing, extending, enlarging, or maintaining the sewerage system owned by the County.

5. Such other documents as are necessary to implement Article III with regard to Application No. 33-47023 and Article III with regard to Case No. 17027.
G. Such other documents of any type whatever as are necessary or advisable to implement this Agreement.

D. After the closing the County will be solely responsible for the operation and maintenance of all portions of the sewerage system, within and without the territorial limits of the City.

E. At the closing, the City shall transfer to the County all permits to discharge into the waters of the United States issued by the EPA to the City pursuant to Section 402 of the Clean Water Act. Thereafter, the County will be and remain responsible for any and all conditions of the permit and shall be solely liable for the consequences of failure to meet NPDES permit standards.

F. The City agrees that after the closing and as long as this Agreement is in full force and effect, the City shall no longer provide City sewer services. However, the foregoing shall not preclude the City from constructing sewer facilities under the provisions of Paragraph III H; or from constructing sewer improvements in Improvement Districts formed pursuant to statute; or from constructing on or off-site sewer improvements for the benefit of City owned property or from constructing sewer improvements that may be required in connection with City projects, i.e., industrial development projects, inner city revitalization projects. The plans and specifications for the construction of any sewer improvements permitted under this paragraph are subject to the review and approval of the Pima County Wastewater Management Department.

G. After the closing, County shall assume all responsibility for inspection of main line sewer lines lying within the incorporated areas of the City of Tucson.

The City shall continue to be responsible for inspection of HCS connections and private sewerage systems. However, in the event an HCS connection or private sewerage system is to be connected to a manhole, County shall be responsible for the inspection of such connection.

H. After the closing, County shall be solely responsible for the establishment, collection, processing, and disposition of all sewer connection fees arising out of the connection of any property, real or personal, to any public sewer within the incorporated areas of the City of Tucson.

I. After the closing, City agrees that County, as the single management and operating agency for the Regional Sewerage System, shall be the sole authority responsible for the establishment and setting of sewer user fees and rates within and without the incorporated areas of the City of Tucson.
J. After the closing, the County shall be solely responsible for the collection, processing and disposition of sewer pipeline extension rebate sums pursuant to agreements previously entered into by the City. The City shall provide County with copies of all such agreements.

K. After the closing and until July 1, 1980, the City agrees to bill and collect sewer user fees authorized by the sewer user fee ordinance adopted by the County. As part of the billing and collection system for the water utility, it is understood that the City will be billing and collecting the following types of accounts:

Water Only Accounts - customer has provided information to show that the wastewater at the water billing address is not being discharged to the County sewer system.

Water and Sewer Accounts - customer is receiving water from the City water utility and discharging wastewater to the County sewer system.

Sewer Only Account - customer is discharging wastewater to the County sewer system but is not being supplied water from the City water utility.

1. The City shall provide the following sewer billing and collection services for the County:
   a. Provide water consumption data for each water and sewer account and provide billings and collection of these accounts monthly;
   b. Provide monthly billings and collection for sewer only accounts from data on water consumption provided by the County;
   c. Update all water and sewer accounts (turn-on and turn-off) to maintain an accurate active customer file;
   d. Update sewer only and private well accounts upon receipt of necessary information from Pima County;
   e. Bill delinquent sewer accounts in conjunction with the water billing system and transmit to Pima County for collection those delinquent sewer accounts that cannot be collected through the water billing system;
   f. Process sewer user fee adjustments transmitted by Pima County and adjust sewer user fees in accordance with adjustment policies authorized by Pima County;
g. Provide County with read-only access to computerized customer account records;

h. Provide County with all necessary forms required in maintaining an accurate sewer billing system;

i. Provide County with winter water use data for those sewer users on the City water system;

j. Provide County with all necessary and agreed upon computer-oriented reports required to effectively manage the revenues and customer accounts of the sewer utility;

k. Maintain an accurate, error-free, computerized sewer billing and collection system;

l. Provide County access to the monthly billing system for the purpose of inserting sewer utility-related information with the exception that where such inserts are in conflict with a scheduled water bill insert by the City and in such cases the City insert shall take precedent;

m. Upon receipt of sewer user fee payments, the City shall credit a refundable deposit account to account for the receipt of money and deposit all receipts in the City's deposit clearing account. On a weekly basis, the City will make a disbursement of all sewer user fee collections to the County less the weekly portion of the monthly administrative and billing fee mutually agreed upon in paragraph o below. The City and County shall cooperate in effecting procedures necessary, on a day-to-day basis, to provide for the billing, collection, data processing, and other daily operational aspects of administering County sewer user fees;

n. At the County option, the City will provide a register showing active account status of each account on a monthly basis and will provide a final delinquent account register of all accounts considered as the inactive final billing register;

o. For the above service, the County agrees to pay and the City agrees to offset against amounts owed the County, a monthly administrative and billing fee of $50,000. Such fee will reimburse the City for the direct and indirect cost of billing and collection service as detailed on the attached Exhibit D.

p. On July 1, 1980, at the request of the County, City shall provide...
2. The County agrees to provide the following:
   a. Establish all new sewer user accounts served by City water, private water companies and by private wells;
   b. Adjust all sewer user fee accounts as required;
   c. Answer all sewer user complaints;
   d. Process all turn-on and turn-off of sewer only accounts;
   e. Accept responsibility to collect all delinquent sewer accounts served by City water after they have become 90 days old;
   f. Provide necessary data for the billing of sewer only accounts;
   g. County will inspect any computer errors and notify City Data Processing of necessary change.

ARTICLE IX
IMPLEMENTATION

A. PERSONNEL - TRANSFER OF CITY EMPLOYEES

Upon execution and the effecting of the Agreement herein, County shall accept for employment any and all City Water and Sewer Department employees choosing to transfer to the County Wastewater Management Department under the following conditions:

1. Said employees accepting employment with the County Wastewater Management Department shall not be subjected to nor shall such employee experience any period of layoff from the time such employee leaves City employment to the time in which said employee begins employment with the County.

2. Said employee shall receive a starting salary equal to the total of what his/her salary and longevity pay would have been with the City of Tucson as of July 1, 1979. In the event that amount is below the minimum of the established salary range, the employee will be hired at the minimum step of that range.

3. Said employee shall be accepted and placed into a classification comparable to what the employee enjoyed as a City employee, as determined by the Personnel Director of Pima County, said acceptance and placement to be effective 0001 A.M. on Sunday, July 1, 1979.
In the event the employee's salary and longevity compensation is in excess of the maximum for the comparable classification, the employee's qualifications will be given consideration in making the determination of an appropriate classification for employment.

4. Said employee shall be accepted for employment by the County in an equivalent status to his/her City position (for example, a probationary City employee would be transferred as a probationary County employee and a permanent City employee would be transferred as a permanent County employee). Time served as a probationary City employee will count as an equivalent period toward completion of the County's probationary period.

5. Any employee transferring into a classification requiring registration or certification is encouraged to acquire such registration or certification within a one-year period from the date of transfer. During that one-year time period, those duties which require registration or certification may be withheld from the position. If such registration or certification is not obtained within the one-year time period, the employee shall be placed into a classification appropriate to his or her duties devoid of those responsibilities requiring the registration or certification, but retaining the same salary range.

6. Employees transferring into a classification requiring an appropriate type of Arizona State driver's license will be required to show proof of such license prior to assuming the duties of the position at Pima County. If the employee does not possess the license, he or she will be reassigned to a position in the same or like classification series where such a license is not required.

7. Said employee shall be given credit for the period of time worked with the City as if the equivalent period of time had been worked with the County.

8. Said employee shall be entitled to and County agrees to accept vacation, sick leave and compensatory time accumulation that said employee may have as of June 30, 1979, subject, however, to a County accrual limitation of 240 days for sick leave, that being the maximum that can be carried.
9. Said employee shall be permitted to enroll in the life, health, and dental insurance plans available to County employees without regard to pre-existing conditions and without any waiting period. This provision shall also apply to any eligible dependents of the employee. Consistent with recently enacted State legislation, the County shall pay 75% of the cost of dependent insurance coverage.

10. Consistent with recently enacted State legislation, said employee shall be afforded the opportunity to transfer City retirement credits to the State Retirement System.

11. Any employee choosing to accept employment with the County shall submit completed Pima County Application for Employment, and resume, when requested, delineating education, experience and training. The application shall include copies of all necessary registration, certification or license required for employment in the classification.

12. Said employee shall be afforded all benefits and rights provided other County employees in the terms and conditions of employment, including, but not limited to opportunity for promotion, merit increases and layoffs.

B. County may, by separate agreement, contract with City for the supervision of any contracts transferred to the County pursuant to the provisions of Article IV (C) (1) and IV (D) (2).

C. City and County, in order to effectuate the orderly and efficient transfer of the City sewerage system to the County with a minimal amount of disruption to daily operations, do hereby agree to the extent possible that the City shall provide the County with the following:

1. City inventory of all buildings, treatment plants, sewer lines, and all specialized equipment, vehicles, office furnishing, and other personal property necessary to the management and operation of the City of Tucson sewerage system;

2. Financial statement with full disclosure of:
   (a) total assets
      (i) revenue
   (b) liabilities
      (i) contingent
      (ii) accrued
   (c) short and long-term indebtedness
      (i) bonded indebtedness
3. Statements of pending claims or litigation or any other adverse events materially adversely affecting operations or the financial condition of the City of Tucson sewerage system;

4. Personnel
   (a) organizational chart disclosing
      (i) titles
      (ii) job classification and duties
      (iii) other pertinent information
   (b) wages
      (i) pay rates
      (ii) wage progressions
      (iii) job evaluation, classification and reclassifications
   (c) hours of work
   (d) vacations, sick leave
   (e) promotions
   (f) discharge and other discipline, grievance procedure
   (g) employee benefit plans

5. Capital Improvement Program
   (a) financial program
   (b) contractual obligations

D. The City Manager and the County Chief Administrative Officer shall be responsible for implementing the provisions of this Agreement and specific requirements associated with the transfer of the City Sewerage System to the County, such responsibility to include but not be limited to the following areas:

   1. Billing/collections
   2. Rate setting
   3. Grants program
   4. Zoning/new development process
   5. Land/building acquisition
   6. Planning-current, advanced, regional
   7. Legal
   8. Personnel matters
   9. Transfer of real and personal property
   10. Bonds, debts and funding

E. City and County will provide each other with all necessary information required for the purpose of this Agreement.
ARTICLE X

A. City agrees to reserve sixty-eight (68) acres of City-owned land in proximity to the Roger Road Wastewater Treatment Plant for purposes of County sludge disposal activities. Such land is to remain the property of the City and is subject to the rights of the City to use or dispose of the land at such time as the land is not required by the County for sludge disposal activities as may be determined by the EPA approved facility plan for sludge disposal activities to be adopted in accordance with Article V of this agreement.

B. The County agrees to reserve twenty (20) acres of County-owned land in proximity to the Ina Road Wastewater Treatment Plant for purposes of effluent reuse activities. Such land is to remain the property of the County and is subject to the rights of the County to use or dispose of the land at such time as the land is not required by the City for effluent reuse activities. City rights under this section must be exercised within a period of ten (10) years.

ARTICLE IX
MISCELLANEOUS

A. Effective Date of Agreement
This Agreement shall be effective upon filing the original executed Agreement with the Office of the Pima County Recorder.

B. Duration
The Agreement shall terminate on June 30, 1979, at midnight if the provisions of Article VIII of this Agreement have not been fully executed. If the provisions of Article VIII of this Agreement have been fully executed by midnight on June 30, 1979, then this Agreement shall continue indefinitely and shall be subject to termination by any of the parties or their successors or assigns hereto upon ninety (90) days prior written notice and based only upon the material breach of the provisions of this Agreement.

C. Prior to, or at the time of closing, additional agreements may be required to be executed to carry out this Agreement.
D. **Legal Jurisdiction**

Nothing in this Agreement shall be construed as either limiting or extending the legal jurisdiction of either the City or the County.

E. **Assignment**

The terms of this Agreement shall be binding on the successors and assigns of the parties hereto.

F. **Remedies**

Any party to this Agreement may seek specific performance hereof, or any other judicial relief in the event of breach of this Agreement. The election of a remedy shall not be deemed a waiver of any other remedy.

G. **Modification**

City and County recognize that from time to time modification of this Agreement may be necessary in order to meet the needs and requirements of the community in future years. Therefore, City and County agree that, from time to time, either party to this Agreement may, upon thirty (30) days prior notice to the other, request a joint meeting of City and County officials to discuss proposed changes to this Agreement.

H. **Non-Severability**

If any portion of this Agreement is finally adjudicated invalid, the entire Agreement shall be null and void. The provisions of this Agreement are intended to be non-severable.

SIGNED AND ATTESTED this 26th day of June, 1979.

CITY OF TUCSON, a municipal corporation, by 

[Signature]

MAYOR

ATTEST AND COUNTERSIGNED:

[Signature]

CIT. CLERK

APPROVED PURSUANT TO A.R.S. §11-952(d) AS AMENDED

[Signature]

CITY ATTY.
PIMA COUNTY, a political subdivision of the State of Arizona

By C.S. Wall
Chairman, Board of Supervisors

APPROVED PURSUANT TO A.R.S. §11-952(d) AS AMENDED:

Special Counsel to the Civil Division of Pima County Attorney's Office

ATTEST:

Clerk of the Board
### CITY SEWER UTILITY DEBT SERVICE

**FOR BONDS OUTSTANDING AT JUNE 30, 1979**

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EXHIBIT A to Ex 13 Res. 108/80
Purpose

The purpose of this interim policy is to provide guidance to City and County officials in the review of development applications until such time as a more comprehensive policy and means for the allocation of sewer capacity can be prepared by staff, reviewed by interested citizens and presented to the Mayor and Council. The interim policy is intended to provide review criteria that are equitable, legally defensible and consistent with public health and safety.

Definitions

(1) "Surcharge" means a sewer pipe flow condition in which the actual, not theoretical, peak dry weather flow equals or exceeds 100 percent of the sewer pipe capacity.

(2) "Surcharge condition planned for early relief" means a surcharge condition, the sewer improvements for the relief of which have been budgeted by the County in the current fiscal year, and are planned for completion by the following fiscal year.

(3) "Critical area" means a geographic area within the City Limits which is tributary to a reach of sewer pipe that is being operated in a surcharged condition as defined in (1) above.

I. Rezoning and Subdivision Plat Review

A. Scope. These guidelines shall apply to:

1. Any rezoning application in which an ordinance has not been adopted by the Mayor and Council prior to the effective date; or

2. Any subdivision application in which a final plat has not been approved for recording by the Mayor and Council prior to the effective date; and

3. Such applications involve proposed development which would require a sewer connection in a critical area.
B. Guidelines.

1. Following the effective date, the Zoning Administrator shall provide all applicants for rezoning and subdivision plat review with written notice that a surcharge condition affecting the proposed development may be grounds for denial of the rezoning, plat or building permits.

2. Rezoning and subdivision plat applications within the scope of this policy will be approved, provided
   a) such applications satisfy all non-sewer-related criteria and conditions; and
   b) the surcharge condition affecting the proposed development is planned for early relief; or
   c) the applicant has in good faith relied on prior City representations of adequate sewer capacity and denial would result in substantial financial damage to the applicant.

3. In the event that an application for rezoning or subdivision plat review is denied solely on the basis of this policy, reapplication shall be without prejudice or duplicative fees.

4. In the event that an application for rezoning or subdivision plat review is approved pursuant to this policy, the Mayor and Council may condition such approval with the provision that no building permits or sewer permits will be issued for the proposed development until such time as the surcharge condition has been relieved.

C. County shall review proposed City rezoning and subdivision plats. County shall advise the City in writing within five (5) working days:

1. whether the proposed rezoning or plat would require a sewer connection in a "critical area" or "non critical area."

2. if in a "critical area," whether the surcharge condition affecting the proposed development is scheduled for early relief, and the estimated date of completion.
II. Building Permits

A. Scope. These guidelines shall apply to any application for a building permit:

1. Which is received by Building Inspections following the effective date; and
2. Which involves proposed development requiring a sewer connection in a critical area.

B. Guidelines.

1. Following the effective date, the Chief Building Inspector shall provide all applicants for building permits with written notice that a surcharge condition affecting the proposed development may be grounds for denial of the building or occupancy permits.
2. The County shall review City building permit applications. County shall advise City within five (5) working days:
   a) whether the building permit application would require a sewer connection in a "critical area" or "non critical area;"
   b) if in a "critical area" the County will recommend the building permit be approved, provided that immediate connection of the proposed development to the surcharged sewer will not create an unreasonable risk to public health and safety.
3. Building permit applications within the scope of this policy will be approved, provided that immediate connection of the proposed development to the surcharged sewer will not create an unreasonable risk to public health and safety. In making this determination, the City Manager will consider the following factors to be provided by the County:
   a) Severity of the existing surcharge condition downstream from the proposed connection, as indicated by:
(i) degree and duration of existing surcharge condition;
(ii) length of the downstream surcharged segments; and
(iii) known localized sewer system deficiencies, including manhole depths, local topographic conditions, maintenance history, physical condition of sewer, number of existing service connections, wet weather infiltration problems, and existing hydrogen sulfide generation problems.

b) Estimated impact of the proposed connection on the existing surcharge condition, as indicated by:
   (i) wastewater discharge and peaking characteristics of the proposed connection;
   (ii) the incremental increase to the existing surcharge condition relative to the sewer diameter at the point of surcharge; and
   (iii) the incremental increase to the existing surcharge condition relative to known downstream system deficiencies, as described in (a)(iii) above.

c) The timing of sewer improvements intended to relieve the surcharge condition (the longer the duration of the surcharge condition, the greater the likelihood of system damage).

d) The possibility that the immediate effect of the proposed connection on the existing surcharge condition can be mitigated, either:
   (i) by staging of development in conjunction with planned sewer improvements, or
   (ii) by developer-financed off-site improvements.

3. In the event that a building permit application is denied solely on the basis of this policy, reapplication shall be without prejudice or duplicative fees.

4. In the event that building permits are approved pursuant to this policy, the City Manager may condition such approval with the provision that
no occupancy or sewer permits will be issued for the proposed development until such time as the surcharge condition is relieved, either by the staging of development in conjunction with planned sewer improvements or by developer-financed off-site improvements.
QUITCLAIM DEED

FOR AND IN CONSIDERATION of the sum of ONE ($1.00) DOLLAR, and other valuable considerations, the undersigned, CITY OF TUCSON, a municipal corporation, does hereby release, assign, and quitclaim unto PIMA COUNTY, a political subdivision of the State of Arizona, all right, title, interest, claim and demand in the property situated in Pima County and described in Exhibit "A" attached hereto and incorporated as if fully set forth herein, subject to the following four conditions:

1. County acceptance of and compliance with the effluent terms agreed to in Article III of the Intergovernmental Agreement (IGA) of the City and County, dated ________________.

2. County acceptance of responsibility for the existing City sewer debt, pursuant to Article IV of the Intergovernmental Agreement (IGA) of the City and County, dated ________________.

3. County commitment to the Regional Facilities Plan for a period of three (3) years from the date hereof and award of a construction contract for the Roger Road Plant, all as set forth in Article V of the Intergovernmental Agreement (IGA) of the City and County, dated ________________.

4. County commitment not to turn the sewer system over to an independent agency for a period of ten (10) years as set forth in Article VI of the Intergovernmental Agreement (IGA) of the City and County, dated ________________.

Articles III, IV, V and VI of said Intergovernmental Agreement (IGA) of the City and County, dated ________________ are attached hereto as Exhibit "B" and are incorporated as though fully set forth herein.

The foregoing four conditions are express conditions subsequent upon which this conveyance is made. If the County, its successors and assigns, shall fail to perform or comply strictly with any of the four conditions, then the City, its successors and assigns, may at anytime thereafter serve on the County a notice in writing specifying the particular or particulars in which default or a breach thereof has been made and directing the County to remedy such default.

[Initials and signatures]

Replaced See recorded P1 1027 Fire 1028
Box 4060 1027

EXHIBIT C to Ex. 18, Res. 10560

PIMA000164
or breach. Should the County fail fully and entirely to remedy such breach within ninety days of such notice, the City may notify the County in writing that the City elects that the title to the whole of the conveyed system on any part thereof shall revert to the City, and thereupon the title to the whole or designated part of the conveyed system shall immediately and without necessity of any further action on the part of the City revert to and re vest in the City and the County shall lose all of its right, title and interest in and to the conveyed system or designated portions thereof, and the grantor shall have the right of re-entry to the conveyed system. Such reversion is subject to then existing encumbrances provided that those encumbrances represent funds actually spent to improve the sewerage system conveyed herein. The City shall assume obligation for payment of such encumbrances. This obligation is subject to annual appropriation and is payable solely from sewer revenues. Sewer revenues shall be expended in accordance with the provisions of A.R.S. § 9-530.

In the event the power of termination set forth herein is successfully invoked by the City, any and all provisions related to effluent and in particular the provisions of Article III contained within that certain Intergovernmental Agreement (IGA) between the City of Tucson and County of Pima dated ____________, 1979, shall become null and void and of no further cause and effect. Further, all documents executed by County in order to carry out the provisions of Article III and in particular Article III (c) shall become automatically void and of no effect or validity as if said documents had never been executed by the County.

Each and all of the conditions and agreements contained herein shall be deemed and construed to be continuing, according to their terms, and the fulfillment of any condition(s) shall not impair or affect any of the remaining conditions or agreements, so far as any future or other breach is concerned. It is understood and agreed by and between the parties hereto that no waiver of a breach of any of the conditions and agreements herein contained shall be construed to be a waiver of any other breach of the same or other conditions and agreements, nor shall failure to enforce any of such conditions, either by re-entry or otherwise, be construed as a waiver of the same.

If any portion of the Intergovernmental Agreement (IGA) of City and County, dated ____________, is finally adjudicated invalid, this Deed shall be null and void.
### CUSTOMER SERVICES

For processing of revenue collection applications for new services, maintaining sewer customer files.

Based on 25% of Customer Services Budget, except for postage costs, which are allocated on the basis of the number of water and sewer accounts.

### METERING SERVICES

For water use data on City of Tucson Water Utility customers and file maintenance of up-to-date records of customers by address and account number.

Based on 25% of Metering Services Budget.

### COLLECTION SERVICES

For sewer user fee revenue collection services provided by the City Finance Department's Revenue Division.

Based on the ratio of sewer user fee revenue to the total revenue collections of the Revenue Division.

### DEVELOPMENT AND LIAISON SERVICES

For the development and implementation costs of the redesigned water and sewer bill, assistance with rate setting and formulation, and other liaison requirements regarding sewer user billing and collecting.

<table>
<thead>
<tr>
<th>TOTAL AMOUNT</th>
<th>PER MONTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>$600,000</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

EXHIBIT O  Ex. 1, p. 10860