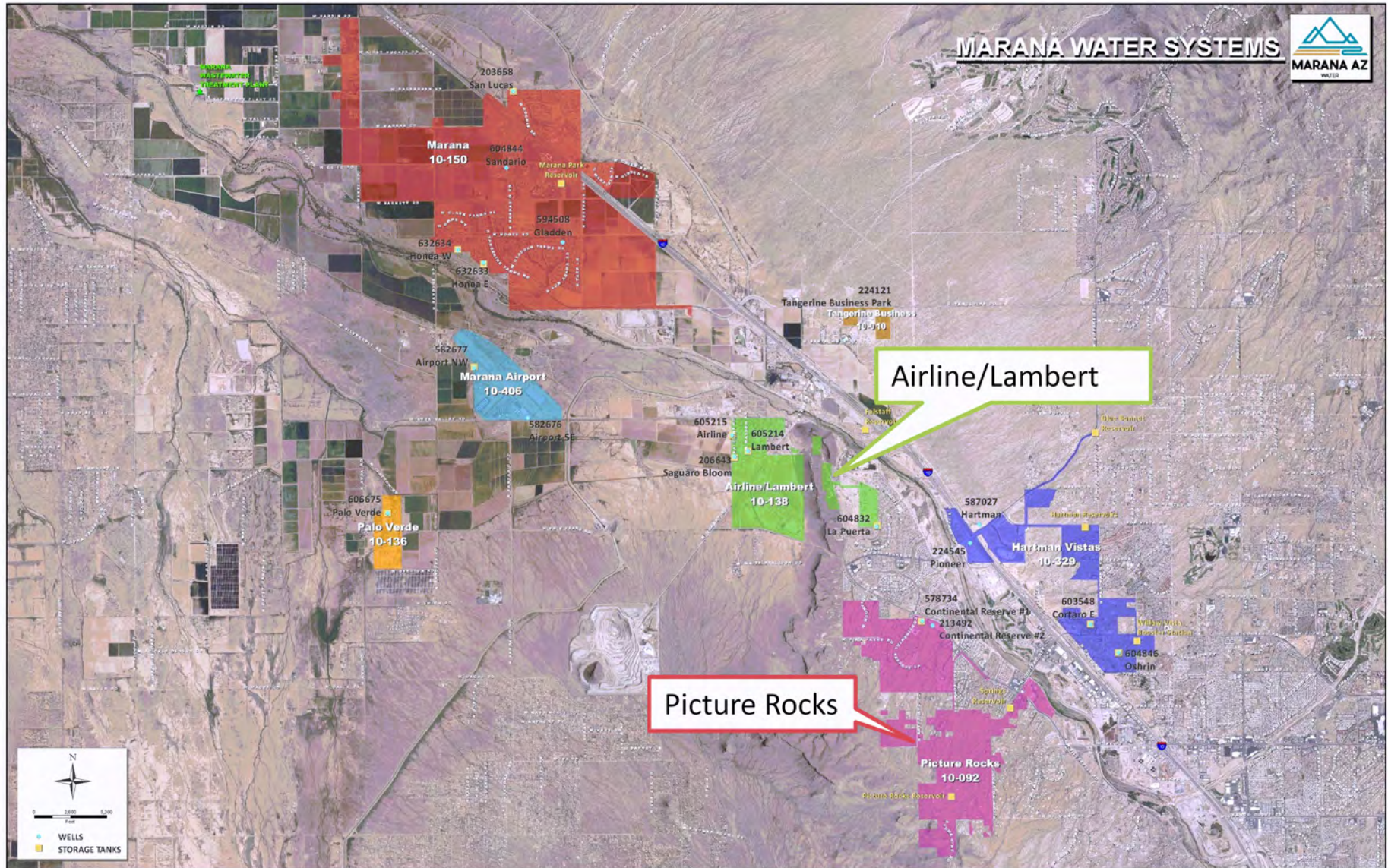




Treatment Update:
Funding for Unregulated Compound Mitigation

September 2018

Marana Water Service Areas



Alternatives Considered

- Blending with other systems
- Direct use of CAP
- NWRRDS
- Water Treatment System

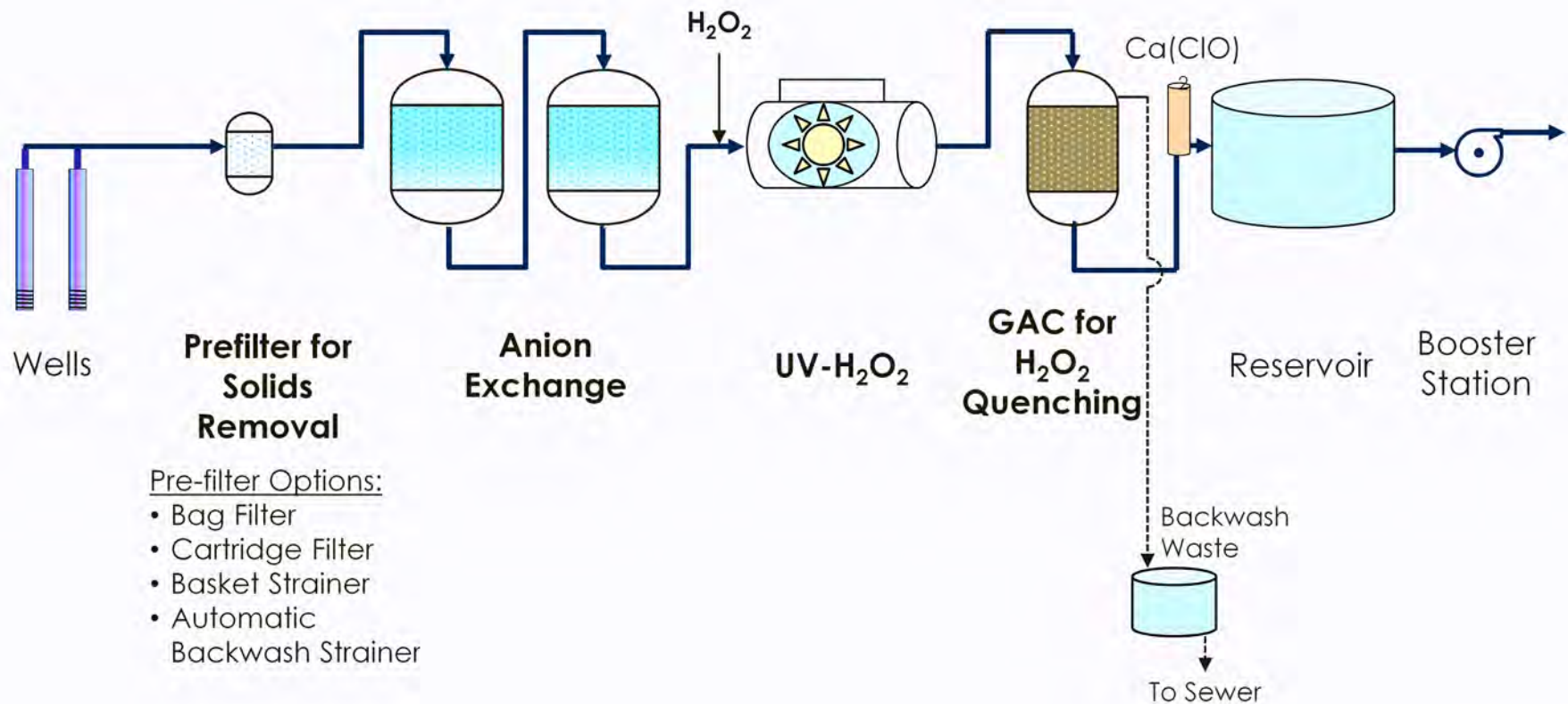


Project Goals

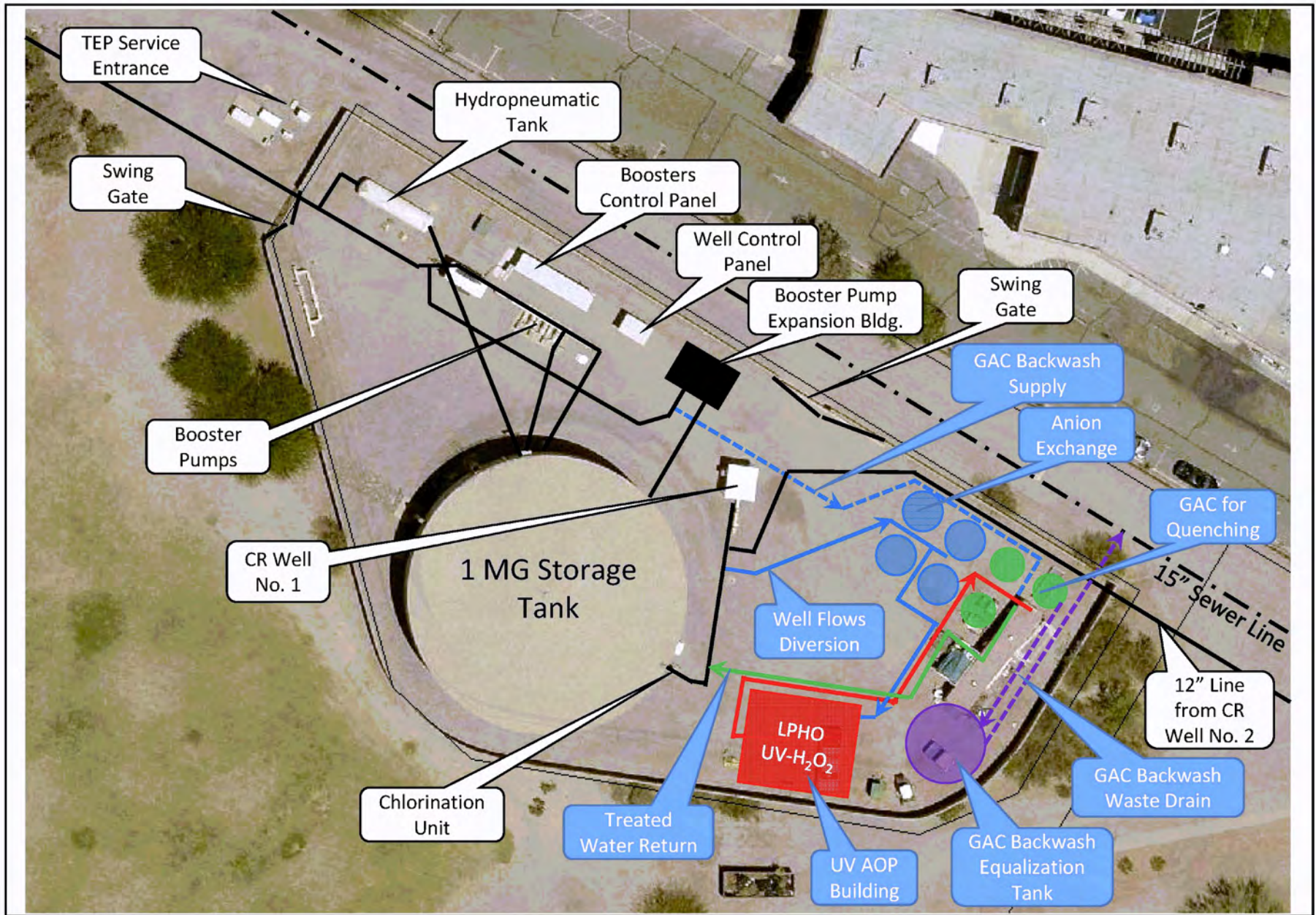
- Develop an advanced treatment process for each site
- Treatments goals are to destroy and/or significantly reduce levels of 1,4-dioxane and Perfluorinated compounds in the finished water
- Ensure final operations are as effective and efficient as possible to minimize long term operational costs



IX + UV-H₂O₂ + GAC Simplified Process Flow Schematic



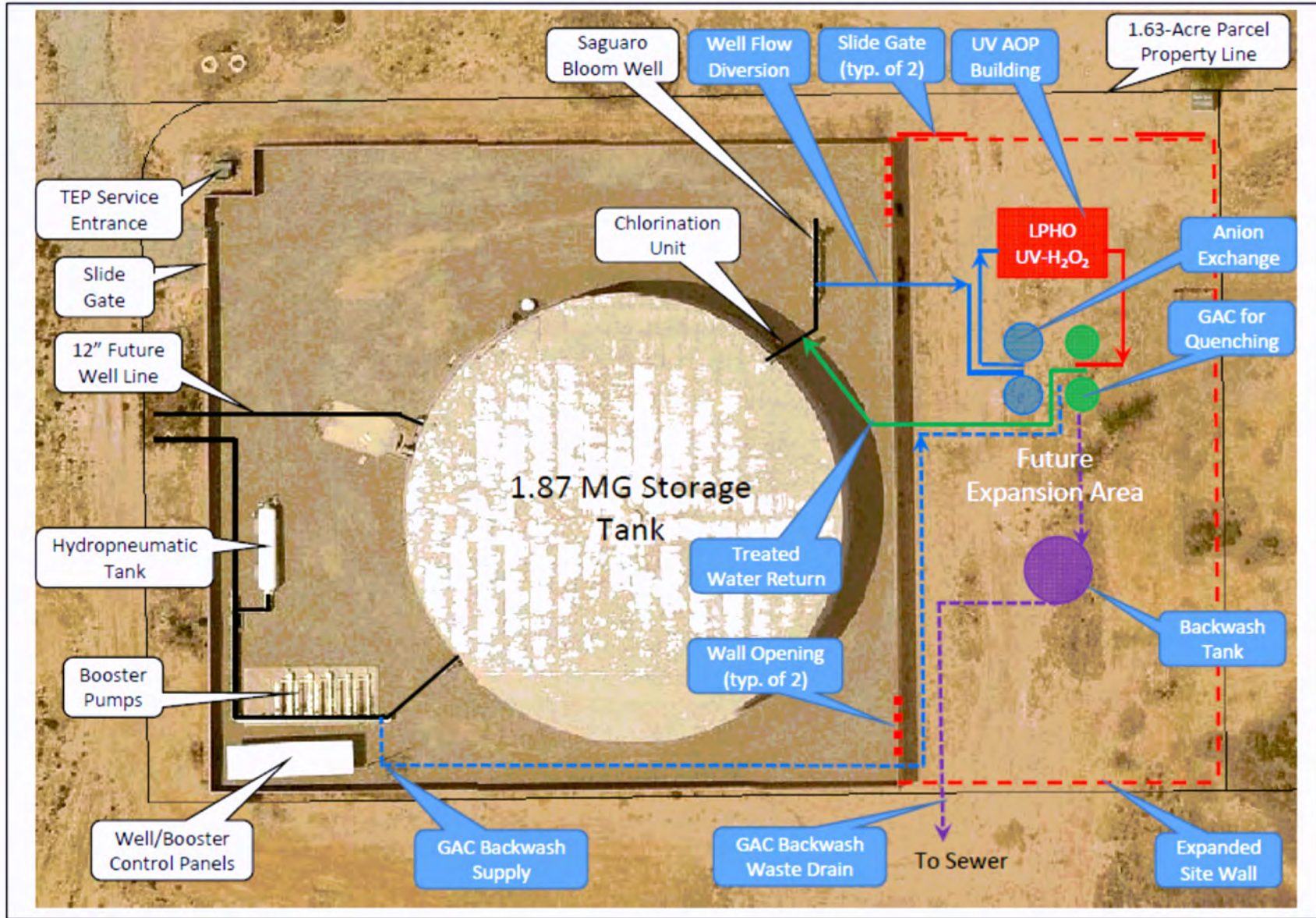
Picture Rocks / Continental Reserve Water System Treatment Layout



Appendix B.1

Continental Reserve Site Conceptual Layout
Anion Exchange + LPHO UV-H₂O₂ + GAC Quenching

Airline-Lambert / Saguaro Bloom System Water Treatment Layout

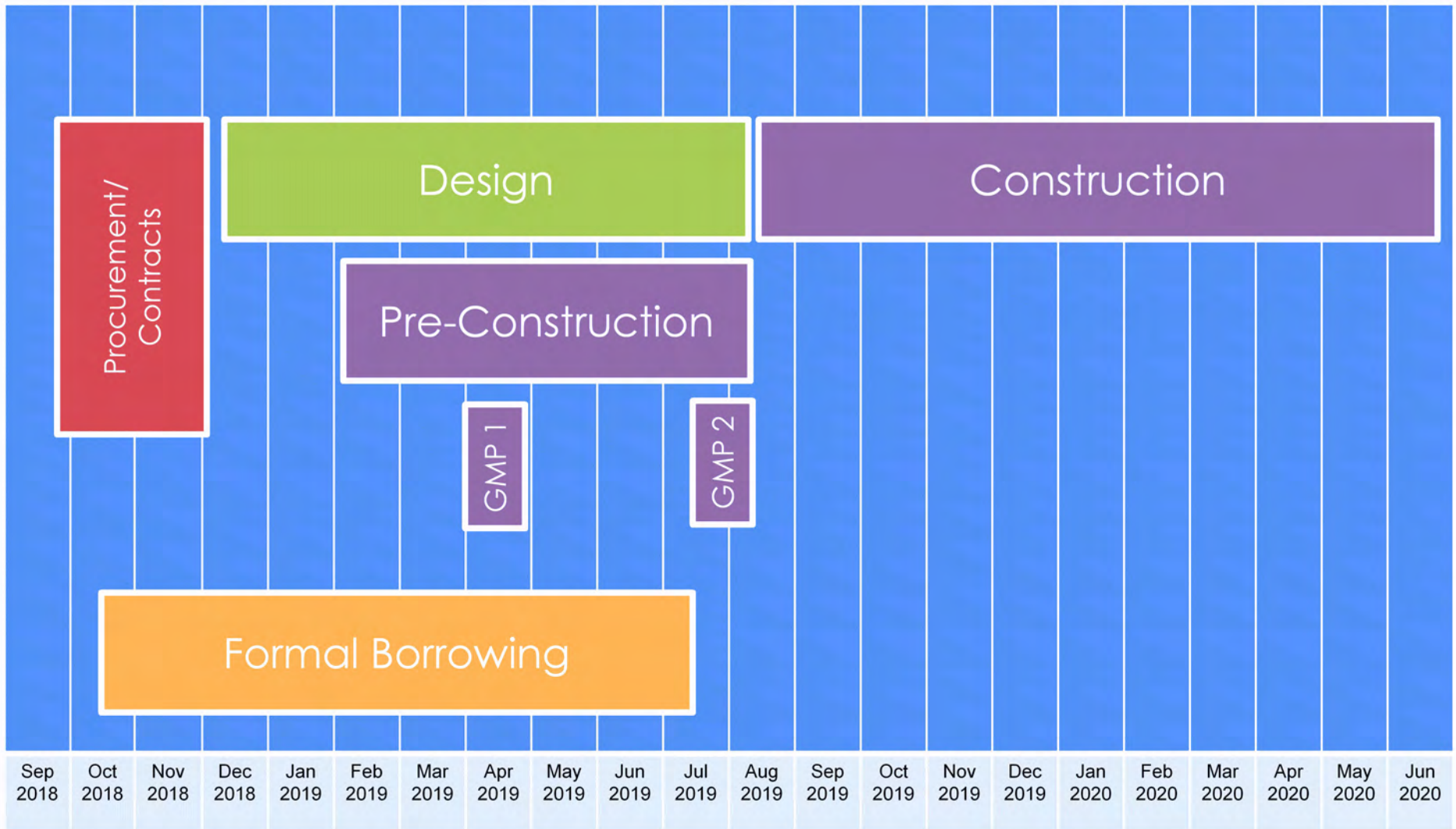


2017 Water Quality Alternatives Evaluation and Implementation Plan

Ion Exchange + UV-H ₂ O ₂ + GAC (quench)	
	Capital Investment
Picture Rocks / Continental Reserve	\$5.7M
Airline-Lambert / Saguaro Bloom	\$4.3M
Price escalation, future capacity sizing, contingency, etc.	\$2.0-5.0M
Total	\$12.0-15.0M



Estimated Project Timeline



Source of Initial Project Funding

Source	Viable funding source?	Considerations
Excise Tax Revenue Obligations	Yes	Counts against overall pledged revenue coverage requirements. Must remain within legal/financial capacity. May limit other projects.
Water Infrastructure Financing Authority Loan	Yes	Insufficient utility system revenues; requires non-utility system revenue source. Requires project to become federalized.
Utility Revenue Obligations	No	Insufficient utility system revenues
Grants or other contributions	No	Not likely to generate sufficient cash flow
Internal loans from unrestricted sources	No	Insufficient balance to fund project and not violate minimum reserve requirement. Use limits other investments
Capital Improvement Plan project money reallocation	No	Not likely to generate sufficient cash flow; would impact other projects



Source of Debt Repayment

Area	Provide enough debt service funding?	Considerations
Sales tax redistribution	Yes	Maintain current tax rate, but allocate a minimum of 1/10% tax toward purpose could generate an addition \$1M. Redistributed tax portion not available for other purposes
Sales tax Increase	Yes	Minimum increase of 1/10% tax could generate an additional \$1M, assuming no sales tax leakage.
Legal settlement	No	Depends on if/when litigation and settlement occur.
Reserve savings	No	Not an ongoing revenue source. Amount available each year will vary.



Continued Communication and Outreach

- Community meetings
- Podcasts
- Social media
- Future project website with updates



In Summary

- Project completed in 18-20 months
- Must follow public procurement regulations
- Resolution under consideration would:
 - Establish the Picture Rocks Water Treatment campus and the Airline/Lambert Water Treatment campus capital projects
 - Authorize the transfer of appropriations for the projects
 - Authorize the application for Water Infrastructure Financing Authority (WIFA) funding

