



**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE APACHE JUNCTION SEWER DISTRICT (the “District”) held in the District’s Board Room, 5661 S. Ironwood Drive, Apache Junction, Arizona 85120 on Tuesday, June 27, 2023 at 8:00 AM.**

**PRESIDING:** Ms. Kathleen Waldron

**PRESENT:** Kathleen Waldron – Chairperson  
Jesse Gage – Treasurer  
Phil Tremonti – Secretary  
Terry Dunn – Board Member

**ABSENT:** Jim Reynolds – Vice Chairperson

**Staff Present:** Darron Anglin – District Manager  
Traci Coronado – Executive Assistant  
Andrea Dominguez – Utility Services Supervisor  
James Drye – Operations Supervisor  
Paul Gonzales – Collection System Supervisor  
Kathy Huckfeldt – Management Analyst  
Anne Latimer – District Engineer  
Maria Zagar – Financial Services Supervisor

**Others Present:** John Lemaster– District Legal Counsel  
Brad Sanders – Archer Western Construction, LLC  
Nate Antonneau – Archer Western Construction, LLC  
Maria Brady – Stantec Consulting Services, Inc.  
Paul Hendricks - EUSI

**1. Call to Order.**

Ms. Waldron called the meeting to order at 8:00 AM.

**2. Invocation and Pledge of Allegiance.**

Mr. Tremonti gave the Invocation.

Mr. Gage led the Pledge of Allegiance.

**3. PUBLIC HEARING pursuant to Arizona Revised Statutes §§ 48-715, 48-716 and 48-720 to invite comment on (a) the District’s proposed rates, fees and charges to be effective July 1, 2023, and (b) the District’s proposed budget for fiscal year beginning July 1, 2023.**

Ms. Waldron opened the public hearing and invited members of the public to comment on the District’s proposed rates, fees and charges along with the proposed budget. No

members of the public were present and no written comments from the public were received.

There was no further discussion and the public hearing was concluded.

**4. Request for adoption of Resolution No. 23-03 establishing (a) the District's rates, fees and charges to be effective beginning July 1, 2023, and (b) the District's budget for fiscal year beginning July 1, 2023.**

MOTION made by Mr. Dunn to adopt Resolution No. 23-03 establishing the District's rates, fees and charges to be effective beginning July 1, 2023 and the District's budget for fiscal year beginning July 1, 2023; seconded by Mr. Tremonti.

Yes (4): Board Member Dunn, Board Member Tremonti, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

**5. Request for authorization and approval for the District to enter into a Pre-Construction Services Agreement with Archer Western Construction, LLC, Construction Manager at Risk, for Pre-Construction Services and General Conditions Fees related to the WRF Expansion at a cost not to exceed \$6.2 million; and to approve the CMAR Fee percentage, the dollar amount of which will be established as part of the Guaranteed Maximum Price.**

Mr. Anglin provided an overview of the posted Request for Qualifications (RFQ) procedure for the Construction Manager at Risk (CMAR) for preconstruction services and the selection panel choosing Archer Western Construction, LLC (AWC) based on score. He also stated that the District has entered into negotiations with AWC, and this preconstruction phase allows AWC to interface with the District's engineer Stantec Consulting Services, and the District to provide probable costs and value engineering to help reduce costs overall. He also stated that the preconstruction cost is part of the design loan, and the CMAR fee and General Conditions will be part of the construction loan awarded from the Water Infrastructure Finance Authority (WIFA).

Mr. Tremonti asked if the \$5.3 million is the actual fee to handle only the construction. Mr. Anglin stated that the \$5.3 million is for the construction's general conditions, which cover the administration, mobilization, and overhead costs. He also stated that the construction's Guaranteed Maximum Price (GMP) will be determined during the design phase, and staff will bring the contract to the Board for approval.

Mr. Anglin introduced Mr. Sanders and Mr. Antonneau with AWC.

Mr. Sanders said District staff have made sure there are some pre-negotiation rates and fees as part of the GMP. He also stated that the preconstruction price is similar to a consultant fee to join in the design phase to assist with scheduling, phasing, overcoming challenges and site logistics, and helping with keeping costs down. Mr. Sanders stated that AWC will strive to provide the best value and costs, and the optimal items needed for the project and construction.

He also stated that the \$5.3 million is inside the \$81 million construction costs. The 8% is a markup on top of the direct costs, actual costs of work, and indirect costs, which include insurance, bonds, and taxes, but all in the \$81 million budget goal.

There was discussion regarding the preconstruction services documentation and the legal ramifications of the contract presented to the Board related to the WRF Expansion.

Mr. Lemaster discussed the dispute resolution process and items that could suspend or halt construction.

There was additional discussion regarding the District having the funds in place from the WIFA loan for procurement of new equipment aligning with the timeframes needed, so there are no delays in construction.

Mr. Gage asked for clarification on schedule integration and why District staff feel it is optional. Mr. Anglin asked Mr. Antonneau to provide more information on schedule integration. Mr. Antonneau stated that schedule integration is primarily for the subcontractors that AWC will be working with and eliminating it from the contract for the District can help keep costs down.

MOTION made by Mr. Gage to authorize and approve the District to enter into a Pre-Construction Services Agreement with Archer Western Construction, LLC, Construction Manager at Risk for the Pre-Construction Services and General Conditions Fees related to the WRF Expansion at a cost not to exceed \$6.2 million and approve the CMAR fee percentage, the dollar amount of which will be established as part of the Guaranteed Maximum Price; seconded by Mr. Tremonti.

Yes (4): Board Member Dunn, Board Member Tremonti, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

## **6. Approval of the Minutes of the May 23, 2023 Regular Meeting.**

Ms. Waldron asked if there were any additions or corrections to the Meeting Minutes; there were none and the Minutes were accepted as presented.

## **7. Monthly Disclosure Report for May 2023.**

Ms. Zagar stated staff have been working with the District's bank, BOK, to increase the Insured Cash Sweep (ICS) rates that hold the District's larger cash accounts. Previously at 0.05% but after working with BOK it increased to 3%.

Mr. Dunn asked about the unfavorable variance for the hardware and software. Ms. Zagar stated some of the District's desktop computers were updated. Ms. Dominguez stated the District has a 6-year cycle when old systems become obsolete and have replacement plans; instead of replacing all the computers simultaneously, computers are replaced by rotating departments depending on software requirements, computers having reoccurring issues, or have outgrown the data size. She also stated that those replaced were the District Manager, Engineer, collection and field crews.

## **8. Monthly Project Status Report for May 2023.**

Mr. Anglin stated the city approved the final changes for the Tomahawk Sewer Main Extension. The contractor, B&F Construction and the District's procurement department are reviewing the job order contract to verify the viability of the contract. He also stated when finalized, staff hope to get on schedule to complete the project and have it done by the end of the year.

Mr. Dunn asked for an update and who the manufacturer was for the new utility carts. Ms. Weinmann stated the manufacturer is Kubota, and because of supply chain issues, there have been extended lead times. Where the District is in the queue, it is a six-month delivery period.

Mr. Tremonti stated the District has several high-cost projects, should Archer Western be reviewing these projects to verify that the District needs to accrue all these costs. Mr. Anglin stated that a few larger projects are already in progress with Garney Construction, but that is a good option moving forward. Ms. Huckfeldt stated some of the projects are necessary to increase the capacity to 3.0 MGD and keep the existing plant running before construction on the WRF Expansion can begin.

Mr. Gage asked if there were updates on the Class A+ reclaimed water project. Mr. Anglin stated that the District had received submittals from the contractor and manufacturer, and staff have sent comments back. Mr. Gage asked if the completion date would still be the end of the year. Mr. Anglin stated staff is also waiting on the final lead times from the manufacturer and are hopeful to have A+ water by the end of the year.

## **9. District Managers Report for May 2023.**

Mr. Anglin stated that staff met with the Arizona Department of Environmental Quality (ADEQ) to clarify their questions regarding the elevated nitrate levels and if the biosolids were the cause. Mr. Anglin stated that the nitrate study showed the biosolids were not the cause and based on ADEQ discussions, the District will be removing monitoring wells 1A and 2 and adding a new monitoring well further away from the recharge basins that

will have a 2-year monitoring period with ADEQ. Mr. Anglin stated that all other monitoring wells will be removed from the permit. He also stated the lab results show that the nitrate levels continue to decrease.

Mr. Anglin stated that Superstition Vistas Master Planned Community - Phase 1 Pump Station and 6-inch Force Main have been installed, tested, and approved by ADEQ. The District anticipates receiving flows this week. He also said there are currently over 100 homes in development, which will be better for the District to receive higher flows than just a small amount. Ms. Dominguez said there are currently 60 new homes in escrow and 650 on a waiting list, and 32 permits were filed yesterday. Mr. Gage asked how many homes can be connected before the 6-inch is disconnected and the 24-inch starts receiving flows. Mr. Anglin stated the initial phasing was 600 homes, but once staff can verify the flows for these new homes it could be up to 1,000 homes.

Mr. Anglin stated that staff attended the Annual Arizona Water Conference, and it was a great turnout. Mr. Tremonti asked what the staff learned from the conference. Mr. Anglin stated that Direct Potable Reuse (DPR) was a topic including the expansion of DPR and how it will improve the sustainability of Arizona's water supplies in the future and during drought.

Ms. Dominguez stated staff have been in communication with the City on options for the connection and account logistics for the 2 strands of fiber for the District and will have more information as updates become available from the City and Apache Junction Water District.

There was discussion on current and future development projects in the City.

Mr. Anglin recognized Keith Bostwick for 15 years of employment with the District and thanked him for his dedication and service and presented Mr. Bostwick with a service certificate and gift card.

**10. Request for authorization and approval of the engagement of Fester & Chapman P.C. to audit and report on the financial statements of the District for the fiscal year ending June 30, 2023, as provided in the engagement letter dated June 13, 2023.**

Ms. Zagar stated the rate increased from \$19,000 last year to \$20,000 for this year.

MOTION made by Mr. Gage to authorize and approve the engagement of Fester and Chapman P.C. to audit and report on the financial statements of the District for the fiscal year ending June 30, 2023, as provided in the engagement letter from Fester and Chapman P.C. dated June 13, 2023; seconded by Mr. Tremonti.

Yes (4): Board Member Dunn, Board Member Tremonti, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

- 11. Call to the public. The Board will neither discuss nor take legal action on a matter raised during the call to the public but may refer the matter to the District staff for review or direct the matter be put on a future agenda. Members of the Board may respond to matters raised as permitted by Arizona Revised Statutes § 38-431.01.H.**

No one from the public was present.

- 12. Performance Evaluation of the District Manager and action as determined. The Board will first consider this matter in executive session that will not be open to the public, unless a request is received that the matter be discussed or considered at a public meeting pursuant to Ariz. Rev. Stat. Ann. § 38-431.03.A.**

MOTION made by Mr. Tremonti to recess the regular meeting and reconvene in executive session to evaluate the performance of the District Manager pursuant to Ariz. Rev. Stat. Ann. § 38-431.03.A.1; seconded by Mr. Gage.

Yes (4): Board Member Dunn, Board Member Tremonti, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

[The regular meeting was recessed at 9:29 AM]

[The regular meeting was reconvened at 10:05 AM]

MOTION made by Mr. Tremonti to approve the merit increase from the Performance Evaluation of the District Manager as presented in the executive session pursuant to Ariz. Rev. Stat. Ann. § 38-431.03.A.1; seconded by Mr. Dunn.

Yes (4): Board Member Dunn, Board Member Tremonti, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

- 13. Direction from the Board of Directors to staff regarding items to place on the next Regular Board Meeting agenda.**

Mr. Gage asked for the sensitivity analysis to be presented to board members at the August board meeting.

- 14. Adjournment**

There being no further business the meeting was adjourned at 10:14 AM



# APACHE JUNCTION SEWER DISTRICT

RECLAIMING WATER FOR THE FUTURE

## Board of Directors Regular Meeting

<u>Name</u>	<u>Representing</u>
1. PAUL HENDRICKS	EVSI/AJSD
2. Brad Sanders	Acher western
3. Nate Amburneau	Acher western
4. Maria Brady	Stantec
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