



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 on Tuesday, April 25, 2023 at 8:00 AM.

PRESIDING: Ms. Kathleen Waldron

PRESENT: Kathleen Waldron – Chairman
Jim Reynolds – Vice Chairman
Jesse Gage – Treasurer
Phil Tremonti – Secretary
Terry Dunn – Board Member

Staff Present: Darron Anglin – District Manager
Traci Coronado – Executive Assistant
Andrea Dominguez – Business 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
Michael Cocanower – itSynergy (*via telephone*)

1. Call to Order.

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

2. Invocation and Pledge of Allegiance.

Mr. Reynolds gave the Invocation.

Mr. Gage led the Pledge of Allegiance.

3. Request for authorization and approval of addenda to existing agreement between the District and itSynergy for Managed Backup services .

Ms. Dominguez provided an overview of the renewal Addenda B2 and C2 for the managed backup plan to ensure the District’s data remains safe. She stated that Datto recently changed their plan structure for Fiscal Year 2024, including the hardware at no additional cost. Staff had budgeted the server replacement for FY 2023 which would no longer be needed with the new plan. The money can be reallocated to other District capital needs. Ms. Dominguez stated that the current plan includes enough capacity to hold existing production data and its future growth.

There was general discussion about Datto's new plan structure that includes a large increase in the monthly rate due to the growth of data and hardware for the WRF Expansion data needs. Mr. Tremonti asked what other alternatives there are compared to this plan. Ms. Dominguez stated that staff did not look at alternatives as staff are happy with Datto and this could have caused a delay in the replacement of the current server. She also said staff will look at alternatives for the Board and bring to the next meeting.

Mr. Cocanower said there are two alternatives considered for customers and the key difference between them is whether they provide the onsite virtualization capability. He also said that there is a less expensive version that does not include the onsite virtualization capability; however, the internet connectivity and availability at the District, itSynergy has viewed it as a high risk not to include the onsite virtualization. Mr. Cocanower said that in the event that there was a failure, the District would then be reliant on the internet connection to access the data, including the SCADA systems, which are critical to the operations of the facility making it is crucial to have the onsite virtualization. Mr. Tremonti asked if the District had the connectivity would itSynergy choose the same option. Mr. Cocanower stated that if there was reliable internet, they would have considered another option. He did not have an exact number on alternative pricing but will bring back that price to the Board.

Ms. Dominguez stated once the fiber optic internet is installed, the District will have other choices until then; staff believe this is the best option. Mr. Tremonti said that if staff choose to terminate the contract, the penalty is about \$30,000. Mr. Cocanower stated that if the District terminates the contract, they would be liable for the remainder of the contract and termination fees within a 36-month period.

There was additional discussion on staff looking at alternative options and pricing and possibly purchasing the hardware directly that would be cost effective and bring those to the May Board meeting.

Ms. Waldron directed staff to table authorization and approval of the addenda to the existing agreement between the District and itSynergy for Managed Backup services until the May 23, 2023 regular meeting.

4. Approval of the Minutes of the March 28, 2023 Regular Meeting.

Ms. Waldron asked if there were any additions or corrections to the Meeting Minutes; the Minutes were accepted as presented.

5. Monthly Disclosure Report of Operations March 2023.

Mr. Reynolds asked for an explanation of the credits in aged receivables. Ms. Zagar stated the credit column is the pre-paid service fees. Ms. Dominguez said Superstition Vistas has two drawn-down accounts they have paid in advance to be applied against some of their fees and the remainder of the credit is received from the winter visitors who pay months to a year in advance. She also stated that debited amounts of 31- 90+ are for the owners

who are delinquent or have been disconnected, staff report those fees to the title company, which gets collected either from the title or by the new owner.

There was discussion regarding the disconnection and reconnection fees.

Mr. Gage said septage volumes have increased and asked if staff are tracking septage against the nitrate levels. Mr. Drye said septage is a source of ammonia and does not affect the groundwater nitrate level. He also stated that septage could affect the treatment process. Mr. Anglin said as long as the plant is producing good effluent, it has no effect on the groundwater nitrates and stated historically, the nitrates in the affluent have been low. He also stated that staff are keeping limits on the septage intake.

Mr. Reynolds asked for clarification on the variance of service fees in expenses. Ms. Zagar stated it was for the inventory order to increase stock for new connections in the Superstition Vistas Community.

There was discussion regarding the unfavorable variance for disinfection chemicals and staff looking to increase the FY 2024 budget as prices continue to increase.

6. Monthly Project Status Report for March 2023.

Ms. Waldron asked if the chlorine tank has been installed. Mr. Drye stated that staff are currently working with the contractor on process and timeframe of installation.

Mr. Reynolds asked that staff provide additional information under notes and updated completion dates be added to report by next meeting.

Mr. Tremonti asked if the completion dates are based on fiscal or calendar year. Mr. Anglin stated that staff work off the fiscal year, but it is the calendar year on this report and will work on making it clear for the Board.

Mr. Dunn asked for an update on the tertiary filter. Mr. Anglin stated staff are working with the filter manufacturer to finalize the contract.

Mr. Tremonti asked regarding the headworks reconstruction if they are installing both the 6" and 24" lines and if there are concerns with the headworks and grit classifier being completed. Mr. Anglin stated those are separate projects, and the grit classifier is taking longer to receive than expected due to the long lead times and should be here by November – December 2023.

Mr. Gage said at last meeting the Board approved several capital projects and asked if staff see any delay in deliveries causing the completion dates to be pushed back. Mr. Anglin stated that the contractor is working on getting a purchase order with the aeration blowers' manufacturer and their tentative time is still current and when the contractor signs the contract the delivery time will be established.

7. District Manager's Report for March 2023.

Mr. Anglin said regarding the nitrate study, staff met with Stantec Consulting Services, Inc, and the Arizona Department of Environmental Quality (ADEQ) for the permit modification to amend the permit; ADEQ informed the District that the permit levels could not be modified based on the findings of the study. He also said that ADEQ suggested possibly continuing to monitor levels for a longer period of time. Since the levels have been decreasing over time from the initial increase the additional time may allow the levels to return to compliance.

Mr. Anglin thanked Ms. Dominguez for attending this year's Citizen's Leadership Institute provided by the City.

Mr. Anglin stated work continues at the Superstition Vistas Infrastructure on the Lift Station, the contractor has moved to install the 6" pipe at a minimum depth of 4 to 5 ft. deep to expedite build. He also said that the District expects to start receiving flows in June 2023 per the developer.

Mr. Reynolds asked for a reminder of the interim lift station since the City of Mesa did not agree to the intergovernmental agreement. Mr. Anglin stated that the contractor installed a large manhole lift station and they will install a the 6" line which will be in use for approximately 1 – 2 years, after which it will be abandoned in place. Mr. Reynolds asked who owns the temporary force main and any future plans to use it. Mr. Anglin stated the District will own it and could have options to utilize it in the future.

Mr. Anglin stated Garney Construction was contracted to build the Non-Potable Water (NPW) system and is currently excavating the reservoir that will hold up to 1.5 million gallons in the first phase and an additional 1.5 million gallons in the second phase.

Ms. Dominguez stated that Lumen Technologies continues to provide the November 2023 installation deadline. She also stated that the District is working with the City to possibly have a temporary connection with the dedicated fiber optic internet service that is being installed at the Apache Junction Water District.

Mr. Anglin stated that the District has formally entered into a contract with Stantec Consulting Services for the design and construction services for the WRF Expansion. He also said that staff is working on a Request for Qualifications (RFQ) for the Construction Manager at Risk (CMAR) for the contractor who will be building the expansion. Staff is expecting to have a CMAR selected for approval at the June board meeting.

Mr. Anglin stated that several staff members participated in the Arizona Water Festival at Prospector Park. Mr. Anglin thanked James Drye, Dalayna Pacheco, and Andrea Dominguez for volunteering at the event.

Ms. Latimer provided an update on current and future development around the City.

8. Request for Adoption of Resolution No. 23-01 changing the Organization’s legal name to the Apache Junction Sewer District and adopting an official seal for the Apache Junction Sewer District.

MOTION made by Mr. Reynolds for adoption of Resolution No. 23-01 changing the Organization’s legal name to the Apache Junction Sewer District and adopting an official seal for the Apache Junction Sewer District; seconded by Mr. Tremonti.

Yes (5): Board Member Dunn, Board Member Tremonti, Board Member Reynolds, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

9. 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.

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

Ms. Waldron said to bring additional options for itSynergy backup services.

Mr. Dunn asked that staff provide photos of the construction of Superstition Vistas and the NPW.

11. Adjournment.

There being no further business the meeting was adjourned at 9:22 AM