



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, August 22, 2023 at 8:00 AM.

PRESIDING: Ms. Kathleen Waldron

PRESENT: Kathleen Waldron – Chairperson
Jesse Gage – Treasurer
Phil Tremonti – Secretary
Terry Dunn – Board Member
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
Kevin Robinson – Collection System Technician-I
Maria Zagar – Financial Services Supervisor

Others Present: John Lemaster– District Legal Counsel

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. Tremonti led the Pledge of Allegiance.

Mr. Reynolds left the meeting at 8:02 AM.

[Agenda rearranged to accommodate recognition of staff.]

Mr. Reynolds returned to the meeting at 8:03 AM.

6. District Manager’s Report for June and July 2023.

Mr. Anglin recognized staff member Kevin Robinson for one year of employment with the District and thanked him for his service and presented Mr. Robinson with a service certificate.

Ms. Waldron stated that the remainder of the District Manager's report would be presented and discussed in the order indicated on the Notice and Agenda.

3. Approval of the Minutes of the August 22, 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.

4. Monthly Disclosure Report for June and July 2023.

Mr. Tremonti asked what the fair market value is for the long-term recharge credit. Ms. Zagar said the current contract with Roadhaven is based on the Central Arizona Project (CAP) rates and she did not have information on hand and will email information to the Board after the meeting.

Mr. Tremonti asked the fair market value for the accrued recharge credit. Ms. Zagar said this is valued at the current contract with Roadhaven and is based on the CAP rate. Mr. Tremonti asked what the quantity of acre-feet that the District currently has in the ground. Ms. Waldron asked if Ms. Zagar would email the information Mr. Tremonti requested to all the Board of Directors after meeting.

Mr. Gage said the volume of septage has decreased and asked if the District went back to limiting septage intake. Mr. Drye said that due to the force main construction near the headworks, staff had to pause the septage intake for two weeks. He also said that the septage haulers are currently being diverted to the construction entrance as there is still construction around the headworks.

Mr. Tremonti asked about the favorable variance in net revenue for the year to date and, whether it was due to timing and will it remain consistent. Ms. Zagar said that the monthly budget is split up evenly based on the previous year's trends and timing based on active projects, connection fees, and maintenance around the plant. She also said the District should maintain a favorable variance in net revenue for FY 2024.

There was discussion regarding the unfavorable variance in the disinfection chemicals and whether the District allocated enough in FY 2024 budget for the increased chlorine costs.

Mr. Tremonti asked about the favorable variance with the multi-family connection fees in July. Ms. Latimer stated that two large residential developments are under construction and adding connections. Ms. Zagar said the Havenly at Superstition had increased connections in June and the Hampton East community in July.

5. Monthly Project Status Report for July 2023

Mr. Gage said he noticed the grit classifier the budget was decreased and asked for clarification. Mr. Anglin stated that the costs were lower than the Board approved, and staff noted the status report for the Board's information.

Mr. Gage asked for an update on the A+ effluent water project. Mr. Anglin stated that the aeration blowers will be delivered in October and the contractor will start the installation; however, there is a delay with the electrical breakers arriving in January 2024, and staff expect the completion date to be February 2024.

There was additional discussion regarding the current and future projects in process.

6. District Manager's Report for June and July 2023.

Mr. Anglin said to follow up on Mr. Dunn's question, Superstition Vista community on Cortez and Baseline, the sewer has been installed with a small force main and pump station; now the District is waiting on the Arizona Department of Environmental Quality (ADEQ) approval, and it should come online in the next few months. Ms. Waldron asked how many pump stations the District currently operates. Mr. Anglin stated that the District operates a pump station on Baseline, the 6-inch down south at Superstition Vistas Community and will eventually have three total once construction has been completed and final approval received from ADEQ on the Williams Field lift station.

There was additional discussion on businesses and communities in the city with a small lift station on-site, and the owners are responsible for maintaining rather than the District.

Mr. Reynolds asked how the District met compliance with the consent order from ADEQ. Mr. Anglin stated nitrates have dissipated with time and MW1 reached permit levels in March and MW2 in June.

Mr. Anglin stated that the Superstition Vista Infrastructure 6-inch has been online since June; the District and contractor are tracking the flows to provide the developer a per-home flow rate to set the maximum number of homes the developer can build based on the amount of flows the 6-inch system can serve. Mr. Anglin stated that the other development will not have homes until Summer 2024 and Williams Field Lift station will serve both communities.

There was discussion about an article that the Apache Junction Daily Independent published regarding the Apache Junction Water District delivering unused CAP water to the District to recharge as an alternative to pumping that water out of the ground. Mr. Anglin stated that the 16" line is to be used as a backup for the non-potable water in case the District cannot produce the effluent required and the possibility of recharging the CAP water in the District's recharge basins to help with the future groundwater quality.

Mr. Anglin said that staff have finished attending the design workshops held with Stantec Consulting and Archer Western Construction.

7. Discussion and review of the District's Financial Sensitivity Analysis and action as determined.

Ms. Zagar presented and discussed future financial scenarios for the District that showed projections, potential risks, and inflation costs that could impact the District through FY 2033.

There was discussion regarding the District's construction costs and repayment of WIFA loan.

8. Request for authorization and approval for the replacement of the heavy-duty collection system truck at a cost not to exceed \$90,000 to be paid from the Capital and Replacement Fund.

Mr. Anglin said this is to replace the existing heavy-duty truck that the collection crew uses. He also said staff had budgeted less and has been diligently working to procure a new vehicle, but with the existing inflation, costs have increased. Mr. Reynolds asked what the truck was equipped

with and whether it needed a hoist. Mr. Gonzales stated it has a utility bed, and would have to add warning lights, and would not need a hoist.

MOTION made by Mr. Gage to authorize and approve the replacement of the heavy-duty collection system truck at a cost not to exceed \$90,000 to be paid from the Capital and Replacement Fund; seconded by Mr. Reynolds.

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

No (0): None

MOTION CARRIED

9. Request for authorization and approval for refurbishments and electrical upgrades to the clarifier rakes at a cost not to exceed \$65,000 to be paid from the Capital and Replacement Fund.

Mr. Drye stated that the electrical wiring on several of the clarifiers needs to be replaced; the contractor ran into an issue due to the age of wiring in the conduit, and to avoid unnecessary failure of the clarifier rakes, staff recommend the refurbishment of the electrical in the clarifiers.

MOTION made by Mr. Tremonti to authorize and approve the refurbishments and electrical upgrades to the clarifier rakes at a cost not to exceed \$65,000 to be paid from the Capital and Replacement Fund; seconded by Mr. Reynolds.

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

No (0): None

MOTION CARRIED

10. Request for authorization and approval for the installation of the second tertiary filter at the District's WRF at a cost not to exceed \$375,000 to be paid from the Capital and Replacement Fund.

Mr. Drye stated that this filter is required for the A+ effluent water. Mr. Gage asked for the delivery date of the new filter. Mr. Anglin stated that it was scheduled to arrive in November but is being shipped from Italy, with an estimated delivery time in December.

MOTION made by Mr. Reynolds to authorize and approve the installation of the second tertiary filter at the District's WRF at a cost not to exceed \$375,000 to be paid from the Capital and Replacement Fund; 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

Ms. Waldron stated that the Board would return to agenda item #7 to address Mr. Tremonti's question.

7. Discussion and review of the District's Financial Sensitivity Analysis and action as determined.

Mr. Tremonti asked if the bond issue states if the District goes below the debt ratio of 1.2 that they can call the bond. Mr. Anglin stated per the bond indenture if the District was to go below the debt ratio the District would have to hire a financial consultant to complete a study. He also stated that staff will need to read requirements as to the new WIFA loan.

Ms. Waldron stated that the remainder of the regular meeting would be presented and discussed in the order indicated on the Notice and Agenda.

11. Discussion and review of the District Manager's goals for Fiscal Year 2024 and action as determined.

Mr. Tremonti asked relating to strategy goal for 2023, completing the WIFA construction loan process and if staff anticipate that the District will have the bond in FY 2024. Mr. Anglin said yes, as the District will need to start utilizing funds to pay for upcoming construction costs and equipment.

There was discussion regarding District staff looking for possible grants to cover construction costs relating to the WRF Expansion.

MOTION made by Mr. Gage to approve the District Manager's goals for Fiscal Year 2024; seconded by Mr. Reynolds.

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

No (0): None

MOTION CARRIED

12. 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 to be put on a future agenda. Members of the Board may respond to matters raised as permitted by Arizona Revised Statutes § 38-431.

No one from the public was present.

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

Mr. Dunn would like an update on the fiber optic installation.

Mr. Tremonti would like a chart comparable to page 4 of the sensitivity analysis to be included in the end of year budget.

14. Adjournment

There being no further business the meeting was adjourned at 9:51 AM.