



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, November 19, 2024 at 8:00 AM.

PRESIDING: Ms. Kathleen Waldron

PRESENT: Kathleen Waldron – Chairperson
Jim Reynolds – Vice Chairperson
Phil Tremonti – Treasurer
Jesse Gage – Secretary
Roy Starr – Board Member

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

Others Present: Jason Cassidy – District 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. Gage led the Pledge of Allegiance.

3. Introduction of newly appointed Board Member.

Ms. Waldron introduced Mr. Starr and welcomed him to the District.

4. Approval of the Minutes of the October 22, 2024 Regular Meeting.

The minutes were accepted as presented.

5. Monthly Disclosure Report for October 2024.

Mr. Reynolds inquired about the unfavorable variance in operations and maintenance. Mr. Anglin explained that this was primarily due to the cost of the liner replacement. He also said one foot of the soil underneath the liner was removed and transported to the landfill, which incurred substantial expenses for the District.

There was discussion regarding SRP and its timing, which has impacted the connection fees. Mr. Anglin stated that connection fees are expected to increase again by the end of the year but if they do not, the District will need to re-evaluate future projects.

Mr. Tremonti asked about the favorable revenue variance associated with contributed systems. Ms. Zagar clarified that the Cortez pump station and collection system have been transferred to the District and is now considered a non-cash asset.

Mr. Tremonti inquired about the water charges from the Apache Junction Water District and the Arizona Water Company. Mr. Anglin explained that the Baseline pump station is situated within the Arizona Water Company's service area, while the water treatment plant is located in the Apache Junction Water District's service area.

Mr. Gage asked about the favorable variance with salaries. Ms. Huckfeldt explained that the District currently has two open positions for collection system technicians, and Ms. Dominguez's departure also contributed to the change.

Mr. Tremonti inquired about the legal fees related to class A+ reclaimed water. Mr. Cassidy explained that these fees are associated with the Intergovernmental Agreement (IGA) that the District and the Water District are collaboratively working on. This agreement pertains to the transfer of water to the new development in the south, which will be sold to AJWD. The IGA is almost ready to send to the City for their review.

There was a discussion about the Waterworth contract that Mr. Cassidy is currently reviewing. Ms. Huckfeldt explained that it is a financial long-range software program designed to assist the District in conducting rate studies in-house, eliminating the need to hire a third party in the future.

6. Monthly Project Status Report for October 2024.

Mr. Gage asked about the status of the Class A+ reclaimed water project. Mr. Anglin replied that the District and its engineer have submitted all required documentation to ADEQ, which is currently reviewing the documents. He also said the review process can take 3 to 6 months.

There was general discussion regarding the installation of the new liner for the east aeration basin and it being complete. The diffusers will be installed next week.

Mr. Anglin wanted to inform Mr. Gage that one item is still pending on the A+ reclaimed water project: the flocculation and coagulation.

7. Discussion and update of the Water Reclamation Facility (WRF) Expansion and action as determined.

Ms. Latimer provided an update indicating that staff should receive the 90% plans by December 2nd and that the review of the 60% cost model has been completed. She also mentioned that the District has contracted with consultants to review the numbers provided by Archer Western to ensure they are equitable. These consultants will also assist staff with reviewing the guaranteed maximum price (GMP).

Mr. Gage asked if staff could provide the Board with a list of items removed from the scope of work. Ms. Latimer stated that staff have requested a deferment list from the contractor.

8. District Manager’s Report for October 2024.

There was a discussion about the fiber connection and the letter sent to Lumen by Mr. Cassidy on behalf of the District. He stated that Lumen is reviewing the letter internally and have until Monday to respond. Ms. Huckfeldt said that there is no further update on their progress.

Mr. Anglin stated that the District participated in the City’s trunk or treat event and thanked the following staff members for volunteering: Keith Bostwick, Patricia Nelson, Steven Ratkovich, and Traci Coronado.

Mr. Anglin stated that there was one recordable safety incident.

Ms. Latimer provided updates on current and future developments around the City.

9. Discussion and scheduling of the 2025 regular meetings and work sessions of the Board of Directors, and action as determined.

MOTION made by Mr. Reynolds to approve the 2025 Board of Directors meeting schedule and the Notice of Regular Meetings; seconded by Mr. Gage.

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

No (0): None

MOTION CARRIED

10. Request for authorization and approval of the District’s proposed health, dental and vision benefits with Cigna Healthcare for Plan Year beginning January 1, 2025 on the terms presented at this meeting.

Mr. Reynolds asked if staff was satisfied with Cigna. Ms. Huckfeldt mentioned that there were some challenges in adapting to the new insurance carrier, but now things have settled, and staff appear to be pleased.

Ms. Waldron inquired about the increase compared to last year. Ms. Huckfeldt explained that last year, the District’s agreement with Cigna included a rate decrease over the previous provider and included a 15% rate cap for the following year. Due to the claims history this year, the District experienced the maximum increase of 15%. Ms. Huckfeldt stated that there was no increases in dental and vision plans, and there were no changes to the medical plan structures. The only modification was related to the HSA plans, which were adjusted to comply with new IRS guidelines.

MOTION made by Mr. Tremonti to authorize and approve the District’s proposed health, dental and vision benefits with Cigna Healthcare for Plan Year beginning January 1, 2025 on the terms presented at this meeting; seconded by Mr. Reynolds.

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

No (0): None

MOTION CARRIED

11. Request for authorization and approval for the District to construct recharge basin 12 at a cost not to exceed \$400,000; \$250,000 to be paid by a Water Infrastructure Finance Authority (WIFA) grant and \$150,000 from the Capital and Replacement Fund.

Mr. Gage asked about the dormant basins and their flow capacity. Mr. Anglin said the engineer believes that adding one more basin would accommodate increased expansion flows and the NPW. Mr. Gage asked whether this included the A+ reclaimed water that will be used offsite. Mr. Anglin stated that he would need to consult with the engineer and report back to the Board.

There was a discussion about the WIFA grant and the process of receiving the grant money.

Mr. Anglin stated that this project was part of the WRF Expansion, and staff removed it from the scope since WIFA offered the grant opportunity. He also stated that this is a cost effective way of building the basin with the grant.

Mr. Gage inquired whether it was necessary to construct the recharge bed now or if the project could be postponed until the future plant. Mr. Drye emphasized the importance of redundancy, stating that having additional recharge beds is crucial, for example if the water district encounters issues and is unable to handle our flow, these extra beds would help mitigate the situation.

Mr. Starr asked why the staff applied for the grant. Mr. Anglin explained that staff applied for the grant to help reduce the expansion costs.

MOTION made by Mr. Tremonti to authorize and approve the District to construct recharge basin 12 at a cost not to exceed \$400,000; \$250,000 to be paid by a Water Infrastructure Finance Authority (WIFA) grant and \$150,000 from the Capital and Replacement Fund; seconded by Mr. Reynolds.

Yes (4): Board Member Starr, Board Member Tremonti, Vice Chairperson Reynolds, and
Chairperson Waldron

No (1): Board Member Gage

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 appeared.

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

Mr. Reynolds stated he would like representatives from Stantec Consulting and Archer Western Construction present at the December board meeting to provide updates on the WRF Expansion.

Mr. Tremonti requested that solar initiatives be included on December's agenda.

Mr. Reynolds also reminded staff that legal services be added to agenda.

14. Adjournment.

There being no further business the meeting was adjourned at 9:20 AM.