



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 27, 2024 at 8:00 AM.

PRESIDING: Ms. Kathleen Waldron

PRESENT: Kathleen Waldron – Chairperson
Jim Reynolds – Vice Chairperson
Jesse Gage – Treasurer
Phil Tremonti – Secretary

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. Tremonti led the Pledge of Allegiance.

3. Approval of the Minutes of the June 25, 2024 Regular Meeting and Executive Session.

Ms. Waldron asked if there were any additions or corrections to the Meeting Minutes presented at the meeting.

Mr. Anglin stated that “mg/L” should be added to the permitted level stated by Mr. Drye on page 3 of the regular meeting minutes under the District Manager's report.

The minutes were accepted as corrected.

4. Monthly Disclosure Report for June and July 2024.

Mr. Reynolds inquired about the unfavorable variance in debt service. Ms. Zagar stated it was due to paying off the original debt early versus what was budgeted for.

Mr. Gage asked about the rate decrease with the group insurance. Ms. Huckfeldt stated it was based on the favorable rates with Cigna and the recent staff turnover.

Mr. Gage inquired about the telephone expenses. Ms. Zagar said that the budget accounts for the contracted amount for the fiber connection with Lumen Technologies.

Mr. Gage inquired about the favorable variance in the professional and engineering fees. Mr. Anglin explained that the cost for the flow study with Wilson Engineers was \$150,000 which began in June and will impact this fiscal year's budget.

There was a discussion about postage and the unfavorable variance. Mr. Tremonti asked why more customers are not using the electronic billing system available. Ms. Jimenez mentioned that many older customers are unwilling to switch to electronic billing, and some don't have internet access. Ms. Huckfeldt stated that there was also an increase in the price of stamps on July 1st.

Mr. Tremonti asked when the new chlorine tank was filled and where the expenses were reflected. Mr. Drye replied that the tank was filled in July, and expenses are shown in the July disclosure report under disinfection chemicals. He also mentioned that the older tank was drained for maintenance and repairs, and staff will alternate between the two tanks.

Mr. Tremonti asked about the legal fees associated with Mr. Cassidy's research on Per – and Polyfluoroalkyl Substances (PFAS) and wondered if there was anything the Board should be concerned about. Mr. Cassidy stated that the Environmental Protection Agency (EPA) made a decision on PFAS, which he was reviewing to see if it had an immediate effect on the District. He also stated that there were no immediate actions for the District at this time.

Mr. Tremonti asked about the increase in the District's water bill. Mr. Anglin explained that the District had agreed to have a non-potable water station on-site, and it is tied into the District's existing waterline. He also said the contractor used the water for backfill and compaction, and efforts are underway to work with the contractor to cover that portion of the bill. He also mentioned that the long-term goal is to establish an Intergovernmental Agreement (IGA) with the Water District, that there are not charges between the utility districts.

5. Monthly Project Status Report for June and July 2024.

Mr. Gage asked about the status of the second tertiary filter. Mr. Anglin stated that it has been installed and is operational. Staff is just waiting on the maintenance platform to be installed and the as-builts from the engineer to be submitted to ADEQ for final approval. He also stated that the District has complied with the compliance schedules in the Districts permit and have submitted to ADEQ for the approval to increase the WRF rating to 3 MGD.

There was additional discussion about the current and future projects at the District.

Mr. Tremonti suggested that the clarifier covers should have solar panels instead of awnings in order to generate more electricity for the District. Mr. Drye mentioned that the

covers needed to be removable for operation and maintenance. Ms. Waldron asked about staff efforts to explore the cost and solar companies. Mr. Drye said that staff have consulted with Stantec Consulting and determined that using solar panels for certain lights on the new plant expansion project would be more expensive, citing the cost to replace batteries. He added that there are ongoing discussions about the potential use of solar panels in other locations around the plant.

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

Ms. Latimer provided an update stating that the staff have completed reviewing 60% of the plans and specifications and had a review meeting. She also said that Archer Western Construction (AWC) is currently working on the cost model, which staff should receive in September.

Mr. Tremonti asked about the total of the cost model. Ms. Latimer explained that the staff had been requesting cost information, and AWC indicated that the electrical expenses would be the most significant, according to the specifications provided. Ms. Latimer mentioned that they are currently negotiating the cost of the electrical work. Ms. Waldron asked if the transformers had been ordered. Ms. Latimer confirmed that the transformers had been ordered and mentioned that another pre-procurement package containing switches and other necessary items would be proposed due to the long lead times.

Mr. Gage inquired whether the staff had used any part of the WIFA loan. Ms. Zagar confirmed that the District has utilized nearly \$3.2 million. Mr. Gage asked if staff could include a line item showing the amount of the WIFA loan that has been withdrawn in the monthly WRF Expansion update. Ms. Zagar said that staff will work on adding a line item for the Board. She also stated that the first payment of the WIFA loan is due January 2025.

Mr. Anglin informed the Board that staff will be submitting the amended Aquifer Protection Permit (APP) to ADEQ Friday. The amendment to Arizona Department of Water Resources (ADWR) would be submitted few weeks after that. He also said that this will allow the Board to see a new line item next month that shows the submittal dates under the permits section.

7. District Manager's Report for June and July 2024.

Mr. Tremonti asked for an update on the status of the fiber connection. Ms. Huckfeldt stated staff is currently waiting for the status update from Lumen Technologies. Mr. Anglin stated that the Water District is currently in the process of constructing its electrical and chemical buildings for the on-site NPW system and once complete they plan to begin installing fiber and connecting to the District.

There was discussion regarding the best direction to take on Lumen Technologies, who is outside of the terms of their contract.

Mr. Tremonti inquired about the nitrates. Mr. Anglin stated that the staff is continuously providing ADEQ with the sample results and will keep doing so until ADEQ establishes the new limits for monitoring well 4. Mr. Drye said that currently, the nitrate levels are at 9.8 mg/L, just below the permit level of 10 mg/L.

[At Mr. Gage's request, the meeting returned to Agenda #5.]

5. Monthly Project Status Report for June and July 2024.

There was additional discussion about the installation of additional safety railing around the tertiary filter.

[The meeting returned to Agenda #7]

7. District Manager's Report for June and July 2024.

Mr. Anglin thanked the following staff members, Keith Bostwick, Patricia Nelson, Corina Jimenez, and Traci Coronado, for enduring the heat and participating in the City's 4th of July event.

Mr. Anglin recognized Ms. Huckfeldt for her 10 years of service with the District.

[The meeting returned to regular order of the agenda.]

8. Discussion and update on the second phase of the Tomahawk Road sewer main extension and the Pinal County partnership and action as determined.

Mr. Anglin stated that the District installed the Tomahawk Rd. sewer main extension from 16th Ave, across Old West Highway, and stopped at 11th Avenue. He also said that the original plan was to collaborate with the county to design and construct the remaining portion of Broadway Ave. Mr. Anglin pointed out that there were communication issues between District staff, the county and engineering firm because of staff turnover. He said that the staff are currently in discussions with the county again; however, the county has indicated that they can only cover \$250,000 of the original amount, leaving the District to cover the remaining \$50,000.

There was discussion with the Board recommending that staff contact Pinal County Board of Supervisor Jeff Serdy to communicate with the County the importance of completing this project and the County to complete their portion of the sewer main extension

Mr. Tremonti asked what would happen if the District delayed this project. Mr. Anglin clarified that if the project is delayed, the sewer extension will not be installed in time and the development would not connect to the sewer. Mr. Gage asked if there was any development that would cause the sewer to stop connecting. Ms. Latimer stated that the development in the southwest corner needs 400 linear feet of connection, which is part of the County's portion. This portion needs to be completed regardless of the County's ability to construct their entire section. Mr. Gonzales emphasized that this connection would open up more opportunities for the area to connect to the sewer in the future. He also mentioned that the cost would triple if staff were to delay.

9. Discussion and review of the District Manager’s goals for Fiscal Year 2025 and action as determined.

Mr. Tremonti inquired about flow monitoring and its potential impact on the WRF Expansion. Mr. Anglin stated that the flow monitoring is for the northern part of the system and is intended to check the flow rates and determine capacity in that portion of the system. . Mr. Anglin said that since the District was established and with all the growth in the city over the years, it will be beneficial to know where the flow data is at now.

Mr. Gage stated he would like to see some coordination or discussions added to Mr. Anglin’s goals with the City and the Water District regarding long-term storage credits.

Mr. Gage expressed his interest in having Mr. Anglin create a program that utilizes funds from the employee development budget, stating the program would provide training in addition to their normal responsibilities to incentivize employees to remain with the District by encouraging them to pursue education and qualifications even when they are at the maximum of their pay grade.

Mr. Anglin said he would like to realign capital projects and begin planning before the budget for the actual capital project is finalized.

Mr. Gage brought up the Board's previous discussions about integrating measurable and deliverable goals into the District Manager's objectives. This would enable the Board to effectively evaluate performance.

This item was tabled due to the Board of Directors asking Mr. Anglin to revise his goals.

10. 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.

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

Ms. Waldron stated Mr. Anglin have the revised District Manager goals at the September meeting.

Ms. Waldron asked staff to provide updates on the Tomahawk project.

Mr. Gage would like to discuss the change of Board positions at the next meeting.

12. Adjournment.

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