



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, September 24, 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 August 27, 2024 Regular Meeting.

Mr. Cassidy mentioned that the phrasing of installing additional safety railing around the tertiary filter should be revised on page 4.

Ms. Waldron asked for the names of District staff who volunteered at the City’s 4th of July event to be added to page 4.

Mr. Anglin requested a correction for the Environmental Protection Agency on page 2.

The minutes were accepted as corrected.

4. Monthly Disclosure Report for August 2024.

Mr. Reynolds said he noticed a decrease in septage. Mr. Drye stated that staff has not decreased the limits; it has slowed down slightly.

Mr. Reynolds inquired about the unfavorable variance in service lines under Operations & Maintenance expenses. Ms. Zagar explained that the inventory is based on items purchased versus those that have been used, as well as any other supplies needed for connections.

5. Monthly Project Status Report for August 2024.

Mr. Gage inquired about the status of A+ Reclaimed water. Mr. Anglin explained that the District has been experiencing some plant upsets due to the east aeration basin being out of commission, and staff are still waiting for approval from the Arizona Department of Environmental Quality for the permit revision.

Mr. Gage stated that the target completion date for the new Operations and Maintenance building is the 3rd Quarter of 2026. He inquired about the funding, and Ms. Zagar explained that it is part of funding in FY25.

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

Mr. Tremonti asked staff to include dates for the status of permits when applying for each one. Mr. Anglin mentioned that staff will update the report to provide more information, as some permits will be completed by the contractor and others by the District. Mr. Gage asked whether a specific staff member was responsible for managing all the permits and keeping track of their status. Mr. Anglin responded that Stantec Consulting is currently handling the permits.

Mr. Gage asked about the guaranteed maximum price (GMP). Ms. Latimer stated staff will be receiving the cost model in the next few days, and the GMP by the end of the year.

7. District Manager's Report for August 2024.

Mr. Anglin said staff are still sampling the nitrate levels and sending the results to the Arizona Department of Environmental Quality (ADEQ). He also stated that the amendment application for the Aquifer Protection Permit (APP) was submitted, which includes the expansion and the additional Monitoring Well 4. It is currently under review by ADEQ.

Ms. Huckfeldt stated that staff had received an update from Lumen Technologies, indicating that they have obtained their permit from the Central Arizona Project (CAP) and are awaiting approval on the pending easement application from the Arizona State Land Department (ASLD).

Mr. Anglin acknowledged Anna DePriest for her 5 years of employment with the District.

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

Mr. Tremonti asked about the flow monitoring study and whether it has already been contracted. Ms. Latimer confirmed that it has been contracted with Wilson Engineers, who have completed the first half of the study and will conduct the second half in the winter.

8. Request for authorization and approval to enter into an Intergovernmental Agreement between the District and Pinal County for the Tomahawk Sewer Extension.

Mr. Anglin stated that Pinal County had agreed to fulfill their original commitment. Mr. Cassidy and the County's attorney worked together to create the intergovernmental agreement (IGA). Mr. Cassidy said that the IGA will cover the County covering costs to install the sewer extension, and the District will inspect and have final approval on the construction. The District will also waive connection and application fees for the County housing project to offset costs for the County.

Ms. Waldron asked about the start of construction on the extension. Mr. Anglin explained that the District's part is finished, the County's portion is pending. Staff are unsure when they will begin construction.

MOTION made by Mr. Reynolds for authorization and approval to enter into an Intergovernmental Agreement between the District and Pinal County for the Tomahawk Sewer Extension on the terms and in substantially the form presented at this meeting; seconded by Mr. Gage.

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

No (0): None

MOTION CARRIED

9. Request for authorization and approval to enter into an Intergovernmental Agreement between the District and Apache Junction Water Utilities Community Facilities District for the sale of long-term storage credits.

Mr. Reynolds requested a reminder about Roadhaven purchasing long-term storage credits from the District. Mr. Anglin explained that when the resort decided to connect to the sewer, they were concerned about watering the golf course. He also said at that time, the District offered them the opportunity to purchase the District's credits. He mentioned that the resort purchases the credits at the market rate.

There was discussion regarding the commitments and terms of agreement for the purchase of long-term storage credits with the Apache Junction Water Utilities Community Facilities District (AJWUCFD).

Mr. Tremonti inquired about the disqualifications outlined in the agreement. Mr. Cassidy explained that the credits could be invalidated if the District failed to comply with the storage permit with Arizona Department of Water Resources (ADWR), did not receive the credits, or if AJWUCFD is not eligible to recover the credits as per the requirements.

MOTION made by Mr. Reynolds for authorization and approval to enter into an Intergovernmental Agreement between the District and Apache Junction Water Utilities Community Facilities District for the sale of long-term storage credits on the terms and in substantially the form presented at this meeting; seconded by Mr. Tremonti.

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

No (0): None

MOTION CARRIED

10. Request for authorization and approval for the east aeration basin liner replacement at a cost not to exceed \$375,000 to be paid from the Capital and Replacement Fund.

Mr. Anglin provided information about the recent defect in the east basin aeration liner, which has caused recent plant upsets. He also stated staff had notified ADEQ immediately and provided the next steps for replacing the liner.

Mr. Gage inquired whether the staff intended to conduct further testing on the liner to obtain more information about the cause of the tear. Mr. Anglin explained that staff still have the removed liner and can have it looked at to determine if there were any other factors that may have caused the tear.

There was additional discussion on the possible impacts that this could have on the District.

Mr. Anglin said that staff are hoping to have it replaced and running by November, in time for the increased winter flows. Mr. Drye mentioned that Speedy and Associates will be coming to the plant to conduct soil tests under the liner, and staff have requested an expedited turnaround on the samples. He also mentioned that they will be digging down 2 ft. and 5 ft. to take samples from the middle and along the edges.

MOTION made by Mr. Gage to for authorization and approval for the east aeration basin liner replacement at a cost not to exceed \$375,000 to be paid from the Capital and Replacement Fund; seconded by Mr. Reynolds.

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

No (0): None

MOTION CARRIED

11. Request for authorization and approval to enter into an agreement with GOAT Risk Solutions Limited for risk management software services in an amount not to exceed \$6,500 annually to be paid from the Operations and Maintenance Checking Account.

Ms. Huckfeldt stated that this software was budgeted at the beginning of the year to provide oversight for analyzing and accessing risk management, as opposed to the current management using an Excel spreadsheet.

Ms. Huckfeldt stated that GOAT Risk Solutions Limited reviewed Mr. Cassidy's comments, and they changed and revised their general terms of use based on staff and Mr. Cassidy's remarks.

Mr. Tremonti said that he would like staff to reach out to GOAT's current customers to obtain an overall perspective of the software.

MOTION made by Mr. Reynolds for authorization and approval to enter into an agreement with GOAT Risk Solutions Limited for risk management software services in an amount not to exceed \$6,500 annually to be paid from the Operations and Maintenance Checking Account in substantially the form presented at this meeting; seconded by Mr. Gage.

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

No (0): None

MOTION CARRIED

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

Mr. Anglin stated he took the Board's comments and recommendations. He also stated that the measurables and deliverables have been added to each goal.

Mr. Tremonti asked Mr. Anglin for clarification about the deliverable for revising the capital planning document to separate project design and construction. Mr. Anglin explained that he would prefer to have the design budgeted in a separate fiscal year from the construction in order to obtain a more accurate cost and have more options available.

Mr. Tremonti inquired about the deliverables for the 3 IGA's with the City. Mr. Anglin explained that they include long-term storage credits, the non-potable water, and mutual aid billing agreement.

MOTION made by Mr. Reynolds to approve the District Manager's goals for Fiscal Year 2025; seconded by Mr. Tremonti.

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

No (0): None

MOTION CARRIED

13. Election of Officers

Ms. Waldron stated that Mr. Gage would like to retire from being the Board Treasurer and switch with Mr. Tremonti.

MOTION made by Mr. Reynolds to approve the change of the Board Treasurer's role with the Board Secretary, seconded by Mr. Gage.

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

No (0): None

MOTION CARRIED

14. 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.

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

No direction was given.

16. Adjournment.

There being no further business the meeting was adjourned at 9:38 AM.