



**MINUTES OF THE WORK SESSION 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, January 28, 2025 at 8:02 AM.**

**PRESIDING:** Ms. Kathleen Waldron

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

**ABSENT:** Jim Reynolds – Vice Chairperson

**Staff Present:** Darron Anglin – District Manager  
Traci Coronado – Executive Assistant  
James Drye – Operations 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  
Ben Griffin – Tischler Bise

**1. Call to Order.**

Ms. Waldron called the meeting to order at 8:02 AM.

**2. Presentation and discussion of the TischlerBise 2025 rate and fee study.**

Ms. Huckfeldt stated that Mr. Griffin from TischlerBise is here to deliver a presentation on the methodologies and assumptions used in developing the 2025 rate and fee study.

Mr. Griffin provided an overview of the rate and fee study to the Board, which included the basics of fee methodologies, sewer connection fees, and the sewer cost of service. He mentioned that they propose to have the final study presented at the March meeting.

Mr. Griffin said that connection fees are one-time payments intended to cover growth-related capital costs. He also outlined three main components of the fee methodologies: the cost recovery approach, the incremental expansion approach, and the plan-based approach.

Mr. Griffin presented a comparison of wastewater fees for single-family homes in different cities across the valley. This comparison highlighted the District's current fee structure and what it will look like after the increase in connection fees.

Mr. Tremonti stated that the study is based on the assumption that the connection fees collected during this period will fully cover the bond issue and monthly service charges will be used exclusively for normal operating expenses. Mr. Griffin said that the goal is to separate the capital

costs related to growth from the rates, ensuring that the existing customer base does not pay for the expansion.

There was a discussion regarding the proposed rates, which include annual increases of 2%.

Mr. Griffin stated that the District anticipates a budget deficit for FY 2026 and FY 2027 due to the interest and loan payments from WIFA. He also mentioned that the District is required to reach a balance of \$5.6 million in the debt service reserve fund, which will be supported by connection fees. Mr. Griffin explained that any connection fees not used for WIFA repayment or to meet the debt service reserve fund requirements will be transferred to the expansion reserve fund, where they can be allocated for future WIFA repayment.

There was discussion related to how sewer flows per customer are used in the calculation of the connection fees. Mr. Tremonti inquired about the status of the flow studies. Mr. Anglin responded that the studies have completed the first portion and will be gathering the remaining data starting in February. The District will use this data and that from the Superstition Vistas area to review the assumed average daily flows of each customer type. Mr. Anglin stated that currently the rate study uses 200 gallons per day per single family home. This is the flow that the District commits to with ADEQ for each new single family home customer.

Mr. Anglin said that the staff will be holding additional discussions in the coming months internally and with the Board. He said staff aim to finalize the numbers and are still awaiting additional data from TischlerBise.

### **3. District's long range financial planning.**

Mr. Anglin said that staff relied on various assumptions while creating the long-range financial plan. He stated that the plan will be updated with new data from TishlerBise once it becomes available.

Mr. Anglin provided information on the growth in the city. Mr. Anglin noted that only one single family home community in the northern area is projected, which is Goldfield Estates.

There was a discussion about septic tank failures and whether the District would be able to manage the increased flow if all affected customers connected to the sewer line. Mr. Cassidy stated that with the upcoming expansion, it will be much easier for those customers to connect

Ms. Zagar stated that there are some increases in expenses and staff have taken that into consideration when creating this plan. Mr. Anglin stated that operations and maintenance (O&M) expenses need further review, and the budget should be increased to account for the new WRF expansion coming online.

Mr. Gage asked about the procedures that have to be in place to start accepting industrial waste. Mr. Anglin stated that the District does not currently serve any industrial customers, and that staff must prepare and implement an industrial pre-treatment program before serving those accounts.

### **4. Discussion and review of the strategic planning for the District's future.**

[Mr. Cassidy left the meeting at 9:29 AM.]

[Mr. Cassidy returned to the meeting at 9:31 AM.]

Mr. Anglin noted that in recent years, the strategic planning focus has been on preparing for growth. As the expansion progresses, staff will adjust their efforts to manage this growth effectively. New staff members will be brought on board to meet the rising customer demand has prompted. Mr. Anglin also discussed the goals and action plan for the current fiscal year 2025 (FY25) and the upcoming fiscal year 2026 (FY26).

Mr. Tremonti inquired about any further discussions regarding the Water District's treatment of effluent water. Mr. Anglin responded that AJWD is allocating funds to build a demonstration trailer, which will be taken to community events throughout the city. He said the purpose of the trailer is to educate customers about drinking recycled wastewater and to provide them with relevant information.

Mr. Tremonti asked that staff incorporate alternative energy into the strategic planning.

Mr. Gage inquired about the recent changes to the safety program. Ms. Latimer explained that staff have updated the policy to include new changes mandated by OSHA.

## **5. Discussion and review of the WRF expansion.**

Ms. Latimer discussed the Guaranteed Maximum Price (GMP) that Archer Western Construction (AWC) provided, which was under \$100 million.

Mr. Tremonti asked if there was anything that was removed. Mr. Anglin stated that the maintenance and administration buildings were removed.

There was discussion about AWC starting construction in April 2025 and concluding in June 2027.

Mr. Tremonti inquired about the SRP substation. Mr. Anglin mentioned that SRP is constructing a substation to the south, and there were discussions about the possibility of SRP building a substation on plant site.

Mr. Gage inquired about the status of the fiber connection. Mr. Anglin responded that ASLD has until March to issue a value on the easement. As part of the NPW station improvements AJWD has connected the water treatment plant to the NPW building. Once connection is made to the District system staff may be able to use it for internet service.

Mr. Gage inquired whether staff could obtain data from the new plant, Copper Basin, that AWC recently constructed. Mr. Anglin responded that staff would reach out and request it.

## **6. Adjournment.**

The meeting was adjourned at 10:13 AM.



**APACHE JUNCTION  
SEWER DISTRICT**  
RECLAIMING WATER FOR THE FUTURE

Board of Directors  
Work Session  
Guest Sign-In

	<u>Name</u>	<u>Representing</u>
1.	Ben Griffin	Tischler Bist
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