



**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, March 25, 2025 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  
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. Approval of the Minutes of the February 25, 2025 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 February 2025.**

Mr. Tremonti inquired about the removal of suspended solids, specifically asking what happens to the remaining solids not removed. Mr. Anglin said that any remaining suspended solids will flow to the recharge basins. Mr. Drye added this is relatively small in comparison to the solids that enter the plant and that the 96% removal meets the permit limit.

Mr. Gage asked about the unfavorable variance related to application fees and if it was still due to Salt River Project (SRP). Mr. Anglin said that the developer is waiting for SRP to provide adequate electrical service to the master-planned community. He also stated that construction on the infrastructure for new subdivisions is still progressing, but home starts remain lower. Mr. Anglin said staff are working with the developer for next year’s projections.

There was discussion regarding the favorable variance with multifamily connection fees.

Mr. Reynolds asked about the unfavorable variance related to biosolids disposal. Mr. Anglin said when staff replaced the liner for the east aeration basin, any contaminated solids were disposed of, which was a one-time expense.

There was discussion regarding the source of the contributed systems revenue. Mr. Anglin explained that this revenue comes from when the developer turns over a system to the District, at which point it is counted as contributed system revenue. Ms. Zagar added that this revenue was specifically from the Cortez Lift Station, as well as the main lines and force main, which were received in July.

Mr. Starr asked about the unfavorable variance in utilities, particularly the electric bill. Ms. Zagar said that the bill reflects the costs incurred in February. Mr. Drye added that January and February are typically the District's peak usage months, during which staff activate a second blower, leading to increased expenses.

Mr. Cassidy provided an update on the executive order concerning federal funds for infrastructure, noting that many of the freezes have been grouped together. He stated that these executive orders should not impact the District's WIFA loan as WIFA is well-funded, with approximately \$900 million in their accounts, and are still issuing loans and bonds.

## **5. Monthly Project Status Report.**

Mr. Gage asked about the flocculation system and the piping installed during the replacement of the liner in the east aeration basin. He asked whether staff plans to perform similar repairs in the west aeration basin once it is drawn down. Mr. Anglin responded that staff plan to carry out this work during the summer when flows decrease.

Mr. Gage inquired about the status of the A+ reclamation water permit. Mr. Anglin stated it is still under review by ADEQ.

Mr. Tremonti stated that there are currently \$3.6 million in reserves for capital expenditures, along with projected costs totaling \$5.1 million. He emphasized the need to increase reserves so that these two figures align.

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

Mr. Anglin stated that the contractor is reconciling changes to the plans from 90% to 100%. He also said the contractor is mobilizing on-site and plans to start digging the largest basin first so that they can begin pouring concrete.

Mr. Tremonti asked what does the 90% approval mean. Mr. Anglin explained that the contractors have provided a 90% cost and will complete the project for that price. He added that they only need to reconcile the costs to finalize the process.

Ms. Waldron inquired about the potential impact of tariffs on the District. Mr. Anglin said that the contractor has begun executing contracts and that there have been no effects thus far. Ms. Huckfeldt added that a significant portion of the contract stipulates the requirement to use American-made products.

Mr. Anglin stated that when the Board approved the GMP II, staff presented a management report that included an exhibit detailing the major costs. This exhibit outlined the expenses related to GMP I, GMP II, the generator, and Stantec's services. He also stated that not all capitalized costs were included in this report, such as loan origination fees and pre-construction expenses.

Mr. Anglin noted that the total costs amount to \$111 million, which exceeds the WIFA loan. He

further stated that the total project costs include \$5.3 million in contingencies, and that if those were all to be used during the project, the Owner's Contingency could come from the uncommitted portion of the District's capital fund.

There was a discussion regarding the permits required for the project and whether the District would be held liable if any issues arose. Mr. Anglin mentioned that the contractor has already obtained the necessary construction permits. He also stated that staff submitted the APP application to ADEQ, which is currently under review. He also said that the APP and Air Quality permits are essential permits for activating the new plant.

**7. District Manager's Report for February 2025.**

Mr. Anglin provided an update on the fiber optic connection, indicating that everything is on track to proceed with Zayo. He said staff recommends moving forward with Zayo, and stated the cost is below the threshold requiring Board approval. Ms. Huckfeldt added that, based on recommendations from itSynergy and the City's IT department, it is important to consider another provider as well for the District to have redundancy and security measures in place; in the event that a fiber line is cut, a backup connection should be available.

There was discussion regarding Lumen Technologies. Mr. Anglin asked the Board if they would provide Mr. Cassidy with direction on the next steps concerning the Lumen contract. He pointed out that the District entered into the original agreement with Lumen in April 2022. Mr. Cassidy then outlined the options and risks associated with canceling the contract. Mr. Tremonti emphasized that Mr. Cassidy should send a letter to Lumen today, stating that the company should not execute any easements or incur costs on behalf of the District.

Mr. Anglin recognized the addition of new staff members Sean Cole, Alex Little, James Pinkerton, Edgar Santos, and Peni Tilini, who joined the District in February.

**8. Discussion and update on solar energy and electrical generation alternatives and action as determined.**

Mr. Anglin presented a summary of solar energy and alternative options that staff have researched and learned from seminars and training sessions.

Mr. Anglin said staff received more information from a solar company that outlined the costs, savings, and benefits of solar energy for the District. He also emphasized that solar energy should be considered as a potential option for the plant in the future.

**9. 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 at this meeting to comment.

**10. Direction from the Board of Directors to staff regarding items to place on the next Regular Board meeting agenda.**

Mr. Tremonti requested that Ms. Zagar bring the assumptions spreadsheet he created to the work session in April.

Mr. Tremonti asked that the Board of Directors begin touring the various projects occurring around the city and at the plant.

Mr. Tremonti instructed staff to present the video provided by Mr. Starr regarding in-pipe energy.

**11. Adjournment.**

There being no further business the meeting was adjourned at 9:50 AM.