



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 26, 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
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
Richard Dyer – Independent Newsmedia

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 May 20, 2025, Executive Session and June 24, 2025 Regular Meeting and Executive Session.

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

Mr. Tremonti asked for clarification on Item 13 of the June 24, 2025 Regular Meeting minutes regarding the delivery of non-potable water to the Apache Junction Water District and whether the flow would be metered as soon as delivery begins. He did not request any changes to the minutes.

The regular meeting minutes were accepted as presented.

4. Monthly Disclosure Report for June and July 2025.

Mr. Reynolds asked if the continued variance in connection fee revenue was due to the delay in getting electrical service to new construction in the Superstition Vistas community. Mr. Anglin stated that the electrical issues had been resolved for the first half of the subdivision and that the second half would be served by a new substation which is scheduled to be completed in 2027. The status of sales in the development was discussed.

There was discussion regarding an item on the June invoice from Cassidy Law Firm, PLC related to updated Americans with Disabilities Act rules for government and commercial websites.

Ms. Zagar explained that the Water Infrastructure Finance Authority (WIFA) transferred the loan interest payment that was due in January 2025 based on the total loan amount, and that the transfer should have been for the interest only on the amount drawn to date. She stated that, as a result, the July 2025 payment was not transferred and that the District has a prepayment amount on file with WIFA for the difference. She added that the District has the option to either have the excess payment refunded or to leave it as a credit towards the next payment due.

There was discussion regarding the cancellation notice sent to Lumen and Mr. Cassidy provided an update, stating that the District had not received any response from their legal staff. The statute of limitations for any litigation related to the contract was also discussed.

Mr. Starr asked about interest rates being earned on the District's deposit accounts. Ms. Zagar explained that the majority of the District's reserves are deposited with the Arizona State Treasurer's Local Government Investment Pool and are earning favorable interest rates. She stated that the District is restricted to specific low-risk types of investments. It was also discussed that the District's bank accounts are interest bearing insured cash sweep (ICS) accounts which protect balances that exceed standard FDIC limits.

5. Monthly Project Status Report for July 2025.

The fiscal year 2026 capital budget and required funding for projects were discussed.

Mr. Gage asked if the flocculation system is the final requirement to produce A+ quality effluent. Mr. Anglin stated that the permit has already been revised and issued for A+ effluent and that the Arizona Department of Environmental Quality required that the flocculation system be available if needed to meet permit requirements.

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

Ms. Latimer stated that the project is on schedule and updated the Board on the progress of construction.

Mr. Anglin stated the 100% guaranteed maximum price would be presented to the Board at the September meeting. Mr. Tremonti asked if there were substantial changes in scope from 90% to 100%. Ms. Latimer stated that most of the changes were related to materials and specifications that would result in cost savings without sacrificing the integrity of the project. Mr. Anglin added that nothing critical to the process was removed.

Mr. Anglin confirmed that the District's discharge permit capacity had been updated to 3.0 million gallons per day. He stated that the operating permit is still under review.

7. District Manager's Report for May 2025.

Mr. Anglin recognized Ms. Latimer for obtaining her Professional Engineer license and the hard work and dedication that is required to achieve this designation.

Mr. Anglin stated that multiple employees attended Wastewater Collection System operator training and were testing to obtain their certifications. Other training requirements for Collection System and Plant Operations staff were discussed.

Mr. Anglin notified the Board that the District had been approached by a cell tower company to install a cell tower on the WRF site due to growth in the area. He stated that representatives had toured the site and if the Board is interested the details would be negotiated and the proposed terms would be presented to the Board at the September meeting.

An update on the non-potable water system was provided by Mr. Anglin. He stated that the contractor has completed work and start up is pending connection to electricity.

Mr. Anglin congratulated Karen Brenden on 10 years of service at the District.

Ms. Latimer provided development updates on current and future projects in the City.

8. Authorization and approval of the construction of the Operations and Maintenance Building at a cost not to exceed \$3,500,000 to be paid from the Capital and Replacement Fund.

The proposed Operations and Maintenance building project was discussed, and a rendering and site location were presented. Mr. Anglin stated that a bid for the project was solicited and that all of the bids received were over budget. He further stated that the scope was reviewed and some items removed to reduce the cost. The scheduled completion of the project was discussed.

MOTION made by Mr. Tremonti to authorize and approve the construction of the Operations and Maintenance Building at a cost not to exceed \$3.5 million to be paid from the Capital and Replacement Fund; seconded by Mr. Reynolds.

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

No (0): None

MOTION CARRIED

9. Discussion of solar and other related energy generating technologies.

Mr. Anglin stated that the Board had requested that certain energy generating technologies be reviewed and discussed. He explained that the options presented were not meant to be an exhaustive list and that both passive and active solutions were researched. He also stated that Mr. Cassidy had reviewed the legal requirements and challenges that would be involved for either solution.

The cost, maintenance and other components of each option were discussed, and it was determined that the active solution, solar thermal generation, was not feasible for the District to pursue at this time. Mr. Starr stated that solar is a first step towards other alternatives in the future. Mr. Anglin stated that the passive solar solution would be proposed and discussed as part of agenda item 10.

10. Authorization and approval of the purchase and installation of solar power improvements at the WRF at a cost not to exceed \$800,000 to be paid from the Capital and Replacement Fund.

Mr. Anglin stated that a Request for Proposal (RFP) for solar power was issued requiring that the project offset 35 – 40% of the District's electrical usage, with two proposed locations at the WRF site. He further stated that two proposals were submitted and both included applicable energy rebates.

The estimated payback period for the proposal that was scored highest was discussed. Mr. Anglin reviewed some of the key components of the proposal including the percentage of power usage that could be offset, the life of the proposed system, warranty period and potential energy cost savings over the life of the system.

Additional discussion took place regarding the installation schedule and whether the system would be completed in time to be eligible for the 30% rebate. Mr. Anglin stated that the preferred proposal also included an additional 10% credit due to the percentage of the project materials that would be domestically sourced.

Mr. Tremonti requested that staff seek advice from a tax consultant to ensure that the project will qualify for the full energy rebates being proposed. Mr. Cassidy stated that even if proposed legislation were to remove the energy credits for solar projects going forward, guidance had been issued indicating that the credits for qualifying projects would not be removed retroactively.

Mr. Anglin stated that the cost of the proposal was over the approved budget for the project. He presented alternatives should the Board choose not to approve the proposal as presented, including cancellation of the project and revising the scope for another solicitation. Additional details of the proposals were discussed.

The Board discussed the advantages and disadvantages of approving the proposal, and their responsibility to the District's customers.

MOTION made by Mr. Tremonti to authorize and approve the purchase and installation of solar power improvements at the WRF at a cost not to exceed \$800,000 to be paid from the Capital and Replacement Fund; seconded by Mr. Reynolds.

Yes (3): Board Member Starr, Board Member Tremonti, Board Member Reynolds

No (1): Board Member Gage

Abstain (1): Chairperson Waldron

MOTION CARRIED

11. Authorization and approval of the installation of improvements for Phase 2 of the WRF Non-potable Water System (NPW) at a cost not to exceed \$375,000 to be paid from the Capital and Replacement Fund.

Mr. Anglin stated that the materials were purchased as part of Phase 1, which was approved in the prior fiscal year, and that Phase 2 is for the installation and completion of the project. He explained that these improvements will increase the pipe diameter of the existing piping to provide sufficient water to multiple treatment processes including the new biosolids dewatering process that will be part of the expansion.

Mr. Gage asked if the improvements would be sized for future growth. Mr. Anglin stated that it is sized to provide enough water for the existing plant and the new screw press.

MOTION made by Mr. Reynolds to authorize and approve the installation of improvements for Phase 2 of the WRF Non-potable Water System (NPW) at a cost not to exceed \$375,000 to be paid from the Capital and Replacement Fund; seconded by Mr. Tremonti.

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

No (0): None

MOTION CARRIED

12. Discussion and review of the District Manager's goals for Fiscal Year 2026 and action as determined.

Mr. Anglin said that he had included feedback from his performance evaluation in setting his proposed goals. He reviewed key goals that were proposed for the current fiscal year.

MOTION made by Mr. Reynolds to approve the District Manager's goals for Fiscal Year 2026 as presented at this meeting; seconded by Mr. Gage.

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

No (0): None

MOTION CARRIED

- 13. 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 § 38-431.01.I.**

No one from the public appeared at this meeting to comment.

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

Mr. Gage requested that the current service agreement and billing rates for electricity services be reviewed and discussed.

Mr. Tremonti asked that the additional 10% energy credit for the solar installation be reviewed by a tax consultant to determine if it is correct as proposed.

Mr. Starr requested that the District's qualification for tax exempt status as a utility and not for profit organization be discussed.

Ms. Waldron asked that the contract and performance of itSynergy, the District's IT service provider, be discussed in executive session.

- 15. Adjournment.**

There being no further business, the meeting was adjourned at 9:49 AM.



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

Board of Directors
Regular Meeting
Guest Sign-In

<u>Name</u>	<u>Representing</u>
1. <u>Richards Myra</u>	<u>Independent news media</u>
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
11. _____	_____
12. _____	_____
13. _____	_____
14. _____	_____
15. _____	_____
16. _____	_____
17. _____	_____
18. _____	_____
19. _____	_____