# MINUTES OF MEETING
# BOARD OF DIRECTORS
# FOUNTAIN HILLS SANITARY DISTRICT

The Board of Directors of the Fountain Hills Sanitary District met in a **Regular Meeting** on **Tuesday, July 20, 2010** at **6:00** p.m. in the District's Board Room located at 16941 E. Pepperwood Circle, Fountain Hills, Arizona.

**Agenda Item No. 1**
**Call to order and roll call**

*Upon roll call, the following Directors were present:*

Chairman Glenn Panaro, Director Bruce Hansen, Director Bob Thomson, and Director Tom Reski. Vice Chairman Michael Howard was absent.

*The following Executive Staff members were present:*

Ron Huber, District Manager, Bill Sullivan, Legal Counsel, Tori Sawyer, Controller, and Penny Cook, Assistant Secretary.

**Agenda Item No. 2**
**Approval of Minutes: Regular Meeting: 06/15/10**

A motion was made by Director Thomson to approve the minutes of the Regular Meeting of June 15, 2010 as presented. Director Hansen seconded the motion which passed unanimously.

**Agenda Item No. 3**
**Presentation of service recognition award to Bill Cunningham for 30 years of service.**

District Manager thanked Bill Cunningham for his 30 years of service and presented him with a service recognition award.

**Agenda Item No. 4**
**Presentation, discussion, and possible direction to staff regarding Fountain Lake water quality study.**

District Manager introduced Doug Kobrick, who was hired by the District Manager to perform a study on Fountain Lake water quality. Mr. Kobrick presented the Board with the results of the preliminary study. He explained the causes of the odors and possible solutions.

District Manager is requesting authority to look into hiring someone to perform a model of the Lake in order to further evaluate the possible solutions.

District Manager will obtain an estimate for the cost of the model and inform the Board of his findings.

**Agenda Item No. 5**
**Call to public.**

There was no public comment.

**Agenda Item No. 6**
**District Manager's report; items to be discussed include plant and recharge statistics for July, permit compliance, Progress on ASR Well No. 5, status of former State Trust Land, Reclaimed Water Use Agreements – Eagle Mountain and Town, Aquifer Protection Permit Amendment, SRP Grant/Rebate, Utilizing Solar Energy at District Facilities, WWTP Landscape Project, Fountain Lake Water Quality, digester diffuser testing, results of study to determine cause of fecal coliform issues, and general direction from Board.**

- District Manager reported the District's total recharge credit available as of June 30, 2010 was 278,445,979 gallons.

- District facilities were in compliance with all permit requirements for the month of June.

- A pre-submittal conference was held on Monday, July 12, 2010 for the ASR Well No. 5 project. Eight contractors were present and Statements of Qualifications for a CM@Risk are due at the District on July 21, 2010.

The County has approved the plans and specifications on the ASR Well No. 5 project and the Town has yet to provide any feedback.

- Nexant conducted a final inspection of the SRP Grant/Rebate related WWTP improvements on July 8, 2010. It appears that the District's annual savings as a result of the improvements will be somewhere in the neighborhood of $100,000. The exact amount of our grant will be known shortly.

- All that remains for the WWTP Landscape Project is the letters on the sign.

- The week of June 21, 2010, the west digester cell was emptied for inspection of the diffusers and diffuser piping. The inspection revealed that every single non-stiffened diffuser was leaking. The leaks cause the air header to plug with sludge, thereby, restricting the flow of air into the digester basin. The diffusers with metal stiffeners were not leaking after several months of operation. No diffuser piping was broken.

Tideflex, the manufacturer, will be replacing all failed diffusers with the stiffened variety at their expense. The one year warranty period on the diffusers will not begin until all new diffusers have been installed in both the east and west digester basins.

- District staff received a report from Tetra Tech who was utilized to look into the fecal coliform issues. Tetra Tech hypothesizes that during certain times, mainly in the winter and cooler weather that the District's treatment plant can't adequately take care of the grease that is entering the plant. The grease is congealing around bacteria and shielding the bacteria from the effects of the chlorine.

Tetra Tech recommended that the District perform additional laboratory tests to determine if their hypothesis is correct. If their hypothesis is correct, the District will look into adjusting the process.

**Agenda Item No. 7**
**Controller's report; items to be discussed include status of income and expenditures, billing, report on collection efforts to date, and general direction from Board.**

The Controller reported that the General Fund Income Statement for June and 09/10 fiscal year was slightly favorable to budget.

There were no Service Agreements issued in June.

Billing is on track.

**Agenda Item No. 8**
**Consideration to execute engagement letter presented by Henry & Horne to conduct the District's 2009/2010 fiscal year audit.**

After a discussion, a motion was made by Director Thomson to execute the engagement letter presented by Henry & Horne to conduct the District's 2009/2010 fiscal year audit with legal counsel's recommended changes. Director Hansen seconded the motion which passed unanimously.

**Agenda Item No. 9**
**Consideration to revise vacation accrual table in employee handbook to reflect change in accrual for District Manager after 20 years of service.**

Director Thomson made a motion to revise the vacation accrual table in the employee handbook to reflect the change in accrual for the District Manager after 20 years of service. Director Reski seconded the motion which passed unanimously.

**Agenda Item No. 10**
**Discussion and consideration to award contract for Pump Station No. 4 Paving Project.**

District received four bids for the Pump station No. 4 Paving Project ranging from $61,587.71 to $129,900.00. Performance Paving, the low bidder, did not list subcontractors in their bid. After the bid opening, Performance submitted a letter stating that they were going to use a subcontractor with a license that would cover the aspects of this project that were not covered by Performance's license.

Legal counsel informed the Board that they could award contract to second low bidder, reject all bids and allow the four bidders to amend their bids, or reject all bids and re-advertise.

Director Hansen made a motion to award the bid to Performance Paving. There was no second to this motion.

After a discussion Director Reski moved to throw out the bid from Performance Paving and award the project to ABC Asphalt, the second lowest bidder. Director Thomson seconded the motion. The motion failed to pass with a vote of 2 to 2.

Director Thomson made a motion to reject all bids and allow the four bidders 20 days to amend their bids. Direction Hansen seconded the motion. The motion failed to pass with a vote of 2 to 2.

**Agenda Item No. 11**
**Discussion and possible direction to staff regarding annexation of former state trust land.**

Director Reski moved and Director Hansen seconded to go into executive session pursuant to A.R.S. § 38-431.03(A)(3) & (4), for the purpose of discussion or consultation with the District's legal counsel for legal advice regarding the annexation process and/or to consider the District's position and instruct its counsel regarding a pre-annexation (or similar) agreement involving the former state trust land. Motion carried with a vote of 3 to 1 and the regular session adjourned at 7:32 p.m.

Regular session resumed at 8:08 p.m. There was no discussion and no direction given to staff.

**Agenda Item No. 12**
**The chairman, the individual members of the board and the district manager will each be permitted to provide a brief summary of current events. The Board will not propose, discuss, deliberate or take legal action at the meeting on any matter addressed in the summaries, unless the specific item is otherwise properly noticed.**

There were no comments.

**Agenda Item No. 10**
**Adjournment.**

Director Hansen made a motion to adjourn the meeting at 8:10 p.m. Director Thomson seconded the motion which passed unanimously.

*Dated this 21st day of July, 2010.*

Fountain Hills Sanitary District

*Minutes Prepared By:* Penny Cook

Penny Cook, Assistant Secretary