

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 **Wednesday, April 17, 2019** at **5:30** 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 Gregg Dudash, Director Michael Maroon, Director Robert Thomson (telephonically), and Director Tom Reski. Vice Chairman Jerry Butler was absent.

(Note: Unanimous votes refer to all Directors present)

The following Executive Staff members were present:

Dana Trompke, District Manager, Bill Sullivan, Legal Counsel, Tori Myers, District CPA, and Penny Cook, Assistant Secretary.

Agenda Item No. 2 **Approval of Minutes: Regular Meeting: March 20, 2019**

A motion was made by Director Reski to approve the minutes of the Regular Meeting of March 20, 2019 with discussed changes. Director Maroon seconded the motion which passed unanimously.

Agenda Item No 3 **Call to public**

Mr. Shelstrom, resident, requested to speak to Agenda Item No. 4 regarding permit compliance.

Mr. Shelstrom stated that he had been looking into the vault project and at first it was about the dollars and he thinks that has mostly been resolved now. While looking into the project, he came to a really big concern in regard to safety. He stated that Mr. Reski is very aware of OSHA regulations that relate to confined space as part of his business and he found it strange in reading the quote in the times that in the water vault there was methane and hydrogen sulfide. He worked for 15 years in the gas industry and they take those things very seriously and he couldn't find out how the District could have that kind of hazard, so he requested a hazard map for this area, and he was responded, there is no such document. He is sure the Board would find that troubling. The other thing he looked for was entry permits, because if you're going to enter a confined space that's got a potential for methane and hydrogen sulfide, you darn well better have a permit that defines the hazard itself as well as protective equipment. He stated that when he filed for the last entry permit, he was told there was none and that it was a non-permit entry. OSHA requires if an area of confined space contains or has a potential to contain a hazardous atmosphere, you have to have permitted entry. You don't have the option to be non-permitted. So, he asks the Board a question, do these vaults and perhaps there might be 20 places like this in the system that there are risks and hazards like methane that are

non-permit entry. There is another thing that he was sure Mr. Reski's also very aware of: If you have a methane potential explosion risk in a confined space because of electrical classification codes like RB500, you darn well better have classified electrical equipment in there, probably Class 1 or Class 2. If you're planning on salvaging some of that equipment that is fairly new, the question is, is it classified or not? He's seeing here, now maybe you can answer this very well, maybe there's really not methane in there and maybe it's not hazardous. If so, that's fine, but in an article the District Manager said the District has to test for methane and toxic gasses every time. If you're doing that, you've got a hazard and if you have a hazard you have to permit. So this could be a legal issue and it's not just these vaults that are going to be going away, it's the question what about the whole system. What is the safety management program, because the fact is if you've got this there and you have non-permitted entry, you've got a very big OSHA issue? I'd love to hear you respond to see how we have this kind of atmosphere and whether or not it warrants being un-permitted. Thank you.

Director Reski asked District Manager if the District tests for gasses. District Manager stated that standard practice is that whenever there is any kind of enclosed basin of any size, an oxygen meter is dropped down into the area to test the oxygen level. He also asked if there ever has been any issue with gasses being detected in any of the well vaults. District manager stated there have been none. It is the District's policy to drop an oxygen meter whether the space is a permitted or non-permitted confined space.

Agenda Item No. 4

District Manager's report; items to be discussed include plant and recharge statistics for March, permit compliance, new and existing sewer services, active project updates, recent activities, public communication efforts, Town communication and/or coordination efforts, and general direction from Board.

District Manager reported for the month of March: The average daily influent flow was 2.184 MGD, total WW treated was 67,690,000 gallons.

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

Reclaimed Water delivered to reusers was 29,143,600 gallons.

District Manager reported the District's total recharge credit available as of March 31, 2019 was 722,809,036 gallons.

There were five new single-family units, 6 new multi-family units, and 145 non-residential units (CopperWynd Resort Exp.) of sewer service agreements issued in March.

The engineer has completed the design plans for the ASR Well Vault Replacement Project. District staff, with the assistance of the Engineer, have reviewed and refined the Construction Manager at Risk (CMAR's) cost model and have successfully negotiated a fair value for the investment in these needed facilities. Contracts for the Contractor and Engineer are on the agenda, as well as the IGA with the Town.

Master Plan Study preliminary findings indicated that both the treatment plant and collection system will have sufficient capacity for complete buildout (development) of the current District boundaries. Some improvements in a small number of sewers and expansions of various treatment components will be required. Analysis are not yet fully complete on various State Trust Land scenarios and its impact on collection and treatment systems. Preliminary findings relating to recycled water management have not been completed.

Staff has completed training on the new GIS, Geographic Information System, and sewer capacity modeling software.

The contractor is developing traffic control plans to submit to the Town for approval for the Sewer Rehabilitation (slip-lining) Project FY 18-19. Contractor is anticipated to start in May by first cleaning and TV inspection of the sewer lines and is scheduled to be complete by June. District is preparing notifications to affected residents.

District will be getting quotes for the Air Compressor Replacement Project. Due to electrical modifications required, the installation will require a contractor and is budgeted for next FY.

Plant staff have successfully completed the draining, cleaning and inspecting of several large basins. The basin at the Pump Station at FireRock had not been drained and inspected since being put into service in 2006, was recently done, and staff was very well pleased with the integrity of basin.

Collections staff is very busy with many sewer lateral repairs and installation of laterals for new services.

District Manager has reached out to the golf course superintendents to arrange meetings regarding future recycled water management.

Well No. 3, located at the AWT facility, had a motor that went bad. The pump was pulled and repaired, repair to some of the submersible cable was done, and new motor and motor shroud kit was installed. Laveen was hired to do this job at a cost of \$22,667.06.

District Manager met with Town Engineer to discuss the preliminary findings of the flood channel re-delineation study being completed by Maricopa Co. Flood Control District. Preliminary findings indicate the area where ASR Well 1 is located is recommended to be reclassified from an area within a 100-year flood zone, to an area possibly still subject to flooding. With this information, we can now begin planning efforts for the replacement of well #1 vault.

The District continues its successful partnership with the FH Coalition and the local precinct of the Sheriff's office to promote the National Drug Take-Back Days to encourage the proper disposal of unused prescription drugs. The next event will be April 27, 2019.

Staff has developed communication materials regarding the Well Vault Replacement Project.

Staff has developed notifications to residents in the areas where the Sewer Rehabilitation work will be completed.

District Manager will be presenting an overview of the District to the Neighborhood Property Owner's Association (NPOA) social meeting on 4/18/2019.

Agenda Item No. 5

District CPA's report; items to be discussed include status of income and expenditures, billing, report on collection efforts to date, and general direction from Board.

District CPA reported the General Fund Income Statement for March was favorable to budget.

Agenda Item No. 6

Discussion and consideration to approve the FY 2019/2020 preliminary budget and fee schedule for publication and to set public hearing thereon.

Director Maroon made a motion to approve the FY 2019/20 preliminary budget and fee schedule with discussed change in the language regarding interest on late fees. Director Reski seconded the motion which passed unanimously.

Director Maroon made a motion to set public hearing for May 22, 2019 at 5:30 p.m. for the FY 2019/2020 preliminary budget and fee schedule. Director Reski seconded the motion which passed unanimously.

Agenda Item No. 7

Discussion and consideration to permit a vote of “Present” on Board Motions.

Chairman Dudash is requesting that the Board consider allowing a vote of “Present” on Board Motions. This would be for Directors who did not want to vote yea or nay on an issue. The “Present” would essentially be a non-vote.

After a discussion, Chairman Dudash withdrew the agenda item and it was decided that this item would be brought to the Board at the May 22, 2019 meeting when all five Directors are present.

Agenda Item No. 8

Discussion and consideration to authorize District Manager to authorize Tetrasolv to repair WWTP odor control unit and replace internal media in the amount of \$51,334.00.

Director Reski made a motion to authorize District Manager to authorize Tetrasolv to repair the WWTP odor control unit and replace internal media in the amount of \$51,334.00 contingent upon receiving a revised proposal from the vendor that includes the handwritten modifications not to exceed \$51,334.00.

Agenda Item No. 9

Discussion and consideration for the District to solicit and obtain services through Job Order Contracts (JOC) and Engineering on-call services contracts.

District Manager is requesting consideration and action on utilizing Job Order Contracting (JOC) and Engineering On-Call Contracting (EOC) methods. These types of contracts are legal contracting methods under the AZ State Statutes. This contracting method would save the District time in procuring contracting services, would make use of limited staff resources, develop long-term relationships that result in better service, reduce deferred maintenance backlog, and improve availability of qualified contractor and professional services.

After a discussion, direction was given to staff to move forward with the JOC and EOC contract and present it to the Board for approval.

Agenda Item No. 10

Discussion and consideration to authorize District Manager to execute an Intergovernmental Agreement (IGA) with the Town of Fountain Hills regarding the proposed shared facilities for the ASR Well Vault Replacement project.

Director Maroon moved and Director Reski seconded to go into executive session pursuant to A.R.S. Section 38-431.03(A)(3)&(4) for discussion and consultation with the District's legal counsel for legal advice on Intergovernmental Agreement (IGA) with the Town of Fountain Hills. Motion carried and the regular session adjourned into an executive session at 6:52 p.m.

Regular session resumed at 7:05 p.m

Director Reski made a motion to approve the Intergovernmental Agreement (IGA) with the Town of Fountain Hills regarding the proposed shared facilities for the ASR Well Vault Replacement project. Director Maroon seconded the motion which passed unanimously.

Agenda Item No. 11

Discussion and consideration to authorize District Manager to execute a guaranteed maximum price (GMP) contract with Hunter Contractors for ASR Well 2 and 4 Replacement project in the amount of \$2,444,929.

District Manager presented the Board a guaranteed maximum price (GMP) contract with Hunter Contractors for ASR Well 2 and 4 Replacement project in the amount of \$2,444,929. By defining the scope more clearly and looking for economical savings, District staff was able to bring the price down from the original cost estimate by 34 percent.

Director Reski made a motion to authorize District Manager to execute a guaranteed maximum price (GMP) contract with Hunter Contractors for ASR Well 2 and 4 Replacement project in the amount of \$2,444,929. Director Maroon seconded the motion which passed unanimously.

Agenda Item No. 12

Discussion and consideration to authorize District Manager to execute a time and materials agreement with Wilson Engineers to provide engineering and construction administration services for the ASR Well 2 and 4 Replacement project in the amount of \$266,640.

District Manager stated that Wilson Engineers is the design firm that has designed the project to date and this contract would be for engineering services during this construction phase.

Director Reski made a motion to authorize District Manager to execute a time and materials agreement with Wilson Engineers to provide engineering and construction administration services for the ASR Well 2 and 4 Replacement project in the amount of \$266,640. Director Thomson seconded the motion which passed unanimously.

Agenda Item No. 13

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.

Chairman Dudash stated that when District Manager first sought construction cost estimates on the ASR Well Vault Replacement project, it came back at 3.74 million dollars and District Manager worked down the cost. Chairman Dudash noted that there was a concerned citizen that showed up at the Town Council meeting and claimed that if it was going to cost the District 3.74 million that the District would not

be able to afford it and this individual said “they may negotiate down some but it has been my experience that when you get into these negotiations, if you can get it down 10 or 15 percent off, that you’re probably doing pretty good”.

Chairman Dudash stated we did better than 10 percent, we did better than 15 percent and let’s double that, we did better than 30 percent. The District got one-third off the original estimate. He stated that we exceeded the pretty good category. I’m going to call this “we’ve achieved freakin’ awesome” and that’s Dana and her staff – good job Dana.

It is also noted that the project is within established budgets and District is not proposing a user fee increase or tax increase in the 2019-2020 budget.

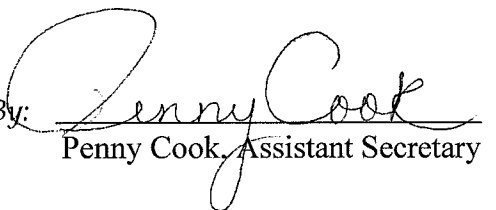
Agenda Item No. 14
Adjournment.

Director Maroon made a motion to adjourn the meeting at 7:13 p.m. Director Reski seconded the motion which passed unanimously.

Dated this 18th day of April, 2019.

Fountain Hills Sanitary District

Minutes Prepared By:


Penny Cook, Assistant Secretary