

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, March 20, 2019** at **4:30 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, Vice Chairman Jerry Butler, Director Michael Maroon, Director Robert Thomson and Director Tom Reski.

(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.

The following District staff were present:

Kirsten DeBie, Administrative Services Manager, Bill Cunningham, Collection Systems Operations Manager, and Jim Tant, Asst. Plant Operations Manager.

Agenda Item No. 2 **Work/Study session with staff to discuss FY 2019/2020 preliminary budget and fee schedule.**

Overview

District CPA presented staff proposals for the fiscal year 2019/2020 budget and fee schedule and answered questions from the Board.

Highlights of the Proposed Budget are as follows:

The District is proposing to maintain the property tax rate at 0.9813 per \$100 of net assessed value.

No Sewer User Fee and other fee increases are proposed for the 2019/2020 budget.

A 2% cost of living adjustment increase is proposed for all salaried and hourly employees, and is in-line with the 12-month consumer price index change.

Total operating budget for fiscal year 2019-2020 is expected to increase by 3% over the 2018-2019 adopted budget.

Vice Chairman Butler requested an explanation of the difference of proposed System and Facilities Improvement projects between the 2018/2019 and 2019/2020 budgets. District CPA and District Manager will present this information at the next regular meeting.

District CPA will incorporate discussed changes and the Proposed Budget will be agendized at the April 17, 2019 Regular Board Meeting for approval.

Chairman Dudash called for a five-minute break before beginning the Regular Meeting.

Agenda Item No. 3

Approval of Minutes: Regular Meeting: February 20, 2019 and Special Meeting: February 28, 2019.

A motion was made by Director Reski to approve the minutes of the Regular Meeting of February 20, 2019 and Special Meeting of February 28, 2019 as presented. Director Thomson seconded the motion which passed unanimously.

Agenda Item No. 4

Call to public

Mr. Bob Shelstrom, resident, stated he was looking at last year's budget project for well's 2 and 3 and there was only \$140,000 budgeted for this project, stretched out over four years and backend loaded \$800,000. He is requesting how much the District is budgeting for this project currently as there is some dispute about how much the cost will be and when is the District funding it.

There was no response from the Board. Mr. Shelstrom requested a response and Chairman Dudash informed him that there is no dialog in the Call to Public.

Agenda Item No. 5

District Manager's report; items to be discussed include plant and recharge statistics for February, 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 February: The average daily influent flow was 2.142 MGD, total WW treated was 59,974,000 gallons.

An exceedance of a water quality parameter was noted at a monitoring well. However, the laboratory performing the analysis had recently changed its analytical method. The laboratory is in discussion with AZ Department of Environmental Quality (ADEQ) and AZ Department Health Services (ADHS), which certifies their laboratory, to review their analytical method. District staff is very confident that there was no exceedance of anything at that monitoring well. When there is an exceedance, it triggers an automatic resampling, a secondary confirmatory sampling. The District was in compliance with all other permit and sampling requirements for the month.

Reclaimed Water delivered to reusers was 4,135,000 gallons.

District Manager reported the District's total recharge credit available as of February 28, 2019 was 681,590.036 gallons.

Director Reski requested information on ASR Well #2 that was recently being worked on and wanted to know what was being done. Asst. Plant Operations Manager, Jim Tant, informed him there was a ground-fault short on an electrical cable of the pump that had been installed. The Contractor pulled the pump out and replaced the cable, put the well back in service, discovered another issue which was repaired, put back in the well, and everything seems to be working fine. This repair work was included in the warranty and was no additional charge to the District.

There were six new sewer service agreements issued in February – two single-family and four multi-family units.

The Engineer is finalizing the construction plans for the ASR Well Vault Replacement Project. There are ongoing negotiations between the District, Engineer, and Construction Manager at Risk (CMAR). The CMAR is reducing its preliminary construction estimate to reflect further design refinement, scope definition, and scope reduction. District staff, with the assistance of the Engineer, will negotiate a fair value for the final investment in the needed facilities. An IGA with the Town has been drafted and is included on the Agenda for review and approval.

There are no significant findings to report, at this time, for the Master Plan Study. Findings will be presented to the Board in a meeting later in the year.

There has been no progress to report for the Sewer Rehabilitation (slip-lining) Project FY18-19. A Notice to Proceed and kick-off meeting is scheduled for the week of March 25th.

No further progress has been made for the Air Compressor Replacement. Electrical modifications required to replace the air compressors with units of larger capacity are still being assessed.

The resident that initially requested a senior discount has enrolled in the low-income assistance program. Total enrollment to-date is five participants.

Staff has re-organized work groups within its internal departments to better accomplish maintenance and repair of the District's assets and to prepare for the implementation of a Computerized Maintenance Management System (CMMS).

District Manager and Town Manager have discussed implementing a joint pre-application meeting for large development projects to ensure the developer/applicant understands all requirements of both agencies.

The District continues its successful partnership with the FH Coalition. The District participates by promoting the National Drug Take-Back Days to encourage the proper disposal of unused prescription drugs. The next event will be April 27, 2019.

Agenda Item No. 6

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 February was favorable to budget.

Mr. Bob Shelstrom, resident, requested to speak to Agenda Item No. 7

Mr. Bob Shelstrom, resident, wanted to know who was responsible for maintaining the vault that was pictured in the Fountain Hills Times dated March 20, 2019. He stated he was in the power industry for 17 years involving a lot of vaults, electrical pumping, refineries with hydrogen sulfide, and has never seen something like this. The fix was simple, somebody keeps it painted, he sees exposing rebar rusting, and never worked in a program that would allow something like this to continue. He stated the District has a major problem inside maintenance if this is the case and would like to find out how to fix it. He wanted to know how many more of these wells does the District have in this condition, these aren't the only manholes, you don't do work that way and if it turns into a case where you say it's a serious structural problem, you have an issue. The other thing he said he found out that really surprised him, especially with someone as distinguished as Mr. Butler on the Board; I applied for the assessment condition report through the freedom of information act, the response was, we don't have one, there's no such document, that was the response to the memo from Ms. Trompke and she's a competent well-qualified professional. He stated he's had to do these assessments over the decades many times and he has never seen anybody move forward with a project before they've had an assessment report. What does it do? It does a complete code evaluation and what's in violation of code is identified. And when it comes to issues like wall thickness, he's worked on corrosion projects for pipelines for natural gas and oil, there's a methodology to this, you find out how much actual grid metal you have to see if you have a structural problem. All of this stuff is usually done before you can say, we got to get rid of it. Here is part of due diligence and I don't see that that was done, and I cannot explain that. He would think that somebody said, well, if you've got a problem, you've got some rust here. He thinks with the rust, it looks like a hatch leak, where you have a bad hatch and bad seals and water leaks in. It leaks in and causes water issues and creates corrosion, so what do you do, you fix the seal, you fix the hatch, you coat the area that shows water drips, you got rust jacking on the angles. As soon as you show rust jacking and Mr. Butler can confirm this as a civil structural engineer, you fix it, because what it does is it pushes up and causes damage to the rest of the material. This is a serious problem and the District's solution is to replace the well. It looks like the District just has problems with the hatches pulling air into the recharge. And that's one of the things that's important with that kind of assessment report that say here's what we found, here's the conditions, and this is how we fix it. He stated the District chose not to and there's a dozen other things that can go on here and the District has some problems here and folks, we just want you to fix it. Thank you

There was no response from the Board.

Agenda Item No. 7

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.

District Manager presented the Board with an IGA that has been approved by the Town regarding the proposed shared facilities for the ASR Well Vault Replacement project. District Manager is requesting the approval of the IGA

Director Thomson moved to authorize District Manager to execute and Intergovernmental Agreement (IGA) with the Town of Fountain Hills regarding the proposed shared facilities for the ASR Well Vault Replacement project. Director Reski seconded the motion. There was no vote on the motion.

After a discussion, Director Maroon made a motion 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. There was no second. Director Maroon withdrew his motion.

After further discussion, direction was given to District Manager to revisit the IGA with Town staff and ask that the reference to restrooms be removed on item 10. g. and requesting additional insurance coverage and procure a copy of their insurance coverage.

Director Maroon made a motion to authorize District Manager to execute the Intergovernmental agreement contingent upon securing evidence of current level of insurance by the Town. Director Maroon withdrew his motion.

District Manager will present the IGA at the April 17, 2019 Regular meeting for approval after she has presented the changes to the Town and receives a copy of their Insurance coverage for review by the Board.

Agenda Item No. 8

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 informed the Board that it is his 4th year anniversary on the Board. He stated it is a privilege and honor to work with the Board that is here, and they are amazing, professional, competent, dedicated, and it is really great to work with them. He also would like to extend that to the executive team: Tori, Bill, certainly Dana is outstanding as District Manager, Penny, and Cathy.

Chairman Dudash noted that at the last Town Council meeting, Councilmember Alan Magazine expressed appreciation to the Board with what is being done with the joint project and said it was a much-needed project.

Chairman Dudash addressed the issue of "Chicago Style Corruption" which had been implied recently to the Board and stated he is not thrilled with that. He stated that the Board is not making any money doing this job beyond the standard Board fees and is very upset that someone has accused this Board of this. This is not Chicago.

Agenda Item No. 9

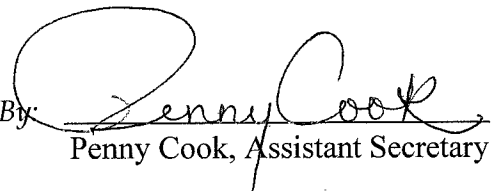
Adjournment.

Director Thomson made a motion to adjourn the meeting at 6:16 p.m. Director Maroon seconded the motion which passed unanimously.

Dated this 21st day of March, 2019.

Fountain Hills Sanitary District

Minutes Prepared By:


Penny Cook, Assistant Secretary