

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, August 21, 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, Vice Chairman Jerry Butler, and Director Michael Maroon. Director Robert Thomson and Director Tom Reski were 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: July 17, 2019 and Special Meeting: August 7, 2019**

A motion was made by Vice Chairman Butler to approve the minutes of the Regular Meeting of July 17, 2019 as presented. Director Maroon seconded the motion which passed unanimously.

A motion was made by Director Maroon to approve the minutes of the Special Meeting of August 7, 2019 as corrected. Vice Chairman Butler seconded the motion which passed unanimously.

Agenda Item No. 3 **Call to public.**

There was no public comment.

Agenda Item No. 4 **District Manager's report; items to be discussed include plant and recharge statistics for July, permit compliance, new and existing sewer services, active project updates, recent activities, public communication efforts, and Town communication and/or coordination efforts.**

The District Manager reported for the month of July: The average influent flow was 1.792 MGD and total Wastewater treated was 55,558,000 gallons.

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

July Reclaimed Water delivered to reusers was 98,743,000 gallons.

The District Manager reported the District's total recharge credit available as July 31, 2019 was 679,31,657 gallons.

The District issued six new sewer service agreements for the month of July – two single family and four multi-family.

The contractor has begun construction of the building at well #2 for the ASR Well Vault Replacement Project. Site grading and buried utility improvements are in progress at well #4. Construction is anticipated to last through the end of the year.

Training began on the Geographic Information System (GIS) and sewer capacity model software for the Master Plan Study. Findings will be provided to the Board once properly vetted.

After successful completion of the Sewer Rehabilitation (slip-lining) Project FY18-19, the District would like to proceed with the next assignment of sewer mains funded by FY 19-20.

The replacement air compressors have been ordered for the Air Compressor Replacement project.

All of the repairs have finally been completed on the two air release valves (ARVs) that failed on the 16" effluent main along Saguaro Blvd. The final cost of the repairs was \$22,887 of which approximately \$9,300 were traffic control measures.

To commemorate the District's 50th Anniversary, the District hosted an open-house event at the AWTF on Monday, July 22nd. It was estimated that between 50-100 residents and District business partners attended. The District Manager would like to acknowledge and appreciation of Cathy Eberhardt for all of her work and effort. Additionally, the Town Mayor, one Council member, the Town Manager, the members of the District's Board of Directors, and several of the Town staff attended the 50th Anniversary Open House.

The District Counsel noted that the *Creta v. Town* claim has been settled. No claims against the District have resulted or are expected.

A joint session between Town Council and District Board has been scheduled for October 9th. District Manager will be meeting with the Town Manager to discuss agenda topics.

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.

The District CPA reported that the General Fund Income Statement for July was favorable to budget.

Agenda Item No. 6

Discussion of draft End of the Fiscal Year 2018-2019 report.

District Manager presented the FY 2018/2019 End of Year report to the Board and answered questions.

Highlights of the report:

Administration

- A low-income assistance program was implemented in 2018-2019, with eight residents currently enrolled.
- A complete overhaul was completed on the District's website.
- Continued partnership with the Fountain Hills Coalition.
- First year that the quarterly newsletter has been published.
- Total number of units served and active accounts was 1.1% higher than the previous fiscal year.

Collection System

- A septic hauler was caught dumping its load into the sewer system, the effort in tracking, working with the sheriff's department, and finally getting resolution.
- The major storm event in October 2018 which caused a significant amount of damage to a long section of gravity main along the SunRidge Golf Course. Four manhole tops had been washed away in the forceful flash flooding. Repairs and bypassing were completed along with reinforcing eight additional manholes along the wash.

FOG Program

- There are 83 grease interceptors and traps currently in operation in the District and 79 samples were taken and analyzed for compliance last FY.
- Tap House restaurant was re-opened, and the new owners were required to install a grease interceptor.
- McDonald's replaced its interceptor as part of its remodeling project.

Plant Operations

- Total wastewater treated for FY 2018-19 was 4.9% higher than the prior fiscal year.
- WWTP Solids Handling and Headworks Improvement Project was completed which resulted in approximately a 15% reduction in electrical costs.
- A complete inventory and itemization of all the equipment assets at the wastewater treatment plant, advanced treatment facility, and all the reclaimed water facilities was completed leading up to implementing the Computerized Maintenance Management System.

Reclaimed Water

- Total reclaimed water delivered for the fiscal year was 19% lower than the previous fiscal year.

District Staff

- There are 44 full time District employees.
- A new Maintenance supervisor was hired in 2018-19.
- District Manger rearranged some internal work groups where the maintenance staff was pulled together from fleet, collections and plant departments and put them into one central group to share resources.

Financial Report

- Revenues were 5.5% higher than budgeted – Surplus revenue was mainly from connection fees, mainly from the Copperwynd expansion of 145 new hotel rooms. The connection fees are restricted funds and go into the Capital Fund to fund growth projects.
- Operating expenditures came in 5.9% under budget for the fiscal year.
- SFI project spending was 22.6% under budget. The pace of actual spending of earmarked funds for specific projects often stretch beyond the fiscal year(s) in which they are funded. A total of \$2,983,090 of projects are in progress and will roll over into the next FY.
- 2018-2019 was the first year of implementing the FERR fund.

Agenda Item No. 7

Discussion and consideration to renew the ground water lease for 2020.

The District Manager recommended renewing the ground water lease for 2020 in the amount of \$28,500 and further recommended that 2021 be the last year for renewing the lease.

Vice Chairman Butler made a motion to allow the lease to renew automatically for 2020 in the amount of \$28,500. Director Maroon seconded the motion which passed unanimously.

Agenda Item No. 8

Discussion and consideration to authorize District Manager to purchase a spare well flow control valve for \$50,865.

The District Manager informed the Board that the spare valve was placed into service in Well #2 and is requesting authorization to purchase a spare well flow control valve for \$50,865.

Director Maroon made a motion to authorize District Manager to purchase a spare well flow control valve for \$50,865. Vice Chairman Butler seconded the motion which passed unanimously.

Agenda Item No. 9

Discussion and consideration to authorize District Manager to execute a change order to Insituform in the amount of \$300,771 to rehabilitate 6,211 LF of 8" sewer pipe.

District Manager explained that the District bid the 2018-19 Sewer (slip-lining) Rehabilitation Project and that Insituform was the low bidder. One of the terms of the contract was that if the contractor successfully completed the initial assignment, the District had the option to extend the contract for up to two years and authorize a new allotment of sewer lines to be lined. The project went very well and District received very low pricing.

In this fiscal years' budget, there is a line item of \$240,000 for this project. After doing more research, it was found that a greater amount of piping in FireRock needs to be repaired than originally planned. The District Manager would prefer not to postpone this repair for another year.

Vice Chairman Butler made a motion to extend the contract for Insituform in the amount of \$300,771. District Manager will report back to the Board to identify the accounts where the additional budget funds will be transferred from. Director Maroon seconded the motion which passed unanimously.

Agenda Item No. 10

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 noted a story in today's *Capital Times*, "Court denies Attorney General's bid to sue Board of Regents". From the story, Arizona Attorney General Mark Brnovich attempted to unconstitutionally get the amount of tuition money being paid to state colleges reduced. According to the article, a three-judge panel blocked the Attorney General's legal bid because he failed to get the approval of the Governor. This did not sit well with Mr. Brnovich. The Chairman read a quote from his aide "The idea that the Attorney General has to go to the Governor to get permission to sign off on every piece of legislation, that is just not right. I don't think Arizonians, when they've elected an independent officer such as the Attorney General, are anticipating an AG that has to grovel or ask for permission for every law." Chairman Dudash noted that this is the same Attorney General who refused to prosecute the toxic dumping case that recently occurred in Fountain Hills.

Chairman Dudash had an article from today's *Fountain Hills Times* "Bond vote may upgrade lake liner, Fountain within 5 years". The article quoted Town Manager Grady Miller: "We need to figure out the logistics, how much life do we have left on that liner and how are we going to drain that lake". Chairman Dudash thanked Vice Chairman Butler for initially bringing this topic up for discussion and how this might be handled. Chairman Dudash thinks that it may be one of the major items that will be discussed with the Town in the upcoming joint meeting.

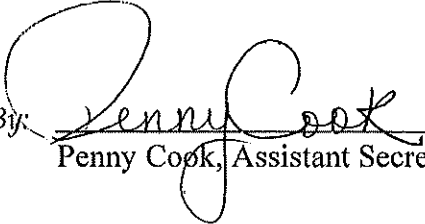
Chairman Dudash also cited a very current article from *USA Today* – "First ever mandatory water cutbacks will kick in next year along the Colorado River". He stated that, "This is going to impact the District because we're the back end of the water system and I think Dana pointed out when costs increase, there may be less water coming into the collection system. It may or may not be a good thing for us, I don't know. It may tie into the issue with the ground water lease. I'm not quite sure where that is going, I would just suggest that this is going to be something that we'll probably have to pay attention to."

Agenda Item No. 11
Adjournment.

Director Maroon made a motion to adjourn the meeting at 6:47 p.m. Vice Chairman Butler seconded the motion which passed unanimously.

Dated this 22nd day of August, 2019.

Fountain Hills Sanitary District

Minutes Prepared By: 
Penny Cook, Assistant Secretary