

MINUTES OF MEETING BOARD OF DIRECTORS FOUNTAIN HILLS SANITARY DISTRICT

The Board of Directors of the Fountain Hills Sanitary District met in a **Budget Workshop and Regular Meeting on Wednesday, March 18, 2020 at 5:00 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 Jerry Butler, Vice Chairman Michael Maroon, Director Robert Thomson, and Director Gregg Dudash. Director Tom Reski 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.

Chairman Butler had the following comments.

"Given all of the events since the draft budget was generated, I do not know where to begin except to paraphrase my remarks by saying that the society appears to have been dealt a double whammy. Initially it was our health with the coronavirus and more recently the welfare with the downturn in the economy.

With this as a forward with what we are about to discuss, I would appreciate having the Board carefully consider what we are in control of and what's beyond our control. Before I continue, I want to acknowledge the staff, the changes the staff made to the budget format, and making this more transparent by providing more explanations for each of the major components of the District services to the community, it's commendable and thank you very very much.

Before continuing, I want the staff to know that this is not a criticism of anything they have done putting the 20/21 budget together. I appreciate everything that has been done to keep the operations running without any hiccups.

After reviewing the draft budget several times, I noticed that the staff had been guided by 12 specific areas in which four of them stand out as recent changes to our lives: Economic conditions, cash reserves to mitigate financial risk, responding to unforeseen events (such as we are facing right now in our lives), and also an appropriate level of conservatism. There were five items that emphasis was placed on as they put the budget together: Fiscal responsibility with goals to address safety, efficiency, sustainability, and qualitative service with integrity.

The challenges that I've included are:

- Can we forego any user rate increases until year end?
- Can we eliminate penalties for late payments for the rest of this calendar year?
- Should we remind residents that we have a low-income assistance program in place to help those financially impacted by the current happenings?
- Has the time come to dip into our reserves?
- Do we need to change existing policies?
- What planned system and facility improvements can be delayed so revenue needs can be reduced?
- What can be done to reduce the 7.2 percent increase in personnel costs and can staff positions be delayed?
- Can merit increases be delayed until January 1, 2021?
- Can health and wellness benefit increases be postponed until January 1, 2021?
- Is there any option regarding the 15.6 percent increase in workers compensation insurance?

What can be done and still be in a position to handle the unforeseen events and maintain overall safety, efficiency, sustainability, and qualitative services with the appropriate level of conservation.

I think this is a time to help our residents and maybe we should look at 'what can we do'."

Agenda Item No. 2

Work/Study session with staff to discuss FY 2020/2021 preliminary budget and fee schedule.

Overview

District CPA presented staff proposals for the fiscal year 2020/2021 budget and fee schedule and answered questions from the Board.

Highlights of the Proposed Budget are as follows:

The District is proposing to decrease the property tax rate.

Sewer User Fee and other fee increases initially proposed for July 2020, will be postponed until January 2021.

Total operating budget for FY 20-21 is expected to decrease by 5.5% over the FY 19-20 adopted budget.

The proposed budget for SFI and FERR expenditures is 21.5% less than the FY 19-20.

District CPA will incorporate discussed changes and the Proposed Budget will be agendized at the April 15, 2020 Regular Board Meeting for approval.

Agenda Item No. 3

Adjournment.

Director Dudash made a motion to adjourn the budget workshop at 7:08 p.m. Director Thomson seconded the motion which passed unanimously.

Agenda Item No. 4

Call to order Regular Meeting at 7:09 p.m. and roll call.

Upon roll call the following Directors were present:

Chairman Jerry Butler, Vice Chairman Michael Maroon, Director Robert Thomson and Director Gregg Dudash. Director Tom Reski 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. 5

Approval of Minutes: Regular Meeting: February 19, 2020.

A motion was made by Director Thomson to approve the minutes of the Regular Meeting of February 19, 2020 as presented. Director Maroon seconded the motion which passed unanimously.

Agenda Item No. 6

Call to public

There was no public comment

Agenda Item No. 7

District Manager's report; items to be discussed include plant and recharge statistics for February, permit compliance, new sewer services, active project updates, public communication efforts, and Town communication and/or coordination efforts.

District Manager reported for the month of February: The average daily influent flow was 2.274 MGD.

Total WW treated for February was 63,659,000 gallons.

The District was in compliance with all permit requirements for the month.

February Reclaimed Water delivered to reusers was 11,240,900 gallons.

District Manager reported the District's total recharge credit available as of February 29, 2020 was 757,742,057 gallons.

A continuation of the discussions regarding RW supply and demand are needed to determine the District's next course of actions. Individual meetings are set-up with each golf course for the week of March 23rd, 2020. After a discussion, it was decided to hold these meetings telephonically due to the national health epidemic.

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

The restroom facilities at Well 4 were opened on 2/20/2020. The project is substantially complete and operational. One item remaining is addressing the lights for the dark sky community.

Felix Contruction has begun work on the Air Compressor Replacement project and is making good progress. AWTF will be shut down for one-week in order to switch-out the air compressors in the quickest, most efficient manner. It is anticipated to be complete by May.

The next large project, Aeration Basin Improvement Project, will replace and add internal baffle walls within the aeration basins, improve the air distribution headers, and install additional instrumentation for better monitoring and control of the biological treatment process. Staff has begun working with a JOC contractor to obtain a cost proposal for the work. Last time any real significant money was spent on the aeration basin was in the year 2000.

District Manager attended a conference regarding the broader issue of salinity and management throughout the southwest. While much of the southwest is dealing with ever-increasing salinity issues, other States have legal ways to address the resulting brine that Arizona does not. Currently, the most economical and feasible way for an agency of this size to address salinity challenges is at the source with public education to reduce its introduction into wastewater.

After the two air release valves on the RW transmission main failed last June and disrupted Saguaro Blvd., the District began a more detailed investigation into the numerous ARVs throughout the RW distribution system. In 8 months, staff have been able to identify, locate, inventory, and assess 57 ARVs, and replace five to date. The GIS system has been a very useful tool.

The owner of Peaks Fitness has reached out again and is engaging a surveyor and engineer to design the proposed parking lot expansion.

Agenda Item No. 8

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.

Agenda Item No. 9

Discussion regarding Executive Summary of Master Plan.

District Manager stated the executive summary of the master plan had been sent to the Directors and this agenda item is an opportunity for comments.

Chairman Butler would like there to be restrictions on sensitive information given to the public if requested, specifically the details and locations of critical infrastructure.

Legal Counsel stated the District does need to be careful when dealing with showing the locations and nature of critical facilities. The District can and should declare those to be confidential and only available under specific circumstances, when justified, to protect the District.

After a discussion, direction was given to Legal Counsel to prepare a draft resolution for adoption of the master plan.

Agenda Item No. 10

Discussion and direction to staff regarding possible changes to low-income program, delinquency payments, and interest charges.

After a discussion regarding the state of the economy, a motion was made by Director Thomson to suspend late fees and interest charges through the 2020 calendar year

Director Dudash moved to amend the motion directing the District Manager to review the specifics and at her discretion look into waiving late fees and interest charges. There was no second to the amended motion and motion failed.

Director Dudash moved to table this item until the April regular meeting. There was no second and the motion failed.

After further discussion, the original motion made by Director Thomson and seconded by Director Maroon passed unanimously.

Agenda Item No. 11

Consideration of changes to the Reserve Fund Policy

Agenda Item No. 12

Discussion regarding flexibility of Capital Fund.

Director Dudash made a motion to postpone Agenda Items No. 11 and No. 12 until the April 15, 2020 regular meeting. 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.

Director Maroon stated "I would like it on record that the Sanitary District is fully prepared for the onslaught of toilet paper that we may receive in the commodes".

Agenda Item No. 14

Adjournment.

Director Dudash made a motion to adjourn the meeting at 8:03 p.m. Director Maroon seconded the motion which passed unanimously.

Dated this 19th day of March, 2020.

Fountain Hills Sanitary District

Minutes Prepared By:


Penny Cook, Assistant Secretary