

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 18, 2021** 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:

Chairperson Michael Maroon, Director Gregg Dudash, Director Tammy Bell, and Director Jerry Butler. Vice Chairperson Thomson arrived a few minutes late.

(Note: Unanimous votes refer to all Directors present.)

The following Executive Staff members were present:

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

Agenda Item No. 2

Approval of Minutes: Regular Meeting: July 21, 2021

A motion was made by Director Dudash to approve the minutes of the Regular Meeting of July 21, 2021 with discussed change. Director Bell 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, recycled water, and recharge statistics for July, 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 July: The average influent flow was 1.828 MGD.

Total WW treated for July was 56,665,000 gallons.

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

July Reclaimed Water delivered to reusers was 59,513,800 gallons.

District Manager reported the District's total recharge credit available as of July 31, 2021 was 520,002,834 gallons.

There were eleven new single-family sewer service agreements issued in July.

The Job Order Contractor has begun work for the EV Chargers and Parking Addition project. The project has stretched out longer than anticipated due to supply and shipping delays from suppliers.

The contractor has made good progress on the second aeration basin for the Aeration Basin Improvement project. Programmers and plant staff have worked through most of the control system issues. Plant staff is beginning to see the benefits of being able to better optimize the treatment process with the increased functionality of the new control system and components. The project should wrap up by October.

There is no new progress on the ASR Well 1 Vault Replacement project. Initial concepts of building location and subsequent required grading have been delayed.

The contractor has ordered the long-lead items approved for procurement at the June meeting for the AWTF Strainer and Tote Replacement Project. Delivery of the needed equipment is estimated at 12-16 weeks.

The Outfall Feasibility Study is to look at the feasibility of installing an outfall from the reclaimed water system that would be an emergency safety valve release into the City of Scottsdale sewer system. The purpose of the feasibility study was to complete a survey, utility conflict reviews, determine who owns the right-of-way, and provide a cost estimate. District Manager has received a draft version of the report. District Manager has reached out to the executive director of City of Scottsdale water department, and he is open to the idea of the outfall. City of Scottsdale will need to do hydraulic modeling to determine how much capacity is available.

A repair for ASR Well #3 at a cost of approximately \$28,030 needed to be done as an emergency repair. The contractor pulled out the pump and determined the pump and motor have failed. The well should be back up and running on August 19th.

There are currently three employee vacancies: 1 Plant Operator, 1 CSO Operator, and 1 Maintenance Mechanic.

A newsletter accompanied the July quarterly billing.

Public notices were published calling for candidates for two Board seats up for election.

District Manager is working with the Community Relations Manager for the Town. A series of public information notices regarding the impacts of salt from water softeners have been created. The notices were posted on social media and Channel 11. A series of articles will appear in the Town's FH Insider publication. Some of the content has been added to the District's webpage as well.

The joint sodium discussion/working group met July 30th.

A Joint session between Town Council and District Board has been scheduled for Tuesday, October 12th at 5:30 p.m. An agenda item will be on the September Board meeting agenda for discussion items for the joint session.

In Zapata Wash, which is up in North Heights area, a section of pipe between two manholes was lifted up and everything had eroded away from it. An emergency call came in Saturday morning after the Friday rainstorm. On Saturday, the on-call person went out and found erosion, but assessed the sewer was still flowing. Monday, crews started to reconstruct the line. They also found three manhole lids that had been

dislodged. Crews worked all day Monday and got the line restored and another storm came in Monday night and washed out what they had worked on. They went out again on Tuesday and worked all day on the manholes they were able to find. All service was restored by end of day.

Staff also found other manholes and exposed mains that are needing repair and will need to go in and do erosion control. The area will need to dry out before they will be able to get equipment into the area to do repairs.

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 operating expenditures and revenues are running on track.

The fiscal year 2020/21 Audit is substantially complete. Financial statements will be presented at the September Board meeting.

Agenda Item No. 6

Discussion of draft End of the Fiscal Year 2020-2021 report.

District Manager presented the FY 2020/2021 End of Year Operations report to the Board and answered questions.

Highlights of the report:

- Total Revenues for the FY were 12.8% higher than budgeted, mainly due to the significant amount of connection fees associated with 241 new sewer services, as compared to the 45 budgeted.
- Operating expenses ended 9.1% under the FY 20-21 adopted budget mainly due to the unspent budget in personnel costs due to extended staff vacancies.
- System & Facility Improvements (SFI) project spending finished 30% under budget. However, \$981,200 is encumbered funds for active projects in progress and items ordered but were not received by the end of FY. An additional \$705,000 is being deferred into the next FY as there was not sufficient staff to address the projects in a timely manner.
- The District continued to manage personnel matters in the midst of the COVID virus pandemic. Operations were affected in areas such as safety, cleanliness, health/wellness, attendance, and payroll. Once vaccines became available, staff was encouraged, but not mandated, to get the vaccine by numerous communications and allowed use of sick leave.
- After a detailed review of some of the shortcomings of the District's employee retirement benefit and careful consideration, the Board has resolved that the District will join the Arizona State Retirement System in October 2021. In addition to providing a more generous retirement benefit to its long-term and faithful employees, the District is now a more attractive employer in a very competitive job market when seeking skilled and/or certified workers.
- The District collected and treated 715.5 million gallons (MG) of raw wastewater in the fiscal year, a 3.8% decrease from the prior FY. The average daily flow for the fiscal year was 1.96 million gallons per day (mgd). Approximately 15% of influent WW flows are used for internal treatment processes, therefore a total of 608.1 MG was available as reclaimed water supplies.
- A total of 715 MG of reclaimed water was delivered to reclaimed water users for irrigation and lake impoundment. The District's underground water storage account balance decreased by 137.1 MG to make up the difference between supply and demand. At the end of the 2020 calendar year, the District only needed to utilize 23.85 MG of its available 97.7 MG of groundwater lease right in order to balance its available reclaimed water supplies with demands for the 2020 calendar year.

- Efforts continued to maintain, rehabilitate or replace assets in the collection and reclaimed water systems. A total of 12 manholes, 8 air release valves, 6 pumps, and control systems at 9 pump stations were refurbished or replaced.
- The District continued its development and implementation of a computerized maintenance management system (CMMS) during the FY. The CMMS now inventories and tracks maintenance efforts on 2,206 individual pieces of equipment. A total of 1,193 work orders were addressed and documented during the FY.
- A renewed emphasis on safety was made with operations staff attending OSHA 10-hour safety classes, arc flash and electrical hazards training, chlorine emergency action plans, and/or trench and excavation safety training classes.
- As of June 30, 2021, the District had 42 full-time employees and five vacant positions.

Vice Chairperson Thomson suggested this report be put on the website.

Agenda Item No. 7

Discussion and consideration to approve Resolution No. 287 requesting cancellation of the November 2, 2021 District Election.

Vice Chairperson Thomson made a motion to approve Resolution No. 287 requesting cancellation of the November 2, 2021, District Election. Director Butler seconded the motion which passed unanimously.

Agenda Item No. 8

Discussion and consideration to authorize District Manager to engage Wood, Inc. to design the addition of an effluent pump at the WWTP for \$52,015.00.

District Manager is requesting authorization to engage Wood, Inc. to design the addition of an effluent pump at the WWTP for \$52,015.00.

After a discussion, Director Dudash made a motion to authorize District Manager to engage Wood, Inc. to design the addition of an effluent pump at the WWTP for \$52,015.00. Director Bell seconded the motion which passed unanimously.

Agenda Item No. 9

Discussion and consideration to authorize District Manager to engage Canfield Engineering to address and design recommendations from District arc flash study for \$22,163.00.

District Manager informed the Board that during the Arc Flash Study that was completed last fiscal year, Canfield Engineering made recommendations of items that needed to be corrected or improved. District Manager is requesting authorization to engage Canfield Engineering to address and design recommendations from District arc flash study for \$22,163.00.

Vice Chairperson Thomson made a motion to authorize District Manager to engage Canfield Engineering to address and design recommendations from District arc flash study for \$22,613.00. Director Dudash seconded the motion which passed unanimously.

Agenda Item No. 10

Discussion and consideration of timeline to address reclaimed water supply and demand challenges.

District Manager presented the Board with a suggested timeline for addressing the reclaimed water supply and demand challenges.

Vice Chairperson Thomson suggested changes and additions to the timeline.

Legal Counsel explained the restrictions and differences between the three reclaimed water use agreements currently in place and answered questions from the Board.

There were discussions regarding several scenarios regarding reclaimed water supply and demand challenges.

This item will be placed on the September 2021 regular Board meeting agenda for further discussions.

Agenda Item No. 11

Discussion and consideration of the designated expenditures and revenues to the District's Capital Fund.

District Manager presented the Board with a summary report on what revenues go into the Capital Fund and what items the District has determined the funds are used to pay for.

There was a discussion and District Manager answered questions from the Board.

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.

Vice Chairperson Thomson would like a standard agenda item for Legal Counsel updates on what water related legal developments he thinks might impact the District.

Agenda Item No. 13

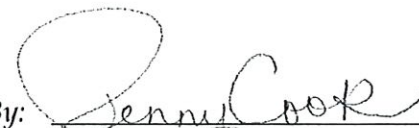
Adjournment.

Director Butler made a motion to adjourn the meeting at 7:12 p.m. Director Bell seconded the motion which passed unanimously.

Dated this 19th day of August, 2021.

Fountain Hills Sanitary District

Minutes Prepared By:


Penny Cook, Assistant Secretary