

# **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, July 21, 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 Robert Thomson arrived at 5:15 p.m.  
(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: June 16, 2021.**

A motion was made by Director Butler to approve the minutes of the Regular Meeting of June 16, 2021 as presented. Director Dudash 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 June, 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 June: The average daily influent flow was 1.781 mgd.

Total WW treated for June was 53,439,000 gallons.

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

June Reclaimed Water delivered to reusers was 93,037,700 gallons.

District Manager reported the District's total recharge credit available as of June 30, 2021 was 531,589,834 gallons.

The District issued 70 sewer service agreements for the month of June – three single family and 67 multi-family (Havenly). Total sewer service agreements issued for fiscal year 2020-2021 was 241.

The Arc Flash Study final report has been received and there were about two dozen repairs of minor modifications that should be made in order to make sure the District is completely safe and Arc Flash compliant. District Manager has requested a scope of work to assist with implementing the needed modifications or prepare design documents for an electrical contractor to make the repairs. A digital copy of the electrical model files was received.

The Job Order Contractor has begun work on the EV Chargers and Parking Addition project and should be complete in 3-4 weeks.

The transfer of the aeration basins and start-up of the new control system for the Aeration Basin Improvement Project has had a few challenging disruptions. After moving the contents from one aeration basin to the other and start up, it was found that an existing internal mixing pump that helps with circulation, failed on start up. The contractor was a big assistance during the disruption. The control system is now being fixed and debugged. Plant and lab staff are beginning to see the benefits of the improvements and new control methodology. The District was successful at containing the wastewater and staying within permit limits.

A topographic and utility survey of the area for the ASR Well 1 Vault Replacement has been completed. The most likely feasible location will be near or adjacent to the pump equipment building. A preliminary site plan has been prepared. Buy-in and tentative approval from Town staff will be sought for the proposed location and amenities.

Sunrise Engineering has completed the plans and specs for the AWTF Strainer and Tote Replacement project. Felix Contractors has ordered the long-lead items approved for procurement at the June meeting.

The number of scheduled positions for the FY 21/22 is 46 employees. There currently are 2 vacancies, both Collections Operators I. During the month of June and first few weeks of July, new employees were brought on-board to fill 5 vacancies in positions of Maintenance Technician I, Maintenance Mechanic III, Project Manager/Engineer, WWTP Operator I, and Lab Analyst. One offer was extended and accepted for one of the Collections Operator vacancies who will start the week of July 25<sup>th</sup>.

A newsletter accompanied the July quarterly billing.

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

The next joint sodium discussion/working group is scheduled for July 30<sup>th</sup>. A discussion topic or agenda is needed. Director Dudash requested District Manager send a memo to the Board members asking if there would be anything they would like discussed at the sodium discussion/working group meeting.

A Joint session between Town Council and District Board has been rescheduled for Tuesday, October 12<sup>th</sup> at 5:30 p.m.

**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 June and fiscal year end was favorable to budget.

**Agenda Item No. 6**

**Discussion and direction to staff regarding the Fiscal Year 2020-2021 overall positive budget variance. Discussion will include sourcing and disposition of positive budget variance. Direction to staff requested on the Fiscal Year 2021-2022 disposition of monies available from positive variance in the General Fund at June 30, 2021.**

District CPA presented the Board with preliminary FYE 2020-21 Budget Comparison Schedule and explained reasons for the positive budget variance over the FY 2020-21 approved budget. The majority of the positive variance came from Personnel Costs from unfilled positions, along with lower electric costs, net savings from operating expenses, and additional general fund revenue over budget.

After a discussion regarding Capital Fund, Vice Chairperson Thomson requested the Board revisit the disposition of the Capital Funds and requested Legal Counsel look into the AZ State Statue for Capital Fund disposition. Chairperson Maroon suggested that the Board have a discussion regarding the Capital Fund at a future meeting. Director Dudash suggested this item be on the August regular meeting agenda.

District CPA informed the Board that there is a policy in place in which the Board requested a target amount of \$3 million each in both the FERR fund and Contingency fund. District CPA is requesting direction for disposition of the excess funds.

District CPA informed the Board that the current amount in the FERR fund is approximately \$1.3 million. After further discussion, direction was given to staff for the disposition of the excess funds be moved to the FERR fund.

Chairperson Maroon requested that this discussion be held at the end of each fiscal year.

**Agenda Item No. 7**

**Discussion and consideration to authorize District Manager to execute a job order contract to Felix Construction in the amount of \$293,818.26 for the AWTF Strainer and Sodium Bisulfite Tote Replacement project.**

District Manager informed the Board that at the June 2021 regular meeting, staff requested \$250,000 for the AWTF Strainer and Sodium Bisulfite Tote Replacement project to enable the budgeted funds to be encumbered in FY 2020/2021. At that time, the final proposal had not been received and since then Felix Construction submitted their proposal for a total of \$293, 818.26 which is \$43,818.26 over budget. District Manager is requesting the additional \$43,818.26 be encumbered in the 2021/2022 FY with a portion of the funds coming out of the FERR fund.

District Manager is requesting authorization to execute a job order contract to Felix Construction in the amount of \$293,818.26 for the AWTF Strainer and Sodium Bisulfite Tote Replacement project.

After a discussion, Director Dudash made a motion to authorize District Manager to execute a job order contract to Felix Construction in the amount of \$293,818.26 for the AWTF Strainer and Sodium Bisulfite tote Replacement project. Director Bell seconded the motion which passed unanimously.

**Agenda Item No. 8**

**Discussion and consideration to authorize District Manager to purchase a replacement standby generator for the FireRock Pump Station in the amount of \$138,446.88.**

District Manager informed the Board that during the annual maintenance check on the generator at FireRock Pump Station failed and needs to be replaced. This is not a scheduled budget item and funds would come out of the FERR fund.

After a discussion, Director Butler made a motion to authorize District Manager to purchase a replacement standby generator for the FireRock Pump Station in the amount of \$138,446.88. Director Bell seconded the motion which passed unanimously.

**Agenda Item No. 9**

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

District Manager informed the Board that this is on the agenda as a follow-up to prior discussions. In prior discussions, it was decided to not renew the groundwater lease for 2022 and how is the District going to address the years where there are shortages.

District Manager provided memos with a few rate structure suggestions for handling the possible water shortages with the recycled water reusers.

If the current reclaimed water user agreements need to be rewritten, Director Butler suggested Legal Counsel go to the golf courses and talk to them explaining that things have changed since the contracts were originally written.

Legal Counsel also suggested possible options that the recycled water reusers could use.

Chairperson Maroon would like to have an agenda item at a future meeting that would talk about the practicalities of the timeline of when the District would propose a rate restructuring to the golf courses.

Vice Chairperson Thomson would like to see this item on the August 2021 agenda.

**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.**

There were no comments.



**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 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 is happening with Tier I and any other developments he thinks might impact the District.

**Agenda Item No. 13**

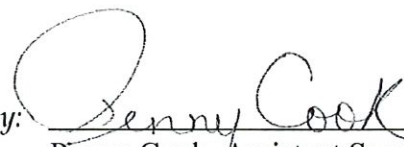
**Adjournment.**

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

*Dated this 19<sup>th</sup> day of August, 2021.*

Fountain Hills Sanitary District

Minutes Prepared By:

  
Penny Cook, Assistant Secretary