

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, May 18, 2022** at **4:30 p.m.** in the District's Board Room located at 16941 E. Pepperwood Circle, Fountain Hills, Arizona.

Agenda Item No. 1 **Pledge of Allegiance**

Chair Thomson led the Board members, staff, and public in the Pledge of Allegiance.

Agenda Item No. 2 **Call to order and roll call**

Upon roll call the following Directors were present

Chair Robert Thomson, Vice Chairman Gregg Dudash, Director Tammy Bell, and Director Jerry Butler. Director Michael Maroon was absent.

(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. 3 **Public hearing concerning the FY 2022/2023 fee schedule.**

The public hearing concerning the FY 2022/2023 fee schedule was opened by Chair Thomson.

Residents John Winter Jr. and Robert Schuessler both expressed their concerns with the proposed increase in sewer user fees and property taxes. They requested the District take another look at the budget and see if there is anyway the proposed increases could be lowered.

Don Misheff, owner of SunRidge Canyon Golf Club, indicated that he believes the proposed recycled water fee structure eliminates their priority position and pecking order in which the various golf courses will receive recycled water.

Chair Thomson closed the public hearing.

Agenda Item No. 4 **Public hearing concerning the FY 2022/2023 budget.**

The public hearing concerning the FY 2022/2023 budget was opened by Chair Thomson.

There was no comment.

Chair Thomson closed the public hearing.

Agenda Item No. 5

Approval of Minutes: Regular Meeting: April 20, 2022

A motion was made by Vice Chairman Dudash to approve the minutes of the Regular Meeting of April 20, 2022 as presented. Director Bell 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, recycled water, and recharge statistics for April, 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 April: The average daily influent flow was 1.991 MGD.

Total WW treated for April was 59,727,000 gallons.

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

April Reclaimed Water delivered to reusers was 71,560,000 gallons.

District Manager informed the Board that the Town's pump for their pump back system has not been working which accounts for the high amount of recycled water use.

Director Butler suggested District Manager contact Town staff and see if there is anything the District can do to help facilitate installation of a new pump.

District Manager reported the District's total recharge credit available as of April 30, 2022 was 608,303,115 gallons.

There were ten new single-family and two multi-family sewer service agreements issued in April.

Potholing (exploratory excavation) was completed to determine the length of the SRP conduits that directly overlays the District's RW main for the ARV Replacement project. The full length of 750 LF of conduits will need to be relocated. District staff received a verbal confirmation from SRP that they are committed to relocating the conduits at their expense and at no expense to the District. SRP is in the process of designing the relocation, which is estimated to take 1-2 weeks. Construction should be 4-6 weeks after permitting.

Wilson Engineers is researching and confirming some drainage easements and facilities that need to be avoided for the ASR Well 1 Vault Replacement project. A site plan and conceptual 3D rendering will be available shortly.

The Contractor is onsite and working but experiencing some delivery delays for the AWTF Strainer and Tote Replacement project. The work is approximately 40% complete and should be finished by end of June or may run into July.

There are still two staffing vacancies: One Plant operator and one CSO operator.

A newsletter was provided with the April quarterly billing. There were only a handful of calls received by staff concerning the proposed sewer user fee increase.

District Manager is continuing to work with Town staff on sodium-pollution related articles for the *FH Insider*.

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, upcoming audit engagement for fiscal year 2021-2022, and general direction from Board.

District CPA reported the General Fund Income Statement for April was favorable to budget.

District CPA informed the Board the current auditor, Henry & Horne, has the District on their schedule for the 2021-2022 FY audit. There had been a discussion to send this out for RFP's in January but with the timing of the FY 2022-2023 budget, the RFP's did not get sent out. District CPA is requesting direction if the District use the current auditor for the FY 2021-2022 audit or send out RFP's. Henry & Horne's quote for the FY 2021-2022 audit is \$15,250 which is only \$250 over the previous year.

After a discussion, direction was given to staff to engage Henry & Horne for the FY 2021-2022 audit. The Board requested RFP's for FY 2022-2023 be sent out after completion of FY 2021-2022 audit.

Agenda Item No. 9

Legal Counsel updates and discussion of procedural matters and possible future legislation.

Legal Counsel updated the Board on water shortage issues and drought conditions.

Agenda Item No. 10

Discussion and ratification of alternative vendor for purchase of maintenance utility truck in the amount of \$65,676.88.

District Manager informed the Board that at the October 20, 2021 regular Board meeting, the Board approved a purchase of a replacement utility truck at a state contract price of \$62,110.23. The District usually gets their state contract vehicles through Sanderson Ford. The sales rep indicated that they did not receive any 2022 fleet vehicles from Ford and that this order would most likely be made as a 2023 vehicle and the price increase will be at least 10-15% higher.

District Maintenance Manager, Mark Cantwell, was able to locate an equivalent truck on the lot of Larry Miller Ford which was available immediately but would sell very quickly. District Manager discussed this with Chair Thomson and he gave permission to use an alternate vendor and purchase the vehicle for \$65,676.88.

District Manager is requesting ratification of the purchase of this vehicle from Larry Miller Ford.

After a discussion, Director Butler made a motion to ratify the alternative vendor for purchase of a maintenance utility truck in the amount of \$65,676.88. Vice Chairman Dudash seconded the motion which passed unanimously.

Agenda Item No. 11

Discussion and consideration to purchase a replacement John Deere 410L Backhoe in the amount of \$147,713, subject to determination of the final price.

District Manager indicated that because of all the supply chain issues, she is requesting upfront permission to order, not the authority to purchase, a replacement John Deere 410L Backhoe to get on the supplier waiting list. The supplier will honor the not to exceed price of \$147,713 and the next delivery of backhoes is expected to be the second week of August 2022. This item would not be encumbered until the 2022/2023 FY. District Manager will bring an Agenda Item in August with the final price for approval by the Board.

After a discussion, Vice Chairman Dudash made a motion to authorize District Manager to order a John Deere 410L Backhoe at a price not to exceed \$147,713. Director Bell seconded the motion which passed unanimously.

Agenda Item No. 12

Discussion and consideration to authorize Degan Construction to perform necessary rehabilitation of 4 additional manholes in the amount of \$37,274.69.

District Manager informed the Board that in March, authorization was given for about \$61,000 to do rehab on five manholes. It was discovered one of the manholes, that was going to cost around \$5,000, is not going to be done as it is beyond repair and needs to be replaced. \$100,000 was budgeted for this item and District Manager is requesting to add four additional manholes at a cost of \$37,274.69. With the addition, it will still be under budget.

Director Butler made a motion to authorize Degan Construction to perform necessary rehabilitation of four additional manholes in the amount of \$37,274.69. Vice Chairman Dudash seconded the motion which passed unanimously.

Agenda Item No. 13

Discussion and consideration to authorize Geuther Electrical to replace some electrical components at the FireRock Pump Station in the amount of \$49,626.76. These items were identified as needing replacement in the 2021 Arc Flash Study.

District Manager is requesting authorization for Geuther Electrical to replace some electrical components at the FireRock Pump Station in the amount of \$49,626.76. The need to replace these components was identified in the 2021 Arc Flash study. Due to supply-chain issues, the components are expected to take 24 weeks for delivery.

Vice Chairman Dudash made a motion to authorize Geuther Electrical to replace some electrical components at the FireRock Pump Station in the amount of \$49,626.76. Director Butler seconded the motion which passed unanimously.

Agenda Item No. 14

Discussion and consideration to contract with Peoria Pest Control for annual service agreements for roach abatement of all manholes.

District Manager informed the Board that this item is a consideration for the FY 2022/2023. The District's new Collection Services Manager let District Manager know that the Arizona Department of Agriculture has a pest management division and they require a certificate to be a qualified applicator of insecticides. A business license is also required to be a qualified applicator of insecticides. To get a qualified applicator license, you must take classes, pass tests, and renew licenses annually.

Most all agencies have outsourced application of insecticides and no longer do it in house. The largest state contract for this is with Peoria Pest Control and the District is able to piggyback on the Pima County contract for applying insecticides to the manholes for roach control.

This agenda item is for informational purposes only as it is a change in the District's practices. District Manager will bring this item back to the Board at a later date for approval.

Agenda Item No. 15

Pursuant to A.R.S. Section 38-431.03(A)(1)(3), VOTE TO GO INTO EXECUTIVE SESSION FOR THE FOLLOWING:

- a. Discussion and consideration of FY 2022/2023 proposed recycled water tiered-pricing structure and user priorities.
- b. Discussion and consideration of renewing District CPA's FY 2022/2023 contract.
- c. Discussion and consideration of District Manager's performance and annual salary adjustment for FY 2022/2023.

Director Bell moved and Director Butler seconded to go into executive session for: a. Discussion and consideration of FY 2022/2023 proposed recycled water tiered-pricing structure and user priorities. b. Discussion and consideration of renewing District CPA's FY 2022/2023 contract. c. Discussion and consideration of District Manager's performance and annual salary adjustment for FY 2022/2023. Motion passed unanimously.

Regular session adjourned into executive session at 5:44 p.m.

Agenda Item No. 16

RETURN TO REGULAR SESSION.

Regular session resumed at 6:20 p.m.

Agenda Item No. 17

Direction to staff regarding FY 2022/2023 proposed recycled water tiered-pricing structure.

Direction was given to staff to include the recycled water tiered-pricing rate structure in the FY 2022/2023 Budget.

Direction was given to Legal Counsel to finalize the opinion letter and transmittal letter to go out under Chair Thomson signature. Chair Thomson will hand deliver the letter to Don Misheff.

Agenda Item No. 18

Discussion and consideration to approve District CPA's contract for FY 2022/2023.

Vice Chairman Dudash made a motion to approve District CPA's contract for FY 2022/2023. Director Bell seconded the motion which passed unanimously.

Agenda Item No. 19

Discussion and establishing District Manager's salary for FY 2022/2023.

Vice Chairman Dudash made a motion for the Board to give the District Manager, in addition to the COLA awarded to all staff, a 2% merit increase. Director Bell seconded the motion which passed unanimously.

The Board recognizes the District Manager did not receive the mid-year salary adjustment given to all other staff last October.

Agenda Item No. 20

Discussion and direction to staff regarding possible changes to the FY 2022/2023 Fee Schedule and/or FY 2022/2023 Budget

Chair Thomson directed that the FY 2022/2023 fee schedule reflect a \$1.00 increase, instead of the proposed \$2.00 increase, with corresponding adjustments to all other user fee categories. An additional notice of public hearing will be published and posted.

Agenda Item No. 21

The Chair, 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 Chairman Dudash indicated, as a Board, they're doing their jobs, listening to the public, and looking to see what the District costs are needed to meet in the budget.

Chair Thomson said that Director Butler said it very well, that "yes we have objectives with certain standards in our reserve funds, but it will just take a little longer to get there".

Director Butler indicated the District Board has come a long way, since he has been on the Board, in establishing some reserve accounts. There were some goals in mind, but they're just going to be out there a little bit further.

Agenda Item No 22

Adjournment.

Director Butler made a motion to adjourn the meeting at 6:35 p.m. Vice Chairman Dudash seconded the motion which passed unanimously.

Dated this 19th day of May, 2022.

Fountain Hills Sanitary District

Minutes Prepared By: 
Penny Cook, Assistant Secretary