

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, February 21, 2024** 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:

Vice Chairperson Michael Maroon, Director Clayton Corey (telephonically), Director Robert Thomson, and Director Gregg Dudash.

Chairperson Tammy Bell arrived at 4:37 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: January 17, 2024

Edits were suggested. Then a motion was made by Director Thomson to approve the minutes of the Regular Meeting of January 17, 2024 as amended. Director Maroon 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 January, permit compliance, new sewer services, active project updates, public communication efforts, and Town communication and/or coordination efforts.

The District Manager reported for the month of January: The average daily influent flow was 2.042 MGD.

Total WW treated for January was 63,299,000 gallons.

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

January Reclaimed Water delivered to reusers was 8,183,000 gallons.

District Manager reported the District's total recharge credit available as of January 31, 2024 was 554,868,346 gallons.

There were five new single-family and two multi-family sewer service agreements issued in January.

After two rounds of negotiations with two contractors for the ASR Well 1 Vault Replacement project, a cost proposal has been selected for price, fairness, and level of service.

ADWR has provided a letter requesting more information for the Underground Storage Facility (USF) Permit Renewal. The District has 60 days to respond. The consultant is drafting the response and revising model runs as requested. ADWR asked for an updated O&M manual for the District well field and District Manager has requested the consultant update the O&M manual.

The feasibility study for the Digester Aeration System Feasibility Study is complete. A pumped-mix system, rather than air diffusers, is feasible and would be considerably less maintenance than the current system. The current diffusers are no longer made by the manufacturer. Funds for the design and construction phases are included in the proposed budget.

Submittals from the electrical equipment supplier are promised by April 15th for the Blower VFD Replacement project. After the approval of the submittals, there will be a 35-week delivery time.

A scope was requested from the electrical engineer for the PS Generator Replacement (FERR) project. District Manager would like to order generator(s) soon, as the delivery times are taking one year.

There are currently five staff vacancies: Two WWTP Operators, a Project Manager, Asst. Admin Manager, and Maintenance Manager positions are vacant. The Maintenance Manager has been filled and he will start on March 1st. Two WWTP Operators will most likely not be filled next year due to scheduling changes. District Manager has talked to an engineer about contracting for project management and program management services.

Director Dudash suggested getting a head-hunter involved in finding a Project Manager.

District Manager informed the Board that the non-potable water signs at Fountain Lake have been replaced with all new ones.

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 January was favorable to budget.

Agenda Item No. 6

State of the budget presentation with preliminary information and estimates.

District CPA presented preliminary information and estimates for the 2024/2025 Budget.

Agenda Item No. 7

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

Legal Counsel updated the Board on current issues.

Agenda Item No. 8

Discussion and consideration to authorize District Manager to contract with MGC Contractors for the ASR Well 1 Vault Replacement project in the amount of \$2,586,885.57.

District Manager explained that a cost proposal for the ASR Well 1 Vault Replacement project had been received and requested the selected contractor look for ways to reduce the cost significantly. District Manager also requested the second-highest ranked firm in the CMAR selection process prepare a proposal for the project.

After completing two rounds of negotiations with each contractor, the District Manager is requesting authorization to contract with MGC Contractors for the ASR Well 1 Vault Replacement project in the amount of \$2,586,885.57.

After a discussion, Director Thomson made a motion to authorize District Manager to contract with MGC Contractors for the ASR Well 1 Vault Replacement project in the amount of \$2,586,885.57. Director Maroon seconded the motion which passed unanimously.

Agenda Item No. 9

Discussion regarding possible Board member participation in Fountain Hills Day on March 23, 2024.

After a discussion, it was decided that the District would not participate in Fountain Hills Day on March 23, 2024.

Agenda Item No. 10

Discussion and review of recycled water supply and demand.

District Manager presented the Board with a review of the recycled water (RW) supply and demand over the last 15 years. Following are highlights of the presentation.

- There has been a recycled water deficit in 13 of the last 15 years. Average deficit is 40 MG per year, but has been as high as 108 MG.
- Over the last 10 years, the RW Supply has averaged 590 MG, supply in 2023 was 585 MG.
- 2023 RW delivered to reusers was 612,426,000 MG.
- Prior Board Actions:
 - Phase out GW lease, FHSD will only claim GW pumped for amount of annual RW deficit. Did not claim full amount of lease (97.75 MG) in 2019, 2020, and 2021.
 - Did not renew the groundwater lease after 2021.
 - Implemented a tiered RW fee schedule in FY 2022/2023 based on annual RW usage, where highest rate tier is equal to, or higher, than potable water irrigation rates.
- Proposed Actions Under Consideration:

- Adopt a trigger point of a minimum water storage balance account that would require Board action to implement measures to immediately reduce demand to sustainable supply amounts, such as developing a policy for cutting off supply to users.
- Proposed trigger point = 250 MG in water storage account balance.
- Because the prior 3-year average of RW supply has decreased, the tier breakpoint for reusers should be reduced to 160 MG for the 2024/2025 FY budget.

Agenda Item No. 11

The Chairperson, 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 thanked the District Manager for information supplied to him on the District's IT security structure and indicated he was satisfied with the District's IT security structure.

Agenda Item No. 12
Adjournment.

Director Thomson made a motion to adjourn the meeting at 6:29 p.m. Director Dudash seconded the motion which passed unanimously.

Dated this 22nd day of February 2024.

Fountain Hills Sanitary District

Minutes Prepared By:


Penny Cook, Assistant Secretary