



**SUPERSTITION MOUNTAINS COMMUNITY
FACILITIES DISTRICT NO. 1**

**Meeting Minutes
Board of Directors
Regular Meeting**

Meeting location:
5661 S Ironwood Drive
Apache Junction, AZ 85120

Phone: (480) 941-6767
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www.smcfd.org

Tuesday, August 25, 2020

8:00 AM

District Board Room

PRESIDING: Ms. Kathleen Waldron

PRESENT: Kathleen Waldron – Chairman (*via telephone*)
Jim Reynolds – Vice Chairman (*via telephone*)
Jesse Gage – Treasurer (*via telephone*)
Terry Dunn – Secretary (*in person*)
Phil Tremonti – Board Member (*in person*)

Staff Present: Darron Anglin – District Manager (*in person*)
Andrea Dominguez – Business Services Supervisor (*via telephone*)
James Drye – Operations Superintendent (*via telephone*)
Kathy Huckfeldt – Executive Assistant (*in person*)
Sue Sopko – Management Analyst (*in person*)
Maria Zagar – Financial Services Supervisor (*in person*)

Others Present: Jason L. Cassidy – District Legal Counsel (*via telephone*)

***Attendees were encouraged to call in to the meeting
to follow COVID-19 guidelines and precautions.***

1. Call to Order.

Ms. Waldron called the meeting to order at 8:00 AM.

2. Invocation.

Mr. Dunn gave the Invocation.

3. Approval of the Minutes of the June 23, 2020 Regular Meeting.

Ms. Waldron asked if there were any additions or corrections to the Meeting Minutes; there were none and the Minutes were accepted as presented.

4. Request to ratify payment of the invoices and the transfers presented as (a) Requisition Nos. 87 and 88 to the Operations and Maintenance Checking Account and (b) Requisition Nos. 87 and 88 to the Capital and Replacement Fund.

There was discussion regarding a tax foreclosure complaint that the District had been named in. Mr. Cassidy stated that the District had been dismissed from the complaint after he had conducted research into the matter and contacted the plaintiff's attorney.

Mr. Anglin stated that the District is named periodically when a property is foreclosed on and the District has recorded a notice of disconnection with the Pinal County Recorder's Office. He further stated that the District's process is to have these matters reviewed by its legal counsel to determine the most appropriate course of action.

Mr. Reynolds asked if the District files a lien against disconnected properties to secure payment at some point. Mr. Anglin stated that the District records a disconnect notice against the property with Pinal County. Ms. Sopko clarified that the notice carries the same result as a lien in recovering the outstanding balance when the property changes ownership.

Mr. Dunn asked if the generator and outdoor break area projects were complete. Mr. Anglin stated that both projects were complete.

Mr. Dunn stated that he was concerned that the number of plants that were included in the landscaping were excessive and that the landscaping was intended to be low maintenance. Mr. Anglin stated that the varieties of plants chosen for the project are low maintenance plants.

There was discussion regarding the replacement of a flowmeter for the biosolids building and the timeline for the completion of the District's Master Plan updates.

MOTION made by Mr. Tremonti ratify payment of invoices and transfers as submitted to the Board consisting of June Requisition No. 87 in the amount of \$12,518.50 and July Requisition No. 88 in the amount of \$4,038.00 to the Operations and Maintenance Checking Account; and June Requisition No. 87 in the amount of \$312,188.18 and July Requisition No. 88 in the amount of \$5,062.68 to the Capital and Replacement Fund; seconded by Mr. Reynolds.

Yes (5): Board Member Reynolds, Board Member Gage, Board Member Dunn, Board Member Tremonti and Chairman Waldron

No (0): None

MOTION CARRIED

5. Monthly Disclosure Reports on Operations for June 2020 and July 2020.

Effluent recharge revenue was discussed. Mr. Anglin stated that June and July recharge was very low and that one of the basins was rehabilitated resulting in an increase to recharge for the month of August.

The utilization of funds budgeted for repair and maintenance was discussed.

6. Monthly Capital Status Report for July 2020.

Mr. Anglin stated that the draft Underground Storage Facility and Water Permits had been received from the Arizona Department of Water Resources (ADWR) and that comments from the consultant and the District should be submitted for review by the end of the day. He further stated that a new reviewer had been assigned by ADWR which seemed to have sped up the review process. The timing for issuance of the final permit was discussed.

7. District Manager's Report for June 2020 and July 2020.

There was discussion regarding the timing of the pending auction of Arizona State Trust Land south of the District's facilities and the location of the area included in the auction. Mr. Anglin stated that he would provide a map of the auction area to the Board for reference.

The distance from the District’s treatment plant to the auction area and the ability of the District to serve new development in the area were also discussed.

The recently implemented School at Work program at the District was discussed. Mr. Anglin stated that the program had been proposed, on a trial basis, due to conflicts for working parents needing to assist school age children with online school formats because of COVID-19.

There was discussion regarding current and proposed development projects in the city.

Mr. Anglin recognized Karen Brenden and Michelle Theis for achieving 5 years of employment with the District and stated that a service award had been presented to each of them in appreciation for their service.

8. Request for adoption of Resolution No. 20-03 authorizing execution and performance of AzWARN Mutual Aid Agreement and seeking consent of the City Council of Apache Junction, pursuant to Arizona Revised Statutes § 48-709.A.14., to enter into the mutual aid agreement.

Mr. Anglin stated that the District proposed to enter into a mutual aid agreement to participate in the Arizona Water and Wastewater Agency Response Network (AzWARN). He explained that AzWARN enables participating members to provide assistance to other utilities in the event of an emergency.

Mr. Anglin stated that AzWARN does not cost anything to join but participants are asked to donate an annual support fee to offset administrative costs and he proposed to donate \$250 per year. He stated that participation would also provide an opportunity for the District to become more involved in the state’s utility community.

The process for the District to join was discussed. Mr. Cassidy stated that Apache Junction City Council approval would be required for the District to provide services outside its service area, pursuant to Arizona Revised Statutes.

MOTION made by Mr. Dunn to adopt Resolution No. 20-03 authorizing execution and performance of the AZWARN Mutual Aid Agreement and seeking consent of the City Council of Apache Junction, pursuant to Arizona Revised Statutes § 48-709.A.14., to enter into the mutual aid agreement; seconded by Mr. Reynolds.

Yes (5): Board Member Reynolds, Board Member Gage, Board Member Dunn, Board Member Tremonti and Chairman Waldron

No (0): None

MOTION CARRIED

9. Request for authorization and approval to install a tertiary filter at the District’s Water Reclamation Facility at a cost not to exceed \$800,000 to be paid from the Capital and Replacement Fund.

Mr. Gage asked if the filter would be required to utilize reclaimed water for landscaping onsite. Mr. Anglin stated that B+ water can be used onsite for irrigation because there is restricted access to the District’s plant site.

Mr. Tremonti asked if there is a market for A+ reclaimed water. Mr. Anglin stated that it is possible that the development to the south of the District will provide an opportunity to utilize reclaimed water for landscaping irrigation.

There was discussion regarding the requirement in the District's permit to install a tertiary filter to expand its current capacity.

Ms. Sopko provided preliminary information regarding the difference in revenue between recharge credits and the sale of reclaimed water based on other published rates in the state. She stated that there is opportunity for increased revenue with the sale of reclaimed water in the future.

The requirements and timing for rerating the treatment plant were discussed, including installation of the new filter and the purchase and installation of 2 new aeration blowers.

MOTION made by Mr. Gage to authorize and approve the installation of a tertiary filter at the District's Water Reclamation Facility at a cost not to exceed \$800,000 to be paid from the Capital and Replacement Fund; seconded by Mr. Dunn.

Yes (5): Board Member Reynolds, Board Member Gage, Board Member Dunn, Board Member Tremonti and Chairman Waldron

No (0): None

MOTION CARRIED

10. Discussion of coronavirus relief funds and action as determined.

Mr. Anglin stated that the City had considered creating a utility assistance program with a portion of the coronavirus relief funds it received. He further stated that it was decided to utilize the funds for other assistance and public safety programs.

There was discussion regarding the waiver of late fees and reconnect fees. Mr. Anglin stated that the District is still not physically disconnecting customers, however assessment of late fees had resumed.

11. Discussion and update regarding the District's biosolids composting and yard waste programs, and action as determined.

Mr. Anglin stated that Mr. Drye had attended a biosolids conference that discussed some of the contaminants that are currently of concern. Mr. Drye stated that a significant part of the discussion was regarding per- and polyfluoroalkyl substances (PFAS) and a large-scale study conducted in Vermont to determine concentrations of PFAS in biosolids. He further stated that methods and technologies are being researched to increase the speed at which PFAS degrades. The test results to determine the concentration of PFAS in the District's biosolids were discussed.

Mr. Anglin stated that he had joined the Arizona Water Association Biosolids Committee to become more involved in the issues surrounding biosolids. He further stated that Pima County would be releasing the results in Fall 2020 of a study conducted to determine the cumulative effect of PFAS from the land application of biosolids since the early 1980's.

The Board directed management to coordinate with legal counsel to consider liability for the District if biosolids compost is distributed and used for land application.

Mr. Tremonti asked management to consider whether potential revenue from the sale of compost would be enough to offset the possible liability. Mr. Anglin proposed to provide a cost estimate for disposal of the current year biosolids production and the existing stockpile, and an overview of the potential liability from legal counsel at the next regular meeting.

[Mr. Anglin requested to reopen discussion regarding monthly disclosure reports.]

Mr. Anglin stated that when the FY 2021 budget was adopted by the Board in June it was requested that a list of potential projects be provided that would be deferred if connection fees decreased. He further stated that July and August revenues, including connection fees, continued to exceed the budget and proposed to begin presenting some of those projects to the Board for approval in September.

12. Discussion and review of the results of network penetration testing and action as determined. The Board will first consider this matter in executive session that will not be open to the public, pursuant to Ariz. Rev. Stat. Ann. § 38-431.03.A.9.

MOTION made by Mr. Tremonti to recess the regular meeting and reconvene in executive session to discuss results of network penetration testing, pursuant to Ariz. Rev. Stat. Ann. §38-431.03.A.9. and to evaluate the performance of the District Manager pursuant to Ariz. Rev. Stat. Ann. § 38 431.03.A.1; seconded by Mr. Reynolds.

Yes (5): Board Member Reynolds, Board Member Gage, Board Member Dunn, Board Member Tremonti and Chairman Waldron

No (0): None

MOTION CARRIED

The regular meeting was recessed at 9:30 AM.

13. Performance Evaluation of the District Manager and action as determined. The Board will first consider this matter in executive session that will not be open to the public, unless request is received that the matter be discussed or considered at a public meeting, pursuant to Ariz. Rev. Stat. Ann. § 38-431.03.A.1.

The regular meeting was reconvened at 10:47 AM.

MOTION made by Mr. Reynolds to approve Mr. Anglin's pay increase to be retroactive to July 1, 2020; seconded by Mr. Tremonti.

Yes (5): Board Member Reynolds, Board Member Gage, Board Member Dunn, Board Member Tremonti and Chairman Waldron

No (0): None

MOTION CARRIED

14. Direction from the Board of Directors to staff regarding items to place on the next Regular Board Meeting agenda.

The Board directed staff to include discussion of Mr. Cassidy's findings regarding the District's liability related to biosolids composting on the next agenda.

15. Adjournment.

There being no further business the meeting was adjourned at 10:51 AM.