

**BOARD MEETING
OCTOBER 19, 2016
9:00 A.M.
MT. OLYMPUS IMPROVEMENT DISTRICT
3932 SOUTH 500 EAST**

SUMMARY

- 1. MINUTES OF BOARD MEETING – SEPTEMBER 21, 2016**
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- 5. CENTRAL VALLEY REPORT – JOHN NORTON**
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- 6. REVIEW AND APPROVAL OF PROPERTY & LIABILITY INSURANCE RENEWAL**
- 7. REVIEW AND APPROVAL OF HEALTH INSURANCE RENEWAL**
- 8. REVIEW AND APPROVAL OF 2017 TENTATIVE BUDGET**
- 9. REVIEW OF PROJECTED 5 YEAR BUDGET**
- 10. MANAGER’S REPORT**
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 - B. OPERATIONS REPORT**
 - 1. UPDATE ON BUILDING B EXPANSION**
 - 2. UPDATE ON BUILDING C HEATING AND AIR CONDITIONING REPLACEMENT**
 - C. UTAH ASSOCIATION OF SPECIAL DISTRICTS**
 - 1. CONFERENCE**
 - 2. BILL**
 - D. REVIEW OF WEFTEC CONFERENCE**
 - E. WEAU MID-YEAR CONFERENCE**
- 11. INFORMATION ITEMS (NO ACTION REQUIRED)**
 - A. DISTRICT ACTIVITY REPORTS**
 - B. UTAH PUBLIC TREASURER’S POOL YIELD**
 - C. CENTRAL VALLEY FLOW & LOAD REPORT**
 - D. ANNUAL GRANITE SCHOOL DISTRICT BILLING FOR SEWER FEES**

PRESENT: MELVIN MACKAY, BOARD CHAIR
JOHN NORTON, TRUSTEE
AMI NEFF, TRUSTEE
KERRY EPPICH, GENERAL MANAGER
STEPHEN ROHWER, DISTRICT CONTROLLER
TAMMY GONZALES, EXECUTIVE SECRETARY/DISTRICT CLERK

PRESIDING: CHAIR, MELVIN MACKAY

GUEST: DAN HALL, DIVISION OF WATER QUALITY, AND
DISTRICT RESIDENT – 4055 S 2835 E

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1. MINUTES OF BOARD MEETING – SEPTEMBER 21, 2016

Motion to approve the September 21, 2016 Board Meeting minutes, as written, was made by Trustee Ami Neff and seconded by Trustee John Norton. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Mel Mackay.

2. MT. OLYMPUS PAYABLES

After review and discussion, motion to approve the Mt. Olympus Payables was made by Trustee Ami Neff and seconded by Trustee John Norton. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Mel Mackay.

3. CENTRAL VALLEY PAYABLE

After review and discussion, motion to approve the Central Valley Payable was made by Trustee Ami Neff and seconded by Trustee John Norton. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Mel Mackay.

4. FINANCIAL REPORT

The Financial Report was accepted for filing by Board Members.

A discussion was then had regarding the 2016 approved capital budget variance report.

5. CENTRAL VALLEY REPORT – JOHN NORTON

Trustee Norton reported on the last Central Valley Board meeting.

Topics of discussion were:

- ***Central Valley Public Budget Hearing*** – November 30, 2016 at 3:05 p.m. is the date and time Central Valley has set for their public budget hearing.
- ***CFO Selection Committee*** – The committee to select the new CFO is comprised of one board member, Debra Armstrong, one general manager, Clint Jensen, the finance director from Murray City, Phil Heck, Tom Holstrom, Sharlene Grover, and Kelly Kimber from Central Valley.
- ***Nutrient Removal Compliance*** – On or about September 10, 2016, Tom Holstrom sent a letter to the DEQ stating that we are in the process of trying to meet the compliance rules and that we are requesting an extension of time from 2020 to 2025. We have not heard back from the DEQ, but there is a meeting scheduled for Monday, October 24th.
- ***The Jordan River/Farmington Bay Water Quality Coalition*** – There was a discussion regarding participation in the Coalition. Some members wanted to back out of participation while others did not. Also discussed was the need for public outreach with some of the money that is spent on the Coalition being spent on informing the public. South Salt Lake and Murray City strongly agreed with the public outreach and having Central Valley spearhead that.

5. CENTRAL VALLEY REPORT – JOHN NORTON (CONTINUED)

- ***Draft of State 2016 Integrated Report*** – The State puts out an Integrated report annually that is essentially an assessment of all the waters of the State. Their interest being the Jordan River/Mill Creek exchange which is where we discharge to. The impairment of Mill Creek below our discharge or in the zone of our discharge shows impairment of dissolved oxygen and ecoli. Some of the impairments were upstream from our discharge. Since the report is in draft form, Tom and Phil made a rebuttal to the report.
- ***Maintenance Software*** – The proposals came back for the maintenance software. This software is for the CMMS which will help track the maintenance of the equipment and generate workorders.
- ***Engine Generator Contract*** – After the trip to view different engines, they decided to go with the Caterpillar engines.
- ***Draft of Interlocal Agreement*** – The draft should be in final form and out to the legal counsels at this time.
- ***Capital Projects*** – The interceptor rehabilitation and the feed station are underway.
- ***Board Social*** – The Board social was held at Market Street Grill and with one exception all were in attendance.
- ***Preliminary Budget*** – The preliminary budget is \$16.2 million which is an increase of 16% from last year. Some of the increase is associated with the nutrient removal improvements. They are also looking at hiring new personnel which would increase staff from 84 to 91 employees. This includes the CFO position, two mechanics, one pretreatment specialist, and potentially a mercury discharge pretreatment position. Professional service fees will increase by 40%, these fees include UV system program upgrades, Peer review work and pre-design for the for pipeline project. Fuel expense and board expenses decreased.

Wendy Crowther gave a discussion regarding the labor action/potential grievance letter that was sent to the Board which is against policy. An employee should meet with the general manager first. There was also a legal review to see if there was a discrimination case as a result of the letter. Their finding was that there was no discrimination case. Trustee Mackay asked if the employee is still pursuing the case, and Manager Eppich stated that she rescinded the letter the next day; however legal counsel stated it still had to be reviewed.

A. DISCUSSION OF INTERLOCAL AGREEMENT CHANGE

The Agreement has been sent to the attorneys. A couple of the attorneys feel the agreement needs to be amended and restated.

The Peer review for the Mill Creek point of discharge was discussed at the last Managers meeting. Phil Heck stated that the Peer review rule for this point of discharge does not qualify so it looks like Central Valley will be building the pipeline.

Manager Eppich stated that the last capital budget that he looked at showed \$22.3 million. Phil Heck stated that there will be some changes to the budget but that the budget should go down.

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At this time Dan Hall with the Division of Water Quality (DWQ) was welcomed into the meeting. He stated that their interest was in the UASD bill. Trustee Norton stated that the bill was just our annual renewal dues for membership in UASD. There was then a discussion on the permit/point of discharge issue.

6. REVIEW AND APPROVAL OF PROPERTY & LIABILITY INSURANCE RENEWAL

The Board was provided a copy of the 2017-2018 insurance proposal. We are proposing to stay with our current provider Allied World Insurance Program (AWIP). Manager Eppich stated Darrell with Olympus wanted to recommend that we increase our excess liability coverage from \$10 million to \$15 million which would be a \$7,500 increase. Also, adding the travel and accident coverage would benefit the Board. The Board decided to keep the District's coverage as is.

The rate for the District insurance is basically flat with the premium up slightly because of exposure which is a 3 percent increase. The premium is up \$2,152 to \$80,948.

After review and discussion, motion to approve the property and liability insurance renewal with our current provider was made by Trustee John Norton and seconded by Trustee Ami Neff. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Mel Mackay.

7. REVIEW AND APPROVAL OF HEALTH INSURANCE RENEWAL

The District has received its Health Insurance Renewal from PEHP its current provider. The medical premium came back with a 6.9% increase and dental had a 3% increase.

After review and discussion, motion to approve the renewal of the PEHP Health Plan was made by Trustee John Norton and seconded by Trustee Ami Neff. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Melvin Mackay.

8. REVIEW AND APPROVAL OF 2017 TENTATIVE BUDGET

The Board was provided copies of the proposed 2017 Tentative Budget. Controller Rohwer discussed the different scenarios of the \$3.00, \$4.00 and \$5.00 increases due to the Central Valley upgrades and gave a break-down of the Budget Highlights. These are projected on the \$5.00 increase:

- Increase sewer fee revenue from \$6,371,520 to \$9,580,320 due to increase in fees and projected 2017 RE's
- Decrease in capacity fee revenue from \$280,500 to \$261,800 due to new connection projects in 2017
- There is a decrease in nose on fees from \$4,000 to \$3,500 due to the different type of materials being used
- COLA is proposed at 1.23% and a merit increase at 0-2%

8. REVIEW AND APPROVAL OF 2017 TENTATIVE BUDGET (CONTINUED)

- Benefits for 2017 have increased by 4.92%
- Increase lines repair budget from \$525,000 to \$700,000 for lining projects
- Increase District's portion of Central Valley's O&M from \$3,228,237 to \$3,750,969 for hiring a new CFO, 2 mechanics, 1 operator, and 1 pretreatment specialist, COLA 1.4%, merit 2%, total benefits increase if 14.72%, chemical ferric chloride, professional fees, and SCADA upgrade
- Increase District's portion of Central Valley's Capital budget from \$1,281,032 to \$5,159,925
- Decrease District's capital budget from \$1,016,312 to \$530,000 (see proposed capital summary)
- Information technologies capital expense is \$28,488 to upgrade our software and GIS licensing.
- Administration expense will increase \$113,256 with most of the increase for the election
- Engineering budget will increase by \$14,216 for salaries & wages, benefits
- Net effect to budget for 2017 is a use of reserves of \$980,329

After review and discussion, the Board made a motion to approve and adopt the 2017 Tentative Budget and have it ready for the public hearing which will be held on Wednesday, November 16, 2016 at 6:00 p.m. at the Central Valley office boardroom, 800 W Central Valley Rd was made by Trustee Ami Neff and seconded by Trustee John Norton. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Melvin Mackay.

9. REVIEW OF PROJECTED 5 YEAR BUDGET

The Board and staff discussed the 5 year projected budget. The projected budget shows a \$5.00 increase for the next few years and then \$6.00 in 2020 and \$8.00 starting in 2021. It is being recommended we go with the \$5.00 increase.

10. MANAGER'S REPORT

A. PERSONNEL REVIEW

No employee anniversaries are in November and all employees are doing a good job.

B. OPERATIONS REPORT

1. UPDATE ON BUILDING B EXPANSION

We have sent out bids and plan to open them on November 1, 2016 at 2:00 p.m. We did have a pre-bid walk through last week with the 5 or 6 responses that we had. We set up the bid so they would let us know when they want to start the project with a projected 150 days to complete, so by the end of July. There are still some fees due to the County so Dean is talking with them about that.

10. MANAGER'S REPORT (CONTINUED)

B. OPERATIONS REPORT (CONTINUED)

1. UPDATE ON BUILDING C HEATING AND AIR CONDITIONING REPLACEMENT

The HVAC system is finally complete. We did have a controls contractor come in to adjust a couple of things on the control side. We had them come and fix a hole in some of the duct work that was beyond their scope of the project. Dean will keep up on this to make sure everything runs smoothly.

C. UTAH ASSOCIATION OF SPECIAL DISTRICTS

1. CONFERENCE

Conference registrations are complete according to what sessions everyone wanted to attend.

2. BILL

Membership dues this year are \$9,478 which is an increase of about \$186 from last year.

Manager Eppich stated that there is one legislative Bill that is private regarding the election of Board members that we are watching but it cannot be distributed yet. He will keep the Board informed.

D. REVIEW OF WEFTEC CONFERENCE

Everyone felt that it was a good conference with good information. Trustee Norton stated he felt some sessions were ok but not as good compared to past conferences.

E. WEAU MID-YEAR CONFERENCE

Manager Eppich asked if anyone would like to attend this conference to let us know so we can make arrangements. Trustee Mackay stated he would like to attend.

11. INFORMATION ITEMS (NO ACTION REQUIRED)

A. DISTRICT ACTIVITY REPORTS

Copies of the District's activity reports were provided for Board review. Trustee Norton stated he appreciated the work put into the reports, they provide good information.

B. UTAH PUBLIC TREASURER'S POOL YIELD

The Utah Public Treasurer's Pool Yield for September 2016 has increased slightly from .9968% to 1.059%.

11. INFORMATION ITEMS (NO ACTION REQUIRED) (CONTINUED)

C. CENTRAL VALLEY FLOW & LOAD REPORT

A copy of the current Central Valley Flow & Load Report was not available.

D. ANNUAL GRANITE SCHOOL DISTRICT BILLING FOR SEWER FEES

The annual Granite School District billing was prepared for a total of \$37,662 for the 2015-2016 school year. The bill is higher this year due to higher average daily attendance (ADA) numbers.

With no further information to come before the Board, motion to adjourn was made by Trustee John Norton and seconded by Trustee Ami Neff. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Mel Mackay.

The meeting adjourned at 11:35 a.m.

Mel Mackay, Board Chair