

**BOARD MEETING
SEPTEMBER 21, 2016
9:00 A.M.
MT. OLYMPUS IMPROVEMENT DISTRICT
3932 SOUTH 500 EAST**

SUMMARY

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 - A. DISTRICT ACTIVITY REPORTS**
 - B. CENTRAL VALLEY FLOW & LOAD REPORT**
 - C. UTAH PUBLIC TREASURER’S POOL YIELD**

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

GUEST: JEFF SILVESTRINI, MAYORIAL CANDIDATE FOR MILLCREEK CITY

PRESIDING: CHAIR, MEL MACKAY

**BOARD MEETING
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1. MINUTES OF BOARD MEETING AND PUBLIC HEARING – AUGUST 17, 2016

Motion to approve the August 17, 2016 Board Meeting minutes, as amended, 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.

2. MT. OLYMPUS PAYABLES

After review and discussion, motion to approve the Mt. Olympus Payables 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.

3. CENTRAL VALLEY PAYABLE

After review and discussion, motion to approve the Central Valley Payable 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.

4. FINANCIAL REPORT

The Financial Report was accepted for filing by Board Members.

5. CENTRAL VALLEY REPORT – JOHN NORTON

Trustee Norton reported on the last Central Valley Board meeting.

) ***Biological Nutrient Removal Update*** – The Biological Nutrient Removal (BNR) process has been approved to meet the State’s rule for phosphorus effluent limit of 1 milligram per liter.

) ***Tentative Budget*** – The tentative budget that includes the BNR is approximately \$131 million over the next 5 years. The District’s portion of Central Valley’s next year’s capital budget is approximately \$5.1 million. Trustee Mackay asked if this included the pipeline project, and Trustee Norton stated it did not include the entire amount, however; there is \$5 million for the pipeline project in next year’s budget. On September 12, 2016 Tom Holmstrom sent a letter to the State stating the intent to redesign the plant and asked if Central Valley could receive an extension of time to meet the new phosphorus limit due to having to redesign and construct the updated plant. Central Valley has had no response from the State on the letter.

) ***Insurance*** – The property, casualty, and workers compensation insurance package was up for renewal. Marsh presented the insurance package and was pushing to change the deductible of \$100,000 on property coverage, which apparently is not industry standard. After discussion it was decided to stay with the \$100,000 deductible. There was a small increase in auto coverage premium due to rates going up. Earthquake and flood coverage was also included in the package. Ultimately the Marsh insurance package was approved.

5. CENTRAL VALLEY REPORT – JOHN NORTON (CONTINUED)

) *Peer Review* – Phil Heck, the Department of Water Quality, and the Jordan River/Farmington Bay Water Quality Coalition (JRFBWQ) are working on the rules regarding the Peer Review. The law was passed regarding the Peer Review but was vague about how to conduct it.

) *Asset Management Update* – The Asset Management Study (AMS) was approved after months of reviewing and discussion. Jim Brass made a comment that we need to make sure the Interlocal Agreement supports all the other items approved.

Mark Kindred of South Salt Lake stated that he voted in favor to approve the BMR, the Pipeline Change and the Capital Improvement Plan (CIP). He also expressed their interest in merging with another entity for sewer service.

) *Salary Survey* – A committee was formed that included Rod Bushman and Mark Kindred that did a salary survey of the staff at Central Valley. Operators at Central Valley are currently being paid \$14.00 per hour which showed that the staff is being paid below the 50th percentile. The committee recommended increasing staff pay up to the 50th percentile starting with next year's budget, and then within the next five years moving all employees up to the 75th percentile.

) *Interlocal Agreement Review* – The Interlocal Agreement is up for review.

) *Pilot Food Project* – The pilot food program has two 20,000 gallon tanks and has been getting about one truckload per day which is about 65,000 gallons. The purpose of the project was to see what dollar amount would be generated per truckload. If we were to get 25-30 truckloads per day this would generate enough energy to be off the grid.

) *Jordan River/Farmington Bay Water Quality Coalition* – Tom Holmstrom wrote a letter to the Board regarding the Coalition. His letter suggests we back out of the Coalition and use the money for other issues at Central Valley. Trustee Norton agrees with backing out of the Coalition and using the money for public relations.

) *Tempo Road Acreage* – Central Valley currently owns 39 acres that was acquired in a land-swap deal on Tempo Road. They are looking at now selling this property, therefore; an appraiser will go out and do an appraisal on the land.

Wendy did some research regarding water rights and briefly spoke about that. A Central Valley employee filed a discrimination case against them. They had legal counsel come and interview staff and the legal counsel determined there were no grounds for a discrimination case.

A. DISCUSSION OF INTERLOCAL AGREEMENT CHANGE

Manager Eppich stated the Agreement in the packet was very similar to last months, with the exception of one change. It was written that if anything was sold with the exception of land, the proceeds would be distributed to the entities at the new ownership percentage. Land is an appreciable asset therefore if any land is sold the proceeds would be distributed at the original ownership percentage.

5. CENTRAL VALLEY REPORT – JOHN NORTON (CONTINUED)

A. DISCUSSION OF INTERLOCAL AGREEMENT CHANGE (CONTINUED)

After review and discussion, Motion to approve sending the Interlocal Agreement to our legal counsel for review 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.

Manager Eppich stated that to change the Interlocal Agreement it has to be approved by all entities.

B. PRELIMINARY BUDGET

The preliminary budget includes the salary for a new CFO. As mentioned before, there is just short of \$22 million in capital, with \$5.5 million of that going to the pipeline project. We are hoping we will not have to do the pipeline project and through the Peer Review be able to maintain our discharge point and the present limits.

Trustee Norton asked if anyone had read the ad for the new CFO position. Manager Eppich stated he had and called Kelly with a couple of comments but hadn't heard back from him. One comment was that he didn't feel the position had to be an accredited Utah school, and second it stated that it had to be licensed in Utah. As long as they have a CPA it shouldn't matter if they are licensed in Utah or not. One last thing, it should state that the position oversees the financial operations of the facility and not specify working with certain people.

Trustee Mackay stated that the COLA increase for Central Valley was stated as 1.4%. Medical insurance is projected to increase by 8% and the chemical increase of 68.75% is due to adding new chemicals into the line upstream of the plant as well as the Granger-Hunter pump station. They are looking at hiring more operators and staff (4) positions. The \$150,000 for the JRFBWQ Coalition is still in the budget, but if they decide not to stay with the Coalition the money will be used for public relations and/or new hires.

At this time Jeff Silvestrini who is running unopposed for Millcreek City Mayor was welcomed into the meeting. Jeff discussed some of the issues they are facing starting up a new city. As you may recall we were approached by the Treasurer of Cottonwood Heights regarding the start-up of Millcreek City. He asked if our building has capacity and if we could house about 8 Millcreek City employees and their operations for about six months. Jeff discussed with the Board their intent to occupy space in our building and their plan to deliver cubical panels, chairs, desks, etc. November 22, 2016 would be their anticipated active date. Jeff expressed his sincere appreciation for the use our building and working with them.

6. DISCUSSION OF 2016 AND 2017 BUDGETS

Manager Eppich briefly discussed the budget especially concerning the building expansion. Most of the cost of the expansion will now be put off until next year. If you recall when we started the process with the heating and air conditioning, the air conditioning was the only part we were going to replace, and then we ended up needing the heating replaced as well and the costs just kept climbing.

Since the expansion is going to be in next year's budget we went ahead and purchased some of the items we had put off, like the flow meters, a fuel shut-off switch for the gas pumps (which have been ordered), plus we have been looking into doing electronic entrances to each of the buildings, which should be done by the end of the year. One more thing we are considering is putting a restroom and shower in the basement. We would do the work ourselves and hope to complete by the time Millcreek City moves in.

A discussion on the District's customer statement showing the inclusion of the Central Valley increase was then had. Manager Eppich stated we will put together a spreadsheet showing in detail how the increase will affect the budget for the next five years.

7. MANAGER'S REPORT

A. PERSONNEL REVIEW

Manager Eppich reported that the following employee will have his anniversary in the next month:

) Ray Dotson's anniversary is on October 11th. He has been with the District 33 years and is doing a good job.

B. OPERATIONS REPORT

1. UPDATE ON BUILDING B EXPANSION

We have finally received approval from the County Building department and would like to get bids this year, possibly by mid October. We would like to get all our fees, design engineering, and construction management fees taken care of in this year's budget and start construction next year. As you may recall the County is pushing for a storm drain impact fee which is based on total area multiplied by their fee of approximately \$3,000 to \$4,000 per acre. We have three to four acres and these fees could cost anywhere from \$12,000 to \$16,000. Engineer Ayala stated that he will be talking with them about these fees.

Trustee Norton asked if we were to prolong this until after the election and we maybe fall under a different jurisdiction would it help with the fees. The fees have to be paid before we get the building permit. Normally in this type of situation, if the approval process has been started it must be completed by the County and not moved to the new city.

7. MANAGER'S REPORT (CONTINUED)

B. OPERATIONS REPORT (CONTINUED)

2. UPDATE ON BUILDING C HEATING AND AIR CONDITIONING REPLACEMENT

The HVAC system is finally complete. There is still one item on the control side that they need to address. As you may recall there was a damper that wasn't working correctly and a couple of valves that were leaking. There was also a hot gas by-pass which helps with keeping it cycling correctly. One thing we weren't prepared for the one of the condenser units is very noisy. Trustee Norton asked if there were any contract performance considerations. The contract does include a performance section. After discussion with our legal counsel it was determined that it probably wasn't in our best interest to pursue legal action. A final walk-through is scheduled for tomorrow and we will talk with our legal counsel regarding any withholdings. We will not sign off on the certificate of substantial completion until after the final walk-through. There is still a one year warranty period that will start after the certificate of substantial completion is signed. There is a check for \$27,000 that we will pay them once the final walk-through is complete, but we are still withholding a \$10,800 retainage fee.

C. PROPERTY TAX CERTIFICATIONS

On September 6, 2016, the District certified 1,816 accounts for a total of \$247,715.19 with the additional administrative fee of \$45,400 for a grand total of \$293,115.19. A list of past years certified total's was provided for Board review.

D. DISCUSSION OF POSSIBLE LEGISLATION

Manager Eppich stated there are a few open bills that may affect the District: 1) is the authority for local district's to impose a tax that exceeds the certified rate, 2) is the truth in taxation process for fees, and 3) accounting for districts that overlap multiple taxing entities. Manager Eppich will do some more research regarding these bills and will keep the Board informed.

E. WEFTEC 2016 CONFERENCE

All arrangements for WEFTEC have been made. District Clerk Tammy Gonzales gave the Board copies of their flight itinerary, registration, and hotel information.

F. UTAH ASSOCIATION OF SPECIAL DISTRICTS CONFERENCE

The Association of Special Districts Annual Convention will be held November 2-4, 2016 in Ogden, Utah. All Board members, as well as Manager Eppich and Controller Rohwer will attend. Conference registrations will be done this week.

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

A. DISTRICT ACTIVITY REPORTS

Copies of the District's activity reports were provided for Board review. Controller Rohwer went over the payment volume transactions and fees.

B. CENTRAL VALLEY FLOW & LOAD REPORT

A copy of the current Central Valley Flow & Load Report was provided for Board review. We are holding at approximately 13 MGD.

C. UTAH PUBLIC TREASURER'S POOL YIELD

The Utah Public Treasurer's Pool Yield for August 2016 was up slightly from .9300 to .9832 percent.

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 11:38 a.m.

Mel Mackay, Board Chair