

**BOARD MEETING
OCTOBER 21, 2015
9:00 A.M.
MT. OLYMPUS IMPROVEMENT DISTRICT
3932 SOUTH 500 EAST**

SUMMARY

1. **MINUTES OF BOARD MEETING – SEPTEMBER 16, 2015**
2. **MT. OLYMPUS PAYABLES**
3. **CENTRAL VALLEY PAYABLE**
4. **FINANCIAL REPORT**
5. **CENTRAL VALLEY REPORT – JOHN NORTON**
 - A. **TENTATIVE BUDGET**
6. **REVIEW AND APPROVAL OF PROPERTY & LIABILITY INSURANCE RENEWAL**
7. **REVIEW AND APPROVAL OF HEALTH INSURANCE RENEWAL**
8. **REVIEW AND APPROVAL OF 2016 TENTATIVE BUDGET**
9. **REVIEW OF PROJECTED 5 YEAR BUDGET**
10. **MANAGER’S REPORT**
 - A. **PERSONNEL REVIEW**
 - B. **OPERATIONS REPORT**
 1. **UPDATE ON LINING PROJECT**
 - C. **HEATING AND AIR CONDITIONING ISSUES**
 - D. **UTAH ASSOCIATION OF SPECIAL DISTRICTS**
 1. **CONFERENCE**
 2. **BILL**
 - E. **REVIEW OF WEFTEC CONFERENCE**
 - F. **WEAU MID-YEAR CONFERENCE**
11. **INFORMATION ITEMS (NO ACTION REQUIRED)**
 - A. **UTAH PUBLIC TREASURER’S POOL YIELD**
 - B. **CENTRAL VALLEY FLOW & LOAD REPORT**
 - C. **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**

GUESTS: **DARRELL CHILD, OLYMPUS INSURANCE**

1. MINUTES OF BOARD MEETING – SEPTEMBER 16, 2015

Trustee Norton requested that we include in the minutes for September 16, 2015 the discussion the Board had regarding a monthly report card showing monthly data of the District's lines being cleaned and TV'd.

Motion to approve the September 16, 2015 Board Meeting minutes, with the changes requested by Trustee Norton, 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.

Topics of discussion were:

- ***Nutrient Removal*** – John Hall sent a letter to the State asking for ammonia limits to be put on hold until the issue with the mussels/snails is worked out. A second letter was sent addressing the off-ramp provision in the Phosphorus Rule stating that if we can show that phosphorus removal is not necessary, can we be off-ramped. The Jordan River, impounded wetlands, and the Farmington Bay are the three receiving waters affected.

The Department of Water Quality is now being receptive of the Peer Review process. The Peer Review will be limited to permittees under the Water Quality Programs. There was a meeting to discuss legislation which they hope to have in draft form in a month or two. The proposed legislation would include a provision that if a water quality initiative is scientifically valid, is adopted by the Board, and if the cost of compliance is above the cost threshold, then it has to be approved by the legislature. The cost threshold right now is \$10 million collectively.

5. CENTRAL VALLEY REPORT – JOHN NORTON (CONTINUED)

- ***Nutrient Removal (Continued)*** – The Phosphorus Rule compliance deadline right now is 5 years if we show diligence in the planning and execution of a facility change-out should it prove necessary and we are not able to off-ramp. It has been requested that the compliance deadline be extended to 2025, and the off-ramp deadline be extended from 2018 to 2020 to give us time to get the science correct.
- ***Asset Management Update*** – There have been several meetings with Brown and Caldwell regarding the prioritizing of projects that have come out of the Asset Management Study. Items that need addressing are being put into groups so they can be addressed and accomplished. They will then be prioritized over the next 20 years. Brown and Caldwell is preparing a spreadsheet for the 20 year plan that Central Valley will be able to update year each and use going forward.
- ***Budget*** – The budget was a topic of discussion with the capital budget also being discussed. Central Valley's has an engineer nearing his retirement and they are proposing to hire a new engineer to shadow his job for six months for a smooth transition. They have also presented a retirement incentive plan to several of their employees who are 65 years or older. Deadline for these employees to take advantage of this incentive plan is October 31, 2015. They would also like to have their part-time receptionist go full-time. They have purchased software for the Asset Management program and it is anticipated that Kelly Kimber will be moved from HR to the maintenance department to work with this software. There was a .7% Cost of Living Adjustment budgeted for next year based on the CPIU-Western Region. A 0-2% merit increase was budgeted. Medical insurance came in at 18%, but they are still in negotiations, and dental will increase 5%. Travel increased due to the board traveling to see various plants. Professional Fees increased 25% primarily due to increasing their legal budget and hiring a financial planner.

The major projects for 2016 include Interceptor Rehabilitation. Two of those projects are: the South Salt Lake main rehabilitation and the influent box, which they are waiting for a report from Red Zone Robotics on their inspection of the interceptor lines. They have put \$2 million dollars in the budget for these projects. The ten primary clarifiers need to be rehabilitated. The new cement cap box on the repaired siphon has high levels of hydrogen sulfite that is eating the cement. They plan on putting a Ferric chloride feed system into one of Granger-Hunter's pump stations to help reduce the hydrogen sulfite issue.

- ***Capital Purchases*** –They postponed the purchase of tractor trucks for hauling biosolids last year and now plan to purchased these. The total cost of these tractors is \$226,694.56. The purchase of LED lighting for the plant was also approved at \$127,331.75.

A discussion was then had on a slide presentation from a national study showing O&M and capital costs and where Central Valley stands in relation to other plants across the country.

6. REVIEW AND APPROVAL OF PROPERTY & LIABILITY INSURANCE RENEWAL

Darrell Child with Olympus Insurance was welcomed into the meeting.

Darrell discussed some of the District's plan coverages. Typically every three to five years, Olympus Insurance goes out and gets quotes from different insurance markets that specialize in water and wastewater companies to get the best pricing for our needs. This was done a couple of years ago.

Allied World Insurance Program (AWIP) is our current provider. Total insured properties of the District is valued at \$4.9 million with earthquake coverage is \$2 million.

The rate for the District insurance is basically flat with the premium up slightly because of increased values. The premium is up \$1,204 to \$76,631.

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 an 8% increase and dental had a 4% increase. They are offering special pricing for the Summit Exclusive Option. This option came back with a .9% increase. We have three employees who are currently on the Advantage Plan and have let them know we will be moving to the Summit Exclusive Plan which will save the District anywhere from \$35,000-\$40,000 per year.

After review and discussion, motion to approve the renewal of the PEHP Health Plan and to offer the District's employees the Summit Exclusive Option (Summit Care HDSA) 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 2016 TENTATIVE BUDGET

The Board was provided copies of the proposed 2016 Tentative Budget. Controller Rohwer gave a break-down of the Budget Highlights:

- Increase sewer fee revenue from \$6,235,680 to \$6,371,520 due to increase in RE's and projected 2016 RE's
- Increase interest and admin fee revenue from \$100,000 to \$177,707 due to first year actual on new interest calculation and certification admin fee (SB193)
- Decrease capacity fee revenue from \$428,810 to \$280,500 due to new connection projects for 2016
- COLA is proposed at 1.3% and a merit increase at 0-2%
- Insurance benefits for 2016 have increased by .92%

8. REVIEW AND APPROVAL OF 2016 TENTATIVE BUDGET (CONTINUED)

- Increase lines repair budget from \$400,000 to \$474,528 for lining projects
- Increase District's portion of Central Valley's O&M from \$2,748,921 to \$3,249,053 due to them hiring a replacement Engineer, moving two employees from part-time to full-time, Cola 1.3%, Merit 2%, total benefit increase of 11.5%, admin and board travel increase of 64% for site evaluations of equipment
- Increase District's portion of Central Valley's Capital from \$864,397 to \$1,281,032 for interceptor rehabilitation and critical lining projects, engineering fees and design of digester gas treatment and sludge trucks
- Increase District's Capital budget from \$732,979 to \$886,312
- Administration capital expense is \$34,100 for the purchase of a new F-150 truck.
- Engineering capital expense is \$46,253 for a new air conditioning compressor, flow dar, flow totes and accessories.
- Lines capital expense is \$796,500 for the maintenance building addition, wash basin for the restroom, jet cleaner truck (trade/sale of 2006 International truck) and Blue 100 jet saws.
- Information technologies capital expense is \$9,459 to upgrade our Caselle and GIS server.

After review and discussion, the Board made a motion to approve and adopt the 2016 Tentative Budget and reconfirm the date and time of the public hearing which will be held on Wednesday, November 18, 2015 at 10:00 a.m. at the District office 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. The Board directed the staff to do all necessary advertisement and posting for the public hearing.

9. REVIEW OF PROJECTED 5 YEAR BUDGET

The Board and staff discussed the 5 year projected budget. The projected budget shows a 2.5% increase for the next 5 years as well as the major capital expense being budgeted over the next 5 years.

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 LINING PROJECT

The lining project is about half way done and should be completed by the end of the month. Today they are working on a critical line that they say could collapse. We have a back up in place should that happen.

10. **MANAGER'S REPORT (CONTINUED)**

C. **HEATING AND AIR CONDITIONING ISSUES**

The first week of October the air conditioning unit stopped working. The air conditioning compressor went out. This was not a budgeted item for this year. It will cost approximately \$20,000 to replace. It was decided that since it will be cooler in the next few weeks and we would not use the air anyway, that we would wait to replace it until next year when it can be budgeted.

D. **UTAH ASSOCIATION OF SPECIAL DISTRICTS**

1. **CONFERENCE**

The Board was provided a copy of the conference agenda. Manager Eppich went over who will be attending.

2. **BILL**

Membership dues this year are \$9,292 which is an increase of about \$192 from last year. We pay this bill in January.

E. **REVIEW OF WEFTEC CONFERENCE**

Everyone felt that it was an interesting conference and had good information.

F. **WEAU MID-YEAR CONFERENCE**

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

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

A. **UTAH PUBLIC TREASURER'S POOL YIELD**

The Utah Public Treasurer's Pool Yield for September 2016 has increased slightly from .609% to .636%.

B. **CENTRAL VALLEY FLOW & LOAD REPORT**

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

C. **ANNUAL GRANITE SCHOOL DISTRICT BILLING FOR SEWER FEES**

We did not receive the information to create the bill in time for the board meeting so this item will be discussed at the next board meeting.

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Trustee Ami Neff asked about the sewer lateral disclosure that Manager Eppich added to the Board books. Manager Eppich gave the Board a little history on the insurance of sewer laterals from which this Bill evolves. This Bill enacts provisions relating to sanitary sewer service. It defines terms; and requires each public owner of sanitary sewer facilities to provide certain disclosures related to liability for the repair or replacement of a sewer lateral.

Motion to adjourn the open session and go into a closed session to discuss personnel issues 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.

Motion to go back into the regular session 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.

With no further information to come before the Board, motion to adjourn 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.

The meeting adjourned at 12:30 p.m.

Mel Mackay, Board Chair

