

**BOARD MEETING
NOVEMBER 16, 2016
5:00 P.M.
CENTRAL VALLEY WATER RECLAMATION FACILITY
800 WEST CENTRAL VALLEY ROAD**

SUMMARY

- 1. MINUTES OF BOARD MEETING – OCTOBER 19, 2016**
- 2. MT. OLYMPUS PAYABLES**
- 3. CENTRAL VALLEY PAYABLE**
- 4. FINANCIAL REPORT**
- 5. CENTRAL VALLEY REPORT – JOHN NORTON**
 - A. DISCUSSION AND APPROVAL OF AMENDED AND RESTATED INTERLOCAL AGREEMENT**
- 6. UASD REPORT**
- 7. DISCUSS POSSIBLE LEGISLATION**
- 8. MANAGER’S REPORT**
 - A. PERSONNEL REVIEW**
 - B. OPERATIONS REPORT**
 - 1. DISCUSSION OF DAILY’S PREMIUM MEATS**
 - 2. UPDATE ON LINING PROJECT**
 - 3. DISCUSSION AND APPROVAL OF BUILDING B EXPANSION BID**
 - 4. DISCUSSION OF ACCOUNT #11.0147 – 1311 EAST 3205 SOUTH**
 - 5. REVISED GRANITE SCHOOL DISTRICT BILLING**
- 9. INFORMATION ITEMS (NO ACTION REQUIRED)**
 - A. DISTRICT ACTIVITY REPORTS**
 - B. CENTRAL VALLEY FLOW & LOAD REPORT**
 - C. UTAH PUBLIC TREASURER’S POOL YIELD**
 - D. CHRISTMAS PARTY UPDATE**
- 10. 6:00 P.M. PUBLIC BUDGET & FEE INCREASE HEARING**
 - A. DISCUSSION AND APPROVAL OF AMENDING THE 2016 BUDGET**
 - B. DISCUSSION OF PROPOSED FEE INCREASE FROM \$10.00 TO \$15.00 PER RE**
 - C. DISCUSSION AND PUBLIC INPUT OF TENTATIVE 2017 BUDGET**

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

PRESIDING: CHAIR, MEL MACKAY

VISTORS: MATT DUGDALE, GEORGE K BAUM
SPENCER EVANS, COTTONWOOD IMPROVEMENT DISTRICT
TOM HOLSTROM, CENTRAL VALLEY
PHIL HECK, CENTRAL VALLEY

**BOARD MEETING MINUTES
NOVEMBER 16, 2016
PAGE TWO**

1. MINUTES OF BOARD MEETING OCTOBER 19, 2016

Motion to approve the October 19, 2016 Board Meeting minutes, as written, 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. Controller Rohwer stated that there is a new report that shows all disbursements during the previous month.

5. CENTRAL VALLEY REPORT – JOHN NORTON

Trustee Norton reported that the following items were discussed at the last Central Valley board meeting:

- ***Public Budget Hearing*** – The Central Valley 2017 budget was approved. Those budget figures are included in the Mt. Olympus 2017 budget.
- ***Interlocal Agreement*** – The Agreement is under review. See 5A below.
- ***UASD Membership*** – After discussion Central Valley decided not to join the UASD. Partly due to competing interests. In conjunction with this, Holland and Hart gave a proposal for the Jordan River/Farmington Bay Water Coalition to get representation and lobbying for the POTW's in Utah. The cost for this representation is \$2,000 per POTW per month. The proposal was not approved. Trustee Norton asked the question, can we quantify the impacts of DWQ's regulations and how have they benefited the environment? In other words is the money we are spending to protect the environment really making a difference?
- ***Department of Water Quality*** – The DWQ permit renewal will be for the Millcreek discharge point. For the most part we can meet all the requirements of the new permit with the exception of the toxicity tests. Phil Heck believes we will not meet those requirements due to the difference between the dilution factor of the Jordan River as compared to Millcreek. The permit is now being rewritten with language that would put a cap on the reoccurring testing. If we cannot meet the requirements then we could be put on a plan to give us the time to put in the pipeline. So, this would put the Jordan River pipeline project on hold. Even though we do have it in the budget, it will most likely not be approved. The State revolving fund loan is still being worked on.

5. CENTRAL VALLEY REPORT – JOHN NORTON (CONTINUED)

- **CMMS Contractor** – The CMMS contractor that is working on the maintenance software is almost done with the project.
- **Engine Generator** – There was a short discussion on the engine generator and the selection process.

A. DISCUSSION OF INTERLOCAL AGREEMENT CHANGE

A copy of the Agreement was provided for Board review. The copy provided to the Board was the one agreed to by the other entities legal counsel. The latest draft has some substantial changes that bring us in line with what true life is. We are what is called a beneficial owner of the property, but it's actually held in trust by Central Valley. The Interlocal Agreement has now been changed to read that way. It is also being made clear what the new ownership percentages are and how the percentages will work moving forward.

After review and discussion, motion to approve the Interlocal Agreement subject to changes made by legal counsel and final agreement by all entities 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.

6. UASD REPORT

We have been receiving reports from the UASD about the interim meetings at the legislature. Below are some of the bills that are being worked on.

7. DISCUSS POSSIBLE LEGISLATION

Manager Eppich stated the bills in the board book are private and have not come out yet, but we have received two bills today that have come out.

- **Local District Revisions – Elected Boards** – This bill defines term; requires legislative body approval of most local districts' budgets; modifies the circumstances under which a local district, other than a large water conservancy district, may levy or collect a property tax that exceeds the certified tax rate. This bill doesn't affect us much, because we have a fully-elected board. Something of interest in this bill is the water districts are having a hard time with this bill because their boards are appointed and it looks like they have been exempted from this bill. If this bill passes we will be required to submit our budget to all of the municipalities within our district and the County, and it will have to be approved by two-thirds of them. Manager Eppich will get more information on this.
- **Dissolution of Local Districts** – This bill modifies the procedure to dissolve a local district. This change now states that a resolution adopted by a controlling legislative body can dissolve a local district.

8. MANAGER'S REPORT

A. PERSONNEL REVIEW

There are no anniversaries at this time and all employees are doing well.

B. OPERATIONS REPORT

1. DISCUSSION OF DAILY'S PREMIUM MEATS

The Board was provided a copy of a demand letter that was written by our legal counsel. As you may recall Daily's had asked for two extensions on the Agreement for Impact Fees and they have failed to meet the requirements on those extensions. The demand letter states they have 10 days to rectify the situation. They will not be able to rectify this in 10 days because of the requirements to take two weeks of samples and analyze them. Because the contract states 10 days, legal counsel advised us to keep the 10 day wording the same. Trustee Neff asked why have they not been able to meet the requirements. Manager Eppich stated he wasn't sure but thinks they are still having trouble with the DAF system and are not satisfied with the results they are getting so they have not completed the required studies. We will do our own studies/samples and will start billing them based on those samples. Engineer Ayala then discussed the DAF system they have in place. Trustee Norton asked what is our recourse at this point? Manager Eppich stated one recourse we have is that we could bill them \$500,000 which is the highest amount based on the numbers we had initially, or a second recourse is we will do the studies and bill them based on those studies, which is what we recommend to do.

After review and discussion, motion to approve sending the "Demand Letter" from the District's legal counsel to Daily's Premium Meats 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. UPDATE ON LINING PROJECT

As you may recall Insituform is doing the lining project. They have been doing the work for about three or four weeks. They should finish the project by the end of this week with a final pay request the following week. This will cost approximately \$456,000. Manager Eppich commented that they could not line one section of the pipe because of the configuration of the pipe. We have sent out bids for that section. Engineer Ayala then explained that different companies use different types of products and processes. We feel comfortable with using a second company to do the work. Engineer Ayala stated that there was one more section of pipe that we had planned on relining this year but we will do next year. This is due to heavy infiltration which will require injection grouting.

8. MANAGER'S REPORT (CONTINUED)

B. OPERATIONS REPORT (CONTINUED)

3. DISCUSSION AND APPROVAL OF BUILDING B EXPANSION BID

We received five bids for the Building B expansion. The engineers estimate was at \$438,000 and the low bid came in at \$414,900 from Arnell West. They would like to start the work within the next couple of months. We now need to finalize our permits and pay the fees to the County. Engineer Ayala stated that Arnell West is a reputable company and has done municipal work before and he feels we will like their work.

After review and discussion, motion to approve the bid for \$414,900 from Arnell West 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. DISCUSSION OF ACCOUNT #11.0147 – 1311 EAST 3205 SOUTH

We received a call the first part of November from a contractor about flooding in a basement at 1311 East 3205 South. We immediately sent a crew out and found that one of our manholes was completely flooded. We cleaned the line and found there was a large amount of grease in the line. It appeared the grease came from a Crown Burger that was upstream. We will pay the \$2,100 for clean-up and restoration and also the fee for Roto Rooter. This issue has led us to work on developing a better way to monitor situations like this with grease traps. Trustee Norton asked if it would be beneficial to monitor other areas like this on our regularly scheduled cleaning schedule. Manager Eppich stated he will work with our Lines Superintendant on this.

5. REVISED GRANITE SCHOOL DISTRICT BILLING

We received a call from Granite School District stating that the Canyon Rim School had been sold, so we have adjusted the billing.

9. 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.

B. CENTRAL VALLEY FLOW & LOAD REPORT

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

C. UTAH PUBLIC TREASURER'S POOL YIELD

The Utah Public Treasurer's Pool Yield for October 2016 has increased slightly from 1.059% to 1.098%.

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

D. CHRISTMAS PARTY UPDATE

Tammy Gonzales, District Clerk, reminded the Board about the Christmas Party on December 1, 2016, at Little America at 7:00 p.m.

10. 6:00 P.M. PUBLIC BUDGET & FEE INCREASE HEARING

At 6:00 p.m. motion to move from the regular Board Meeting into the Public Hearing portion of the meeting 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.

Spencer Evans, Cottonwood Improvement District and District Customer was welcomed into the meeting.

A. DISCUSSION AND APPROVAL OF AMENDING 2016 BUDGET

The Board was provided a copy of the proposed budget. The proposed changes are to decrease penalties and interest and administrative fee revenue by \$25,000. This is our first year assessing an administrative fee on certifications and so the amount on penalties and interest and administrative fee revenue was an estimate. Second item would be to increase the interest income budget (this is non-operating) from \$200,000 to \$236,190. During the year we sold a jet truck and purchased a new one. We would like to transfer the budget from the old one to the new one; this has a zero net affect. We purchased saws for each of the VacCon trucks and jet truck at a cost of \$1,400 per vehicle. One of the trucks had a failed pump that had to be replaced at a cost of \$3,100. Software and licensing for ESRI needed an update at a cost of almost \$3,900. Net effect to the budget is zero. We are just moving monies from one account to another.

After review and discussion, motion to approve the amended 2016 budget 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.

B. DISCUSSION OF PROPOSED FEE INCREASE FROM \$10.00 TO \$15.00 PER RE

At this time Matt Dugdale with George K. Baum was welcomed into the meeting. Matt gave a presentation illustrating the rationale behind the sewer fee increase. A complete copy of the presentation is filed in the official board book.

Tom Holstrom and Phil Heck gave a presentation illustrating the need for the increase at the Central Valley Plant mainly due to the plant rehabilitation and meeting new regulations. A complete copy of the presentation is filed in the official board book.

With no members of the public present for comment, and after review and discussion, motion to approve the \$5.00 increase to be effective January 1, 2017 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.

**BOARD MEETING MINUTES
NOVEMBER 16, 2016
PAGE SEVEN**

10. 6:00 P.M. PUBLIC BUDGET & FEE INCREASE HEARING (CONTINUED)

Manager Eppich stated that due to new regulations that we did not follow completely, we will hold another public hearing at next month's board meeting to be held at 6:00 p.m.

After review and discussion, motion to change the December 21, 2016 from 9:00 a.m. to 5:00 p.m. with a public hearing to follow at 6:00 p.m. to discuss the rate increase 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.

C. DISCUSSION AND PUBLIC INPUT OF TENTATIVE 2017 BUDGET

Controller Rohwer reported that since the last board meeting there were a few minor changes to the proposed budget. A discussion was then had about the budget.

Motion to move from the Public Hearing and go back into the regular Board Meeting was made by Trustee John Norton and seconded by Trustee Ami Neff. The motion was approved by unanimous vote, those voting in favor: Ami Neff, John Norton, and Mel Mackay.

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

The meeting adjourned at 6:53 p.m.

Mel Mackay, Chairman of the Board