

MINUTES OF THE MEETING OF THE TRUSTEES
OF THE CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
HELD MONDAY, OCTOBER 19, 2020. THE MEETING WAS HELD ELECTRONICALLY
WITH A PHYSICAL ANCHOR LOCATION AT THE DISTRICT OFFICE LOCATED AT
2618 WEST PIONEER ROAD, MARRIOT-SLATERVILLE, UTAH, WITH PUBLIC ACCESS
TO THE MEETING

Trustees Present: Mark Allen, Neal Berube, Bart Blair, Sharon Bolos, Mike Caldwell, Leonard Call, Lee Dickemore, Dale Fowers, Rich Hyer, Scott Jenkins, Russ Porter, Norm Searle, Jo Sjoblom, Michelle Tait, and Scott Van Leeuwen

Others Present: Kevin Hall, John Cardon, James Dixon, Mark Anderson, Preston Kirk, Matt Dugdale, Lacey Richards, Ryan Bench and John Richardson

Call to Order:

The meeting was called to order at 5:00 p.m. by Chairman Allen, who was the only Trustee present at the anchor location.

It being an electronic meeting, there was no pledge of allegiance. The invocation was offered by Trustee Hyer.

Public Comment:

There were no public comments.

Minutes of September 21, 2020 Board Meeting Approval:

There being no corrections to the minutes, it was moved by Trustee Hyer and seconded by Trustee Jenkins as follows:

That the September 21, 2020 Board meeting minutes be approved as presented.

The motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Ratification of Vouchers:

John Cardon recommended ratification of the vouchers, which is a list of all checks and ACH payments issued during the month, as presented. Following a brief review, it was moved by Trustee Hyer and seconded by Trustee Jenkins as follows:

That the payment of vouchers issued during the month of September, 2020, in the total amount of \$2,498,218.99, be approved and ratified as presented.

The motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Consideration of Pay Requests & Equipment Purchases:

James Dixon presented three payment requests for consideration by the Board.

Gerber Construction requested a payment of \$164,080.00 for work on the Phase I Nutrient Removal Project. Of the total amount requested, \$8,204.00 (5%) is to be deposited into a retainage account, resulting in a net payment to Gerber Construction of \$155,876. Mr. Dixon reported that work on the project was almost complete. Most of the remaining work involves the Cummins Generator and electrical work. The District will begin taking over parts of the project starting next week. Mr. Dixon recommended approval of the payment request.

It was moved by Trustee Sjoblom and seconded by Trustee Hyer as follows:

That the payment request from Gerber Construction be approved as presented for work completed on the Phase I Nutrient Removal Project, in the total amount of \$164,080.00, less a 5% retainage.

The motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Carollo Engineers, Inc. requested a payment of \$102,612.53 for Phase II Expansion Project engineering. No retainage is required on engineering services. The engineering work is in the early stages. A draft report has been sent to the District. Mr. Dixon recommended approval of the payment.

It was moved by Trustee Sjoblom and seconded by Trustee Hyer as follows:

That the payment request from Carollo Engineers, Inc. be approved as presented in the total amount of \$102,612.53.

The motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

The Board then considered a payment request from Whitaker Construction for work completed on the North Area Relief Sewer Project in the total amount of \$865,266.38. Of the total amount requested, \$43,263.33 (5%) will be deposited into a retainage account, resulting in a net payment of \$822,003.05. Work is proceeding on the force main and work has started on the gravity portion of the Project. The project is scheduled to be completed next spring. Mr. Dixon recommended approval of the payment request.

It was moved by Trustee Searle and seconded by Trustee Tait as follows:

That the payment request from Whitaker Construction be approved as presented for work completed on the North Area Relief Sewer Project in the total amount of \$865,266.38, less a 5% retainage.

The motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Certification of Annexation/Withdrawal Petitions:

There were no annexation petitions to be considered by the Board.

Consideration of Annexation Approval (Resolution 2020-12 – Wakeless Holdings, LLC):

Kevin Hall reminded the Trustees that, during the September 21, 2020 Board meeting, the Board certified an Annexation Petition for the Wakeless Holdings, LLC property located at approximately 1800 South 4150 West in Weber County. The property will be developed with 25 residential lots on one half of the property and the other 10 acres is to be an agricultural lot. Mr. Hall stated that all legal requirements for the annexation have been satisfied and recommended approval of the proposed annexation. It was then moved by Trustee Hyer and seconded by Trustee Bolos as follows:

That Resolution 2020-12 be adopted and approved, thereby authorizing the annexation of the subject real property into the District.

The motion carried, using a roll call vote, by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Review the Capital Projects Portion of the 2021 Tentative Budget:

Mr. Hall reviewed the capital projects portion of the 2021 Tentative Budget. The total projected cost for 2021 capital projects is \$15,332,000.00. An explanation of the planned capital projects was provided to the Trustees. Mr. Hall explained that some changes will likely be made to the number of carryover projects started in 2020 that will be completed in 2021. Those adjustments will be pointed out during the December Board meeting. The list of capital projects will be included in the 2021 Tentative Budget. Mr. Hall also suggested that the Long Range Planning Committee meet in January to organize the procurement of capital projects during 2021.

Financial Update & Consideration of Monthly Service Fees in 2021:

Preston Kirk and Matt Dugdale, representing Stifel Investment Services, serve as the financial advisors to the District. Mr. Kirk presented information for the 2021 Tentative Budget.

1. COVID 19 has driven interest rates to near generational lows.

2. The District currently has five series of outstanding bonds. The interest rate on the District's Series 2008B Bonds is currently 2.3%. If the Series 2008B Bonds were refunded now, over the remaining ten-year repayment period applicable to the 2008B Bonds, the new interest rate would be approximately 1%. The total amount to be refunded would be \$5,593,000.00, with total savings in interest payments of approximately \$359,000.00, or \$35,900.00 per year.
3. The District could bond for an additional \$15,000,000.00 to help pay for 2021 capital projects and keep the District's cash available, which will help maintain the District's current AA bond rating. The interest rate for 20-year bonds is approximately 2.00%. The two issues could be combined into one, with a total bond issue of \$21,000,000.00, which would help justify the cost of bonding.
4. Because of the cost of capital projects that are planned over the next five years, the District will need to issue more bonds in 2023 and 2024.
5. Mr. Kirk suggested that the District increase the property tax rate back to 0.0008 in 2022. The current rate is 0.000564. This increase would provide approximately \$3,500,000.00 of additional revenue to the District each year.
6. To pay for the projected capital projects and maintain a solid debt service coverage, the District will need to continue yearly service fee increases of at least 2%, and possibly higher.

Trustee Jenkins informed the Board that Weber County recently refinanced bonds at a new interest rate of 1.1%.

Trustee Berube asked about a comparison between service fee increases and property tax increases. Mr. Kirk answered that a 1% increase in service fees would increase revenue by approximately \$120,000.00 per year. A property tax rate increase to 0.0008 would increase revenue by approximately \$3,500,000.00 per year.

Trustee Berube stated, and Trustee Call agreed, that it may not be fair to fund sewer service with property taxes because an expensive home won't necessarily use more of the service than a less expensive home. Trustee Searle stated that he also prefers increasing service fees, rather than property taxes. He argued that property taxes are a hidden cost. Trustee Jenkins agreed with Trustee Searle's comments.

Mr. Kirk explained that it has been many years since the property tax rate was increased. John Cardon stated that the property tax rate was increased to 0.0008 in 2008. The 2007 property tax rate was 0.000519.

Trustee Call expressed a preference for property tax increases because property tax payments qualify as an income tax deduction. Trustee Bolos agreed with Trustee Call.

Mr. Kirk told the Trustees that District revenues are not sufficient to support the proposed capital projects. He estimated that the increase in property taxes for an average home with a

value of \$300,000.00 would be \$39.00 per year if the District's property tax rate were restored to 0.0008.

Trustee Berube suggested that revenue should increase a little at a time and expressed support for bonding by the District to pay for capital projects. Trustee Hyer also supported this plan.

Trustee Caldwell suggested tying service fee increases to the Consumer Price Index.

Chairman Allen suggested increasing the property tax rate in 2022 and maintaining a 2% service fee increase. Trustee Caldwell expressed a preference for raising property taxes incrementally.

Trustee Porter stated that the Board should do the right thing and not be concerned with negative feedback.

Chairman Allen expressed support for bonding in 2021, as did Trustee Hyer. Trustee Berube agreed with bonding, but also wants to review expenses. He would like to look at the entire financial picture, not just revenues, and argued against using the Consumer Price Index as the basis for service fee increases.

Chairman Allen suggested that Mr. Cardon present a service fee increase proposal to be reviewed by the Trustees during the November Board meeting.

Consideration of Resolution 2020-13: PTIF Certification of Authorized Individuals:

John Cardon explained that the Public Treasurer's Investment Fund (PTIF) requires approval of a Public Entity Resolution before a user can be deleted or added to an account. In this case, Lance Wood is being deleted and Kevin Hall is being added as a user for the District's PTIF account. Mr. Cardon recommended the approval of Resolution 2020-13. It was moved by Trustee Hyer and seconded by Trustee Bolos as follows:

That Resolution 2020-13 be approved as presented, authorizing Kevin Hall to be a signer on the District's PTIF account.

The motion carried, using a roll call vote, by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Consideration of Resolution 2020-14: Regarding Support for WBWCD/CWSID Joint Resolution:

Kevin Hall explained that the Central Weber Sewer Improvement District (CWSID) and Weber Basin Water Conservancy District (WBWCD) have been working to develop a water reuse project that will benefit both entities. The last project update was provided by the District's Long-Range Planning Committee in February of 2020. CWSID is implementing the phased expansion strategy outlined in the Treatment Plant Evaluation and Master Plan (2018), with the

construction of Phase 1 and beginning the design of Phase 2 this year. The conceptual benefit of the reuse project is that some of the phased expansion work would be replaced by the reuse project, and CWSID would have a funding partner. WBWCD is currently funding a pilot study at CWSID's plant to prove the project's viability.

WBWCD recently requested a Resolution of support to be included in its response to the Natural Resources Conservation Service's (NRCS) Regional Conservation Partnership Program, which is a grant program that could fund a portion of the cost of the reuse project. WBWCD's submission is due before the CWSID November 2020 Board meeting. Although the Resolution is not intended to be a financial commitment, it does express a willingness to commit financial resources should the pilot test results prove viable. Mr. Hall has concluded that a Resolution adopted by the Board of Trustees would be appropriate. The Resolution states that CWSID is capable of providing funding of up to \$26,000,000.00 if the water reuse facility pilot project demonstrates project viability as determined by CWSID.

If WBWCD is selected to receive a Grant and CWSID determines that the project is viable, then CWSID will reasonably cooperate with WBWCD to meet established deadlines and criteria identified in the Grant award. The Resolution will take effect immediately upon its passage. Mr. Hall recommended approval of Resolution 2020-14. It was moved by Trustee Call and seconded by Trustee Hyer as follows:

That Resolution 2020-14 be approved as presented, expressing support for the WBWCD/CWSID joint water reuse project.

The motion carried, using a roll call vote, by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Review & Consideration of September Financial Statement:

John Cardon reviewed the September Financial Statement, including the Balance Sheet and the Income Statement, with the Board. He pointed out that the District's expenses are below budgeted amounts and declared there to be no significant concerns at this point in the budget year. It was moved by Trustee Bolos and seconded by Trustee Jenkins as follows:

That the September 2020 Financial Statement be approved as presented.

The motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Review & Consideration of 2021 Medical Insurance Plan:

Mr. Cardon informed the Board that PEHP health insurance premiums will increase by 5.2% beginning January 1, 2020. The District has enjoyed a very good health insurance rating. The average increase for the PEHP group of approximately 80 governmental entities is 6.2%. The District's insurance broker indicated that, in the private sector, health insurance premium

increases have averaged 6% to 8%. Mr. Cardon recommended that the District retain PEHP as its health insurance provider.

Trustee Berube stated that the PEHP cost for a family plan is much higher than the amount paid at Associated Foods, where he is employed. He also is a board member of an insurance company, and their increases have only averaged 4% per year. He questioned the 6% to 8% increases referred to by Mr. Cardon and the PEHP premium increase.

Trustee Berube suggested that the District go out to bid for health insurance. Mr. Cardon explained that there is not enough time to go out to bid and have an open enrollment period and explained that the increases of 6% to 8% were in the credit union sector. Trustee Call suggested that staff should start the process earlier next year to provide time for bidding.

Trustee Bolos suggested that the Board should consider other factors, not just cost. The PEHP program provides great benefits and it is difficult to move employees from one health insurance company to another, which may require employees to change doctors.

Mr. Cardon explained that the PEHP premium increase wasn't available until October, but next year the District could bid health insurance and have all bids available for consideration during the October Board meeting. It was moved by Trustee Berube and seconded by Trustee Call as follows:

That the employee health insurance coverage provided by Public Employees Health Program be renewed as presented and recommended by staff.

The motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Review the Payroll & Benefits Portion of the 2021 Tentative Budget:

Mr. Cardon reviewed the payroll, taxes and benefits portion of the 2021 Tentative Budget with the Board members. He noted that no increase in wages will be needed in 2021. Because of changes in employees, there is enough money available to increase wages to keep pace with the 2020 Market Wage Survey without requiring an increase in over-all budgeted wages. The total budget for wages and benefits is \$26,000 less than in the 2020 Budget. Mr. Cardon asked if there were any questions or concerns. There were none.

Consideration of South Weber City request on the Unresolved Trunk Line:

Kevin Hall reminded the Trustees that, in September of 2017, a presentation was made to the Board regarding a trunk line in South Weber City. The trunk line was built in the early 1990s by South Weber City. Central Weber contributed \$300,000.00 to the project, to increase the size of the trunk line to serve areas outside South Weber City. Research from the time indicates that the Central Weber Board of Trustees understood that Central Weber would accept ownership and maintenance responsibilities for the trunk line after an agreement was reached with the City. To management's knowledge, an ownership agreement was never executed.

The key obstacle to the transfer of ownership of the trunk line is that at least two necessary easements haven't been recorded. Following consideration of these findings by the Board in September of 2017, Lance Wood sent a notification to South Weber City's engineer that Central Weber was ready to execute an agreement, but certain items needed to be addressed, including the preparation and recordation of easements.

Recently, a homeowner has complained that there is no recorded easement for the sewer pipeline on his property. This is a small portion of the trunk line. South Weber City and Central Weber staff have coordinated a possible solution to this homeowner's problem that will avoid threatened litigation. Mr. Hall suggested that the Board enter into a closed meeting to discuss threatened litigation and the purchase of an interest in real property.

Possible Closed Meeting Concerning Pending & Threatened Litigation, Purchase of Real Property and/or Personnel Issues:

It was moved by Trustee Hyer and seconded by Trustee Sjoblom as follows:

That the meeting be closed to discuss the purchase of easements (an interest in real property) and threatened litigation.

The motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Chairman Allen declared the meeting to be closed at 7:06 p.m. Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen, and staff members Kevin Hall, John Cardon, James Dixon and Mark Anderson, remained in the electronic meeting during the closed portion of the meeting.

Chairman Allen declared the public meeting to again be open at 7:36 p.m. No formal action was taken during the closed portion of the Board meeting, other than the approval of a motion to come out of the closed meeting and back into open session which was made by Trustee Hyer and seconded by Trustee Bolos.

General Manager:

Kevin Hall reminded the Trustees that the Christmas Party is scheduled for December 5, 2020. He asked them to please keep this date open.

Attorney:

Mark Anderson informed the Board that settlement of the Blair lawsuit has not been finalized. A title company has been involved to make sure the District will receive the required easements when the Stipulated Judgment is entered by the court and properly filed.

Other Business:

John Cardon requested that all Board members please sign and return the Annual Ethics Pledge and the Board Member Training documents. Mr. Cardon is working on the Fraud Self-Assessment for the District. Each of these documents is worth 20 points to the District in an annual evaluation conducted by the State, but only if every Board member signs them. This is critical to the District receiving a satisfactory rating.

It was suggested that District staff send out copies of the documents to Trustees who have not signed and returned them.

Adjournment:

There being no further business to come before the Board, it was moved by Trustee Call and seconded by Trustee Jenkins as follows:

That the Board meeting be adjourned.

The motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Chairman Allen declared the meeting to be adjourned at 7:42 p.m.

Approved by the Board of Trustees of the Central Weber Sewer Improvement District this 16th day of November, 2020.

Mark C. Allen, Chairman

ATTEST:

John Cardon, Clerk