

MINUTES OF THE MEETING OF THE TRUSTEES
OF THE CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
HELD MONDAY, NOVEMBER 23, 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 and Scott Van Leeuwen

Trustees Excused: Michelle Tait

Others Present: Kevin Hall, John Cardon, James Dixon, Mark Anderson, Preston Kirk,
Matt Dugdale, Eric Hunter, Clint Rogers, Ryan Bench, Hooper Knowton,
Bill Knowton, Andi Beadles and John Richardson

Call to Order:

The meeting was called to order at 5:03 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 Fowers.

Public Comment:

There were no public comments.

Minutes of October 19, 2020 Board Meeting Approval:

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

That the October 19, 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, 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 Searle and seconded by Trustee Fowers as follows:

That the payment of vouchers issued during the month of October, 2020, in the total amount of \$2,332,770.00, 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, 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 \$91,170.00 for work on the Phase I Nutrient Removal Project. Of the total amount requested, \$4,558.50 (5%) is to be deposited into a retainage account, resulting in a net payment to Gerber Construction of \$86,611.50. Mr. Dixon reported that work on the project was 99% complete. Most of the remaining work involves the Cummins Generator. Mr. Dixon recommended approval of the payment request.

It was moved by Trustee Hyer and seconded by Trustee Call 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 \$91,170.00, 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, 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 \$871,331.52. Of the total amount requested, \$43,566.57 (5%) will be deposited into a retainage account, resulting in a net payment of \$827,764.95. 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 Porter and seconded by Trustee Hyer 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 \$871,331.52, 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, and Van Leeuwen.

Trustee Sjoblom joined the meeting.

Carollo Engineers, Inc. requested a payment of \$82,379.49 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 Fowers and seconded by Trustee Jenkins as follows:

That the payment request from Carollo Engineers, Inc. be approved as presented in the total amount of \$82,379.49.

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

Certification of Annexation/Withdrawal Petitions:

Kevin Hall presented an Annexation Petition for the Preston F. Blair Property, which is a 102.958 acre parcel of land located north of 400 North in Marriott-Slaterville, between I-15 on the west and the Willard Canal on the east. Details of the planned land use have not been disclosed to the District, but it is understood that the property may be used for a large warehouse. It was moved by Trustee Sjoblom and seconded by Trustee Bolos as follows:

That the landowner Annexation Petition for the Preston F. Blair Property be certified, with the final approval of the annexation of the subject property to be placed on the agenda for consideration during a future Board meeting.

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

Consideration of Resolution 2020-15: Authorizing the issuance of up to \$21 million of sewer revenue bonds; and related matters:

Mr. Hall summarized some points made by Board members during the October Board meeting that are relevant to bonding and the 2021 Budget. The Board asked for a review of the District's expenses. Capital projects and bonding are the largest expense items in the Budget. Historically, the Board has not been willing to increase user fees and charges to augment cash reserves so the dollar amount of bonding required to build capital projects and bond interest expenses can be minimized.

District employees are managing debt and trying to maintain the District's AA bond rating. The District was originally required to complete the Phase I and Phase II Nutrient Removal Projects by this year. However, by completing some smaller, less costly, projects using District employees, the District was able to obtain a variance from the Division of Water Quality, which moved the Phase II Nutrient Removal Project into the future.

Currently, it is projected that the District will need to borrow \$15,000,000 for new capital projects in 2022. An additional \$6,000,000 could be borrowed to refund a bond with an interest rate of 2.3% to save some interest expense.

Mr. Hall would like the Long Range Planning Committee to meet in January to discuss upcoming projects and prepare recommendations for the Board. By approving the Parameters

Resolution and holding the required public hearing, the District will be in a flexible position during 2021 to proceed with bonding when necessary and advantageous. Chairman Allen agreed that this is a good time to approve the Parameters Resolution.

Trustee Jenkins told the Trustees that the rates for property taxes and services should be increased. He noted that, if the Board had increased the rates over the years, there would be no need to bond at this time and declared that the District has been undercharging its customers.

Trustee Berube asked if the District has looked at a combination of cash payments and bonding. Trustee Jenkins said that there is not enough cash on hand and it is too late to avoid the need to bond.

Preston Kirk reminded the Board that the District has worked hard to achieve an AA bond rating. That rating is based in part on the District having a large cash balance. Even though bonding can be delayed until 2022, Mr. Kirk advised that it may be prudent to issue the bonds sooner to lock in the low interest rates that are available now but might not be available in 2022. Mr. Kirk acknowledged the direct correlation between raising rates and borrowing less.

It was moved by Trustee Hyer and seconded by Trustee Van Leeuwen as follows:

That Resolution 2020-15 be adopted, thereby authorizing the issuance and sale, in one or more series, of up to \$21,000,000 in sewer revenue bonds.

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 and Van Leeuwen.

Consideration of Sewer Impact Fee Appeal from Senior Living on Washington:

Mr. Hall explained that Hooper Knowlton is pursuing the development of apartment buildings, which he calls “Senior Living on Washington”, located at 2955 Washington Boulevard in Ogden. This development will contain 105 apartment units. The \$258,720.00 impact fee for the apartment complex was calculated by District staff and communicated to Ogden City and Mr. Knowlton.

Mr. Knowlton submitted a letter to the District on November 6, 2020 appealing for a lower impact fee. Mr. Hall previously informed Mr. Knowlton of the impact fee appeal process outlined in the District’s Impact Fee Policy (2007). An appeal must first be made to the General Manager, and the appeal can then be heard by the Board of Trustees.

The District’s Impact Fee Facilities Plan (IFFP, 2018) identified how equivalent residential units (ERUs) are used in the calculation of impact fees. The IFFP and the Impact Fee Analysis (IFA) were reviewed by the Office of the Property Rights Ombudsman, after which the IFFP and the District’s impact fee structure were adopted by the Board of Trustees. Mr. Knowlton disagreed with the position of the General Manager and requested that the appeal be brought before the Board.

Hooper Knowlton explained that he doesn't question the Ombudsman's review of the IFFP. The IFFP assumes an average of three people per residence and an average indoor water use of 256 gallons per day (GPD). Mr. Knowlton has seven years of data from other similar projects he has built, reflecting an average of 1.14 people per unit and an average use of 91 to 100 GPD.

Trustee Caldwell expressed support for Mr. Knowlton's variance request, stating that there is a need for developments like Senior Living on Washington.

Trustee Hyer asked if the District has ever granted a similar variance and argued that, if this variance is granted, it will be necessary to consider amending the District's impact fee schedule.

Mr. Hall explained that the Impact Fee Policy allows the Board to vote on the variance request or schedule a meeting to further investigate the request.

Trustee Jenkins wanted to know exactly what is being requested. Mr. Knowlton responded that he is asking for a 50% impact fee reduction.

Trustee Call worried that approving this variance request would set a precedence and have far reaching implications.

Chairman Allen argued that the approved impact fee structure works well and is fair.

Trustee Van Leeuwen stated that it is interesting that the Board is considering burrowing \$21,000,000 and also considering reducing a revenue source.

Mr. Knowlton stated that, just because something has always been done a certain way, that does not make it right. He argued that there is merit to reviewing the method used to calculate impact fees.

Trustee Berube expressed support for holding firm on the calculated impact fee.

Mark Anderson suggested that gathering information would be a good first step and the variance request could be considered during a future Board meeting. The Impact Fee Facilities Plan should be reviewed to determine needed capital projects. An estimate of the number of additional ERUs that will be served should be determined. Then, the cost of the capital facilities that will be needed to serve the new development during the applicable planning horizon can be divided by the estimated number of ERUs that are expected to be served by those facilities to determine the impact fee amount for an ERU. It is more complicated than simply granting a variance.

It was moved by Trustee Van Leeuwen and seconded by Trustee Hyer as follows:

That the impact fee variance request be denied and a future study of the District's impact fees be considered.

Trustee Jenkins declared that what Mr. Knowlton said has merit. The District has chosen to use an averaging approach, but other sewer districts might use another methodology.

Trustee Caldwell agreed that the Board needs more information and a better understanding, but maintained that there should be some flexibility.

Trustee Hyer agreed that further study is necessary.

Mr. Anderson explained that bonding, service fees, impact fees and property taxes are all involved and it is reasonable to expect new development to be served by the sanitary sewer system to pay its fair share of the capital facilities costs.

Trustee Sjoblom asked what a study would entail. Trustee Hyer expressed his opinion that the District should hire a consultant. Trustee Jenkins doubted that it would be that difficult. There are many ways to determine the impact fee and an answer might be found in a couple of months.

Trustee Searle would like the District to review of the infrastructure required to serve new development. He talked about those who leave homes for the winter to stay in warmer climates. They do not want to pay for utilities while they are gone. Also, there are many people who live alone and, therefore, don't burden the sanitary sewer system as much as a typical family. He maintained that the Board shouldn't approve a variance for just one project.

Mr. Hall stated that the District has an approved IFFP and would need to retain a consultant to revise the Plan, with the involvement of District staff

After Chairman Allen called for a vote on the motion, the motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom and Van Leeuwen.

Consideration of Impact Fee Waiver Request for TWG Development, LLC:

Kevin Hall explained that Carrie McCool submitted a letter requesting an opportunity to present an impact fee waiver request for a low-income housing project in West Haven. Mr. Hall reminded the Board that the District's Impact Fee Policy allows an impact fee to be "waived or reduced for those projects which are deemed to serve a beneficial public purpose that would be harmed by the District requiring full payment of such fees, such as low income housing projects." It has been requested that the sewer impact fee be reduced by 75% for this project

Andi Beadles, from the Weber County Housing Authority, explained that the project is a senior citizen housing development containing 40 units, including a veteran's preference and some homeless housing. The waiver would help make the project more affordable.

Trustee Bolos stated that West Haven City is in favor of the project and the requested impact fee reduction.

Trustee Jenkins asked whether the project is profit or non-profit. Ms. Beadles responded that the project is non-profit.

Trustee Caldwell reiterated the need for a new Impact Fee Study.

Trustee Van Leeuwen expressed concern that, if the Board approved this impact fee reduction request but not the other request, the District could be involved in a lawsuit.

Trustee Bolos stated that there should be a way to help developers.

It was moved by Trustee Van Leeuwen and seconded by Trustee Searle as follows:

That the request for a partial impact fee waiver be denied.

The motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Call, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom and Van Leeuwen. Trustee Jenkins voted “no”.

Review and Consideration of the 2021 Tentative Budget:

John Cardon reviewed the District’s 2021 Tentative Budget with the Trustees. The Budget includes proposed wholesale and retail service fee and septic hauler fee increases of 2%. The Budget anticipates a 5.0% increase in property tax receipts, but no property tax rate increase. The budgeted increase in property tax receipts is due to expected growth within the District. The amount budgeted for property taxes may be adjusted in June when Davis and Weber Counties provide property tax data and the District’s certified tax rate is established. Projected revenues total \$27,129,000, not including bonding proceeds, which represents a 1.01% increase over 2020. Lower interest income on the District’s reserve accounts is the biggest factor in the low increase.

Budgeted 2021 operating expenses are \$7,813,000, which is a 5.0% increase over the 2020 Budget. No additional wage adjustments are included in the Budget, but there are increases of \$45,000 for natural gas; \$200,000 for electricity caused by the addition of the nutrient removal process; a \$60,000 increase for liability and property insurance; and \$210,000 for bond issuance costs which are the main reasons for the operating cost increases. Bond debt interest will decrease by \$500,000, to \$4,500,000. Bond principal payments will be \$5,578,000, which is \$266,000 less than the amount in the 2020 Budget. The 2021 Capital Projects Budget totals \$17,332,000 compared to the 2020 Capital Projects Budget of \$19,864,000. The 2021 Budget is projected to reduce available cash on hand by \$8,849,000. This would leave an estimated balance of cash on hand as of December 31, 2021 of approximately \$28,000,000, without any bonding activity.

Fees charged to the District’s wholesale customers (a number of municipalities, Weber County, one special service district and one local district) are poised to be 2% higher in 2021. However, when the contractual allocation formula is used to calculate each wholesale customer’s share of costs, there will be adjustments, both up and down, largely based on growth in each wholesale customer’s service area. The 2021 Tentative Budget also includes a 2% service fee increase to be paid by retail customers of the District, and those wholesale customers that aren’t

billed based on a contractual formula. The rate to be paid by septic haulers is also proposed to increase by 2%.

Trustee Jenkins suggested that interest revenue should increase if the District is bonding to raise additional money. Mr. Cardon explained that he had not increased the interest revenue in the Budget because he was not sure the Board would choose to bond in 2021.

Trustee Jenkins felt strongly that property tax rates should be increased. Trustee Caldwell wants balanced fee increases, and suggested a property tax increase that would keep the rate exactly the same as the previous year. This would stop the certified tax rate from declining as property values increase.

Mark Anderson informed the Board that it is too late to consider increasing the property tax rate for 2021. A number of steps are required by law, and it is now too late to complete some of the steps for a property tax increase in 2021. Work on a property tax increase should commence by mid to late summer of 2021 for the 2022 budget year. Mr. Anderson will research the issue and provide a schedule for property tax rate increases.

Trustee Jenkins made a motion to increase the 2021 property tax rate by 2.5%. The motion died for lack of a second.

Kevin Hall reviewed the Capital Projects portion of the 2021 Tentative Budget. Two million dollars that has not been spent on existing projects in 2020 will be moved to the 2021 Capital Projects Budget.

It was moved by Trustee Porter and seconded by Trustee Bolos as follows:

That a 2% increase in service fees and septic hauler fees be reflected in the 2021 Tentative Budget, and that the 2021 Tentative Budget be tentatively adopted as presented.

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

Set a Public Hearing to Consider Approval of the Budget & Increases for Service Fees & Septic Hauler Fees:

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

That the regularly scheduled Board meeting on December 21, 2020 commence at 5:30 p.m. and that a public hearing be scheduled on December 21, 2020, starting at 6:00 p.m., to consider both the 2020 Tentative Budget and proposed wholesale and retail service fee increases.

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 and Van Leeuwen.

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

There was no need for a closed meeting.

General Manager:

Kevin Hall thanked the Trustees for being flexible and able to meet one week later than originally scheduled. He also thanked all of the Board members for signing the requested documents.

Mr. Hall then announced that the Board Christmas party scheduled for December 5th has been cancelled due to COVID-19 concerns. The party has been rescheduled for December of 2021.

Attorney:

Mark Anderson had no further items to discuss.

Other Business:

Trustee Caldwell declared that it is an honor to serve on the Board with the other Trustees.

Adjournment:

There being no further business to come before the Board, it was moved by Trustee Hyer and seconded by Trustee Van Leeuwen 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 and Van Leeuwen.

Chairman Allen declared the meeting to be adjourned at 7:12 p.m.

Approved by the Board of Trustees of the Central Weber Sewer Improvement District this 21st day of December, 2020.

Mark C. Allen, Chairman

ATTEST:

John Cardon, Clerk