

MINUTES OF THE MEETING OF THE TRUSTEES
OF THE CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
HELD MONDAY, OCTOBER 21, 2019 AT THE DISTRICT OFFICE
LOCATED AT 2618 WEST PIONEER ROAD, MARRIOTT-SLATERVILLE, UTAH

Trustees Present: Mark Allen, Bart Blair, Sharon Bolos, Mike Caldwell, Leonard Call, Brent Chugg, Lee Dickemore, Korry Green, Rich Hyer, Scott Jenkins, Russ Porter, Norm Searle, Jo Sjoblom, Michelle Tait and Scott Van Leeuwen

Others Present: Lance Wood, John Cardon, Kevin Hall, Mark Anderson, Shawn Wilson, Richard Whitaker, Preston Kirk, Matt Dugdale, John Richardson, James Dixon and Ed Mignone

Call to Order:

The meeting was called to order at 5:00 p.m. by Chairman Allen. The pledge of allegiance was led by Trustee Caldwell and the invocation was offered by Trustee Searle.

Public Comment:

There were no public comments.

Minutes of September 16, 2019 Board Meeting for Approval:

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

That the September 16, 2019 Board meeting minutes be approved as presented.

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

Ratification of Vouchers:

John Cardon recommended ratification of the vouchers as presented. Following a review of the list of checks (vouchers) issued during September, it was moved by Trustee Dickemore and seconded by Trustee Chugg as follows:

That the payment of vouchers issued during the month of September, 2019, in the total amount of \$1,424.405.44, be approved and ratified as presented.

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

Consideration of Pay Requests & Equipment Purchases:

Kevin Hall presented a \$339,352.00 payment request from Gerber Construction for the Phase I Nutrient Removal Project. Of the total amount, \$16,967.60 (5%) is to be deposited into a retainage account, resulting in a net payment to Gerber Construction of \$322,384.40. Mr. Hall recommended approval of the payment request.

It was moved by Trustee Chugg 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 \$339,352.00.

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

Trustee Porter entered the Board room.

Mr. Hall then presented information concerning the Andritz used belt press that is being considered for the District. The District's sludge dewatering system is a critical component of the wastewater treatment operation. The current system has been in operation since 1995. Two belt filter presses manufactured by Andritz Separation Inc. are the key components of the system. A space for a third press was built into the building for expansion. Sludge production increases every year because of population growth and phosphorous removal requirements. The Treatment Plant Evaluation and Master Plan projected \$54,000,000 of capital improvements to be completed by 2025 as a second phase of expansion. A portion of this work is associated with upgrading the sludge dewatering facility. In addition to future capacity demands, the existing presses need a major overhaul.

Although the sludge dewatering system is maintenance intensive and newer technologies are available, research suggests that the belt press technology is a reliable system and is efficient in terms of power and chemical demands. Ogden City recently converted its drinking water treatment plant sludge dewatering facility to a belt press system.

District staff has been charged with satisfying current and future needs more efficiently than a complete replacement of the system. These efforts have included:

1. Operational tests and changes to reduce wear and increase capacity.
2. Purchase and install new, more efficient, support equipment.
3. Plan to purchase and install a third belt press while self-performing as much of the work as possible.
4. Plan to refurbish the existing presses, one at a time, after the third belt press is operational.

Staff estimates that, through these efforts, the Phase 2 costs may be reduced by up to \$3,000,000. The Capital Projects budget for 2020 includes money designated for Phase 2 Nutrient

Removal Projects. A portion of this money will be used to purchase and install the third belt press next year and to refurbish the other two presses in 2021 and 2022.

Andritz Separation Inc. has a used belt press that can be refurbished. It is similar to, but a generation newer than, the District's belt presses. It will fit neatly into available space in the building. A standard new belt press of similar construction would cost \$475,000. Andritz has offered the refurbished press for \$185,898.50. All worn parts will be replaced with new parts and a warranty equal to that of a brand-new press will be offered.

The used press should provide 20 years of use, as will the two presses already in service once they have been refurbished. Mr. Hall recommended purchasing the used and refurbished Andritz belt press at a cost of \$185,898.50. The cost includes shipment to the District and technical help with the start-up of the press.

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

That the District purchase a used belt press from Andritz Separation Inc. at a delivered cost of \$185,898.50.

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

Certification of Annexation/Withdrawal Petitions:

Lance Wood presented an annexation petition for the Wakless Holdings LLC, Halcyon Lakes 11.995-acre parcel located at approximately 1800 South 4075 West in Weber County, Tax ID #15-057-0057. The owner/developer has plans to develop the property into the first phase of the Halcyon Subdivision, with future phases to follow. The first phase will consist of 14 residential lots ranging in size from approximately one-half acre to three-quarters of an acre. Mr. Wood recommended that the annexation petition be certified by the Board. It was then moved by Trustee Hyer and seconded by Trustee Porter as follows:

That the landowner annexation petition for the Wakless Holdings LLC, Halcyon Lakes property be certified, with 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, Blair, Bolos, Caldwell, Call, Chugg, Dickemore, Green, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Financial Update & Consideration of Monthly Service Fees for 2020:

Preston Kirk and Matt Dugdale, representing Stifel Investment Services, serve as the financial advisors to the District. Mr. Kirk presented a list of highlights since his last update, in the fall of 2018.

1. Another successful operating year of increasing Public Treasurer Investment Funds.

2. “Strategically delayed” refunding of 2010 Bonds to early 2019; achieved annual refunding savings of \$180,000 per year and present value savings of \$2,103,134 (a 7.85% return); received a rating upgrade from S&P to “AA” from “AA-”; Strengthened coverage levels to 1.62 x from 1.4-1.5 x; and enhanced the District’s ability to use cash (without borrowing) for capital projects through 2020.
3. With continued proactive growth in reserves, the bonding requirements have decreased from \$85,000,000 to an estimated \$55,000,000.
4. The District’s annual debt service payments will begin to drop in 2020.

Mr. Kirk also reviewed the District’s historical records of operation and maintenance property tax levies. In 2015 the District’s certified tax rate was 0.000802. By 2019, the certified tax rate had dropped to 0.000607.

Based on the above information, Mr. Kirk made the following suggestions:

1. Increase user charges by 2.00%
2. Utilize reserves to cover 2020 construction costs
3. Bond as needed in 2022-2024
4. Seriously consider increasing the certified 2021 tax rate to at least 0.000700.

The Board asked John Cardon to provide more details concerning user rate increases and to present the information during the November Board meeting.

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 Searle as follows:

That the September 2019 Financial Statement be approved as presented.

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

Review & Consideration of 2020 Medical Insurance Plan:

Mr. Cardon informed the Board that PEHP health insurance premiums will increase by 2.4% beginning January 1, 2020. During the previous ten years, the District has enjoyed a very good health insurance rating. In three of the ten years, the District had the lowest usage (which is reflected in lower premiums) of any of the 80 governmental entities renewing health insurance with PEHP. Mr. Cardon recommended that the District retain PEHP as its health insurance provider. It was moved by Trustee Call and seconded by Trustee Caldwell as follows:

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

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

Review the Payroll & Benefits Portion of the 2020 Tentative Budget:

Mr. Cardon reviewed the payroll, taxes and benefits portion of the 2020 Tentative Budget with the Board members. He reminded the Trustees that they agreed, during the September 2019 Board meeting, to increase wages by 3% to keep pace with the 2019 Market Wage Survey. The Board has also approved the hiring of two additional employees. As a result, total wages budgeted for 2020 will increase by 8.72%. Most of the taxes and benefits paid and offered by the District have a direct relationship to wages. Consequently, total wages, taxes and benefits will increase by 8.33% in the 2020 Budget. The only increased rate for employment taxes or benefits was the 2.4% increase in the cost of health insurance. The Board directed Mr. Cardon to include the increases in the 2020 Tentative Budget.

Review the Capital Projects Portion of the 2020 Tentative Budget.

Mr. Wood reviewed the capital projects portion of the 2020 Tentative Budget. The total projected cost for 2020 capital projects is \$19,364,000. An explanation of each of the planned capital projects was included in written materials provided to the Trustees. Two large capital projects are included in the 2020 Tentative Budget. The nutrient removal project is budgeted for \$7,000,000 and the Farr West Outfall Line is projected to cost \$7,000,000 in 2020. It was agreed that the list of capital projects should be included in the 2020 Tentative Budget.

Update of Burch Creek Pipeline Easement Offer:

Trustee Call left the meeting.

Mark Anderson explained that the Title Company requested additional information before title insurance could be provided. That information has been provided to the Title Company. In addition, a copy of the approved and signed September Board meeting minutes must be provided to the Title Company. Minor corrections to the Easement documents have been submitted to and accepted by the attorneys representing the owners of the property, subject to their clients' approval. The parties have agreed on the price of the Easement.

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

Chairman Allen declared that there was no need for a closed meeting.

General Manager:

Mr. Wood informed the Trustees that the annual Christmas Party at Maddox will be held on December 7, 2019. A formal invitation was presented and each Trustee was asked to RSVP to Paige Spencer and indicate who is coming and what menu items are requested.

Attorney:

Mark Anderson invited any Trustees and staff members who are interested to attend the 2019 Utah Association of Special Districts Convention, which will be held on November 6, 7, 8 at the Davis Convention Center in Layton.

Other Business:

There was no additional business to come before the Board.

Adjournment:

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

That the Board meeting be adjourned.

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

Chairman Allen declared the meeting to be adjourned at 6:22 p.m.

Approved by the Board of Trustees of the Central Weber Sewer Improvement District this 16th day of November, 2019.

Mark C. Allen, Chairman

ATTEST:

John E. Cardon, Clerk