

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES, MIDVALLEY IMPROVEMENT DISTRICT, HELD AT 160 EAST 7800 SOUTH, MIDVALE UTAH 84047 ON NOVEMBER 19, 2019 AT THE TIME OF 5:00 PM, PURSUANT TO NOTICE.**

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**BOARD OF TRUSTEES PRESENT**

**QUINN SPERRY – CHAIRMAN  
SONDRA SMITH  
BLAKE ROEMMICH**

**OTHERS PRESENT**

**MARK BELL - ATTORNEY  
BRAD M. POWELL, DISTRICT MANAGER  
CATHY KINGSBURY, TREASURER  
BRENT E. CHRISTENSEN, CHIEF FINANCIAL OFFICER, DISTRICT CLERK  
RICK CECALA, OPERATIONS SUPERVISOR**

Meeting was called to order at 5:11 PM by Mr. Sperry.

**1. CANVASS 2019 ELECTION RESULTS**

Ms. Kingsbury read the results of the canvass of the November 5, 2019 General Election for Midvalley Improvement District Trustee received from Sherry Swenson, Salt Lake County Clerk. With 100% of the Precincts reporting, there were 3,213 total votes; Mr. Ronald Sperry received 1,785 votes and Mr. Brent Smart received 1,428 votes.

**Upon Motion** made by Mr. Sperry, Seconded by Ms. Smith and passed unanimously, the Board accepts that Mr. Ronald Sperry is the winner of the election.

Mr. Ronald Sperry will be asked to report to the District's first meeting in January to be sworn in by Mr. Bell.

**2. PUBLIC COMMENTS**

No one was in attendance from the public.

**3. MINUTES**

- a. **Upon motion** made by Ms. Smith, Seconded by Mr. Roemmich and passed unanimously, the Board approved the minutes of the Board Meeting held on October 16, 2019 as written.

#### 4. ATTORNEY REPORT

- a. Mr. Bell reported the Ethics Training for the District's employees is scheduled for December 4, 2019 at Noon.

#### 5. GENERAL MANAGER REPORT

- a. Mr. Powell reported the District's camera truck has been advertised on KSL and Pumper Magazine but has not had anyone bid on the truck. Mr. Powell asked Mr. Syme to look into different areas to advertise the camera truck. Mr. Syme found a website, used by the State of Utah called - GovDeals.com. After looking into the website, Mr. Syme found that the buyer would have to pay any fees associated with the sale.

Mr. Powell would like approval from the Board to advertise on GovDeals.com at an asking price of \$85,000.

**Upon motion** made by Mr. Roemmich, Seconded by Ms. Smith and passed unanimously, the Board approved to have Mr. Syme advertise the Camera truck on GovDeals.com at an asking price of \$85,000.

- b. Mr. Powell reported three years ago the previous Board adopted a resolution approving Mr. Powell to be on the Utah Local Governments Trust (ULGT) Board with the ULGT reimbursing Mr. Powell \$300 per meeting. The ULGT Director has asked that each of their Board members ask their respective Boards to approve an annual compensation of \$300 per Board meeting.

Mr. Bell stated the Resolution is to ratify what Mr. Powell has been doing as a Board member with ULGT over many years and stated the District encourages Mr. Powell to participate on the ULGT Board.

**Upon motion** made by Ms. Smith, Seconded by Mr. Roemmich and passed unanimously, the Board approved Resolution 2019-11-19A, supporting the service of the District General Manager as a member of the Board of the Utah Local Governments Trust including the compensation of \$300 per Board Meeting for being on the Board of the remainder of 2019 and for the year 2020.

- c. Mr. Powell stated the impact fee/user rate studies will be presented at the December 11, 2019 Board meeting along with a public hearing. Bowen Collins has finished the User Rate document and we are waiting to receive the final copies.

Bowen Collins is continuing to work on the 7200 South sewer line upgrade. Mr. Powell reported he has reviewed the 30% plans and is pleased with their progress.

Mr. Powell reported he held a kick-off meeting with Insituform on Thursday November 14<sup>th</sup> and have given them a Notice to Proceed for the CIPP Lining Project (Project). Insituform

will begin with preliminary work on Monday November 18<sup>th</sup> and will mobilize to do the actual lining on January 13, 2020.

The Project bid stated 150 days to complete the project and Insituform should have no problem completing the project by the middle of March 2020.

Mr. Powell stated the Parking and Drive Area project was put out to bid and Meridian Engineering was the firm selected to do the work and there is an Engineering Services Agreement with them.

There are a few requirements from Midvale City the District needs to bring up to code during the construction:

1. Install a subsurface detention reservoir to control the runoff from parking lot
2. A privacy fence on the East side of lot
3. Parking lot needs to be ADA compliant

Mr. Sperry ask what the cost for the construction of the parking lot and Mr. Powell stated that portion has not gone out to bid.

- d. Mr. Powell discussed the 2020 wages for the employees and stated to bring Mr. Cecala and Mr. Syme up Mr. Powell would like to give Mr. Cecala a 7% increase and Mr. Syme a 6% increase. Mr. Powell explained this would get both of them back on "step" in the Step and Grade table. Mr. Cecala also feels Mr. Syme has taken on more responsibility than was anticipated when Mr. Syme was promoted.

**Upon motion** made by Mr. Roemmich, Seconded by Ms. Smith and passed unanimously, the Board approved to give Mr. Cecala a 7% salary increase and Mr. Syme a 6% salary increase.

## 6. REVIEW, APPROVE AND RATIFY CASH DISBURSEMENTS

**Upon Motion** made by Ms. Smith, Seconded by Mr. Roemmich and passed unanimously, the Board ratified the October 2019 cash disbursements for \$210,601.97.

**Upon Motion** made by Ms. Smith, Seconded by Mr. Roemmich and passed unanimously, the Board ratified the October 2019 employee earnings for \$65,976.

## 7. OFFICE REPORT

- a. Ms. Kingsbury handed out Resolution No. 2019-11-19B, the monthly Trustee meeting schedule for the year 2020.

**Upon motion** made by Ms. Smith, Seconded by Mr. Roemmich and passed unanimously, the Board approved to pass Resolution 2019-11-19B A Resolution of the Midvalley Improvement District for the Schedule of Monthly Trustee Meetings During the Calendar Year 2020.

#### **8. CHIEF FINANCIAL OFFICER'S REPORT**

- a. Mr. Christensen reported the balance sheet shows everything the District owns and owes. Not much has changed since the last report; but looking at the investment column there is \$7.5 Million in cash reserves of which the District anticipates will spend 88% of the money on identified projects within the next 5 years. Mr. Christensen stated that as the District ages there will be more upgrades needed to the aging sewer lines. The District has no debt at this time, and the District should try to use the cash reserves for as long as possible.
- b. Mr. Christensen handed out a Profit & Loss YTD report for January to September 2019. Employee Benefits expense has dropped 8% and that is due to an employee early retirement incentive bonus. Repairs and Maintenance expense has decreased due to the District not incurring any pipe-lining costs this year. Increase in the Engineering expense is due to paying Bowen Collins, engineering consultants, to update our Sewer Master Plan and review our service sewer fees. The increase Investment income is due to the District receiving more investment income than the prior year. The increase is expected as interest rates have risen from the prior year in both the Public Treasurer's Investment Fund (PTIF) and our investments.
- c. Mr. Christensen handed out the Profit & Loss & vs Budget vs Actual report for January to September 2019 and explained major over or under budget line items greater than 10% and \$10,000. Mr. Christensen said Wages and Benefits expense has dropped \$31,000 because of an employee retiring and the new employee is at a lower rate. Mr. Christensen stated the District's budget varied only \$14,000 to \$15,000 from what was budgeted. The District is very consistent and the budget does not change much from year-to-year. When the District pays South Valley Water Reclamation Facility for improvements to the plant this will show a Prepaid Expense Asset of about \$3,000,000 that will be written off (amortized) as an expense every year for about 20 years.

The Christensen complimented the District employees for always looking for ways to save the District money from making sure we are not charged sales tax to negotiating cost on purchases. He cited several examples of employees asking vendors for discounts and receiving them. One discount received was for about \$1,800.

Mr. Christensen encourages the Trustees to give him feedback on anything that may look unusual. He reminded the Trustees that they are part of the District's internal control.

## 9. SUPERVISOR'S REPORT

- a. Mr. Cecala stated construction in the District is going well. Costa Vida on Fort Union is almost ready to open. Mr. Sperry asked Mr. Cecala about the 1000 East 7800 South project; Mr. Cecala responded that Jordan Valley Water is working to transfer the water lines to Midvale City. The project at 6778 South 700 East is still a go but are waiting for soil testing. Mr. Cecala stated the sewer line on 7200 South is at capacity and will need to be enlarged with the North Union Apartment complex going in on 900 E. So. Union Ave. With projected projects being discussed on 8000 South, the District's line may have to be upsized in the future.

## 10. TRUSTEE REPORT

- a. No comments from the Trustees.

Mr. Sperry requested a short break at 5:56 PM before the Public Hearing at 6:00 PM and the recorder will be turned off.

Mr. Sperry reported the Trustee are back from their break at 6:08 PM and no District business was discussed during the break.

**Upon motion** made by Ms. Smith, Seconded by Mr. Roemmich and passed unanimously, the Board approved to go into the Public Hearing.

## Public Hearing

### 1. Sewer Service Rate Increase

Mr. Powell introduced Andrew McKeenon with Bowen Collins & Associates. Mr. Sperry stated the Public Hearing was advertised and there is no one from the public in attendance.

Mr. McKeenon stated for the District's 2020 budget Bowen Collins has done a sewer service rate study and a study of the District's finances in order to maintain the cash reserve and to satisfy maintenance costs and determine a sewer service rate that would be required next year.

The main reason for the increase is to pay for capital projects that are coming up in the next few years. Based on cost estimates it has been determined the District will have between \$5-6 million in capital projects. To pay for the capital projects the monies will be coming for the District's cash reserve and the District will not be bonding for the money. Mr. McKeenon reported the capital projects will take most of the District's cash reserve money and the goal is to have money replaced in the reserves within 10 years and this is why the District would need to raise sewer service rates. Mr. McKeenon showed what the revenue would be with existing rates and also the revenue with a rate increase. Also stated, without a rate increase the Operation and Maintenance will start to show

a dip into the reserve money so a rate increase would be needed for the 2020 budget even if capital projects were not needed. Mr. Christensen stated that the treat plant is our biggest expense and we have no control over the requirements to upgrade the plant by the State. In the year 2022 there will be a requirement to remove more nutrients from the treated sewer water and the District does not know what the cost will be.

Mr. McKinnon stated that Bowen Collins & Associates is recommending to the District that they raise the monthly sewer service fees each year as follows: 2020 increase to \$22, 2021 increase to \$23.20, 2022 increase to \$24.50, 2023 increase to \$25.30 and 2024 increase to \$26.00.

The Trustees thanked Mr. McKeenon for his presentation.

## **2. 2020 Budget**

Mr. Christensen handed out a copy of the proposed 2020 Operating Budget. Mr. Christensen stated that budgeting is fairly easy because the operation side is very consistent, it is the cash flows for the construction projects that are harder to calculate what the costs will be year to year.

The District is a governmental utility entity and is allowed to carry money over from previous years to take of sewer line maintenance and capital projects. The projected 2020 Budget has the proposed sewer service rate increase of \$22 already built into the budget.

**Upon motion** made by Mr. Roemmich, Seconded by Ms. Smith and passed unanimously, the Board approved to close the Public Hearing.

Mr. Sperry stated there are two Resolutions: Resolution 2019-11-19C the Sewer Service Rate Increase which includes a 5 year rate increase schedule the second is Resolution 2019-11-19-D the 2020 Budget.

**Upon motion** made by Ms. Smith, Seconded by Mr. Roemmich and passed unanimously, the Board approved to adopt Resolution 2019-11-19-C A Resolution of the Board of Trustees of the Midvalley Improvement District Approving a Sewer Rate Study and Adopting an Increased Monthly Service Fee.

**Upon motion** made by Mr. Roemmich, Seconded by Ms. Smith and passed unanimously, the Board approved to adopt 2019-11-19-D A Resolution of the Midvalley Improvement District Adopting its 2020 Budget.

Mr. Bell handed out a draft copy for an Impact Fee Resolution to be presented at the December 11, 2019 meeting.

Adjourn 6:29 PM