

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES, MIDVALLEY IMPROVEMENT DISTRICT, HELD AT 160 EAST 7800 SOUTH, MIDVALE UTAH 84047 ON OCTOBER 18, 2023 AT THE TIME OF 4:00 PM, PURSUANT TO NOTICE.

BOARD OF TRUSTEES PRESENT

**SONDRA SMITH – CHAIR
BLAKE ROEMMICH – VICE-CHAIR
RONALD SPERRY - TRUSTEE**

OTHERS PRESENT

**MARK BELL – ATTORNEY
JARED SYME, GENERAL MANAGER
CATHY KINGSBURY, TREASURER (EXCUSED)
BRENT E CHRISTENSEN, CHIEF FINANCIAL OFFICER, DISTRICT CLERK
RICK CECALA – OPERATIONS SUPERVISOR**

Meeting was called to order at 4:10 PM by Chair Smith.

1. PUBLIC COMMENTS/CEREMONIES/PRESENTATION

a. No one in attendance.

2. MINUTES – APPROVAL

Upon motion made by Mr. Sperry, seconded by Mr. Roemmich and passed unanimously, the Board accepted the September 19, 2023 minutes as written.

YEA

NAY

Abstain/Absent

Ms. Smith

Mr. Roemmich

Mr. Sperry

3. ATTORNEY REPORT

a. Mr. Bell presented Resolution 2023-10-18A a resolution to appoint the New General Manager as the representative to the South Valley Water Reclamation Facility (SVWRF) Board and the two alternates.

Mr. Bell explained that it is the person’s position that is being approved not the person themselves.

Upon motion made by Mr. Sperry, seconded by Mr. Roemmich and passed unanimously, the Board approved Resolution 2023-10-18A; A Resolution of the Midvalley Improvement District appointing the District General Manager as its representative on the Board of the South Valley Water Reclamation Facility and appointing its District Clerk and District Treasurer as alternate representatives to act in the absence of the General Manager.

YEA

NAY

Abstain/Absent

Ms. Smith

Mr. Roemmich

Mr. Sperry

- b. Mr. Bell asked if the Board has completed the Open Meeting training for 2023. Mr. Christensen stated he believes that the training has not been done for 2023. Mr. Bell stated he will conduct the Open Meeting training at the November Board meeting.

Mr. Bell stated he will set up a Procurement training for the District staff before the end of the year. Mr. Bell will contact Mr. Syme and arrange a date that works for the staff and himself.

4. GENERAL MANAGER/ENGINEERING REPORT

- a. Mr. Syme updated the Board on the vehicle status stating the District has two trucks for sale. The two vehicles for sale are a Ford F-150 truck and a 3500 GMC truck.

The value of F-150s has dropped over the last few weeks due to the market being saturated with F-150s which has made it difficult to sell the F-150 the District has. Mr. Syme has dropped the price of the F-150 and is confident the truck will sale.

Mr. Syme stated one of the Ford F-350's Mr. Powell ordered two years ago has been delivered. The cost of the truck exceeds the General Manager's allowable vehicle purchase of \$80,000. Mr. Syme called Ms. Smith and asked permission to go ahead and purchase the truck at approximately \$6,000 over the allowed limit. Ms. Smith gave Mr. Syme her approval to purchase the truck.

With the increasing cost of vehicles, Mr. Syme asked the Board to approve an increase to the General Manager’s vehicle spending limit from \$80,000 to \$90,000.

Upon motion made by Mr. Roemmich, seconded by Mr. Sperry and passed unanimously, the Board approved Resolution 2023-10-18B, a resolution of Midvalley Improvement District amending the small purchase threshold for purchases of motor vehicles from \$80,000 to \$90,000.

<u>YEA</u>	<u>NAY</u>	<u>Abstain/Absent</u>
Ms. Smith		
Mr. Roemmich		
Mr. Sperry		

- b. Mr. Syme gave a brief update on the 7500 South Sewer Upgrade Project stating the project is moving along and is ahead of schedule with an expected 30% plan meeting in the next couple of weeks with Aqua Engineering.
- c. Mr. Syme stated he has interviewed a few candidates for the Operator position but has not found anyone that meets the District’s qualifications, he will continue his interviews.
- d. Mr. Syme stated that the District has a 2015 Vactor Cleaning Truck that he would like to replace. Mr. Syme has received a quote from Jackson Group for a Peterbilt 567 chassis under the state contract pricing and a quote from Owen Equipment for the Vactor application also under state contract pricing.

Mr. Syme was informed by Owen Equipment they would need the chassis delivery date before they would be able put the District on the assembly schedule. Mr. Syme is expecting the Vactor to be built mid-summer 2024.

Mr. Syme confirmed that both the truck chassis and the cleaning equipment are covered by, and will be purchased under, the State Contract.

The total purchase price for the Vactor Cleaning Truck is \$626,845.92. Mr. Syme explained the increase in price from our previous Vactor purchase is due to a 15% increase in parts surcharge and a Cummins motor which is \$8,000.

Upon motion made by Mr. Sperry, seconded by Mr. Roemmich and passed unanimously, the Board approved the purchase of a new Vactor Cleaning Truck in the amount of \$626,845.92

<u>YEA</u>	<u>NAY</u>	<u>Abstain/Absent</u>
Ms. Smith		
Mr. Roemmich		
Mr. Sperry		

- e. Mr. Syme stated our employees are our most important assets. The District has a good crew and we are still looking for someone to join our team in the operations department. Mr. Syme would like to see salaries stay competitive with other entities so the District does not lose employees to surrounding districts or cities.

Mr. Syme has researched what other districts and cities are doing for wage increases for 2024 and the increases are ranging from 4%-6% for cities and 6%-8.7% for districts.

Mr. Roemmich asked whether the District’s employees’ wages are in comparison to other entities and Mr. Christensen stated that we are at about 55%; and we are trying to stay just above 50%.

Mr. Syme is looking to stay competitive in the market place and would like to propose a 6.5% pay raise for all District employees.

Upon motion made by Mr. Roemmich, seconded by Mr. Sperry and passed unanimously, the Board approved a total of 6.5% increase in wages for all District employees.

<u>YEA</u>	<u>NAY</u>	<u>Abstain/Absent</u>
Ms. Smith		
Mr. Roemmich		
Mr. Sperry		

- f. Mr. Syme asked the Board how they would like to schedule the holiday luncheon on where to eat and because of the time change of the Board meeting to 4:00 PM, what day would they like the luncheon scheduled.

The Board would like to go to Bandit's Restaurant and Mr. Syme will have Ms. Kingsbury coordinate with the Board on an exact date.

- g. Mr. Syme stated we would like to have a retirement luncheon for Mr. Powell the first part of November; Mr. Powell's last day is November 15, 2023. The Board agreed a luncheon would be nice and a suggestion on a restaurant was Archibald's Restaurant at Gardner Village.

5. REVIEW, APPROVE AND RATIFY CASH DISBURSEMENTS

Upon motion made by Mr. Sperry, seconded by Mr. Roemmich and passed unanimously, the Board ratified the September 2023 cash disbursements for \$360,133.29.

6. OFFICE REPORT

Excused

3. CHIEF FINANCIAL OFFICER

- a. Mr. Christensen passed out a sheet of the District's 2024 Tentative Budget. Mr. Christensen stated that prior to the meeting the Board should have received a printed copy, delivered to their homes, of the Tentative Budget and also a detailed tentative budget report that provides additional information.

Mr. Christensen explained this "tentative" budget should be adopted today and he will provide updated budget information as it becomes available. The final draft of the budget will be provided to the Board in early November for approval of the final budget in the November meeting.

Mr. Christensen reminded the Board that they can change the 2024 budget at any time until the end of next year. The following major budget line items were discussed:

- *Sewer Service Fees*: The sewer service fees are budgeted to increase 10% starting with the customer billings in January 2024. The increase was recommended in 2022 by an engineering firm that performed our rate study and the District adopted a five-year rate increase at that time. The District feels that this increase is still needed based the current cash flow projections.

- *Sewer Treatment Expenses:* The sewage treatment plant expenses are budgeted to increase about 15%. The treatment plant started a new program of having all the entities (that use the treatment plant) pay a monthly payment to them for all future construction projects. Last year's construction fund amount was \$284,160 and this year's construction fund amount is \$381,841. These projects are for critical repairs and maintenance at the aging plant. This new construct fund program is designed to have more constant payments, which are easier to budget, rather than large spikes from year to year.

The actual operating costs of treating the sewer had a minimal increase. Mr. Christensen indicated it is difficult to budget for sewer treatment plant costs as the treatment plant has given refunds between \$15,000 and \$238,000 in the past 9 years.

Mr. Christensen showed a breakdown of the individual costs that make up the total sewer treatment costs.

- *Salaries & Wages:* This account is budgeted to have a decrease of about 2%. The decrease is due to the retirement of the prior general manager and the lower salary of the new general manager. The employees' wages are budgeted to increase 6.5%, which is at the low range of the majority of special districts surrounding the District.
- *Employee Benefits Expense:* The employee benefits expense is budgeted to increase 2.85% from this year's budgeted amount compared to last year's budget. The District's health insurance increased 2.0%, which is low in comparison with other governmental entities on PEHP plans and non PEHP plans.

Part of employment benefits expense is for the unknown variable for the Utah Retirement System's retirement expense (the portion that the District is required to pay for the liability of future retired employee's payments) and is hard to predict, so the District has budgeted on the high side. This District is budgeting \$40,000 for this assessment knowing that in the past 5 years the actual assessment has ranged from a refund of about \$187,800 (in 2022) to an amount owing of about \$42,000.

- *System Rehabilitation Expense:* Mr. Christensen showed the budget for the system rehabilitation expense (pipe-lining and manhole rehabilitation) has increased from \$600,000 a year to \$800,000 a year. This yearly amount is still less than the \$1,490,000 a year rehabilitation costs recommended by our engineer in our last rate study in 2022.
- *Office & Administration Expense:* Mr. Christensen noted the budget shows a 15% increase in the Office & Administration Expense. The increase is due to an increase in credit card and bank processing fees. As customer sewer service fees increase, the credit card and processing fees also increase. Other increases are the computer and software agreements the District has entered into in the past year for mapping, GIS, and utility billings. The cost of postage and printing forms has also increased during the past year.
- *Property Tax Revenues:* Property taxes are budgeted for a slight increase. Property tax increases occur when there is new growth in the District or the District actually raises the certified tax rate. The District is not raising property taxes next year.
- *Impact Fees:* Budgeted impact fee revenue will remain the same as last year in the amount of \$100,000. Impact fee revenue is hard to predict and beyond the control of the District. The District will budget a conservative amount.
- *Investment Income:* The District has budgeted conservatively for next year's investment income as the District cannot predict where interest rates will be.
- *Major Uses of Revenues (Expenses):* Mr. Christensen showed a graph depicting the four major areas of expense in the budget.
 - *Administrative & Operations:* costs were very consistent, as expected.
 - *Wages & Benefits:* these costs were artificially lower in 2022 due to a large non-cash credit from the Utah Retirement Systems (URS) related to the funding of the District's share of the liability for the retired employees. This 2022 non-cash reduction in the retirement costs makes the graph appear that the 2023 wages and benefits had a

large increase. The actual cash increase was about the inflation amounts and market wage increases.

- *Sewer Treatment Costs:* these costs are assessed from the District's treatment plant. Mr. Christensen reminded the Trustees that the District's General Manager is on the board of the treatment plant and has input on the costs the District is charged.
- *Sewer System Rehabilitation:* these costs are for rehabilitation of the sewer system. The costs include: pipe-lining, manhole rehabilitation, and system maintenance projects. As shown on the graph, the timing of these projects, in the past 7 years, has been very difficult due to issues in the construction industry, contractor supply chain issues, and pandemic related issues. Mr. Christensen stated that the District has caught up on all prior year rehabilitation projects.
- *Cash Reserve Balance Chart:* Mr. Christensen showed the Board a chart of the projected cash reserve funds of the District for the next five years. Mr. Christensen explained that the projection is based on the middle of the range of inflationary costs, wages increases, construction costs, sewer treatment costs, sewer treatment plant capital construction assessments, interest rates, and other factors.

The District would like to maintain a cash reserve fund balance of about four million dollars. This level of cash reserve does not seem out of line as the last major unanticipated project (7200 South mainline upgrade) cost about \$3.7 million to complete. The charts show that the estimated cash reserves will be lower than the District's goal of four million dollars, however, there are a lot of unknown variables and estimates that could change in the next several years.

- *Five Year Forecast – Capital Related Costs:* Mr. Christensen showed a chart of the estimated capital related costs. Mr. Christensen briefly reviewed the costs for maintenance projects, costs for capacity deficiencies, capital equipment costs, rehabilitation of lines and manhole costs, and treatment plant costs. Mr. Christensen stated that all of these estimated costs were taken into consideration for planning the next year's operating budget and the longer-term effect on the District's cash reserves.

The Trustees thanked Mr. Christensen for his good work on the tentative budget.

Upon motion made by Mr. Roemmich and seconded by Mr. Sperry, and passed unanimously, the Board approved the 2024 Tentative Budget as presented by Mr. Christensen and set the final budget Public Hearing for November 15, 2023 at 4:00 PM to be held at Midvalley Improvement District office, 160 East 7800 South, Midvale, UT 84047.

<u>YEA</u>	<u>NAY</u>	<u>Abstain/Absent</u>
Ms. Smith		
Mr. Roemmich		
Mr. Sperry		

4. SUPERVISOR’S REPORT

- a. Mr. Cecala reported that development in the District has slowed. The Midvale Mills Project is moving into Phase 2 and at 525 East 7410 South a house was torn down and 8 units will be built.

5. TRUSTEES

- a. **Upon motion** made by Mr. Roemmich and seconded by Mr. Sperry, and passed unanimously, the Board ratified the appointment of Mr. Jared Syme as the District’s General Manager effect October 1, 2023.

<u>YEA</u>	<u>NAY</u>	<u>Abstain/Absent</u>
Ms. Smith		
Mr. Roemmich		
Mr. Sperry		

6. CLOSED MEETING

- a. No Closed Meeting

7. ADJOURN

- a. Adjourn at 5:23 PM and the next Board meeting will be November 15, 2023 at 4:00 PM.