

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES, MIDVALLEY IMPROVEMENT DISTRICT, HELD AT 160 EAST 7800 SOUTH, MIDVALE UTAH 84047 ON OCTOBER 16, 2024 AT THE TIME OF 4:00 PM, PURSUANT TO NOTICE.

BOARD OF TRUSTEES PRESENT

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

OTHERS PRESENT

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

Meeting was called to order at 4:11 PM by Chair Smith. Ms. Smith reported Vice-Chair Roemmich is excused from the October 16, 2024 meeting.

1. PUBLIC COMMENTS/CEREMONIES PRESENTATION

a. No one in attendance.

2. MINUTES – APPROVAL

a. **Upon motion** made by Mr. Sperry, seconded by Ms. Smith and passed unanimously, the Board accepted the September 18, 2024 minutes as written.

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

3. ATTORNEY REPORT

a. Open and Public Meetings Training

Mr. Bell reported the term for “Open” meeting has changed; “Open” has been taken out and it is now a “Meeting”. The technical changes are: Public body + quorum +

convened for purpose of public comment, deliberating or taking action on a “relevant matter.”

Mr. Bell stated a modification to the law 2024-HB36: Quorum may not act together outside a meeting “in a concerted and deliberate way to predetermine an action to be taken by the public body at a meeting on a relevant matter.”

A public meeting requires 24-hours’ notice of the meeting with an agenda including the date, time and location of the meeting. The notice will need to be posted on the State Notice Public website, Midvalley Improvement District website and at a location in the District likely to be seen by District residents. An annual notice of the scheduled meetings is required.

All meeting minutes are an official record and must be recorded and permanently retained. Approved minutes must be made available to the public within 3 business days.

If there is a closed meeting called concerning an individual, the topics that can be discussed is the individual’s character, professional competence or mental health.

When there is an electronic meeting there must be a public notice indicated on the Agenda with an anchor location with accommodations so all can attend, monitor and participate. The District will need to review and update their existing electronic meeting resolution.

- b.** Mr. Bell reported on the District’s boundary adjustment. Mr. Bell stated 4 out of the 5 entities involved in the boundary adjustment have submitted their material to the office of Lieutenant Governor. Mr. Bell stated that Murray City is the only entity left to submit their material to the Lieutenant Governor’s office. Mr. Bell will report back at that the November 20, 2024, board meeting on the status of Murray City submittal.

4. GENERAL MANAGER REPORT

- a.** Mr. Syme gave an update on the 2024 CIPP Project, stating the 30-inch pipe lining is on schedule and to be completed by October 2024. The contractor is currently out of the roadway.
- b.** Mr. Syme reported the District’s current mailing machine is 11 years old and has been experiencing some problems. The machine was sent out for repair to JBM

Mailing, LLC (JBM) but because of the age of the machine the parts have been discontinued. JBM will attempt to fix the mailing machine using used parts from a similar machine. JBM has supplied the District with a loaner machine until they can get the District's machine repaired.

To avoid any delay in sending out statements, Mr. Syme is requesting an approval to purchase a new mailing machine, if the District's machine is not repairable.

Mr. Syme has received two quotes, both under state contract, for mailing machine models that are comparable to the District's current mailing machine.

The two quotes are from: JBM Mailing, LLC for \$16,264.49 and Les Olson in the amount of \$23,015.

Upon motion made by Ms. Smith, seconded by Mr. Sperry and passed unanimously, the Board approved the purchase of a new mailing machine from JBM Mailing, LLC in the amount of \$16,264.49, under state contract, if the District's mailing machine is deemed irreparable.

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

- c. Mr. Syme stated that in 2023 the District upgraded several office PC's; there are still 5 additional units still in need of replacement. The 5 units that need to be replaced are 8 years or older and can no longer be updated. The District's main backup PC is one that experienced a failure last week.

Mr. Syme reported he met with Mr. Lalli (District's IT specialist) and developed PC specifications through Dell Technologies. Mr. Syme is gathering pricing information for the replacement PC's, under state contract. Mr. Syme's estimate the replacement cost for the 5 units should be between \$15,000-\$20,000.

Upon motion made by Mr. Sperry, seconded by Ms. Smith and passed unanimously, the Board approved the purchase of new computers, under the state contract, not to exceed \$20,000.

- d. Mr. Syme reported the District's 9 employees go through CPR training every two years. The CPR training is conducted in-house through a certified company. All of the 9 District employees are now CPR certified.

- e. Mr. Syme informed the Board that the District’s name change is now official and has been recorded with the Utah Governor’s office.
- f. Mr. Syme stated in accordance with the Utah Open and Public Meetings Act 52-4-205(1)(a), Mr. Syme requested that the Board enter a closed session to discuss the character, professional competence, or physical or mental health of individual employees. This discussion will allow the Board and staff to review compensation adjustments and market alignment for the specific positions.

Upon motion made by Ms. Smith, seconded by Mr. Sperry and passed unanimously, the Board moved to postpone the 2025 Wage agenda item until Agenda Item 11 “Closed Meeting”. (See below Agenda item 11.A).

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

Mr. Syme reported on anticipated wage increases from nearby districts. The anticipated wage increase is between 6%-8.7% for other districts in the area and the nearby cities are anticipating a 5%-7% wage increase.

Mr. Syme is proposing a 5.5% across the board pay raise for all District employees and a targeted market adjustment for selected employees to insure their compensation is in line with their expertise and contribution to the District and remain competitive in our current market.

Upon motion made by Mr. Sperry and seconded by Ms. Smith, and passed unanimously, the Board approved a pay raise of 5.5% for all District employees and a market adjustment for selected employees.

5. SOUTH VALLEY WATER RECLAMATION FACILITY (SVWRF)

- a. Mr. Syme reported he attended the monthly South Valley Water Reclamation Facility (SVWRF) Board meeting this afternoon. Mr. Syme updated the Board on the plan for SVWRF to take ownership of the line from 700 West to the Syphon. Mr. Bell will be sent a resolution, for his review, from SVWRF’s attorney concerning the 700 West to the Syphon line.

6. REVIEW, APPROVE AND RATIFY CASH DISBURSEMENTS

- a. **Upon motion** made by Mr. Sperry, seconded by Ms. Smith and passed unanimously, the Board approved the September 2024 cash disbursements for \$293,221.38.

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

7. OFFICE REPORT

- a. Ms. Kingsbury stated she will have the Board Meeting Schedule and resolution for 2025 for the November 20, 2024 Board meeting and asked if the meetings will continue to be the third Wednesday of each month at 4:00 PM. The Board members requested that Ms. Kingsbury talk with Mr. Roemmich and see if that, or another day and time, would work for him.

Ms. Kingsbury also asked the Board if she could schedule the District’s holiday luncheon for December 18, 2024, noon, at Bandits. The Board and the staff stated that date and place would work for everyone.

8. CHIEF FINANCIAL OFFICER REPORT

- a. Mr. Christensen stated that prior to the meeting the Board had received an email and a printed copy of the tentative budget and also the detailed tentative budget report, that provides additional information on the budget.

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 2025 budget at any time until the end of next year. Mr. Christensen reviewed the one- page tentative budget and 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 2025. The increase was recommended in 2022 by an engineering firm that performed the rate study. In November 2022, 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 that include near term capital projects.

- *Sewer Treatment Expenses:* The sewage treatment plant expenses are budgeted to increase about 5%. Mr. Christensen explained that the Sewer Treatment Expenses is the District's largest expense. The expense made of the District's share of the operation costs, contributions to a repair and maintenance fund, contributions to a future capital projects fund, the District's share of debt payments, and any other special assessments that may occur.

Mr. Christensen stated that he attended a meeting with all the finance officers, of the entities that participate in the treatment plant, to review the tentative budget for the next year. He reminded the Board that the General Manager is on the treatment plant's board and has a vote on how the money is spent there.

- *Salaries & Wages:* Mr. Syme stated that, as part of the raises this year, he would like a closed meeting to discuss the professional competence of the individual employees.
- *Employee Benefits Expense:* The employee benefits expense is budgeted to decrease about 5% due to the retirement of the prior general manager. The health insurance is budgeted to increase 5%, however, the District has received a 2% rebate check every year for the past several years, so the overall health insurance costs are estimated to increase by about 3%. This District is budgeting \$40,000 for the Utah Retirement System (URS) assessment knowing that in the past 5 years the actual assessment has ranged from a refund of about \$187,800 to an amount owing of about \$42,000.
- *System Rehabilitation Expense:* Mr. Christensen showed that the budget for the system rehabilitation expense (pipe-lining and manhole rehabilitation) is \$800,000 for next year. Next year's budget is about \$120,000 less than this year's estimated actual rehabilitation costs due to some urgent rehabilitation costs this year.
- *Office & Administration Expense:* Mr. Christensen noted that the budget shows a 7% increase in the Office & Administration Expense. The increase is due to an expected increase in credit card and bank processing fees. As customer sewer service fees increase, the related credit card and processing fees also increase. Other increases are the computer and software costs anticipated to be purchased next year. The cost of postage and printing forms has also increased during the past year.
- *Elections Expense:* the cost of the election next year is budgeted to be \$30,000.

- *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's budget 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 the next year's investment income (from the savings and investment accounts) as the District cannot predict where interest rates will be. Mr. Christensen noted that the District has benefited from the higher interest rates in the past several years.

Mr. Christensen reviewed selected pages from the District's Tentative Budget Detailed Report.

- *Award for Distinguished Budget Presentation:* The District received an award for their 2024 budget from the Government Finance Officers Association of the United States. This award is the highest form of recognition in governmental budgeting in the United States. This award was only given to two special districts in Utah. This is the ninth year that the District has received this award.
- *Major Revenues and Expenses Pie Charts:* Mr. Christensen reviewed two pie charts (based on the 2025 tentative budget) that show the major sources of revenues, and where major expenses are spent.
- *Major Uses of Revenues (Expenses):* Mr. Christensen showed a graph depicting the four major areas of expense in the budget.
 - *Administrative & Operations:* costs were consistent, as expected, with the inflation being the main driver for increased costs.
 - *Wages & Benefits:* these costs have increased in the past several years due to inflation (COLA or cost-of-living adjustment) and market wage increases. This District feels that competitive wages are necessary to retain our employees. Due to the small size of the District, our employees have multiple responsibilities that employees of larger districts do not have to perform. The surrounding governmental entities are also having to pay more in wages to retain their employees.

- *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 8 years, has been very difficult due to issues in the demand in the construction industry and contractor supply chain issues. Mr. Christensen stated that the District has caught up on all prior year rehabilitation projects.
- *Cash Reserve Balance Chart:* Mr. Christensen showed a chart of the projected cash reserve funds 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 \$3.5 million to complete. The charts show that the estimated cash reserves will be lower by 2029 than the District's goal of four million dollars, however, there are a lot of unknown variables, estimates, and timing of the projects that could change in the next five years.

- *Five Year Forecast – Capital Related Costs:* Mr. Christensen showed a schedule of the estimated capital related costs for the next 5 years. He briefly reviewed the costs for maintenance projects, costs for capacity deficiencies, costs for capital equipment, costs for the rehabilitation of lines and manholes, and treatment plant capital costs.

Mr. Christensen noted that a new item on the schedule is the estimated costs of \$1,847,000 for the District's share of the pipe-lining of the main trunk line from the treatment plant north to the intersection where the flows from the other entities combine. The District will most likely be charged a separate special capital assessment and this project will not be part of the other capital related funding programs of the treatment plant. 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.

Mr. Christensen stated that he wanted to acknowledge the assistance, in preparing the budget, from Mr. Syme, general manager, and Ms. Kingsbury, treasurer.

The Trustees thanked Mr. Christensen and staff for their good work on the budget.

Upon motion made by Mr. Sperry and seconded by Ms. Smith, and passed unanimously, the Board approved the 2025 Tentative Budget as presented by Mr. Christensen and set the final budget Public Hearing for November 20, 2024 at 4:00 PM to be held at Midvalley Sewer District office, 160 East 7800 South, Midvale, UT 84047.

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

9. SUPERVISOR’S REPORT

- a. Mr. Cecala reported construction in the District is moving along well but will start slowing down when the weather turns colder.

Mr. Syme reported he received preliminary plans on a 224-unit project going in at the old Highland Ridge Hospital (behind Sportsman Warehouse). The developer would need to realign the sewer lines before the project can be developed.

10. TRUSTEE

- a. No Report

11. CLOSED MEETING – (if Necessary) – For the purpose(s) described in U.C.A. 52-4-205

- a. **Upon motion** made by Mr. Sperry and seconded by Ms. Smith, and passed unanimously, the Board approved to close the open meeting and go into a closed meeting at 5:44 PM to discuss character and competence of District employees.

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

Upon motion made by Ms. Smith and seconded by Mr. Sperry, and passed unanimously, the Board approved to close the closed meeting at 6:30 PM go back to the open meeting to Item 4.f on the Agenda (See above item 4.f).

Mr. Bell reported the closed meeting pertained only to the character and competence of District employees.

ADJOURN

- a. Adjourned at 6:43 PM and the next Board meeting will be November 20, 2024 at 4:00 PM.