**HEBER VALLEY SPECIAL SERVICE DISTRICT**

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**BOARD** **MEETING**

**March 24, 2022**

**4:00 P.M.**

Administration Building

1000 E Main Midway, UT 84049

# MINUTES

**ATTENDEES:** Celeste Johnson, Don Huggard, Steve Farrell, Mike Johnston, Dennis Gunn, Wes Johnson, Martha Wingate, Bryan Provost, Brad Rasmusson, **Online:** Ryan Montgomery, Yvonne Barney for the second half of the meeting **Excused:** Brenda Kozlowski

**CONDUCTING**: Board Chair, Celeste Johnson

**PUBLIC COMMENT PERIOD:** *Public may address the board to discuss issues not related to items on this agenda. Comments will be limited to 3 minutes and not repeat.*

No public comment.

**ENTITY UPDATES,** *issues**specifically regarding growth that could affect HVSSD***:**

Chair Celeste Johnson stated that there was nothing new from the board regarding entity updates. The board members stated that they would like to offer condolences to Brenda Kozlowski who recently lost her husband.

**ACTION ITEMS:**

1. [**Consent Agenda**](https://hvssd.sharepoint.com/sites/HVSSDBoard/Shared%20Documents/General/BOARD%20MEETING/2022/March%2024,%202022/CONSENT%20AGENDA/STAFF%20REPORT%20Consent%20Agenda.pdf)Approval – (5 minutes).
   1. February 24, 2022, Board Meeting Minutes
   2. February 2022, Profit & Loss
   3. February 2022, Reconciliation
   4. Warrants

Dennis Gunn stated that the minutes will be included in the next meeting action items for approval.

Heidi Franco stated that she had a question about the reconciliation for the February 2022 charges from QuickBooks.

Dennis Gunn stated that he would ask Tina about it. He stated that there are lots of general journal entries with expenses. Most of these are impact fees that have been added in. He stated that Heber City has been sending lots of impact fees in and the account has been growing rapidly. He will have Tina send an email with the explanation of the journal entries. **A motion was made by Steve Farrell to approve Action Items B, C and D. The motion was seconded by Don Huggard and the motion passed unanimously.**

1. [**Charleston Force Main Easement**](https://hvssd.sharepoint.com/sites/HVSSDBoard/Shared%20Documents/General/BOARD%20MEETING/2022/March%2024,%202022/CHARLESTON%20FORCE%20MAIN%20EASEMENT/STAFF%20REPORT%20Charleston%20Force%20Main.pdf)– Brenda Kozlowski, Wes Johnson**-** discuss and possibly approve - (10 minutes)

Celeste Johnson stated that Brenda Kozlowski is not at the meeting, so she turned this portion of the meeting over to Dennis Gunn and Wes Johnson.

Dennis Gunn stated that this easement will be owned and operated by Charleston Town.

Wes Johnson stated that the intent is that it will run next to the right of way and asked if anyone knew who owns the ditch. It will be put under the ditch then filled in.

Steve Farrell station that they should talk to Alan Brown about the ditch. He stated that they should have Mike Peterson put the line in and then turn ownership over to Charleston. This is an easement on HVSSD property, and he feels that there should be some compensation to the district. The private developer will benefit from this.

Celeste Johnson stated that there has been an attempt to meet regarding this.

Wes Johnson stated that there was a cover letter that states that it is a 15-foot construction easement with a length of 1200 feet. The construction easement is a 3-month temporary easement that will go away in 12 months.

Steve Farrell stated that Charleston chose in 2002 not to participate in HVSSD and are not rate payers. He stated that he does not see a problem giving the easement back to Charleston but there should be some compensation to HVSSD.

Mike Johnston stated that he presumed that the property owners will agree to the easement, and this will benefit them if they decide to connect at some point. HE sees this as a way to help Charleston.

Heidi asked if Mr. Peterson got density based on this agreement.

Wes Johnson stated that Mike Peterson does not own property near this location.

Steve Farrell stated that Mike Peterson needs to put sewer into his properties before he can build anything more there.

Mike Johnston asked if they were setting a precedence?

Dennis Gunn stated that Heber & Light gave them money for an easement on their project.

Celeste Johnson stated that this is the precedence that has been set.

Don Huggard asked what would be the benefit of this easement to the district?

Dennis Gunn stated that they would improve the surface as they complete the work. By having it level it would be easier to maintain.

Heidi Franco asked if there would be any disruption during the three months they are working.

Celeste Johnson asked how much was paid by Heber Light & Power and stated that they could use this to calculate the cost of the easement. She stated that they would ask Brenda Kozlowski to come to the next meeting prepared to present the pros and cons for Charleston and if there are any concerns.

Steve Farell asked about a construction easement bond.

Wes Johnson stated that this property is under ½ of an acre. This is a farm ground and a disposal site. The impact of this is less than the power easement.

Dennis Gunn stated that he thought it was about $50,000 an acre.

Celeste Johnson stated that they could discount it because of the type of usage.

Heidi Franco stated that there must be a contract with Charlston and the developer.

Celeste Johnson stated they should at least have a MOI. She suggested continuing the motion with the homework that needed to be done then come up what is fair.

Heidi Franco stated that they should look at current agreements and boundaries.

Martha Wingate stated that some entities are trading ERUs outside of the service district or committing them to ERUs that they have no say in. They need to look into these agreements that don’t prohibit them being given to other entities.

Celeste Johnson stated that they can no longer be loose with who we serve. With the growth there needs to be control as it is now affecting future issues.

Martha Wingate stated that they will need to fix up all of the agreements.

Wes Johnson stated that boundaries are difficult.

Steve Farrell suggested that they have a contract with entities that set the ERUs.

Celeste Johnson suggested that they continue the motion and get Martha involved and come back next month.

**A motion was made by Heidi Franco to table the discussion on the easement until they get a value of the easement, the construction easement boundaries and bond amount and any information that Brenda Kozlowski feels may be missing. The motion was seconded by Mike Johnston and the motion passed unanimously.**

Celeste Johnson stated that the staff will get the agreements to Martha Wingate so they can look at the agreements and start making policy.

Dennis Gunn stated that they only have agreements that are from the 1980s.

1. [**Updated Financial Plan and Rate Study**](https://hvssd.sharepoint.com/sites/HVSSDBoard/Shared%20Documents/General/BOARD%20MEETING/2022/March%2024,%202022/EXPANSIION%20IMPLEMENTATION/STAFF%20REPORT%20Implementation%20of%20Expansion%20cont.pdf) – Aaron Montgomery, Zion’s Bank (30 minutes)

Dennis Gunn stated that the plan has been updated from the results of the discussion in the January Meeting. He stated that the land acquisition has been moved back until they can make it happen, moved up the mechanical plant, postponed the cleaning of the cell until the mechanical plant was online. Also, there were aeration updates to the lagoons.

Aaron Montgomery presented to the board an update from the January capital facilities meeting. He stated that there are currently 72 projects identified by district staff which total about $39,000.00 as of 2021. The capital and operating costs have grown at 2% to account for inflation and the capital expenses in 2022 are estimated to be around $18,300,000.

Celeste Johnson asked if the land was included in the $39 million?

Brad Rasmussen stated that $13 million is there if they don’t spend it on the land and $16 million between land and storage. The difference is that there isn’t any bond amount included. There is $18 million for the mechanical plant and if they don’t get the land, they will need to build a new mechanical plant sooner.

Aaron Montgomery presented current rates from other entities to compare with the current HVSSD rates. The operating expenses of the district show that they are continuing to increase. Current sewer rates are not sustainable as per the revenue vs. the impact fees.

They will need to:

* Pay for needed capital improvements repairs to the system
* Keep up with inflationary costs
* Minimize impacts to rate payers
* Have 180 days cash on hand
* Plan for 3% inflation rates

Steve Farrell stated that capital expenses will be included in the impact fees.

Heidi Franco questioned the inflation rate.

Aaron Montgomery stated that this rate is still conservative and up in the air. He stated that the proposed rate is $14.25 per ERU, and the volume rates are at .65 per 1000 gallons.

Celeste Johnson stated that the bonding has increased, and the monthly rate is still $14.00.

Aaron stated that the days cash on hand will grow, and the proposed sewer sustainability plan is based on 2021 to 2032.

Brad Rasmussen stated that the project schedule included the mechanical upgrade, purchase of ground and expansion of the mechanical plant.

Heidi Franco asked what the term was for the bond.

Aaron Montgomery stated that it would be a 20-year bond.

Celeste Johnson stated that they have dramatically low rates, and they clearly need to raise them and justify it.

Dennis Gunn stated that the rates should be just under double what they are.

Celeste Johnson stated that they could do a sliding scale based on how many are in the house. This would be fair based on the surrounding area.

Aaron Montgomery stated that the rates for the bond will increase before they go down.

Brad Rasmussen stated that it is not the smartest to bond for everything right now. They could do the upgrade and that will take them 5 or 6 years down the road. If they find the ground that will take them out further.

Celeste Johnson stated that it would be a good PR move to only bond for what they need right now and asked if they were ready for a motion.

Dennis Gunn stated that he would be good to go to $14.65.

Aaron Montgomery stated that they should build the rate increase so that they will sustain them for 10 years, and they won’t have to do another increase. They should also do another rate study in 5 years to keep them on track for the next ten years.

Celeste stated they were ready for a motion to adopt the rate at $14.65

Celeste Johnson asked Martha Wingate if they will need another public hearing.

Martha Wingate stated she would have to investigate it for sure.

Aaron Montgomery stated that he thought that they set a maximum rate.

Wes Johnson asked for clarification of the flow rate.

Aaron Montgomery stated that the rate was set at $14.25 and the flow rate of .65 per 1000 gpm. This rate was set to sustain them through 10 years.

Steve Farrell stated that they will need to get a letter out to the cities to let them know of the new rate starting July 1st.

**A motion was made by Celeste Johnson to set the rate at $14.65 and a flow rate of .65 per 1000 gpm. at the public hearing. The motion was seconded by Steve Farrell and the motion passed unanimously.**

1. [**Expansion Implementation**](https://hvssd.sharepoint.com/sites/HVSSDBoard/Shared%20Documents/General/BOARD%20MEETING/2022/March%2024,%202022/EXPANSIION%20IMPLEMENTATION/STAFF%20REPORT%20Implementation%20of%20Expansion%20cont.pdf)*continuation from January 28, 2022, Board Meeting,*discuss and possibly approve – (30 minutes)

Brad Rasmussen stated that they have rearranged the plant stuff to bring up in time the aeriation and solids handling part. He would like to keep the property in the plan, but they have a breaking even of about $65,000 an acre. If they don’t find the property at this cost, then they will roll it into expanding the mechanical plant. They will use impact fees for this, not raising fees or bonding.

Steve Farrell asked if they could be challenged in the purchase of the land.

Brad Rasmussen stated that the preference would be the land. He stated that the bond amount would be for the expansion of the plant. The mechanical plant will save them some money. The budget of about $5 million will take cell one down and dry it out and remove the sludge saving about $2 million. They have rearranged things and Aaron has put this into the financial plan.

Steve Farrell asked if there was still $13 million for land disposal?

Brad Rasmussen stated that the aeriation of $1.6 million is in the budget. They can add new blowers and piping and roll some of the maintenance by rolling it into it will fix it and have a new type of aeriation. This is maintenance that needs to be done.

1. **Consideration of closed session pursuant to Utah Code section 52-4-205**

 ii. (c) Strategy session to discuss the purchase and or sale of real property.

**DISCUSSION ITEMS:**

1. **Manager’s Updates. –** Dennis Gunn
   1. [**Manager’s Report**](https://hvssd.sharepoint.com/sites/HVSSDBoard/Shared%20Documents/General/BOARD%20MEETING/2022/March%2024,%202022/MANAGER's%20REPORT/March%202022%20Manager's%20Report%20-.pdf)
   2. [**Staff FR Rated Apparel**](https://hvssd.sharepoint.com/sites/HVSSDBoard/Shared%20Documents/General/BOARD%20MEETING/2022/March%2024,%202022/STAFF%20REPORT%20FR%20PPE.pdf) discuss and possibly approve. – Dennis Gunn (5 minutes).

Dennis Gunn stated that as per OSHA, they should have fire rated clothing. This is a requirement. When they are getting into the panels, they should also have shirts, pants, gloves, face shields, gloves and masks. He stated that Dave should have them for his daily wear and Dennis and Brian should have them to put on when needed. He would like to purchase 4 sets of clothing for Dave, and 1 each for Brian and Dennis.

Celeste Johnson recommended that they make this purchase as recommended.

Dennis Gunn stated that there is a cost of $2400.00 for confined space training. They will need to bring in a training officer for this OSHA recommended training.

Dennis Gunn informed the board that there is a percentage of parcels included in the land acquisitions that are still in the name of the previous owner.

Heidi Franco asked if they delay the rates and make these unexpected purchases if they would need to adjust the budget.

Steve Farrell stated that this can be done in December.

Dennis Gunn reminded the board that they will have to issue the bond for the things that need to be done right away.

Celeste Johnson stated that Brad Rasmussen will be putting it together in the timeline.

Steve Farrell stated they will need to get Mark Anderson here to start the bond process.

Heidi Franco stated that they need to get moving on the projects that were planned for 2022.

Brad Rasmussen stated that these are the projects in the works:

* Midway lift station
* Irrigation on lagoons
* Design of the aeriation expansion

Steve Farrell stated that this is a specialized type of construction.

**A motion was made by Don Huggard to move into a closed session to address acquisition of property. The motion was seconded by Steve Farrell and the motion passed unanimously.**

**A motion was made by Steve Farrell to end the closed session and adjourn the meeting. The motion was seconded by Don Huggard and the motion passed unanimously.**

**Date Approved: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

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Board Chair District Manager

Celeste Johnson Dennis Gunn