

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES, MIDVALLEY SEWER DISTRICT, HELD AT 160 EAST 7800 SOUTH, MIDVALE UTAH 84047 ON FEBRUARY 12, 2025, AT THE TIME OF 12:00 PM, PURSUANT TO NOTICE.

BOARD OF TRUSTEES PRESENT

SONDRA SMITH – CHAIR (ARRIVED AT 12:30PM)
BLAKE ROEMMICH – VICE-CHAIR
RONALD SPERRY – TRUSTEE

OTHERS PRESENT

MARK BELL – ATTORNEY (EXCUSED AT 12:45 PM)
JARED SYME – GENERAL MANAGER
BRENT CHRISTENSEN – CHIEF FINANCIAL OFFICER, DISTRICT CLERK
RICK CECALA – OPERATIONS SUPERVISOR
ZETH DOCTER – TREASURER

The meeting was called to order at 12:00 PM by Vice-Chair Roemmich.

1. PUBLIC COMMENTS/CEREMONIES/PRESENTATION

- a. No one was in attendance.

2. MINUTES – APPROVAL

- a. **Upon Motion** made by Mr. Sperry, seconded by Mr. Roemmich and passed unanimously, the Board accepted the January 15, 2025, 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. **Construction completion assurances and warranties**

Mr. Bell stated that he and Mr. Syme have discussed that the District requires a completion assurance of 120% of the engineers' estimated cost and a two-year warranty. Mr. Bell stated that Brighton homes argued the fact that under the Land

Use Rules law the District could only do 110% and a one-year warranty. Mr. Bell stated that the Land Use Rules law may or may not be correct within special districts. Mr. Bell quoted that “If a district participates in any way with a municipal’s approval process for subdivisions, then the district has to utilize the municipal timing on bonds and warranty periods.” Mr. Bell stated that the surrounding cities; Midvale City, Sandy, and Murray, want the contractors to obtain a Will Serve letter. Mr. Bell stated that in his opinion, the District is not part of the approval process. The District does not sit in on design reviews or sign plats. Mr. Bell believes that the District is exempt from the 110% and one-year warranty rule.

Mr. Syme stated that he would still like to keep the two-year warranty period for the purpose of the expensive cost to repair the sewer because of the depth of the lines and difficulty with working around the utilities above the sewer. Mr. Bell stated that he would like to see the District to not allow Surety Bonds and recommends an agenda topic for the March Board meeting.

b. 2025 Legislature – Legislation Affecting Special Districts

Mr. Bell stated that he will have an update in the March meeting about the 2025 Legislature after the session is closed.

c. Ethics Disclosures – Compliance with 2024 House Bill 80

Mr. Bell stated that the House Bill 80 changed the rules from 2024 for Board members of Special Districts. Mr. Bell stated that they are requiring elected officials of Special Districts to comply with the same ethics disclosures as the members of the House of Senate. Mr. Bell stated that he will have a new disclosure form for the Board members at the meeting in March.

4. GENERAL MANAGER REPORT

a. New Hire Introduction

Mr. Syme introduced and welcomed a new employee, Mr. Rogers, to the District. Mr. Syme stated that Mr. Rogers has great mechanical and technical skills. Mr. Syme stated that he is a great candidate for the Operators position. Mr. Rogers expressed his gratitude for being hired and that it’s been great to be a part of an organization that shows gratitude for their employees. Mr. Rogers stated that all the employees have been great to work with.

b. VEHICLE FLEET UPDATE

Mr. Syme stated that the District has received the new Rausch camera truck. He stated that there are a few issues with the new camera truck upon delivery. Mr. Syme stated that he has spoken with Mike Sims, President of Ten Point Sales, along with Bo Ellsworth, Sales Manager of Ten Point Sales, about the issues. Mr. Syme stated that some of the specs that we requested were not made and there are some cosmetic issues with the new camera truck. He stated that he was very descriptive about the specifications and even provided measurements. Mr. Syme stated that he had reached out about the new camera truck during the build process but never received a response back. Mr. Syme stated that he will have an update about the new camera truck for the meeting in March.

Mr. Syme stated that the old 2018 camera truck is up for sale through GOV Deals with an asking price of \$220,000. Mr. Syme feels that the asking price is very competitive with new trucks starting at around \$500,000. He stated that he has not received any offers through GOV Deals but has received two offers from local contractors that are interested in purchasing the old 2018 camera truck. Mr. Sperry asked if there are any fees associated with selling the truck on GOV Deals and what the auctioneer fees are. Mr. Syme stated that the District will receive the full amount of the asking price and that any fees associated with GOV Deals will be handled through their website. Mr. Syme stated that the GOV Deals auction will end at the same time as the local offers are due.

Mr. Syme stated that if there are more than one offer locally, Mr. Syme will give one final opportunity for a "final bid", and whoever offers the most will receive the truck upon payment. Mr. Syme stated that he has the discretion to approve or deny any offers to protect the District. Ms. Smith asked if we were going to keep the old 2018 camera truck until we receive the new truck that will be up to our standards. Mr. Syme stated that Rausch is going to make the new truck right and that he plans to sell the old 2018 camera truck to get the full amount of the sale. Mr. Syme stated that Rausch will offer a demo or loaner truck if the District needs one while the new truck is getting fixed.

Upon motion made by Mr. Roemmich, seconded by Mr. Sperry and passed unanimously, the Board approved the sale of the 2018 camera truck at the amount deemed appropriate and in the best interest of the District, whether through Gov Deals or direct negotiation with an interested buyer.

	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN/ABSENT</u>
Ms. Smith	X		
Mr. Roemmich	X		
Mr. Sperry	X		

c. 7500 South Capital Improvement Project

Mr. Syme stated that Newman Construction is doing the best they can, weather permitting, and moving along very well within the timeline that is given to completing this area of the project. Mr. Syme stated that there have been homeowner complaints involving the machinery around driveways and traffic control. Mr. Syme stated that the other complaints are from homeowners around the canal not getting proper notification. Mr. Syme stated that Newman Construction has now been communicating with the homeowners, helping them get in and out of their driveways and not leaving machines or equipment around the driveways.

d. UPDATE TO MIDVALE TOWNHOMES (7309 SOUTH 180 WEST)

Mr. Syme stated that this new development will be 224 units with HOA and rental units. Mr. Syme stated that two existing sewer lines, that run through the development, will be relocated for the new development. Mr. Syme stated that the relocation of these sections will benefit the District for future development with the surrounding vacant lots. Mr. Syme stated that the new design of the sewer plans will be required to have a 10" line instead of an 8" to accommodate additional flow in the area.

e. Office Furniture Purchase

Mr. Syme stated that the office furniture in the Treasurer's office is over 30 years old and the General Manager's office has a table and desk from Ikea that the previous General Manager purchased. Mr. Syme stated that he has received a proposal from Utah Office and Design in the amount of \$27,160. The proposal received includes the requested specifications to accommodate the size and dimensions of both offices. Mr. Syme stated that the material is a mid-level commercial grade that will last for 20-25 years.

Upon motion made by Mr. Sperry, seconded by Mr. Roemmich and passed unanimously, the Board approved the purchase of new office furniture at an estimated cost of \$27,160 and not to exceed \$30,000.

	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN/ABSENT</u>
Ms. Smith	X		
Mr. Roemmich	X		
Mr. Sperry	X		

f. Boundary Project

Mr. Syme stated that he has contacted Mark Richardson, attorney, with Murray City, and Murray City is in the process of working with the City Council. Mr. Syme stated that Murray City wants to check with the Lieutenant Governor’s Office on whether they must give public announcements. Mr. Syme stated that he will have another update in the March Board meeting.

g. Update: Pending Matters

Mr. Syme stated that the District will discontinue garbage services with Republic Services and will start using Ace Disposal. Mr. Syme stated that Ace Disposal has better prices for the same services and is on the state contract. Mr. Christensen stated that by using Ace Disposal, the District will save around \$900 a year. Mr. Christensen stated that the Dump station has made just over \$800 during the Winter months and the District has been very satisfied with the low maintenance of the unit.

5. SOUTH VALLEY WATER RECLAMATION FACILITY (SVWRF) (Information & Update)

- a. Mr. Syme stated that there are no updates at this time.

6. REVIEW, APPROVE AND RATIFY CASH DISBURSEMENTS

Upon Motion made by Mr. Sperry, seconded by Mr. Roemmich and passed unanimously, the Board approved the January 2025 cash disbursements for \$359,402.79

	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN/ABSENT</u>
Ms. Smith			X
Mr. Roemmich	X		
Mr. Sperry	X		

7. OFFICE REPORT

- a. Mr. Docter stated that he has no updates at this time.

8. CHIEF FINANCIAL OFFICER REPORT

Mr. Christensen stated that prior to this meeting, the Board members had already received the quarterly financial reports by email, and they were also hand delivered to their homes. He stated that the District is in good financial shape and there are no near-term concerns.

a. Balance Sheet as of December 31, 2024

Mr. Christensen reported on the Balance Sheet as of December 31, 2024. He stated that the "Balance Sheet" is everything the District owns, owes, and the accumulation of current and prior year earnings. Mr. Christensen noted that the Balance Sheet shows a two-year comparison with a column showing the dollar change between years. Mr. Christensen stated that there are no unexpected or unusual changes.

Mr. Christensen pointed out that the District's PTIF Account (savings account) has \$655,000 more money than the prior year due to a timing difference of when the pipelining and manhole projects are paid. Mr. Christensen noted that the investment account is broken down into two actual investment accounts with one being actual investments, and the other account tracks the investment's required fair value adjustments (non-cash). He noted that the District has earned more interest income than expected as interest rates have continued to remain relatively high.

Mr. Christensen pointed out that various accounts (assets and liabilities) related to the Utah Retirement Systems (URS) are only adjusted annually when the District received the yearly information from the URS in March of each year.

b. Profit & Loss Year-to-Date Comparison to Prior Year as of December 31, 2024

Mr. Christensen reported on the Profit & Loss Year-to-Date Comparison to Prior Year as of December 31, 2024. Mr. Christensen stated that the increase in sewer service fees revenue was expected as the District increased the sewer service fees in January. The Sewage Treatment Fees expense will probably change a little after the Treatment Plants gets their final audit adjustments. He does not expect a very large adjustment.

Employee Benefits Expense is not comparable since the final annual adjustment from the Utah Retirement Systems (URS) will not be received until about March. Without the effects of the URS adjustment, the employee benefits expense would be lower

than last year as the prior General Manager's retirement costs and compensated absences amounts were higher than the new General Manager's lower salary-related costs.

Mr. Christensen pointed out that the pipelining and manhole rehabilitation expenses were lower as the current year projects were budgeted to be lower. Mr. Christensen noted that the impact fee revenue was less than the prior year, which is beyond the control of the District. The interest earnings income was up from the prior year as interest rates have remained relatively high.

Mr. Christensen reminded the Board that the \$175,966 Contributed Capital of Sewer Lines revenue is in the form of actual pipes and manholes, in the ground, from developers and not received in cash.

c. Profit & Loss Year-to-Date Budget vs Actual as of December 31, 2024

Mr. Christensen reported on Profit & Loss Year-to-Date Budget vs Actual report as of December 31, 2024. He noted that the Employee Benefits under budget amount could change either direction when the final URS adjustment is received. The over budget amount on the Rehabilitation Expense is a result of the District adding an additional pipelining project, at the end of the bidding process, for additional lines that were found to be in urgent need of rehabilitation.

The District also received almost \$300,000 more interest income from the savings accounts and investment accounts than what was on the budget. Mr. Christensen noted that the interest income will help offset the construction inflation that impacts the future capital and rehabilitation projects. The District always budgets conservatively for interest income as it is hard to predict where interest rates will be a year ahead of time.

Mr. Christensen briefly reviewed smaller actual to budget differences in various report line items on the report. Mr. Christensen stated that the District does budget conservatively higher in some expense accounts to provide for any emergencies and unforeseen costs.

9. SUPERVISOR'S REPORT

- a. Mr. Cecala stated that the construction in the District has slowed down due to the weather being cold. Mr. Cecala stated that the 7500 South construction project has started the boring process on 7500 South 410 East. Mr. Cecala stated that the project is 96 feet long and should be completed within the next couple of weeks.

10. TRUSTEES

Mr. Roemmich and Mr. Sperry stated that they have no updates at this time.

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

No closed meeting

ADJOURN

The meeting was adjourned at 1:05 PM and the next Board meeting will be March 12, 2025, at 12:00 PM.