

BOARD OF TRUSTEES MEETING MINUTES

August 21, 2023
** District Office**
5:00 p.m.

I. CALL TO ORDER

The August, 21, 2023, Board of Trustees meeting was called to order by Chair Jan Wilking at 5:00 p.m. Other Board members in attendance were MaryAnn Pack, Robert Richer, Richard Pick, and Ryan Dickey. Staff in attendance were Mike Luers, Dan Olson, Chad Burrell, Kevin Berkley, Bryan Steele, Cory Shorkey, Dustin Walton, Colby Willoughby, and Kim Dudley. Also, in attendance were Jeremy Cook, Cohne/Kinghorn, Craig Ashcroft, Carollo Engineers, and Kelly Murdock, Stifel Public Finance.

II. CONSENT AGENDA

- A. Approval of Board Meeting Minutes for July 17, 2023
- B. Escrow Fund Reduction Approval
 - 1. Lilac Hill – Retain 0%
 - 2. Lincoln Station – Retain 0%
 - 3. NAC – Retain 40%
 - 4. Elk Springs – Retain 40%

Mr. Richer made the motion to approve the Consent Agenda, Ms. Pack seconded the motion carried with Mr. Pick, Mr. Dickey, Mr. Richer, Ms. Pack, and Mr. Wilking voting in the affirmative.

III. PUBLIC INPUT – There was no public input.

IV. APPROVAL OF EXPENDITURES – Bills in the Amount of \$2,200,290.43 – Mr. Luers discussed the expenditures in the amount of \$2,200,290.43. He said that there is a large payment to a company called Michels Trenchless Inc. They are the ones we hired to put in the liner in the trunkline. In addition, there is also a large payment to Carollo Engineers for the East Canyon expansion design.

Mr. Pick asked if we've used Michels before. Mr. Luers responded that we have not. Whenever we use a new firm, we are very cautious. They have been a great company and we are happy to have them and would like to have them in the future.

Mr. Richer disclosed he has a financial interest in one of our payees, the Arnold Machinery Company.

Ms. Pack made the motion to approve the Expenditures, Mr. Dickey seconded the motion carried with Mr. Pick, Ms. Pack, Mr. Richer, Mr. Dickey, and Mr. Wilking voting in the affirmative.

V. SERVICE AWARDS – Colby Willoughby – 5 years

Mr. Wilking presented Mr. Willoughby with his service award for 5 years. He thanked Mr. Willoughby and said it's great having employees like him. Mr. Willoughby thanked the Board.

Mr. Burrell said it's nice to see an operator who's been here a short time to have accomplished what Mr. Willoughby has, he gets along great with all the other operators, his two supervisors, he's a Grade II Certified Operator, and doesn't have a problem jumping in for other projects. He has learned pump removal, pump replacement and repair. There's been several projects that he has been lead on with operators that have been here a longer time. We'd love to clone Mr. Willoughby. We are thankful to have him on our team. Mr. Willoughby thanked Mr. Burrell.

The Board congratulated Mr. Willoughby on his service with the District.

VI. SUBDIVISION PROJECTS

- A. Promontory – Liberty Ranch at Star Point – 25.33 REs

Mr. Shorkey discussed that the applicant has filed a Line Extension Agreement to extend wastewater main lines within the Promontory Development. The proposed project will be served exclusively by gravity sewer system, which will connect to an existing manhole in Silver Gate Drive. The project is largely described as workforce housing. There will be a leasing office as well as restrooms adjacent to a small play structure.

Staff recommends approval.

Mr. Wilking asked if we knew when the project would get started. Mr. Shorkey replied that they are hoping to break ground before the snow so they can get their public infrastructure in and building permits under way.

Mr. Richer made the motion to approve the Subdivision Projects Liberty Ranch at Star Point – 25.33 REs, Mr. Dickey seconded the motion carried with Ms. Pack, Mr. Richer, Mr. Dickey, Mr. Pick, and Mr. Wilking voting in the affirmative.

B. Studio Crossing – 249.2 REs

Mr. Shorkey stated the applicant has filed a Line Extension Agreement to extend wastewater main lines within the Park City Film Studio Development. The proposed project will be served by a gravity sewer system, which will connect to a previously installed gravity main line manholes on site. There are six larger buildings in which the east and west buildings are going to be multi-unit housing and the four interior buildings are mixed-use, retail, commercial, multi-family housing, and townhomes.

Staff recommends approval.

Ms. Pack made the motion to approve the Subdivision Projects Studio Crossing – 249.2 REs, Mr. Richer seconded the motion carried with Ms. Pack, Mr. Richer, Mr. Dickey, Mr. Pick, and Mr. Wilking voting in the affirmative.

Mr. Wilking asked Mr. Dickey if this was negotiated with the city council. Mr. Dickey replied that there was a re-negotiation with the development to amend the development to build workforce housing.

Mr. Richer asked how much density, if any, do they have left. Mr. Dickey responded saying he believes that all the density is exhausted. They potentially have room on the site for additional workforce housing. Mr. Richer thanked Mr. Dickey for pushing for more affordable housing.

Estimated LEA REs Year to Date: # Above Splitter 0; # ECWRF 0; # SCWRF 67; Total 72.68
Proposed this Meeting: # Above Splitter 0; # ECWRF 0; # SCWRF 274.53; Total 274.53

VII. DISTRICT MANAGER

A. Discussion Items

1. Surcharging Industrial Users – Mr. Luers reminded the Board that we are required, under the clean water act, to issue permits to large nondomestic wastewater providers. It's not uncommon for these wastewater providers to have unusual wastewater strengths. We are proposing to start an initial discussion on establishing surcharges on extra strength wastewater. The purpose of the surcharges is to recover the actual cost that we incur in treating wastewater. These types of surcharges are very common. Mr. Luers turned the discussion over to Mr. Burrell and Dustin Walton.

Mr. Burrell introduced Mr. Walton, our Pre-treatment Coordinator. Mr. Burrell started off by adding to Mr. Luers' comments saying that we are not a destination for heavy industrial growth to take place. But as we see growth happening, we are trying to prepare ourselves for either existing or additional users coming to our community that could potentially give us higher strength wastewater.

Mr. Burrell discussed why we would surcharge:

- Plants are designed to handle residential and commercial loadings.
- Industrial users have the potential to discharge loadings greater than plant design.
- These increased loadings require additional operation and maintenance costs.
- Historically high strength wastewater has not been a concern for the District.
- Surcharges recuperate the actual cost for treatment.

Mr. Burrell stated that we have been approached by entities or existing entities that want to connect and have an industrial load come to us. Mr. Richer asked what type of entities. Mr. Burrell replied, additional water treatment plants.

Mr. Burrell stated that Mr. Walton did some homework and reached out to other wastewater entities about their surcharges. He showed a slide of how other wastewater entities calculated their surcharges:

Other Entity Surcharges

POTW	BOD Rate	BOD Trigger	TSS Rate	TSS Trigger	O&G Rate	O&G Trigger
SVWRF (commercial)	0.15	300	0.08	300	0.26	200
SVWRF (industrial)	0.24	300	0.12	300	0.26	200
Central Davis	--	--	0.07	250	2.00	100
Salt Lake (tiered based on conc)	0.20-0.41	0**	0.13-0.26	0	--	--
Central Valley *	0.11	0	0.16	0	--	--
JBWRF	0.18	230	0.17	258	0.26	100
Timpanogos	0.22	0	0.18	0	--	--
Eagle Mountain (proposed)	0.28	210	0.26	210	0.2	100
Orem	0.15	200	0.11	250	0.25	100
Provo	0.25	300	0.1	305	0.17	100
Springville	0.13	250	0.14	250	0.19	100
Spanish Fork	1.18	200	1.18	250	1.18	100

Mr. Walton said that on the left-hand side of the graph you can see the other entities who surcharge. Essentially any number that is above the trigger amount would impose a surcharge.

Mr. Burrell discussed how we would calculate our surcharges stating for every pound of BOD it costs .38 cents and for every pound of TSS it is .30 cents. When comparing to other entities there are some higher and some lower. He said this is the cost we are proposing.

Proposed \$/lb cBOD and TSS

SBWRD
cBOD and TSS Cost Per Pound Calculation
(Pricing based on actual costs: Solids Budget)

cBOD

Expense	Description	
Operating Expense	2022 Solids Mgt Operating Expense (Financial Report)	\$ 684,189.00
Truck Depreciation	Four \$140k Trucks Depreciated over 10 years	\$ 56,000.00
Aeration in BNRs	VFD SC \$64.59/dx4aerx365d/yrx2plants (EC non VFD)	\$ 188,602.80
	Total Cost	\$ 928,791.80
	Dry Tons produced at both EC and SC from annual report	1229.5
	\$/Dry Ton	\$ 755.42
	Pounds per ton	2000
	Cost per poundBOD	\$ 0.38

TSS

Expense	Description	
Operating Expense	2022 Solids Mgt Operating Expense (Financial Report)	\$ 684,189.00
Truck Depreciation	Four \$140k Trucks Depreciated over 10 years	\$ 56,000.00
	Total Cost	\$ 740,189.00
	Dry Tons produced 2022 at both EC and SC from annual report	1229.5
	\$/Dry Ton	\$ 602.02
	Pounds per ton	2000
	Cost per pound TSS	\$ 0.30

SBWRD	0.38	263	0.30	375	NA	NA
-SBWRD is proposing that surcharges will not be applied until high strength wastewater is 25% higher than design parameters.						

Mr. Burrell said that one entity this would affect is Quinns Junction Water Treatment Plant - QJWTP. They are an industrial user, we issue them a permit and that permit is renewed every few years. He showed an example of what the surcharge would have been in 2022 below.

QJWTP Example 2022 Surcharge

<u>Month</u>	<u>Flow (month)</u>	<u>cBOD mg/l</u>	<u>cBOD</u>	<u>TSS mg/l (Avg.)</u>	<u>TSS</u>	<u>Total</u>
Jan	920,300	124	\$0.00	704	\$757.55	\$757.55
Feb	768,700	247	\$0.00	1472	\$2,109.85	\$2,109.85
Mar	599,500	146	\$0.00	1088	\$925.47	\$925.47
Apr	379,100	166	\$0.00	288	\$0.00	\$0.00
May	326,000	194	\$0.00	2016	\$1,338.48	\$1,338.48
Jun	334,100	596	\$352.59	30	\$0.00	\$352.59
Jul	578,100	374	\$203.36	2436	\$2,981.04	\$3,184.40
Aug	486,300	206	\$0.00	2900	\$3,072.22	\$3,072.22
Sep	495,700	377	\$179.09	480	\$130.23	\$309.32
Oct	526,900	140	\$0.00	1580	\$1,588.56	\$1,588.56
Nov	583,600	217	\$0.00	723	\$508.14	\$508.14
Dec	739,600	311	\$112.51	1392	\$1,881.94	\$1,994.45
Total:					\$16,141.03	

Mr. Luers stated that we've been informed that with the new Three Kings plant the water production at QJWTP would be less than what it was in 2022 and we would anticipate that the surcharge would be less unless Park City decides to wholesale water to other water companies.

Mr. Luers said that we have basically given Park City a break, up until now. Now that there may be additional users, we would propose to the Board the concept of the surcharges. If the Board agrees we will proceed with the idea that the surcharge will kick in January 1, 2024.

Mr. Burrell also mentioned that we would meet with QJWTP, as a courtesy, to let them know what's coming and that this would require changes to their permits. We would draft a resolution and take all the appropriate steps for approval.

2. East Canyon Water Reclamation Facility Project & East Canyon – VFD pre-purchase update – Mr. Luers wanted to discuss the ECWRF Project and said we have worked out an agreement on the VFD with the manufacturer to take care of that as we bid the project. He updated the Board on the ECWRF by starting off with the permitting process with the Division of Water Quality (DWQ).

As previously discussed, anytime a treatment facility is modified, DWQ issues a revised discharge permit. However, in this case DWQ has deviated from how all past permit limitations have been determined.

DWQ has proposed a dissolved oxygen permit limitation that we cannot reliably comply with. Thus, we have been pushing back and trying to reasonably resolve the issues.

DWQ has been exceedingly slow in helping resolve the permit issues. We are continuing to work with our consultants but now we are waiting to hear back from the state. It is unclear if the scientific-based permitting issues will be resolved in a few months or stretch into a multi-year effort. Mr. Luers stated that DWQ typically will not issue a construction permit until a final discharge permit is in place. We have requested that DWQ issue a construction permit by November 30, 2023, with the understanding that a final discharge permit be issued by the end of construction.

We have not yet received a response to our request. If DWQ denies our request, the project could be delayed for a significant period which could be 6 months to 2 years. We are waiting to hear back from the state and will hopefully have more information at next month's Board Workshop. Mr. Luers asked the Board if they had any questions.

Mr. Richer asked if the State of Utah has dug any deeper into the issues we are having or if this is a lack of communication. Mr. Luers replied that he has contacted the director and said that the project is being held up and we need a reply as soon as possible and then we can sit down and develop the next course of action. He said there are two points, one they have been slow in answering our questions and two, we believe that their scientific-based permitting model is wrong. Mr. Burrell added that multiple personnel need to come together in the decision process. He said we initiated this permit 2 years ago this fall.

Mr. Wilking asked what kind of response we received from the director. Mr. Luers said that the director said he would get back with us and that was 6 weeks ago. And said that he didn't have time to investigate our permit and relies on his staff for answers.

Mr. Richer asked if there was someone that could act as an intermediary. Mr. Luers said yes but we're not quite there yet.

Mr. Wilking indicated we must resolve this soon. Mr. Luers agreed and said that the real issue is that we are of the opinion that the scientific-based permit issues will not be resolved quickly. As a result, we need a construction permit by the end of November so we can proceed with the project. If they deny us the permit, we will have to pursue other avenues. At this time, we still have optimism that once we get a little more information from the state, we can work this out.

Mr. Luers moved on to the project stating he wanted to review where we are and receive feedback from the Board and see if we should proceed with the project as proposed.

Mr. Luers said included in the Board's packet is the Impact Fee Analysis which continues to show moderate growth. He said that Mr. Ashcroft and Carollo Engineers have updated the cost estimates and asked Mr. Burrell to hand them out to the Board showing the graph as follows:

Snyderville Basin Water Reclamation District

East Canyon WRF Expansion Project

Conventional
 7.5 MGD Max Month Capacity

7/17/2023

Item	Unit	Quantity	Unit Cost	Estimated Cost	Expansion Factor(1)	Cost Attributable to New Growth
Mobilization	LS	1	\$ 3,500,000	\$ 3,500,000	100%	\$ 3,500,000
Headworks						
Mechanical	LS	1	\$ 2,384,250	\$ 2,384,000	35%	\$ 834,400
EQ/ATB						
Structural	LS	1	\$ 10,246,000	\$ 10,246,000	100%	\$ 10,246,000
Mechanical	LS	1	\$ 7,222,000	\$ 7,222,000	90%	\$ 6,499,800
New Bioreactor, Bioreactor Modifications & Ax Jet Mix						
Structural	CY	3,000	\$ 1,250	\$ 3,750,000	100%	\$ 3,750,000
Mechanical	LS	1	\$ 3,441,000	\$ 3,441,000	100%	\$ 3,441,000
New Clarifier						
Structural	CY	450	\$ 1,250	\$ 562,500	100%	\$ 562,500
Mechanical	LS	1	\$ 1,732,500	\$ 1,732,500	100%	\$ 1,732,500
UV Disinfection/Filtration						
Structural	CY	300	\$ 1,500	\$ 450,000	100%	\$ 450,000
Mechanical	LS	1	\$ 2,250,000	\$ 2,250,000	75%	\$ 1,687,500
Maintenance Building	LS	1	\$ 5,755,000	\$ 5,755,000	100%	\$ 5,755,000
New Operations Building	LS	1	\$ 2,281,000	\$ 2,281,000	100%	\$ 2,281,000
Civil/Misc						
Demolition	LS	1	\$ 1,250,000	\$ 1,250,000	100%	\$ 1,250,000
Excavation/backfill	LS	1	\$ 3,656,000	\$ 3,656,000	100%	\$ 3,656,000
Shoring	LS	1	\$ 1,000,000	\$ 1,000,000	100%	\$ 1,000,000
Temp IPS	LS	1	\$ 500,000	\$ 500,000	100%	\$ 500,000
Yard Piping	LS	1	\$ 4,750,000	\$ 4,750,000	100%	\$ 4,750,000
Site Work	LS	1	\$ 4,250,000	\$ 4,250,000	100%	\$ 4,250,000
Generator & Convault	LS	1	\$ 1,000,000	\$ 1,000,000	100%	\$ 1,000,000
Total Direct Costs				\$ 59,980,000	95%	\$ 57,146,000
Electrical / I&C	LS	1	\$ 14,995,000	\$ 14,995,000	100%	\$ 14,995,000
Coatings	LS	1	\$ 1,200,000	\$ 1,200,000	100%	\$ 1,200,000
Contractor O&P	LS	1	\$ 7,618,000	\$ 7,618,000	100%	\$ 7,618,000
Subtotal				\$ 83,793,000	97%	\$ 80,959,000
Contingency (10%)				\$ 8,379,000	100%	\$ 8,379,000
Bid Environment Contingency (5%)				\$ 4,190,000	100%	\$ 4,190,000
Subtotal - Estimated Construction Cost (July 2023 dollars)				\$ 96,362,000	97%	\$ 93,528,000
Estimated inflation to Construction Midpoint				\$ 7,709,000	100%	\$ 7,709,000
Total Estimated Construction Cost (at Bid estimated Jan. 2024)				\$ 104,071,000	97%	\$ 101,237,000
Engineering - Design				\$ 6,680,015	100%	\$ 6,680,015
Construction Management services				\$ 6,500,000	100%	\$ 6,500,000
Total Estimated Project Cost (at Bid)				\$ 117,251,015	98%	\$ 114,417,015

Estimated Annual Expenditures	Total	2021	2022	2023	2024	2025	2026	2027
Design	\$ 6,680,015	\$ 1,460,000	\$ 2,800,000	\$ 2,420,015				
Construction	\$ 104,071,000			\$ -	\$ 26,017,750	\$ 31,221,300	\$ 26,017,750	\$ 20,814,200
CMS	\$ 6,500,000			\$ -	\$ 1,625,000	\$ 1,950,000	\$ 1,625,000	\$ 1,300,000
Total Estimated Expenditures	\$ 117,251,015	\$ 1,460,000	\$ 2,800,000	\$ 2,420,015	\$ 27,642,750	\$ 33,171,300	\$ 27,642,750	\$ 22,114,200

(1) Expansion factor is the percentage of the line item cost which is attributable to new growth

Mr. Luers stated the total cost now is approximately \$117 million, which is about \$5 million less than the last cost estimate. The \$117 million does include anticipated inflation between now and the time the construction is constructed. Also, we've updated the project schedule and Mr. Burrell handed it out to the Board. Assuming the Board does not have any issues with proceeding with the project we will proceed with advertising for contractor pre-qualifications, initiate hiring a bond council, and a bond underwriter, not that we would hire them immediately. The pre-qualifications of the contractors will be due before our next meeting, and we'll let you know who pre-qualified at the September 25th meeting. Mr. Luers reiterated that this information is for the Board to consider and asked if they had any comments.

Mr. Richer asked what's our downside of going forward, the time we are investing. Mr. Luers expressed the downside is minimal at this point. Once we get into bidding the project out and accepting a bid, then it is more serious. Right now, we are not risking anything significant.

Mr. Wilking asked when we say August for hiring for bond counsel and underwriters do we talk to several people to fulfil this role. Mr. Luers said the answer is yes and turned it over to Mr. Cook since he did it last year. Mr. Cook stated that we put an RFP out for bond counsel and underwriters last year. There are two or three firms in town or in the Utah market that can handle our project. Mr. Luers commented that we haven't officially hired anyone because we delayed the project for a year. We will need to recheck those estimates and see if they are still good and bring them back for Board approval.

B. Action Items – Consider Authorization of Delinquent User Accounts to the Summit County Treasurer – Mr. Steele discussed with the Board that we have a list of delinquent accounts for certification to the Summit County Treasurer. The number of accounts and total amounts due for 2023 is as follows, with prior year comparisons:

<u>Year</u>	<u>No. of Accounts</u>	<u>Total Amount</u>	<u>Median Amount</u>
2023	136	\$ 55,398.08	\$342
2022	178	\$ 77,320.96	\$226
2021	149	\$ 54,136.41	\$247
2020	177	\$ 66,796.51	\$218
2019	162	\$ 61,887.65	\$318
2018	266	\$ 150,250.59	\$217
2017	266	\$ 105,516.64	\$311
2016	169	\$ 77,653.21	\$446

The exact number of accounts and total delinquent amount have been updated in the total above. Customers who made payments after Board approval, but before County Treasurer final lien attachment, have been dropped from this list. Staff made every effort with customers to reduce the number of delinquent accounts and related balances.

Staff recommend authorization of delinquent accounts to be certified to the Summit County Treasurer.

Ms. Pack made the motion to authorize Delinquent User Accounts to the Summit County Treasurer, Mr. Richer seconded the motion carried with Mr. Pick, Ms. Pack, Mr. Richer, Mr. Dickey, and Mr. Wilking voting in the affirmative.

- A. Information Items
 1. Financial Statement
 2. Impact Fee Report

VIII. FUTURE AGENDA ITEMS

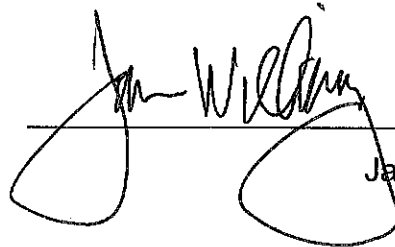
- A. Projects
- B. Operations
- C. Finance
- D. Governmental Matters –

Mr. Burrell added that we have been compliant for the last 19 years at ECWRF and 20 years at SCWRF with NACWA, National Association of Clean Water Agencies performance award and received them again this year. We are also members of the Utah Safety Council and received their perfect record award, meaning we did not have any OSHA reportable accidents last year. The Utah Safety Council also gives recognition to companies compared to similar entities that have a low average incident record and a safety program that continues to improve. We received the award of merit for that accomplishment. Mr. Burrell wanted to thank the staff and the Board for making this happen. The Board congratulated us on our awards.

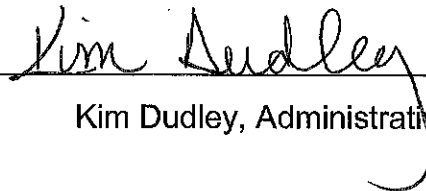
Mr. Luers reminded the Board about the Board Workshop, 50th Anniversary, and Board Meeting on September 25, 2023.

IV. ADJOURN

Ms. Pack made the motion to adjourn at 5:59 p.m., Mr. Richer seconded the motion carried with Mr. Pick, Mr. Dickey, Mr. Richer, Ms. Pack, and Mr. Wilking voting in the affirmative.



Jan Wilking, Chairman



Kim Dudley, Administrative Specialist