

**SOUTH VALLEY WATER RECLAMATION FACILITY
BOARD MEETING
Wednesday, October 16, 2019
7495 South 1300 West
West Jordan, Utah 84084**

Attendance	Board Chairman	Jerry L. Knight, Sandy Suburban Improvement District
	Board Vice Chairman	Brad Powell, Midvalley Improvement District
	Board Member	Craig L. White, South Valley Sewer District
	Board Member	Keith Ludwig, Midvale City
	Board Member	Justin Stoker, City of West Jordan
	General Manager	Lee Rawlings
	Facility Engineer	Taigon Worthen
	Facility Clerk	Belinda Patterson
	Attorney for South Valley	Tracy S. Cowdell
	Finance Director	Gary Dunn
	Operations Director	Randy Wyness
	Laboratory Director	Sherry Sheffield
	Pretreatment Director	Spencer Parkinson
	IT Director	John Hunter
	CFO, South Valley Sewer District	Cody Keddington
	Purchasing Mgr., City of West Jordan	Joe Bryant

Call to Order Chairman Knight called the meeting to order at 12:30 p.m. and welcomed those in attendance.

Roll Call Roll call vote as follows:

Mr. Powell	“here”
Mr. Stoker	“here”
Mr. Ludwig	“here”
Mr. White	“here”
Chairman Knight	“here”

**Ceremonies/
Presentations/Public
Comments** None

2020 Tentative Budget Mr. Cowdell talked about a couple of items prior to the budget discussion. First, not all board members will agree on some of the issues. He suggested that an informal vote be taken on the particular issue. Second, more and more individuals are attending the meetings and it's important that the Chairman run the meetings according to the Opens Meeting Act. Individuals speak only when the Board Chairman acknowledges them.

Health/Dental Insurance

Mr. Rawlings announced that for 2020 EMI Health increased 1.9%. EMI Dental increased 3%. The proposed budget includes an 8% increase and will be adjusted accordingly.

Merit Increase/COLA

Mr. Rawlings proposed a merit increase of 3% and a cost of living of 2%. Cost of living is based on the national CPI which is running at 1.9% and the Wasatch Front at 3%. Mr. Stoker suggested rather than taking an arbitrary number between the CPI and the Wasatch Front it would be best to actually tie it to some external value. Mr. White added that historically the CPI is more level. Mr. Rawlings said that a survey of local agencies which include districts and cities show most are giving 2-3% COLAs. No opposition to Mr. Rawlings proposal was verbalized.

Increase in Retirement Funding

Mr. Rawlings expressed his concerns regarding the difficulties we've been experiencing in recruiting and employee retention. He shared survey results for several districts and the amounts they are contributing to employee retirement and whether or not they are participating in social security. Currently, SVWRF contributes 20.15% above an employee's wage to retirement. URS receives 18.47% with the balance of 1.68% going to a 401A with ICMA-RC. The survey showed agencies contributing between 24.67% and 30.87%. Mr. Rawlings requested a 5% increase bringing the total contribution to 25.15% in to retirement.

Mr. Cowdell added that if the board approves Mr. Rawlings recommendation this would need to be a two-step process adopting a policy amendment resolution and adopting it as part of the budget.

Mr. Powell clarified that when SVWRF opted out of social security those dollars would instead go to the employees retirement account. When URS requests additional funding those dollars are pulled from the employee's retirement funding which is why their 401A contributions are so low. Mr. Rawlings responded, yes. Mr. Powell added, "So the employees are basically getting the shaft on that."

Mr. White asked how the policy is currently written. Mr. Rawlings responded it is written as a net percent total.

Midvalley's policy is written to say up to 30% towards URS and 401 combined. Mr. Rawlings requested that our policy be written similar to that so as URS increases the 401A contribution would remain the same. Mr. Powell responded that this is what he would like to see.

Mr. White stated that retirement is only one component of the benefit program. He calculated total wages versus total benefits and came up with 72% which is higher than many entities. He asked, "If you're increasing retirement what are you cutting on the other end in order to keep your benefits?"

Mr. Rawlings said that more than a third of our employees earn lower wages and have family coverage which in turn increases the benefit percentage. This is more demographic information. Mr. White said that when you look at the benefits you need to consider the total.

Mr. Stoker said that the City of West Jordan is contributing 18.47% to URS and the employee is contributing the remainder of their retirement. This places them way lower than everyone else. He asked Mr. Rawlings if the survey is all entity provided? Mr. Rawlings responded, yes. Mr. Stoker requested to see total compensation for employees. 72% is a huge red flag.

Mr. White stated that this has been a concern the entire time he's been on the board. SVWRF should be paying equivalent to the five member entities, not more.

Mr. Cowdell asked the board to keep in mind that benefit packages for cities are typically different from districts.

Staff was tasked to compare total benefits in relation to salaries for the three districts, including SVWRF, for the next meeting.

Mr. White said that SVSD has excellent benefits. He has never had an applicant decide to take a job or not take a job based on benefits. It's always been upon the wage. Benefits are a bonus after that.

Mr. Ludwig added that it's hard to compare cities and districts. Cities are a much larger organization.

Proposed Changes to Step/Grade Chart to Increase Starting Wages

Staff did a salary survey for positions to be filled over the next several months in the operations, maintenance, and pretreatment departments. It was found that the facility's starting pay is about 3% below similar agencies. Mr. Rawlings proposed a couple of changes to the Step/Grade chart. First, move each position up one grade. As a result starting pay will be 3% higher. Current employees will receive no increase but will be moved up one grade and placed on the step showing their existing salary. Second, a Step 16 will be added to the chart to show a true 25% of the pay-lane to be used during negotiation for new hires. Also, there will be an extra step for those employees who are red-lined. No opposition to Mr. Rawlings proposal was verbalized.

To assist in establishing a higher starting salary for entry positions in the operations and pretreatment departments, Mr. Rawlings recommended doing away with the "trainee" positions. Currently a "trainee" position is required to pass a grade 1 wastewater certification exam within the first 18 months of employment. He stated that this requirement will be added to the Operator 1 position with a six percent increase upon completion of the exam or termination if the exam is not passed within the first 18 month period.

Mr. White asked why it matters? If the employee is here five years and doesn't pass a test they are still doing their job. You don't want to penalize them because they can't take a test. Mr. Stoker said that when an entrance level position gets filled at the City of West Jordan and the employee never gets certificates or licenses then they're just a laborer, it's all up to them. Mr. Wyness stated that exams are offered twice a year and with all of the effort in training the individual it's difficult to have to let them go because they can't pass the test.

Mr. Wyness also agreed with removing the “trainee” position and bringing applicants in as an operator I which would be a slightly higher starting pay.

Mr. Cowdell added that it’s good to have a “carrot” out there giving employees opportunity to be promoted. Mr. Rawlings added that it would be acceptable to have a few operator 1 positions but not a lot.

The Board was in agreement in removing the “trainee” position and the requirement of passing the grade 1 certification as a condition of employment. Mr. White added that there still needs to be a mechanism that if the employee passes an exam they receive compensation for it. Lee explained that to receive a promotion an individual needs to pass the necessary exam and meet the years of service requirement to receive that promotion.

Mr. Stoker asked if there was any benefit to the facility to have employees test for operator II & III? Mr. Rawlings said that these tests build on each other and it would benefit the facility.

Mr. Cowdell asked the board if they were interested in adopting the step and grade chart as part of the budget. If so, this will take the ability for the general manager to make any changes.

Mr. White confirmed that each employee was on the chart. Mr. Rawlings responded that all employees are on the chart except for the general manager.

Mr. Rawlings clarified that our current policy gives the general manager authority to hire up to 25% of the pay lane. Higher than that requires board authorization.

Mr. White moved to approve the step and grade chart as part of the budget. Mr. Powell seconded the motion. All were in favor, motion carried.

Mr. Rawlings showed the board survey results on the crew chief position which determined that this position is below market. He recommended adjusting the crew chief position from a grade 38 to grade 39. Chairman Knight asked how long it takes to become a crew chief. Mr. Rawlings responded that a crew chief is a grade IV operator with ten years of experience. The board supported the general manager’s recommendation.

Mr. Rawlings recommended that the maintenance coordinator position be moved from grade 42 to grade 44. This will make the position equivalent to an operations supervisor. The board supported his recommendation and directed staff to also change the job description to a maintenance supervisor.

Proposed Studies

Mr. Rawlings listed some proposed studies to be included in the 2020 budget as follows:

- Public Relations work with the Water Front Water Quality Council - \$15,000
- Regional Biosolids Study - \$25,000

- Biosolids Marketing effort - \$30,000
- Research supporting the TMDL in preparation for renewal of our discharge permit - \$20,000

Employee Relations

Mr. White asked why employee relations decreased \$4100. Mrs. Patterson responded that fewer employees are receiving service awards in 2020.

Non-Departmental

Mr. White requested to move the additional wages shown in non-departmental into the individual departments at the beginning of the year rather than making adjustments at the end of the year. Mr. Stoker said that we all know there is some padding in the budget because of the limiting factor of being able to get additional revenue. Rather than building a pad in to every single budget line, it makes more sense to keep something in non-departmental and consider it as a board contingency to be used for budget adjustments at the end of the year. Mr. Dunn explained that the salaries shown in non-departmental is accruals which usually lower 1-2 days per year. Also, vacation/sick leave accruals which fluctuate year to year. It's easier to estimate a total amount rather than divide it in to each department. The board agreed to move salary and benefits out of non-departmental and in to the individual departments.

Conferences/Travel

Mr. White expressed concern with how many employees are being sent to conferences. Sending 10 employees to WEAU means ten less employees working, which means the shortage will need to be covered with overtime. He felt overtime already is off the charts. Mr. Stoker was concerned with sending three employees to Caselle. He asked if that conference is appropriate for all three of those employees or can one person go and come back and share what they learned. Mr. White added that it's a two day conference and he would love to send his accounts payable clerk but only one to two classes in the two days would pertain to her so he doesn't send her. He does send an individual who will take notes for her and show her what needs to be done. Mr. Stoker said he only sends his finance director. Mr. Rawlings explained that each of our employees use Caselle in a different way. Mr. Dunn added that it would be hard for him personally to take notes on a utility module which he doesn't much work with.

Chairman Knight asked if part of the ten individuals being sent to WEAU is the Operator Challenge Team. Mr. Rawlings responded, yes we are sending a challenge team. We also send operators once every three years to earn CEU's for maintaining their wastewater certifications. Mr. Stoker would rather see employees attend Tri-State. Chairman Knight added that Tri-state is more for collections. Mr. White said that some districts that have sent Challenge Teams found that after their event you don't see them for the rest of the conference. Mr. Rawlings responded that our employees are expected to attend classes.

Ms. Sheffield said that at times when employees attend WEAU they are there to give presentations, serve as judges, and act as moderators. This is the only opportunity to be involved in the association that is for them in the state of Utah. When laboratory employees attend they are required to come back and present what they learned. They are held accountable for what they are doing and encouraged to get involved. Chairman Knight said that if employees need to come back and explain what they went through, he felt that was a waste of time and money. If you can't trust your employee to get something out of the conference maybe they shouldn't be going. Mr. White was concerned with all the hours it takes to prepare for the Operator Challenge Team. He asked Mr. Rawlings how he will handle the WEAU conference. Mr. Rawlings responded that he will still be sending individuals to WEAU.

Mr. Stoker asked for clarification regarding the three year rotation schedule for operator CEU's. He asked if operators alternate between WEAU in St. George and the mid-year conference in West Valley. Mr. Rawlings responded, yes.

Mr. Stoker highlighted the 30 out of town travels and asked if there are employees attending more than one? Mr. Rawlings responded, yes. But sometimes not everyone scheduled to attend a conference attends.

Mr. Stoker suggested adding a contingency fund rather than padding the travel budget. He gave the example of the Caselle conference. Budget for two employees but you may want to send three. Place the cost for the third individual in the contingency budget which could be used for budget transfers at the end of the year. He also added that the contingency budget is spent by the board.

Mr. Rawlings responded by clarifying that if the contingency budget is spent by the board, do we need to ask to spend it? Mr. Stoker said, no. You would still use your budgets but there will be an end of year budget adjustment. This serves as protection for the general manager with a second set of eyes backing him up.

Chairman Knight said that when the board approves a budget how is the general manager not already protected as long as he stays within the adopted budget.

A straw vote was taken whether or not there should be a contingency budget set up for travel as follows:

Mr. White	No contingency on travel. But would still like to see the travel budget reduced.
Mr. Ludwig	No contingency on travel
Mr. Powell	No contingency on travel
Chairman Knight	No contingency on travel

Mr. White requested that the Caselle budget be reduced due to the fact that the conference will be in Salt Lake City in 2020.

Slip Lining

Mr. White requested that all budgets pertaining to the slip lining project or any other projects be moved to the capital account. Mr. Dunn requested a cost amount for the slip line project to include in the budget. Mr. Worthen will give him the estimated cost. Mr. Cowdell added that the board can approve the estimates and make adjustments when necessary. He recommended this item be added to the agenda for board approval when it comes time for any money to be spent on this project.

Mr. White talked about thermal drying. He stated, "We've had problems since day one, it's not a permanent solution, and the board has discussed even moth balling it. If we consider replacing thermal drying we're talking about \$10-\$15 million. The board needs to know how far down the road that will be so money can start being put aside by each entity or increase the RM&A." Mr. Rawlings responded that over the next few months staff will put together future capital project plan for the board.

Overtime

Mr. White clarified that when an individual works a holiday are they being paid double time and a half. Mr. Rawlings responded that a holiday is considered a regular work day and the employee is paid double time.

Shift Differential

Mr. White asked if shift differential was approved by resolution. Mr. Cowdell added that the rate was increased a short time ago and asked how that was done, motion or part of the budget. Mr. Rawlings will check on that.

Pretreatment

Mr. White asked why pretreatment personnel are going out and doing YDM sampling. Rather than bringing them in and paying overtime, can't operators on shift be trained to do the sampling? We're already paying operators a holiday rate.

Credit Card Fees

Mr. Stoker talked about credit card fees. He asked why the facility should be responsible for the cost. Mr. White added that he has found there are legal issues with that. Mr. Cowdell said that legally you can't charge more for using a credit card. He will do some research on this over the next year.

Pretreatment Coordinator

Mr. White asked if the pretreatment coordinator salary can be added as an agenda item for the next meeting. He would like to see justification for the salary.

Car Allowance

Mr. Stoker asked if mileage reimbursement is being paid to individuals receiving vehicle allowance. Mr. Dunn responded, no.

Short Recess

Chairman Knight called a short recess. He then excused himself from the meeting and Vice Chairman Powell stepped in as acting chairman. 2:15 p.m.

Resume the Open Meeting

Vice Chairman Powell called the meeting to order.

Overtime

Mr. White requested a breakdown for the \$72,000 overtime budget for the next meeting.

Year End Projected Amounts

Mr. Stoker said that as he was reviewing the expense sheets he noticed that the 2019 current year projected is just the current year budget amounts. If the current year projected isn't up to date it's hard to tell what's needed for next year. He would like to see the actual expenses. Mr. Dunn responded that the current year to date spent is included in the board's monthly financials. Mr. Rawlings added that since the board directed staff to go into the red the numbers will be different.

Mr. Keddington said that Caselle has a specific financial statement report that shows year to date and percentage for the year. He offered to show Mr. Dunn how to generate this report. Mr. Dunn responded that he generates this report for the directors each month. Mr. Rawlings offered to include the monthly budget report for August with the tentative budget, but as it only includes spending for eight months, it is not very representative of the expected spending for the year.

Project 5 Change Order #1

Mr. White moved to approve Change Order #1 on Project 5 and authorize the Board Chairman to sign the change order. Mr. Stoker seconded the motion. All were in favor, motion carried.

Facility Vehicle Use Policy

Mr. Rawlings presented an amended facility vehicle use policy for board approval.

Mr. White highlighted that it's addressed in the proposed policy that the employee who takes a vehicle home is responsible for their own tax consequences. But it's not addressed that the employee receiving car allowance is responsible for their own tax consequences.

Mr. White asked if car allowance is included in the employment contracts. Mr. Rawlings responded that it was. He also added that the dollar amount was approved by resolution.

Mr. White asked if an employee receives car allowance, gets in an accident during work hours driving their personal vehicle how does that affect our liability.

Can the facility be sued? Mr. Cowdell responded, yes the facility can be sued. Staff needs to talk with their insurance carrier, Utah Local Governments Trust, and review policy limits, determine what we need to do, and how coverage works.

Mr. Stoker asked for clarity in section 8.4.2. He suggested having the first sentence read as follows: Certain positions at the Facility are expected to respond to break downs, and/or equipment and process failures outside of normal business hours.

Mr. Stoker addressed section 8.4.3.1 - #5. The sentence prior to the list reads: Circumstances that are appropriate for use of a facility vehicle include but are not limited to: Item #5 talks about car allowance. Needs to be corrected.

Mr. Stoker asked if there would ever be a time when an employee has a take home vehicle and be asked to respond on a night or weekend to a facility separate from this facility. Mr. Rawlings responded, possibly, it would be rare. Mostly they respond to the facility.

For the next meeting staff will bring a final version with a resolution for adoption.

**Proposal for Biosolids
Marketing Evaluation**

There was no discussion on this agenda item.

Update on Lark

Mr. Rawlings gave an update on the Lark site. A couple of weeks ago, there was Biosolids sampling. Today heavy metals testing of the surface soils looking for metals contamination from the Bastion Ditch. Years ago this ditch carried mine water across the property and DEQ is concerned because the surrounding properties have contamination from irrigation. During today's soil sampling the contractor did some digging to find the ditch, found the ditch, dug 15 foot trenches and determined that there is contaminated soil. Higher contamination was located in the ditch area. Staff was told that the state will not allow the contaminated soil to be moved off site. What usually happens is a piece of the property is designated as a repository and all the contaminated soils are moved to that location.

Mr. Cowdell said that the individual interested in purchasing this property is covering all these expenses. There is no agreement or contract in place. They want to know what they are dealing with prior to any kind of agreement or purchase option.

At this time Mr. Ludwig was excused from the meeting. 2:32 p.m.

Slip-Lining Project

Mr. Cowdell reported that his meeting with the attorneys went well. They are considering his proposal that once the pipeline is decided to the facility the interlocal agreements will be dissolved. When all the attorneys are in agreement Mr. Cowdell will create a document conveying the line from the entities to the facility which will need to be approved by resolution.

Staff received the scope of work for design services from PEC. Mr. Rawlings suggested a meeting with the engineers representing the individual entities for guidance as this is not our field of expertise.

Mr. Worthen requested the entities review the design fee which supports the bid process. This fee does not include pre-qualification for contractors.

Mr. Cowdell asked Mr. White when he would be going out to bid on his piece of the pipeline. Mr. White responded that he was leaving it up to Mr. Worthen. Mr. Stoker added that West Jordan currently has \$500,000, an additional \$300,000 available July 1, 2020, and another \$300,000 on July 1, 2021 if necessary.

Mr. Cowdell recommended that the entire project be approved by resolution.

Mr. Cowdell recommended Mr. Worthen meet with SVSD to talk about which entity should handle the project. He said that it would be best if the project was bid together due to economies of scale. The facility would like SVSD to handle the engineering and construction and we pay them. SVSD would prefer that the facility do the entire project including their side of the pipeline.

Mr. Worthen said that construction/administration is from July until December 2020. Getting started next summer is the tentative goal. If you design this and bid it as two schedules one for all the entities involved and the other only SVSD, do we want to hire PEC to perform all or part of the inspection or do we want to utilize some of the district personnel. Mr. White would prefer to hire PEC. Mr. Stoker would prefer to hire it out as well.

Mr. Bryant said if plans are ready there is no reason you can't bid in February or March and give the contractor estimated notice to proceed June or July. This way you have the contractor early and still have flexibility should things delay.

Consent Calendar

Items included on the consent calendar are as follows:

- Ratify Check Register: September 2019
- Approval of Minutes: September 18, 2019 Board Meeting
- Next Board Meeting Date: November 20, 2019 with Public Hearing on 2020 Budget

Mr. Stoker moved to approve the consent calendar. Mr. White seconded the motion. All were in favor, motion carried.

General Manager's Report

There was no discussion on this agenda item.

Project Updates

Mr. Worthen gave a brief project update. The Clarifier Project was punch listed yesterday and reviewed this morning. The project is within budget and expected to wrap up by the end of next week. Roofing begins tomorrow on the Laboratory Project. This project will go through the end of the year. Monthly update on Project 5 is included in the board packet. Bioreactor 3 has been turned over to RSCI and we're trying to expedite the electrical work on that project. Contractors are currently working to get piping in the ground.

Meeting Minutes
October 16, 2019

- Closed Meeting** There was no closed meeting.
- Long Term Facility
Planning** Mr. Rawlings said that projects and timelines will be brought to the board over the next couple of months.
- Other Business** There was no discussion on this agenda item.
- Adjournment** Vice Chairman Powell adjourned the meeting at 3:06 p.m.

Jerry L. Knight, Board Chairman

Belinda Patterson, Facility Clerk