

**SOUTH VALLEY WATER RECLAMATION FACILITY
BOARD MEETING
Wednesday, August 17, 2022
7495 South 1300 West
West Jordan, Utah 84084**

GENERAL SESSION	Chairman	Jerry Knight, Sandy Suburban Improvement District
	Vice Chairman	Brad Powell, Midvalley Improvement District (excused)
	Board Member	Brian Clegg, City of West Jordan
	Board Member	Craig White, South Valley Sewer District
	Board Member	Glen Kennedy, Midvale City
	Alternate	Brent Christensen, Midvalley Improvement District
	General Manager	Lee Rawlings
	Assistant General Manager	Taigon Worthen
	Facility Clerk	Belinda Patterson (excused)
	Acting Clerk	Sherie K. Warner
	Attorney for South Valley Water	Tracy Cowdell
	Finance Director	Gary Dunn
	City of West Jordan	David Murphy

ROLL CALL Chairman Knight called the meeting to order at 12:30 pm.

Roll Call:

Mr. Christensen	“Here”
Mr. Kennedy	“Here”
Mr. Clegg	“Here”
Mr. White	“Here”
Chairman Knight	“Here”

**CEREMONIES/
PRESENTATIONS/
PUBLIC COMMENTS** No ceremonies, presentations or public comments.

**RATIFY APPROVAL
OF CHANGE ORDER
#7 FOR MANHOLE
REHABILITATION
CIPP PROJECT** Chairman Knight asked if there were any questions or comments.

Mr. Kennedy moved that the Board ratify Change Order 7 to Intituform on the South Sewer Interceptor CIPP Project in the amount of \$178,341.29. Mr. White seconded the motion. All were in favor motion carried.

**RATIFY APPROVAL
OF CHANGE ORDER
#8 DEDUCTION TO
CLOSE OUT THE
CIPP PROJECT** Chairman Knight asked if there were any questions or comments.

Mr. White asked when West Jordan would be deeding over the South Sewer Interceptor line to South Valley Water Reclamation.

Mr. Cowdell said that West Jordan is reviewing all the easements for legal standing and making sure all departments have a chance to review it before proceeding. Finalizing this agreement should happen soon.

Mr. White moved the Board ratify Change Order 8 to Insituform on the South Sewer Interceptor CIPP Project. Mr. Clegg seconded the motion. All were in favor motion carried.

Mr. Cowdell requested that the Board have a future discussion on the easements involved.

**RESOLUTION #8-17-2022(A)
ACKNOWLEDGING
TRANSFER OF
OWNERSHIP 3.16
MGD CAPACITY
FROM SSID TO SVSD**

Chairman Knight asked if there were any questions or comments.

Mr. White asked if he and the Chairman needed to abstain from voting.

Mr. Cowdell stated there was no conflict with either of them voting as he sees it. This is just an acknowledgement of the transfer of ownership.

Mr. Kennedy moved that the Board approve resolution number 08-17-2022(A) acknowledging the sale of 3.16 mgd capacity rights for wastewater treatment at South Valley Water Reclamation Facility from Sandy Suburban Improvement District to South Valley Sewer District. Mr. White seconded the motion. Roll call vote was as follows:

<u>Mr. Christensen</u>	<u>Yes</u>
<u>Mr. Kennedy</u>	<u>Yes</u>
<u>Mr. Clegg</u>	<u>Yes</u>
<u>Mr. White</u>	<u>Yes</u>
<u>Chairman Knight</u>	<u>Yes</u>

All were in favor motion carried.

Mr. Dunn stated the RM&A adjustments would be made in time for September's billing.

**REVISION OF JOB
DESCRIPTION FOR
INSTRUMENT
CONTROL
SPECIALIST**

Mr. Rawlings said that the Board had previously approved this position and it had been included in the 2021 budget but some of the requirements had to be softened to attract potential candidates.

Mr. White asked if there were any current staff members that were qualified and would want to move into that position.

Mr. Rawlings said he didn't think so and deferred the question to Mr. Worthen.

Mr. Worthen said that yes there were a couple of people who would qualify for the position but it would mean a reduction in salary and they weren't interested. He further stated the position needed to be filled from outside rather than transfer people laterally because there is work that can't be completed with the current staff.

Mr. Kennedy moved the Board approve the proposed revision to the Instrument Control Specialist job description. Mr. Clegg seconded the motion. All were in favor motion carried.

**ACCEPT PROPOSAL
FOR HVAC PROJECT**

Mr. Kennedy asked if there was a reason why there was about a million dollar difference between the proposed cost and the bid.

Mr. Worthen responded that this was not a closed bid process and SVWRF didn't produce plans and specs, this was a request for proposals. He further stated SVWRF was looking at kind and replacement. There were four companies that expressed interest in the project, participated in tours, and evaluation of the equipment. Only two of those companies responded. Based on the proposals SVWRF decided to work with the lowest bidder.

Mr. White asked about the lead time on receiving equipment.

Mr. Worthen responded that most equipment would arrive within four to twelve weeks. Some equipment such as refrigerant units is out twenty-six weeks. He stated this work will take nine to ten months to complete.

Mr. White moved the Board award the HVAC Equipment Replacement Project to United Team Mechanical for \$965,495. Mr. Kennedy seconded the motion. All were in favor motion carried.

**DISCUSSION
NEW BUILDING OR
EXPANSION AND
REMODEL OF
ADMINISTRATION
BUILDING**

Mr. Rawlings presented a drawing of the potential remodel/expansion of the existing Administration Building and cost estimates, stating the cost of \$1.2 Million doesn't include freshening up all existing areas in the building.

Mr. Cowdell explained the agreement with Mr. Doug Young to build a new administration building stating there is a clause in the agreement that states if Mr. Young is unable to construct the building he will issue SVWRF a check for \$3.5 Million, which equates to his cost to build the building. He further said per discussions with Mr. Young he just wants finality and is willing to amend the agreement for a cash payout. He further stated he and Mr. Rawlings discussed using part of the money to have Mr. Young's contractors do a refresh on the existing building then apply the remaining balance to capital projects. He summarized the available options stating a cash payout would require an amendment to the agreement.

Mr. Christensen asked how long a remodel of the existing building would last considering its useful life and seismic integrity.

Mr. Rawlings responded that the existing building is about 35 years old and has been refreshed only once about 15 years ago.

Chairman Knight reiterated constructing a new building was the original agreement with Mr. Young and the Board had agreed to do that.

Mr. Clegg said there is only so much lipstick you can put on a pig, stating they had dealt with a similar issue on their public works building, saying sooner or later you have to build a new building that functions properly and will last another 40 years.

Mr. Kennedy said his entity just doesn't have the funds and there has to be some give and take. The available funds will be used for this building or future capital improvement projects. He suggested staff look at the life of the building doing a remodel and then using the remaining dollars for the capital improvement projects.

Mr. Clegg said West Jordan was in the same boat.

Mr. Rawlings stated if the funds weren't there the projects would be extended out becoming part of the maintenance of the plant.

Mr. White said that is a little hard to do when ditches need to be rehabbed.

Mr. Rawlings agreed saying at some point the big projects have to be done.

Mr. White asked what the estimated cost was for future capital improvement projects over a 20 year period of time, stating his recollection was around \$200 Million.

Mr. Worthen stated there was over \$100 Million in concrete replacement alone. He further said the deterioration on the 36 year old ditches is evident and needs to be addressed.

Mr. Kennedy said then that becomes the discussion of what is the bigger priority. There needs to be priority set for the dollars spent on these projects. He asked what the schedule was for the capital improvement projects.

Mr. Worthen stated that the scheduled projects start with electrical distribution replacement followed by UV disinfection.

Mr. White said that the reality is funding for these capital projects begins next year, starting at \$7 million next year then ramps up over the next few years.

Mr. Worthen confirmed his observation.

Chairman Knight asked at what point do you decide to build a new building, referring to Mr. Kennedy's statement regarding their continued use of an old Public Works building.

Mr. Kennedy asked if we could get another 30 years out of the existing building if electrical upgrades etc. were done.

Mr. Cowdell said that Mr. Young really had no preference to building a new building; the Board just needs to decide what they want to do as he would like to know what to plan on.

Mr. Kennedy asked what the timeline for a decision was and was it based on the final date of the property cleanup.

Mr. Cowdell stated there really wasn't one but Mr. Young would like to know sooner rather than later.

Mr. Christensen asked with construction inflation looming at 40% how do we lock in construction costs at today's dollars or three years down the road get the building for the same cost.

Mr. Cowdell said the decision didn't have to be made today.

The Board discussed the requirements of the state for phosphorous removal and the cost to upgrade processes and equipment to meet those requirements. They also discussed rate increases to fund those costs and the maintenance of the plant and how to promote public awareness regarding the increases.

Mr. Murphy asked in the Capital Facilities Plan what the replacement value of the plant is in today's dollars, or what it would cost to replace this plant. He further said the current life of the facility is into its 35 to 40th year. The total design life on mechanicals and equipment is normally 30 years and structural life span, is between 50 and 75 years if it was seismically built correctly the first time. The public needs to be aware this facility has to meet regulations and now is facing its mid-life design life problems. It would be very helpful if the capital finance plan spelled out the net worth of the facility as a whole right now.

Mr. Worthen summarized the request of the Board to evaluate and delineate a \$2 million injection over 2 years into the CFP and create a schedule of how to distribute that. Also define the useful life of the building after the remodel. He suggested in addition to calculating the current value of the plant a cost to rebuild this plant today would be an entirely different number.

Mr. Christensen asked if we could add a statement to the SVWRF website to explain the required expenditures to keep the plant up to date and the rate increase.

Mr. Cowdell said that in this era of transparency it might be beneficial to provide the public information on the costs to maintain this vital asset.

**AWARD PROJECT TO
CLEAN SOLIDS FROM
BIOREACTOR #3**

Mr. Rawlings said this bid is for the annual cleanout and doesn't include disposal fees.

Mr. White asked if this was less than last year.

Mr. Worthen said this is actually more than last year with about a 25% increase saying the bids are done with a price/cost. He said he was hopeful though that there would be a reduction in the amount of materials to be removed.

Mr. White said he thought there would be a significant reduction in residuals with the Grit Building on line.

Mr. Worthen said that wouldn't necessarily be the case as this channel was online before the Grit Building went online and was online for about a year

after. But he was pleased to see a reduction in residuals when the channel was drained down, but we won't know how much until the cleanout is completed.

Mr. Kennedy moved the Board award Bioreactor 3 Grit Removal to PRS Industrial Services in the amount of \$274,871.00. Mr. White seconded the motion. All were in favor motion carried.

**AWARD PROJECT TO
UPGRADE
ELECTRICAL
SUBSTATION #3**

Chairman Knight asked if there were any comments or questions.

Mr. White moved the Board authorize the General Manager to issue a purchase order to GEXPRO for the ES-3 upgrades in the amount of \$75,597.00. Mr. Clegg seconded the motion. All were in favor motion carried.

**ENGINEERING SOQS
FOR PREAPPROVED
POOL**

Mr. Worthen gave an overview of the Statement of Qualifications process, scoring, and the results from the submissions. He gave a brief review of how the pool of firms would be used relative to the size, focus and complexity of the project and the engineering discipline of the firm. He further said that the selected firms would be notified that SVWRF has qualified them, with no guarantee of work; that SVWRF may reach out for future needs and if selected for a project SVWRF will re-establish an agreement for professional services; the pool of qualified firms would be used for a period of 5 years.

Mr. White said they have had similar experience with using the top five of pre-qualified firms but monitors their responsiveness before including them in the next group of pre-qualified candidates.

Mr. Cowdell asked if SVWRF would have a master agreement and suggested a master agreement of 3 years with a 2 year option to renew.

Mr. Murphy asked if the rates would be locked in for that agreement period.

Mr. White said that it is important to include verbiage of a not to exceed clause of 2.5 to 3% adjustment in the agreement as they have seen rate increases as high as 9%.

Mr. Cowdell said there are some firms that will honor their rate for the duration of the agreement but it is good to have that cap in place.

Mr. Worthen stated he would pursue that as the SOQ were completely void of any pricing information.

**DISCUSSION/ACTION:
SALARY
ADJUSTMENT**

Mr. Rawlings stated this issue has come about because SVWRF has been struggling to retain good employees and hiring new people to replace them.

Mr. Kennedy said Midvale City was down 40% in their staffing and has difficulty even getting applicants to show up for interviews.

Mr. White said that SVSD has positions open that they can't even get applications for.

Mr. Rawlings continued by saying all businesses are experiencing this drought of active job seekers. He showed a salary survey from Central Valley Water saying their solution is to just pay a ton of money to attract workers.

Mr. Kennedy asked other than Central Valley how does SVWRF compare.

Mr. Rawlings said SVWRF is in the process of performing a salary survey with current results showing SVWRF wages are below most everyone else. He said the concern is there is a gap being created with the grade 3 and grade 4 operators leaving for higher wages and we aren't getting replacements.

Mr. Kennedy asked if SVWRF has looked on national recruiting sites for hiring options.

Mr. Rawlings responded that a person relocating for an entry level position seems unlikely, maybe for a higher position. He stated the problem right now is trying to retain employees who are being enticed to leave for higher salaries. He explained the proposal for adjusting salary's in two parts. He said that in order to put SVWRF wages more in line with the market he recommends a \$2.00 per hour increase across the board with the exception of directors and managers effective immediately. Based on the current number of employees the total increase through the end of the year would be around \$60,000. He further stated that money could come from the budget for seven positions that were not filled in 2022. He then said that part two would focus on employee's who had been employed five years or less, making another \$2.00 adjustment to the pay lanes for those positions and open up the grade/steps for new hires that would be more in line with market wages and entice them to stay.

Mr. Kennedy asked if that would create compression issues in the grade and step method.

Mr. Rawlings said that because the departments affected have a gap in the 2-10 years of service he didn't think compression would affect the current employees and that an entry level pay lane needs to be competitive to attract new hires.

The Board discussed the grade/step system and compression issues.

Mr. White said there are only four months left in the year what is being proposed for COLA and merit increases for the new budget year.

Mr. Rawlings said they are still having discussion on that watching to see what other entities are doing, but that inflation right now is 9-10% and asked the Board what their entities were doing.

Mr. White and Mr. Kennedy expressed concerns of back to back to back increases.

Mr. Cowdell said that may seem high but if the hiring pool keeps shrinking and you have a “brain drain” losing skilled employees do you have an option.

Mr. Clegg said that West Jordan had to give an increase because they were losing employees as well. Their compensation is based on a step/grade system and if an employee hadn’t maxed out they received 6% COLA plus a 2.75% merit increase. He further stated their career ladder positions received additional increases based on certain criteria.

Mr. Kennedy said Midvale City just passed an 8% COLA.

Mr. Rawlings said that what he is seeing in the workforce is it’s a battle to see who is going to get and retain their employees. If SVWRF is not reasonably committed to competing for available workers we will continue to lose.

Mr. Kennedy expressed his concern about voting on an increase now and again effective in four months preferring to do it all at once.

Mr. Rawlings said they were requesting this increase now to hopefully get SVWRF through the end of the year and stop the hemorrhaging of losing any more employees.

Mr. White said that the employees that left SVWRF to work for SVSD did it not for the money but because of the shift work and impact on their families.

Mr. Christensen said that in the end wage increases need to be more than just COLA they need to be raised to market wages.

The Board discussed the impact of delaying wage increases on being able to retain and hire employees, stressing the need to finish the wage study and evaluate compression issues of the pay lanes.

Mr. White moved the Board implement Part 1 of the proposed salary adjustment in the amount of \$2.00 effective immediately. Mr. Clegg seconded the motion. All were in favor motion carried.

**APPROVE CONSENT
CALENDAR**

The following items were included in the Consent Calendar:

- a. Ratify Check Registers: May, June and July 2022
- b. Approval of Minutes: May 18, 2022 Board Meeting
- c. Next Board Meeting Date: September 21, 2022.

Mr. White moved the Board approve the Consent Calendar. Mr. Clegg seconded the motion. All were in favor motion carried.

**GENERAL
MANAGER’S REPORT**

Mr. Rawlings referred the board to the General Managers Report included in the Board Meeting packet. There was no further discussion.

PROJECT UPDATES

Mr. Worthen gave an overview on the status of current projects.

CLOSED MEETING

No closed meeting was held

Meeting Minutes
August 17, 2022

OTHER BUSINESS

There was no other business.

ADJOURNMENT

Mr. Knight excused himself from the meeting and requested the meeting be declared adjourned following Mr. Rawlings presentation and Mr. Worthens project updates. The Board was in agreement. Meeting was adjourned at 1:49 p.m.

Jerry Knight, Chairman

Sherie K. Warner, Acting Clerk