

TIMPANOGOS SPECIAL SERVICE DISTRICT  
ADMINISTRATIVE BOARD MEETING MINUTES

APPROVED

December 14, 2017

6:00 p.m.

Conference Room

Board Members

Present: Mark Johnson David Bunker Brian Braithwaite  
Lynn Walker Mack Straw Dale Ihrke  
Craig White Chris Condie Mark Christensen  
\*Chandler Goodwin (phone)

Excused: Sullivan Love Tracy Wallace Commissioner Bill Lee

District Staff: Jon Adams, District Manager,  
David Barlow, District Engineer  
Shannon Hansen, Human Resource  
Danette Smith, Board Secretary  
Brad Christensen, Electrical Foreman  
Flinn Hutchinson, Electrician

Others: Craig Carlile, Ray Quinney and Nebeker  
Trevor Lindley, Brown & Caldwell

**Call to Order**

Mark Johnson, Board Chair, called the meeting to order. 6:04 p.m.

**Public Comment**

There was no public comment.

**Public Hearing**

- 1. Hearing on the 2017 Amended Operations and Maintenance & 2017 Amended Capital Budgets**
- 2. Hearing on the 2018 Tentative Proposed Operations and Maintenance & 2018 Tentative Proposed Capital Budgets**

Mark Johnson opened the public hearing on the 2017 Amended Operations and Maintenance and 2017 Amended Capital Budgets and the 2018 Tentative Proposed Operations and Maintenance and 2018 Tentative Proposed Capital Budgets.

There were no comments.

The public hearing was closed.

**Consent Calendar**

There were no items on the consent calendar.

**Finance**

Joe Martin was not present. Brian Braithwaite said we recently went through the bond crossover and refinanced the 2010 BAB Bonds. There were a significant number of bonding requests. Usually, when you start getting a lot of requests, the costs start going up and the value starts going down. It was just the opposite, we happened to hit a perfect spot. Brian said we ended up with 13.65%, net present value benefit, so it worked out well. Our finance group worked their tails off to get this, with some luck as well. That will be signed on December 27, 2017.

1 Another area that was a big win for us; the arbitrage cost was about \$150,000 less than what we thought it would be;  
2 which is pretty significant and is part of the whole financing. Brian thanked the board and district staff, and said it  
3 was a big win for us, as an organization. It is a 7-year callable bond and has saved the district a lot of money. Brian  
4 said he would have the final bond information put on dropbox.

5  
6 Mark Johnson said we would move to action item 3 up on the agenda for discussion.

## 7 8 **Action Item**

### 9 **3. Adopt Resolution 2017-03 (DWQ Variance)**

10 Trevor Lindley, Brown and Caldwell, said this resolution is to adopt proposal and rationale for a TBPEL -  
11 Technology Based Phosphorus Effluent Limit. Trevor said the mechanical treatment plants in the State have to meet  
12 an effluent phosphorus of 1 mg/L by January 2020. If you are not ready to meet that limit by January 2020, you are  
13 able to write the Division of Water Quality a letter, and by certain variance exemptions in the rule; you can ask for  
14 more time to meet that. Many treatment plants have done this. A few are ready to go and are not asking for a  
15 variance. Trevor said, his opinion, the State would really not view this as being unprepared. Many have submitted  
16 variances; there is money, planning, and operations involved. This resolution is a recognition that there is a rule by  
17 2020; we are not quite there yet. The District has plans in place to get there and request an extension. This  
18 resolution says the board recognizes all those things and is prepared to meet the rule by 2025. Trevor said they think  
19 we can do a little better than 2025, the schedule shows 2024 to get down to 1mg/L. This will go to DWQ, they will  
20 evaluate it and write you back a letter whether they agree. They will probably ask for an annual report on the  
21 progress.

22 Jon said in the resolution, we modified some language, it says "The District will proceed with the Capital  
23 Improvement Plan in accordance with Exhibit A with modifications and adjustments that may be warranted by  
24 further study." That is to give us some flexibility as we work through this process. If we can see some needed  
25 changes, we do not want to be locked into a rigid schedule. Jon said Craig Carlile has reviewed this. Trevor said  
26 other Districts have had similar board action; the state is expecting this. Trevor said at the WEAU midyear  
27 conference, Ken Hoffman, was letting everyone know they would need to submit these requests by January 2, 2018,  
28 and what they were expecting. Trevor said so far, they have only sent a couple back with the thumbs up.

29  
30 **Brian Braithwaite made a motion to approve Resolution 2017-03 adopting the proposal and rationale for**  
31 **the Timpanogos Special Service District Technology Based Phosphorus Effluent Limit Variances and**  
32 **providing for an effective date. David Bunker seconded the motion. Those voting "Aye" – Mark Johnson,**  
33 **David Bunker, Mack Straw, Brian Braithwaite, Mark Christensen, Chris Condie, Lynn Walker, Craig White,**  
34 **Dale Ihrke and Chandler Goodwin. The motion passed unanimously.**

### 35 36 **1. Adopt the 2017 Tentative Amended Operations and Maintenance & 2017 Tentative Amended Capital** 37 **Budgets as the 2017 Amended Operations and Maintenance & 2017 Amended Capital Budgets**

38 Jon said there was one change since the last meeting. Under Administration, Accounting/Administration, there  
39 was \$50,000 added to that because we were under the impression that we would have to pay rating the agency fees.  
40 They changed the procedure and we had to approve those fees in advance, which were \$25,000.00 for each rating  
41 agency, so they were added into the amended budget. Jon said when he talked to John Crandall, he found they will  
42 be paid as they traditionally have, so that \$50,000 will come out and account number 110-700-04 will reduce from  
43 \$125,000 to \$75,000.

### 44 45 **2. Adopt the 2018 Tentative Proposed Operations and Maintenance & 2018 Tentative Proposed Capital** 46 **Budgets as the 2018 Operations and Maintenance & 2018 Capital Budgets**

47  
48 Craig White asked if we had adjusted the interest for the crossover refunding. Jon said he had emailed Joe and  
49 that it is not included in the budget. Craig White said we would need to add in the interest for the 2017 bonds.

50 David Bunker asked about administration wages. This year's amended administration wages were \$677,750;  
51 David Bunker asked Jon if he could explain the changes to the \$763,195 for the 2018 proposed budget. Jon said in  
52 David's motion on the tentative budget at last month's meeting, the CFO position was removed, so that is \$113,717  
53 less than last month, which is the salary of the CFO and minus the .5%, because David Bunker had recommended 3%  
54 increase rather than 3.5%. Jon said the benefits line item was also adjusted down \$56,634 from what was previously  
55 there, and payroll taxes went down by \$8,699. Jon said there was not really a decision made on the discussion about  
56 adding money for engineering. David Bunker said those percentages are not adding up with the numbers from the

1 prior year. Jon said he would check that. Shannon said they also consolidated the wages from “other wages” for  
2 temporary employees, who have now been hired on by the district and are no longer temporary employees.

3 Mark Christensen said this is his first budget cycle for the district. Something he does in his budgets, which is  
4 fairly common, is to know the total number of full time employees we have and their pay ranges. He would like to  
5 see a comprehensive list; it does not have to be for tonight, but maybe for our first meeting in January. He would  
6 like to know what our total payroll is relative to the size of our organization. He would like to see, as he has  
7 mentioned before, personnel policies and procedures. Jon said we had a compensation plan that was completed, and  
8 we want to bring that to a committee first and then the board. He said there is not a significant cost, so if the board  
9 accepts it, there is about \$1,100 involved with bringing people into line with that study. Mark Christensen asked if  
10 Mike Swallow did the study. Jon said yes. Mark said he has used Mike Swallow before and he is interested in  
11 seeing his methodology. Mark would like to see the sheet breakouts when that is brought to the board and would like  
12 to get it before the meeting with enough time to review it. Jon said they could send it out, he would like to have  
13 Mike Swallow come down. Jon said when they were looking at references there were four or five cities in the district  
14 who have adopted this program. Mark said he would like to see what the wages are, he is assuming there is a  
15 spreadsheet right now with all of those and if Jon could send those out to the board, so they can understand where the  
16 salaries stand in this organization. Mark suggests we take that information and our budget document and make it  
17 available to the public, so it is transparent.

18 Mark Christensen said special studies is at \$200,000, which is \$180,000 increase. Jon said the money in special  
19 studies is for four studies, (CFP, IFFP, IFS, and a User Rate Study). Mark Christensen said those should be covered  
20 in our capital facilities funds; those studies are eligible for reimbursement under the Impact Fee laws. Jon said is  
21 how we have traditionally done it. Mark said that is eligible for reimbursement as part of our impact fees, so he  
22 would suggest we make sure and fund that so that it can be reimbursed through those impact fee funds.

23 Dale Ihrke said we are looking at a \$10 million capital program and as we mentioned at the last meeting, we do  
24 not really have the resources to accomplish that. Dale said he is not sure what the proposal is to move \$200,000 into  
25 the administration budget for that, and whether it comes out of capital. David Bunker asked about the general  
26 engineering account, it looks like there is \$40,000 put in that. Jon said the general engineering account has typically  
27 been spent for our engineering consultants. David Bunker said our typical actual is more like a \$1,500 to \$3,000  
28 thousand, and it was bumped up to \$40,000. Jon said we budgeted \$40,000. After the expansion we did not spend  
29 much the following two years. Jon said we put that \$40,000 in, at the point not knowing what we would need. When  
30 these numbers were put in we did not have a task order from Brown and Caldwell that covered that. Jon said if the  
31 board wants to put the \$200,000 in there as Dale is talking about then you could add \$160,000. If you want to have  
32 someone come in and be on site, that is where you would want to put it. If you want to put it in there per project,  
33 then you would do it capital. David Bunker said he would prefer to do it per project, so we account for it the right  
34 way, because it is not just general engineering. Jon said, at one point, general engineering was over \$50,000, before  
35 we hired David Barlow.

36 Mark Christensen said \$180,000 for four studies (CFP, IFFP, IFS, User Rate Study) seems like a lot. Jon said  
37 there is \$150,000 increase. Mark said he is in the process of updating their impact fees and he is only paying around  
38 \$20,000-\$30,000 per utility. He asked if we are doing competitive bids. Jon said yes, we will. Jon said this is  
39 approval to spend, we do not know how much those are, but will have a better idea when we move closer to that  
40 process. Mark Christensen asked if that would be awarded by the board. Jon said it would be brought back to the  
41 board for acceptance.

42 David Bunker said if we need engineering support, it should be for the projects we need support on, and be  
43 included in the cost of the project. Mark Christensen said typically that is included in the cost of engineering and  
44 then it is capitalized as part of the project cost. Dale Ihrke said this is different than design, it is in-house project  
45 support. Jon said last month the board discussed that this was help, so David Barlow could get those projects out.  
46 These would be smaller projects recommended by the AMP. Mark Christensen said he would say to use the budget  
47 you have and then if you need additional budget allocation then we could amend the budget at that time and justify  
48 those expenses based on the needs at that point. Mark said he is all for amending the budget as many times as we  
49 need to throughout the year to make sure they have the resources they need, but at the same time, he would like to be  
50 aware of what is being spent. Brian said he is good with that as long as we agree, as a board, as we go through the  
51 year, if staff comes and tells us we are going to fall behind if they do not get the support, then we are willing and  
52 ready to give additional funding to make that happen. Brian said he does not want a \$10 million capital program  
53 there and at the end of the year we still have money there because we didn't have the resources. We created this  
54 asset program to tell us what needs to happen; if we are not following it, then why did we do it in the first place?  
55 Dale said he would like David Barlow to know that he can go out and hire program help starting in January, as  
56 opposed to waiting six months, then it is too late. Jon said if it is project specific then that is what that person works

1 on, it is not going to be one individual, it could be multiple. If you want help in the office so David can get other things  
2 out that is what will be happening.

3 Dale asked David Barlow what he thought. David Barlow said the program manager could work on multiple  
4 projects not just each one individually. Mark Christensen asked if David were suggesting a full-time employee to be  
5 a project manager. David Barlow said it would not be full time, but as needed. David Bunker said \$200,000 seems  
6 like full time. Mark Christensen said he is happy to do \$50,000 and then as we see the progress of the project, we  
7 can amend the budget. Mark Christensen said he wants the projects to move forward, but there needs to be  
8 accountability and understanding of how that money is being allocated. David Barlow said the benefit of going with  
9 a firm, is there is the expertise of multiple people in the firm. Mark Christensen said he agrees, he just thinks  
10 \$200,000 is a lot to ask. Brian Braithwaite said \$50,000 may get you through a certain period, and as you go through  
11 it, as David sees it being used, he can come back and allocate another \$50,000 and reassess if we want to hire  
12 someone fulltime or continue it. Brian said David has the ability to bring a firm in and have them start doing it and  
13 get a feel of where that is at. Dale said if it were him, he would bring someone on immediately full time. If you do  
14 not need them for the second half of the year that is fine, but \$10 million is a big program. David Bunker said it is a  
15 big program, but if these projects are millions of dollars, then they are going to have a project engineer. Dale said the  
16 difference is there are in-house engineers, then there is consulting engineering doing design. Somebody has to drive  
17 from inside. Dale said David Barlow has to put together RFPs, study the project, look at potential solutions, put a  
18 budget together, put out a scope and that is all done in house before we hire a consultant. Mark Christensen said  
19 typically you hire the consultant and they prepare the RFP, they help you select whatever firm is going to do the  
20 work and all that gets tracked and capitalized as part of that project. Mark said If that is what we are talking about  
21 then he does not think we are denying him any resources because those funds are available in those projects.

22 \*Chandler Goodwin left the meeting. 6:44 p.m.

23 Jon said if we are going to take on this program, which is very aggressive, David Barlow needs help. Dale said  
24 some facilities will bring in a program manager to help drive the program from the inside. It just depends on how we  
25 want to set it up, so there is not a potential conflict of interest. If we bring a company in and they provide a program  
26 manager, we may say you cannot design or bid on any of these projects, you are in house program support only.  
27 Brian said he believes that is how we should be doing it. Brian asked if any board members had a problem with  
28 having \$50,000 to start and then have David Barlow come back, to let us know the progress and if there are more  
29 funds are needed. Chris said he would like to hear from David no later than three months, if we go six months then  
30 that is too far into the year. Mark Christensen said we should start at \$50,000 and then see the progress, which we  
31 should see in our monthly finance report. We need to be engaged and offering the oversight, not just give him the  
32 money and tell him come back in a year and tell which projects were done. David Bunker said he likes Chris' idea  
33 to have a quarterly progress report. Mark Christensen said why not put it on the manager's report and each month he  
34 can update us to the progress of any projects. Jon said he would have David Barlow do that. Brian said from his  
35 standpoint there is not the intent to hold David Barlow back, and he has the support of the board. This is new for all  
36 of us, and we want to understand how it is working and if David needs more, he should come back to the board and  
37 ask for it.

38 Mark Christensen said he thinks the special studies line item is really high. David Bunker said his experience  
39 with special studies is that they were about \$20,000 per utility. Jon said we try not to spend any more than needed,  
40 but this was an estimate. The price you get is after you go through the process. The board can look at how they want  
41 to cut it, and we will do what we can for what is budgeted. Dale Ihrke asked what we spent last time we did the  
42 studies. Jon said we have never done four at the same time, but the last time we did a user rate study it was around  
43 \$35,000.

44 Brian asked if the \$40,000 in general engineering, are funds to be used in areas other than what we have talked  
45 about. What if we add \$50,000 to general engineering and track it there. Jon said before we hired David Barlow, we  
46 were spending typically \$35,000-\$45,000. We hired David Barlow and we finished the plant expansion; a lot of the  
47 things we were using Bowen and Collins for, David Barlow started doing. We kept it there for several years. Brian  
48 asked if everyone was ok to raise the general engineering from \$40,000 to \$60,000, \$50,000 for the projects we have  
49 been talking about and \$10,000 for David Barlow if there were something else that were to come along. Several  
50 board members agreed with that.

51 Mark Christensen said he would like the special studies line to come down quite a bit. Brian said Jon is going to  
52 come back to the board to get approval for any of the studies because they are going out to bid. We either put it in  
53 there and he doesn't use it all or put less and if he uses more we will need to amend the budget. Mark Christensen  
54 said, \$30,000 for each study puts you at \$120,000. Mark Christensen said he would be fine at \$120,000 and then if  
55 we need to amend it once we get those back that is fine. Mark said if you show \$200,000 then the bids will come  
56 back looking like \$200,000. Jon said special studies have been used, we have given money to the research council,  
57 we have participated in studies that were specific to the District, we spent \$20,000- \$25,000 on lake research

1 supplies. We had \$50,000 in there and increased it \$150,000 for those four studies. If we do not do any other special  
2 studies, we may be fine. We could come back, if needed, and let the board know how much we need for special  
3 studies. Mark Christensen said he is only seeing one year of actual, so he cannot make a good decision without  
4 multiple years of actual. The one actual we do have shows \$7,200 spent on special studies so it is tough to gauge  
5 what is the appropriate number to have in there. If you were to show multiple years of actuals that would help Mark  
6 Christensen be able to see the trend. Mark Christensen said he would be fine doing something around \$120,000 -  
7 \$150,000. Then see where the bids come in and it still leaves a little flexibility for a special study if something like  
8 that comes up.  
9

10 Brian Braithwaite said he would like to make a motion to have the special studies line be funded at \$120,000 and  
11 Mark Christensen said he would second it. Mark Johnson said let's put that in the final motion with the budget  
12 approval. Mark Christensen said it would be for a user rate study, a capital master plan study, an impact fee facilities  
13 plan, and an impact fee facilities analysis  
14

15 **Craig White made a motion to approve the 2017 Amended Budget as presented. Lynn Walker seconded**  
16 **the motion. Those voting "Aye" – Mark Johnson, David Bunker, Mack Straw, Brian Braithwaite, Mark**  
17 **Christensen, Chris Condie, Lynn Walker, Craig White, Dale Ihrke. The motion passed.**  
18

19 Craig Carlile said the motion only approved a singular budget, to be careful, it would be best to approve the  
20 capital budget as well.  
21

22 **Chris Condie made a motion to approve the 2017 Final Amended Capital Budget for Timpanogos Special**  
23 **Service District. Brian Braithwaite seconded the motion. Those voting "Aye" – Mark Johnson, David**  
24 **Bunker, Mack Straw, Brian Braithwaite, Mark Christensen, Chris Condie, Lynn Walker, Craig White, Dale**  
25 **Ihrke. The motion passed.**  
26

27 **Brian Braithwaite made a motion to adopt the 2018 Tentative Proposed Budget, as presented, with the**  
28 **following changes, that we increase account 1-10-700-06 General Engineering by \$20,000 and we reduce**  
29 **account 1-10-700-08 from \$200,000 down to \$120,000, also to reduce account 1-10-700-04 down \$50,000 to**  
30 **make a total of \$75,000. Mack Straw seconded the motion.**  
31

32 Craig White said we talked earlier about the 2017 refunding bond interest that is not included in this 2018 budget;  
33 that needs to be added. Craig White said we do not know what the dollar amount is. Brian said we can amend the  
34 budget when we have that information.  
35

36 **Those voting "Aye" – Lynn Walker, Brian Braithwaite. Those voting "Nay" - Mark Johnson, David**  
37 **Bunker, Mack Straw, Mark Christensen, Chris Condie, Craig White, and Dale Ihrke. The motion failed.**  
38

39 Craig White said the specific dollar amount needed was emailed out by Brian in the final bond documents. Brian  
40 said the interest for 2018 was \$499,708.61.  
41

42 **Chris Condie made a motion to adopt the 2018 Tentative Proposed O & M and 2018 Tentative Proposed**  
43 **Capital Budgets as the 2018 O & M and 2018 Capital Budgets for Timpanogos Special Service District, that**  
44 **the budget reflect the refinanced 2017 bonds interest of \$499,708.61, that line item 1-10-700-04 Accounting**  
45 **and Administration be decreased from \$125,000 to \$75,000, that line item 1-10-700-06 General Engineering be**  
46 **increased by \$20,000 for a new total of \$60,000, and that line item 1-10-700-08 Special Studies be decreased**  
47 **from \$200,000 proposed to \$80,000, which is a decrease of \$120,000. Lynn Walker seconded the motion.**  
48

49 Mark Christensen said he asked for some compensation breakdowns; and as he looks across the budget and the  
50 way personnel are stacked, it makes it difficult to understand the total impact of our personnel operations. Salaries  
51 represent \$2.5 million in just wages alone. It is a big portion of our budget, depending on the various departments, it  
52 represents between 16% and 56% of the budget of each of those groups. Mark said he is fine passing the budget  
53 now, but he wants to be clear that he would like to understand, and the numbers we get do not adequately tell the  
54 story to his comfort level of future operations. He wants to make sure we move forward in reporting that in a very  
55 transparent way.  
56

1 Those voting "Aye" – David Bunker, Mack Straw, Mark Christensen, Chris Condie, Lynn Walker, Craig  
2 White. Those voting "Nay" – Brian Braithwaite, Dale Ihrke, and Mark Johnson. The motion passed.  
3

#### 4 Approval of Minutes

- 5 1. Approval of the November 9, 2017 Administrative Board Work Session Minutes
  - 6 2. Approval of the November 16, 2017 Administrative Board Meeting Minutes
  - 7 3. Approval of the November 28, 2017 Administrative Emergency Electronic Meeting Minutes
- 8

9 Chris Condie made a motion to approve the minutes from the November 9, 2017 Work Session. Dale Ihrke  
10 seconded the motion. Those voting "Aye" – Mark Johnson, David Bunker, Mack Straw, Brian Braithwaite,  
11 Mark Christensen, Chris Condie, Lynn Walker, Craig White, Dale Ihrke. The motion passed.  
12

13 Chris Condie made a motion to approve the minutes from the November 16, 2017 Administrative Board  
14 Meeting Brian Braithwaite seconded the motion. Those voting "Aye" – Mark Johnson, David Bunker, Mack  
15 Straw, Brian Braithwaite, Mark Christensen, Chris Condie, Lynn Walker, Craig White, and Dale Ihrke. The  
16 motion passed.  
17

18 Chris Condie made a motion to approve the minutes from the November 28, 2017 Emergency Electronic  
19 Meeting. Dale Ihrke seconded the motion. Those voting "Aye" – Mark Johnson, Mack Straw, Brian  
20 Braithwaite, Mark Christensen, Chris Condie, Lynn Walker, Craig White, and Dale Ihrke. David Bunker  
21 abstained. The motion passed.  
22

#### 23 Manager's Report

24 Jon said the District was given a position on the Utah Lake Commission's Steering Committee, which will  
25 oversee the Science panel. DWQ has selected a firm to help mediate, the firm is Resolve, members of that firm came  
26 in last week to interview Jon and David Barlow. They are going to set meetings in January to start getting science  
27 panel members.

28 Jon said when we were meeting with DWQ for a phosphorus variance, they decided to do their annual inspection  
29 while they were here. They did a walkthrough and requested information. They found no deficiencies. The plant  
30 was in compliance for the month of November. The effluent phosphorus was at 0.32 mg/L, the yearly average  
31 effluent is 1.16 mg/L. We feel very confident that the plant can meet the 1 mg/L with the plant running, without  
32 power interruption, but the automation is what is going to be required. The optimization of the employees will be  
33 very beneficial as well. The TSS is at 12.10 mg/L, it is typically around 5 mg/L, we had a power bump, which also  
34 caused problems with the phosphorus where the TSS spiked so it took our average to 12.1 mg/L. That is not reason  
35 for concern but that is happened.

36 Brian said he wanted to acknowledge another great year by staff in keeping us in compliance, we do not always  
37 acknowledge all the good work that has been done. Chris thanked Jon and staff for the Christmas Dinner the night  
38 before.  
39

#### 40 Closed Meeting

41 There was no closed meeting.  
42  
43

44 **Adjourn:** Chris Condie made a motion to adjourn. Mack Straw seconded the motion. All present "Aye".  
45 Meeting adjourned. 7:24 p.m.  
46