

TIMPANOGOS SPECIAL SERVICE DISTRICT
ADMINISTRATIVE BOARD MEETING MINUTES

APPROVED

January 15, 2015

6:00 p.m.

Conference Room

Board Members:

Present: Tracy Wallace Mark Johnson Craig Whitehead
Craig White Jay Meacham David Bunker
Chris Condie Spencer Kyle David Norman
*Dale Ihrke Brian Braithwaite Keith Blake

Excused: Sean Fernandez

District Staff: Jon Adams, District Manager
Danette Smith, Board Secretary
David Barlow, District Engineer
Joe Martin, CPA

Others: Ken Spiers, Bowen, Collins & Associates
Bruce Riches, Western Bio-Solids
Scott Riches, Western Bio-Solids
Carolyn Hoffman, Lehi City

Call to Order:

Tracy Wallace, Board Chairman, called the meeting to order. 6:02 p.m.

Public Comment

There was no public comment.

*Dale Ihrke arrived 6:03 p.m.

Approval of Minutes

A. Approval of the November 20, 2014 Administrative Board Meeting Minutes

Brian Braithwaite made a motion to approve the minutes from the November 20, 2014 Administrative Board Meeting. Chris Condie seconded the motion. Those voting "Aye" – Tracy Wallace, Mark Johnson, David Norman, Spencer Kyle, Brian Braithwaite, Chris Condie, Jay Meacham, Keith Blake, David Bunker, Craig White, Dale Ihrke, Craig Whitehead. The motion passed with a unanimous vote.

Consent Calendar

A. Pay Request No. 1 Bud Mahas Construction/Laboratory Building

B. Pay Request No. 2 Bud Mahas Construction/Laboratory Building

C. 2015 Board Meeting Schedule

Tracy said pay request one was \$99,940.00 and pay request two was \$31,920.00. Keith Blake asked how far along the construction was. Jon said there would be a progress report later in the meeting.

Craig White made a motion to approve the Consent Calendar. Keith Blake seconded the motion. Those voting "Aye" – Tracy Wallace, Mark Johnson, David Norman, Spencer Kyle, Brian Braithwaite, Chris Condie, Jay Meacham, Keith Blake, David Bunker, Craig White, Dale Ihrke, Craig Whitehead. The motion passed with a unanimous vote.

1 **Finance**

2 **A. Financial Report for November 2014**

3 Joe said the December financials will be presented with the audit. Joe reviewed the November financials
4 with the Board. Joe said the second line item down on page 16 is a new account. It is identified as wastewater
5 treatment 2014 rate increase 13.8%. This reflects the 2 months worth of revenue since the rate increase started in
6 October.

7 The board reviewed the impact fee report. Joe said the impact fees the cities collect in 2014 need to be
8 recorded as a 2014 receivable for the District. Therefore, anything board members can do to get their cities to send in
9 the impact fees collected in 2014 would be greatly appreciated. Joe said it is not uncommon for some of the cities to
10 not collect impact fees. They have been asked to send in a report to show nothing was collected, but sometimes they
11 think it is a waste to do that. Spencer said a quick follow up with the cities would notify the District whether impact
12 fees were collected. Brian asked if there has been a change with Alpine City. Until September, they had turned the
13 impact fees on time and then September, October and November's impact fees were not turned in until December.
14 Dale said he did not have any information, but would find out. Tracy said there were staff changes in Alpine. He
15 believes they have been through training with their new people, and feels comfortable saying the issue was with the
16 staff changes. Spencer said he had no idea how much growth Vineyard was experiencing and asked how much flow
17 we receiving from them. Jon said it is very little, as it takes quite a while to fill the line and pump it here to the plant.
18

19 **Action Items**

20 There were no action items on the agenda.
21

22 **Communication**

23 **A. Manager's Report**

24 Jon said the plant finished the 2014 year in full compliance. The daily average flow for December was 16.99
25 MGD with a peak daily average flow of 20.00 MGD. Jon said the influent total nitrogen is high at 44.68 mg/L, but
26 he has seen it higher than that. The plant, with five bioreactors in service, reduced that to 1.70 mg/L. The influent
27 ammonia is a little higher than domestic at 38.60 mg/L, and effluent is at 0.56 mg/L, which is well below the
28 anticipated limit. Mark asked why the ammonia is high. Jon said there is a high concentration that comes from some
29 of our industrial users, such as IM Flash. As those limits are imposed, we will go back and include them in our local
30 limits and may require them to pretreat, meaning we will put a limit on them. Brian said when an industrial user is
31 put on notice for new limits how long do we give them to comply. Jon said we are supposed to have up to three
32 years to comply, but that does not always happen, he would say a minimum of a couple of years. IM Flash is well
33 aware they have high ammonia. Right now, with Lehi being the largest city in the District, IM Flash has the benefit
34 of dilution through Lehi's domestic flow. Jon said the Local Limits are out for public comment by DWQ. IM Flash
35 is aware of that and they have the chance to comment on those.

36 David Bunker said when Jon says we are in full compliance with our discharge permit, does that include any
37 air quality or environmental restrictions. David Bunker said he would like to clarify if we had no violations for our
38 state permit with any facet of our plant, including air and environmental. Jon said that as far as the written word
39 from the Division of Water Quality (DWQ), we do not have any violations to our existing permit conditions. Those
40 are being challenged, and the state is being challenged. Jon said we have standards for our new generators and how
41 often they run, but there are no other air quality standards in place for us right now. Mark asked how could we be
42 challenged on those. He can see how they would be challenging the state, but if the state has not issued us a letter
43 regarding non-compliance, how can that be challenged. Jon said he has the same question and to him we are in
44 compliance. Jon said our permit is out for renewal; a process that happens every five years. We were supposed to
45 have a new permit the first of the year; they are not done writing it. That is not uncommon. The old permit
46 parameters stay in effect until we get our new permit.

47 Spencer asked if there are limits on phosphorous, nitrogen and ammonia. To him, it looks like there are huge
48 reductions, but just looking at a number, he does not know if it is high or low. Jon said right now, we have a daily
49 max we cannot exceed. We also have a mass base limit so at the end of the day, we cannot discharge into the lake

1 more than so many pounds. We report those limits. As far as an actual limit that has been set by the state for
2 phosphorous and nitrogen, those have not yet been set. We sample and report that information to the state, which
3 should help to establish those limits.
4

5 **B. Laboratory Building Construction Progress Report No. 1**

6 The board reviewed the progress report. Jon said pay requests 1 and 2 were approved tonight. There have
7 been no change orders to date. The graph shows the project at about 32%. The only issue was with block that was
8 delivered that was not correct. They sent it back, which was a little time consuming, but the contractor was not
9 concerned and has not asked for an extension. Keith asked where the current lab is located. Jon said it was down in
10 the old administration building. Keith asked what was planned for that building when the new lab is finished. Jon
11 said most of that would be used for storage. There would probably be a little remodeling, and the solids handling
12 staff would use that building.
13

14 **C. Finance Committee Report – Craig White**

15 Craig White said the board authorized to defease the 2007 bonds in the November Board meeting. That
16 occurred the second week of December. It is finalized and will be reflected in the 2014 finances. Craig said the
17 Finance Committee was tasked with coming up with a policy for cash on hand, how much to have on hand and to
18 justify the placeholders for it. The Finance Committee discussed this during a committee meeting in November and
19 reported to the Board at November’s meeting. The Finance Committee referred the draft policy to Craig Carlile.
20 Craig White said Craig Carlile had not been able to review that yet, but was hopeful he would be getting to it for next
21 month.

22 Craig White said the Finance Committee met again this month and reviewed the numbers one more time.
23 Craig White reviewed the numbers that would be coming back for formal action of the Board. Craig said there has
24 been a fleet replacement fund in place over the years, but it has not formalized in a policy. Today, there is
25 \$2,500,000 cash in the bank to set aside as a placeholder for fleet replacement. We have had a rate stabilization fund
26 we have had in the past; we would like to continue to have at \$\$ 6,000,000. The committee came up with \$3,500,000
27 in Capital as a contingency. Periodically the municipalities will come to us with a project, where we would need
28 money; that \$3, 500,000 is a placeholder if that arises. The Board discussed the need to set aside funds for liability
29 for potential legal. There is placeholder of \$12,000,000 set aside for that. Craig White said, as a policy the
30 committee is recommending that there is a one year operating fund as cash in hand of \$9,500,000. That does not
31 include depreciation.

32 Spencer asked if those numbers could be emailed out to Board members for them to review. Craig White
33 said yes. David Bunker said it would be helpful to have a total of our operating fund, and how much this represents.
34 David Bunker said the municipalities have a specific number, as established by the state that they can have in reserve.
35 It would be interesting to see how these numbers compares to that. Craig White said right now, because the
36 operating budget of \$9.5 million does not include depreciation, we would exceed one hundred percent. David
37 Bunker said that is a lot more than the cities have. Spencer said it was just raised to twenty five percent. Jon said
38 that represents one year operating and maintenance, not capital, not depreciation. We are not a city; any rate
39 increases are delayed six months, so the cities can prepare. That means it is 18 months before the District can collect
40 the first year’s worth of revenue. Jon said we look at it differently from the cap cities have, but it will be up to the
41 Board. Jon clarified that the \$3,500,000 is because Capital is not funded, that is a contingency in case there is
42 unanticipated Capital that comes up. Jon said the auditors are planning to come and do the audit in March and report
43 to the Board in April. Craig White said we also have the rate study that is ongoing, and he believed the commitment
44 to the Board was to have that done by March 1, 2015. Jon said yes, they have met with Bowen & Collins and
45 received preliminary numbers. Some of their recommendations could change depending on what is in the “cash on
46 hand” policy and what the final numbers are.
47

48 **Adjourn: David Bunker made a motion to adjourn. Mark Johnson seconded the motion. All present “Aye”.**
49 **Meeting adjourned 6:38 p.m.**