

MINUTES
CENTRAL VALLEY WATER RECLAMATION FACILITY
Wednesday, March 22, 2023
Central Valley Board Room
4:00 p.m.

Board Members Present:

Chair Debra Armstrong	Granger-Hunter Improvement District
Vice Chair Don Russell	Taylorsville-Bennion Improvement District
Member Wes Fisher	Cottonwood Improvement District
Member Jeff Monson	Kearns Improvement District
Member Giles Demke	Mt Olympus Improvement District
Member Brett Hales	Murray City
Alternate Member Dennis Pay	City of South Salt Lake

Staff Members Present:

Phillip Heck	General Manager
Brandon Heidelberger	Assistant General Manager
Bryan Mansell	Chief Engineer
Justin Zollinger	Chief Financial Officer
Jake Crookston	IT Manager
Cindie Foote	Employee Services Manager

Staff Members Present Electronically:

Graham Gilbert	Legal Counsel
Chris Reilley	Maintenance Manager

Member Entity Representatives Present:

Kerry Eppich	Mt Olympus Improvement District
Jason Helm	Granger Hunter Improvement District
Austin Ballard	Granger Hunter Improvement District
Ben Ford	Murray City
Brandon Richards	Murray City
Greg Anderson	Kearns Improvement District
Greg Neff	Cottonwood Improvement District
Spencer Evans	Cottonwood Improvement District
Bruce Hicken	Taylorsville Bennion Improvement District

Visitors Present:

Trevor Lindley	Brown and Caldwell Engineers
Mark Hansen	Brown and Caldwell Engineers
Steven Rowley	Keddington & Christensen

Visitors Present Electronically:

Skylar Davies	Department of Water Quality
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A complete copy of each exhibit referred to in these minutes is filed in the official Central Valley Water Reclamation Facility Board Book. Chair Debra Armstrong conducted the meeting. Ben Ford led the Pledge of Allegiance.

APPROVAL OF MINUTES

Brett Hales made a motion to approve the meeting minutes of the February 22, 2023 Board meeting as presented.

MOTION: Brett Hales

SECOND: Don Russell

The motion passed with the following individuals voting in the affirmative: Debra Armstrong, Wes Fisher, Dennis Pay, Jeff Monson, Brett Hales, and Giles Demke.

GENERAL MANAGER COMMENTS

- 1. April Board Meeting** – Due to the WEAU annual meeting, the board meeting will be moved to Thursday, April 20, 2023.
- 2. Facility Construction Tour** – We are scheduling a tour for May 24, 2023 immediately following the May board meeting. Board members and managers and staff are invited.
- 3. Associated General Contractors Award** – CVWRF received the 2022 Award of Excellence for our Cogeneration Project.
- 4. Natural Gas Lock** – January's natural gas bill was exceptionally high at approximately \$330k. We got in touch with British Petroleum who we purchase our natural from through the state contract to understand the rationale for such a high rate. They indicate that for the state contract they use the prior month's last three days' average cost to set the cost for the following month's billing. The last three days of December were used to set the price for January. This applies to each entity under the state contract. The price was \$49.72/Dth. The normal pricing is about \$2-\$4/Dth. There were several contributing factors to the higher price, including colder than normal temperatures, creating higher demand, storage issues, and pipeline distribution problems.

CVWRF employed a mitigation response including purchasing more power from Rocky Mountain Power, reducing our nomination from 11,000Dth to 6,000 Dth. Our bill would have been ~\$200k more had we not implemented this response.

We continue to monitor and have put in a one-year hedge with British Petroleum for \$4.52/Dth for 4,000 Dth/month. We are contemplating another hedge for 4,000 Dth/month for a two-year period later this spring, with anticipation of lower natural gas pricing. From this point forward CVWRF will always have a gas hedge in place to avoid any price fluctuations.

2022 AUDIT REPORT PRESENTATION

Mr. Justin Zollinger introduced Mr. Steven Rowley from Keddington and Christensen Certified Public Accountants, the Facility's auditors.

Mr. Rowley discussed the process of the audit and the resulting findings. It is the opinion of the auditors that the Financial Statements present the Facility's financial position fairly in all material respects. This is an unmodified opinion and is as clean of an opinion as an entity can receive. He recommended reading the Management Discussion and analysis (MD&A), which gives an excellent description of the operations of the Facility and changes that have occurred in 2022.

The Government Auditing Standards Report is separated into two sections; Internal Controls over Financial Reporting – the process and procedures of tracking money coming in and expenditure process; Compliance with laws and rules. The audit does not give an opinion, however if there were weaknesses in these controls or compliance, it would be reported in this section. According to their tests, there were no weakness or deficiencies in the internal controls or in compliance.

Brett Hales made a motion to accept the 2022 Financial Audit.

MOTION: Brett Hales

SECOND: Jeff Monson

The motion passed with the following individuals voting in the affirmative: Debra Armstrong, Dennis Pay, Giles Demke, Wes Fisher, Brett Hales, Jeff Monson, and Don Russell.

FINANCIAL REPORT

Mr. Justin Zollinger presented the year-end financial report. The financial highlights are:

- Capital Investment this year was a significant, with \$85,808,936 in plant upgrades
- Increase in net position by \$14,083,446
- State Revolving Fund Loan final draw down of \$22,100,000
- Construction projects under contract reduced by \$15,474,756 and total \$129,298,025 at year end
- New ground lease agreement signed for the golf course property
- Supply cost escalations and delays including chemicals and natural gas

The balance sheet shows a net position and liabilities changed from 2021 of \$478,967,841 to 2022 of \$511,717,943. The net position of the Facility changed from \$139,746,994 in 2021 to \$153,830,440 in 2022.

At the end of 2022, CVWRF had a total debt of \$296,095,000, and the debt increased by \$22,100,000 during calendar year 2022.

Member Entity ownership ending in 2022 is as follows:

Cottonwood – 16.46%; Mt Olympus – 23.98%; Granger-Hunter – 24.58%; Kearns 10.78%; Murray – 8.10%; South Salt Lake 5.22%; Taylorsville-Bennion – 10.88%.

Cash and cash equivalents are broken down as follows: Cottonwood – \$609,143; Mt Olympus – \$887,439; Granger-Hunter – \$909,643; Kearns \$398,941; Murray – \$299,761; South Salt Lake \$193,179; Taylorsville-Bennion – \$402,641.

Debts, bonds outstanding, and other notes to the financial statements can be seen in the audit and financial statements which are attached to these minutes and incorporated by reference.

UPDATE ON FEDERAL FUNDING APPLICATIONS

Mr. Zollinger stated that CVWRF funding applications and support letters for federal community funds were submitted to Representatives Burgess Owens and Chris Stewart. He thanked member entities for the quick turn around on the letters and for their support and information that helped CVWRF submit in a timely manner. Applications were submitted for Digester 1 and Digester 2 cover replacement for \$5M to Chris Stewart's office; and for the Dewatering Equipment in the amount of \$4M was submitted to Burgess Owens's office.

APPROVAL OF MUNICIPAL WASTEWATER PLANNING PROGRAM

Dr. Heck stated this is an annual report required by the State. The report includes financial information, facility and collection system information.

Wes Fisher made a motion to approve the Municipal Wastewater Planning Program as submitted for the year ending 2022.

MOTION: Wes Fisher

SECOND: Don Russell

The motion passed with the following individuals voting in the affirmative: Debra Armstrong, Dennis Pay, Giles Demke, Wes Fisher, Brett Hales, Jeff Monson, and Don Russell.

APPROVAL OF SECONDARY CLARIFIER STAINLESS STEEL PURCHASE

Mr. Brandon Heidelberger stated that CVWRF has budgeted this year to complete the purchase and installation of one Secondary and one Primary Clarifier launder replacement. This bid covers purchase of the stainless steel to complete the secondary clarifier identified this year for replacement. The material for the primary clarifier launder will mostly utilize stockpiled stainless steel purchased previously but not yet installed.

CVWRF requested bids from three stainless steel vendors. Of the three, only one was able to supply the entire scope of the project. The other two could not meet the scope of supply and schedule. Ryerson has provided steel for the previous launder replacements and their pricing is in line with previous pricing and has been consistently lower when compared to other suppliers.

Giles Demke made a motion to approve the purchase of secondary clarifier stainless steel from Ryerson in the amount of \$282,763.19.

MOTION: Giles Demke
SECOND: Brett Hales

The motion passed with the following individuals voting in the affirmative: Debra Armstrong, Dennis Pay, Giles Demke, Wes Fisher, Brett Hales, Jeff Monson, and Don Russell.

CAPITAL PROJECTS UPDATE

Mr. Kevin Gallagher presented a drone video showing the following projects:

- Blower Building Project
- BNR Basins Project
- Side-Stream Phosphorus Removal Process
- Side-Stream Nitrogen Removal Project
- Thickening and Straining Building Project

Mr. Heidelberger updated on the Dewatering Building Design Project. Last month the Board awarded the project to Schwing BioSet for the biosolids storage silos, contingent upon coming to agreement on contract terms. Final comments from our legal counsel have been sent over to Schwing and we anticipate finalization shortly.

We are working on a prepurchase for the belt filter presses. The technical specifications are just about complete, and we will begin negotiations Alfa Laval for this purchase.

INFORMATIONAL ITEMS

Debra Armstrong performance/flow monitoring, and engineering projects reports are included in the board packet.

There were no further comments or questions.

ADJOURNMENT

Don Russell moved to adjourn:

MOTION: Don Russell
SECOND: Jeff Monson

The motion passed with the following individuals voting in the affirmative: Debra Armstrong, Giles Demke, Wesley Fisher, Dennis Pay, Brett Hales, Jeff Monson, and Don Russell.

The meeting adjourned at 4:56 p.m.

Cindie Foote
Board Secretary