MINUTES OF THE MEETING OF THE TRUSTEES

OF THE CENTRAL WEBER SEWER IMPROVEMENT DISTRICT

HELD MONDAY, FEBRUARY 27, 2023, AT THE DISTRICT OFFICE

LOCATED AT 2618 WEST PIONEER ROAD, MARRIOTT-SLATERVILLE, UTAH.

**Trustees Present:** Mark Allen, Neal Berube, Josh Blazzard, Dale Fowers, Rich Hyer, Gage Froerer, Braden Mitchell, Russ Porter, Michelle Tait, Scott Van Leeuwen, Rob Vanderwood, and Rod Westbroek

**Trustees Excused:** Mike Caldwell, Leonard Call, and Bart Blair

**Others Present:** Kevin Hall, Camille Cook, James Dixon, Paige Spencer, Shawn Wilson, Mark Anderson, Ryan Bench (Carollo Engineers), Keith Larsen (Bowen Collins & Associates), Daniel Stephens and Dallin Curriden (BlackPine Group)

**Call to Order**

Chairman Allen called the meeting to order at 5:00 p.m.

The pledge of allegiance was led by Trustee Vanderwood.

The invocation was offered by Trustee Westbroek.

**Public Comment:**

There were no public comments.

**Minutes of January 23, 2023 Board Meeting Approval**:

It was moved by Trustee Hyer and seconded by Trustee Mitchell as follows:

**That the January 23, 2023 Board meeting minutes be approved as presented.**

The motion carried by the affirmative vote of Trustees Allen, Berube, Blazzard, Fowers, Hyer, Mitchell, Porter, Tait, Van Leeuwen, Vanderwood, and Westbroek.

**Ratification of Vouchers:**

Camille Cook reminded the Trustees about vouchers that previously were approved by the Board prior to payment, and recommended ratification of the January 2023 Check Register, which is an itemized list of all payments made by the District during January, in the total amount of $2,964,185.05.

It was moved by Trustee Hyer and seconded by Trustee Van Leeuwen as follows:

**That the January 2023 Check Register be ratified and approved as presented in the total amount of $2,964,185.05.**

The motion carried by the affirmative vote of Trustees Allen, Berube, Blazzard, Fowers, Hyer, Mitchell, Porter, Tait, Van Leeuwen, Vanderwood, and Westbroek.

**Project Updates of Major Capital Projects**

James Dixon presented a brief update on the C&L and Gerber Construction projects. There are no issues, and all projects are on schedule.

**Certification of Annexation/Withdrawal Petitions:**

Kevin Hall presented one Annexation Petition to be certified:

* Promontory Commerce Center/Wadeland Land, LLC – a 357-acre commercial development in west Weber County (BlackPine). This property has been discussed during the past few Board meetings. This is only a certification of the Petition. Central Weber staff members have verified ownership of the property. Consideration of the approval of the annexation of the property will come before the Board next month.

Mr. Hall recommended Board certification of the Petition.

It was moved by Trustee Porter and seconded by Trustee Hyer as follows:

**That the Annexation Petition for the Promontory Commerce Center/Wadeland Land, LLC property in Weber County be certified.**

The motion carried by the affirmative vote of Trustees Allen, Berube, Blazzard, Fowers, Hyer, Mitchell, Porter, Tait, Van Leeuwen, Vanderwood, and Westbroek.

**Consideration of Officer Appointments**

Trustee Froerer entered the Board room.

Kevin Hall presented Article III of the Bylaws of the Central Weber Sewer Improvement District, which outlines the principal officers of the District as follows:

* Board Chair
* Board Vice Chair
* General Manager
* Clerk
* Secretary
* Treasurer
* Records Officer

The officers, excluding the Board Chair and Vice Chair, are appointed by the Chair with the consent of the Board. All officers, other than the Chair and Vice Chair, serve indefinite terms, until such time as they resign, retire or are removed and replaced by the Board and/or the General Manager.

District General Manager Kevin Hall has been serving as the Treasurer; the Finance Director, Camille Cook, has been serving as the Clerk and Secretary; and the Executive Assistant, Paige Spencer, has been serving as the Records Officer.

Kevin Hall recommended that the Board approve a motion to consent to and ratify the appointment of the principal officers of the District as they are currently serving: Kevin Hall as General Manager and Treasurer; Camille Cook as Clerk and Secretary, and Paige Spencer as Records Officer, to serve until such time as their successors are designated.

It was moved by Trustee Berube and seconded by Trustee Mitchell as follows:

**That the appointment of the principal officers of the District be approved and ratified as they are currently serving: Kevin Hall as General Manager and Treasurer; Camille Cook as Clerk and Secretary; and Paige Spencer as Records Officer, to serve until such time as their successors are selected.**

The motion carried, by the affirmative vote of Trustees Allen, Berube, Blazzard, Fowers, Hyer, Froerer, Mitchell, Porter, Tait, Van Leeuwen, Vanderwood, and Westbroek.

**Finance Committee Report**

Trustee Berube, who chairs the Finance Committee, informed the Board that Trustee Froerer had been assigned to the Finance Committee, and that his experience is appreciated.

Trustee Berube noted that, on September 20, 2021, the Board approved a 5-year financial plan for the District, including the following guiding principles and parameters:

* The minimum cash balance to be maintained in the Public Treasurers’ Investment Fund (PTIF) account should be $15,000,000 as of December 31st of each year. The District receives most of its property tax revenue in December, and will likely drop below a $15,000,000 cash balance during some months, but should reach that balance when property taxes are paid.
* Maintain an AA+ bond rating by preserving a debt service coverage ratio of at least 1.50 for revenue bond coverage, with impact fees, and of at least 1.25, without impact fees.
* Capital projects will be funded utilizing cash savings, increased revenues, and the strategic issuance of bonds; utilizing cash to limit the future cost of debt.
* Focus on increasing non-bond revenue through increases in service fees, including increasing service fees by 10% in 2023 and again in 2024, and maintain growth-related service fee increases annually thereafter.
* Maintain a consistent or level property tax rate of approximately 0.000600.

On February 2, 2023, the Finance Committee met to develop recommendations for the Board to consider regarding the current 5-year Financial Plan and ongoing guiding principles and parameters. Attendees included Trustees Mark Allen, Neal Berube, Gage Froerer, Rod Westbroek, and Rob Vanderwood, as well as staff members Kevin Hall, John Cardon and Camille Cook.

The Committee developed the following recommended action plan for the Board’s consideration. The anticipated effect of these recommendations is demonstrated in the financial projections which are summarized below:

1. Service fee increases on the following schedule:
	1. 2024 – 5% increase, 2025 – 2% increase, 2026 – 2% increase, 2027 – 2% increase.
2. Property tax increases based on the percentage needed to maintain guiding principles and parameters:
	1. In 2024 through 2026, increase property taxes at a rate of 8% per year.
3. Proceed with the issuance of a $35,000,000 bond in 2024 to provide money for capital projects. The timing of the bond issuance will be based upon interest rates and the cash needed to meet the guiding principles and parameters, instead of being based on a specific pre-determined date.

Trustee Berube reported that the Finance Committee tried to maintain the $15,000,000 minimum cash balance in the plan, but agreed that the District could temporarily go below that amount while maintaining a $15,000,000 minimum cash balance as a guiding principal and parameter, along with the previously approved coverage ratios, to help maintain the District’s bond rating.

The property tax increase was initially projected at 24% in fiscal year (FY) 2024 but, as the Committee members analyzed the District’s needs coupled with the impact on taxpayers, they decided to recommend that the District instead spread the 24% increase over three years by considering an annual 8% property tax increase over the next three years to maintain the minimum cash balance and coverage ratios. With the volatility of the economy, and to be fair to the citizens, the Committee recommended that the Board consider annual 8% property tax increases over the next three years.

The plan also includes a recommended 5% increase in service fees for FY 2024 as part of a balanced approach to meet the needs of the District based on the timing of those needs.

The issuance of a $35,000,000 bond has flexibility in the timeline, to allow District staff members to monitor the need for the money and interest rates, prior to issuing the bond.

The Finance Committee recommended the following Board actions:

1. Approve the 5-year financial plan and FY 2024 service fee increases as presented, including recommended changes in the adopted guiding principles and parameters by changing the guideline from maintaining the property tax rate at 0.0006 and, instead, by increasing the property tax rate based on the percentage needed to maintain the guiding principles and parameters rather than focusing on maintaining a specified tax rate.

Trustee Berube mentioned that impact fee collections are conservative in the financial plan projections compared to impact fee amounts the District has been receiving, which may provide a cushion in the revenues as future property tax increases are considered.

Chairman Allen complimented the Committee members for their expertise. Trustee Vanderwood expressed his appreciation for the Committee member’s consideration of the citizens when looking at property tax increases.

It was moved by Trustee Hyer and seconded by Trustee Van Leeuwen as follows:

**That the District’s 5-year Financial Plan, including the consideration of the FY 2024 service fee increases, be adopted as recommended by the Finance Committee and that the guideline be changed from maintaining a specified property tax rate to instead increasing the property tax rate as and when needed to maintain the financial parameters as presented.**

The motion carried by the affirmative vote of Trustees Allen, Berube, Blazzard, Fowers, Hyer, Froerer, Mitchell, Porter, Tait, Van Leeuwen, Vanderwood, and Westbroek.

1. Consideration of an intent to increase the property tax rate by 8%.

Camille Cook noted that the Financial Plan that was just approved by the Board includes an intent to increase property taxes by 8% in FY 2024. This is not a commitment to increase property taxes, but is an expression of the Board’s intent to consider a property tax increase, thereby giving staff a direction to include a property tax increase in the District’s FY Tentative 2024 Budget. The purpose for the proposed property tax increase is to provide funding for operating expenses and to maintain a balanced approach for funding upcoming sewage treatment plant expansion and collection system projects. As directed by the Board, a public hearing may be set at a future date to consider a property tax increase.

It was moved by Trustee Hyer and seconded by Trustee Froerer as follows:

**That the Board approve the intent to include an 8% property tax increase in the Tentative FY 2024 Budget.**

The motion carried by the affirmative vote of Trustees Allen, Berube, Blazzard, Fowers, Hyer, Froerer, Mitchell, Porter, Tait, Van Leeuwen, Vanderwood, and Westbroek.

1. Modify the 2023 Board meeting schedule by moving the August 21st meeting to August 14, 2023. The regular Board meeting will begin at 5:00 p.m.; and a Truth in Taxation public hearing and a FY 2024 Budget public hearing will be held at 6:00 p.m. This change is required to meet statutory budget adoption deadlines.

Camille Cook reviewed the recommended change to the 2023 Board meeting schedule. The Utah Code sets forth budget adoption timelines and deadlines, including a required public hearing prior to August 17, 2023. If the Board determines to move forward with a Truth in Taxation public hearing, the August Board meeting would need to be held on August 14, 2023 to meet the statutory requirements.

It was moved by Trustee Hyer and seconded by Trustee Mitchell as follows:

**That the August Board meeting be moved from August 21st to August 14th due to budget adoption deadlines.**

The motion carried by the affirmative vote of Trustees Allen, Berube, Blazzard, Fowers, Hyer, Froerer, Mitchell, Porter, Tait, Van Leeuwen, Vanderwood, and Westbroek.

**Review and Consideration of Board Member Attendance**

Chairman Allen related that some Trustees have commented on attendance problems, and suggested that the Board consider options to motivate better attendance. Mr. Allen reminded the Trustees that they get paid to attend Board meetings and are expected to be here to represent their communities. An alternate to fill in for an absent Trustee is not an available option because, by law, alternates would not be allowed to vote and would not help make up a quorum.

Chairman Allen opened the subject for discussion. The following ideas and options were discussed:

* Trustees would be required to attend at least ten meetings in the year.
* Less than 75% attendance might trigger action.
* If a Board meeting is missed, the absent Trustee wouldn’t be paid for that meeting.
* Two absences in a row, and the Trustee won’t be paid.
* Most of the Trustees attend each month, so the discussion is focusing on a minority of the Trustees and a policy change might be unnecessarily disruptive.
* Allowances for excused absences or being late to meetings should be considered.
* It is also important for Trustees to attend Committee meetings.

At the conclusion of the discussion, the Board directed staff members to draft a policy for the Board to consider by the April 2023 Board meeting. The draft policy should be based on individual Trustees attending nine out of twelve meetings, or 75% of the meetings, annually and include an allowance for excused absences.

**Possible Closed Meeting Concerning Pending & Threatened Litigation, Purchase of Real Property and/or Personnel Issues:**

There was no need to go into a closed meeting.

**General Manager:**

Kevin Hall had nothing additional to discuss.

**Attorney:**

Mark Anderson told the Board that the Legislature will adjourn in 4 days. Mr. Anderson will report on Bills that may be of interest to the District after the Legislative Session is completed. He noted that a Bill focused on water reuse in northern Utah may have implications for the District. Kevin Hall reported that the Weber Basin Water Conservancy District is aware of the Bill and has reached out to District staff. Weber Basin seems to be interested in continuing to pursue a water reuse project based on federal water rights (which aren’t subject to the restrictions in the Bill) and is aware that the opportunity to team with the District on a joint project is no longer an option.

**Other Business:**

Trustee Van Leeuwen mentioned the passing of Randy Marriott. He suggested that the Board send a card of condolences and respect to the Marriott family. District staff provided a card, which was signed by the Trustees. Staff will send the card to the Marriott family.

**Adjournment:**

There being no further business to come before the Board, it was moved by Trustee Hyer and seconded by Trustee Porter as follows:

**That the Board meeting be adjourned.**

The motion carried by the affirmative vote of Trustees Allen, Berube, Blazzard, Fowers, Hyer, Froerer, Mitchell, Porter, Tait, Van Leeuwen, Vanderwood, and Westbroek.

Chairman Allen declared the meeting to be adjourned at 5:42 p.m.

Approved by the Board of Trustees of the Central Weber Sewer Improvement District on the 20th day of March 2023.

 Mark C. Allen, Chairman

ATTEST:

Camille Cook, Clerk