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*Mission Statement: Meeting the challenge of protecting the environment and providing quality sewer service to the community.*

## MINUTES OF SPECIAL MEETING BOARD OF COMMISSIONERS

**November 15, 2018**

**Attendees:** Commissioners Mariah Low and Kevin Kosche. District Staff: Tonya Christoffersen, Johnathan Dix, Tara Bighouse and Mickie Cooper.

City Attendees: Mayor John Spencer, City Administrator Gene Brazel, City Councilmembers: Rauchel McDaniel and Marcus Tageant.

- 1. Called to Order** Commissioner Kosche called the meeting to order at 7:01 AM.
- 2. Utility Merger Sub-Committee** – Gene Brazel started by thanking the team with coming together. He presented a handout and started with the organizational chart. He added the previously discussed everyone looking over the 2005 ILA. He noted financial savings they believe there is some savings but the big cost being an umbrella coverage, this is not compared apples to apples but can be looked into. Health insurance the District gets a better cost and there is some added expense as the City doesn't use the County. John Spencer asked if the District can stay the same. Mickie replied in order to get the discount the District must run their payroll through the County. John Spencer replied, there is some savings there. Gene and Tonya both noted they can look into that. Tonya Christoffersen added they are waiting on three line items that should be ready on the 27<sup>th</sup>. John Spencer added it would be nice to see the comparisons defining unification, merger and assumption.

Gene Brazel went over the handout in detail starting with the updated ILA Grant Weed created to accelerate the assumption. He noted after reviewing the tasks necessary to complete the assumption, it has been decided 25% of specific employees time over a two-year period will be dedicated to the assumption process. The total cost is estimated at \$822,438, based on a 40-hour work week with an additional 10% for incidental employee assistance. The legal cost after 2020, after unification would be approximately \$2.2 million. He noted if waited until 2032 the cost would be \$2.9 million, he stated employees will have to work on this no matter if it's now or later. He went on to the comprehensive plan the cost would mostly be consultants and the estimated cost would be \$100,000. Task two is the annexation process and the educated estimated guess is \$20,000. Gene added the connections outside of the City has not be vetted yet. Tonya added it's unclear, the District may have to serve them separate until complete. Johnathan added it's approximately 34 connections. Gene continues on task three legal process at the cost of approximately \$1 million. He noted he spoke to the attorney and their estimate was approximately \$75,000 per year, so they rounded it up and an even million. Tonya noted the research they did on Ronald Wastewater who was at \$4 in three years and she believes that is due to fact they have to keep going due to not being able to come to an agreement. Gene continues on financial at an

estimated cost of \$250,000. Tonya added when she talked to FCS their recommendation is three additional employees. Mickie explained per the State Auditor the City can stay cash and the District can stay GAAP except on coming together for the annual financial report the City would have to do a modified accrual annual statement and can only present one financial report. Commission Kosche noted the recommendation is to bring in additional staff to better facilitate. The operating budget Gene noted the City would adopt the budget and the same with capital. Gene added with the development standards would need to be adopted and the City would need to get on board and get it done. Tonya added she and Gene spoke about items that need to be fixed now regardless of the merger. The operational integration, Gene thanked Johnathan Dix for his work on this. Gene added they will be looking at the standards and merging both the City and District's as well as looking at SOP's. Johnathan added currently G&O maintains the District's GIS database for a minimal fee. Gene continued on to personnel. The current problem is the City's public works is on Teamsters and the District currently under bargaining with a completely different union. There are some issues with consulting with both and how cross training and future growth in your job. John Spencer added there is a possibility of creating a side agreement between both unions. Johnathan Dix added per the District's bargaining attorney the City is under no obligation to honor the District employees bargaining agreement. Gene noted the last step before dissolution is asset transfer including title transfers, etc. He noted it is unclear if excise tax is going to be required to be paid so it was included and the current estimated cost is \$25,000. The last task Gene explained was the organizational chart. Gene noted now the overlaps and transitions would move over to work under Johnathan. Under the treatment plant tasks the City would like to pull from existing staff to promote to manager. Commissioner Low asked would the vacating operator position be filled, Gene replied it would need to be evaluated. Johnathan Dix added the discussion was had to potentially let the sewer District stay separate for the first year to alleviate the thought of the City replacing them, giving that year to find where people naturally shift and see what needs to be done after the change. Gene continued under finance the District staff would continue as they are now just under Barb Stevens direction, purchasing would be one person and billing would be integrated. John Spencer asked if the finance department runs the customer service. Tonya replied there are two separate departments; customer service and accounting departments. John Spencer stated there may be more need for a Finance Officer (CFO) and suggested the District look at the finance department and getting someone that does only financial management. Gene commented on Tonya's roll, he stated she has significant knowledge and would be best in large projects and would report directly to Gene as a Director. He believes she would fit that mold and be successful. John Spencer would like to see definitions. He added regardless of where the merger goes there is a lot of good items to get completed and the Utility Committee would be a good place to get it done. Commissioner Kosche asked about the last working version of the updated ILA agreement and would like to take a look and use it as a working document; noting it's a good start. He added for the next steps, the District would need to get documents together to vote on and deal points for the District to vote whether to accelerate or not. He added the other item that needs to be worked through is the time frame, two years is a little pressed and thinks 3 to 5 years would be good with anything more than 5 years would be a way to just drag it out longer. With a window to give for

items that are not easily resolved. John Spencer likes the idea of doing the deal points and getting a time frame that is not too early or late. Commissioner Kosche noted on the District side they could draft the deal points. John Spencer added at the end of the day whether it comes together or not let's keep this good work going and moving forward. Gene added staging up for the November 27<sup>th</sup> Utility meeting they have more work to do and get the protocols out there but also taking a break from having this meeting until the Utility meeting and canceling any more Thursday meeting until the Utility Committee makes some decisions. Commissioner Kosche agreed and he would like to get the deal points and have something to share at the 27<sup>th</sup> Utility Committee meeting. Marcus added the City Council would need to sign off on it as well, so he cannot make any decisions before the City Council votes. Commissioner Kosche would like to discuss as a Commission as well. Marcus commented he believes the timeline is doable. Commissioner Low added it could be longer with items out of their control. Commissioner Kosche stated even if it takes longer the City and District are still building bonds and moving forward. Gene added the final step is going before the Superior Court and that timeline is unknown as well. Commissioner Low thanked everyone for their work this is what she was looking for.

The subcommittee meetings are currently on hold, the next meeting will be the regular Utility Committee meeting on November 27<sup>th</sup> at 4:00 PM.


3. **Conclude** – Commissioner Kosche concluded the meeting at 7:51 AM with no action taken.

Signed in a regular open public meeting this 20<sup>th</sup> day of November 2018



  
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Dan Lorentzen, Commissioner

  
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Mariah Low, Secretary and Commissioner

  
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Kevin Kosche, President and Commissioner

**VISITOR SIGN-IN**

*If you would like to address the Board of Commissioners, it will be necessary for you to sign in. Thank you.*

Print Name	Signature	Address	Phone	Purpose