

MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT

5455 West Old Highway Road, Mountain Green, Utah

Minutes of the Board of Trustees Meeting

Thursday, October 2, 2014

Board Members Present: Mark Devoe, Zane Gray, Tina Kelley and Wendy Eliason.

Excused: Blair Larsen, Lynn Peterson and Shane Rice. **Employees Present:** Robert Volk and Annette Doyle. **Guests Present:** Lannie Jolley.

Invocation: Zane Gray

Chair: Mark Devoe welcomed those present and conducted this meeting.

Item #1: Discussion / Decision: Potential returning Board Member.

Lannie Jolley, who previously served on the Board, has moved back into the area and expressed a desire to serve on the Board again. There is a potential Board vacancy for Lannie to be appointed to due to the absence of Blair Larsen for the past five consecutive months.

The last meeting Blair attended was March 6, 2014 and he has failed to respond to numerous District phone calls, emails and letters regarding his situation and his attendance, which is putting the burden of constant attendance on the other Board Members in order to fill a quorum. Zane noted that he had run into Blair a couple of months ago and Blair had stated that he would not attend any more meetings because he felt that his opinion is not respected.

Tina asked if the District attorney, Jon Call had been contacted regarding the rules around an 'elected' Board Member. Robert let everyone know that Jon had stated that if a Board Member had been 'elected' by the public, then he/she could not be removed from the Board for lack of attendance, and that the only solution, so far, would be for the Board Member in question to submit a written resignation. Tina said she would try to contact Blair's son and ask him to start coming to the meetings or send in a resignation so the Board could move forward. The only other option is to hold another election, but that would not be feasible for about another year and a half.

Wendy expressed concern about losing the history and experience that Ron Lawson, Blair Larsen and Dennis Baldwin represent and Robert explained that he has called on Ron and Dennis all the time with historical questions, and would do the same with Blair if only he would respond. In the meantime, we will do our best to keep Lannie apprised of the situation and welcome his involvement with the Board until a position becomes available.

Wendy made a motion to have Lannie serve on the Board again when a position opens. Zane seconded. Motion passed.

Item # 2: Discussion: Date for Annual Christmas Dinner.

Robert discussed having Thursday, November 20 as the date for the annual MGSID Christmas Dinner at Maddox. All the Board Members present agreed this would work for them, and the 6:30 PM start time should be sufficient for everyone to get to the restaurant from work.

Item # 3: Discussion / Decision: Will Serve approval for Douglas Durbano.

Mr. Durbano has applied for one extra ERU for the Ponderosa development. He already has two Will Serves that were approved in January 2012, so this new request will grant him a total of three Will Serves for the Ponderosa property. There was some lively discussion as to what his intentions are for developing that property. Robert explained that Mr. Durbano had been cooperative in bringing in his plans and working out the details to meet District requirements. He plans on installing an 8" line with a couple of manholes onto his property that will serve his home and set the infrastructure up for the potential development of additional lots further up hill. The two lots for the original Will Serve are on Ranch Blvd and would connect to the existing line in the Rollins Ranch development. Mr. Durbano understands that if he decides to develop additional lots on his property that he will have to apply for additional Will Serves and pay the additional impact fees. Robert noted that Mr. Durbano paid one \$5,271 Impact Fee for the lot he will develop, which will be his home, and that he will pay the Impact Fees for the other two lots as soon as they are ready to move into planning.

Zane made a motion to approve the Will Serve for Douglas Durbano for one additional ERU. Wendy seconded. Motion passed.

Item # 4: Discussion / Decision: Addendum to Item #6 on 2014 Facilities Completion and Reimbursement Agreement with Gardner Development.

The trunk line from the bank to our headworks has been installed and is almost complete except for cleaning, testing and video. The only thing left is to cover the top of the easement/line installation with a thin cover of road base for service access. Because the excavation for the line mixed the dirt with the ground water into a muddy mess, the excavator (Mike Grow with EK Bailey), Robert and Skyler Gardner agreed that it would probably be best to wait until next summer to apply the gravel base so it doesn't sink into the mud. However, we don't want to put a delay on the completion triggers in the 2014 Facilities Agreement that are tied to the completion date.

Robert checked with Jon Call, the District attorney, and was told that a simple addendum that all parties agreed to would be sufficient. Because the Board approved the 2014 Facilities agreement, the Board needs to approve this addendum which would allow the road base to be delayed until July 2015, but not hold up any of the other completion, certificate and final payment triggers. Robert reinforced that the delay on the road base application would not affect the final payment due two years after the current completion date, unless the road base does not get installed. In that case, we can still withhold the final payment until everything is completed to satisfaction.

Zane made a motion that we approve Robert's addendum as written. Wendy seconded. Motion passed.

Item # 5: Discussion / Decision: Grinder at the head works is breaking down and requires budget approval for repairs / replacement.

The Muffin Monster grinder at the headworks was installed in 2008 and has run 24/7/365 for the past six years. Recently it has started making clanking sounds and set off two grinder fail alarms in September, so the manufacturer's vendor came out to review the problem. The initial inspection showed that the noise and intermittent freezes could be contained to the cassette, which would cost around \$7,000 to repair/replace. If the shaft, motor and gearbox are involved, the cost to repair/replace the entire unit could run \$16,000. Due to the dollar amount, Robert will need Board approval before a technician can be sent out.

Tina made a motion to approve up to \$16,000 in order to get the Muffin Monster comminutor repaired and/or replaced. Wendy seconded. Motion passed.

Item # 6: Discussion / Decision: Additional testing starting January 1, 2015.

The Utah Department of Water Quality is requiring seven additional tests for both the Influent and Effluent waters starting January 1, 2015 which will add about \$140 a month to our current testing bill.

Robert recommended that we also start two additional phosphorus tests that will be taken from the Weber River above and below our discharge point so we will have some data on what effect our discharge is having on the river. Right now, the state is making an assumption on how our discharge is affecting the phosphorus levels in the river, and this would give us some idea of what we are actually doing. These two tests will add another \$40 per month to the above costs.

Zane made a motion to authorize the two additional phosphorus tests taken from the Weber River for a period of six months at which time we will evaluate whether to continue them for a longer period. Tina seconded. Motion passed.

Item # 7: Discussion / Decision: Purchase automated sampler for Effluent Basin.

Part of the new testing mandate requires that twenty four hour composite tests be used at both the influent and effluent sources. We currently have a composite sampler to collect these at the influent headworks, but not at the effluent basin. Robert needs to buy and put in place a composite sampler at the effluent basing before January 1, 2015 and needs the Boards approval for the expense. The quote for the Hach Sigma SD 900 All Weather Sampler, which is the same model we have at the influent basin, came in at \$6,947, including shipping.

Zane made a motion to approve the purchase of a new Composite Sampler for the effluent basin. Wendy seconded. Motion passed.

Item # 8: Discussion: Unofficial discounts.

The District currently gives unofficial discounts to several customers and because these discounts are not publically listed they are not equitably offered to the community. The Board should review these discounts and either make them official and available to all MGSID residents, or remove the discounts entirely. Three discounts will be discussed in the following items.

Item # 9: Discussion / Decision: Discounts for second homes and partial occupancy.

The current unofficial policy is to provide a 50% discount on the monthly rate for someone who states that they have a second home and/or do not occupy their Mountain Green residence on a full time basis. A couple of the Board Members were unaware that these discounts were being offered and did not feel they are necessary. Tina stated that she understands the situation where this type of a discount will be applicable and believes that we should offer some kind of reduction or minimum fee for residences that are vacant and/or not being used.

Tina made a motion for Robert to research and present a fair discount plan for vacant residences within the District, regardless of reason, and present it to the Board for consideration. Wendy seconded. Motion passed. Zane opposed.

Item # 10: Discussion / Decision: Discount and/or suspended billing for vacations, missions and other religious and/or volunteer activities.

The same type of discount has been given to a few residents for vacations and mission work. Similar discussion ensued as that in item #9 – to find a fair discount plan that would fit vacant homes regardless of reason.

Tina made a motion for Robert to research and present a fair discount plan for vacant residences within the District, regardless of reason, and present it to the Board for consideration. Wendy seconded. Motion passed.

Item # 11: Discussion / Decision: Discount for MGSID residents that are on a fixed income, undergoing financial hardship and/or are disabled/handicapped.

There are currently no discounts being made for someone on a fixed income, undergoing financial hardships and/or are disabled and handicapped. The Board discussion was in agreement to this kind of a policy, and added veterans to the list. The questions focused on what the discount would be and how it would be applied.

Tina made a motion asking Robert to create this type of a discount policy so the Board could review it at the next meeting. Zane seconded. Motion passed.

Item # 12: Discussion: 2015 Preliminary Budget.

Robert presented the preliminary budget for the Board Members to review. He is currently expecting the 2015 income to increase by about 7.5% when compared to the 2014 budget and he will try to hold the 2015 expense at a decrease of 1.7% to the 2014 budget. There are a few expense line items that will increase and several that Robert

was able to cut. The final preliminary budget and along with some line adjustments to the 2014 budget will be presented at the November meeting and the December Public Hearing.

Item # 13: Discussion: Rate Increase Proposal.

Robert gave a presentation detailing his research and recommendations for the proposed rate increase. In essence, the current monthly rate needs to increase due to inflation and depreciation in order to balance the budget, and then start saving for the existing resident's portion of the Membrane Bio Reactor that we are planning to build. In the past 24 years, since 1990, the District operated at a loss for all but two years. According to our auditing accountants, the District attorney and the Utah Manual of Accounting for Special Districts, we should be ending the year in the black with our finances at a positive number.

The current rate of \$28 has not been raised since 2006 and is only 14% higher than the \$24.50 per month that it was in 1990. Had the monthly rate been adjusted annually for the CPI rate of inflation, the rate would now be around \$45 per month, which would have represented an 82% overall increase since 1990. During the same twenty four years, the costs to our operations for utilities, fuel, supplies, etc. has increased anywhere from 100% to 300% so we are falling behind. Plus, we have to start counting for the expense of depreciation, which has been left out of planning in past years.

Robert calculated that a rate of \$47.00 per month would both balance the budget (\$38.00 per month) and allow the District to save a substantial amount towards the existing resident's portion (\$9.00 per month) of the new facility construction to alleviate borrowing and huge future rate increases. He understands that this would probably be too much to ask for in one increase, so he is recommending that the Board approve a five year series of rate increases that stair step up to what is needed.

In 2015, the monthly rate would become \$36.00, followed by a \$2.00 per month increase at the start of each of the next four years. 2015=\$36.00; 2016=\$38.00; 2017=\$40.00; 2018=\$42.00; 2019=\$44.00.

Five years of rate approvals at one meeting is an acceptable and common practice for many other sewer and water entities, and it would eliminate the need for a public hearing for rates every year. The rates would still have to be reviewed and discussed every year at budget time, and if the Board determined that an update was in order a Public Hearing could be scheduled to make the change.

The Board Members present agreed that the rates need to be increased and that the proposed increases should be acceptable. Mark asked Robert to change any reference in the presentation of "for profit" business to "a regular" business. Tina requested that an explanation of the increase in depreciation be added when referencing the large jump in expenses starting in 2013.

Item # 14: Discussion: District Operations ~ September 2014

Robert informed the Board that the trunk line was completed and connected today, but there are still tests, cleaning and inspections to do.

Twin D has completed the cleaning and videoing the lines for 2014.

The cleaning crew discovered a broken manhole cover and metal ring with no evidence of a concrete collar on a manhole in Fox Hollow at 5795 Sagecrest Road. Robert contacted Little K and asked them to quote and then come out for an immediate repair before the damage escalated. Cost was \$1,500 which is the same price Little K charged on a single manhole repair in 2010.

Effluent water continues to measure well within state requirements and removed over 95% of BOD and 98% of TSS in August. E-Coli bacteria registered at Non Detectable levels.

Item # 15: Discussion: District Statistics as of September 29, 2014.

Board members reviewed the statistics on Impact Fees, ERU status, connections and bank statements.

Item # 16: Discussion / Decision: Review and approval of August 21, 2014 and the September 4, 2014 Minutes.

Tina made a motion to accept the August 21, 2014 minutes with corrections. Wendy seconded. Motion passed.

Zane made a motion to accept the September 4, 2014 minutes. Wendy seconded. Motion passed.

Item # 17: Discussion / Decision: The next meeting is scheduled for the first Thursday, November 6, 2014 at 7:00 P.M.

Adjourned: 10:00 P.M.

Signed: _____