

MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT
5455 West Old Highway Road, Mountain Green, Utah 84050
Minutes of the monthly Board of Trustees Meeting
Thursday, April 2, 2015 @ 7:00 PM

Board Members Present: Mark Devoe, Zane Gray, Wendy Eliason, Lynn Peterson and Blair Larsen **Excused:** Shane Rice & Tina Kelley **Employees Present:** Robert Volk & Janet Boudrero **Guests Present:** Blair Gardner

Invocation: Zane Gray

Chair: Mark Devoe welcomed those present and conducted the Board Meeting.

Item #1: Discussion/Decision: Consider annexing new Whittier Estates Development that is located in Peterson into the Mountain Green Sewer Improvement District and allowing the development to be connected to our system.

Blair Gardner with Future Homes was present to ask the MGSID Board of Trustees to consider annexing his new development, Whittier Estates in Peterson, Utah, and allowing the development to connect their sewer lines to the MGSID sewer system. The proposed development is for 58 homes.

The District now has 1,412.5 ERUs committed, and the addition of these 58 homes would take us to 1,470.5 out of 1,800, leaving 329.5 ERU's before the lagoon system is at capacity. The approval would also provide the District with \$305,718 in Impact Fees from the developer (58 x \$5,271), \$5,800 (\$58 x \$100) in inspection fees, and an additional \$2,088 per month and \$25,056 annually in monthly service fees with peak occupancy at the current \$36 per month.

Future Homes proposed covering all costs related to the annexation and connection, as well as a possible trust account to fund some of the future care and maintenance. Mr. Gardner presented three proposed routes for running the line from Peterson to our nearest connection on Silverleaf Drive. Initial estimates are for around 10,000 to 11,000 foot of main and/or pressurized line, which would require around 30 to 40 manholes (approximately every 350'-400') and from one to three lift stations. All three options include running the main line under both the river and the freeway.

Ongoing maintenance responsibilities and costs for the District would include constant monitoring with weekly inspections and service of all lift stations, annual inspections of all lines and manholes, along with a complete cleaning of the main lines every three years. Lift stations presented concerns for several Board Members with the possibility of power and/or pump failure, eventual replacement costs and potential Sanitary Sewer Overflow points. Blair Larsen said he would not even consider a system with lift stations due to the inherent problems associated with them.

There is also the fact that two years after installation is complete, the developer would turn ownership and responsibility of the system and lines over to the District. The value (cost) of the lines, manholes and lift stations, including the sewer system within the

development would then be added to the District's capital investment and increase the District's depreciation expense accordingly (which would have to be calculated into the rate structure).

Blair Gardner advised the Board that Future Homes is also evaluating the option of a compact membrane bio reactor unit or a community septic system in order to evaluate which would be most the most cost effective alternative for them to use. He asked the Board Members to be honest with their opinions on whether they believe the District would accept their proposal, as a negative answer now would save his company valuable time and thousands of dollars of investment in planning to move forward only to have the plan rejected at a later date.

Several of the Board Members voiced their opposition to the idea with concerns ongoing maintenance, the length of the pipeline and the fact that it would cross under both the river and the freeway. There were more negative comments than positive in regards to running this line and having the District annex this development. They recommended that Future Homes would be better served by creating their own special services district and installing a membrane bio reactor to service it. Blair Gardner let the Board know that he understood and thanked the Trustees for their candor.

Zane made a motion that the District rejects the idea of annexing the Future Homes development in Peterson. Lynn seconded the motion. Motion passed with a unanimous vote.

Item #2: Discussion/Decision: Resolution 150402 for the approval of the Municipal Wastewater Planning Program Report of 2014.

The Utah Department of Environmental Quality/ Division of Water Quality requires the Mountain Green Sewer Improvement District to prepare and submit an annual report by May 1 for the previous year's operations.

Robert took the Board through the MWPP report via the projector. He emphasized that this annual questionnaire is used by the Department of Water Quality to create a scoring system to rate which wastewater facility is in most need of funding and grants. The higher the end number, the better the chance of receiving financial assistance from the DWQ. Regrettably, MGSID is operating smoothly and well within our permitted limitations, so our report contains mostly zeros. The only place we achieve any points are with the questions regarding adequate financing for three, five, ten and twenty years out. The District will not have all of the funding necessary to build the projected mechanical plant and repurpose the lagoons, so we will be asking the DWQ for assistance with grants and loans.

Blair made a motion to approve Resolution 150402 for the approval of the 2014 Municipal Wastewater Planning Program Report as prepared. Wendy seconded the motion. Motion passed with a unanimous vote.

Item #3: Discussion/Decision: Resolution 150402-B for the approval of the Sanitary Sewer Management Plan (SSMP).

Rule R317-801-5 the Utah Division of Water Quality (DWQ) requires every public wastewater utility to create and implement a written Sanitary Sewer Management Plan (SSMP). A copy of the SSMP shall be publicly available at the MGSID office and/or available on the Internet. A digital copy of MGSID's completed SSMP was attached to the Board Meeting notice that was sent out on Tuesday.

The Sanitary Sewer Management Plan (SSMP) manual is intended to establish and provide the Mountain Green Sewer Improvement District with a plan to properly manage, operate and maintain all parts of the District's sewer collection system and lagoons, and to reduce and prevent Sanitary Sewer Overflows. (SSOs), as well as minimize the impact of any SSO that might occur.

Dennis filed the Notice of Intent (NOI) for the SSMP back in 2012, and the SSMP must be publicly noticed and approved by the District's governing body at a public meeting. Written confirmation must then be sent to Utah's DWQ to stating that the SSMP has been approved and implemented.

Robert explained that the creation of the SSMP was time consuming, but a worthwhile endeavor. Several other Wastewater facilities hired outside consultants to prepare their SSMP. The state prescribed a format for the SSMP which included boilerplate language that had to be customized for each entity. Robert recommended that the trustees Google the Utah SSMP and then compare other versions on the web to the one that he prepared for MGSID. Once approved, our SSMP will be available on the MGSID.com website for anyone to review.

Lynn questioned whether the SSMP covered every aspect of an emergency situation or sanitary sewer overflow, and Zane voiced his concern over not having enough time to review the document from cover to cover. Robert answered by letting them know that we are just approving the completion of the SSMP so he can notify the state that is done. The SSMP is a living/breathing document ~ meaning that the Board can review, change and adapt any part of it at any time. In fact, it is expected that each entity will continually expand the SSMP to include items that were not considered, and change those that are incomplete and/or inaccurate as our experience grows.

Blair made a motion to approve Resolution 150402-B to adopt the Sanitary Sewer Management Plan (SSMP) as prepared. Zane seconded the motion. Motion approved with a unanimous vote.

Item # 4: Discussion: Annual DWQ Inspection on March 19, 2015

Lonnie Shull with the Utah DWQ completed our annual inspection on March 19. His report stated "The facility appeared to be well run and no deficiencies were reported." Our UPDES permit was issued on 05/10/2010 and will expire next month on 04/30/2015. The DWQ stated that they do not anticipate making any changes to our renewal permit at this time.

Lonnie also commented that our plans for the Membrane Bio Reactor are well timed and if we are not ready by January 1, 2020, then the state would probably work with us to ensure we meet any requirements during the changeover.

Lonnie also made the suggestion that the District could consider using the lagoons as storage for the effluent from the new plant once it is completed, and then selling it for secondary water usage.

Item # 5: Discussion: Requirement to maintain District easements .

Robert was asked to verify whether the District is responsible for the weed control and maintenance of its easements and easement roads. Robert reviewed this question with both Jon Call, our attorney, and Mike Waite, the Facilities Director for Morgan County. Both confirmed that it is the District's responsibility to maintain the District's easements and easement roads, which includes weed control.

The suggestion had been made that it is the responsibility of the property owner to maintain the District easements and if it that is not done, then the District can do the required maintenance and bill the property owner. Mike Waite stated that there might have been confusion between the county policy for easement maintenance and the county policy for overgrowth and/or noxious weeds on private property. The county will notify a private property owner of land that is overgrown and weed infested. The property owner will have to clear and/or spray the lot within a specified time, especially if there is an invasive and noxious species of weed involved. If the property owner does not comply within the given time, the county will spray and/or mow the lot and then send the bill to the registered owner. This policy has nothing to do with county's responsibility to maintain easements.

Jon Call noted that once development starts and the areas surrounding our easement become county owned public property (walking paths or parks), then the District could ask the county to take over the weed control and maintenance responsibilities.

Item # 6: Discussion: Can the District install a flat railroad car as a bridge across Dry Creek or are there more stringent requirements?

Robert had been asked to verify whether the District can use a flat railroad car as a bridge instead of building a real bridge.

Both Jon Call and Mike Waite said that if the bridge is entirely on District property and under District control with no public access, then a railcar installation should be okay provided all permit requirements are observed. However, a bridge on a District easement that is on someone else's property, or where there is unfenced open access, should be built to meet all safety codes. Jon also warned about putting a basic bridge in that is on District land now, which would later be accessible by the public once the developments are built. At that point the District would have to completely fence it in or upgrade the bridge to meet safety requirements.

Jon recommended that the MGSID Board consider asking Mr. Johnson to lease the District access into one of his roads on an annual basis versus spending the money to build a bridge of any type. As the District might only have to access the road a few times a year, and only for a couple of years at most, then leasing the access should be more affordable than building a bridge. He suggested offering \$500 a year as a starting point for lease negotiations.

Jon also said that the District could pursue eminent domain by having one of the access roads condemned by the county. However, this would almost certainly take a year or

two to process, and include legal fees, court costs and sour any working relationship with Mr. Johnson. A couple of the Board Members intoned that they would not want to go down this path.

Another less expensive option would be to purchase a used utility ATV that could tow the spraying equipment over the creek embankments. Mark added that an ATV would be a useful addition for the District because it could be licensed for driving on the road to access the far end of the easement and facilitate other District chores such as the GIS mapping and manhole inspections.

Robert stated that there is a strong possibility that a developer will purchase the west section of Mr. Johnson's property during the next year. If this takes place, and if the District has a good relationship with the developer, then the District will probably be able to use the west access road onto the Johnson's property and negate any need to build a bridge across Dry Creek.

The service road will be installed by July 31, 2015 and the Board can wait until the road is installed to answer these questions.

Item # 7: Discussion: Possible concrete ford on north crossing of Cottonwood Creek.

Benson Whitney said that Oakwood Homes will probably install a concrete ford where the Highlands Water easement and our easement cross the north side of Cottonwood Creek before next winter. If this is installed, Oakwood will allow us to use it and we will have a viable access to the east section of our line. This would also negate the need for any easement agreement with Mr. Baxter and/or Union Pacific Land Resources.

Oakwood Homes has the same, redundant, requirement in their water easement to install a road. Benson and Robert discussed using Oakwood's road budget to install the concrete ford, and then share use of the road the District is installing. Benson also committed to paying the unused portion of Oakwood's road budget to MGSID to assist in our expense on the road installation and gates.

Blair asked if any of these agreements are in writing and Robert said that "no," as of now, these are all verbal cooperation agreements. Blair recommended that we should eventually get everything in writing.

As a note, Highlands Water had an easement agreement that was recorded before the MGSID easement was negotiated. The 10' wide MGSID easement was overlaid on top of the 20' - 30' wide Highlands Water easement. The water line piping was installed into their easement many years ago and it is on average 12' to the side of our line, except where they cross over next to Old Highway, at which point there is a 4' vertical separation.

At this point, Oakwood only has to trench and install the electrical lines and an overflow line to their well, which will run alongside our road. Since they have to wait for county approvals their installation might not come to pass until this fall. It makes sense to cooperate with Oakwood Homes and share the road, the installation expense, and the access points, instead of taking an 'us against them' stance and insisting that Oakwood keep their installations and road separate from MGSID's.

Item #8: Discussion: The property connecting to the east end of the Trunk Line is owned by Union Pacific Land Resources and not Mr. Baxter

The recorded deeds at Morgan County confirmed, as previously presented, that Mr. Baxter does not own the long thin tract of land that directly connects to the east end of our easement. This 50' wide tract of land that abuts our 10' wide easement has been owned by Union Pacific Land Resources since 1971, and UPLR has always paid the associated property taxes. Mr. Baxter holds title to three properties that surround this tract of land, but he does not own the property in question. He has not at any time paid property taxes for this property and does not have the authority to enter into agreements, grant access or usage rights to it. Any agreements to extend our line beyond the Johnson property line would require agreements with Union Pacific Land Resources.

Blair said that he sent this information over to Mr. Baxter and Mr. Baxter confirmed that he does not own that particular piece of property. Mr. Baxter then told Blair that he would look into buying that piece of property. Blair commented to the Board that our easement agreements won't be pursued because Mr. Baxter does not own the land and that he will communicate to Mr. Baxter not to attempt the purchase based on potential agreements with the District. As it stands, it is questionable whether the District will install this extra section of line, and if it does, then there is no reason to take it beyond the fence line at this time.

Robert let everyone know that he is working with Union Pacific to see what options the District has, but UPLR has a set application process that requires drawn plans, proof of insurance and several other items. If the Board of Trustees decides that they want to pursue this option then Robert will commission the plans and initiate the application. Lannie Jolley had sent an email to the Board to let them know that he has experience working with the railroad on property issues up in Washington State and his experience was that the railroad is very slow and tedious to work with.

Mark noted that in light of this new information, he would be reluctant to spend any of the District's money on this extension and would rather it be left untouched until a developer wants to attach to the system and is willing to do the installation at his/her own expense. Blair agreed, and added that even if this extra line would be paid for by impact fees, it is not necessary or justifiable at this time.

Lynn recommend that the District commission Mountain Engineering to place physical survey markers at the end of the easement in order to permanently mark its existence, and then do an amendment to the recorded easement at Morgan County that would add the correct map. These two items would help in clarifying that the easement runs all the way to the property line and alleviate the necessity to install the physical line at this time. Mark asked Robert to put this on the agenda for the next meeting.

Item #9: Discussion: Requirement to amend the Capital Facilities Plan in order to add the 345' or more of eastbound line from SSMH7

At the March 11, 2015 Board Meeting, the Board of Trustees voted to move forward with the installation of the 345'+ section of line from SSMH7 to the east fence line or beyond pending additional information.

Jon Call informed Robert that adding this extra section of line is a Capital Improvement and that the District would have to ensure that it is included in the Capital Facilities Plan that was approved in 2014 for the Impact Fees. The additional \$25,000 to \$35,000 cost for this extra section would bring the total trunk line cost in under the \$1,087,188 that was budgeted, so the District can safely regard this addition as already being included in the plan without an amendment.

Jon also clarified that there is no need for a 'payback agreement' with Mr. Baxter as the District cannot charge or require a developer to pay for 'offsite' improvements (offsite in relation to the developer's development). Since this extra section of line is included in the Capital Facilities Plan for the new Membrane Bio Reactor upgrade, it will be paid for with money that has been and will be collected from Impact Fees. This Impact Fee income includes money from current developments and any future unplanned developments. According to Jon the District cannot levy a direct charge on a developer for system improvements that are not located within that developer's development.

Robert let the Board know that Jon had agreed to teleconference in this evening to directly answer any questions about this issue. All of the Trustees present said that this would not be necessary.

Mark and Blair both commented that they cannot endorse spending the District's money, impact fee or not, on the installation of a line that will not service anything at this time. They would rather wait for developers to actually need the connection and allow them to put it in the line at their own expense.

Item # 10: Discussion: District Operations ~ March 2015

The Board reviewed the District Operations notes for February 2015 as presented. Following are a few items of note.

On March 26, 2015 we made three transfers of excess funds from the main checking account into the following PTIF accounts:

- \$8,000 into PTIF 4667 Emergency Funds
- \$25,000 into PTIF 4668 Replacement Funds (Depreciation)
- \$25,000 into PTIF 248 Existing Resident's Funds for Proposed Sewer Facility

The Monte Verde lift station generator has been failing to start. We are having technicians work on it to resolve the problem.

The state has sent notice that the District now has to file quarterly and annual financial transparency reports starting this month (1st quarter 2015). The reports will be available for public review on the state transparency website.

Item # 11: Discussion: District Statistics as of March 30, 2015

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

Item # 12: Discussion / Decision: Review and approval of March 11, 2015 Minutes

Zane made a motion to approve the minutes as presented. Wendy seconded the motion. Motion approved.

Item # 13: Discussion/Decision: Change of day for regular Board Meeting

The request has been made to change all of the meetings to another day. Does the Board want to change the regularly scheduled meetings from the first Thursday of each month to another day, and if so, what day?

Mark, Wendy, Zane, Lynn and Janet all said that a change to Wednesday would be okay with them. Blair then made the statement that he believes he will turn in his resignation this evening and that he is reluctant to have the Board change the meeting day to accommodate his work schedule, only to resign at a later date. All of the Board Members present asked him to think about such a decision for a few days, and to let him know that they are changing the meeting day based on their needs and not his work schedule. He agreed to wait on the resignation, but he did not want the change of meeting day to be made on his account.

Mark noted that Tina had previously stated she would be okay with Wednesday night meetings. Blair then called Shane and Mark asked him Shane if he would be okay with changing the Board Meetings to Wednesday nights. Shane responded that it would be okay.

Blair made a motion to change the Board Meeting night to the first Wednesday of each month. Zane seconded the motion. Motion passed with a unanimous vote.

The monthly Board Meeting is now scheduled for the first Wednesday of each Month with the next Meeting currently scheduled for Wednesday, May 6, 2015 at 7:00 PM.

Adjourned: 9:45 PM

Signed: _____