

**MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT**  
5455 West Old Highway Road, Mountain Green, Utah 84050  
**Minutes of the Monthly Board of Trustees Meeting**  
Wednesday, March 2, 2016, 7:00 p.m.

**Board Members Present:** Zane Gray, Shane Rice, Blair Larsen, Lynn Peterson, Lannie Jolley, Wendy Eliason and Gary Ross. **Guests Present:** Tina Kelley and Gary Ross (until sworn in)  
**Employees Present:** Robert Volk and Janet Boudrero

**Invocation:** Wendy Eliason

**Chair:** Zane Gray welcomed those in attendance and acknowledged our guests, Tina Kelley and Gary Ross. Zane then chaired this meeting for the Mountain Green Sewer Improvement District.

**Public Comment Period:** No comments

**Item# 1. Open Board Position**

Board members were informed that Bill Aller, who was sworn in as a board member during our last board meeting of February 3, 2016, has found it necessary to resign his position due to a personal conflict. This leaves the MGSID board with one open seat.

Zane remarked that Mr. Ross has once again expressed his willingness to take on this responsibility and is here tonight with the desire of being appointed to that position. Lannie stated that he had been impressed with what he heard from Mr. Ross in our February board meeting. Everyone was in agreement that he would make an excellent board member.

After a brief discussion by members of the board, Lannie made a motion to appoint Gary Ross to the open position as a board member on the Mountain Green Sewer Improvement District. Wendy seconded the motion. Motion passed with all voting in the affirmative.

Zane then proceeded with the swearing in process for Gary Ross and Shane Rice, who was reappointed to his Board position on January 1, 2016. Both Gary and Shane are starting new four year terms which will expire on December 31, 2019. Zane then thanked both Shane and Gary for their willingness to serve in this capacity. Robert noted that Gary came to the District office one hour early this evening for a tour of the sewer plant in order to familiarize himself with our operations.

**Item # 2. Discussion/Decision: Resolution 160302 for the approval of the Municipal Wastewater Planning Program Report of 2015**

Robert explained that this is an annual report required by the Utah Department of Environmental Quality that allows them to evaluate which districts or municipalities have the greatest need for improvements and financial assistance. He noted that in this report the

posting of a lower number, or a zero, is more favorable and a higher number indicates areas of concern.

Robert then reviewed the report for the Board and answered all questions as he proceeded. He indicated that we appear to be in great shape as the report resulted in the District receiving mostly 0's in all queries related to operations. The only areas that generated higher numbers were connected to having adequate finances in place for capital replacements and planned capital improvements.

Robert stressed the importance of collecting for the depreciation expense in order to build up the replacement fund to cover aging equipment and infrastructure. He also noted the need to save for the existing resident's portion of the new planned facility, which is considered a service upgrade. The annual rate increases have provided a substantial improvement in the ability to put aside the necessary funds for both of these needs, but there is still a long ways to go. Our current system is valued at well over six million dollars but we only have a little over three hundred thousand dollars in the replacement fund; and the existing resident's portion for the new facility will be around one point eight million dollars and we only have about three hundred thousand dollars saved towards that expense. So, the questions on the report that asked about having adequate funding for capital expenses generated negative answers, which increased the scores.

Paul Krauth, with the Utah DEQ, had explained that they use this report to determine which districts and municipalities are in the most need of assistance and financing. Utah has a limited amount of resources (money) each year that they can provide in the form of grants and loans, and this MWPP report helps them to create a priority list for who is in the most need. In order to get on this list and ensure that MGSID is on their radar, Robert provided an explanation in the report that stated MGSID will be starting the construction process on a new facility in the next few years in order to meet Utah's new requirements to remove phosphorus and nitrogen, and that we will probably need assistance in the form of grants and/or loans.

Robert further explained that this report titled the 2015 Municipal Wastewater Planning Program Report obliges the Board to approve a resolution stating that the MVPP has been reviewed and the District has taken all appropriate actions necessary to maintain the effluent requirements in the UPDES Permit.

Blair made a statement that he does not want to see any bonding and believes that new growth should pay its own way, which has always been the Board's philosophy. Blair continued that he did not agree with the explanation provided in this report, and did not like the direction the District is being pushed in. It seems as if the ship has sailed and Blair wanted to know why the determination had been made that we needed to build this type of plant and borrow money when there must be some other accessory or method that does not cost as much in order to meet these requirements.

Blair then elaborated about earlier developers like the Saddle Brook Development Company who was interested in the Wilkinson property and had asked the Board to bond to finance their development, but the Board refused to borrow money to finance someone's speculation and insisted that developers find their own way to pay for the growth.

Robert asked Blair to understand that this report is not a commitment to bond or build any exact type of facility. This report is simply a way for the state to gauge which facilities are in the most need so they can prioritize and plan for where limited funds in the form of grants or loans will be allocated.

But, as far as the current Board approved plan goes, 85% of the new facility is to be paid for by new growth in the form of impact fees, but about 15% of the cost is the responsibility of the existing residents as a service upgrade which has nothing to do with growth. Blair argued that he believes it is a growth issue and that it can be made to be a growth issue and that the existing residents should not have to pay for that growth. Zane explained to Blair that the state is requiring the District to remove the phosphorus and the nitrates, so the existing customers must help in paying for the service upgrade part of the new system. That is not a growth issue.

Blair was reminded that he was on the Board back in 2007-2009 when the plans for the current membrane bio-reactor plant had been selected, and that Blair was part of the decision making team that calculated and approved the costs and financing, including bonding, that would be required to build the new plant. Tina noted that the Board at that time had put this project out to bid and interviewed several firms before selecting Aqua Engineering and the design and costs that are being discussed now. The study Aqua presented then, and that was updated in 2013, broke down all costs and responsibilities as well as calculated the necessary impact fees. That original study and discussion included the reasoning that there would be a necessity to bond at a certain point because the plant would have to be built before all of the money would be collected. The Manager is responsible for implementing those decisions. He is not pushing the Board in any direction other than the one the Board selected and that Blair was a part of.

Robert added that the Board always has the choice of whether to continue on the path that was previously selected, or to just stay with the existing lagoons, cap all growth, and try to sustain operations under the 25% leeway the state will allow for lagoons after 2020. The Board will also have full control over exactly what type of plant is eventually built when we start the "Final Option Study" in about two years. The mechanical membrane bio-reactor that was the best option years ago might not be the best choice when we do the Final Option Study, but we will not know until we get there. Once a final design or plant type is selected, the Board will have more realistic numbers to work with and be able to determine the exact path for acceptable financing. In the meantime we need to continue saving money in order to pay for whatever the choice may be.

Right now, the plan the Board is working under is for a Membrane Bio Reactor plant that will cost around eleven million dollars with a split cost of about 85% to new growth and about 15% to existing residents, which was broken down in both the original and updated Preliminary

Engineering Reports. We have processes in place to collect and save the necessary money for both responsibilities, but none of the accounts will have anywhere near the money needed when it comes time to start construction. Bonding was always discussed, even back in the original evaluations, as the method to bridge the gap.

In any case, none of this is to be decided at this Meeting. The Board is only discussing and approving an annual report that the state uses to prioritize possible needs. The comment on the MWPP report states that the District will probably need assistance in the form of grants and/or loans so Paul Krauth and the DEQ will be aware of our potential need and hopefully put us into a priority position for their limited funding when the time arrives. The report and this comment are not commitments to build this type of facility or take out bonds or loans.

After more discussion among board members, Blair made a motion to approve Resolution 160302 for the MWPP report for 2015 with the addition of a line of text to the end of the comment section of the report. "We (MGSID) anticipate that we **may** require financial assistance in the form of grants, and/or loans to fund the construction of the new mechanical plant. \* Based on projections we will begin final design and construction in two to three years when we hit the 80% and 90% levels of current capacity.\* ***However, the board will actively pursue all avenues of financing the expansion to limit the cost to the customer.***" Lynn seconded the motion. All voted in the affirmative. Motion passed.

### **Item # 3. Discussion/Decision: Replacement of yellow work truck**

A safe and dependable work truck is essential for the day to day operations of the District. Unfortunately the transmission of the present truck has given out and needs to be replaced and the District has already spent substantial money over the past several years just to get the truck to pass safety inspections. Another major repair at this point is throwing good money after bad. The manager is recommending replacing the truck at this time with something newer that is clean, safe and reliable.

Lannie remarked that this request is appropriate and legitimate, a no brainer, as he has personally ridden in the truck with Robert and knows that the transmission is slipping and the truck is simply a safety hazard. Lannie also remarked that it is an imbalance of image for the District and it is due time the old truck is replaced. Zane commented that he and Robert could not even get the truck a third of the way up Robinson Lane in Whisper Ridge when they took it out for a test.

Robert reviewed the information included in the agenda along with the quotes that he has researched on what is available to the District in terms of replacement via the state's purchasing program. Board members then discussed these options at some length.

Lannie then made a motion that we allow for the purchase of a new vehicle according to the specifics that Robert has included in the agenda, including the MGSID logo on the truck as well. The suggestion was made to buy locally but Robert indicated he would prefer to go with the dealer that represents the state purchasing contract. Lannie then stated he has no argument

with where Robert purchases the truck and that we purchase the truck with the information we have been given. Board members discussed this a bit further. Blair indicated he is in agreement and suggested buying a four door short bed allowing for more room for additional workers. Gary made the recommendation to include the outfitters switches. Lannie then increased the amount to \$30,000 to cover any unforeseen expenses. Gary seconded the motion. All voted in the affirmative. Motion passed.

**Item # 4. Discussion/Decision: Insurance Policies**

Robert reviewed and discussed the renewal policies for the General Liability, Auto Liability and Property Damage insurance policies with the Utah Local Government's Trust which will be renewing, March 28, 2016 to March 27, 2017.

Gary questioned what constitutes property damage liability versus equipment damage. Robert explained that liability is any damage done to another's property while the equipment damage covers our equipment for losses such as fire or theft. Lannie questioned if we receive any discounts for having fire protection. Robert indicated no because it is not an option on this commercial policy. He also offered to have our representatives with ULGT come out and discuss the policy in depth at one of our meetings should the Board wish. Nobody indicated any interest in this.

After more board discussion Shane made a motion to approve the ULGT General Liability, Auto Liability and Property Damage Insurance Policy coverages for renewal as stated. Lannie seconded the motion. Motion passed. All voting in the affirmative.

**Item # 5. Discussion: District Operations- February 2016**

Robert updated the board on the district operations for February. He informed them that Lonnie Schull with the state DWQ stopped by February 17, 2016 for an annual inspection. He found everything in order and issued the report stating that there were "no deficiencies and no response is required at this time." Robert indicated that this report is on file and available if anyone would like to review it.

Effluent continues to measure well within state requirements and removed over 86% BOD and 91% of TSS. E-Coli bacteria registered at only one organism per 100 milliliters.

**Item # 6. Discussion: District Statistics as of February 29, 2016**

Board members reviewed the recent updated financial statistics as of February 29, 2016.

**Item # 7. Discussion/Decision: Review and approval of the February 3, 2016 Minutes**

After board review of the February 3, 2016 minutes Shane made a motion to approve the minutes with corrections as noted. Wendy seconded the motion. Motion passed.

**Item # 8. Discussion: The next scheduled Board Meeting will be on Wednesday, April 6, 2016 at 7:00 p.m.**

**Adjourn:** Adjourned 9:25 p.m.

**Signed:** \_\_\_\_\_