

MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT
5455 West Old Highway Road, Mountain Green, Utah 84050
Minutes of the Monthly Board of Trustees Meeting
Wednesday, November 1, 2017

Board Members Present: Zane Gray, Blair Larsen, Wendy Eliason, Lannie Jolley, Lynn Peterson, Gary Ross and Larry Nance. **Employees Present:** Robert Volk and Janet Boudrero

Start Time: 7:00 P.M.

Chair: Zane welcomed those present and expressed his appreciation for everyone's attendance, time and efforts in serving the community. He added that Blair was attending a wedding this evening. Zane then proceeded to chair this meeting. Blair arrived later at around 8:15 P.M. making a full Board in attendance.

Invocation: Wendy Eliason

Public Comment Period: Zane mentioned that as we have no public members in attendance this evening, he would like to remind everyone that it is that time of year to discuss alternating the positions on the board of trustees of Chair and Vice Chair. He said there is actually a third position for the person whose role it would be to examine and review the financial accounts each month which has usually been done by our Vice-Chair but is open to any Board Member who would be interested.

Zane asked Robert to put this item on our December board meeting agenda. Lannie shared that he will not be looking at being here next year as of February 2018 he will be resigning his position on the board as he is scheduled to go on a church mission and then he will see what is available upon his return.

Zane asked if we are required to advertise for this position to which Janet said yes we are required to advertise a board vacancy when it occurs. Zane invited everyone to contact their friends and neighbors regarding this upcoming vacancy.

Item # 1. Discussion: Annual Christmas Dinner

Board members were reminded of our annual Christmas Dinner to be held Thursday, November 30, 2017 at Maddox Restaurant at 6:00 P.M.

Item # 2. Discussion: Board Member Training

All board members have completed the required annual training for 2017. Zane asked "how can we celebrate?" To which Gary replied, "We should go to dinner!"

Item # 3. Discussion: Board Member W-4 Forms

Board members were each provided with a W-4 form and asked to fill them out and return by our December meeting. They are necessary in order to process the annual Board Member compensation checks. Historically the checks have been given out at our Christmas dinner but this year they will be sent out after the December 6, 2017 meeting. Payroll taxes are now withheld from all compensation and we want to make sure that the proper taxes are taken out per our accountant's advice.

Item # 4. Discussion/Decision: Transfer money from Main Checking to the PTIF 4668 Replacement (Depreciation) Account (Public Treasurer's Investment Fund)

The Manager is recommending that the Board transfer \$60,000 of excess funds from our Main Checking account into the PTIF 4668 Replacement (Depreciation) Account. Budgeted depreciation for 2017 was \$170,000 to which we have previously made two transfers totaling \$110,000.

Board members discussed this item at some length. Robert explained that the board does have the option to deposit our excess funds in a number of different institutions and that the District has deposited our funds in the Public Treasurer's Investment Fund since well before his arrival. He then stated that investments with this particular Investment Fund are not insured but they are administered by the state and we receive a much better interest rate from the PTIF than from any of our local banks.

Larry questioned if there was a reason why we couldn't make transfers more regularly and would it not be prudent to take advantage of the additional interest instead of waiting until the balance gets so high to make a transfer.

Robert explained that we could do that but there are certain times of the year when we do have higher expenses and he likes to keep his eye on the accounts to make certain that we have enough money in the main checking account to cover those costs. Larry also asked if there are any fees associated with making these transfers and Robert said no, not from our main checking account or from the PTIF accounts. Robert added that we could put the transfer requests on the monthly agenda and the board could decide how much and when to make the transfers.

After more discussion Larry made a motion to approve the recommended transfer of \$60,000 of excess funds from our checking account into the PTIF 4668 Replacement Account and to add onto that that on a regular monthly basis any excess funds over and above what is needed for expenses to be moved into the PTIF funds.

Board members briefly addressed this and Lannie asked if this action would reduce the number of items to discuss each month? Robert said no that it would add an extra item to discuss. Larry then added that it would only be one agenda item and it would take but a few minutes to approve the transfer that would benefit the District's finances.

Gary stated we have a motion on the table and he will second the motion with continued discussion. He then offered some financial numbers based on the compounded interest being added to our monthly checking account balance. This additional income supports why we should make transfers to our PTIF accounts on a regular basis.

Zane called for a vote and everyone voted in the affirmative. Motion passed.

Item # 5. Discussion/Decision: Connect the 15" line to the 10 "line

Board members discussed the 10" sewer line which runs down Garnet Drive and carries most of the effluent from the Cottonwoods development. This line should be connected to the beginning of the unused 15" line at Cottonwood Canyon Road and Garnet in order to remove the excess load from the 10" line on Old Highway Road. Robert explained that the 10" line and the 15"line run parallel all the way down to the bank. He then stated that the 15" line was installed in 2007 and does not know why they were never connected, but believes we are at the limit of the existing line's capacity and should make the connection now.

Robert has not had bids done on this item yet but estimates it will run approximately \$25,000 to excavate, drill out the existing manhole and run new pipe between the manholes and then repair the road. He will seek bids and then get Board approval for this project later in 2018 if the Board approves the additional funds for it to be included in the 2018 Budget. Right now we are just discussing the budgeting for this project.

With the use of the wall map, Robert then showed both the 10" sewer line and the 15" line which run parallel down Garnet Drive and Old Highway Road. He further explained that the 15" line is basically empty, except for the new Stake Center which he recently allowed to connect. He said that the 10" line currently carries 85% of capacity on a standard day and is now severely overloaded.

Larry suggested that we should do the project now, as it looks like we have the available funds. Robert explained that the funds for this project were not included in the 2017 budget. We could do the project at the beginning of 2018 but the Board would have to approve the funds in the 2018 budget and then approve the project once the bids are in. Robert said that Larry's suggestion is appropriate and doable once the Board approves everything.

Board members discussed this at length. Lynn offered several different suggestions such as making the existing line in the uphill manhole an overflow exit, and Robert agreed that this is a possibility, as well, but it would up the estimate to about \$30,000.

Gary then made a motion to add \$30,000 to the 2018 budget in order to connect the 15"line to the 10" line at Garnet Drive. Larry seconded the motion. Motion passed. All voted in the affirmative. Robert stated that he will start looking for bids.

Item # 6. Discussion/Decision: Add a Screening System to Headworks

Brad Rasmussen with Aqua Engineering provided budget estimates for the addition of a screening system to the main headworks which will remove inorganic solids and wipes that are attaching themselves to the systems cables, diffusers and other equipment. These wipes are also filling up the lagoons and waterways with a combination of polyester/nylon which the bacteria are unable to digest or break down.

Robert briefly reviewed the three different options and added that he did not expect the quotes to be as high as they are. The prices ranged from \$508,200 to \$847,440. Robert said that installation of any of these upgrades cannot be paid for with money from impact fees as this would be considered a service upgrade, so they would have to be paid for from regular income sources.

After reviewing the three options, Robert explained that the Board could choose the alternative and live with what we have, and then dredge the first two cells when necessary. He will run new sludge judging tests this summer to see how deep our sludge is and then get estimates on the dredging, drying and removal of the solids. The new plant design includes a screening system so we could avoid the huge cost to install an additional screening system now. Board members discussed dredging of the ponds.

Larry made the suggestion that we should not underestimate the communication power of a woman. He further explained that we could get the word out through our church and community regarding the importance of not flushing wipes, etc. into the sewer system. Robert said that if anyone wants to work with the church on that, they can. He noted that if the Board wanted to create a public education program to print and mail flyers, then it should be a long term commitment with mailings on a regular interval.

Lannie asked if any of the equipment involved could be removed and replaced while the one is getting cleaned. Robert then explained the equipment at the plant and how each diffuser could have an addition 200 lbs. wipes attached to their lines. He also described how this affects the bacteria and their ability to break down the organic matter.

Gary inquired if we could install an additional grinder. Robert added that doing so would accomplish what we need as the wipes are still making their way through the grinder.

Gary made a motion that we don't build the screener (screen house) and basically wait and make another decision after Robert completes the dredge test and then see where we go next. Wendy seconded the motion. All voted in the affirmative. Motion passed.

Item # 7. Discussion: 2017 Budget

The 2018 total expenses are on track to come in just under what was budgeted for 2017, so there will be no need for any amendments to the 2017 budget.

Item # 8. Discussion/Decision: 2018 Preliminary Budget

The manager reviewed the 2018 Preliminary budget. It was emphasized that the final budget will be approved at the Public Hearing in December.

The Manager reported that the Basic Administration and Operations Expenses are almost unchanged but the Depreciation Expense continues to rise each year with the additional new developments and infrastructure. He also added that the line cleaning remains one of our highest operational expenses.

Robert added that the board will need to make a decision on which rates they want to go with for 2018. He provided copies of the proposed budget with the rates remaining at the current \$40 per month and also another budget which includes the increased \$42 rate that was previously approved. He discussed the pros and cons of each rate.

Robert briefly reviewed each item on the Income and Expense then reviewed the operations and depreciation. He added that he feels that the budget is transparent because it is presented in a public hearing and he prefers to avoid making any amendments to the budget at a later time when the public would not be involved.

Larry and Gary both expressed concern approving this item # 8 the 2018 Preliminary Budget before first discussing the rates in item # 9.

Zane then remarked that Robert will continue giving his budget presentation and afterwards the Board can make a decision to table the budget on Item # 8 at that time and address the sewer rates in Item# 9 then go back to Item # 8 for approval.

Robert continued his review of the income and expense items in the preliminary 2018 budget. Lannie then made the suggestion that under office expenses, the board also consider spending some money to purchase a new conference table. Board members briefly discussed this and Wendy added that we have a couple of chairs that are broken as well. Zane asked if this needed to be in the form of motion and Robert said no and suggested that they just take a quick unofficial vote by a show of hands.

Lannie proposed adding \$4,000 to the budget for a new conference table. By a show of hands, three voted for and three voted against. Zane broke the tie with a no vote.

Blair added that he feels if one of the Board Members wanted to donate a new table that would be great, but the point he would like to make is that the Board wants to spend the constituent's money for something he does not believe is necessary.

Larry then had a question on wages and if there was a need to consider adding some extra funds for Robert's helper for the cleaning in 2018. Robert explained that the extra help is already accounted for in the annual budget. One of the reasons we are coming in under budget in 2017, is because he could not find anyone to work this past summer.

Zane then added that we will postpone voting on this until the end of the meeting. Gary made a motion to table the decision on the Budget and go instead to Item # 9 for further discussion. Larry seconded the motion. Motion passed.

Item # 9. Discussion/Decision: Rates

Board members discussed the monthly rates and decide whether to either leave the current rate of \$40 in place or to go ahead with the preapproved two dollar increase to \$42. In 2014 the Board approved five years of gradual monthly rate increases at \$2 per year. Robert stated that the expenses for 2017 have been managed efficiently and the net revenue is a little higher than what had been projected so we are doing better than expected. His duty is to let the Board know where we are so the Board Members may make the appropriate decisions regarding rates.

Because of this, the Board could cancel the remaining two rate increases and hold at the current rate because basic liabilities are now being met. However, if left in place, the remaining two rate increases would expedite savings towards the Existing Residents portion of the cost for the new facility.

After board discussion Larry made a motion to leave the rate increase in place with no changes. Wendy seconded the motion. Gary then moved for discussion.

Blair said that he would not be opposed if the added funds were earmarked to go specifically for the new plant. Robert noted that the District operates as an Enterprise Fund and there is no restriction on moving monies between accounts under the Enterprise Fund.

Zane called for a vote and Wendy, Larry, Gary, Lynn and Lannie voted yea, Blair voted nay, and Zane abstained. Motion passed.

Item # 10. Discussion: 2017 Cost of Living Adjustment- Wage Step Program

Robert briefly reviewed this item and explained that an approved motion from April 13, 2006 and the District Personnel Policy require the employee wages to be adjusted every year to keep pace with inflation. In 2016 the Board approved a motion to tie the District Cost of Living adjustment (COLA) to the conservative Social Security COLA. Based on that the District Wage Step program will be adjusted by 2% for 2018. The budget line item for Wages and Benefits is the same as it was in 2016 & 2017.

Gary then moved to go back to item # 8. Decision on 2018 Preliminary Budget

Item #8. Discussion/ Decision: 2018 Preliminary Budget ...Continued

After a brief review and discussion Gary made a motion for the board to approve the amended Preliminary 2018 Budget with the \$30,000 increase in order to connect the manholes at Garnet and Cottonwood Canyon. Larry seconded the motion. Lynn, Wendy, Gary, Larry, Lannie voted in the affirmative. Blair opposed. Motion passed.

Item # 11. Discussion: Best Practices Checklist- Third & Fourth Sections

Gary made a motion to Post pone this item and move Item # 11 to our December board meeting on December 6, 2017. Lynn seconded the motion. Motion passed.

Item # 12. Discussion: District Operations – October 2017

Board members briefly reviewed the District Operations for October 2017. Effluent continues to measure well within the state requirements and removed over 98; % of Biochemical Oxygen Demand (BOD) & 99% of TSS. E-Coli bacteria registered as Non-Detectable.

Item # 13. Discussion: District Statistics as of October 31, 2017

Board members briefly discussed the District statistics as of October 31, 2017. Lannie added his reviews of the financials were all okay and he found no discrepancies.

Board members briefly discussed ERU's and were reminded that when the District is at 70% we should be in our option study and then when we are at 80% we should be in our actual design phase ant then at 90% we should be in the building process.

Item #14. Discussion/Decision: Review and approval of the October 4, 2017 Minutes.

After review of the Minutes of October 4, 2017 Gary made a motion to approve the minutes as corrected. Lynn seconded the motion. Motion passed.

Item #15. Discussion: Board members were reminded that our annual Public Hearing for the 2018 Budget Approval will be held December 6, 2017 at 6:00 P.M. with our Board Meeting starting at 7:00 P.M.

Item # 16. Motion to Adjourn

Larry made a motion to adjourn. Gary seconded the motion. Motion passed. 9:50 P.M.

Signed _____