

MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT
5455 West Old Highway Road, Mountain Green, Utah 84050
Minutes of the Board of Trustees Meeting
Wednesday, August 5, 2020 6:00 P.M.
APPROVED

Board Members Present: (Chairman) Larry Nance, Zane Gray, Lannie Jolley, Taylor Nielsen and Nathan Hill. **Employees Present:** Kent Wilkerson (Manager) Heather Burger (transcriptionist) **Guests Present:** Kennedy Riley(Child Richards),Jared Anderson(Sunrise Engineering), William Coutts, Dave Seibert (Community members) Ed Schultz, Vance Bostock, and Bob Wheaton (Wasatch Peaks Ranch)

A. Call to Order: Chairman Larry Nance welcomed everyone present then called the August 5, 2020, meeting to order at 6:05 P.M.

B. Prayer: Member Jolley

C. Approval of Agenda: Chairman Nance made a recommendation to postpone agenda item #1 until the September board meeting so that the correct Impact fee amount can be posted to the public for a vote. Member Nielsen made a motion to update the impact fee to match the capital facilities plan and prepare it for review in next month's board meeting. Chairman Nance seconded the motion. All in favor. Motion carries.

Chairman Nance asked that the corrected information be double checked with the board auditor before it is posted to the public.

D. Declaration of Conflicts of interest: None.

E. Approval of Minutes: Chairman Nance asked that we double-check that the number for the impact fee matches what was actually said in the meeting. Member Hill made a motion to approve the minutes as corrected. Member Jolley seconded. All in favor. Motion carries.

F. Public Comment: None

Agenda Items

1)Impact Fee Public Hearing

Postponed until September.

2)Sunrise Work Releases _ Jared Anderson of Sunrise Engineering

2a) #2020-1-Preliminary Engineering -Budget Allocation

2b) #2020-2-General Engineering Services

The next step in the work with Sunrise requires 2 work releases. The preliminary design includes funding, preliminary engineering, environmental assessment, geo-tech (which has

previously been discussed at length with Manager Wilkerson to avoid double boring), and equipment RFP and selection. Mr. Anderson asked if there were any questions from the board.

Member Nielsen noted that the expansion project sub-committee is in favor of the work release as it stands. Member Gray asked Member Nielsen if the district is getting what they are paying for. Member Nielsen confirmed that the district is getting quality work for a reasonable price, especially considering the complicated engineering that is required. Other members of the board gave complimentary statements about the work that Sunrise has provided.

Mr. Anderson Explained that work order 2b is for work that is associated with the Wasatch Peaks development. Sunrise will be reviewing engineering work done for Wasatch Peaks in the interest of the district. The work is billed, based on a fee scale for individual tasks that are reviewed, and the cost to the district will be refunded by Wasatch Peaks (see agenda item 5). Work order 2b also covers further review engineering work by Sunrise as may be needed for similar future projects.

Member Nielsen made a motion to proceed with the work orders for Sunrise Engineering listed as 2a and 2b in the board's information packet. Chairman Nance seconded the motion. Manager Wilkerson noted that the current impact fees fund will not cover the cost of the work order, so money will be taken out of expansion fund 0248. Chairman Nance asked that the correct impact fee of 5,685.20 be recorded from page 94 of Sunrise's facilities plan. All in favor. Motion carries.

3) Audit 2019 report_ Kennedy Riley_Child Richards Auditing

Ms. Riley stated that she worked on the audit with Mr. Ryan Child and that they have issued a clean, unmodified opinion, meaning that the financial statements are free from any material errors and that they are in accordance with accounting standards. Ms. Riley gave a summary of their work to the board.

After her presentation and some discussion, Chairman Nance made a motion to accept the Child Richards auditor's report with corrections for the 2019 fiscal year. The motion was seconded by member Hill. All in favor. Motion carries.

4) Finance Committee Report: Cash Flow_Monthly Rate Adjustment

Member Hill and Chairman Nance discussed with manager Wilkerson several options for covering the cost of the capital facilities improvement plan. The recommendation from the committee is that the district increase monthly rates to \$50. A moderate one-time increase covers costs, even with growth rates as low as 3.45% (historic rates are 4.5%), for the next 10 years.

Other options considered were to double taxes and monthly rates, increase taxes without increasing monthly rates, and no monthly rate or tax increase. Respectively, these put an undue burden on residents and/or did not cover costs sufficiently.

Member Nielsen, member Jolley, and member Gray all supported the finance committee's recommendation and expressed appreciation for their thorough investigation into various options.

Member Hill made a motion to increase the monthly user rate to \$50, beginning in January of 2021, to not increase taxes at this time, and to hold a public hearing to that effect at the September 2020 board meeting. Chairman Nance seconded the motion. The board voted unanimously in favor of the motion. Motion carries.

It was noted that the slide in Member Hill's presentation erroneously said the rate increase would begin in January 2020, but this will be corrected to reflect the accurate date, January 2021.

5) Wasatch Peaks Ranch_Out of District Service Agreement

Chairman Nance asked whether Wasatch Peaks prepared the initial Out of District Service Agreement, and whether it's the document that the Wasatch Peaks' attorney approves. Mr. Bostock affirmed that it is the approved version. It was originally produced by Wasatch Peaks, but has gone back and forth between Wasatch Peaks and the district until it has come to the current version.

Member Jolley asked if there was any tracking of the way the service agreement has changed over time between the district and wasatch peaks. Mr. Bostock noted that the tracking was done through email. He gave examples of how the changes were made and agreed upon. There are also shared "version numbers" on the service agreement as changes are made.

Member Gray referred to page 15, asking what was meant by 'Wasatch Peaks will provide the final rate analysis.' Manager Wilkerson clarified that Wasatch Peaks is to provide an update to the CFP/IFA with the information that was previously discussed. That process will illuminate how it affects the district's impact fee and monthly rate, if there is anything significant. There are also provisions in the agreement that Wasatch Peaks' monthly rate will be twice the normal monthly rate.

Member Gray also asked for clarification about what is meant by the 'political climate'. Mr. Bostock said that since January, working with the planning commission in Morgan County has been difficult, and that they did not feel confident that if they went back to the county for annexation approval that they would get it. The agreement, therefore, makes provision that Wasatch Peaks is not required to annex into the district. It is left to their discretion (though incentivized) depending on how the political climate works in favor of that annexation. Mr. Bostock was hopeful that time and building relationships in the community would be helpful in making that possible in future.

Member Gray also referred to section 1.7 and asked whether there should be a provision to inspect the sewer improvements done by Wasatch Peaks after the 2 year warranty period.

Member Nielsen said the committee felt like that issue was covered under the APWA specifications, included in the agreement, that include air tests and other tests as necessary. Manager Wilkerson also noted that, as specified in the agreement, all the Mountain Green

sewer improvement standards apply. Member Gray asked whether at the end of 2 years there is a risk of structural failure. Mr. Bostock commented that this is the purpose of the testing at the end of the 2 year warranty and testing will be done before the hand-off to the district.

Chairman Nance asked what happens if the rate analysis that Wasatch Peaks provides is not agreeable to the district. Manager Wilkerson said that WPR will provide the rate analysis to the district for approval. Chairman Nance noted that he wants to ensure that the rate paid by Wasatch Peaks is not less than what people of the district are already paying. Member Nielsen said that if WPR is part of the district then it's the same as adding new residents to the district. If they are not annexed into the district then the agreement stipulates that residents in Wasatch Peaks Ranch will pay a higher rate than the residents who reside in the district. Member Hill had a question about the logistics of how residents will be identified and billed. Manager Wilkerson said that all of the details will be worked out before residents can obtain a building permit. The service agreement in question applies to Wasatch Peaks Ranch and its "successors" meaning that if the land were sold and/or when it becomes the possession of the land owners or their HOA, the agreement remains the same.

Chairman Nance said that he will lean on the discretion of member Nielsen and the expansion committee, with the possibility of having the agreement reviewed by a lawyer. Member Nielsen made a motion to approve the agreement with modifications given by Mr. Bostock. Seconded by chairman Nance. All in favor. Motion Carries.

6) Annexation Request: Resolution to annex 4218 Lilac Lane_ Doyle Talbot

Mr. Talbot is requesting annexation into the district's sewer system. There is an existing main line on Lilac Lane which Mr. Talbot could hook up to. Manager Wilkerson suggested that others in the subdivision might also be interested in annexing at this time, especially because the roads will already be torn up due to scheduled county improvements. He further suggested that the district might be able to offer some incentives to this effect. It was also noted that the state has changed its laws regarding septic tank systems and that residents in Rose Hill will be required at some future date to annex into the district anyway.

Member Gray asked whether it was possible to lay the sewer mains on the two remaining roads without forcing an annexation on the whole community. Manager Wilkerson said that it is. Chairman Nance noted that it seemed a matter of good stewardship from a community standpoint to lay the sewer mains down if possible. It seems like a win-win for everyone. Manager Wilkerson has a plan to recoup costs to the district as members of Rose Hill are annexed in.

Member Nielsen asked the specifics on what road maintenance is scheduled to be done. Manager Wilkerson said that he wasn't sure. Member Gray said he was under the impression that secondary water might also want to use the scheduled road maintenance to lay lines down,

and had asked the county to delay road maintenance to the point that there will be a total road replacement.

After some discussion, member Gray volunteered to canvas the neighborhood to determine community sentiment about possible annexation, and provide information about personal benefits and costs. It was noted that Mr. Doyle had volunteered to help. Mr. Doyle's sewer need is imminent but not an emergency so there is time to investigate a group annexation.

Member Nielsen said he feels strongly that the district make sure the whole group is willing to annex before we pay for improvements and put money toward it, especially because it would be an out of district improvement, and considering the costs already incurred by the district for the upcoming expansion project.

Possible rogue connections in the Rosehill subdivision to be investigated in conjunction with the annexation process by manager Wilkerson.

Member Gray will report back to the board at the September 2020 board meeting.

7) Manager's Historical Report on Impact Fees.

There are two impact fees charged historically that the board has to work with at this point. The one is referred to as 'advanced funding'(3456). The developers pre-paid the impact fees so that the capacity of the sewer district could be improved back in 2009. Now, when someone purchases and builds one of those prepaid lots, the district must pay the impact fee back to the developers. The district still owes about \$155,000 to developers as of July 2020. As of 90 days from July 1st, 2020, the district will be able to collect the difference between the new impact fee and the prepaid impact fee from 2009, creating revenue to go towards the districts' expansion projects. Chairman Nance noted that this is good news and good work on Manager Wilkersons' part.

After 2014, a new impact fee of \$5,271 was charged, and developers prepaid for all the lots up front, either by cash or contract. There are 22 lots outstanding from these prepaid lots to which the sewer district owes service, but cannot collect an impact fee from when they connect. However, the district will be able to collect the difference between the old and new impact fees going forward. Manager Wilkerson also noted that, in future, the district will begin collecting the impact fee at the time of service rather than having developers pay in advance.

8) Customer Insurance

Member Nielsen recommended that the district wait until it is bigger before offering a customer insurance option. Chairman Nance and member Hill concurred.

9) Board Vacancy

Member Jolley will be retiring from the board as soon as a replacement board member can be found. Chairman Nance thanked member Jolley for his service to the community and the board.

Two members of the community attended the meeting and presented themselves to the board as possible candidates to fill the position. A third party, Mr. Lynn Peterson, is a possible candidate but did not attend the meeting.

Dave Seibert: has been in the community for 30 years. He founded AYSO when his kids were small. Works for OC Tanner for the last 21 years in the supply chain and manufacturing.

William "Bill" Coutts: Graduated from the Airforce Academy in 1980. Served in The United States Airforce primarily as an F16 pilot and retired in 2006 as a Colonel. Worked for Lockheed Martin for 10 years in executive level positions. Served on several boards, including an HOA board, of which he was the president for 5 years. Interested in serving on the board to support the community, and to help provide quality and efficient sewer services to its residents. He is currently retired and has lived in the community close to 2 years.

It was decided that any decisions and discussion about board membership would be postponed to the September Board meeting, and that Manager Wilkerson would reach out to Lynn Peterson so that he could possibly be present at that meeting.

10)Reports

Auditor:

Overall the district increased our funds by \$12,000 which is a smaller than normal increase, but there was a big payout to Sunrise this month also.

Manager:

Member Hill had a question about the total monthly income. Lower than what it should be.

Manager Wilkerson clarified that total reflected the tax income.

Chairman Nance asked whether more and more people are paying late. There was a conversation about how many people are delinquent on their account and whether it's a trend.

Member Hill noted that people are paying their fees before they become 6 months delinquent so it stands to reason that the late fee is effective, and people are still able to pay their bill.

Chairman Nance referring to pg. 23. Someone near Cascade Drive discharged paint thinner.

What impact does that have on the plant? What are we doing to prevent further incidents?

Manager Wilkerson confirmed that there weren't any further problems caused by the discharge

and that he had addressed the issue with the neighbor in question to the point that he was able to without proof that he was the neighbor responsible.

Chairman Nance asked whether we are doing anything to prevent infiltration. Manager Wilkerson responded that we are during manhole inspections. He is making preparations to address this during the scheduled cleanings for 2021.

Chairman Nance asked whether the camera can be used. There was some discussion about whether the camera should possibly be replaced.

Member Gray reported that one of the manholes by Rollins ranch was tipped up. It was put back, but it is obviously loose. Manager Wilkerson will inspect. Manager Wilkerson noted that he is grateful that the county is being proactive about replacing manhole covers.

Chairman Nance asked why we are waiting on UDOT to begin cleaning manhole covers.

Manager Wilkerson said he needs clearance to work inside the UDOT right of way.

Member Hill asked what is being cleaned. Manager Wilkerson explained that they clear anything that could potentially block the line and then use the camera to check the line for any damages. Just a routine part of keeping the lines maintained.

Member Hill asked whether Shane Pentz was paying the district for the hay which he cut on the district's property. Manager Wilkerson said that he had not paid yet, but that he was grateful that the district did not have to use its own time and resources on removing the hay.

11)Board new business

Report from Zane on Rosehill

Kent report back on rogue connections in Rosehill (suggestion to use the camera to check)

Ordinance finalize/review and public hearing

Chairman noted that the impact fee should match pg 94 of the Sunrise report dated July 2020

Appointment of new board member

Public hearing/notice for the new monthly fee

Funding update from Sunrise

12)Motion to Adjourn

Member Nielsen motioned to adjourn. Member Gray seconded. Meeting adjourned at 8:54pm.