

MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT
5455 West Old Highway Road, Mountain Green, Utah 84050
Minutes of the Annual Public Hearing for the 2018 Budget
Wednesday, December 6, 2017
6:00 P.M. to 7:00 P.M

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

Guests Present: Lucas Gray, Bart Smith and Jess Holyoak

Welcome: Board Chairman Zane Gray welcomed everyone in attendance and introduced his son Lucas who was attending as a Public resident. Bart Smith and Jess Holyoak were also present to request a Will Serve Letter for 22 lots in the Shady Creek Estates Development as Item # 2 in our regularly scheduled meeting.

Invocation: Zane Gray

Public Comment Period: None at the opening of the Hearing at 6:00 P.M.

Item # 1. Discussion/Decision: Public Hearing to review and approve the 2018 Budget

Zane reviewed the State regulations pertaining to the requirements for holding the Public Hearing and said that the hour between 6:00 P.M. and 7:00 P.M. is reserved for the Public Hearing and no formal actions may be taken until the hour is complete and public comments regarding the budget have been expressed. At the end of the one-hour period, the Board is requested to amend the budget as necessary and approve the detailed budget, the summary budget and the budget resolution.

Zane then officially opened the Public Hearing and turned the time over to Robert for his presentation of the 2018 Budget.

Robert reviewed the 2018 Budget by first going over the Income Items and further explaining the District's financials, including our different bank account and anticipated income and what he expects in the way of Impact Fees and Inspection fees. He then reviewed the expense items and addressed what additional expenses he is anticipating in 2018 such as a new computer for the office and is also expecting to pay more for our lab tests. The District expects to spend approximately \$12,000 for the cost of uncovering manholes, removing pavement and collaring etc. He added that the District is on a continual growth pattern going straight up and along with that the District value is also going up as well with the current value at approximately 7.8 million including our pipes, buildings, equipment and money in the bank etc.

Bart Smith inquired if the District is liable to the County to pay property taxes on our assets to which Robert responded that no, we are a taxing entity and collect taxes but

as Governmental Agency we do not pay taxes. We do factor in the line item expense of depreciation for the calculation of our rates.

Robert further explained that the bid he received for making connection of the two manholes at Garnet Drive and Cottonwood Road came in above what he had anticipated. The total cost for that project will be about \$38,000 instead of the guestimate of \$30,000 that was used to calculate the Preliminary Budget presented in November. Robert is requesting that the Board increase the line item under Collection Lines & Manholes from \$42,000 to \$50,000, which is an increase of \$ 8,000 to cover the additional amount of this bid.

Board members discussed the bid and different solutions at some length. Blair recommended that instead of trying to complete this project in January or February to instead wait for more favorable weather to avoid the high ground water levels in that area. Robert explained that the ground water levels had been taken into consideration and that the bid included line items for adequate pumping and noted that this time of year would present the lowest levels of ground water.

Public Comment Period:

Blair then approached the Board Members as a resident and commented that he is concerned that the District does not need the additional rate increase that the Board has agreed to leave in place. Blair feels that the \$2.00 increase for 2018 is not necessary. He also feels that those additional funds that are being collected should be earmarked for expansion to go towards the new plant and if that cannot be done, then he believes that we should stop including it in our regular bank accounts and start referring to it as expansion fees or label it as a saving account. He then made an appeal to the Board for them to please look at the rates one more time and made the plea that they hold the monthly service fee to the \$40.00 and to not increase it.

Robert was then allowed to clarify that all of the bank accounts are clearly labeled as to what their purposes are. In addition, any "expansion fee" related account is both clearly labeled by Impact Fee amount as well as kept strictly separate from all other income and monies. By law, Impact Fees, or "Expansion" income, can only be used for the specific project for which it was collected for and must be used within a specific time frame. The other four bank accounts, which include the main checking account and the three PTIF accounts for Emergency, Replacement (Depreciation) and the Existing Resident's Portion for the New Facility, are all money that can be used for anything. The accounts this money is in have been given specific names in the hope that the Board will only use them for what was designated, however there is no legal requirement to do so.

Zane remarked that financially the District is actually charging rates below where we should be at this point in time, if one looks at inflation and what has been previously projected to cover our expenses. Board members then returned to the discussion of increasing the line item under Operations/ Collection Lines & Manholes from \$42,000 to

\$50,000 to cover increased bid costs for manhole repairs. Zane then reminded the Board that we need a motion in regard to the increased line item.

Larry Nance then made a motion that the Board approves the 12/06/17 Adjusted 2018 Budget to \$ 50,000 from the previous \$42,000. Lannie seconded the motion. Motion passed all voting in the affirmative.

Robert then presented the final part of the 2018 Budget which after our Total expenses we will have a final net income of approximately of \$26,000. Board members continued to briefly discuss this item.

Larry then made a motion to approve the 12/06/17 Budget as presented to the Board as corrected. Gary seconded for discussion.

Blair then questioned, again, if the Board would be willing to reopen the discussion on not increasing the monthly rate and wanted to know if there was at least one Board member who would consider not going through with the approved rate increase. Gary remarked that we have already voted on that. Larry said we are voting on the budget not the rates.

Zane stated that for a public record or explanation he would like each Board Member to state their standing or decision on this particular item if they are for or against the already voted upon rate increase.

Larry stated his vote is to leave the rate increase in place we need to have the money set aside for the approximate 1.8 million that will be the responsibility of the existing residents, and it is our duty to make sure we are collecting as much money as possible and putting it aside. Wendy agreed with what Larry said. Gary was also in agreement with what Larry said if we didn't stick with our projected increase we would be cutting a very small margin in keeping our budget in the black. We have an obligation to serve the public by using that money in reducing their future liability. He also remarked on the anticipated costs coming our way with the EPA legislation water quality / algae blooms etc. Lannie said he is also in agreement with the decision to leave the rate increase in place and believes in making proactive decisions. Lynn also said he was in agreement to leave the rate increase in place.

Zane then called for a vote. Wendy, Gary, Lannie, Lynn and Larry voted in the affirmation. Blair opposed. Motion passed.

The Board next discussed approving the the Resolution 171206 for the Adoption of the 2018 Budget to be sent to the State.

After a brief discussion Larry made a motion to approve Resolution 171206 for the Adoption of the 2018 Budget. Wendy seconded the motion. Larry, Gary, Lannie, Lynn and Wendy voted in the affirmative. Blair opposed. Motion passed.

Zane Closed the Public Hearing and moved into the regularly scheduled Board Meeting.

Item # 2. Discussion/Decision: Will Serve for 22 lots

Board members were reminded that any Will Serve Letter issued will be good for one year from the date issued unless Morgan County has given final approval to the project. The District currently has the available capacity for 431 more ERU's.

Bart Smith was present along with his engineer Jess Holyoak, to request a Will Serve letter for 22 lots in the Shady Creek Estates development at the top of the Highlands. Bart had a set of blue prints which help to explain their plans in making connection to the sewer and how this was to be done. Bart stated that each lot borders on the creek and that all drains will be put into the creek.

Gary and Robert both read the Districts requirements or conditions for issuing a will serve letter, which included practical access along with the requirement of a utility easement for the main line, which had never been previously issued. Blair shared some recommendations on how to accomplish getting practical access.

Board members discussed that the District does not want any sump pumps. Bart then said that they would grant an easement along the entire road and will create access to those manholes.

Robert explained that that an 8" sewer line has already been installed and expressed concern with the road not being wide enough to get a pump truck or equipment down in there to service the lines and does not want to have to go through anyone's property. He also emphasized the importance of having a road with favorable conditions to support a heavy vehicle. Board members discussed this at some length.

After more discussion Gary made a motion to approve the Will Serve Letter for twenty two ERU's for the Shady Creek Estates based on the additional conditions that the Board would like to add. These conditions include that the developer will issue us a utility easement along the existing line along with any additional sewer lines that are installed; and another condition that the developer creates access from the paved roadway to within the reach of any one manhole in the development. Lannie seconded the motion. Blair, Lannie, Wendy, Larry and Gary voted in the affirmative. Lynn abstained. Motion passed.

Item # 3. Discussion/Decision: Approve expense to connect the two manholes at Garnet Drive and Cottonwood Canyon Road.

At the November 2017 meeting the Board approved the additional estimated 2018 budget to connect the two manholes at Garnet Drive and Cottonwood Canyon Road with a 15" line and create an overflow connection to the original 8" line. The Board also

recommended that this connection be made at the beginning of 2018 instead of waiting for fall and add an overflow outlet to the existing uphill manhole. Board members discussed this item at some length. Discussion was held on the specifications within the contract.

Blair expressed his ideas and concerns with this project and suggested that we have an extensive contract drawn up between the District and the contractor. Larry stated that the bid acceptance is an acceptable contract in itself and is a normal business practice. A couple of the other Board Members agreed. After more discussion Larry then made a motion that we accept Leon Poulson's bid on to connect the two manholes at Garnet and Cottonwood Canyon for \$35,038.45 so the Manager can get the work completed as proposed (by mid Feb.) Lynn seconded the motion. Discussion then ensued for this item.

Gary then made the suggestion that, if Blair wanted, he should make a motion amend the first motion in order to include the contract Blair wants to add.

Blair then made a motion to amend the existing motion and add a requirement for a substantial contract that he would write . Wendy asked if there was a time element on how soon this would be written. Blair then stated that he would write the contract in the next week. This new motion for a correction failed for lack of a second.

Larry then asked for a vote on the original motion that did not include a special contract. Wendy, Gary, Lannie, Lynn and Larry voted in the affirmative. Blair voted nay. Motion passed.

Item # 4. Discussion: Board Position Terms

The four year terms of Blair Larsen, Wendy Eliason and Lynn Peterson will expire December 31, 2017. Expiring December 31, 2019 the terms of Zane Gray, Lannie Jolley, Gary Ross and Larry Nance.

Wendy, Blair and Lynn all confirmed they are asking to be reappointed for another four year term and Robert noted that this would be on the January Agenda.

Item # 5. Discussion/Decision: Chairperson for 2018

Lannie shared that will be resigning his position as Vice-Chair the end of 2017 because he will be resigning his position on the Board as of February in order to serve on a Mission. As such, Lannie will not be asking to move up to the position of Chair. Gary made a motion to appoint Zane Gray as Chairperson for 2018. Wendy seconded the motion. Blair moved for discussion. Zane stated he is willing to fulfill this position again. Blair stated that he would like to see the position of Chair rotated every year and would like that on record.

Wendy, Gary and Lynn voted yea. Larry voted nay, Lannie voted nay, Blair voted nay. Zane broke the tie with a Yea vote. Motion passed.

Item # 6. Discussion/Decision: Vice Chairperson for 2018

After Board discussion Lannie made a motion to appoint Gary as the Vice-Chair for 2018. No second was made as Gary politely declined. Blair then stated that he would like to add himself for consideration to be the Vice-Chair. Lannie then withdrew his original motion.

Lannie then made a new motion to nominate Larry as the Vice Chair and auditor for 2018. Wendy seconded the motion. Lynn, Wendy, Larry, Gary and Lannie voted yea. Blair voted nay. Motion passed.

Item # 7. Discussion: Conflict of Interest Disclosure Form

Robert stated that we are still short one Disclosure Form and noted that this is required by State Code. Lannie said that Conflict of Interest Disclosure Forms are not new as he has filled out one every year for his job. Every Governmental agency is required to do this. Larry and Gary added that they have to complete on for their jobs, as well. Lannie continued that It is important to work as a team as this is also required by our auditors to be in compliance so everyone on the Board should be turning in their form. It is unfair for the entire Board to get a negative mark due to the inaction of a single Board Member.

Item # 8. Discussion: W-4 Forms

Robert stated that this item has been fulfilled. Everyone has turned in their W-4 Forms.

Item # 9. Discussion/Decision: Transfer money from Main Checking

At the November 2017 Board Meeting the Board made the decision to review and transfer excess funds from the Main Checking account into one of the PTIF Accounts when reasonable.

Because of anticipated higher expensed this month the Manager is recommending that the Board wait until the January to evaluate making a transfer at that time.

Gary then made a motion that we do not transfer any funds this month. Wendy seconded the motion. Motion passed.

Item # 10. Discussion: Paving over and/or covering manholes

In our November Board Meeting discussion regarding the 2018 Preliminary Budget an objection was raised over District Funds being used to uncover, raise the collar manholes that had been buried and/or paved over. The Board requested that an item

be added to the Agenda to address this issue and how it might be prevented in the future.

Robert apprised Board members that the eight manholes in question were covered somewhere between the years 2000 and 2008 by Morgan County, developers or UDOT. They are just being discovered now due to the progression in our mapping system and inspection process.

Board members were encourage to keep their eyes open and if anyone happens to see any paving going on to send our Manager an email and alerting him of the situation.

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

Gary made a motion to postpone Item # 11: discussion: Best Practices Checklist- Third and Fourth Sections until our next meeting in January. Lynn seconded the motion. Motion passed. All voting in the affirmative.

Item # 12. Discussion: District Operations – November 2017

The District's effluent continues to measure well within state requirements and removed over 98% of Biochemical Oxygen Demand (BOD) and 99% of Total Suspended Solids (TSS) in the month of November. E-Coli bacteria registered as Non-Detectable.

Item # 13. Discussion: District Statistics as of November 30, 2017

Board members briefly reviewed the District Statistics as of November 30, 2017.

Item # 14. Discussion/Decision: Review and approval of the November 1, 2017 Minutes.

After Board review Gary made a motion to approve the minutes from November 1, 2017. Larry seconded the motion. Motion passed. All voted in the affirmative.

Item # 15. Discussion: Next Board Meeting is scheduled for January 3, 2017 at 7:00 P.M.

Adjourn: 9:55 P.M.

Signed: _____