

# MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT

*5455 West Old Highway Road, Mountain Green, Utah*

**Agenda for Thursday, September 4, 2014**

**Board of Trustees Meeting at 7:00 PM**

- I. Welcome, Introductions, Invocation
- II. Public Comment Period
- III. Business Items

## 1) Discussion: 2014 ~ 2015 Budget Status

- We will begin going over the 2015 Preliminary Budget in detail at the October Board Meeting, but it is relevant to briefly review the status of the 2014 and 2015 budgets in order to discuss the preliminary rate proposals in the next item.
- The Public Hearing for the 2015 Budget approval will be on December 4, 2014

	Budgeted 2014	Projected Final 2014	YTD 8/29/2014 2014	Preliminary Budget 2015
OPERATING INCOME	\$ 367,272	\$ 368,000	\$ 219,186	\$ 374,750 **
OPERATING EXPENSE	\$ 331,414	\$ 310,500	\$ 157,632	\$ 330,000***
INCOME BEFORE DEPRECIATION	\$ 35,858	\$ 57,500	\$ 61,554	\$ 44,750
DEPRECIATION	\$ 113,000	\$ 157,400*	\$ 91,810	\$ 157,000
NET INCOME	(\$77,142)	(\$99,900)	(\$30,256)	(\$112,250)

*\*Note the increased Depreciation in the 2014 Projected Final – Due to the adjustment for the Rollins Ranch 1, 2 & 3 and the Cottonwoods 2 & 3 developments after the 2014 budget had been submitted last December.*

*\*\*The 2015 Operating Income is based on an average 900 billings per month @ \$28 per ERU plus property taxes, inspections & miscellaneous income.*

*\*\*\*Note: Proposed 2015 Expense budget is \$1,400 less than the 2014 Expense Budget.*

## 2) Discussion: Preliminary Rate Increase Proposal

- This is a preliminary discussion of a proposed rate increase with the goal of defining a new monthly sewer rate at the October and November Board Meetings and then presenting it, along with the 2015 Budget, for approval at the Public Hearing on December 4, 2014
- A rate increase is necessary for two reasons:
  - To create a balanced budget with the depreciation expense included. Depreciation should not be separated from the other Expenses.
  - To begin putting money aside for the existing resident's portion of the proposed Membrane Bio Reactor sewer processing plant.
- Robert will give a slide presentation detailing his research and recommendations so the Board Members may provide their input.
- The Board should review the data and discuss the options so we can institute a rate increase that will be both reasonable and allow operations to continue with positive growth and a balanced budget.

### 3) Discussion: Grandfathered Rates, Discounts and Billing Suspensions

- There are a few grandfathered rates, unofficial discounts and billing suspensions of the monthly service rate that are being provided to just a few residents. It would be appropriate for the Board to address all discounts and billing suspensions that are offered and put them into policy so that they may be applied equally to all residents in the Mountain Green Sewer Improvement District. All changes could be discussed at the October and November meetings, then put up for approval at the December public hearing.
- Grandfathered Rates ~ We should correct all of these with the new rate approval
  - Browning: 8.5 @ \$23.per ERU = \$195.5 per month – Should this be 8.5 @ \$28 per ERU or 7 @ \$28 per ERU = \$196 per month?
- Discount for residents who use their MG home seasonally, intermittently or leave the residence vacant because they have second and/or multiple homes.
  - The current unwritten policy is to provide a 50% discount on the monthly rate for someone who states that they do not live in their MG residence on a full time basis.
    - There are currently about 10 homes that get this discount every month.
    - Does the Board want to make this an official policy that is publically available to all MGSID residents?
- Discount and/or suspended billing for vacations and missions.
  - The current unwritten policy is to provide a 50% discount on the monthly rate and/or suspend billing completely for a home that will be vacant due to a the occupants participation in a mission and/or a vacation.
  - Does the board want to make this an official policy that is available to all MGSID residents and include sabbaticals for all volunteer work, holiday and religious denominations?
- Prorating for move in/move out during billing period
  - The Move in/Move monthly billing is pro-rated for the number of days the residence is occupied during the billing period.
- Discount for MGSID residents that are on a fixed income, undergoing financial hardship and/or are disabled/handicapped.
  - Currently, there are no residents getting a discount for reasons of financial hardship, but such discounts have been mentioned as something that the District should be offering.
  - Would the Board like to see a Discount Policy for financial hardship offered? And, if so, what should the qualifiers and discounts be?
- Are there any other situations that the Board believes would be appropriate to offer discounts and/or billing suspensions for?

### 4) Discussion/Decision: Additional testing starting January 1, 2015

- The Utah Department of Water Quality is requiring additional tests for both the Influent and Effluent waters starting January 1, 2015. Plus, ALL samples will now have to be collected from a 24 hour composite instead of a single grab (we currently use a composite sampling machine at the influent/headworks basin but not at the effluent/discharge basin).

- The new additional (non-optional) required tests are:
  - For Influent: Total Phosphorus for P and total Kjeldahl Nitrogen as N.
  - For Effluent: Total Phosphorus and Total Orthophosphate as P, Ammonia, Nitrate-Nitrite and Total Kjeldahl Nitrogen as N.
  - The results from these tests will be averaged and create the baseline parameters for our lagoon discharge. Any exception requests for the new permit limits would have to be presented to the state by January 2018 and would go into effect in January 2020. After 2020, our lagoons would not be allowed to exceed 125% of the baseline Phosphorus discharge before the new mechanical plant goes into operation.
  - These new tests will increase our monthly testing expense by about \$140 and take the costs from \$160 up to \$300 per month.
- Before January 1, 2015, we will have to purchase an additional composite gathering machine for the effluent basin.
  - Hach Sigma SD 900 All Weather Sampler Estimated total cost:
    - **\$7,300 ~ including sales tax and shipping.**
- Robert is recommending that we start two optional tests for Phosphorus from samples taken from the Weber River just above and below our discharge point. This will provide data, for both the community and the state, to illustrate what effect our Phosphorus discharge has on the river.
  - Estimated extra cost of \$40 per month (Two tests @ \$20 each).
- Does the Board approve the purchase of a new Hach Sigma 900 All Weather Sampler for approximately \$7,300 before January 1, 2015?
- Does the Board approve adding two optional tests for Phosphorus from the Weber River at a cost of about \$40 extra per month (\$480 annually)?

##### 5) Discussion: District Operations ~ August 2014

- Twin D is in the process of cleaning the east end of Mountain Green and should be finished by mid-September.
- All three lagoons were professionally 'sludge judged' in August and we just received the final report. The sludge depths ranged from 6" to 30" with the average depth coming in around 18". This shows that the lagoons have been performing exceptionally well for the past 24 years and that there is no reason to pursue dredging over the next few years (some guidelines state that lagoons should be dredged about every 8-10 years).
  - **MGSID Profile:** Sludge blanket percent is based on the average of all sludge reads verses the total volume of the lagoon. The cost of sludge removal is based off of the national average of \$500 per dry ton. This cost is also based off of 100% sludge removal. Actual costs will vary in different regions of the country and state. It is also based on land availability and distance of travel from treatment facility to disposal site.
    - **Pond 1:** Sludge Blanket: **13.1%**; Dredging Cost Based off of \$500/ Dry Ton National Average: **\$41,583-\$83,076**
    - **Pond 2:** Sludge Blanket: **26.8%**; Dredging Cost Based off of \$500/ Dry Ton National Average: **\$80,936-\$161,871**

- **Pond 3:** Sludge Blanket: **17.5%**; Dredging Cost Based off of \$500/ Dry Ton National Average: **\$76,666-\$153,331**
- **Pond 4:** Sludge Blanket: **17.0%**; Dredging Cost Based off of \$500/ Dry Ton National Average: **\$32,465-\$64,930**
- **Range of Total Cost to Dredge: \$231,650-\$463,208**
- Effluent water continues to measure well within state requirements and removed over 95% of BOD and 97% of TSS in August. E-Coli bacteria registered at Non Detectable levels.

**6) Discussion: District Statistics as of August 29, 2014**

- On August 11 Janet transferred \$8,000 from the Main Checking account into the PTIF 4667 Emergency Funds account. Back in May 2014, \$25,000 had been transferred from the Main Checking Account to the PTIF 0248 Excess Funds account. These transfers are listed in the 2014 budget and are a normal balancing activity to keep accumulating funds appropriately distributed.
- On September 2 Seth Vining with Henry Walker Homes came in to get the plat signed for Rollins Ranch 4A, and gave us a check for \$94,878 which represents the impact fees of \$5,271 per lot for 18 lots.
  - Per the Facilities Completion and Reimbursement Agreement with Gardner Development, signed June 16, 2014, MGSID “will pay Gardner Development installment number one for \$94,878 within two weeks of the owner of Rollins Ranch Phase 4A paying the current Impact Fees for 18 ERU’s to the District.”
  - Seth Vining, for Henry Walker Homes, initialed and was given a copy of the MGSID Sanitary Sewer Ordinance Article VII – District Acceptance of Development which defines the two year demonstration period in which the developer retains ownership and responsibility for the sewer infrastructure in Rollins Ranch Phase 4A. The date of September 2, 2014, the date the plat was signed, will designate the beginning of this two year time frame.
- Comparison of the number of Impact Fees received to date.
  - **2014 = 33** Impact Fees
  - **2013 = 76** Impact Fees
  - **2012 = 45** Impact Fees
  - **2011 = 14** Impact Fees

**ERU STATUS**

<i>ERUs Billing</i>	ERUs Under Construction	ERUs Connected	ERUs Committed But Not Activated	WILL SERVES Committed
<i>894</i>	<b>62</b>	<b>+ 916</b>	<b>+ 323.5</b>	<b>= 1,301.5</b>

**TOTAL ERUs CONNECTED LAST SIX MONTHS RUNNING**

	MAR 2014	APR 2014	MAY 2014	JUN 2014	JUL 2014	AUG 2014
CONNECTED	<b>880</b>	<b>889</b>	<b>900</b>	<b>909</b>	<b>912</b>	<b>916</b>
% OF CAPACITY	48.9%	49.4%	50.0%	50.5%	50.6%	50.9%

*District requirements on Upgrade: Option Study @ 70% (1,260); Design @ 80% (1,440); Build @ 90% (1,620)*

**MGSID BANK STATEMENTS**

<b>STATEMENTS ENDING July 31, 2014</b>	MAIN OPERATIONS CHECKING	\$3,456 EXPANSION ACCOUNT	\$5,271 EXPANSION ACCOUNT	<b>BANK TOTALS</b>
	\$123,947	\$71,219	\$15,732	<b>\$210,898</b>
PTIF 248 OPERATIONS FUNDS	PTIF 4598 EXPANSION FUNDS	PTIF 4667 EMERGENCY FUNDS	PTIF 4668 REPLACEMENT FUNDS	<b>FUND TOTALS</b>
\$158,484	\$123,049	\$126,009	\$207,724	<b>\$615,266</b>

**TOTAL CASH \$826,164**

**OPERATIONS INCOME & EXPENSE STATEMENT**

*YTD ~ January 1, 2014 through August 29, 2014*

**INCOME**

Monthly Service Fees	\$189,523
Late Fees	\$ 415
New Lateral Inspections	\$ 2,325
Other Income	\$ 4,502
Taxes Income	\$ 21,064
<u>Interest Income</u>	<u>\$ 1,357</u>
<b>TOTAL INCOME</b>	<b>\$219,186</b>

**EXPENSE**

Administration	\$ (94,404)
<u>Operations</u>	<u>\$ (63,228)</u>
<b>TOTAL EXPENSE</b>	<b>\$(157,632)</b>

**NET INCOME BEFORE DEPRECIATION \$ 61,554**

**DEPRECIATION EXPENSE YTD \$ (91,810)**

**NET INCOME AFTER DEPRECIATION \$ (30,256)**

IMPACT FEE/EXPANSION INCOME	\$109,200
EXPANSION ACCOUNT INTEREST	\$ 411
EXPANSION EXPENSES	\$ (462)
<u>DEVELOPER REIMBURSE</u>	<u>\$(82,944)</u>
<b>NET EXPANSION INCOME</b>	<b>\$ 26,205</b>

**7) Discussion/Decision: Review and approval of August 21, 2014 Minutes.**

**10) Discussion/Decision: The next meeting is scheduled for the first Thursday, October 2, 2014 at 7:00 PM.**

Motion to Adjourn