Dec 16, 2024 Board Minutes
Green Hills Country Estates Water & Sewer District [PBA the District]

7:00 p.m. via Zoom or in Person @ Huntsville Library

Board members present: Jean Brill (in library), Gary Hebert, Natalie Davenport
District members present: Jacques Behar, Jodi Frehner, Mark Ditteaux
Others in attendance: Diane O'Connell, Tess Kennedy

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1. Call to Order: Gary Hebert

2. Reading of Agenda: Tess Kennedy

3. Approval of November 18, 2024 Board Meeting Minutes: Tess Kennedy
   Motion made by Gary to approve the November 18, 2024 Board Meeting minutes; seconded by Jean.
   Vote: Gary, aye; Jean, aye; Natalie, aye.

4. Approval of November 2024 Disbursements: Diane O'Connell

   All transactions explained to the satisfaction of the Board. See attached transaction detail. Here is a breakdown of specific transactions:

   Agua Engineering - #808, $17,670.20 - work completed through September 30 for professional services during construction administration phase; Ardurra - #809, $25,302.50 - LCRR final invoice ($18,500 for work on potholing; $6,300 for replacement planning); Dentons Durham Jones Pinegar PC - #811, $4,914 for legal council on easements, contracts, and the revenue bond final documents; Diane O'Connell - #812, work outside of contract hours for May thru October; Ogden Valley Constructions (water operator) - #813, $842.50 for services outside of contract for October; Rural Waters - #814, $361 for annual membership dues; Utah Assoc. of Special Districts - #816, $446 for annual membership dues; Green Hills HOA - #817, $2,365 for truck fees due to construction site and utility prep work; Industrial Piping & Welding LLC - #818, $51,104.88 for site & utility development work completed through October (less retainage); Aqua Engineering - #819, $26,434.08 for professional services related to the building permit and contractor administration through October.

   Motion made by Jean to approve the November 2024 Disbursements as presented by Diane; seconded by Gary.
   Vote: Gary, aye; Jean, aye; Natalie, aye.

5. Resolution 6-2024 Construction Grant Agreement: Jean Brill

   Tess read Resolution 6-2024 Construction Grant Agreement (see handouts posted).

Note: the title of the resolution was corrected from what was originally posted on the agenda. The purpose of the Resolution was to retroactively grant Jean Brill the authority to enter into the construction grant agreement last year, as required by the Utah Drinking Water Board. The correct effective date is 12/5/2023.
Motion made by Jean to adopt Resolution 6-2024; seconded by Gary.

Vote: Gary, aye; Jean, aye; Natalie, aye.

6. Approval for JDE Eng Support Task Order Activity (thru Oct): Jean Brill

   Jean explained the District entered into an agreement with JDE Engineering, the District's engineering consultant, for $5,000 of work to be determined as needed.
   a. Mtg & Contract Admin Kickoff service ($650)
   b. Misc. Eng. Services - calls to provide information & direction on various issues ($500)
   c. Asset Evaluation - the district is required to book all assets of the system since first constructed (est $2K)
   d. Blue Stakes Mapping - mapping of water & sewer lines for HOA fiber optic project ($900)

   Motion made by Jean for the Board to approve these specific costs that have been incurred and estimated costs; seconded by Gary.
   Vote: Gary, aye; Jean, aye; Natalie, aye.

7. Status of Easements
   a. Vigh Construction Easement: Jean updated the Board on the status of the Vigh Construction Easement. The State required the District to have all easements in place prior to the start of activity. However, neither the Vigh or the HOA easements are complete. Ms Vigh's has 2 easements: a permanent easement on the dirt road leading to the construction site to allow permanent access to the treatment plant and a temporary easement to store construction materials. The compensation has been agreed to and now the paperwork must be completed and notarized. Jean will follow up to be sure this is completed.

   b. HOA Easement: Natalie updated the Board on the status of the HOA easement which is still being finalized with a few minor revisions. The language had to be edited because it referenced Green Hills residents and the GHWSD has customers beyond just residents. The HOA wanted the document clarified to reflect this. The District is waiting to receive the document back from the HOA so it can be notarized. Gary will follow up on this action.

8. Capital Asset Mtg Plan Training: Jean Brill

   The draft Asset Management Plan that was submitted to the State with the application for funding was returned to the District. The State did not feel the plan had covered everything. The State did indicate that Rural Waters could provide assistance with the Asset Management Plan. Jean asked for a current Board member to attend the next Asset Management Plan Training Session. Gary stated he will plan to attend.

9. Working Session for 2025 Budget and User Rates: Jean Brill

   The purpose of the working session was to review the proposed 2025 Budget for Green Hills Water & Sewer District and explain the proposed user rate increases along with a new user rate. Jean began with the expenses and followed with revenue and rate increase information. She emphasized the need to make choices about capital investments the district may or may not want put in this year's budget. The budget sheet Jean is referencing will be sent out with the Budget and Rate information prior to the Public Hearing on January 20, 2025.

   Key points of the discussion:

   - GHWSD budget has become more complicated in the past 2 years.
   - Water Sample expenses will increase approximately $2500 in 2025 to $7,000. The testing required by the State after the new treatment plan is running will increase to ensure the District is compliant with the Corrective Action Plan. Projected water testing through 2029 includes lead & copper, PFAS (per & polyfluoroalkyl substances), nitrates, pesticides, sulfates, sodium, volatile organics, inorganic and metals.
   - Contract Labor will increase by approximately $6500. Included in the estimate is bench testing for meters at a rate of 5 meters/year.
   - Property Insurance will increase by $2500 in 2025 due to the treatment plant being operational.
   - Operating supplies for the new treatment plant will add an estimated $19,000.
   - General Maintenance will decline by $6,000 due to 5-year camera/clean of sewer lines performed in 2024.
   - Utilities plus Telemetry - $5,000 increase in 2025 due to power & heat for the new treatment plant
   - Depreciation - the district is now required to book depreciation and must set aside a percentage of the budget for depreciation.
   - Hiring of a part-time General Manager at an estimated cost of $46,000/year will be a new expense.
   - Contract labor will increase by $9,000 due to hiring of a part-time administrative assistant last year. 2025 will be the first full year for this expense.
   - Interest expense will increase by $10,000 due to interest payment on the district's debt. The payment is an annual payment of $12,000.
   - Professional fees will decrease substantially from $48,000 down to $12,000. The $12,000 includes a water rate study.
   - Legal and Bond counsel will decrease because costs in 2024 were related to the new loan.
   - Accounting/Financial will increase by $4,000 in 2025 because the district will have to perform a full financial audit.
   - Overall, the 2025 expenses will increase approximately $100,000.
   - As part of the debt covenants, the district will pay the loan in 2025 ($34,000) and establish a Debt Reserve Fund with one year's worth of principle set aside over a 10-year period ($3400/year). The district is also required to set aside 5% of expenses in the budget each year for asset replacement.

Jean explained the Capital Projects next. Two items from the recently completed Master Plan Update were included in the 2025 budget: LCRR Phase 2 will begin and hopefully be covered by grant money; A booster pump mobile generator for the upper Kelly well. Jean reviewed other capital improvement projects proposed to be completed from 2026 through 2030.

Revenue and rate increases and a new rate for 2025 were discussed next:

- Grant income is dollar for dollar revenue for costs that the district incurs.
- In 2025 the district will use any remaining grant funds and the remaining expenses will be against the loan.
- Interest income earns approximately $500/month with the investment account.
- Adding the grant income, loan, interest income, and late fees, the district will need an additional $260,000 in revenue from user fees (sewer, water, connection fees and a new fee)
- Jean proposed a new Standby fee which is a common fee in Utah charged to lot owners that represents the value to their properties of having a water and sewer system available. Using all the expenses associated with operating a water and sewer system divided by the user base (123 possible connections) the standby fee was developed.
- Jean is proposing a $1,373/year per lot owner Standby fee which would replace the current lot fee of $260/year. This will generate approximately $25,000 in revenue. The balance of $232,539 needs to come from user fees. Based on last year's user income this equals about a 33% increase in user rates.
- Last year it was estimated the rate increase for 2025 would be 40%.

Jean asked the Board for their input on replacing lot fees with Standby Fees. Gary stated if a standby fee is consistent across the State then there is no reason the district should operate Differently. Jean continued to explain the current structure for connection fees is about $12,000 per lot. She proposed all remaining lots pay the hookup fees and they would increase to $13,790. She also proposed increasing the HOA fee for water by 4% for inflation.

Jean emphasized the need for the district to start saving money for capital replacements. She suggested the same model as the State required but to increase the amount from 5% to 10%. The district will have over $1M in assets and many of them are getting old. Natalie agreed the district does need to begin planning ahead rather than reacting. She suggesting going ahead with the 40% rate increase as proposed last year and putting the extra 7% into savings. Jean agreed. Natalie asked to see a comparison of a 33%, 37%, and 40% user rate increase. Natalie and JAean will work together to research the best approach to changes in hookup fee collection.

Jean proposed the Board proceed with a 40% rate increase so funds can be set aside and also Implement the other suggested increases. She also suggested looking at a 33% and 40% user rate increase and presenting them both at the public hearing. Natalie and Gary agreed. The Board agreed that at the Public Hearing the budget will be discussed as it stands and the revenue will be presented with two rate increases. The Public Hearing will have a budget discussion and a rate discussion offering the users 2 rate choices: a 40% rate increase with a portion going to savings and a 33% rate increase with not savings. Jean will prepare the budget and rate documents to send out to users ahead of the Public Hearing. Tess will research if a rate increase can be retroactively applied to user rates.

10. Adjourn: Tess Kennedy

    Motion to adjourn made by Jean Brill; seconded by Gary Hebert.
    Vote: Gary, aye; Jean, aye; Natalie aye.

Reviewer	Status	Notes
General Manager Gree...	Approved	
Greenhills Water	Approved	One date typo corrected - thanks!
Gary Hebert	Approved	
Secretary GreenHills	Approved	
Tess Kennedy	Approved	