

## **MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT**

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

**Agenda for Thursday, November 6, 2014**

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

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

### **1) Discussion: Annual Christmas dinner**

- Janet has reserved space for our Annual Christmas Dinner at Maddox Ranch House in Brigham City for Thursday evening, November 20 at 6:30PM. Please mark your calendars and we hope to see you there.

### **2) Discussion/Decision: Trunk Line service road**

- The addendum to delay the installation of the trunk line service road base until July 2015 was approved at the October Board Meeting and is in place.
- In the meantime, Duane Johnson plans on attending the December 4 Board Meeting to ask the Board to consider not building the road or applying the road base, at all. If agreed to, then the delay addendum would be nullified and the requirement for the road base and its expense, \$46,901.65 (*\$44,984.85 in gravel/base materials & \$1,916.80 in grading ~ per Skyler Gardner 10/14/2014*), would be removed from the 2014 Facilities Agreement and the District's final payment. A new addendum would have to be made and attached to the signed 2008 Easement Agreement with Mr. Johnson (Items #5 & #10).
- Mr. Johnson made several points as to why he would prefer the District not install a service road over the trunk line.
  - The Johnsons would like to keep the road area open for farming, growing & harvesting and want to be able to drive their farm equipment straight over the manholes without damaging their equipment.
    - To achieve this, manholes 2, 3, 5, 6 & 7 would have to be dug up and reworked to lower the tops by at least a foot at a cost to the District of about \$10,000 to \$12,000. This would be added back into the \$46,901 that of the expense subtracted by not putting the road in.
  - Remove the District's responsibility to maintain the service road (weed control and re application of gravel when necessary).
    - *As a note, the District spent over \$3,000 in 2014 for weed control on the District property. The estimated cost for weed control along the length of this service road for the trunk line could add an extra \$3,000 or more per year in landscaping maintenance costs.*
  - The trunk line is new and if it was installed correctly there should be no need for service truck access for several years.
  - In a few years, the surface roads and other infrastructure will begin to be installed in his developments, which will provide the District with necessary access to the manholes and line.

- *This will probably be true on the areas north of the power lines, however, the area south of the power lines will apparently not be developed and will not have paved roads built. From the power lines to the highway, where the trunk line runs, will remain either pasture or park land.*
- Maintenance access. The 2008 signed easement agreement item #4 provided “temporary” access over the Johnson’s land from the nearest public roadway for the contractors to install the line. The Johnsons did not agree to provide this access to the District on a permanent basis and item #10 states that it is the District’s responsibility *“to construct maintenance access to all off road sanitary sewer manholes in the easement. The access may be via a joint use roadway or walking path that is constructed of compacted road base not more than 12 feet wide and not more than 12 inches above the ground immediately adjacent to the road and sufficient to support a heavy 15 ton maintenance vehicle.”* The District would also have to install gates and fencing for this access so the Johnson’s farm animals could not escape.
  - This means that the District will have to build access to the service road. Right now you can drive onto the easement/trunk line next to the bank on Old Highway and follow it down to the first crossing of Cottonwood Creek. But, from that point, unless the creek is dry, the rest of the easement/trunk line all the way to Dry Creek by our property is landlocked.
  - Mr. Johnson said that the District had discussed putting in bridges across Dry Creek and both of the Cottonwood Creek crossings, but no bridges have been installed.
- Mike Grow with the contractor for the trunk line, E.K. Bailey, has let us know that if the weather holds, they can try to get the service roads installed before the end of November, but the District would have to give this order within the next few days following this Board Meeting. Otherwise, we will hold off until next spring, per the delay addendum.
  - If the Board has the road installed before the December meeting where Mr. Johnson can present his case, there could be some fallout.
- Would the Board like to adhere to the Delay Addendum that was approved in October and hold off on the trunk line service road installation until next spring, which would allow Mr. Johnson time to present his case, or give the order to E. K. Bailey to try and get the road installed before the end of November?

### **3) Discussion: Cancel the Will Serve for one ERU for Doug Durbano**

- Doug Durbano decided to use a septic tank for the lot his home is on instead of connecting to the sewer. He sent a request to cancel the Will Serve the Board approved October 2014. Mr. Durbano still has an active Will Serve for two ERUS, and he has paid one impact fee and inspection fee for one of these lots.
- Note that Mr. Durbano sent the District a copy of a preliminary development plat for 94 lots that he said had been sent to the county. The District has not received a Will Serve request from Mr. Durbano for 94 lots. Robert contacted the county asking that we be kept in the loop for this development because a Will Serve has not been issued. Bill Cobabe called back and said that Mr. Durbano has not submitted any new plans to the county, but will let us know if he does.

#### 4) Discussion: Lateral inspection fee rate increase

- The current lateral inspection fee of \$75 has been in effect for over a decade.
- Each inspection requires one to two hours of time, and sometimes multiple trips.
- Other local entities are charging over \$100 for the same inspection.
- Robert is recommending that the lateral inspection fee be increased to \$100 per inspection, and should be included in the rate increase public hearing.
- Does the Board agree with raising the lateral inspection fee at the public hearing to \$100 starting January 1, 2015?

#### 5) Discussion/Decision: Discount for vacant homes in MGSID

- The current unofficial policy has been to provide a 50% discount on the monthly rate for some residents who stated they had vacant homes, second homes, used their homes seasonally or were away on vacations or missions. Because these discounts were not official, they were not equitably offered to all of the residents within the District.
- After much discussion, it was suggested that we create a set discount policy for homes that would be vacant for any reason along with a requirement of proof to ensure the discount is applied properly.
- Following is the proposed vacancy discount.
  - MGSID will provide a 50% discount off the current monthly rate for a connected residence within the District that is vacant and can provide proof that there is no water/sewer use with the following conditions.
  - The residence owner must pay a \$10 Administration Fee and complete a Vacancy Discount Application in advance of the billing date for the vacancy month (*we bill on the first day of the month following the month of service. EXAMPLE: We bill November 1 for the month of October*). The application will state the vacancy start date and anticipated vacancy end date in monthly increments. Discounts will not be provided in arrears for past dates.
  - A Vacancy Discount application is for one set contiguous period and will not be considered for multiple, on again/off again, or seasonal periods. Once the current contiguous discount period has ended, either by expiration on the application, or failure to provide the required proof on time, then a new application must be submitted and a new administration fee paid.
  - In addition, the applicant must submit the most current water bill (less than 30 days old) for the residence in question before the last day of every month the discount is being given. The water bill must show usage of less than 20 gallons for the month shown.
  - It is the applicant's responsibility to provide the ongoing water bills every month for proof of vacancy to the District, and the District must receive the required proof before the last day of each month. If the proof of vacancy is not received on time, the discount will end and will not be provided when the billing is sent out on the first day of the following month. The District will not provide a retroactive discount or change the billing for required proof that arrives late. The District is not responsible for and will not contact the resident owners to remind them of their responsibility to provide proof of

vacancy, nor will the District be held responsible for contacting the water departments to check on usage or billing for a vacancy discount applicant.

- Since the sewer collection system and processing plant must be maintained for the resident, even when the home is vacant and there is no wastewater being produced, the resident remains responsible for a minimum of 50% of the monthly rate to cover the ongoing costs required to keep the system in operation for everyone in the District.
- Does the Board approve the 50% vacancy discount policy presented or want to forego this discount policy altogether?

**6) Discussion/Decision: Discount for MGSID residents that are on a low fixed income, undergoing financial hardship, retired veterans and/or are disabled/handicapped.**

- Currently, there are no residents receiving a discounted monthly service rate for the above reasons, but such discounts have been mentioned as something that the District should be offering.
- MGSID will provide a 50% discount off the current monthly rate for a connected resident that is approved for this discount.
- The residence owner must pay a \$10 Administration Fee and complete an application which will be submitted to the Board of Directors for approval.
- Once approved, the discount will remain in effect until ownership of the home changes and/or circumstances change.
- Does the Board approve creating a 50% discount for Mountain Green residents who meet the qualifications for someone who is on a low fixed income, undergoing financial hardship, is a retired veteran and/or are disabled and physically handicapped?

**7) Discussion: December 4 Public Hearing for Rate Increases and 2015 Budget**

- 6:00 PM to 7:00 PM, 12/4/2014, public hearing for rate increases on the monthly service charge and lateral installation inspection fees
- 7:00 PM to 8:00 PM, 12/4/2014, public hearing for the 2015 budget approval.
- According to our attorney, it is legal and proper for both hearings to occur on the same evening but we must open and close each one separately, with time in between for public discussion, comments and a vote at the end.
- Notices were sent out with the November 2014 billing, via first class mail.
- Notices will be posted locally at the bank and the Morgan County offices and library.
- Notices will be posted via an ad in the Morgan County newspaper for two weeks prior to the meeting.
- Notices will be posted on the Utah Public Notice website.
- The rate increase hearing must take place first, because the decision will determine the 2015 budget that is presented.
- Other items on the meeting agenda may be discussed during these periods, if time allows, but no decisions on these items may be made until after both public hearings are closed.

## **8) Discussion/Decision: Rate Increases**

- A monthly service rate increase is necessary for two reasons:
  - Create a balanced budget that will catch up with the inflation of our operating costs and cover the expense of depreciation.
  - To begin putting money aside for the existing resident's portion of the proposed Membrane Bio Reactor sewer processing plant.
  - The calculated rate to cover both items would run about \$47.00 per month (\$38.00 – balance budget & \$9.00 to save for the plant). But this much of a jump would be too much to ask for in one increase.
  - Robert is recommending that the Board approve a rate adjustment in 2015 to \$36.00 per month plus four more years of automatic phased increases of \$2.00 per year. Starting on January 1 of each year, the following monthly service rates would go into effect without additional public hearings:
    - 2015 - \$36.00; 2016 - \$38.00; 2017 - \$40.00; 2018 - \$42.00; 2019 - \$44.00
- Robert will give a slide presentation detailing his research and recommendations so the Board Members may provide their input.
- The lateral installation inspection fees should be increase from \$75.00 to \$100.00 per inspection to reflect the current cost of labor and administration required to service them.
- Does the Board approve of the proposed rate increases so they can be presented at the December public hearing for final approval to go into effect January 1, 2015?

## **9) Discussion/Decision: 2015 Preliminary Budget**

- The preliminary 2015 budget is being presented for final review tonight before being presented at the December public hearing.
- Robert has prepared two separate budgets. One to represent the income from the current monthly service rate and lateral installation inspection fees, and one with the proposed rate increases, so the appropriate budget will be ready for final approval depending on the outcome of the rate increase decision.
- In December, after considering public comments the Board will pass the final version of the budget along with a budget resolution.
- The budget summary and the budget resolution will then be sent to the State Auditor's Office by the end of January. Because the District operates as an 'Enterprise', the Board may amend the budget as necessary in any scheduled Board meeting at a later date, without holding a public meeting.
- Does the Board approve the Preliminary Budget as presented for the Final Budget to be approved at the December public hearing?

## **10) Discussion: District Operations ~ October 2014**

- Effluent water continues to measure well within state requirements and removed over 98% of BOD and 97% of TSS in October. E-Coli bacteria registered at Non Detectable levels.

**11) Discussion: District Statistics as of October 31, 2014**

- Comparison of the number of Impact Fees received to date.
  - **2014 = 40** Impact Fees
  - **2013 = 92** Impact Fees
  - **2012 = 54** Impact Fees
  - **2011 = 17** Impact Fees

**ERU STATUS**

<i>ERUs Billing</i>	ERUs Under Construction	ERUs Connected	ERUs Committed But Not Activated	WILL SERVES Committed
893	<b>63</b>	<b>+ 921</b>	<b>+ 319.5</b>	<b>= 1,303.5</b>

**TOTAL ERUs CONNECTED LAST SIX MONTHS RUNNING**

	MAY 2014	JUN 2014	JUL 2014	AUG 2014	SEP 2014	OCT 2014
CONNECTED	<b>900</b>	<b>909</b>	<b>912</b>	<b>916</b>	<b>920</b>	<b>921</b>
% OF CAPACITY	50.0%	50.5%	50.6%	50.9%	51.1%	51.2%

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

**MGSID BANK STATEMENTS**

STATEMENTS ENDING	MAIN OPERATIONS CHECKING	\$3,456 EXPANSION ACCOUNT	\$5,271 EXPANSION ACCOUNT	BANK TOTALS
<b>September 31, 2014</b>	\$139,039	\$97,734	\$26,280	<b>\$263,053</b>
PTIF 248 OPERATIONS FUNDS	PTIF 4598 EXPANSION FUNDS	PTIF 4667 EMERGENCY FUNDS	PTIF 4668 REPLACEMENT FUNDS	FUND TOTALS
\$158,609	\$123,147	\$134,114	\$207,889	<b>\$623,759</b>

**TOTAL CASH \$886,812**

*(Continued on next page)*

## OPERATIONS INCOME & EXPENSE STATEMENT

YTD ~ January 1, 2014 through October 31, 2014

### INCOME

Monthly Service Fees	\$239,755
Late Fees	\$ 588
New Lateral Inspections	\$ 3,000
Other Income	\$ 4,502
Taxes Income	\$ 22,117
Interest Income	\$ 1,764
<b>TOTAL INCOME</b>	<b>\$271,726</b>

### EXPENSE

Administration	\$ 118,695
Operations	\$ 111,465
Depreciation	\$ 131,158
<b>TOTAL EXPENSE</b>	<b>\$ 361,318</b>

**NET INCOME \$ (31,625)**

IMPACT FEE/EXPANSION INCOME	\$ 228,444
EXPANSION ACCOUNT INTEREST	\$ 515
EXPANSION EXPENSES	\$ (96,537)
DEVELOPER REIMBURSE	\$(110,592)
<b>NET EXPANSION INCOME</b>	<b>\$ 21,830</b>

**12) Discussion/Decision: Review and approval of October 2, 2014 Minutes.**

**13) Discussion/Decision: The Public Hearing is scheduled for the first Thursday, December 4, 2014 at 6:00 PM to be followed by the Board Meeting at 7:00 PM**

- Please mark your calendars for the Public Hearing on December 4 @ 6:00 PM as it is extremely important that we have a quorum in attendance to approve the Rate Increase and the 2015 Budget*

Motion to Adjourn