

MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT
 5455 West Old Highway Road, Mountain Green, Utah
Agenda for Wednesday, October 5, 2016
Board of Trustees Meeting starting at 7:00 PM

Meeting to be held in Open Public and Closed Sessions
The Board may choose to go into a Closed Session at any time by making a motion and Public announcement, and then achieving a 2/3 vote approval with recordation of votes

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

1) Discussion/Decision: Moreton Insurance-Employee theft

- Sheldon Deckart with Moreton Insurance is here to go over the coverage of the Employee Theft and Dishonesty policy. It has not been updated in well over a decade and much of the coverage is inadequate and outdated.
- Current policy limit is \$10,000 with a \$500.00 deductible for \$250 and it is effective from 05/01/2016 to 05/01/2017.
- President Chairman of the Board and Secretary listed as covered employees with all other employees excluded.
- Does the Board want to make adjustments to the existing policy, and what adjustments should be made?

2) Discussion: 2017 Preliminary Budget

- The Manager has started work on the 2017 Budget and has reviewed it in detail with the Chair and Vice Chair so they can provide any desired input.
- The Manager's goal this year is to keep expenses level to last year's budget and use the increased income for necessary savings programs.
- The following summary reflects four major expenses and estimated COLA.
- The budget will be reviewed in detail at the November & December meetings.
- Here is the 2017 Preliminary Budget Summary as of October 5, 2016:

2017 PRELIMINARY BUDGET

INCOME	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>\$\$ Change</u>	<u>% Change</u>
All Income	\$ 530,400	\$ 565,000	\$ (34,600)	6.1%
EXPENSE				
Administration	\$ 186,100	\$ 184,900	\$ (1,200)	-0.6%
Operations	\$ 155,300	\$ 148,500	\$ (6,800)	-4.4%
Depreciation	\$ 162,000	\$ 170,000	\$ 8,000	4.9%
Total Expenses	\$ 503,400	\$ 503,400	\$ -	0.0%
Operating Income	\$ 27,000	\$ 61,600	\$ 34,600	128.1%

3) Discussion/Decision: Board Member compensation

- The Board Member compensation for attending the monthly meetings has been set at \$50 per meeting for about ten years, since around 2006, and should be reviewed for an increase in hopes of improving meeting attendance.
- Any decision should be completed by the November meeting so the changes may be incorporated into the December 2017 Budget Public Hearing.
- Does the Board want to increase the monthly meeting compensation for the Directors starting January 1, 2017, and to what amount?

4) Discussion: Rates

- The monthly rates should be reviewed every year in October and November so any necessary changes can be addressed in the December Public Hearing.
- In 2014 a study was done that determined a rate of \$47.00 per month would cover all administrative, operations and depreciation costs as well as allow a certain amount of savings for the existing resident's portion of the new facility to be built. The Board determined, at that time, that an immediate increase to \$47.00 per month would be too drastic. Instead, five years of gradual increases were approved as follows:
 - 2015 = \$36; 2016 = \$38; 2017 = \$40; 2018 = \$42; 2019 = \$44
- In 2015 Net Revenue – including depreciation, moved into the positive – reversing almost 26 years of Net Negative results (*2007 & 2010 were positive*).
- In 2016 Net Revenue continued a positive trend, and savings have grown for both depreciation items (*replacement*) and the existing resident's liabilities.
- In 2017 the Manager is projecting that we will hit our goal early and stabilize the Net Revenue to meet our requirements which will allow for a new rate study and the possibility of lowering the annual increases to match inflation.
- As such, the Manager is recommending that the Board allow the current approved rate increase to \$40.00 per month to take effect in January 2017, then complete a new Rate Review by next year to allow for any potential changes to be approved at the December 2017 Public Hearing for the 2018 budget.

5) Discussion/Decision: 2017 Cost Of Living Adjustment – Wage Step Program

- At the end of 2015 the Board requested, paid for and approved a Wage Step Program that defined the level at which each employee is to be compensated based on the level of responsibility, experience and years of service.
- The District Personnel Policy (*see attached*), as well as all of the discussions leading up to the approval of this program, states that the Wage Step Program is to be evaluated every year to determine an appropriate Cost Of Living Adjustment (*COLA*) to the program that will be approved with the budget in December and go into effect in January of the budget year in question.
- The Board should keep in mind that this is an adjustment to keep the wage step program current with inflation. It is not a raise, a promotion or change to the assigned levels of any employee in the step program.

- The Board should review the pertinent data in October and finalize the decision in November so any adjustment can be incorporated in the December budget approval. Decisions delayed beyond December will result in backdated adjustments to January 1.
- Here are several links for applicable data, but the Board Members should research any relative data that they feel would support a rational decision.
 - <http://www.bls.gov/cpi/home.htm>
 - <http://www.bls.gov/news.release/pdf/cpi.pdf>
 - <http://www.bls.gov/news.release/eci.nr0.htm>
 - <http://inflationdata.com/default.asp>
 - <http://www.inflation.eu/inflation-rates/united-states/historic-inflation/cpi-inflation-united-states.aspx>
- This process is an annual task. It should be kept to a simple review of easily attainable data followed by a decision that references the basis that was used.
 - There should be no reason for hiring outside contractors that will cost more than any adjustment to be made.
 - There should not be any justification for complicated and lengthy studies that take four to twelve months to complete.
- How does the Board want to proceed with the review and application of the 2017 Cost Of Living Adjustment to the Wage Step Program, which is an annual requirement of the MGSID Personnel Policy?

6) Discussion/Decision: Rollins Ranch Phase 4A – Two year acceptance

- Rollins Ranch Phase 4A has reached the two year mark for turnover of ownership from developer to the District.
- Oakwood Homes has had the sewer mains cleaned and videoed. The manager has reviewed the videos and completed a physical inspection of all sewer manholes and collars. There were no signs of deficiencies, damage, significant settling, cracks or separations in any of the lines or manhole installations and therefore no reason that the District cannot accept ownership at this time.
- The value of the sewer infrastructure for this development is \$63,041.00, which will be added to District's Assets as of the date of acceptance.
- Does the Board accept ownership of the sewer infrastructure for Rollins Ranch Phase 4A as of this date?

7) Discussion/Decision: Rollins Ranch Phase 4B – Two year acceptance

- Rollins Ranch Phase 4B will not reach the two year turnover mark until June 2016, but the Board agreed at the August 3, 2016 meeting to allow Oakwood Homes to turnover of ownership to the District at the same time as Rollins Ranch Phase 4A because the two development phases are directly connected, and the state is now allowing only one year warranty requirements on developers.
- Oakwood Homes has cleaned and videoed the sewer mains. The manager has reviewed the videos and completed a physical inspection of all sewer manholes and collars. Everything was in order except for a glob of hardened cement in the trough of one manhole. Oakwood Homes has been notified of the problem and is arranging for the repair and re-video. Once completed the manager will re-inspect the manhole and the repair to determine the acceptance.

- The value of the sewer infrastructure for this development is \$34,291.00, which will be added to District's Assets as of the date of acceptance.
- Does the Board accept ownership of the sewer infrastructure for Rollins Ranch Phase 4B as soon as the one repair is complete and verified by the Manager?

8) Discussion: Annual Christmas Dinner

- Janet has booked Maddock's for our annual Christmas Dinner on Thursday, December 1, 2015 at 6:00 PM.

9) Discussion: Board Member required training

- The required annual Board Member training has been completed by:
- Zane Gray, Lannie Jolley, Gary Ross, Blair Larsen & Wendy Eliason
- Training incomplete: Shane Rice, Lynn Peterson

10) Discussion/: Cottonwoods Water – Rose Hill update

- Mike Johanson at Cottonwoods Mutual Water has obtained engineer estimates for the combined Rose Hill project:
 - replace culinary water lines
 - install sewer
 - install secondary irrigation
 - replace road
- His cost estimates range from \$1.8 million to \$2.4 million to do the project. In addition to cost estimates he has looked at funding options. It looks like from the estimates that **the sewer install portion (excluding the road) would be approximately \$389,973.86 using the high estimate.** There are several avenues that can be followed to obtain funding: bonds, bank loan, of SRF funding through the State. The SRF funding approach is the most logical since it has the lowest interest rate and the Water and Sewer entities would have to pursue their own applications individually.
- The water company will still need to get answers from residents as to whether they want to bring sewer and secondary water into their subdivision. If the majority of residents are opposed to bringing sewer and secondary water into the subdivision there remains no point in pursuing it further.
- Mike hopes to have a meeting with the residents soon, but he has been holding off since an easement needs to be obtained in order to bring secondary water into the subdivision. He is still waiting to hear if this will be granted. Mike suggested that we probably should sit down at some point and determine if the sewer board will even consider applying for a loan to help fund the project assuming we get the number of residents willing to participate to make the project feasible.

11) Discussion: District Operations ~ September 2016

- Effluent continues to measure well within state requirements and removed over 98% of BOD & 96% of TSS in September. E-Coli bacteria was Non Detectable.
- Whisper Ridge Phase II renewed its Will Serve for 50 ERUs.
- Third quarter 2016 developer reimbursements have been sent.
 - Cottonwoods Phases II & III = \$13,824
 - Rollins Ranch Phases 1-3 = \$3,456
 - Whisper Ridge Phase 1 = \$3,456

12) Discussion: District Statistics as of September 30, 2016

- Comparison of the number of Impact Fees received to date.
 - **2016 = 45** Impact Fees
 - **2015 = 42** Impact Fees
 - **2014 = 39** Impact Fees
 - **2013 = 92** Impact Fee

ERU STATUS

<i>ERUs Billing</i>	ERUs Under Construction	ERUs Connected	ERUs Committed But Not Activated	WILL SERVES Committed
1,009	67	+ 1,034.5	+ 304	= 1,405.5

TOTAL ERUs CONNECTED LAST SIX MONTHS RUNNING

	APR 2016	MAY 2016	JUN 2016	JUL 2016	AUG 2016	SEP 2016
CONNECTED	1,007	1,013	1,029	1,032	1,033	1,035
% OF CAPACITY	55.9%	56.3%	57.2%	57.3%	57.4%	57.5%

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
September 30, 2016	\$148,078	\$46,139	\$87,031	\$281,248
PTIF 248 EXISTING RESIDENT'S FUNDS FOR PROPOSED NEW SEWER FACILITY	PTIF 4667 EMERGENCY FUNDS	PTIF 4668 REPLACEMENT (DEPRECIATION) FUNDS	PTIF 4598 EXCESS EXPANSION (IMPACT FEE) FUNDS	FUND TOTALS
\$361,973	\$152,034	\$381,559	\$124,758	\$1,020,324

TOTAL CASH \$1,301,572

OPERATIONS INCOME & EXPENSE STATEMENT

YTD ~ January 1, 2016 through September 30, 2016

INCOME

Monthly Service Fees	\$ 333,615
Late Fees	\$ 520
New Lateral Inspections	\$ 4,503
Other Income	\$ 562
Taxes Income	\$ 12,158
Interest Income	\$ 4,732
TOTAL INCOME	\$ 356,090

EXPENSE

Administration	\$ 114,465
Operations	\$ 67,114
Depreciation	\$ 121,500
TOTAL EXPENSE	\$ 303,079

NET INCOME \$ 53,011

OPERATIONS INCOME & EXPENSE STATEMENT
 YTD ~ January 1, 2016 through September 30, 2016
 (CONTINUED)

IMPACT FEE/EXPANSION INCOME	\$ 115,990
EXPANSION ACCOUNT INTEREST	\$ 792
EXPANSION EXPENSES	(\$ 0)
DEVELOPER REIMBURSE	(\$ 86,400)
NET EXPANSION INCOME	\$ 30,382

- 13) Discussion/Decision: Review and approval of the September 7, 2016 Minutes.
- 14) Discussion: The next scheduled Board Meeting will be on Wednesday, November 2, 2016 at 7:00 PM.
- 15) Motion to Adjourn



MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT

PERSONNEL POLICY 140717

21. PAY RATES. The District is committed to pay rates that are competitive with or greater than those obtained in comparable positions within local city and county governments. *The Board and the Manager will review the pay rates of all employees on an annual basis to ensure that MGSID pay standards remain competitive and in line with cost of living (COLA) considerations, as long as they remain within the District's budgetary constraints.* These reviews will take place around November of each year, and approved changes will take effect January 1 of the budget year being reviewed. In unusual circumstances, the Board and the Manager may review pay rates at any time during the year and with Board approval make the appropriate changes. These Pay Rate adjustments are based solely on competitive and cost of living considerations. Individual merit Increases shall be addressed separately and discussed in item 23, MERIT INCREASES below.