

**MINUTES OF THE WASATCH COUNTY COUNCIL
ACTING AS
THE GOVERNING BOARD OF THE
NORTH VILLAGE SPECIAL SERVICE DISTRICT
APRIL 11, 2023**

PRESENT: Board Chair Steve Farrell
Board Member Erik Rowland
Board Member Luke Searle via zoom
Board Member Spencer Park
Board Member Kendall Crittenden
Board Member Rachel Kahler

STAFF: Max Covey, General Manager
Theresa Baronek, District Treasurer
Dana Kohler, Administrative Assistant
Doug Scow, Water Rights Manager
Kierstan Smith, CPA
Wade Webster, Keetley Water Treatment Plant Manager
David Fuller, Project Coordinator
Terese Robins, District Treasurer
Rick Tatton, Court Reporter
Shari Coleman, Accounting Clerk
Chance Morris, Distribution/Collections Manager

Board Chair Steve Farrell called the meeting to order at 4:30 p.m. Tuesday, April 11, 2023. The record should show that all the Board Members are present except Board Member Ryan Stack who is excused, and Board Member Luke Searle is present via Zoom. The record should further show that the Governing Board of the North Village Special Service District is meeting in the Wasatch County Council Chambers located in the Wasatch County Administrative Building located at 25 North Main, Heber City, Utah 84032. Board Chair Steve Farrell then called the first agenda item.

REGULAR SESSION

APPROVAL OF THE MINUTES FOR MARCH 14, 2023

Board Member Board Member Kendall Crittenden made a motion to approve the minutes for March 14, 2023, as written. Board Member Rachel Kahler seconded the motion, and the motion carries with the following vote:

AYE: Board Chair Steve Farrell

**AYE: Board Member Spencer Park
AYE: Board Member Rachel Kahler
AYE: Board Member Luke Searle via Zoom
AYE: Board Member Kendall Crittenden
AYE: Board Member Erik Rowland**

NAY: None.

WARRANT LIST APPROVAL

Board Member Rachel Kahler made a motion to approve the warrants in the amount of \$164,626.50 Board Member Luke Searle via Zoom seconded the motion and the motion carries with the following vote:

**AYE: Board Chair Steve Farrell
AYE: Board Member Erik Rowland
AYE: Board Member Spencer Park
AYE: Board Member Rachel Kahler
AYE: Board Member Kendall Crittenden
AYE: Board Member Luke Searle via Zoom**

NAY: None.

GENERAL MANAGER'S REPORT

Max Covey, the General Manager, addressed the North Village Special Service District and indicated that there is not a lot to report. We have a sewer lift station that is nearing construction of another one in Red Ledges and going to bid next week.

OTHER BUSINESS

Max Covey, the General Manager, and the Governing Board of the North Village Special Service District both indicated that they have nothing further.

Board Member Kendall Crittenden made a motion to continue the North Village Special Service District until 6:00 p.m. when we will hold a public hearing for the culinary and secondary water rate increase. Board Member Rachel Kahler seconded the motion, and the motion carries with the following vote:

**AYE: Board Chair Steve Farrell
AYE: Board Member Rachel Kahler
AYE: Board Member Kendall Crittenden**

AYE: Board Member Erik Rowland
AYE: Board Member Spencer Park
AYE: Board Member Luke Searle

NAY: None.

(Whereupon the matter was recessed until 6:00 p.m.)

Board Chair Steve Farrell indicated that the time is 6:00 p.m. which is the time set for the public hearing. The record should show that all the Board Members are present except Board Member Ryan Stack who is excused.

PRESENT: Board Chair Steve Farrell
Board Member Erik Rowland
Board Member Luke Searle
Board Member Kendall Crittenden
Board Member Rachel Kahler
Board Member Spencer Park

STAFF: Max Covey, General Manager
Theresa Baronek, District Treasurer
Dana Kohler, Administrative Assistant
Doug Scow, Water Rights Manager
Kierstan Smith, CPA
Wade Webster, Keetley Water Treatment Plant Manager
David Fuller, Project Coordinator
Terese Robins, District Treasurer
Rick Tatton, Court Reporter
Shari Coleman, Accounting Clerk
Chance Morris, Distribution/Collections Manager

PUBLIC HEARING
APRIL 11, 2023

CULINARY AND SECONDARY WATER RATE INCREASE RESOLUTION 2023-03

Max Covey, the General Manager, addressed the Governing Board of the North Village Special Service District and indicated that this is going to be a culinary rate and secondary rate being established and we currently don't have a secondary rate so this will be established and updating our culinary rate. I had a meeting with the Jordanelle Ridge HOA and in the past, we had some issues with them and what is going on and was able to meet with that group and a very positive meeting. They are very happy with the rate structure that we have for secondary. We had an agreement that locked in their secondary billing. They have a secondary system and being

delivered by culinary, but they do have a secondary throughout their development. We have set a rate that is locked until the time we had a secondary rate in place. Jordanelle Ridge was very happy with the outcome and if this rate is approved and accepted this rate would now apply to them. I will now turn the hearing to Justin Dietrich with Bowen Collins to give a brief presentation on what the rates look like.

Justin Dietrich then presented a power point presentation explaining what has been done. The existing culinary rates were adopted in 2015 and provided for annual rate adjustments through 2021. Existing rates are based on meter size and consist of a base rate with a volumetric allowance and a volumetric coverage rate for users who exceed the 12,000-gallon allowance. According to NVSSD personnel and the rate analysis supporting this report the existing rate structure will be insufficient going forward to meet ongoing District revenue needs. Furthermore, the existing rates were adopted at a time when no secondary system was available. Thus, a new system of rates is needed to address the varying conditions which have recently come to exist within NVSSD. These conditions consist of customers who are fully served by the culinary system and those whose indoor and outdoor needs are met by the culinary and secondary system respectively. Therefore, in addition to ensuring District revenue needs are met in future years, this rate study also updates the NVSSD culinary rate structure.

In calculating rates, rates were calculated to recover the system revenue requirement and maintain an adequate cash flow for the district's planned and necessary expenses. The rates are altered structurally by creating three rate structures as follows.

1. Rate Structure A. This is a culinary rate that applies to customers who also have access to secondary water. It is designed with the assumption that these customers will only use culinary in indoor applications.
2. Rate Structure B. This is a culinary rate that only applies to customers who do not have access to secondary water and therefore use culinary water for both indoor and outdoor applications.
3. Rate Structure C. This is the secondary rate that will apply to all customers using secondary water.

Justin indicated that Wasatch Commons Apartments were previously billed by number of ERU's. The new rate structure bills them by meter size.

An important part of maintaining existing infrastructure is anticipating and planning for rehabilitation and replacement of system components. After careful consideration and coordination with the district staff, we have not made rate recommendations which would directly fund the system at the recommended long-term funding level. The systems, especially the secondary system is very new and with the Developer funded improvements to install initial infrastructure system, investment is adequate. There will come a time in the future where this funding will need to transition over to more rehabilitation and replacement. At that time, rates will need to be adequate to make that investment.

There is a Tier 1 volume gallon at \$2.00 per thousand gallons. Tier 2 volume gallon at \$5.00 per thousand gallons. Tier 3 volume gallon at \$10.00 per thousand gallons. Culinary customers with access to the secondary tier will continue to have only two volume tiers. Culinary customers using only culinary water indoor and outdoor will now have four volume tiers. This

better matches with general expectations and goals of equitability. Because these customers do not have access to the secondary system. It is expected that more water will be used by them for outdoor irrigation. Tier 1 in both culinary rate schedules continue the 12,000-gallon allowance at the additional cost to the base rates. Subsequent uses are accompanied by increasing cost to account for the additional system capacity and overall costs associated with that higher use and eventually overuse for the highest tiers. Greater volume is included in each tier for meters larger than 1 inch. For example, a 2-inch meter doesn't hit Tier2 use until 48,000 gallons as opposed to 12,000 gallons for a 1-inch meter.

It is recommended that NVSSD adopt the rates summarized in the power point presentation. These changes are needed to continue to meet immediate operations and maintenance needs, to fund capital expenditures necessary to meet the district's longer term system investment goals, to keep rates current with inflation and projected system growth, and to provide a manageable uniform rate structure for the district's entire culinary water system.

After the implementation of any rate changes, we would suggest NVSSD monitor actual costs and revenues as well as customer responses. Doing so is especially critical considering the significant changes to culinary rate structure and the implementation of a completely new secondary rate. Therefore, it is critical to continue monitoring system costs and revenues especially now due to the volatile inflationary environment that we are in and due to the high growth, that is expected to continue in the district.

All rates are calculated based on existing conditions and assumptions about the future which may need to be revised from time to time. Therefore, in addition to monitoring system costs and revenues it is recommended that this rate study be updated every three to five years at a minimum and more often as dictated by changing conditions. Doing so will ensure rates are as up to date as possible and will also keep the district ahead of expiring rate schedules.

Board Member Rachel Kahler asked how this is going to affect the renters. Justin Dietrich replied to it will give renters a decrease in cost and Wasatch Commons will see big savings. Board Member Rachel Kahler indicated that we need to let the public know that there are savings there some way. Max Covey replied that it is a \$3500.00 savings a month.

Public Comment:

Board Chair Steve Farrell then opened the public hearing for public comment and then public comment was closed.

Motion:

Board Member Kendall Crittenden made a motion that we approve Resolution No. 2023-03 culinary and secondary water rate increase for North Village Special Service District. Board Member Luke Searle seconded the motion, and the motion carries with the following vote:

**AYE: Board Chair Steve Farrell
AYE: Board Member Spencer Park
AYE: Board Member Rachel Kahler
AYE: Board Member Kendall Crittenden
AYE: Board Member Luke Searle.**

NAY: None.

ADJOURNMENT

Board Member Rachel Kahler made a motion to adjourn. Board Member Luke Searle seconded the motion, and the motion carries with the following vote:

**AYE: Board Chair Steve Farrell
AYE; Board Member Spencer Park
AYE: Board Member Rachel Kahler
AYE: Board Member Kendall Crittenden
AYE: Board Member Luke Searle
AYE: Board Member Erik Rowland**

NAY: None.

Meeting adjourned at 6:45 p.m.

STEVE FARRELL/BOARD CHAIR