

**Board Meeting Minutes
December 9, 2013**

MINUTES OF THE
TRUSTEES PUBLIC RATE HEARING
OF THE BOARD OF TRUSTEES OF
MAGNA WATER DISTRICT

A special board meeting of the Board of Trustees of the Magna Water District was held Monday, December 9, 2013, at 6:00 p.m. at the District's offices at 2711 South 8600 West, Magna, Utah.

Trustees Present:

Hank Johnson, Chairman
Mick Sudbury
Doug Bezzant

Staff Present:

Brent Williams, General Manager
LeIsle Fitzgerald, District Controller
Kim Bailey, Water Operations Manager
Steve Williams, Wastewater Operations Manager

Also Present:

David Hartvigsen, Smith Hartvigsen, PLLC
Don Olsen, Epic Engineering
Trevor Andre, Epic Engineering
Dan Peay, Magna Chamber of Commerce
Georgia York, Magna Residence
Dick Bezzant, Magna Residence
Todd Richards, Magna Residence
Jeff White, Board Elect
Jack York, Magna Resident
Chick Paris, Magna Resident
Dan Stewart, Magna Resident
Quinn Redmond, Magna Resident
William Burke, Magna Resident
Karen Lang, Magna Resident
Brian Lang, Magna Resident
Jim Bezzant, Magna Resident
Laura Jo. McDermaid, Magna Resident

Call to Order:

Hank Johnson called the meeting to order at 6:00 p.m. and the public was welcomed.

**Board Meeting Minutes
December 9, 2013**

Welcome the Public and Guests.

Hank Johnson welcomed the public and guests.

Explanation of rates by Epic Engineering:

Don Olsen explained the proposed service rates and also the Engineering and Inspection Fees for development. Don Olsen also presented a culinary subsidy charge to build up the secondary system. Also was presented was a decrease in the fluoride fee, and an emergency fund for floods or sewer backups.

On the water rates the District is proposing a 4% increase each year to 2019 on the base rates and a 1% increase each year to 2019 to the tiered rates.

On the sewer rates the District is proposing an 8% increase each year to 2019 on the base rates and a 15% on the tiered overage rates for the commercial customers.

On the secondary rates the District is proposing a 4% increase each year to 2019 on the base rates and an 8% on the tiered rates.

The District proposes to set up a secondary water subsidy costs starting January 2014 at \$0.50/month increasing the rate by \$0.50 each year to 2019.

The District will be reducing the rate on the fluoride to \$0.83 per month beginning January 2014, being \$0.83 then increasing 4% each year till 2019.

The District proposed to set up an emergency response clean-up fund in the amount of \$0.95/per connection until the fund reaches \$680,000 then the charge will be dropped until used and needs replenished again.

The District proposes to increase fees for miscellaneous fees and inspection and engineering costs to new development. See attached Schedule A proposal.

Public Hearing Procedures: Chairman read the attached public hearing procedures.

Open public comment period: A motion was made by Mick Sudbury, seconded by Doug Bezzant, to open the public comment period beginning at 6:30 p.m. The motion was approved as follows: Hank Johnson, yea, Doug Bezzant, yea and Mick Sudbury, yea.

**Board Meeting Minutes
December 9, 2013**

Jim Bezzant: Jim expressed his concern that the residents would not be able to afford the raise, asked the board to consider the financial position of the residents in their consideration of the increase. Expressed his concern of what is going on at the District and feels that money is wasted. Expressed that he sees the District's vehicles everywhere and wondered why the District needs the money.

Mick Sudbury replied to Jim's comments and indicated that if he had a concern or sees a truck where he thinks that they shouldn't be, please contact our General Manager.

Jeff White inquired about the 2015 sewer loss rate increase what generated the loss, what is going to happen? The same thing for culinary losses, is there something that is going on that is going to create the losses?

Don Olsen replied that on the sewer side it is primarily things associated with the Wastewater plant, which is reaching capacity now. The District is preparing for a full upgrade of the sewer plant.

If there were not growth then would the expansion be needed?

If there were no growth it would not be needed.

Jeff asked about the fire hydrants being tied to the secondary water.

Don indicated that the fire hydrants need to be energized all through the year and the secondary water does not flow during the winter. Otherwise then they could be hooked to the secondary.

Jeff inquired about the hydrant usage. He wondered if the contractors could use the secondary water instead of culinary water.

Brent indicated that the District had been thinking and talking about putting a station up at the secondary reservoir so that contractors could fill up with secondary water.

It would be helpful to know how much each fee is being used to understand what kind of impact the increase will have.

How many secondary water users do we have in the District now?

We have 348 connections right now, combination of residential and commercial. How many does the District that could hook on that aren't? There are about 283 that could hook on.

**Board Meeting Minutes
December 9, 2013**

Dick Bezzant commented on the financial position of the District. Dick commented on the reserves of the District indicating that the District's audit showed \$13,000,000 to be used to serve the public, and the needs of the District. Dick commented on the industry paying a portion of the maintenance of the EDR treatment plant. He expressed his opinion on the District holding a large reserve and not using it for paying off the bonds, or using the reserves for projects. Dick also indicated that the District was in good financial standing.

LeIsle explained the reserves and the amount of money that the industry does not pay a majority part of the operation costs of the EDR. LeIsle explained that the District is required to keep reserves for their bonding. Brent indicated that the District is planning on using some of their reserves in the 2014 budget for a couple of projects.

The interest rates on the bonds range from 3.5% to 1% depending on the bonds. The amount of the interest earned on money in the bank is an average rate of 1.7%. The District just refinanced two bonds to reduce the interest rate.

The long term bonds owing amount is \$16.5 million.

Is there not a reason that you can use reserves to pay off bonds?

Laura Jo McDermaid asked how many tanks Magna Water has. Brent indicated that there were 6 tanks.

Georgia York asked about the tier level on the sewer rates.

Don Olsen explained that the overage tier on sewer was for commercial connections.

Chick Paris expressed his concern about the raise in all areas and asked if the Board might ease it in smaller and slower a little at a time. He expressed that he didn't think that the District should raise rates in expectation of a bad year but yet experience a bad year then raise the rates and make sure that the District needs the money before the rates are raised.

Mick Sudbury inquired about the EDR plant due to growth and asked if there was anything that the District could do different for cost savings. Mick suggested having the District eat the connection and meter set fee for those people who aren't on secondary to get them hooked on. By having customers hook onto the secondary would it lower the costs at the EDR plant?

Don indicated that statistically that every two homes that you hook to secondary would equate to one home on culinary.

William Burke commented that it would be a good savings to get the people onto secondary to save costs and not have the rate increases.

**Board Meeting Minutes
December 9, 2013**

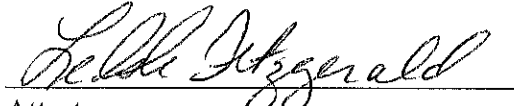
A motion was made by Mick Sudbury to close the public comment period; the motion was seconded by Doug Bezzant, and approved as follows: Hank Johnson, yea, Doug Bezzant, yea and Mick Sudbury, yea at 7:18 p.m.

Consider motion to approve proposed rates and Schedule A fees: A motion was made by Doug Bezzant, seconded by Hank Johnson, to approve the proposed rates and Schedule A Fees as proposed excluding the proposed Emergency Response Clean-up Fund. The motion was approved as follows: Hank Johnson, yea, Doug Bezzant, yea, and Mick Sudbury, nay.

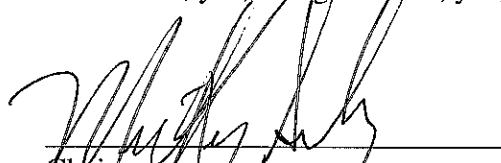
Mick Sudbury indicated that he was against the rate increase.

Other Business: The Board decided to reschedule the regular Board meeting scheduled for December 12, 2013 to December 19, 2013 at 10:00 a.m. The Board will hold the Budget Hearing on December 12, 2013 at 3:00 p.m.

Adjourn: Motion was made by Mick Sudbury, seconded by Doug Bezzant, to adjourn the meeting at 7:25 p.m. Motion was approved as follows: Hank Johnson, yea, Doug Bezzant, yea, and Mick Sudbury, yea.



Attest



Chairperson