

Ash Creek SSD

Board Meeting

April 28, 2022

Present: Richard Hirschi, Kelly Wilson, Justin Sip, David Hirschi and Nanette Billings (Nanette via virtual).

Staff: Fay Reber, Darrel Humphries, Kim Spendlove and Greg Kleinman.

Audience: Aaron Anderson, Yvonne Spendlove and Mark Anderson (Mark via virtual).

Prayer and Pledge: David Hirschi

Public comments: None

The minutes from the March 24, 2022, meeting were discussed.

**Motion** by Justin Sip to approve the March 24, 2022, minutes with one adjustment. Second by David Hirschi. Motion carried by unanimous vote.

Fay did not have any legal matter to discuss.

**Motion** by David Hirschi to open the meeting to a public hearing to hear comments on the proposed 30 million dollar bond for the confluence park treatment plant. Second by Justin Sip. Motion carried by unanimous vote.

There were no comments by the public.

**Motion** by David Hirschi to close the public hearing and return to regular meeting. Second by Justin Sip. Motion carried by unanimous vote.

Aaron Anderson came before the board to discuss the rate study his firm has been doing for the district. Aaron explained the rate study process of balancing revenues versus expenses to see how much money the district will need to charge to pay for future expenses. Aaron said the future expenses of a treatment plant and keeping up with the projected growth will require additional funds and manpower. They also need to look at current and future bonds to ensure the monthly fees can make the payments. Aaron talked about the current monthly fee and had some suggestions for the rates needed in the future. The first suggestion was a 10 dollar rate increase for both residential and commercial users. The volume rate for commercial users would be raised to \$4.11 for every 1,000 gallons used over 12,000 gallons. This would put much of the additional cost on those commercial users who used the most water. They would also suggest a 3% increase each year to keep up with inflation and added expenses. The board agreed with the concept of having a small increase every year instead of waiting for multiple years then needing to have a large increase at one time. The last increase for the district was in 2008. Aaron talked about the reserve fund the district has. The model they have now shows the proposed capital projects draining most of the funds then starting to build back up with the new rates and continued growth. The board talked about making sure the district is looking at the rates more often, so these large increases are not needed. Justin suggested putting it into the district bylaws that the board do a rate study every two to three years instead of waiting until it was an emergency. The board talked about the impact on people with a fixed budget. The board asked about doing a smaller increase than larger yearly increases. Aaron said they could look at that, but the plan

presented would just keep the district level financially. A second alternative could be to increase the cost of sewer to those who use it the most. This would raise the residential rate slightly less to \$34.14 but the commercial rate would increase to \$60.33 a month. This wouldn't be a large savings for the residential users but a large increase for commercial users. This plan would keep the 3% increase a year and would have the same revenue as the first suggestion. Aaron thought it would be a good idea to do the rate study at the same time an impact fee study is done every three to four years. Aaron said he will look at a scenario with a \$5.00 increase and a larger percentage increase each year.

Darrel talked about the reach 11 project. About 60% of the pipe has been delivered. Interstate rock doesn't want to start the project until all the pipe has been delivered. All the pipe should be delivered by the end of May. Staff is hoping the project will start in mid-June or early July.

3000 south in Hurricane has started to settle again now that water is being put on the fields. The staff has met with Interstate Rock to discuss the warranty on the project. They would like to try some different types of fixes before excavating the roadway. They will be driving some of their heavy machines in the roadway to try and settle the road to cause more settling then patch the road. They will also put a machine in the pipe that will vibrate the soils around the pipe and bring the egg shaped pipe back to its proper shape. The district will be paying for a geo-technical company to use ground radiation equipment to look for voids.

The county commission has approved a resolution to start the annexation of Apple Valley into the district. There is a timeline to show the annexation could be completed by August 26. There are several items that the staff will need to work with the town on to make sure both entities are ready when the annexation is complete. The staff is completing an update to the Rules of Operation and Construction Standards. When they are approved by the board, they will need to be given to all the cities to adopted into the city ordinances. The district will also need to work out a billing agreement with Apple Valley before the annexation is complete.

Highway 318 is the road that goes around Qual Lake. The Water Conservancy District is going to be replacing the water line in the roadway. The district's pressure sewer line for Harrisburg was installed thirty years ago by the developer. It has had some issues in the past with air locks and minor breaks. The staff would like to replace the pressure line while the water district is excavating for the water line. Darrel didn't think the construction would start this year but there could be some engineering costs before the next budget year. Justin asked if the line needed to be made larger for future development. Darrel said the original developer had oversized the pump station and line so there was adequate capacity in both. The board said it was better to do the project with the conservancy district than on our own.

Darrel talked about construction management general contractors. Instead of the regular method of having a project designed, approved, and then going out to bid, the district would put the

entire project to bid for one price. Many bigger cities in Northern Utah are using this method for large projects to control inflation and change order costs. The management general contractor comes in when the project is about 50% planned and give a bid to complete the how project. They would be responsible for getting the materials and contractors to complete the project for the given cost. The district could stipulate the use of local contractors as part of the bidding process. This type of construction usually costs more in the front end but protects the district from changes order, inflations and costs associated with supply chain shortages. Kelly asked if the district would look at different companies. Darrel said it would go out to bid between the management general contractors. Aaron Anderson explained how the concept worked to help shorten the build timeline. Darrel and Aaron said they didn't have to go with a high bid or could even fire the contractor if it wasn't working out. Justin asked if the district could purchase materials and not have to pay the markup contractors charge. Aaron said he would investigate that. The board thought the concept would be worth looking into.

Darrel gave a presentation on the ¼ year budget.

The board discussed and signed the yearly ethics pledge.

The district had the replacement of the sewer line on 100 south between main street and state street in LaVerkin bid with a LaVerkin City project. The bid was \$209,000.00. The budget for the project was \$80,000.00. The staff will continue with the new bid and adjust the budget.

Darrel said the district is getting bids for a change order on the Toquerville bypass road. The contractor will give a price to change from regular manholes to armor-rock manholes. The manholes will cost more but the district will also be allowing the line to be installed at a shallower depth. This will give some savings to the contractor. Mike will be contacting the board for approval when the bid is given.

Motion to adjourn 7:05 PM.