

Rural Water District No. 7, Johnson County, Kansas

Regular Board Meeting Minutes  
June 11, 2019

Directors present: Bill Gay, Larry Donham, Frank Denning, Brian Andrew, Charlie Brovont, Bill Locke, Shaun Henderson, Mike Ward and Ken Nellor. Others present; Allan Soetaert, Donna Chrisjohn, Jill Zink, Mike Groszek, and Chester Bender.

Chairman Bill Gay called the meeting to order at 5:30 PM.

Chairman Gay requested that the Board of Directors consider the consent agenda items. Director Denning moved to approve the consent items noted on Agenda item #2. Director Ward seconded the motion. Motion passed unanimously.

Agenda item #3 was the review of bids for the Water Main Relocation project on Tontzville Road at Harmony Road. Allan Soetaert, District Manager, first reviewed with the BOD that the project was being considered due to excessive repairs that have been experienced with this section of critical piping. Chester Bender, consulting engineer for Ponzer/Youngquist, reviewed the bid tabulations with the Board and noted the low bid was received from Straight Line Construction, in the amount of \$258,422.10. Some discussion ensued regarding the size of the replacement main (16"), bedding material, and other construction features. After discussion, Director Nellor moved to accept the Engineer's Recommendation and award the project to Straight Line Construction. Director Andrew seconded the motion. Motion passed unanimously.

Agenda item #4 was the Annual review of Water Rates. The BOD annually reviews the water rates of the District. Chairman Gay requested the District's Manager, Allan Soetaert, to report on the agenda item to the BOD. Mr. Soetaert reviewed wholesale costs from the District sources, as well as other general expenses that have increased. During this discussion, it was noted that a representative from the District's Auditing firm, Troutt-Beeman & Company (Mike Groszek), was present. After polling the BOD, Chairman Gay requested that Mr. Groszek provide the report of his firm's findings to the BOD; further that the agenda item for water rates would be reviewed after his presentation.

Chairman Gay introduced Mike Groszek, of Troutt, Beeman & Company (TBC), to review the report of findings from their audit of the District's financial statements for fiscal year ending December 31, 2018. Mr. Groszek noted that the Water District is in a very strong financial position. Mr. Groszek summarized the Water District's activities for fiscal year 2018, which included a review of assets, cash reserves, capital improvement projects, water use projections and trends, and the District's revenues and debt obligations. After some questions were addressed, Director Andrew moved to accept the report, as presented, by Troutt, Beeman & Company. Director Donham seconded the motion. Motion passed unanimously.

Chairman Gay then requested that the BOD revisit Agenda item #4 regarding the discussion of water rates. Mr. Groszek provided some insight for the BOD's to consider, including the wholesale cost of water, capital funding by developers, debt service coverage ratio, and future revenues needed. Discussion ensued by the BOD. After discussion, Director Donham moved that the District enact a 3.5% rate increase to all monthly minimums, water rates, and fire hydrant rates, effective with August 1, 2019 billing. Director Nellor seconded the motion. Motion passed unanimously.

It was noted by the BOD that Management should begin reviewing a tiered water rate for future review by the BOD.

It was also noted, after further discussion, that the monthly Fire Line fees would remain until further data was gathered.

Mike Groszek exited the meeting at 6:20 PM.

Agenda item #6 was a review of a Water Main Extension Feasibility Report for a water main extension to serve a proposed subdivision located at the Southwest corner of 95<sup>th</sup> Street & Waverly Road, in De Soto, KS called Arcadian Estates. Mr. Bender provided a review of his report to the BOD on the proposed subdivision. It was noted that the area had been annexed into De Soto city limits; however, is within JO7's Service Area. After some discussion, Director Nellor moved to accept the report. Director Andrew seconded the motion. Motion passed unanimously.

Agenda item #7 was reports. Mr. Soetaert briefly reviewed his written Report Summary. Upon the question, Mr. Soetaert also noted that Rural Development is reviewing the application information submitted and that no further information had been passed along to the District.

Agenda item #8 was the District Manager's Annual Review. Director Ward moved that the Board of Directors recess into Executive Session for a period of 10 minutes to discuss non-elected personnel, pursuant to K.S.A. 75-4319(b)(1). Director Donham seconded the motion. Motion passed unanimously. The time noted was 7:10 PM.

Upon reconvening the meeting at 7:20 PM, Director Denning noted, for the record, that no votes, or motions had been made during the Executive Session.

Director Denning then moved that the Manager's salary be increased 10%, effective July 1, 2019. Director Locke seconded the motion. Motion passed unanimously.

Chairman Gay noted no other business to come before the BOD. Director Andrew moved to adjourn the meeting. Director Nellor seconded the motion. Motion passed unanimously.

Respectfully submitted,

  
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Brian Andrew, Secretary