

Rural Water District No. 7, Johnson County, Kansas

Regular Board Meeting Minutes

August 13, 2024

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Directors present: Frank Denning, Bill Locke, Ken McCarty, Charles Finley, Walter Johnston, Shaun Henderson Brian Andrew, Charlie Brovont and Shawn Hughes. Others present: Allan Soetaert, Colin Stalter, Chester Bender, Philip Ciesielski, Mike Groszek, Todd Luckman, Gary Duggan, Randall Fruit and Mindy Krouch. Others present via Zoom: Beth Warren.

Chairman Frank Denning called the meeting to order at 5:30 PM.

**1. Consent Agenda Items**

Chairman Denning requested that the Board of Directors consider the Consent Agenda items. Director McCarty moved to approve the consent items noted on the agenda. Director Andrew seconded the motion. Motion passed unanimously.

**2. Everett Estates PER & Request to Waive Policy**

District Manager, Allan Soetaert, reminded the BOD of the scope of the proposed water main extension project and introduced Mr. Fruit. Mr. Fruit went on to review the proposed costs of the water main extension and requested to cost-share with the District. District Counsel, Todd Luckman, briefly discussed the policies that guide such decisions. After a brief discussion, Director Brovont moved to follow District policy and deny a cost-share agreement with Mr. Fruit. Director McCarty seconded the motion. Motion passed unanimously. Mr. Fruit left the meeting at 5:40 PM.

**3. Presentation of the 2023 Draft Audit Report by Troutt, Beeman & Company**

Chairman Denning welcomed Mike Groszek from Troutt, Beeman & Company to present the draft report from the 2023 audit. Mr. Groszek provided the Board of Directors with the draft report for their review, highlighting key topics throughout. He acknowledged the challenges posed by the District's numerous projects, noting that while they add complexity to the audit, staff and management have done an excellent job managing them. He reviewed the balance sheet, emphasizing the district's solid investment portfolio and strong debt-to-equity ratio. Additionally, he discussed the depreciation and amortization of District assets, capitalized salaries, and interest income. Mr. Groszek also addressed current debt, the KPERS state plan, and insurance matters, concluding that the District's outlook remains strong. Mr. Groszek exited the meeting at 6:06 PM.

Chairman Denning proposed that the Board of Directors deviate from the agenda to allow District Counsel, Todd Luckman, to address a pressing matter. Mr. Luckman informed the Board that some ongoing service area issues continue to be an ongoing concern. He and management are actively working on these issues and anticipate providing updates at a future meeting.

**4. Consider approval of System Analysis & Review of Capital Improvement Plan**

Colin Stalter, District Engineer, informed the Board of Directors that the plan had been for GBA to present the System Analysis, but due to a scheduling conflict, this will be deferred to next month. Mr. Stalter then proceeded to review the capital improvement plan, providing a brief overview of all 18 projects on the list. Mr. Soetaert added that staff and consultants will be ranking these projects over the next month and requested feedback from the Board.

Chairman Denning then suggested scheduling a meeting to discuss one specific project on the CIP list—the New District Office and Operations Facility—with the committee consisting of the Manager, Chairman, Bil Locke, and Ken McCarty.

Chairman Andrew moved to recess for a 10-minute break. Chairman Hughes seconded the motion. Motion passed unanimously. Chairman Denning noted the meeting will reconvene at 7:00 PM.

Chairman Denning called the meeting to order at 7:00 PM.

**5. Review of Benefit Unit Costs & Monthly Service Charge Review**

Mr. Soetaert noted that the District had received a request for a larger-sized meter from Evergy for their generating facility along Dillie Road, north of 191<sup>st</sup> Street. He further noted that a standing policy is that any service request, 2-inch or larger, be reviewed by one of the District's consulting engineers and a PER provided to the BOD for consideration. Mr. Stalter then explained that in response to this request from Evergy, the District requested GBA to conduct an evaluation of the benefit unit costs and monthly service charges. Philip Ciesielski from GBA presented the findings of the study. He noted that the review and recommendations were based on the District's current rate structure, data from other municipalities and water utilities, and the principles outlined in the American Water Works Association (AWWA) Manual. He detailed the methodology used to determine the recommended adjustments to both the monthly service charge and benefit unit fees. Mr. Ciesielski then presented tables comparing the District's fees with those of surrounding utility companies, and concluded by reviewing the study's recommendations.

Mr. Soetaert noted that the Board of Directors had previously approved a 4% rate increase effective with the September 1st billing, and that customers have already been notified. He mentioned that the rate study is very comprehensive and expressed a desire to revisit it for consideration during future rate adjustments. Mr. Soetaert reminded the Board that the current policy requires independent review of requests for meters 2 inches or larger, with fees determined on a case-by-case basis, noting that the consideration before the BOD was for a 3-inch meter by Evergy. Following the discussion, Director Locke moved to charge \$135,000 for the 3-inch meter request. Director Brovont seconded the motion. Motion passed unanimously.

**6. Consider WME Agreement w/ Circle H Holdings, LLC (Lone Star Prairie Subdivision)**

Mr. Stalter reported that this project pertains to a proposed development located along 175th Street, east of Four Corners Road. The project was previously reviewed and approved by the Board at the February 14, 2023, meeting. He explained that while the developer is responsible for all onsite improvements, it is recommended that the District consider upsizing some of the minimum required main sizes within the development and along 175th Street. Currently, the developer is required to upsize the main along 175th Street from 6-inch to 8-inch. However, staff and consultants recommend increasing a portion of the main along 175th Street from 8-inch to 12-inch in diameter, at an estimated cost of \$30,000. Mr. Stalter noted that legal counsel has reviewed the water main extension agreement. After discussion, Director Locke moved to approve the Water Main Extension Agreement with Circle H Holdings, LLC., authorizing the District's Chairman and Secretary to execute such. Director Henderson seconded the motion. Motion passed unanimously. Then Director Brovont moved to approve the upsizing a portion of water main along 175<sup>th</sup> Street to 12-inch in size at a cost not exceeding \$30,000. Director McCarty seconded the motion. Motion passed unanimously.

**7. Reports/Updates**

**7a. Flint Meadows PER (PY)**

Mr. Stalter informed the Board of Directors that the District has received a service request from the Flint Development Group for a large multi-phase development, Flint Meadows, located east of Edgerton Road between 103rd and 95th Streets. Chester Bender of Ponzer-Youngquist noted that this site is situated in the far northwest corner of the District's service area. The development, which will ultimately include approximately 576 townhome units, is in an area rapidly transitioning from rural to urban due to the construction of the Panasonic Plant. To support these developments, improvements will be necessary to increase water pressure, volume, and redundancy for enhanced service reliability. Mr. Bender further explained that while additional studies are required to fully determine the scope of improvements needed to accommodate the complete buildout of the surrounding areas; however, he noted that the existing system can support the first phase with a few conditions. Mr. Bender reviewed these with the BOD. After discussion, Director Henderson moved to accept the report as presented. Director Locke seconded the motion. Motion passed unanimously.

**7b. Northwest Service Area Study (PY)**

Chester Bender then presented the Northwest Service Area (NWSA) Study, explaining that the study was conducted to identify necessary distribution system improvements to accommodate significant developments proposed for the area west of De Soto. Mr. Bender highlighted the need to increase water pressure in the area and to enhance fire flow capacity, possibly through the addition of another elevated storage tank. He also addressed the critical issue of providing redundant flow to the NWSA, outlining two alternatives and discussing the advantages and disadvantages of each. Mr. Bender concluded by reviewing the initial and future improvement recommendations needed to effectively serve the NWSA also recommending additional review regarding the distribution of costs.

**7c. Monthly Staff Report**

Mr. Stalter gave brief updates on the two water main relocation projects in De Soto and the on-site water main extensions at NCAC. He noted that the WMR with JCPW at Spooncreek, north of 135<sup>th</sup> Street and the WME at 191<sup>st</sup> Street, east of Cedar Niles are both progressing. He noted that the Moonlight Estates project will be starting soon.

Mr. Soetaert reviewed his ongoing discussions with the Cities of Gardner, Edgerton, De Soto, Spring Hill and Baldwin. He also noted the continued talks with Miami 2 regarding the wholesale contract.

**8. Adjournment**

There being no further business, Chairman Denning requested a motion to adjourn the meeting. Director Henderson moved such. Director Locke seconded the motion. Motion passed unanimously. Time noted was 8:40 PM.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Brian Andrew", written over a horizontal line.

Brian Andrew, Secretary