

**MINUTES OF THE TAYLORSVILLE-BENNION
IMPROVEMENT DISTRICT BOARD MEETING HELD NOVEMBER 20, 2013**

The regular monthly meeting of the Board of Trustees of the Taylorsville-Bennion Improvement District was held at 4:00 p.m. Wednesday, 2013 at the District office. Present were Trustees Behunin, Swensen and Russell. Also present were General Manager, Keith Lord; Assistant Manager, Kevin Fenn; Controller, Mark Chalk; Attorney, Bill Gibbs arrived at 5:25 p.m.; Engineer, Paul Hirst; and Secretary, Tami Fullmer. Stuart Young and Jan Erdmann, representing Wells Fargo Insurance, were in attendance for a presentation. The prayer was offered by Trustee Behunin.

Common Consent Items Minutes Upon review and discussion of the October 16, 2013 Board Minutes the following motion was made by Trustee Russell seconded by Trustee Swensen:

RESOLVED: To approve the November, 2013 minutes. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Monthly Calendar and Upcoming Events The General Manager noted that Board Meeting and the Budget Hearing will be held on Wednesday, December 18, 2013 with the Board Meeting to begin at 3:00 p.m. followed by the Budget Hearing at 4:00 p.m. Trustees Swensen, Behunin and Russell plan to be in attendance. The General Manager invited the Board to the Employee Christmas luncheon that will be held Tuesday, December 24, 2013 at noon.

Trustees Expense Report The General Manager explained that the enclosed forms were for the Trustee's review. After discussion the following motion was made by Trustee Swensen seconded by Trustee Russell:

RESOLVED: To approve the Trustees Expense Report for November, 2013. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Consider Liability Insurance Proposals - Stuart Young, Wells Fargo Insurance The General Manager invited Stuart Young and Jan Erdmann, representing Wells Fargo Insurance to report to the Board. Mr. Young proposed that the District continue with Arch Insurance and explained that using the same insurance gives the District control and establishes a good working relationship. The 2014 costs to the District are minimal with a small increase in premiums. After a lengthy discussion the General Manager recommended that the Board approve Arch Insurance with an annual premium of \$83,729.21. The following motion was made by Trustee Russell seconded by Trustee Russell:

RESOLVED: To approve the Arch Insurance policy for 2014 in the amount of \$83,729.21 as outlined by the General Manager and Stuart Young. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Manager's Report Consider adoption of the Tentative Budget The General Manager presented the Tentative Budget to the Board. He discussed the proposed increases, salaries, capital projects, and fixed assets. He addressed the new items on the Tentative Budget; the 3900 South Lift Station grating and fence, abandon a 4" water line, a water study model and a pump at Barrington Park. \$75,000 from the 2013 Budget will be moved to the 2014 Budget and the costs for the additional items total \$165,500. Trustee Russell inquired if any revenue would be recovered with the Grizzly Gulch and 4100 South Project would be recovered. The General Manager explained that the District will recover approximately 40-60% of the costs. The General Manager asked the Board to consider

the Tentative Budget and if comfortable, approve the budget as outlined. After discussion the following motion was made by Trustee Swensen seconded by Trustee Russell:

RESOLVED: To approve the 2014 Tentative Budget as outlined by the General Manager. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Consider adoption of new connection fee schedule The General Manager presented a schedule of new sewer impact fees that were approved by the Board at the August, 2013 Board Meeting and stated that they are now in effect. He proposed to increase the water meter connection fee charge because of increases to material, labor and equipment costs and included a proposed schedule. After discussion the following motion was made by Trustee Swensen seconded by Trustee Russell:

RESOLVED: To approve the Water Meter Charges and Connection Fees as recommended by the General Manager. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Consider Long-Term-Disability contract change The General Manager reported that the District's health broker from Presidio reviewed the long-term disability insurance and found the current carrier to be higher than several others. Hartford has been the policy holder for the District for many years. The Principal Company was recommended by the District's health broker and explained that they are a local company, policies are better, customer service oriented and will take care of the employee's individual needs. After discussion the following motion was made by Trustee Russell seconded by Trustee Swensen:

RESOLVED: To approve the General Manager's recommendation to change from Hartford to Principal as the long-term disability carrier for the District. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Consider employee gift of Christmas hams The General Manager proposed that the Board and Management give each employee a Christmas ham or some grocery item in the amount of \$25. The following motion was made by Trustee Swensen seconded by Trustee Russell:

RESOLVED: To approve the General Manager's recommendation for each District employee to receive a Christmas ham from the Board. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Report on UASD Conference The General Manager reported that he, Mark Chalk, Gary Swensen and Don Russell attended the UASD Conference one week ago. He stated that the procurement policy is not in place and explained the need to form the District's own policies or will be subject to the State's plan. Mark Chalk attended sessions regarding the need for standardized account numbers for reporting purposes. This will be a sizable task to conform with the State's accounting system. The District Controller, Mark Chalk is now GRAMA certified. Board meeting training was addressed and is mandated to be held every year. The General Manager reported that major complaints addressed by the public should be presented to the Board. Overall, the Conference was

excellent and a lot of good information was presented.

Financial Report Accounts Payable Discussed: construction/operation and maintenance vouchers 27527 - 27698, for a total of 172 vouchers, included voided vouchers; with a dollar amount of \$524,029.04; payroll vouchers 2013531 - 2013558 and 2013559 - 2013586 for a total of 56 vouchers with a dollar amount of \$146,118.91. After discussion the following motion was made by Trustee Russell seconded by Trustee Swensen:

RESOLVED: To approve the list of Accounts Payable included in the Board Book. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Financial Report Controller, Mark Chalk reviewed the monthly financial report. Documents regarding the financial position of the District were reviewed and discussed. After a thorough review the reports were directed to be appended to the minutes.

Certifications of delinquent accounts to Salt Lake County Treasurer Mark Chalk presented the Certifications for the month of November, 2013. After a lengthy discussion concerning the large amount the following motion was made by Trustee Russell seconded by Trustee Swensen:

RESOLVED: To approve the Certification amount of \$186,100.25. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Operations Report Water Usage and New Connections Mr. Fenn reviewed and discussed the water usage report with the Board and directed the schedules to be appended to the minutes. Projects Mr. Fenn reported at the October Board Meeting that the Rawson Well Pump Installation was close to completion. The motor was installed and was not working properly indicating a possible short. A factory representative flew to Utah to assist in the installation. The motor was shipped back to the factory to determine the problem and could not find anything wrong with the motor. The factory will be shipping the motor back to be re-installed. Mr. Fenn will report on the progress at the December Board Meeting. The Reservoir Lid Repair and Replacement project continues to be a challenge for the contractor who is using extraordinary measures to remove the existing coating before he can apply the new coating to each of the lids. It is now too late in the season to apply the new coating. Engineer Paul Hirst has made the recommendation to discontinue the project, pay the contractor for the hard work completed and evaluate possible options for the best solution. The Engineer and Management will bring additional information back to the Board for their approval. The Sewer System Condition Study is being reviewed and it needs modification before the project is completed. The 2013 Water Line Replacement Project at 4100 South Redwood Road is 100% complete. The 3900 South Lift Station, Grating and Odor Control Project, is in the beginning stage. The District has received the engineering proposal, will review drawings and specs with the engineer and will bid the project.

Legal Report Nothing to report.

Engineer's Report Consider approval of engineering contract for grating and fencing at 3900 South Lift Station The Engineer reported the project is to make modifications on the 3900 South Lift Station. They will remove the existing fiberglass panels, provide open grating, as well as a screen fence to provide added protection to the facility. After discussion the General Manager

recommended that we award the contract to CRS Engineers in the amount of \$17,836 for the Site Improvements. After discussion the following motion was made by Trustee Swensen seconded by Trustee Russell:

RESOLVED: To award CRS Engineers the contract for grating and fencing at the 3900 South Lift Station in the amount of \$17,836. The motion passed with the following individuals voting in the affirmative: Trustee Behunin, Swensen and Russell.

4100 South Sewer Replacement Project The Engineer discussed the 4100 South and Grizzly Gulch Sewer Line Replacement Project and up-sizing of the present sewer line. The Engineer needs to find an alignment on 4100 South from I-215 to Redwood Road. They have planned an extensive pot

holing effort to identify the other utility lines and run a parallel sewer line. The second choice would be to replace the existing line. The General Manager discussed the extensive work CRS has already completed in preparation of this project and proposed that we award CRS the contract for the proposed design and construction of the 4100 South and Grizzly Gulch Project in the amount of \$287,570. After discussion from the Board the following motion was made by Trustee Swensen seconded by Trustee Russell:

RESOLVED: To award the Grizzly Gulch and 4100 South Replacement Project to CRS Engineers in the amount of \$287,570. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Jordan Valley Water Conservancy District Report - Trustee Swensen Nothing to report.

Central Valley Water Reclamation Facility Report - Trustee Behunin Nothing to report.

Utah Association of Special Districts Report - Trustee Russell Nothing to report.

Public Hearing

At 6:00 p.m. Chairman Behunin called to order and announced the beginning of the Public Hearing. Trustee Behunin welcomed those customers in attendance to hear and understand the purpose of increasing rates and fees for 2014. The following motion was made by Trustee Swensen seconded by Trustee Russell:

RESOLVED: To approve the motion to begin the Public Hearing for the purpose of increasing fees and rates for the 2014. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Presentation

Rate and Fee Increase - Keith Lord, General Manager The General Manager presented the proposed rate and fee increases for 2014. He showed the current rates and compared those to the proposed rates. He discussed the fact that the District needs fixed costs to maintain operations. An average monthly bill in 2014 will be approximately \$48.88 and currently the bill is \$41.46. He explained that

the District staff attempts to run the operations efficiently and complimented them on their efforts.

Projects and Capital Expenditures - Paul Hirst, Consultant Engineer The Engineer addressed the need for the higher rates. He explained that the system is old and needs repair to be able to continue the level of service that each customer receives. The projects needed are two new wells, sewer system upgrades, a booster station pump in the near future, and repair of several reservoir roofs. He concluded that the District Management is very careful and uses wisdom when considering projects and spending money.

Financial Position - Mark Chalk, Controller Mr. Chalk explained that the District prides itself in maintaining the lowest rates in Salt Lake County but, unfortunately, if the District continues with the rates or availability fees at the same level at the present time the District will run out of money by 2017. The proposed 5% rate increase and an additional increase on the water and sewer availability fees to \$5.00 each will help the District continue to provide the level of service that District customers have come to expect. He emphasized the importance of the increase so that the District can continue to be fiscally responsible.

Public Comment: Why can't you spread the increase over the next few years?

Board Response: Mr. Chalk explained the capital projects discussed by Mr. Hirst will require revenue that the District does not have at the present time.

Public Comment: Are you increasing the fee each year or the rate?

Board Response: Mr. Chalk explained that we are increasing the availability fees this one time only to \$5.00 each for water and sewer but each year the rate will increase 5%.

Public Comment: Why not acquire money from bonds while the interest is low?

Board Response: We could bond for \$10-13 million but the District doesn't need that much money for projects at the present time.

Public Comment: Are we in crisis?

Board Response: No, but we need to be fiscally responsible. We need to have the money in reserve in order to take care of a variety of projects.

Public Comment: How did you get us in this "mess" in the first place? You should have done something sooner.

Board Response: We have tried not to raise rates. We don't want to borrow or bond for money but use the resources in the budget. Scheduled projects have been completed and we have been proactive but Mr. Hirst has explained that there are large projects that are needed in the immediate future. This may be a philosophy change. We don't want to bond and pay interest.

Public Comment: How do we compare to the fixed rates and fees with others? Taylorsville City has raised the taxes 30%. This increase of 150% is very excessive.

Board Response: You will continue to pay less than most of the neighboring entities. You have the comparisons on the paper that you were handed.

Public Comment: I am very fearful of this increase. You have no transparency. Why can't you budget the way all of us here have to budget? Why should we have to pay a fee? I want to only to pay for the water that I use. You are not being fair. You need to save your money.

Board Response: We understand your frustration but we need revenue to pay the District's bills. It's ideal but we have fixed expenses that the District needs to pay.

Public Comment: The fee should have been addressed five years ago. Why now? Couldn't you have been increasing the fee gradually and not making this big increase all at once? Can't we start with 25% over three years.

Board Response: It is difficult. We would not be able to keep the cash flow if we only increase at 25%. We are still feeling the pinch and will continue to for the next ten years.

Public Comment: I have lost \$500 in income the past year. What are you doing here to decrease expenses and now you have a non-transparent fee? Board Response: No comment

Public Comment: The rate is being raised 5% every year. I don't get a 5% raise every year. Just because your rates are low doesn't mean that you should raise the rates.

Board Response: The availability fees will not go up again, only the rates will be increasing by 5%.

Public Comment: Do you have anyone at the District looking for grants for these various projects? I know that there are grants that are available to you. Are you still with the Local Governments Trust? Ask your insurance company to look into grants and money.

Board Response: Yes, we have looked at grants but they don't lend themselves to our situation.

Public Comment: I disagree. You can find grants if you ask.

Board Response: No comment.

Public Comment: I appreciate how well the District runs but I have two concerns; the public needs to see how the money is being used; and we could look at privatization for services. Board Response: No comment.

Public Comment: Wanted to say thanks and love to turn on my good water. My daughter loves to come to my home and have good water. Board Response: No comment.

Public Comment: Why won't anyone call on me? Why are you doing this now? It's the idea that everything is going up. I have to spend a lot on drugs but now I'm on generic drugs and now everyone wants my money. I do appreciate the water.

Public Comment: I want to make a motion and find out how to get a grant.

Board Response: We will look into grants and all the comments will be considered. We will not be making a motion.

Public Comment: There is no such thing as free money. Beg your local and state officials not to come and ask for money.

Public Comment: I would like to have something done with all the people who waste water.

Public Comment: The government is only looking after themselves. Board Response: No Comment.

Public Comment: I just don't like the fee going up. I can save on water but I will have to pay for the fee.

Comment: Why can't you stockpile money in some years?

Board Response: There are some years where we can save but most years we have projects.

Public Comment: Why can't the District be more proactive and get people to stop watering so much? There is too much water being wasted.

Public Comment: What about a fee for those who water too much?

Public Comment: I received a flyer from Taylorsville Bennion that they would test my water consumption and they came out and saved me a bunch of money.

Board Response: The District has decreased their water consumption over the past ten years.

Public Comment: Taylorsville is 85% developed and there is only 4,000 more residents since it incorporated.

Public Comment: How much are you planning to increase your revenue in one month? Board Response: Fees will bring in \$1.5 million additional per year.

Public Comment: How much does it cost to add fluoride to the water?

Board Response: Fluoride is cheap. But the construction of the fluoride treatment sites were costly. The Salt Lake County mandated the use of fluoride.

Public Comment: The Board needs to be innovative and think of different ways to cut costs. You need to get a bond. I have yet to see that you are being creative and diligent. It is easy to go to the rate payers and ask for a rate increase. This Board needs to be more innovative.

Public Comment: We need to have a bond while the rates are low. Why don't you secure the funding and acquire the money now while interest rates are low and save this money for future projects?

Board Response: If you bond today the District would have money for the projects. But the bond would need to be paid with interest and each customer's bill would increase considerably more to pay off the bond and interest.

Public Comment: I see that this Board is innovative and diligent. Looking at the graphs and comparisons with other Districts, they seem to be doing something right.

Board Response: Trustee Swensen expressed that he has lived in the District for 75 years and has been on the Board for many years. You can't question the Board's decisions unless you have attended our Board meetings. The people who started the Taylorsville-Bennion Improvement District had the foresight to dig wells and build reservoirs. We want to be sure that when you turn on your tap, good water comes out. We also want to assure you that when you go to your basement, you don't find it full of sewer. We want to have the funds in place to keep the infrastructure in good condition. But pipes wear out and need to be replaced. Approximately four years ago the Salt Lake Tribune surveyed water and sewer districts and pointed out flaws and inefficiencies in the way money was spent. The reporter stated that looking at the problems and flaws, you would not find them in the Taylorsville-Bennion Improvement District. We take pride in that. We try to keep our costs down. Today we have hundreds of Federal regulations that have to be followed and many new regulations added every year. We have loyal employees and very little turnover in staff. We are squeezing efficiency out of our employees.

Public Comment: I want to ask about the retirement of your employees that receive a full years salary

after working here for 25 years. I have never heard of any employer paying accrued sick leave when a person quits. You don't get that working in the private sector. I don't understand how you can that.
Board Response: A study has been done that as your older employees retire and hire new employees you gain back that efficiency.

Board Response: I have worked in the public sector and the private sector and I could make much more money in the private sector.

Public Comment: Are you giving your employees big raises? You know this is an entitled generation. They feel they deserve large bonuses and big salaries. Is that what you are doing?

Board Response: No comment.

Public Comment: I can see that you are not aware of grants. Can you report on looking for grants?

Board Response: We have your name and address when you signed in and we can assure you that each person will be contacted by mail on the decisions of this Board.

Board Response: I am on another Board and I can tell you that Federal grants have dried up. There are no grants available.

Board Response: Don Russell thanked each person who have attended. A rate increase is painful. We understand that. He encouraged each person to ask friends and associates outside the Taylorsville-Bennion area about their bills and they will find that the increase is quite reasonable. We know water is a precious commodity. We, as a Board are acutely aware of this and want to give you the best "bang for your buck" on your billing dollar. Conservation has been mentioned and water use in this District is generally down and that is a great credit to you, our customers. The more

control we have, using our own wells and reservoirs, helps the District control costs. At present, we buy about 30% of our water from Jordan Valley Water Conservancy District and their fees and costs are a lot higher than we pass on to the customer. We want to provide the best water at the lowest cost. We appreciate you attending this meeting.

Board Response: Attorney Bill Gibbs explained that he is the Attorney for the District and was the Attorney when this District was organized in 1957. I have organized many districts and I can tell you without any question that this District has been the best as far as efficiency is concerned. It takes planning and foresight to make sure that pipes are laid and water lines are working. This District continues to provide the best water for the least amount of money. I have never seen a Board in all the boards I have been on that runs as efficiently as this District does and continues to do so. This Board and the boards preceding them have always put the interest of the customer first.

Board Response: Chairman Behunin thanked those who attended the Public Hearing and commended them on their comments and concerns. He explained that each and every comment will be considered and will contact each person in attendance on the Board's decision. He then closed the Public Hearing portion of the Board Meeting.

Regular Board Meeting Continued following the Public Hearing

The Regular Board Meeting continued following the Public Hearing at 7:50 p.m. Trustee Behunin recommended that the Board go into closed session for the purpose of discussing the character, competence or health of an individual. The Board Chairman and Clerk signed an affidavit indicating that no recorded or written minutes were needed because of the topic to be discussed. The following motion was made by Trustee Russell seconded by Trustee Swensen:

RESOLVED: To go in to closed session for discussion of the character, competence or health of an individual and append the affidavit to the minutes. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Closed Session

Trustee Swensen recommended that the Board go out of closed session. The following motion was made by Trustee Swensen seconded by Trustee Russell:

RESOLVED: To approve the Board go out of closed session and back into regular session. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Chairman Behunin reported that the Board approved the recommendation of the General Manager regarding the salaries for 2014 and in addition the Board approved a one-time bonus be given to the General Manager, Assistant General Manager and Secretary. After discussion the following motion was made by Trustee Swensen seconded by Trustee Russell.

RESOLVED: To approve the 2014 salaries for the District employees as outlined by the General Manager and in addition approve a one-time bonus be given to the General Manager, Assistant General Manager and Secretary. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

The General Manager discussed with the Board the recommended availability fee increase of \$5.00 for sewer and \$5.00 for water plus a 5% rate increase for water and sewer from \$1.54 per thousand gallons to \$1.62. After a lengthy discussion and much consideration the following motion was made by Trustee Swensen seconded by Trustee Russell:

RESOLVED: To approve the availability fee increase of \$5.00 for sewer and \$5.00 for water plus a 5% rate increase for water and sewer from \$1.54 per thousand gallons to \$1.62. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

Adjourn The following motion was made by Trustee Russell seconded by Trustee Swensen:

RESOLVED: To adjourn the November, 2013 Board Meeting at 8:30 p.m. The motion was passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.

ACTION ITEMS