

**MINUTES OF THE TAYLORSVILLE-BENNION  
IMPROVEMENT DISTRICT BOARD MEETING HELD JUNE 19, 2013**

The regular monthly meeting of the Board of Trustees of the Taylorsville-Bennion Improvement District was held at 3:08 p.m. Wednesday, June 19, 2013 at the District office. Present were Trustee Behunin and Trustee Swensen. Also present were General Manager, Keith Lord; Assistant Manager, Kevin Fenn; Controller, Mark Chalk; Office Manager, Lance Fisher; Attorney, Bill Gibbs; Engineer, Paul Hirst; and Secretary, Tami Fullmer. Trustee Russell was excused. The prayer was offered by Mark Chalk.

**Public Comments** No public was in attendance.

**Common Consent Items** Minutes Upon review and discussion of the May 15, 2013 Board Minutes motion was made by Trustee Swensen seconded by Trustee Behunin.

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

Monthly Calendar of Events The General Manager noted that Board Meeting will be held on Wednesday, July 17, 2013 and will begin at 3:00 p.m. Trustees Behunin and Swensen plan to be in attendance. He also invited the Board to the Employee Summer Party that will be held Monday, July 29, 2013 at Hidden Village Park.

Accounts Payable Discussed: construction/operation and maintenance vouchers 26717 - 26882, for a total of 166 vouchers with a dollar amount of \$858,831.28; payroll vouchers 2013251 - 2013278 and 2013279 - 2013306 for a total of 56 vouchers with a dollar amount of \$147,762.16. Trustee Swensen questioned voucher #26776 regarding the tree trimming by Dad's Tree Service. The General Manager reported that the large trees on the east side of the building were trimmed. After receiving bids from several companies, Dad's Tree Service was selected. Trustee Swensen inquired about voucher #26858, to CRS Engineers, and referenced the item of the South Jordan Canal Trunkline Easement Resolution. Engineer Paul Hirst explained that this item was discussed in the May Board meeting and the engineers were surveying the sewer line that has buildings constructed over the canal and will be reported on today. After discussion the following motion was made by Trustee Swensen seconded by Trustee Behunin.

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 and Swensen.

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.

Certification of delinquent accounts to Salt Lake County Treasurer The General Manager presented the Certifications for the month of June, 2013. After discussion the following motion was made by Trustee Swensen seconded by Trustee Behunin.

RESOLVED: To approve the Certification amount of \$18,853.51. The motion passed with the following individuals voting in the affirmative: Trustees Behunin and Swensen.

Consider approval of Resolution 13-01 Fixing and Adopting Certified Tax Rate for 2013 Mark Chalk discussed the annual Certified Tax Rate of .0000173 that the Salt Lake County Assessor affixed for the Water and Sewer Maintenance and Operation fund to operate and maintain the District. This resolution allows the General Manager to modify the budget to reflect these changes in the budget. After a discussion the following motion was made by Trustee Swensen seconded by Trustee Behunin.

RESOLVED: To approve the Certified Tax Rate of .0000173 and allow the General Manager to adjust the budget to reflect any changes as is necessary. The motion passed with the following individuals voting in the affirmative: Trustees Swensen and Behunin.

**Operation's 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. He indicated that precipitation is down and the water use demand is high. The North Jordan Canal failure is reflecting a high demand for District water.

Water Conservation Response Kevin Fenn discussed the Water Conservation Response Plan that is now on the District's website and has been in affect since 2004. He explained that the District's water supply is good but there is a potential to see some water shortages at the end of the summer. Weber Basin Water has water restrictions in place already. He reported that it is going to be a hotter and drier year, and that it is the responsibility of the District to join with Jordan Valley Water Conservancy District to be a unified voice along the Wasatch Front.

Projects Kevin Fenn reported the 2012 Waterline Replacement will be completed this weekend, June 23, 2013. UDOT has granted permission to lay the asphalt. The 2013 Waterline Replacement is moving forward. The District is in the process of pre-qualifying contractors and will soon be receiving bids which will be opened July 15, 2013. The approvals from DEQ and UDOT have been granted and the project is ready to proceed. All other projects are included in the Board Book.

**Manager's Report** Long Term Planning Discussion The General Manager reported to the Board regarding Long Term Financing. He began the discussion talking about reserves. He identified the District's current level of reserves, the ten year goal for reserves and various methods to setting the level of reserves. He recommended the ten year goal and Operating Account to be \$2-8 million; the Capital Construction Reserve to be \$4-6 million; Post-Employment Reserve to be \$1-1.3 million; the Emergency Reserve to be \$2-2.3 million and the Central Valley Reserve to be \$100,000-600,000 for a total of \$9.1-18.2 million. He explained that an important item that rating agencies look for is a reserve of one years' expenses, which in our case would be \$7.5-12 million. He then presented four graphs that showed different scenarios to funding the District's expenditures for the next ten years:

Graph 1) Status Quo: This shows the District revenue stream with only a 5% per year increase in rates. He indicated that this would seriously impede the capital construction plan and safe operating conditions.

Graph 2) 60/60 Model: This model proposed a water readiness-to-serve increase of \$3.00 per R.U. (residential unit) per month or \$60 per R.U. per year, and sewer readiness-to-serve increase of \$2.50 per R.U. per month or \$60 per R.U. per year. He stated that this keeps the cash position steady through 2015, but then cash reserves begin to decline to unadvisable levels.

Graph 3) 60/60 Model with \$8 Million bond: In this scenario the District would bond for \$8 million dollars in 2014 with a repayment plan of 10 years and raise the readiness-to-serve rates of water and sewer to \$60.00 per R.U. per year. Initially this solves the immediate cash need for

construction projects but will require another fiscal decision in 2018. He stated that long term expenditures will exceed revenues and the cash reserve position declines to an undesirable level.

Graph 4) 60/72/84 Model: He explained that this scenario shows an increase in readiness-to-serve for water and sewer to \$60 per R.U. per year in 2014; then raised to \$72.00 per R.U. per year in 2015; then to \$84.00 per R.U. per year in 2016. He explained that this is the only scenario that keeps the revenue stream above expenditures, is done with out bonding, and maintains cash and reserves at acceptable and safe levels. Graph 4 gives the District the most flexibility to proceed or delay needed projects as planned for the next ten years. It was discussed that it would be an advantage to maintain a reserve for Capital Construction so the District could withstand a small disaster or unforeseen emergency. The District's position has always been to be responsive rather than reactive to maintaining the system. Mark Chalk explained the post employment reserve is due to national accounting laws and that entities are required to account for pension liability now. Trustee Behunin and the General Manager reported to the Board that Central Valley is proposing entities put away reserves to fund a plant expansion in the future and that it will be the District's responsibility to pay a portion of these improvements. Trustee Behunin noted that Taylorsville City is seeking to increase the property taxes by 147% and the District may be adversely affected by their increase as customers may become frustrated with multiple increases. Trustee Swensen asked, with the proposed rate increase, where would the District compare with all the other entities. The General Manager estimated it would put the District rate in the lower half of the scale in comparison to most entities. One concern in raising the rate by 24% is it raises the District's profile. Paul Hirst asked about bonding on the 60/72/84 Plan and the General Manager explained that the District would not bond on this plan so it would be less cost to the District. Mark Chalk reported that the 60/72/84 plan would be beneficial to the District as well as the customers because we can construct as we need and not just make changes when there are emergencies. The Attorney made the comment if construction is needed now its beneficial to do this in a timely manner with current costs. In the future there will be less water to sell, the District will need to drill deeper for water and costs will be much higher. Mr. Fenn explained that the District wants to be proactive and not patch a problem. We will continue to scrutinize the District and prioritize the projects identified in the 20 Year Plan developed by CRS Engineers. The General Manager ranks the District's level of service as the best in the area. Calls are handled quickly and our serviceman's response is very timely. The General Manager did not want a motion today but wanted the Board to seriously consider a decision on raising our readiness-to-serve charge in 2014.

File Notice of Intent to Update the District Impact Fee Study The General Manager explained that as part of the District's long term planning, he asked the Board to approve the Notice of Intent to update the District's impact fee facilities plan and impact fee analysis for sanitary sewer. After a discussion the following motion was made by Trustee Swensen seconded by Trustee Behunin.

RESOLVED: To approve the Notice of Intent to update the District's impact fee facilities plan and impact fee analysis for sanitary sewer. The motion passed with the following individuals voting in the affirmative: Trustees Behunin and Swensen.

Consider approval of Budget Hearing December 18, 2013, 3:00 p.m. for 2014 The General Manager asked the Board to confirm and approve the District's Budget Hearing set for December 18, 2013 to be held as planned. The Board agreed to hold the Budget Hearing as scheduled.

**Officer Manager's Report** Consider Contract for Trustee Elections with Salt Lake County Lance Fisher reported to the Board the information the District has received regarding the upcoming Trustee Elections scheduled for November, 2013. He explained that voting laws have changed significantly over the past few years and the costs are higher. Mr. Fisher researched companies and

various options which could assist the District with elections. Salt Lake County Elections Division offered the most cost effective and comprehensive service. The estimated cost to the District from Salt Lake County is projected to not exceed \$46,313.10. At present, Trustee Behunin is running uncontested in the election and if there are no other candidates, there would be minimal or no cost to the District. The General Manager asked the Board to sign the contract for Salt Lake County authorizing them to provide their services to the District in the upcoming election. After a discussion motion was made by Trustee Swensen seconded by Trustee Behunin.

**RESOLVED:** To approve and sign the contract authorizing the Salt Lake County Elections Division to provide election services to the District for the November, 2013 elections. The motion was passed with the following individuals voting in the affirmative: Trustees Behunin and Swensen.

**Social Media Presentation** Lance Fisher reported to the Board that many entities are providing information to their customers by way of Facebook and Twitter, both social media sites. These entities have the ability to send updates regarding water conservation, broken water lines and emergency conditions or any other information. After a lengthy discussion, Board members asked that this item be tabled for discussion at a future Board meeting.

**Legal Report** The Attorney reported that the North Jordan Canal will be rebuilt and completed within the next few weeks. He thanked the District for the use of the Board Room in order to hold their meeting with their members. There were over two hundred people in attendance.

**Engineers Report** **Trunk Line Easement Project** The Engineer reported that the District is servicing a sewer trunk line along the South Jordan Canal. He displayed a photo showing the location of the sewer line and structures that have been built over the line and within easements held by the District. This creates a dangerous situation and may require the structures to be removed. He explained that the District will send certified letters informing each homeowner of the District's concerns and will wait to hear from them. The Trustees were concerned about the impact on the homeowners and asked the General Manager to report back at next month's Board meeting.

**Jordan Valley Water Conservancy District Report** Trustee Swensen informed the Board that was a public hearing on a permit to discharge to the Great Salt Lake watershed on June 17, 2013 at the Division of Water Quality. He will keep the Board updated on this matter.

**Water Road Map** Trustee Swensen reported to the Board that Governor Herbert has formed a committee to develop a strategy and plan for water issues over the next fifty years, calling this "The Water Road Map". There will be several public meetings held throughout the state and Trustee Swensen explained that it would be beneficial for Board members to attend, show support and make comments. The first meeting is scheduled for August 13, 2013, in Salt Lake City, at the Department of Natural Resources.

**Central Valley Water Reclamation Facility Report** Nothing to report.

**Utah Association of Special Districts Report** Nothing to report.

**Closed Meeting** No closed meeting was held.

**Adjourn** Motion was made by Trustee Swensen seconded by Trustee Behunin.

**RESOLVED:** To adjourn the June, 2013 Board Meeting at 5:30 p.m. The motion was passed with the following individuals voting in the affirmative: Trustees Behunin and Swensen.

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## **ACTION ITEMS**