

**MINUTES OF THE TAYLORSVILLE-BENNION
IMPROVEMENT DISTRICT STRATEGIC PLANNING MEETING
SEPTEMBER 2, 2015**

The Strategic Planning Meeting Board of Trustees of the Taylorsville-Bennion Improvement District was held at 7:45 a.m. Wednesday, September 4, 2015 at the District office. Present were Trustees Behunin, Swensen and Russell. Also present were General Manager, Keith Lord; Assistant General Manager, Kevin Fenn; Assistant General Manager, Mark Chalk; Engineers, Paul Hirst and Mark Chandler; Facilities Manager, Ron Dawson; Office Manager, Lance Fisher; Operations Manager, Shawn Robinson; Communications Manager, Dan McDougal and Secretary, Tami Fullmer.

Well Status General Condition, Treatment and Rehabilitation, Future Forecast Needs Mark Chandler reported on the Well Status Update. He explained that there are four classes of wells within the District:

- Class One wells have the highest water production and highest quality of water.
- Class Two wells have good quality and production.
- Class Three wells are used only when necessary.
- Class Four wells are non-functioning and may be abandoned. The Engineers and District Management are planning to build new wells in the near future. They are the Wirthlin, Millrace and Barker Mega Well.

Reservoir Status

- Lid Repair results: The Engineer reported that at present there is no perfect solution for the lid repairs. He is attempting to find a good surface coating with the best coverage for the least amount of money.
- Water Rights: The Engineer reported that the District owns 15 Water Rights, 14 of which are certificated. The District has the water rights needed to produce water for its residents. There is no need to acquire more water rights for the District. Jordan Valley Water Conservancy District is an “insurance policy” if Taylorsville-Bennion loses a well.
- Well Life Expectancy: The Engineer noted that the life expectancy for a well is between 25 to 30 years. It is more cost effective to build wells than rely on water from Jordan Valley Water Conservancy District.

Capital Improvement Projects (5 years) The following projects were reported and discussed:

- Reservoir Lids: Continue evaluation on the projects. Trying to find the perfect solution.
- Millrace Exploratory Well: In the planning stage.
- Wirthlin Production Well: In the planning stage.
- Subdivision Waterline: Evaluating the water lines in each subdivision.
- Reservoir Landscaping: Will be done in phases. Water saving plants will be used. Controlled sprinklers will be installed.
- Sewer Cured In Place Pipe (CIPP): Cost effective method and excellent pipe. Identifying the pipe that needs replacement in the near future.
- Sewer Line Replacement: Evaluating the areas that need to be replaced.
- IFFP for Water and Sewer Upgrades: Management and Engineers have identified the following upgrades for water:

- Low Zone North Booster Station Upgrades – Ron Dawson reported that two vertical turbine pumps with Variable Frequency Drive (VFD) will be installed, building modifications will be made resulting in more water to the Middle Zone, as well as disinfection and testing.
- Low Zone South Booster Station Upgrades- Mr. Dawson reported that vertical turbine pumps with VFD will be installed in the LZS Booster Station as well as additional conductors to increase amp service.
- 6200 South Low Zone North Waterline – This will be a dedicated water line to the Booster Stations.
- Redwood Road 10 inch line – New waterline will move water more efficiently and eliminate some of the problems with pressure.

Mr. Dawson reported that with these upgrades, the District will have a better, more efficient water management system.

Communication Manager Dan McDougal presented the following areas that he is involved with:

- Communication Outreach Activities:
 - YMCA Education and Health Fair – Taylorsville-Bennion Improvement District was invited to participate. The District booth focused on the youth and featured items to educate as well as entertain. Mr. McDougal included games and handouts for all who attended.
 - Taylorsville Dayz – Mr. McDougal represented the District at a Booth during the celebration. He reported that many patrons visited the booth, received educational handouts and was a good public relations tool for the District.
- Conservation: Mr. McDougal reported that Taylorsville-Bennion is including articles in each publication of the Taylorsville Journal to educate and inform the citizens regarding water conservation and water concerns.
- Customer Service: Mr. McDougal assists the office and customers who call with concerns regarding water quality. He contacts each customer about their concerns and resolves the issue.
- Emergency Response: Mr. McDougal participates with other entities with Emergency Preparedness and is organizing District efforts for the future. He has been preparing the District Office for any emergency and has purchased many items that are stored at the office and well sites for employee use in case of any emergency.
- Safety: A Safety Meeting is held each Tuesday morning for all employees. Many informative subjects are presented by Mr. McDougal and others that help to educate each employee to make the workplace better and safer.
- CCR Report: The Consumer Confidence Report - Mr. McDougal explained that this report is published and mailed annually to provide District residents of water quality and required public information for the Safe Drinking Water Act.
- Open House: Trustee Russell suggested that Taylorsville-Bennion have an Open House for the residents of the District. Tours of the building and educational handouts could be given to those who attended. The General Manager suggested a good time to calendar an Open House would be Water Week in May, 2016.

Key Indicators Each Manager gave an overview of their departments.

- Sewer: Shawn Robinson reported on several items.
 - Total feet of sewer pipe
 - Total sewer back-ups
 - Service calls – The sewer service men contacts homeowners and helps customers.

- Water: Shawn Robinson gave an update regarding water items.
 - Mainline breaks
 - Hydrants
 - Valve repairs
 - Cross-training. He reported that the District is emphasizing that the water and sewer departments become proficient with one another's job responsibilities.
 - Water Regulations
 - Peak factor

- Field Support: Shawn Robinson reported that Dennis Nielsen has many responsibilities that are tracked.
 - Blue Stakes-reviews all requests
 - Turn on/Turn off and other customer service requests
 - Water sampling
 - Fluoride Treatment and Support

- Fleet: Ron Dawn reported that he is responsible for the vehicles used by the company.
 - Attempt to use less fuel each month.
 - Plan to purchase an Eco-Boost truck in the near future that will help with conserving fuel.

- Customer Service: Lance Fisher reported on the office staff and responsibilities.
 - Meter Reading- Joe Jensen does an excellent job of reading the meters for the entire District in approximately nine (9) hours. He does this with accuracy and efficiency.
 - Customer Service- The office staff does an excellent job of tracking calls regarding water quality, high bills, lack of water pressure, landlord issues, and leaks. Mr. Fisher is tracking the calls with the use of "tags" that the secretaries put in the account notes.

Effective Utility Management Dashboard Assistant General Manager Mark Chalk reported to the Board regarding EUM.

- Why EUM:
 - Enhance the stewardship of the infrastructure.
 - Respond to current and future challenges.
 - Improve performance in many critical areas.
 - Encourage collaboration between regulators, legislators and other stakeholders.
 - Create a framework to address most critical needs through a customized, incremental approach that is the relevant to everyday challenges-not just financial or operation-focused.

- Assist in selecting priorities for improvement due to limited resources and based on the needs of the community.
- Keys to Success:
 - Leadership – Must ensure that the utility’s direction is communicated, understood, embraced and followed.
 - Strategic Planning – A strategic plan provides a framework for decision-making.
 - Organizational Approach –Actively engage employees in the improvement effort.
 - Management – “You can’t improve what you can’t measure”. However, make sure the right things are being measured.
 - Measurement provides focus, clarification and facilitates decision-making.
 - Continual Improvement Management Framework – “The Goal”.
- Attributes Ranking : Importance as Determined by and for TBID:
 - Product Quality
 - Financial Viability
 - Infrastructure Stability
 - Water Resource Adequacy
 - Customer Satisfaction
 - Employee and Leadership Development
 - Operational Optimization
 - Operational Resiliency
 - Stakeholder Understanding & Support
 - Community Sustainability
- Operational Cash Ratio: Mark Chalk attached graphs to illustrate.
 - Unrestricted Cash Balance and Minimum Cash Balance Limit
 - The District’s ability to stay in business. Compares the end-of-year cash balance compared to the minimum cash limits set by the Board. Represents the District’s ability to cover current financial obligations.
- Debt Service Coverage Ratio: Mr. Chalk attached graphs for illustration.
 - Net Income + Interest Expense + Depreciation
Debt Service (Principal + Interest Payments)
 - Ability of the District to meet its obligations over the long-term, including interest.

Dashboard of Attributes for an Effectively –Managed District

- Mark Chalk presented an overview of five (5) District Performance Indicators. In all five areas the District was “Outstanding” or “Acceptable” in all categories.
 - Product Quality – Customers like no odor, no taste, good consistency
 - Financial Viability – Doing well long-term. Healthy Company
 - Infrastructure Stability- Document water and sewer line breaks, unaccounted water, wastewater proficiency and lift station operation.
 - Resource Adequacy – Water conservation progress, peak water days, and well replacements.

- Customer Satisfaction- Documenting complaints and satisfaction. Trustee Swensen referred to the Tribune article that was published a few years ago that stated that Taylorsville-Bennion Improvement District was managed very well and did not find any problems within the District. The Board can feel confident that the District has good Management.

Financial Projections

- Bond Expense: Mark Chalk presented the following information.
 - 2010A Bond will mature in 2015.
 - 2010B Bond will mature in 2019.
 - These Bonds account for \$1.4 Million a year
 - Central Valley Bond will mature in 2029.
 - These Bonds account for approximately \$170,000 a year (increasing each year).
 - Still unclear is another Bond will be needed for Central Valley and for how much. Could be as big as TBID 2010A and 2010B Bonds (\$13 Million).
- Reserves: Mark Chalk presented the following information.
 - Added \$1.8 Million in 2014
 - This was the planned amount in 2014
 - It was assisted by the fact that many projects were postponed to 2015
 - Total Reserves to date – \$7.8 Million.
 - Reserves are flexible every year. In years that we have a lot of capital expenses, reserve savings are limited. In years that projects are less, reserve savings can increase.
 - Goal – \$15 Million by 2023.
Years 2024 & 2025 TBID is anticipating an increase in the Central Valley Reserve.
- Operating Expense (Less Depreciation):
 - Taking out Depreciation gives us a true sense of what our cash expenses are each year.
 - Depreciation is approximately \$3.1 Million a year.
 - Includes all the day to day expenses of the District.
 - Including
 - Salaries and Benefits
 - Central Valley Wastewater Treatment
 - Jordan Valley Water Purchases
 - All maintenance and repairs including Wells, Boosters, Reservoirs, Fuel, Power, Water Treatment, Water and Sewer Lines, etc.
 - These Expenses assume a 3% inflation rate.
 - Inflation of the dollar
 - Inflation of prices, taxes, number of District connections, and number of employees.
- Total Revenue:
 - Subjective:

- Based on temperature
 - Number of rain storms
 - Timing of rain storms
 - Media/ Conservation
 - Number of new accounts
 - Number of vacant homes
- Volatile:
 - Mostly fixed revenue
Availability fees and taxes
\$2,400,000 or 19%
 - Mostly Variable Revenue
From Rates
\$10,380,000 or 81%
- Operating Cash
 - Minimum and Maximum limit set by the Board
 - Current limits are \$3-\$6 million
 - These limits are projected out with 3% inflation
 - Minimum is set at the level of risk we are willing to take for immediate, unseen expenses. Anything lower than this increases the possibility of running out of cash in the bank.
 - Maximum is set at a level that we feel is adequate to cover the needs and expenses that are to come during the year or the next year. Above this is seen as an over-abundance.
- Water and Sewer Rates
 - Projecting out approximately a 5% rate increase every year until 2022.
 - Originally the plan to increase at this rate for 10+
 - The District has been able to shave off an entire year and justify leaving them at that rate into 2023 and beyond.
 - Rates are projected to flatten unless there are major changes.
 - Current Rate- \$1.69
 - Projected Rate for 2016 - \$1.78; an increase of \$0.09 or 5.3%

Investment Strategies

- Current Cash on Hand
 - Public Treasurer's Investment Fund (PTF)
 - Key Bank
 - Zion's Reserve & Replacement Account (Held in PTF)
 - Total Cash on Hand - \$12,248,823
- Amount to Invest
 - Reserves
 - Total - \$7.8 Million
 - Operational Cash
 - Total - \$4,471,934

Work Force Status

- The General Manager presented a company organization chart for review. He explained the various categories; age groups, years of service, level of education, and benefits received.
 - Two new employees have been added to the Water and Sewer Crews
 - Need to fill position of Assistant Water Supervisor

Surplus Property

- 2016 Surplus Property: The General Manager reviewed the wells that are inactive and no longer in use.
 - El Camino Well
 - White Well #1
 - Sunstone Well
 - White Well #2
 - Finlayson

Developer Design Subdivisions

- District Management presented the concept:
 - Developer to perform design and submit for review to CRS and TBID.
 - More reviews would be likely
 - District will receive push back from developers on District Standards and Requirements
 - Less thorough Design
 - District Standard Subdivision Process
 - Provide connection information (As-Builts)
 - Developer to pay for review fees and submit preliminary design
 - Review, revise and resubmit until final design is approved
 - Preconstruction meeting
 - Inspection
 - Project closeout and as-built submittal
- Trustee Behunin suggested that the Board have an opportunity to review and discuss each option.

Board Training

- The General Manager discussed several issues with respect to Board Meetings, agendas and public participation in Board meetings.
 - Control of the Board or Public Meeting
 - Public Participation
 - A pre-determined time limit to address the Board
 - Civil discussion

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

RESOLVED: To adjourn the September 2, 2015 Strategic Planning Meeting. The time was 2:30 p.m. The motion passed with the following individuals voting in the affirmative: Trustees Behunin, Swensen and Russell.
