

MINUTES
TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
Board Meeting
October 18, 2024
Taylorsville-Bennion Board Room

Board Members Present

Don Russell	Board Chair
Matthew Swensen	Trustee
Kelton Kleinman	Trustee

Staff Members Present

Mark Chalk	General Manager/Clerk
Bruce Hicken	Director of Finance & Information/Treasurer
Tammy North	Director of Engineering & Development
Shawn Robinson	Director of Operations & Maintenance
Dan McDougal	Director of Risk & Asset Management
Dora Dominguez	Executive Assistant & Office Supervisor

The Board Chair opened the meeting at 2:01 p.m. and welcomed everyone. Matthew Swensen offered the invocation.

Public Comments

There were no public comments.

Approval of Common Consent Items

The Board Chair discussed the approval of common consent items including the Minutes of the Strategic Planning Board meeting held on October 2, 2024, the expense report, accounts payable, and the electronic fund transfers report. The next Board meeting was confirmed for November 20, 2024, at 4:00 pm, followed by a public hearing at 6:00 pm. The Board Chair confirmed his attendance at the UASD Conference. The District Fall luncheon will be held on October 23 and the Board was invited to attend.

The accounts payable report in the board book contains construction, operation, and maintenance vouchers #22844-23146 for a total of 303 vouchers, with a dollar amount of \$2,462,838.87. The accounts payable report also includes electronic fund transfers with a dollar amount of \$331,320.24. The Board Chair inquired about check #23146 payable to the Utah State Treasurer for \$377.96. Mr. Hicken explained that the check was sent to the Utah State Treasurer's office for unclaimed property funds.

The following motion was made by Trustee Swensen, seconded by Trustee Kleinman:

RESOLVED: To approve the common consent items. The motion passed unanimously with the following votes:

Trustee Russell	Yes
Trustee Swensen	Yes
Trustee Kleinman	Yes

Finance and Information Matters

Preliminary 2025 Budget review

Mr. Hicken introduced the Preliminary Budget Summary for 2025. He noted that the rate study recommended a 3% increase in water and sewer rates. The preliminary budgeted revenue for 2025 is \$23,910,000, up \$780,000 from 2024. Mr. Hicken remarked that the proposed Operation and Maintenance budget will increase by \$1,036,900, or 5.1%, over the previous budget.

Mr. Hicken reviewed the expenses that had significant changes from the previous budget. The Water Operations and Maintenance Expense budget includes a one-time cost of \$300,000 to abandon waterlines. The depreciation budget increased by \$480,000, but it does not affect the District's cash position. Jordan Valley water purchase budget increased by \$119,000. There is a carryover balance of \$60,000 for tank cleaning. This project was supposed to be completed by the end of the year, but the contractor might not be able to get it done. District flows to CVWRF have significantly decreased due to the construction of the siphon, resulting in a savings of \$329,500 in 2025. Mr. Hicken indicated that if the costs of abandoning the waterlines, depreciation, and tank cleaning were eliminated to "normalize" the budget, the increase to the budget would be 1% rather than 5.1%. The 1% compares well to the CPI increase of 2.6% as of July.

Salary changes are budgeted to be a 2.6% COLA based on the Bureau of Labor Statistics Western Region figure for July, with 0-3% for annual merit increase. The total number of employees is expected to increase from 35 to 36 by the end of 2025. Ten Operators will be eligible for operator exams and thereby receive up to an additional \$60,000 in compensation. Six-grade promotions could result in additional compensation of \$22,000. Salaries and wages are budgeted to increase by \$184,200, or 5.2%.

Employee insurance benefits are scheduled to increase by 4.6% for medical and a 5.6% increase for dental. Long-term disability insurance has no rate increase. The overall cost increase over 2024 is \$35,915. There is a possibility of a trustee election in 2025, therefore, \$50,000 has been set aside to contract with the County for the potential election. The Contingency account remains the same as 2024 at \$300,000. Bond payment number 5 of 20 of the Series 2021 Bond will be made in 2025, for \$1,159,000. The District anticipates receiving the grant funding for \$1,600,000 to help offset the cost of the Meadowbrook Waterline Replacement Project.

Capital projects for 2025 include the 1130 West Water Line Replacement, District Building, Barker Replacement Well, Meadowbrook Waterline Replacement, Middle Zone Line Engineering, CIPP Sewer Lining, Manhole Upgrades, Auto Purchase (7 vehicles), Sale of Surplus Vehicles, Server Room improvements, and the Central Valley Plant Upgrades.

Mr. Hicken remarked that the District is constantly looking for ways to be more effective, and efficient, and save money for the District. He highlighted the one-time and annually recurring District savings related to the 2025 District budget.

One-time savings:

- \$1,600,000 - Grant funding for the Meadowbrook Waterline
- \$1,500,000 – Completing Large Meter Replacement project In-house
- \$600,000 – Partner with UDOT to avoid mobilization, traffic control, and restoration costs on the Redwood Road waterline replacement project
- \$368,000 – KID paid \$168K to TBID and the existing contractor bid \$200,000 resulting from accelerating a portion of 4700 South Waterline Replacement
- \$90,000 – Initial bid for tank cleaning was \$150K-\$286K, tank cleaning budget for 2025 is \$60,000
- \$52,000 – Completing the 40-Year Water Rights Plan and Conservation Plan In-house
- \$??? – Completed the Lead and Copper Rule Compliance In-house

Annual recurring savings:

- \$580,000 – Reduced flow to CVWRF resulting from the siphon
- \$440,000 – Interest savings of \$8.8M over 20 years due to the historically low interest rate of 1.6% on the bond
- \$440,000 – Recovery of lost revenue from the meter replacement
- \$433,000 – Flushing program being done In-house
- \$7,500 – Investing in the Valve Repair Kit reduces labor, excavation & material expenses

Review proposed Rate and Fee Schedule changes for 2025

Mr. Hicken indicated that the Rate and Fee Schedule has been adjusted to reflect the 3% rate increase in water and sewer rates as had been recommended in the rate study. Other fees were adjusted to reflect actual or market prices for materials, labor, and equipment.

Trustee Swensen asked if TBID was planning to increase property taxes. Mr. Hicken indicated that property taxes will remain the same. The General Manager noted that TBID has not increased property taxes in at least the last 20 years and is currently not planning to raise them in the future either.

Administrative Matters

Discussion on cost-of-living adjustment

As the Board had requested, The General Manager and Mr. Hicken presented options to help employees close the gap between housing costs, increased costs of living, and the CPI. Three options were presented including doing nothing, providing a 7%- 10% one-time bonus, or doing a 1%, 3%, or 5% salary adjustment.

Trustee Kleinman noted that the purpose of looking at these options is to help solve a long-term problem. He would lean towards a salary increase over a one-time bonus. He remarked that the CPI through July was 2.6% but it only reflects the cost-of-living increase over the last year, it does not reflect the total increase over the past few years. Trustee Kleinman indicated that the District is efficiently ran and employees are who make things happen. He referred to the one-time and recurring District savings that employees, including the Executive Management Team, made happen. Employees deserve the best the District can for them because of their dedication and hard work. Mr. Kleinman considers that the District must think forward and make a salary adjustment to help retain and attract great talent. However, he wants to be certain that the District can comfortably absorb the cost of whatever decision is made, without detriment to District residents.

Trustee Swensen remarked that as a Board of Trustees for TBID, part of their responsibility is to take care of employees and do the best possible. He considers that the best approach would be a salary increase for all employees. Trustee Swensen pondered that a one-time bonus to reward performance would be a great way to incentivize employees to continue to exceed expectations. Nonetheless, he was concerned about the taxation on a one-time bonus.

The Board Chair remarked that the District was generous on medical insurance and holidays. He considered that a one-time bonus for everyone would be the best way to proceed. He noted that the bonus should be based on amount and not percentage regardless of tenure as long as the employee is in good standing.

The Board Chair asked what had caused the \$580,000 savings at Central Valley. The Engineer remarked that there was an unknown leak at the lift station, and water was infiltrating from the river. The District was not aware of this issue until the siphon was built. This resulted in a reduced flow to Central Valley which has reduced our costs on an ongoing basis.

The Board asked Executive Management for their thoughts on the cost-of-living adjustment. Executive Management stated that it is important to the District that employees have a comfortable lifestyle which has not been possible nowadays. TBID employees have great District knowledge, and experience, and are very dedicated which often results in savings for the District. Making a salary adjustment at this time would potentially prevent turnover in the future when employees start seeking other jobs to help close the gap between housing costs and wages. A 5% increase in salary would amount to \$178,000 a year. The recurring savings from the siphon alone is approximately \$580,000 a year. Therefore, a reasonable salary increase could easily be absorbed by the recurring savings from the siphon alone, let alone the other ongoing savings that have been realized recently by staff.

The Board decided that a 3% salary increase for all employees would be appropriate to help with the cost of living. Also, a pool of money will be available to reward performance at management's discretion. Trustee Swensen mentioned that the top performers be the only ones that qualify for a bonus this time and that we should consider something between 7-10% for those employees. The General Manager will present a detailed proposal to the Board at the next board meeting.

Discussions and Reports

General Manager – Review the public hearing procedures

The General Manager reviewed the public hearing procedures and noted that in the past each speaker has been allotted two minutes to comment. The Board Chair will make adjustments as needed.

Director of Engineering & Development – Projects and development updates

The Engineer reported on the following projects:

Fuel Tanks – Tanks have been installed. The diesel tank was upgraded to 10,000 gallons.

BRT – TBID water lines were rerouted due to this project. Meters are being installed.

Cypress Cove – The District is providing sewer for this project, and it has been installed.

McDonalds on Redwood – A grease trap was installed. It has never had a grease trap before.

4700 South and Bangerter – The relocation of the water and sewer lines is almost complete
Miscellaneous City Projects

- Sharon Dr – TBID water line was looped
- Skate Park on 6200 S – Water vault will be relocated, and a new sewer line will be installed
- Frontage Rd – Water lines and a couple of meter vaults were relocated

Director of Finance & Information – September financials, EUM

Mr. Hicken indicated that interest rates are still at about 5.5%. Cash available for operations is at a good level. Water sales were \$112K over budget, and total operation revenue was \$1.2M over budget year to date. Summit Vista made a big payment on impact fees. However, some of that money will be refunded because they adjusted their plans to a smaller meter size. Year-to-date, the District is over budget \$1.2M in total sales. For the last two years, the District has been under budget in water sales. The new water sales normal has not been reached yet. Utilities show \$390K under budget because Rocky Mountain Power did not generate a bill in August. The District is waiting for a bill to be generated.

Trustee Swensen inquired if Rocky Mountain Power (RMP) had gone through with their 40% proposed increase. The General Manager and Mr. Hicken remarked that RMP decided to do the increase gradually over three years, at about 15% each year, and the impact is reflected in the budget.

Operations & Maintenance – September water reports

Mr. Robinson indicated that September had record-high temperatures and there was no precipitation. The water year ended slightly above the 10-year average. Water sales for September were 200-acre feet more than last year. The District still has 3 wells running in October. All wells will be shut down at the end of October. The District will be on Jordan Valley water for the remainder of the year.

Risk & Asset Management – September customer water usage reports

Mr. McDougal reported that 21% of residential customers were still in Tier 3 and 6% in Tier 4. There was a slight increase in Tiers 3 and 4 over last year. Mr. McDougal indicated that the District continues to participate in landscaping and water conservation meetings sponsored by the Taylorsville City Green Committee. Attendance in the Fall and Winter tends to drop off with most people attending in the spring.

Trustees – Updates, discussions, or reports

The Board Chair asked how often someone from the District attends Jordan Valley Board meetings and City Council meetings. The General Manager remarked that he presents at the City Council meeting 3 times a year in person and attends Jordan Valley Board meetings remotely every month. He noted that Jordan Valley is proposing a restructuring of its board of trustees' seats. Jordan Valley is planning to visit each entity to share the new board of trustee's structure. The Board Chair would like to be invited to this meeting with Jordan Valley.

The Taylorsville Journal will be running an article about TBID winning the awards for best groundwater and best overall water at AWWA Intermountain Section.

Trustee Swensen noted that his neighborhood was flushed last week, and everything went well.

The Board Chair thanked the Executive Management Team for a great financial and operational year.

Adjourn – The following motion was made by Trustee Kleinman, seconded by Trustee Swensen:

RESOLVED: To adjourn the Board meeting at 3:33 p.m. The motion passed unanimously with the following votes:

Trustee Russell	Yes
Trustee Swensen	Yes
Trustee Kleinman	Yes

A handwritten signature in cursive script that reads "Donald Russell". The signature is written in black ink and is positioned above a horizontal line.

Donald Russell, Chair of the Board of Trustees