

**MINUTES OF THE MEETING OF THE
KEARNS IMPROVEMENT DISTRICT (KID) BOARD OF TRUSTEES
HELD OCTOBER 10, 2023 AT THE DISTRICT OFFICE
LOCATED AT 5350 WEST 5400 SOUTH, KEARNS, UTAH**

Trustees Present:

Cheryle A. Hatch
Jeff Monson
Gregory R. Christensen

Staff Present:

Greg Anderson, General Manager/CEO
Riley Astill, Finance Director/Controller
James “Woody” Woodruff, Public Works Director/Engineer
Mark H. Anderson, Attorney
Jamie Banh, Executive Administrative Assistant
Dana Timothy, Office Manager
Abby Williams, Assistant Office Manager

Call to Order:

Chair Hatch called the meeting to order at 5:30 p.m. and welcomed all those present. The invocation was offered by Gregory Christensen and the pledge of allegiance was led by Greg Anderson.

Public Comments:

There were no public comments.

Approval of Minutes (Regular Meeting, September 12, 2023):

None of the Trustees having any questions or concerns regarding the September 12, 2023 Board meeting minutes that were included in the Board Book, it was moved by Trustee Monson and seconded by Trustee Christensen as follows:

That the minutes of the September 12, 2023 Board meeting be approved as presented.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

Board Training:

Abby Williams presented the monthly “snippit” training, the subject of which was “2023 Conservation Update”. At the end of her presentation, the Trustees commended Ms. Williams for her wonderful presentation and her efforts that have directly contributed to KID being a leader in water conservation, and for the skills she brings to the District.

Discuss the General Manager’s Report:

Greg Anderson’s written monthly General Manager’s Report was included in the Board Book. Among other things, Mr. Anderson discussed: the response of Central Valley Water Reclamation Facility and KID staff members to the illegal dumping of toxic substances at the HEXCEL/Northrup Grumman Sewer Metering Station (apparently, HEXCEL personnel washed out fibrous tanks and flushed the discharge into the sewer system); the likelihood that Northrup Grumman will exceed its Jordan Valley Water Conservancy District Wholesale Water Purchase Contract limits and will need to purchase excess water from KID at retail rates; a trip by Dana Timothy and Jamie Banh to Las Vegas where they represented KID to receive the “2023 WaterSense Excellence in Education Outreach Award” that was presented by the federal EPA as part of the WaterSmart Innovations Conference (the EPA and KID released a press release regarding this great national honor); a favorable renewal premium cost increase from PEHP (Public Employees Health Program) of 1.2% compared to the average PEHP renewal rate increase of 4.8% and other health insurance providers that have premium rate increases of between 8% and 10%; and efforts to correct a Cycle 3 billing error by XBP. During Mr. Anderson’s presentation, Abby Williams provided additional information and Jamie Banh shared photographs of the Las Vegas Award presentation.

Discuss the Public Works Report:

A copy of James Woodruff’s monthly Public Works Report was included in the Board Book. Among other things, Mr. Woodruff discussed the 911 Memorial Park renovation, which will be maintained by the Kearns Metro Township; the 4700 South Outfall Sewer Line; the 4320 West 5415 South water line; and the Fuel Station installation; and responded to questions from Trustees Christensen and Hatch. Mr. Woodruff also reviewed the classification of KID’s water lines (KID owns and operates almost 200 miles of water lines), and reviewed other KID public works activities.

Discuss the Administrative and Financial Reports:

Riley Astill reviewed the monthly Administrative and Financial Reports, copies of which were included in the Board Book. Overall, the District’s finances are performing very well compared to the 2023 Budget. Much of the discussion centered on the Investments/Reserves Report, including a detailed discussion regarding how reserve funds are allocated and per capita water use as reflected in the Connection & Population Report. It was noted that, so far in 2023, per capita water use was down 2% compared to last year. As reflected in the Customer Service

Report, 957 water meters were replaced during July. A representative of KID's water meter vendor, MeterWorks, stated that KID is MeterWorks' fastest customer when it comes to getting meters into the ground, for which much credit was given to Mark Kelly. Greg Anderson noted that, in light of supply chain issues and steadily increasing prices, he expects the District to save more than \$500,000 as a result of getting meter orders in early, and declared that he could not be more pleased with KID's staff. In response to a question from Trustee Christensen, Mr. Astill went into detail regarding neighborhoods in which water meters are being replaced now and where they will be replaced in the near future.

Consider the Check Register:

A copy of the August 2023 Check Register, which is a list of all payments made during the month, was included in the Board Book. Mr. Astill responded to questions from the Trustees regarding individual payments, and Greg Anderson provided additional information. In response to questions from Trustee Monson, Greg Anderson explained the language in the District's new more customer friendly door hangers, and discussed well maintenance activities, with additional details provided by Mr. Woodruff. At the end of the discussion, it was moved by Trustee Monson and seconded by Trustee Christensen as follows:

That the August 2023 Check Register be ratified and approved as presented.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

Consider Training Requests:

There were no training requests to be considered by the Board.

Consider Purchases/Costs Over \$50,000:

A Memorandum from Mr. Woodruff regarding Progress Payment # 10 to Whitaker Construction Company for work on the 4700 South Outfall Sewer, the Payment Application, and Invoice # 35881 from Whitaker Construction Company, Inc., were included in the Board Book. Mr. Woodruff recommended payment of the Invoice in the amount of \$667,210.40, less a 5% retention of \$33,360.52, leaving a net payment due of \$633,849.88.

It was moved by Trustee Monson and seconded by Trustee Christensen as follows:

That a payment on Invoice # 35881 submitted by Whitaker Construction Company, Inc., as reflected in Progress Payment # 10, be approved in the amount of \$633,849.88.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

Mr. Woodruff then presented Invoice # 8353, Progress Payment # 1, from Noland & Son Construction Company, along with a Memorandum prepared by Mr. Woodruff recommending a payment in the amount of \$103,110 with no retention amount, since this is a closeout payment for work completed on Change Order # 1 for the UPRR (Union Pacific Railroad) 16 inch slipline. Greg Anderson noted that Change Order # 1 was approved by the Board last month.

It was moved by Trustee Monson and seconded by Trustee Christensen as follows:

That Invoice # 8353 from Noland & Son Construction Company, Inc., for Change Order #1, be approved for payment in the amount of \$103,110.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

Invoice No. SFLF230962 from Larry H. Miller Ford Lincoln – Draper, in the amount of \$86,819.49 for a 2023 Ford F550 Chassis Regular Cab, was included in the Board Book. Since the purchase was being made pursuant to a State contract, no bids were required. In response to a question from Trustee Monson, Greg Anderson explained that the new truck will replace another truck that will be declared to be surplus and be sold in the future.

It was moved by Trustee Monson and seconded by Trustee Christensen as follows:

That Invoice SFLF230962 from Larry H. Miller Ford Lincoln – Draper for a 2023 Ford F550 Chassis Regular Cab be approved for payment in the amount of \$86,819.49.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

Mr. Woodruff reviewed Order # 118886 from Owen Equipment, a copy of which was included in the Board Book, in the amount of \$425,221.47 for a Vactor 2100 Series combination sewer cleaning machine that will be mounted on a truck chassis that is expected to cost an additional \$100,000. If the District makes this purchase now, the Vactor will be removed from the 2024 Budget. In response to a question from Trustee Christensen, Greg Anderson and James Woodruff explained that this is a complete system, and that the purchase falls within the District's 2023 Budget.

It was moved by Trustee Monson and seconded by Trustee Christensen as follows:

That the Invoice presented by Owen Equipment be paid in the amount of \$425,221.47 for a Vactor 2100 combination sewer cleaning machine.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

A Memorandum from Greg Anderson regarding the purchase of waterline piping and fittings was included in the Board Book. The low bid for the itemized pipe and fittings was

submitted by Mountainland Supply Company in the amount of \$123,158.43. Based on Mr. Anderson's recommendation, it was moved by Trustee Monson and seconded by Trustee Christensen as follows:

That the purchase from Mountainland Supply Company of waterline piping and fittings for the 4320 West Waterline Replacement Project be approved in the amount of \$123,158.43.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

Finally, Riley Astill reviewed his Memorandum and Invoice # 9290 submitted by MeterWorks for 1,822 Neptune residential water meters, copies of which were included in the Board Book. Mr. Astill explained that 2022 Bond proceeds will be used for this purchase, and the meters will be used to replace Cycle 2 water meters.

It was moved Trustee Monson and seconded by Trustee Christensen as follows:

That the purchase from MeterWorks of 1,822 Neptune residential water meters, pursuant to Invoice # 9290, be approved for payment in the amount of \$509,249.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

Mr. Astill indicated that the Cycle 1 Meters might be delivered this fall.

Consider Bond Releases/Reductions:

There were no bond releases or reductions to be considered by the Board.

Discuss/Consider 2024 Tentative Budget and Discuss 2024 Water and Sewer Rates and Fees:

Agenda items IV.A. and IV.C. were combined.

A copy of the 2024 Tentative Budget was included in the Board Book and was the subject of a slideshow presentation. Riley Astill pointed out that tentatively adopting the Tentative Budget is step two of the process to adopt a final Budget. Step three will be the November 14 Budget public hearing. The final step will be on December 12, when a final Budget will be adopted.

Mr. Astill explained that, as water rates increase, water usage goes down. Consequently, the recommended 4% rate increase is not expected to generate an additional 4% from water sales. The Budget estimates that the actual increase in water sales income will be approximately 1%.

On the sewer side, more money is required to pay KID's share of the cost of new Central Valley Water Reclamation Facility infrastructure. Greg Anderson noted that the engineer's cost

estimate for the Central Valley Dewatering Project is \$55,000,000, compared to an original estimated cost of approximately \$30,000,000. Mr. Anderson explained that if KID uses a “pay as you go” approach, pursuant to which KID would pay its share of the cost of the new Central Valley facilities with available cash, rather than through new bonding, KID will save approximately \$3,000,000 in interest and will avoid making Bond payments for 20 years.

The combined impact of the proposed water and sewer service fee increases on a typical residential customer will be approximately \$5.58 per month. Over a two year period, a typical residential customer will pay approximately \$10 per month more than would have been the case without the service fee increases. Trustee Hatch noted that dollar amounts are more meaningful than percentages when it comes to rate increases. Trustee Christensen praised KID’s employees, and asked if 5.5% is enough to cover COLA (Cost of Living Adjustment) and merit increases. Greg Anderson responded in the affirmative. At the end of the discussion, it was moved by Trustee Christensen and seconded by Trustee Monson as follows:

That the 2024 Tentative Budget be tentatively adopted.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

Consider Setting Public Hearing for 2024 Budget and Consider Setting Public Hearing for 2024 Water and Sewer Rates and Fees:

Agenda items IV.B. and IV.D. were combined.

It was moved by Trustee Christensen and seconded by Trustee Monson as follows:

That a joint public hearing be held on November 14, 2023, commencing at 6:00 p.m. at the District office located at 5350 West 5400 South, Kearns, Utah to consider both proposed service fee increases and new fees and the District’s 2024 Budget.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative. A copy of the public notice for the joint public hearing was included in the Board Book.

Consider Salvage of Surplus Equipment:

A Memorandum from Riley Astill recommending that the District’s 2005 Sterling L9500 Series Vactor truck and Takuchi TB138FR canopy mini excavator be declared to be surplus and be sold because they are being replaced. The Vactor truck has an estimated value of \$30,000 and the mini excavator has an estimated value of \$18,000. Following a brief discussion, it was moved by Trustee Monson as follows:

That the 2005 Sterling L9500 Series Vactor truck and the Takuchi TB138FR Canopy mini excavator be declared to be surplus and be sold, based on the

\$30,000 and \$18,000 estimated values, through Public Surplus or another commercially reasonable means selected by management.

After a question posed by Trustee Christensen was answered, Trustee Christensen seconded the motion, which carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

Consider Fraud Risk Assessment:

The annual Fraud Risk Assessment was included in the Board Book. Out of a possible maximum of 395 points, KID scored 355 points, which puts KID at a “very low” risk level. Mr. Astill noted that the Fraud Risk Assessment will be submitted to the Utah State Auditor. Following a brief discussion, it was moved by Trustee Monson and seconded by Trustee Christensen as follows:

That the Fraud Risk Assessment be accepted as presented.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

Discuss/Consider the 4700 South Sewer Outfall Project Change Order No. 8 for Whitaker Construction:

James Woodruff reviewed Change Order No. 8 requested by Whitaker Construction Company, Inc. for the 4700 South Sewer Outfall Line and a Memorandum regarding the same, both of which were included in the Board Book. Mr. Woodruff explained that the Change Order calls for a payment of \$124,509.94 for Whitaker Construction to construct a storm drain at a location where an 18 inch storm water pipe with a 36 inch steel casing and buried manholes was discovered in 4700 South and to construct temporary asphalt crossovers near Riverboat Road that are being required by the Utah Department of Transportation for traffic control. The storm water pipe conflicts with the District’s Sewer Outfall Project. This work was not included in the original scope of work.

It was moved by Trustee Monson and seconded by Trustee Christensen as follows:

That Change Order No. 8 be approved for Whitaker Construction Company, Inc., for the construction of a storm drain where a storm pipe with buried manholes was discovered in 4700 South and the construction of temporary asphalt crossovers near Riverboat Road that are being required by the Utah Department of Transportation for traffic control, in the total amount of \$124,509.94.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative.

Discuss/Consider the 2023 KID Water Conservation Art Contest Award Winners:

The Trustees and staff reviewed and sorted the impressive entries in the Water Conservation Art Contest, after which it was moved by Trustee Monson and seconded by Trustee Christensen as follows:

That the Water Conservation Art Contest winners are as follows: Adult: 1st Place: Jamie Chandler; High School: 1st Place: Alexis Teasdale, 2nd Place: Leo Oberhansley, 3rd Place: Eduardo Aguilar, and 4th Place: Analeeh Subirias; Jr. High School: 1st Place: A. Younger; and Elementary School: 1st Place: Gryphon Gainer.

The motion carried with Trustees Hatch, Christensen and Monson each voting in the affirmative. The Board members may be involved in presenting checks to the winners, and all of the contestants will receive Certificates of Appreciation. Staff will make the necessary arrangements.

Central Valley Water Reclamation Facility:

A copy of the Central Valley Water Reclamation Facility September 27, 2023 Board meeting agenda was included in the Board Book. Trustee Monson, who is KID’s representative on the Central Valley Board, reviewed the agenda and discussed current Central Valley activities including: a recent safety award and a recognition for a Central Valley concrete project; adjustments to the Central Valley 2024 Tentative Budget; efforts to save money, including by changing an insurance provider and value engineering Central Valley’s construction projects; bonding activities; a positive report regarding Central Valley’s ability to meet new regulatory ammonia limits; efforts to satisfy the Fairfield City Council regarding Central Valley’s land and sludge applications; and other Central Valley activities.

Jordan Valley Water Conservancy District:

A copy of the agenda for the September 13, 2023 Jordan Valley Water Conservancy District Board of Trustees meeting, which was last month’s agenda, was included in the Board Book. Trustee Christensen and Greg Anderson provided information regarding Jordan Valley activities, including items on this month’s Jordan Valley Board meeting agenda: A policy change will result in the Jordan Valley staff being paid bi-weekly instead of twice each month; it will be easier for a Jordan Valley wholesale water customer to, in effect, change its water purchase commitment without entering into a new contract (water may be made available from one wholesale customer that doesn’t need all of its contracted water to another wholesale customer that needs more water than would be allowed under its take or pay wholesale water purchase contract); and five Jordan Valley Board members are up for re-appointment by the Governor. Greg Anderson noted that KID is not represented on the Jordan Valley Board, and neither is the Taylorsville - Bennion Improvement District. Trustee Christensen explained that the Jordan Valley Board is divided into divisions. Division 2 includes KID, HEXCEL, and the Magna Water District. Each included municipality can submit the names of two nominees to Salt Lake County, which then decides which names to move on to the Governor for consideration.

Utah Association of Special Districts:

A copy of the agenda for the October 5, 2023 UASD Board meeting was included in the Board Book. Riley Astill, who is the UASD Treasurer, attended the Board meeting. He reported concerning that meeting, noting that the primary effort right now is preparing for the annual UASD Convention that will be held next month in Layton. He expects good attendance and a very good Convention.

Kearns Metro Township Council:

A copy of the agenda for the October 9, 2023 Kearns Metro Township Council meeting was distributed to the Trustees and staff. Typically, Kearns Metro Township Council meetings include reports and information from the Kearns Improvement District, the Wasatch Front Waste and Recycling District, the Unified Fire Authority, the Unified Police Department, and the Kearns Community Council. Greg Anderson generally reports for KID.

Kearns Community Council:

An agenda was not available for inclusion in the Board Book. Trustee Monson, who usually attends the Kearns Community Council meetings, reported that it is difficult for him to continue attending the meetings because they generally are held on the first Tuesday of each month at 6:30 p.m. Trustee Christensen will check his schedule and may begin attending the Community Council meetings.

ChamberWest – Board of Govenors & Legislative Affairs:

A copy of 2023 Legislative Affairs Priorities established by the ChamberWest Water Conservation & Development Subcommittee, with leadership from Greg Anderson, was included in the Board Book. Greg Anderson reported that the Priorities list was approved by the ChamberWest Board of Governors. The following priorities have been established: 1) promote efficient water use and conservation; 2) support integration of land use and water planning; 3) support long-term water development projects; 4) protect water funding mechanisms; 5) statewide water development financing; and 6) a healthy Great Salt Lake.

Trustee Per Diem Report:

A copy of the October 2023 Trustee Per Diem Report was included in the Board Book.

Adjourn:

There being no further business to come before the Board, Chair Hatch declared the meeting to be adjourned at 8:15 p.m.

Approved by the Board of Trustees of the Kearns Improvement District on the 14th day of November, 2023.

Dated: November 14, 2023 by /s/ Cheryle A. Hatch, Chair

Dated: November 14, 2023 by /s/ Gregory R. Christensen, Vice-Chair

Dated: November 14, 2023 by /s/ Jeff Monson, Board Clerk

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