MINUTES OF THE MEETING OF THE
KEARNS IMPROVEMENT DISTRICT (KID) BOARD OF TRUSTEES
HELD SEPTEMBER 17, 2024 AT THE DISTRICT OFFICE
LOCATED AT 5350 WEST 5400 SOUTH, KEARNS, UTAH

Trustees Present:

Gregory R. Christensen
Jeff Monson
Cheryle A. Hatch

Staff Present:

Greg Anderson, General Manager/CEO
Riley Astill, Finance Director/Controller
James "Woody" Woodruff, Public Works Director/Engineer
Kara Lutz, Director of Administrative Services
Mark H. Anderson, Attorney
Jamie Banh, Manager of Communications, Marketing, & Executive Assistance
Ryan Terry, GIS Specialist

Others Presents:

Bryon Elwell (via ZOOM), President, Elwell Consulting Group

Call to Order:

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

Public Comments:

There were no public comments.

Approval of Minutes (Correction of July 9, 2024 Regular Meeting Minutes and Approval of August 13, 2024 Regular Meeting Minutes):

As noted in Greg Anderson's Agenda Items Report and as explained by Mark Anderson, there is an error in the first page of the July 9, 2024 Board meeting minutes. The minutes should state that the minutes of the June 18, 2024 Board meeting were approved as presented; not the July 9, 2024 Board Meeting. A corrected first page for the July 9, 2024 KID Board meeting minutes was included in the Board Book.

It was moved by Trustee Monson and seconded by Trustee Hatch as follows:
That a motion made during the July 9, 2024 Board meeting, under the "Approval

of Minutes" agenda item, be corrected in the minutes to read: "That the minutes of the June 18, 2024 Board meeting be approved as presented".

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

Draft August 13, 2024 KID Board meeting minutes were included in the Board Book. None of the Trustees having any questions or concerns regarding the minutes, it was moved by Trustee Monson and seconded by Trustee Hatch as follows:

That the minutes of the August 13, 2024 Board meeting be approved as presented.

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

Board Training - "Update – Lead & Copper Compliance Submittal":

Ryan Terry, a KID GIS Specialist, presented the monthly "snippet" training dealing with KID's lead & copper compliance submittal and related matters. In general, Mr. Terry described efforts by KID staff to meet applicable lead and copper requirements. He identified how a survey of KID's water system was completed and described remediation efforts that would have been required if lead had been discovered. Mr. Terry reviewed GIS mapping, using sources such as historic documents and system inspections. KID's effort included website messaging and a door-tag survey. Fifty out of 603 responses to the door-tag survey were not responsive. KID's lead & copper compliance submittal took place on July 30, 2024, 2.5 months before the deadline! The cost of the effort totaled $125,000 to $130,000; but management is applying for a $100,000 reimbursement grant to cover most of that cost.

After acknowledging the Trustee's thanks for his hard work, Mr. Terry left the Board room.

Discuss the General Manager's Report:

Greg Anderson's monthly Report was included in the Board Book. Mr. Anderson reviewed highlights from the written report, including the activities of the Senate Bill 76 and the Senate Bill 34 Study Groups. He informed the Trustees that KID will be awarded the 2024 EPA WaterSense Excellence in Education and Public Outreach for the second year in a row. Only eight other water providers in the United States will receive this prestigious award, which will be presented during the luncheon at the American Water Works Association (AWWA) 2024 WaterSmart Innovations Conference and Exposition in Las Vegas, Nevada. A press release has been prepared to be used after the presentation of the award. The District has an opening for an Operator 1 position, but has filled the Assistant District Engineer position.

Greg Anderson explained that the federal EPA (Environmental Protection Agency) and the Utah Division of Water Quality (DWQ) have distributed mandated PFAS (forever

chemicals) testing requirements for water providers. Mr. Anderson worked with the Division of Drinking Water to obtain a grant that will supply five PFAS water sampling kits for selected KID water sources. Mr. Anderson reported that a notification has been received from DWQ regarding required water and wastewater system cybersecurity plans. It sets forth mandated protocols and standards regarding coordination with CISA (Cybersecurity and Infrastructure Security Agency), DTS (Department of Technology Services), and the EPA. An assessment will be made by the Utah Department of Environmental Quality (DEQ) regarding the enforcement of the American Water Infrastructure Act (AWIA) requirements for cybersecurity plans. A copy of the press release regarding KID having been awarded a $1,760,000 EPA Community Grant for the 5400 South Water Infrastructure Project was included in the Board Book.

After responding to a question from Chair Christensen, Greg Anderson asked Jamie Banh to complete the report to the Board. Among other things, Ms. Banh discussed mascot costume alternatives.

Discuss the Public Works Report:

A copy of James Woodruff's August 2024 Public Works Report was included in the Board Book. In particular, Mr. Woodruff reported regarding a mandatory contractor meeting on September 18; and discussed the installation of a new 160-foot steel pole and transmission lines west of the existing power lines at KID's Zone A Tank by a Rocky Mountain Power contractor. As an alternative to providing a bond, Rocky Mountain Power's contractor has used approximately 50 panels to protect KID's existing asphalt and concrete. KID staff requested that the proposed 7 feet in diameter by 20 feet deep pole base be located approximately 10 feet south of Rocky Mountain Power's intended location, to push the pole further away from KID's existing water tank. KID staff was very appreciative of the Rocky Mountain Power contractor's attention to detail to protect KID's existing asphalt, concrete, and landscaping. Greg Anderson provided additional information, and Chair Christensen praised the contractor's work. Mr. Woodruff responded to questions from Chair Christensen regarding such matters as a drainage plan and safety precautions.

Discuss the Administrative Report:

A copy of Kara Lutz's monthly Administrative Report was included in the Board Book. Among other things, Ms. Lutz reported that the District's phone system will be changed on Friday. The change is expected to improve functionality, especially regarding analytics. She also reported about community events, focusing on KID's participation in the events and water conservation information that was provided during the events. Her Report included a 2024 Utah Water Savers Activity chart; and a number of individual reports such as the Customer Service Report and the Executive Safety Report (which Ms. Lutz reviewed during her presentation). Ms. Lutz responded to questions from Chair Christensen and Trustee Monson regarding such matters as KID's participation in community events and individual customer water usage.

Discuss the Financial Report:

Riley Astill's monthly Financial Report was included in the Board Book. He described July, from a financial perspective, to have been a "pretty good month" for the District. Net income for July totaled $494,502 and, year-to-date as of July, totaled $3,601,506, with both numbers being significantly higher than 2024 Budget projections. The Financial Report included a Compliance Report regarding website security. Mr. Astill reported that all State Auditor reports, all deposit and investments reports, and all revenue, expense and compensation reports are up to date. Mr. Astill reached out to the State Auditor's office because there is no place on the State Auditor's website for capital expenditures to be reported. The Financial Report documents included a Water Usage Summary, a JVWCD (Jordan Valley Water Conservancy District) water summary detailing KID's wholesale water purchases, a Bonds Payable Summary, a Statement of Net Position, a Statement of Revenues & Expenses, and a Connection & Population Report. Mr. Astill reviewed all of the Reports in detail and responded to a series of questions from Chair Christensen regarding the Connection & Population report, including a clarification that reported "irrigation" water use relates to institutional customers such as churches, schools, etc. There was a detailed discussion regarding the calculation of "consumptive water use", which is significantly lower than gallons per capita per day (GPCD) numbers that are based on total water deliveries.

Consider the Check Register:

The July 2024 Check Register, which is a list of all expenditures made by the District during the month, was included in the Board Book. Mr. Astill responded to questions from all three Trustees regarding specific expenditures, dealing with such things as fuel use and pest control, with Mr. Woodruff providing additional information during the discussion.

At the end of the discussion, it was moved by Trustee Monson and seconded by Trustee Hatch as follows:

That the July 2024 Check Register be ratified and approved as presented.

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative. Chair Christensen praised Mr. Astill for doing a "good job".

Consider Training Requests:

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

Consider Purchases/Costs Over $50,000:

Mr. Woodruff reviewed a payment request from Whitaker Construction for work on the 4700 South Outfall Sewer, Phase 1. Whitaker Construction having completed all of the work, including punch list items, Mr. Woodruff recommended that the Board approve the release of $748,661.27 to the contractor, which is the 5% retainage that was withheld from prior payments. A memorandum and detailed information regarding the Whitaker Construction payment request were included in the Board Book, including a letter from Hansen Allen & Luce, the engineers for the project, recommending the release, in full, of withheld retainage amounts.

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

That retainage release Invoice #22 submitted by Whitaker Construction for work on the 4700 South Outfall Sewer be approved for payment in the amount of $748,661.27.

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

Consider Bond Releases/Reductions:

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

Present & Discuss Preliminary 2025 Budget, Rates and Fees:

A memorandum from Greg Anderson regarding the 2025 KID Budget was included in the Board Book, along with a detailed 2025 Preliminary Budget that was prepared by Mr. Astill. In particular, Mr. Anderson reported that the seven Central Valley Water Reclamation Facility member entities, including KID, will be required to pay for the replacement and repairs of Central Valley's egg digesters, which is a significant unplanned expense. The KID Board previously opted to pay for these improvements using cash reserves to save millions of dollars in bond interest costs. The anticipated costs that KID will be required to pay to Central Valley in 2025 total $5,212,347. The cost is anticipated to be $3,800,000 in 2026 and $1,400,000 in 2027. This is 22% of KID's total Budget. As a consequence, upcoming KID Budgets will be extremely tight and some capital projects will have to be delayed.

The Jordan Valley Water Conservancy District raised its wholesale water rates by an average of 6%, with KID's rate increase being 6.2%, which Greg Anderson described as a "big hit" to the District's Budget.

Mr. Anderson's memorandum also covered a recommended pay increase to KID's employees based on a West Region Consumer Price Index (CPI) of 2.6%; water sample testing; cybersecurity and insurance; water conservation; training; fees; and capital costs. Mr. Anderson concluded by recommending a water rate increase of 6% and a sewer rate increase of 6%, coupled with a $2.00 per month increase in the CVWRF fee.

Mr. Astill then reviewed the 2025 Preliminary Budget, including describing the budget process; reviewing the Budget Summary, which includes a significant cut to the training budget; explaining the rates and fees on which the income reflected in the Preliminary Budget is based; going over debt service; discussing water conservation (based on "consumptive" gallons per capita per day); and other Budget components and considerations.

During Mr. Astill's presentation, Greg Anderson responded to a question from Chair Christensen regarding the District's reported water loss of 5.1%, which Mr. Anderson described as being "exceptional". Such a low water loss percentage represents significant cost savings, particularly in light of higher wholesale water costs. He noted that KID may qualify for a Jordan Valley Water Conservancy District grant.

Staff recommended that the fund balance for "cash on hand" be lowered from a little over 250 days (the current balance amount) down to 180 days, at least for the next three years.

There was a broad, detailed conversation involving the Trustees and staff regarding the staff recommendations. During the discussion, Chair Christensen recommended that the cost of living adjustment (COLA) for the District's employees be increased to 3%, rather than management's 2.6% recommendation. Trustee Monson noted that the Preliminary Budget includes a merit increase, in addition to the COLA increase, and recommended that the COLA increase remain at 2.6%. Trustee Hatch agreed with Trustee Monson's recommendation. During the discussion, Greg Anderson noted that commercial and industrial customers have not been assessed a fee to cover Central Valley's ammonia removal costs, and recommended billing for the CVWRF costs plus a 10% increase for the commercial and industrial fees. At the end of the discussion, Trustee Monson expressed his appreciation for the efforts of management to address weighty concerns, to which Greg Anderson responded "we're trying".

Consider Award of KID 2024 Trenchless Sanitary Sewer Rehabilitation Project:

Mr. Woodruff reported that only one bid was received for the Sewer Rehabilitation Project, in the amount of $184,913. Three hundred thousand dollars was budgeted for the Project. Greg Anderson noted that, in some places, the sewer pipe has disintegrated to the point that only clay remains. He joined Mr. Woodruff in recommending that the Board approve a contract and a notice to proceed with the Trenchless Sanitary Sewer Rehabilitation Project, involving approximately 2,889 feet of pipe. It was moved by Trustee Hatch and seconded by Trustee Monson as follows:

> **That the 2024 Trenchless Sanitary Sewer Rehabilitation Project be awarded to the sole bidder, Insituform Technologies, LLC in the amount of $184,913, and that the General Manager be authorized to sign the contract and issue a notice to proceed.**

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

Consider Award of Cougar Lane Vault Rehabilitation Project:

Mr. Woodruff reported that Noland & Sons Construction Company presented a bid of $93,450 and Whitaker Construction presented a bid of $90,200, but the Whitaker Construction bid did not include a significant amount of work that is required for the Project, making Whitaker Construction's bid "not responsive". In response to questions from the Trustees, Greg Anderson provided additional information regarding the non-responsive bid. Management recommended that the contract be awarded to Noland & Sons Construction in the bid amount of $93,450, and that the General Manager be authorized to sign the contract and issue a notice to proceed. It was noted that the District purchased a $20,000 valve, which is not part of the $93,450 bid. Following the discussion, it was moved by Trustee Monson and seconded by Trustee Hatch as follows:

> **That the Cougar Lane Vault Rehabilitation Project contract be awarded to Noland & Sons Construction in the amount of $93,450, and that the General Manager be authorized to sign the contract documents and issue a notice to proceed.**

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

Consider Updated Public Works Standard Plans and Specifications/Consider Administrative Policies and Procedures Title 3, Chapter 2, Extraterritorial Service/Consider New Administrative Policies and Procedures Title 3, Chapter 8, Property Annexation/Consider Closed Meeting – Discussion Regarding the Deployment of Security Personnel, Devices or Systems:

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

> **That agenda items IV. D., E., F., and G. be tabled until next month's Board meeting.**

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

Central Valley Water Reclamation Facility:

The agenda for the August 28, 2024 Central Valley Board meeting was included in the Board Book. Trustee Hatch provided a short report regarding Central Valley. In particular, she reported that the issuance of sewer revenue bonds totaling up to $87,000,000 was approved, with a projected closing date of December 4, 2024.

Jordan Valley Water Conservancy District.

A copy of the agenda for the September 11, 2024 Jordan Valley Water Conservancy District Board meeting was included in the Board Book. It was noted that the Board reviewed the General Manager's compensation.

Utah Association of Special Districts:

A copy of the agenda for the September 5, 2024 UASD Board Meeting was included in the Board Book. Greg Anderson, who serves on the UASD Board, reported that the Association is preparing for the annual Convention, which will be held early in November.

Kearns City Council:

Trustee Hatch noted that the City Council adopted a Resolution honoring her husband, Joe, for his tireless efforts on behalf of the Kearns community, including service on the Planning Commission. Trustee Hatch reported that Salt Lake County proposes to issue bonds totaling more than $600,000,000 to expand the main jail and get rid of the Oxbow Jail, and create an incarceration center, which will require a $58.90 annual property tax increase on an average residence in Salt Lake County. She also noted that the Wasatch Front Waste and Recycling District is proposing an increase from $234 to $306 per year.

Kearns Community Council:

The Kearns Community Council agenda was not available, and there was no report.

ChamberWest – Board of Directors, Board of Governors & Legislative Affairs:

Copies of the August 15, 2024 ChamberWest Board of Directors meeting agenda and of the ChamberWest Legislative Affairs Committee September 5, 2024 agenda were included in the Board Book. Greg Anderson, briefly reported regarding a meeting with the Utah Department of Transportation and the prospect of having "flying taxis" in Salt Lake City by the year 2028.

Trustee Per Diem Report:

A copy of the August 2024 Trustee Per Diem Report was included in the Board Book.

Adjourn:

There being no further business to come before the Board, Chair Christensen declared the meeting to be adjourned at 8:17 p.m.

Approved by the Board of Trustees of the Kearns Improvement District on the 8th day of October, 2024.

Dated: October 8, 2024 by /s/ Gregory R. Christensen, Chair
Dated: October 8, 2024 by /s/ Jeff Monson, Vice-Chair
Dated: October 8, 2024 by /s/ Cheryle A. Hatch, Board Clerk

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