

**MINUTES OF THE TRUSTEES MEETING OF THE  
KEARNS IMPROVEMENT DISTRICT  
HELD FEBRUARY 9, 2010 AT THE DISTRICT OFFICE  
LOCATED AT 5350 WEST 5400 SOUTH, KEARNS, UTAH**

Trustees Present:

Rodney W. Bushman  
Royce A. Gibson  
Kelly Record

Staff Present:

Carl Eriksson	General Manager
Pamela Gill	Assistant Manager
Dale Birch	Controller
Mark H. Anderson	Attorney

Others Present:

Unidentified KSL TV camera operator (part time).

Call to Order:

Chairman Bushman welcomed all those in attendance and called the meeting to order at 6:34 p.m. The invocation was offered by Pamela Gill and the pledge of allegiance was led by Kelly Record.

Public Comments:

There were no public comments.

Approval of Minutes (January 12, 2010):

It was moved by Trustee Record and seconded by Chairman Bushman as follows:

**That the minutes be approved as presented.**

The motion carried with Trustees Bushman and Record each voting “aye”, Trustee Gibson having not yet arrived.

Consider General Manager’s Report:

Mr. Eriksson indicated that, during the March Board meeting, there will be a presentation dealing with the feasibility of a secondary water system. Mr. Eriksson reported that a water right

extension request has been filed with the State Engineer. He noted that a new law allows extension requests beyond fifty years from the original water right filing. The District's unproven water right is almost fifty years old.

Mr. Eriksson's written report was included in the Board Book that was distributed to the Trustees prior to the meeting, and was supplemented by a two page memorandum that was also distributed to the Trustees. Mr. Eriksson explained that Lori Prichard, a KSL TV reporter, obtained travel records from the District by submitting a GRAMA request. She went through more than 600 documents, after which she conducted an on-camera interview with Mr. Eriksson. For many years, the Trustees have routinely approved spousal registration fees for conferences pursuant to the District's travel policy. When that practice started, spousal registration fees were small, typically between \$10.00 and \$30.00. Some spousal registrations are still small, but others have risen into the range of \$150.00 to \$175.00. The propriety of that expenditure was questioned by the KSL reporter. Mr. Eriksson believes it was a fair question, and it may be appropriate for the Trustees to reconsider the policy.

Mr. Eriksson reported that water use in the District in January was the lowest of the past four years, but was about average for the past eighteen years. He also reported that a subcontractor hired by the District to maintain well pumps and motors failed to properly lubricate one of the motor bearings. The problem was discovered by staff and the contractor came back to replace the failing bearing at no additional cost to the District.

About a year ago, the El Rey de Oros Restaurant was informed by letter that a grease trap must be installed as part of a planned expansion of the restaurant. The grease trap was not installed, and the restaurant has been informed of the deficiency, which could result in an additional charge of \$250.00 per month until the deficiency is corrected. However, the fee will not be imposed as long as the restaurant owner actively pursues a solution.

Mr. Eriksson reported that 50.33% of the homes in the backyard sewer line replacement project area have been connected to new sewer mains. Sewer main construction remains at 78% complete and 83% of the service laterals have been installed.

Mr. Eriksson stated that Hansen, Allen & Luce is working on a proposal to perform engineering work on three water system construction projects that will be undertaken in 2010. He indicated that it may be advantageous to combine the projects into one, which would reduce project management costs and allow the District to go out to bid once instead of three times. He noted that Hansen Allen & Luce's work has been excellent over the years and the cost has been competitive. Also, the firm has the advantage of being familiar with the District's water system and water master plan.

Trustee Gibson arrived at 6:39 p.m. during the discussion of this agenda item.

#### Approval of Minutes (January 12, 2010):

At Trustee Gibson's request, this agenda item was reconsidered. Trustee Gibson indicated that the last sentence of the first paragraph on page 8 is not completely accurate, and recommended that the last half of the sentence be deleted, with which the other Trustees agreed.

He also pointed out a random “and” on page 9 that should be removed. It was then moved by Trustee Record and seconded by Trustee Gibson as follows:

**That the approval of the January 12, 2010 minutes be reconsidered and that the minutes be approved as amended.**

The motion carried with the Trustees Bushman, Gibson and Record each voting “aye”.

Consider Check Register:

There was a brief discussion of the December, 2009 check register.

Consider Financial Report:

Mr. Eriksson pointed out a discrepancy that was called to staff’s attention by Trustee Gibson. Trustee Gibson requested that a cumulative capital expenditure report be included in future Board Books.

Trustee Gibson noted that 2009 expenditures were \$1,000,000.00 under budget. Mr. Eriksson responded that staff tries hard to keep expenditures under budgeted amounts. Trustee Gibson asked if that is taken into consideration when rate increases are proposed. Mr. Eriksson explained that rates must be set with an eye toward the future, not just by looking at present circumstances.

Mr. Birch responded to a series of questions from Trustee Gibson. Mr. Birch will follow-up on some of the questions, particularly regarding apparent discrepancies between the investment report and the balance sheet.

Trustee Gibson asked which customer payment option is the least expensive for KID to administer. Ms. Gill responded that automatic direct deposit payments are the most efficient. The next most efficient means of payment, from the perspective of the District, are credit card and debit card payments made by customers via the internet. The Trustees and staff discussed ways to encourage customers to use the least cost methods of making payments to the District. The ideas included a monthly drawing for meal coupons as a means of encouraging direct deposit payments or computer payments. The Trustees and staff decided that they need cost per transaction numbers for each payment option in order to make an informed decision.

Consider Training Requests:

Mr. Eriksson asked if any of the Trustees are interested in participating in the networking breakfasts, at no charge, that have been scheduled on Monday, February 22<sup>nd</sup>, and Tuesday, February 23<sup>rd</sup>. Additional information was included in the Board Book.

Mr. Eriksson declared that he has changed his hotel reservation for the upcoming convention to the Pickwick, at a cost saving of approximately 50% (around \$100.00 per day). The hotel is only one block from the convention location, and breakfast is included. Trustee Gibson responded that a special deal at the Marriott is available to him at an even lower cost of

\$79.00 per day. Trustees Bushman and Record expressed a desire to change their reservations to the Pickwick.

Mr. Eriksson asked who will be going to the ACE 10 Conference in June, and asked if any spouses will attend. Trustee Gibson responded that his attendance will be sponsored by the Jordan Valley Water Conservancy District. Trustee Record indicated that he will attend, but his wife will not accompany him. Trustee Bushman added that both he and his wife intend to attend. Mr. Eriksson stated that the Trustees can each make their own arrangements for travel and hotels, or staff can make the arrangements for them.

Consider Purchases Over \$25,000:

Mr. Eriksson reported that four bids have been received to provide sewer pipes and wyes to the District. He noted that pipe prices have increased compared to last year. The low bid of \$37,593.50, for enough sewer pipes and wyes to meet the District's estimated needs through calendar year 2010, was submitted by Mountain States Supply. The bids covered 13,100 feet of eight inch diameter sewer pipe and 250 eight inch wyes. The highest bid was \$44,983.70. It was moved by Trustee Gibson and seconded by Trustee Record as follows:

**That the bid for sewer pipe and wyes be awarded to the low bidder, Mountain States Supply.**

The motion carried with Trustees Bushman, Gibson and Record each voting "aye".

Consider Bond Releases/Reductions:

Mr. Eriksson stated that there were no bond releases or reductions to be considered by the Trustees.

Consider Spousal Registrations at Conferences:

Mr. Eriksson noted that the District has paid spousal registration fees at conferences (but not travel, hotel or meal expenses) "forever". He posed the question to the Trustees, "is that the right thing to do?" Mr. Eriksson briefly reviewed what is generally covered by spousal registrations. He explained that a spousal registration generally costs between \$20.00 and \$30.00 at WEFTEC and \$150.00 or more at the Intermountain AWWA Convention. Trustee Gibson stated that he has paid out of pocket for his wife, Dawn, to go on the exhibit floor. Trustee Gibson asked "what are the benefits to the District of spousal registrations," to which Chairman Bushman responded "probably none". In response, Trustee Gibson stated that he is not sure the District should continue to pay for spousal registrations, with which Trustee Record agreed. Mr. Anderson will prepare a new policy regarding spousal registrations to be considered by the Trustees during the next Board meeting. In the meantime, the District will stop paying for spousal registrations.

Consider Memorandum of Understanding With Kearns Oquirrh Park Fitness Center:

A proposed Agreement between KID and the Oquirrh Recreation and Parks District to share Trustee election costs was included in the Board Book. Trustee Gibson pointed out two or

three typographical errors, suggested that the title KOPFC “Director” be changed to “Executive Director”, and suggested that the word “parties”, which is used throughout the Agreement, be changed to “districts”. Mr. Anderson will make those corrections and changes and deliver the corrected Election Cost Sharing Agreement to both districts.

Consider Increasing Emergency Reserve Fund:

The District has maintained a \$1,000,000.00 emergency reserve fund for the past ten to twelve years. The Trustees and staff discussed hypothetical emergencies, such as a major earthquake or an airplane crashing into one of the District’s facilities. Based on that discussion, there was a concurrence that a minimum of \$1,500,000.00 should be maintained to cover emergencies. There was also a brief discussion of the purposes of other reserve funds maintained by the District. Following the discussion, it was moved by Trustee Gibson and seconded by Trustee Record as follows:

**That the District’s emergency reserve fund be increased to \$1,500,000.00.**

The motion carried with Trustees Bushman, Gibson and Record each voting “aye”.

Consider Appointing a Representative to the Taxing Entity Committee for Taylorsville, Utah:

Until recently, Neal Cox, an employee of the Jordan Valley Water Conservancy District, served on the Taxing Entity Committee for all Urban Renewal and Economic Development Project Areas in the City of Taylorsville. Due to Mr. Cox’s untimely death, it is necessary to designate a replacement to serve on the Taxing Entity Committee to represent local districts. It has been suggested that Dave Martin, also a Jordan Valley employee, be appointed to the Committee. It was moved by Trustee Gibson and seconded by Trustee Record as follows:

**That Resolution 10-2-1, appointing Dave D. Martin as a voting representative on the Taxing Entity Committee for all Urban Renewal and Economic Development Project Areas in the City of Taylorsville, Utah, be adopted.**

The motion carried with Trustees Bushman, Gibson and Record each voting “aye”.

Discuss Legislative Report:

Ms. Gill, who serves on the Board of Trustees of the Utah Association of Special Districts, reviewed with the Trustees a summary sheet listing more than 200 Bills and Resolutions being considered by the 2010 Utah Legislature that are being followed by the Association. In particular, she discussed H.B. 27, dealing with per diem and travel expense modifications; H.B. 33, which contains Groundwater Recharge and Recovery Act amendments; H.B. 54 and H.J.R.2 dealing with a property tax exemption for certain water facilities; H.B. 189, which would amend the Open and Public Meetings Act; H.B. 205 which would amend statutory impact fee requirements; H.B. 266, which would eliminate a requirement that government employees’ salaries be revealed by name, rather than by position; H.B. 317, dealing with truth in taxation issues; five Utah Retirement System bills; a bill dealing with marking standards for underground utilities; S.B. 172, which would limit the taxing authority of appointed local district boards; and other bills of interest.

### Consider Lateral Insurance Program:

Details concerning the implementation of a voluntary lateral insurance program for the District's customers were included in the Board Book and were discussed by the Trustees and staff. The materials, and the discussion, centered on coverage costs and the amount customers should be charged. The goal is to break even, with total "premium" payments being approximately equal to the annual cost of making repairs and replacements to lateral service lines for District customers. Mr. Eriksson recommended a charge of between \$.40 and \$.45 per month for a residential customer. Trustee Gibson suggested that the charge be rounded to \$.50 per month, and that it be adjusted, year to year, based upon costs and performance. Mr. Anderson indicated that it would be difficult to distinguish such a charge from a fee, even though it will be voluntary, and recommended that a public hearing be held before anything is implemented. Mr. Eriksson asked the Trustees if they would like to consider a lateral insurance program. Mr. Eriksson indicated that the District's Citizen Focus Group is supportive of the concept.

Trustee Gibson stated that he raised a similar idea years ago, and that he has been in favor of doing something like this for a long time. Mr. Anderson recommended implementing the lateral insurance program, if that is the Board's desire, in conjunction with the next rate increase so it will not be necessary to hold a separate public hearing. State law mandates a one-quarter page newspaper advertisement of the public hearing for a fee increase proposal. Trustee Gibson suggested that the District wait a while before considering implementation. He noted that the Oquirrh Recreation and Parks District may hold a bond election in June. All three Trustees agreed that staff may continue to look into, gather information on, and make recommendations regarding a lateral insurance program. Among the questions presented is whether there is a need to clear the program with State insurance regulators. Also, written terms and conditions must be prepared.

### Central Valley Water Reclamation Facility:

Chairman Bushman, who represents the District on the Central Valley Board, briefly reviewed current Central Valley activities. He noted that the ultra violet light disinfection project is 95% complete. He reported that Ben Behunin, who represents the Taylorsville-Bennion Improvement District, is the new Central Valley Board Chairman.

### Jordan Valley Water Conservancy District:

Trustee Gibson, who serves on the Jordan Valley Board, noted that during the most recent six month reporting period Jordan Valley water deliveries were very close to staff projections.

Trustee Gibson distributed an interesting list of acronyms and abbreviations that are utilized by Jordan Valley.

Trustee Gibson briefly discussed Jordan Valley's rate setting goals, including the peaking charge caused by extreme water use during the summer and Jordan Valley's need for stable revenues. He noted that Jordan Valley's staff and Trustees are moving forward to promulgate a charge attached to providing water for new customers. The next new water to be developed by

Jordan Valley is projected to cost between \$600.00 and \$700.00 per acre foot. Jordan Valley is looking for a mechanism so growth will pay for the increased costs. The alternatives include imposing a capital charge per acre foot of water as wholesale water commitments are increased. Another option is to assess the charge through what is essentially an impact fee. A third option would be to recover the costs through rates.

Utah Association of Special Districts:

Ms. Gill, who serves on the Association Board, stated that the Association’s Executive Director, LeGrand Bitter, is doing an excellent job. She also singled out Chris and Fred Finlinson and the Association’s General Counsel for their work. She described them as “great people who care.”

Trustee Per Diem Report:

So far in 2010, per diem payments have not been made to any Trustee.

Mr. Eriksson indicated that, during his Manager’s Report, he should have referred to a letter commending a District employee who helped a resident in distress. The elderly resident fell down and was wedged between a car and the curb.

Adjourn:

There being no further business to come before the Board, Chairman Bushman declared the meeting to be adjourned at 8:45 p.m.

Date: \_\_\_\_\_  
Rodney W. Bushman

Date: \_\_\_\_\_  
Royce A. Gibson

Date: \_\_\_\_\_  
Kelly Record