

BOARD OF TRUSTEES MEETING MINUTES
GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
(MSD)

Held Wednesday June 26, 2019, 6:00 p.m.
2001 South State Street, COW Room N2-800
Salt Lake City, Utah 84190

Trustees Present:

Joe Smolka, Chair
Paulina Flint, Vice-Chair
Kelly Bush
Sean Clayton
Max Burdick

Trustee Excused:

Dan Peay

Others Present: ¹

Bart Barker, MSD General Manager
Mark Anderson, MSD Legal Counsel
Ina Oviatt, MSD Office Coordinator & Records Officer
Cathy Jensen, MSD Chief Financial Officer
Scott Baird, Salt Lake County Public Works Department Director
Kevyn Smelter, Director, Salt Lake County Public Works Operations
Ann Florence, Wasatch Resort part-time resident
Mark Gessell, Wasatch Resort resident
Suzie Albertson, resident

1. Call to Order—Joe Smolka, Chair

Chair Smolka called the meeting to order.

2. Pledge of Allegiance

The pledge of allegiance was recited.

3. Public Comments

Ann Florence, Mark Gessell, and Suzi Albertson each expressed reservations and concerns respecting the proposal to create a parking lot at the Grist Mill site in Little Cottonwood Canyon. Bart Barker stated that the Grist Mill parking lot most likely will be an agenda item for a July MSD Board meeting. Scott Baird has contacted the Utah Department of Transportation (UDOT) and UDOT is looking into options respecting Canyon parking and safety.

4. Presentation of the MSD's 2018 independent audit and financial statements

¹ Other individuals may have been present who were not specifically recognized by the Chair.

Cathy Jensen introduced Ron Stewart with Gilbert & Stewart, the accounting firm that conducted an independent audit of the MSD's finances. Mr. Stewart explained that the audit includes such things as internal controls (designed and implemented). State compliance, and the level of retained fund balances. The Metro Townships are included in the audit because they are treated as component units inasmuch as they receive virtually all of their services through the MSD. However, each Metro Township is a separate, legally independent entity. The audit revealed that the MSD and the Copperton and Emigration Canyon Metro Townships had excess funds in their General Fund balances, primarily due to delayed capital facilities projects. Chairman Smolka asked about an incorrect date in the draft audit. Bart Barker responded that the error was caught and has been fixed. He added that the auditors did an exceptional job and praised Cathy Jensen for the many hours she spent working with the auditors in the preparation of the audit. With the exception of the general fund balances, which are being corrected, the District received a "clean" audit.

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

That the 2018 Audit prepared by Gilbert & Stewart be accepted.

The motion carried with Trustees Smolka, Flint, Bush, Clayton and Burdick each voting "aye". In response to a question from Chair Smolka, Cathy Jensen stated that the corrected, updated fund balances for the Copperton Metro Township and the Emigration Canyon Metro Township will be reflected in the 2019 audit.

5. Update on 2019 schedule of major road maintenance projects (Discussion)

Keyvn Smeltzer distributed and discussed a detailed handout of the Salt Lake County Public Works Operations 2019 Pavement Plan, broken out for each Metro Township and unincorporated areas, with size and cost information for each project. As he reviewed the handout, Mr. Smeltzer responded to questions from the Trustees and agreed to correct a math error pointed out by Trustee Clayton. In response to a question from Trustee Flint, Mr. Smeltzer provided details concerning the importance of avoiding asphalt projects during the winter months.

6. Legislative update on state tax reform discussions (Discussion and Possible Action)

Mark Anderson shared a handout with the Board regarding tax reform. State income tax receipts are only available for primary, secondary and higher education. Most of the state's other programs and activities are paid for by state sales taxes, which aren't keeping pace with growth in Utah. H.B. 495 was introduced at the end of the 2019 Legislative session to address that problem. It is believed by some that such a comprehensive tax overhaul as was contained in H.B. 495 was introduced so late in the session in the hope, and possibly the expectation, that it would sail through without much discussion or controversy. That isn't what happened. House Bill 495 would have broadened the sales tax base to include many goods and services that aren't currently taxed, including professional fees (including accountants, lawyers and engineers), and culinary water and sanitary sewer services. Along with broadening the tax base, the Bill would have reduced both the State sales tax rate and the State income tax rate. As is often the case with a Bill as dramatic as H.B. 495, there would have been "winners and losers". Some, but not all, local governments might have benefited from H.B. 495. However, the Utah League of Cities and Towns was one of the

Bill's most harsh critics. As municipalities, the Metro Townships would have been impacted similarly to cities and towns, but that impact might have been magnified by the fact that the Metro Townships lack many of the other revenue sources, besides sales taxes, that are available to cities and towns. In the end, with all of the opposition, H.B. 495 was substituted with a Bill that provided for the establishment of a Tax Restructuring and Equalization Task Force consisting of ten voting members (five Utah State Senators and five members of the State House of Representatives) along with four non-voting members. The Task Force was charged with studying state and local revenue streams with the purpose of making recommendations to address structural imbalances among revenue sources. The Task Force will report back to Interim Legislative Committees, with the expectation that tax reform will then be addressed either in a special session before the end of 2019 or during the 2020 general session of the Legislature. The Task Force set up a series of eight town hall meetings. Kearns will host the second town hall meeting (the only town hall meeting in Salt Lake County) on June 27th. Mr. Anderson strongly suggested that each of the Trustees attend the Kearns town hall meeting. Mr. Anderson responded to questions from the Trustees during his presentation, and recommended vigilance. Mr. Barker added that the "hold harmless" clause in the original Bill didn't really hold anyone harmless.

7. Employee benefits and transition matters (Discussion and Possible Action)
 - a. Consideration of proposal to delay the County-MSD transition date from August 31, 2019, to September 30, 2019 (Discussion and Possible Action)

Mr. Barker suggested that the hire date of the remainder of the County employees who will become MSD employees be moved from the end of August to September 30, 2019. It was moved by Trustee Clayton and seconded by Trustee Bush as follows:

That the transition date for additional County Planning and Zoning employees to become MSD employees be delayed to September 30, 2019.

The motion carried with Trustees Smolka, Flint, Bush, Clayton and Burdick each voting "aye".

- b. Consideration of the new employee probation period for County employees hired by the MSD (Discussion and Possible Action)

Chair Smolka declared that this agenda item would be tabled until the next Board meeting.

8. Consideration of the possible cancellation of the second July MSD Board Meeting or a date change to July 31 (Discussion & Possible Action)

At the recommendation of Bart Barker, it was moved by Trustee Clayton and seconded by Trustee Bush as follows:

That the second MSD Board meeting in July be moved from July 24th to July 31, 2019.

The motion carried with Trustees Smolka, Flint, Bush, Clayton and Burdick each voting "aye".

9. Discussion of future agenda items (Discussion)

Mr. Barker asked if the Board would like to consider hiring a paralegal to update the municipal codes of each Metro Township on Municode. He explained that it is too expensive to have Nathan Bracken (an attorney in private practice who represents the MSD and the Metro Townships in planning and zoning matters) do the changes. Currently, the Metro Townships are using the County Code on their Municode websites.

Trustee Clayton asked that an agenda item be added for the Audit Committee to provide an update to the MSD Board. This will be done. The next audit Committee meeting will be held on September 11, 2019 at 5:00pm.

10. Other Metro Township, Unincorporated County Community Councils and Greater Salt Lake Municipal Services District business (Discussion)

There was no additional business to come before the Board.

11. Adjourn

It was moved by Trustee Flint and seconded by Chair Smolka that the meeting be adjourned. The motion carried unanimously and Chair Smolka declared the meeting to be adjourned.

Approved the 31st day of July, 2019.

Joe Smolka, Chair

ATTEST:

Cathy Jensen, Clerk

4849-4559-6315, v. 1