

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF TRUSTEES OF JORDAN VALLEY WATER CONSERVANCY DISTRICT**

(Unapproved and Subject to Change)

Held April 11, 2018

A regular Board meeting of the Board of Trustees of the Jordan Valley Water Conservancy District was held Wednesday, April 11, 2018, at 3:02 p.m. at the District office at 8215 South 1300 West, West Jordan, Utah.

Trustees Present:

Corey L. Rushton, Chair
Greg R. Christensen
Wm. Brent Johnson
Karen D. Lang
Scott L. Osborne
Stephen W. Owens
Ronald E. Sperry
John H. Taylor

Not Present

Chad G. Nichols

Staff Present:

Richard Bay, General Manager/CEO
Alan Packard, Assistant General Manager
Bart Forsyth, Assistant General Manager
Jason Brown, Information Systems Department Manager
Brian Callister, Maintenance Department Manager
Matt Olsen, Communications Department Manager
Shane Swensen, Engineering Department Manager
Shazelle Terry, Operations Department Manager
Reid Lewis, General Counsel
David Martin, Chief Financial Officer/Treasurer
Debbie Petersen, Human Resource Manager
Beverly Parry, Executive Assistant
Jessica Richards, Administrative Assistant
Hayley Shaffer, Administrative Assistant
Margaret Dea, Accountant

Also Present:

Darrell Child, Executive Vice President, Olympus Insurance Agency
Chris Finlinson, Assistant General Manager, Central Utah Water Conservancy District
Craig Frisbee, Utilities Manager, City of West Jordan
Raymond Garrison, Associate Director of Public Works, South Jordan City
Laura Haskell, Engineer, Division of Water Resources
Gary Henrie, Engineer, Bureau of Reclamation
Bruce Hicken, Finance Director, Kearns Improvement District
Clint Jensen, General Manager, Granger-Hunter Improvement District
Keith Ludwig, City Engineer, Midvale City
Keith Lord, General Manager, Taylorsville-Bennion Improvement District
Brien Maxfield, Senior Engineer, Draper City
Annalee Munsey, Assistant General Manager, Metropolitan Water District of Salt Lake & Sandy
David Robertson, Vice President, Lewis Young Robertson & Burningham

Lyle Summers, appointed JVVCD Trustee
Ryan Willeitner, Consulting Engineer, Jacobs
Mike Wilson, Project Manager, CRS Engineers
Jacob Young, Utah Operations Leader, Brown and Caldwell

Call to order and introduction of visitors

Mr. Corey L. Rushton, Chair, convened the meeting of the Jordan Valley Water Conservancy District Board of Trustees at 3:02 p.m. on Wednesday, April 11, 2018 in the administration building at 8215 South 1300 West in West Jordan, Utah. Mr. Chad Nichols was excused. Mr. Rushton introduced the members of the Board and visitors.

Approval of common consent items

Mr. Rushton presented the minutes of the Executive Committee meeting held March 12, 2018; the annual Board meeting held March 14, 2018; and the Trustees Expenses Report for March 2018. Mr. Rushton called for a motion. Mr. Sperry moved to approve the minutes of the March 12, 2018 and March 14, 2018 meetings and the Trustees Expenses Report for March 2018. Following a second by Mr. Osborne, the motion was unanimously approved as follows:

Mr. Christensen – aye	Mr. Johnson – aye
Ms. Lang – aye	Mr. Nichols – not present
Mr. Osborne – aye	Mr. Owens – aye
Mr. Rushton – aye	Mr. Sperry – aye
Mr. Taylor – not present	

Public Comments

Mr. Rushton invited public comments. There were none.

Consider adoption of Resolution No. 18-08, “Amending Jordan Valley Water Conservancy District’s Policy Manual (Personnel Rules and Regulations Manual)”

Mr. Reid Lewis, General Counsel, said the Personnel Rules and Regulations Manual was extensively revised last year. Ms. Shazelle Terry, Operations Department Manager, and Mr. Brian Callister, Maintenance Department Manager, noted an issue in subparagraph 3.2 (c), which defines a work week from Sunday through the following Saturday. However, some employees work from Wednesday to Wednesday and Friday to Friday. This was brought to the attention of Ms. Debbie Petersen, Human Resources Manager. Ms. Petersen revised the paragraph, and Mr. Lewis recommended adoption of Resolution No. 18-08, “Amending JVVCD’s Personnel Rules and Regulations Manual.”

Mr. Rushton called for a motion on the recommendation. Mr. Owens moved to adopt Resolution No. 18-08, “Amending JVVCD’s Personnel Rules and Regulations Manual.” Following a second by Ms. Lang, the motion was approved as follows:

Mr. Christensen – aye	Mr. Johnson – aye
Ms. Lang – aye	Mr. Nichols – not present
Mr. Osborne – aye	Mr. Owens – aye
Mr. Rushton – aye	Mr. Sperry – aye
Mr. Taylor – not present	

Consider adoption of Resolution No. 18-09, “Authorizing the Annexation of Lands into the Jordan Valley Water Conservancy District” (Edge Land 16 LLC)

Mr. Lewis stated there are 61 lots in Draper City on the Utah County side for which a developer, Edge Land 16 LLC, has petitioned for annexation into JVVCD’s boundaries. The Board certified the petition in February which satisfies all code requirements. Subsequently, the District gave formal notice of the request for annexation to the contact sponsor; posted notice on the District website, the State website, and physically in the District administration building and in the subdivision itself; and provided a copy of the notice to a media correspondent and local newspaper. Mr. Lewis said Draper City has been informed of the process and the District’s desire to annex other large areas of land in Draper City on the Utah County side. The District has received formal consent from the Bureau of Reclamation pertaining to this request. Mr. Lewis recommended adoption of Resolution No. 18-09, “Authorizing the Annexation of Lands into JVVCD.”

Mr. Osborne said he concurs with the recommendation of staff and the principle behind the District which is to allow people to develop, whether within Salt Lake County or not, or part of a specific physical boundary of an area or not. He said this is the appropriate direction for the District to follow. Mr. Rushton called for a motion on the recommendation. Mr. Osborne moved to approve Resolution No. 18-09, “Authorizing the Annexation of Lands into JVVCD.” Following a second by Mr. Christensen, the motion was approved as follows:

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|--------------------------|---------------------------|
| Mr. Christensen – aye | Mr. Johnson – aye |
| Ms. Lang – aye | Mr. Nichols – not present |
| Mr. Osborne – aye | Mr. Owens – aye |
| Mr. Rushton – aye | Mr. Sperry – aye |
| Mr. Taylor – not present | |

Financial Matters

Consider adoption of Resolution No. 18-10, “Tentatively Adopting Jordan Valley Water Conservancy District’s Tentative Budget, Financial Plan, and Water Rates for Fiscal Year 2018-2019”

Mr. John Taylor arrived.

Mr. David Martin, Chief Financial Officer, presented the tentative budget, financial plan, and water rates for fiscal year 2018/2019. Prior to this meeting, there were two Finance Committee study sessions where staff and the Board reviewed and discussed the tentative budget and water rates in detail.

The budget is based on 96,000 acre-feet of water deliveries, a 3.5 percent average increase in water rates, and a property tax levy increase to 0.0004. The operation and maintenance budget is \$44.8 million which is a 5.8 percent increase over last year’s budget. A merit pay increase of 3.2 percent or step increase for newer employees is proposed, with no new personnel positions included in the budget. The general equipment budget is \$1.7 million. The capital project budget is \$46.8 million net and was broken down into four capital project categories.

Mr. Martin shared examples of how the average retail customer’s water bill would be impacted by the new tiered water rate structure and the proposed increase in water rates and property tax. This was in answer to a request from Mr. Steve Owens at the Executive Committee meeting held on April 9, 2018.

Mr. Martin reviewed proposed water rates for fiscal year 2018/2019. The

proposed water rate structure has been changed from a seasonal rate to a uniform rate for wholesale customers, and a three-tier water rate structure for retail customers. The base extra capacity method is the cost of service method used to allocate costs and is designed to have a base component of all the costs that it takes to meet the average day demand. The extra day and extra hour costs are allocated based on who is using that extra capacity portion of the District's system. Mr. Martin said peaking factors are measured each year at the peak 3 to 5 days period, which changes from year to year. As a Member Agency or retail system changes its peaking factor, it also changes the allocation of those costs.

The proposed average water rate increase is 3.5 percent, but a Member Agency rate increase could be different based on the extra capacity allocations. Some Member Agencies have a "pump zone" rate. This is due to the additional electrical power costs to pump water to a higher elevation zone. He stated there is no change proposed to the monthly base flat fee.

Mr. Martin recommended tentative approval of the tentative budget, financial plan, and water rates for fiscal year 2018/2019 which includes a property tax rate increase.

Mr. Richard P. Bay, General Manager, noted if the Board approves this Resolution with a planned property tax levy increase, each Trustee will need to request an opportunity to present it to the City Council that they represent. Staff will assist and prepare a summary page that explains the proposed property tax levy increase and the purposes of it.

Mr. Owens asked staff to provide him with benefits-to-salary ratios for employees before adopting the final budget.

Mr. Rushton called for a motion on the recommendation. Mr. Osborne moved to approve Resolution No. 18-10, "Tentatively Adopting Jordan Valley Water Conservancy District's Tentative Budget, Financial Plan, and Water Rates for Fiscal Year 2018-2019." Following a second by Mr. Johnson, the motion was approved as follows:

Mr. Christensen – nay	Mr. Johnson – aye
Ms. Lang – aye	Mr. Nichols – not present
Mr. Osborne – aye	Mr. Owens – aye
Mr. Rushton – aye	Mr. Sperry – aye
Mr. Taylor – aye	

Consider setting public hearing date on May 9, 2018 at 6:00 p.m. for proposed fiscal year 2018/2019 budget and water rates

Mr. Rushton asked for a motion setting a public hearing date on May 9, 2018, at 6:00 p.m., for proposed fiscal year 2018/2019 budget and water rates. Notice of the public hearing will be published according to state law. Ms. Lang moved to approve the public hearing date and time. Following a second by Mr. Christensen, the motion was approved as follows:

Mr. Christensen – aye	Mr. Johnson – aye
Ms. Lang – aye	Mr. Nichols – not present
Mr. Osborne – aye	Mr. Owens – aye
Mr. Rushton – aye	Mr. Sperry – aye
Mr. Taylor – aye	

Consider approval of liability and property casualty insurance coverage for fiscal year 2018/2019

Mr. Martin reviewed the FY 2018/2019 liability and property casualty insurance premiums for various insurance coverages for the District. These coverages are renewed each fiscal year, and Mr. Martin proposed renewing the same coverage from last year. Mr. Martin highlighted the property insurance totaling \$1.2 billion of covered District assets. The slight premium increase is due to impacts from natural disasters throughout the country. The liability insurance increased slightly due to the District's exposure. The District's workers compensation EMOD ratio is at 0.54, which decreased the premium. The total premiums for all coverages for FY 2018/2019 are \$681,000.

Mr. Martin recommended approval of the liability and property casualty insurance coverage and other coverages for fiscal year 2018/2019 with Olympus Insurance as broker, and with the insurance coverages and limits presented.

Mr. Darrell Child, Executive Vice President of Olympus Insurance, stated the District is committed to safety, quality of management, and maintaining facilities which translates to a package of favorable insurance. Mr. Child said the District's EMOD ratio is exceptional and is paying dividends to the District. Mr. Owens suggested including the insurance carrier's rating and limits on the summary sheet in the future to better evaluate the premium.

Mr. Osborne asked if the District's assets are 100 percent covered in replacement costs in the event of a catastrophic emergency. Mr. Child said that the property for the policy is placed on a schedule and 100 percent is insured after a percentage deductible. Mr. Osborne asked how the District has determined the replacement costs on the schedule. Mr. Martin said the District's buildings and treatment plants are included as well as large diameter pipelines, reservoirs, wells, and booster pump stations. An earthquake model is used to estimate extent of damage and costs to replace. Mr. Osborne asked staff to review the schedule and to be cautious of what is included.

Mr. Rushton called for a motion on the recommendation. Mr. Owens moved to approve liability and property casualty insurance coverage for fiscal year 2018/2019. Following a second by Ms. Lang, the motion was approved as follows:

Mr. Christensen – aye	Mr. Johnson – aye
Ms. Lang – aye	Mr. Nichols – not present
Mr. Osborne – aye	Mr. Owens – aye
Mr. Rushton – aye	Mr. Sperry – aye
Mr. Taylor – aye	

Operations, Public Outreach and Conservation activities

Mr. Bart Forsyth, Assistant General Manager, said the District received bids for new laboratory equipment, an inductively coupled plasma mass spectrometer (ICP-MS) instrument. The ICP-MS will provide the District with the ability to perform a suite of metals concentration analyses of its source and finished water supplies. These analyses are currently being outsourced, and it will now be more cost effective for staff to perform them. Mr. Forsyth said the bid opening was advertised in accordance with the District's

Consider approval of expenditure and award of purchase contract for laboratory equipment

procurement policy and recommended an award of purchase contract to Thermo Electron North America, LLC in the amount of \$155,149.

Mr. Rushton called for a motion on the recommendation. Mr. Johnson moved to approve the expenditure and award of a purchase contract for laboratory equipment. Following a second by Mr. Taylor, the motion was approved as follows:

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| Mr. Christensen – aye | Mr. Johnson – aye |
| Ms. Lang – aye | Mr. Nichols – not present |
| Mr. Osborne – aye | Mr. Owens – aye |
| Mr. Rushton – aye | Mr. Sperry – aye |
| Mr. Taylor – aye | |

Reporting Items

Mr. Bay reviewed the reporting items including: a report on State Auditor request for procurement records, conservation activities report, District performance indicators for February 2018, capital projects report for March 2018, financial report for February 2018, water supply report for February 2018, and media coverage.

Mr. Osborne suggested staff account for time, resources, and costs expended by the District to comply with the State Auditor’s request for procurement records.

Mr. Lewis reviewed the report on verification of compliance with select Utah laws and internal District practices. This summary sheet will be included in the Board book every quarter (January, April, July, and October).

Mr. Bay noted that staff will discuss the vehicle crash rate and distribution pipeline breaks performance indicators with the Board in June. Mr. Osborne encouraged department managers to let staff know the Board recognizes their hard work in reaching the “in-target” range for performance indicators.

Mr. Stephen Owens left the meeting.

Upcoming meetings

Mr. Bay reviewed the upcoming May meeting schedule which includes the annual Member Agency meeting and the May Board meetings. Mr. Bay recommended cancelling the Conservation Committee and Executive Committee meetings scheduled on May 7, 2018.

Consider approval to cancel the Conservation Committee meeting and the Executive Committee meeting scheduled on May 7, 2018

Mr. Rushton called for a motion on the recommendation. Mr. Christensen moved to approve cancelling the Conservation Committee meeting and the Executive Committee meeting scheduled on May 7, 2018. Following a second by Ms. Lang, the motion was approved as follows:

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|-----------------------|---------------------------|
| Mr. Christensen – aye | Mr. Johnson – aye |
| Ms. Lang – aye | Mr. Nichols – not present |
| Mr. Osborne – aye | Mr. Owens – not present |
| Mr. Rushton – aye | Mr. Sperry – aye |
| Mr. Taylor – aye | |

Closed Session

Mr. Rushton proposed to convene a closed meeting at 4:55 p.m., in the Board room of the District administration building at 8215 South 1300 West, West Jordan, Utah, to discuss the sale or purchase of real property and/or water rights or water shares.

Ms. Lang moved to go into closed session for those discussions. Following a second by Mr. Johnson, the motion was approved as follows:

Mr. Christensen – aye	Mr. Johnson – aye
Ms. Lang – aye	Mr. Nichols – not present
Mr. Osborne – aye	Mr. Owens – not present
Mr. Rushton – aye	Mr. Sperry – aye
Mr. Taylor – aye	

The closed meeting convened at 5:01 p.m. with all Trustees present except for Stephen Owens and Chad Nichols who were excused. Also present were: Richard Bay, General Manager; Alan Packard, Assistant General Manager; Bart Forsyth, Assistant General Manager; Reid Lewis, Legal Counsel; JT Cracroft, Property Manager; Shane Swensen, Engineering Department Manager; and Beverly Parry, Executive Assistant.

No votes or actions were taken during the closed meeting.

Open meeting reconvened

The open meeting was reconvened at 5:09 p.m.

Consider approval to grant easements to the City of Herriman on property located at 11800 South 7200 West, Salt Lake County

Mr. Packard, Assistant General Manager, recommended that the Board approve granting an access easement and a temporary construction easement to the City of Herriman on property the District owns at 11800 South 7200 West. The compensation will total \$7,815. Mr. Packard also recommended the Board authorize the General Manager to sign the easement documents.

Mr. Rushton called for a motion on the recommendation. Mr. Christensen moved to approve granting easements to the City of Herriman on property located at 11800 South 7200 West, Salt Lake County and authorization for the General Manager to sign the easement documents. Following a second by Mr. Sperry, the motion was approved as follows:

Mr. Christensen – aye	Mr. Johnson – aye
Ms. Lang – aye	Mr. Nichols – not present
Mr. Osborne – aye	Mr. Owens – not present
Mr. Rushton – aye	Mr. Sperry – aye
Mr. Taylor – aye	

Adjourn

Mr. Rushton asked for a motion to adjourn the meeting. Mr. Osborne moved to adjourn. The motion was approved as follows:

Mr. Christensen – aye	Mr. Johnson – aye
Ms. Lang – aye	Mr. Nichols – not present
Mr. Osborne – aye	Mr. Owens – not present
Mr. Rushton – aye	Mr. Sperry – aye
Mr. Taylor – aye	

The meeting adjourned at 5:11 p.m.

Corey L. Rushton, Chair of the Board of Trustees

Richard P. Bay, Clerk