

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

(Unapproved and Subject to Change)

Held January 10, 2018

A regular Board meeting of the Board of Trustees of the Jordan Valley Water Conservancy District was held Wednesday, January 10, 2018, at 3:00 p.m. at the District office at 8215 South 1300 West, West Jordan, Utah.

Trustees Present:

Corey L. Rushton, Chair  
Wm. Brent Johnson  
Karen D. Lang  
Chad G. Nichols  
Scott L. Osborne  
Stephen W. Owens  
Ronald E. Sperry  
Gary C. Swensen

Trustees Not Present:

Greg R. Christensen

Staff Present:

Richard Bay, General Manager/CEO  
Alan Packard, 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  
Dave Martin, Chief Finance Officer / Treasurer  
Debbie Petersen, Human Resource Manager  
Beverly Parry, Executive Assistant  
Jessica Richards, Administrative Assistant  
Hayley Shaffer, Administrative Assistant  
Jared Brace, Pipeline Maintenance Lead  
Kevin Crane, Facilities & Equipment Maintenance Division Manager  
David McLean, Senior Engineer

Also Present:

Greg Anderson, Public Works Director, Kearns Improvement District  
Mike DeVries, General Manager, Metropolitan Water District of Salt Lake & Sandy  
Alan Domonoske, Vice President, Carollo Engineers  
Chris Finlinson, Assistant General Manager, Central Utah Water Conservancy District  
Craig Frisbee, Utilities Manager, City of West Jordan  
Jason Helm, Assistant General Manager, Granger-Hunter Improvement District  
Gary Henrie, Engineer, Bureau of Reclamation  
Bruce Hicken, Finance Director, Kearns Improvement District  
Clint Jensen, General Manager, Granger-Hunter Improvement District  
Keith Lord, General Manager, Taylorsville-Bennion Improvement District  
Shane Paddock, Public Works Director, Bluffdale City  
Ana Paz, Associate Engineer, South Jordan City

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Jason Rasmussen, Public Works Director, South Jordan City  
 David Robertson, Vice President, Lewis Young Robertson & Burningham  
 Don Russell, Trustee, Taylorsville-Bennion Improvement District  
 Faye Rutishauser, Water Conservation Coordinator, Division of Water Resources  
 Ryan Willeitner, Engineer, CH2M Hill/Jacobs Engineering  
 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 3:01 p.m. on Wednesday, January 10, 2018 in the administration building at 8215 South 1300 West in West Jordan, Utah. Mr. Rushton introduced the members of the Board and visitors. Mr. Greg Christensen, Trustee, was excused from the meeting.

**Approval of common consent items**

Mr. Rushton presented the minutes of the Executive Committee meeting held November 6, 2017, the regular Board meeting held November 8, 2017, and the Trustees Expenses Reports for November and December 2017. Mr. Rushton called for a motion. Mr. Osborne moved to approve the minutes of the November 6, 2017 and November 8, 2017 meetings and the Trustees Expenses Reports for November and December 2017. Following a second by Ms. Lang, the motion was unanimously approved as follows:

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

**Public Comments**

Mr. Chad G. Nichols, Trustee, expressed appreciation to the Board members and staff for accommodating his work schedule. There were no other public comments.

**Consider adoption of Resolution No. 18-01, “Approving the Withdrawal of Lands from Jordan Valley Water Conservancy District (South Salt Lake City)”**

Mr. Reid Lewis stated that there are approximately 134 parcels in the City of South Salt Lake, primarily commercial, to which Salt Lake City provides water. The withdrawal of these properties from Jordan Valley Water Conservancy District is a two-step process. The first step was addressed at the November 2017 Board meeting, at which the Board expressed its intent to withdraw these lands from the District. The second step is before the Board in the form of Resolution No. 18-01, “Approving the Withdrawal of Land from Jordan Valley Water Conservancy District (South Salt Lake City).” Mr. Lewis recommended approval of Resolution No. 18-01.

Mr. Rushton called for a motion on the recommendation. Mr. Swensen moved to adopt Resolution No. 18-01, “Approving the Withdrawal of Lands from Jordan Valley Water Conservancy District (South Salt Lake City).” Following a second by Mr. Sperry, the motion was approved as follows:

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

**Financial Matters**

**Consider adoption of Resolution No. 18-02, “Authorizing a Transfer of Funds from the Revenue Fund to the Capital Projects Fund”**

Mr. Dave Martin, Chief Financial Officer/Treasurer, stated that Resolution No. 18-02 is an authorization of a transfer of funds from the Revenue Fund to the Capital Projects Fund in the amount of \$1,500,000. In November, the annual year end transfer from fiscal year 2016/2017 was approved and included \$1,500,000 to be retained in the Revenue Fund to fund prior years capitalized interest. After further review, the \$1,500,000 did not need to be reserved in the Revenue Fund and there is no budget impact from prior years due to the capitalized interest. This resolution completes the year end transfer for fiscal year 2016/2017. Mr. Martin recommended approval of Resolution No. 18-02, “Authorizing a Transfer of Funds from the Revenue Fund to the Capital Projects Fund.”

Mr. Rushton called for a motion on the recommendation. Mr. Sperry moved to approve Resolution No. 18-02, “Authorizing a Transfer of Funds from the Revenue Fund to the Capital Projects Fund.” Following a second by Ms. Lang, the motion was approved as follows:

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

**Analysis of budget issues for fiscal year 2018/2019**

Mr. Richard Bay, General Manager, stated that staff has begun the process of preparing a draft budget for fiscal year 2018/2019. In late March, staff is planning to have a draft budget proposal ready for the Board Finance Committee to review, which will allow the Board to adopt a tentative budget and water rates at the April Board meeting. One of the first steps in this process is to analyze several issues to guide the budget preparation process. Some of those issues include water supply conditions, housing market and land development, water delivery issues among Member Agencies, water delivery projections, capital asset management initiatives, repair and replacement reserve fund, disaster response balanced approach, communications and public outreach, water conservation progress, District workforce issues, and capital obligations.

Mr. Bay noted that water supply conditions this year show a likelihood of a continuation of drought conditions that has been experienced the previous four years. Because of the wet winter experienced last year, there is plenty of surface water storage and the underground aquifer system is rebounding, which allows the District to have a full water supply for member cities and districts this year. He stated that the housing market and land development have been steadily increasing. South Jordan City, Herriman City, and West Jordan City are experiencing rapid growth. Midvale City is projecting a 400 acre-feet increase in water deliveries by JVVCD this fiscal year, and another 1,600 acre-feet in the following year. As a result, staff is projecting water deliveries of municipal water next year of 96,000 acre-feet.

Mr. Bay stated that there is a continued movement of employees enrolling in the Select Value insurance plan, which saves money for both the employee

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and District. He noted that the District workforce is aging and anticipates up to 11 employee retirements.

In summary, after reviewing the budget strategy and plan, Mr. Bay stated that staff is preparing to make a recommendation to raise the certified tax rate to 0.0004 and increase the water rates by 3.8 percent.

**Preliminary budget preparation calendar**

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Mr. Martin summarized the preliminary budget preparation calendar. He noted that staff will prepare the budget for fiscal year 2018/2019 during the months of January and February. The tentative budget and tentative water rates will be tentatively approved at the April Board meeting, a public hearing will be held at the May Board meeting, and adoption of the tentative budget, proposed tax rate of 0.0004, and water rates will be considered at the June Board meeting. A public hearing in August will be held to consider the tax rate, adopt a final tax rate, and adopt the final fiscal year 2018/2019 budget.

Mr. Scott Osborne expressed concern that the certified tax rate will not be available for the Board's consideration by the June Board meeting as scheduled.

Mr. Martin stated that the certified tax rate should be available by June 8th. As a result, it will not be known prior to the adoption of the tentative budget and tentative water rates and presentations by trustees to city councils on proposed increases in property tax.

Mr. Bay suggested the Board consider the option of moving the June Board meeting to June 20<sup>th</sup> in order to know the certified tax rate before adopting the tentative budget and tentative water rates. This change in June Board meeting dates can be considered at the April Board meeting.

**Report on updated 10-year financial plan**

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Mr. Martin reviewed the updated 10-year financial plan. He noted the updated plan shows water deliveries at 96,000 acre-feet for FY 2018/2019. It includes a 3.8 percent water rate increase.

**Budget parameters plan**

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Mr. Martin stated that the budget parameters plan is a summary of the information that was covered previously in the analysis of budget issues and the 10-year financial plan.

Mr. Osborne asked if staff has considered how the rapid growth in multi-unit dwellings affects the projection of growth in relation to water deliveries and has this been taken into account when preparing the 10-year financial plan.

Mr. Osborne suggested staff evaluate 'cost share' programs with regard to medical insurance for District employees.

Mr. Osborne suggested that the \$1.5 million transferred to the Capital Projects Fund be considered revenue not originally anticipated which might offset some of the water rate increase. He also suggested that money saved through the recent bond refunding be considered revenue.

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Mr. Osborne stated that he would like to see the District partner more with Member Agencies regarding work that they might do locally that the District does regionally. He also suggested that staff document the capitalization of bond interest approach in resolution form, stating that the district will not include capitalized interest as part of future bond issues.

**Engineering,  
Maintenance, and  
Information  
Systems  
Activities**

**Consider  
approval to  
purchase  
vehicles**

Mr. Alan Packard reviewed the District's objectives to maintain a fleet of vehicles that helps staff accomplish the District's mission, keep the vehicles operating reliably in the most cost-effective manner possible. When considering the purchase of new vehicles, staff evaluates whether the vehicle is still needed and if the same type of vehicle is required. After review, staff found that the recommended vehicles to be purchased meet the criteria and obtained quotes in accordance with State of Utah Cooperative Contract pricing. Mr. Packard recommended approval to purchase vehicles.

Mr. Osborne asked if any of the vehicles that are being replaced are inoperable.

Mr. Kevin Crane, Facilities & Equipment Maintenance Division Manager, stated that all vehicles are still operable.

Mr. Osborne suggested staff strategically time the new vehicle purchases to take advantage of promotions offered by car dealerships. He also asked if extended cabs are a necessity for District purposes.

Mr. Brian Callister, Maintenance Department Manager, stated that extended cabs are needed when response to a call requires more than two maintenance personnel and for storing expensive tools, equipment, laptops, boots, coveralls, etc.

Mr. Rushton called for a motion on the recommendation. Ms. Lang moved to approve purchase of vehicles. Following a second by Mr. Johnson, the motion was approved as follows:

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

**Consider award  
of construction  
contract to  
replace the  
Jordan Valley  
Water Treatment  
Plant access  
road bridge over  
the Welby canal**

Mr. Packard explained that one of the main access roads to the JWTP located in Herriman crosses the Welby canal. The bridge across the canal was constructed in the 1970's and is very narrow and in poor condition due to age and corrosion. For safety and reliable access reasons, staff is recommending that the structure be replaced with a new reinforced concrete box culvert.

Mr. Rushton called for a motion on the recommendation. Mr. Swensen moved to approve award of construction contract to replace the Jordan Valley Water Treatment Plant access road bridge over the Welby canal.

(UNAPPROVED AND SUBJECT TO CHANGE)

Following a second by Mr. Nichols, the motion was approved as follows:

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

**Operations,  
Public Outreach,  
and  
Conservation  
activities**

Mr. Matt Olsen, Communications Department Manager, stated that this agreement relates to a water conservation cost sharing grant with the Division of Water Resources (DWR). The intent of the grant is to reimburse 50% of the District’s costs towards water efficiency device rebates, up to \$70,000. Mr. Olsen recommended approval of a contract with the Utah Division of Water Resources for funding of rebates for water conservation efficiency devices.

**Consider  
approval of a  
contract with the  
Utah Division of  
Water Resources  
for funding of  
rebates for water  
conservation  
efficiency  
devices**

Mr. Rushton called for a motion on the recommendation. Mr. Osborne moved to approve a contract with the Utah Division of Water Resources for funding of rebates for water efficiency devices. Following a second by Mr. Johnson, the motion was approved as follows:

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

**Consider  
approval of a  
contract with the  
Utah Division of  
Water Resources  
for expansion  
and use of the  
Utah Water  
Savers Website**

Mr. Olsen stated that this agreement sets forth the terms and conditions of a partnership with the Utah Division of Water Resources (DWR) to adapt the District’s Utah Water Savers website to host both District and statewide water conservation programs. As the final agreement is still being worked out with the DWR, Mr. Olsen recommended the Board authorize Richard Bay, General Manager, and Reid Lewis, General Counsel, to approve the final version of the agreement, and Richard to sign the agreement.

Mr. Rushton called for a motion on the recommendation. Mr. Sperry moved to approve a contract with the Utah Division of Water Resources for expansion and use of the Utah Water Savers Website and authorize Richard Bay and Reid Lewis to approve the final version of the agreement. Following a second by Ms. Lang, the motion was approved as follows:

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

**Reporting Items**

**Report on  
Qualified Capital  
Asset Report**

Mr. Bay stated that the Qualified Capital Asset Report was submitted to the Utah Division of Water Resources (DWR) as required by statute. The law requires the four largest water conservancy districts in Utah to adopt asset management policies and establish an ongoing source of funding to repair, rehabilitate, and replace aging infrastructure. The four districts are then required to submit their reports of qualified capital assets to the director of the DWR.

Mr. Packard reviewed the Qualified Capital Asset Report which was submitted to the DWR.

**Report on  
Trustee  
nominations for  
four Divisions**

Mr. Bay briefly reviewed a summary of the eight geographic divisions represented by the nine JWCD trustees. He stated that four of the current trustees' terms will soon expire. All nominations for these four divisions have been received, and staff is waiting to hear from Governor Herbert on the trustee appointments.

**Report on  
customer  
response to  
pipeline break  
repair**

Mr. Bay stated that he received a letter from a JWCD customer commending District staff on their professionalism, dedication, and prompt response to quickly repair a pipeline break on December 14<sup>th</sup>.

Mr. Brian Callister, Maintenance Department Manager, explained that this pipeline break occurred on a cold December night, and maintenance staff worked between 11:00 p.m. and 4:00 a.m. to repair it in a safe and timely manner. Mr. Callister commended maintenance staff for their dedication and hard work in repairing pipeline breaks under difficult conditions. Mr. Jared Brace, Pipeline Maintenance Lead, was the lead worker on this particular job. His crew consisted of Andy Adams, Maintenance Worker II, and Adrian Parra, Maintenance Worker I. Mr. Callister also commended Jared Vigil, System Operator, who took the initial call and did a great job contacting the necessary staff and homeowners.

Mr. Stephen Owens arrived at 5:00 p.m.

**Report on bond  
refunding**

Mr. Dave Martin, CFO/Treasurer, summarized the recent bond refunding and stated that the District sold the bonds before the rating agencies issued their rating on JWCD, thus showing their faith in the District.

Mr. Bay reviewed the remaining reporting items, including the report on Verification of Compliance with selected Utah laws and internal District practices which will be brought before the Board quarterly.

**Upcoming  
meetings**

Mr. Rushton reviewed the upcoming meetings for February including the Conservation Committee meeting, Monday, February 12 at 3:00 p.m.; Executive Committee meeting, Monday, February 12 at 3:30 p.m.; and Board meeting, Wednesday, February 14 at 3:00 p.m.

**Closed Meeting**

Mr. Rushton proposed to convene a closed meeting at 5:10 p.m., in the Board room of the District administration building at 8215 South 1300 West, West Jordan, Utah, to discuss potential litigation and the sale or purchase of real property and/or water rights or water shares.

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

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

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The closed meeting convened at 5:20 p.m. with all Trustees present except for Mr. Greg Christensen, who was excused. Also present were: Richard Bay, General Manager; Alan Packard, Assistant General Manager; Dave Martin, CFO; Shane Swensen, Engineering Department Manager; Reid Lewis, Legal Counsel; Shazelle Terry, Operations Department Manager; and Beverly Parry, Executive Assistant.

Mr. Gary Swensen left at 5:50 p.m.  
Mr. Chad Nichols and Mr. Scott Osborne left at 6:30 p.m.

No votes or actions were taken during the closed meeting.

**Open Meeting**

The open meeting was reconvened at 6:42 p.m.

**Consider approval to sell surplus property to West Haven City**

Mr. Packard recommended approval to sell surplus property to West Haven City and authorize the General Manager to determine if additional compensation is warranted for a portion of the Fee Simple property and sign the Quit Claim Deed and the easement documents.

Mr. Rushton asked for a motion on the recommendation. Mr. Sperry recommended approval to sell surplus property to West Haven City and authorize the General Manager to determine if additional compensation is warranted for a portion of the Fee Simple property and sign the Quit Claim Deed and the easement documents. Following a second by Mr. Johnson, the motion was approved as follows:

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

**Consider ratification of agreement with Kennecott for costs associated with installation of a manganese removal system at the Bingham Canyon Water Treatment Plant**

Ms. Shazelle Terry, Operations Department Manager, recommended ratification of an agreement with Kennecott for costs associated with installation of a manganese removal system at Bingham Canyon Water Treatment Plant.

Mr. Rushton asked for a motion on the recommendation. Ms. Lang recommended ratification of an agreement with Kennecott for costs associated with installation of a manganese removal system at Bingham Canyon Water Treatment Plant. Following a second by Mr. Owens, the motion was approved as follows:

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

**Adjourn**

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

(UNAPPROVED AND SUBJECT TO CHANGE)

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

The meeting was adjourned at 6:45 p.m.

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Corey L. Rushton, Chair of the Board of Trustees

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Richard P. Bay, Clerk