

**MINUTES OF THE EXECUTIVE COMMITTEE MEETING OF THE  
BOARD OF TRUSTEES OF JORDAN VALLEY WATER CONSERVANCY DISTRICT**  
(Unapproved and Subject to Change)

Held April 9, 2018

The Executive Committee meeting of the Board of Trustees of the Jordan Valley Water Conservancy District was held Monday, April 9, 2018, at 4:15 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  
John H. Taylor

Not Present:

Chad G. Nichols  
Ronald E. Sperry

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  
David Martin, CFO/Treasurer  
Reid Lewis, General Counsel  
Brian McCleary, Controller  
Beverly Parry, Executive Assistant  
Hayley Shaffer, Administrative Assistant  
Todd Schultz, Senior Business Data Analyst  
Jeanette Perry, Customer Services Supervisor

Others Present

Shawn Koorn, Associate Vice President, HDR Consultants  
Lyle Summers, appointed JWVCD Trustee

**Welcome**

Mr. Corey L. Rushton, Chair, called the meeting to order at 4:15 p.m. Mr. Nichols and Mr. Sperry were excused from the meeting. Mr. Rushton asked Mr. Bay to proceed with the agenda.

**Review Agenda  
for April 11,  
2018 Board  
meeting**

Mr. Richard Bay, General Manager, reviewed the proposed agenda for the April 11, 2018, Board of Trustees regular meeting. Some of the topics for discussion and consideration included: adoption of Resolution No. 18-08, "Amending Jordan Valley Water Conservancy District's Policy Manual (Personnel Rules and Regulations Manual);" adoption of Resolution No. 18-09, "Authorizing the Annexations of Lands into the Jordan Valley Water Conservancy District (Edge Land 16 LLC);" adoption of Resolution 18-10,

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“Tentatively Adopting Jordan Valley Water Conservancy District’s Tentative Budget, Financial Plan, and Water Rates for FY 2018-2019;” consider setting public hearing date on May 9, 2018, at 6:00 p.m.; consider approval of liability and property casualty insurance coverage for FY 2018/2019; consider approval of expenditure and award of purchase contract for laboratory equipment; report on State Auditor request for procurement records; report on Verification of Compliance with select Utah laws and internal District practices; consider approval to grant easements to the City of Herriman on property located at 11800 South 7200 West, Salt Lake County; and various routine reporting items. A closed session was also proposed to discuss the sale or purchase of real property and/or water rights or water shares.

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**Continue discussion of proposed FY 2018/2019 budget and water rates**

Mr. Bay stated that on April 5, 2018, the Finance Committee met to review the proposed FY 2018/2019 budget. This discussion is a continuation of that review. The two items to complete the discussion on the FY 2018/2019 budget are the Capital Projects budget and the FY 2018/2019 water rates.

In response to questions raised during the Finance Committee meeting held on April 5, 2018, Mr. Bart Forsyth, Assistant General Manager, presented a memo to the Board and reviewed the District’s Central Utah Project (CUP) water supply, the CUP payment schedule, and CUP turn-back water provided by the District for in-stream fishery flows on the Provo River.

Mr. Dave Martin, Chief Financial Officer, presented graphs showing wage change comparisons for local cities, towns and other peer districts in response to concerns expressed by the Board at the April 5, 2018 Finance Committee meeting. These graphs showed the proposed 3.2 percent wage increase for District staff is at or below the median of comparisons. He stated there are 148 authorized District positions; 66 employees are in the District’s “step” system for newer employees; and 82 employees will be eligible for the 3.2 percent merit increase. He stated the District health insurance is renewed on a calendar year basis, and staff will explore alternative insurance programs and report back to the Board at a later date in 2018.

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**Fiscal year 2018/2019 Capital Projects budget and 10-year plan**

Mr. Alan Packard, Assistant General Manager, reviewed the proposed FY 2018/2019 Capital Projects budget and the 10-year Capital Projects Plan. He reviewed the various water supplies that are currently available and water supplies that will come online in the future. Mr. Osborne suggested staff begin negotiations with Kennecott on continuing to receive Bingham Canyon Treatment Plant water after the expiration of the current contract. Mr. Packard noted some of the major capital projects of interest in the 10-year plan in each of the CP1-CP4 categories. The total capital projects plan over the 10-year period is \$304.9 million. The total net FY 2018/2019 proposed Capital Projects budget is \$46,872,751.

Mr. Shane Swensen, Engineering Department Manager, reviewed the proposed FY 2018/2019 capital projects, including: completion of the SCADA software replacement, Southwest Aqueduct Reach 1 improvements, and replacement of aging microwave communication equipment. Mr. Osborne suggested staff research leasing fiber optic lines as an option to replacing microwave radio equipment. Mr. Swensen stated the District uses fiber optic lines where possible and when cost effective.

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**2018/2019  
Water Rates  
Review**

Mr. Shawn Koorn, Associate Vice President, HDR Consultants, reviewed the methodology to determine the District's water rates. The process includes three steps; 1) determine the revenue requirement, 2) conduct a cost of service analysis, and then 3) establish the rate design. Peaking factors are used to allocate costs between member agencies and can fluctuate from year to year. In 2008, the District started using a four-year sliding average in peaking factors to help capture the mode of operation for each member agency and smooth out any large annual fluctuations.

The District updates its water rates on an annual basis to ensure the rates reflect each agency's use and cost of service. The District will change its rate structures beginning FY 2018/2019 to a tiered rate structure for retail customers and a uniform rate structure for wholesale member agencies. The retail customers will have a three-tier rate structure with thresholds that vary by meter size.

There was discussion on how peak day and peak hour demands are used in establishing water rates for member agencies. Mr. Osborne suggested collaborating with Member Agencies on collectively using stored water during peak times to reduce costs. Mr. Bay said the District has spent a couple million dollars to automate the District's wholesale meter stations and get the SCADA signal on the District website and made available to member cities and districts in real time. This is a tool Member Agencies can use to monitor the District's comprehensive peaking and manage their facilities to offset their peak demand from the District's peak. Shazelle Terry, Operations Manager, stated the Member Agencies are being trained on how to use the new SCADA system to their benefit in regards to peak times.

Mr. Stephen Owens asked to be provided with an example of the net effect, in total, of the proposed property tax and water rate increases on the average homeowner. Mr. Martin stated he would provide this information at the Wednesday Board meeting.

Mr. Bay stated that this completes the review of the FY 2018/2019 tentative budget, which will be presented to the Board on Wednesday, April 11<sup>th</sup>, for its consideration. A public hearing will be held on May 9<sup>th</sup> for the Board to hear comments from the public, retail customers, and wholesale customer representatives. The Board will then adopt the water rates and tentative budget in June. After another public hearing in August regarding the proposed property tax levy, the budget will be adopted in final form.

**Adjourn**

Mr. Rushton called for a motion to adjourn. Mr. Owens moved to adjourn the meeting. The meeting was adjourned at 6:11 p.m.

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Corey L. Rushton, Chair of the Board of Trustees

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Richard P. Bay, Clerk

