

APPROVED
JUNE 17, 2020

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MINUTES OF THE **WORK SESSION MEETING** OF THE BOARD OF TRUSTEES OF THE CENTRAL UTAH WATER CONSERVANCY DISTRICT HELD JUNE 17, 2020, 11:30 A.M., VIA IN-PERSON AND ELECTRONIC MEANS WITH ANCHOR LOCATION AT DISTRICT HEADQUARTERS, OREM, UTAH.

BOARD MEMBERS PRESENT

L. Alma Mansell, Chair
Shelley Brennan, Vice-Chair
Wayne Andersen
JR Bird
Jim Bradley (electronic)
Max Burdick (electronic)

Kirk L. Christensen
Steve Farrell
Max Haslem
Steve Hanberg
Nathan Ivie
Greg McPhie

Jim Riding
Jennifer Scott
Ed Sunderland
Byron Woodland
Boyd Workman

Bill Lee was unable to attend.

STAFF MEMBERS PRESENT

Gene Shawcroft, General Manager
Robert Aitken, Diamond Fork Area Manager
Lisa Anderson, Assistant to the General Manager
Kirk Beecher, Lands Manager
Mark Breitenbach, ULS Engineering Manager
LaJean Broberg, Office Assistant/Receptionist
Jim Brooks, HR Manager
Derek Bruton, Project Engineer
Tom Bruton, Assistant General Manager
Brent Chase, Computer Systems Specialist
Heath Clark, Asset Management Manager
John Coker, Information Systems Manager
Daryl Devey, CUP Manager
Morgan Eads, Web/Graphic Assistant
Chris Elison, Engineering Manager
Christine Finlinson, Assistant General Manager
Will Garner, Project Engineer
Chris Hansen, CUPCA Program Manager

Jared Hansen, CUP Manager
Monica Hoyt, Education Outreach Manager
Shawn Lambert, Chief Financial Officer
Alex Lowell, Staff Engineer
Mandy McClellan, Records Manager
Devin McKrola, Bonneville O&M Manager
Rachel Musil, Water Rights Manager
Dave Pitcher, Assistant General Manager
Mike Rau, Water Quality Manager
KC Shaw, Chief Engineer
Bronson Stewart, Controller
Sarah Sutherland, Environmental Programs Manager
Rich Tullis, Assistant General Manager
Paulette Webster, Administrative Assistant
Mike Whimpey, Engineering Manager
Kevin Workman, Uintah O&M Manager
Gerard Yates, Water Quality Treatment Manager
Steven E. Clyde, District Legal Counsel

Al Mansell, Chair, called the Work Session meeting to order at 11:38 a.m.

Christine Finlinson, Assistant General Manager, trained the Trustees on Utah's Open Meeting laws which is required yearly. She reminded Trustees that once per term they are required to complete the Utah State Auditor's Training as well. Christine reviewed both open meeting and closed meeting requirements with notices, agendas, and minutes for each type of meeting. She emphasized that the Trustees are free to communicate amongst themselves electronically except for during Open Meetings, which is not allowed.

Bronson Stewart, Controller, shared the changes in the 2019-2020 Fiscal Year Budget. He stated that the three main changes were: 1) RDA Tax Revenue in the General Fund, which is offset under RDA Expense; 2) Big Sand Wash Transaction, which includes federal appropriations going into the CUPCA fund, which

are then transferred to the Debt Service fund to pay off the repayment obligation for the Big Sand Wash; and 3) Operating Transfers from the General Fund to the Capital Projects Fund.

Bronson then shared the changes in the tentative 2020-2021 Fiscal Year Budget based on the Ad Valorem tax proposed rate of 0.0004, which adds \$4.2 million income to the District budget (\$3.2M due to the difference from the proposed rate and \$1.0M for growth higher than budgeted). He explained that the District expends funds at approximately 18% on operations, 24% on debt payments, and 58% on construction related costs. If the District does go through the Truth-in-Taxation process, it will add the \$3.2 million to the Budget for Fiscal Year 2020-2021. Bronson then briefly reviewed the steps required for reporting to counties if the Board chooses to go through the Truth-in-Taxation process. He then stated that the August Board Meeting would be the final hearing to approve the District's budget.

Greg McPhie, Finance, Audit, & Budget Committee Chair, reported that he and the other Trustees on the committee were very comfortable maintaining the 0.0004 rate for the District. Gene Shawcroft, General Manager, stated that by maintaining the rate, the District can provide logical and steady funding to maintain District facilities and deliver quality water to our customers. He shared that if the District chose to use the state rate of 0.000382, it could affect the District's current bond rating, it will affect the District's budget, and it could affect the timing of construction projects.

Trustee Steve Farrell asked if new growth was accounted for in the projections. It was stated that the District normally budgets approximately a 3% growth rate. It was explained that the District will receive approximately \$2.1M of new growth in the upcoming fiscal year. Trustee Ed Sunderland asked if the District would expect push back from some of the counties. Gene answered that there is some talk of valuations decreasing or increasing minimally in counties, so that would mean that with the District maintaining the 0.0004 rate, taxes could go down or increase by a very small amount for some residents. Trustee Nathan Ivie asked if the District had received any funding from the federal government related to the CARES Act. Chris Hansen, CUPCA Program Manager, responded that the District had not requested reimbursed funding from that program at this time. Al stated that if the District chose to not maintain the rate this year, but decided to do 0.0004 the following year, the taxes could significantly increase for some residents, so a slow, steady process to maintain the rate would be preferable.

Bronson shared the results of the Fraud Risk Assessment stating that the District scored 375 points out of a possible 395 points, which is in the Very Low Risk tier of scoring. He stated that the area that the District would focus on for the next year was to have a formal internal audit charter, which is a more formal internal audit process. Bronson stated that the District performs various effective internal audit functions, but does not have a formal charter.

Shawn Lambert, CFO, shared with the Trustees that the Finance Committee is currently reviewing Bond Refunding opportunities that are being researched by Lewis Young Robertson and Burningham. He stated that in the August Board Meeting, the committee would come back with options to lower interest rates on bonds which will save the District a significant amount of money. Shawn shared that in the past 10-years, by taking advantage of other bond refunding opportunities, the District has saved approximately \$50 million. He also reported that bond and loan paperwork has been signed closing will occur this week.

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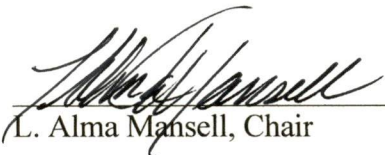
Dave Pitcher, Assistant General Manager, gave a Central Water Project (CWP) Update, which is a District project that is financed without federal money, unlike the CUP which is federally funded. He shared a summary of the project history when the District purchased water rights in the Provo River and Utah Lake, as well as from the former Geneva Steel company, which was groundwater. Dave stated that this would help develop a water supply for communities that would not have CUP contract water available such as Eagle Mountain and Saratoga Springs. Lehi, Vineyard, and Jordan Valley Water Conservancy District also receive CWP water. He stated that the District committed to reserve up to 8,000 acre-feet of CWP water for 15 years for the Vineyard area, which expired May 2020. The District has contracts to convey over 22,000 acre-feet of CWP water this year. Dave shared that the Board would be acting upon the water rates for those contracts during Board Meeting.

Devin McKrola, Bonneville O&M Manager, shared the 2019 O&M Activities Report with the Trustees. He stated that the report is divided into six management areas of focus for key operations and maintenance activities last year. He encouraged the Trustees to review the full report.

COMMITTEE REPORTS

All reports will be given during Board Meeting.

The meeting adjourned at 12:37 p.m.


L. Alma Mansell, Chair


Gene Shawcroft, General Manager

APPROVED
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MINUTES OF THE **REGULAR MEETING** OF THE BOARD OF TRUSTEES OF THE CENTRAL UTAH WATER CONSERVANCY DISTRICT HELD JUNE 17, 2020, 1:00 P.M., VIA IN-PERSON AND ELECTRONIC MEANS WITH ANCHOR LOCATION AT DISTRICT HEADQUARTERS, OREM, UTAH.

BOARD MEMBERS PRESENT

L. Alma Mansell, Chair	Kirk L. Christensen	Greg McPhie
Shelley Brennan, Vice-Chair	Steve Farrell	Jim Riding
Wayne Andersen	Max Haslem	Jennifer Scott
JR Bird	Steve Hanberg	Ed Sunderland
Jim Bradley (electronic)	Nathan Ivie	Byron Woodland
Max Burdick (electronic)	Bill Lee	Boyd Workman

STAFF MEMBERS PRESENT

Gene Shawcroft, General Manager	Rachel Musil, Water Rights Manager
Robert Aitken, Diamond Fork Area Manager	Paul Pierpont, Provo Area Manager
Lisa Anderson, Assistant to the General Manager	Dave Pitcher, Assistant General Manager
Kirk Beecher, Lands Manager	Mike Rau, Water Quality Manager
Mark Breitenbach, ULS Engineering Manager	KC Shaw, Chief Engineer
LaJean Broberg, Office Assistant/Receptionist	Bronson Stewart, Controller
Jim Brooks, HR Manager	Sarah Sutherland, Environmental Programs Manager
Derek Bruton, Project Engineer	Rich Tullis, Assistant General Manager
Tom Bruton, Assistant General Manager	Paulette Webster, Administrative Assistant
BobbiJo Casper, Administrative Assistant	Mike Whimpey, Engineering Manager
Brent Chase, Computer Systems Specialist	Kevin Workman, Uintah O&M Manager
John Coker, Info Systems Manager	Gerard Yates, Water Quality Treatment Manager
Susan Corson, Administrative Assistant	Steven E. Clyde, District Legal Counsel
Daryl Devey, CUP Manager	
Morgan Eads, Web/Graphic Assistant	<u>GUESTS</u>
Chris Elison, Engineering Manager	Paul Christensen, Bureau of Reclamation
Casey Finlinson, Conservation Education Director	Bryson Clyde, Clyde Companies
Christine Finlinson, Assistant General Manager	Clay Crozier, Senator Mitt Romney's Office
Will Garner, Project Engineer	Trevor Datwyler, AE2S
Chris Hansen, CUPCA Program Manager	Alan Domonoske, Carollo Engineers
Jared Hansen, CUP Manager	Jason Luettinger, Bowen Collins & Associates
Shaun Hilton, Project Engineer	Adam Murdock, Jacobs Engineering
Jason Hoyt, Electrical Group Manager	Reed Murray, Department of the Interior
Monica Hoyt, Education Outreach Manager	Carolyn Phippen, Senator Mike Lee's Office
Linda Ivie, Duchesne Area Manager	David Robertson, LYRB
Richard King, Engineering Manager	Scott Robertson, LYRB
Shawn Lambert, Chief Financial Officer	Caden Taylor, AE2S
Bart Leeftang, CUPCA Program Support Manager	Wade Tuft, Jordan Valley WCD
Alex Lowell, Staff Engineer	Clyde Watkins, Duchesne County WCD
Mandy McClellan, Records Manager	Wayne Winsor, MWDSLS
Devin McKrola, Bonneville O&M Manager	

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JUNE 17, 2020

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PUBLIC HEARINGS

A public hearing, for the purpose of receiving public input on re-opening and adjusting the District's 2019-2020 Fiscal Year Budget, was called to order by Greg McPhie, Finance, Audit, & Budget Committee Chair. The hearing was opened to the public for comment. No comments were received, and the hearing was closed.

A public hearing, for the purpose of receiving public comment on the District's proposed 2020-2021 Fiscal Year Budget, was called to order by Greg McPhie, Finance, Audit, & Budget Committee Chair. The hearing was opened to the public for comment. No comments were received, and the hearing was closed.

BOARD MEETING

Al Mansell, Chair, called the regular Board of Trustees meeting to order at 1:07 p.m.

INTRODUCTION OF NEW TRUSTEES

Jennifer Scott and Jim Riding, the two new trustees who represent Salt Lake County, introduced themselves to the Board.

APPROVAL OF MINUTES

Al asked if there were any corrections to the minutes of the May 20, 2020 Work Session.

MOTION: Shelley Brennan moved that the Board approve the minutes of the Work Session meeting held May 20, 2020.

Greg McPhie seconded the motion. The motion passed unanimously.

Al asked if there were any corrections to the minutes of the May 20, 2020 regular Board meeting.

MOTION: Steve Farrell moved that the Board approve the minutes of the regular Board meeting held May 20, 2020.

Byron Woodland seconded the motion. The motion passed unanimously.

PUBLIC COMMENT

No public comment was received.

GENERAL MANAGER'S REPORT

Gene Shawcroft, General Manager, introduced the guests.

Gene shared that the District is still functioning under COVID-19, CDC guidelines, and we are monitoring staff closely to continue business as normal. He then shared that the District just received a "AA+" Rating from Fitch, which is very important to show the District is managing its debt well. Gene also shared a significant accomplishment by the Don A. Christiansen Regional Water Treatment Plant (DACRWTP) of 3,650 days of water quality below 0.1 NTU. He stated that the national standard is 95% of the time the plant should be below 0.3 NTU. The DACRWTP has now exceeded daily standards 100% of the time for over 10 years.

Gene then reported that staff spent some time with one of the local news channels regarding the aftermath of the Dollar Ridge Fire last year and its effect on Starvation Reservoir and the Duchesne Valley Water Treatment Plant.

Steve Clyde, District Legal Counsel, shared a brief update on the Ute Tribe lawsuit. He stated a response from the District will be filed by mid-July that will include a motion to dismiss. Steve said the first part should be heard by a judge before the end of the year, however, with the number of entities involved and the history of the project, it may take 10 years or more for the lawsuit to make its way through the legal system.

PUBLIC AFFAIRS COMMITTEE REPORT – Ed Sunderland, Chair

Ed Sunderland reported that the Board Tour and Starvation 50th Anniversary Celebration is tentatively scheduled for September 23, 2020, and as the time grows closer, updates will be given.

Monica Hoyt, Education Outreach Manager, presented the update on the Education Outreach efforts of the District. She stated that the outreach trainings scheduled through Spring 2021 are all planned to be virtual. Monica shared that they are working with teachers, extension services, libraries, and other partners that have STEM programs. She shared that a youth engineering club has started and then provided each Trustee with a hands-on water wheel project to take home and try with a family member. In response to a question, Monica shared how the District does outreach at different events to give greater awareness of the District's purpose.

ENGINEERING & OPERATIONS COMMITTEE – Wayne Andersen, Chair

Shaun Hilton, Project Engineer, presented on the Syar Inlet Coating Project. He gave a brief history of the project and stated this project is like the work just completed at Currant Creek Dam, as the contractor will be cleaning and coating equipment to fix corrosion issues. Shaun stated that four contractors were invited to bid, three attended the mandatory meeting, and two bids were received.

MOTION: Wayne Andersen moved that the Board award a construction agreement for the Syar Inlet Coating Project to The Gateway Company of Utah, LLC, the lowest responsible, responsive bidder, in the amount of \$138,000.00 and authorize District officers to sign the Agreement subject to review by District legal counsel.

JR Bird seconded the motion. The motion passed unanimously.

Derek Bruton, Project Engineer, presented on the Central Water Project (CWP) Fees for fiscal year 2020-2021. He stated that the contracts for fees are set annually with more than 22,000 acre-feet of M&I water being delivered as part of the contracts. Derek shared that the fees include both the one-time development fees and the annual fees.

MOTION: Wayne Andersen moved that the Board adopt the CWP One-Time Development Fee and CWP Annual Fee of \$10,600.00 and \$509.00 per acre-foot, respectively, for the District Fiscal Year 2020-2021.

Nathan Ivie seconded the motion. The motion passed unanimously.

Chris Elison, Project Engineer, presented on Amendment #5 to the Engineering Services Agreement with Bowen Collins & Associates for the Duchesne Aqueduct Improvement Project. He gave a brief history of the project. He also stated that this amendment includes additional work to remove vegetation that is encroaching on pipelines, to replace valves that are not functioning, and to provide redundancy in the system allowing tie-in to the Victory Pipeline in Duchesne County.

MOTION: Wayne Andersen moved that the Board approve Amendment #5 to the Engineering Services Agreement with Bowen Collins & Associates for the Duchesne Aqueduct Improvement Project in the amount of \$294,965.00 and authorize District officers to sign the amendment.

Steve Farrell seconded the motion. The motion passed unanimously.

MOTION: Wayne Andersen moved that the Board approve construction payments of \$2,019,842.16 for the period ending May 2020.

JR Bird seconded the motion. The motion passed unanimously.

ENGINEERING & OPERATIONS COMMITTEE REPORT

Tom Bruton, Assistant General Manager, presented the Water Supply Update. He shared the 2020 Runoff Forecasts and 2020 Reservoir Peaks, and stated that this year, Stillwater would not officially spill but would “slosh.” Tom concluded by stating that the CUP is operating as designed with 100% allocations available to customers this year. He also commended the operational staff of the District who continue to perform their duties better than ever.

CUPCA COMMITTEE – Kirk L. Christensen, Chair

Chris Hansen, CUPCA Program Manager, presented on the Sixth Water Flow Control Structure Modification Project. He stated that the bid opening for the construction phase was held and five bids were submitted. Chris shared that the Department of the Interior was comfortable with the bids being higher than the engineer’s estimate as there is uncertainty in the construction industry through next year.

MOTION: Kirk Christensen moved that the Board approve the award of the Sixth Water Flow Control Structure Modification Project contract to W.W. Clyde & Company, the lowest, qualified, responsive, responsible bidder in the amount of \$4,385,000.00 when approval to do so is received from the United States Department of the Interior.

Byron Woodland seconded the motion. The motion passed unanimously.

Chris presented on the Spanish Fork Santaquin Pipeline – Salem Reach 2 Change Order No. 3, which includes the additional supplies used to complete the project to cross Elk Ridge Road. He stated that the pavement was repaired and that the backfill used did not impact the irrigation season, as was promised to irrigators.

MOTION: Kirk Christensen moved that the Board approve the Utah Lake System, Spanish Fork Santaquin Pipeline, Salem Reach 2, Change Order No. 3 in the amount of \$413,021.00.

Ed Sunderland seconded the motion. The motion passed unanimously.

Chris presented on the Spanish Fork Santaquin Pipeline – Salem Reach 2 Change Order No. 4 which included the road reconstruction to complete the project to cross Elk Ridge Road. He stated that CUPCA worked with Utah County to replace the entire road.

MOTION: Kirk Christensen moved that the Board approve the Utah Lake System, Spanish Fork Santaquin Pipeline – Salem Reach 2, Change Order No. 4 in the amount of \$757,921.00.

Max Burdick seconded the motion. The motion passed unanimously.

MOTION: Kirk Christensen moved that the Board approve the CUPCA Engineering and Construction payments for May 2020 in the amount of \$1,495,847.74.

JR Bird seconded the motion. The motion passed unanimously.

LEGAL & LEGISLATIVE COMMITTEE – Boyd Workman, Chair

Boyd stated that the updates to the Administrative Code for the District brings the procurement code changes in compliance with the Utah State Auditor's recommendations and updated legislation.

MOTION: Boyd Workman moved that the Board approve the Administrative Code, dated June 2020, subject to final District legal counsel review.

Ed Sunderland seconded the motion. The motion passed unanimously.

ENVIRONMENTAL COMMITTEE REPORT – Steve Farrell, Chair

Casey Finlinson, Conservation Education Director, presented on two new Localscapes Programs. He shared that the District would offer Landscape Leadership Grants, which will provide funding for landscape projects that provide water savings for cities, businesses and other entities. The second program is Localscape Rewards for home building companies. Casey stated that Ivory Homes is already on board with the program.

FINANCE, AUDIT & BUDGET COMMITTEE – Greg McPhie, Chair

MOTION: Greg McPhie moved that the Board approve the Financial Reports, as certified by the Chief Financial Officer, for the period ending May 2020, and the Expenditure Report for the same period totaling \$7,882,249.77.

Shelley Brennan seconded the motion. The motion passed unanimously.

MOTION: Greg McPhie moved that the Board approve the following adjustments to the 2019-2020 FY budget:

APPROVED
JUNE 17, 2020

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<u>General Fund</u>	
Total Revenue	\$16,461,156
Total Expense	\$16,461,156
<u>Debt Service Fund</u>	
Total Revenue	\$23,711,156
Total Expense	\$23,711,156
<u>Capital Projects Fund</u>	
Total Revenue	\$15,493,000
Total Expense	\$15,493,000
<u>CUPCA Fund</u>	
Total Revenue	\$23,100,000
Total Expense	\$23,100,000

The net adjustments result in a Fiscal Year 2019-2020 budget of \$538,370,717.

Boyd Workman seconded the motion. The motion passed unanimously.

MOTION: Greg McPhie moved that the Board of Trustees adopt Resolution 2020-06-01, which sets the 2020 tax rate (for Fiscal Year 2020-2021) at the Proposed Tax Rate of 0.0004, and instruct staff to work with the counties to notice and schedule Truth-in-Taxation hearings in August 2020.

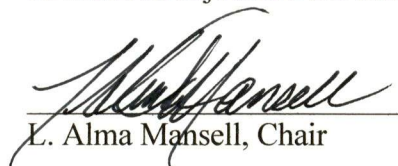
Kirk Christensen seconded the motion. The motion passed unanimously.

Because of the adoption of resolution 2020-06-01, which directs the District to go through the Truth-in-Taxation process, the Board will not adopt a final fiscal year budget until August. The Board did not act on Resolution 2020-06-02.

Al reported to the Board that he and Shelley Brennan met with Gene Shawcroft, General Manager, for his annual review. As a result of the review, it was determined that a Closed Session for the Board was unnecessary.

MOTION: JR Bird moved that the meeting be adjourned.

Al Mansell adjourned the meeting at 2:15 p.m.


L. Alma Mansell, Chair


Gene Shawcroft, General Manager