MINUTES OF THE METROPOLITAN WATER DISTRICT OF PLEASANT GROVE
January 27, 2021
5:00 pm

PRESENT:

Dave Holdaway	Chair
Mark Bezzant	Vice-Chair
Frank Mills	Secretary
Brian Andrew	Board Trustee
Marty Beaumont	Board Trustee
Paul Pierpont	Board Trustee

STAFF PRESENT:

Denise Roy	Finance Director
Tina Petersen	City Attorney
Kathy Kresser	Assistant Secretary

The Board of Trustees of the Metropolitan Water District of Pleasant Grove held a meeting on January 27, 2021 in the Community Room 108 S 100 E, Pleasant Grove Utah at 5:00 pm.

Chair Holdaway welcomed everyone to the meeting and noted that the Board has a new member and asked Paul Pierpont to introduce himself which he did.

Chair Holdaway noted that the Board is supposed to have annual training on the Open and Public Meeting Act and that was one of the comments on the Metro Audit. Trustee Bezzant commented that he had an issue with this comment, because they could do it online or in person and he thought he had done his last year. Finance Roy remarked that the training needs to be done in the same fiscal year as the budget and it was not done. Chair Holdaway then turned the time over to Attorney Petersen for training.

Finance Director Roy remarked that there were 3 comments on the audit but only accepted one and that was the training. The other comment was that she can't just send out the quarterly reports by email, the Board needs to meet and go over the reports. This was a verbal comment, nothing was in writing.

1. Open and Public Meeting Act training.

Attorney Petersen noted that this kind of got out of whack with the Covid pandemic and we forgot to tell you to go online and do the annual training. She noted that the Open and Public Meeting Training Act is in State Code Title 52-4-102. The basic philosophy is that the public's business should be done in the public eye. All deliberation should be done in public except for some specific exceptions that are outlined in the code.

All meetings need to be noticed when a quorum of the Board meets. There is one notice for all the meeting for the entire year and then at least 24 hours before the meeting is held there needs to be an agenda posted that outlines what will be discussed in the meeting. The notice needs to be posted on the state website and where the meeting will take place.

In the event that the Board needs to have an emergency meeting, the circumstances for an emergency meeting are narrowly defined. She noted that she didn't think that the Board would ever have to have an emergency meeting.

Next Attorney Petersen noted that there are certain exceptions where the Board could have a closed meeting. There can be a closed session where you can exclude the public from the meeting and those exceptions would include security reasons, if you are talking about the professional competence or mental capacity of an individual, if you are talking about the sale or purchase of property and the disclosing of the terms or the value of the property that might have a negative impact that can be discussed behind closed doors.

The only time that a quorum of the Board can be present without notice is in a social setting, i.e. a wedding reception or chance meeting.

Attorney Petersen then went over the requirements public hearings. In a public hearing meeting, the public does have the right to comment on an item that requires a public hearing. The Board can set a time limit on the time that someone can speak in the meeting.

Most of the noticing that needs to be taken happen for the meetings is usually taken care of by the secretary or assistant secretary and the Board member don't usually have to worry about taking care of this. Chair Holdaway remarked that it is his understanding that action can not be taken on any item that wasn't noticed on the agenda. Attorney Petersen replied that that is correct. The item can be discussed but no action can be taken, the item would have to be placed on the next Board meeting agenda. The other thing that the Board doesn't need to worry about, it needs to be sufficiently clear about what is being discussed on the agenda, so the general public understands what is being discussed.

Attorney Petersen noted that there is a provision that the Board can meet electronically and should be adopted by resolution. Assistant Secretary Kresser commented that the Board does have a resolution in place for that.

Attorney Petersen then commented that David Church has a video on the Utah League of Cities and Towns website that the Board can also watch. Trustee Bezzant asked if the link to the League website could be sent out to the Board. Attorney Petersen replied that it can be and she would have Assistant Secretary Kresser send it to them.

Chair Holdaway thanked Attorney Petersen for the training. Director Roy commented that certificates for the training will be made and sent to the Board members and a copy kept on file in the City Recorders office.

2. To consider for approval a Reimbursement Agreement between Pleasant Grove City, Pleasant Grove Metropolitan Water District and Pleasant Grove Irrigation Company for the Mill Ditch Enclosure Project.

Chair Holdaway read this item and commented that he read the agreement and his understanding is that there will be an estimated saving in water shares of about 1000 ac ft by closing the Mill Ditch. Trustee Beaumont replied that it is not in water shares.

Trustee Beaumont reported that a study regarding water loss for the Mill Ditch was conducted in 2014 which estimated that approximately 1,000 acre-feet of water is being lost through evaporation along the Mill Ditch. A solution to losing the water would be to pipe the first 3,000 ft of the ditch.

Trustee Beaumont reported that they looked for funding opportunities to pipe the ditch and found the Natural Resources Conservation Service ("NRCS") Fund, which awards up to a 75% grant. It is a 25/75 grant match, the 25% will be around the $300,000 range. The PGIC board presented a proposal to fund the Mill Ditch Enclosure Project grant match at an annual shareholders meeting and the shareholders unanimously voted against funding the match with shareholder assessments because they didn't want to increase their assessment amount to cover the cost.

The City has agreed to manage the project and be responsible for the funding along with funds from the federal government and construct the project which will result in approximately 1000 ac ft of water saving. PGIC has agreed that the City is entitled to reimbursement for the investment to construct the project and that by allowing the City to collect the water savings is a fair way to compensate the City. The project is under construction and will be completed by April 1st before the irrigation water is put into the ditch.

Trustee Beaumont said that they are taking the agreement to the PGIC Board on February 12th then to the City Council on February 16th. If anything changes, he will bring the agreement back to the Board for approval.

Trustee Mills commented that he was glad to see this taking place. He did have a couple of questions regarding the agreement. He wondered who put together the agreement. Trustee Beaumont replied that Tina Petersen, City Attorney put the agreement together from the information that was given to her. Trustee Mills thought that it would be helpful in cases like this that someone that is familiar with water issues take a look at some of these things to make sure that all the bases are covered. He asked if any of the people in the area have complained about flooding from the water from the canal particularly this stretch of ditch. Trustee Mills then commented that dates were put into the agreement and wondered if there would be water in the ditch before the dates or after the dates listed in the agreement. Trustee Beaumont replied none that would be used by Pleasant Grove City. He said that from September 20th to April 1st there is allocation at the weir for those that are stock watering but there isn't any concept that we can use that water.

Trustee Bezzant said that he hasn't heard of any complaints about flooding in that area. He said that the biggest concern from the share holders was funding the grant match, there wasn't anyone that wanted to do that. Trustee Beaumont noted that the section that is being piped is a long the Cedar Hills Golf Course and that flows into the American Fork River. He said that they went through the environmental process, the public hearing process about this project and received very few comments. The comments that they received had to deal with tree loss and harming animals. They feel like that this is a pretty good sound agreement.

Trustee Bezzant mentioned that he would like to see one more “whereas” clause in the agreement. He would like to see something that states: “PGIC presented the proposal to fund the grant match at their annual shareholders meeting and the shareholders unanimously voted against the funding the match required and pursuant increase in the shareholders assessments.” This will make it very clear that it was presented and turned down.

Trustee Bezzant then remarked that he also sits in on the construction update meeting, the federal representative Amy has been so happy about the way that this has been coordinated that they have actually put in money for 100% funding of the design of the 2nd phase as well as funding for the weir at the mouth of American Fork Canyon which is now 100 years old. This is a credit to Trustee Beaumont’s leadership in getting this together and working with American Fork, Highland, Cedar Hills and the Federal Government.

Trustee Bezzant asked Trustee Beaumont what the cost would be to go out and buy 1,000 ac ft of water. Trustee Beaumont said that currently the City is buying irrigation shares at the rate of $4,000 a share and they get about 1.666 ac ft of water per share. It comes out to about $2,600 per ac ft, times that by1,000 it comes out to about $2.6 million.

Chair Holdaway then called for a motion.

ACTION: Trustee Andrew moved to accept the agreement with the additional recommendation that was stated by Trustee Bezzant. Trustee Pierpont seconded the motion. The motion passed with the unanimous consent of the Board.

3. Review Q1 and Q2 of FY2021 budget and Audit Report for the Pleasant Grove Metropolitan Water District.

Director Roy mentioned that the audit for the Metro Water District does not have to be adopted but it does need to be posted on the State Auditors website and be certified by Chair Holdaway and herself that they believe everything in the audit is true.

Director Roy reported that they got a clean opinion with one written comment about the Open and Public Meeting Training. The Board will need to have other meeting through the year and Secretary Kresser and I have discussed it and if we have a meeting in January to review the audit, have the training and review the 4th quarter reports then we will be in compliance.

Trustee Bezzant strongly suggested that this will be the schedule for next year. The Board agreed.

Director Roy noted that the second verbal comment was about the quarterly financials being sent out. She said that she had proof that they were prepared and sent out to the Board but the auditors would like the Board to meet to go over the financials. She told the auditors that they will adjust the meetings schedule for that.

Director Roy said that on page 6 of the audit, in the past under the current assets was shown as a receivable from the City but it was actually the cash balance that was owed to Metro from the City. This was reclassed to show that it is cash that is owed to Metro. The other things is that there is an accounts receivable that was actually a check that was lost somewhere. She called the developer and asked them to bring in another check and they did and that has been cleared up now.

On page 7 it shows that Cash in lieu of water shares. This money comes from developers who can't find water shares to turn in so they can do cash in lieu of water shares. Most of the operating costs are a small amount, there is the cost for doing the audit in the amount of $3,100, services and supplies is the assessments that are paid for water shares. There is an interest expense because there are some loans that are being paid off. The developer contributed water shares are what the developers give to develop property. Director Roy noted that Ria Hanna is the Administrative Assistant in Public Works and she keeps track of the shares coming in. Trustee Andrew asked how many shares does the District have in North Union. Trustee Bezzant replied that there are about 200 shares.

Trustee Mills asked under the operating expenses there is an amount of $3,100 what is that for. Director Roy replied that that is the cost for the audit. He then asked about the cost of services and supplies of $133,860. Director Roy replied that that is the assessments that need to be paid for having water shares. She said that they can change this classification to show exactly what that is. Trustee Mills remarked that he wanted to be sure that this is not fees that should be taken out of the General Fund. Director Roy pulled up the information on her computer and said that for North Union the yearly assessment fees are $6,185 and for PGIC it is $39,758 and one for $62,962, then there are some smaller amount that are for the irrigation shares that the city rents. Trustee Mills said that he would like to receive an email showing where the $133,860 is going. Trustee Bezzant suggested that maybe this section is titled something different.

Next Director Roy went over the quarterly reports and noted that if the Board would like more information on these she would be happy to do that. She remarked that the period ending September 30, 2020 there wasn't much change for the pervious quarter. The period ending December 31, 2020 or 4th quarter shows the actual YTD. Under expenditures there was a significant amount more paid and the reason for the is because North Union raised their assessment fee $35 per share and they are anticipating another $30 this year. Provo River water just notified us that they are going to raise their assessment fee also so there will be an increase there also because they are trying to make improvements. She said that she would be glad to bring additional documents to show expenses.

Trustee Bezzant wanted to note that he requested the detailed ledger from last year but has not received that yet.

4. Review and Approve minutes of the June 17, 2020.

Chair Holdaway asked if there were any corrects or additions to the minutes. Assistant Secretary Kresser noted that Secretary was spelled wrong on Trustee Mills position.

ACTION: Trustee Bezzant moved to accept the minutes of the June 17, 2020 meeting with the one correction. Trustee Andrew seconded. The motion passed with the unanimous consent of the Board.

Director Roy commented that they should set up a meeting schedule for the rest of the fiscal year. It was decided that the Board will meet on May 5th to adopt the tentative budget and review the quarterly reports and meet on June 23rd to adopt the final budget. An appointment reminder will be sent to each member.

5. Adjourn.

ACTION: At 6:20 pm Trustee Beaumont moved to adjourn. Trustee Pierpont seconded the motion. The motion passed unanimously with Trustee's Andrew, Bezzant, Holdaway, Mills and Pierpont voting "Yea".

The meeting adjourned at 6:20 pm.

The Metropolitan Water District Meeting Minutes of January 27, 2021 were approved by the Board on May 12, 2021.

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Kathy T. Kresser, Assistant Secretary

(Exhibits are in the City Recorders office)