

**MINUTES OF THE METROPOLITAN WATER DISTRICT
OF PLEASANT GROVE**

May 12, 2021

5:00 pm

PRESENT:

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

STAFF PRESENT:

Denise Roy	Finance Director
Kathy Kresser	Assistant Secretary

EXCUSED: Frank Mills, Secretary

The Board of Trustees of the Metropolitan Water District of Pleasant Grove held a meeting on May 12, 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 Trustee Mills has asked to be excused.

- 1. Public Hearing** to consider for adoption a Resolution (2021-01MWD) adjusting and amending the revenues and expenditures of the 2020/2021 Fiscal Year budget.

Finance Director Roy commented that they are looking at increasing the water acquisition to \$342,000 from \$200,000 and increasing the water assessments from \$230,000 to \$282,000. One of the reasons why they need to do the water share acquisition is because they are looking at purchasing St. John Properties water shares as discussed, a few years ago. She said that Trustee Beaumont would explain.

Trustee Beaumont explained that a couple years ago St. John Properties came to the City a couple of years ago and asked if the City would be interested in purchasing the water shares, they won't need for development in the Grove. It was estimated that there will be about \$360,000 worth of shares available. They told ST. John's that they City needed to go and did a valuation on them and assuming that a change application can be done and prove what water they will get. An agreement was made with St. John and offered them \$2,000 an acre foot which was a good price for water, but the City would only pay for the water shares that are earlier than 1959, and those that are later than that they will give them \$100. The agreement stated that St. John would have to go through the change application though the state and whatever rights are viable and still available and transferred to the City, then the City would purchase the rights. Trustee Beaumont remarked that St. John took a cut on a number of them and they are now down to \$262,000 for what is left. Trustee Beaumont said that what he was

proposing to do then was to pay the \$360,000 over a 3 year term and pay \$75,000 a year until they go to the \$360,000.

Trustee Beaumont noted that the City has changed the practice for development, they are still encouraging developers to turn in water for development, but they are a little bit more open to an option of doing cash in lieu of water. They have been receiving quit a bit of money through this process which they can then use this money to acquire more water shares of PGIC water when people are ready to sell shares to the City. He reported that the budget was increased a couple of years ago to accommodate purchasing water shares and pay St. John the \$75,000, however, purchasing the water shares from St. John's never happened. With the increase this year they can forget about the agreement and purchase the shares out right and not worry about it anymore. This is why they are asking for a budget amendment.

Director Roy reported that at the end of April there was \$970,000 which is the fund balance.

Next Trustee Beaumont commented that one of the things from the last meeting was there was a lot of discussion on the assessments being paid and who is paying them. He commented that what he did was take the last two years and separated out every water assessment that was paid to a water company from the Metro and PG water budget. He then handed out a spreadsheet showing these figures. The share percentage is listed by how many shares each entity has. He then noted that in 2020 PG City spent \$101,700 in assessments and PG Metro has spent \$63,962. In 2021 that assessments went up a little bit and that is why they have increased the assessment amount \$10 per share. They need more of a budget to cover the increase that is why they are recommending a budget of \$120,000 for PGIC and \$95,000 for Metro. Some the entities that they have water rights for the cost will be going up in 2022.

Chair Holdaway opened the meeting to the public, no one came forward, he then closed the public hearing.

Chair Holdaway asked if there were any other questions regarding the budget amendment, being none he called for a motion.

MOTION: Trustee Bezzant moved to adopt Resolution (2021-01MWD) adjusting and amending the revenues and expenditures of the 2020/2021 Fiscal Year budget. Trustee Andrew seconded the motion. The motion passed with Trustees Andrew, Beaumont, Bezzant, Holdaway, and Pierpont voting "Aye." Motion carried.

2. To consider for adoption a Resolution **(2021-02 MWD)** adopting the Metropolitan Water District of Pleasant Grove tentative budget for the fiscal year beginning July 1, 2021 and ending June 30, 2022.

Director Roy explained that in the past she hasn't put any cash-in-lieu figures in the budget because developer contributions really don't come into play unless someone gives the water that they are required too. She said that in the current year they have received

\$315,000 in for cash-in-lieu-of. Trustee Andrew asked for clarification. Cash in lieu of is actual cash and the developer contributions is the actual value of what was turned in. Director Roy responded in the affirmative.

Trustee Beaumont explained that when someone comes in and wants to sell their water shares to the City, the City will purchase them for \$4,000 per share. If someone wants to turn the water in for development they are charging them at \$4,000 an acre foot.

Trustee Bezzant asked for clarification when Trustee Beaumont indicated that they are not pressing the developers to turning in water shares instead of cash in lieu. Trustee Beaumont replied that what they have found is that sometimes it is difficult for developers to find available PGIC shares that are not expensive. When the bigger developments come in and they have a hard time finding water shares the City is allowing them to pay cash in lieu of. It is always PGIC first and if they can't do that then the next option is cash in lieu, or they can do both if they need too.

Chair Holdaway asked if there were any other questions or comments on the tentative budget? Being none he called for a motion.

MOTION: Trustee Andrew moved to adopt Resolution **(2021-02 MWD)** adopting the Metropolitan Water District of Pleasant Grove tentative budget for the fiscal year beginning July 1, 2021 and ending June 30, 2022. Trustee Bezzant seconded the motion. Trustees Andrew, Bezzant, Beaumont, Holdaway and Pierpont voted "Aye." Motion carried.

3. Review Q3 of FY2021 budget and Audit Report for the Pleasant Grove Metropolitan Water District.

Director Roy reported that the third quarter reports shows that some things have come up that the auditors wanted to see done a little bit different. The cash balance that is shown here is the cash that they talked about, then there are different liabilities. There are long term and short term liabilities. She noted that the current amount is what is due on those. What she would like to do is call Provo River Reservoir and Provo Water Users to see if it would be possible to pay these two off since there is money in the fund balance. If the Board is okay with making this move then she would bring it back to the next meeting.

The next item is the income statement, which doesn't look like it was put in the packet. She noted that she would have Assistant Secretary Kresser send out the report to the Board. Director Roy explained that everything that is on the income statement she have given a detail ledger for it. The City has all of the cash in Wells Fargo Bank or in the Public Treasures Investment Fund which is held at the State of Utah. Every month interested is assessed based on the cash balance in the Metro fund. For July to December only one entry was done because they spread it all out, however, you will start seeing the interest monthly.

Next is the cash in lieu of that Trustee Beaumont talked about. This shows everyone who has paid cash and the amount paid. The next entry is the Audit, they still have to pay to

have the audit done even though it is shown in the cities audit too. Professional Services is next, there are a couple of things. The Board asked that she be bonded and this shows that yearly payment. Next is the Irrigation Water Assessments that have been paid from July to April. The last page of the details is Water Share Acquisitions which shows who we have purchased water from. The Board thanked Director Roy for the information.

4. Review and Approve minutes of the January 27, 2021 Metropolitan Water District of Pleasant Grove meeting.

Chair Holdaway asked if there were any questions or concerns with the minutes, being none he called for a motion.

MOTION: Trustee Bezzant moved that the minutes of January 27, 2021 Metropolitan Water District of Pleasant Grove meeting be accepted. Trustee Beaumont seconded the motion. Trustees Andrew, Beaumont, Bezzant, Holdaway and Pierpont voted “Aye.” Motion carried.

Director Roy commented that everyone received the Open and Public Meeting training, however, Trustee Pierpont and Chair Holdaway need to complete the State Auditor training before the end of June.

Chair Holdaway stated that the next meeting will be held on June 23, 2021 for the public hearing and adoption of the final budget.

Trustee Bezzant commented that the thought the Board would like to hear the progress on the Mill Ditch Project and the water situation.

Trustee Beaumont explained that there is a reason for concern knowing that American Fork River is expected to only get up to 50 – 60% of it’s normal flows even at high run off. With a low water year it impacts a number of things, the first impact in on the irrigators because when no water is available in August or September that is a big deal. For Pleasant Grove City we should be ok with the hold over water from last year in Deer Creek. If the City uses all of the hold over water this year it will cause a huge problem for next year if they get another bad year.

Trustee Beaumont then reported on the Mill Ditch Project. He stated that the project is completed, however, there are a few things that the City needs to complete that were added to the project that the contractor was not able to get done. It was completed just in time for the irrigation water to be put in the ditch. Trustee Bezzant commented that the Federal Representatives were impressed with how good this turned out. It increased the relationship between Cedar Hills, American Fork, Highland and Pleasant Grove in extremely positive ways.

5. **Adjourn.**

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

The meeting adjourned at 5:45 pm.

The Metropolitan Water District Meeting Minutes of May 12, 2021 were approved by the Board on June 23, 2021.

Kathy T. Kresser, Assistant Secretary

(Exhibits are in the City Records office)