

**MONDAY, JANUARY 11, 2010**

Minutes of the 737<sup>th</sup> meeting of the Metropolitan Water District of Salt Lake & Sandy

The Board Meeting of the Metropolitan Water District of Salt Lake & Sandy on Monday, January 11, 2010 began at 3:30 p.m. in the District's Board Room located at 3430 East Danish Road, Cottonwood Heights, Utah 84093.

The following Trustees were present:

Leland J. Myers	-Chair
John S. Kirkham	-Vice Chair
Lee Kapaloski	-Secretary
Donald Y. Milne	-Trustee
Tom Godfrey	-Trustee
David L. Buhler	-Trustee
Kathy W. Loveless	-Trustee

Also present:

Michael Wilson, General Manager  
Michael DeVries, Assistant General Manager/Information Services Manager  
Josh DeBry, Controller  
Steve Stocking, Operations & Maintenance Manager  
Wayne Winsor, Engineering Manager  
Annalee Munsey, Executive Assistant/HR Officer  
Gardner Olson, Project Engineer  
Ammon Allen, Project Engineer  
Claudia Wheeler, Environmental Services Manager  
Shawn Draney, Snow, Christensen & Martineau  
Tom Ward, Salt Lake City Public Utilities  
Shane Pace, Sandy City Public Utilities  
Mike Collins, Bowen Collins & Associates  
Chris Finlinson, Central Utah Water Conservancy District  
Mike Zuhl, R&R Partners  
Keith Denos, Provo River Water Users Association  
Johnathan Ward, Zions Bank

**Board Meeting Agenda**

1. Call to order
2. Public comment
3. Consider approval of modifications to Provo River Project Subscription Contract
4. Consider approval of resolution 1836 regarding River Oaks de-annexation
5. Consider approval of award of construction contract in the amount of \$343,690.00 to Hills Construction for the Little Cottonwood Water Treatment Plant Filter Aid Polymer Feed System Project
6. Consider approval of policy regarding Community Development and Renewal Projects
7. Consider approval of "pick-up elections" regarding audit finding related to member contributions paid by employer
8. Conservation Committee report
9. Consider acceptance of financial reports
10. Consider approval of Board Meeting Minutes dated November 16, 2009
11. Reporting/Scheduling items
  - a. Financial audit letter
  - b. Letter to Lewis Young Robertson and Burningham
  - c. Legislature
  - d. Report on revenues and any changes due to rate structure change
  - e. Project reports
  - f. Water rights activity
12. Other Business

13. Items to be discussed at the next meeting
14. Closed session (if necessary)
15. Adjourn

### Board Meeting

#### Call to order

At 3:36 p.m. the Chair called the meeting to order and welcomed board members, staff and guests.

#### Public comment

The Chair invited any public comment. No public comment was made.

#### Consider approval of modifications to Provo River Project Subscription Contract

Mr. Wilson provided an update on the Provo Reservoir Canal Enclosure Project and reported that the cost of the project is within budget. The team is awaiting the Internal Revenue Service ruling regarding the tax status of the Provo River Water Users Association.

At the October 19, 2009 board meeting, the board authorized amendments to its subscription contract with the PRWUA. Mr. DeVries reviewed the proposed modification to the Provo River Project Subscription Contract. The proposed concept assigns the District one hundred percent of the operations and maintenance costs of the turbine facilities and portions of the associated penstock that are located near the Jordan Narrows. Following title transfer, the District may become the owner of the facilities. Although the operational and maintenance cost to the District is likely to increase, the concept will provide for improved operational clarity between the District and PRWUA.

Mr. Kirkham motioned to authorize the General Manager and legal counsel to include the proposed concept modifications to the Provo River Project Subscription Contract with the condition that the board has the opportunity to review the contract and provide comment; Ms. Loveless seconded the motion and it passed unanimously.

#### Consider approval of Resolution 1836 regarding River Oaks de-annexation

The River Oaks subdivision (located at approximately 1600 East Creek Road) is currently within Sandy City boundaries (paying taxes to MWDSLS) while being provided water service by Jordan Valley Water Conservancy District. In January 2009, the District agreed with Sandy City to proceed with the de-annexation process. Resolution 1836 will initiate the de-annexation process. Based on state statute, the District will be required to hold a public hearing related to the withdrawal no later than 90 days following the resolution. Staff recommends that the public hearing be held at the board meeting scheduled for February 22, 2010.

Mr. Kirkham motioned to approve Resolution 1836; Mr. Kapaloski seconded the motion, and the motion passed unanimously upon roll call:

Mr. Myers	-aye
Mr. Kirkham	-aye
Mr. Kapaloski	-aye
Mr. Milne	-aye
Mr. Godfrey	-aye
Ms. Loveless	-aye
Mr. Buhler	-aye

**Consider approval of award of construction contract in the amount of \$343,690.00 to Hills Construction for the Little Cottonwood Water Treatment Plant Filter Aid Polymer Feed System Project**

The Little Cottonwood Water Treatment Plant Filter Aid Polymer System Feed System Project was publically advertised and noticed on the District's web page. Bids were received on December 22, 2009 and publically opened. Three bids were received and reviewed by the Engineering staff and Bowen, Collins & Associates, the design engineer. BC&A estimated \$350,000.00 for the construction costs.

Mr. Milne motioned to approve the construction contract for the Little Cottonwood Water Treatment Plant Filter Aid Polymer Feed System Project to Hills Construction, in the amount of \$343,690.00; Mr. Godfrey seconded the motion and the motion passed unanimously.

**Consider approval of policy regarding Community Development and Renewal Projects**

Staff drafted a policy regarding Community Development and Renewal Projects and the policy was reviewed by the Management Advisory Committee. The proposed policy states that "in the event a proposed project has an impact upon the tax revenues of the District, and allows for the discretionary participation of the District, the District will not participate in such project."

Mr. Godfrey motioned to approve the policy regarding Community Development and Renewal Projects; Mr. Milne seconded the motion and it passed unanimously.

**Consider approval of "pick-up elections" regarding audit finding related to member contributions paid by employer**

The District's financial auditor, Haynie & Company, identified a finding suggesting action in order to comply with State of Utah and Internal Revenue Service rules. The finding calls for employers to take a formal action regarding employer "pick-up" (member contributions paid by employer) elections. Currently, the District provides a matching contribution up to a maximum of three percent to 401(k) accounts. This was approved as part of the Fiscal Year 2010 budget. In the future, this action will be considered as part of the annual budgeting process and approvals.

Mr. Kirkham motioned to approve "pick-up" elections; Mr. Godfrey seconded the motion and it passed unanimously.

**Conservation Committee report**

Mr. Kapaloski reported on the conservation committee meeting. The State of Utah received eight proposals from prospective media agents for the Governor's Water Conservation Media Campaign. The District will be a member of the review committee and will coordinate with the member cities. The District requested 2009 customer water usage numbers from the member cities in order to complete the Utah Lake System report.

**Consider acceptance of financial reports**

Mr. Buhler motioned to accept the October and November 2009 financial reports; Ms. Loveless seconded the motion, and the motion passed unanimously.

**Consider approval of Board Meeting Minutes dated November 16, 2009**

Mr. Kirkham motioned to approve the Board Meeting Minutes dated November 16, 2009, with corrections noted; Mr. Milne seconded the motion and it carried unanimously.

**Reporting/Scheduling items**

Mr. Myers referred the board members to the financial audit letter from Haynie & Company regarding the 2009 Fiscal Year financial audit as well as the letter of appreciation to Lewis, Young, Robertson & Burningham.

Mr. Draney and Mr. Wilson reported on the upcoming legislative activities. The District is pursuing adverse possession legislation related to encroachments in the District's aqueduct corridors. The senate sponsor is Senator Stephen Urquhart; however, a house sponsor has not yet been identified. Language has been drafted for the bill and addresses the District's needs and concerns. There is other water related legislation that the District is tracking, specifically the ability of local districts to levy taxes.

Mr. Wilson provided water sales revenue information through December 31, 2009 which reflected the new rate structure implemented on July 1, 2009. District will be monitoring water sales over the next six months to determine if the rate structure should be revised.

The Board reviewed the Engineering project reports. Mr. Olson presented a close-out report on the Little Cottonwood Water Treatment Plant Waste Wash Water Gate Repair Project. The twenty waste wash water gates were leaking a combined three million gallons of water per day. The successful repair of the gates has saved water, pumping costs, stress on the system, and District staff time.

Mr. Draney reported on the water rights activity in Big Cottonwood Canyon. The District anticipates filing a protest.

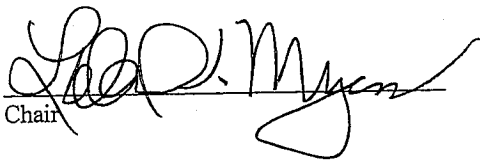
Mr. Draney updated the Board on the Clean Water Air, which requires a discharge permit, and the permit exemption that was approved by the Bush administration for water transfers. The current administration is considering repealing the water transfer exemption status.

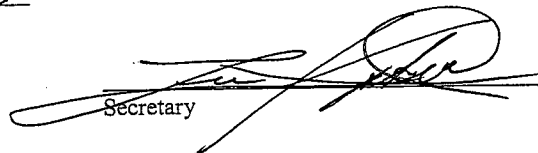
**Other Business**

No other business was discussed.

**Adjourn**

At 4:54 p.m. Mr. Milne motioned to adjourn; Mr. Buhler seconded the motion and it passed unanimously.

  
Chair

  
Secretary

