

# Tab 5

**MONDAY, DECEMBER 11, 2023**

Minutes of the 878<sup>th</sup> meeting of the Metropolitan Water District of Salt Lake & Sandy Board of Trustees held Monday, December 11, 2023 at 4:46 p.m. at 3430 E Danish Road, Cottonwood Heights, UT 84093.

The following trustees attended the board meeting:

Tom Godfrey	-Chair
John S. Kirkham	-Vice Chair
Patricia Comarell	-Secretary
John H. Mabey, Jr.	-Trustee
Cindy Cromer	-Trustee
Donald Y. Milne	-Trustee

The following trustee was excused from the board meeting:

Joan Degiorgio	-Trustee
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The following staff and guests attended the board meeting:

Annalee Munsey, General Manager  
Gordon Cook, Assistant General Manager – Chief Operating Officer  
Wayne Winsor, Assistant General Manager – Chief Administrative Officer  
Darin Klemin, IT Manager  
Ryan Nicholes, IT Infrastructure Manager  
Ammon Allen, Engineering Manager  
Kelly Stevens, Senior Engineer  
Gardner Olson, Engineer II  
Augusto Robles, Engineer I  
Nathan Scown, Assistant Operations Manager  
Steve Slack, Maintenance Manager  
Jeff Matheson, Laboratory Manager  
Sonya Shepherd, HR Program Manager  
Breana Jackson, Executive Administrator  
Josh Croft, Accountant  
Dani Cepernich, Snow, Christensen & Martineau  
Tom Ward, Sandy City Public Utilities  
Johnathan Ward, Zions Public Finance  
Jacob Young, Jordan Valley Water Conservancy District  
Mike Whimpey, Central Utah Water Conservancy District  
Jason Luettinger, Bowen Collins & Associates  
Marie Owens, AE2S  
Chris Thunhorst, Hazen and Sawyer  
Brad Buswell, Carollo Engineers  
Alan McKean, David Evans & Associates  
Steve Van Maren, Sandy City resident

Elliot Meyer, Sandy City resident

### **Work Session Agenda**

1. Capital budget and financial planning presentation and discussion
2. Other

### **Board Meeting Agenda**

1. Call to order
2. Public comment
3. Engineering Committee report
  - a. Consider approval of contract for pipe preorder for SLAR-CC project
  - b. Reporting items
4. Consider approval of Financial Advisor Services agreement
5. Consider acceptance of financial reports
6. Consider approval of Board Meeting minutes dated October 16, 2023
7. Update on meetings with city councils to discuss FY25 property tax
8. Reporting/Scheduling items
  - a. Water supply and demand update
9. Other business
10. Items to be discussed at future meetings
11. Closed Session
  - a. Pending or reasonably imminent litigation.
  - b. Discussion of the character, professional competence, or physical or mental health of an individual;
12. Adjourn

### **Work Session**

#### **Capital budget and financial planning presentation and discussion**

Mr. Allen provided an overview of the District's proposed Finished Water Resiliency Program. He explained how the District can prepare for inevitable seismic risk to ensure reliability and redundancy. He explained the mitigation goals identified in the Multi-Hazard Mitigation Plan and the system priorities identified to support these goals.

The timeframe for the Finished Water Resiliency Program is 2022 to 2040. Within this time frame, the following projects would be completed: Cottonwoods Connection (SLAR Reach 1), SLAR Reaches 2 & 3, SLA Hardening, and Little Cottonwood Water Treatment Plant (LCWTP) Process Improvement Project. Mr. Allen gave brief overviews of each project. He reviewed the potential costs of completing projects at various times and made notes on timing considerations. The board discussed the impact if the winter Olympics were hosted in Utah. Ms. Comarell asked to discuss public impact and cooperation in the future.

Mr. Johnathan Ward reviewed the options for financing the program with consideration of interest and existing/estimated future debt. He highlighted various scenarios for financing and

identified two major policies to consider: lowest possible cost or the lowest annual impact to the member cities. These two options are opposite of one another and should be considered when narrowing the District's priorities. Mr. Ward showed some estimates for various bonding options and assumptions. The board discussed rebuilding or rehabilitating the LCWTP and supported the plant rebuild.

## **Board Meeting**

### **Call to order**

At 4:46 p.m. the Chair, Mr. Godfrey, called the meeting to order and welcomed board members, staff, and visitors. Ms. Degiorgio was excused.

### **Public comment**

No public comments were made.

### **Consider approval of contract for pipe reorder for SLAR-CC project**

Mr. Stevens provided an overview of the contract for Salt Lake Aqueduct Replacement – Cottonwoods Conduits project (SLAR-CC or Cottonwoods Connection). The contract includes more than 21,000 feet of new pipe ranging from 36 to 72 inches in diameter. Although the District is ordering the pipe, receipt and payment will be handled by the selected contractor. If the project is not awarded, or award is delayed until after the pipe is delivered, then the District will be responsible for receiving, storing, and paying for the pipe. As the pipe is for Salt Lake City's CC-1 East, Salt Lake City has agreed to reimburse the District should this situation occur.

The Engineering Committee discussed this item on November 15, 2023 and recommended approval of the contract.

Mr. Kirkham motioned to approve the contract of \$419,659 to Thompson Pipe Group for 1,447 feet of pipe for the CC-1 East portion of the SLAR-CC project. Ms. Cromer seconded the motion and the motion passed unanimously.

### **Reporting items**

Mr. Winsor announced the Board of Water Resources had accepted the District's application for a \$22 M loan for the SLAR-CC project. Resolutions for the Finance Committee will be forthcoming.

Mr. Godfrey welcomed any questions regarding the capital projects report. Mr. Milne asked for an update on the Aquifer Recharge Project. Mr. Allen said pilot testing should begin next year. The basins have been dug and the site grading is almost complete. Piping and vaults are being installed and electrical aspects are being finalized. The board discussed neighborhood outreach.

Mr. Kirkham asked for a clarification on POMWTP Finished Water Pump Station regarding the work to be done in FY25. Mr. Allen said the second RVSS will be contracted out and completed in FY25.

Mr. Milne asked for an update on the SLAR-CC project. Mr. Stevens said the District has received the 100% design plans.

### **Consider approval of Financial Advisor Services agreement**

The District's financial advisor consulting services, currently provided by Zions Public Finance, expired on December 21, 2023. During the May 23, 2023 meeting, the RFP process and schedule was approved by the Finance Committee. The committee recommends approval of an agreement with Zions Public Finance.

Mr. Godfrey asked if there were any thoughts on why the District received only two submissions. Ms. Cromer suggested it could be the time commitment of submitting a proposal. Ms. Comarell asked if the other company was contacted regarding the Finance Committee's recommendation. Mr. Kirkham said no, the selection committee did not reach out to either applicant during the evaluation process.

Ms. Munsey noted the agreement will include SEC (Securities and Exchange Commission) required disclosures.

Mr. Mabey motioned to approve a 5-year financial services agreement with Zions Public Finance. Mr. Milne seconded the motion and the motion passed unanimously.

### **Consider acceptance of financial reports**

Mr. Kirkham motioned to accept the August and September 2023 financial reports. Mr. Milne seconded the motion and the motion passed unanimously.

### **Consider approval of Board Meeting minutes dated October 16, 2023**

Ms. Cromer noted a missing verb in the October board meeting minutes.

Ms. Cromer motioned to approve the Board Meeting minutes dated October 16, 2023 with the aforementioned correction. Mr. Kirkham seconded the motion and the motion passed unanimously.

### **Update on meetings with city councils to discuss FY25 property tax**

Ms. Munsey thanked Mr. Godfrey for attending every meeting the District has had with Salt Lake City and Sandy City Councils. Ms. Munsey and some of the trustees have been meeting individually and in small groups with each city council's members. A few council members remain to be met with.

The District is recommending a meeting with the chairs of the two city councils to explain its process and what it needs to proceed. The District's board will adopt a tentative budget in April 2023, reflecting a property tax increase. Before the District's public hearing in May, the city councils will need to schedule meetings to vote and adopt resolutions for the property tax increase. If either city council votes against the increase, the District's budget will be amended before its public hearing to include a water rate increase.

Ms. Munsey noted the public outreach element for a property tax increase and a water rate increase is very different. If the property tax is vetoed, a water rate increase will impact the public greatly. The water rate increase is roughly 36% to cover the loss of the property tax revenue. Despite the revenue from either increase, the District will still need to bond and use unassigned reserves to cover the expenses associated with upcoming projects, aging infrastructure, and costs from other entities.

Ms. Cepernich noted the majority of the District's trustees must be present for their respective city council meetings where the property tax increase will be decided.

### **Reporting/Scheduling items**

Mr. Scown provided a water supply and demand update for the board. He compared the current water year to previous years, but noted it is early to be predicting the season based on the projections. Mr. Scown noted the soil moisture and the decrease in demand compared to previous years. He explained the eight CFS (cubic foot per second) lost by the District when Murray City Penstock is out of service.

A Finance Committee meeting on February 6, 2024 at 10 AM was added to the 2024 Board Meeting calendar. Water Week will be the first full week in May.

Mr. Godfrey extended a welcome to new employee, Randal Nelson and congratulated Chrystle Poss and Michael Whiteley on their promotions.

### **Other business**

No other business was discussed.

### **Items to be discussed at future meetings**

No items were discussed.

### **Closed Session**

Mr. Kirkham motioned to go into closed session to discuss pending or reasonably imminent litigation. Mr. Milne seconded the motion and the motion passed unanimously. All board members were present with the exception of Ms. Degiorgio. The following staff were also present: Ms. Munsey, Mr. Cook, Mr. Winsor, Ms. Jackson, Ms. Cepernich, and Mr. Allen.

Mr. Kirkham motioned to go out of closed session. Ms. Cromer seconded the motion and the motion passed unanimously.

Mr. Mabey motioned to go into closed session to discuss the character, professional competence, or physical or mental health of an individual. Ms. Cromer seconded the motion and the motion passed unanimously.

All board members were present with the exception of Ms. Degiorgio.

Mr. Kirkham motioned to go out of closed session. Mr. Milne seconded the motion and the motion passed unanimously.

**Adjourn**

At 6:20 p.m. the board meeting adjourned.

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Tom Godfrey, Chair

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Patricia Comarell, Secretary