



PROVO RIVER WATER USERS ASSOCIATION  
*2017 Annual Report*

## DIRECTORS *2016-2017*

Tom Godfrey President  
Christopher R. Tschirki Vice-President

Genevieve Atwood Donald Y. Milne  
Laura Briefer Jeff Niermeyer  
Jeffrey J. Bryant Shane E. Pace<sup>2</sup>  
Michael J. DeVries<sup>1</sup> Tom Ward<sup>1</sup>  
Arthur Hunter Michael L. Wilson<sup>2,3</sup>  
Dan Johnson

## EMPLOYEES *2016-2017*

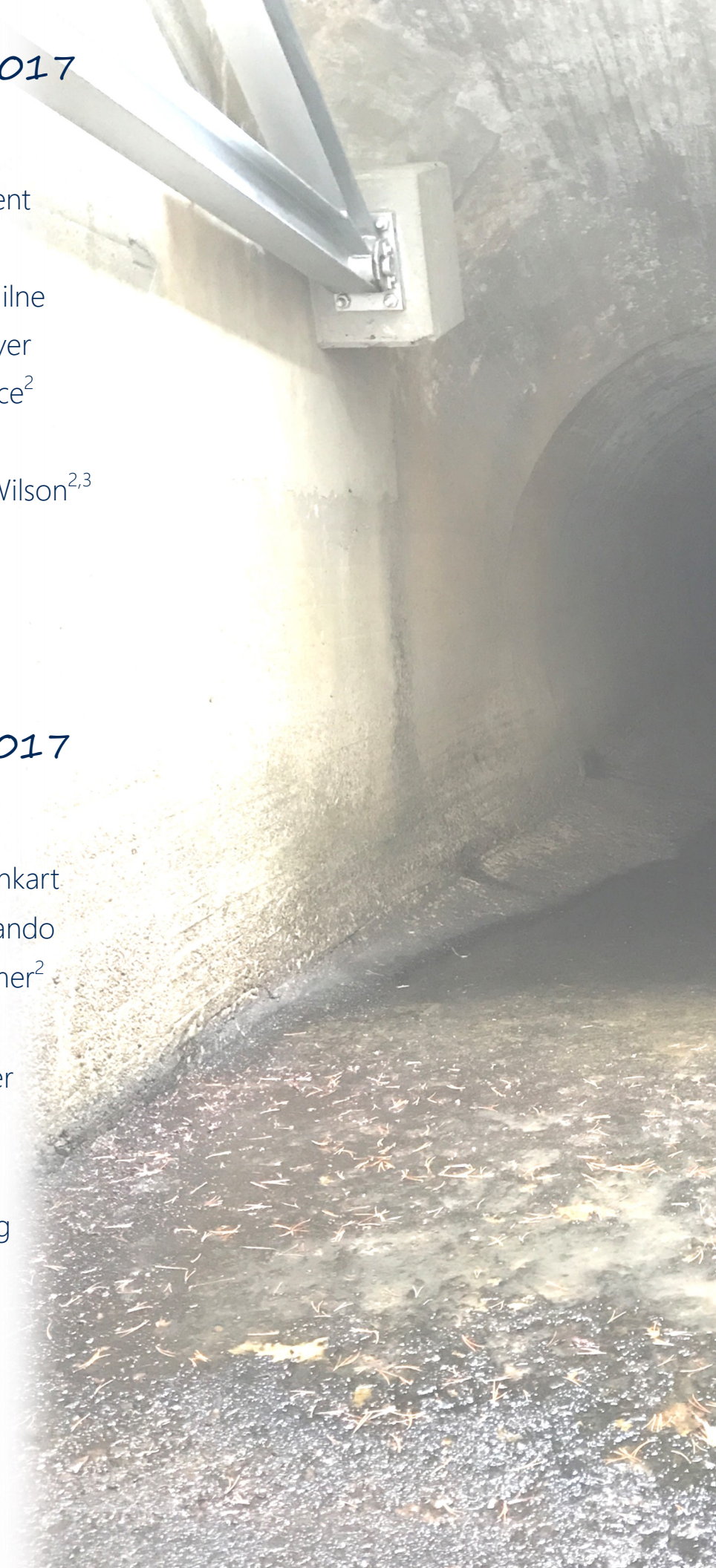
Mela Ahanonu<sup>4</sup> Troy Heap  
Scott Brockbank Charlene Lenkart  
Jeffrey D. Budge Shawna Orlando  
Steven H. Cain Mallory Palmer<sup>2</sup>  
G. Keith Denos Travis Pool  
Kerry Durrant Jeffrey Purser  
David Faux Mark Rawle  
Roger Ford James Reed  
Jerry Fox John Whiting

1- Elected Director in 2017

2- Resigned in 2017

3- Board President 2005-2017

4- Hired in 2017



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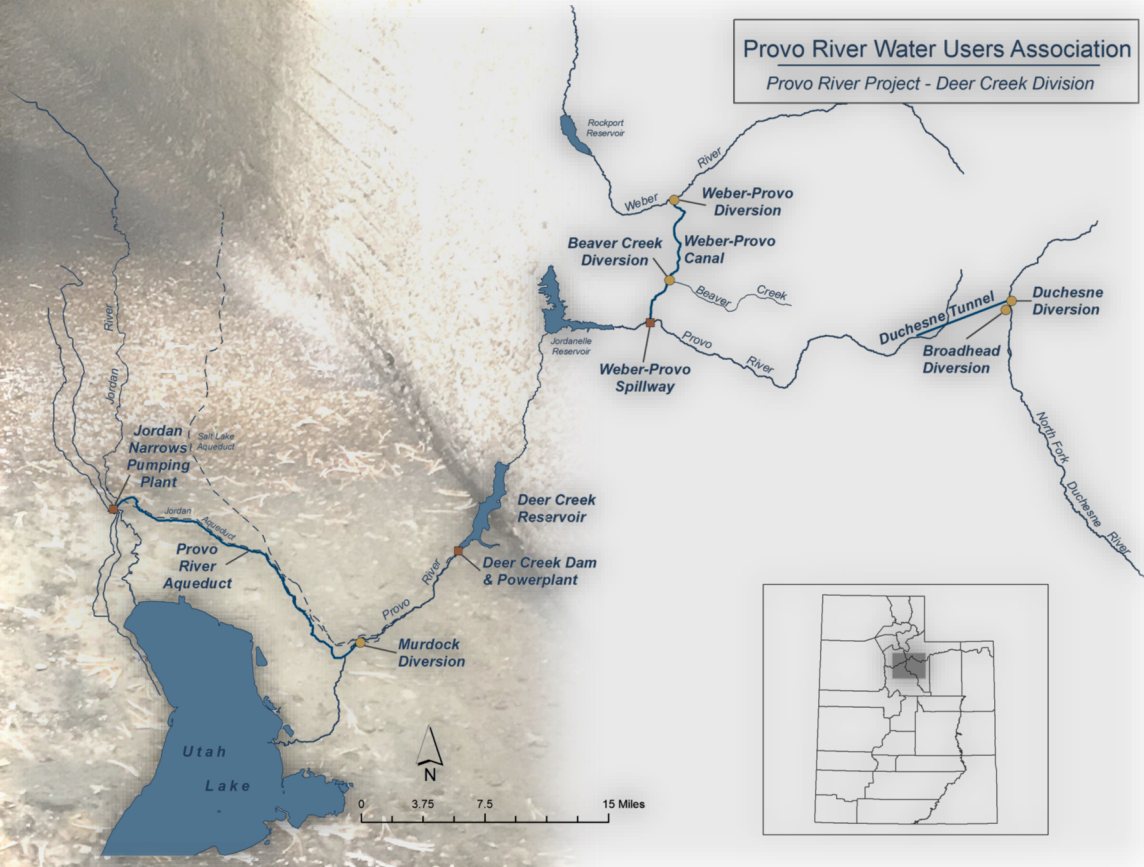


Photo: Duchesne Tunnel Inlet

Cover Photo: Duchesne Tunnel Outfall

# GENERAL MANAGER'S *Message*

One spring day at the state track and field championships, a talented but not elite runner was asked to run the 800-meter anchor leg for his team in the medley relay. In this last race of the championship meet and what would be the last race of his high school career, he was pitted against a state record holder and many other elite runners, all with faster 800-meter times than his. The sprinters on this young man's team had been exceptional throughout the state meet, and they continued this excellence in the medley relay as the 400-meter runner handed off the baton in a tie for first place.

The courageous 800-meter runner took the baton in stride and proceeded to run the fastest race of his life. Yet despite starting his leg in a tie for first place, by the end he had been overtaken by five runners and had barely held off a sixth. He was devastated, certain that he had lost the state championship for his team. As he dejectedly walked towards his team after the race, he could see his coaches and teammates jumping up and down, shouting for joy. He didn't understand. Why would they be so happy when he had blown it? Amidst the yelling and screaming, it was explained to him that by placing sixth, he had earned three precious points that allowed the team to win the state championship by a mere one and one-half points. He hadn't won his leg; not even close. But he had done his part, and his seemingly meager contribution to his team's success was vital.

We generally don't have to look very far to find someone who is bigger, faster, smarter, more powerful, etc. It's highly unlikely that we will be the best at everything we attempt. However, when we do our very best as part of a team, success follows. One time we'll lean more on a teammate's talents, the next time he may lean more on our abilities.

I've been fortunate to have been a part of a great team at the Association for the past 23 years. I count on my employees to do their best, and they routinely meet and exceed this expectation. Association employees take advantage of opportunities for education, training and certification to improve their knowledge and skills. Cross-training has also been an emphasis the past few years, with the goal to have in-house backups or trusted outside resources trained to perform critical functions as necessary. Association employees are very willing to teach one another and are eager to learn beyond their routine assignments. This team approach serves the Association well during minor disruptions such as employee vacations and illness, and especially so in the event of major disruptions such as unexpected employee turnover. Employees also benefit by expanding their knowledge base and skill set.

The Association and the Utah water community lost a valuable team member when former General Counsel Joe Novak passed away in October 2017 at the age of 91. Joe was highly regarded by all who knew him and was always a gentleman, but he was also a firm advocate for his clients' interests. The Association benefited greatly from Joe's intelligence and steadfastness in his over 50 years of service as advisor, counselor and water law expert.

I am grateful to have sat at Joe's feet and learned the intricacies of the Provo River Project from him in the mid 1990's. He was patient with me in my early years at the Association as I struggled to understand water rights, agreements and obligations that were all second nature to Joe. He didn't need to refer to notes as he taught me. Joe had an encyclopedic mind and could recall clearly the most minute details of conversations, negotiations and legal cases, some from decades earlier. Association Director Genevieve Atwood met with Joe over a period of many months in 2006, asking him questions and recording his answers on a variety of events that shaped the Association, Metropolitan Water District of Salt Lake & Sandy and the state of Utah. In the process Genevieve was able to record over 50 hours of interviews with Joe, which were transcribed into over 1000 pages of memorandums and supporting documents. This collection of Association history is a priceless treasure.

Joe's legendary memory and proclivity to start discussions with "In the beginning..." bring smiles to the faces of all who remember him. If you asked Joe a question you had better be prepared to listen because there were no short answers, and few simple ones. One of my favorite Joe Novak stories was one that he would tell on himself and that was appropriately shared at his funeral. One of Joe's young daughters was having some trouble with her math homework and she asked her mother for help. Her mother responded that father was an engineer and could be of much greater help to her. "Yes, I know." the daughter replied, "But I don't want to know that much about it."

Joe ran a great race and was a winner by every definition. He was a small man in stature, but larger than life in his accomplishments and his impact on the Utah water landscape. Joe is appropriately remembered for the myriad agreements he authored and for his diligence on behalf of his water clients, but for me, Joe's greatest influence was in the personal realm. He was kind, considerate, patient and honest. A model for all to follow.

*- G. Keith Denos, P.E.*

# ADMINISTRATION

## Directors

Mike Wilson resigned from the Association Board of Directors in August 2017 after 14.5 years of service, including the past 12 years as President of the Board. As President, Mike also served as Chair of the Executive Committee, and led the development and updating of many of the Association's corporate policies and governing documents. He also served 2.5 years on the Engineering Committee prior to his election as Board President.

Shane Pace resigned from the Association Board of Directors in February 2017, after having served on the Board for 13 years. Shane served 11 years on the Finance Committee, including 6 years as its Chair. He also served 11 years on the Community Relations Committee and 2 years on the Executive Committee.

Tom Ward was elected to the Association Board of Directors in February 2017. Tom has more than 10 years' experience in consulting engineering, and worked for over 17 years for Salt Lake City Public Utilities, including 9 years as Deputy Director prior to his appointment as Sandy City Public Utilities Director in January 2017.

Mike DeVries was elected to the Association Board of Directors in August 2017. Mike is the General Manager of Metropolitan Water District of Salt Lake & Sandy and has worked for Metro for almost 20 years. He began his career as a water systems operator, and also worked as an IS technician, Systems Administrator and IS Department Manager, and was the Assistant General Manager for 10 years prior to his appointment as General Manager in September 2017.



Michael L. Wilson 2002-2017



Shane Pace 2006-2017



Tom Ward elected 2017



Michael J. DeVries elected 2017





## Staff

Operations technician and Provo River Aqueduct watermaster Mallory Palmer resigned from the Association in October 2017 to pursue her primary career as a geologist in Arizona. Mallory was well-respected by her fellow employees and by the water users she served and will be missed.

Information Technologies Network Administrator Chiemela (Mela) Ahanonu joined the Association staff in April 2017. Mela comes to the Association with a strong background in cybersecurity and network administration.

THE ASSOCIATION DELIVERS PROVO RIVER PROJECT WATER IN A  
SAFE, EFFICIENT, AND ECONOMICAL MANNER FOR THE BENEFIT  
OF ITS SHAREHOLDERS AND THOSE THEY SERVE.

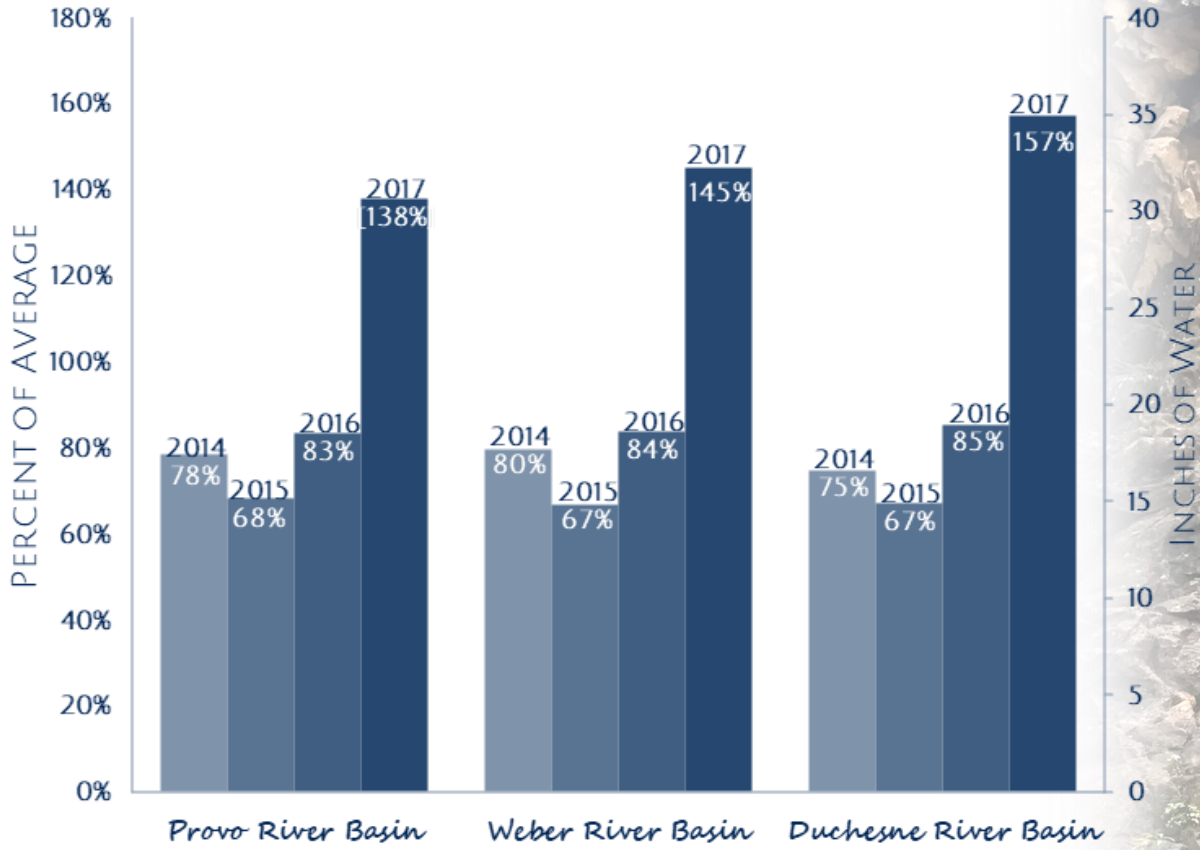
WITH INTEGRITY, THE ASSOCIATION PRESERVES AND PROTECTS  
THE QUALITY OF ITS RESOURCES THROUGH KNOWLEDGEABLE,  
DEDICATED, AND INNOVATIVE EMPLOYEES.

## Education and Training

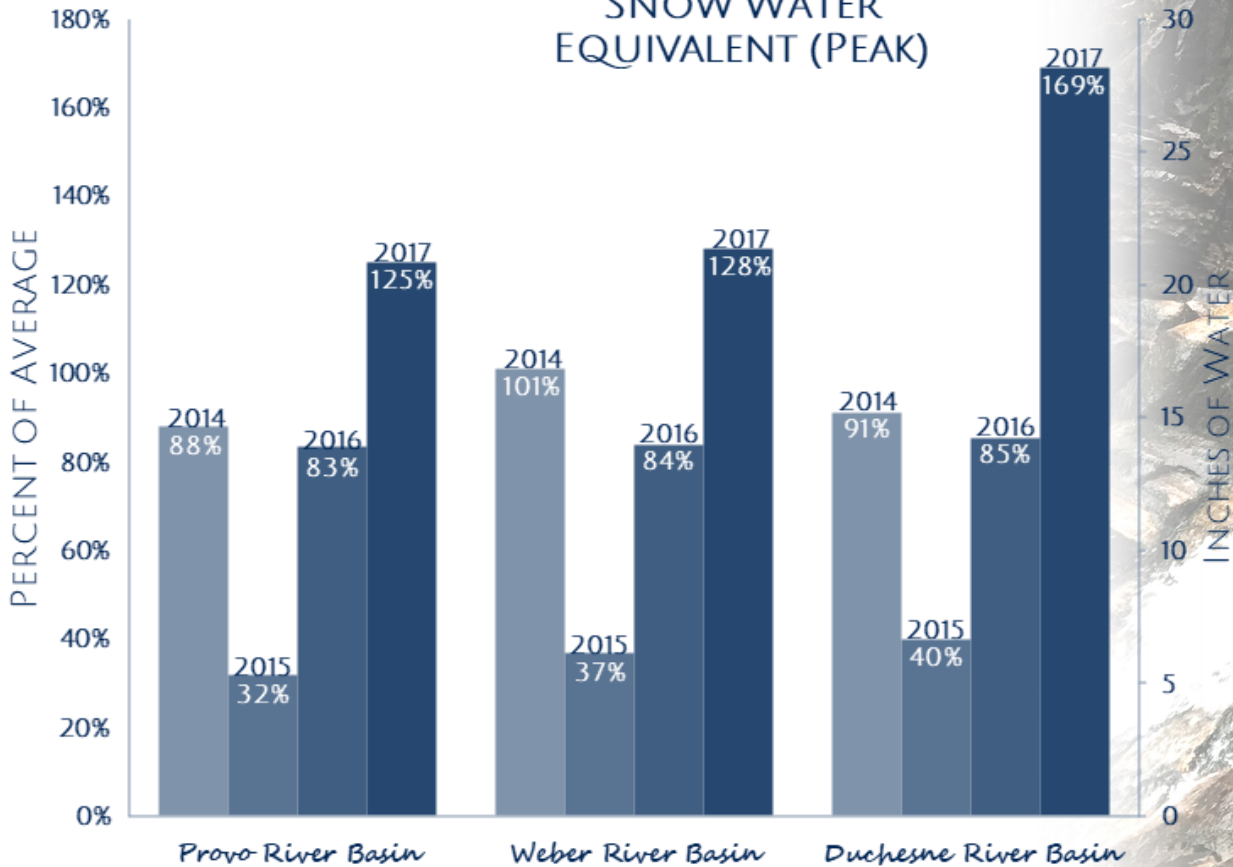
Association staff actively look to increase their knowledge and training through workshops, certification courses, seminars and webinars sponsored by the Association. Educational assistance to employees pursuing a college degree related to the employee's current position or a reasonably foreseeable future position is also available to qualifying employees. In 2016 and 2017 the Association assisted five employees in either obtaining or renewing their water distribution operator grade IV certifications. In addition, two employees participated in the educational assistance program and one employee received training toward the Certified Information Systems Security Professional certification.

# WATER SUPPLY

## PRECIPITATION



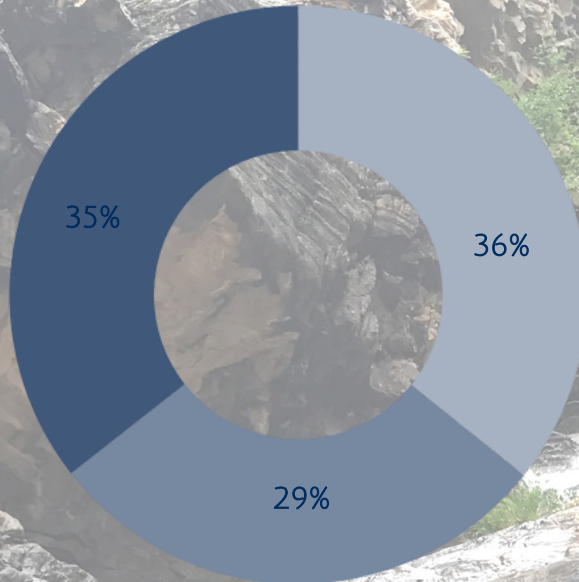
## SNOW WATER EQUIVALENT (PEAK)





## 2017 WATER SOURCES

■ Provo River ■ Weber River ■ Duchesne River



The beginning of the 2017 water year continued the drought conditions of the previous years. October and November 2016 were much dryer than normal, and high elevation snowpack was non-existent. The weather patterns changed significantly the last week of November, and consistent precipitation was received through the remainder of the snow accumulation period. The Trial Lake SNOTEL snow water equivalent peaked on May 1 at 45 inches, which is double the median value for this date. The Association Board of Directors authorized a full water allocation for the first time since 2011, and Association shareholders enjoyed extra allotment water from April 1 through July 2.

## RUNOFF 2017

The large snowpack of 2017 allowed upstream storage reservoirs to fill to capacity and the elevation of Utah Lake to rise significantly. However, the large runoff also caused flooding concerns in many areas. While the Provo River never exceeded bankfull levels, alarms about flooding were published in the media. Tragically, the high river flows resulted in several drownings, including three in the Provo River. Association personnel responded to these emergency situations and played a key role in the recovery efforts.

# PROVO RIVER AQUEDUCT

The Jordan Narrows automation project which was constructed in winter 2017 allows for remote monitoring and control of the turbine-pump's essential operations. Association system operators now make minor adjustments and flow changes from Deer Creek Dam, obviating the need for station temporary operators around the clock at the Jordan Narrows through the irrigation season as has been done historically. Technical and maintenance personnel visit the narrows daily to put eyes and ears on the operation of the facility, but 24-hour presence at the site is no longer necessary.

PROVO RIVER AQUEDUCT  
*Water Years 2014-2017*

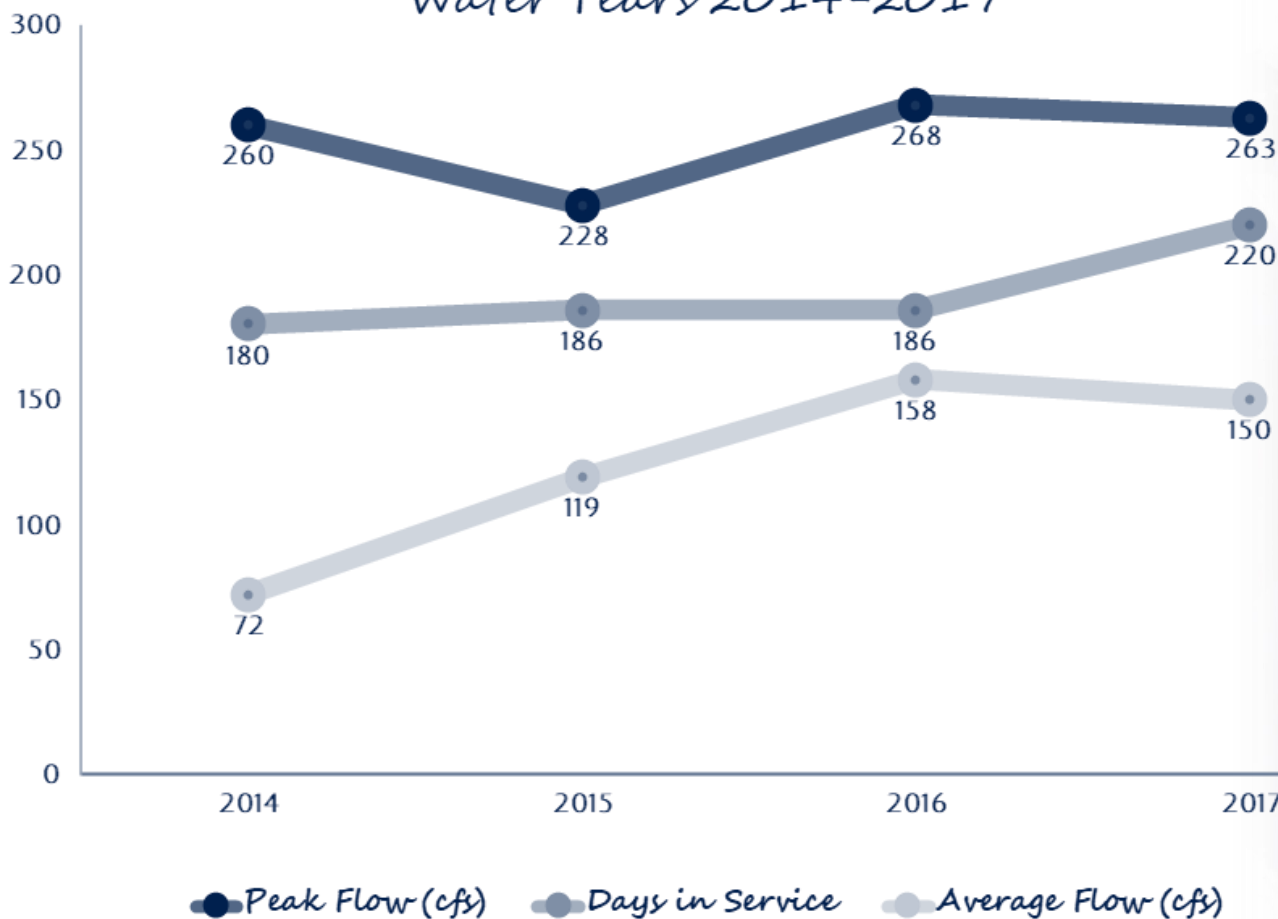
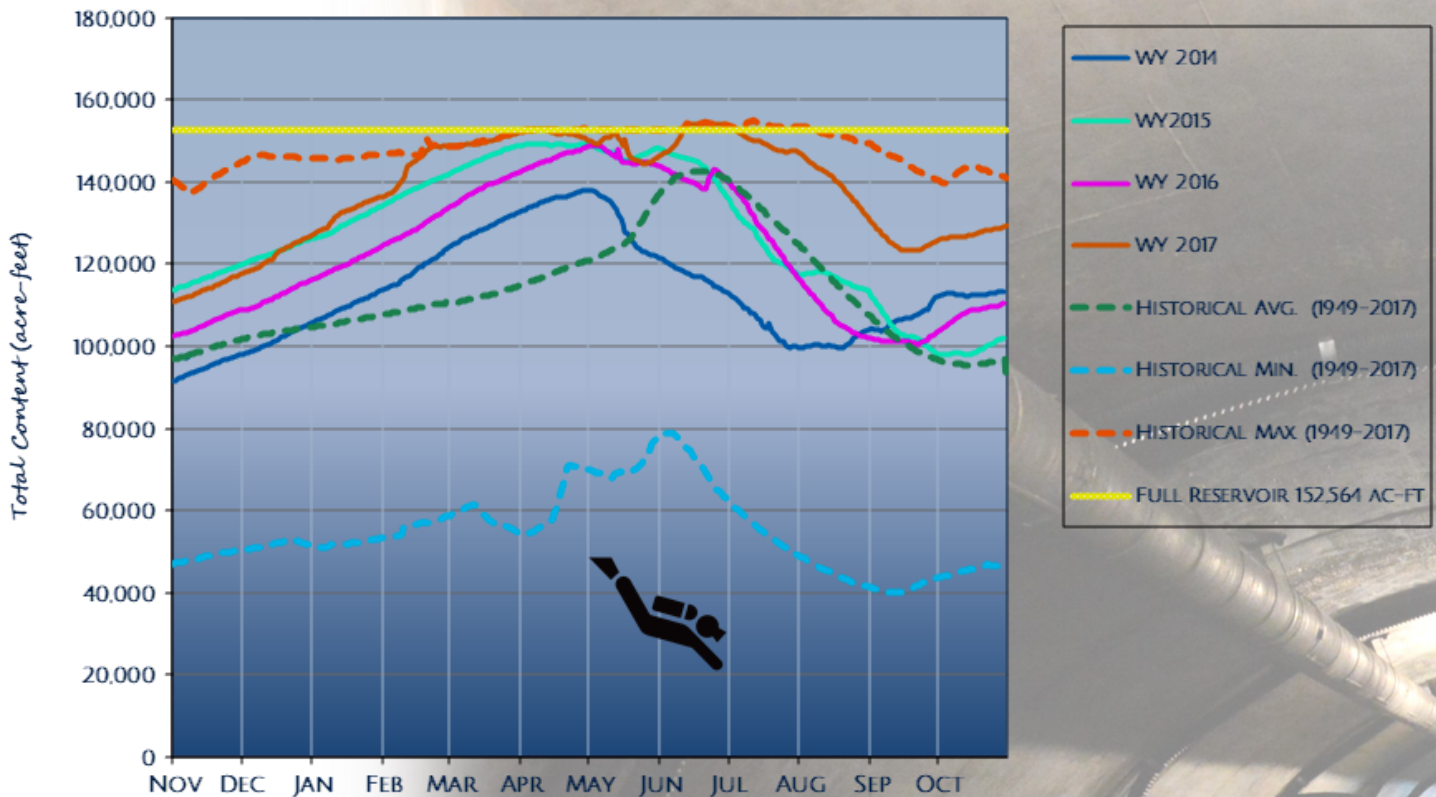




Photo: Upper Provo River

# DEER CREEK RESERVOIR

2014-2017 Volumes Including Historical Values



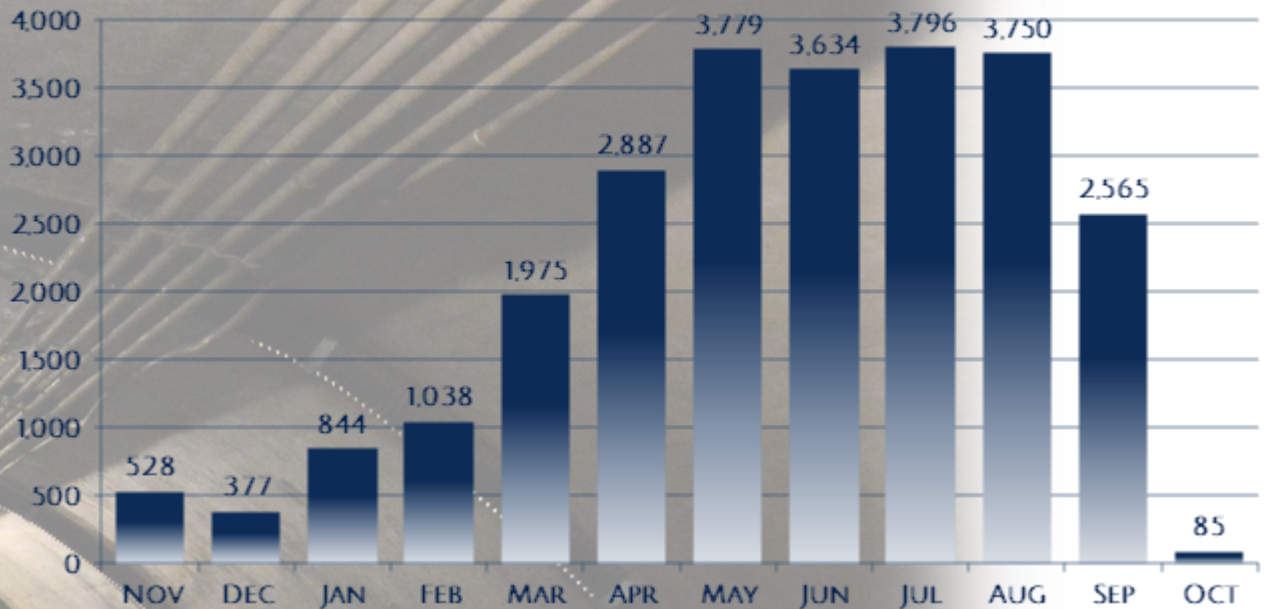
## Quagga Mussel

In October 2014, the Utah Division of Wildlife Resources designated Deer Creek Reservoir as a "suspect" water body in danger of infestation due to Quagga mussel DNA discovered in the reservoir. Subsequently, semi-monthly testing uncovered no additional evidence of Quagga mussel in Deer Creek Reservoir through the end of 2017. The Association participates as a member of the State of Utah's Quagga Mussel Task Force, which supports increased interdiction and decontamination of boats at Deer Creek Reservoir and other threatened water bodies. The US Bureau of Reclamation is conducting a comprehensive study to determine the impacts of and the most effective methods for managing and mitigating an infestation. Results of the study are expected in 2018.



# DEER CREEK DAM & POWER PLANT

2017 DEER CREEK POWER PLANT GROSS GENERATION  
kWh Thousands



Several projects were completed at the Deer Creek Dam and Power Plant during 2017. The exterior of the second outlet works penstock was recoated during the winter, completing a project which had been partially postponed while the generator turbine runners were replaced. Another project in the gate chamber of the dam replaced an original isolation valve and corroding pipe used to fill the penstocks. The third project completed in 2017 was an arc flash hazard analysis for the power plant. This essential safety project was necessary to determine the potential for arc flash incidents in and around electrical cabinets and breaker panels in the power plant. As part of the project, recommendations were provided from the electrical contractor regarding required protective gear for operators opening panels and operating electrical switches with power present.

# MAINTENANCE

In addition to recurring tasks such as water operations support and preventative maintenance of machines and facilities, significant efforts to restore the capacity of the Weber-Provo Canal through Kamas Valley continued in the summer of 2017. This special project consists of removing sediment and encroaching plant growth within the canal prism to restore the canal's 1000 cubic feet per second capacity. In 2017 maintenance crews restored the reach of canal extending from the Glen Gibbons Check in Oakley downstream to the northern border of Marion. The project to restore the entire canal will take several years.



Weber-Provo Canal

# SAFETY & SECURITY

Several security upgrades were installed at the Deer Creek Dam and Power Plant in 2017. These were provided by Reclamation as part of a larger security grant made available by Congress. The improvements included fencing, high-security gates, signage and other items. The Association staff did not have any reportable accidents during 2017

# LANDS

In the 1940s a meandering loop of the original Provo Reservoir Canal (PRC) in Highland City was bypassed when the PRC was straightened in this location and enlarged as part of the Provo River Project (PRP). Over time, significant encroachments arose along the original canal corridor loop. In 2017 staff worked with the adjacent landowners to file title claims and pursue other efforts to resolve these encroachments. Of the fifteen conflicts, five were resolved in 2017. Work on the remaining encroachments continues in earnest.

A large effort continued in 2017 to resolve conflicts and uncertainty where Association and/or PRP and Utah Department of Transportation (UDOT) facilities intersect. A campaign to educate UDOT staff about PRP lands, history and property rights has yielded understanding and progress towards agreements and actions that will protect Association and PRP interests into the future.

# CMMS

The Association utilizes a computerized maintenance management system (CMMS or workorder system) to help manage inspection and maintenance activities. Workorder systems are used to plan work, develop preventative maintenance schedules and track work that has been performed. In late 2016, the Association began a migration to a new workorder system which was completed in 2017. The process to establish and populate preventative maintenance workorders continues. The system is cloud-based, allowing Association personnel to remotely create workorders, look up documents or specifications, and track time and costs.

# BALANCE SHEET

## PROVO RIVER WATER USERS ASSOCIATION *Balance Sheets*

October 31, 2017 and 2016

### ASSETS

	<u>2017</u>	<u>2016</u>
<i>Current Assets</i>		
Cash and cash equivalents	\$ 2,283,126	\$ 2,171,648
Investments	203,474	332,392
Accounts receivable	602,355	582,348
Due from Cental Utah Water Conservancy District, current portion	41,902	41,902
Due from Lindon City, current portion	10,000	10,000
Prepaid expenses	53,866	49,804
Total current assets	<u>3,194,723</u>	<u>3,188,094</u>
<i>Property, Plant, and Equipment, net</i>	<u>232,067,896</u>	<u>236,319,506</u>
<i>Other Assets</i>		
Cash and cash equivalents - restricted	360,709	528,285
Investments - restricted	1,691,427	1,504,043
Due from Central Utah Water Conservancy District, less current portion	251,410	293,311
Due from Lindon City, less current portion	30,000	40,000
Beneficial interest in water rights	24,070,460	24,070,460
Total other assets	<u>26,404,006</u>	<u>26,436,099</u>
Total assets	<u>\$ 261,666,625</u>	<u>\$ 265,943,699</u>



## LIABILITIES AND STOCKHOLDERS' EQUITY

	2017	2016
<i>Current Liabilities</i>		
Accounts payable	\$ 62,865	\$ 97,304
Accrued liabilities	66,246	49,917
Accrued compensated absences	203,935	139,674
Accrued interest	630,693	656,589
Unearned revenue	115,212	198,564
Current portion of bonds payable	652,000	628,000
Current portion of notes payable	526,232	2,707,963
Total current liabilities	<u>2,257,183</u>	<u>4,478,011</u>
<i>Long-term Liabilities</i>		
Bonds payable, less current portion	22,999,000	23,651,000
Notes payable, less current portion	3,570,385	4,096,617
Less debt issuance costs, net of accumulated amortization of \$212,003 and \$192,071, respectively	(308,280)	(328,212)
Total long-term liabilities less unamortized debt issuance costs	<u>26,261,105</u>	<u>27,419,405</u>
Total liabilities	<u>28,518,288</u>	<u>31,897,416</u>
<i>Stockholders' Equity</i>		
Capital stock	23,915,867	23,915,867
Stock subscriptions receivable	(2,371,257)	(2,651,009)
Net capital stock	<u>21,544,610</u>	<u>21,264,858</u>
Retained earnings		
Restricted for Provo River Aqueduct operations & maintenance	163,103	162,354
Unrestricted	211,440,624	212,619,071
Total retained earnings	<u>211,603,727</u>	<u>212,781,425</u>
Total stockholders' equity	<u>233,148,337</u>	<u>234,046,283</u>
Total liabilities and stockholders' equity	<u>\$ 261,666,625</u>	<u>\$ 265,943,699</u>

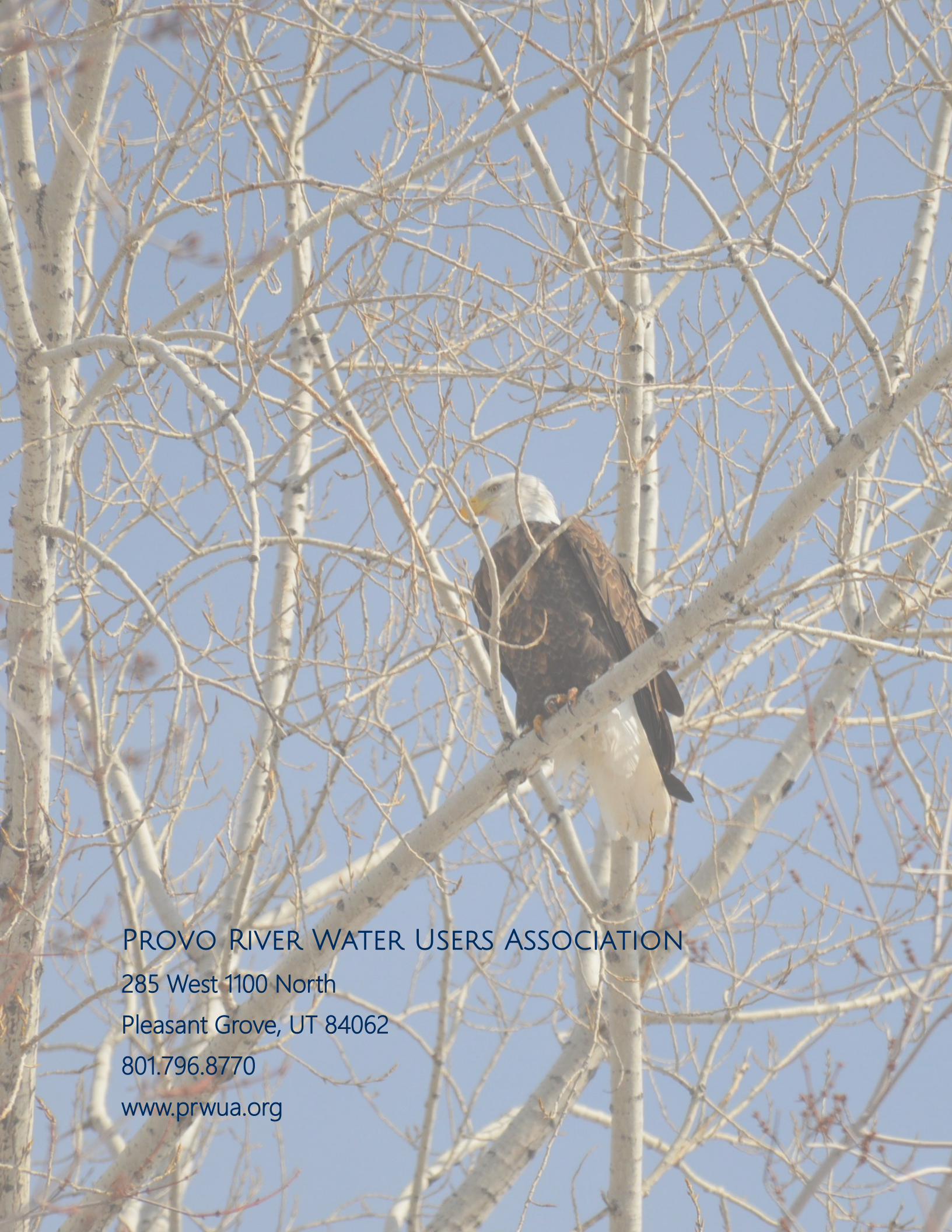
# 2017 WATER USE

October 31, 2017	Shares	2017 Total Use (AF)	2017 Allotment 100.00%		Extra Allotment Used (AF)	Holdover from Water Year 2017		Holdover Towards 2018 (AF)
			Allocated (AF)	Used (AF)		Available * (AF)	Spill (AF)	
<i>MWD of Salt Lake &amp; Sandy</i>								
Account #1	500	1,000	500	500	500	415	415	0
Account #2	200	400	200	200	200	166	166	0
Account #3	15,000	29,984	15,000	14,984	15,000	12,450	12,450	16
Account #4	46,000	8,232	46,000	0	8,232	51,060	51,060	46,000
<b>Total</b>	<b>61,700</b>	<b>39,616</b>	<b>61,700</b>	<b>15,684</b>	<b>23,932</b>	<b>64,091</b>	<b>64,091</b>	<b>46,016</b>
<i>Orem MWD</i>								
Account #1	1,300	1,300	1,300	0	1,300	2,345	2,345	1,300
Account #2	200	260	200	0	260	293	293	200
Account #3	754	754	754	0	754	699	699	754
<b>Total</b>	<b>2,254</b>	<b>2,314</b>	<b>2,254</b>	<b>0</b>	<b>2,314</b>	<b>3,337</b>	<b>3,337</b>	<b>2,254</b>
<i>Dixon Irrigation Company</i>	300	0	300	0	0	332	332	300
<i>Provo MWD</i>	8,000	3,843	8,000	1,345	2,498	12,657	12,657	6,655
<i>American Fork MWD</i>	500	104	500	104	0	57	57	396
<i>Beaver/Shingle Creek</i>	900	1,663	900	436	1,227	1,459	1,459	464
<i>Diamond Bar X</i>	86	58	86	58	0	6	6	28
<i>Bar X Mutual Water Co.</i>	10	10	10	10	0	2	2	0
<i>MSH Corporation</i>	10	10	10	10	0	2	2	0
<i>Noblett's Creek Mutual Water</i>	19	19	19	19	0	4	4	0
<i>Highland Conservation District</i>								
Highland Conservation Dist.	1,710	1,045	1,710	1,045	0	883	883	665
Highland City	2,099	889	2,099	861	28	2,164	2,164	1,238
Lehi City	796	321	796	321	0	25	25	475
American Fork City	405	168	405	168	0	8	8	237
<b>Total</b>	<b>5,010</b>	<b>2,423</b>	<b>5,010</b>	<b>2,395</b>	<b>28</b>	<b>3,080</b>	<b>3,080</b>	<b>2,615</b>
<i>Lehi City</i>	500	276	500	22	254	618	618	478
<i>Lindon City</i>	200	0	200	0	0	296	296	200
<i>Pleasant Grove Irrigation</i>								
Pleasant Grove Irrigation	363	225	363	221	4	145	145	142
Pleasant Grove MWD	648	11	648	0	11	117	117	648
<b>Total</b>	<b>1,011</b>	<b>236</b>	<b>1,011</b>	<b>221</b>	<b>15</b>	<b>262</b>	<b>262</b>	<b>790</b>
<i>Pleasant Grove MWD</i>	300	26	300	0	26	386	385	300
<i>Provo Bench Irrigation</i>								
Orem MWD	900	0	900	0	0	783	783	900
Provo Bench	620	0	620	0	0	1,119	1,119	620
Pleasant Grove MWD	125	0	125	0	0	89	89	125
Lindon City	355	0	355	0	0	638	638	355
<b>Total</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>2,628</b>	<b>2,628</b>	<b>2,000</b>
<i>Provo Reservoir Water Users Co.</i>								
JVWCD	10,737	24,723	10,737	2,792	21,931	8,218	8,218	7,945
Orem MWD	2,601	447	2,601	447	0	1,415	1,415	2,154
Alpine District	960	81	960	64	17	718	718	896
Pleasant Grove MWD	220	787	220	95	692	69	69	125
Highland City	582	6	582	0	6	426	426	582
Lehi City	227	654	227	54	600	52	52	173
Lehi Irrigation	394	270	394	173	97	11	11	221
American Fork City	147	147	147	147	0	12	12	0
Lindon City	130	269	130	6	263	178	178	124
<b>Total</b>	<b>16,000</b>	<b>27,384</b>	<b>16,000</b>	<b>3,778</b>	<b>23,606</b>	<b>11,100</b>	<b>11,100</b>	<b>12,222</b>
<i>South Kamas Irrigation</i>	500	500	500	500	0	10	10	0
<i>Victory Ranches</i>	200	0	200	0	0	361	361	200
<i>Washington Irrigation</i>	500	500	500	500	0	10	10	0
<b>Total</b>	<b>100,000</b>	<b>78,982</b>	<b>100,000</b>	<b>25,082</b>	<b>53,900</b>	<b>100,698</b>	<b>100,698</b>	<b>74,918</b>

\* All prior year holdover water was either used, paper spilled or physically spilled from Deer Creek Reservoir due to the high volume of runoff in 2017. Extra allotment began April 1. Any use prior to this date is recorded as extra allotment use.



Photo: Duchesne Tunnel Outfall



PROVO RIVER WATER USERS ASSOCIATION

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