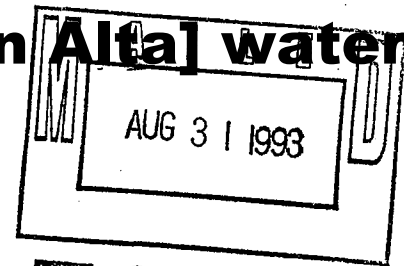


"Salt Lake City's watershed management muscle to deny them [recorded lot owners in Alta] water"



FILE

LEROY W. HOOTON, JR.
DIRECTOR

SALT LAKE CITY CORPORATION

DEEDEE CORRADINI
MAYOR

DEPARTMENT OF PUBLIC UTILITIES Water Supply & Waterworks Water Reclamation & Stormwater

Memorandum

TO: Brian Hatch, Deputy to the Mayor
FROM: LeRoy W. Hooton, Jr. *LW*
DATE: August 30, 1993
SUBJECT: Little Cottonwood Water Company

Introduction

In order to protect the Albion Basin in Little Cottonwood Canyon, it was decided that Salt Lake City would acquire the water contracts between lot owners in the Albion Basin and the Little Cottonwood Water Company and/or gain control of the company and dissolve it.

Background

The Little Cottonwood Water company was formed in 1911 and stock issued to various ditch companies and individuals using water from Little Cottonwood Creek including four companies which have exchange agreements with Salt Lake City. Their primary water right of 3.03 cfs was acquired by saving water in Little Cottonwood Creek by constructing the cutoff ditch just below what is now the Metropolitan Water District of Salt Lake City's Little Cottonwood Water Treatment Plant. They also have water rights in Red Pine and White Pine Lakes and Cecret Lake located in Little Cottonwood Canyon. Salt Lake City has exchange agreements with many of the stockholders in the Company and manages/owns the water in the lakes as well as their rights in the creek through exchange agreements. By virtue of the exchange contracts the City has liability for the actions of the Little Cottonwood Water Company but no control over their actions.

The Company entered into various water sales contracts between 1945 and 1981, and of particular concern were the contracts for lots in the Albion Basin. The contracts are for less than the 400 gpd required to develop a lot. When this area was annexed into Alta City, there was pressure for Alta to provide them culinary water as the Little Cottonwood Company contracts were inadequate. Salt

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Lake City promised Mayor Levitt that it would gain control of the Albion Basin contracts in order to protect the area from development by using Salt Lake City's watershed management muscle to deny them water. Also, the City would not fold under pressure to increase the volume under the contracts, whereas the Little Cottonwood Water Company would. ←

During the latter part of 1992, the Company became uncooperative and aggressive in its attitude toward the City, led primary by Tony Rezack, President of the Cahoon Maxfield Irrigation Company, who along with the three other irrigation companies holding rights in Little Cottonwood Creek, initiated a law suit against Salt Lake City entitled Cahoon Maxfield Irrigation Co. et al vs Salt Lake City. Judge Rigtrup dismissed the law suit.

In accordance with the exchange contracts with the Richards Ditch, Walker Ditch and Little Cottonwood Tanner Ditch Companies their stock in the Little Cottonwood Water Company was transferred to Salt Lake City in the 1930s. This spring I requested the Company secretary to transfer the stock certificates into the name of Salt Lake City, thus eliminating eligibility of the exchange companies' members to sit on the Board of Directors. With this action, Salt Lake City and Sandy City control the company.

Action

Salt Lake City and Sandy City are moving forward to dissolve the company. The strategy is to meet with the individual irrigation companies to inform them of our intent, hold a board meeting, elect new officers consisting of Sand City and Salt Lake City members, and set forth a plan to dissolve the corporation. We hope to do this in such a way that the City's and Companies' relationship is not damaged too severely, but meet our goal of eliminating the Company.

cc: Roger Black