



**BOARD MEETING MINUTES**  
**October 15, 2015**

**Board Members Present:** Chairman Brent Hunter; Mike Coronado; John Black; Spencer Jones; Paul Cozzens; and Tim Watson. Rick Bonzo was excused

**Staff Present:** Paul Monroe, General Manager

**Others Present:** Kelly Crane, Ensign Engineering; Curtis Nielson, Ensign Engineering; Doug Hall, Citizen and Chairman of the CICWCD Conservation Advisory Board; Dave Miller, County Commissioner; Justin Wayment, Legal Counsel; Dallen White and Tivon Mercier (Boy Scouts)

**CALL TO ORDER:** Brent Hunter called the meeting to order at 6:32 pm, (1:01)  
Pledge John Black and Prayer Spencer Jones

**SWEARING IN OF NEW BOARD MEMBER MICHAEL CORONADO:** 6:35 (3:30)  
Sworn in by Paul Monroe

**DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS.**

No abstentions by board 6:35 (5:20)

**CONSIDER APPROVAL OF MINUTES FROM THE BOARD MEETING HELD SEPTEMBER 17<sup>th</sup> 2015; AND BOARD WORK MEETING HELD SEPTEMBER 30<sup>th</sup>, 2015.**

John Black Motioned to approve the minutes from the Board Meeting held September 17<sup>th</sup>, and the Board Work Meeting held September 30<sup>th</sup>, Second Paul Cozzens, approved unanimously

**FINANCIAL REPORT**

**CONSIDER APPROVAL OF ADJUSTMENTS AND PAYMENT OF BILLS FROM SEPTEMBER 15<sup>th</sup>, 2015 THROUGH OCTOBER 12<sup>th</sup>, 2015.**

Paul M. mentioned they paid off the penalty for IRS on page 4. Unordinary invoices were explained in the packet. John asked about solar farms connecting to system still wanting to connect, Paul M. answered that they are. Paul C. asked about the UASD membership. Paul M. explained it is for the Special Service district memberships in Utah. Paul M. explained the purpose of the UASD and the benefits they contribute to our District.

John Black Motioned to approve payments, Tim Watson Second, approved unanimously 6:42 (11:00)

**REVIEW 2015 FINANCIAL STATUS**

Paul M. reviewed the standing of the bank account for the District. Everything is under budget except for office supplies, however Paul M. does not anticipate any more expenses for the rest of the year. Brent asked what the expenses were for the office and Paul M. said that he would get a detailed breakdown to him for review.

Paul M. reviewed the capital expenditures and noted that nothing big or major was completed this year.

**2016 BUDGET REVIEW**

Paul M. reviewed the 2016 plan and tentative budget. The document explained how the budget was put in place and how projections were done. Though the mine is down, the solar projects did increase wholesale water sales. Spencer asked if there was much revenue generated from Cross Hollow Hills. Paul



M. doesn't anticipate there will be much more because it is getting cooler. The new vault connection has been awarded to Schmidt Construction, however construction has not been started. Dave Miller gave an update of the mine and its new owners Black Iron LLC. There is potential of the mine beginning operations early spring of next year but there are still a lot of things that need to be completed. The owners are looking to investing a lot of money to expand the operation 6:53 PM (21:00). Paul M. mentioned that additional sources will be needed and there was discussion with the previous owner to drill a new well in area 71 for their use.

Paul M. Walked through the 2016 Tentative Budget: 39 new connections were added this year totaling 780 connections. Capital expenditures are estimated \$510,200.00. This includes wells in the West Desert and wells around Iron County. Paul M. would like to generate a surplus of \$50,000.00 to \$100,000.00 this year. The proposed budget does not include a tax increase. Merit increases have been added for the operators and staff of the District. The wages for operators of the District as Tier 3 operators and even at the proposed rates are lower than the wages for Cedar City Water Operators with the beginning rate of the same certification. Tim asked if there was a level higher than 3. Paul M. mentioned that there is a level 4 but it requires more certification and experience to get to this level and you also have to be in management position. (26:20)

Tim stated that with his company that if increases are applied then there are reviews and other things expected. He asked if Paul conducted these reviews and Paul M. stated that he holding those interviews quarterly. Tim followed up to see if there are goals being set for the operators to progress. Paul M. responded that there has not been employee specific goals, but we do look for opportunities for the staff to take advantage cost saving opportunities. Paul M. said setting goals is a great idea and we will begin to implement them.

Tim reiterated that Paul M. should set goals with his staff and make sure the District doesn't become stagnant. Brent commented on training and classes the employees are sent to too help them learn the latest industry standards and improvements. Mike suggested setting goals for employees, with a clear objective and insight of what is rewarded when the goal is achieved. Tim encouraged that increases be given if they apply themselves at a certain level not because they are at a certain certification level.

Paul M. said the staff has saved \$30,000.00 on utility bills in 2015, when compared to the same time frame in 2014. This was done as a collective effort from the staff. (32:03) As a staff we all work together collaboratively we have had a goal this year, in improving the district and cutting spending. Brent wanted to mention that he reviewed the increase for Paul M. it was listed at \$65,000.00 and stated that it should be moved to \$70,000.00 because of the work and time Paul has put in this year. This recommendation comes from Brent.

Tim asked what the benefits will cost in addition to the hourly wage rate increase. Paul M. will get the information to Tim. 7:06 PM (35:00)  
John had some questions about where the numbers came from for operations and maintenance. He noted that the savings from the budget to actual is quite a savings from 2015. Paul M. reviewed the numbers and stated that the proposed budget follows the actual amounts. (38:32)

The proposed budgeted reflects 30 new connections for 2016. Tim asked if the funds listed for office and operators included temporary workers and it does. Tim asked about the amount for Utah State. Paul M. said that it covers our portion of Candace's salary and benefits. It doesn't include any projects. The water fair and other projects come out of the conservation projects. Paul M. noted that what we spent in 2015 was significantly less than 2014 though we did a lot more to help promote conservation. Donations played a big part in saving the District money. Southwest Plumbing was a big part of those donations at \$5,000.00.

Mike questioned why our benefits show up on three lines. Paul explained that one line covers the general manager, one is the office manager, and the third line is for the water operators and includes our temporary help in the summer.



John asked if the layout of the budget follows the County format or the package that was purchased with Pelorus. The budget follows the package that was purchased from Pelorus and follows the lines that the State has set for Districts.

The capital side of the budget shows \$200,000.00 for well development including matching grant from Division of Drinking Water. The current debt service as of October 31, 2015 is \$10M. Tim asked if we are doing anything excess monies from the year. Paul M. said the accountants said to pay down whatever has the highest interest. The other options would be to put the money into PTIF accounts or put it toward capital projects. John stated that we should put the money away and save for the West Desert project and the future of Iron County instead of the pledging the money to anything else. 7:20 PM (48:40)

### **WATER CONSERVATION:**

Doug Hall gave a report on his attendance to the Smart Water Innovations Conference in Las Vegas. There is a new sprinkler head that has the capacity to sprinkle a range of 5 feet to 30 feet. The sprinkler head can be placed in the center of the lawn and mapped using a cell phone app to change range of the spray. The exact cost of the new sprinkler heads are not known but Doug requested that Southwest Plumbing ask them to order some in. John asked if it adjusted the rain curtain and Doug responded that it does adjust to accommodate to the 0.05 inch per revolution. Brent asked if people could retrofit their existing systems. Doug says that people could, with a server, place the new heads then calculate the time the zone would need to be on based on the 0.05 inch per revolution. Doug has been in touch with Hunter at the Iron County School District in hopes of having some of these sprinkler heads installed at the North Elementary School, since they are doing a revision of that school.

There is a new type of modified turf that grows slowly. There are different types based on sun exposure. This type of turf would be great for new construction or replacing existing turf in residential areas. This would conserve approximately 60% of outdoor watering. 7:33 PM (1:01:00)  
Doug made recommendations about software and applications for the District to integrate into the system manufactured by Smart Utility Systems (SUS). (1:06:50)

John stated that he doesn't feel comfortable to vote on an issue in such a short amount of time instead of having a month or more to review and process it.

Justin mentioned concerns over the contract. He encouraged us to invite the company to our system to see if it is compatible. The good news it is not expensive. The bad news is that if there is a dispute with the company litigation it will be handled in California. Even though the contract is \$15,500.00, if it ever goes to litigation it is will be \$450-\$600 an hour just for attorney fees. That kind of litigation cost would never be worth it. (1:12:09)

We should know the price for additional licenses, should the need arise for them. Justin asserted that if they want to work with us they need to come to us and work with our system to make sure it is compatible. SUS holds the right to terminate at any time if we don't comply. If the district chooses to terminate there is a thirty day notification requirement. There is also small print that states, if we (SUS) has to adapt their program to integrate to the needs of our system, they will charge us more. (1:14:25) For \$15,500 the District can purchase and try it out but know that the litigation will be done in California.

Spencer asked if there is a trial period or demo that we can work with first. Paul M. and Doug were not sure if one was available. Mike agreed with Justin that we should see if SUS can evaluate our system first to see if it's feasible or not. Justin also recommended that the contract will be \$15,500.00 and SUS will not get paid until the software is up and running. Tim asked if it is typical for lawsuits to take place in the place of origin. Justin said it is common but it is negotiable. Doug mentioned they are not a small company making it so litigation would take place in California.

Tim asked that after five years is there a price. There is not but the District can cancel after the five years. Tim was concerned that the annual fee could go higher. 7:57 PM (1:27:52)



**AQUIFER BALANCE & WATER DEVELOPMENT PROJECTS:**

8:01 pm (1:29:30) Paul M. explained to Coronado and Commissioner Miller the water development project and ideas and the process. The District is moving forward with first the West Desert and then Aquifer Recharge projects based on these evaluations. For further evaluations economists have been contacted. Eric Millis from the State has also confirmed a 50/50 split of the costs associated with an economic report. The report would be similar to the presentation from Ron Thompson earlier this year evaluating the economic benefits of each project. Brent Hunter added his thoughts on the additional work that will be going on as we move forward with work on the West Desert. (1:33:48) Dave Miller questioned since the West Desert has the highest priority will the others be put on the back burner until water is brought in. Paul M. said we are waiting for the National Guard to come in and help with the recharge projects that has a timeline of 2017.

**WAH WAH AND PINE VALLEY:**

8:08 pm (1:36:55) Kelly reviewed the project Gant chart with the board. Spencer asked about the EIS development and approval will be around 2021. Paul M. said for the next three years we will be drilling and test pumping wells. This data will give us the information as to where we will want to drill. We will then begin the EIS which will take another 2-4 years. Construction will take around 2 years providing setbacks we could have water here in just under a decade.

Paul M. and Kelly met with the owner of Transcom Environmental. He was impressive and knowledgeable about the EIS process through the BLM and what steps it would take. He has been highly involved in many projects including pipelines. The environmental process is anticipated to take twenty-four months based on estimates from Transcon Environmental. (1:40:50) Kelly will continue working on the schedule and will keep them updated.

**AQUIFER RECHARGE:** No Update

**SUBSIDENCE MONITORING:**

8:12 PM (1:42:23) Five new monuments have been placed in the Enoch Graben. New locations are being located in the South end of the valley. The District will reshoot the elevations of them every year for three years and can extend to five per Doug Grimshaw's recommendation.

**CONSIDER APPROVAL OF FINANCIAL ADVISOR AGREEMENT BETWEEN CICWCD AND ZION'S BANK:**

8:17 PM (1:45:12) Justin Wayment has reviewed the contract and agreement with Zions Bank. Justin didn't like the verbiage on the first page, (Exhibit A) a minimum of \$15,000.00 per year. Zions accepted the change in the document. The changed language will read that Zions will not charge more than \$15,000.00 per year and Zions will supply quarterly update. Paul M. recommended to approve the agreement based on the timeline. John asked if \$15,000.00 was the ceiling to the contract. Justin clarified that it was not a ceiling but if Zions is going to exceed \$15,000.00 then Zions will notify the District. Paul Cozzens motioned to accept the agreement with Justin's changes, John Black second, approved unanimously. 8:22 PM (1:50:34)

**CONSIDER APPROVAL OF WATER RESOURCE ECONOMIC & FISCAL ANALYSIS ADVISOR AGREEMENT BETWEEN CICWCD & APPLIED ANALYSIS:**

8:22 PM (1:50:36) Jonathan Ward recommended economists for the District. Paul M. contacted multiple economists to provide services. Applied Analysis (AA) submitted a proposal/contract and Justin and Paul M. were shocked by the favorable fees for the contract. Mike C.



said AA is a well-known and respected economist within the Nevada Governments. Ron Thompson has worked with and recommends this firm. AA included a paragraph that time and materials will be billed at a discount rate for total fee not to exceed \$41,000.00. The District received a grant of state money from Board of Water Resources. This grant will pay half of the cost to perform this analysis, the District's out of pocket expense would be just over \$20,000.00. (1:54:15) Justin has not reviewed the modified agreement but is more comfortable from the first agreement.

John Black motioned to approve the agreement, Paul Cozzens second, approved unanimously.  
8:28PM (1:56:28)

**GENERAL MANAGER'S REPORT:**

8:28 PM (1:56:32) Paul M. talked about his meeting with Kelly, Bert Presset, and Brent about re-performing Derby #2. Brent relayed the history of Derby #2 to the Board. Bert recommended that the District drill 8" wells because it will be cheaper than large diameter wells and them seem to be less intrusive to the stratus and soils surrounding the wells.

Spencer asked if Bert thinks it is cascading or if the formations changed (1:59:40). Paul M. answered that the formations changed, he thinks that during the test pumping the well caved in. Tim asked if it had a geo-physical log done and it had not.

Tim suggested a geo-physical log to give us a direction of what to do. Paul M. though that was a good idea. New wells could potentially be drilled near Derby #2 and tied into the existing well house reducing infrastructure costs. Spencer talked about the increase to operation and maintenance costs with going to multiple wells rather than one larger well. Paul M. suggested this could be offset with lower demand charges on smaller wells and only operating wells when they are needed.

Spencer asked if we had cameraed Derby #2 recently and Paul M. said that it hasn't been done since 2011 or 2012. When that was done the driller noticed some areas that should have been screened, also sanding has always been an issue with this well. Spencer said that if sand is an issue then going with an eight inch smaller casing will help prevent that. (2:08:00) Paul M. stated that even with our biggest wells we are getting at most 300 gpm.

Brent Hunter stated that our next meeting date is November 19<sup>th</sup>, 2015.

**BOARD MEMBERS REPORT:**

8:41 PM (2:09:00) No reports

8:42 PM (2:09:23) Tim Watson Motioned to move to closed session, second by Paul Cozzens, approved unanimously.

Roll Call is as follows:

Tim Watson-Aye

Paul Cozzens-Aye

John Black-Aye

Mike Coronado-Aye

Brent Hunter-Aye

9:01 PM John Black motioned to adjourn closed session; Paul Cozzens, approved by roll call

9:02 PM Tim Watson motions to adjourn meeting; John Black second, approved