



Board Meeting & Public Hearing Minutes

CALL TO ORDER 6:30 PM (3:57)

Pledge and Prayer

DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS: None at 6:33 (6:21)

CONSIDER APPROVAL OF MINUTES FROM THE BOARD MEETING HELD OCTOBER 15, 2015: Board Member Black motioned to approve the Board Meeting Minutes as written, second by Board Member Watson at 6:34 PM (7:20)

FINANCIAL REPORT:

CONSIDER APPROVAL OF ADJUSTMENTS AND PAYMENT OF BILLS FROM OCTOBER 13, 2015 THROUGH NOVEMBER 12, 2015.

▪Monroe-Water Conference that was attended by myself and Doug Hall. We also purchased new name plates so that they could be uniform, we are waiting on John Black and Paul Cozzens' plates. Other than those, the remainder of the invoices paid were standard. (8:40)

Motion to approve the adjustments and payment of bills by Board Member Watson Second by Board Member Coronado 6:37 PM (8:57)

REVIEW 2015 FINANCIAL: ▪Monroe: We are 91% through the year, and everything looks to be under budget except for the fuel expense line. That is not over budget at this point but is getting close. Water system supplies is also getting close to reaching 98%. Those are the two that jump out. On the fuel expense line, it only includes the fuel, vehicle maintenance, tires, ect. For the water operations. Brent had asked that we include the office expense and supplies general ledger, so that you could review the expenses there. We did "somewhat" of a makeover to our office this year. 6:36 PM (13:12)

REVIEW 2016 BUDGET (13:22) Begin ▪Monroe- We have elected to not do the 3% increase in water rates this coming year. Everything else has stayed the same until you go to the capital side of the budget. On the Capital side of the budget, under District purchases there has been an additional \$10,000.00 budgeted for the water utility system for 10 years. An audit was conducted after our intern Kelli Bowles and Mandi started to notice some errors in some accounts that we have where we weren't receiving any payments, thus spurring the audit. (14:48) 6:37 PM So John and Tracy went out and physically audited every meter. A lot of the meters were about 10 years old, which is usually the life expectancy of a meter. So the money has been budgeted there to start replacing those aged meters as we go. (15:01) John has identified the meters that will need to be replaced. ▪Hunter-What is the cost to replace a meter? ▪Mandi-the meters are ordered in a set of eight and it costs about \$2204.68. ▪Monroe-So roughly \$276.00 to \$300.00 apiece. ▪Doug Hall-Paul, have we looked at getting a more sophisticated meter type installed (16:15) There are some really good features with some of the meters that are offered now, with leak protection etc. ▪Monroe-I think some of the features that you are mentioning require a centralized location to send the information, with the area that our system covers it becomes very



cost prohibitive. However, there are options that we could check into that will be able to communicate with Smart Utility Systems so that we are still able to log that daily data.

The budget was prepared based on our recent delivery of 684 acre feet of water, of this amount 313 acre feet were attributed to the mine that is no longer in service. Currently the District has delivered 375 acre feet as of last month. The budget was projected that we would have 30 new connections in 2016. As of November 2015 the District has installed 43 new connections, so we are keeping conservative projections with growth. In the past year we have grown 5.8% throughout the District and in the last three years about 4.9%. (19:20-6:43 Paul Cozzens arrived at the meeting) Or about 34 connections a year.

The Capital Expenditures are about \$510,000.00 that includes test wells in Pine Valley as well as provisional wells within the District. We also anticipate generating surplus of about \$20,000.00-\$60,000.00 to put away in capitals revenue.(19:40) That includes our Capital projects and PTIF Fund and Emergency Reserve. We will not raise taxes this next year. (19:57) The Water Repair Contingency budget will include \$80,000.00 to cover any unanticipated expenses. 6:43 PM (20:20) O&M expenses are minimal vague report 6:46 PM (22:50)

Paul took a moment to publically thank our current intern Kelli Bowles for all her hard work and everything she's done for the water district. She will be missed. The latest project that she has done for the district, I hope to kick off in early December before she leaves. The latest meter audit was done because of the information she has found. She has scanned in all our agreement and water rights information and it will be put into the mapping system so that we can utilize it at the office as well as in the field. This is going to be an amazing way to streamline the confusing process we have right now and again we appreciate her hard work. (23:20)

▪John Black-(23:26) 6:47 PM back on the operations and maintenance line on page #2 and #3 of the 2016 budget. If we budgeted \$1,049,000.00 and our projections is \$686,000.00, why did we increase 10% on the budgeted amount. ▪Monroe-we have always tried to be very conservative in our budgets but with litigation and additional projects lining up for this year we increased the budget by 10%. John Black had further questions on the budget overview and it was decided that they would get together for further clarification and discussion. (36:00)

Justin Wayment left for a meeting at 7:00 PM

PUBLIC HEARING FOR 2016 BUDGET: ▪Board Member Bonzo motioned to open the 2016 Budget Hearing Second by Watson unanimous at 7:00 pm (36:50)

At 7:04 ▪Monroe-During this porting of the meeting if everyone will refer to the spreadsheet page #3 that is included in the budget packet. This shows the actual change from the 2015 to the 2016 budget. The amounts of the changes are in the right hand column. ▪Doug Hall-Why is there a decrease in the employee benefits line? What is driving that decrease? Monroe-Yes, last year we changed the GL lines, to have them defined according to State code. Because of the employee rates in 2014, the 2015 budget was higher than needed. We did have a minor decrease in Workers Comp. (40:23) ▪Doug Hall-What is driving the increase to the water sampling cost? Monroe-That increase will happen every three years when there are those specific water samples that are required by the state on every source. These include testing for radionuclides, metals and coppers, and pesticides, just to name a few. These are all the expensive tests but you will see the decrease in next year's budget. (41:27) ▪ 7:05 ▪Doug Hall-How we are doing as far as getting our



tax payments from the county. ■Monroe-To say there are up to date is difficult. We really don't get paid until December or January. It usually doesn't come in until the first of the year and then it comes all at once. They do pay it as it is dispersed to them. (42:06) ■Watson-You have State grants for \$240,000.00. What grants are we looking at? (46:12) 7:10 ■Monroe-Those are anticipated matching grants from the state for the West Desert test wells. We received a grant of \$50,000.00 and a no interest loan for \$50,000.00 for aquifer balance projects that we didn't get to utilize this year. We didn't begin construction, so we never received any money. That money is still earmarked for us, and is included in this number. We are probably going to go back and see if we can increase that amount. We will also be looking at different agencies for grants to help with the West Desert. We will ultimately spend the \$300,000.00 with our own development and we hope to have the matching grant 7:11 PM. (48:12)

■Watson-asked for a definition on fee in lieu of taxes is. ■Hunter-That is what the Federal Government pays the County in lieu of what isn't able to be taxed on property. ■Watson-just for clarification. Our 2015 actual column, does that reflect the whole year or just year to date?

■Monroe-That is the actual amount year to date. (51:11)

7:15 PM (51:15) ■Cozzens-voiced concerns with the amount of wage increase for Paul Monroe ■Hunter-voiced that he made the proposal for Paul's wage and he thought he was worth more than that. ■Cozzens-voiced the concern of government wages, is not just the salary the benefits. (53:44). ■Rick Holman stated 35% of the salary wage is benefits on average for Cedar City. Holman was concerned with the portion of taxes that come from Cedar City and that the staff from Cedar City hasn't received an increase anywhere close to this. 7:21 PM (55:44)

■Watson- Felt that an increase was needed. He commented on a job well done by Paul and wondered if there was a way that we could make up the difference in performance similar to the private sector. I do think an increase is needed, I just don't know if we can justify a 20% increase for what we are doing. I would love to see how we can get you there.

■Cozzens-said that to some degree Paul has already accomplished these goals by saving the District money and the difference is night and day since he has taken over, but like Rick H. said, it's a challenge to go back to the City and not give raises when we are looking at an increase like this. (57:48)

■Bonzo at 7:22PM (58:00) said after working closely with Paul and working closely with the last director, it is like day and night. We are in big times with everything going on with this District. I don't have a problem giving this amount for Paul, he earns every bit of it. You have managers up north that are making over \$250,000.00 a year, and I think that Paul deserves ever bit of the money here. I think we need to take care of these employees that we have. We have 4 full time employees and they take care of all of it, and we need to take care of them. 7:23 pm (59:50) ■Hunter-these comments will be taken into consideration things will be talked over.

■Doug Hall-on our loans that are outstanding, is there any that we've found that can be paid off? ■Monroe-looking forward, the board has encouraged keeping that money in the bank right now with the need for new wells in this next year, we would like to be prepared for that.

■Watson-Is there anything that will be paid off as far as our debt service? ■Monroe-The nearest payoff date we have on anything won't be until 2020.

■Hunter any further questions or comments in relation to the 2016 budget? 7:27 pm (1:03:15)

Board Member Watson motioned to adjourn public hearing; Second by Board Member Bonzo Motion Unanimous at 7:27 pm



WATER CONSERVATION: – CONSIDER APPROVAL OF SMART UTILITY SYSTEMS, SMART IQ SOFTWARE:

Postponed until Justin Wayment returns (1:04:22)

7:46 PM ■Monroe-(1:22:38) I'm going to take a minute to read the email from Josh with Smart Utility Systems, Justin responded to this email and let me know that he felt comfortable with the changes that were made. He felt that they addressed the concerns that the board had.

7:48 (1:25:01) ■Coronado-Can you take a moment Paul and briefly bring everyone up to speed, on what this software does. ■Doug Hall addressed the board on the specifics of the software at 7:50 PM. This software is something that is going to truly get us up to speed with where we should be as far as conservation.

Justin Wayment returned at 7:49PM

Board Member Coronado motioned to approve the agreement to purchase SUS; Second by Board Member Black

Motion Unanimous at 7:50 PM (1:28:28)

AQUIFER BALANCE & WATER DEVELOPMENT PROJECTS:

(7:28) ■Crane-We have moved forward and gotten in touch with some well drillers. We have talked to some people about geophysical logging of a couple of the wells. We are looking at doing two wells a year. Right now we are looking at the smaller wells that are adjacent to our existing wells. (7:30) This would keep our capital expenditures down. There is optimism building for the Iron Mine to come back online late spring/early summer. There is also another potential business looking for water along the CML pipeline. We will keep our fingers crossed for the success of these. However, we will need additional sources of water to supply these along and our current demand. We need to seriously consider developing additional wells. (7:31)

WAH WAH AND PINE VALLEY: UPDATE AND CLOSED SESSION FOR LITIGATION

■Monroe-We are continuing our efforts with those involved with the test pumping in the area. We should be ready to approach the public in the next few months. We have from October to April to drill, due to the protection areas there. Discussion on the test wells continued through 7:33 PM

AQUIFER RECHARGE:

■Monroe-Yesterday we received our approval for our water right to recharge 20,000 acre feet of water. The specifics of this approval is that none of the water is approved can be used for anything other than recharge.

■Hunter-explained the history of the water in the Coal Creek area, and the Coal Creek Irrigation Company. (1:12:30) From 7:35 PM thru 7:37 PM

SUBSIDENCE MONITORING:



▪Monroe-We are working with Doug Grimshaw to get a cost estimate and plan for routine measurements of the benchmarks which have been placed throughout the graben area. We are also looking for new areas. Next year we will have Doug Grimshaw start shooting those points. 7:39 PM (1:16:20) ▪Board Chairman Hunter took a few moments to explain to the public why the District has decided to do our monitoring.

GENERAL MANAGER'S REPORT: 7:42 PM Monroe-I don't have anything to add to what has already been covered tonight as far as Public Affairs. Our next meeting date will be December 17, 2015. We will hold our annual Christmas Party at the SpringHill Suites on the south end of town at 4:30 pm to follow will be our Board Meeting at our normal meeting location at 6:30pm.

Board Members Report: ▪Bonzo reported on the UASD 7:45 PM. I spent four hours in board member training. We spend a lot of time with members of the big four. (Central Utah, Weber, Jordan, and Washington County, water districts.) ▪Monroe-Mandi did include one of the new up to date books in each of your binders.

Returned to Agenda Item to consider approval of the Smart Utility System Agreement.

▪Paul Cozzens asked that there be another column added to the spreadsheet that Paul has put together on the breakdown of wages for the other water districts that states the total budget of those districts and years of service by those managers.

Motion to adjourn closed session to regular session made by Board Member Black, Second by Board Member Bonzo at 8:52 PM

Roll Call Unanimous at 7:54 PM (1:30:00)

Roll call is as follows:

Tim Watson-Aye

Paul Cozzens-Aye

Michael Coronado-Aye

John Black-Aye

Rick Bonzo-Aye

Brent Hunter-Aye

Motion to adjourn regular session made by Board Member Black, Second by Board Member Bonzo at 8:53 PM