

Central Iron County Water Conservancy District  
Board Meeting Minutes  
March 17, 2016



**Board Members**

Brent Hunter – Chairman  
Rick Bonzo – Vice Chair  
Paul Cozzens – Secretary  
Tim Watson  
John Black  
Spencer Jones  
Michael Coronado

**District Staff**

Paul Monroe – General Manager  
Mandi Williams – Office Manager  
John Juergens - Operator  
Tracy Feltner – Operator  
Justin Wayment – Legal Counsel  
Kelly Crane – District Engineer  
Curtis Nelson -District Engineer

**CALL TO ORDER:** Board Chairman called the meeting to order at 6:30 PM. Board Member Black led the pledge. Curtis Neilson opened the meeting with prayer

**DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS:** No abstentions

**CONSIDER APPROVAL OF MINUTES FROM THE PUBLIC HEARING AND BOARD MEETING HELD FEBRUARY 18, 2016:**

Board Member Jones motioned to approve the minutes from Feb. 18<sup>th</sup>, 2016; Second by Board Member Bonzo. Motion unanimous at 6:31 PM

**CONSIDER APPROVAL OF ADJUSTMENTS AND PAYMENT OF BILLS FROM FEBRUARY 12, 2016 THROUGH MARCH 9, 2016.**

*Board Member Coronado arrived at 6:33.* ▪Monroe- Pointed out the invoice paid to Cedar Valley Pumps for the boosters installed at Eagle Valley. (3:15) Large water sampling expenses were discussed as those required every three years. An additional expense for a ladder installed at the Three Peaks tank and two solar panels as discussed in the previous month. There was also a large payment to the Post Office that will cover the billing postage for the remainder of the year. (6:30)

*Board Member Watson arrived at 6:35,* Board Member Black motioned to approve; Second by Board Member Bonzo 6:36 pm (6:45)

**Review 2016 financials:**

▪Monroe-The first item discussed was the transfer of \$1 Million from our checking account at State Bank to our PTIF account. (7:30) The well and pump maintenance was at 37% at this point this year. This is higher because of the new booster pumps. (8:15)

In 2015 we budgeted \$50,000 for the Coal Creek Recharge project and we didn't use it. Likewise, in 2014 we budgeted \$30,000.00 but didn't use it. Over the past three years we have put \$1.5M in the bank. Keep that in your mind as we think about ways to finance our Aquifer Recharge Project. (10:30) We might consider using some money we have socked away in the PTIF account that was originally budgeted for Coal Creek Recharge. *Board Member Cozzens arrived at 6:40*

Next I'd like to cover the West Desert Project (WDP). You'll notice that in 2016 it is showing that nothing is budgeted but we've already spent \$15,000. Then on the 2015 budget there is zero budgeted, but nearly \$70,000 spent. (11:30) Traditionally have been funding the

WDP through the operational side of the budget (lawyers' fees and consulting fees). When we met with our auditors in 2015 they informed us that we should be capitalizing those expenses.

(12:00) We have noticed that as we put money in this capital account it was not showing up on our reports. There had been an "end" date added in our Pelorus accounting system that was not allowing the true cost to show up. We have since spoke with the accountants at Pelorus and our auditors to provide the most accurate way to present these costs. They both agreed that we need to be capitalizing everything that is going towards that project.

(12:50) As Mandi and I thought about it some more there are two different parts to the West Desert. One is acquiring the water rights and the other will be the actual project. We called back and talked with the auditors and Pelorus they agreed that those should be separate. The costs of acquiring the water rights need to be separate because water rights will not depreciate. However, everything else that goes into that project other than the water rights will depreciate.

(13:20) Our Auditors suggested having the Board verify and decide how they would like it reported. (14:15) ▪Jones-I think those definitely need to be separate. ▪Black-Just for clarification. Prior expenses we spent out of operation. (15:05) ▪Monroe-Yes until 2015. In 2013 we originally named the project West Desert 2013 because of the test pumps we were conducting out there. Before that everything was going through the operational side. ▪Watson-Why didn't the auditors pick up on this quicker? (15:50) ▪Williams-One thing I think may have taken place is that attorney fees and consulting are general costs that are normally associated with operational budgets. I just don't know that they were aware of the full intentions of this project. (16:25)

▪Hunter-So are they looking for approval from the Board? ▪Monroe-They just recommended that we discuss this with the board and make sure that we receive direction from the board before we change anything. We will have to go back and do some journal entries to adjust them from the operational to capital. ▪Hunter-What will this do to our accounts? Are we going to have more or less money than we thought? ▪Monroe-No, there won't be changes to the ending amounts at all. The changes will just be moving expenses from the operational side to the capital side of the budget.

(17:40) ▪Black-so the money that you talked about a few minutes ago, that was transferred to the PTIF account. Is that going to have to be moved back to account for any of this? ▪Monroe-Some of it will if we are wanting to finance some of the Coal Creek Recharge Project. ▪Black-okay but on the West Desert corrections for past years, they are just going to journal entry it. ▪Monroe-Yes. ▪Hunter-I believe that the consensus of the board is that the corrections are made per the recommendations of both the auditors and the accountants at Pelorus. (19:18)

## **2016 LEGISLATIVE UPDATE - REPRESENTATIVE WESTWOOD AND SENATOR VICKERS:**

(20:54) ▪Vickers-began at 6:47pm discussing SB 80, he informed the board on this bill. SB 80 takes 1/16 of a cent from sales tax that was ear marked for transportation and moves it into the Water Infrastructure Fund (WIF) (22:50) (WIF) is to be used as a type of savings account to maintain the infrastructure that is being put in place. The intention of these funds are to act as a revolving loan fund. It will take a while to build up a significant balance. (25:00) \$70-\$80 million dollars will be going into the WIF each year. (26:27) Vickers expressed his support in the board's decision to get out of the Lake Powell pipeline. 6:53pm

▪Rick Bonzo expressed his concern for this money to be given to the bigger entities and the little guys like us are not going to have access to it. (28:30) 6:55 PM ▪Vickers-said that the chances of our West Desert Project becoming a State project are not good. (29:50) ▪Monroe and Hunter both remain optimistic that in the future legislation could change who could have access to the funding. (30:40)

6:57 (31:00) ▪Rep. Westwood talked about the water reporting that the state requires. ▪Vickers referred to SB 23, it protects the shareholder by addressing the fact that there are a lot more water rights issued then there is water. (34:15) Vickers- spoke about the budget. How it is down because 1. Decrease in royalties of natural resources. 2. There is a lot of loss in internet sales. Income taxes are up but sales taxes are down over \$80 million dollars. (36:51) 7:05

▪Vickers- the prairie dog program received more funding, \$350,000. That will probably carry us another year and a half. (39:58) ▪Westwood-It is hard to seek the funding that we've received for SUU projects. (40:00) 7:07. ▪Monroe-What is the total \$ amount for the business building? ▪Vickers-\$8 Million dollars, there was also some private funding and of course Dixie Leavitt brought in funds. 7:08 These buildings were income tax fundable. (42:15) ▪Westwood-I'm always happy when we don't have to bond on these things. (43:40) Concluded at 7:10 PM (44:10) ▪Vickers-discusses the way the legislature works until 7:15 PM (49:00)

*Rep. John Westwood and Senator Evan Vickers left the meeting at 7:16PM*

### **CONSIDER APPROVAL OF RESOLUTION 2016-3-17- PURCHASE OF WATER RIGHTS:**

▪Monroe-Read through the Resolution so that everyone was fully aware of the wording in the resolution. (51:30). This water was discussed last month. Seller is Preston Hughes - water right number 73-3685 26.829 AF, Priority 1930 @\$3,000/AF for a total \$80,484. The water right was checked out by Kelly and there is a letter from Kerry Carpenter when he was the Regional Engineer describing how the water right is under the decree and is a solid right. (54:40) Board Member Bonzo motioned to approve the resolution #2016-3-17 Second by Board Member Coronado at 7:20 PM (55:40)

Roll Call: Unanimous  
Tim Watson-Aye  
Paul Cozzens-Aye  
Michael Coronado-Aye  
Spencer Jones-Aye  
Rick Bonzo-Aye  
John Black-Aye  
Brent Hunter-Aye

**AQUIFER RECHARGE:** Monroe- I felt the Aquifer Recharge Key Stakeholder Workshop was a success. There were over 50 people in attendance ranging from NRCS, BLM, Water Rights to the irrigation companies. Crane-I spoke with Eric Millis, Division Director of Water Resources, who expressed to me the available funding opportunities for recharge from their office and how they are excited about partnering on this project for up to \$80,000.00 to go towards design. We need to get him a report. (1:01:10) We put together a request letter under Brent's name.

▪Monroe-This letter will state what our efforts are and requests a 50-50 split. (01:01:52)  
▪Jones-what are you thinking timeline are we looking at for the work? (01:02:28) ▪Cozzens-7:28 PM-I know the importance of the work being done up in the canyon but would it be safe to say that the work in Quichipa is the lower hanging fruit that we could start on sooner. (01:02:50)  
Discussion on placement of area to start work lasted for several minutes. (01:08:18) ▪Bonzo-7:34 talked about the Grimshaw properties in Enoch. ▪Hunter-everything is already in place in that area. We just need to be sure and have the correct permissions from the irrigation companies in that area.

▪Monroe-In December Coal Creek was running at 15 cfs from Dec. thru Feb. (01:22:50). The median is 20 cfs with highs up to 30. (01:23:06) There is quite a bit of flow to where Enoch could take some and Cedar could also benefit. The rest of the water could likely be absorbed right here in the gravel pits. (01:24:10) 7:50pm (01:27:20) ▪Jones-Let's just get started. The board asked Kelly to move forward with funding from water resources. 7:57 PM. (01:29:30)

▪Monroe-The Grimshaw's are putting in a pivot. I am wondering if it would be beneficial for us to purchase the pipe and get that line installed before he levels out that field. (01:32:00)

▪Hunter- Give us a month to come up with more concrete and feasible things. Monroe believes that Quichipa and Enoch will be operating by the Fall. The board would like Paul Monroe to go forward with discussions with property owners. Cozzens-asks that Paul starts getting a draft MOU together for the District to approve. Discussion concludes at 8:09PM (01:42:05)

### **AQUIFER BALANCE & WATER DEVELOPMENT PROJECTS: DISTRICT #1, AND/OR DERBY #2:**

8:09 (01:43:50) ▪Crane-if you'll refer to the map you just received, we've done research on the wells closes in proximity to the existing wells. At Derby #2 during our discussion last month Brent mentioned that a few years ago we had some really good flow around 250 FT. The information we found concurs with what Brent expressed. There really isn't any reason to drill lower than 250 ft for the 8" wells. 8:12(1:45:36). The #1 well is 672 ft currently. ▪Jones-What are your thoughts Kelly at that depth? 8:13PM. Feltner-The static level at District #1 is 90 ft. and at Derby #2 is at 68 ft. with a draw of about 25 ft. (01:49:05) 8:15PM

(01:50:18) 8:16 ▪Monroe-As Tracy mentioned at our last meeting, the cost of pumping around District #1 is much less because we are only pumping to ground level and not to a tank. If you install at Derby #2 you have to pump it all the way up to the three peaks tank. So from a power standpoint, and the central location of District #1 the staff would recommend District #1.

(01:51:50) 8:18 PM ▪Feltner-We are trying hard to move away from pumping so much thru these bigger booster stations because of the power cost. We're going to really be able to change that with what we did with Eagle Valley this winter. Instead of flowing 50 gallons a minute, the boosters will flow at exactly what the well produces (170 gallons a minute). They'll stay on and keep up with each other. It will take a large demand away from those other two wells. One question I have on District #1 and drilling the well in that area is almost completely overrun with prairie dogs. It's private property, will that cause us any issues? How is that going to affect moving forward with drilling that well?

▪Jones-You may still need a permit to remove them. The Division will come out and trap them. They have a certain amount of time to trap them and then you can shoot them. We could have some issues with funding if it is federal money. ▪ Kelly addressed that it was not federal money but State and we would double check funding requirements (01:55:15) 8:21.

Board Member Bonzo motions to approve drilling a new well at the District #1 location. Second by Board Member Cozzens at 8:22 PM (1:56:45)

**SUBSIDENCE MONITORING:** ▪Monroe-I have notified Doug on the approval to move forward on surveying the set monuments. He'll let us know when he gets going. (01:57:10)

**WAH WAH AND PINE VALLEY:** Monroe-We had a great meeting with the State BLM office. We learned about some issues that we may have to deal with. The hydrologists are looking at Snake Valley project of SNWA and may make us do similar conditions. (01:58:10) Most of the next steps on this project will be directly associated with the BLM Cedar City Field Office but the BLM State Office is ok with periodic updates.

**WATER CONSERVATION:** – Monroe-We are full swing into the 4th Grade Water Fair which will be next Monday and Tuesday March 21, 22 from 9am-4pm. Swing on by and you might get lucky enough to go home with some toilet tablets to check for a leaky toilet. (02:03:00)

**BOARD MEMBERS REPORT:** None

1. **Next meeting date: April 21, 2016**

**Board Member Bonzo Motion to move from regular session to executive session**

**Second by Board Member Black**

Roll Call: **Unanimous at 8:30**

Tim Watson-Aye

Paul Cozzens-Aye

Michael Coronado-Aye

Spencer Jones-Aye

Rick Bonzo-Aye

John Black-Aye

Brent Hunter-Aye

**Board Member Cozzens motioned to adjourn executive session back to regular session**

**Second by Board Member Black at 8:39 PM**

**Board Member Black motioned to adjourn regular session board meeting Second by Board Member Bonzo at 8:39 Pm**