

Central Iron County Water Conservancy District
Board Meeting Minutes
June 15, 2017



Board Members

Brent Hunter – Chairman
Paul Cozzens
Spencer Jones
Tim Watson
Tyler Allred
Tom Stratton

District Staff

Paul Monroe – General Manager
John Juergens - Operator
Tracy Feltner – Operator
Shelby Ericksen– Public Outreach
Curtis Nielson– District Engineer
Justin Wayment-District Legal Counsel

Others In Attendance:

Doug Hall
Cory Dow
Roice Nelson
Gary Player

CALL TO ORDER: Board Chairman Hunter called the meeting to order. 6:35 PM
Doug Hall led the pledge, Tim Watson offered the invocation. **(11:56)**

DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS: ▪ Monroe-Excused Board Member Melling who has not been feeling well. Tyler Allred, Paul Cozzens, and Spencer Jones will be late. ▪No Abstentions **(13:30)**

CONSIDER APPROVAL OF MINUTES FROM THE BOARD MEETINGS HELD APRIL 27, 2017 AND MAY 10, 2017: ▪ Tim Watson moved to approve the minutes from the meetings held May 18, 2017. Second by Stratton
Motion Unanimous 6:46 pm (20:14)

CONSIDER APPROVAL OF PAYMENT OF BILLS AND ADJUSTMENTS FROM MAY 13, 2017 THROUGH JUNE 7, 2017.

▪Monroe- On page four, is Landmark Testing. This was a sieve analysis on the first well Bob Holt drilled near Chekshani. Watson suggested that work in the future should be done locally. **(21:50)** Monroe called out the charge for the Phil Schmidt Pit. Iron County School District, Iron County, and Southern Utah University have all chipped in on that project. **(23:06)** On the transaction register, you will see credits to Cedar Highlands. The meters have been reading incorrectly again, so we credited those accounts what they were overcharged.

Board Member Watson moved to approve the payment of bills and the register from May 13, 2017-June 7, 2017. Second by Jones.

Motion Unanimous at 6:51pm (25:25)

REVIEW 2017 FINANCIALS-▪Monroe- We are 50% through the year. We will look to amend the budget next month and will be holding a public hearing to do so.

We thought that the District #2 well would be finished last year, but it was not, this will be discussed in more detail when more board members are here. (15:18) Grimshaw suggested the District not pay for the section of the District #2 well that was concreted off. Monroe discussed the initial contract amount with Grimshaw drilling.

We had a couple of fraudulent charges on the credit card. Those are listed on the Visa statement that is included in the financials. We have submitted the paperwork to get those charges refunded. (18:30) 6:45 pm

Spencer Jones arrived at 6:45 PM.

GENERAL MANAGER'S REPORT: ▪Monroe-Per the Boards suggestion at last month's meeting we've included, under tab three, a breakdown of what the District has spent that could have been saved if we had a backhoe. (27:09) We will also be faced with the leaks on the CML Metals line that has been repaired 36 times since the line was put in, or about 5-7 repairs each year. According to the agreement made with CML Metals that line is now under our ownership. ▪Wayment- Said that Black Iron (formally CML Metals) has filed Chapter 11 bankruptcy. Notice was received on Monday June 5th, 2017 and the hearing was the next morning in Salt Lake City. I spoke with the attorney and they agreed to get back together. I also filed the objection just before it was due. (32:44) They put in a temporary order and we have 60 days to come up with an agreement. The small booster only has a demand charge of \$10 or so a month. If they fire up the large booster, the demand charges are significant. (34:05)

▪Watson- If we're losing pressure in the CML line, are there valves that can be shut off every so many feet? ▪Juergens- There are not. The work was done so fast that we were not able to inspect the whole thing. (35:20) ▪Jones-Asked if there is an agreement that is being breached.

▪Wayment- There is not. If we were to shut them off, there are big fines. ▪Crane-They pay for every drop that they use past the booster, so they are technically paying for any leaking. (37:45) 7:05 PM ▪Wayment- The line was installed within about two weeks. It may have even been in between Board Meetings. Gilbert Construction put it in so quickly. (40:00)

▪Watson-Has too much time has passed for a construction warranty and is the contract only with CML. ▪Wayment- Our contract was with CML. CML was going to build the line and transfer it to us.

▪Stratton- What size of line is that? ▪Juergens- It is a 12-inch line that pumps 600 gallons a minute. ▪Monroe- In 2015, a small pump was put in that pumps 83 gallons a minute. The small pump only has a demand charge of \$10 as opposed to the large pump that has a demand charge of about \$3000 a month. They only use it for maintenance.

▪Wayment- Going back to the Chapter 11 Bankruptcy issue. We have to take into consideration that they may start mining again and using the big pumps. Based on their history since they closed the mine, they will only be responsible for the \$450 a month. They need to pay us according to their demand, not their history. (44:15)

▪Monroe- They are allowing us that in the event that they pump more than 100 gallons a minute, we can adjust their charges. Now going back to the repairs and the possibility of getting a backhoe, I think it is very justified from looking at the charges. (46:30) We would get our money back after doing a couple of projects if we leased a backhoe. John talked to other entities and they suggested leasing. ▪Stratton- There are certain things that the warranty doesn't cover- make sure to get the warranty in the lease. I'd gladly talk with John and see to it that those things are covered. (48:20)

▪Watson- What the intent of getting a backhoe? Does it have to do with the water installation business? If so, I am opposed because we do not have the staff. If we need it for projects and maintenance, that's great. We shouldn't be in the installation business. (51:00)
▪Stratton- I was under the impression that the backhoe will be for projects and maintenance. (52:50) ▪Watson- Because of the staff we have, we can do it, but we cannot focus that much time into certain projects. ▪Hunter- Will a backhoe save time and effort? ▪Juergens- It will. We use a Kubota with a one-foot bucket right now. (55:00) ▪Juergens- This past winter, the power company ran over a meter barrel and broke a pipe. I spent a lot of time digging out that barrel with a shovel. ▪Monroe- It would also be beneficial for recharge projects. John dug a hole that took probably six hours. A backhoe would have got the job done in thirty minutes. (56:45)

▪Jones- Rocky Mountain Power gets bids of how much per hour for an operator, multiple pieces of equipment, mark ups for materials, response time, etc. That way you are not at the mercy of who you can get in contact with. They can get the bid for the next 18 or 24 months and the costs are defined. (59:40) ▪Stratton-That is what was done at Brian Head. Brian Head copied St. George's policy on that. We send it out every year and they bid it. That way we have an established price when they need to be called out. (1:00:55)

▪Jones- The bidding was a very competitive process. It is guaranteed work for that company. ▪Stratton-I would suggest contacting Tom Heaton with Rocky Mountain Power to discuss their policy. (1:02:10) ▪Monroe- I think we still need a backhoe for the recharge projects and maintenance. There is a savings for the District. Kane County Water Conservancy District does all of the installs because it saves money and they know it is done right which makes maintenance easier. (1:04:50) ▪Watson- If we are getting into the installation business, we should get the right equipment. (1:07:13) ▪Monroe-I also agree that we should take a look at a contract that Rocky Mountain Power offers.

▪Jones-Those are called blanket contracts and I think they are a good idea. ▪Monroe-I will have a proposal for that at the next meeting. (1:11:15) ▪Monroe- The office printer and scanner are going out and we would like to look at leasing one. ▪Jones- My company leases one. Make sure to have a solid maintenance agreement because that can get costly. I also suggest leasing over buying because the machines depreciate. (1:13:50)

Tyler Allred arrived at 7:33 PM

Stratton made the motion to approve a lease for a new backhoe. He'd like to look at the end result of those leases and go from there. Second by Board Member Watson. Motion Unanimous at 7:34 PM. (1:09:00)

PUBLIC COMMENT: ▪None (1:14:10)

REVIEW, DISCUSS, AND CONSIDER THE APPROVAL OF THE TAX RATE SET BY THE IRON COUNTY AUDITOR:

▪Monroe-I want to take a minute to explain that the new growth is from the solar projects. We are on a calendar year, so we already know what we will be getting by the time we need to make our budget. (1:15:35) The only reason we may want to raise taxes is if we want more for the West Desert Project. The proposed tax rate is .00576.

Board Member Watson motioned to approve the tax rate set up by the Iron County Auditor.

Second by Board Member Jones.

Motion was Unanimous 7:42 PM (1:16:40)

AQUIFER RECHARGE: UPDATE AND DISCUSSION:

▪Monroe-The Recharge project is at a standstill. The company building the weir is going bankrupt, but they said they would go through with their current projects. They have sent pictures. The gate is put together, it just needs hinges. They are waiting on the gears and it should ship towards the end of the month. (1:18:30) The contract is under Clint from Rocky Mountain Valves who subbed it out to Mechanical Associates from California.

▪Watson-Can we give them a deadline for when it must be shipped or we will go somewhere else? ▪Crane-We are worried about monsoons that are about six weeks out.

▪Wayment-What is the lead time of getting someone else to do it? (1:20:40) Before we give them a deadline, let's get alternatives. ▪Nielson-Clint has put pressure on Rocky Mountain Valves and Mechanical Associates. We finally got pictures after we asked for proof that something is done. (1:22:05) ▪Monroe- They want to make sure everything is perfect before they ship it. (1:23:15) ▪Watson- How long will it take to install once it arrives? (1:24:25) ▪Monroe-I had a meeting with the Department of Environmental Quality. There is a lot that needs to be done in order to reuse water from the treatment plant. *Discussion on the treatment plant water continues for several minutes.* (1:31:15) ▪Monroe-I looked at some locations with Spencer Jones and Paul Cozzens in the Enoch Graben for possible recharge sites. (1:33:15) ▪Hall-I suggested we continue talks with the DEQ and that the WCD could work with the City on this. ▪Player-I have met with The DEQ on multiple landfills in Utah and Nevada and we need to be ready to say "yes" to everything. (1:35:40) *Discussion continues for several minutes.* (1:38:00) 8:04 PM

AQUIFER BALANCE & WATER DEVELOPMENT PROJECTS: DISTRICT WELL

#2: ▪Nielson-Grimshaw has done the test pumping. They started on Memorial Day weekend and found they could get 700 gallons a minute. The 24 hour test pump was started on May 27th and has proven to be a good well with great water. (1:40:00) The State will only approve about 500 gallons a minute as the safe yield. Nielson handed out a paper that showed what has been paid so far and the breakdown of the remaining costs. We lost 100 feet of our 500 foot well, so we reduced it 20%. We went through the line items and reduced the items we thought by either 20% or 100 feet. (1:41:45) We will save around \$13,000-\$14,000 on well development. We've got quotes coming in for a 6 inch and 8 inch pump. If we come in around \$110,000, I feel pretty good about it. (1:43:25) ▪Monroe-Aaron Alton said during the test pump that he thinks we shouldn't be charged for the last 100 feet. I had Curtis put the figures together and I wanted to bring it before the Board. ▪Jones-We talked about bonding with Aaron and other things at the last meeting. Let's talk to Aaron and bring it back at the next meeting. ▪Wayment-I've Checked on the bonding and it will not work. (1:47:15) 8:13 PM

SUBSIDENCE MONITORING: ▪Monroe- None

WAH WAH AND PINE VALLEY: ▪Monroe-I've submitted the SF 219 that will be talked more about in closed session. Everything has been submitted to the BLM. (1:48:50) 8:15 PM

WATER CONSERVATION: ▪Monroe-Shelby has started water checks and the Water Festival is the last weekend of July. (1:49:35)

GROUNDWATER MANAGEMENT PLAN AND LOCAL WATER RIGHTS CHANGES:

▪Monroe-The next Groundwater Management Plan Meeting is on July 13th and the State Engineer is planning on being there. (1:50:40) There was another water right protest that I included in the board letter. We will be submitting the protest that is due on the 28th of this month. The Board agreed to move forward on the protest.

BOARD MEMBERS REPORT: ▪Watson-I would like to see if we can put in a procedure for the water line installations. I want something that says we can inspect and stop the project and control it that way. ▪Wayment-We need an engineering standard for inspections. (1:54:00) Cedar City has engineering standards that we could look at to make our own. ▪Jones-The contractor either hires an inspection for a third party or we hire an inspection and they reimburse us. (1:55:00) ▪Stratton-In the award letter, we can say that payment will not be made until inspections are done and if it isn't done right, they will need to dig it up. The District can do the inspections or the contractor can hire a third party and cover the costs. (1:56:50) *Discussion continues for several minutes.* (2:00:00) ▪Stratton-The District needs a contract that says how long it will take for them to inspect the line. ▪Monroe-Kane County hired retired gentleman to inspect their lines. I think we should do that. ▪Watson-I would like to see that at least two people are responsible for making the decisions on purchases and such. Maybe the General Manager and the Board Chairman can be the two responsible. One person should not be able to make those decisions alone. (2:03:20) ▪Allred-Asked about the wells being drilled in Chekshani. ▪Monroe-So far they're having no luck finding good water. ▪Allred-My concern is how a well will affect the District's current well. (2:08:30) ▪Watson-Are we planning to put a storage tank between the West Desert and the closest connection in Enoch? ▪Monroe-The preferred route is to go along the railroad. Frank Nichols has a lot of sites that he has been very generous with. ▪Crane-An option is a 10-million-gallon tank made of concrete or injection wells. (2:12:30)

Next meeting date: July 20, 2017

ENGINEERING REPORT: ▪ None (2:12:50)

Board Member Watson motioned to close the regular meeting. Second by Board Member Stratton.

Motion unanimous at 8:39 PM (2:13:15)

Roll Call as follows:

Jones-Aye

Allred-Aye

Stratton-Aye

Hunter-Aye

Watson-Aye

Board Member Jones motioned to adjourn the closed session and resume regular session board meeting. Second by Board Member Stratton. Motion Unanimous at 9:02 PM

Board Member Jones motioned to adjourn the regular session board meeting. Second by Allred. Motion Unanimous at 9:02 PM.