

Central Iron County Water Conservancy District
Board Meeting Minutes
August 16, 2018



Board Members

Brent Hunter-Chairman
Joe Melling
Paul Cozzens
Tyler Allred
Spencer Jones

District Staff

Paul Monroe-General Manager
Mandi Williams-Office Manager
Jon Juergens-Operator
Tracy Feltner-Operator
Jessica Staheli-Public Outreach

Curtis Nelson-District Engineer
Justin Wayment-District Legal Counsel

Others in Attendance:

Cory Dowe-Corollo Engineering
Rick Roberts-Kimball & Roberts
Gabe Miller-Kimball & Roberts

CALL TO ORDER: •Board Chairman Hunter called the meeting to order at 6:32 PM. Joe Melling led the pledge, Curtis Nelson offered the invocation. **(1:13)**

DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS: None **(1:23)**

CONSIDER APPROVAL OF MINUTES FROM THE WORK MEETING AND BOARD MEETING HELD JULY 12, 2018:

•Board Member Cozzens moved to approve the minutes from the work meeting held July 12, 2018. Second by Board Member Allred. Motion unanimous 6:35 pm.

•Hunter-Said that there needs to be a correction on the minutes from Russel Lim to Limb.

•Board Member Melling moved to approve the minutes with the noted corrections from the board meeting held July 12, 2018. Second by Board Member Allred. Motion unanimous 6:35 pm.

PRESENTATION OF THE AUDIT ON THE FINANCIAL STATEMENTS FOR THE DISTRICT YEAR 2017 - KIMBALL & ROBERTS:

•Roberts-Started by going through the report from the Audit. He went over the details of the Independent Auditor's Report. He began by familiarizing the board, staff, and public about the report on the Financial Statements, the Management's Responsibilities, and the Auditor's Responsibilities. He then explained how the auditor's express their confirmed opinions.

Wayment arrived at 6:37pm (6:04)

▪Roberts-Went over the Management’s Discussion and Analysis. He went over the Financial Highlights which stated that the assets of the District exceeded its liabilities of the most recent year by \$25,962,230. Most of that is due to all the assets that the District owns. This is based on the historical cost value and depreciation. Of this amount, \$3,273,198 may be used in the budgeting process at the end of December. (8:53) The District’s total debt decreased by \$581,058. (9:10) He then went over the statement of Net Position. He said that the net position at the beginning of the year was almost \$24 million whereas at the end of the year was almost \$25 million. He then when over the statement of cash flows. The cash flow increased by \$80,000, which left the cash flow at the end of the year at \$4,074,999. He went over the capital assets. The total assets, net of depreciation, was \$31,358,879. The total long-term obligation debt was totaled to \$9,320,384. (13:37) Roberts then went over the expanded portion of the net position. He noted that if the State Retirement fund was not able to pay up, then the district would be liable for a large amount of money to its employees. (19:21)

▪Miller-Started by reporting on the notes to the financial statements. He went over the deposits and investments. The district has a \$3,000,000 available cash and investments. He discussed the money that the District has invested in the PTIF. He then discussed the capital assets and the changes in long-term debt. ▪*The board members and audit presenters discussed for a time the possibilities of paying off some of the bonds.* ▪Miller-Discussed the internal controls that are reported. He said that internal controls are observed by the auditors. The opinion of the auditors was that there were no deficiencies that could be considered material weakness. He stated that with the small staff the district has, the personnel should be commended. He said that they are very proactive in their work. ▪Monroe-Said some of the findings from last year were inefficient board member training, and the minutes need to be submitted within 3 days. Both have been fixed since then. (41:24) Miller-Said that in the opinion of the auditors, CICWCD complied, in all material respects, with the compliance requirements that could have a direct and material effect on the District at the end of 2017. There are no state compliance audit findings. (44:00)

▪**Board Member Cozzens moved to approve the Audit on the Financial Statements for the District Year 2017. Second by Board Member Melling. Motion unanimous 7:16 pm.**

Spencer Jones stepped out at 7:17pm

▪The Board discussed from 7:17 to 7:20pm in regard to the option of paying off different bonds that the District has borrowed.

Spencer Jones arrived again at 7:20pm (48:50)

▪Cozzens-Said he thought that it would make sense to pay some of the debts down. ▪Monroe-Said that the only other thing to consider is that the district might need to have some cash on hand. *The board discussed different options until 7:30pm. (58:23)*

CONSIDER APPROVAL OF PAYMENT OF BILLS AND ADJUSTMENTS JULY 6, 2018 THROUGH AUGUST 10, 2018:

▪Williams-Said there wasn’t much that was out of line. There was a payment to AE2s for the West Desert grants. There was a payment to Bulloch Dirt Works for a pipe that was leaking. There was a payment for the two new trucks, the safety lights, and the vinal stickers. There was a

payment to CMSI for the diversion structure and channel out at Quichipa. ▪Nelson-Said the county donated some rock for the structure. CMSI fixed the bank that was sloughing off. (1:00:44) Clint donated his time with his track-hoe to clean out the ditch that goes out to the north. ▪Williams-Said that the only other expense was the payment for the lease on the back-hoe. There was nothing substantial as far as credits and debits. There is still a lot of paperless billing feedback.

▪Board Member Jones moved to approve the payment of bills and the adjustments register from July 6, 2018 through August 10, 2018. Second by Board Member Melling. Motion Unanimous at 7:34pm (1:02:14)

REVIEW 2018 BUDGET: ▪Monroe-Said there were a few higher expenses for the office from the remodel. Currently this year there has been 66 connections, compared to 40 that the District had budgeted. Last year at this time there were 49 connections. The revenue is at \$321,000 which is at 26%. The total of the operating expense was 27% under 30% of what was budgeted. The District is conservative in the way money is handled. The operators do a good job at shopping around. He highlighted the state grants. The District received \$161,000 and had budgeted \$0. There is another \$50,000 from the Department of Agriculture that the District has not received as of yet. Recharge spending is about half of what was budgeted. There will be some more spending on the flow meters for Quichipa. The District will be about \$2000 over budget on the trucks for equipment. (1:10:21)

GENERAL MANAGER'S REPORT: ▪Monroe-Said they are getting good responses for the CIRPAC, now the Water Advisory Committee. He anticipates the first meeting to be held in September or October. Staheli is working on getting our next speakers lined out. The first presentation will be given by Monroe on the state of the District, Cedar Valley, and the aquifer. He is hoping to have the State Engineer present to the committee at the second meeting. (1:12:01) ▪Monroe-Said he went to his first meeting with the prep60 committee. The prep60 committee is in place to come up with a plan for the communities to prepare for the next 40 years in addition to water needs in the State. He is now also on the State Agriculture Optimization Committee. (1:13:11) ▪Juergans-Said they are waiting on replacement meters for Cedar Highlands. Everything seems to be going well. (1:15:42)

REVIEW PROPOSAL CONCERNING A 3% INCREASE TO THE CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT WATER RATES, WITH A MINIMUM OF 3% INCREASE TO THE SET BASE RATE FEES NOT TO EXCEED 3.5% TO ADDRESS COST OF INFLATION, INCREASED MATERIALS AND SERVICES COSTS. THE DISTRICT WILL ALSO DISCUSS RATE ADDITIONS TO ADDRESS BEST PRACTICES FOR WATER CONSERVATION AS DESCRIBED IN THE DISTRICT'S WATER RIGHT EXCHANGE POLICY: ▪Monroe-Said that on Page 2 of the Resolution, Williams added the Ownership of the Meter Barrels. Another addition is the increase of the base rate of 3% fee from 30 to 31. District staff also added 2 additional tiers, 5 &6. These changes were created to coincide with our conservation goals. These rates are signified by the different water right amounts that are brought in. The Cross Hollow Hills Subdivision will be under the different water right schedules that are listed under this resolution. If we were ever to

increase the rates again, all that would need to be increased would be the cost. ▪Monroe-Said that in the draft resolution, all changes are highlighted in yellow. All rates were increased by 3%. He again noted the addition of the water meter barrel. (1:23:44)

PUBLIC COMMENT: ▪None ()

PUBLIC HEARING TO HEAR COMMENTS CONCERNING A 3% INCREASE TO THE WATER RATES, WITH A MINIMUM OF 3% INCREASE TO THE SET BASE RATE FEES NOT TO EXCEED 3.5% TO ADDRESS COST OF INFLATION, INCREASED MATERIALS AND SERVICES COSTS AND ADDITIONAL RATES FOR WATER CONSERVATION TIERS AS BEST DESCRIBED IN THE DISTRICT'S WATER RIGHT EXCHANGE POLICY: ▪None. ▪Hunter-called the hearing to a close. (1:23:52)

CONSIDER THE APPROVAL OF RESOLUTION NO. 2014-1-16 REVISION 4 (A 3% INCREASE TO THE SET BASE RATE FEES NOT TO EXCEED 3.5% AND RATE ADDITIONS WATER CONSERVATION TIERS.): ▪Wayment-Said that they should amend the language in the resolution to say that the customer has no access to the meter barrel. It should say that the meter barrel is owned by the District, and the customer has no access to the barrel.

▪Board Member Allred moved to approve the RESOLUTION NO. 2014-1-16 Revision 4 subject to the addition of the language that the meter barrel is owned by the District, and not accessed by the customer. Second by Board Member Melling. Motion Unanimous at 6:58pm. (1:26:30)

CROSS HOLLOW HILLS SUBDIVISION: DISCUSSION AND CONSIDERATION OF THE APPROVAL FOR THE AGREEMENT TO ASSIMILATE THE CROSS HOLLOW SUBDIVISION: ▪Wayment-Said that the District will receive 106 acre-feet of water from the company, which will make up for the larger lots. We agreed to take the 60,000 by approximately 20 acre-feet of water pre-1934 priority date. Another addition was sending out Welcome Letters and Terms of Service to the new customers. This was added in order to prove and be able to document that these people are actually our customers. (1:29:50)

▪Board Member Melling moved to approve the agreement to assimilate the Cross Hollows Subdivision. Second by Board Member Cozzens. Motion Unanimous at 7:01pm.

▪Jones-Said that he is concerned about the water rights. ▪Wayment-Said that there is a risk with the water rights on this contract, but within about 5 years and the income the District should be able to buy enough water rights.

Cozzens walked out at 8:03pm (1:31:28)

CHEKSHANI CLIFFS: ▪Juergans-Said a new pump and motor was ordered and is on its way. As far as documentation shows, this was the original pump. They might have to replace a little bit of pipe. ▪The board discussed from 8:06 to 8:10pm in regard to Bob Holt drilling to find a well. (1:38:23)

CEDAR HIGHLANDS: ▪Curtis-Said that there was nothing more to discuss on the system. **(1:38:47)** ▪*The board discussed Cedar Highlands becoming a municipality. They discussed the possibility of the District not providing water for them, and the legality of turning the water over to the municipality of Cedar Highlands. They also discussed the financial aspects. They will further discuss the topic next month after Wayment completes further research. (1:51:16)*

WATER CONSERVATION: DISTRICT WATER RATES AND POLICY: UPDATE AND DISCUSSION: ▪None **(1:51:29)**

AQUIFER RECHARGE: UPDATE AND DISCUSSION: ▪None **(1:51:37)**

WAH WAH AND PINE VALLEY: UPDATE AND DISCUSSION: ▪Monroe-Said they will discuss this in closed session.

GROUNDWATER MANAGEMENT PLAN AND LOCAL WATER RIGHTS CHANGES:
▪Melling-Said they didn't have a meeting for the Groundwater Management Plan this past month. ▪Monroe-Said there are some local water right change applications that the Board will discuss in closed session. **(1:52:20)**

BOARD MEMBER REPORT: ▪None **(1:52:53)**

ENGINEERING REPORT: UPDATE AND DISCUSSION ▪None **(1:53:11)**

Next meeting date: September 20th, 2018

Cozzens arrived again at 8:25pm

Board Member Melling motioned to close the regular session and go into a closed session. Second by Board Member Allred. Motion unanimous at 8:26pm

Roll Call as follows:

Hunter-Aye

Melling-Aye

Jones-Aye

Allred-Aye

Cozzens-Aye

Board Member Cozzens motioned to adjourn the closed session and resume regular session board meeting. Second by Board Member Allred. Motion Unanimous at 7:56 PM

Board Member Cozzens motioned adjourn the regular meeting. Second by Board Member Allred. Motion unanimous at 7:56 PM

Meeting Adjourned at 7:56 PM