

Central Iron County Water Conservancy District
Board Meeting Minutes
October 15, 2020



Board Members

Brent Hunter-Chairman
Tom Stratton
Terri Hartley
David Harris

District Staff

Paul Monroe-General Manager
Mandi Williams-Office Manager
Tracy Feltner-Water Operator
Jessica Staheli-Public Outreach
Brianna Fliemann-Office Intern
Justin Wayment-District Legal Counsel
Kelly Crane-District Engineer

Others in Attendance

Nathan Hofeling-The Hope Group
Ryan Larsen

CALL TO ORDER: ▪Board Member Hunter called the meeting to order at 6:34 PM. Thomas Stratton lead the Pledge of Allegiance. Kelly Crane offered the invocation.

DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS: ▪None. (2:25)

CONSIDER APPROVAL OF MINUTES FROM THE BOARD MEETING HELD SEPTEMBER 17, 2020:

▪Board Member Harris moved to approve the minutes from the Board Meeting held September 17th, 2020. Second by Board Member Hartley. Motion unanimous 6:37 PM. (2:52)

▪Monroe recommended that we move to agenda item #10 to allow Nathan Hofeling with “The Hope Group” to explain their similar type of need as Henry’s place. Nathan wanted an opportunity to give an explanation of why they need an expanded water system. ▪Monroe-The advantages of adding this would be the ability to supply more connections, but also that we have two entities right in this area that are potentially going to drill their own wells. This area is an area of concern because of the withdraws here. Also, if we were able to add this well we would have the redundancy that we would need. ▪Crane-There could be some long-term advantage to having wells in that area when we bring in the West Desert water. We would be eliminating the need for some of the additional wells there. ▪Hofeling- Stated that they own 160 acres would like to possibly work with Henry’s place on drilling a well together. Or possibly working on our own well, we know that it is old, and we haven’t camera-ed the well or done any testing as of now. ▪Hartley-Voiced her concern about the agreement that Cedar City entered into. She wondered if Cedar City is going to be expected to expand that agreement. ▪Monroe-Answered that if we had this additional source, we would have the redundancy we need. So that need for emergency water would be less. The other option would be a to look to place a well up by Henry’s Place. ▪Stratton- Asked for some additional information before making any decisions or recommendations. If the well is unfit then we of course could not move forward. ▪Monroe-That is part of the recommendation I would like moving forward, if this well isn’t a workable well, is the Board okay with us looking at other options? ▪Hunter-My thoughts with keeping with the District’s vision, this idea is something we would really like to pursue. 6:53 PM ▪Hofeling-We

have just been remodeling this property, and the well is producing enough for our needs right now, until we have 25 residence in the facility. ■Wayment-how many acre feet of water did you buy? ■Hofeling-11-acre feet of culinary water and 6 irrigation rights (17 total ac/ft). He said that they will need to buy additional water rights for their needs at the center, partly due to the water use prior to their purchase. The previous owner used water rights for stock water. ■Wayment-If there is going to be a partnership, it will more than likely need to be in Hofeling's well because he probably won't be able to move those water rights, due to impairment and or beneficial use. ■Discussion on well logs and static levels last several minutes. **6:58 PM**

Nathan Hofeling left the meeting at 6:59 PM.

CONSIDER APPROVAL OF PAYMENT OF BILLS AND ADJUSTMENTS

SEPTEMBER 11, 2020 THROUGH OCTOBER 8, 2020: ■Williams-Went over the payment of bills. The water operators have cut their fuel costs over the last few months. We appreciate their efforts on that. **7:00 PM** The quarterly payment was made to Pelorus. Black Iron Mine has resumed operations which will increase our power costs in that area. There was an initial demand charge of over \$2,000 that Black Iron has agreed to pay. The yearly dues that are paid to UASD did increase. As of the invoice date for the payment made to Transcon, they reported that they were 67%.

Board Member Harris moved to approve the payment of bills and the adjustments register from September 11, 2020 through October 8, 2020. Second by Board Member Hartley. Motion Unanimous at 7:02 PM. (28:03)

■Williams-Went over the transaction register and noted the normal customer account clean up and paperless billing credits.

REVIEW 2020 FINANCIALS: ■Monroe-Starting with the current budget, the operations side of things. Let's look at the water revenue, the projection shows at \$783,000, by my estimations it will be closer to \$800,000. I will explain that in more detail later. **(29:50)** We are 83% through the year so there are a few lines that are over that projections. If you notice the fuel line, that overage is mostly due to the fuel cost for the projects taking place in Quichipa. Next, the utilities are at 91%, we need to take note that if the mine continues to operate as well as our recharge efforts, we will want to look at increasing that line. You'll notice that the Professional and Technical line shows an overage as well. This is due to the increase of engineering work for all the projects that we have been doing this year. Legal fees also increased. Water level monitoring was due to annual agreements with the State for monitoring.

■Monroe-Went over property taxes. They are sitting below projections right now, but those funds are normally received in December of every year. **(33:00)** Monroe discussed grant funds that we have received and have yet to receive. Interest rates have gone down, so our interest revenue reflects that drop.

■Monroe-By my projections for the 2020 year, we should end the year with a total income of \$1,065,000. On the Capital project side of the budget, the Cedar Highlands Project you have a total of \$485,000. Phase #3 project, we may pay out another \$20,000 by the end of the year, that is a high estimate. The West Desert is estimated using the last Transcon invoices, and we are

projecting to spend another \$100,000 by 2020 end. For all of the 2020 project lines we are looking at a total expenditure of \$1,080,000. We had budgeted for a bottom-line end of \$92,000 however, we potentially may lose \$100,000 by the end of this year. This is because of all that we have accomplished and done this year. These projections are still conservative and reflect a worst-case scenario. There is still the possibility that we will break even this year. To take a look at what that means I'd like to move onto the review for the 2021 budget. **(7:10 PM)** Ended moved onto budget proposal 7:11 **(37:20)**

REVIEW 2021 FINANCIALS: ▪Monroe-Began discussion of the 2021 tentative budget portion, there have been graphs and historical data included to show a clear picture of the District's finances over the last several years. As the 2021 budget was put together these projections were used. If you look at the projected water revenue lines, impact fees, and connection fee lines, we are still using conservative estimates, but do project the water revenue line to increase due to taking on the Sunset subdivision as well as the substantial increase in water connections in 2020. Water Lease revenue is increased by 3% each year. The Property Tax revenue is just based off the information we receive directly from Iron County. Also, note that the interest revenue has been decreased by \$25,000.

For Expenditures, Operations is increased \$42,000 and interest expense is decreased by \$21,000 on our bond principle, that has decreased because we were able to pay another bond off. On the Capital projects we have an increase of 27%. At the end of 2021 we have budgeted to clear approximately \$105,000. Ended and moved into the actual budgets at **7:21 PM (39:39)**

I have already gone over our tentative budget with our Executive Committee, Brent, Tom, and David. On the forecast revenue for 2020 you can see that as of September 30th it is at \$653,206 and if you look at what we are going to receive in the next three months not including the mine revenue, since it is an ongoing question. If you look at the graphs that were included for you, it shows the difference in revenues when the mine was operating in 2014. ▪*There was quick discussion on the number of connections being 1500.*

▪Monroe-Discussed briefly where the cash flows have been over the last several years. This just shows that overall, the District has been successful at putting money away each year. The District has increased in net position. We have paid down a lot of debt and we haven't issued any new debt in the last decade. **(45:02)**

▪Monroe-In the 2021 Water Revenue, I have budgeted \$770,000. I believe that we will still more than likely be above \$800,000 so the budget is increasing by \$170,000 but is still well under what we will potentially collect next year. Our District is continuing to grow, this has been a banner year for Cedar City overall.

No other real significant changes on revenues, but if you will look at the operations. There is an increase for salaries and wages for the employees. Another increase is in the Professional and Technical line, as we discussed earlier. The increase should cover the work that the District will continue to do throughout 2021. We have also included in next year's budget a new line called out as Public Relations. We are also increasing the Water System Repairs by \$15,000. Our depreciation will also increase. The State Grants will stay the same at \$250,000 for the ag

optimization grant. There are some grants for Chekshani Cliffs that we are currently working on, but we do not have an amount for those grants.

Moving on to the Capital side of the 2021 budget. We have budgeted \$250,000 for the Recharge projects. The Phase #3 Water Development Project \$200,000. We don't anticipate that we will be using anywhere near that amount, but wanted it earmarked in the event it is needed. The West Desert is \$350,000, this amount is to ensure that we are prepared as we move through the process. Purchase of Water Rights and Land, I have budgeted \$50,000. We are looking at putting in a maintenance shed, so you can see that I have budgeted \$200,000 for that in the Buildings and Structure line. Water system 10 years, we purchase our water meters out of that line. Then Water system 20 years is budgeted for purchasing a pump replacement or well.

▪Stratton-Wondered what the \$200,000 for buildings and structures was for? ▪Monroe-We are looking at putting in a 3-bay maintenance building. ▪Stratton-Are we going to do like I suggested and just do the whole building at once? Because my preference would be to utilize the lower interest rates and bond for the entire structure right now. Rather than doing a little at a time. I would think the total project could be done under \$1,000,000. It is an overall benefit to the District, and it should be done as one project and built the way it needs to be built, to be a benefit for many years to come. ▪Harris-I agree he has some great points. I wouldn't bond for the project, because that is an expensive process, but I would look at financing right now. I doubt that interest rates will increase before 2022. **7:35 PM**

▪Monroe-Moved on to the auto line. We will be trading in the operator's trucks, and doing more research about that. ▪Wayment-Asked Monroe if there is any chance of getting some of our debt with higher interest rates, refinances at the lower current rates. ▪Monroe-We have visited with both Zion's Bank & State Bank, and neither have seemed to be excited. **7:41 PM (1:08:30)**

CONSIDER APPROVAL OF CICWCD PERSONNEL POLICIES: ▪Monroe-As you recall we had the help of our attorney Camille who is with Snow Christensen and Martineau. She helped us weed out a lot of the unnecessary areas and made a more streamlined document that is specific to our Water District, and staff size.

Monroe asked for any questions or comments at **7:45 PM (1:11:31)**. He stated that we have utilized other policies in the past. One is also a policy that covers the District Policy on Use of District Property that was passed last summer brought about by the legislature, we would like to ratify that policy tonight. There is the substance abuse testing policy and also the Use and Care of District Owned Vehicles Memorandum. ▪Stratton-Asked Monroe if he will be going through each of these policies with the employees, and make sure that everyone acknowledges that they have received the policies. ▪Monroe-Replied that he has already made that plan to cover all of the policies in our regularly scheduled monthly staff meeting. **7:49PM (1:15:17)**

▪Board Member Harris motioned to approve the CICWCD Employee Manual, with the additions to the Substance Abuse and Testing Policy, and the District Owned Vehicles Memorandum Policy. Second by Board Member Stratton. Motion Unanimous at 7:49PM.

CONSIDER APPROVAL OF CICWCD MASTER PLAN & WATER CONSERVATION

PLAN: ▪Monroe- Stated that we are still looking at adding some additional graphs and charts but wanted the Board to have a copy to review There will also be other additions that will make the overall plan more appealing. Monroe highlighted the sections that goes through future projections, costs of projects for Phase 3, maps, etc. There is some information on a new Bridal Path tank. We would like to have some additional pressure from this area to serve our system. It seems that moving the existing tank, to a higher point to supply the new growth. ▪*Discussion on future well and tank locations last for several minutes.* **8:02 PM (1:28:03)**

PUBLIC COMMENT: ▪None. **(1:28:39)**

AQUIFER RECHARGE: UPDATE & DISCUSSION ▪Monroe-The Water Operators have been busy building structures and working hard on our recharge projects. Western Rock is looking really great. We are still working with the BLM out on the Quichipa projects. We have a great local BLM staff.

WAH WAH AND PINE VALLEY: UPDATE & DISCUSSION: ▪Monroe-Said we are still just moving along with the EIS comments. We are analyzing comments and making sure that we are getting everything addressed. A lot of those questions are addressed in the Master Plan, which is another reason we would like to have that passed in our next meeting. **(1:31:57)**

CHEKSHANI CLIFFS: UPDATE & DISCUSSION: ▪Monroe-We have great news on the well at Chekshani. We've been test pumping for a couple of days. We went down with our TDS tester and those results came back at 468, 438, 455, 433. These are amazing numbers. It is pumping about 500 GPM. We are happy with the outcomes of the well and being able to provide this water to the residents there. **8:07 PM (1:34:10)**

CEDAR HIGHLANDS: UPDATE & DISCUSSION: ▪Monroe-We are wrapping up the project up there. It has been rewarding to see that come together. They are tying in valve boxes now and just about to finish that up. The spring boxes are in, water is running through them now. Feltner-Said that those will probably be connected and finalized Thursday. **8:09 PM (1:35:26)**

SUNSET SUBDIVISION (BUMBLEBEE): UPDATE & DISCUSSION: ▪Monroe-Discussed prior to financial reports. Justin is waiting on a backup deed just for our protection. We are ready to go and will be contacting Brent to go into Cedar Land Title and sign those closing documents. **8:10 PM (1:36:45)**

WATER CONSERVATION: UPDATE AND DISCUSSION: ▪None. **(1:36:55)**

GROUNDWATER MANGAGEMENT PLAN AND LOCAL WATER RIGHT

CHANGES: ▪Hunter-We had a meeting today with the new State Engineer. They are still working with the GMP and have proposed changes. The committee will have to meet again to go over those changes. I don't feel like there will be really significant changes, but they recieved public comments that have caused some reevaluation. **8:12 PM** ▪Monroe-They have had some discussions about how the calculations will be done per acre foot. They don't foresee any

changes in the cutting timeline. They did mention that if they do make these adjustments, they will have to do another public meeting in about 6 months. **8:14PM (1:40:35)**

GENERAL MANAGER'S REPORT: OPERATIONS & PUBLIC EDUCATION: ▪Monroe-
We have brought on Melynda Thorpe to help us make a public education campaign. **(1:41:40)**

BOARD MEMBER REPORT: ▪None 8:15PM **(1:41:51)**

ENGINEERING REPORT: UPDATE AND DISCUSSION: ▪None. 8:15PM **(1:42:00)**

Next meeting date: November 19th, 2020 (Public Hearing for 2021 Budget).

Board Member Harris motioned to close the regular session and go into a closed session for contracts, imminent litigation, or acquiring real property and/or water rights. Second by Board Member Stratton. Motion unanimous at 8:16 PM. (1:42:40)

Roll Call as follows:

Hartley-Aye

Harris-Aye

Stratton-Aye

Hunter-Aye

Board Member Harris motioned to adjourn the closed session and resume regular session Board Meeting. Second by Board Member Hartley. Motion unanimous at 8:36 PM.

Board Member Harris motioned adjourn the regular session Board Meeting. Second by Board Member Hartley. Motion unanimous at 8:36 PM.

Meeting Adjourned at 8:36 PM.