

Central Iron County Water Conservancy District
Board Meeting Minutes
July 15, 2021



Board Members

Brent Hunter-Chairman
Tyler Melling
Tyler Allred
David Harris

District Staff

Paul Monroe-General Manager
Mandi Williams-Office Manager
Tracy Feltner-Water Operator
Jeff McKee-Water Operator
Jessica Staheli-Public Outreach
David Shinost-Water Operator
Dallin Snyder-Office Intern
Curtis Neilson-District Engineer
Justin Wayment-Legal Counsel

Others in Attendance

None

CALL TO ORDER: ▪Board Member Hunter called the meeting to order at 6:35 PM. Dallin Snyder lead the Pledge of Allegiance. Tyler Melling offered the invocation. **(1:21)**

DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS: ▪None. **(1:34)**

CONSIDER APPROVAL OF MINUTES FROM THE BOARD MEETING HELD JUNE 17, 2021:

Board Member Harris moved to approve the minutes from the Board Meeting held June 17, 2021. Second by Board Member Melling. Motion unanimous 6:39 PM. (1:53)

CONSIDER APPROVAL OF PAYMENT OF BILLS AND ADJUSTMENTS JUNE 11, 2021 THROUGH JULY 9, 2021

▪Williams-Said there were 2 large payments to Bradshaw Electric and Cedar Valley Pumps for the Quichipa Water optimization project. The District was just reimbursed with the grant for those payments. ▪Monroe-Said the pump will be used to pump the water to the lazy river. ▪Williams-There were some Water Festival payments as well.

Board Member Harris moved to approve the payment of bills and the adjustments register from June 11, 2021 through July 9, 2021. Second by Board Member Melling. Motion Unanimous at 6:41 PM. (4:29)

▪Williams-Said there were some balance transfers for customers that had sold their homes. There were also some paperless billing credits.

REVIEW 2021 FINANCIALS: ▪Monroe-Highlighted State Grants. We had budgeted \$250,000. We only used \$180,000. On the capital side of the budget the Coal Creek recharge project we spent \$250,000 and \$142,000. There is actually a approx. \$40,000 cushion because that went out in the previous year. Everything seems to be tracking pretty well. The District is ahead on impact and connection fees, as well as water revenues. Enoch is still being provided with water. **(8:30)**

CONSIDER APPROVAL OF 2020 FINANCIAL STATEMENTS PRESENTED BY AUDITORS KIMBALL AND ROBERTS:

▪Miller-Went over the Independent Auditor's Report. Management is responsible for preparation and fair presentation of these financial statements in accordance with the accounting principles. This includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of accurate financial statements. The main purpose is to make sure that the numbers are right and that our policies and procedures are protecting from mistakes. The State wants to make sure that management knows that that is their responsibility. He commended the management. The next part is for the auditors to express an opinion on the statements. The auditors come in to check policies and conduct tests to make an opinion. The auditors do not give an opinion on the effectiveness of your internal controls, they just consider them in our planning. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of CICWCD at Dec. 31, 2021 and the changes in financial position and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the USA. ▪Hunter-Does anyone from the State look at this? ▪Miller-Said yes, they meet with the state officials. They have to undergo peer review and periodically get audited. ▪Monroe-Said the same requirements for your special service districts go to all districts. Those same requirements for the soil conservation district, we implement those same ones as well. ▪Miller-Said Districts have been a concern for the state because they are usually manned by a lot of volunteers, and they don't have a whole lot of revenues. The State is trying to combat that with the fraud risk assessments. ▪Roberts-Gave an example about why they preform audits.

▪Miller-Said on page 5 is the management's discussion analysis. In this year our debt decreased by \$690,000. We went over the statement of net increase. The net position went up a little over \$400,000 dollars from 2019. Unrestricted cash went up from \$4.3 million to \$4.7 million. Those are good indicators. On page 12 he went over the income statement. The District had more water revenue sells, but they also had more water operating expenses. Much of our increase came from grants.

▪Roberts-Started on page 17. The notes just expand on what is happening in the balance sheet. He showed the carrying value of the cash. The district has cash on deposit of just over \$2 million, and \$3.3 million in the state treasurer's pool. The first paragraph of page 13 shows how much of that money is insured vs uninsured. Under the capital assets on page 21, it shows the capital assets not being depreciated. Paul was talking about the money being spent on some of your projects, and this accumulates under construction in progress. At the beginning of 2020, you had \$2.3 million in construction in progress. During the year, you spent \$1.6 million on projects. \$43,000 was completed on one little project. At the end of the year, you have almost \$4 million of construction in progress. When that construction is completed, it will move down into those other categories. Page 22 shows the debt that the district has. You can see that \$420,387 matured. A water purchase agreement of \$219,000 was paid off. At the end of the year, you had outstanding water revenue bonds of almost \$7.5 million. Your net pension liability is \$65,000. Page 23 has a description of all of the bonds and the interest rates that each of those have. On page 37 is the independent auditor's report on internal control over financial reporting. Had we had any deficiencies or weaknesses show up, it would have shown up here in this report. The

conducted audit did not identify any deficiencies in material control that they consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The last report is the report on state compliance, on page 39. When we tested all of these state compliance measures, we found no non-compliance issues that we had to report. (34:00)

Board Member Harris moved to approve the 2020 Financial Statements presented by Auditors Kimball & Roberts. Second by Board Member Melling. Motion unanimous 7:09 PM. (34:21)

Miller & Roberts left at 7:09 PM.

**CONSIDER THE APPROVAL OF RESOLUTION NO 2014-1-16 REVISION 6 A
RESOLUTION ADOPTING AND AUTORIZING FEES AND SERVICE CHARGES:**

▪Monroe-Said last month we had decided to take a month and share this with our home builders association and others who are directly affected by these fees. Nobody has received comments concerning the fee changes from members of the community. One change we want to discuss is having an additional fee for Chekshani Cliffs. We are imposing an assessment area for phase one of the subdivision, which will likely cost the people down there \$4,000. We have talked about the scenario when there is another phase or someone else wants to tie into the system. Will we charge the same assessment fee of \$4,000 to those new people? The answer to that is no, because we would have to go through a 6-month legal process. We are already increasing the impact fee, and the District is going to assume half to two-thirds of the cost of this project. As additional growth occurs in that area, should we have an additional impact fee of \$2000? ▪Allred-Said most people buying down there are buying 20 acre lots and punching their own wells. ▪Monroe-Said that is towards Kanarrville. There are plans for a phase 2 on the south side of Chekshani Cliffs. Everyone in phase 1 will pay the assessment fee. ▪Staheli-Said they are already being assessed. ▪Wayment-Said there are good things and bad things to the assessment fee. One concern is this does not treat everyone in our system fairly. Where do we stop with this? If we do a special assessment for roads and then someone connects on to that, do the people in the next lot pay the assessment fee? However, it seems unfair that the people currently using the system have to pay an impact fee and the people who come connect later will be paying less. It could go either way. Monroe-There was the 4k lot discussion. We think we should require .35 acre-foot. We created a .10 acre-foot buffer. Melling-Said due to system aging, there will be leakage and other issues, so a .10 acre-foot buffer is a good idea. Monroe-The rate increase was 3% on all of them. We increased the commercial rate a little more. The ag rate was increased to match the tier of our residential. Our fire hydrant rate was increased as well. With our current rates, we are often charging our own residents, who have brought us water rights, more than we are charging people who are using our hydrant meters. That does not seem fair, and so we have raised the fire hydrant meter rates. We've given the public three months to review this resolution and had a public hearing on it last month. (53:47)

Board Member Harris moved to approve Resolution No. 2014-1-16 Revision 6: A Resolution Adopting and Authorizing Fees and Service Charges (Effective August 1, 2021). Second by Board Member Melling. Motion unanimous 7:29 PM. (54:08)

**Roll Call as follows:
Harris-Aye**

Allred-Aye
Melling-Aye
Hunter-Aye

DISCUSSION AND CONSIDER DIRECTION FOR PLANNING OF ALTERNATIVE WATER SOURCES:

•Monroe-Said the alternatives that we are talking about are alternatives that two geologists have been talking about for the past decade. There are some opportunities to investigate these and it should be done with federal and state money that comes through. Utah Geological Survey would like to go into the Arco Three Peaks well and do some investigations. Once they are done, the equipment and everything will already be in the well so the District can do the tests that we need to do. It may be difficult to get a good test from it because it gets down to a 9.75” diameter well. It is an oil exploration well. We would like to have an aquifer test to see what kind of volume is down there, but it will be difficult to put a pump down there in a 9” hole to get any significant test. It may be worth some investigation. Additionally, up the canyon there has been talk about how the rocks dipped to the east and water is migrating away from us and drilling wells at woods ranch. Rex Ship is somewhat interested in that as well, so I think if we can get some federal and state money then we would like to drill the well. **(58:18)**

PUBLIC COMMENT: •None **(58:30)**

CHEKSHANI CLIFFS: DISCUSSION AND UPDATE: •Monroe-Said they started grubbing today. The only delay on that is some of the fittings will need to come from All American Steel and they are out 20 weeks. So, they are going to put in the pipe and then put in the fittings later. Wayment-Said we have a donation sheet to Bob Holt. We would like approval from the District for the \$40,000 forgiveness. Do we have permission do give him a donation slip, estimate of \$40,000?

Board Member Harris moved to approve the \$40,000 donation slip for Bob Holt. Second by Board Member Melling. Motion unanimous 7:35 PM. (59:55)

SUNSET SUBDIVISION: UPDATE & DISCUSSION: •None. **(1:00:55)**

WATER IMPROVEMENT PROJECT 2021: CONSIDER APPROVAL OF PROJECT AND DIRECTION:

•Monroe-Said we are still trying to through the process with fish and wildlife service on prairie dogs and clearance there. The other portion of the water improvement project is we are having discussions with USDA and it sounds like they want to wait until the next funding cycle where there’s more money available. **(1:02:08)**

PINE VALLEY WATER SUPPLY PROJECT: UPDATE & DISCUSSION: •Monroe-Said the EIS is in the BLM solicitors’ hands. They have appointments with the National Office to make presentations. Transcon has been putting pressure on them to get that done so we don’t delay our timeline anymore, but they are feeling pretty optimistic. It will then go to the federal registry and then out to public comment. **(1:02:58)**

WATER CONSERVATION: UPDATE AND DISCUSSION: •Monroe-Said we had our Water Festival on June 26th. Thanks to those who came out, it was a good day. Thanks also to

those who went to the SUU Farm Project tour. Matt Yost has asked if we would like to contribute to that. When we have some numbers, that's something I would encourage our Board to focus on and put some resources to. It would be nice to have our name on that to show what we are trying to do in order to optimize water in the valley. We have done a lot of lawn water checks as well. (1:04:28)

AQUIFER RECHARGE: UPDATE & DISCUSSION: ▪None. (1:04:30)

REUSE WWTP WATER: UPDATE & DISCUSSION: ▪Monroe- Said we could partner with NRCS. If we do our plan through the NRCS then they will pay for the engineering, all of the planning, all of the environmental, and then when we get to our project stage they will pay for 75% of the project. We could pay for the other 25% of the project by using our own equipment, so we could do this project basically for free. There is a lot of talk right now with the political candidates about the wastewater treatment plant. (1:05:45)

GENERAL MANAGER'S REPORT: OPERATIONS & PUBLIC EDUCATION: ▪Monroe- Said talking with our PR consultant we really need to talk about solutions. The wastewater treatment plant is a good option, but in the grand scheme of things we need to show that PVWS is the big picture solution. We'd like to do an editorial in the newspaper from the Board showing full support. Melling-Said when you look at depletion and diversion we don't get as much water from the treatment plant as we think. There is a time and place, but there are other more cost effective ways to source our water, and we need to get the public on board with that. Monroe-Said when it comes to wastewater, we need to simply offset the draw on the aquifer for now and focus our resources on other avenues. (1:22:35)

BOARD MEMBERS REPORT: ▪Williams-Said we have not been able to meet to do our board member training. This training is specific to our special service district. I have arranged with the state to handle the entire training and we are going to hold it the same day as our next month's board meeting. They ask that we open it up to other entities so they can get their training. (1:27:19)

ENGINEERING REPORT: UPDATE AND DISCUSSION: ▪None. (1:27:24)

Next meeting date: August 19th, 2021

Board Member Harris motioned adjourn the regular session Board Meeting. Second by Board Member Melling. Motion unanimous at 8:03 PM.

Meeting Adjourned at 8:03 PM.