

Central Iron County Water Conservancy District
Board Meeting Minutes
September 16, 2021



Board Members

Brent Hunter-Chairman
Tyler Melling
Tyler Allred
Joel Myers
Spencer Jones
Terri Hartley

District Staff

Paul Monroe-General Manager
Mandi Williams-Office Manager
Tracy Feltner-Water Operator
Jeff McKee-Water Operator
David Shinost-Water Operator
Curtis Neilson-District Engineer
Justin Wayment-Legal Counsel

Others in Attendance

Steve Weber-Stantec

CALL TO ORDER: ▪Board Member Hunter called the meeting to order at 6:34 PM. David Shinost lead the Pledge of Allegiance. Spencer Jones offered the invocation. **(10:15)**

DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS: ▪None. **(10:45)**

CONSIDER APPROVAL OF MINUTES FROM THE BOARD MEETING HELD JULY 15, 2021:

Board Member Hartley moved to approve the minutes from the Board Meeting held July 15, 2021. Second by Board Member Allred. Motion unanimous 6:37 PM. (11:25)

CONSIDER APPROVAL OF PAYMENT OF BILLS AND ADJUSTMENTS JULY 13, 2021 THROUGH SEPT 9, 2021:

▪Williams-Highlighted some Water Festival costs. There was a payment to Bradshaw Electric. There were payments made to Chamberlain and Associates, Cherry Creek Radio for Water Festival ads, Davidson Sales and Engineering for a pump, Geneva Pipe for the project at Sunset, Iron County Road Dept. for gravel at Quichapa, Munford General Contracting payment for the Chekshani Project, and the Auditors. There was a security deposit refund for a water right transfer. A payment was made to Sunroc for work at Sunset. Dues were paid to Utah Association of Special Districts. A yearly lease payment was made to Wheeler CAT for our backhoe. ▪Monroe-Clarified that the Sunset project was part of the agreement when the District took over their system. They gave the District money to help improve the system. ▪Feltner-Said they put in a valve, a tie-in to the new well, a new SCADA system, and new VFDs at Sunset. There is still more to do, but it is moving forward. ▪*There was some discussion in regard to the brand of the VFDs.* ▪Monroe-Referenced that our water right security deposit cost used to be around \$5000, but the cost of water rights has risen since then. ▪Williams-Said there weren't any transactions out of the ordinary. She did mention that there was a payment made to a customer for a line extension due to the fact that they were not actually required to pay for a line reimbursement per their agreement.

Board Member Jones moved to approve the payment of bills and the adjustments register from July 13, 2021 through Sept. 9, 2021. Second by Board Member Allred. Motion Unanimous at 6:46 PM. (20:20)

REVIEW 2021 FINANCIALS: ▪Monroe-Highlighted that the water revenue will be over a million dollars. He highlighted that the utilities line is significantly higher because of the mine, but there is a lot more revenue from the mine as well. We paid twice to the Utah Association of Special Service Districts, one subscription will be used for next year. He referenced the public relations line. Most of that is paid for and is wrapping up. We were happy to have the Governor here visiting this month, and he had a lot of good feedback. Monroe went over the property tax revenue and state grants. He went over the capital side of the budget. The District is \$370,000 in the positive. Typically, at this time of the year it is in the negative. The District has received more revenue this year from the mine. On a wetter year it would also receive a little less revenue from user fees. It is a fairly conservative budget, and the District budgets for emergencies or if things go south as well. ▪Hartley-Asked about the project that the District recently got a loan for. ▪Monroe-Said that was for the Chekshani Water Improvement Project. That money impacted the budget line as well. He mentioned the Cedar Highlands Project and the Chekshani Project. The Chekshani Assessment Area will soon be set up to help pay back that loan. He mentioned that some of the coal creek recharge facilities need updated and fixed from flood damage. He also referenced the land and water right purchasing line and referenced the building of a maintenance facility. (28:04)

CONSIDER THE APPROVAL OF AGREEMENT BETWEEN BUENA VISTA AND THE DISTRICT: ▪Monroe-Said this agreement is to suffice for a secondary connection for the Buena Vista Subdivision now that they are over 100 connections. The agreement is written as such that they will haul water from a fire hydrant to their community in an emergency. They will also be required to transfer water rights to our wells during the time that they are getting water from our system. They have to continually look for a more permanent secondary source. This is only for in times of emergency, and it is a temporary solution. ▪*There was discussion among the Board for several minutes regarding when this agreement would be used.* ▪Monroe-Said that the fee is something that needs to be considered. Currently it is drafted to be tied to our commercial rate, rather than the emergency rate, since they are being proactive and will be transferring water rights if needed. ▪Jones-Said he preferred that it be tied back to the current rates. ▪Wayment-Said that if our rates go up, then their rate would go up as well. ▪*There was some discussion in regard to the burden of the system.* ▪Melling-Said he thought it would cost us a lot more than what the commercial rate would give us. ▪Jones-Said if we use the emergency rate, they would be more motivated to fix the problem. ▪Monroe-Said he would change the rate to be tied to the emergency rate.

Board Member Melling moved to approve the agreement with the recommended changes between Buena Vista and the District. Second by Board Member Jones. Motion unanimous 7:06 PM. (40:22)

Board Member Jones motioned to close the regular session and open the public hearing regarding CIB Grant Funding. Second by Board Member Hartley. Motion unanimous at 7:07 PM.

PUBLIC HEARING OF DISCUSSION ON CIB GRANT FUNDING: ▪Neilson-Started the discussion on the parameters of what we will be requesting from the CIB funding. The project is estimated to cost a total of \$400,000. The District will go before the CIB board with the request for a matching grant in the amount of \$200,000. This will match funds from the District that will contribute that amounts to \$200,000. That is the best case, worst case, is that we would receive \$200,000 as a low-interest 20-year loan. Low interest could range 2-4%. We will go sit before the Board. This has been on our CIB list for several years. Right now, we have equipment scattered at well sites all around the valley. We need to consolidate that equipment to one storage/maintenance facility. We don't anticipate any adjustments to customer user fees as we have been preparing for this project for many years. Property taxes will not be adjusted either. ▪Monroe-Said that we anticipate that this will be a steel building to house our large equipment and our water distribution supplies. It will be located on our property that is adjacent to the SUU Farm, north of the Northridge Subdivision. ▪Neilson-Said we have not submitted any requests for funding this project to any other agencies or funding opportunities. ▪Allred-Said the need for the building is to house our equipment and supplies in a more central location and have an indoor storage for our large equipment. ▪Williams-Said our system is growing, and we need a central location to store our equipment and supplies. ▪Wayment-Said we need an indoor place to store our equipment to prevent wear and tear of equipment being in the weather.

Board Member Jones motioned to close the public hearing regarding CIB Grant Funding and resume the regular session. Second by Board Member Allred. Motion unanimous at 7:11 PM. (45:25)

CONSIDER THE APPROVAL OF AGREEMENT BETWEEN HOPE GROUP, HENRY'S PLACE, AND THE DISTRICT: ▪Wayment-Said that there is multiple things that need to be changed in this agreement. Henry's Place wants to take out the language about the possibility of drilling another well because of the acquisition of the Vandenberghe Well. They also wanted to dictate where the waterline would be to their property. We are 99% comfortable with the Vandenberghe well. We have discussed that Henry's Place has put in substantial money into the well driller, and the District will not be responsible for getting the money back for that well. Henry's Place stated that they understand that they will be responsible to pay their own well driller if needed. The District has a couple choices-we can tell them to wait until after we have the well and it is more secure and then they can put in their own line, or we can accept all their changes to the agreement. ▪Hartley-Asked if the worst-case scenario was that we enter into the agreement and the well doesn't work, do we have to give them water? ▪Monroe-Said yes, we would have to supply them water. ▪Wayment-Said if this well doesn't work than we have to drill a well, and we want them to contribute. Henry's Place Board wants guarantees, but there just isn't guarantees in this situation. ▪Jones-Expressed that he would be more interested in shelving the agreement until we have the well secured. ▪Melling- Stated that we either need to table this or the contingency languages. ▪Monroe-Said that maybe this needs to be discussed further in closed session. ▪Wayment-Said there is some acquisition issues that should probably be discussed in a closed session.

CONSIDER THE APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN ENOCH, CEDAR CITY, IRON COUNTY, AND THE DISTRICT:

▪Monroe-Said this is a document that was drafted by Paul Bittman from Cedar City. We would like to move forward with the project to pump effluent water to an agricultural use. It is straight forward and will allow the entities to come together to go after funding from NRCS. ▪Wayment-Said this is not a binding agreement, it is just a MOU to say that we want to move forward with getting funding from the NRCS. ▪Monroe-NRCS is going to pay 100% of the design and environmental. ▪Wayment-The county will be the sponsor for the funding. Enoch City passed the MOU last month.

Board Member Melling moved to approve a Memorandum of Understanding between Enoch, Cedar City, Iron County, and the District. Second by Board Member Jones. Motion unanimous 7:20 PM. (54:01)

DISCUSSION AND CONSIDER APPROVAL OF THE ANNUAL FRAUD RISK

ASSESSMENT FOR 2021: ▪Monroe-This is required by the State to be done annually. This is an assessment of the entity. He went through the fraud risk assessment questions with the Board. ▪*There was discussion among the Board and staff regarding this assessment for several minutes. There was discussion in regard to doing the annual board member training tonight. Wayment is going to do the training after the meeting, at that point the Board will consider approval of the annual fraud risk assessment for 2021. (1:04:00)*

PUBLIC COMMENT: ▪Paul took a moment to introduce Steve Weber with Stantec and thanked him for being here. (1:05:55)

CHEKSHANI CLIFFS: DISCUSSION AND UPDATE: ▪Monroe-Said we are waiting on materials they hope to receive next week. They have about 98% of the pipe in but there aren't any connections. (1:06:36)

SUNSET SUBDIVISION: UPDATE & DISCUSSION: ▪Monroe-We have a good feeling about what has been done so far out at Sunset. We are about 99% committed to the new well we are working on at this point. We have purchased the pipe. There is maybe a little concern about the surface seal. (1:07:19)

WATER IMPROVEMENT PROJECT 2021: UPDATE & DISCUSSION: ▪Monroe-Said everything is moving along. We have our environmental clearances, and we are just waiting on public comment to close. We are pushing things along slowly to maximize grant opportunities. (1:08:24)

PINE VALLEY WATER SUPPLY PROJECT: UPDATE & DISCUSSION: ▪Monroe-Said that we were scheduled to go to public comment tomorrow, but the national office called and asked to postpone until next Friday due to some conflicts in their office. We can expect to hear from the press soon. We don't expect to see anything alarming. The federal offices have given good comments. Aside from that, we are moving along looking at different financing options and agreements. (1:10:20)

WATER CONSERVATION: UPDATE AND DISCUSSION: ▪Monroe-Said on our recharge and reuse we will continue to work on fixing things after the flood.

AQUIFER RECHARGE: UPDATE & DISCUSSION: ▪None.

REUSE WWTP WATER: UPDATE & DISCUSSION: ▪None. (1:11:00)

GENERAL MANAGER'S REPORT: OPERATIONS & PUBLIC EDUCATION: ▪Monroe-Said our next meeting is scheduled for October 23rd, and he asked if the Board would move that to the 14th since Monroe will be out of town. It will be an important meeting since we go over the budget for next year. ▪*The Board approved of the change.*

▪Monroe-Talked about a meeting that he had with Frank Nicholas to see if he could possibly lease some of our junior water rights to do some wet land work out in his Iron Springs area. In the past we haven't been interested in leasing water in this valley since our aquifer is being mined. We have only leased water in other valleys. He wanted to see what the Board thought about the situation. Frank also mentioned maybe trading water rights, our 1960 water rights with his 1950 water. ▪*There was discussion for several minutes about leasing water rights.* ▪Jones-Gave the recommendation that we avoid this since we are trying to help the water table in the valley. ▪*The Board did not approve of leasing District water rights in this valley.* (1:23:30)

▪Monroe-Said the Governor and his whole cabinet attended the event that was held a few weeks ago. The Director of Natural Resources came and talked with Paul about our West Desert Project. He recommended that we put a bit more money aside for possible legal battles and litigation from the EIS.

BOARD MEMBERS REPORT: ▪Hunter-Said he is naturally worried about flood control at this point. We will need to consider ways to deal with these floods. He discussed a few options for several minutes. (1:33:15)

ENGINEERING REPORT: UPDATE AND DISCUSSION: ▪None. (1:33:30)

Feltner, McKee, and Shinost left the meeting at 8:05 PM.

DISCUSSION AND CONSIDER APPROVAL OF THE ANNUAL FRAUD RISK ASSESSMENT FOR 2021 (CONTINUED): ▪Wayment-Went over the annual Board member open meetings training. The contents of the training are included in the regular board meeting recording.

Board Member Hartley moved to approve The Annual Fraud Risk Assessment for 2021. Second by Board Member Melling. Motion unanimous 8:25 PM. (1:59:09)

Next meeting date: October 14th, 2021

Board Member Melling 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 Myers. Motion unanimous at 8:26 PM. (2:00:15)

Roll Call as follows:

Hartley-Aye

Jones-Aye

Melling-Aye

Allred-Aye

Myers-Aye

Hunter-Aye

Board Member Jones left the meeting at 8:27pm.

Board Member Melling motioned to adjourn the closed session and resume regular session Board Meeting. Second by Board Member Allred. Motion unanimous at 8:47 PM.

Board Member Melling motioned adjourn the regular session Board Meeting. Second by Board Member Allred. Motion unanimous at 8:47 PM.

Meeting Adjourned at 8:47 PM.