



BOARD OF TRUSTEES MEETING MINUTES
August 5, 2020

Minutes of a public meeting of the board of trustees of the Washington County Water Conservancy District, held on Wednesday, August 5, 2020, at 533 East Waterworks Drive, St. George, Utah beginning at 6 pm. Those board members present for the meeting were: Chair Ed Bowler, Kevin Tervort, Howard Bracken, Chris Hart, and Jon Pike, and Ken Neilson. Victor Iverson was excused. Also present were General Manager Zach Renstrom and Associate General Managers Corey Cram and Brie Thompson. Jodi Richins, WCWCD legal counsel, Karen Barnum, Senior Accountant, Whit Bundy, Engineer, and Roberta McMullin, secretary, were also present. The other guests at this meeting are shown on the attached Attendee List.

Ed Bowler conducted the meeting and welcomed those present.

The first item on the agenda was a **presentation by Steve Quinn of Hafen, Buckner, Everett & Graff of the 2019 financial audit.** Steve passed out copies of the audit to the board and staff. He explained that he would not be reviewing the audit in detail, but he would like to go through and point out different parts of the audit. Some of the items he pointed out were the Independent Auditor's Report on Pages 1-2 which sets out the auditor's responsibility, managements' responsibility and their opinion. There is a Management Discussion and Analysis on Pages 3-5 which is put together by district management and he encouraged the board to read this. Steve told the board that financial statements now are a mixture between governmental accounting and business accounting.

Steve pointed out and briefly reviewed various balance sheets, statements of net positions on various funds of the district, cash flows and a review of the notes to the Financial Statements, starting on Page 20. He also pointed out and reviewed some of the required supplementary information and documentation including their report on internal control and compliance which stated that the district complied, in all material respects, with the state compliance requirements referred to above for

the year ended December 31, 2019. He ended with the Schedule of Findings and stated that they had no findings for the year 2019.

Steve asked for any questions from the board and told them as they go through and read the audit in further detail, they are welcome to call him with any questions.

Zach thanked Karen Barnum for her hard work on preparing things for the audit especially since this is her first year of going through an audit. Zach also thanked Ron as past general manager for his work and for the good financial condition Ron put the District in.

Jon Pike made a motion to approve the 2019 financial statement and audit report. Kevin Tervort seconded the motion and all voted aye.

Item #3 on the agenda was **Consideration of approval of contract with RB&G Engineering for \$96,148 to perform investigative work on the Grass Valley Dam.** Zach said this is for an engineering contract in the Grass Valley area (north of Pine Valley) to do some investigative work on the Grass Valley Dam. They will look at hydraulic and possible upgrades to the dam to see if could be made to store more water. Zach indicated they put this out for proposals and RB&G was most qualified for this work and the contract was negotiated with them. Ed added that he believes it will be well worth what is spent to capture the high water that we can get in that area, on the Santa Clara side. After some discussion, the following motion was made:

Chris Hart moved to approve the contract with RB&G Engineering for \$96,148 to perform investigative work on the Grass Valley Dam. Ken Neilson seconded the motion and all voted aye.

Zach asked Jodi Richins to present the policy updates in Items 4, 5 and 6 on the agenda.

Item #4 – **Consideration of approval of a resolution updating Administrative Policy & Procedures regarding District Property.** Jodi gave an overview of the major updates made on the Administrative Policy & Procedures regarding district property. A copy of the resolution with the redlined changes are attached to these minutes.

A motion to approve the resolution updating Administrative Policy & Procedures regarding District Property was made by Chris Hart and Ken Neilson seconded the motion. A roll call vote was taken as follows:

<i>Ed Bowler</i>	<i>Yes</i>
<i>Kevin Tervort</i>	<i>Yes</i>
<i>Howard Bracken</i>	<i>Yes</i>
<i>Jon Pike</i>	<i>Yes</i>
<i>Ken Neilson</i>	<i>Yes</i>
<i>Chris Hart</i>	<i>Yes</i>
<i>Victor Iverson</i>	<i>Absent</i>

Item #5 – *Consideration of approval of a resolution updating Personnel Policy & Procedures regarding District Property.* Jodi gave an overview of the major updates made on the Personnel Policy & Procedures regarding district property. A copy of the resolution with the redlined changes are attached to these minutes.

A motion to approve the resolution updating Personnel Policy & Procedures regarding District Property was made by Chris Hart and seconded by Howard Bracken. A roll call vote was taken as follows:

<i>Ed Bowler</i>	<i>Yes</i>
<i>Kevin Tervort</i>	<i>Yes</i>
<i>Howard Bracken</i>	<i>Yes</i>
<i>Jon Pike</i>	<i>Yes</i>
<i>Ken Neilson</i>	<i>Yes</i>
<i>Chris Hart</i>	<i>Yes</i>
<i>Victor Iverson</i>	<i>Absent</i>

Item #6 - *Consideration of approval of a resolution updating Personnel Policy & Procedures regarding Information Technology.* Jodi also gave an overview of the major updates on this resolution. A copy of the resolution with the redlined changes are attached to these minutes.

After discussion the following motion was made:

A motion to approve the resolution updating Personnel Policy & Procedures regarding Information Technology was made by Jon Pike and seconded by Ken Neilson. A roll call vote was taken as follows:

<i>Ed Bowler</i>	<i>Yes</i>
<i>Kevin Tervort</i>	<i>Yes</i>
<i>Howard Bracken</i>	<i>Yes</i>
<i>Jon Pike</i>	<i>Yes</i>
<i>Ken Neilson</i>	<i>Yes</i>

Chris Hart
Victor Iverson

Yes
Absent

Jodi explained that these policies are being updated to meet the requirements of the state auditor's fraud risk analysis and the district wants to get the highest rating so various policies have been and are going to be updated for that reason.

The next item on the agenda was #7, *Consideration of approval of contract with Affiliated Real Estate Solutions for title work related to right-of-way purchases*

Zach explained that this was for a contract with Affiliated Real Estate Solutions for title work related to right of way purchases in the Arizona strip area. They have done an extensive amount of work for the district in the past and they have knowledge and understanding about this area. This wasn't put out for bid because of the large amount of work they have already done for us, but Zach said he wanted the board to understand what was being done and to approve this. Ed said he needed to let the board know that the title company he works with owns Affiliated Real Estate Solutions.

Ken Neilson moved to approve the contract with Affiliated Real Estate Solutions for title work related to right-of-way purchases. Chris Hart seconded the motion and all voted aye.

Zach said Items 8, 9 and 10 on the agenda all go together and relate to *the purchase of water shares in the St. George Washington Canal Company by the district*. Zach said he appreciates Ron's vision over the years and since he was involved over the last years in putting this purchase together, he asked him to come and present this to the board and explain why it is so important.

Ron said when the district first started acquiring shares in the St. George Washington Canal Company they realized if they were going to move a project forward in that area, then the district and its municipal partners had to own a majority of the shares. The district has been acquiring over the years shares in the St. George Valley Irrigation and the St. George Washington Canal Company. He said the district has negotiated the purchase of 175 shares from Property Reserve, Inc. They asked for a commitment to lease the water back as long as they are using the water and they would pay the ag rate instead of the municipal rate. One agreement is for the purchase of the 175 shares, one agreement is for leasing back the water to them as long as it is in ag and the third is to extend their lease under current terms out at Pecan Valley for the orchard for another 20 years.

Ron told the board what this purchase means in a long-term perspective. With the shares that the city and the district now own we have a majority of the shares in the two canal companies and that puts us in a good position when it comes to building the Warner Valley Reservoir because the water source will be more secure. This latest purchase will give us not quite 1700 shares between the city and the water district.

Zach thanked Ron for his efforts, vision and persistence in this purchase agreement. Ron built the relationship and then he and Jodi were able to finish up a few items so this could be completed. After discussion the board decided to vote on all three of these items together since they are all related.

Chris Hart made a motion to approve the three agreements related to this purchase: Shares Purchase and Sales Agreement; Water Lease Agreement and Water Supply Agreement. Ken Neilson seconded the motion. All voted aye.

Zach asked Brock Belnap to present Item #11 on the agenda, **Bureau of Reclamation letter regarding the need for a second source of water on the Lake Powell Pipeline project.** Zach told the board that Brock has taken over this legal position and run with it. He has quickly caught on to everything and is doing a great job. Brock expressed appreciation for the opportunity to work at the district and said he always admired Ron and he understands the significance and magnitude of this project. He said there is a good team here at the district and he is glad to be here.

Brock told the board that coming up on September 8 we have a deadline for comments to the Bureau of Reclamation. This is our last chance to get important items in the records so that we have everything in there to make our position defensible when lawsuits are filed. He said as they have been reviewing things, they would like to have an acknowledgment from the board expressing the 20% conservation goal that is built into our figures and an explanation that our county needs a second source of water in addition to that. So, they are asking authorization for Ed Bowler, as Chair of the Board of Trustees, to sign a letter with accompanying data spreadsheet

Brock said Josh Cowden with Stantec Engineering, who has been involved with this project for many years, is going to join this meeting by Zoom and show the spreadsheet which would be attached to the letter and shows different alternatives

and how they have balanced this. It will show with numbers what would happen if we relied solely on conservation and reuse.

Josh Cowden joined the meeting and presented some spreadsheets which he explained to the board. Each of the three spreadsheets represented a different assumption regarding the amount of ag water that could be converted to municipal use (35,000 A.F. 23,000 A.F. and 10,000 A.F.) and showing a comparison of water supplies and water demand. This data has been looked at and assessed over the last 5 to 7 years and has been updated as new information and population projections come in. It isn't really new information but brings all the information together. This information shows the LPP is the best option to meet the water supply and the future growing population.

These spreadsheets are being used to show the need for the LPP. They will be attached to the letter they are asking the Board to approve and Ed to sign as chair. Board members asked for copies of this information and Brock said we will get it to them.

Jon Pike moved to approve the letter and to support the chair Ed Bowler, in signing the letter as presented along with the spreadsheets. Chris Hart seconded the motion and all voted aye.

The next item was a **Presentation by Bowen Collins Engineering regarding excess water surcharge** – Zach said an excess water surcharge was discussed at the last board meeting, so he asked Bowen Collins to look at this and do a presentation at this board meeting. They looked at both residential and commercial water use and how it could affect certain things. They have prepared some detailed data looking at meter use. He introduced Aaron Anderson from Bowen Collins who gave the presentation.

Aaron said he had been working with the district on a master plan update and as part of that they looked at a lot of data and water use data for some of the different cities in the county to determine ERU demands. Zach asked them to look at a possible surcharge for high end water users. He also explained that the data used in the analysis was residential meter data from St. George, Hurricane and Ivins for single family residential meters.

On the non-residential side Aaron said they looked at meter data from St. George since they have the most commercial, institutional and industrial. They looked at over 1000 meters ranging from ¾” to 2” and looked at over four years data. Water

use was divided into percentiles to look at the distribution of usage in the sample set and they used 90th percentile value (90% of the values in the data set are below this value).

On residential water users and their annual water use with four-year average, the average metered use per connection equals 190,100 gallons per year and the median value is 165,000 gallons per year.

The presentation is attached to these minutes to see further information and detail.

He showed in the presentation a sample July water bill with the City of St. George. They have a tiered schedule for water rates.

They looked at how a \$1.00/1,000 gallon surcharge would affect residential annual rates in St. George for each different percentile user.

For non-residential water users the data used was for meters sizes from ¾” to 2” for commercial, institutional and industrial users. He indicated that the usage varies significantly based on user type (i.e. restaurant, business office, car wash, retail store, etc.) He showed the annual and peak non-residential water use by meter size for the different percentiles and water use for each meter size up to 2”. There was also a slide that showed how a \$1.00/1,000 gallon surcharge would affect annual non-residential rates in St. George for each meter size.

There was some discussion between the board and Aaron, and he answered various questions. Aaron asked in terms of surcharge – would you treat residential vs. non-residential use with ¾ inch meters the same? He said this is something they would have to think about. There was some discussion among the board regarding the effect of a surcharge on businesses. Zach said the revenue from any surcharges would go into the capital facilities plan. One of the board recommended showing the surcharge as “extreme water use” on the bill so people would realize why they are getting this additional charge.

Mayor Hart said he thinks the surcharge should be tiered. Ed Bowler said he would like to see more commercial information such as how much money would it bring in, types of businesses, how much they are paying now and what they would pay. Mayor Pike said on residential he would like to look at tiered options for surcharges and have a few more examples to have a little more context.

The board also requested to get a copy of the presentation so that they could review it more. Zach said he will bring this back for more discussion and bring back more information at the next board meeting.

General Manager Zach Renstrom gave his Manager's Report – Zach reported that he had met with a large group of Kolob property owners and they have lots of concerns regarding the recreation that is occurring on the reservoir itself and recreators going on private property. The county commission is looking at this too. The residents would like to form a committee and make recommendations to the water district and to the county. Zach said they are adamantly opposed to turning the recreation over to state parks. They have some very strong feelings and would like to have the county run the reservoir with the sheriff's office for law enforcement. Ron Thompson added that the district has an underlying agreement with the two canal companies that we wouldn't restrict public use.

Zach said they would like to have it locally controlled instead of with state. They would also like to see a designated fee structure. They would like to get motorized boats off of the reservoir. Zach said on the Romney's land by the reservoir they are having a lot of problems with people encroaching on their land for this camping so they would be willing to sell some land and have more of a buffer between the recreation and their property. There was some discussion among the board and board members expressed that they don't want the water district to be involved in the recreation. Ed said state parks has done an excellent job up at Gunlock Reservoir.

The following project status reports were given:

Sand Hollow Treatment Plant – Corey Cram said they are about 2/3 of the way through the contract time. They have made significant progress and the treatment plant building is a significant part of that. The clarifier tank is about two-thirds done and the building is about half done. They are getting the roof on the treatment plant building which will allow them to get inside and finish inside and then they can get going on the electrical work.

Corey said in the next month they will be taking representatives from the city to have a tour of this. They are putting a lot of emphasis on safety and how they will get us up and going. They are about three or four weeks behind schedule and so they are trying to get it back on the time track. Corey said he was pleased with where they are at and it is looking good. He believes we will have a good product when it is done.

Ashcreek project – Corey reported on this project also and said there has been some good progress made. They are still at the permitting stage and have been there a long time . The two big permits are the right-of-way permit for the pipeline and the recreation and public purpose authorization permit for the reservoir and recreation area. Things are getting more complicated with BLM. It has to go through their local office, through the district office, the state and national offices and be published in the National Register. The right-of-way process is coming along. There will be more studies for tortoise and raptor and the EA has been revised to reflect that. They have the FONSI and Fish and Wildlife Service have agreed we have removed all wildlife issues. The local BLM manager is very supportive and is trying to help us along.

Corey said the Army Corp of Engineer had a breakthrough recently with changes in jurisdiction. Ephemeral streams are no longer considered jurisdictional and that will be a better process now. Zach thanked Corey and said he has been very persistent in managing these projects.

Approval of minutes of the July 8, 2020 Board of Trustees minutes.

Jon Pike moved to approve the July 8, 2020 board minutes. Ken Neilson seconded the motion and all voted aye.

There was no further business to come before the board and the **meeting was adjourned upon motion.**

Secretary