

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Minutes of Meeting of Board of Trustees

January 20, 2015

Minutes of a public meeting of the board of trustees of the Washington County Water Conservancy District, held on Tuesday, January 15, 2015, beginning at 6:00 p.m. at 533 East Waterworks Drive, St. George, Utah. Those board members present for the meeting were: Chair Ed Bowler, Jim Ence, Tom Hirschi, Howard Bracken, Jim Eardley, Ken Neilson and Jon Pike. Also present were General Manager Ron Thompson, Associate General Managers, Barbara Hjelle and Corey Cram and Secretary Roberta McMullin. Steve Meismer from VRP was in attendance. Alan Ayala was also present at the meeting.

Ed Bowler conducted the meeting and welcomed the three new board members Jon Pike, Ken Neilson and Jim Eardley.

The first item on the agenda was a **discussion of the refinancing of bonds and an overview of the water district**. Ron told the board that his presentation is synopsis of the presentation made to the rating agencies for the district. He said the district hopes to see a ratification of the existing bond rating from Standard & Poors by the end of the week. This bond refinancing is a refinancing of money owed on the Sand Hollow bonds and will provide a net savings of approximately 2.7 million dollars to the district. The presentation was passed out in booklet form to the board members so they can take it home and review it. The presentation reviewed the purpose and history of the water district, the taxable value, culinary and secondary water sales and the entire water system. Also included in the presentation were water conservation, outstanding indebtedness and capital projects.

Lake Powell Pipeline status report – Ron reported to the board that the work continues on this project with the environmental documents. The study plans are moving to finality. Dealing with the Antiquities Act, artifacts, historic sites, etc. has been very challenging. It now seems to be wrapping itself up. They hope all

information will be into FERC in the next 18 months. Approximately \$30 Million dollars has been spent on environmental work and documents. The District recently purchased property at Cockscomb that will be very beneficial to this project and eventually we will be able to trade it out for much more than we paid for it. Ron said they are also working on rights of ways. There are a couple of alignment challenges -- one alignment goes through Kanab and the Kaibab Indian reservation and the other goes around the Indian reservation (cuts off west of Cockscomb). The Indians didn't really want us going through them but when they found out we had another alignment possibility going around them they said they wanted us to go through the reservation but they wanted payment of large sums. Ron said he feels like they are working through all of these things and the project is moving in the right direction

La Verkin Hot Springs (Pah Tempe) – Ron explained, for the benefit of new board members some of the history with Ken Anderson and the status of the springs now.

Ashcreek Reservoir project– Ron told the Board they hope to get permits this year to begin construction. The project is still in the environmental process and waiting for the BLM staff to get somebody hired and get this done.

Capital facilities plan (CFP) – Ron said they are about 75% of the way through having a new plan ready. Ron said he would like to discuss some of the options being looked at in the new plan and the issues dealing with these and the potential risks of where we are headed.

Barbara Hjelle showed a PowerPoint presentation on impact fee alternative approaches. The present impact fee is based on .89 af per equivalent residential unit (ERU). Barbara told the board that they are now looking at updated financial estimates for the various projects of the district. The project costs are higher now than when we did the first CFP about eight years ago. The latest numbers show \$15,500 per acre foot which would make the impact fee almost double. They would like to have some discussion on what the board would consider to adjust that figure. Barbara told the board that they have polled a variety of groups and gotten feedback on these alternatives. The following alternatives were discussed:

- 1) Existing users pay a percentage of capital costs thereby reducing the impact fee. Barbara said we may or may not be able to do this with the existing contract. It may have to be modified and they would want the consensus of the cities to do this.

Jim Eardley commented that he doesn't feel like you can keep raising rates on existing users. There are many older people on fixed budgets, etc.

- 2) "Santa Fe Model" – pay existing water users for changes to their facilities (landscapes, toilets, etc.) and apply savings as a credit for new development. This option requires enforcement mechanisms.
- 3) Reduce level of service below .89af/ERU. This option requires contract terms with municipal customers. Must ensure that users pay at substantially higher rates if they exceed the level paid for.

Ron told the board these are the different alternatives that they have been looking at and there will be more serious discussion on this as we move along. He said they will bring someone from Zion's Bank Public Finance, who is working on the new CFP, down to St. George to make a presentation on this to the board.

Upcoming calendaring items was the next item on the agenda:

Next board meeting	February 17
Annual UWU dinner hosted by district	March 16
UWU Conference – Dixie Center	March 16-18

Ron Thompson covered the following items in his Manager's report:

The reservoirs are about half full. Ron said they are putting about 200 af a day in.

The dredging project at Gunlock is finished. The reservoir looks good and the contractor did an excellent job. We may do one smaller project up there.

Ron told the board they are starting to see small seepage at the Toquerville Secondary Water System upper pond. They have drained the pond and are going to put a liner in.

Executive session - Tom Hirschi moved to go into an executive session for discussion of litigation and personnel. Jon Pike seconded the motion. A roll call vote was taken and all voted yes.

Close of executive session and return to open meeting

Ken Neilson made a motion to give General Manager Ron Thompson a 3% salary increase. Howard Bracken seconded the motion and all voted aye.

Approval of minutes of December 2014 meeting –

Jon Pike moved to approve the minutes of the December 2014 Board of Trustees Meeting. Ken Neilson seconded the motion and all voted aye.

The meeting was adjourned.

Secretary