

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Minutes of Meeting of Board of Trustees

May 4, 2016

Minutes of a public meeting of the board of trustees of the Washington County Water Conservancy District, held on Wednesday, May 4, 2016, at 533 East Waterworks Drive, St. George, Utah. Those board members present for the meeting were: Chair Ed Bowler, Zachary Renstrom, Ken Neilson, Jon Pike, Tom Hirschi, Jim Ence and Howard Bracken. Also present were General Manager Ron Thompson, Associate General Managers Barbara Hjelle and Corey Cram and Secretary Roberta McMullin. Ed Bowler conducted the meeting and welcomed those present. Other guests at the meeting included Marv Wilson, Brett Boyce, Jeremy Williams and Mari Krashowetz.

The first item on the agenda were status reports: Ron Thompson, General Manager gave status reports on the following items:

Lake Powell Pipeline - Ron told the board that the proposed licensing agreements were all filed the first of the week. It is over 6500 pages of reports that have been filed. Ron said it was a marathon and at the end some of the reports filed that were filed only our consultant had seen. Ron said Corey, Barbara and Brie had been working full time in the last 60 days on reviewing these reports as well as Jodi and Karry helping too. Ron said with this massive of a filing, there will be some more work to do on these reports. Ron said he has been reshuffling staff to put a high priority on this to make sure these documents get to a level that we can live with. He said there will be some requests for clarifications but ultimately it will go to the consultant to write the Environmental Impact Statement (EIS). There will be some public comment periods and hopefully we will see a record of decision in the next two to two and half years. Ron said he would be very surprised if we don't end up in some litigation after that and then hopefully we will go into final design.

Ron said we will have to, at some point, have some serious discussion about how this project will be managed between us and the state. He said he feels we should try and mirror the Southern Delivery System project and the management style they used on that project.

Ash Creek Project – We are presently going through the environmental process. Hopefully all of this will be in to the BLM for final approval by this fall. Ron said he is going to put some of the younger staff on this project so they can get hands on experience working through this project and then that will help them as they work on other projects.

Sand Hollow Wells - One well is being test pumped right now. Ron said they have four other wells that have to be equipped and tested in the next few weeks. These wells will be piped back to the reservoir. Ron explained to the board that there is a sand issue in these Navajo wells which causes problems to the bowls and other parts of the well in three to five years. It is very corrosive. He said the staff has done a lot of work in lab testing the sand and they are trying a much finer sand and much finer screen to test how it works. If it works well, it will save a lot of money over the life of these wells.

Water Treatment Plant – Ron reported we are starting to pump a large volume of water although we have delivered 60 million gallons less in this April than April of 2015. This is more than a 10% reduction.

Water Conditions - April was a unique month in terms of precipitation. It was very dry in February and March, but April has been a very wet month. There is still a lot of high snow in the watershed. April precipitation was 176% of average. The seasonal accumulation is 105% of average. The soil moisture is looking very good. The projected stream flow could be a little better. Ron showed some slides on water conditions. Quail Creek Reservoir is at 87% and Sand Hollow is at 85%. Ron said Kolob is 90% full and should fill next week and start spilling. Gunlock is only at 48% and it will not fill. The allocation on the Santa Clara will be 50% of normal which is better than last year which was 25% of normal.

Miscellaneous – Ron told the board there was a four month financial report in their notebooks under the “handouts” that they could take home and review.

This is national water week. There are a lot of activities which help keep water conservation in people’s minds.

The Red Hills Desert Garden is in bloom right now and it is a great time to walk through and look at it.

Discussion of contracts with cities – Ron told the board he would like to have a discussion about how to deal with property that is paying property taxes to the district. Ron said it was spelled out years ago in our contracts with the cities on how to deal with this. For example, State Institutional Trust Lands Association (SITLA) takes a piece of ground when it comes into development and they pay roll back taxes and then the district commits to provide service to those lands. But with the BLM, we have never had an agreement like that with them. In our contracts with the cities it says the city will not provide water to any land that hasn't paid property taxes unless the owner pays the district's water reservation fee.

The expectation had been that the Washington County land bill would include a provision that accounted for the fact that BLM lands have not paid a fair share for water resources in comparison to private lands that have paid property tax. That provision was not included in the bill. So the board adopted the water reservation fee to ensure that property tax payers are not subsidizing public lands that come into development. The cities and the district felt like if BLM is going to sell a lot of ground and haven't contributed anything to the water infrastructure then they shouldn't have access to it.

Ron presented data regarding water service to the regional water supply municipal customers.

2007 – 41,897 equivalent residential units (ERUs) in regional cities; 2015 – 63,589 ERUs – 52% increase

2007 – district delivered 131,000 gallons per ERU to our regional cities; 2015 delivered 109,000 gallons – 17% reduction

The district cut costs at the water treatment plant through various efficiencies which have been reported in past board meetings, allowing the 10 year delay in raising rates.

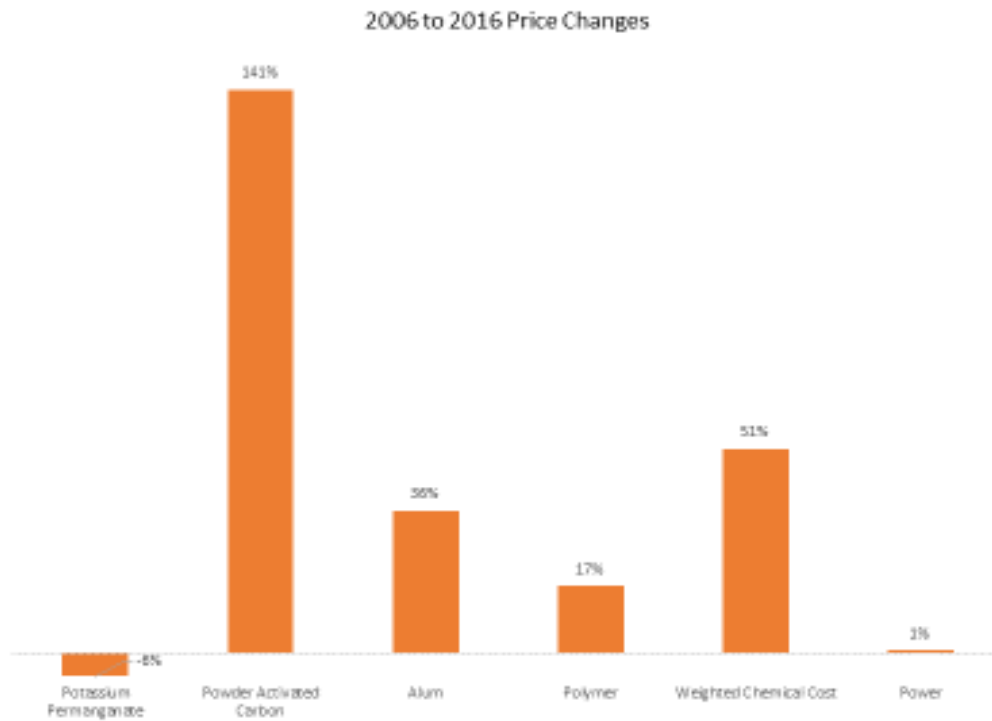
2007 delivered 5 ½ billion gallons; 2014 delivered 7 ½ billion gallons

Cost to district for utility services have gone from \$438,000 to \$489,000 –not increased in proportion to increase in delivery of water

The second part of this is how to handle these inholdings in the HCP reserve that are trying to trade out of the reserve where they may be paying nominal taxes but the value they are putting on the property isn't nominal. There is also the issue of how to handle rollback taxes if an exchange occurs.

Ron said these issues need more discussion but the board can start thinking about it. Ed Bowler said he thinks we really ought to look at this. He suggested it would be good for Ron to meet with mayors and the county that are affected and come back to the board with a proposal on how to handle this.

Wholesale water rate increase – Ron told the board he has had some discussion with the water superintendents of the cities on the wholesale water rate and an increase. It hasn't really changed in 10 years. Ron reviewed a PowerPoint slide showing the increase in costs for power activated carbon, alum and polymer along with other district costs including personnel retirement costs up 70% in a ten-year period and medical insurance 100% in ten years.



He said we would have to have a public hearing to do an increase and notify the cities formally and then have the hearing and make the adjustments and move forward. Ed Bowler asked if the board should set a date to do a public hearing for this.

There was discussion regarding setting this public hearing. It was suggested we set it for our next board meeting. The next board meeting is scheduled for June 1. Zach Renstrom said the mayors and commissioners have been invited to the DXATC graduation on that day. There was a discussion of changing the board meeting after which the following motion was made:

Tom Hirschi made a motion to change the next board meeting from June 1 to May 31 at 6 p.m. and set the public hearing at that time. The motion was seconded by Kenny Neilson and all voted aye.

Ron said the district staff will send out a notice of this hearing in the next week or so.

Chair Ed Bowler called for questions or comments from the audience.

Mari from SUHBA said she was happy to be there and appreciated Ron meeting with the SUBHA membership yesterday for a couple of hours. She said SUBHA would like to stay involved in the Lake Powell Pipeline and the Capital Facilities Plan as those move forward.

Approval of Minutes of April 6, 2016, Board of Trustees Meeting.

Kenny Neilson made a motion to approve the April 6, 2016 Board of Trustees Meeting minutes. The motion was seconded by Jim Ence and all voted aye.

Adjournment of Meeting – There was no further business to come before the board and upon motion the meeting was adjourned.

Secretary