

**WASHINGTON COUNTY WATER CONSERVANCY
DISTRICT**

Minutes of Meeting of Board of Trustees

July 25, 2017

Minutes of a public meeting of the board of trustees of the Washington County Water Conservancy District, held on Tuesday, July 25, 2017, at 533 East Waterworks Drive, St. George, Utah beginning with a work meeting at 3 pm. Those board members present for the meeting were: Chair Ed Bowler, Zachary Renstrom, Howard Bracken, Kevin Tervort, Chris Hart, Jon Pike and Ken Neilson. Also present were General Manager Ron Thompson, Associate General Managers Barbara Hjelle, Corey Cram and Brie Thompson. Karry Rathje, Jodi Richins and Secretary Roberta McMullin were also present. Other guests at the meeting are set forth on the attached sign-in sheet. Ed Bowler conducted the meeting and welcomed those present.

3:00 PM – Work Meeting

The *first item on the work meeting agenda was a discussion led by General Manager Ron Thompson on the district's Impact Fee Facilities Plan (IFFP).*

Ron Thompson introduced Jeremy Agüero and Scott Leavitt from Applied Analysis and Matt Millis from Zions Bank who have been consultants on the new IFFP. Scott Leavitt did a PowerPoint presentation regarding their impact fee analysis and how they developed this model for the IFFP. He presented data on demand growth and consideration, water supply existing sources and future capacity. The presentation also looked at source supplies and treatment supply. They showed all planned and existing water sources with excess capacity and calculated what proportion of total capacity has been used all ready and what is available for new growth. For all existing projects with existing capacity they looked at historical construction costs and excess capacity costs. They used this information to come up with a supply cost per acre foot and did the same thing with treatment costs to get a cost per acre foot. Scott Leavitt said they propose to inflate the impact fee every year by using widely published inflation reports.

Ron said the question is how do we get from the present-day impact fee of about \$7,400 to where it is going to have to be. The board is going to have to decide about how to escalate the impact fee. Ed Bowler says our charge is to provide water and we need to move forward with the planned projects to provide that water and figure out how to pay for them.

Ron reviewed the draft schedule or calendar that will have to be followed to get this IFFP in place by January 1, 2018, a copy of this calendar is attached.

There was continued discussion among the board and staff regarding the breakdown of impact fees, property taxes and water user rates and whether it should be 75% impact fees (new growth), 15% property taxes and 10% water rates or what that mix should be. It was suggested and agreed by board members that 100% of the 75% in impact fees should be collected in the next eight years.

Ron said that they will move forward with this draft, but it may need to be tweaked. It will have to go through a public hearing.

Lake Powell Pipeline (LPP) Report – Ron said the next 18 months will be the most critical time of this project since the beginning. Getting records of decision is the goal and it is going to be a lot of hard work. There is a lot of time and effort being put into this right now and they want to hire some top of the line attorneys to make sure when those records of decision documents come out that they are bullet proof. Ron turned the time over to Barbara Hjelle to give her report on the LPP.

Barbara said it is a big task right now but she is enjoying working with John Fredell. She respects his thinking and that he never quits and it is this kind of effort and energy that is needed to move this forward. She told the board he has renegotiated the contracts with the state and the contractor which give the contractor the kind of motivation they need because they will lose profit if certain criteria aren't met. She has been going up to Salt Lake weekly and they have issues they are working on with Fish & Wildlife Service, National Park Service, BLM, etc. Barbara also reported on the process they used for the legal interviews recently for hiring attorneys for special areas of the project. She indicated that they are probably going to have three or four public processes going on simultaneously.

The next item on the agenda was the public hearing to levy the Kolob water assessment. A public hearing was opened by the chair. Ron explained that the fees to these Kolob water users are assessed in their property taxes so we are required to have this public hearing every year. Ron said the district is not

proposing to raise the rate. The fees are presently \$320 per year for those getting water and \$250 for those on standby. There are presently 106 standbys and 74 connected for a total of 180. The water is turned on around Memorial Day and shut off after the deer hunt. Notice was published of this hearing but no one was present to comment. The chair closed the public hearing and the following motion was made:

Chris Hart moved to keep the Kolob water assessment the same as last year which is \$250 for those on standby and \$320 for those using the water. Mayor Pike seconded the motion and all voted aye.

Public hearing relating to the issuance of up to \$40 million of water revenue bonds; and related matters and consider adoption of a Supplemental Resolution authorizing the issuance of up to \$40 million of water revenue bonds; and related matters. Chair Ed Bowler opened the public hearing on the issuance of \$40 million of water revenue bonds. There was no one present for this public hearing and so the public hearing was closed by the Chair. Ron said there is a \$10 million present value savings in doing this and it is an opportune time to borrow additional funding. Ron said the bonds should be closed by September. The board agreed this is a good time to do this and the following motion was made:

Jon Pike moved to adopt the resolution authorizing the issuance of up to \$40 million of water revenue bonds. Chris Hart seconded the motion. All voted aye.

Authorization to award contracts pursuant to Request for Proposals for legal services - Barbara told the board about the process used to interview legal firms and the authorization to award contracts pursuant to Request for Proposals for legal services which authorizes them to enter into up to four contracts. They will make further contact with these law firms to make a selection of specific lawyers to cover the range of issues that they need help in, in areas such as endangered species, tribal issues, water rights and the Bureau of Reclamation contract. She told the Board that Mark Phifer is an attorney that has been helping with the 404 Permit and Bureau of Reclamation Issues and he has agreed to manage these attorneys.

Zach Renstrom moved to authorize the awarding of contracts pursuant to the Request for Proposals for legal services as outlined by Barbara Hjelle. Kevin Tervort seconded the motion and all voted aye.

Status report on Sand Hollow Regional Pipeline -Corey Cram reported the biggest thing they are working on with this project is the tortoise issues and the mitigation related to that. He said they have big working with a new person at Fish and Wildlife who wanted to put a tortoise monitor on every single piece of equipment on the job. They have worked their way through that and are now meeting with the BLM and Fish and Wildlife to try and get things tied down. Corey said they are getting close to having some monitoring requirements that will be acceptable and then they can get things going. Ron said they hope to be turning dirt by the end of the year.

Ratify contracts for well pad projects, Woodland Spring Project and change order on Sand Hollow Well # 10. Ron said they put out contracts to build some additional well pads. Royal T Enterprises was the low bidder at \$99,674 for four pads. They were \$3,000 less than next lowest bidder which was Interstate Rock. There were five bidders.

Ron said they are adding a third water source at Kolob into the system at Woodland Springs. Only two contractors bid on this and the low bid was \$59,387. The other bidder was Interstate Rock. It will take this spring and tie it into the rest of the system

Ron told the board they have had some valves fail on the Quail Creek line. They bought valves and now have a bid to replace those valves. He said they only got one bid for \$149,000 for putting a redundant value on the 54” line and replacing two butterfly valves including building a meter for \$149,840 from Interstate Rock.

Jon Pike made a motion to ratify the contracts on the bids specified. Chris Hart seconded the motion. All voted aye.

Casa de Oro pipeline repair work – Ron reported to the board that there was an issue on the pipeline that serves this small subdivision. They had the line fail in a 12-hour period in four different places. The community was out of water for several hours. He had the staff get ahold of Scholzens and they found the necessary two-inch pipeline to run a bypass line and tied it in so they wouldn’t be completely out of water. In the end, they put in about 5,000’ of 12” PVC pipe and just finished this about two weeks ago. Ron told the board it took a monumental

effort by the field crew (nights and weekends) to get it done that fast. Hourly prices were negotiated with Interstate Rock and district staff went out and met with every homeowner and it went very well.

Best Practices Report for Limited Purpose Entities - Ron said he emailed this report to all the board members. It was on the agenda for this meeting but due to limited time he asked the board to review it and then we will talk about it at a future meeting.

Ron told the board that there is a **budget to actual report** for the first half of the year along with a detailed transaction report for each of them to review. He told them to call with any questions. He indicated we are well within the budget on every item.

Water year - Ron said we have had a good storm the last day or too and it put some high water in the river. This helps some. The reservoirs are holding up pretty well. Kolob Reservoir is full, Sand Hollow is near full and Quail Creek is dropping. We are treating about 38 million gallons a day out of the water treatment plan.

Approval of minutes of June 7, 2017 meeting - The minutes were reviewed by the board members and the following motion was made:

***Zach Renstrom moved to approve the June 7, 2017 minutes as presented.
Kevin Tervort seconded the message. All voted aye.***

There was no further business and upon motion the meeting was adjourned.

