

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Minutes of Meeting of Board of Trustees

April 4, 2018

Minutes of a public meeting of the board of trustees of the Washington County Water Conservancy District, held on Wednesday, April 4, 2018, at 533 East Waterworks Drive, St. George, Utah with a work meeting beginning at 3 pm and the regular meeting beginning at 6 pm., Those board members present for the meeting were: Chair Ed Bowler, Zachary Renstrom, Howard Bracken, Kevin Tervort, Ken Neilson, Chris Hart and Jon Pike. Also present were General Manager Ron Thompson, Associate General Managers, Barbara Hjelle, Corey Cram, Brie Thompson and Secretary Roberta McMullin. Other guests at the meeting are set forth on the attached sign-in sheet. Ed Bowler conducted the meeting and welcomed those present.

The first item on the agenda for the work meeting was an *update report on the Lake Powell Pipeline by Barbara Hjelle.* Barbara said she would review the accomplishments on the project since John Fredell came on board. She showed in her PowerPoint presentation the FERC Submittals from the end of 2015 to 2018. The Final Class III Cultural Resources Report was due and submitted on 1/5/2018. She discussed the FERC Process and the FERC Ready for Environmental Analysis (REA) which was released by FERC on December 11, 2017 and is the next step in the FERC process and will initiate the Environmental Impact Statement. FERC stated in the REA that its jurisdiction was not yet decided, and the Utah Division of Water Resources filed a petition in December asking for a formal decision. This has temporarily suspended the FERC licensing proceeding. She showed a flow chart of the FERC schedule and the days between each step from the FERC jurisdiction decision to the FERC license order issuance and the Department of Interior's Record of Decision. She gave a progress update on several things including the Bureau of Reclamation contract, water rights application, Clean Water Act Section 404 Permit, US Fish and Wildlife Service Update and Kaibab tribe discussions. She indicated there had been a couple of meetings with the Kaibab tribe and there will be another meeting on April 20 with the smaller work group and they will be going on a tour with them. Barbara reviewed the agency actions they will be waiting on through 2018 and 2019. She showed the remaining

contract amounts on the contracts with Stantec. She said John Fredell did an excellent job negotiating this contract and keep s very tight rein on engineering costs. There will probably be a big need for more consultant time for things that aren't happening yet in the FERC process. The next LPP Committee Meeting is September 12, 2018. A copy of her PowerPoint presentation on this LPP update report is attached and incorporated into these minutes.

Barbara concluded her report by saying that John Fredell has a lot of energy and a strong devotion to this process and we are very lucky to have him. He is very driven and is driving this project forward very well. The biggest problem they face are the falsehoods which are continually repeated by the press. There was some discussion about this among the board. Karry Rathje urged support from the municipalities and the importance of speaking out. She said the district would love to see more vocal support from board members, county commissioners and mayors.

Ron Thompson gave a report and update on La Verkin Hot Springs. Ron in a PowerPoint presentation, a copy of which is also attached to these minutes and incorporated herein, started by giving some background and history of the springs and what we are looking at. He showed a current picture of the grottos. He reminded the board that the springs produce about 5,000 gallons per minute and the temperature of the water is 108 deg. F. It is 10,000 ppm dissolved solids and produces 110,000 tons of salt annually. They have recently met with the cities of La Verkin and Hurricane and members of the public that would like to see the springs reopened to the public and reached consensus on the follow requirements in a Memorandum of Understanding.

Memorandum of Understanding Requirements

- Public process
- Planning committee; consensus decisions
- Budget and established source of payment (contracts drafted)
- Economic feasibility
- Preliminary plan to capture and treat water
- Closure during district research activities
- Legal requirements for water quality
- Protect/preserve fish and other habitat
- Cannot foreclose ability to develop springs
- Guaranteed management and maintenance
- Adequate supervision and staffing
- Security
- Ability to enforce rules and regulations
- Public safety
- Liability indemnification
- Waste management
- Parking

Zach Renstrom expressed the county's concern about having any kind of private group to manage the springs. They feel strongly that it needs to be the cities. Corey told the board that sewage, access and management services are all big issues and costs at the springs and there are a lot of other issues that have to be resolved.

Ron said board will get asked about this so he wants them to be familiar with the background and history of the springs and what is happening currently, so they will be able to answer questions. He said there is good history of the springs in the new *Ditches, Diversions and Dam Determination* if they want to review that.

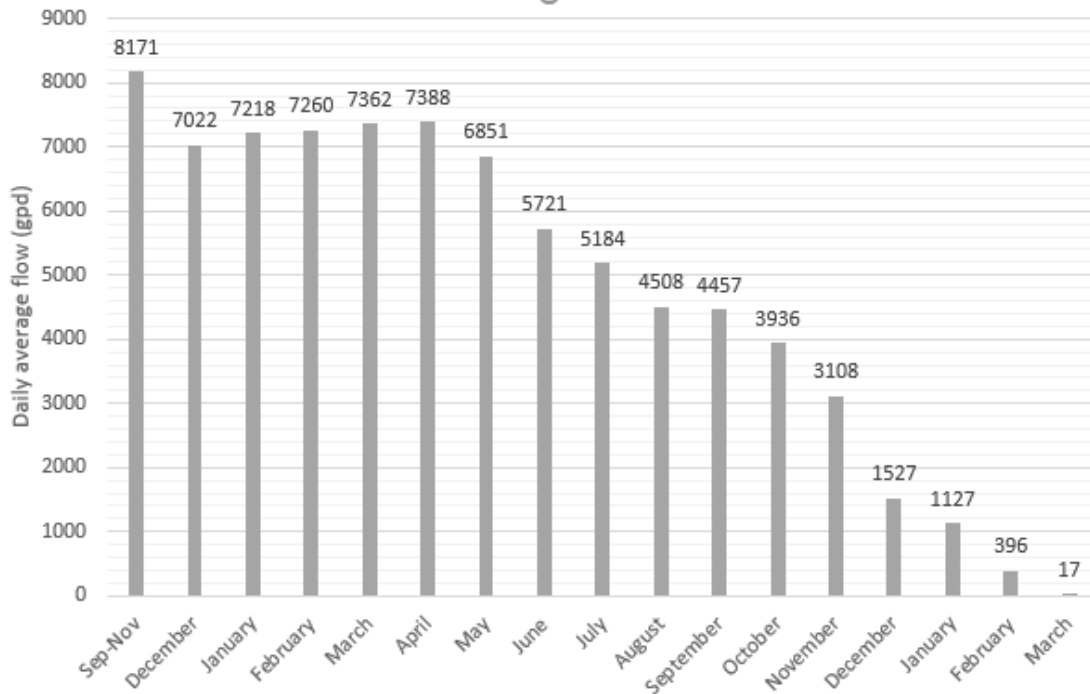
The next meet that the county is hosting will be Monday, April 16 at 3 pm at the county building.

Corey Cram gave the next report on the Sand Hollow Regional Pipeline and Sand Hollow well drilling.

Sand Hollow Regional Pipeline – Corey said this continues to move forward and they are juggling the Biological Assessment (BA), the Environmental Assessment (EA) and the Plan of Development (POD). They are working with the BLM, USFWS and the consultant to keep this moving.

Corey told the board they met with St. George and Washington cities this week and discussed the water storage needs of both cities. They are looking at a 10 mg tank for these purposes and the water district's needs.

Corey gave *an update on the Marsh home by Sand Hollow Resort*. This was the basement that they had challenges with. He reminded the board that they went in and augured holes and put in big sump pumps. The long-term solution was to put in two wells, #5 and #6 and those have been operating for about a year. He showed the following graph which illustrates the improvement in the water with the system that was put in:



Corey said the wells are serving the purpose here. The pumps were turning on every two days at first and now it is only about every four days. This network of wells is giving them an opportunity to manage these conditions.

Corey reported on well # 10 and said they have some decisions to make about how to equip this well. They think it will help wells 5 and 6 draw down this water.

They have plans to drill more wells, #12, 13 and 15 and will still need to determine if wells 7 and 11 are needed. A copy of Corey’s PowerPoint report is attached and incorporated into these minutes.

A Water Needs Assessment (WNA) Review was given by Brie Thompson. A copy of her PowerPoint presentation is also incorporated herein, and a copy attached to these minutes. She explained that the WNA was filed with FERC in April of 2016. It is a 120-page report that discusses project demands for Washington and Kane Counties. It also looks at supply and effects of conservation on demand.

The WNA puts that all together and shows there is need for a need for additional water in county. It gives an introduction about the district and discusses the Regional Water Supply Agreement which encourages conservation and use of secondary water.

Water supply conditions and limitations on water supplies including water quality and quantity limits are also discussed in the WNA.

Brie discussed future culinary projects as presented in the WNA including culinary supplies with the Ash Creek Project and Lake Powell Pipeline Project and Secondary Irrigation Supplies which include ag conversion from development and maximizing existing wastewater reuse capacity and future LPP reuse.

Lastly Brie discussed Conservation, Rebate and Education Programs as set forth on the slide in her PowerPoint attached to these minutes.

Brie also explained what the recently hired two summer interns would be doing. They will be contacting cities to try and find out what contributing factors are that might make water use different from between St. George and other similarly sized cities. They are also going to look at tourism and what industries in Southern Utah are using the most water and how that is contributing to GPD figures.

Ron Thompson gave an update on the Southern Utah Parkway. Ron gave the board an update on the Southern Utah Parkway. He showed a map in a PowerPoint presentation of the proposed highway and where it would extend to and where the interchanges will be. They need 50 acres of the district's ground in the southeast corner of Sand Hollow. Ron said he has discussed with them and they have agreed if they get the ground from us they will put the interchange in at their costs. He said the project is fully funded now with bonds sold and they are moving into the environmental analysis and determining what rights of way they will need.

If this is going to go through our property we are going to need to build underneath this a 69" pipeline. Ron said as they move forward we need to move forward with where this pipe would go and build this before we let this ground go to them. They have a proposed interchange on the far north side and Ron told them we would have to have at least two accesses out of there.

Ron said the other issue is he believes the district ought to take one of those corners out there and sell two or three acres where we can create a highest and best use sale (like the corner going into Dixie Springs). It may be a good idea to get this or some other area marketed at this point to help drive the market.

Budget to Actual Financial Report - Ron gave each board member a financial report of expenditures for the first quarter. Ron briefly reviewed the budget at this point for each fund and asked the board to take it home and review it. They can

get more detail on any line item or call Ron if they have any questions. He said he would like for each of them to have a feel for what is going on.

There was a break before the start of the 6:00 PM meeting.

The first item on the agenda for the 6:00 pm meeting was the consideration for approval and awarding of bid on Sand Hollow Well #7. There were two contractors that bid, Grimshaw Drilling and Gardner Brothers Drilling. Gardner Brothers were the low bid at \$611,731.16. Grimshaw bid \$730,825.00. Ron said they recommend awarding the bid to Gardner Brothers with the authority to do a change order for additional wells depending on how they do.

Ken Neilson moved to award the bid to Gardner Brothers Drilling for \$610,731.16 for Sand Hollow Well #7 with the possibility to change order for additional well drilling depending on the work performed. Howard Bracken seconded the motion, and all voted aye.

Ron Thompson gave his Manager's Report and discussed the following items:

Ron said some time ago at a board meeting the board discussed and agreed upon a 15-year planning buffer that would maintain a planning reserve equal to the estimated water supply needed for 15 years into the future. Ron said the board never adopted a formal resolution even though the district administratively has been doing it. Ron said they would like a formal resolution approved.

Jon Pike made a motion to ratify and approve a Resolution affirming the Water Planning Reserve. Kevin Tervort seconded the motion. Each board member presented voted aye.

Ron reported he met with representatives from the Cornelius family (who have property outside of Virgin on old road to Kolob) where solid waste had their collection facility and have since moved that site. Ron said there are two places we need to make boundary and easement adjustments. He showed the board a map of the piece owned by the Cornelius family and the piece owned by the district. They are proposing to trade with us and we would each deed the proposed property to each other. Ron said he doesn't need a motion on this, but he wanted the board to be aware of it. As far as easement access, we could do a joint easement exchange – they'll give us easement across their parcel and we will give them an easement across ours.

Ron also updated the board on the water forecast which came out Tuesday for the basin through July. The allocation will be around 46% on the Santa Clara and the Virgin River estimated stream flow will be approximately 20% of normal. The stream flow forecast at Virgin is 26,000 a.f. and the average is about 45,000 a.f. It is worse than the 2002 flows. The reservoirs, however, have excellent storage.

Impact fees – There have been \$3.8 million dollars in impact fees through the first quarter. Last year was our biggest year on impact fees since the beginning of collecting them. The district dealt with about \$11 million in promissory notes last year. Ron said he just wanted the board to have that information. Some of the board asked if that information could be sent to them.

Ron told the board there is a lot going on at the district right now. They are working with the Virgin River Program and modifying the barrier in the gorge, working on wells at Sand Hollow and gearing up for the warmer weather and higher water usage.

The minutes of the March 7, 2018 Board meeting were reviewed by the board after which the following motion was made.

Ken Neilson made a motion to approve the March 7, 2018 Board of Trustees meeting minutes. Jon Pike seconded the motion, and all voted aye.

There was no questions or comments from the audience and no further business to come before the board and the meeting was adjourned.
