

**MINUTES OF THE GENERAL MEETING
OF THE BOARD OF TRUSTEES OF THE
KANE COUNTY WATER CONSERVANCY DISTRICT
HELD AT THE DISTRICT OFFICE
725 EAST KANEPLEX DRIVE
KANAB, UTAH 84741
SEPTEMBER 14TH, 2023**

The general meeting of the **BOARD OF TRUSTEES OF THE KANE COUNTY WATER CONSERVANCY DISTRICT** was held at the Kane County Water Conservancy District (KCWCD) Office, Kanab, Utah on the 14th day of September 2023 at 7:00 P.M. Board of Trustees Chairman Ben Clarkson welcomed board members, employees, and public attendees to the meeting. Ben Clarkson conducted a roll call at the beginning of the board meeting. Board members in attendance said present.

THE MEETING OPENED WITH THE PLEDGE OF ALLEGIANCE: The board members and employees of the KCWCD participating in the meeting were: Board Chairman Ben Clarkson, and board members, McKay Chamberlain, Ferril Heaton, David Schmuker, Clay Hansen, and Mike Kenner, who was participating by phone. Michael East was excused. KCWCD management and staff in attendance included: General Manager, Michael Noel, and Office Manager Amanda Buhler. Contract employees in attendance included Dirk Clayson, Jennifer Stewart, and KCWCD Attorney Rob Vandyke. **Members of the Public Attending the Meeting:** Commissioner Patty Kubeja representing Kane County Commission Chambers and Linda Alderman Briscoe representing herself.

AGENDA ITEM NO. 1: APPROVAL OF MINUTES:

MOTION: David Schmuker made a motion to approve the August 10th, 2023 minutes. Ferril Heaton seconded it. The vote was unanimous in the affirmative. **MOTION:** McKay Chamberlain motioned to approve the Special Board of Trustees Meeting on August 28th, 2023. Ferril Heaton seconded it. The vote was unanimous in the affirmative.

AGENDA ITEM NO. 2: FINANCIALS:

(a) Amanda Buhler, KCWCD office manager, and General Manager, Mike Noel reported on the financials, including assets, liabilities, and the financial balance sheets. The State Bank of Southern Utah Enterprise checking account and the various Public Treasurer's Investment Fund (PTIF) balances total \$2,855,358.10. The district is holding \$170,408.01 in checks for reimbursement. The actual current balance of the checking account is \$13,041.21. The income statement shows we are about 17% through FY 2022/2023. We have collected 20% of the projected budgeted water fees for FY 2023-2024.

(b) Amanda Buhler reviewed the check register with the board and called attention to various key transactions on the register. There are three deposits from last month for new connection payments. In FY 2022-2023, there were 40 new connections installed in the Johnson Canyon system and 16 new connections in the Duck Creek system. New connections for FY 2023-2024 are 2 connections in the Johnson Canyon system and 6 connections in the Duck Creek water system.

(c) Amanda reported that we received a tax disbursement check for \$6,900 for the month of July. Amanda reported we are starting to receive registration fees for participants who have signed up online for the reel deal fishing derby happening in October. Amanda reported that we received \$22,000 in September from Deseret Power for the hydro-plant generation located in Orderville. This is the highest amount we have received in many years. The board members reviewed and signed off on the checking account register. Amanda asked all attending board members to sign the two bank statements that she provided to them.

MOTION: McKay Chamberlain made a motion to approve the financial statement, check register, payment of bonds and bills, and check #s18085 through 18178. David Schmuker seconded it. The vote was unanimous in the affirmative. The board considered all of the financial numbers correct as of September 14th, 2023 presented at the September 14th, 2023, meeting.

Enterprise Fund – Checking # 5110788	\$ -157,366.80
PTIF Enterprise - #3697	\$ 21,000.49
PTIF Muni Escrow- #3891	\$ 133,575.05
PTIF Stabil.Cap./Replacement - #3889	\$ 391,708.36
PTIF Total Bond/Res. Accts.	<u>\$ 2,466,441.00</u>
Sub-Total Checking/Savings	\$ 2,855,358.10
Accounts Receivable	\$ 843,932.47
Total Other Current Assets	<u>\$ 651,568.00</u>
Balances/All Funds	\$ 4,350,858.57

AGENDA ITEM NO. 3: JACKSON FLAT RESERVOIR AND KANAB IRRIGATION COMPANY COORDINATION:

(a-b) The Jackson Flat Reservoir water update for today was 64% of reservoir capacity which breaks the record for the most water in storage for this time of year. Last year at this same time it was 58%. Two years ago at this time, it was 55%. We are pumping 2300 GPM from the reservoir. Creek Flow is 2355 GPM. Well, #1 is producing 340 GPM. Well, #2 is pumping 430 GPM. Mike reported we will file an amendatory change on well #1 rather than retire that well subject to protests, which shouldn't be a problem because it's a Utah water right and there are only a few livestock watering rights south of this well diversion. This additional well has provided an additional 1300 GPM and potentially an additional 250 acres of ground that could conceivably be irrigated if we had the total water right available.

(c-d) Mike reported he is going to apply for money from the Kane County Recreation and Transportation fund to help pay for the pickleball courts. Commissioner Kubeja reported they still haven't allocated the TRT monies this year, but have discussed possibly giving a one-time 50K for the pickleball courts project. We will also apply for a Land and Water Conservation Federal Grant through the state and that would pay for half of the project.

(e) Mike introduced and welcomed Linda Alderman Briscoe. She presented her idea of a history walk with signage along the Sherry Belle Trail and Jackson Flat Reservoir. It would include twenty-five signs approximately twenty meters apart. The walk would extend halfway around the trail and would include numerous influential leaders and early settlers of Kane County. Dirk mentioned that Kane County got its name from a friendly military leader named Colonel Thomas Kane. He felt that his name should be included in the walking tour. He also reported that there is a statue of Thomas

Kane at the Utah State Capital that could be relocated here in our County. Linda has not researched any funding for the project and asked for assistance to get grants and funding for the project. Mike feels we should be able to get funding from the legislature, and possibly donations from the Chamberlain, Stewart, and Hamblin families. Linda reported that bird watching has become a popular activity around the reservoir and a list of birds with a few observation sites adjacent to the reservoir with benches to sit on for visitors to use would be nice.

(f) Mike reported there will be a ribbon cutting for the new stage, and there will be live music and food trucks as part of the celebration at the reservoir on Friday, September 15, 2023, @ 6 P.M. Mike and staff will be there for the event.

Ben declared we go into a public hearing. Commissioner Patty Kubeja was the only person in attendance representing the public.

AGENDA ITEM NO. 4: PUBLIC HEARING: A public hearing to receive input with respect to the issuance of the Parity Water and Sewer Revenue Bond and any impact to the private sector from the construction of the sewer system improvements to be funded by the bond.

Mike reported that we will not be able to start the sewer ponds this year because of the excess moisture. Precision Construction evaluated the cost of eliminating the plastic membrane and bringing in clay instead. The cost of the material if it was hauled from the old reservoir in town to the Cedar Mountain sewer lagoons would be approximately \$45,000. Landmark did soil testing on the old town reservoir and reported the clay (which they called fat clay) would work for the new sewer lagoons. The membrane would cost around \$135,000 and potentially deteriorate over time and could get punctured by weeds, rocks, and animals. Skyler from Water Quality, Vern Malloy from Sunrise Engineering, and Mike have discussed and determined it would be better to build a new pond. The old pond could be used for overflow and eventually replaced when the membrane is no longer functional. Ben declared we go out of the public hearing and back into the regular meeting.

AGENDA ITEM NO. 5: RETURN TO REGULAR BOARD MEETING:

MOTION: David Schmuker made a motion to approve the consideration for and adoption of a Master Resolution authorizing the issuance of a \$310,000 Parity Water and Sewer Revenue Bond, Series 2023 of Kane County Water Conservancy District, Kane County, Utah. Mckay Chamberlain seconded it. The vote was unanimous in the affirmative.

MOTION: Clay Hansen made a motion to accept the \$200,000 hardship grant funding from the Division of Water Quality for the Duck Creek Sewer Project. Ferril Heaton seconded it. The vote was unanimous in the affirmative.

AGENDA ITEM NO. 6: COVE RESERVOIR EIS:

Mike reported he and Dirk Clayson attended a tour with Lance Smith, our local NRCS representative, and ten other NRCS government officials from around the country. They came to learn about the Cove Reservoir project. They were very supportive and encouraged us to get the reservoir built. There was also a phone conference with Transcom where Mike asked the team leader for a new schedule update with a more aggressive timeframe to complete the DEIS. We could potentially get the draft EIS done by the end of 2023 but probably more likely to be

completed by the first quarter of 2024. Mike also had a visit with Zach Renstrom, Director of Washington County Water Conservancy District, and he assigned their attorney Morgan Drake to prepare the cost analysis comparison of their water projects, including Ash Creek, Lake Powell Pipeline, and the Hot Springs which was a high-cost project per acre-foot. We had to use 200-acre feet of M&I and that gets our ratio over 1:1. There will be a meeting the first week in October with Morgan, Dirk, and Mike to go over the memorandum agreement to determine who will manage the reservoir and who is responsible for project costs. There is also a meeting scheduled with Zach Renstrom, Mike, and members of House leadership, to see if we are eligible for some matching state funds for our Cove Reservoir project.

AGENDA ITEM NO. 7: JOHNSON CANYON:

(a) new connections: Mike reported we had two new connections in Johnson Canyon.

(b) Water rights purchase: Mike reported he sent the details of a sales agreement to Dirk Clayson and asked the seller to draft a contract that we will review and finalize. The seller is willing to give us the water rights and sign off on them subject to a suitable down payment. Mike gave the draft contract to our attorneys Jonathan Schutz and water specialist Ken Tuttle from Sunrise Engineering to review. We need to make sure when we file our change application that we are reading this correctly as far as the 1992 memorandum decision by Robert Morgan. We should only have to take a 20% loss as opposed to a 20% reduction and an additional 35% reduction. Mike will report the details of the contract when we go into an executive session to discuss the details of the actual purchase agreement.

AGENDA ITEM NO. 8: DUCK CREEK VILLAGE/CEDAR MOUNTAIN LONG VALLEY WATER SYSTEM:

(a) There are 6 new connections in Duck Creek Village.

(b) The new sewer system will be delayed until next year. Mike explained the plans for this project earlier in the meeting. The motion was made and the bond was passed.

(c) Mike explained that he, Amanda, and Dirk have been working on the forest service billing issue and we finally got our meter installed and the readings indicated that USFS are dumping a tremendous amount of water into the ponds. We have all of the data necessary to get them to pay for their water use. Mike recommends that we have a set fee for the amount of usage based on the meter reading and we should also have an overage fee to help capture some of the costs of the additional water. There's a fixed cost to run that system and if you're using the majority of the water you should be responsible for paying the majority of the water fees. Dirk reported most of the forest service campgrounds have RV dumps which are filled with treatment chemicals that could destroy the micro bacteria in the pond that help to break down the waste. Mike recommended we have Rob Vandyke draft a letter to the USFS requesting a meeting with them to discuss the actual readings we have recorded. Amanda has been emailing them once a week. They now have a \$1400 late fee to pay.

(d) Amanda explained the breakdown of the water impact fees in Duck Creek. The connection parts and labor to purchase a new meter and to install the meter have risen over the past 10 years such that we are losing money on the installs. Mike and Amanda recommend an increase should be made for the connection fees from \$2,500 to \$3,500. The state requirements are that we can only charge connection fees that match up with our actual costs for the parts and labor. This increase will do that.

MOTION: Ferril Heaton made a motion to increase the connection fee in Duck Creek from \$2,500 to \$3,500. Dave Schmuker seconded it. The vote was unanimous in the affirmative.

AGENDA ITEM NO. 9: EAST FORK VIRGIN RIVER ADJUDICATION:

Mike reported on his call with Jon Schutz who said the settlement agreement is resolved with the state. The settlement includes the three water companies, the Foote Family, and a couple of other users.

AGENDA ITEM NO. 10: EAST KANE COUNTY WATER SYSTEM (NEW PARIA AND WEST CLARK BENCH)

(a-b) Mike reported that the drafting engineer will have the plans completed by October so we plan to go to bid by the end of October. Our well drilling permit for the New Paria Well was approved by the state engineer.

AGENDA ITEM NO. 11: DIRECTOR'S REPORT:

(a) Ben asked Mike for background and updates on the Colorado River and the need for the Lake Powell Pipeline as a culinary municipal and industrial water system that has priority over agriculture. Mike will report on this issue next month at our regular board meeting.

(b) Ben announced the Kane County Commission approval of Mike Kenner, a new KCWCD board member representing the Sevier and East Fork Virgin River Drainage. Mike was sworn in by Amanda Buhler, public notary, by phone at the beginning of the board meeting.

(c) Rob Vandyke explained the changes made to the bylaws. Ben asked that the board be given a month to review the final bylaws prepared by Rob Vandyke. The motion to approve the bylaws will be on the agenda for the October 12th, 2023 board meeting. Rob will email Jennifer the bylaws and she will forward bylaws to the board members to review before the next board meeting.

MOTION: Clay Hansen made a motion to go into an executive session to discuss a water rights purchase item #7 on the agenda. Ferril Heaton seconded it. The vote was unanimous in the affirmative.

MOTION: Clay Hansen made a motion to adjourn. McKay Chamberlain seconded it. The meeting was adjourned at 9:30 P.M. September 14th, 2023, per a unanimous vote.

Next Board Meeting Date: October 12th, 2023 @ 6:00 P.M. Kane County Water Conservancy District Office

APPROVED:

Ben Clarkson-Chairman KCWCD Board of Trustees **Date**

Michael E. Noel –General Manager KCWCD **Date**