

Utah Board of Water Resources
Board Briefing Meeting
March 20, 2024
1:30 PM

BOARD MEMBERS PRESENT

Chair Juliette Tennert
Charles Holmgren
Blaine Ipson
Dana Van Horn
Kyle Stephens
Mike Davis
Randy Crozier

BOARD MEMBERS (Excused)

Spencer Jones
Brian Steed

STAFF PRESENT

Director Candice Hasenyager
Deputy Director Joel Williams
Assistant Director Shalaine DeBernardi
Tom Cox (online)
Marisa Egbert
Randy Staker
Shannon Clough
Ethan Stanyer (online)
Brad Caldwell (online)
Ben Marett
Carly Payne
Candace Schaible
Marty Bushman (Attorney General)

OTHERS

AV Team: Carmen McDonald, Paul Gedge
Wayne Winsor, Assistant General Manager(MWDSLS)
Rodney Banks, General Manager (Roy WCD)
Rick Smith, General Manager (Davis and Weber CCC)

Todd Schultz (Yoppify)

Annalee Munsey, General Manager (MWDSLS) (online)

WELCOME

CHAIR JULIETTE TENNERT called the meeting to order at 1:33 PM and announced Board Members present.

CANDICE HASENYAGER introduced staff present and those online

DISCUSSION OF BOARD AGENDA ITEMS:

APPROVAL OF MINUTES: Will be approved in the Board meeting.

<u>Project#</u>	<u>Applicant</u>	<u>County</u>	<u>Project Manager</u>
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Feasibility Reports:

RE480	West Cache Irrigation Company	Cache	Ethan Stayner
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CHARLES HOLMGREN I have seen some amazing, sad-looking soil movement in Franklin County Idaho which is part of West Cache Canal Company's conduit from the Bear River to Cache County and clear down to the town of Newton. An interesting observation I had looking at SNOTEL, about six miles west of this landslide is the Oxford Springs SNOTEL. About the time this happened they were at a 165% of snowpack at Oxford Springs which was the wettest SNOTEL in the Bear River Basin. Since then, it's gone to about 195%. I wonder if this had something to do with the earth moving. I went up and looked at the area and it is fascinating, and as detailed as the photos that Ethan, Brad and Carl took, it's really incredible to see in person. It's a devastating amount of earth that's moved down on top of them.

MARISA EGBERT We sent our project manager Ethan Stayner and our geologist Carl Ege to view and stomp around in the mud. They said in some areas it's about 30 feet deep. The mudslide went into the canal and Carl said there have been landslides everywhere. We don't know when this happened, it's all private landowners. It's very hard to get around with all the mud, and trying to go in and excavate while it's still wet would be impossible. They may end up piping it in the future, but for now they want to first focus on the excavation. Then when we do the committal of funds, they will need to do all the legal work, (the cost can increase) if they need additional funds. The purpose of the project is to excavate in and around the Applicant's main canal to clear out debris from recent landslides and make improvements to the access road.

MIKE DAVIS do we need to get a Geotech type stabilization report?

MARISA EGBERT we can talk to Carl Ege about that. Ethan Stayner is online, and this is a good thing to write down and we can get more information about it.

BLAINE IPSON this is just a feasibility we are doing today for authorization.

CHARLES HOLMGREN this is an emergency. All of this ground is clay and there are no rocks in it. It's like greased soil. I have spoken to Steve Wood, who is an engineer, and is here today. He had a request from the West Cache Canal company, and they are anticipating using a skid steer loader to move a lot of this or to move rock back into reinforce the canal. They are anticipating the rental cost of a skid steer loader will be so high that they are wondering if they can purchase a skid steer to do this work rather than renting one.

MARISA EGBERT if it's an appropriate expense it would be good. Ethan can talk to them and get an estimate of the cost, rent vs. purchasing.

SHALAINE DEBERNARDI This is something we can do. If it's a legitimate project cost and it's reasonable, and the city needs a piece of equipment to accomplish the work and be able to properly maintain those facilities down the road then it is a legitimate project cost.

DANA VAN HORN has this happened before? For this company, in this location?

TOM COX you can see in the photos that they've cleaned out this canal before, but they've never got Board funds for it.

COMMITTAL OF FUNDS:

RL590 Metropolitan Water District of Salt Lake & Sandy Salt Lake Brad Caldwell

BEN MARETT The purpose of the project is to purchase and install about 2.5 miles of seismic-resilient steel pipeline (60- to 72-inch), about 2,400 feet of 54-inch HDPE pipe, and improvements at the site of the Little Cottonwood Water Treatment Plant. This is a phased project. The Applicant received bids for phase one of the project and the lowest bid is \$13.5 million more than the engineer's preliminary cost estimate. The total estimated project cost has increased \$18 million from \$50 million to \$68 million. The Board's funding amount remains as authorized, and the repayment terms will not change. The Applicant will increase their Market Bond, so the Board's cost sharing percentage is reduced from 44% to 32.4% of the total cost estimate.

CHAIR JULIETTE TENNERT we are trying to help them target a lower rate so that overall, the borrowing cost is about 3% overall.

BEN MARETT the Board will participate in an interest rate buydown with MWDSLS to buy the market rate down to a net effective interest rate of about 3%. The \$22,000,000 bonded indebtedness to the Board will be returned at 1% interest, over 25 years, with annual payments

of approximately \$885,000 for the first 20 years and a higher payment for the next five years. The Market Bond will be repaid in 20 years.

WAYNE WINDSOR (Assistant General Manager) this design will be built with a seismic-resilient steel pipeline so that it can withstand an earthquake and will be able to be modified later. It will be welded steel, one inch thick.

RM110 Syracuse City Davis Ann Baynard

BEN MARETT In the August 4, 2022 board meeting, the Board of Water Resources committed 61% of the project cost as a secondary meter ARPA grant (RM029). While the maximum grant amount was \$10 million, that amount did not provide 70% of the costs of the Applicant's meter project. The overall project includes the purchase and installation of about 8,879 secondary meters. During the third application period, entities were allowed to apply for additional funding from a separate allocation of ARPA funds. In the October 5, 2023 board meeting the Board authorized and committed an additional \$1,479,000 in ARPA grant funds. The Board also authorized 25.5% of the project cost, up to 4,182,000 as a loan. The total project cost is \$16,400,000. The terms will remain as authorized.

SHALAINE DEBERNARDI During the first round of ARPA grant funds, they didn't think they would need loan funds, but during the third round when they received additional ARPA grant they realized they did want loan funds. So the committal remains as authorized, and they won't be asking for additional funds.

SPECIAL ITEMS:

RE296 East Millcreek Water Company (modify repayments) Salt Lake Marisa Egbert

MARISA EGBERT the Board provided funds in 2011 to construct a new diversion structure and flume. If you are familiar with 2700 East in Salt Lake, the S-curve we call it, there was a diversion structure and a wooden flume that needed to be replaced. The Division of Finance let us know that the company didn't make the last two payments. When we contacted the company, we learned that they had a change of officers and the Secretary/Treasurer had moved out of the country, and the new officers weren't aware they still owed money for the project. So now they are seeking a modification of repayments. The remaining principal balance was \$24,479.87. After talking with the company, they made a payment of \$8,479.87, leaving a remaining balance of \$16,000. The company is requesting that the agreement be amended to allow the company to make two final payments of \$8,000 each.

BOARD MEMBERS and STAFF discussed if this is an appropriate thing to do, if this is setting a precedent for future applicants. This type of modification has happened in the past, but we've also charged penalties for delinquencies when it's become a pattern. So if the Board agrees, staff is comfortable with this modification in this instance..

RE479 Lehi City Utah Tom Cox

TOM COX Lehi City will be back before the Board for some additional funds for their meter project. In round one they received \$10,000,000 in ARPA grant funds. At the time it was enough to install about 5,700 meters. They have about 14,000 more meters that they need to connect. They applied in the second round for another \$10,000,000 and there wasn't that much available from the ARPA grant. The Board was able to authorize and commit a little more than \$6.2M (in the third round). We have another secondary meter grant fund pot. It's a small secondary system meter grant that the Board approved to have \$2,000,000 going to that pot per fiscal year. If we give more grant money to Lehi, because they didn't get what they requested on the second round, that would benefit all of us. This will help us to not lapse about \$2M in funds. The city will request \$3,776,500 today as a Small System Secondary meter grant and an additional \$1,376,000 in loan funds toward their meter project. This will bring them up to the numbers they originally requested in the second round (\$10,000,000). There will be two motions the Board will have to pass. One to authorize and commit the Small System Meter Grant (SSMG) and authorize \$1,376,000 in loan funds.

BLAINE IPSON I am confused about the small system grant, for those with less than 5,000 connections, and Lehi City is requesting funding for another 5,700 meters. Why can Lehi get the SSMG if they have more than 5,000 connections? How do they qualify?

SHALAINE DEBERNARDI the SSMG funds can be used for cities, towns, or metro-townships OR have fewer than 5,000 connections. So cities qualify for these funds, regardless of size. Because we were concerned about lapsing the SSMG funds, we talked to Lehi about this option because they are spending as much as \$2 to \$3 million each quarter. This would help us use the SSMG funds and reduce the risk of lapsing those funds.

NEW APPLICATIONS:

RE481 Peterson Pipeline Association Morgan Brad Caldwell

SECONDARY METER ARPA GRANT DEADLINE:

SHALAINE DEBERNARDI

The Funding Section is requesting a new deadline (May 17, 2024) for entities to declare their intent for the ARPA funds. The Board had set a deadline of January 1, 2024, for applicants to make a decision about their grant funds. However, due to changes to the secondary meter legislation this year, more of the existing applicants may not need the entire grant amount, or any of the grant, the Board has provided. The Board would like to use the allocated funds completely, and staff is recommending a new deadline be set for applicants to decide whether

to use their grant. The Board will set a deadline of May 17, 2024, for applicants to formally accept, reject, or request a modification to their existing grant.

BEAR RIVER DEVELOPMENT RIGHT-OF-WAY UPDATE:

MARISA EGBERT will report at the Board meeting.

LANDSCAPE INCENTIVES & LANDSCAPE WATER SAVINGS ESTIMATOR:

CANDACE SCHAIBLE will report at the Board meeting.

DIRECTOR'S REPORT:

CANDICE HASENYAGER

INFORMATION TO THE BOARD

STATUS OF FUNDS:

SHALAINE DEBERNARDI

One thing I want to point out is that the Lehi project that we were bringing to you, the small system secondary grant, if you commit that today (authorize and commit) it will end up looking like we are in the hole (on paper). It's a numbers game. We will be over-committed but we won't be overspent. We will get another \$2,000,000 (SSMG) on July 1st. There's no way we are going to spend that entire amount. We won't ever overspend a fund, but will over-commit this one just a little so that we can get that money going out the door. Nothing official has changed on the ARPA funds at this point, it's all still authorized, committed, or contracted.

LEGISLATIVE UPDATE:

JOEL WILLIAMS

HB280 Things that we will need to be done (action items) for Water Resources.

- Complete our State Water Plan by 2026
- Study about water funds done by October 2024.
- Started discussions with State funding agencies.
 - Candice Chairs the Water Development Coordinating Council. That council has already met, and future meetings are scheduled. These are meetings to get representatives together to start strategizing a game plan.
- The study for the water use fee is due October of 2025.
- Consider modifications to the membership of the Water Development Coordinating Council.

- We will need to prepare our list of Water Resources projects. The Unified Water Infrastructure Plan will be prepared considering all agencies' proposed projects. (Grand Prioritization) It is due March 2026.

CANDICE HASENYAGER even though the law doesn't go into effect until May 1st, we are feeling lots of pressure with the timelines. The Water Development Coordinating Council is starting to meet every two weeks with a smaller group. We have been talking about a project manager within our office for the Unified Water Infrastructure Plan. That assignment hasn't been made, but we think we have a good direction there. We are trying to hit the ground running as much as possible. There are a lot of efforts we need to do from a communications standpoint. We have been in discussions with the Utah Water Task Force and there's a good number of people interested in being a participant of the work group for the fee study. There's a lot of interest and concerns.

At the last Board meeting we discussed a review of Board Rules to enhance the water conservation element. Would the Board find it helpful if our staff takes a look at it and comes up with our potential recommendations.

CHAIR JULIETTE TENNERT I do think if you and your team can take the lead on this to frame things up. Me and Mike could have a meeting with you about the Board's ideas and any changes.

SHALAINE DEBERNARDI we will send them out for you to review and we will discuss them at the next Board meeting.

ADJOURNMENT:

MIKE DAVIS made the motion to adjourn. The meeting adjourned at 2:55 PM.