

City of La Verkin

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LA VERKIN CITY WATER BOARD MINUTES

Thursday, October 31, 2024, 11:00 pm.

111 South Main Street, La Verkin, UT

Present: Doug Wilson, Kelly Wilson, John Valenti, Kenneth Cox, Kris Gubler, Kyle Gubler, Derek Imlay, and Nancy Cline.

I. Call to Order:

The meeting was called to order by Doug Wilson at 11:00 am.

II. Approval of Minutes: June 27, 2024.

The motion was made by Mayor Wilson to approve June 27, 2024, minutes, second by Ken Cox. Kelly Wilson-yes, Imlay-yes, Valenti-yes, Cox-yes, Kris Gubler-yes, Doug Wilson-yes, Kyle Gubler-yes. The motion carried unanimously.

III. Reports:

A. Water Purchase

Kyle Gubler explained that this is the report he gives every year. The top report is a list of people willing to sell, and it might be outdated because he had contacted three of them, and they haven't been inclined to sell at this point. However, they didn't say to take their name off, so he will make another call and just say if you're willing to sell, the city will buy it, and if not, we'll take your name off the list.

The other report is from people who are not necessarily interested in selling but are past due at this point, so we've sent them a letter that states that they're in default. However, as per the old La Verkin Canal Company's rules, we must give them six months' notice, so they've got until March. We're in there before they must bring it current. At the end of the six months, they'll get a letter from our attorney, who will say that if they don't pay, the water will go to the city. Once it goes to the city, the city can't sell it.

The next page is just the water we purchased since 2021. In 2021, the city established that it's worth \$2,000 a share. People occasionally will come and say they want to turn the water back, and as you can see, the last time we did it was a little over a year ago. We bought some from the home company.

Ken Cox asked if the rule that they have six months is one of the canal company's bylaws.

Kyle explained that part of the deal was that we give people six months when it transferred to the city. They weren't aggressive about going out and collecting it. Every year, we send them late notices. And if they don't pay them, they receive a letter from our attorney that states the amount due and gives them the final date, and they have to pay that plus anything that's accrued, interest or, penalties, or if there's been another assessment or whatever. And at that point, if they don't do it, then the city will take the water back. Although when the city takes the water back, he thought there was a stipulation in there that if they want their shares back, they come back three years later and say they want their water, they can get that back from the city as long as they pay everything and the assessments that would have happened and all the fees. When we first started doing this ten years ago, a lot of the people who ended up going to the city attorney letter it was people that lost their house and just assumed the water was part of the house, which it's not, for those of you who don't know, it's its own entity, so if you have a share of water and you lose your house to the bank or whatever, the water does not go with the sell the house, you can keep the water. And you can use the water anywhere on the bench. It can only be used in La Verkin.

Ken Cox commented if he sells his house, can he still keep the water that is in his name?

Kyle responded yes, but it must be used in La Verkin.

Kyle continued to say the mayor will report on that, too. We've got to finally convince them to pay us for it, reimburse us for the water that we haven't been using and they've been getting.

Doug asked about the secondary water, the unpaid. How do we ensure that the shareholder, the person, or the representative receive notice? Is it certified?

Kyle answered the original letter that was sent out in the mail. The attorney's letter goes certified. So, they will get that. Most of these people, honestly, not all of them, but probably 70% are there every year, and then they just forget. They got that letter from the attorney.

B. Culinary Water Management update

Derek reported that he provided a chart this time. We participated with the Riverwood Master we had back in 2018 the Conservancy District had all the cities start to report their water use to them monthly, so at the end of every month, once we do a read, then we provide that information to the Conservancy District, and then those are the numbers that they use as they're anticipating current use as well as anticipated use. From 2018 to just the first of this year we transitioned down quite a bit from month to month, from year to year. So, our usage decreased in the amount of water we were taking out. And this is the springs, the Toquerville and Ash Creek Springs, which was a good sign because that meant that as this was transitioning down, our irrigation was going up, and that's what we wanted. We want more use of irrigation water, giving more use to culinary water. In the last three months of this, starting in April and March, you'll see the red line up above. You see that we're way higher than we have been on average over the last five years. That's because of our two big projects. So, the hot springs and the Ash Creek treatment facility cannot run irrigation water through the motors of their water trucks and so they have to use culinary water and so that's why they're putting down millions of gallons of water that's why you're seeing that transition being so steep over the last four to five months. We have 714-acre feet that historically have not come close to using.

He believes that we could live 100% from our rights out of the springs and not touch the district's tank right now.

Doug asked if there was also a flow restriction.

Derek answered yes. It depends on the drought, and that will be regulated by the district, but most of the time, we're open fully. We've not been restricted to any flow for the last three years, and we haven't exceeded that. If we were restricted at Toquerville Springs, we'd pick up the other part off Ash Creek Springs, but the less we can stay off Ash Creek, the less we're getting charged the additional power.

Doug asked if this includes Toquerville and Ash Creek, 714.

Derek replied Yes, because we take this read right off the Riverwood meter, so after the two have joined together, we come down this way. It was surprising how well we were decreasing that amount of water, and he still thinks that we could run solely from our rights and not be impacted by the Conservancy District. We only use that upper tank because we're paying for it monthly, 4.425 million gallons. Once the topside gets developed, the more we can transfer up to the topside.

Kyle asked if 4.4 million gallons will go towards whatever happens up there once that gets developed.

Derek answered no because he thought that would be permanently charged down here because that was part of that 99-year agreement. We're paying for it, but I think it was for 295 connections down here is what that equals out to be. We still have technically 700 connections that can be transferred to the topside. The more we can live

within what we've already contracted out, because our contract rate is less under the agreement than the going rate is right now, the better off we'll be because once they surpass that, then they're going to be having to buy the water from the district at a higher rate. We've done well. We went through four weeks, during which the crew had to work on Saturdays and Sundays due to the number of leaks that were happening. We usually don't call the crew out unless it damages the road more than we want. We must make that decision whether it can wait or not. We went through quite a phase, but we're in pretty good shape right now as far as that's concerned.

C. Irrigation Water management

Derek reported that the irrigation chart is the black one. We started keeping track. We've kept records since we took over the company or since the city purchased the company. This chart goes from 2018 to 2024. You can see this year is yellow. Of course, October won't show until we do our reads tomorrow.

Kyle asked if they anticipated that being higher than normal because it was hot.

Derek replied, this read seems to be less, which is surprising. But that could be because we've got two major fields offline now. The park, which is always running, and what the hot springs have. He still thinks we'll be within the range that we normally have been. Over the past ten years, he still thinks we'll be around that 700 acre-feet that will continue to go downriver.

Doug asked what the total number of water rights is.

Derek answered 2,620.

— Doug asked if the city had 2,600 acre-feet. —

Mayor Wilson answered we have 1900.

Derek clarified we're using about 1,900 acre-feet, so 700 acre-feet are going downriver.

Doug asked if this acre foot correlates with our usage. So, then you add all those up to get our total? We've got 2,620, and we're averaging what we used last year.

Derek commented that we're averaging probably about 1,700, 1,800 because we've been about 713-acre feet, and we've been letting it go downstream on average over the last 10 years.

Kris asked where does that go? Does that go to the water distributor? Do they pay?

Kyle replied they hadn't paid us in years, but we would get them to pay for it.

Mayor Wilson added that they were going to make a proposal for us. We'll talk about it here in a minute.

Doug commented that Derrick and I are going to take a little field trip because, initially, the water district had planned to pump out of the diversion dam up there, and they have a pond site. And you could put a pump site and station, and there's power there already. You could run right up that road with a pipeline. And you could provide irrigation water for the topside. So, whatever agreement we want to get into, we don't want to commit to it for the long term.

Kyle added that the agreement is that whatever we give them, they pay for, and whatever we keep, we keep. But we can take it back at any time.

Mayor Wilson agreed they don't have any rights to it other than the excess they're willing to pay for, which they should have been paying all along.

Derek added that the last thing is that we technically shut off the irrigation on the 15th of November because that ends on a Friday, and we need a day to drain down and winterize. We will wait until the 18th on a Monday to do it because our crews are gone by 11 on Friday. We need to take the proper time to get everything drained out for the freeze. He will put that on the water bill.

Kyle reminded them to use the Yopify app.

Doug clarified that the irrigation will be off on November 18th.

D. Water District Irrigation Study

Mayor Wilson reported that the city is having an irrigation study done. The water district and the city have both paid for that. We got a grant to do the study. Half of it is paid for through the grant. Then, the other half is paid for by the water district and the city. We're paying a little more than half of that because it will benefit us. A little more than the water district, but they're doing it together. They will determine and recommend to us at the end of the study what our water rate should be for the irrigation water. Because right now, it's not paying for itself. The city has been subsidizing it to get us through the year. And they're also looking at a settling pond option.

1. Potential location for storage pond.

Mayor Wilson asked them to look at the map that they got in their packet, they proposed three different spots for a settling pond. Based on our discussion with them in the last meeting, we thought that Cottonwood Hollow would be the best spot for it. He asked Derek if he had met with the Strattons.

Derek commented yes, he met with Interstate Homes. They were actually very comfortable and approved of the spot. And they're already reworking the trails that go through there.

Kyle agreed that would be a good place to put the pond and a trail around it.

Derek commented that it's nine acres of land.

Mayor Wilson added that it would be a good little pond. For a park and they would build it so that part of its cement and they can go in and clean out. It would be a settling pond for the irrigation water.

Kyle asked if it would be high enough to have pressure in town.

Mayor Wilson answered he thought they calculated the total pressure that we're at now. It's not going to increase anything. It would meet what we had and then if you look on the yellow line there where they're building the treatment plant that's the lines for the reuse water that they're going to take on over to the way they've got it right now routed over to the Toker settling pond, that they use for their irrigation and eventually it will go from there, over to Chief Toker Reservoir. That's where the reused water goes and eventually it'll come back, possibly come back to us as irrigation water out of the Chief Toker Reservoir. We will trade our Virgin River water for Chief Toker water so that we have clean water for irrigation. And we'll keep the water rights, but we'll just trade water for water. We will have ownership in that reused water.

Doug asked where the tie-in would be to that system.

Mayor Wilson responded they haven't figured out where that's going to be. Maybe tie it down at the treatment plant to get to our system and maybe they can pump it in. That is part of the study they'll do. The whole idea behind the reuse is that we would save all that water and use it as secondary water and then start using Virgin River water. It is really good water for them to treat and make into culinary water.

Ken asked if this treatment plant treats Toquerville and La Verkin.

Mayor Wilson replied that it treats La Verkin, Toquerville, and a little of Hurricane. Across the bridge, that area right there, before you get to the top of the hill where the stoplight is, anything on this side flows back to the La Verkin pump station. That will flow back to the working pump station, and once the treatment plants are in, the pump station will go away. Everything will flow to that spot. Then, gravity will feed around the treatment plant.

Ken asked when the treatment plant would be online.

Mayor Wilson responded that they're anticipating the year from January.

Mayor Wilson reported it's a different process than what St. George City's using. They have the big cement basins that Virgin Cities water will go to, and possibly part of Leeds might. They're anticipating January 2026 for completion. And it has the capacity to be increased from what it is now to 3 million gallons a day. He thought it's a little over half a million gallons a day between the two cities currently. They'll treat it to what they call type 1. It can be used for irrigation, you don't want to drink it, but you can irrigate with it. We'll have more information when they are done with the study and make a recommendation to the city on what we do with our irrigation system. Hopefully we'll be able to improve the system. The districts talked a little bit about maybe giving us the 18-inch line that goes down Main Street all through town. If they would give us that we could get people to tie into that line and get a lot of those backyard lines out of our system. and they can come off the street and that would save us a ton of money.

Doug asked Fay to explain the re-use water contract.

Fay explained each community that's part of the regional water supply agreement, with the district has received the same agreement. For the water to be treated down here, stored, and then we're able to get that water back from Chief Toquer reservoir. Along with that, there's another agreement that's going to be specific to La Verkin that they're working on. The excess irrigation water. We're waiting for that agreement to be made so that we can consider both agreements at the same time. And when we get that other agreement in place, then I'm sure we'll have discussions with the water board, with the city council, and so forth, before we take any action on that. But that, in a nutshell, is what this does. It authorizes our water to be part of this re-use agreement.

Mayor Wilson added one of the canal companies in the county here is to trade their water, not their rights, trade their water for reuse water. Like Hurricane has a lot of rights out of the Virgin River for their irrigation, they would trade Hurricane's rights for reuse water. They could irrigate with re-use water, and then the Virgin River water would go down into the reservoirs, and they could treat it for drinking water. The canal companies below the Virgin Dam, their water's not that good, and it wouldn't work with us because we own the water. The city owns irrigation water. They're willing to trade with Hurricane water for water, and we don't have anything to trade with because we already own it. But they're now willing to pay us for the excess water that we don't use, and they don't want to just let us store it in their reservoirs and use it later, they want to just pay us and then they would have the water, they'll sell it back to us once they treat it, and when we need it. And if we need the irrigation water, for on the topside, if we want to use it up there, we can.

Ken clarified basically this agreement is we're just telling the district that we're tired of giving you the water so we're going to just stop or else you're going to pay us for it. That's the leverage we have. Comes from this

treatment plan goes up in there and gets treated and goes into the Chief Toquer reservoir and we put it into irrigation system. Does that solve the problem of us not having meters on the irrigation system that the Virgin River water will ruin once we get good clear water then we will then start metering our secondary water.

Mayor Wilson explained the State would require us to meter the water.

Kyle explained they already have it where it's mandatory, but we're an exception to it because of our water quality. And Hurricane is too, but Hurricane's opted to put the meters in anyway.

Doug replied but won't the Virgin River still be a backup in case we get some dry years?

Kyle explained we will never ever get rid of our water right in the Virgin River. We can't.

Doug asked if we could still run it through our filters. If we decide.

Mayor Wilson added if we get the settling pond, that will help as well. Hurricane right now settle their water in a settling pond before they put it into their irrigation system.

Kyle commented that Hurricane's irrigation is also year-round. Because our pipes are not buried properly, we leave it out for 3 months out of the year. But you could see in the future, which would also generate more revenue for us, because then we could start charging instead of just 9 months, we could charge for 12 months.

Mayor Wilson remarked eventually we want to get all those lines into the street and service them off the street, and out of the backyards. Because when they did the system, they just put it in the old existing ditches and they're behind people's houses.

Ken added realistically, with the grant they had, that's probably the only way they could do it. Because they didn't have to dig up the streets and fix the streets, they just went in ditches and put the pipes in, which saved them a whole lot of money putting the system in.

Mayor Wilson commented over time, we've been able to replace some of those lines, but we still have quite a few to do.

Doug's biggest concern with any of this would be that our irrigation rates, because of metering, because of re-use water agreement, because of whatever the case may be, that our irrigation rates begin to climb to the point where people don't see the benefit of connecting it. And I don't mean we should subsidize, but at the same time, we should profit from it.

Mayor Wilson commented that's going to happen. The rates right now haven't gone up for 10 years.

Kyle added it's based on how many shares you own.

Mayor Wilson responded we don't want to penalize the large users. That's the whole idea behind it is, but you have to pay enough to at least maintain your system. And you really should pay enough to maintain your system and replace it over time. That's what this study's going to do. They'll tell us what price it needs to be, and enough in there that you can, over time, start replacing it.

Doug added that we should stay on top of looking for grants for replacement. There are a lot of repair and replacement grants.

Kyle replied Zach is supposed to be doing that.

Mayor Wilson added he keeps telling us that they're looking for money for us to help us upgrade our system. And that's one of the things that we talk to them about as far as maybe using that line they have. They have an 18-inch line that goes right down Main Street that they're not using. He thought they had never ever used it, they can transport water back and forth, and that was the idea of taking it out of, I think, La Verkin Creek.

Doug commented when the district put that in he was the project manager over at the time, and Ron specifically said that was for La Verkin City, this could become their backbone, we need to replace that piece of junk pipe that's sitting in their ditch. He was doing it for us, 100%.

Mayor Wilson added if they would give that to us, we could tie off of that line, that would save us millions of dollars.

Kyle asked when the survey was supposed to be done. It should be done by March.

Mayor Wilson agreed in March. They'll have some recommendations for us and the districts.

Kyle commented it all comes to this board before it goes to the City Council.

Mayor Wilson added as far as the re-use, they want us to pass that re-use from the City Council. Is this board okay with us approving the re-use agreement with this water district?

Doug replied he wouldn't dare approve it yet.

Fay replied he had read it, and he had no concerns with the re-use agreement. He is awaiting the other agreement that they're going to be providing.

Doug suggested that everybody on this board read it before we approve it.

Mayor Wilson replied that he hadn't read through all of it, but he had read through most of it. He suggested meeting again before the end of the year to approve it.

Doug replied it's a significant enough agreement.

Ken recommended they meet again before the end of the year.

Mayor Wilson believed that part of it needed to be passed to receive the federal money that they received. He suggested a special meeting on November 21st at 11:00 a.m.

Fay commented that when we get this other supplemental agreement from the ministry, we can make that available for you.

Doug's main concerns are the metering issue and whether they're going to go through another round of grant money to help some of the cities that don't have cash.

Mayor Wilson agreed that is a concern for us, too; the state would provide 75% of the money to put the meters in if you did it the first two years, and then they cut back to 65, and it just kept going down. They wanted everybody to be metered within 10 years. And if after 10 years they won't pay anything for it, we've been

exempt. He thought once we get to where we have clear water that we can meter, they should give us 75% but he didn't know if they would.

Kyle commented that they say they won't and that's why Hurricane went in. If they come in 10 years from now and they tell us, okay, now you've got to put meters in and it's going to cost us four million dollars. and we don't have the money, what are they going to do? We can't charge that to the users, there's no way and he thought that the state's going to have to either make an exception, or we just don't put meters in.

Mayor Wilson added, and then they said that if you don't do it, you won't be eligible for any. But we're meeting with our legislature people next Wednesday; that should be a topic that we bring up.

Doug wondered if we could still have an exemption because we still have to filter and occasionally if there's an issue, we could run water back through our system and it could be too dirty. He would hate to put meters in and ruin them.

Kyle agreed the mayor made a good point, even with that re-use water, and the settling pond, if the meter companies included it in their warranty, they could.

Doug asked everybody to read this water reuse agreement.

John commented that it seemed like they even put some enforcement mechanism in this contract. We're not up to standard; it seemed like there's an enforcement mechanism through the water district. At the end of the agreement, it has a catch-all phrase that talks about being able to enforce. And that's what concerned him because it looked like some of the impacts of that agreement were already on the first of January of this coming year.

Kyle replied he would argue that the city was already metered. There's a great big meter and when water comes into town everything that goes through that is metered. It's just the whole town.

Doug asked if we have a master meter.

Mayor Wilson replied that we have a master meter, and some people don't even have meters on their system.

Kyle added that we're metered and know how much water we use. That's where you get all the water. It's just one meter for the whole city.

Doug commented that the small meters are the problem because as soon as you get up to four inches or above, you can use a magnetor.

Mayor Wilson replied that even the small meters and the magnetors are not warranted. Our big magnetor on this system here is hooked up to power, and most of the magnetors are powered by power. There are some now that have battery-operated ones that are good for about 10 years, but they're just way expensive. However, the smaller ones now that will meter this still won't give you a warranty. They have small meters now that have nothing inside; they'll just meter it with water going straight through. It's similar to what they are, and they're run by a battery, and the batteries are good for 10 years.

Doug commented that one of his deals was putting in all the meters. They put in hundreds, and they used some cell phone signal; he thought they had been working well.

Mayor Wilson commented they would. That's good clean water. But because you're coming off a settling pond up there, the warranty on those is not good.

Doug added they may run into an issue where we need to run it off the river, and he would hate to destroy a bunch of meters because that's what has happened before.

Derek replied that they have some test meters in our system. They will pull them after they get the water out and test them. They have five or six of them in the system.

Mayor Wilson commented that the reason we have the exemption is the quality of our water.

E. Ash Creek Sewer District meeting.

Mayor Wilson reported that we did a plant tour for our meeting at the end of August. They're moving right along on that.

Ken asked what the pipeline that was going down along the river was.

Mayor Wilson answered that it was the sewer line to the plant. They've run two 10-inch lines to the little working pump station near where we live. In Confluence, they're running it down the old steel line, inside of the steel line that goes down to the power plant. Two lines, two 10-inch lines, and they're running it all the way around to the treatment plant. Everything in La Verkin will be fed by gravity to the treatment plant. Also, part of Hurricane and Tocqueville will feed to it as well.

IV. Business:

1. Discussion regarding irrigation shut off on November 15, 2024

This was already discussed earlier in the meeting.

2. Discussion regarding the Water Re-Use Agreement.

Doug concluded they would meet again on the 21st to discuss the water re-use contract and the other contract specific to La Verkin.

Fay said he would get a copy of the agreement and probably send out a copy of both agreements. He would make sure it was the updated version.

Mayor Wilson added that the cities on the west side are out of water. Regarding water rights for the city, they rely on the district for all their excess water.

Doug added that La Verkin, of course, we're constrained by land and how much building we can do. However, the Topside could put a strain on all of our resources if we don't plan ahead, so everything we do, we need to keep that in mind.

Mayor Wilson reported on the topside that we do have the application in, the water district does, for the water tank up there on the BLM land, and he told him yesterday that they hit a little snag on it. They're saying that that was a munition dump from the test site up there,

Doug replied that they're saying there's some potential live munitions in that area below the Mesa.

Mayor commented that was something he said they've got to look at that before they can move forward.

V. Public Concerns for Board Consideration:

No Comment.

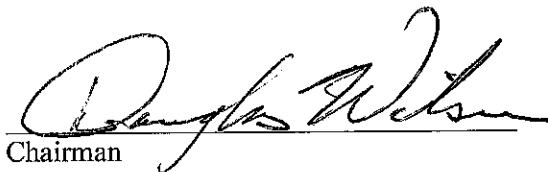
VI. Board Member Concerns:

No Comment.

VII. Adjourn:

The meeting closed at 12:07

Minutes were taken by Nancy Cline.

A handwritten signature in cursive script, appearing to read "Douglas Wilson", is written over a horizontal line.

Chairman