

City of La Verkin

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LA VERKIN CITY WATER BOARD MINUTES

Thursday, June 26, 2025, 9:00 a.m.

435 North Main Street, La Verkin, UT

Present: Doug Wilson, Kelly Wilson, John Valenti, Kenneth Cox, Kris Gubler, Kyle Gubler, Derek Imlay, Kyle Lovelady, Nancy Cline, Morgan Drake, Jeff Gittens, Zack Renstrom and Blaine Worrell.

I. Call to Order:

The meeting was called to order by Doug Wilson at 9:00 am.

II. Approval of Minutes: March 6, 2025.

The motion was made by John Valenti to approve March 6, 2025, minutes, second by Kris Gubler. Kelly Wilson-yes, Imlay-yes, Valenti-yes, Cox-yes, Kris Gubler-yes, Doug Wilson-yes, Kyle Gubler-yes. The motion carried unanimously.

III. Business:

1. Discussion and Review with representatives from Washington County Water Conservation District regarding the Water Re-Use Exchange Agreement.

Doug Wilson suggested doing an overview of the agreement with bullet points so it's easy to explain what is in the agreement.

Morgan agreed she would do that once they finalized the agreement.

Jeff was concerned that they structured the agreement properly so no one can say they aren't using the city resources correctly. He didn't understand what was being exchanged in order to call this an exchange agreement.

Morgan explained, although it's not what we call the exchange agreement, we consider this an exchange because the city is getting potable water connections reserved for them in exchange for the right use of the surplus water. They'll still pay for those connections but their connections that are reserved for the city. We're using secondary water for the city's getting back connections.

Jeff replied that the constitution requires water for water. He wasn't sure if that meets the requirement to get connections for water. The term connection is something that people throw out that term, and it means different things to different people. And he didn't think it's very well described in this agreement, and there's some inconsistency. He asked Morgan to describe what that meant to them. The word connections.

Morgan explained that the capitalized terms in this agreement, if they are not defined in the agreement, it's under the RWSA, which is in the general conditions in the miscellaneous section. And so, the city is a member of the RWSA. It's new connections as the city knows them and gets them from the district under an existing agreement.

Jeff asked if the end user would get water directly from the district.

Morgan explained if the city is the end user, yes.

Jeff replied he is talking about the homeowner.

Morgan explained it's the structure of the relationship, the pre-existing relationship between the district and the city. The district as a wholesaler and the city as an RWSA partner, just like the other cities that the district wholesales to. And so, the city is getting connections, which they pay an impact fee to the district, and that's how they're getting the water from the district to the city. But it's the city that is approving the building permit and is sending that individual or company to the water district to pay the impact fee.

Zack explained that the water that will be going through the meter located in the first house will be water, the water district is supplying. Essentially what's happening with this agreement is we're going to take this raw water from the city, we're going to treat it, and give it right back to the city.

Jeff replied that to call it an exchange, he didn't think it works, because you're not changing water for water. The other agreement is an exchange. You're at river water, exchanging it with reuse water or other water. That one's clear. This one is still not an exchange.

Zack commented they could change the word exchange if they needed to. The deal is that the water molecule will probably come from a different source for these culinary meters, but the city won't. So sometimes it may be but the majority of the time it's actually going to come from the well the district is drilling. We'll be pumping those wells and supply that water to the city and sometimes it maybe we take this molecule of water and send it through the water treatment plant and pump it back to deliver again. What you're saying about the exchange we can probably tweak that word or combine that word if you'd like to make it clearer.

Morgan commented that she did not agree with that. She was reading the constitution as exchanging water rights or sources of water supply for other water rights or sources of water supply that the municipality determines equally to enable the municipality to meet the needs of its designated water service area. She asked Jeff to explain how it doesn't apply under that.

Jeff replied that because you're not supplying us with water or we're not exchanging water like the other one. You're offering a "connection", which by the way, you still have to pay for. He didn't see how that defines trading water.

Mayor Wilson commented that what they are charging us for is the treatment of the water and to be able to run it through their pipelines to get it back to us. So that's what we're paying for, but we still maintain the water right. We're just putting the water in the reservoir. We pay them to treat it and to deliver it back to us. There's a cost with that and that's the reason for the connection.

Jeff replied that Morgan was talking about culinary water but in the agreement, it says that the district is going to deliver water for the connections to the city's secondary water system.

Morgan asked where it said that.

Jeff replied in section 3-6.

Morgan agreed to change that.

Jeff commented that right now there's 976 feet of surplus water that the city doesn't use through its secondary system that's available and qualifies as surplus water. If the secondary system is rebuilt, there's going to be more

surplus water because we're not going to lose as much water, and there's going to be 1,360 acre-feet. He asked if that is what Exhibit A illustrated.

Mayor Wilson explained as the city grows, these fields that are being irrigated by the secondary water are going to turn into houses, and so there's going to be less water used there. We'll still have secondary water for their outside use, but it won't be as much as they're using now, and so that will increase the surplus water that can be turned into culinary drinking waters for the city. That is part of the calculation from Sunrise Engineering.

Zack agreed they did use that to make the calculation. So, we're assuming that we're down to a certain point that new homes will go to the district-wide efficiency standards to produce their water use.

Mayor Wilson clarified that they will still be able to use the secondary water for outside use in the lower bench, because we're going to build out the lower bench and use the secondary water that we're using now for outside use, so they won't have to use any culinary water outside.

Morgan agreed that it's the goal within your geographical current service area.

Mayor Wilson continued to say that our development on top of the hill will all be ultra-conservative water use, and there will be no secondary water up there. And that would be the most efficient use of the water that we have.

Jeff asked about section 3-A-1 it stated various interests and associated debt, what are the associated debts.

Morgan explained that it's a general term. If there is any bonding that needs to take place, any costs associated with the secondary water system improvement project. So, what we've structured here is that the district is just going to reimburse the city. How we've done with other municipal partners is kind of a simple cost-sharing MOU where the city will get the invoices, we will review the invoices, and the district will also review them. The city will pay for it. The district will reimburse the city. And so, we can figure out that structure. We've done it with Toquerville where it was monthly basis. So, every time the city's paying an invoice, we're then reimbursing you for that invoice. We can coordinate if there's going to need to be any bonding.

Jeff replied that the idea then is these are payments that are reimbursed to the city. If that's the case, he wondered about the provision that the city doesn't use the money to pay for improvements, how would that even be possible if these are reimbursed, not like the district's giving the city money and then the city's going and spending it. The city's spending money and then getting reimbursed.

Mayor Wilson explained that the district is providing the money to the city, so we don't have to get bonding with the lending agency. So, they're providing up to \$13,664,000 for improvements to the irrigation system. and the city will pay the contractor and the engineers for that, and the district will just reimburse us the money.

Morgan added that she is fine to modify or get rid of that section, but she thought it's fair for the district to say, even though it's a reimbursement, the district is not paying the contractor, it's the city. So, the district wants to ensure that our reimbursement payments are going directly to that project and to the district review that invoice, signed off on the invoice, give the city the sum to pay it and then our payment needs to go to that invoice.

Jeff added that this is more of a detail, but he thought they needed to revise that provision as well because right now it basically says that it doesn't require the district to pay anything but gets to keep taking water in perpetuity and that's not going to be acceptable if the district wants to terminate. The remedy would be we terminate the provision and return the agreement the district can seek reimbursement of any money they think was spent improperly but the way it's structured now is not workable.

Mayor Wilson asked how the best way would be to structure that.

Jeff suggested that if the district thinks that the city didn't use money correctly, they will terminate the agreement and they go after the city for whatever money they think the city misspent. To say that the district in its own, in its sole discretion gets to stop maintenance but keeping the water forever, that doesn't work.

Morgan agreed to the red lines he proposed if he made the changes.

Jeff continued to say as far as the perpetual nature, he thought that's something they would have to think through as well. Again, to make sure this passes muster and isn't challenged. He thought there's got to be some sort of time limit on that. Maybe there's a mathematical way to figure out basically how long it takes for this agreement to be in place, so the district gets its money worth out of it. He thought someone could try to challenge it if it's in perpetuity.

Morgan replied it has to be perpetuity because the city is being promised the connections from the district and, so therefore we do this agreement and, and the city says "you don't get our surplus water rates anymore" well we've given you connections and so it is an exchange and therefore it needs to be perpetual because the city is going to be guaranteed to get all the dollars because we have a bunch of connections and all of a sudden you don't have those connections anymore.

Kyle Gubler added that the city is guaranteed the millions to complete the project.

Morgan continued to explain that the build out that Sunrise Engineering put together there's not a date to that build out and where the district hasn't come in and said give us a date which in her opinion was pretty generous of the district so therefore it does need to be perpetual.

Mayor Wilson added in the end we'll get to use all the water. We put some figures on what it's going to be and it could be anywhere from 2300 connections to 3200 depending on how they're lasting and how the ultra-conservative landscape works.

Morgan suggested they will add some illustrative language there. This is how we'll figure out the connections based on the level of service being provided and the impact fee being paid.

Jeff asked if the State determines the level of service.

Zack explained that The Division of Drinking Water comes in and basically says, we submit reports to the Division of Drinking Water. They come in and set the standard. And it's changed over the years. It used to be as high as one acre, it went to .89 acres, and even when we came down to .59 acreage per connection. That's when we went to them and negotiated with them for La Verkin. They can come out next year with a new rule. We just have no control over that. We have the right to go to the .59. We are working with them to give us .39, they haven't given us the official's thumbs up, but they said it looks positive, and they feel very good about it. So, we're just waiting on that .39 here very shortly. And the state has been excellent to work with. They have been phenomenal, working with us, very collaborative, very open, and so we have a good relationship. It's one of those things, since we don't know, we put some language in there and this is what we think it is right now, but, if the state says something's different, we'll just get up to that, both parties' kind of agree that's what it'll be.

Mayor Wilson added that the ultra-conservative, the .39, and that's what the county's working towards right now, and that's what we would, as a city, would go towards, especially if we do the development of the Topside, because we want to keep that ultra-conservative up there. They extend 12 waterways available as far as we can

tell. And that would, by all projections, that would be pretty much built out of there. And we still have some water rights in the Springs that we can continue to build out on the bench, but there's not enough there to completely build out down here on the bench. So, we'll rely on the district to provide water for the rest of that, too. We're almost to the point of where any new building, we'll have to get water from the district. What we're doing here with this exchange is providing water to the district that they can treat, and we still have the right to it, and use that for our build out.

Doug asked the day we signed this agreement if the surplus water now became available. So, it's going down the stream, going down the river, going into Sand Hollow and Quail Lake. But you're not allowed to use that to commit any new connections anywhere else in the county or in the water districts area other than La Verkin City.

Morgan agreed and she said we're not coloring the water molecules and tracking the water molecules, but we're doing the math.

Doug commented that they can use the water anywhere they want to, but we still have the right. They can use it, but they can't commit it. They can't take it out of their block of water rights, or their block of residential connections that you have so many, X number until the district runs out of water, basically. You cannot use it in those calculations because it belongs to La Verkin City only.

Morgan agreed that it was a fair way of putting it. When we're looking at our water supply portfolio, this isn't grouped in the same way with that portfolio.

Doug wanted to make it clear in the agreement.

Mayor Wilson added that was a problem one of the council members had. When we were talking about, they haven't even gone through this agreement as far as the council goes, that was an objection that one had. He commented that once the district gets the water, what if they used it all up, how are we going to get that back?

Morgan replied that the water rights stay with the city. The water right does stay in the city's name, so that's a very important distinction. It's never the water district's water right.

Doug added the water right stays in our names, but we've committed it to the district in exchange for treatment, delivery, and connections. He had another question, so let's say we have 100 acre feet of irrigation, do we get 100 acre feet of culinary connections?

Morgan explained it is based on the level of service. She looked up section 3B-3 for that. It depends on what is the level of service at the time of impact fee payment. Is it the normal level of service or the ultra-water-efficient level of service?

Doug asked when you say level of service, talking about like right now, it was .59.

Morgan replied now it's .59. You have the option to do .39 in the future. So, it's the ERC designation.

Doug asked is .89 for indoor-outdoor. What's it for indoor only?

Morgan replied it's .59 now. She asked Zack if they distinguished between indoor and outdoor.

Zack explained the state kind of does that, but people generally ask. Usually what the state did with the .39 ultra-water-efficient standard it's usually coming in just indoors, it's about 0.3, between 0.3 and 0.35.

Dough clarified the .89 is gone. We are working with .59 and .39.

Morgan explained that 0.39 is an option in the future.

Mayor Wilson asked if that's the 3487 connections is 0.39, if you went that way. And it probably would be between the two.

Morgan replied she thought for each city, that's going to be realistic. They'll use a mixture of them.

Doug continued this could be 0.3 to 0.35, because we're going to have secondary systems put in for outdoor. For the ones on the lower bench. Then the upper bench doesn't have secondary systems. So, in reality, we're going to be 0.3, 0.35 for all these connections.

Mayor Wilson asked if the 0.39, that's counting outdoor too. Well, they'll have to use some outdoor use if they want to have plants and stuff like that.

Doug summarized that the secondary water would not be on the bench. The topside. They would be using culinary water for outside use and that would be limited.

Mayor Wilson explained that's what the .39 is for. That limits what they can do outside. And this is all for all new growth.

Doug clarified based on the .39 there will be 3,487 connections approximately.

Morgan explained we'll keep a ledger, and then we'll meet each year to discuss what type of connections, what are sold, and where we are at now.

Jeff had another question on 3B4, that the city shall not reserve new connection for future use? What is that intended to mean.

Morgan explained what we're saying is that once this agreement is executed, the new connections that the city has are going to start ticking off this list for the surplus, the district's use of the surplus water. So, what we don't want is that the city is like, oh, no, this isn't from the surplus water. You just have to start using it right away.

Mayor Wilson asked what about the spring water from Toquerville and the Ash creek spring.

Morgan explained that water is outside the scope of the agreement. That is city water. This is water from the district and after the agreement it will come off the ledger that you are using it. It doesn't come off the ledger if the city is doing it themselves.

Doug asked if they must pay an impact fee on every connection that the city does.

Blaire explained if they got the water from the lower tank that it is not the district water.

Zack explained and that kind of goes back to that ledger. He looked at what water rights the city has right now and how it's being used. And that's just one of those things that we just did. Is that right to your master plan? We can look at your water that's coming at that point and also look at your screens and how much you're demanding. We can pass it down to that calculation.

Morgan wanted to clarify that We're saying that the new connections, as part of this agreement are in relation to surplus water rights and not city-owned water rights. Then we sit down each year and just kind of figure that out. This connection we can say is city water. This connection we can say goes to surplus water that the districts use from the city.

Zack explained that all the cities right now have effected water rights in their portfolios. And what we've done with that is that whenever a city building is constructed, we don't charge impact fees for those. So, if you were to build a new city hall, a new recreation or something, we don't even charge you impact fees because we're all assuming that cities do have a little bit of water in their back pond. But with you guys, we can sit down and do a more formal calculation of where the water's going.

Mayor Wilson commented we are getting close to using all our rights in the springs. We still have a little bit left in there, and eventually that'll be used up with development here on the bench.

Blaire commented they could supply everything the city currently has.

Kyle added once we don't have enough when all the fields are built up. That's when they start coming off the district's checklist. And go over that yearly with the district.

Morgan agreed it's yearly, but they could do more if needed.

Doug gave an example if the city offered to buy the citizens grass to do desert landscaping at their homes, so they fall into the .39. Now we've got that water, it's in our springs, and we can reapply it. This is completely outside of what the water district's doing. We have that right and have that ability. We need to keep that ability so that we can extend our water even farther if we want to.

Kyle asked if he meant citizen watering outside with culinary water.

Doug replied yes within the city, that are on the current springs water system. There's not that many right now that do it. He suggested we don't want to be locked in that every new connection. We need to have some type of ledger.

Jeff commented that with this connection, these types of ledgers, he wanted to make sure we're careful with this because one of the distinct of the city, so the springs only produce a certain amount of water and so there's the peak flow that's really the limitation of the city. In the winter months you don't even pump that one spring, it just kind of goes down. And you just don't need it. So, part of what the district is bringing is during those peak seasons we are pumping both, springs. He suggested they look at the acre foot inch for the whole year but we also need to look at what is the peak of what the system needs. And that's where it seems like the more of the limitation is for the city right now is those peak summer months. He wanted to make sure they include both of those in our calculations.

Blaire commented they used that in the calculations in the master plan. We have a calculation for the source capacity using peak demand.

Doug suggested they make a change in the name of the agreement from the word "exchange".

Jeff agreed that this title is a surplus water agreement but then has hints of an exchange agreement. It's kind of like the contract isn't quite sure what it is right now. He is going to work on solving that.

Morgan didn't agree. She thought the definition in the constitution would make this an exchange, but she would defer to the city's attorney. By allowing the issuer to use the supply, you're getting another supply back. That follows the definition of exchange. She agreed to let them all talk about that and come back with what makes sense.

Jeff also had questions about water rights. On the list of water rights, water right 812-777-1640.22 acres. It should be 1630 not 1640.22.

Morgan asked what the master plan stated.

Blaire agreed it was 1630.

Jeff asked about the third waterway. He didn't know if that counted since it went to the large research facility.

Derek explained they found out they no longer use that water at the test site, so La Verkin has the right to it now. They needed to get it changed back to the two points of diversion.

Jeff wanted to know when they stopped using it.

Mayor Wilson replied they didn't know when they stopped using it. He would contact the contractor in Virgin to get that answer. The pipe isn't even in the ground anymore. They have been using separate spring water.

Morgan explained for purposes of the surplus; it's Exhibit A that's really telling us what the new connections are. Exhibit B is important to list all the water rights. She agreed to make the change and add the third water source once she gets the information.

Doug asked about the priority of culinary water rights. If it follows the same laws as secondary water priority. He wanted to know if the 1890 water rights are hooked to the culinary water.

Jeff replied they did. The priority is the same.

Doug gave the example if the state comes by and says you don't have priority after this date because Because we're in a five or ten year drought because they're going to affect our culinary water delivery.

Jeff asked if he meant the culinary water out of the wells.

Blaire explained that you're saying basically because the district's going to be providing you culinary water not from your delivery point essentially it could be coming from cotton well. So we got into a drought situation the state engineer came by and said you can't use water. After this date and that date the district doesn't have any priority and is not able to turn that well on. Would you be able to get culinary water.

Jeff replied that the priority date goes with the water rights source. So, it depends on what the water rights are that are associated with that source. If there's a source that has a date, the only water right that has a late priority, and the division comes around and says, due to priority, you've got to stop using it, then you've got to stop using it.

Blaire asked if the district would be able to provide the water from Cotton well using the priority date and the water right from the river? He thought it's not.

Jeff replied to it wouldn't change the application of the well source.

Morgan replied with your secondary water right, we have in the reuse water exchange agreement the change application section, and that's where we're going to coordinate. The water right is going to stay in the city's name so therefore the city will be doing the change application, but the district will be helping and we're going to change it so that it can be used as municipal and industrial so indoor drinking water in the service area of the county and then the water right priority date stays the same.

Jeff asked if the change application is going to any sources or is it going to just have the Virgin River as the source.

Morgan replied that they would need to figure that out. For them it's going to be what's the most operational flexibility to get that water back to La Verkin and so that's going to be a question.

Zack commented that most likely we'll just stay with the Virgin River because it's an easier change application but, we're building our infrastructure right now this water going through our lake, and then through our water treatment plant often to the product system. One of the things, let's say we have a really, really severe drought. One of the things that we're building into the system right now is different operations that we can move water. So, when this is all done, when our infrastructure is put in, we literally take water from Sand Hollow. So, we've stored a lot of water in the Sand Hollow Reservoir. We can take water from that Reservoir; it's just going to be a much more dynamic system going forward. So, we do have that severe drought, and the state engineer starts and says, okay, you need to start back to your water rights. Right now, we're in that situation, so we always have drinking water. We can't shut houses off.

Doug wanted to make sure we can still tap into the 1890 right if we get into the 10-year drought. We would be able to get it from the treatment plant.

Jeff had questions about section 3E is trying to say the city shall use commercially reasonable efforts to cause secondary well rights for the districts use.

Morgan explained that the district is trying to ensure that since it's providing reuse water, other district water supplies to the city, that the city is not doing anything that impedes the ability of the district to get the Virgin River water in exchange.

Jeff wants to tweak the language because it sounds like any water we don't use goes to the district. This almost seems like the language that would be in the last agreement, which is about surplus water. This provision makes it so that the district gets all of our surplus water, not exchange water. We're talking about getting this agreement as we're giving Virgin River water and we're giving reuse water.

Morgan replied the secondary water is not diverted as a result of the exchange. So, yeah, we can connect it specifically to the exchange of this agreement.

Jeff asked about the change application provisions, again, we don't have the change application to look at. Right now, it says that to allow the full volume of the water rights used for the district's water system and service area. What that's supposed to say is the water can be used in the city's water system and service area and in the district's water system and service area. That way both of us can use it.

Zack replied that the service district covers the city, but they can add that language if they want to.

Jeff commented he thought it'd just be that both of us can use it for municipal use within our respective service areas. It seems like we get the service area like the actual area, but you also have to put what the use is. And so,

the use would be municipal use for the city and municipal use for the district. In 4E it says the city is required to do all the paperwork to keep the change application in good standing. He wanted to clarify, is that the city to pay for all of that?

Morgan replied that the district would pay for the filing fee for the change applications.

Jeff commented that the name would be the city. He wanted to make sure everybody is on the same page that the city, the way it's worked right now, the city will be responsible for paying all the costs to prepare and file those things.

Morgan asked Jeff to explain what costs he is talking about.

Jeff replied to keep the change application in good standing, and extension requests filed and possibly at some point proof beneficial use so we're not huge amounts of money at least for the extension request and the extension requests are too much to create and cost you know a couple hundred dollars to file every, five to ten years when it comes time to final proof you know that's a bigger amount.

Morgan asked if the city was already doing those things for their water rights.

Jeff replied that the city's water rights are protected now. The city will only have to do a new change applications file to keep the change application in good standing so these will be new obligations.

Morgan asked if the change applications are creating these obligations.

Jeff replied that yes, they have to hire an engineer to make the change orders. His opinion was the city wouldn't be filing them if it wasn't for the agreement so they shouldn't incur all the cost.

Morgan replied that the district would pay for that, but the city would have to file it because it's in the city's name.

Jeff asked about section 6A, the municipal system, he wasn't sure if that was intended or if that was supposed to be secondary system.

Morgan replied that it is backwards. It should be Municipal in the second.

Jeff asked about section 8. It says if this agreement is tied to any necessary documents to restore respected ownership. He wasn't clear on what that meant. Because ownership is not changing. Change it to the parties will execute any documents to withdraw the change application. He doesn't think supporting ownership is necessary.

Morgan agreed. She has been taking notes as we've been going through. She would send red lines back to this group based on the discussion today. And then if Jeff still has some concerns or some other they can go over them, but we haven't really thought through edits, so you're not going to see changes on that. But if you can just add to those red lines, that would be awesome.

Kyle asked them to include Fay in that email. So, when they all meet, they have the updated version.

Morgan commented she would by the end of tomorrow, she would get those out. So then when you review next week, you at least have some of the things that we need and know we were going to change today.

Doug asked them to create a bullet point list so they can explain it easier to the public and the city council.

Mayor Wilson arranged for another Water Board meeting on July 3rd at 10:30am.

IV. Adjourn:

The meeting ended at 10:10.

Minutes were taken by Nancy Cline.



Chairman