

City of La Verkin

435 North Main St., La Verkin, Utah, 84745

(435) 635-2581 Fax (435) 635-2104

www.laverkin.org

LA VERKIN CITY WATER BOARD MINUTES

Thursday, July 3, 2025, 10:30 a.m.

435 North Main Street, La Verkin, UT

Present: Kelly Wilson, John Valenti, Kris Gubler, Kyle Gubler, Derek Imlay, Kyle Lovelady, Fay Reber, Nancy Cline, Paul, and Blaine Worrell.

I. Call to Order:

The meeting was called to order by Kelly Wilson at 10:30 am.

II. Business:

1. Discussion and review secondary water rate increase with sunrise Engineering.

Paul explained that the shareholders are all assessed an assessment fee once a year, and that's \$50.89. And then they are charged about \$25.45 per share for the first share. And then for every additional share thereafter, a \$12.72 charge biannually. It's basically just \$25.45 per share but for shares greater than one you pay it bi-annually. At the existing number of lease users and shareholders which is 808 right now lease users that's in the top portion of the table on the left hand side the average fee is about \$13.02 a month or \$117 a year for leases and then for contract holders about \$89.50 a year or \$9.93 a month that's what everyone's paying right now but at the current costs to the system they're being subsidized by the general fund. These rates and fees collected amount to a deficit of \$118,000 a year and that's against the next year's fiscal year 2026 anticipated expenses. We've assumed for going forward that we've increased the expenses by 20%.

Kyle asked if they took into consideration that annual payment is only about \$11,000 or \$12,000 as opposed to that \$112,000?

Paul replied they did take that into consideration. The proposed rate adjustment is on the right hand column and the easiest way to summarize it is just to look at that far right column where we have percent increase from the existing fee, it's essentially an 88% increase to all of the usage rates and then the assessment fee on the contract holders will have to increase by 175% in order to avoid any deficit and break even there. So that works out to be a one-time assessment fee of \$140 for contract holders and no assessment fees for lessees. The average number of shares held by a delivery contract holder is 1.5 and so that's how these averages are calculated right now and that's just pulled from last year's rate tables and billing summaries. That works out to a \$140 one-time assessment fee and then an annual adjusted fee of almost \$48 on average for contract holders and about \$212 a year for contract holders. Meanwhile for leases it's about \$24 a month on average and that's based on lot size and an average annual fee of \$220. On average lessees will pay about \$8 more than contract holders. Down to the bottom, that right side table, we've seen a cost share breakout between lessees and contract holders, and the lessees' pay, just due to the magnitude of the number of them, about 74% of the total costs of the irrigation fund budget, and contract holders, the remaining 26. This does not include standby fees, because we're assuming that after we get the new improvements up and running, that we're going to have a lot of converts from standby that connect to irrigation.

Mayor Wilson asked if they knew how many were not connected to irrigation.

Paul explained they have 290 billed for standby fees.

Derek explained that it is the correct number. That 290 have the ability to be connected to irrigation but are not hooked up.

Kyle Lovelady added that there's also a small area of town that doesn't have the ability, so they are not charged a standby fee.

Paul explained they can take the number of culinary users and subtract the standby users and come up with the number.

Kyle Lovelady added if we made the improvements we would have irrigation in places that it doesn't have it now and then you could essentially have your lessee number jump up 600.

Fay asked how many users there are.

Paul explained there are 808 leases and currently 292 contract holders.

Mayor Wilson asked the board members what they thought.

John Valenti commented that he understands we have to do something to raise the rates and, as long as it's done fairly, he agrees.

Kris Gubler added that if we're in the deficit, we can't run that for very long.

Kyle Gubler added that we've been told by the accountant and our auditor that your irrigation funds have been running in the negative and have been supplemented by the general fund. And you can do that, it's just not recommended for very long. It's been doing it for several years. There for a while we had money from the canal company and there were some savings that we used.

John commented that basically doubles the costs.

Mayor Wilson explained that people leasing water for \$13 bucks a month is on average and now it would be \$24.

John asked how that compared to culinary rates.

Kyle Gubler replied that's the thing is you can't ever have secondary rates be more than culinary rates. The culinary rates are going up too.

Mayor Wilson added that the average rate is \$45 dollars a month.

Kyle Gubler explained it has to be lower than culinary, or people will use that to water their lawn.

Kyle Lovelady added that the tier rate structure on the new culinary rate is going to make people want to switch to this.

Kyle Gubler explained that it takes effect after it goes to the city council. We'll probably go through this every season of the year. It'll be next March.

John asked if it was a one-time rate hike or would it be tied to cost of living or inflation.

Mayor Wilson explained they didn't build in an inflation rate, but they would revisit it next year.

Paul added the master plan is due every five years. We do, on the cash flow summary, assume 3% inflation.

John added that new users would increase the amount collected.

Kyle Gubler added this also takes into consideration replacement. There will be a small amount, but we'll decide on a replacement cost in the future

Mayor Wilson added if we get this contract through the water district, they will pay for the upgrade in our irrigation system which will cut down on maintenance quite a bit once we get that in.

Kyle Gubler recommended the board at some point with the new system we will have the ability to provide water, but we thought maybe it only goes for 10 months there's really no reason, take it out December 1st put back in, February 1st and that would give you one more month of billing.

Paul agreed. These numbers are based on a nine-month schedule so they would increase.

Mayor Wilson asked if the waterboard would pass something like this to the city council.

John Valenti and Kris Gubler agreed they would.

The motion was made by Kyle Gubler to recommend the rate structure to La Verkin city council, seconded by John Valenti. All are in favor. The motion passed unanimously.

Kyle Gubler explained that the council would determine whether it takes effect at the beginning of next year building cycle March 15th.

Mayor Wilson added that if all of this gets worked out with the water district and replacing the system that'll probably start taking place next year.

John Valenti asked if they were doing a major trunk arrangement and going from there.

Kyle Lovelady replied that it's probably not going to take full effect as far as the reuse until the middle of 2026. Depending on when and how fast they can build the pond and how fast they can build the pipelines that feed it. Then how fast can we build pipelines to get the water back to where we can maintain current pressures through new lines. The construction that we have to do there's quite a bit that has to happen, and so it's going to be really interesting next year's irrigation system season.

Kyle Gubler asked if anyone had talked to Dave Jessop about the filters.

Derek replied they did talk to him.

Mayor Wilson added they could keep the system running even with the construction.

Kyle Lovelady replied that's the plan. We want to try and keep everything of the old system as separate as long as possible. He didn't think until that branch that goes into the filters, we'll be able to keep that going. The last thing we'll do is where we separate off of the district line. That kind of figure in how construction is going to go. It might be September or August next year.

Derek Imlay added that if anybody wants to stick around, Blaine's going to be here in a minute. And he's going to show us the plans. They could get a better idea of some potential timeframes because the plan design right now is close to 30%.

Kyle Lovelady added by the time they go out to bid, we anticipate them breaking ground probably in January or February. That's for the district's line to get the Virgin River water to the pond and the reuse water to the pond.

Mayor Wilson replied we probably want to get this surplus water agreement and the reuse water agreement through city council before the rate increase for secondary water. He asked if they could get this ironed out and done by August, is that a possibility

Fay replied probably not because after Jeff gets done with it, he's got to go back to the water district, and there'll be some additional tweaking

Mayor Wilson asked Paul how long it would take to get the plans.

Derek Imlay explained they hoped to run both projects at the same time, that because they're already mobilized here, the cost reduction would help.

Kyle Lovelady suggested it might come off easier if you do the rate increase when people aren't paying for irrigation too. If we came in when it's out of the ditch, it might not have as much outcry with public hearing.

Mayor Wilson explained we haven't had any rate increase in many years and people need to understand they have to maintain the pipes and with inflations there needs to be an increase.

Paul added they are one of the cheapest irrigation rates.

Kris Gubler added there are always people who complain when there is a rate increase.

Blaine joined the meeting at 11:00.

Mayor Wilson explained to Blaine that they discussed the increase rate and motioned to send it to the city council. They would like to see the renderings for the pond.

Blaine explained the pond is in the cottonwood hollow subdivision. Then we got pipelines to feed it. The distribution is from the new water plant.

Kyle Gubler added the Water conservancy district is going to make it somewhat of a recreational type of area.

Blaine replied that the water district isn't concerned there could be a trail there. They do not want to maintain any part of it.

Kyle Gubler replied if the city wanted a city park, we would have to maintain it.

Kris Gubler asked how big an area it would be.

Paul replied that it would be 2 acres of water area and a depth of twenty-four feet. There will be a ten-foot-wide paved trail.

Derek added around the dark the lighter blue and pink this is the pump station That'll be our maintenance our responsibility. The district has another square to the north of the district for an add-on.

Kyle added that the people in town are going to notice a significant improvement in the water quality they're going to get through the reuse water. He asked how often people cleaned their filters.

Mayor Wilson, Kris Gubler, and Kyle Lovelady replied they don't run theirs with a filter.

Kyle Gubler asked how many building lots did Interstate Rock have to give up for the pond.

Blaine replied that the water district is doing a swap with them.

Derek added that there's also going to be some provisions that we're bringing up to the City Council. We're letting them dig into, if we deem it hillside or not, digging in more to the hillside to get some of the lots that they lost due to this.

They discussed how the district cleaned the pond.

Blaine explained they are running a 24-inch PVC and an 18-inch ductile. The conservancy district runs the ductile pipe from Confluence Park to the pond, and then from 500 North to the pond.

They explained the 24-inch pipe location and that was the cities line.

Blaine showed the plan of irrigation replacement. They discussed the lines being replaced.

They all discussed how citizens would get the irrigation from the front yard to their backyard. The citizens who originally get it from the backyard and they take that away. It could be expensive to run the line through their yard. There could possibly be a provision for some financial assistance in those instances.

Derek asked Fay what his opinion was on if they moved the existing system and if the citizens have to pay to get it back. The last city attorney advised if the city changed the way it delivered water, then they needed to assist the citizens in getting it back to their original area.

Kyle Gubler could sympathize with the citizens getting upset that the city changed the delivery of water and they have to spend money to get their irrigation water back online to their homes. The people could have some legitimate reason to complain

Derek agreed there needed to be some expectations and assistance for citizens.

Kyle Lovelady suggested they need to decide the standard size of pipe they can use to irrigate. What size of connection the lots have. They will have to go to each individual property and ask where their connections are and where they should put it.

Derek replied that Hurricane put a stake in every yard where they would be getting irrigation and it was up to the homeowner to get a line to that spot.

Blaine added they could make a little in-house sheet of paper for everybody's yard that you're messing with, and you give it to them. Basically, what it does is it gives permission to go on their property if you need to, like, do anything with the back lot lines, disconnect, or install it somewhere, and basically, one gives you where they want it, so then it acts like an easement agreement, and you have permission to get on there. He didn't know if the district would pay for it, but you could have the contractor do the line. They have 170 connections.

Derek added that's if you did a thousand dollars per 170 connections that'd be \$170,000. He thought that price of a thousand dollars to run trench and run a pipe should be fairly reasonable. He asked if the city could come up with that money. They need to consider it.

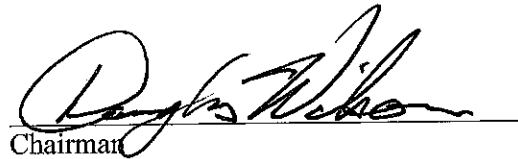
Kyle Gubler suggested the money they collect from the new system could help offset that expense. They won't know the cost until they decide how many will need a new connection.

Kyle Lovelady added if they had a backyard connection, they ran some type of tap or like something up front, because then you're only running to that tap because that's where the supply line would be. It would be separated from the sprinklers. But if they don't have that and they have their irrigation box right here next to the shutoff valve, then you've got to go clear through their place and put back their landscape how it was.

III. Adjourn:

The meeting ended at 11:20 am.

Minutes were taken by Nancy Cline.



Chairman