Cedar Valley Water Conservancy
Board Meeting Minutes
July 16, 2026

CEDAR VALLEY
WATER CONSERVANCY

Board Members
David Harris
Spencer Jones
Paul Nelson
Tyler Melling
Andrew McCrea
Tyler Allred

Conservancy Staff
Paul Monroe-General Manager
Mandi Williams- Administration
Tracy Feltner-Conservancy Operator
Curtis Nielson – Conservancy Engineer
Jeff McKee- Conservancy Operator
Tyler Glover – Conservancy Operator
Christy Tullis – Office Manager
Holden Miller – Conservancy Operator
Kimberlee Trower – Public Outreach

Others in Attendance
Greg Baird – Black & Veatch
Sam Fankhauser – Black & Veatch
Aaron Kraft – Black & Veatch
Michael Roman – Stantec
Erin Pfluger – Water Works Engineer
Linda Hahne – Iron County Board of Realtors
Gabe Miller – Kimball & Roberts
Shelby Long – Virtual
Paul Sherratt – Virtual
Michael Miller – Virtual

CALL TO ORDER: ▪Board Member Harris called the meeting to order at 6:30 PM. Tyler Allred led the Pledge of Allegiance. Spencer Jones offered the invocation.

DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS: ▪None.

CONSIDER APPROVAL OF MINUTES FROM THE BOARD MEETING HELD June 18, 2026:

Board Member McCrea moved to approve the minutes from the Board Meeting held June 18, 2026. Second by Board Member Allred. Motion Unanimous at 6:32 PM. (11:03)

PUBLIC COMMENT: ▪ None

<u>CONSIDER APPROVAL OF PAYMENT OF BILLS AND ADJUSTMENTS June 13, 2026 THROUGH July 9, 2026:</u> ▪Williams highlighted several items of interest:

Payments to Cedar Valley Pumps were for repair work and replacement parts. Payments to Dorset Technologies were primarily for the completion of the PRV station project in Cedar Highlands. She also noted the payment to Eagle Valley Universal Power Saver for equipment repairs. The final invoice for Inntelex related to the Cedar Highlands project was paid, including the release of retained funds following completion and final project closeout. A payment was made for the inflatable attractions used at the Water Festival. The Board noted the event was a success and expressed appreciation to Kimberlee and Conservancy staff for their work in organizing it. The remainder of the payments consisted primarily of routine monthly operating expenses. No additional questions were raised regarding the payment register.

Williams went over the Credits & Debits.

Board Member McCrea moved to approve the payment of bills from June 13, 2026 through July 9, 2026. Second by Board Member Allred. Motion Unanimous at 6:36 PM. (15:18)

<u>REVIEW 2026 FINANCIALS:</u> ▪ Monroe –reviewed the financial report. The Reuse Project showed a higher expense due to a $500,000 payment to Cedar City required to receive the corresponding grant funds. The Conservancy expects to be reimbursed by the state within the next 30 to 60 days. The Board recognized Paul and staff for their work managing the various grant requirements. He noted that the remaining Water Improvement Project and Reuse Project expenses will be covered by grant funds. Approximately $14 million in loan funds have been spent on the Water Improvement Project, with approximately $4 million in grant funds remaining. About $2.6 million of those funds are designated for two wells that were recently bid. Monroe also reported on several well repairs. The Eagle Valley well was redrilled after a pump and VFD compatibility issue. The new well is producing approximately 100 gallons per minute more than the previous well and should be back in service soon. Another well was cleaned and inspected after mineral buildup prevented the inspection camera from entering the casing. The casing appeared to be in good condition, and the pump is ready to be installed. Despite having multiple wells out of service, the new 4-million-gallon tank has provided enough storage to keep the system operating reliably. Monroe noted approximately $285,000 in unplanned well repair and replacement costs but said the Conservancy remains on track with its budget. He also reviewed the balance sheet. **(26:47)**

<u>Review and Consider adoption of:</u>

A Resolution for Proposed Rates and Fees – Monroe reviewed the proposed water rates and fees. Most rates would increase 5%, with Tier 7 increasing to $10.00 per 1,000 gallons.

For commercial and industrial customers, he proposed that if a customer's cumulative annual water use exceeds the amount represented by the water rights assigned to the account, all additional water use for the remainder of that calendar year would be billed at the Tier 7 rate. The account would remain at Tier 7 through December 31, regardless of monthly usage. The Board discussed the importance of holding commercial and industrial customers accountable for their water allocations and ensuring that excessive use does not place additional costs on the Conservancy's system. Monroe reviewed the proposed five-year rate adjustment plan, which provides for a 5% annual increase as outlined in the Master Plan. The Board would review and approve each annual adjustment.

Nielson also reviewed the proposed impact fee changes. Based on the analysis of acre-feet delivered and equivalent residential connections, the calculated impact fee is $21,865. A reduced fee of $11,230.40 was proposed for a one-inch connection, with the conservation-tier adjustment reducing the fee for a three-quarter-inch connection to $7,019. The proposed changes also recognize the smaller meter size rather than applying the one-inch fee to all connections. Board Member Jones asked to clarify language regarding water rights from an "outside basin." Monroe explained that this refers to water located outside the point of diversion, not simply water from outside Basins 71 or 73. The Board requested that the language be clarified to specify that water rights must be approved for use within the Conservancy's service area and supported by existing Conservancy infrastructure.

Monroe also discussed the Conservancy existing water rights receipt policy, which allows the Conservancy to retain 10% of a water right when returning the remaining water right to a customer who no longer intends to develop the property. He noted that the policy has been used in several agreements and is intended to cover the Conservancy's costs for holding and maintaining the water rights.

Board Member McCrea moved to approve the Resolution No. 2026-7-16 A Resolution Adopting and Authrozing Fees and Service Charges with the clarification as noted in the discussion. Second by Board Member Allred. Motion Unanimous at 6:59 PM. (38:04)

Gabe Miller with Kimball and Roberts arrived at 6:57 PM

CONSIDERATION AND APPROVAL OF THE 2025 AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025:

▪ Gabe Miller with Kimball & Roberts presented the Conservancy's annual audit and reviewed the findings with the Board. He noted that the Conservancy's updated asset tracking process will make future audits easier by recording new infrastructure as it is completed rather than having to research historical records.

The audit included a review of the Conservancy's internal controls over financial reporting, and no deficiencies or concerns were identified.

Because the Conservancy received more than $1 million in federal funds, a single audit was also required. The auditors tested the Conservancy's use of federal funds for the Water and Waste Disposal Systems for Rural Communities program and found the Conservancy in compliance with all applicable requirements.

The auditors also completed the required State Compliance Audit. No findings were reported, and the Conservancy was found to be in compliance with all applicable state requirements. The Board thanked Gabe, Mandi, and staff for their work. The Board noted that having no audit findings was a positive result.

WATER CONSERVATION: UPDATE, DISCUSSION:

a. Aquifer Recharge: Update & Discussion: Monroe recognized Kimberlee and Conservancy staff for their work on the Water Festival. The event was well received by the community, and sponsorships exceeded the event's expenses. The additional funds will support the Conservancy's water conservation programs, including the Water Festival, fifth-grade water fair, and other community outreach efforts.
b. Reuse WWTP Water: Update & Discussion: ▪ Monroe also provided an update on the water reuse project. Discussions with Cedar City regarding engineering and construction of the pump station are moving forward, although the process has been slower than anticipated. The Regional Water Committee recently toured Washington County's water reuse facilities and reviewed its plans and processes. He discussed the value of learning from Washington County's experience and building relationships with agencies that are further along in water reuse. Monroe also expressed appreciation to Representative Rex Shipp and Celeste Malloy for their assistance in securing funding for the Conservancy's reuse project and recognized the importance of continuing to develop and reuse water resources. He also reported that the Conservancy has been able to divert additional water through the Quichapa system during recent monsoon storms. The system allows the Conservancy to settle sediment from runoff and put the water to beneficial use. The Board discussed the value of the Quichapa project as an ongoing conservation effort and its ability to capture and reuse available water whenever possible.

Board Member Jones moved to approve the 2025 Financial Statements (Audit). Second by Board Member P. Nelson. Motion Unanimous at 7:23 PM. (1:02:04)

WATER IMPROVEMENT PROJECT:

▪Basin 71 Well and Waterline and the BZI Innovation Park Well – ▪Nielson reported that USDA provided a few comments regarding the two wells awarded through the project. The Conservancy provided the additional information requested by the contractors and submitted the responses to USDA. He expects to receive USDA's approval and concurrence soon, after which a pre-construction meeting can be scheduled, and the project can move forward.

BASIN 14 (PVWS) PROJECT:

▪ Monroe reported that the three entities that had opposed the project have withdrawn their IBLA appeals, and there is currently no active litigation involving the project.
He said that the Conservancy is preparing for the next phase, which will involve selecting a project manager or consultant to oversee the design and engineering of the project. The goal is to establish a clear process and timeline to move the project toward completion and water delivery within the next 6 to 10 years.
He discussed the importance of selecting the right consultant and establishing a process that protects the Conservancy's financial interests while ensuring the project is designed and constructed properly. Staff will research successful approaches used on similar projects and bring recommendations back to the Board for direction.
The Board recognized the progress made with the Record of Decision and expressed the importance of continuing to move the project forward rather than allowing the timeline to continue being pushed out.

GENERAL MANAGER'S REPORT: OPERATIONS & PUBLIC EDUCATION:

▪Public Education – nothing to report

▪Operations – Monroe requested approval to pay the $231,616 additional cost to upsize a planned 2,200-foot water line from 12 inches to 24-inch HDPE. The developer will install the larger line along the Conservancy's planned transmission route, saving the Conservancy the cost and disruption of installing it later. The larger line will improve the Conservancy's ability to move water between the northern pressure zone and the 4-million-gallon tank and support future system expansion. Although the expense was not budgeted, staff recommended proceeding due to the long-term benefit and cost savings. He also discussed coordinating the alignment with other utilities and the County to minimize future crossings.

Board Member McCrea moved to approve the additional cost to upsize the water line as presented. Second by Board Member Allred. Motion Unanimous at 7:35 PM. (1:14:36)

Discussion and Possible Action Regarding Conservancy Policy on Direct Water Service to Individual Retail Customers Outside Municipal Systems – Monroe discussed a request from a property owner in Right Hand Canyon to connect to Cedar City's spring water system through the Conservancy. Cedar City generally does not allow private users outside its service area to connect directly to its system, so a potential arrangement was discussed where the Conservancy could act as a pass-through. The Board discussed several concerns, including the elevation and pressure requirements, water quality and treatment, system maintenance, the impact on existing customers, and the lack of infrastructure in the area. The Board also discussed whether a wholesale agreement with an owners' association could be an option if there were a responsible entity to manage the system. The Board agreed that requests of this type should be considered on a case-by-case basis rather than establishing a general policy at this time. Due to the number of concerns with this particular request, the Board expressed significant hesitation about moving forward and requested additional information before considering it further.

BOARD MEMBERS REPORT: ▪ None

ENGINEERING REPORT: ▪None

NEXT MEETING DATE: August 20, 2026

Board Member Allred motioned to adjourn the regular session Board Meeting. Second by Board Member McCrea. Motion Unanimous at 7:48 PM.

Meeting Adjourned at 7:48 PM.