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*Approved*

BOARD OF WATER RESOURCES MEETING

MINUTES

March 20, 2019

Desert Garden Inn

Cherokee Room

1450 S. Hilton Drive

St. George, Utah

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SUMMARY OF BOARD ACTIONS

1. Minutes from the January 31, 2019 meeting were approved. Page 1

2. The Board voted to authorize 85% of the project cost up to $187,000 for Monroe

City, and that the bonded indebtedness be returned at 3.07% interest over 15 years

with annual payments of approximately $17,000, including reserves. Page 1

3. The Board voted authorize 85% of the project cost up to $1,068,000 for Powder

 Mountain Water & Sewer Improvement District, and that the bonded indebtedness be returned at 1% interest over 30 years with annual payments of approximately

 $43,000, including reserves. Page 2

4. The Board voted to authorize 67.2% of the project cost up to $961,350 for Mapleton

Irrigation Company, and that the project be purchased at 0% interest over 21 years

with annual payments of approximately 45,700. Page 2

5. The Board voted to commit an additional $135,150 to the project for Spanish Fork

South Irrigation Company, and amend the purchase agreement to state the board

will provide 85% of the project cost up to $607,750, and that the project be purchased

at 0% interest over 20 years with annual payments of approximately $30,387. Page 3

6. The Board voted to allow a mortgage or shared security agreement with Zions

 Bank, as proposed, pending approval of Zions Bank officials, for Fremont

 Irrigation Company. Page 3

7. The Board voted to withdraw the applications from Highline Canal Company and

 O.T. Hicken Ditch Company from further consideration by the board. Page 3

8. The Board voted to approve $500,000 in additional funds for the cost recovery

 agreement with the Bureau of Land Management. Page 4

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Wednesday, March 20, 2019 at the Desert Garden Inn, 1450 S. Hilton Drive, St. George, Utah. Chairman Norm Johnson presided over the 2:00 p.m. meeting.

BOARD MEMBERS PRESENT:

 Norm Johnson, Chair

Blaine Ipson, Vice-Chair

Charles Holmgren

 Jim Lemmon

 Wayne Andersen

 Juliette Tennert

 Kyle Stephens

 Randy Crozier

STAFF MEMBERS PRESENT:

 Eric Millis, Director

Todd Adams, Deputy Director

Joel Williams, Assistant Director

Candice Hasenyager, Assistant Director

Barbara Allen, Administrative Secretary

Marisa Egbert, Engineer

Ben Marett, Engineer

Shalaine DeBernardi, Contracts & Bonds Officer

Randy Staker, Finance Officer

Paul Gedge, IT Specialist

Marcie Larson, Section Manager

Aaron Austin, GIS Section Manager

Jake Serago, Engineer

Rachel Shilton, Planning Manager

OTHERS PRESENT:

 Karry Rathje, Washington County WCD

Justin Atkinson, Sunrise Engineering

David Clark, citizen

Paul Blanchard, A.E.2.S. Engineering

Stephanie McGinnis, Utah Rivers Council

Bryan Dixon, Conserve Southwest Utah

Tom Butine Conserve Southwest Utah

William Merkley, Uintah WCD

Mike Collins, Bowen, Collins & Assoc.

Janell Cook, HDR Engineering

Devin Magleby, Monroe City

James H. Harvey, Weber County Commissioner

 Roy Watts, Powder Mountain Water & Sewer ID

 Carrie Zenger, Powder Mountain Water & Sewer ID

 Ron Wilson, Powder Mountain Water & Sewer ID

 Mike Miner, Mapleton Irr. Co.

 Clayne Weight, Mapleton Irr. Co.

 Eric Franson, Franson Civil Engineers

 Paul B. Hansen, Spanish Fork Irr. Co.

 Brent Waite, Zions Bank

MINUTES OF THE

BOARD OF WATER RESOURCES MEETING

March 20, 2019

Chair Norman Johnson welcomed everyone and called the meeting to order at 2:00 p.m. Karry Rathje spoke on behalf of the Washington County Water Conservancy District and welcomed everyone to the county, and gave a special welcome and thank you to the board for its work.

Chair Johnson welcomed visitors Justin Atkinson, David Clark, Paul Blanchard, Stephanie McGinnis, Bryan Dixon, Tom Butine William Merkley, Mike Collins, and Janell Cook,

APPROVAL OF MINUTES

Blaine Ipson moved that the minutes from the January 31, 2019 meeting be approved. Kyle Stephens seconded the motion, which passed unanimously.

WATER SUPPLY REPORT

Troy Brosten gave the water supply report. He said it has been a fantastic, very good year, well above what we experienced last year. He explained the El Nino and La Nina effects on Utah. Current research indicates there is much less of an effect from those weather patterns than previously believed. In 2019, all of Utah fared pretty well. The north received less moisture than the south, but was still above average. He discussed each river basin. Soil moistures in the north are somewhat dry, but going south the moistures increase, and all the basins are close to normal. Streamflows are forecast to be between 85% in the north to 150% in the south. Reservoirs statewide average about 62% full compared to 75% last year. With the anticipated runoff, however, most reservoirs will likely fill.

FEASIBILITY REPORTS

RL584 Monroe City

Devin Magleby was introduced.

Ben Marett gave the report. The project is to replace 585 culinary water meters throughout the city. The applicant’s old meters are failing faster than it can afford to replace them as scheduled.

Mr. Magleby answered questions by the board concerning the existing meters.

Blaine Ipson made a motion to authorize 85% of the project cost up to $187,000, and that the bonded indebtedness be returned at 3.07% interest over 15 years with annual payments of approximately $17,000, including reserves. Randy Crozier seconded the motion, and all were in favor.

RL585 Powder Mountain Water & Sewer Improvement District

Chair Johnson welcomed James Harvey, Roy Watts, Carrie Zenger, and Ron Wilson.

Ben Marett gave the report. The project is to install approximately 4,600 feet of 6-inch pipe, construct a booster pump station, and rehabilitate another booster pump station.

Roy Watts expressed appreciation for Kyle Stephens and Ben Marett. He said this project is critical to them. The resident’s cost for all water is slightly above the affordability guideline, but they don’t anticipate having any problem making repayments. The well is in Weber County. Water rights issues are still in process; they are working on the exchange application with Cache County, but everything else is fine and they don’t anticipate any problems. The Kobe well that is being drilled has been completed and swabbed. The pump test has not yet been done because of weather, but they anticipate no problems there. Mark Miller, the district’s engineer, has said easements will be located along the county right-of-way near the road and they have received preliminary approval from the county. They hope to begin construction as soon as possible (depending on weather). A lot of the design has already been completed, and they are hoping to get the project completed this construction season. The project will serve new connections as well as the existing ones.

Kyle Stephens made the motion to authorize 85% of the project cost up to $1,068,000, and that the bonded indebtedness be returned at 1% interest over 30 years with annual payments of approximately $43,000, including reserves. Randy Crozier seconded. The motion passed unanimously.

RE418 Mapleton Irrigation Company

Mike Miner, Clayne Weight, and Eric Franson were welcomed to the meeting.

Marisa Egbert gave the report. The project is to replace about three miles of existing canal, box culvert, and old pipeline with 24-inch HDPE pipe, construct new inlet and outlet structures, and add turnouts and a traveling screen.

Clayne Weight thanked the board for its consideration and explained a little about their plans, including how to handle flood overflows.

Wayne Andersen moved to authorize 67.2% of the project cost up to $961,350, and that the project be purchased at 0% interest over 21 years with annual payments of approximately $45,700. Charles Holmgren seconded the motion, and all were in favor.

SPECIAL ITEM REPORTS

RE414 Spanish Fork South Irrigation Company

Chair Johnson introduced Paul Hansen.

Marisa Egbert gave the report. The project is to enclose a canal with pipe. Project costs have exceeded what was anticipated due to poor site conditions, and the applicant is requesting additional funds. The project is nearly completed. This is a joint project with Strawberry Water Users, which supplied the equipment.

Wayne Andersen made the motion to commit an additional $135,150 to the project and amend the purchase agreement to state the board will provide 85% of the project cost up to $607,750, and that the project be purchased at 0% interest over 20 years with annual payments of approximately $30,387. Randy Crozier seconded, and the motion passed unanimously.

RE279 Fremont Irrigation Company

Chair Johnson welcomed Brent Waite to the meeting.

Shalaine DeBernardi gave the report. The applicant needs security for a loan from Zions Bank to provide its cost share for the project. The applicant is asking the board to allow a mortgage or shared security agreement with the bank in order to secure that loan. The board will retain ownership of the water rights. The security agreement will use the value of the project facilities as collateral. The current value of the water rights is approximately $30 million

Brent Waite said the security agreement would be applied only to the improved project facilities. He said even though the facilities are worth more than the loaned amount, the higher the loan-to-value ratio is, the better it is for the underwriting. Also, the pipeline and the power plant work together as one facility, and should be dealt with in tandem. The board has entered into such an agreement in the past.

Blaine Ipson made the motion to allow a mortgage or shared security agreement with Zions Bank, as proposed, pending approval of Zions Bank officials. Kyle Stephens seconded the motion, and all were in favor.

RE372 Highline Canal Company

RE383 O.T. Hicken Ditch Company

Charles Holmgren made a motion to withdraw the two applications from further consideration by the board. Kyle Stephens seconded the motion and all were in favor.

LAKE POWELL PIPELINE PROJECT

Joel Williams gave an update on the Lake Powell Pipeline (LPP) project. He said that FERC is working on the draft Environmental Impact Statement (EIS), and he hopes to see a draft of that by this fall. We are continuing to work with other agencies on additional permits and assessments, as well as continuing to meet with the Kaibab Tribe to coordinate on project updates and concerns. The timeline is for the draft EIS to be completed this fall, the final EIS by the fall of 2020, records of decision after that, and the final design and financing plan after that, then construction with water delivery beginning in 2028. Expenses with Stantec are nearing the amount previously approved by the board. He explained the cost recovery agreement with the Bureau of Land Management and asked for the committal of $500,000 in additional funds for that.

Kyle Stephens made a motion to approve $500,000 in additional funds as Joel had explained. Wayne Andersen seconded the motion, which passed unanimously.

PLANNING REPORT

Aaron Austin gave a presentation on the Utah Open Water Data Portal. The design has been updated and additional data for M&I usage from 2016 and 2017 has been included. Land use data from 2017 was also added and pages have been developed to showcase the program. We are in the process of preparing data that covers the water budget program and database; that will be the next addition. Staff are also working on a page that links to outside data sites for those seeking other types of water data. Staff plans to develop a training and demonstration video, and are open to suggestions on how to make the website even more friendly and useful. The typical users of the site are internal, researchers, and the public in general, and the emphasis is to make it more discoverable, transparent, and easier to use and understand. The site can be downloaded in multiple formats from water.utah.gov/opendata.

Rachel Shilton gave an update on the regional conservation goals efforts. The regional goals were instituted in response to the legislative audit of 2015, where regional goals were recommended instead of one statewide goal. The consultant’s report is in draft format right now, and is being reviewed by the Governor’s Office of Management and Budget. No one from the stakeholder group that looked at it is happy about the report: one side says the goals are too aggressive, the other side says we are not doing enough; one side says it costs too much for what is being done, the other side says there isn’t enough money to implement everything, etc. We have probably struck a nice balance based on the data and what the regional appetite to make changes was. The report will go out for public comment in mid-April, with the report to be finalized by the end of June.

Tom Butine with Conserve Southwest Utah addressed the board. He said the organization has boiled their main issues down to five main points, and have talked to various local commissions and asked if the questions were appropriate and who to talk to about them and how to go forward. Joshua Palmer was the conduit to the board, and they met with him several times over the past year. They concentrated on one of the questions, and he gave a status of their viewpoint on the questions. The five questions are: 1) how should the public be involved in the final decision about the Lake Powell Pipeline (LPP)? They are not working on that question right now. 2) What is driving the LPP development timing? They are unclear on that answer, and are not working on it right now either. 3) What can Washington County residents afford to pay for their water in the future? That one is also on the shelf. 4) How secure is the LPP water right? They have been working on that for about a year, and have never been able to find an analysis of the security of the water right, so they are stuck on that one. It is very complicated. 5) How do we go about developing real, meaningful, executable water conservation plans? The M&I Water Use Study that came out last year was a very good step. They submitted questions last June, but have received no response back yet. They analyzed water conservation planning processes in place in the state and submitted comments back on suggestions for issues on that and suggestions for improvement on that, They have also been working independently with Washington County Water Conservancy District and some of the mayors on a new approach to water conservation planning, which was in the comments submitted. It would be great to get the Division of Water Resources to work with us on that. They would like it to be a prototype or example. They have also submitted comments on the M&I regional goals, and believe that setting goals is really important for water conservation planning. They had a lot of comments on it, but historically the comments have not gone anywhere, and they would just like to have some engagement. How should we proceed? Would be happy to talk in more detail at any time.

Chair Johnson thanked Mr. Butine and said the board will take his comments under advisement and turn them over to staff to follow up.

DIRECTOR’S REPORT

Director Millis discussed the signing of the drought contingency plan (DCP) documents for the Colorado River, which has taken six years to accomplish. In the end, the seven states all voted to sign on; Utah was ready to sign early on. However, not everyone was happy about it –the Imperial Irrigation District in California was interested in getting legislation for $200 million to help with their issues with the decline of the Salton Sea. The other states said we support you on that, and would be happy to write letters to Congress, but let’s do it outside of the DCP because it’s taken so long to get to the point of completion, and we were at the federal deadline. Now that that part of it is behind us, we need to work on how to develop and implement the programs that will be authorized for the plans. That will take quite a bit. We will work with the other states on that to outline the demand management program, which is a voluntary program for water users to cut back their use so we can allow water to go down to Lake Powell and shore it up. The higher we keep Lake Mead, the less water that needs to be released from Lake Powell. We will begin negotiation of the interim operating guidelines; those need to be renegotiated by 2026. We are already having informal discussions, but we can now jump into that more fully.

Meeting adjourned at 3:40 pm.