*Approved*

BOARD OF WATER RESOURCES

BRIEFING MEETING

MINUTES

March 19, 2014

Crystal Inn

Garden Room

1450 S. Hilton Drive

St. George, Utah

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March 19, 2014

1:00 p.m.

Attendees: Gawain Snow, Vice-Chair

Robert Bessey

James Lemmon

Craig Johansen

Steve Farrell

Charles Holmgren

Stew Paulick

Eric Millis, Director

Todd Adams, Deputy Director

Bill Leeflang, Assistant Director

Barbara Allen, Secretary

Val Anderson, Chief of Investigations

Tom Cox, staff engineer

Vice-Chair Snow opened the meeting and welcomed everyone. He excused Chair Humphreys from the meeting because of illness.

CHAIR’S REPORT

Mr. Snow commented on the Water Users Workshop. He attended a session on the Colorado River in the morning session that was very informative. He said during the last year and a half there has been a Uintah Basin salinity study, which included information from improved farm lands and listed projects still needed, to be reported to the Colorado River Salinity Control Forum. The biggest issue is with the Ute tribe, which has most of the land and control of the water. Some of the Tribe are against improved watering systems. One suggestion made was to appoint someone neutral to be a salinity coordinator who could explain the program. Tribe members have a special interest in native ways, animals, and habitat and are afraid those things might be affected, so it was suggested that an area project could be constructed to show them that it can be done without affecting the environment.

Other break-out sessions were discussed by the board. Everyone felt the workshop was excellent this year.

Bill Leeflang distributed handouts for the financial report. He said sales tax revenue is up by $350,000 compared to last February. Projects before the board for committal can all be funded today. The Cities Water Loan Fund and Conservation and Development Fund are fine. The Revolving Construction Fund is keeping dam safety funding afloat, and that is the challenge. Dam safety funding is in the hole by $1.8 million, and when additional monies are received in June they will be used up quite rapidly for the upcoming construction at Red Creek (Duchesne) and Cliff Lake dams.

DISCUSSION OF PROJECTS

FEASIBILITY REPORT

Richmond Irrigation Company

Charles Holmgren said the project will irrigate about 6,000 acres at the north end of Cache Valley. The sponsor has requested a 25-year repayment period instead of 19 years as staff suggests. Tom Cox said they are assessing $11/share (acre) at present. In order to come up with the proposed repayment, which was based on the project cost/benefits ratio, they would have to more than triple their assessments and the shareholders won’t agree to that. If the repayment schedule is changed to 25 years the sponsor will only have to double its assessments. Assessments are made once a year. A WaterSMART grant has been applied for, but won’t be awarded until May or June. They should be ready for construction in the fall of 2015. The hydro-generation component was discussed. Repayment ability was discussed.

Gawain Snow said the biggest problem with this and other projects is that the Natural Resources Conservation Service (NRCS) promised one thing and didn’t deliver, which left them with problems. The old NRCS director had made verbal commitments, but when the new man showed up he refused to honor the commitment. Mr. Snow said the Board should take precautions in the future to not advance its funds until a sponsor has written proof that other funding is lined up; that needs to be added to the list of sponsor’s responsibilities. This would be a policy change.

Stew Paulick made the motion that the Board require any other funding agency contributing to a project to submit a letter of commitment before Board funds are committed. Jim Lemmon seconded the motion and all were in favor.

COMMITTAL OF FUNDS REPORTS

Gunnison Irrigation Company

The sponsor is ready to begin construction and is requesting funds as authorized.

Westfield Irrigation Company

The sponsor is waiting for the attorney’s opinion, but is ready to begin construction and is requesting funds as authorized.

SPECIAL ITEM REPORTS

Dry Gulch Irrigation Company (D&E)

Gawain Snow said the sponsor wanted to put in a new diversion with a cleaning structure, and the regional NRCS director agreed to help fund the project. Then the director retired and the new director wouldn’t honor the agreement. The sponsor needs an additional $208,000 to pay for that part of the project.

Grantsville Irrigation Company

Stew Paulick said the sponsor has a big jump in its payment schedule beginning next year (2015) and can’t make the payment. Six months ago they asked for help and he and staff have met with them and gone over their predicament. Because the Board has reduced rates for others, they are asking that their interest rate be dropped from 2% to 1%, the loan period be extended, and only a small raise in the repayment amount be required. Mr. Paulick said they are a very well-run company and are trying to stay ahead of any problems. Craig Johansen questioned the total length of the repayment term (50 years). Val Anderson said they are asking for a flat rate until the loan is paid off, but payments could be structured to increase. He said if Grantsville City would enforce its own ordinance for secondary hook ups that would help. Mr. Paulick said there is not a lot of development going on and suggested maybe raising the payment 10 years from now. Several repayment options were discussed.

Huntsville Irrigation Company

Eric Millis said the sponsor has finished Phase I of the project and is ready to start Phase II, but has had some cost increases and is requesting an additional $650,000.

DAM SAFETY FUNDING

Manderfield Irrigation & Reservoir Company

Jim Lemmon said the sponsor has had construction delays and additional costs, and is asking for a dam safety grant of an additional $75,000. Bill Leeflang said the weather had a big impact on the construction season; the contractor was not on top of things and took longer than it should have to complete the work. He explained some of the problems and said the project elevation is about 9,000 feet. The request is to pay for additional expenses of site monitoring and inspection.

Dam Safety Funding Briefing

Bill Leeflang said the lack of funds in the dam safety program is a real concern for the dams that are waiting. He reviewed the history of the program, saying that since the beginning of the program there has been $68 million spent to bring 33 dams up to standard. There are still 109 high hazard dams that are deficient. At the present cost rate of approximately $2 million per dam, it will take 55 years to upgrade them all with the funds that are available each year. The Board does not have the money to move forward because of emergencies that have occurred at some of the dams that are farther down on the list. This problem is compounded by NRCS’s involvement on eight dams in the state, because as federal funding becomes available for those dams the work must be started. There is a four-year window for the federal funds to be used, and as NRCS is providing 65% of the total costs, action must be taken quickly. The dam safety fund has been in the hole for the past 10 years and there is not money to meet the state’s cost share.

Eric Millis said there is an opportunity for federal funds that we want to take advantage of. We are presenting this information to see if the Board wants to do anything or can suggest ways to procure more funding from somewhere. Gawain Snow said now is the time to start working with the state legislature for next year, and Mike Styler needs to be involved. He suggested listing the dams by county so that legislators will know which ones are in their local areas. Mr. Millis said there needs to be an organized effort within the water community and dam owners if this is going to go forward. Dam safety upgrades are a mandate from the state, but is very tough on local communities, especially farming communities that depend on the water held in those dams.

The minutes of the February 13, 2014 meeting were discussed and no change were made.

Meeting adjourned.