BOARD OF WATER RESOURCES

Meeting Minutes

Department of Natural Resources

August 5, 2021

1:00 PM

CHAIR BLAINE IPSON called the meeting to order at 1 pm.

All board members present except Randy Crozier

DIRECTOR TODD ADAMS announced staff present.

APPROVAL OF MINUTES

CHAIR BLAINE IPSON are there any corrections to the minutes that need to be noted?

CHARLES HOLMGREN the minutes are factually correct but I made an error in stating Box Elder County receiving $10,000 per person but it was actually $100 dollars per person on page 5 of the briefing minutes.

CHARLES HOLMGREN moved to approve the minutes, NORM JOHNSON seconded, and all in attendance approved.

DROUGHT UPDATE

CANDICE HASENYAGER the state is still in need of about 15 inches of rain to make up for the drought and we are currently at around 53% (2% drop in the last week) in our reservoirs around the state. We are still in heavy drought and have been increasing outreach efforts to educate and get more people involved in conserving water.

FEASIBILITY REPORTS

RE444 Willow Creek Irrigation Company

Jeffry Beck (secretary/treasurer) and Clark Christensen (board member) and Tyler Blackburn (president)

BEN MARETT they are hoping to install 130 (85 secondary and 45 agricultural) water meters with the funding from this project. They supply agricultural water, secondary irrigation, and potable water. They will ideally complete construction by spring of 2022 and they are expecting to save approximately 280 acre feet of water which will be reused in their system. The project cost is estimated to be $371,000.

Staff recommends the board authorize 85% of the project cost, up to $315,000, and that the project be purchased at 1% interest over 15 years with annual payments of approximately $22,800.

CLARK CHRISTENSEN we don’t have any metering right now so we do see this as a major savings within our system.

JEFFRY BECK we do have a meter that measures all the delivery through the system that is supposed to account for how much water is appropriated to each shareholder. These meters will have a 20-30% savings.

VICE-CHAIR KYLE STEPHENS what is the source of revenue for the repayment of the loan and will those be increased?

JEFFRY BECK we began putting away money for the metering about 3 years ago. We have purchased and installed a few meters to make sure they will meet our needs and we think it will be beneficial.

NORM JOHNSON will there be some who will be shocked that they are using more water than they thought?

CLARK CHRISTENSEN it seems like a majority are happy with it.

JIM LEMMON moved to approve the project, NORM JOHNSON seconded the motion. All approved and the motion passed.

SPECIAL PROJECTS

RL588 Herriman City

Justun Edwards (director of public works) and Jonathan Ward (Zions Bank)

BEN MARETT the applicant is coming before the board to ask for a bond insurance grant which is essentially a grant by the board to purchase insurance for the bond to reduce the interest rate and issuance costs of the bond. The project has been split into 5 sections, 1 of which has already been completed. The total cost of the project is expected to cost approximately $23 million.

Staff recommends the board provide a grant of up to $75,000 to purchase bond insurance. This will reduce the interest rate by about 0.15%, from 2.49% to 2.34, and will save the city approximately $453,176 over the bond repayment period.

JUSTUN EDWARDS we appreciate the consideration from the board.

VICE-CHAIR KYLE STEPHENS when are the projected completion dates of the projects scheduled to begin next spring?

JUSTUN EDWARDS the East Herriman project will take around 12-16 months to build and the Zone 5 Pump Station will take approximately 8-10 months to construct.

JULIETTE TENNERT how long will the repayment period be with the bond?

JUSTUN EDWARDS it is a 20 year bond.

JULIETTE TENNERT moved to approve the grant, WAYNE ANDERSEN seconded the motion. All approved and the motion passed.

RD674, RD792 Davis & Weber Counties Canal Company

Rick Smith (general manager)

SHALAINE DEBERNARDI in the late 80’s, the company came to the board with a project that was funded in phases to build secondary irrigation systems. The funding for these projects in Kaysville and West Point City, started payments off low and increased them by approximately 6% every year; for example, 1992’s payment was $166,000 whereas last year’s payment was $958,000. The interest payment was set at 5 and the agreement stated that the last payments of the project would be amortized and although each project has different terms and numbers, there is a similar problem when it comes to finance. The Division of Finance has been charging interest on the deferred interest. When a payment didn’t cover the interest, that interest was set aside to be paid later but they charged 5% on that deferred interest in addition to the principal amount. According to the Division of Finance, there have been no payments towards principal made and thus they show the final payments being $1,370,000. We have documentation that shows that this was not the intent of the board and we have recalculated those numbers and we believe the left over balance should be just over $6.9 million and the final repayments should be closer to $975,000.

The Division of Finance has agreed that if the board votes to amend these two agreements, they will modify their terms to match our calculations.

Staff recommends the board amend both purchase agreements to state that no interest will be charged on deferred interest. All other repayment terms will remain as contracted.

RICK SMITH we have been appreciative of the board for their help on projects. We are hoping to have those last few payments adjusted.

CHAIR BLAINE IPSON Rick said through the public comment forum that “There have been questions on these repayment schedules for years and we appreciate the coordination time and efforts of the DWR staff to investigate further and working with state financing. We continue to pay back said loans and these adjustments ensure we are not paying interest on deferred interest. We appreciate the board and their assistance over the decades that has been sought and received funding.”.

VICE-CHAIR KYLE STEPHENS do I need to declare a conflict of interest because I live in Kaysville? I am not on the board of this company.

DIRECTOR TODD ADAMS our attorney says there is no conflict.

VICE-CHAIR KYLE STEPHENS looking at the slide with the payments shows how compelling this situation really is.

VICE-CHAIR KYLE STEPHENS moved to approve the amended purchase agreements and JIM LEMMON seconded. All approved and the motion passed.

NEW APPLICATIONS

RE450 Draper Irrigation Company to be discussed at another meeting.

PLANNING REPORT

Given by JAKE SERAGO - Great Salt Lake Elevations

JULIETTE TENNERT would like the slides to be shared if possible.

PUBLIC COMMENTS

JOHN (JAKE) DREYFOUS I am a fifth generation lifelong, Utah resident. Like many Utahans, the drought implications on our waterways have left me terrified and predictions indicate climate change will make these warmer dryer conditions our new norm. Recently reaching historic lows, the Great Salt Lake’s elevations will continue to plummet throughout the coming months. This news sounds the alarm for countless Wasatch Front residents like myself. However, using taxpayer money, the DWRe has bought up millions worth of land for the Bear River Development which would dam and divert more than 20% of the lake’s most significant water source. The Division has slashed statewide water conservation goals from 1% to 0.5% per year. Along with other western states, more than 50 Utah businesses have implored Governor Cox to increase reductions to 2%. Instead of funneling money into destroying northern Utah’s most iconic landscape, statewide initiatives to conserve water which could entirely negate the need for the massive Bear River Development should be priority number 1. While some conservation measures have successfully reduced water use throughout Utah, our taxpayer dollars should not facilitate a wasteful $2.9 billion dollar Bear River Development which we will never be able to pay back. Paired with the effects of climate change, depletions from the development will lower the Great Salt Lakes levels by several more feet. The Bear River Development stands to hurt northern Utahans, not help us. Further diversion will expose vast dust laden lake beds sending toxic particulates in the air, worsening pollution throughout Salt Lake Valley. The $1.3 billion dollar economy surrounding the lake will disappear alongside the receding shorelines. Depletions will cripple thousands of acres of wetlands, killing unique habitat that millions of birds depend on during their annual migrations. I will end with a question: Do you want to be part of the generation who will render the Great Salt Lake unsalvageable? Are you willing to leave your children, willing to leave my future children behind to breathe in toxic air, wonder where the birds have gone, and dream of floating in the lake’s buoyant waters? Or, will we collaborate and ambitiously set out to preserve this unique ecosystem through common sense water conservation. Thank you.

CHAIR BLAINE IPSON thank you Jake.

ADELE YOUNG members of the board and audience. My name is Adele Connell Young. I am a long-time resident of Utah coming from four different generations of Pioneer stock on one side of the family and on the other side of the family, wonderful Irish Catholic people. I am simply here to ask one question. I think it is a question that you all have posed to your respective areas but I am asking that you ask it again to your respective areas with more “oomph”. As a retired Army Colonel, I am quite used to having goals from my generals that have been given to me that have been passed down on their behalf. Having a doctorate degree from the University of Utah, I am quite used to having been given goals that I had to meet. Now, each one of you have goals to have water conservancy plans. I believe that you yourselves have the goal of having a water conservancy plan. My simple, very basic request is to publish the plans of your areas. Who represents Jordan Valley? Juliette’s plan for Jordan Valley is superb and you should all take a look at it. As noted by Rachel Shilton from Utah State University, it is absolutely wonderful. So mine is just a simple request from private citizens such as myself from Stansbury Park to see that from every single area of Utah online. Thank you members of the Board.

CHAIR BLAINE IPSON we will now hear the Lake Powell Pipeline report

LAKE POWELL PIPELINE REPORT

JOEL WILLIAMS gave the LPP report and presented a tentative schedule.

WATER HORSE RESOURCES LITIGATION

CHAIR BLAINE IPSON we will now hear from MARTY BUSHMAN on the water rights application that was filed from an entity in Colorado.

MARTIN (MARTY) BUSHMAN Water Horse Resources is a limited liability company out of Colorado that filed a petition to appropriate 55,000 acre feet of water from the state of Utah along the Green River. The application was filed with the Utah State Engineer’s office for the water to be piped to the front range of Colorado for consumptive municipal use. Several entities including the Board and Division of Water Resources protested and in November 17, 2020 the application was denied. On January 26, 2021, Water Horse filed a petition for judicial review in the 8th District Court of Daggett County challenging the State Engineer's office for the denial. This application presents some significant interest for the state. If approved, the water would arguably come out of Utah’s Upper Colorado River basin. The State of Colorado has not agreed that it would come under their water rights and they have not yet approved the places of use or purposes of use. This leaves Utah in a rather vulnerable position if this petition or application were to be granted because that would be 55,000 acre feet of water that would not be available to the citizens of Utah. The Board of Water Resources has unique responsibilities in regards to interstate waters because of the water rights owned by the board. An appropriation of this size could present a significant threat to those water rights especially in times of shortage, sorting through who gets curtailed and who doesn't. I am recommending that the Board of Water Resources intervene in the judicial proceeding with Water Horse Resources and authorize the Attorney General’s office to file the appropriate documents in court to make that so.

VICE-CHAIR KYLE STEPHENS just a clarification, is the correct name Water Horse Reserves or Water Horse Resources?

MARTY BUSHMAN Water Horse Reserves, LLC. Correction, Water Horse Resources, LLC.

VICE-CHAIR KYLE STEPHENS moved to approve the board intervene in the Water Horse Resources litigation and authorize the Attorney General’s office to seek intervention in the board’s behalf and represent it through the course of the litigation. WAYNE ANDERSEN seconded the motion and all approved thus the motion passed.

WATER BANKING REPORT

EMILY LEWIS gave an update on where they were and what progress had been made in the program.

DIRECTOR’S REPORT

DIRECTOR TODD ADAMS in the briefing meeting we discussed staff changes, drought, the board tour, etc. We have talked heavily about the drought and we have had a lot of press on this subject. We are working with legislators regarding water conservation legislation in the next session coming up in 6-7 months. We are grateful for the board members and all that they do as well as the staff at the division and all they are working on. It’s been wonderful to be a part of a team that is working so hard for the citizens of Utah.

CHAIR BLAINE IPSON if there are no further comments, we will entertain a motion to adjourn.

NORM JOHNSON moved to adjourn, JIM LEMMON seconded the motion and all approved. The meeting ended at 2:48 pm.