BOARD OF WATER RESOURCES

Meeting Minutes

Department of Natural Resources

September 16, 2021

10:00 AM

CHAIR BLAINE IPSON called the meeting to order at 10:00 am.

Blaine, Wayne, Randy, and Charles were physically present and Jim and Kyle are remote.

CHAIR BLAINE IPSON announced Candice Hasenyager as the new Director of Water Resources.

CHAIR BLAINE IPSON where I live, there is generally 7.5 inches of rain a year and we had 7-8 inches of rain in a 48 hour time period. We appreciate the moisture but we are cognizant of those who are experiencing flooding.

APPROVAL OF MINUTES

APPROVAL OF THE MINUTES other than the spelling changes mentioned in the briefing meeting.

CHARLES HOLMGREN moved to approve the minutes, JIM LEMMON seconded the motion, and all approved.

FEASIBILITY REPORT

RE450 Draper Irrigation Company

George Greenwood (President) David Gardner (Assistant General Manager)

RUSSELL HADLEY this project is located in Draper and Bluffdale. The purpose of the project is to drill four shallow wells, install the Jordan Basin Water Reclamation Facility re-use pump station, the Fort Street pump station upgrade, and almost 12,000 feet of piping necessary to mix their share of the Jordan Basin Water Reclamation Facility effluent for use as additional secondary water. The benefits of the project include re-use of up to 2,600 acre-feet, enough secondary water through buildout, and higher quality secondary water than Utah Lake water.

Staff recommends the board authorize 85% of the project cost up to $18,700,000, and that the project be purchased at 1% interest over 25 years with annual payments of approximately $849,100. The financial feasibility shows the applicants' customers will be well over the board’s affordability guideline with this project. Rates will be raised $10 a month to fund this project.

GEORGE GREENWOOD thank you to the board on behalf of the community and the irrigation company. This system will be a great improvement to our secondary system and conserve water. This loan will enable us to remain self-sufficient. We are also grateful for the Division of Water Resources staff for their help in this process.

There are two things we would like you to consider: First, that you would allow us to use the $2 million dollars that we have already invested as a part of our portion of the project to proceed with expenditures before receiving the loan to take advantage of UDOT’s work and saving over $1 million dollars of the total project cost. Second, we ask that you extend the loan from 25 years to 30 years and thank you for your consideration on this and enabling us to provide this wonderful benefit to the people of Draper.

DAVID GARDNER we have been working on this project for 12 years, getting to the plant and getting the right of way along Bangerter Highway (which took 5 years). The stakeholders are excited about improving the water and the liability of the water in our system.

RANDY STAKER there were no public comments on this project.

CHAIR BLAINE IPSON what were the numbers on a 30 year loan?

RUSSELL HADLEY I don’t have the numbers in front of me but I did see them a week ago and cannot recall. Regarding the $2 million dollars, it sounded like a reasonable request. They used their own funds to lay the pipeline previously so this project would have been more expensive if they had not paid for it themselves.

JOEL WILLIAMS I ran the numbers and annual payments would be approximately $725,000.

RUSSELL HADLEY 1% interest over 30 years with payments of around $725,000 would be the amount.

RANDY CROZIER the $2 million you mentioned, was that in addition to the $18,700,000? Is this a $24 million dollar project or a $22 million dollar project? And are they looking for $20 million instead of $18 million?

DAVID GARDNER no, we just wanted that amount to be a part of the $3 million or so that we pay so it would decrease the upfront contribution from us.

RANDY CROZIER but that is where I am confused. Was the $2 million figured into their cost share before the numbers we received?

RUSSELL HADLEY it was not but it would need to be counted as a $24 million project but they had to put the pipeline in immediately to utilize UDOT paving roads and doing work there. The board has had a rule in the past that any work done before they come before you is on their own shoulders and that is why it was not included in the project paperwork.

SHALAINE DEBERNARDI this could be a $22 million dollar project or a $23 million dollar project (they mentioned that they saved over $1 million from this already) but this is just an authorization and we can bring the correct numbers to you when we do the committal of funds at another meeting. When an applicant pays funds, we generally do allow that to count as their part but as Russell said, if they do something in advance it is at their own risk. All that needs to be decided today is whether or not to allow them to count that towards the cost and if you want to authorize a 30 year loan at 1% interest. We will come back with a committal of funds with all the right numbers.

RANDY CROZIER I don't have a problem with them pulling that money in, I just want to see what the total cost of the project is. I want to know up front what we are doing and what the cost is.

SHALAINE DEBERNARDI that is fine but there are two limiting factors to consider and if the board authorizes 85% up to $18.7 million, that is all they can get.

RANDY CROZIER I just want to make sure Draper understands that if this is a bigger project, they will need to work with that cost.

RUSSELL HADLEY I just want to clarify that the $2 million dollars was not included on the previous project when you did the piping?

DAVID GARDNER correct, it was outside of that scope.

VICE-CHAIR KYLE STEPHENS I just had the same concerns as Randy. I don't have any other issues though.

CHAIR BLAINE IPSON the original staff recommendation has been presented and then there were some other options as well. They want to get a credit for work already done and $2 million dollars already spent which saves them money, how much is unknown at this time but this could move the project cost up. Based on the finance numbers, the motion has a maximum of $18,700,000 which is based on 85% of $22 million.

CHARLES HOLMGREN before we go to committal of funds, we will have better numbers to work with. I don't feel that we should accept the additional 5 years simply because the company requested it but the staff has not recommended that.

CHAIR BLAINE IPSON what about the credit for $2 million dollars worth of work?

CHARLES HOLMGREN I don't see that in the motion but that is part of their request.

WAYNE ANDERSEN I think staff is looking to us for direction on this. Do we want them to run the numbers on the proposal and see what it looks like? It seems reasonable to me that we could do that but we need to tell them what they should do.

RUSSELL HADLEY the board could authorize the $22 million total project cost with 1% interest over 30 years with annual payments of approximately $725,000 and we could then look back at what the project cost is.

CHARLES HOLMGREN but if we authorize what isn't today, our hands are tied to that correct?

RUSSELL HADLEY we could do a special item.

SHALAINE DEBERNARDI no, this is authorization not committal of funds and we can change that when we come back for committal of funds. What we would like is close to what we requested initially. 30 years is not inappropriate because that gets them close to the affordability guidelines. This is the 6th project with this company and they are current on payments and working hard. If you want to stick with the $18.7 million today with the 85% project cost at 1% interest, and determine the years of the loan, we can work with that and bring it back to you with the parameters you set today. We give you recommendations and work within your guidelines, but when someone is above the affordability, the length can go longer, as you have in the past. It is what you feel comfortable with authorizing today. This is not a committal of funds.

RANDY CROZIER I appreciate that clarification but I would have liked more of a heads up on what was being requested before. I struggle with last minute changes and I am not totally comfortable with this.

RUSSELL HADLEY how long has this pipeline been completed?

GEORGE GREENWOOD its been completed 4 years and we are okay not working with the $2 million, we can discuss that later. We would be so happy with the 30 year loan.

CHARLES HOLMGREN would it be acceptable to do the 25 year loan and update that later with the updated numbers?

RANDY CROZIER I would be more comfortable with that.

VICE-CHAIR KYLE STEPHENS I agree with what Charles and Randy stated.

JIM LEMMON I also agree with that.

WAYNE ANDERSEN I believe that to be reasonable and we can make changes with the committal if need be.

RANDY CROZIER I would encourage you to work with the staff regarding that $2 million.

CHAIR BLAINE IPSON I am also not comfortable going back 4 years as well without this being envisioned.

RUSSELL HADLEY I agree.

CHARLES HOLMGREN moved to approve the project, VICE-CHAIR KYLE STEPHENS seconded the motion and after a roll call vote, all approved and the motion passed.

SPECIAL ITEMS

RE449 Center Creek Water System

MARISA EGBERT they got back to us and let us know they are looking into other options.

WAYNE ANDERSEN moved to approve the withdrawal and RANDY CROZIER seconded the motion. After a roll call vote, all approved and the motion passed.

NEW APPLICATIONS

RE451 Salem City

RE452 Lindon City

PLANNING REPORT

JAKE SERAGO shared the update and review from the cloud seeding program from 2020-2021 and recommended additional funding for 2021-2022.

Staff recommends the board commit up to $200,000 for the 2021-2022 Operational Cloud Seeding Program, with a maximum state cost-share of 50% with local sponsors.

RANDY STAKER there were no public comments on this item.

RANDY CROZIER where did you locate the remote generator?

JAKE SERAGO it is not sited yet but there are 3 sites that are being looked into. They may not be ideal but we want to put it somewhere accessible but we want to make sure that we can fix it if something goes wrong.

RANDY CROZIER I would appreciate knowing when you guys decide and that when you look at it, you might consider additional generators in that manner due to the inversions in the basin and the generator creates the ability to see some of the storms that are critical.

JAKE SERAGO the remote generators are relatively expensive so getting those capital funds is difficult. The operating costs are also more expensive and the local sponsors are hesitant to increase their budget for the cloud seeding programs to accommodate the remote generators.

RANDY CROZIER if we keep the pressure on the lower basin, they can come up with the funding. Don't be afraid to ask them for money.

CHARLES HOLMGREN it is my obligation to ask if there is communication with North American Weather about the quality of their equipment? I am a cloud seed operator and sometimes I get a little frustrated with how hard it is to keep the equipment running. I call their technician to clean or service it. There have been times that I have started a cloud seeder in the evening and I have gone out in the morning and it was not working.

Regarding the seasonality of things, did we cloud seed into April this year?

JAKE SERAGO we went to April in Northern, Central, and Southern Utah.

CHARLES HOLMGREN was that defined by the division, sponsors, or a combination?

JAKE SERAGO that was a combination. The local sponsors were interested in the possibility of going beyond the typical ending date. The cost allocated for the program is usually the reason for the ending date as well as storm conditions in the later or earlier months.

CHARLES HOLMGREN so when we see work done in November and April, that has been funded by the basin states and not the local sponsors?

JAKE SERAGO yes, and they generally only fund the activities that contribute to the Colorado River drainage areas.

CHARLES HOLMGREN sure, and I just think that sometimes you get a good snowstorm on Thanksgiving and the generator is just sitting there.

JAKE SERAGO yes, that is a good point that has been considered since the outreach last year. The Six Creeks program was also interested in seeding later in the year but none of the storms were suitable. I will bring up the equipment with the president of North American weather but he is aware of some of the issues and it is a result of the programs being static for several years.

CHARLES HOLMGREN I did want to declare a conflict of interest because I am a contractor with North American Weather as well.

VICE-CHAIR KYLE STEPHENS I have some budgeting questions. It shows that the Division of Water Resources has $320,405.98 and I wondered if that included the $200,000 from the board?

JAKE SERAGO yes

VICE-CHAIR KYLE STEPHENS how long has the board been committing up to $200,000.

DIRECTOR CANDICE HASENYAGER last year was the first for that amount and the prior year, it was $150,000.

VICE-CHAIR KYLE STEPHENS if the Division is spending up to $320,000, should we consider increasing that amount to $250,000?

DIRECTOR CANDICE HASENYAGER we only get $150,000 from sales tax money and with the increasing cost and additional interest in cloud seeding (2 additional projects in the last 2 years), it looks like additional costs are coming to keep that program maintained.

VICE-CHAIR KYLE STEPHENS should we consider increasing the board’s participation in light of that?

JAKE SERAGO we get a cost estimate for all the programs each year. It allocates a certain number of hours per program and last year we were just under the total of $350,000. The total estimated cost for this year is over $350,000 but there are many years where we don't use all the generator hours that we plan for so we come in under that amount. If we had a year with enough storms that we wanted to seed or we had a circumstance where we wanted to go beyond the estimated time, the additional funding would allow us to do that AND be able to reimburse everyone fully.

RANDY CROZIER is there anything that holds the board to $200,000 or is that just an arbitrary number?

DIRECTOR CANDICE HASENYAGER that is your discretion.

RANDY CROZIER so would that be helpful to move it to $250,000?

DIRECTOR CANDICE HASENYAGER it would be helpful and if we don't spend it all, it stays in your funds.

CHAIR BLAINE IPSON what are the finances on that?

ASSISTANT DIRECTOR JOEL WILLIAMS it comes out of the C&D funds which are in good shape.

CHARLES HOLMGREN Idaho Power contributes a considerable amount to cloud seeding in Idaho and I have had some brief discussions with PacifiCorp on contributing in Utah.

RANDY CROZIER moved to commit $250,000 to the program, WAYNE ANDERSEN seconded the motion, and after a roll call vote, all approved with the exception of CHARLES HOLMGREN who has a conflict of interest.

BEAR RIVER DEVELOPMENT

MARISA EGBERT provided an update on the project. There have been 3 additional purchases since March 2021. As of now, $2,636,752 has been spent out of the $5,000,000. We are mostly looking for vacant, undeveloped land at this point.

RANDY STAKER there were no public comments.

LAKE POWELL PIPELINE

ASSISTANT DIRECTOR JOEL WILLIAMS provided an update on the Lake Powell Pipeline and the timeline. There will likely not be many public facing action or changes on this so are these reports something you want to continue to have if there are not major updates?

RANDY CROZIER I believe that we need updates at every meeting. We are an active part of this process so we need to be in the loop.

RANDY STAKER there were no public comments on this.

SECONDARY WATER METER GRANTS

SHALAINE DEBERNARDI provided the board with the guidelines proposed for the Board of Water Resources regarding Secondary Water Meters from SB 199.

* Appropriated $2 million for secondary meter grants
* Match funds up to 50% of the project costs
* Small secondary water retail supplier
* First and Second class counties.

Board of Water Resources guidelines

1. The Utah Board of Water Resources will allocate up to $2 million in grants per year to small secondary water suppliers in first and second class counties for secondary meter projects.
2. A secondary meter project includes the purchase and installation of meters on existing commercial, industrial, institutional, or residential secondary water connections.
3. The grant will pay up to 50% of the secondary water supplier’s cost of the purchase and installation of secondary meters.
4. The secondary water supplier’s cost will be the total cost of the secondary meter project, minus any federal, state, or local money allocated to pay for that project.
5. The Board will prioritize projects that provide service to 5,000 or fewer connections above larger suppliers.
6. The Board will prioritize projects for applicants that demonstrate the greatest need using the Board’s existing affordability guidelines.

Staff recommends the board adopt the guidelines, as written, for secondary water meter grants.

VICE-CHAIR KYLE STEPHENS what is the definition of a small secondary water supplier? Also, it was mentioned that $50 million in ARPA funds would go towards metering so is that going into that?

SHALAINE DEBERNARDI no, that will be different and Candice can clarify that when she discusses ARPA funds as well. The law specifies that a small system is a city, town, or metro township or it supplies 5,000 or fewer connections. Both of those qualify.

RANDY STAKER there were no public comments.

RANDY CROZIER moved to approve the guidelines, CHARLES HOLMGREN seconded and after a vote, all approved and the motion passed.

WATER BANKING REPORT

EMILY LEWIS and JAQUELINE PACHECO provided an update on the Water Banking project, specifically the forms they plan to use.

CHAIR BLAINE IPSON when do you anticipate the first application coming through?

EMILY LEWIS we are anticipating to have the first application in October and approved by the December board meeting. This will be the Price water bank which is a potential visit for the Board Tour.

RANDY STAKER there were no public comments.

TRANSPARENT WATER BILLING GRANTS

JOSH ZIMMERMAN gave a report on the pilot project process for transparent water billing grants.

Staff recommends the board pre-approve grants for pilot projects for transparent water billing. Each grant provided will pay up to 85% of the project costs, and the total grants will not exceed $2,000,000.

VICE-CHAIR KYLE STEPHENS this is time well spent.

RANDY STAKER there were no public comments.

CHARLES HOLMGREN moved to approve the grants, WAYNE ANDERSEN seconded the motion and after a vote, all approved and the motion passed.

DIRECTORS REPORT

DIRECTOR CANDICE HASENYAGER I am excited to work in this role and am grateful for the wonderful Water Resources team and the Board of Water Resources. We are surviving one of the worst droughts that many of us have experienced in our lifetimes. We need to work together more and collaborate more. The work the Board is doing is extremely important.

The recent moisture has increased soil moisture, reduced demand and fire danger, and helped our rangeland but it did not refill our reservoirs. We are looking to this winter to help us and we are developing some additional strategies if we do not get a good winter. We are working with the Drought Response team to update the Drought Response Plan.

We had two legislative meetings this week and I was able to present to the Legislative Water Development Commission on Tuesday and it ended up going on for 45 minutes while we discussed a wide range of drought and other water issues in a question and answer presentation. It was the recommendation from Brian Steed to extend the Drought Declaration.

At the Executive Appropriations Committee meeting this week, Brian Steed and Kim Shelley presented about the ARPA funds and a general plan for those funds. It was appropriated to the Division of Water Resources ($100 million: $50 million to secondary metering grants, $25 million to Water Quality and Drinking Water projects, and $25 million to agriculture optimization). We are unsure of how the money will flow but we will address that when we have more information.

There have been 2 board meetings for the Colorado River Authority of Utah.

WAYNE ANDERSEN moved to adjourn and all approved. The meeting ended at 12:08 pm.