

The Quarterly Meeting of the Board of Trustees of the Carbon Water Conservancy District was held Tuesday January 17, 2023 in the Downstairs Conference Room at the Carbon County Administrative Building, 751 East 100 North, Price, UT 84501.

Present:

Jon Richens, Trustee, Chairman
Daniel Allen, Trustee, Vice Chairman
Keith Cox, Trustee, Treasurer
Russell Seeley, Trustee
Brad Timothy, Trustee

Also Present:

R.J. Davis, Dam Tender
Derris Jones, Assistant Dam Tender
Doug Rasmussen, Finance Director
Janelle Jensen, Assistant Finance Director
Bryan Schmutz, USBR (Remote)
Bill Butcher, PRWUA

Excused:

Christian Bryner, Attorney
Gordon Odendahl, Clerk (Excused - Late Attendance)

1. Open Meeting and Introduction of Guests.

Chairman Richens opened the meeting at 3:00 PM and welcomed everyone in attendance.

2. Welcome Re-appointed Board Trustees

Chairman Richens Stated that he (Jon Richens) and Keith Cox were re-appointed to the Board for 4 year terms by the County Commissioners. Chairman Richens welcomed Trustee Cox back for an additional term.

3. Review and Possible Approval of Minutes from Meeting on 12/13/22.

Trustee Allen made a motion to approve the minutes meetings as presented. Trustee Timothy seconded the motion, and the motion was approved unanimously.

4. Dam Tender's Report – RJ Davis.

Dam Tender RJ Davis stated the elevation of Scofield Reservoir is currently 7595.5 ft or 13,676 acre ft. This is approximately 21% of the reservoir's usable capacity. Checking the Snow Water Equivalents shows that Mammoth-Cottonwood is 20.4" which is 230% of Today's Median and 109% of Peak Median. Clear Creek is 18.2 which is 230% of Today's Median and 100% of Peak Median. RJ stated that Peak Median is the typical total annual moisture for the whole year so at this point in time we are already ahead of what we usually get for the year. There is approximately 13.4 CFS flowing into the reservoir from Mud Creek (which is the only readout showing anything). There are no current releases so only the small amount that is bypassing the gates is the outflow. RJ informed the group that the Forecasted Inflow as of January 1st was 55,000 acre ft. and as of today's reading on the graph, we are at 70,000 acre ft. of projected inflow. At the current level of the reservoir we could handle 55,000 acre ft. until the reservoir reaches the maximum elevation. These are forecasts based on 50% probability. Chairman Richens noted that in last week's meeting he attended of the Colorado River Authority they stated that based on current modeling the forecasts seem to be overestimating by up to 10%. Dam Tender Davis agreed that the forecasts for the last several years have been overestimated.

5. Public Comments on Matters Concerning Carbon Water Conservancy District.

Note: Public Comments will be limited to 2 Minutes per Person. Public Comments or Requests from the Public may not be voted upon by the CWCD Board at this meeting because they are not listed as Agenda Items for the current meeting.

Bill Butcher stated that at last night's PRWUA users meeting there was a shareholder who wanted to know if we could adjust our schedule from adjusting the gates from 5 days a week to 7 days per week. It was stated by both Dam Tender RJ Davis and Chairman Richens that when we used to have to drive to the dam, the outflow was adjusted 3 times per week, but now that the automation process allows us to adjust the gates remotely, we have been adjusting flows 5 days per week and sometimes adjustments have been made several times a day. Chairman Richens stated that although this is not stated in a written policy, we have made an effort to be flexible enough to adjust flows whenever called for, but we would not like to be put in a position where the users are calling for many adjustments per day, 7 days per week. The Dam Tenders, like all of us, have other responsibilities in life and should be allowed time to devote to their families and other duties. That being said, Chairman Richens said he was unaware of any unfulfilled requests that had not been taken care of with the possible exception of the incident last year where there was a power outage at the dam. Chairman Richens told Mr. Butcher that he would make himself available to answer any questions or help with problems if any shareholders actually do have problems or issues. Mr. Butcher stated he did not actually know if the individual had an issue or if this was a hypothetical question. Mr. Butcher stated that as President of the Price River Water Users Association, he was happy with the service we provide and he did not feel comfortable speaking for us at the shareholders meeting, so he just wanted to pass along the comments from their meeting. Assistant Dam Tender Derris Jones stated that as River Commissioner, other than adjusting for the releases called for by the users, he has only been asking for downward adjustments when he sees that water is being wasted. Mr. Butcher gave an update on the gate automation project at the diversion. They are still having trouble with the sensors that read the water level of the river at certain times of the day. The engineers do not yet know what the problem is. Bryan Schmutz from USBR offered to coordinate a discussion with the USBR Automation Group. They work with many organizations on automation projects on a regular basis and he is confident they would be helpful and would be willing to help the engineers with troubleshooting what might be causing the problems. Mr. Butcher stated he would pass the offer along to Kee Engineering personnel. On a related matter Mr. Butcher stated that although this is not on the agenda, the costs of the project were more than anticipated, Total costs to date are \$31,500.00. Including our contribution from last year, Trout Unlimited and Nature Conservation \$17,000 has been received from outside sources. They are still a little over budget for the project and he asked if Carbon Water Conservancy District would consider additional financial support towards this project. Mr. Butcher also advised that there were changes to the PRWUA Board of Directors at their meeting. Brad McCourt who was previously appointed to fill the vacancy created when George Cook passed away has retired. Mr. McCourt fulfilled his obligation to serve the remainder of Mr. Cook's 3 year term but did not want to serve another term. Rick Krompel now represents the Wellington area on the PRWUA Board.

6. Discuss and Possible Approval of YTD 2022 Financial Statements - Doug Rasmussen.

Finance Director Doug Rasmussen presented the 12/31/2022 Financial Statements to the Board – Balance Sheet, Profit & Loss, Profit & Loss by Class, and Profit & Loss comparing Budget and Actual expenses were presented to the group. Mr. Rasmussen stated that there were a few adjustments, but not too many,

that need to be made because of some transactions that occurred in January but were too late to be added to these statements. Mr. Rasmussen reviewed all the statements with the group, noting the total Cash position of \$1,514,963. Total Fixed Assets of \$2.4 million, Total Assets of \$4,126,482. Total Liabilities are \$223,424. Most of the Liabilities relate to the Spillway Project along with a few payroll related Current Liabilities. Total Equity is \$3.9 million. Concerning the General Fund we are going to easily be within the limits placed upon us by the State of Utah after the transfers to the Capital Projects fund were made. Total Income for the year was \$597,328, Total Expenses were \$359,371 leaving a Net Income of \$245,136. Trustee Allen asked if these financial statements reflected the property tax refund to Rocky Mountain Power. Mr. Rasmussen stated that yes, the payment is included but there possibly might be another payment due in the future based on Rocky Mtn Power's appeal to the tax commission. The Capital Projects Funds, Debt Service Funds and General Fund were all reviewed individually and also compared to the 2022 Budget. Mr. Rasmussen noted that Net Income for the General Fund is \$30,242. Mr. Rasmussen pointed out that we Budgeted for \$266,000 of Income from Property Taxes and so far, we have received \$307,243 in Income from Property Taxes. There is nothing we can do to change or adjust these numbers in our budget. Our budgetary income is based on property tax rates and property valuations that are estimated from June of the previous year so the budgeted income is an estimate and we have to live with whatever is collected whether it is lower or higher than what was budgeted. Mr. Rasmussen and Chairman Richens both explained the overage was due more to property values increasing because the tax rate actually decreased by a small amount. Mr. Rasmussen also stated that we will soon be receiving a Detailed General Ledger Report for the 4th quarter. This is a requirement by the State Auditor. Trustee Timothy made a motion to approve the Financial Statements as presented. Trustee Cox seconded the motion. The motion was passed unanimously.

7. Upcoming Training Opportunities

Chairman Richens announced the two training sessions as listed below and invited the Board Members to participate in the sessions if they could be fit into each individuals' schedule. Chairman Richens also requested that anyone who does attend a training session be prepared to report on the training at our next meeting.

- A. Security and Protection of Dams and Levees Webinar, Feb 8th
- B. Water Law & Policy Seminar, March 20th St. George
- C. Utah Water Users Conference, March 21st and 22nd St. George
- D. Dam Tender Training (March 30th) in Montrose, Colorado
- E. USBR Safety of Dams Training in May? – Bryan Schmutz will check on the scheduled date for us.

It was also, announced that the Distribution Meeting will be on Feb 7th Trustee Cox asked if there were any requirements placed on us concerning attendance to these training programs. Dam Tender Davis stated that mostly the USBR takes care of most of the updates to the documents concerning the operations of the dam. Mr. Davis stated the only thing he is aware that we are required to attend on an annual basis is the Dam Tender Training.

8. Report on Ongoing Business Matters or any New Business

- a. Update on Trout Unlimited Small Regulating Gate Project.

Chairman Richens stated that BODEC recently sent the work schedule to us stating the project will start on Feb 13th and it should be completed by March 3rd.

b. Update on Inspection of Outlet Structure and Gates by USBR.

Chairman Richens stated that he will try to coordinate this with James Sheridan from USBR where they can inspect the structure and gates during the portion of BODEC's project when everything is de-watered for ease of access.

c. Update on Ongoing Repairs Items from Inspections.

Chairman Richens noted that he had recently emailed the repairs list out. He is currently trying to get confirmation from BODEC to see if they can complete these repairs while they are already on-site for their current project for Trout Unlimited or if we need to find a different contractor. The Gatehouse has been re-keyed and new keys are currently being issued to those who need them and records will be kept as to who has keys.

d. Update on Bathymetry Study.

USBR Liaison Bryan Schmutz stated this is still a moving target as Chris Garcia has been off work due to both a death and a birth in his family.

e. Update on Security System Project.

Mr. Schmutz told the group that Eric informed him that he has approval to move forward with the project but there are some concerns about the budget so Eric is still working with his people to make sure the project is budgeted before he can move forward.

f. Discuss 2023 Water Share Leasing Plan and Schedule.

Chairman Richens explained this is a continuation of a discussion that started 6 to 9 months ago in one of our previous meetings. He has recently sent out a list of ideas discussing the pros and cons concerning the possibility of various different uses based on what we do with the shares. He had gone back and researched the old records when the water shares were purchased and also what the purpose of Carbon Water Conservancy District was. Former District Attorney TN Jensen was involved in the purchase of the water shares and it was determined that a plan should be put in place as to how CWCD could best use these water shares.

However, Chairman Richens was not able to find any evidence that an actual plan was developed at that time. We need to come up with a plan whereby we can get the maximum benefit out of the shares (Assets) we own yet still be flexible enough to adjust in order to help the local communities if necessary, especially in years of drought. Our 3 year plan is now up and it is time to lease the shares again. What do we want to do? Do we continue with the same 3 year leasing program or do we hold back some in case it is needed for other purposes such as helping some of the local communities during times of drought.

Trustee Seeley noted the probability of a lower lease price this year due to the above average snowpack. To be able to lease all of our shares we should consider the past 3 year 1st right of refusal, yet that could make it difficult to help with development should someone need to purchase shares. River Commissioner Derris Jones stated that PacifiCorp has elected not to lease all of their available shares and instead they made a deal with the Colorado River Authority to send a portion of their water shares downstream to Lake Powell and Lake Mead. This means there may be a smaller number of shares available for lease this year than in past years. Trustee Seeley noted that development takes a lengthy amount of time so we should be able to lease shares for the near future without needing to consider selling or disposing of any of our shares.

Trustee Cox noted for discussion purposes that last year the County made available 50 shares of their own water for development and also came to us to ask us to consider selling our shares to the county for economic development reasons. The county did not sell any of their shares. However they did discover that developers are willing to buy shares and hold them as an investment for future development. Our plan should desire not to sell for speculation or future development but to require any shares if they are sold to be used immediately. Leasing only helps agricultural users. Our desire should be to help the county as a whole. Trustee Cox spoke of a local person who desired to develop a 5 home subdivision, but he couldn't find anyone willing to sell water shares so he approached the County and PRWID. Other homes were being built during that same period and water shares purchased by the other homeowners, so in hindsight perhaps this person should have offered more money per share for the water shares needed to build the homes in the subdivision if he was really serious. Chairman Richens noted that last year there was a project in Wellington needing 10 water shares and the developer was having difficulty obtaining the required water shares. Chairman Richens personally contacted several owners of water shares and made arrangements for this developer to purchase enough shares for the project. Then the developer backed out of the purchase. Chairman Richens felt he had run the risk of alienating a shareholder as well as wasting a fair amount of his own time trying to help someone who really wasn't as serious as everyone thought he was. If we had sold water shares to the County when asked, all that would have happened is the County or some developer would own the shares instead of CWCD, and we would never be able to get those shares back again.

Trustee Timothy suggested that whatever we come up with as a plan it should be reviewed and or developed with a lawyer. Trustee Cox noted that it should be our desire to help with projects, but there are many, many questions on the details of

how we can best help. Trustee Cox also suggested that we consider conserving water and banking the unused shares for possible use in following years. This assumes that other users or canal companies will not increase their usage and use up the banked and stored shares. Banked shares should be available for use in the following years. In years when the reservoir spills, the bank would go back to zero. Maybe we should also consider having the option to send unleased shares down to Lake Powell as long as we are in control of our shares.

Trustee Allen stated that he appreciated the amount of effort Chairman Richens went to in preparing the history of our water share purchases as well as the list of options and various plans that were listed in the discussion - as well as the pros and cons of selling our shares. Trustee Allen further stated that we should be in no hurry to make a decision on this issue. Particularly if it involves selling or otherwise giving up any of our water shares. He sees no incentive for us to jump into something. After studying what Chairman Richens presented, Trustee Allen stated he came away with the firm belief that this makes it "crystal clear" that it is not "crystal clear what we should do". This is a very complex and difficult situation and we should place no pressure on ourselves to be hasty in making this decision. We should wait for people to come to us and not just commit to selling off our assets. Trustee Allen stated that to his knowledge no one has come to us with a viable project. We should be receptive to consider proposals that benefit the "Broad Base" but we should not be hasty. Trustee Allen also noted that there should be additional shares available somewhere due to the fact that Water Users Statewide changed their policy where rural mountain properties are concerned. These properties are now required to only have $\frac{1}{4}$ share of water per acre instead of 1 full share. His subdivision was required to surrender $\frac{3}{4}$ of their water shares back to the developer. People could be hoarding these shares but somewhere there should be more water shares available now.

Other concerns that were discussed were:

A bid process or auction for our water shares would require a lot of work.

If we sell our shares, we have no asset based kind of influence with PRWUA, PRWID or any of the canal companies or entities. As long as we own water shares we would have some influence with the other entities and they would be more inclined to listen to our point of view when it comes to serious issues.

Our vision on this issue needs to look far into the future – not just one or two years down the road.

A Banking Policy or other conservation efforts during drought years needs to include all water users. Currently there is no incentive to conserve when other users are allowed to use the saved water elsewhere.

If we keep 5% of our shares available to help other entities or communities, it should be ok to lease the other 95% on a 3 year lease basis.

There has been no limit on the number of shares we lease to individuals, businesses or entities.

We should set our lease price earlier than mid-April during our annual meeting so we could advertise earlier giving us a better chance to lease all the shares.

Our policy should include requirements such that in order for us to dedicate water shares to a project, the project would need to benefit the whole area, such as creating jobs, increasing the tax revenues, etc. The policy could say that we can be receptive to specific proposals that are brought to us that demonstrate "Broad Based" benefits that align with our "Broad Based" mission. The policy should also include definitive language that specifies the involved water shares must be returned to CWCD if the project does not in fact become completed.

Trustee Cox suggested that we discuss conservation and banking with PRWUA to the extent that any banked or conserved water does not become available to other entities to increase their usage.

Assistant Dam Tender/River Commissioner Jones suggested that we lease the shares on a revolving 3 year first right of refusal basis whereby we lease 1/3 for 3 years, 1/3 for 2 years and 1/3 for 1 year and each year afterwards would be a revolving 3 year lease involving 1/3 of our shares. This would also give us the opportunity to help others in bad years by always having an uncommitted number of shares available on an annual basis should we choose not to renew the lease on all shares in a specific year.

Clerk Gordon Odendahl was asked to compile history of the past 5 years the leased prices for water shares from CWCD, PRWID and the average auction price of auction administered by PRWUA of the PacifiCorp water shares and to share this list with the trustees before the next meeting in April. This would allow the trustees to analyze past history as well as current price information when it becomes available in order to set a fair lease price for our water shares for the current year.

- g. Reminder for training requirements and required classes for Board Members
Newly appointed trustees Richens and Cox will need to take the Board Member Training this year.

Christian Bryner will provide the Open & Public Meeting training at one of our meetings later this year.

Clerk Odendahl will need to take the annual GRAMA training later during the year.

- h. Any other items or new business to discuss.

Trustee Seeley reported there is nothing new on the progress on the Lower Basin Reservoir. NRCS has told the committee they will fund 75% of the cost of piping

canals as a water saving/conservation measure. The NRCS will also pay to conduct a study of the cost of piping the canals. The study would be added to the duties of Horrocks Engineers who has already been retained by Price City to do the EIS. Piping the canals is an additional conservation measure which would save a lot of water and if it becomes a viable project would not be an alternative to the reservoir but would be in addition to the reservoir. The Lower Basin Reservoir would be Phase 1 and piping the canals would be phase 2 and then we really would be conserving a lot of water.

Trustee Cox Asked about the Silt Study for Scofield Reservoir. Chairman Richens stated there is currently no further information on the Bathymetry study although this year would be an excellent time to do the study while the reservoir is full. River Commissioner Jones asked about the current status of our Cloud Seeding program. Mr. Jones noted that the Cloud Seeding Program has been suspended in Emery County due to concerns about flooding. Chairman Richens stated he would contact North American Weather Consultants to see what is happening with our program.

Mr. Jones also stated that if we are going to start releasing water in anticipation of preparing for the runoff, these early releases could take care of or eliminate the need for the pulse releases he has been releasing in order to satisfy the low-flow release requirements of Trout Unlimited.

9. Possible Closed Session Pursuant to (UCA §52-4-205(1)(a) & (c)). to Discuss Pending or Imminent Litigation.

Chairman Richens stated that we currently do not have enough information available to us so there will not be a Closed Session at this time.

10. Adjourn Meeting.

There was no further business to bring before the board. Trustee Cox made a motion to adjourn the meeting and Trustee Allen seconded the motion. The motion was passed unanimously. The meeting was adjourned at 4:48 PM.


Chairman


Vice Chairman