

Central Iron County Water Conservancy District
Board Meeting Minutes
February 20, 2020



Board Members

Brent Hunter-Chairman
Tom Stratton
Terri Hartley
Joel Myers
Tyler Allred

District Staff

Paul Monroe-General Manager
Mandi Williams-Office Manager
Tracy Feltner-Water Operator
Jessica Staheli-Public Outreach
Jeff McKee-Water Operator
Kassie Neiwert-Intern
Curtis Nielson-District Engineer
Justin Wayment-District Legal Counsel

Others in Attendance

Clint Rogers-Stantec
Ed Mignone-Stantec
Jim Hilton-Cedar Highlands HOA
Cody Berg-Carollo Engineers
John Rehring-Carollo Engineers
Jake Bear-Carollo Engineers
Linford Nelson-Citizen

CALL TO ORDER: •Board Chairman Hunter called the meeting to order at 6:32 PM. Justin Wayment led the Pledge of Allegiance. Tracy Feltner offered the invocation.

DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS: •None. (2:16)

CONSIDER APPROVAL OF MINUTES FROM THE BOARD MEETING HELD JANUARY 16, 2020:

•Board Member Allred moved to approve the minutes from the Board Meeting held January 16, 2020. Second by Board Member Myers. Motion unanimous 6:35 PM.

CONSIDER APPROVAL OF PAYMENT OF BILLS AND ADJUSTMENTS JANUARY 10, 2020 THROUGH FEBRUARY 12, 2020: •Williams-Said there was a payment made to Cedar Land Title for the Montague water rights. Monroe-Explained the Montague water rights. There was a payment to Remote Control Systems for some repairs. There were some registration fees for the Rural Water Conference/Training. There was also a repair fee to Stotz equipment for our recharge generator.

•Board Member Hartley moved to approve the payment of bills and the adjustments register from January 10, 2020 through February 12, 2020. Second by Board Member Myers. Motion Unanimous at 6:38 PM. (6:07)

REVIEW 2020 FINANCIALS: •Monroe-Stated that there is not a significant change to the budget, but that the lease payment that was paid in full at the start of the year. He highlighted the auto and trucks purchases from the Capital side of the budget. Additionally, there is \$30,000

from 2019 budget that could also be used in the purchase of the vehicles. The Montague water rights were paid from the 2019 budget as was planned. (7:53)

WATER NEEDS ASSESSMENT & FINANCIAL BUSINESS PLAN FOR CEDAR VALLEY, IRON COUNTY: PRESENTATION BY CAROLLO ENGINEERING:

▪Monroe-Introduced the study. ▪Rehring & Berg-Gave the presentation on the Water Needs Assessment and Financial Business Plan for Cedar Valley based on the PowerPoint attached to these minutes. ▪Wayment-Asked how likely it would be to get a 50% grant. ▪Berg-Replied that it is probably more realistic to get around 10- 30%. ▪Rehring-Said a 50% grant isn't likely in their experience. ▪Hartley- Stated that approximately a year ago, she saw a presentation during a WAC meeting of funding coming from a number of sources such as, Impact Fees, and Property Tax Revenues. Are those options now off the table? Why is this presentation based around one focus which is the user to pay all the cost? ▪Monroe-Replied that she is right, the District has basically a three-legged stool to be able to finance this project. But for the sake of this report, we wanted to present what it would look like if the cost was born water users. There is a large component of this project that needs to include new growth to pay for that new infrastructure. ▪*There was discussion in regard to impact fees, the water rights, and safe yield in Pine Valley.* (1:07:30)

Presentation is included with the record of these board meeting minutes.

GENERAL MANAGER'S REPORT: ▪Monroe-Reported that the Sunset Subdivision, in the Bumblebee area, has approached the District and would like for the District to assume their water system. John, Tracy, and Curtis have been out and done some initial inspections. One concern is not having a secondary source in that area, we will be talking with Cedar City to see if there is any possibility of having them provide that secondary source, those cost would be paid by the subdivision as well as anything additional required to bring the system up to District standards. (1:09:21)

DISTRICT INFRASTRUCTURE IMPROVEMENTS: DISCUSSION OF INFRASTRUCTURE IMPROVEMENTS AND CONSIDER THE APPROVAL OF A CONTRACT FOR DEVELOPING ADDITIONAL SPRINGS IN CEDAR HIGHLANDS:

▪Monroe-Went over Chekshani Cliffs. We held a meeting for the community there, we have supplied a ballot for them to give their input on the direction. Ultimately, we will develop an assessment area. There is a strict timeline in place. If 51% are in favor the project will move forward. Once that is determined, a public hearing will be held. That will start a 60 day protest. If 40% protest, that will nullify the project. Some of the water sampling results were presented again to the Board. At the last meeting a new well location was discussed along highway 91 near Kanarraville. However, due to sampling we are back to our original site near I-15. In the summer we will need to decide if we would like to include a line to Kanarraville as part of the funding package. There is a significant cost savings if we do a private/public partnership to drill the well.

▪Monroe-Then began discussion in regard to Cedar Highlands. We just finished installing the water treatment facility in Cedar Highlands. The sample results are great. The second part is developing the springs in Cedar Highlands. He then turned the time over to Curtis Nielson to give the update on the details to the Board. ▪Nielson-We received two bids, from John Orton Excavating and Precision Pipeline. The bids came in substantially higher (about 4x) than

previous projects of this type. This is due to the current projects going on in our area that are using a lot of crushed gravel, so the supply is lower for the larger gravel we need. We were able to reach out to a couple of local suppliers and those bids brought everything down to about a 1/3 of the price as what was bid. (1:18:58)

ENGINEERING SERVICES: DISCUSS AND CONSIDER APPROVAL OF FEE

INCREASE FOR DISTRICT ENGINEERING SERVICES: ▪Monroe-Said this is a \$5 increase per hour for the engineering services. The last time the fee was increased was about 10 years ago. ▪Myers-Said that it seems like the going rate, and he was ok with the increase.

Board Member Myers moved to approve the \$5 increase as proposed by Ensign. Second by Board Member Stratton. Motion unanimous at 7:53 PM. (1:21:15)

DISTRICT FLEET VEHICLES: DISCUSSION AND CONSIDERATION OF FLEET PROGRAM AND AUTO PURCHASE:

▪Monroe- Stated that last month there was discussion in regard to lease options for fleet. None of the bidders provided lease options for entities of our size. There were lease to own options, but they were not very attractive. Cedar City Motor Corporation had the low bids on all of the vehicles. After we ran our own analysis on buy back value, in each case we would make money or break even. ▪Stratton-Asked about dealer buyback programs. ▪Monroe-Said the dealers would not do that anymore. ▪*There was discussion for several minutes in regard to diesel vs. gas engines for the work truck.* ▪Monroe-Asked for the Board's opinion on a vehicle for the office staff. Stratton-Said he agreed that the District staff should be in District vehicles for insurance reasons. ▪Monroe- Stated that there is money in the budget, but they just need a nod from the Board on which way to go. ▪Allred-Said the ¾ ton to 1 ton doesn't make that much of difference. But he thought they should purchase the diesel to try to make some money on it.

Board Member Allred moved to approve the purchase the vehicles by the administration within the means of the budget. Second by Board Member Stratton. Motion unanimous at 8:06 PM. (1:34:25)

PUBLIC COMMENT: ▪None. (1:34:46)

WAH WAH & PINE VALLEY: UPDATE AND DISCUSSION: ▪Monroe-Said a lot of the surveys are being wrapped up for the EIS. There are some loose ends with the Old Spanish trails and sage grouse. The BLM has timelines for their staff to complete the studies, and if they are not met then Transcon will be involved with the process. The socioeconomic side is in progress, and the Carollo Report was part of that. The NOI is scheduled in June. That starts the timeline of 1 year for the deadline. In between now and then, we will be seeking public support. There will be 2 public open houses during that time. One in Cedar City and one in Beaver. ▪Nielson-Said he has been impressed with Transcon. ▪Monroe-Said Neilson has been creating the POD for the project, it includes the whole scoping of the project. It is a very extensive document. (1:40:10)

AQUIFER RECHARGE: UPDATE AND DISCUSSION: ▪Monroe-Said we received the \$250,000 grant for the Quichapa project. Tracy and Jeff have been installing a pipeline from the Quichapa out to some fields owned by the Jones. We are putting together some bids to build a

dyke out in the Quichapa Lake to allow for more uses of the water while it is fresher and before it becomes unusable. ▪*There was discussion for several minutes regarding the potential dyke and TDS results.* ▪Monroe-Explained how the dyke and project would be created, and how it would allow for better water usage. ▪Feltner-Explained the line that they built from Quichapa to the Jones farm.

Monroe-Said they had a meeting with Western Rock. They didn't see a foreseeable time when they would like to sell their gravel pits to the District. Cedar City is willing to allow the District to use their pits for water recharge.

WATER CONSERVATION: UPDATE AND DISCUSSION: ▪Monroe-Said the Localscapes class will be held March 3 & 10th through SUU Community Education. ▪Staheli-Said The 4th Grade Water Fair will be held the end of March at the Heritage Center. ▪Hunter-Mentioned that Chad Reid from USU Extension passed away. He has been a good asset to the community and the District and will be missed.

GROUNDWATER MANGAGEMENT PLAN AND LOCAL WATER RIGHT

CHANGES: ▪Monroe-Said he is monitoring about 25 bills at the legislature. There are a few that are concerning, but don't seem to be making any headway, such as one for secondary metering and one for agriculture water use. ▪Wayment-Explained the secondary water metering bill. **(1:53:03)**

Tyler Allred left the meeting at 8:24 PM.

BOARD MEMBER REPORT: ▪Stratton-Thanked the office staff for sending emails to customers that explain water break issues when they happen. ▪Monroe-Said they are making plans to put in another PRV to help with pressure issues in the West View area. **(1:54:52)**

ENGINEERING REPORT: UPDATE AND DISCUSSION: ▪None. **(1:54:59)**

Next meeting date: March 19th, 2020.

Board Member Stratton motioned adjourn the regular meeting. Second by Board Member Myers. Motion unanimous at 8:27 PM.

Roll Call as follows:

Hunter-Aye

Hartley-Aye

Myers-Aye

Stratton-Aye

Meeting Adjourned at 8:27 PM.

DRAFT



Pine Valley Water Supply and Conservation Project Business Plan and Water Needs Assessment

CICWCD WATER ADVISORY COMMITTEE

CITY COUNCIL – CEDAR CITY

CITY COUNCIL – ENOCH CITY

CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT BOARD

JOHN REHRING

CODY BERG

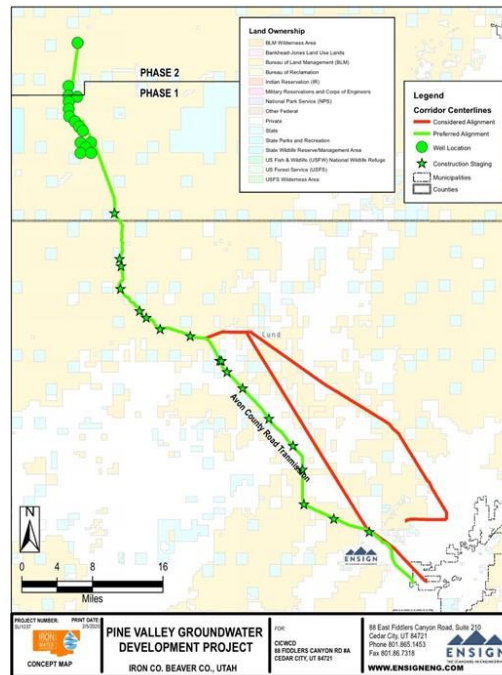
JAKE BAER



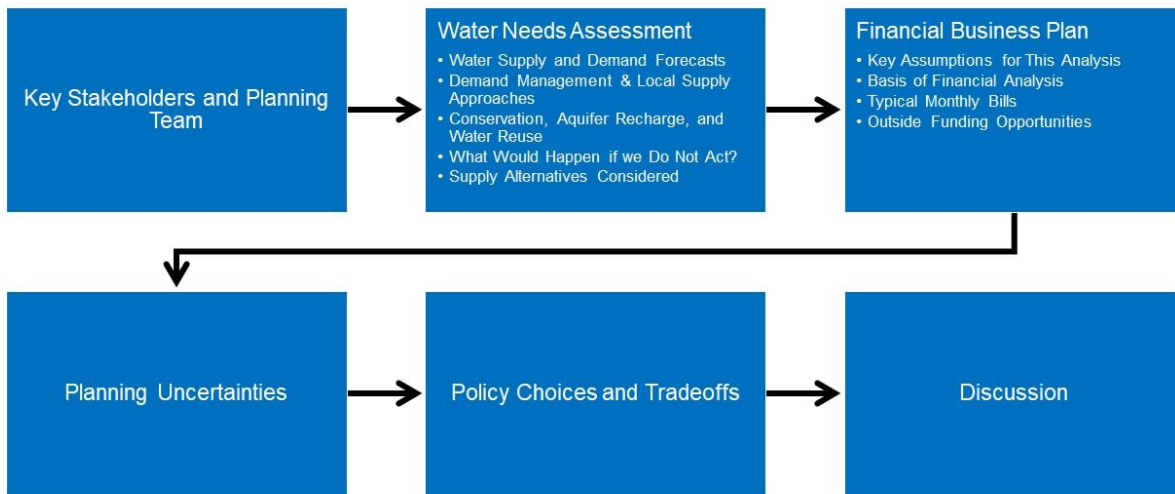
CEDAR CITY & ENOCH CITY // FEBRUARY 2020

// Pine Valley Water Supply Project Basics

- 15,000 AFY
- Fully reusable water
- 70 mile pipeline
- Sustainability focus



// Overview of Discussion



// Planning Uncertainties

Population and Demand Projections

Future Cost of Agricultural Water Rights

Groundwater Management Plan Implementation

Potential Stakeholder Agreements

Existing and New Wells (future yield?)

Recharge Credit Ratio (1 to 1 or less?)

// Policy Choices and Tradeoffs

Operations under Current Conditions

Agricultural Water Rights Purchases and Implications

Conservation Targets: Amounts and How to Achieve

2070 and Beyond

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// Key Stakeholders and Planning Team



Key Stakeholder: Cedar City

- Paul Bittmenn
- Jonathan Stathis

Key Stakeholder: Enoch City

- Rob Dotson

Project Lead: Carollo Engineers

- Cody Berg
- Jennifer Ivey
- John Rehring
- David Tufte (SUU)

Project Support: CICWCD

- Paul Monroe
- Jessica Staheli
- Kelly Crane (Ensign)
- Curtis Nielson (Ensign)

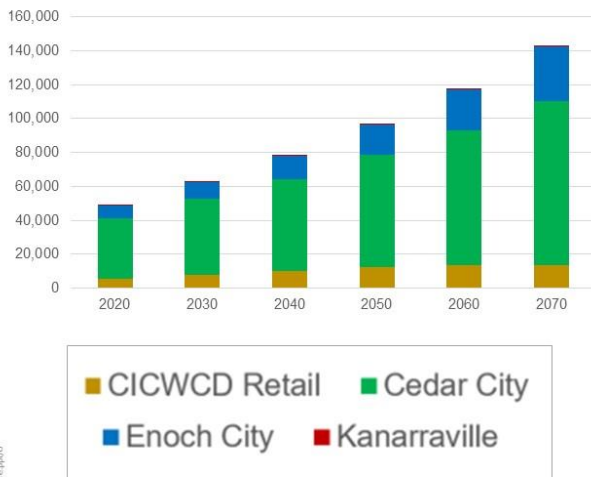
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Water Needs Assessment

// Water Supply and Demand Forecasts

Population Forecast 2020-2070

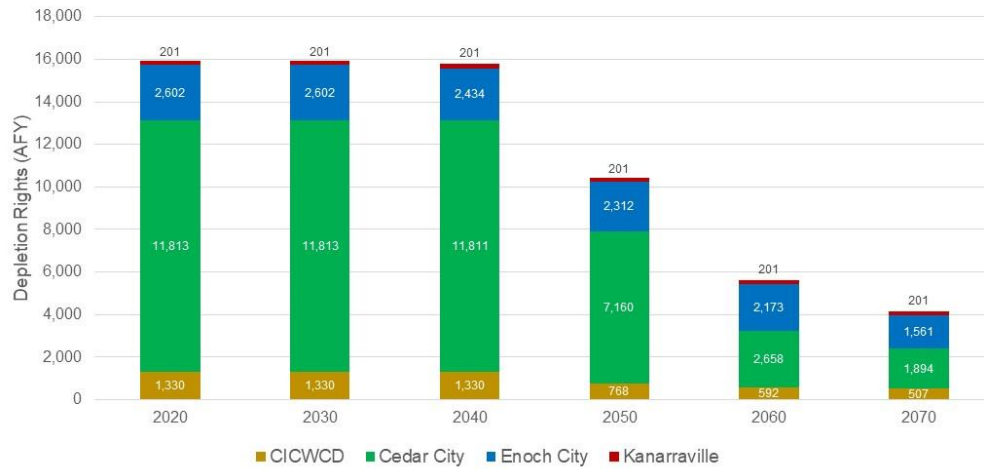


Demand Forecast 2020-2070
(Prior to Additional Conservation)



// Draft Groundwater Management Plan

Groundwater Rights Remaining After State Engineer Cutbacks (2020-2070)



Hammerhead

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So what if we do nothing?

Hammerhead

// Demands Will Exceed Legally-Available Supplies

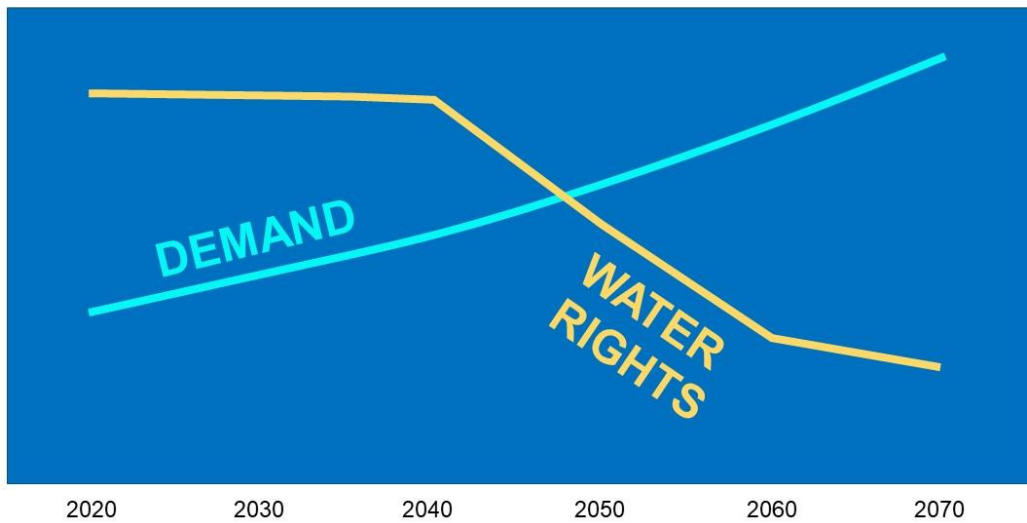


Figure 10 of 11

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// We Are Already Using Water Faster than it is Replenished

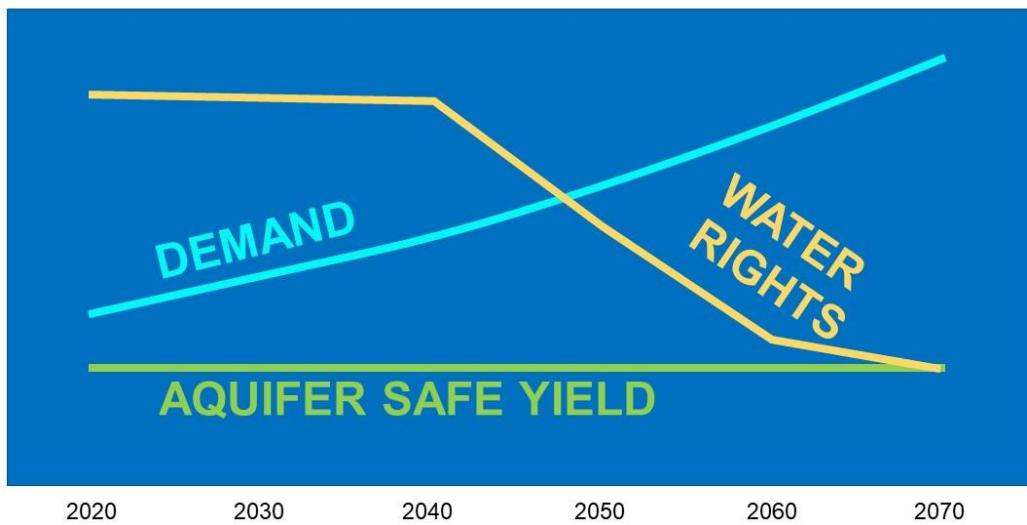


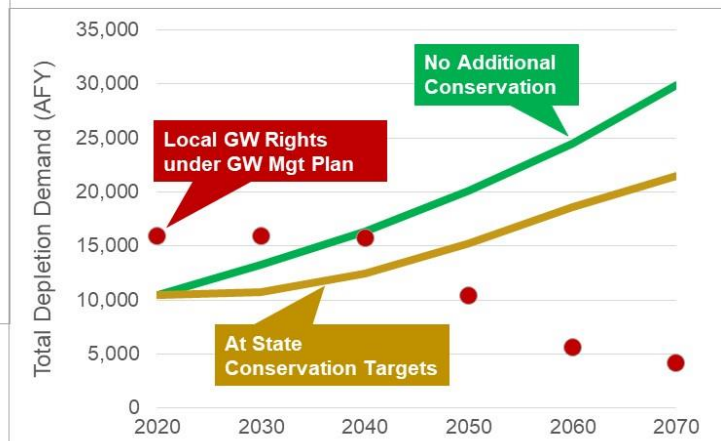
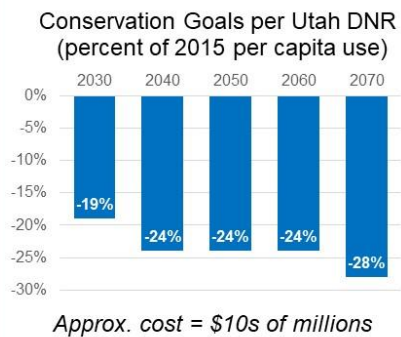
Figure 11 of 12

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What options do we have?

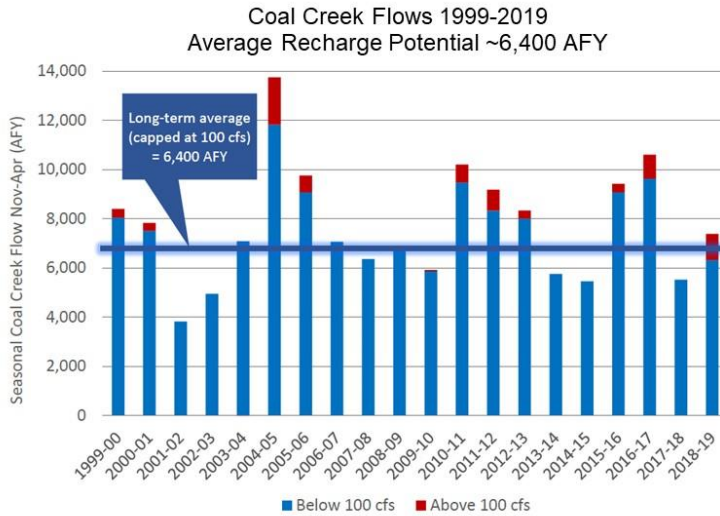
// Demand Management & Local Supply Approaches: Conservation, Aquifer Recharge and Water Reuse

DEMAND MANAGEMENT



// Demand Management & Local Supply Approaches: Conservation, Aquifer Recharge and Water Reuse

AQUIFER RECHARGE



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// Demand Management & Local Supply Approaches: Conservation, Aquifer Recharge and Water Reuse

WATER REUSE

2018 Cedar City Reuse Study

Irrigation in Enoch Graben or near WWTF

About 2,000 AFY of water supply

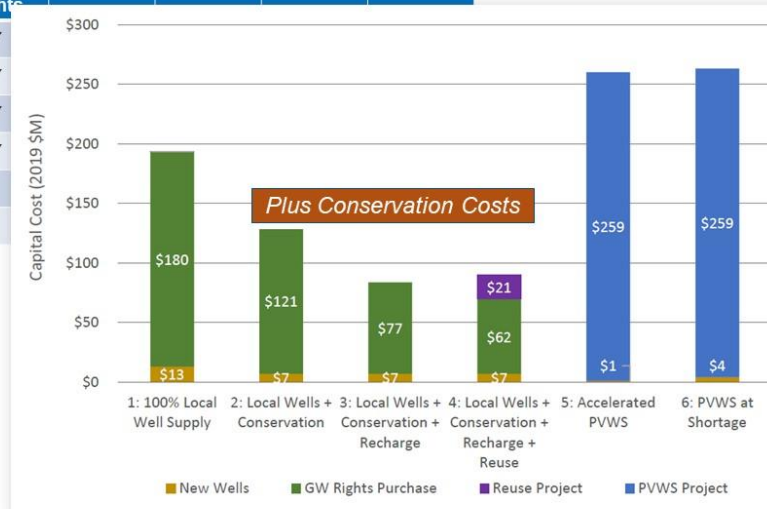
\$17M - \$29M



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// Supply Alternatives Considered in Current Study

| Scenario | Add'l Conservation | Buy Local GW Rights | Recharge | Reuse | PVWS ASAP | PVWS @ Shortage |
|----------|--------------------|---------------------|----------|-------|-----------|-----------------|
| 1 | | ✓ | | | | |
| 2 | ✓ | ✓ | | | | |
| 3 | ✓ | ✓ | | | | |
| 4 | ✓ | ✓ | | | | |
| 5 | ✓ | | | | | |
| 6 | ✓ | | | | | |



Hammerhead/17

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Financial Business Plan

Hammerhead/17

// Key Assumptions for Financial Analysis

District Issues Debt

- Revenue Increases (Ratepayers)
- Debt Service Coverage Requirement (1.30x)
- Positive Cashflow

Water Sales Revenue

- District's Retail Customers
- Wholesale Customers (Key Stakeholders)

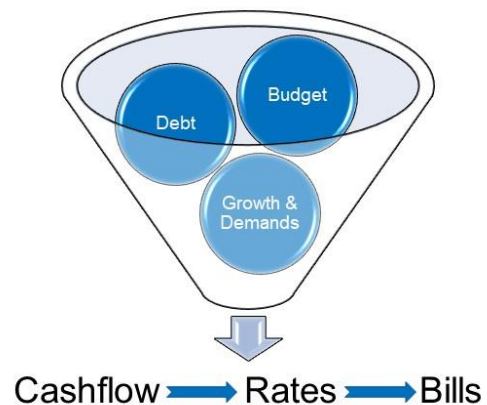
Additional Wells

- Drilled on an as-needed basis (Demands)
- No new wells after PVWS project is online
- Water rights constraints per DNR Groundwater Management Plan

Financial.pdf/19

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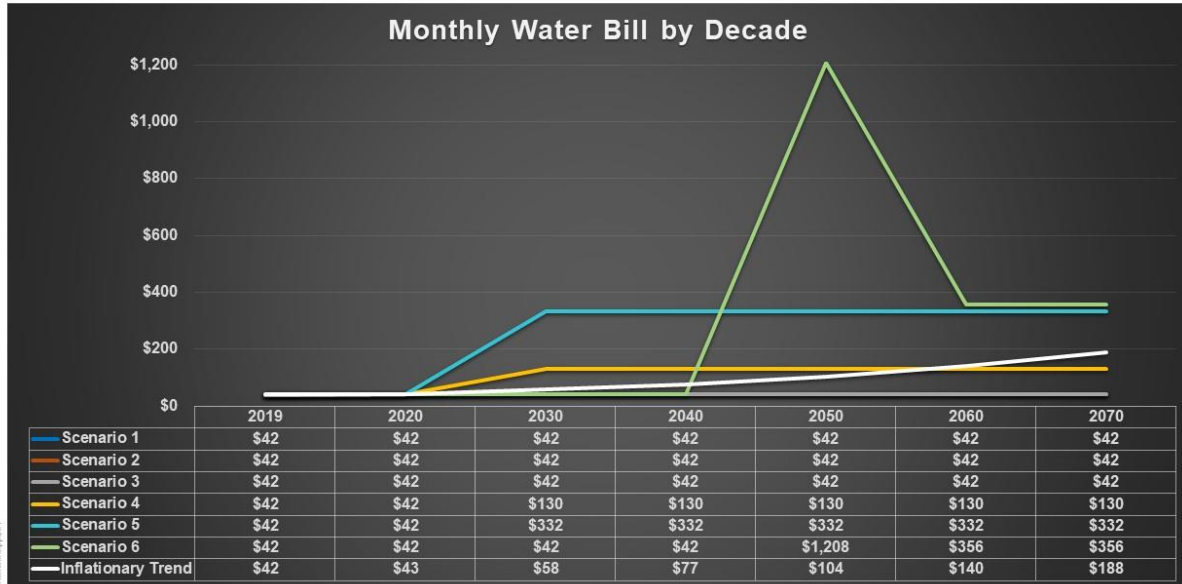
// Basis of Financial Analysis



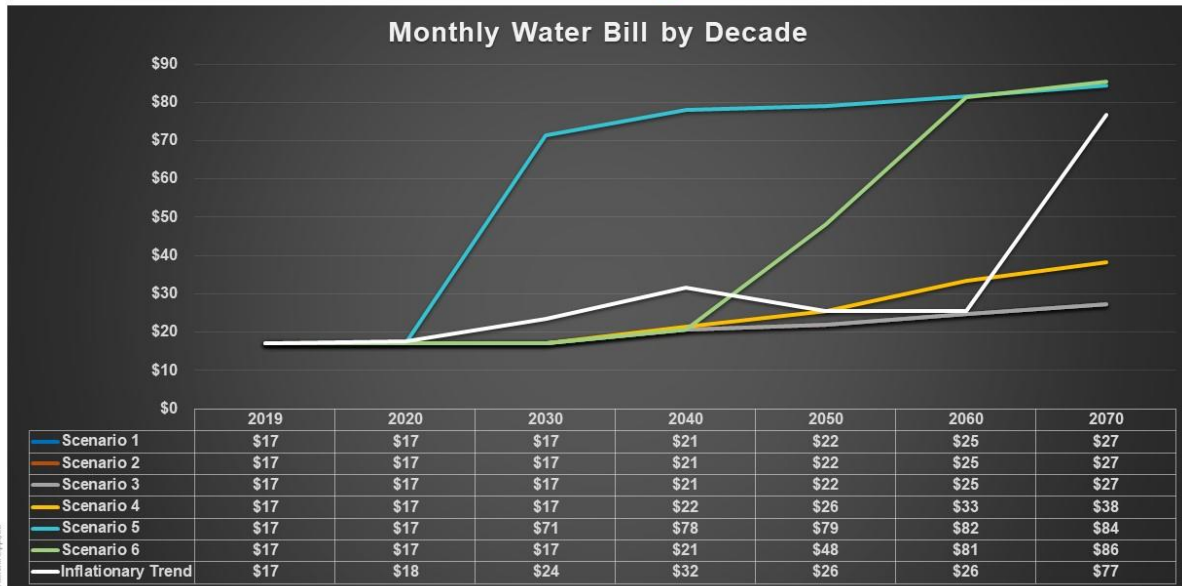
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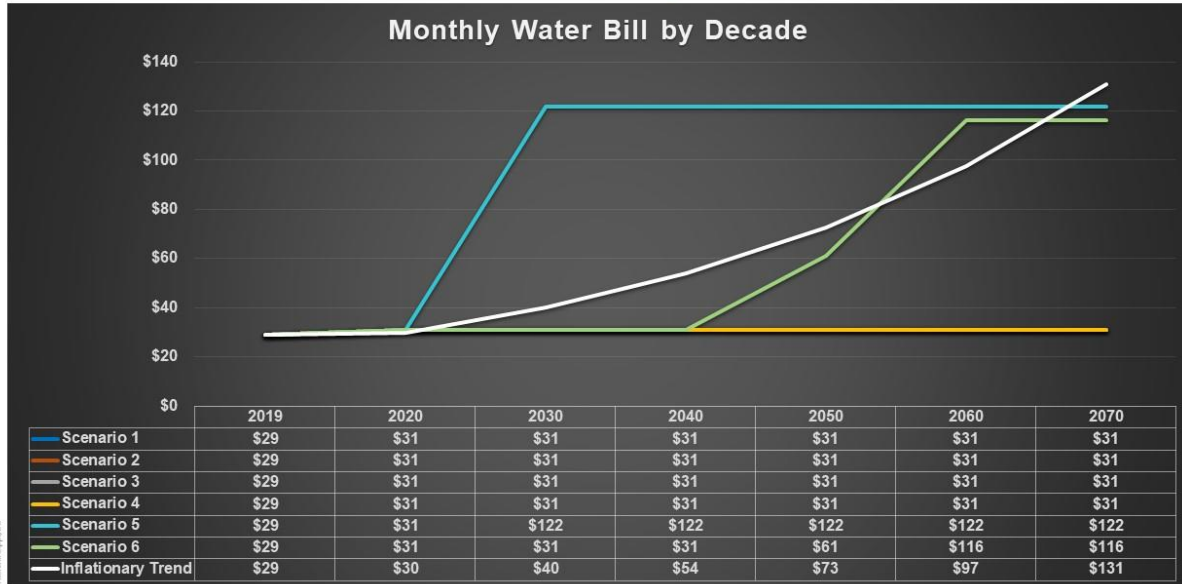
// Typical Monthly Bill – CICWCD



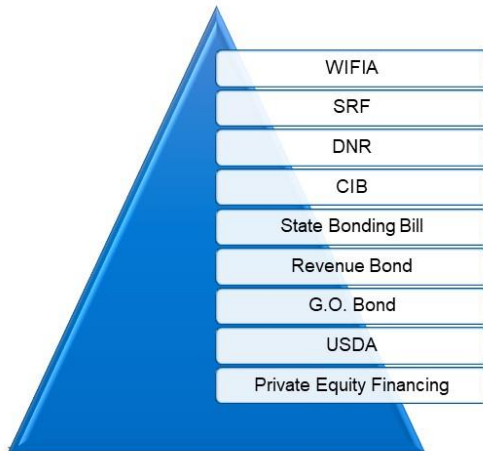
// Typical Monthly Bill – Cedar City



// Typical Monthly Bill – Enoch City



// Outside Funding Opportunities



Optimal Funding Selections

| Program | Type | Interest Rate | Term | Percent Funding | DSC Ratio |
|---------------|------|---------------|---------|-----------------|-----------|
| WIFIA | Loan | 3.15% | 30 yrs. | ~49% | 130x |
| SRF | Loan | 2.00% | 20 yrs. | ~25% | 130x |
| Revenue Bonds | Loan | 5.00% | 30 yrs. | ~25% | 130x |
| Cash Reserves | Cash | N/A | N/A | Varies | N/A |

// Planning Uncertainties

Population and Demand Projections

Future Cost of Agricultural Water Rights

Groundwater Management Plan Implementation

Potential Stakeholder Agreements

Existing and New Wells (future yield?)

Recharge Credit Ratio (1 to 1 or less?)

Hammerhead/25

25

// Policy Choices and Tradeoffs

Operations under Current Conditions

Agricultural Water Rights Purchases and Implications

Conservation Targets: Amounts and How to Achieve

2070 and Beyond

Hammerhead/26

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Discussion

February 2020



Pine Valley Water Supply and Conservation Project Business Plan and Water Needs Assessment

CICWCD WATER ADVISORY COMMITTEE

CITY COUNCIL – CEDAR CITY

CITY COUNCIL – ENOCH CITY

CENTRAL IRON COUNTY WATER CONSERVANCY DISTRICT BOARD

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CODY BERG

JAKE BAER



February 2020

CEDAR CITY & ENOCH CITY // FEBRUARY 2020