

Central Iron County Water Conservancy District
Board Meeting Minutes
April 20, 2023



Board Members

Brent Hunter
Tyler Melling
David Harris
Spencer Jones
Andrew McCrea

District Staff

Paul Monroe-General Manager
Mandi Williams-Office Manager
Tracy Feltner-Water Operator
Tyler Glover-Water Operator
Christy Tullis-Billing Clerk
Justin Wayment-Legal Counsel

Others in Attendance

Lori Silva-Cedar Highlands HOA
Lisa Hatch-Cedar Highlands HOA
Rick Silva-Cedar Highlands HOA
Stan Carrizosa-Cedar Highlands HOA
Nancy Carrizosa-Cedar Highlands HOA
Japheth McGee- Zions Bank

CALL TO ORDER: •Board Member Hunter called the meeting to order at 6:31 PM. Spencer Jones lead the Pledge of Allegiance. David Harris offered the invocation.

DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS: •None.

CONSIDER APPROVAL OF MINUTES FROM THE BOARD MEETING HELD February 16th, 2023 and special meeting March 2, 2023:

Board Member Harris moved to approve the minutes from the Board Meeting held February 16th, 2023 and special meeting March 2, 2023. Second by Board Member McCrea. Motion Unanimous at 6:34 PM. (6:45)

CONSIDER APPROVAL OF PAYMENT OF BILLS AND ADJUSTMENTS February 11, 2023 THROUGH April 13, 2023: •Williams highlighted-

Semiannual chlorine tablets. Some of the ones highlighted in red are security deposit refunds for the fire hydrant meters. Check cut back to Iron County Auditor- it was a double payment for Fiddlers Canyon Solar. Quarterly payment to Pelorus, that is the software company the district uses. Transcon Environmental payment- part of the change order approved in the special board meeting. Administrative fee for Union Pacific Railroad out on Iron Springs Road. Time of year where the district has to pay fees to the state engineer for the Cedar Valley Pumps and the Cedar Valley Surface Recharge those have to do with monitoring. The 4th payment to Visco for the work that is being done out on Iron

Springs Road. The invoices are reviewed very closely by the staff in the office and also Kelly Crane goes over those to make sure the correct retention is done.

Board Member Harris moved to approve the payment of bills from February 11, 2023 through April 13, 2023. Second by Board Member Melling. Motion Unanimous at 6:41 PM.
Spencer Jones abstains.

(10:37)

Credits & Debits register- ▪Williams highlighted account cleanup it is for two months.

REVIEW 2023 FINANCIALS ▪Monroe- water revenue is at 20% that will pick up because of summer and water usage goes up. Public relations line- the district has hired Peterson Consulting Group. Rent payment for office space is paid a year in advance. Capital side- budgeted \$100,000 for Coal Creek recharge have used \$6,000 so far. A lot of anxiety for different things that will happen over the next month have been meeting weekly with county officials on flood plans and other mitigation measures to see what can be done. PVWS –a lot of what has been paid out on that has gone to the updates on hydraulic model. Sunset water improvement project just wrapped up a portion of that going to boost the pressure and make 2 pressure zones. It is live as of Tuesday April 18th. Direct purchase- building and maintenance facility moving forward on that. Did renew the lease for a new backhoe. The warranty is up, and it is at a point that the district would have to pay for things on the backhoe, so it was a smart move to lease a new one. Autos and trucks- new truck that just came it was \$3,400. The deal with the dealer is whatever the district purchases the truck for they will give 100% buyback a year later and then the district pays the difference of the inflation of what the new truck is. Roughly \$22,000 left there.

PUBLIC HEARING TO RECEIVE INPUT WITH RESPECT TO THE ISSUANCE OF SUCH BONDS AND THE POTENTIAL IMPACT TO THE PRIVATE SECTOR FROM THE CONSTRUCTION OF TWO WATER TANKS, A WELL AND WATERLINES AND THE REFINANCING OF EXISTING DEBT:

Board Member Harris made a motion to close the regular meeting and go into a Public Hearing with Respect to the issuance of such bonds and any potential impact to the private sector from the construction of two water tanks, a well and waterlines and the refinancing of existing debt. Second by Board Member Jones. Motion Unanimous at 6:49PM.

▪Monroe- gone through the process and accepted the loan terms. The loan is through USDA fortunate to lock into this 1 year ago the interest rate is 1.25% it is a 40-year term. The total amount of the loan is \$19,000,000. \$4,000,000 was a grant. \$14,000,000 project money that will be going into tanks, wells and pipelines. Had a public hearing once but USDA requires another public hearing to see if it affects anyone in the private sector. Zions Bank to discuss interim financing.

No public comment

Board Member Jones made a motion to close the Public Hearing with Respect to the issuance of such bonds and any potential impact to the private sector from the construction

**of the project and Reopen the regular board meeting. Second by Board Member Harris.
Motion Unanimous at 6:51 PM**

Roll Call as follows:

Jones- Aye

Harris- Aye

Melling- Aye

McCrea- Aye

Hunter- Aye

**CONSIDER APPROVAL OF BONDING AGENCY AS RECOMMENDED BY
DISTRICT MUNICIPAL ADVISORS ZIONS BANK UNDER TERMS FOR INTERIM
FINANCING OF DISTRICT WATER IMPROVEMENT PROJECT:**

▪Japeth McGee
Zion's Bank- Went out to bid 2 weeks ago on what is called a bond anticipation note, when USDA does the financing, they say they will give money but not until the project is online and the revenues coming in from that. In the interim period there is a bridge loan from a finance company(bank). Went out to 10 different banks to seek financing and got 0 bids back initially. The banking crisis is causing a liquidity crunch. A lot of providers are saying they are strapped for cash right now we can go out but the cost of that money is expensive so they didn't think they would be able to provide that at a rate that made sense for the district. Japeth called a couple of different banks that they hadn't provided it to originally, because usually they aren't competitive in the market. What happened was Bank of Utah was coaxed in, they do have liquidity, Japeth talked to their team and they said yes they will do about a 4.5%, the provision on this is it is a fixed rate once you close and there is a period before then where they won't close, rates are moving so much right now they want a 15-day period for a lock, not inside that period yet. If you want to lock now, they would charge 4.6%.
▪Jones- What is the index to?
▪Japeth -FHOB. Talked to Key Bank and US Bank, US Bank is going through a merger, so their credit is really restricted. It is a 3-year loan and Bank of Utah has an additional \$500 they charge on top of the rate that is for their legal counsel. Over the next few years will have a \$650,000 interest only payment annually to service this debt. Total principal and interest is \$15.946 million, that gives project proceeds just under \$14 million. All fees will be the same for any of the other projects. There are a couple of credit questions that haven't been solved yet, sent the information and will get the rest to them.
▪Monroe- USDA broke up the loan into 2 loans, a \$9 million and a \$ 4 million so it doesn't go over their threshold, if the \$4 million project gets done will there be penalty? Bank of Utah usually does prepayable anytime so there shouldn't be a problem. Doesn't know if they will do prepayable in part, but Japeth will talk to them and see what they will do. Because these are all indicative can go to Key Bank and say can you do callable anytime and that will reamortizes so the district wouldn't necessarily pay interest on the full principal amount in that period, if that is something the district is looking for, can see if any of the banks are willing and able to do that.
▪Hunter- how do we account for that interest? It comes out of operating the operating expenses initially.
▪Jones- Variable before the lock. The rate is fixed once the loan closes anticipated closing date is May 10.
▪Jones has analyzed FHOB and feels this is a good index to go with.
▪McCrea -option to lock now at 4.6? Yes, it would take off some of the risk with fluctuations.
▪Jones recommends do the lock now because there is some anticipation of upward trend in May. Rates have been going back up in the last week. No issue on prepayable so

if want to do a refi. There are no other origination fees? No, just the \$500 for the counsel fee. •Wayment- what if the projects got done early? It is prepayable anytime and they have great rates. SBSU doesn't have the money to help out right now. •Harris- the fed will probably raise it .25%. •Melling- decision to do now means that over the next 3 years or if it is paid early agreeing to pay about \$15,000 a year more to ensure against the possibility against it might be \$50,000 a year more.

Board Member McCrea made a motion to accept the proposal from Bank of Utah as written and lock it. Second by Board Member Harris. Motion Unanimous at 7:04 PM. (33:34)

PUBLIC COMMENT: none

WATER IMPROVEMENT PROJECT: •Monroe- highlighted railroad 4", 9", 20" bore really hard rock and not excited for the change order. Only a section 15' wide, total bore is 140' bore and the rock is a big impediment. Still 30 to 40' off of the railroad the district could go in with an excavator and rip it out but can't do that because you have to be 70' off of either side with the bore from the railroad. Finalizing a few of the easements to loop the system out by 6000 N 2300 W have to go through some of the Clark's property, take it north of their property. The Clarks didn't want it to go through the property because they were concerned about flooding. Finalizing easements with Frank Nichols and some land exchanges that is with the 2 well sites and the tank site out off of Iron Springs. Justin has been working on that. •Wayment- the one easement will give him in exchange 1 impact fee that connects to his line. And he will give easements along the entire road and up to the well and 1 ac of land for the tank, and he will give the land for the other 2 wells in Iron Springs plus all the easements at no cost and the district will give him a tax right off. It is estimated that tax right off to be \$90,000. •Jones- is there already a parcel number assigned or will there have to be a division? •Wayment- think it will be for utilities. The county has said in the past if it is for utilities, it can be parceled out and give a deed and there won't have to be a subdivision because it is strictly for utilities. •Monroe- as far as the water lines on the installation submitted some drawings to the USDA and waiting for comments on them. The USDA had a couple of engineers quit. Have a meeting with Christian Bennett. These are the larger concrete tanks and will be fully buried. Cedar Highlands- everything that we have been doing has been documented on the Cedar Highlands page on the website. Current proposed tank site that the Geotech work is on the northeast corner of HOA property have been talking to HOA president quite a bit, ballots haven't been sent out yet. Said they will be getting that done this next week. It will probably take them 4 weeks from the time they send out the votes and get them back in. •Wayment- 30' permanent easement, exclude the cattle around the springs, tank will be buried. They have asked to keep the fences natural. Might do something more around the springs to keep animals out. The natural fences will be zig zag poles. •Monroe- another part of that project depending on what the HOA decides the district will be able to include the installation of fire hydrants. The original developer didn't install enough fire hydrants up there. Can wrap that as part of this package, on its own the USDA won't loan for maintenance. What is the timeline to get this project done by? Would like to say get it done this year, but where there isn't a vote back yet, by the time bids back and a contractor to accept that might be pushing snow for this year. Next spring is when construction would begin. •Cedar Highlands representative- Early intel has the project start this year, but their board has voted to approve to put this out, but they have a process and has to deal with the guidelines. They say there is a lot of support for this project, and

they are comfortable on waiting to get this project started. ■Nielson- not a deadline because there is progress being made on engineering and design and this portion of it, they know we are in good faith and going to proceed with the project. ■Japeth- when you borrow tax exempt financing the IRS has a spin down time frame that is 10% in 6 months, 45% in 1 year 75% in 18 months and 100% in 2 years that test is whether you get to keep any interest earnings above the interest rate that is on the loan right now. ■Harris- Would there be a problem getting a bid this year and not start on it until next year? ■Monroe- Might be a shift on how we ask for bids. ■Jones- will be a challenge with a concrete tank. ■Monroe-Might be smart to do that tax savings. *There was quite a bit of discussion between board members about paying for labor and materials.*

SUNSET SUBDIVISION / HARVEST FIELDS: ■Monroe-

PINE VALLEY WATER SUPPLY PROJECT: ■Monroe- Reports and analysis ground water resource assessment. The water needs analysis for the valley talked to Carollo: putting finishing touches on it. Should have a draft soon. Tyler went out and cleaned off the weather station.

(1:07:44)

WATER CONSERVATION: AQUIFER RECHARGE, REUSE WWTP WATER & SUBSIDENCE MONITORING: ■Monroe-

aquifer recharge right now because it hasn't melted much it shows 700% of normal, typically the snow has melted by now. There are 2 years tracking with 2005 & 1983 in 1983 it stayed colder and received a couple of storms. 2005 storm right at the end of April, as of today there are 3 more inches of water on the mountain. Forecast-100% chance to exceed 10,000 ac/ft, grabbed the highest flow years- 1973 44,000 ac/ft that came down in April, May, June. 2005 there was 64,000 ac/ft that came down. 2019 there was 29,000 ac/ft that came down. The average is 15,000 ac/ft to come down in those three months. Tracy just started putting water to the south end of Quichapa yesterday. 2 days ago, farmers started putting water in their fields so there isn't any water going to the gravel pits. Have pumped 400 ac ft at Quichapa on the north end. It is completely full it is good clean water. That pump in the lake is working really well. 20,000 ac/ft made it out to Quichapa in 2005 on the south end. One opportunity is to have Hulet's idle their wells and put in pipe and have them use it. Some of that water on the north end is 1000 tds the water on the south end is typically more. Utah State Extension says over 900 ppm tds will burn up alfalfa. Tested yesterday it was 240 ppm tds. Have been considering pumping out of the lazy river, expanded things out and ran water to a fissure it is taking water pretty well. Can only do 1 at a time. Get a trash pump and run water to the pivots. Rent a trash pump \$4,000/ month to buy one is \$47,000. What would it take to put the line in? Put it above ground for a season pretty easy. WL Plastics has some HDPE at \$20/a square foot would cost about \$50,000. Right now, putting 2000/ gallons a minute. Right now, pumping to the pivots and missing out on putting into recharge. Getting the pump and putting the pipe up through there could do 2-3,000 gallons more a minute. *There was quite a bit of discussion on this between board members.* The Natural Resources Coalition committee will be down here, and the district will be hosting dinner on April 26th. Will be here around 4:30 and the district will provide dinner at the festival hall. Planning on the board members to come. The flood mitigation money has dried up, it all went to the Great Salt Lake. ■Feltner-Without doing anything more we are at capacity. The only way to increase that is by renting a pump and getting pipe out at Quichapa. The pump we have right now will pump 1500 gallons/minute. ■Monroe- Reuse WWTP- \$500,000 from DEQ proposal to take water pump it to the pivots to the east and

use the water there. There is a sunset on water it is ARPA funding has to be used within 5 yrs. Visiting with the city and build storage for winter water and pump to the farms. Have the money to do some of it but not all of it because of the price. *There was some discussion between the board members about the WWTP.* ■Jones- Enoch is a co-applicant with the money that was received. 700 ac/ft doing size of pipe for 1400 ac/ft. so there is room for growth. Enoch has doubled in size every 10 years. The county might be willing to help out and put in the pipe and put in as much as you can with the \$500,000. Take the water in the winter and put in the graben because it has a natural depression. There would be a lot less excavation because there is a natural area to hold the water. Jones is just talking about the districts water and Enoch's water and putting a pipe in. ■McCrea-when he looks at and analyzes the data water levels haven't been going up. ■Jones- Kit Wareham said the levels went up years ago. ■McCrea-looking at the state data, all the wells in the valley will probably go up this year. Not going to see anything around the recharge. Probably find out this year if you reach the capacity at the pits to push the water laterally through the gravel you will have to shut them off soon. ■McCrea -what is the benefit for Enoch? How do you recover it? ■Monroe-The easy way to do is to give it to a farmer and they idle the wells. ■McCrea- Cedar City needs to build the water supply for the future and this is one way to do it. ■Harris- with the idea of recharging the water and effecting the water quality in the aquifer? Idling the wells is the only way to effectively raise the aquifer and the well levels. 100% benefit is if you don't pump it in the first place. ■Jones- Here we make the decisions for the district and the only reason he brought up Enoch is because they are a co-applicant. ■Wayment- the way the state is heading now they will explore all those options. He thinks that the state will say within 5 years that they will give credit if the wells are idle. ■Jones- is this something we want to move forward or wait for another meeting? ■Monroe- wanted to spend some time on this because of the sunset on it. ■Melling doesn't have an issue with trying it out and seeing what happens. ■McCrea- the city made 4 asks. One ask was about the Martins Flat thing another one was can farmers instead of pumping from their own wells take delivery from the system. Another one was can farmers either for due consideration or in exchange for effluent cease pumping of their well and the municipality gets recovery credit for volume not pumped. ■Monroe- in 2016 when Paul Cozzens was on the board. Utah geological survey geologist come in and they wanted to do recharge and we needed to spend \$50-\$100,000 to do this study of some areas and test wells of areas that were going to do recharge. Paul Cozzens said we are just going to do it. That is when all the recharge basins were put in. 9,000 ac/ft that was put into Western Rock went into the aquifer. At some point just have to go out and do it. *There was quite a bit of discussion about pressure in the aquifer.* ■Nielson- this changes source protection in Cedar Valley? If nothing is getting down, there is no reason to do any source protection? If this can be proved it would change everything in the valley. ■McCrea- for water quality you want to make sure the water system you have stays isolated. ■Harris- for what it's worth he thinks Enoch would be ok doing it for ag. It is the best way to preserve the aquifer is to idle the well. Trying to improve the water. ■Jones- what if we direct the staff to put on the agenda for the next meeting. ■Harris- need to have an agreement with the city before we spend any money. ■Monroe- we can start trying to work on an agreement with the city and look at prices. (2:40:14)

GENERAL MANAGER'S REPORT: OPERATIONS & PUBLIC EDUCATION: ■ Monroe highlighted- bring on 4 kids to help this summer need things mapped within the distribution system. Need help. The county has a whole bunch of trucks and Paul Cozzens says that they could give a deal on a truck. ■Harris- that might be a good deal. ■Monroe- it's in the budget, just wanted to run through the board. The board said to go for that. April 26th the DNR is coming

down. The 5th grade water fair was in March, it was great. There was a presenter that didn't come, and Paul ended up filling in and that was a lot of fun. The audit is next Friday the 28th. Localscapes is May 10 & 11. The Home & Garden show is this weekend. The Water Festival is in June and the district will have a booth at the July Jamboree. The Home Builders Association are doing a Fly Iron County and bringing down the legislators to show them the projects, making it a sanctioned event for the Natural Resources committee legislators fly them out to Pine Valley. The night before will have a big dinner and Shakespeare, big SUU presence. They will fly over Port 15 and show the growth there. Will be the 8th and 9th of July. (2:47:00)

BOARD MEMBERS REPORT:

A. **Cedar City** ▪ Melling – Spencer Jones was appointed to State Board of Water Resources. That will be a help to have a better voice at the state level. At the Iron County commission meeting 3 weeks ago, there was a rep from the state, it would be good for this basin to have some representation for that committee. Landon Group they are going to appoint Paul as well as someone else. ▪Jones- it will be a lot of work, negotiation with Arizona, Colorado, California and Mexico. 4-year position most have been there between 15-16 yrs. The next 2-3 years will be more of an involvement on the national level.
(2:52:48)

B. **Enoch**

C. **Kanarraville**

ENGINEERING REPORT: ▪ Nielson- adjusting fee schedule it's been 4 yrs. Want to make 1 adjustment 2 tier base fee is \$95 for everyone and then Kelly and Curtis \$130. It is highly discounted.

NEXT MEETING DATE:

Board Member Harris motioned to close the regular session and go into a closed session for contracts, imminent litigation, or acquiring real property and/or water rights. Second by Board Member McCrea. Motion unanimous at 9:22 PM.

Roll Call as follows:

Melling-Aye

Harris-Aye

Hunter-Aye

Jones- Aye

McCrea - Aye

Board Member Harris motioned to adjourn the closed session and resume the regular session Board Meeting. Second by Board Member McCrea. Motion unanimous at 9:48 PM.

Board Member Harris motioned to adjourn the regular session Board Meeting. Second by Board Member McCrea. Motion unanimous at 9:48 PM.

Meeting Adjourned at 9:48 PM.