



****DRAFT****

BOARD MEETING MINUTES
April 16, 2015

BOARD MEMBERS IN ATTENDANCE: Board Chair Brent Hunter; Board Members: Paul Cozzens; Rick Bonzo; Tim Watson; and Spencer Jones. Excused from this meeting: John Black.

STAFF PRESENT: District Manager Paul Monroe; Office Manager Mandi Williams; Water Wise Landscaper Candace Schiable

OTHERS PRESENT: Kelly Crane, Curtis Nielson (Ensign Engineering); Doug Hall (CICWCD Water Conservation Advisory Board), (County Commissioner); Gary Player; Roice Nielson (Citizen). Bob Tuckett (Midvalley Estates Water Operator); Boy Scouts, Wyatt Kjar; Markham Hall; Seth Chappell; Shawn Johnston; Brock Morris; Decker Morris

CALL TO ORDER: Board Chair Hunter called the meeting to order at 6:35 PM

DECLARATION OF ABSTENTIONS AND/OR CONFLICTS OF INTEREST BY BOARD MEMBERS: No abstentions by Board Members

CONSIDER APPROVAL OF MINUTES FROM THE BOARD MEETING HELD

February 19, 2015: Board Member Bonzo moved to approve the minutes of the meeting held February 19, 2015; Second by Board Member Jones; vote unanimous at 6:38 PM (3:47)

FINANCIAL REPORT:

CONSIDER APPROVAL OF ADJUSTMENTS AND PAYMENT OF BILLS FROM FEBRUARY 14, 2015 THROUGH APRIL 10, 2015.

Monroe: Beginning with the invoice register, you'll see that there are items highlighted in blue. These are invoices paid for the 4th Grade Water Fair. We ended up spending around \$1600.00 on the Water Fair this year, which is really good if you consider the size of the event and its success. There was one teacher who wrote on her comment sheet that after last year's fair they saw an increase in the final year end testing in the Water Cycle area, and she attributed that to our water fair.

There hasn't been any purchases out of the ordinary, we are looking at a register for two months due to March's meeting being cancelled. As for adjustments you can see that there were only a few deposit refunds, and shut offs for the last two months.

Board Member Cozzens moved to approve payments and adjustments Second by Board Member Bonzo; vote unanimous at 6:41PM (6:19)

REVIEW 2015 FINANCIAL REPORT: Monroe: On the Capital Side of the budget there are a few things highlighted that I'd like to cover. First land & water rights we'll be discussing, we budgeted \$20,000.00 there. If you look at the Operational side of the budget you'll see that we are receiving quite a bit as far as connections. There has been a lot of new construction within the District. We are at 58% of what we had budgeted and we are only a third of the way through the year. We are doing well at this point in the year, we are doing



really well in our utility costs. A majority is contributed to the work being done to reduce our power costs. Overall on our power costs we have saved 55%, this is without the mine in the equation. (10:43)

CROSS HOLLOWES HILLS SUBDIVISION: PAUL MONROE: ▪Monroe-I met with the HOA and they have already hired a new water master that will replace George. They have decided they want to keep their system, but do not want to drill a new well. They would like for us to provide bulk water service to them. The Cross Hollowes Subdivision will hold their annual meeting coming up which I will attend on the 14th of May. I will have more information at the next meeting. Since our meeting in February, George has told me that the subdivision is looking to only have the district as a backup water supply to their system. The system would require some vaulting and valves, and also a SCADA system. One other concern I have is that they only want us when they need us. This would mean we are responsible for maintain and operating a well source to provide to them, so they are basically asking (13:25) us to have a well ready and waiting for them to use at any time so they can avoid absorbing the cost of drilling their own well. I believe they understood why we require systems to be up to our standard. I will continue to move forward and update the board on the meeting with Cross Hollowes. 6:48 PM ▪Crane: There would have to be two valves on the line, one to control the water, one to meter the water. This would be very similar to what we did with Midvalley Estates. They've appreciated the additional connection and I don't see any reason why we should change our standard. ▪Jones: I believe it needs to be stated in the agreement that we won't or can't guarantee them a certain volume of water. I think it would be in our best interest to make sure that the customers on our system are taken care of. If the water is available then they can use the water, but at times of scarcity they will not have access to the water. ▪Monroe-Doug and Candace would both appreciate that approach. Take or Pay contracts do not really promote conservation, I think an agreement drawn up that way would help us in our conservation efforts. We will be able to utilize the existing tanks in their subdivision. (18:03) 6:52 PM ▪Bonzo-They should be well set financially to take care of any future maintenance. 6:53 PM ▪Hunter-with the Board's approval we will allow Paul to continue with negotiations. The Board unanimously agreed. (19:15)

WATER CONSERVATION: ▪Candace Schaible-I'm presenting the usage information on the water controllers we have installed at two city parks and out at Three Peaks. The way the program went last year, it took us a while to get all the kinks worked out. Just getting the controllers installed and working properly. Based on the water usage in August, September, and October, we are at least looking at a 30% savings. I am really interested in seeing the results from a full year, but I think everything looks very positive and I am conservatively optimistic. 6:57 PM Between the three parks, during the three months graphed, there was just over one million gallons saved. (25:32) ▪Monroe-Before you go Candace, would you mind sharing what things we have in the works for June 20th 2015. ▪Schaible-Yes, we are planning to hold our first annual Water Festival on Saturday June 20, 2015. The idea came about when planning the 4th Grade Water Fair, we just really felt like we would like to extend that to the community. We really are going to have an over the top event. There will be inflatable slides



and bounce houses and water efficient products that the home owners can come out and see. Our hope is that they can see these things at the festival and go home and use them. We are going to tie in some educational bits, with infographics that show water usage information on them. For example we will be having a water fight and we'll show that all the water in the balloons equals the amount of water it takes for a shower. We will have the fire truck there and the infographics will state that the amount of water in the truck tank is the same amount of water that is needed to water the park in one evening. Those are just examples, but we are hoping that the comparisons will give people a visual of how much water is used for basic everyday things. We are currently looking for vendors, sponsors, and volunteers. So if you have any names please send them our way. Lastly, our water check program starts the middle of May. So if you have anyone that is interested in having that done please give them our information. ▪Doug Hall-Our next effort this year will be to see what we can do about reigning in some of our local businesses, they are probably our next biggest users of water. We need to start some sort of campaign to help them see how much water they are actually letting go to waste. We need to make them aware of their water usage and give them some helpful tips to be more efficient. I am planning to speak with the Chamber of Commerce about this. I know that the businesses are not always the owners of the property their buildings are built on. The owners or landlords are usually not there and contact landscapers or property managers about concerns. We need them to all be on the same page. (30:31) 7:04 pm

AQUIFER BALANCE PROJECT & WECCO: ▪Wayment- The MOU does say that we can go out there and utilize the land. Second if we are happy with the results of our test and, if we decide or choose to drill a well then we would move forward at that time with the Lease-Option agreement. In that agreement there is also the option of purchasing the property, obviously when you install a well it increases the value of the property so the agreement will include the purchasing provision of buying at “pre-value” cost. There is a mutual benefit in this, I've spoken with Mayor Burgess about it and he agrees. (32:01) ▪Watson- How deep is Burgess' well right now? ▪Crane-It only goes down about 25 feet. ▪Monroe-This is an old well, but twenty-five feet was the results Cedar City found when they went out for us and ran a camera. This is only the first location, and if it doesn't prove beneficial then I believe we need to go further west and continue our efforts. ▪Hunter- I have some things I'd like to report at some point. As for now I'm not sure that we are going to the right place. ▪Bonzo-Are we sure that Enoch City doesn't have a problem with this? ▪Monroe-We received a letter from Enoch City which you can find in Google Drive or in your packets. The letter states that, Enoch does support our project as long as they are not affected. They have a few concerns; they don't want us to drill to closely to them, but would like to find out the science behind the water to add to the geochemical study they are working on. They would also like the have Cedar City, withdraw the wells in the Enoch area rather than the Quichipa area. (37:18) 7:11 PM.

Board Member Cozzens motioned to approved both MOU and the Lease/Option Contract of Real Property. Second by Board Member Bonzo. Board Members Jones and Watson abstained. Hunter voted in favor of the motion. (40:43) 7:20 pm



FURTHER DISCUSSION: ▪Cozzens-I have a question for Kelly, what are your thoughts on this letter from Enoch? ▪Crane-I think they don't really have a good consensus and this is what they came up with. It's kind of arbitrary, they tried to say we support you and tried to also protect their position, which is fair. ▪Cozzens-Are we a fair distance from Enoch? ▪Watson-No you're not. You're about a mile north of their city boundaries. However, there well fields are in a different location. ▪Jones-The city boundaries are pretty close to Clark's property. A lot of the concern stems from the other public wells that are in Enoch's area that they feel are having a real impact on them. I think they are trying to be a good neighbor but they are extremely concerned with this so close, basically right in their back yard. ▪Monroe-I think that leads us right into the discussion of what we want to do and where we want to go. Brent why don't you tell what you know about the area. ▪Hunter-The fellow living right there at the Rush Ranch, said he went out to about mile north and ½ mile west of Burgess' well a dug a hole, and that the water that surface that smelled of sewer. Which is about 2 to 2 ½ miles north of the existing sewer plant. He thought that the water was polluted even that far north. I know at this point it could just be hearsay but this needs to be investigated before we invest any money in drilling a well. ▪Monroe: With that being said and with Enoch's letter we've continued to meet with Kit and the other Cedar City management, and they have their concerns as well. About what we are trying to do and they wonder if we should continue to put money into this aquifer balance project. It has become evident to us that maybe with this money that we have set aside for this that we need to do more of an Economic Analysis on the waters available and what we can do with them. Our thoughts are to continue drilling but maybe scale down on how many test wells we do, but conduct the Economic Analysis on these different waters and the water projects that we have in place. We need to evaluate; the aquifer balancing, buying and drying farms, deep aquifers to the west, aquifers in the mountains to the east, and bringing in the West Desert. I think all of these need to come together, and I think with having the Economic Analysis done it can help us decide which is the best way and where to spend our money. ▪Hunter-So Cedar City is just saying you need to think this through before you spend any money? Or do they have other concerns. ▪Monroe-Not really, when we've met with Kit he thinks the best thing is to move the farms down to that Rush Lake area, and we've tried to share with him that that idea is probably not feasible and not going to work. He is still concerned about having Cedar City throttle down some of their wells, where they've already spent the money and have their own infrastructure, he thinks that the Ag. users being the biggest water users in the county should be the ones trying to figure out ways to be more efficient, and that maybe the District should just supply water to the Ag. users. ▪Watson-So how would the Ag. users like that? I mean it is my understanding that the soil conditions out there are such that it would work for them. ▪Hunter- Yes, and that is his idea. To move the farm out there. The ground is too salty nothing grows. I've been there done that. It doesn't work ▪Jones-There has been a lot of people go bankrupt out there. The ground is salty and has a very high alkalinity, the growing season is much less. There are just a number of reasons that would not work. ▪Monroe-I shared those things with Kit. His next idea was that we should just pump the water to where the farmers are currently, which is an option. It is difficult. Another thing that I'd like to bring up is that the state engineer voiced at



the Iron County Coordinating Council that they will likely be in Cedar Valley within the next year to conduct a ground water management plan. That came from Kurt Vest, directly from the State Engineer. (52:08) All of those things need to be evaluated, that is why I think an Economic Analysis of various options for us is a good use for the money we have currently.

▪Hunter-What are you suggesting then? Do you think we ought to hold some kind of a summit? Where we have a little more time? Or have Kelly or the city Engineer make some alternatives that we can consider? ▪Crane-I've put a little bit together in preparation for this. Paul and I have had some opportunities to discuss this and we basically came to the same consensus. In thinking through and looking at the budget that we currently have, what I would propose is that we consider moving forward with a test well at Burgess Property. Also look further West out by Mud Springs for a test well. Then look at the oil well at Iron Springs that has previously been looked at and cleaned out. We could test that water to see what kind of results we get. Finally, once we are able to quantify that and know what we are dealing with on those three aspects, we go into a cost estimating process. Where we develop cost estimates for what it would look like to do the aquifer balance project as previously has been laid out. Idling the wells in the Quichipa area and pumping water from the North to the South, and transfer essentially 3,000 ac/ft through that line. The second option I think we should look at, is the high TDS water that is underneath Cedar City Proper right now. Where they pull water for the cemetery watering and the irrigation of the golf course. Look at what the economics would look like to tap into that initially and expand their secondary system. This option is one that Cedar City has recommended pretty highly. Again, we will have to balance out volumes so that we get the same value for this project that we would get from the aquifer balancing project. We want to try and compare them apples to apples if we can. (54:58) The third thing we talked about is looking to drill a well out in the higher nitrate area that comes off of the Fiddlers Canyon area and bring it into the secondary system to utilize those volumes of water. Fourth, is to look at the economics of moving existing farms in the South end near the Quichipa well field. To see what the values of them are and what it would really cost to relocate and put the farms back into production at the North of the valley. We need to look at what the growing season looks like and evaluate what has happened there in the past. We are going to have to put a number to that. (56:04). Do we really want to spend money on this? Maybe we want to spend money on an export and bringing the water out of Pine Valley. Do the economics show that we should be putting all of our resources towards that? 7:31 PM

▪Cozzens-Kelly we have, for some time, talked about putting in a well out towards WECCO. Would doing that be a better way to utilize our money? Do we really want to look at putting wells in by Enoch if we know there will be a battle? Would we be wasting our money and ticking off our neighbors? ▪Crane-I think that is the answer that needs to be developed out of this study. Where do we go? Is a well by WECCO a better option than a well to the North? How do we transfer the water around and equate the same kind of value as far as the 3,000 ac/ft that we've talked about in the balancing project that would help to lessen the impact on the Quichipa well area. ▪Cozzens-If there is good water out in the WECCO area, would the line be cheaper to run out that corridor than the one out towards Enoch? Crane-That corridor is closer. ▪Cozzens-Then that water could be developed and turned into something that would be more economic. ▪Monroe-The problem there is that we only have 300 ac/ft in that area and we



would have to take a haircut when we bring it over. ▪Crane-What Monroe and I discussed is we need to have a well-documented analysis on all of these options to build the very best consensus between all of the areas involved. ▪Jones-I think that if we would put more of our focus in the Pine area, and get a really solid plan in place it would go a lot further with the State, and possibly help accelerate things for our entire valley. (59:51)

▪Doug Hall-One thing that has been left out is the amount of water that is coming out of the sewer plant and is unutilized. This large amount of water should be utilized instead of being dumped out onto the ground. Any discussion we have as far as cost benefit should include this water. ▪Hunter-We have talked about that, and one idea is to move that water east about three miles and build a dam in Brafits Creek and store it there then use that water for agricultural purposes. ▪Monroe-If we were going to build a dam & reservoir out there, how much flow would we get from Brafits? Would you be able to store it? ▪Jones-up to 10 CFS ▪Hunter-You could store it but there isn't any winter water. Basically you get a good stream that depend on the snow pack and whether or not you have any floods. On a wet year you'll have a lot of water. Really you could send that sewer water up to Brafits year round (currently that is 2500 ac/ft of water)▪Cozzens-Then would we sell that water to the farmers Brent? ▪Hunter-I've used the water and its good water. ▪Crane-The City would still need to follow the same process that it is now, even if we were putting that water into a reservoir, once they finish the ditches they are working on, it is going to be pretty clean water. ▪Cozzens-I would like to (1:04:47) encourage Kelly to get with Kit Warham and discuss these scenarios. ▪Watson-So back in 2006 or 2007 there was a letter of intent or a letter of agreement that some people in Cedar City went out to some of the farmers North of the sewer plant, the agreement was signed that they would swap acre foot for acre foot of water from the sewer plant, but the city didn't do anything with it. ▪Doug Hall-well they do have an agreement like that right now with Clark's but that water is still only utilized in the summer months. The rest of the year it is wasted. ▪Roice Nelson still feels adamant that the District looks into Woods Ranch. He believes that there should be some discussions. 7:54PM (1:19:00) ▪Bonzo-you know I do have one thing to add. We have our plate pretty full right now, and it seems that we just keep adding to it. We are not getting anywhere. I worry that the West Desert is maybe getting pushed down the list a little bit with the talk of plans to drill test wells and stuff like that. My opinion is that we need to slow down and look at where we really want to go. Do we want that West Desert or not? If we want the West Desert then let's go get it and take care of it! I just hate to see us keep adding to our plate and ending up with nothing. (1:19:52)

WAH WAH AND PINE VALLEY: ▪Crane-We have made quite a bit of progress especially in the Pine Valley. I had a good meeting with Phil Gardner, the USGS Geologist that is putting together our report, along with Jack and Scott Barnett. We had a great discussion on well location sites. If you recall, the last talk we had with the BLM they had indicated that we should identify the locations we want for wells, and the long term places of those wells. In order to do that we need to punch test wells and get started on finding out where we need to be. 7:56 PM (1:22:00) Crane discussed possible well sites and also discussed the information that was determined when we did our test pumping in the Pine Valley. He also explained that we are identifying what we need to so that the BLM can start the NEEPA process 8:00 PM (1:25:49).



We would like to really start looking into the Pine Valley area along the East Bench. We believe that this line would be a great cost savings. As far as the steps going forward we wanted to verify with our geologists who are planning on coming out on the 11th and 12th of May so that we could go out to this area and get our plan adjusted and identified. Once we know where we are going to have those well sights that is when we can identify the corridors and more specifically where we are going with the pipeline. We can then start the second leg of the NEEPA process that the BLM has indicated could be a 2-5 year process. ■Hunter-We need to see to it that we have the communities support. This water is needed but it is probably going to be quite expensive. We need to make sure and get the community on board. ■Monroe-In addition to that we need to highlight a little bit on the CAP trip we took. Phoenix was mining the ground water just like we are. In the 90's they started mining the water and were taking it all at once to negate the issues they had before. I think there is definitely two sides to look at. On one side you can list the "pros" the water is so important to our area, on the other side you would have to list the "cons" which would be the cost of the project and who's going to bear it. ■Doug Hall-Yes, but in order to get the widespread support you need, you have to be able to show the community that we are doing all we can with the water we currently have here. ■Monroe-Well the State Engineer would tell you that we have, right? ■Doug Hall-Well you are leaving the elephant out of the picture, and that is agriculture. Unfortunately that is not something we can control as far as usage. Arizona has recognized that agriculture is the "elephant" down there as well, they are proposing ways of coming up with grant and other money for farmers to come up with more efficient ways to utilize the water. The farmers are barely getting by with what they have but if there was a way to front the money to them then maybe we could make advances in the water use in this valley. Until we do that we are sort of going against the wind in a lot of respects. ■Hunter-There have been major advances with water efficiency for farmers. We are making headway every day. ■Doug Hall-I understand that, there just needs to be funding in place to help farmers afford that new technology. (1:36:43) 8:11 PM

AQUIFER RECHARGE: ■Wayment-This inter-local agreement that was included in your binder is just for your review. This is a rough draft for you to start contemplating and obviously I don't know what the cities stance is and I ask that you look at it and give me feedback on your ideas. So it can be prepared and we can present it to the city. 8:13 PM (1:38:40)

SUBSIDENCE MONITORING: ■Monroe-We are going to hold off until fall. Our guys are really busy right now with things. I am planning on our water operators helping Doug Grimshaw with the installation of those monitors, so fall would be a better time for them. (1:39:11)

NEW SUBDIVISION NEAR BRIDAL PATH: ■Monroe-Frank Nichols is planning a subdivision around the pivot that he has put in Bridal Path area. There are two issues he is trying to work out. He needs to increase water pressure and is looking at an on-site sewer system and someone to operate it. Frank has been striving to come up with ideas to limit his upfront cost and maintain the District standards. He has looked into putting a tank in at a higher elevation, but is unsure because of what the Mine may or may not be doing. We have



also discussed with him what measures we might take to increase pressure in the area. We talked about having a temporary agreement for “X” amount of time or “X” amount of houses built before he puts in a tank. Kelly and I have met with Justin about this and we do have some concerns about whether or not this is a road we want to go down as far as setting a standard for those kinds of deals. (1:41:37)

▪Watson-I don’t think it is something we want to start. ▪Hunter-No he has some things he could do on his own to increase pressure, but like the other board members have said. I don’t know that this is a precedence that we want to set. ▪Crane-We are watching this pretty close. We are happy to meet with him and discuss options, but really he has to build to our standards, we want to be accommodating as we can but we are being very conservative on how we approach it. He has also brought up a lot of different options of doing sewer out there, and has a couple of interesting ideas. I’ve also been asked by the county commissioners and a few developers to get into the dirty water. I don’t know if that is really something we want to undertake or not. (1:43:05) ▪Cozzens-What? ▪Monroe-get into the sewer business. ▪Hunter-the law allows the Districts to run sewer systems. ▪Doug Hall-the only thing on that there is a lot of potential out there that allow for processing the wastewater that turns that water into water that can be used. The beauty is that they have some stand-alone plants and don’t use nearly the amount of infrastructure. It is basically the size of a barn. It maybe is something to show in the future. ▪Hunter-I think you are right, and long ago this board did look at some of those systems we had two or three presentations for these mini sewer plants. It made so much sense to go out and put one of these in, instead of running clear out to the sewer plant. ▪Doug Hall-They use a lot of these up North, they have low overhead, low man power costs. It really could be a beneficial thing to look into. (1:46:03)

AGREEMENT BETWEEN LINFORD NELSON AND CICWCD FOR SPRINGS AND WELLS AT CEDAR HIGHLANDS: Closed Session

GENERAL MANAGERS REPORT: 8:20 PM (1:46:33)

▪Monroe-we’ve basically covered everything I was planning to discuss in my report. Other than I will be moving forward on putting together the community planning committee. It will go right in hand with what we are trying to do. (1:46:46)

BOARD MEMBERS REPORT: ▪Watson-this is my 2nd year attending the 4th Grade Water Fair. I would like to express my appreciation for all the hard work that goes into it. You guys do an awesome job. The kids learn some awesome things from the great people that come in to teach. ▪Hunter: CAP Trip Recap-The state of Arizona ended up with 2.8 million ac/ft of water out of the Colorado River, and had no way to use it. So they got the government to fund the CAP project. They pump water 800 feet out of the Colorado River and put it in a canal that runs from the Colorado River to Tucson 336 miles of canal. At the top of the canal it is 85 feet wide and 25 feet wide at the bottom and the water is 25 feet deep. They run 3000 CFS down that. They take all the water and let anyone use what they have water rights for, the rest they pump out into the desert and it goes right down into the aquifer. I mean faster than they can pump it out there it goes into the underground. It is just amazing. ▪Hunter-It was just a very, very interesting trip. I’m grateful we had the chance to tour the system and receive the information. (1:51:36) 8:23 PM



CLOSED SESSION: For Imminent Litigation

ADJOURN TO CLOSED SESSION: Board-chairman Brent Hunter entertained a motion to closed session to deal with some litigation issues. Board Member Cozzens motioned to adjourn to closed session; Board Member Bonzo seconded motion passed unanimously (1:52:38)

ROLL CALL FOR CLOSED SESSION:

Paul C.-Aye

Spencer-Aye

Rick-Aye

Tim-Aye

Brent-Aye

Board Member Bonzo moved to adjourn closed session and rejoin regular session. Second by Board Member Cozzens; vote unanimous at 9:10 PM

ADJOURN:

Regular meeting called back to order at 9:10 PM

Board Member Bonzo moved to adjourn. Second Board Member Cozzens; vote was unanimous at 9:11 PM.

DRAFT