

Approved

BOARD OF WATER RESOURCES MEETING

MINUTES

June 23, 2016

Department of Natural Resources
Auditorium
1594 W. North Temple
Salt Lake City, Utah

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SUMMARY OF BOARD ACTIONS

1. Minutes from the May 12, 2016 meeting were approved Page 1

2. The Board voted to authorize the project for Beaver City, with a payback period of 15 years, to be purchased at 0% interest with annual payments of approximately \$23,000 (includes reserves). Page 1

3. The Board voted to authorize the project for Benson Irrigation Company, providing 53.2% of the project cost up to \$1,424,000 with the project to be purchased at 1% over approximately 25 years with an annual payment of exactly \$65,000. Page 2

4. The Board moved to authorize the project for Silver Creek Reservoir Company, to be purchased at 0% interest, with the board providing 45.9% of the cost, over approximately 25 years with annual payments of \$20,000. Page 3

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Thursday, June 23, 2016 at the Department of Natural Resources, 1594 W. North Temple, Salt Lake City, Utah. Chairman James Lemmon presided over the 10:00 a.m. meeting.

BOARD MEMBERS PRESENT:

Jim Lemmon, Chair
Dave Humphreys
Charles Holmgren
Stew Paulick
Blaine Ipson
Norm Johnson
Gawain Snow
Steve Farrell

STAFF MEMBERS PRESENT:

Eric Millis, Director
Todd Adams, Deputy Director
Barbara Allen, Secretary
Jim Egbert, Finance Officer
Randy Staker, Accounting Officer
Shalaine DeBernardi, Finance Officer
Joel Williams, Chief of Investigations
Tom Cox, Engineer
Marisa Egbert, Engineer
Jaqueline Pacheco, Engineer
Ben Marett, Engineer
Dave Cole, Chief, Hydrology and Computer Applications
Eric Klotz, Conservation and Education
Carmen McDonald, Engineer Technician
Paul Gedge, DTS

OTHERS PRESENT:

Robin Bradshaw, Beaver City
Jason Brown, Beaver City
Darin Robinson, Jones & DeMille Engineering
Rick Reese, Benson Irr. Co.
Ross K. Olsen, Benson Irr. Co.
Eric Franson, Franson Civil Engineers
Thayne (Fred) Atkinson, Silver Creek Res. Co.
Lane Peirce, Franson Civil Engineers
Justin Atkinsen, Sunrise Engineering
Douglas Nielsen, Sunrise Engineering

MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
June 23, 2016

Chair Jim Lemmon called the meeting to order at 10:00 a.m. and welcomed everyone.

APPROVAL OF MINUTES

Gawain Snow made a motion to approve the minutes from the May 12, 2016 board meeting. Blaine Ipson seconded the motion, which passed unanimously.

CHAIR'S REPORT

Chair Lemmon thanked Stew Paulick and Marisa Egbert for the tour of the Salt Lake area and said it was greatly appreciated.

DISCUSSION OF PROJECTS

FEASIBILITY REPORTS

#L-575 Beaver City

Chair Lemmon welcomed Robin Bradshaw, Jason Brown, and Darin Robinson.

Russell Hadley gave the report. He showed several pictures of the diversion structure and Mammoth Canal area, including a video of the canal overflow that is causing a gorge to be undercut into the hillside. The sponsor has made attempts to patch up the gorge, but those efforts have been unsuccessful.

Robin Bradshaw thanked the board for the help it has given to Beaver City in the past. Jason Brown, city manager, thanked staff for their help on this project. He said the city wants to make this a safer site. Darin Robinson said the city would like the project to begin in October; there is a lot of work still to do to make that happen, but they appreciate the board's quick attention to this project. All the pieces are there, they just need to be put together to make it happen. Mr. Bradshaw said they want to do the work this fall so as not to affect the irrigation seasons, and they will ask for committal of funds in August.

Mr. Robinson said the penstock and irrigation system are served off the same diversion and pipeline, which affects the hydraulics for the hydropower. This project will provide a separate line for the penstock. The two systems will still share the same diversion and sluicing structure. Spring runoff and debris in the Mammoth Canal is sent over the top and then put back into the Beaver River. With this project, the debris will be channeled past the pipeline by the overflow, which will also act as a 'pressure relief valve' in case of high flows. Water to the secondary system is controlled through the diameter of pipe to each connection. There is no metering of the secondary system, although it will be needed in the future.

Stew Paulick made the motion to authorize the project, with a payback period of 15 years, to be purchased at 0% interest with annual payments of approximately \$23,000 (includes reserves). Steve Farrell seconded the motion and all were in favor.

#E-378 Benson Irrigation Company

Rick Reese, Ross Olsen, and Eric Franson were welcomed to the meeting.

Russell Hadley gave the report and showed pictures of the project area. He said the sponsor applied for a WaterSMART grant, but that has not yet been awarded; if the sponsor doesn't receive the grant, it will not pursue the project.

Rick Reese expressed appreciation for the board's work. He said the Logan River has two major entities that pull water from it; his company is on the lower part of the system and is the major crop grower. This project to pipe about nine miles of earthen canal will save about 30% of the water in the system that is now lost to seepage. He asked if the board could soften the repayment term because area farmers will also have to spend a lot of money to add on-farm equipment to adapt to pressurization of the system. Eric Franson said giving some time on the loan so that farmers can spend money for on-farm improvements would be very helpful. He suggested a lower repayment at first and then higher payments later. Farmers could handle about \$60/share right now and then increase assessments when everyone is up and running. The assessment right now is \$60, up from \$25. Mr. Reese said he talked to a lot of companies and they encouraged him to move forward in this direction, but his shareholders don't feel it yet. Mr. Franson said the increase to \$60 was because they knew they needed to do something, and they wanted to try and get some money in the bank. It will be very difficult to raise the assessment again at this time. The other piece of the puzzle is the WaterSMART grant and they have not heard about it yet.

Charles Holmgren said staff will need some time to work through the details before the board can make a decision on the sponsor's request. Mr. Reese said the company above them on the system is making improvements right now and they need to coordinate their project with that other company. Joel Williams asked the board to consider authorization at this time, and the terms can be reworked by August when the sponsor comes back for committal of funds. Ross Olsen said there are six large family dairies on the system. The dairy farmers are working more than one job to keep these dairies working. They realize the water being lost to seepage and the benefit of going to a pressurized system, but they must make on-farm improvements to implement that. Being small family farms, that will be hard.

The board considered various repayment options.

Charles Holmgren moved to authorize the project, providing 53.2% of the project cost up to \$1,424,000 with the project to be purchased at 1% over approximately 25 years with an annual payment of exactly \$65,000. Steve Farrell seconded the motion, which passed unanimously.

#E-381 Silver Creek Reservoir Company

Chair Lemmon welcomed Thayne (Fred) Atkinson and Lane Peirce.

Jaqueline Pacheco gave the report and showed pictures of the pipeline project area.

Fred Atkinson thanked the board. He explained that the project pipe is 60-inch because of the slope of the project area, which is very flat; it will be basically an open-channel flow situation. He acknowledged that by putting the pipe adjacent to the existing ditch, there is a potential for the pipe to float. They may have to add some anchors to the design to avoid that but there won't be as much seepage loss in the ditch if there is a pipe there, so floating the pipe will probably not be an issue. There is a prescriptive easement on the ditch. The two companies who use the ditch have a problem in measuring the water and who suffers the loss. The two companies involved signed an agreement in 1956 and the other company is supposed to stand the reservoir and ditch loss. They have never stood the reservoir loss, and only recently have they stood some of the ditch loss. The sponsor feels that by piping its share, a lot of the problems between the two companies can come to an end.

Blaine Ipson made the motion to authorize the project, to be purchased at 0% interest, with the board providing 45.9% of the cost (the board's share being \$500,000), over approximately 25 years with annual payments of \$20,000. Dave Humphreys seconded the motion and all were in favor.

Chair Lemmon welcomed visitors Justin Atkinson and Douglas Nielsen from Sunrise Engineering.

LAKE POWELL PIPELINE REPORT

Joel Williams gave the board an update on the progress of the Lake Powell Pipeline project. He said the license application to FERC was submitted on May 2 and a supplemental filing was submitted on June 1. The remaining work is to complete the Class III Cultural Resources report; that should be finalized in early 2017. At that point FERC should have all the information it needs to begin the NEPA process. We will just have to see how long it takes for FERC to move through that process.

WATER CONSERVATION UPDATE

Eric Klotz showed a slide presentation illustrating the efforts that have been made to gather accurate water use data that are used in the division's planning efforts. The data are also used to determine per capita use and see if conservation efforts are working. He explained the cooperative Water Use Program. Its purpose is to collect and compile water supply withdrawal and diversion data, as well as customer level water use data from public water suppliers and industrial and groundwater management plan users throughout Utah. He explained the form that is sent to over 450 culinary water suppliers throughout the state. It is an assessment of water rights and water use, and is useful to evaluate system efficiency. The reason for this work is to

track the progress on the state's goal of reducing overall municipal and industrial per capita water use by 25% by the year 2025.

DIRECTOR'S REPORT

Director Millis expressed appreciation for Mr. Klotz and staff. He said going to an annual accounting will be a lot of work. Through this summer the division will be working with the Governor's Office, State Water Development Commission, and others to establish criteria for better reporting. Also, criteria for large projects that would be funded from the WIRA account. Discussions will include rules for the independent review of construction plans, and for determining the applicants' ability to repay a loan. This information is what the Governor's office and the public are asking for. He will be meeting with Senator Dayton to start the process of determining how to move through these processes and address the issues raised in the audit and the recommendations that were given. We think the information we have gotten in the past is good, but we are working to make it better.

The water supply this year: we had a better snowpack but it still wasn't as good as we'd like. It would be nice to get to normal again. This year the rains in May helped significantly, especially on the Colorado River system. Lake Powell has come up significantly; it has already exceeded the "most probable" projection. Lake Mead, on the other hand, continues to fall. The lower basin states are working on drought contingency plans and fixing the structural deficit. We are working in the upper basin states as well, to get some combined synergistic effects. We keep hoping for rain.

SLIDE SHOW PRESENTATION

Joel Williams gave a slide presentation on a project for Kays Creek Irrigation Company to extend pipeline under Main Street, I-15, and the rail line to the western part of the city.

Meeting adjourned at 11:30 am.