

MINUTES OF THE LAKE POWELL PIPELINE MANAGEMENT COMMITTEE

Minutes of a public meeting of the Lake Powell Pipeline Management Committee, held on Tuesday, May 12, 2009, at 9:00 a.m. at 533 East Waterworks Drive, St. George, Utah.

Board Members present: Harold Shirley (Board of Water Resources), R. Scott Wilson (CICWCD), and Mike Noel (KCWCD).

Also present: Eric Millis (Utah Division of Water Resources), D. Larry Anderson (Utah Division of Water Resources Consultant), Harold Sersland (Utah Division of Water Resources Consultant), Marc Brown (MWH), Paul Van Dam (Citizens for Dixie's Future), Lisa Rutherford (Citizens for Dixie's Future), LeAnn Skrzyński (Kaibab Paiute Tribe), Paul Blanchard (Northwest Pipe Company), Barbara Hjelle (WCWCD), Corey Cram (WCWCD), and Tina Esplin (WCWCD).

Welcome—Eric Millis welcomed those present and conducted the meeting. Dennis Strong and Ron Thompson were excused.

Approval of March 17, 2009 minutes—Minutes of the March 17, 2009 were approved with the correction of “Seldman” being changed to “Feldman.” **Harold Shirley moved to approve the minutes of March 17, 2009 with the noted correction, Scott Wilson seconded the motion and all voted aye.**

Progress on Environmental Resource Studies—Harold Sersland reported on the progress of the environmental resource studies. He said archeologists are doing surveys in Arizona and Utah. Mr. Palmer, the team leader, has been working in the St. George area on the study on threatened and endangered plant species. LeAnn is the coordinator for the tribe, and Harold is coordinator for the division, and they have an agreement signed with the Kaibab Tribe to access tribal lands. In the agreement is a requirement to submit names of people who will be doing the survey to the tribe, then there is a 30-day waiting period between the time the names are submitted and the time they can actually go onto tribal lands. Alice Walker, the tribe's counsel, told him the tribe waived the 30-day waiting period, which will allow the team to get started on Monday, May 18th, which is really important because some plants are flowering now and are easier to identify. Harold said they have right-of-way access from Arizona State Trust Lands, and it is just a matter of getting SITLA to sign. They have the permits from BLM, but are still working on the Glen Canyon National Recreation access permits. Mike Polk of Sagebrush Archeology has the form filled out and needs to send it to the park service in Denver to get signed. The Bureau of Reclamation did a statement of work on the actual drilling on the intake. They did their NEPA compliance, which was a categorical exclusion at that time, and we have a special use permit to exit beyond the property and can go forward with the exploratory drilling of the intake structure. The schedule is to have the studies completed and information work on the actual studies done by October and then that gets submitted to FERC, and then they will have meetings on those studies sometime in January. They will be working on the environmental assessment and the engineers will be working on the preliminary licensing applications, so that in a year from this October, they will be submitting the environmental report and the license application to FERC. They sent out letters to private land owners of about 800 parcels asking

for permission to do surveys on their land and have received about six that need a call back. There are a lot of people asking questions, so they are very busy with a lot of people to coordinate with.

Report of geotechnical work at the Hurricane Cliffs—Larry Anderson gave an update on the geotechnical work at Hurricane Cliffs. He said RB&G has been working out there for about two months drilling at the fore and after bay. They are drilling about six holes at the after bay and are going to drill a couple more. They drilled two on the fore bay and will drill several more up there. By the time this group meets again, they should be through with all of their drilling and should be able to make a report of their findings. At the current time, most of the information has been quite positive.

Report on Cedar Valley Pipeline meeting on April 29—Scott Wilson said ultimately they have plans to terminate the Cedar Valley portion of the Lake Powell pipeline and hone in on the rest so that thirsty area can have a drink of water. Initially it was their preference, because of cost, to recharge some portions of the aquifer, and it looked like that was very feasible and the preliminary information looked very good. Upon closer inspection, after having pulled some of the drilling logs and so forth up in that area, there appeared to be some very thick clay barriers that would have prevented them from being able to get down into the deep aquifer. The Quichipa well field area is really the primary pumping area for Cedar City Corporation, and those wells are very deep, so there were some barriers in getting into that deep aquifer. Some of the second barriers that were equally as formidable were that you can't recover 100% of the water that you put in the underground aquifer based on the state's existing laws, so that percentage lost is really expensive water to incur that percentage loss. So, we have looked at and evaluated it, and have moved away from the one recharge site in the Quichipa area and evaluated another potential site in the Shurtz Canyon area, and they fell out of the preferred alternative routes in the Cedar Valley area; but whether they are technically feasible is another question to be determined at a later time. The preliminary information and the preliminary technical information regarding those sites at this point do not look as good as we have hoped they would. So, the third preferred alternative for us was to construct a water treatment facility and run the water through a treatment facility. What is really attractive to us is that would allow us to pipe into existing facilities; and since we have already have a distribution network, we would have to have some storage, but those areas have been identified already as a storage area. So, it is mix of good news and bad news, and there are tradeoffs with each alternative.

Approval of project expenses—Eric went over the expense memorandum of May 12, 2009 and explained the project expenses. He said the only new expenses for approval are the March 2009 billings by MWH. To this point, MWH has billed \$6,655,755, which is about 40% of the contract. The March billing adds another \$598,147, or 3.6% for a total of \$7,253,902, which is about 44% of MWH's contract. To date, \$141,000 has been paid to the Bureau of Reclamation for modeling of the Colorado River System and Lake Powell and \$190,000 to BLM for those expenses. They have a lot of staff participating in this project to add to that number. Mike Noel asked if those payments to the Bureau of Reclamation and BLM are in addition to the \$7,253,902, and Eric said that they are in addition. These are the only contracts that we have right now. The expense memorandum is as follows:

To-date costs to be reimbursed through the eventual sale of water are the charges by MWH, the Bureau of Land Management and the Bureau of Reclamation.

MWH has billed the Division each month and staff has reviewed and approved payment.

Total at last report	\$6,655,755	40.3 %
March 2009	<u>\$ 598,147</u>	<u>3.6%</u>

Total: \$7,253,902 43.9% of the \$16.526 M contract

To date \$141,000 has been paid to the Bureau of Reclamation and \$190,000 to BLM for their expenses on the project.

Scott Wilson asked if the \$598,147 is reflective of the environmental work the consultants have in the field, and Eric Millis said not yet, but it is building up to this point. It represents engineering and gearing up for the environmental work which will come in higher through the rest of this year. **Mike Noel made a motion to approve the expenses for March of \$598,147, Corey seconded the motion and all voted aye.**

Other Items—Larry Anderson said the Bureau is running several different scenarios for us. They have created a model of the Colorado River system and if any modeling is needed, we should go to the Bureau because they have these projects included in the very complicated models. We had them model two different scenarios for us already. There is a third one they are going to be modeling for us, which will be the impacts by the project to the hydropower generation at Glen Canyon Dam. So there is still additional work to be done by the Bureau, and MWH will take that information and put in their reports and then all of these reports will be submitted to FERC is part of the environmental process.

Scott said at last meeting they talked about the Lake Powell level, and Larry observed and guessed within a foot or two of where it was at. Scott wanted to know what the current level is now. Larry said it is coming back up in level this year, but he hasn't heard of projections for this year. LeAnn said it had risen 30 feet as of yesterday. Larry said it is come up this year, but Lake Mead is pretty low and continues to drop. Additional water was sent down to Lake Mead last year and will probably have to be sent down again this year.

Eric said in February, they got the study plan determination letter and in it were a number of new study requirements that the project will need to comply with in order to satisfy the agencies and the public that had commented in the meetings held last fall. MWH was tasked with telling us how much the increased cost would be, so he asked Mark if he would help us understand what has change in the amount contracted. Mark said that last August they took an educated guess to met FERC's requirements and submitted to FERC and they went to through the process of evaluating those through the proposed study plans to the public in January. They spent numerous meetings listening to the public and the agencies, which is the beginning of the NEPA process. As a result, there were numerous additional things asked to be studied. For example, they were asked to study the route through the Kaibab and around the Kaibab, and the utilities have several alternatives they are asking to be done. As a result of those studies plans, we anticipate an additional \$450 million dollars to do these studies. Scott said he thought we were principally following established utility corridors and asked if that has expanded. Mark said they are still following as many existing corridors as they can; but, even though they are following

the highway, they are still required to study a 250 foot swath from the edge of the asphalt to the corridor and they require that they walk every 20 feet for cultural resources. In addition, there are four endangered species, so they have biologists out walking the ground looking for these different types of vegetation. They negotiated with FERC and the entities and agencies to minimize the areas as much as possible, but in interest of economics, they have to study these areas. They are following as many corridors as they can, but it doesn't eliminate what FERC requires. Scott said that he appreciates the report, although it is a tough pill to swallow. As he looks at revised numbers and allocation of costs, 60% of the revised costs are going into the category identified as environmental. He knows they had those scoping meeting and knows that there was a lot of expansionary ideas, but is there some mechanisms there to contain that category? Mark said that it is an ongoing process, typical of huge projects, and interested folks have legitimate concerns. If they are not met now, they will be roadblocks in the future. **Scott Wilson made a motion to approve the revised MWH suggested budget amount as is identified in their schedule that would be the 15.3 million that was presented to us, Harold Shirley seconded, and all voted aye.**

Mark said he went to the president of his company a month ago and asked if he could roll back their hourly rates, and he agreed. The contract allows rates to go up each year and, as a result of the economy, they are going to waive those rates for a year to help out.

Next meeting—Next meeting will be on July 21 at 9:00 a.m. at the Washington County Water Conservancy District office. **Harold made a motion to adjourn, Scott seconded the motion and all voted aye.**

Secretary