

Board of Water Resources Board Meeting

TBD

June 18, 2020



PLAN



CONSERVE



DEVELOP



PROTECT



Division of Water Resources 1594 West North Temple, #310 SLC, Utah 84114-6201

UTAH BOARD OF WATER RESOURCES

June 18, 2020

MINUTES

May 15, 2020

2020 Calendar

January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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May							June							July							August						
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10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15
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31																			30	31							

September							October							November							December							
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20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26	
27	28	29	30				25	26	27	28	29	30	31	29	30						27	28	29	30	31			

2020 Board Meeting Schedule

June 18 - Virtual

August 6 - TBA

October 8 - TBA

December 3 - Salt Lake City

Agenda
Utah Board of Water Resources
Virtual Board Briefing Meeting

June 18, 2020

10:00 am

- I. WELCOME/CHAIR'S REPORT
*Chair Blain Ipson

- II. DISCUSSION OF BOARD AGENDA ITEMS
(See Board Meeting Agenda)

- III. INFORMATION TO THE BOARD

- IV. OTHER ITEMS TO DISCUSS

Agenda
Utah Board of Water Resources
Board Meeting

June 18, 2020

10:00 AM Briefing

1:00 PM Board Meeting

(Electronic Meeting)

Link to presentations and public comment form:

<https://water.utah.gov/comments/>

Livestream Links:

Briefing Meeting: <https://youtu.be/mIEGSEDFYR4>

Board Meeting: <https://youtu.be/cLyUg4HzPtQ>

APPROVAL OF MINUTES

<u>Proj. No.</u>	<u>Applicant</u>	<u>County</u>	<u>Proj. Manager</u>
SPECIAL ITEMS:			
RE439	Porcupine Highline Canal Co (Auth & Commit)	Cache	Marisa Egbert
RE060, RE238, RE311	Hooper Irrigation Company (Modify repay)	Weber	Russell Hadley
NEW APPLICATIONS:			
RE440	Nibley Blacksmith Fork Irrigation Co	Cache	Russell Hadley
RE441	Provo City	Utah	Tom Cox

NEW POLICY ADOPTION:

Covid-19 Payment Deferral Policy - Shalaine DeBernardi

Policy Regarding Reducing Funds Committed - Shalaine DeBernardi

MEMORANDUM OF AGREEMENT REGARDING USE OF CRSP POWER REVENUES:

MOA Background, Purpose and Need - Scott McGettigan

Consideration of Board Resolution of Support for MOA2

PLANNING REPORT:

Climate Change, Water Resources, and Potential Adaptation Strategies in Utah - Krishna Khatri

LAKE POWELL PIPELINE REPORT:

Approval of comment letter for Draft Environmental Impact Statement - Joel Williams

BEAR RIVER DEVELOPMENT REPORT:

Corridor Preservation/ROW Acquisition and updates - Marisa Egbert

DIRECTOR'S REPORT:

ADJOURNMENT

Board of Water Resources (BWRe) Policy Regarding the COVID-19 Emergency

Approved _____

During the COVID-19 declared state emergency, and for 120 days following, the BWRe will accept requests from project fund and loan recipients to defer payments based on hardship due to the COVID-19 emergency. Payment deferrals may be granted for one year from the date a request is approved, with an option for another year upon further showing of hardship. A payment deferral request must be accompanied by the BWRe Payment Deferral Request Form and must be signed by the recipient's presiding official. A recipient's governing body must approve a payment deferral request.

The Board directs the Division of Water Resources (DWRe) Staff to review and grant requests for payment deferrals due to hardship.

The Board directs DWRe Staff to waive the delinquent interest charge for deferred payments during the term of the payment deferral.

The Board directs DWRe Staff to work with recipients during the payment deferral period to restructure debt payments.

The Board directs DWRe Staff to prepare a written report for each Board meeting detailing the total number of payment deferrals granted, the total amount of payments deferred, and the names of recipients approved for payment deferrals.

Board of Water Resources (BWRe) Policy Regarding Reducing Funds Committed

Approved _____

After the BWRe commits funds for a project, if bids come in less than the cost estimate and the applicant wishes to contract or bond for a reduced amount, BWRe will allow the Division of Water Resources staff to modify the amount and repayment terms. Staff must work within the BWRe's guidelines, and usual practices, but will be allowed to contract or bond for a reduced amount without returning to the BWRe for re-committal of funds. Staff will prepare a report for the BWRe stating the actual amount of the contract or bond, and the modified repayment terms that apply.

**Resolution of the
Utah Board of Water Resources
Regarding the
SECOND MEMORANDUM OF AGREEMENT CONCERNING THE UPPER
COLORADO RIVER BASIN FUND
June 18, 2020**

Whereas the Colorado River Storage Project Act (CRSPA), 43 U.S.C. § 620, *et. seq.*, includes as a purpose the “comprehensive development of the water resources of the Upper Colorado River Basin;” and

Whereas collection of revenues under CRSPA exceed what is necessary to repay power production’s share of costs; and

Whereas those funds are available to the Upper Division states of Colorado, New Mexico, Utah, and Wyoming to construct aid-to-irrigation projects; and

Whereas in January, 2011, the Upper Division states, the Colorado River Energy Distribution Association, the U.S. Bureau of Reclamation, and the U.S. Department of Energy’s Western Area Power Administration entered into a **MEMORANDUM OF AGREEMENT CONCERNING THE UPPER COLORADO RIVER BASIN FUND** and that memorandum provided a framework for the expenditure of a portion of collected CRSPA power revenues for aid-to-irrigation projects; and

Whereas the same parties desire to enter into a second memorandum of agreement to provide additional CRSPA revenues for aid-to-irrigation projects located in the Upper Division States; and

Whereas those parties have worked diligently over the last several months to negotiate a second memorandum of agreement which will benefit the Upper Division states, including Utah;

NOW THEREFORE BE IT RESOLVED that the Utah Board of Water Resources at its regularly scheduled meeting on this __ day of June, 2020, hereby authorizes the director of the Utah Division of Water Resources to sign the **SECOND MEMORANDUM OF AGREEMENT CONCERNING THE UPPER COLORADO RIVER BASIN FUND**, an unsigned copy of which is attached to this resolution and incorporated herein by reference.



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

BRIAN C. STEED
Executive Director

Division of Water Resources

TODD D. ADAMS
Division Director

June 19, 2020

Mr. Rick Baxter
Program Manager
Bureau of Reclamation
Provo Area Office
302 East Lakeview Parkway
Provo, UT 84606

Dear Mr. Baxter:

We have the honor of serving on the Utah Board of Water Resources (UBWR). Our board is comprised of eight individuals who were appointed by Gov. Gary R. Herbert to represent the eight river districts in the State of Utah. The board has specific powers and duties which include working closely with water conservancy districts, including the Washington County Water Conservancy District, to ensure they have the water resources needed to meet future demands.

Recognizing the need to increase the water supply due to a growing population, the Utah State Legislature passed the 2006 Lake Powell Pipeline Development Act (Utah Code 73-28) that authorized the UBWR to build the Lake Powell Pipeline (LPP). In fact, the LPP has been included in the state's comprehensive water plans for nearly 20 years.

Since the late 1980s, Washington County has experienced the most rapid growth rate in Utah and one of the most rapid in the nation. There are 10 communities in Washington County that need the LPP to improve the reliability of water systems, protect against droughts and support economic vitality.

For over a century, the State of Utah and the Bureau of Reclamation have worked together on many important projects and policies including the allocation of water under the terms of the 1922 Compact and the Law of the River. Currently, Utah does not use its full share of water under this law. The LPP will use approximately 6% of Utah's annual average reliable supply from the Colorado River. Operating at full capacity, the LPP will deliver 0.5% of the average

annual amount of water in Lake Powell according to the Bureau's statistics. Any impact will, therefore, be minimal.

The LPP is a crucial water delivery project that, with the benefit of modern technology and engineering, President Theodore Roosevelt envisioned when he signed the Reclamation Act in 1902. We're pleased the Bureau of Reclamation and the technical experts who conducted the Draft LPP Environmental Impact Statement (EIS) concluded that Washington County needs the water and can afford to repay the state for the costs of building the project. And it points out that any impacts created during the construction of the project can be mitigated. We ask that the Bureau continue its heritage of supporting the western arid states by finalizing the LPP EIS and issuing a Record of Decision approving the Southern Alternative.

Sincerely,

Blaine Ipson, Sevier River District, Board Chairman
Kyle Stevens, Weber River District, Board Vice-Chair
Wayne Andersen, Provo River District
Randy Crozier, Green River District
Charles Holmgren, Bear River District
Norman L. Johnson, Upper Colorado River District
James Lemmon, Lower Colorado River District
Juliette Tennert, Salt Lake District

Utah Board of Water Resources
1594 W North Temple, Suite 310
Salt Lake City, Utah, 84114

BOARD OF WATER RESOURCES
Special Item – Authorization and Committal of Funds



Applicant: **Porcupine Highline Canal Company**

Project Number: RE439
Fund: Conservation and Development Fund
Cost Estimate: \$2,045,000

Application Received: 5/26/2020
Board Meeting Date: 6/18/2020

Board Member: Charles Holmgren
Project Manager: Marisa Egbert

Project Summary: The purpose of the project is to install pipe and repair the slope that failed adjacent to the canal.

Recommendation: Staff recommends the board authorize and commit 85% of the project cost, up to \$1,740,000, and that the project be purchased at 1.22% interest, over 25 years with annual payments of approximately \$81,200.

Project Contacts:

President:
Jeff Clawson
900 E 6600 South
Hyrum, UT 84319
435-770-5803

Secretary:
Jay Tuddenham
4785 Hollow Road
Nibley, UT 84321
435-245-3830

Engineer:
Lance Houser, P.E.
Franson Civil Engineers
115 Golf Course Rd, Ste D
Logan, UT 84321
435-752-7661



Location

The proposed project is located up a canyon about two miles east of Avon in Cache County, and about a mile downstream of Porcupine Reservoir.

Introduction & Background

The company has about 120 shareholders representing just over 6,000 shares. Two of the shareholders are the cities of Hyrum and Paradise. The company provides water for the cities' irrigation systems, providing irrigation water for about 600 acres of lawn and garden. The company has over 13,000 acre-feet of storage in Porcupine Reservoir. The distribution system consists of 14 miles of concrete-lined and unlined canal and pipelines.

The company has received funding from the Board for three other projects. The projects included upgrades to the canal with concrete lining and pipe installation or repair work on a failed section of canal. The company has returned the funding for two of the projects and currently has an annual payment of \$6,000 through 2022 for the most recent project.

Existing Conditions & Problems

The canal located just downstream of the reservoir is on a slope about 80 feet above the canyon floor. The slope, immediately adjacent and below the canal, failed across a length of about 100 feet along the canal easement.

According to the Division's Geologist, there are geologic indications of an older landslide complex above the canal. Based on the sediment exposed from the recent slide, there is further evidence that the landslide complex extends through the canal alignment. The Geologist believes that water in the canal seeped through cracks in the concrete lining and saturated the slope causing the slope to fail.

Proposed Project

Due to the timing of the failure at the beginning of the irrigation season, and the concern of further failure, the company immediately installed 1,400 feet of 48" HDPE pipe within the canal alignment. This was prior to the company contacting the Division. This pipe was connected to an upstream section of pipe, about 200 feet in length, which was installed previously.

The purpose of the project is to pipe the canal, repair the failed slope adjacent to the canal alignment to prevent additional slope failure. The cost estimate includes the cost for the recently installed pipe.

Benefits

The project will repair the slope below the canal and stop additional saturation and failure of the slope. The installed pipe will reduce water losses to both seepage and evaporation. The Utah Division of Wildlife Resources (DWR) has a Wildlife Management Area (WMA) immediately below the canal, adjacent to the slope. Reparation of the slope will provide additional safety for this area.



Cost Estimate

The following cost estimate is based on the engineer’s preliminary design and has been reviewed by staff:

Item	Description	Quantity	Unit	Unit Price	Total
1	Mobilization	1	LS	\$ 102,000.00	\$ 102,000.00
2	Concrete Head Walls	2	EA	2,500.00	5,000.00
3	Furnish 48" HPDE Pipe	1,400	LF	50.00	70,000.00
4	Furnish 60" CMP with Bands	140	LF	65.00	9,000.00
5	Install Pipe	1,550	LF	16.75	26,000.00
6	Seal Joints/ 48" HDPE Pipe	1,550	LF	11.00	17,000.00
7	Slope Spot Repair (Earth)	26,400	CY	33.00	871,000.00
8	Slope Spot Repair (Rock)	2,000	CY	60.00	120,000.00
9	Revegetation/Stabilization	64,000	SF	2.50	160,000.00
Construction Cost					\$ 1,380,000.00
Contingency (20%)					275,000.00
Design & Construction Engineering					250,000.00
Legal and Administrative					25,000.00
Geotechnical Investigation					70,000.00
Environmental Clearance					45,000.00
TOTAL					\$2,045,000.00

Cost Sharing & Repayment

The recommended cost sharing and repayment are as follows:

Agency	Cost Sharing	% of Total
Board of Water Resources	\$1,740,000	85%
Applicant	305,000	15
TOTAL	\$2,045,000	100%

The company has discussed the project with the Natural Resources Conservation Service (NRCS) regarding potential emergency grant funding. The status of that funding is not known at this time. The company needs to complete this project whether or not that funding is secured.

The company provides water to irrigate 3,000 acres. The interest rates for funding from the Conservation and Development Fund are typically 1% for agriculture and currently 2.08% for M&I. There are 2,400 agricultural acres and 600 M&I acres. Thus, the combined interest rate for this project is 1.22%.

Staff recommends the board authorize and commit 85% of the project cost, up to \$1,740,000, and that the project be purchased at 1.22% interest, over 25 years with annual payments of approximately \$81,200.



Economic Feasibility

There are no options for the company to provide irrigation water in their system, other than to repair the failed slope. The company cannot provide water to their shareholders, without the project. Therefore, the benefit/cost ratio is 1.0.

Financial Feasibility

The project is not expected to provide an increased economic benefit to the company. The recommended term for repayment is 25 years, based on typical maximum term limits for the Board.

The company’s current annual assessment is \$10.50/share.

Water Rights & Supply

The company has several water rights. In addition, the towns of Hyrum and Paradise also have water rights that will pertain to this project. The company’s water rights, related to this project, are as follows:

Water Right Number	Flow / Volume (acre-feet)
25-1946	6,046
25-11486	1.5
25-11583	66.0
25-10414	0.45
25-11430	1.95

Easements

The project is located within the company’s easements.

Environmental

The project area, WMA, and canyon road will be disrupted with increased traffic, noise and dust during construction. The company has contacted DWR concerning the project. Construction will be completed with DWR’s guidance and requirements where it affects the WMA. The company will obtain any other permits needed for construction. If funding is provided by NRCS, environmental clearance will be needed.

Water Conservation

While the project may result in some water savings due to reduced seepage and evaporation, the estimate amount has not been calculated.

Applicant’s Responsibilities

If the board authorizes the proposed project, the applicant must do the following before a purchase agreement can be executed:

1. Obtain all easements, rights-of-way, and permits required to construct, operate, and



maintain the project.

2. Pass a resolution by the appropriate majority (as defined in the company's Articles of Incorporation and Bylaws) authorizing its officers to do the following:
 - a. Assign properties, easements, and water rights required for the project to the Board of Water Resources.
 - b. Enter into a contract with the Board of Water Resources for construction of the project and subsequent purchase from the board.
3. Have an attorney give the Board of Water Resources a written legal opinion that:
 - a. The company is legally incorporated for at least the term of the purchase contract and is in good standing with the state Department of Commerce.
 - b. The company has legally passed the above resolution in accordance with the requirements of state law and the company's Articles of Incorporation and Bylaws.
 - c. The company has obtained all permits required for the project.
 - d. The company owns all easements and rights-of-way for the project, as well as the land on which the project is located, and that title to these easements, rights-of-way, and the project itself can be legally transferred to the Board.
 - e. The company's water rights applicable to the project are unencumbered and legally transferable to the Board of Water Resources, and that they cover the land to be irrigated by the project.
 - f. The company is in compliance with sections 73-10-33, 10-9a-211, and 17-27a-211 of the Utah Code governing management plans for water conveyance facilities.
4. Submit or update a Water Conservation Plan for its service area, and obtain approval of it from the Division of Water Resources.
5. Obtain approval of final plans and specifications from the Division of Water Resources.
6. Obtain letters from all outside financing agencies establishing their commitment of funds to the project (if needed).

BOARD OF WATER RESOURCES
Special Item – Modify Repayments



Applicant: **Hooper Irrigation Company**

Project Number: RE060, RE238, and RE311

Fund: RCF and C&D Funds

Total Board Cost: \$5,541,342.26

\$5,475,735.00

\$ 267,426.37

\$11,284,503.63

Application Received: 9/11/01, 2/22/08, and 3/26/12

Authorized: 01/25/02, 4/25/08, and 6/07/12

Committed: 03/20/03, 12/04/08, and 6/07/12

Board Meeting Date: June 18, 2020

Board Member: Kyle Stephens

Project Manager: Russell Hadley

Project Summary: The purpose of the projects were to pressurize the applicant's secondary system. Almost 14 miles of pipeline, two regulating reservoirs and pump stations were installed. These new facilities provide secondary water to existing homes, new development, and future growth.

Recommendation: If the board agrees to change the repayment terms, staff recommends the board amend each agreement to state the balance owed will be purchased at 2.08% interest over 20 years.

Project Contacts:

President:
Theo Cox
Box 184
Hooper, UT 84315
801-540-4059

Secretary:
Michelle Pinkston
Box 184
Hooper, UT 84315
801-985-8429

Engineer:
J-U-B Engineers
Greg Seegmiller
466 North 900 West
Kaysville, UT 84037
801-547-0393



Location

The proposed project is located in the towns of Hooper and Taylor in Weber County.

Project Summary

The purpose of the projects were to upgrade and expand the existing secondary irrigation system by installing almost 14 miles of pipe to replace existing ditches, installing two regulating reservoirs and pump stations. These new facilities provide secondary water to existing city residential homes, new development, and future growth. Currently, 1,259 connections are served in Hooper and 327 in Taylor (1,586 total).

The TOTAL cost sharing spent for all three phases combined were as follows:

Agency	Project Costs	% of Total
Board of Water Resources	\$11,284,503.63	85%
Applicant	1,991,382.99	15
TOTAL	\$13,275,886.62	100%

Existing Financing

The applicant's three existing projects are summarized as follows:

RE060-Assistance for Hooper Reservoir, pump station, and three miles of pipe and hook-ups. \$5,541,342.26 board funds, returned at 3% interest, with payments for 25 years, increasing 2.86% each year, until 2032

RE238-Assistance for Taylor Reservoir, pump station, and 10 miles of pipe and hook-ups. \$5,475,735.00 board funds, returned at 1% interest, with payments for 30 years, increasing 3.37% each year, until 2039

RE311-Assistance to service "Hooper Haven" subdivision, and about 4,600 feet of pipe. \$267,426.37 board funds, returned at 4% interest, with level payments for 20 years until 2030

The existing payments are as follows:



Year	RE060	RE238	RE311	Total Payment
2020	\$331,000.00	\$180,200.00	\$21,800.00	\$533,000.00
2021	341,000.00	186,300.00	21,800.00	549,100.00
2022	351,000.00	192,600.00	21,800.00	565,400.00
2023	362,000.00	199,100.00	21,800.00	582,900.00
2024	373,000.00	205,700.00	21,800.00	600,500.00
2025	384,000.00	212,600.00	21,800.00	618,400.00
2026	396,000.00	219,900.00	21,800.00	637,700.00
2027	408,000.00	227,200.00	21,800.00	657,000.00
2028	420,000.00	234,900.00	21,800.00	676,700.00
2029	432,000.00	242,800.00	21,800.00	696,600.00
2030	445,000.00	251,000.00	378.29	696,378.29
2031	458,000.00	259,500.00		717,500.00
2032	205,147.66	268,200.00		473,347.66
2033		277,200.00		277,200.00
2034		286,600.00		286,600.00
2035		296,200.00		296,200.00
2036		306,200.00		306,200.00
2037		316,500.00		316,500.00
2038		327,100.00		327,100.00
2039		330,244.40		330,244.40
	3%, 2.86%growth	1%, 3.37% growth	4%, no growth	

The current principle balance for the three projects combined is approximately \$8,656,764.

Financial Feasibility

Based on the board’s water service affordability guideline, Hooper and Taylor residents could afford to pay up to \$82.76/month for all water service. This is a weighted average with Hooper’s connections being 79.4% of customers and Taylor’s being 20.6%. The weighted average culinary water cost for Hooper and Taylor is \$33.18/month, with culinary water provided by Hooper Water Improvement District and Taylor West Weber Water Company. The applicant currently charges \$408/year or \$34/month.

As shown, the cost of water, based on 1,586 residential connections, puts the applicant below the affordability guideline:

Water Cost	Annual Cost	Cost/Conn/Mo
Avg. Culinary Water Bill	\$631,148.76	\$33.18
Property Tax for Water (Weber Basin WCD)	31,022.16	1.63
Secondary Water Bill	647,088.00	34.00
TOTAL	\$1,309,258.92	\$68.81

This analysis suggests the applicant’s rates are currently \$13.95/month below the board’s affordability guideline. For 1,586 connections, this increased rate would amount to an extra \$265,496 per year that could be charged.



If the board allows the principal balance of all three agreements to be returned at 2.08% interest over 20 years, the resulting repayments are \$246,500, \$276, 200, and \$10,900, for a total of \$533,600. The applicant states the 2019 total payment of \$518,100 was nearly unaffordable. However, its 2019 financial statements show a profit of about \$403,000 (excluding depreciation) after all expenses, including board payments, were accounted for. At \$533,600 the applicant's rates are still below the affordability guideline. And it should also be noted that the applicant states that they have about 200 more connections that will be coming on soon as new subdivisions are being developed. This additional income does allow the applicant some current flexibility in building new projects on their own.

Proposed Repayment

If the board agrees to change the repayment terms, staff recommends the board amend each agreement to state the balance owed will be purchased at 2.08% interest over 20 years.

Applicant's Request

The applicant is requesting that the repayment terms be changed for all three projects, because the large and increasing payments are difficult to make, and the projected growth rates used to calculate the increasing payments never occurred. The applicant is requesting that the combined principal balance be returned over 25 years at 1% interest with level payments that total approximately \$393,000. This lower, steady repayment would help the applicant to construct other projects with their own funds.



Applicant: **Nibley Blacksmith Fork Irrigation Company**

Project Number: RE440
Fund: Revolving Construction Fund
Cost Estimate: \$760,000

Application Received: 5/29/2020
Board Meeting Date: 6/18/2020

Board Member: Charles Holmgren
Project Manager: Russell Hadley

Project Contacts:

President:
Paul Leishman
136 N. 100 E.
Wellsville, UT 84339
435-757-1138

Secretary:
Jay Tuddenham
4785 Hollow Rd.
Nibley, UT 84321
435-757-5512

Engineer:
Scott Archibald
Sunrise Engineering
26 S Main Street
Smithfield, UT 84335
435-563-3734

Location

The proposed project is located in Nibley City in Cache County.

Proposed Project

The applicant is requesting financial assistance from the board to pipe canal.

Water Rights

- 25-3493
- 25-4526
- 25-4527
- 25-4726
- 25-11445
- 25-11582

BOARD OF WATER RESOURCES

Application Summary



Applicant: **Provo City**

Project Number: RE441

Fund: Conservation and Development Fund

Cost Estimate: \$17,960,000

Application Received: 5/29/2020

Board Meeting Date: 6/18/2020

Board Member: Wayne Andersen

Project Manager: Tom Cox

Project Contacts:

City Engineer:
Shane Jones, P.E.
1377 S. 350 E.
Provo, UT 84606
801-852-6773

City Finance Division:
351 W. Center St.
Provo, UT 84601
801-852-6505

Engineer:
Jeff Davis
Barr Engineering
170 S Main St, Ste 500
Salt Lake City, UT 84101
801-333-8420

Location

The proposed project is located in Provo in Utah County.

Proposed Project

The applicant is requesting financial assistance from the board to construct two pump stations and a pipeline for aquifer storage recovery (ASR)

Water Rights

- 55-11001
- 55-11002
- 55-11003
- 55-11004

Unapproved

BOARD OF WATER RESOURCES

BRIEFING MEETING

MINUTES

May 15, 2020

Virtual Meeting

Utah Department of Natural Resources

BOARD OF WATER RESOURCES VIRTUAL
BRIEFING MEETING
Department of Natural Resources
Salt Lake City, UT
May 14, 2020
10:00 a.m.

Attendees: Chair Blaine Ipson
Vice-Chair Kyle Stephens
Charles Holmgren
Juliette Tennert
Wayne Andersen
Randy Crozier
Norm Johnson
James Lemmon
Todd Adams, Director
Candice Hasenyager, Deputy Director
Joel Williams, Assistant Director
Todd Stonely, Assistant Director
Shalaine DeBernardi, Manager
Lindsay Russell, Executive Admin
Randy Staker, Financial Analyst
Ben Marett, Engineer
Carmen McDonald, Engineer Technician
Jaqueline Pacheco, Engineer
Marcie Larson, Manager
Marisa Egbert, Engineer
Russell Hadley, Engineer
Tom Cox, Engineer
Paul Gedge, AV Manager

Chair Ipson called the meeting to order at 10:01 am and he and Director Adams did a roll call of attendees.

Chair Ipson asked for corrections on the Minutes and Charles Holmgren mentioned one (page 5 Jeff Hardy not Jeff Hard and on page 7, Wayne Andersen not Wayne Holmgren) and Todd Adams mentioned one (Stonely was present at the meeting and he was not counted in the roll call). Vice-Chair Stephens added that it should be specified that the motions were passed through roll call votes.

1. Feasibility Reports:

West Cache Irrigation Company

CHARLES HOLMGREN visited the area and believes this to be a good project. This is assigned to the shareholders in the area to pay back the loan and they have requested a longer payback period.

RUSSELL HADLEY they will be replacing the Hansen and Ezola ditches for the project. The previous project they had was given a longer payback period and they have asked for a longer payback period for this project as well.

CHAIR IPSON asked if there were questions on the project from the Board and there were none. Charles Holmgren will be making the motion.

Muddy Creek Irrigation Company

NORMAN JOHNSON this is a continuation project from a 2018 project to pipe a ditch and bring it to a sprinkler system instead of irrigation.

JAQUELINE PACHECO this will be the 5th project that has been funded by the Board. This project will benefit the Emery Series, for the Emery County agricultural community. Phase 1 has already been completed in this series and this project will complete the transformation of the flood irrigation system to a sprinkler system throughout. They will be pressurizing the remainder of the irrigation system and installing 7 miles of pipeline to deliver water to the east side of Muddy Creek Irrigation Company. They received \$4,583,000 from the Bureau of Reclamation and are asking the Board for \$850,000.

NORM JOHNSON is the Moore Group okay with this, being the smaller group?

JAQUELINE this project is for the Emery Group and I have not heard from the other group on if this was an issue but it seems to be fine.

CHAIR IPSON asked where the 23 year period came from?

JAQUELINE PACHECO this came from looking at the history of the previous projects and the cost per acre.

CHAIR IPSON the projects are split into segments within the company but they are still one company; can the company afford the simultaneous payments on all of these projects?

NORMAN JOHNSON they agreed to previous payments as well as this one.

CHAIR IPSON will they be asking for lower payment amounts or extended payment time periods today?

JAQUELINE PACHECO they will not be asking for additional time or extended payments.

CHAIR IPSON are you comfortable that they can make these payments as specified, Jaqueline?

JAQUELINE PACHECO yes, I am

CHAIR IPSON: asked if there were any questions from the Board on this project and there were none. Norman Johnson will be making the motion.

2. COMMITTAL OF FUNDS

Weber Basin Water Conservancy District

VICE-CHAIR STEPHENS mentioned that this was a project that was brought before the Board in October and they are ready to move forward with the project.

BEN MARETT the project began last fall and they are ready to close on their bonds and are prepared for the committal of funds and the project will conclude in 2022.

CHAIR IPSON they have already begun this project and are using other funds for now?

BEN MARETT yes, they have begun to install the secondary meters. They do have a WaterSMART grant but up to this point, they have been using their own funds.

CHAIR IPSON asked if there were any questions from the Board on this project.

VICE-CHAIR STEPHENS they are spreading this project out over 3 years but they are borrowing the full amount at the start of the project as opposed to having that phased in over the 3 year period.

BEN MARETT they have already put in enough of their share to meet the minimum so they asked for the full amount from the start. They are limited to fall and spring as far as construction goes, that is the reason for the project taking 3 years.

SHALAIN DEBERNARDI the bond closing is scheduled for this next week (Tuesday, May 19) so they are far enough along and they will be fine beginning their repayment on time.

DIRECTOR ADAMS this is a part of the secondary metering law that was passed by the Legislature.

3. SPECIAL ITEMS

Fremont Irrigation Company

CHAIR IPSON this is a project in my area and this has been a multi-phased project where they have already completed Phase 1 and are finishing up Phase 2. There were some project changes that

included a more extensive toe drain system and engineering expenses relating to the extended construction period. This is a 2 part funding request (additional funding from the dam safety grant and a low interest loan to cover the remainder of the costs).

TOM COX they are finished with their project and the inspection was last week so they just need a bit more money to finish everything off. Staff is recommending the Board commit an additional \$261,000 in dam safety grant and \$29,000 in dam safety loan. We are also extending the length of the pay period. The column under Phase 2 Cost Sharing should also state \$1,950,000.

CHAIR IPSON they are agreeable to these terms?

TOM COX yes, they are and they are not planning on attending the meeting today.

CHAIR IPSON asked if there were any question from the Board.

WAYNE ANDERSON asked for clarification on why the payment is only \$6,000 for the first 3 years and then jumps to \$14,000 after that.

TOM COX the first 3 payments are based on the loan amount from Phase 1 and after those payments, that first amount will be caught up.

CHAIR IPSON James Lemmon will be making the motion on this project.

West Warren & Warren Improvement District

VICE CHAIR STEPHENS this project was approved before I joined the Board. The project came in under budget initially and they have put together some other project needs to use the remainder of the money in this expansion.

BEN MARETT they have 3 additional improvements they would like to make and this project will be to install 2,900 feet of 8-inch pipe to connect and loop two dead end waterlines, replace approximately 3,300 feet of 6 inch water line with 8 inch waterline, and construct a new meter and PRV station connection the distribution system to the water source.

CHAIR IPSON any other comments on this?

VICE CHAIR STEPHENS had a question when they first called and asked about the option to expand the scope on if this was doable with the existing funds. He felt it was a good use of the funds.

BEN MARETT this is a bond project and the funds have already been committed to the applicant. There will not be any additional funds because the money is already in the escrow account.

SHALAINE DEBERNARDI that is an excellent clarification to make. If this project is not approved, the money would just come back to the Board as a prepayment but as of now, they already have the funds in their account.

CHAIR IPSON asked for any more questions on this project. There were none and Vice-Chair Stephens will be making the motion on this project.

City of Blanding

NORMAN JOHNSON this is an ongoing project and this is a very needed project in the community. When it rains, it rains a lot so this will be very helpful during those heavy rain periods. Norman clarified that he lives in the city and will be a benefactor of the project so is he able to make the motion?

SHALAINE DEBERNARDI it does not seem like making the motion would be an issue but if there is a question, it's perfectly okay to have someone else make the motion. The funds have already been committed and this is actually asking for a reduction in project cost. It would likely be just fine for Norman to make the motion.

BEN MARETT the funds were committed in January and they did not get bids the first round but they got lower bids on the second round so they are asking the Board to reduce the cost.

CHAIR IPSON asked if there were questions from the Board. There were none and Norman Johnson will make the motion.

Bear River Canal Company

CHARLES HOLMGREN originally they were not planning on coming to the Board for as much additional funds, but the Hammond Canal failed after running water for approximately 7 days and there is quite a rush to fix it as over 11,000 acres of ground are going dry due to this break. They are unable to use their full water right because of this as well. Construction is moving rapidly and they are hoping to fix it soon but they are anticipating extensive construction costs. Ben and Shalaine moved very quickly in getting this moved to the agenda as the emergency is high.

BEN MARETT the company was planning to approach the Board to ask for a reduction in funding but because of the canal breach, they are now asking for additional funds to help.

DIRECTOR ADAMS wanted some clarification for the Board on where this breach is located so they can be prepared.

CHARLES HOLMGREN it is about a mile or so on the south side of the Bear River. The canal is over 130 years old but it collapsed in an area where the structure had some very unique hand cobbled masonry work and it was there that it failed. The slope is very steep so this has been difficult getting equipment in there to fix it.

BEN MARETT there are some snapshots of the location in the actual presentation from Google Earth.

CHAIR IPSON there was initially a reduction from \$292,000 to \$250,000 but now they are asking for an additional \$58,000 on top of the \$292,000.

CHARLES HOLMGREN we are requesting \$200,000 to avoid being underfunded.

SHALAIN DEBERNARDI to clarify, they were initially asking for the amount to drop to \$250,000 from the original committal amount of \$292,000. That \$42,000 is still technically committed so they looked at how much would be needed additionally and according to the cost share of the Board, they will be asking for \$128,000 in additional funds.

LINDSAY RUSSELL that updated amount for the project will be sent out to the Board right now for reference.

CHARLES HOLMGREN declared a conflict of interest in this project because of his position on the Board of Directors for the Bear River Canal Company. He will abstain from making the motion and asked Juliette to make the motion instead.

BEN MARETT the Board should be aware that because of the emergent situation, there were not engineering design costs associated with this and JUB will be assisting the canal company on this.

DIRECTOR ADAMS this will be a design build for the project. They are current on their Canal Safety Management Plan and those types of things.

VICE-CHAIR STEPHENS will the future engineering costs add to the amount of money they are requesting at a future time or will it fall within the amount already being requested?

CHARLES HOLMGREN engineering costs will be covered in the amount being requested today.
SHALAIN agreed with that.

Silver Creek Reservoir Company

CHAIR IPSON they have an application that they are no longer pursuing.

JAQUELINE PACHECO they will not move forward with this project.

CHAIR IPSON James Lemmon will make the motion

4. NEW APPLICATIONS

American Fork City

SHALAIN DEBERNARDI this is a very new project so I will just provide some information. They made some modifications and resubmitted the project. It is very large (over \$21 million dollars for the cost).

WAYNE ANDERSEN they have some very old lines that need to be replaced.

CHAIR IPSON this will obviously go through the feasibility process but some of the questions I had when this came through were what other sources of funding are they looking at, do we have the funds to spare on a project this large, etc.

SHALAIN DEBERNARDI this is very preliminary at this point so we will be looking at the options.

Midway Irrigation Company

WAYNE ANDERSEN they want to install 750 secondary meters which is in line with previous projects. I have not been able to meet with them at this time.

SHALAIN DEBERNARDI this has not been assigned to a project manager yet but the application stated that they do have or are pursuing WaterSMART money. Project is not even considered to start until Fall 2021.

5. PLANNING REPORT

ASST. DIRECTOR STONELY this drought report will be given by Laura Haskell based on information she has been working on since she was assigned to Drought Planning and Coordination.

DEPUTY DIRECTOR HASENYAGER there are some new and exciting things going on and we wanted to make sure that everyone was updated on that.

6. LAKE POWELL PIPELINE REPORT

CHAIR IPSON there will be a report from Joel on additional committal of funds

ASST. DIRECTOR WILLIAMS the Bureau of Reclamation (BOR) has been working hard on the Environmental Impact Statement (EIS) draft. They are staying on the schedule that was laid out and because of that, they are going through funding quickly. They are asking for a larger sum at one time to avoid coming every couple months requesting smaller amounts.

CHAIR IPSON will there be any explanations on the implications of Kane County withdrawing from the LPP project?

ASST. DIRECTOR WILLIAMS yes, there will be a general update on that in the Board Meeting.

CHAIR IPSON will there be anyone willing to make the motion in the meeting?

JAMES LEMMON will be making the motion since the project is taking place in his area.

CHAIR IPSON we discussed in the April meeting the changing of the water right change application for the pipeline and he wanted to know if that has been advertised.

DIRECTOR ADAMS this began at the end of April or start of May and will be open for public comment until May 27.

CHAIR IPSON there will be a Director's Report and we would like to have an update on the COVID-19 response from staff along with that.

DIRECTOR ADAMS there will be several items to discuss regarding that. I would like ASST DIRECTOR WILLIAMS to go over the Status of Funds briefly before we end this meeting.

ASST. DIRECTOR WILLIAMS the Revolving Construction fund is very tight right now and we don't have additional funds to spare for new projects. We are trying to redirect projects to the Conservation and Development fund (C&D). The City Water Loan fund is doing well. The C&D fund also has funds available. Most of the funds are in good shape.

WAYNE ANDERSEN in the C&D fund, it says the end of year projects that are being paid are actually not... does that mean there is a deficit.

ASST. DIRECTOR WILLIAMS that is if all anticipated projects move forward but many have been on the books for years.

WAYNE ANDERSEN can we go back to these projects and find out if they will be moving forward or not to clear them off the books?

DIRECTOR ADAMS we will check with these projects and find out.

CHAIR IPSON regarding the secondary meters, which fund are those coming out of?

ASST. DIRECTOR WILLIAMS those are coming from the C&D fund.

JULIETTE TENNERT regarding the redirection of the earmark, is that referring to the C&D fund?

DIRECTOR ADAMS that was referring to the sales tax earmark and the percentage change from 96% to 85% so Water Rights can use that for their adjudication program.

JULIETTE TENNERT does that affect the C&D fund?

DIRECTOR ADAMS yes, that is the fund that was affected

ASST. DIRECTOR STONELY of those requests previously mentioned by WAYNE, is an \$80 million dollar request from Weber Basin on there?

DIRECTOR ADAMS no, that is in an additional future funds list.

SHALAINE DEBERNARDI the biggest project in the authorized list is the RE316 from the Uintah Water Conservancy District, which is \$36.5 million.

ASST. DIRECTOR STONELY we have contacted them previously and they wanted to keep the project authorized but it is likely time to reach out again.

DIRECTOR ADAMS as requested by the Board, we will be reaching out to each of them on that list.

DIRECTOR ADAMS regarding budget, Candice, Jim, and I have gone through several different scenarios of potential budget cuts we were asked to submit to the Department. 2, 5, and 10% options. The Department has looked over this and will go over that with the Legislature in the coming weeks.

JULIETTE TENNERT this is a tough situation but it helps with planning and future projects.

SHALAINE DEBERNARDI there are two draft policies that will be emailed to the Board to consider adopting at the June meeting. One is the COVID-19 policy that is based on the CIB policy. They only work with bonds, which is different than what this Board does (purchase agreements AND bonds). It was modified slightly and would allow an applicant to fill out a request form to be submitted and also allow a staff member to work with that applicant before meeting with the Board and provide a report to the Board on who had asked and how much money was being deferred. Typically payments would be pushed back a year with purchase agreements but bonds operate differently. Bonds cannot be amended and we have been working with the State Treasurer's office and working with bond attorneys to see what options there are. There would be an issuing of a refunded bond for a single year's payment and this would be a subordinate bond to the existing bond to cover the year payment.

The second policy is regarding the Blanding City recommittal of funds. They did not want to be responsible for the higher amount but we did not feel like we could modify a bond project for the reasons they have. Bear River was different because the adjusting repayment worked within what was committed (much smaller amount). Blanding City was significantly more so we felt that we needed to do that as a recommittal of funds. This policy is simply to request that staff can do work with the applicant to decrease the amount and THEN come to the Board to let them know what had changed. These are drafts and for the Boards consideration.

VICE-CHAIR STEPHENS as the Board's representative on the CIB board, we have discussed the bonding agencies to consider giving a lower amount than what was initially requested. The question is are those fees required to be paid by the applicant and if so, is there a discussion on a concession on the fees

SHALAINE DEBERNARDI the legal documents they come up with and the process would not require hiring an attorney. They would be able to work with the State's bond counsel (Bill Prater, his fees are very low) because he is working on a generic document that they can fill out and submit. This would bring the cost down.

DIRECTOR ADAMS Marisa will be giving an update on the Bear River Development.

MARISA EGBERT this is not formally on the agenda for the meeting but there will be a more formal update during the June meeting. The process is ongoing and we have closed on the first property so progress is happening. We are also separating from our formal partnership with UTA that we are receiving consulting from HDA on because we may still be using them for appraisals and things along those lines.

DIRECTOR ADAMS if there are any travel reimbursements by Board members please send those to Randy ASAP so we are timely on our end of year fiscal matters. The next Board Meeting is scheduled for June 18 and we should plan on having another virtual meeting at this point. We are working hard as a team to keep the office running smoothly and getting work done. We are looking at having appropriate PPE for everyone as we come back to work in the future.

CHAIR IPSON these are challenging times and I have been very impressed with the continuation of the work through this.

JAMES LEMMON do we need to consider pushing the Board Tour to next year?

SHALAINE DEBERNARDI it does not seem like we can plan that at this time but we will be likely holding virtual meetings for the foreseeable future.

DIRECTOR ADAMS let's tentatively leave the board tour as is with the understanding that it might not happen. We will know more as time moves on. Perhaps we could come up with a virtual tour just to be prepared.

SHALAINE DEBERNARDI if there were troubles connecting to the meeting, it might be best to try to come back 15 minutes early just to ensure you are connected for the meeting this afternoon.

CHARLES HOLMGREN moved to adjourn the meeting and WAYNE ANDERSEN seconded. The roll call vote was unanimous and the meeting ended at 11:35 am.

The Utah Board of Water Resources meetings are regularly streamed live and are recorded so citizens can watch them later. Please use the following link to access the most recent recordings: <https://goo.gl.UfyPQn>

Unapproved

BOARD OF WATER RESOURCES

MEETING MINUTES

May 15, 2020

Virtual Meeting

Utah Department of Natural Resources

THOSE PRESENT

Todd Adams, Director
Candice Hasenyager, Deputy Director
Joel Williams, Assistant Director
Todd Stonely, Assistant Director
Shalaine Debernardi, Section Manager
Marcie Larson, Section Manager
Randy Staker, Financial Analyst
Tom Cox, Engineer
Russell Hadley, Engineer
Jaqueline Pacheco, Engineer
Ben Marett, Engineer
Marisa Egbert, Engineer
Laura Haskell, Engineer
Carmen McDonald, Engineer Technician
Lindsay Russell, Executive Admin
Randy Giordano, Chairman from West Warren and Warren
Steve Davis, West Warren and Warren Water District
Ashley Nay, Environmental Analyst
Brittany Bateman, Director of Finance for WBWCD
Chris Slater, Bear River Canal Company
Jared Hansen, Jones and DeMill Engineering
Morris Sorensen, President of Muddy Creek Irrigation Company
Jeff Hardy, president of Bear River Canal Company
John Bjerregaard, Wasatch Civil Engineering
Jordan Clayton, NRCS
Mike Spackman, VP of West Cache Valley Irrigation
Steven Wood, Sunrise Engineering
Sid Monk, subcontractor for Bear River canal
Tony Diaz
Rick Baxter, Bureau of Reclamation
Trevor Nielson, Bear River Canal Company

BOARD OF WATER RESOURCES
Virtual Meeting Minutes
Department of Natural Resources
May 14, 2020
1:00 pm

1. WELCOME AND APPROVAL OF MINUTES:

CHAIR BLAINE IPSON did a roll call (all were present) and DIRECTOR TODD ADAMS listed those present from staff and applicants.

This electronic meeting is being conducted in accordance with Executive Order 2020-5 from Governor Herbert electronically. The public comment period was open between May 8 and May 14 at noon.

CHAIR BLAINE IPSON called for a motion to approve the minutes from the April 9, 2020 meeting as discussed in the Board of Water Resources Briefing Meeting at 10.

RANDY STAKER noted that there were no public comments on the minutes.

VICE-CHAIR KYLE STEPHENS moved to approve the minutes, WAYNE ANDERSEN seconded the motion, a roll call vote was taken and all approved. The motion carried.

2. NRCS SNOW REPORT:

JORDAN CLAYTON shared a map that showed the snow water equivalent percent of average which shows that there is not much left in the snow pack (much less than normal for this time of year at 44%). We did not receive the precipitation that was needed between April 1 and May 1 (only 50% of what is normal for the month of April). We are doing better than we were in 2018 but not where we were hoping to be at this point.

Graphs of several basins in Northern Utah (Bear River, Weber Ogden, Northeastern Uintas, and Duchesne) and several in Southern Utah (Price San Rafael, Upper Sevier, Southeastern Utah, and Escalante) these and others are available upon request.

The SNOTEL sites that are doing the best with actual water right now are Tony Grove Lake, Farmington, and Snowbird. Those doing the best in terms of their percent normal are Dry Fork, Hole-in-Rock, and Hickerson Park.

In looking at specific SNOTEL sites that are extremely important based on placement, Trial Lake (based at the headwaters of the Duchesne) started normal and is now below normal for this time of year.

There is a potential new site at Wolf Creek Pass that has been submitted to the forest service. In the Recon of this potential site this previous winter, this site was doing better than Trial Lake.

The reservoirs are doing better in their capacity/storage than last year. Graphs and data from the Bureau of Reclamation (BOR) and the US Geological Survey (USGS) were shared to show reservoir

capacity and streamflow conditions. The info is showing we are right above normal. This is only because we had an early melt, not because we have a surplus and it is moving from snow storage to soil storage. From these forecasts, surface water supply indexes were assembled by combining the values from the prediction of volume of stream flow from April to July and the reservoir conditions from each region. A water supply outlook report was just released on the website with a lot of this information and additional items relating.

There are weather stations that are placed in low elevation valley locations as well, known as SCAN sites. They do not measure snowpack, but they gather information on things such as soil moisture, air temperatures, wind, solar radiation, etc

3. FEASIBILITY REPORTS:

RE433 West Cache Irrigation Company

Sid Munk, Mike Spackman, Steven Wood, Steven Archibald, and Russell Hadley

RUSSELL HADLEY the Hansen Ditch and Ezola Ditch serve 652 acres of farmland and both are earthen. It is estimated that the water loss is about 856 acre-feet annually through seepage and weed growth. The proposed project is to replace the Hansen and Ezola lateral ditches with one 6,300 foot pressurized pipe operated from a centralized pump station. Staff recommends the board authorize 49.2% of the project cost up to \$407,000, and that the project be purchased at 0% interest over approximately 15 years with annual payments of \$27,200.

MIKE SPACKMAN this project is tough because we live in a cold climate and do not have cash crops. Some of the water users in the area were not exceptionally eager to join the project either. Because of this, we are requesting a 25 year repayment schedule to make it more feasible.

CHAIR BLAINE IPSON Russell do we know what those terms would be?

RUSSELL HADLEY at 0% interest over 25 years with annual payments of \$16,300

CHAIR BLAINE IPSON any further comments from the applicant

MIKE SPACKMAN the shareholders know that the 15 year schedule has been recommended by staff but they hold a consensus that if the 25 year schedule is not held, they will likely abandon the project.

CHAIR BLAINE IPSON board members any comments or questions?

CHARLES HOLMGREN if the current assessment at \$30.50 an acre is added to the \$25, the amount per acre would be \$55.50 correct?

STEVEN WOOD yes, that would be correct.

CHARLES HOLMGREN what would the amount be at \$41.72 an acre?

RUSSELL HADLEY that would be \$72.22 per acre.

CHAIR BLAINE IPSON were there any public comments?

RANDY STAKER there were no public comments

MIKE SPACKMAN there was one additional comment the canal company would like to make.

SID MUNK there was a concern on the annual assessment of West Cache Irrigation Company with the stockholders due to farmers trying to stay in business over the last ten years among other issues that arise in the area. The amount the company will have to raise will likely rise so this additional ten years would be very helpful.

CHAIR BLAINE IPSON has the WaterSMART grant process begun on this project?

MIKE SPACKMAN the grant has been approved and they are in the process of finalizing the agreement with the Bureau of Reclamation. They are hoping to have the funds ready to withdraw within the next month.

CHAIR BLAINE IPSON just to clarify, if the project is approved at the newly requested 25 year repayment period it will move forward and if not, it will not move forward?

MIKE SPACKMAN yes that is correct.

CHARLES HOLMGREN moved to authorize 49.2% of the project cost up to \$407,000, and that the project be purchased at 0% interest over approximately 25 years with annual payments of \$16,300. VICE-CHAIR KYLE STEPHENS seconded the motion and after a roll call vote, all approved and the motion passed unanimously.

RE436 Muddy Creek Irrigation Company

Morris Sorenson, Abbie Christiansen and Jared Hansen

JAQUELINE PACHECO this is Phase 3 of the project and the purpose is to pressurize the remaining irrigation system by installing approximately 7 miles of pipeline to deliver water to the east side of Muddy Creek Irrigation Company which will also lower the water table and reduce salt loading. Staff recommends the board authorize 15.2% of the project cost, up to \$850,000, and that the project be purchased at 1% interest over 23 years with annual payments of approximately \$41,600.

MORRIS SORENSON we are in the midst of a 15-16 year process and it is getting down to the final stages.

JARED HANSEN we received a sum from the Bureau of Reclamation (BOR) and that money has been granted contingent on this amount from the Board of Water Resources. This is a much needed benefit to the community.

CHAIR BLAINE IPSON are all the stockholders on board with this and are you able to make these payments on top of other loans you have?

MORRIS SORENSON yes they are and yes it is.

JARED HANSEN one of the outstanding loans we have through the Board will be paid off soon and we also have a BOR salinity control grant.

CHAIR BLAINE IPSON is that grant in hand?

JARED HANSEN yes that grant is in hand

CHAIR BLAINE IPSON are there any questions from the Board on this project?

CHARLES HOLMGREN I have a question on the size of the mobilization cost on the project, it being a \$5.5 million dollar project.

JARED HANSEN we have not yet put the project up for bid but the estimates likely came from the Phase 2 costs and some of it might be because of the remoteness of the area.

CHAIR BLAINE IPSON any public comments on this project?

RANDY STAKER there were none.

NORMAN JOHNSON moved to authorize 15.2% of the project cost, up to \$850,000, and that the project be purchased at 1% interest over 23 years with annual payments of approximately \$41,600, JULIETTE TENNERT seconded the motion, after a roll call vote all members approved, and the motion passed unanimously.

4. COMMITTAL OF FUNDS

RE430 Weber Basin Water Conservancy District

Brittney Batemen and Ashley Nay

BEN MARETT the project will include the installation of 2,850 secondary water meters in West Bountiful and Woods Cross over 24-36 months. Staff recommends the board commit 71.5% of the project cost, up to \$2,688,000, and that the bonded indebtedness be returned at 1% interest over 15 years with annual payments of approximately \$208,000 (including reserves).

They have installed 750 meters already and they have already contributed substantially to the project and are ready for bonding.

CHAIR BLAINE IPSON any public comments on this project?

RANDY STAKER there were no public comments

CHAIR BLAINE IPSON any questions or discussion from Board members?

VICE-CHAIR KYLE STEPHENS moved to commit 71.5% of the project cost, up to \$2,688,000, and that the bonded indebtedness be returned at 1% interest over 15 years with annual payments of approximately \$208,000 (including reserves). RANDY CROZIER seconded the motion and after a roll call vote, the motion passed unanimously.

5. SPECIAL ITEMS

RECO19 Fremont Irrigation Company

TOM COX the purpose of the project is to bring the Mill Meadow Dam up to state minimum dam safety standards. Phase 1 was already completed in 2013 and Phase 2 is adding a more extensive toe drain system and engineering charges to the extended construction period. Staff recommends the board commit an additional \$261,000 in dam safety grant and \$29,000 in dam safety loan. The grant contract will be amended to provide 90% of Phase 2 costs, up to \$2,016,000. The loan agreement will be amended to provide 10% of the project cost, up to \$284,000, to be returned at 0% interest over 22 years with annual payments of \$6,000 the first three years and approximately \$14,000 thereafter.

CHAIR BLAINE IPSON were there any comments from the board or public on this project?

RANDY STAKER there were no comments submitted.

JAMES LEMMON moved to commit an additional \$261,000 in dam safety grant and \$29,000 in dam safety loan. The grant contract will be amended to provide 90% of Phase 2 costs, up to \$2,016,000. The loan agreement will be amended to provide 10% of the project cost, up to \$284,000, to be returned at 0% interest over 22 years with annual payments of \$6,000 the first three years and approximately \$14,000 thereafter. VICE-CHAIR KYLE STEPHENS seconded the motion, after a roll call vote, all board members approved. The motion carried.

RE387 West Warren & Warren Improvement District

Randy Giordano, Steve Davis, and John Bjerregaard

BEN MARETT the project will be to replace 16,200 feet of PVC pipe and 21 fire hydrants in the culinary water system. The bids came in substantially lower than expected and there are remaining funds available and this is the expansion they would like to use those funds for. Staff recommends the board allow the remaining escrow funds to be used to expand the project scope to include the improvements detailed in the report.

CHAIR BLAINE IPSON were there any questions from the board or the public?

RANDY STAKER there were no public comments

VICE-CHAIR STEPHENS commended the applicant on coming up with ways to use the funds to better utilize the water and provide a needed service to the citizens.

VICE-CHAIR STEPHENS moved to allow the remaining escrow funds to be used to expand the project scope to include the improvements detailed in the report. WAYNE ANDERSEN seconded the motion and after a roll call vote, all approved. The motion carried.

RE415 City of Blanding

BEN MARETT this project is to install approximately 5,600 feet of pipe, 19 manholes, and multiple inlet boxes to increase the capacity of the storm sewer system and eliminate flooding. The initial call for bids returned none and the second call for bids came back with bids lower than the initial estimates. Staff recommends the board commit 85% of the project cost, up to \$1,425,000, and that the bonded indebtedness be returned at 1% interest over 30 years with annual payments of approximately \$57,000 (including reserves).

CHAIR BLAINE IPSON were there any questions or comments from the board or public?

RANDY STAKER there were no public comments

NORMAN JOHNSON moved to commit 85% of the project cost, up to \$1,425,000, and that the bonded indebtedness be returned at 1% interest over 30 years with annual payments of approximately \$57,000 (including reserves). VICE-CHAIR KYLE STEPHENS seconded the motion and after a roll call vote, all approved. The motion carried.

RE420 Bear River Canal Company

Trevor Nielson, Jeff Hardy, Chris Slater, and Tony Diaz

BEN MARETT the applicant had an agenda item today to decrease the funding for the project but after an emergency breach of their main canal, they are coming to the Board to ask for the funds already committed and an additional \$128,000 to help fix the breach.

TREVOR NIELSON on site at the breach, they were working to fix the breach and gather material and compact it down to stop seepage. Significant progress has been made but an update to the Board seemed helpful in explaining the emergent situation.

TREVOR NIELSON as we build the canal back up, we will be lining it with the same EPDM liner that is being used in the rest of the project. There is currently 11,000 acres out of production because of this breach and we are hoping to have that up and running again this week.

DIRECTOR TODD ADAMS will there be any water pumped to those users until it is back up?

TREVOR NIELSON the cost would be so high that the shareholders would rather go without water than pay for the pumping.

CHARLES HOLMGREN a previous Board of Water Resources engineer was traveling through the Bear River area and mentioned concern for the canal system. This Hammond canal was thoroughly checked before water was put in because of that concern. There is gratitude for the staff for working so quickly on this issue.

CHAIR BLAINE IPSON were there any comments or questions

RANDY STAKER there were no public comments

CHARLES HOLMGREN there is a conflict of interest because of his position with the canal company so he will recuse himself from voting.

JULIETTE TENNERT moved to commit an additional \$128,000, and amend the purchase agreement to state the board will provide 53.4% of the project cost, up to \$799,000, and that the project be purchased at 0% interest over 15 years with annual payments of approximately \$53,300. RANDY CROZIER seconded the motion and after a roll call vote, all approved other than CHARLES HOLMGREN who is recused from voting. The motion carried.

RE381 Silver Creek Reservoir Company

JAQUELINE PACHECO this project has been inactive and we are just requesting that this be withdrawn from consideration.

CHAIR BLAINE IPSON were there any comments or questions?

RANDY STAKER there were no public comments or questions.

JAMES LEMMON moved to withdraw consideration of the board for this project, NORMAN JOHNSON seconded the motion, and after a roll call vote, the motion was approved and carried.

6. NEW APPLICATIONS

RE437 American Fork City

RE438 Midway Irrigation Company

7. PLANNING REPORT

LAURA HASKELL there has been a collaboration with Utah State University on a drought economic impact study which is looking at behavior responses to drought and preferences, the cattle industry, and tourism. The funding has been provided by the Division of Water Resources, the National Integrated Drought Information System (NIDIS) and some from USU.

Behavior Results: they vary across producer groups

- fresh produce growers: adopt water-saving technology
- hay growers: switch to more efficient irrigation systems
- cattle producers: purchase feed or reduce herd

Cattle Industry Results:

- Data was shared to show the direct impacts, induced impacts, and demand from the industry. They used a modeling program to get that information.
- In looking further, less household income means less spending and fewer taxes paid
- To get the total impact, they add these and come up with the economic impact in both moderate and severe drought. This can be used in future scenarios.

Drought Response Plan

- Originally written in 1993 and was last updated in 2013. They are planning to include information from the 2018 drought to implement in the update.
- There is currently a single drought indicator that is published by NRCS and we would like to include more drought indicators to trigger drought indication.
- Drought Review and Reporting Committee (DRRC) is a group that should be meeting on a regular basis. More attention is on this when a drought is current.

Drought Webinars:

- Held as needed since January
- Collaborative

- Promote Feedback
- Statewide

DIRECTOR TODD ADAMS if any members of the board would like to be invited to those webinars, please let Laura know.

8. LAKE POWELL PIPELINE REPORT

ASSISTANT DIRECTOR JOEL WILLIAMS we have Rick Baxter from the Bureau of Reclamation on the line just in case there are additional questions at the end of the report. The Bureau of Reclamation (BOR) has been working hard on the Environmental Impact Statement (EIS) draft.

The staff feels that it would be good for the Board to submit a comment on the EIS draft when it is released for public comments. Kim Wells will prepare a letter to present on behalf of the Board.

Kane County Water Conservancy District has withdrawn from the process and that is due to a reevaluation of their population projections, water use numbers, and their water conservation goals. They do not have a foreseeable need to participate at this time. This leaves Washington County Water Conservancy District as the sole project participant.

Another item to the board is the water rights change application filed on April 13. The protest period opened on April 30 and will remain open until May 27. Water Rights will be handling that.

The Stantec contract began in 2007 and \$36,921,459 has been spent with approximately \$2.5 million remaining on the contract and the amendment goes until the end of this year. If more time is needed, the board will be approached to approve that additional time closer to the end of the year.

The USBR is staying on the schedule that was laid out and because of that, they are going through funding quickly. They are asking for a larger sum at one time to avoid coming every couple months requesting smaller amounts. Staff recommends the board commit an additional \$1,000,000 to allow them to continue their work.

CHAIR BLAINE IPSON does the feasibility change with Washington County being the sole project participant?

ASSISTANT DIRECTOR JOEL WILLIAMS Washington County's participation is vital in this project because they need the additional water. Their participation was at 95% previously and they are able to feasibly take on the full amount required.

DIRECTOR TODD ADAMS when the legislative auditor general did their analysis, Kane County was not included in the repayment plan.

ASSISTANT DIRECTOR JOEL WILLIAMS yes, they looked at the repayment ability of Washington County and it was decided that they could do so.

CHAIR BLAINE IPSON announced that RANDY CROZIER has had to leave the meeting.

CHAIR BLAINE IPSON were there any questions or comments?

JAMES LEMMON wanted to commend Rick Baxter on the hard work he has done on this project.

RANDY STAKER there were no public comments

JAMES LEMMON moved to commit an additional \$1 million dollars to the BOR for their continued work on the Lake Powell Pipeline environmental analysis and preparation of the environmental impact statement (EIS), WAYNE ANDERSEN seconded the motion, and after a roll call vote the motion was approved other than RANDY CROZIER who has left the meeting. The motion carried.

9. DIRECTORS REPORT

We have staff working on the State Water Plan and a draft will be available in the next few months. The next Board Meeting, there will be a draft response to present to the Board regarding the budget cuts from the COVID-19 response. There could be up to a \$2 million dollar budget cut at the state level.

Bear River Development has an update as we have purchased the first property and more are coming soon. We are still working with UTA on some aspects of this but we are separating from them long term and that is being worked on.

There has been progress with the Colorado River with more information to come on those updates.

A huge thank you to the staff of Water Resources as they navigate this COVID situation we are in and it has been incredible to see the progress of the work.

As of today, SLC, West Valley City, Summit County, Wasatch County, and Grand County will remain at the Orange phase while the rest of the state moves to Yellow. PPE has been brought in for staff to use in the office for protection as we transition through these phases.

CHAIR BLAINE IPSON echoes Director Adams in his gratitude of staff and other members of the board as we continue to move forward with this. The next meeting is June 18 and it is still to be determined on if this will be a virtual meeting or not.

NORMAN JOHNSON moved to adjourn the meeting, VICE-CHAIR KYLE STEPHENS seconded the motion. After a roll call vote, all approved other than RANDY CROZIER who had already left the meeting.