

BOARD OF WATER RESOURCES BOARD MEETING

St. George
March 23, 2022



PLAN



CONSERVE



DEVELOP



PROTECT



2022

| January | | | | | | | February | | | | | | | March | | | | | | | April | | | | | | | |
|-----------|----|----|----|----|----|----|----------|----|----|----|----|----|----|----------|----|----|----|----|----|----|----------|----|----|----|----|----|----|---|
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2022 Board Meeting Schedule

March 23, 2022 – St. George

May 5, 2022 – Salt Lake City

June 16, 2022 – Salt Lake City

August 4, 2022 – Salt Lake City

September 15, 2022 – (TBA) Provo River District

October 27, 2022 – Salt Lake City

December 6, 2022 Salt Lake City

Agenda
Utah Board of Water Resources
Board Briefing Meeting

March 23, 2022

1:00 pm

- I. WELCOME/CHAIR'S REPORT
*Chair Kyle Stephens

- 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

March 23, 2022

1:30 PM Briefing

3:00 PM Board Meeting

Dixie Convention Center, Room: Sunbrook A/B
1835 S. Convention Center Dr, St. George, UT 84790

Link to presentations and public comment form:

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

Livestream Links:

Briefing Meeting: https://youtu.be/JAnsXu_wl2k

Board Meeting: <https://youtu.be/fv2FpvDtbGg>

APPROVAL OF MINUTES

NRCS SNOW REPORT:

Jordan Clayton

| <u>Proj. No.</u> | <u>Applicant</u> | <u>County</u> | <u>Proj. Manager</u> |
|-------------------------|-------------------------|----------------------|-----------------------------|
|-------------------------|-------------------------|----------------------|-----------------------------|

SPECIAL ITEMS:

| | | | |
|-------|-------------------------------|------|---------|
| RE441 | Provo City (Re-Authorization) | Utah | Tom Cox |
|-------|-------------------------------|------|---------|

| | | | |
|-------|--|----------|---------|
| RE456 | Kanab Irrigation Company (Authorization & Committal) | Garfield | Tom Cox |
|-------|--|----------|---------|

UPDATE TO SECONDARY METER FUNDING RULES:

Joel Williams/Marty Bushman

WATER CONSERVATION PLANS - REVIEW PROCESS AND COMPLIANCE UPDATE:

Shelby Ericksen

LAKE POWELL PIPELINE REPORT:

Eric Dixon

DIRECTOR'S REPORT:

Candice Hasenyager

ADJOURNMENT

BOARD OF WATER RESOURCES
Special Item – Re-Authorization



Applicant: **Provo City**

Project Number: RE441
Fund: Conservation and Development Fund
Cost Estimate: \$96,000,000

Application Received: 5/29/2020
Authorized: 10/8/2020
Board Meeting Date: 3/23/2022

Board Member: Wayne Andersen
Project Manager: Tom Cox

Project Summary: The purpose of the project is to construct a 20 million gallon per day (MGD) water treatment facility, and aquifer storage and recovery (ASR) facilities that include a pump station and approximately 12,200 feet of ductile iron pipe. The project will also include improvements to the Provo River diversion and pipeline to carry water from the diversion to the treatment facility.

Recommendation: Staff recommends the board authorize 38.3% of the project cost, up to \$36,750,000, and that the bonded indebtedness be returned at 1% interest over 30 years with total annual payments of approximately \$1,479,000 (including reserves).

Project Contacts:

Mayor:
Michelle Kaufusi
351 West Center St.
Provo, UT 84601
801-852-6105

City Engineer:
Shane Jones
1377 South 350 East
Provo, UT 84606
801-852-6773

Engineer:
Brian LeMon
Barr Engineering
170 South Main St, Ste. 500
Salt Lake City, UT 84101
612-669-6797



Location

The proposed project is located in Provo City in Utah County.

Introduction & Background

Provo City, with a population of approximately 126,000, provides culinary water to about 17,483 residential, 1,936 commercial, 171 institutional and 17 industrial connections. Water is obtained from area springs and wells, and from Central Utah Water Conservancy District. The water system includes 17 wells (with a peak capacity of 31,700 gpm), 11 storage tanks (42 million gallons total capacity), and approximately 400 miles of transmission and distribution pipelines (48" to 6" diameter). There is no separate secondary irrigation system in the city.

The city has not received funding from the board in the past; however, the board authorized up to \$10 million towards the ASR project in October 2020.

Existing Conditions & Problems

As with the entire Wasatch Front, Provo City's population continues to grow and is expected to do so for many years. Even though the per capita water use in the city has been decreasing, the increase in population has required the city to produce additional water. This has primarily been accomplished through increased pumping of wells. As a result, the static water level in the city's wells has seen steady decline, dropping between two and 58 feet over the lives of the various wells.

The city owns numerous water rights to springs, creeks, wells, and the Provo River. Since it has no water treatment plant of its own, the city's river water rights are underutilized. In looking at ways to use its Provo River water rights, the city is considering several options, including ASR projects, and water treatment facilities.

Proposed Project

When the project was originally presented to the board in October 2020, it included only ASR project components. The city has decided to proceed with constructing a 20 MGD culinary water treatment facility as well, to utilize more of its Provo River water rights.

The project will be broken into two phases. Phase I is made up primarily of ASR parts of the project and includes replacement of a booster pump station, upgrade of electrical systems, and installation of approximately 9,400 feet of culinary pipe to carry water east to Rock Canyon where it will be diverted into a storage tank or discharged onto two infiltration locations. Phase I also includes improvement work on the Provo River diversion, and installation of approximately 800 feet of raw water pipeline from the diversion to the proposed water treatment plant site. Additional surface infiltration areas and injection well sites have also been looked at as additional ASR options to be possibly included at a later time. Construction on the river diversion is underway and it is anticipated work on the ASR components will begin this summer.

Phase II will include construction of the water treatment plant and installation of approximately 2,850 feet of culinary pipeline. It is anticipated work on this phase will begin the summer of 2023 and will take two years to complete.

Technical assistance for the ASR components is being provided by Barr Engineering, and by AECOM



and Hansen, Allen, & Luce for the water treatment facility.

Benefits

The proposed project will provide an additional water source that can be used throughout the city's service area. This will reduce the demand on its wells, which will help the aquifer to recover. In addition, the ASR aspect will provide more water to the aquifer.

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 | \$2,600,000 | \$2,600,000 |
| 2 | Diversion Improvements | 1 | LS | 3,150,000 | 3,150,000 |
| 3 | Water Treatment Facility | 1 | LS | 46,000,000 | 46,000,000 |
| 4 | Ductile Iron Pipe | 1 | LS | 8,320,000 | 8,320,000 |
| 5 | Remove & Replace Pump Station | 1 | LS | 4,350,000 | 4,350,000 |
| 6 | Energy Dissipation Structures | 1 | LS | 300,000 | 300,000 |
| 7 | SCADA & Electrical | 1 | LS | 300,000 | 300,000 |
| Construction Cost | | | | | \$65,020,000 |
| Contingency | | | | | 15,425,000 |
| Land Purchase | | | | | 2,000,000 |
| Design & Construction Engineering | | | | | 9,265,000 |
| Legal and Administrative | | | | | 140,000 |
| Environmental, Permits, Fees & Testing | | | | | 150,000 |
| Pilot Program | | | | | 4,000,000 |
| TOTAL | | | | | \$96,000,000 |

Cost Sharing & Repayment

The recommended cost sharing and repayment are:

| Agency | Total Project Cost Sharing | % of Total | Phase I Cost Sharing | % of Total |
|-----------------------------------|----------------------------|-------------|----------------------|-------------|
| Board of Water Resources | \$36,750,000 | 38.3% | \$21,250,000 | 80.2% |
| Drinking Water Board Loan | 36,750,000 | 38.3 | 0 | 0.0 |
| WaterSMART Grant | 1,500,000 | 1.5 | 1,500,000 | 5.6 |
| Other Federal Grants (ARPA, BRIC) | 12,000,000 | 12.5 | 0 | 0.0 |
| Applicant | 9,000,000 | 9.4 | 3,750,000 | 14.2 |
| TOTAL | \$96,000,000 | 100% | \$26,500,000 | 100% |

The project will be presented to the Drinking Water Board at a future meeting. The city has been



awarded the WaterSMART grant and is working through final paperwork. It has also applied for a Building Resilient Infrastructure and Communities (BRIC) grant through FEMA and may receive federal America Rescue Plan Act (ARPA) grants though it is not known how much. If federal grants in excess of the amount shown above are obtained, the amounts borrowed from Drinking Water and Water Resources will be reduced.

Staff recommends the board authorize 38.3% of the project cost, up to \$36,750,000, and that the bonded indebtedness be returned at 1% interest over 30 years with total annual payments of approximately \$1,479,000 (including reserves).

The project will be broken into two phases which, because of timing, will each be funded with a separate bond with the board. Funding amounts, cost share and annual payment amounts for each bond will be set at the time funds are committed. In anticipation of Phase I funding being committed in the board’s June meeting, the estimated cost sharing is shown above. Annual payments on the \$21.25 million from the board will be approximately \$855,000.

Economic Feasibility

One of the aims of the city is to utilize its Provo River water rights. There are limited viable options other than the proposed project to accomplish this; therefore, a benefit/cost ratio of 1.0 has been assigned.

The applicant has indicated that there is an option to purchase water from Central Utah Water Conservancy District; however, that would not develop the city’s water rights and would be more expensive in the long run than the proposed project.

Financial Feasibility

The board’s affordability guideline suggests Provo residents could pay up to \$36.87 per month for all water. The cost of water, based on 19,607 connections, is as follows:

| Water Cost | Annual Cost | Cost/Conn/Mo |
|--|---------------------|----------------|
| Average Residential Water Bill | \$11,168,931 | \$47.48 |
| Property Tax for Water | 1,392,881 | 5.92 |
| Estimated Increase in Operation & Maintenance | 2,500,000 | 10.62 |
| Estimated Drinking Water Board Loan (1.4%, 20 yr.) | 2,240,000 | 9.52 |
| Proposed Board of Water Resources Loan | 1,479,000 | 6.28 |
| TOTAL | \$18,780,812 | \$79.82 |

Water rates include a base rate based on connection size, plus a commodity charge (different winter and summer rates) based on the amount used.

Water Rights & Supply

The city owns numerous water rights to area springs, creeks, wells, and the Provo River, and also receives water from Central Utah Water Conservancy district.

The major Provo River water rights related to this project are as follows:



| Water Right Number | Flow / Volume (cfs / ac-ft) |
|--------------------|-----------------------------|
| 55-11001 | 8,234.4 ac-ft |
| 55-11002 | 10 cfs |
| 55-11003 | 16.5 cfs |
| 55-11004 | 65 cfs |

The City will work with the Division of Water Rights to obtain the necessary recharge and recovery permits for the project.

Easements

The city has obtained property for the water treatment facility. The pipeline alignment is located primarily along existing streets. The city does not foresee a problem obtaining any needed easement.

Environmental

The proposed project will enhance the aquifer static water level. The city has worked, and continues to work, with the state Division of Water Quality and Division of Drinking Water on permits required for a pilot project recently completed and for the proposed project. All federal environmental requirements will be completed if the city obtains federal funds.

Water Conservation

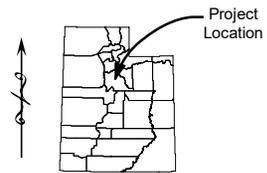
Approximately 12,000 acre-feet will be utilized annually with the proposed project. The city recently updated its Water Conservation Plan.

Applicant's Responsibilities

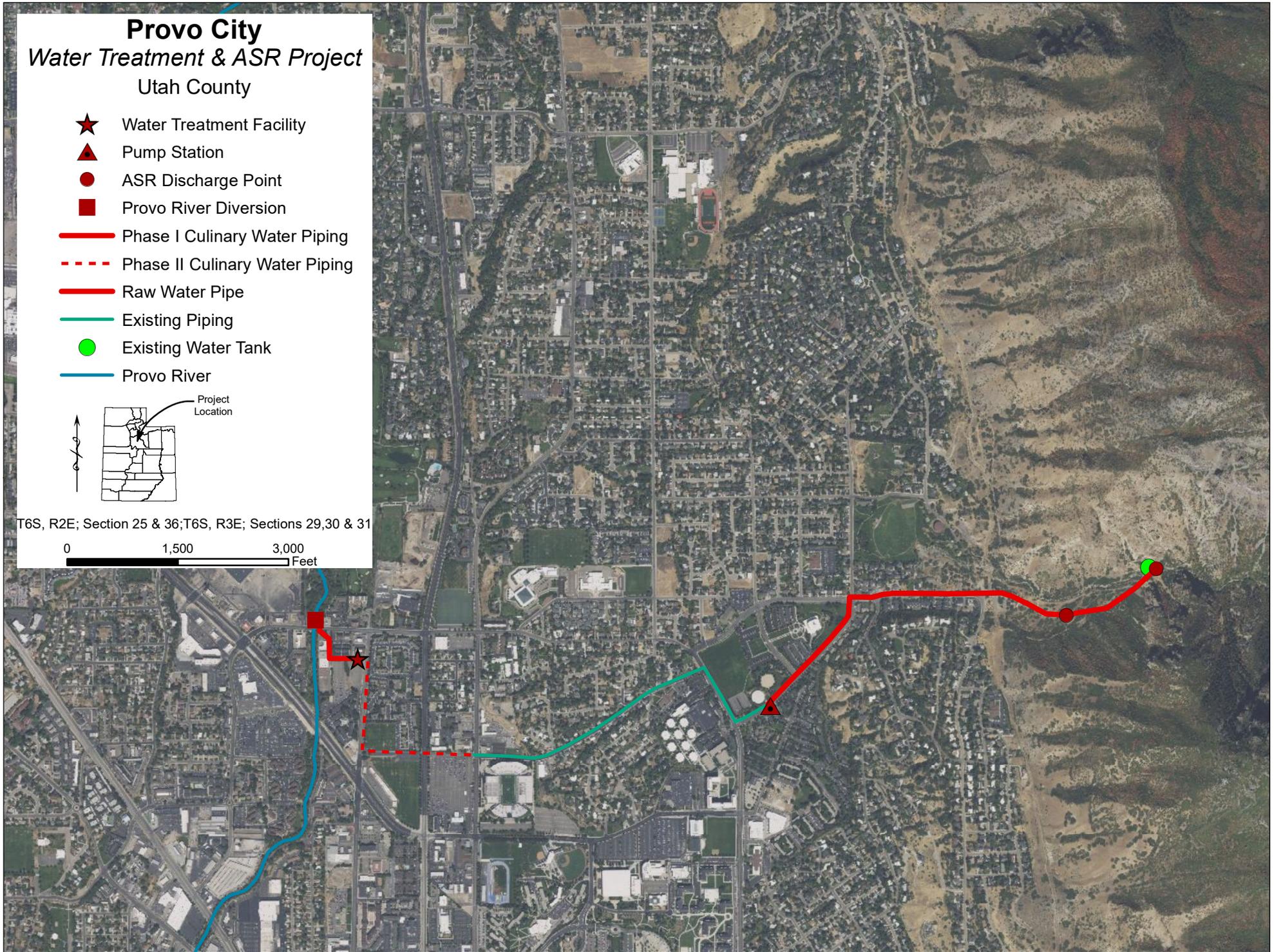
The applicant will be required to make all arrangements to sell the board a non-voted revenue bond, as well as verify it has adequate water rights and rights-of-way to construct the project. If the project is authorized, a full list of requirements and procedures necessary to close the bond will be furnished to the applicant.

Provo City Water Treatment & ASR Project Utah County

- ★ Water Treatment Facility
- ▲ Pump Station
- ASR Discharge Point
- Provo River Diversion
- Phase I Culinary Water Piping
- - - Phase II Culinary Water Piping
- Raw Water Pipe
- Existing Piping
- Existing Water Tank
- Provo River



T6S, R2E; Section 25 & 36; T6S, R3E; Sections 29,30 & 31



BOARD OF WATER RESOURCES
Special Item-Feasibility & Committal of Funds



Applicant: **Kanab Irrigation Company**

Project Number: RE456
Fund: Revolving Construction Fund
Cost Estimate: \$300,000

Application Received: 1/28/2022
Board Meeting Date: 3/23/2023

Board Member: James A. Lemmon
Project Manager: Tom Cox

Project Summary: The purpose of the project is to drill and equip an irrigation well to replace an existing one that is failing.

Recommendation: Staff recommends the board authorize and commit 85% of the project cost, up to \$255,000, and that the project be purchased at 0% interest over 15 years with annual payments of approximately \$17,000.

Project Contacts:

President:
Norris Brown
16 East 200 South
Kanab, UT 84741
435-689-0376

Kane Co WCD Manager:
Mike Noel
725 East Kaneplex Drive
Kanab, UT 84741
435-644-3997

Engineer:
Vern Maloy
Sunrise Engineering
11 North 300 West
Washington, UT 84780
435-652-8450



Location

The proposed project is located approximately one mile north of Kanab in Kane County.

Introduction & Background

Kanab Irrigation Company delivers irrigation water to approximately 800 farm acres and nearly 200 residences. Water is diverted from Kanab Creek, north of town, into a pressurized irrigation system that supplies the area in and around Kanab. An irrigation well was drilled downstream of the diversion in 2006 to supplement the water supply when surface water diminishes. Water that is not immediately used is stored in Jackson Flat Reservoir south of town, and pumped back into the system when needed.

The applicant has received funding from the board on three occasions; in 1983 for installation of the pressurized irrigation system (paid off), in 2006 for equipping the well and installing pipeline (payment complete in 2026), and in 2014 for tunnel lining and improvements to the inlet and sluice structures (payment complete in 2024).

Existing Conditions & Problems

When the irrigation well was first drilled, it could be pumped at over 600 gallons per minute. Over the years the metal casing has rusted through in places. A few years ago the well production dropped significantly. The well bowls were replaced, and production increased for a time but has since fallen again. The pump motor was also recently replaced. The supplemental water supply obtained from the well is essential for the water users, especially in dry years when surface water is decreased.

Proposed Project

The applicant is requesting financial assistance from the board to drill and equip a new irrigation well near their existing, failing well. In order to get the well on-line as quickly as possible to use it for the upcoming irrigation season, a well driller has been hired and is proceeding with the work. Technical assistance is being provided by Kane County Water Conservancy District engineering staff and Sunrise Engineering.

Benefits

The proposed project will allow the irrigation company to continue to provide a reliable source of water to its shareholders.

Cost Estimate

The following cost estimate is based on the engineer's design and bids:



| Item | Description | Quantity | Unit | Unit Price | Total |
|-----------------------------------|-----------------------|----------|------|------------|------------------|
| 1 | Mobilization | 1 | LS | \$3,500 | \$3,500 |
| 2 | Well Drilling | 300 | LF | 170 | 51,000 |
| 3 | Casing/Screen | 300 | LF | 107 | 32,100 |
| 4 | Gravel Pack/Seal | 1 | LS | 20,400 | 20,400 |
| 5 | Development/Test Pump | 1 | LS | 37,800 | 37,800 |
| 6 | Pump/Piping | 1 | LS | 100,000 | 100,000 |
| Construction Cost | | | | | \$244,800 |
| Contingency | | | | | 25,200 |
| Design & Construction Engineering | | | | | 20,000 |
| Legal and Administrative | | | | | 10,000 |
| TOTAL | | | | | \$300,000 |

Cost Sharing & Repayment

The recommended cost sharing and repayment are:

| Agency | Cost Sharing | % of Total |
|--------------------------|------------------|-------------|
| Board of Water Resources | \$255,000 | 85% |
| Applicant | 45,000 | 15 |
| TOTAL | \$300,000 | 100% |

Staff recommends the board authorize and commit 85% of the project cost, up to \$255,000, and that the project be purchased at 0% interest over 15 years with annual payments of approximately \$17,000.

Kane County Water Conservancy District has agreed to make the annual payments for the project. A service agreement will be executed between the irrigation company and the district covering ownership, operation, maintenance and payment of the new well.

Financial Feasibility

The proposed project is to replace a failing well; therefore, little monetary agricultural benefit will be seen.

The board's affordability guideline shows Kanab residents should be paying \$44.22 per month for water. An average monthly culinary water bill is \$40 and secondary water users pay \$60 per year for enough shares to water an average sized residential lot. Together, the total monthly cost of water for a Kanab resident is around \$45 per month.

Water Rights & Supply

Kanab Irrigation Company has the right for diversions of Kanab Creek and an irrigation well of up to 26.7 cfs to irrigate a total of over 1,300 acres.

Water rights related to this project are as follows:

| Water Right Number | Flow / Volume (cfs / ac-ft) |
|--------------------|-----------------------------|
| 85-8 | 18.0 cfs |
| 85-9 | 1.0 cfs |
| 85-19 | 7.7 cfs |

Title to these water rights are already in the name of the board from the previous projects.

Easements

The proposed well site is owned by the Kane County Water Conservancy District; therefore, there will not be a problem obtaining an easement.

Environmental

The proposed well will be located near the existing one. No long-term environmental impact is anticipated.

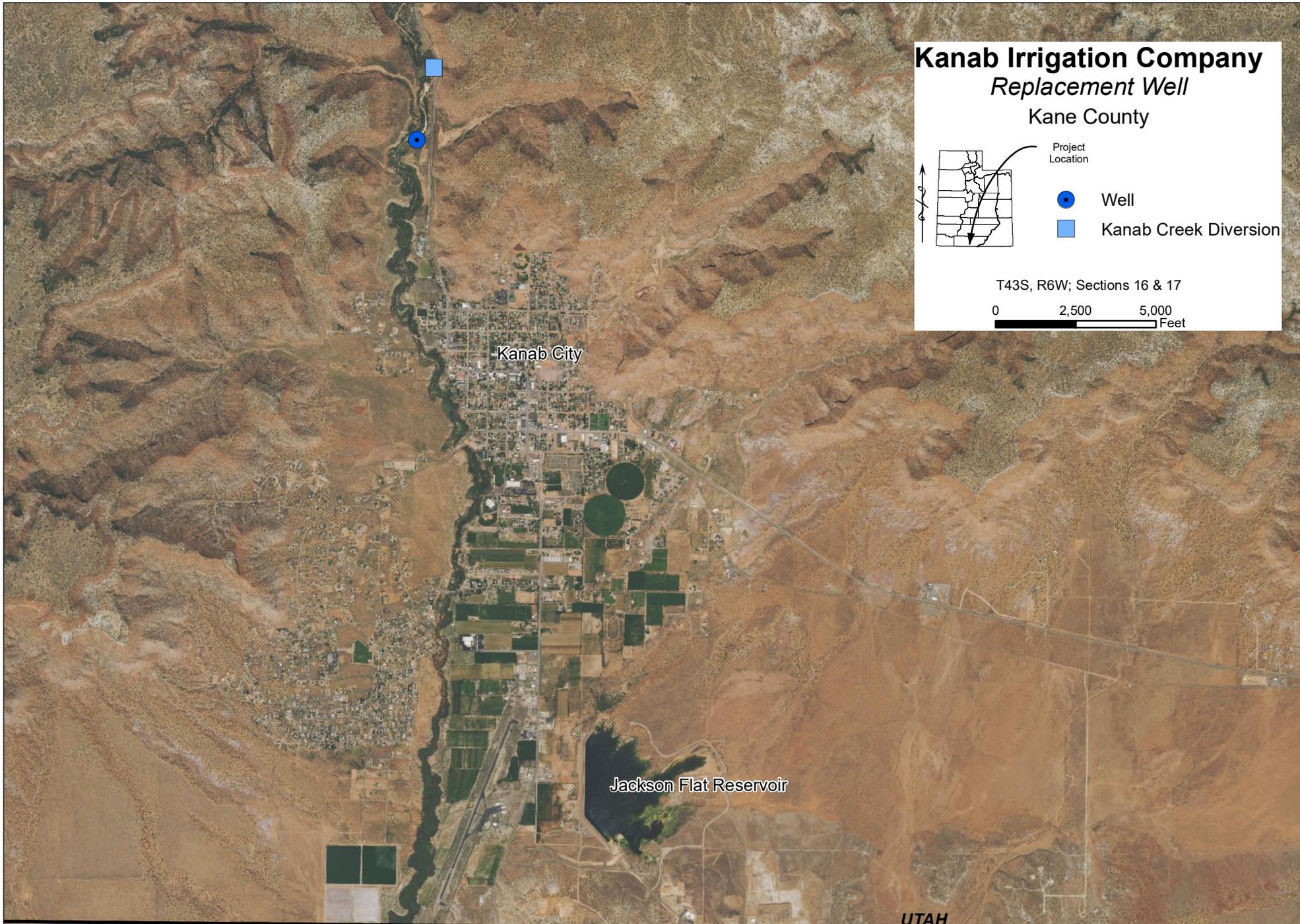
Water Conservation

Since the proposed project is a replacement well, no water will be developed or conserved. The irrigation company will be required to update its Water Conservation Plan.

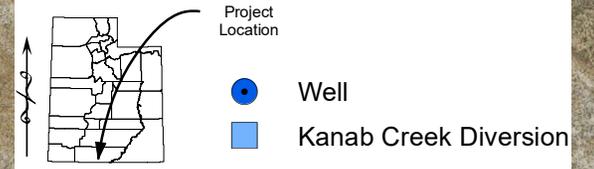
Applicant's Responsibilities

If the board authorizes and commits funds for 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.
4. Update the 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. Execute a service agreement with the Kane County Water Conservancy District in regards to well ownership, operation, maintenance and financing.



Kanab Irrigation Company
Replacement Well
Kane County



T43S, R6W; Sections 16 & 17



Kanab City

Jackson Flat Reservoir

UTAH
ARIZONA

R653-2-6. Financial Arrangements (RCF, CWLF, CDF).

(5) Secondary Water Metering Program:

- (a) The Board will allocate up to \$10 million in loans annually at an interest rate of 1.0% to entities to fund the installation of secondary meters.
- (b) Only entities that manage pressurized secondary systems, which provide service to commercial, industrial, institutional, or residential users will be eligible for funding.
- (c) Funds will be made available for the meter itself, installation and equipment costs, meter-reading technology, and the cost of databases and billing or reporting software. It will not include costs tied to ongoing reading of the meters, additional staffing, etc.
- (d) Funds will be allocated only for the installation of new secondary water meters, not the repair and replacement of such meters.
- (e) The repayment term will be five years less than the warranty of the meters, not to exceed 30 years.
- (f) In circumstances where secondary water metering is only a component of an overall project, only that component will qualify for the 1.0% interest rate.
- (g) The applicant will be required to mandate that all new developments within their service area install secondary water meters.
- (h)(i) The applicant will be required to include an educational component described in Subsection (ii) on:
 - (A) each secondary water user's monthly water use statement;
 - (B) a customer specific internet portal that provides information on the customer's water usage more frequently than monthly; or
 - (C) the secondary water user's monthly use statement or customer specific internet portal and bill according to usage based on a tiered conservation rate.
- (ii) The educational component required in the monthly water use statement or customer specific internet portal:
 - (A) must promote water conservation and provide information on the customer's secondary water usage; and
 - (B) may include water use comparisons with previous months, comparisons with other customer's water use on similar sized lots, recommended water use for lot size, comparisons between actual use and recommended use , suggestions for reducing secondary water use, etc.
- (iii) The educational component and tiered billing provisions in this subsection apply to secondary water metering grants and loans issued under Sections 73-10-34 and 73-10-34.5.
- (iv) The applicant will be required to report to the Division of Water Rights annual water usage and savings data gathered through the new metered secondary water systems.

1 **SECONDARY WATER METERING AMENDMENTS**

2 2022 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Val L. Peterson**

5 Senate Sponsor: Michael K. McKell

7 **LONG TITLE**

8 **General Description:**

9 This bill addresses secondary water metering.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ addresses definitions;
- 13 ▶ imposes requirements related to metering pressurized secondary water;
- 14 ▶ provides for penalties for failure to comply with metering requirements;
- 15 ▶ provides for exemptions;
- 16 ▶ provides for grants to fund metering of certain pressurized secondary water services;
- 17 ▶ allows for water conservation grants under certain circumstances;
- 18 ▶ addresses rulemaking authority; and
- 19 ▶ makes technical changes.

20 **Money Appropriated in this Bill:**

21 None

22 **Other Special Clauses:**

23 None

24 **Utah Code Sections Affected:**

25 AMENDS:

26 **73-10-34**, as last amended by Laws of Utah 2021, Chapter 354

27 ENACTS:

28 **73-10-34.5**, Utah Code Annotated 1953

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Be it enacted by the Legislature of the state of Utah:

Section 1. Section **73-10-34** is amended to read:

73-10-34. Secondary water metering -- Loans and grants.

(1) As used in this section:

(a) (i) "Commercial user" means a secondary water user that is a place of business.

(ii) "Commercial user" does not include a multi-family residence, an agricultural user, or a customer that falls within the industrial or institutional classification.

(b) "Full metering" means that use of secondary water is accurately metered by a meter that is installed and maintained on every secondary water connection of a secondary water supplier.

~~[(b)]~~ (c) (i) "Industrial user" means a secondary water user that manufactures or produces materials.

(ii) "Industrial user" includes a manufacturing plant, an oil and gas producer, and a mining company.

~~[(c)]~~ (d) (i) "Institutional user" means a secondary water user that is dedicated to public service, regardless of ownership.

(ii) "Institutional user" includes a school, church, hospital, park, golf course, and government facility.

~~[(d)]~~ (e) (i) "Residential user" means a secondary water user in a residence.

(ii) "Residential user" includes a single-family or multi-family home, apartment, duplex, twin home, condominium, or planned community.

~~[(e)]~~ (f) "Secondary water" means water that is:

(i) not culinary or water used on land assessed under Title 59, Chapter 2, Part 5, Farmland Assessment Act; and

(ii) delivered to and used by an end user for the irrigation of landscaping or a garden.

(g) "Secondary water connection" means the location at which the water leaves the

56 secondary water supplier's pipeline and enters into the remainder of the pipes that are owned by
57 another person to supply water to an end user.

58 ~~[(f)]~~ (h) "Secondary water supplier" means an entity that supplies pressurized
59 secondary water.

60 ~~[(g)]~~ (i) "Small secondary water retail supplier" means an entity that:

61 (i) supplies pressurized secondary water only to the end user of the secondary water;
62 and

63 (ii) (A) is a city, town, or metro township; or

64 (B) supplies 5,000 or fewer secondary water connections.

65 (2) (a) (i) A secondary water supplier that supplies secondary water within a county of
66 the first or second class and begins design work for new service on or after April 1, 2020, to a
67 commercial, industrial, institutional, or residential user shall meter the use of pressurized
68 secondary water by the users receiving that new service.

69 (ii) A secondary water supplier that supplies secondary water within a county of the
70 third, fourth, fifth, or sixth class and begins design work for new service on or after May 4,
71 2022, to a commercial, industrial, institutional, or residential user shall meter the use of
72 pressurized secondary water by the users receiving that new service.

73 (b) By no later than January 1, 2030, a secondary water supplier shall install and
74 maintain a meter of the use of pressurized secondary water by each user receiving secondary
75 water service from the secondary water supplier.

76 ~~[(b)]~~ (c) Beginning January 1, 2022, a secondary water supplier shall establish a meter
77 installation reserve for metering installation and replacement projects.

78 ~~[(e)]~~ (d) A secondary water supplier, including a small secondary water retail supplier,
79 may not raise the rates charged for secondary water:

80 (i) by more than 10% in a calendar year for costs associated with metering secondary
81 water unless the rise in rates is necessary because the secondary water supplier experiences a
82 catastrophic failure or other similar event; or

83 (ii) unless, before raising the rates on the end user, the entity charging the end user
84 provides a statement explaining the basis for why the needs of the secondary water supplier
85 required an increase in rates.

86 ~~[(d)]~~ (e) (i) A secondary water supplier that provides pressurized secondary water to a
87 commercial, industrial, institutional, or residential user shall develop a plan, or if the secondary
88 water supplier previously filed a similar plan, update the plan for metering the use of the
89 pressurized water.

90 (ii) The plan required by this Subsection ~~[(2)(d)]~~ (2)(e) shall be filed or updated with
91 the Division of Water Resources by no later than December 31, 2025, and address the process
92 the secondary water supplier will follow to implement metering, including:

93 (A) the costs of full metering by the secondary water supplier;

94 (B) how long it would take the secondary water supplier to complete full metering [~~by~~
95 ~~no later than December 31, 2040~~], including an anticipated beginning date and completion
96 date, except a secondary water supplier shall achieve full metering by no later than January 1,
97 2030; and

98 (C) how the secondary water supplier will finance metering.

99 (3) A secondary water supplier shall on or before March 31 of each year, report to the
100 Division of Water Rights:

101 (a) for commercial, industrial, institutional, and residential users whose pressurized
102 secondary water use is metered, the number of acre feet of pressurized secondary water the
103 secondary water supplier supplied to the commercial, industrial, institutional, and residential
104 users during the preceding 12-month period;

105 (b) the number of secondary water meters within the secondary water supplier's service
106 boundary;

107 (c) a description of the secondary water supplier's service boundary;

108 (d) the number of secondary water connections in each of the following categories
109 through which the secondary water supplier supplies pressurized secondary water:

- 110 (i) commercial;
- 111 (ii) industrial;
- 112 (iii) institutional; and
- 113 (iv) residential;
- 114 (e) the total volume of water that the secondary water supplier receives from the
- 115 secondary water supplier's sources; and
- 116 (f) the dates of service during the preceding 12-month period in which the secondary
- 117 water supplier supplied pressurized secondary water.
- 118 (4) (a) Beginning July 1, 2019, the Board of Water Resources may make up to
- 119 \$10,000,000 in low-interest loans available each year:
- 120 (i) from the Water Resources Conservation and Development Fund, created in Section
- 121 [73-10-24](#); and
- 122 (ii) for financing the cost of secondary water metering.
- 123 (b) The Division of Water Resources and the Board of Water Resources shall make
- 124 rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
- 125 establishing the criteria and process for receiving a loan described in this Subsection (4), except
- 126 the rules may not include prepayment penalties.
- 127 (5) (a) Beginning July 1, 2021, subject to appropriation, the Division of Water
- 128 Resources may make matching grants each year for financing the cost of secondary water
- 129 metering for a commercial, industrial, institutional, or residential user by a small secondary
- 130 water retail supplier that:
- 131 (i) is not for new service described in Subsection (2)(a); and
- 132 (ii) matches the amount of the grant.
- 133 (b) For purposes of issuing grants under this section, the division shall prioritize the
- 134 small secondary water retail suppliers that can demonstrate the greatest need or greatest
- 135 inability to pay the entire cost of installing secondary water meters.
- 136 (c) The amount of a grant under this Subsection (5) may not:

137 (i) exceed 50% of the small secondary water retail supplier's cost of installing
138 secondary water meters; or

139 (ii) supplant federal, state, or local money previously allocated to pay the small
140 secondary water retail supplier's cost of installing secondary water meters.

141 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
142 Board of Water Resources shall make rules establishing:

143 (i) the procedure for applying for a grant under this Subsection (5); and
144 (ii) how a small secondary water retail supplier can establish that the small secondary
145 water retail supplier meets the eligibility requirements of this Subsection (5).

146 ~~[(6) This section does not apply to a secondary water supplier to the extent that:]~~
147 ~~[(a) the secondary water supplier supplies secondary water within a county of the third,~~
148 ~~fourth, fifth, or sixth class; or]~~

149 ~~[(b) there is no meter that a meter manufacturer will warranty because of the water~~
150 ~~quality within a specific location.]~~

151 ~~[(7)]~~ (6) Nothing in this section affects a water right holder's obligation to measure and
152 report water usage as described in Sections 73-5-4 and 73-5-8.

153 (7) If a secondary water supplier fails to comply with Subsection (2)(b), the secondary
154 water supplier:

155 (a) beginning January 1, 2030, may not receive state money for water related purposes
156 until the secondary water supplier completes full metering; and

157 (b) is subject to an enforcement action of the state engineer in accordance with
158 Subsection (8).

159 (8) (a) (i) The state engineer shall commence an enforcement action under this
160 Subsection (8) if the state engineer receives a referral from the director of the Division of
161 Water Resources.

162 (ii) The director of the Division of Water Resources shall submit a referral to the state
163 engineer if the director:

164 (A) finds that a secondary water supplier fails to fully meter secondary water as
165 required by this section; and

166 (B) determines an enforcement action is necessary to conserve or protect a water
167 resource in the state.

168 (b) To commence an enforcement action under this Subsection (8), the state engineer
169 shall issue a notice of violation that includes notice of the administrative fine to which a
170 secondary water supplier is subject.

171 (c) The state engineer's issuance and enforcement of a notice of violation is exempt
172 from Title 63G, Chapter 4, Administrative Procedures Act.

173 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
174 state engineer shall make rules necessary to enforce a notice of violation, that includes:

175 (i) provisions consistent with this Subsection (8) for enforcement of the notice if a
176 secondary water supplier to whom a notice is issued fails to respond to the notice or abate the
177 violation;

178 (ii) the right to a hearing, upon request by a secondary water supplier against whom the
179 notice is issued; and

180 (iii) provisions for timely issuance of a final order after the secondary water supplier to
181 whom the notice is issued fails to respond to the notice or abate the violation, or after a hearing
182 held under Subsection (8)(d)(ii).

183 (e) A person may not intervene in an enforcement action commenced under this
184 section.

185 (f) After issuance of a final order under rules made pursuant to Subsection (8)(d), the
186 state engineer shall serve a copy of the final order on the secondary water supplier against
187 whom the order is issued by:

188 (i) personal service under Utah Rules of Civil Procedure, Rule 5; or

189 (ii) certified mail.

190 (g) (i) The state engineer's final order may be reviewed by trial de novo by the district

191 court in Salt Lake County or the county where the violation occurred.

192 (ii) A secondary water supplier shall file a petition for judicial review of the state
193 engineer's final order issued under this section within 20 days from the day on which the final
194 order was served on the secondary water supplier.

195 (h) The state engineer may bring suit in a court of competent jurisdiction to enforce a
196 final order issued under this Subsection (8).

197 (i) If the state engineer prevails in an action brought under Subsection (8)(g) or (h), the
198 state may recover court costs and a reasonable attorney fee.

199 (j) As part of a final order issued under this Subsection (8), the state engineer shall
200 order that a secondary water supplier to whom an order is issued pay an administrative fine
201 equal to:

202 (i) \$10 for each secondary water connection of the secondary water supplier for failure
203 to comply with full metering by January 1, 2030;

204 (ii) \$20 for each secondary water connection of the secondary water supplier for failure
205 to comply with full metering by January 1, 2031;

206 (iii) \$30 for each secondary water connection of the secondary water supplier for
207 failure to comply with full metering by January 1, 2032;

208 (iv) \$40 for each secondary water connection of the secondary water supplier for
209 failure to comply with full metering by January 1, 2033; and

210 (v) \$50 for each secondary water connection of the secondary water supplier for failure
211 to comply with full metering by January 1, 2034, and for each subsequent year the secondary
212 water supplier fails to comply with full metering.

213 (k) Money collected under this Subsection (8) shall be deposited into the Water
214 Resources Conservation and Development Fund, created in Section [73-10-24](#).

215 (9) A secondary water supplier located within a county of the fifth or sixth class is
216 exempt from Subsections (2)(a), (2)(b), (2)(c), (2)(e), (7), and (8) if:

217 (a) the owner or operator of the secondary water supplier seeks an exemption under

218 this Subsection (9) by establishing with the Division of Water Resources that the cost of
219 purchasing, installing, and upgrading systems to accept meters exceeds 25% of the total
220 operating budget of the owner or operator of the secondary water supplier;

221 (b) the secondary water supplier agrees to not add a new secondary water connection to
222 the secondary water supplier's system on or after May 4, 2022;

223 (c) within six months of when the secondary water supplier seeks an exemption under
224 Subsection (9)(a), the secondary water supplier provides to the Division of Water Resources a
225 plan for conservation within the secondary water supplier's service area that does not require
226 metering;

227 (d) the secondary water supplier annually reports to the Division of Water Resources
228 on the results of the plan described in Subsection (9)(c); and

229 (e) the secondary water supplier submits to evaluations by the Division of Water
230 Resources of the effectiveness of the plan described in Subsection (9)(c).

231 (10) A secondary water supplier is exempt from Subsections (2)(a), (2)(b), (2)(c),
232 (2)(e), (7), and (8) to the extent that the secondary water supplier:

233 (a) is unable to obtain a meter that a meter manufacturer will warranty because of the
234 water quality within a specific location served by the secondary water supplier;

235 (b) submits reasonable proof to the Division of Water Resources that the secondary
236 water supplier is unable to obtain a meter as described in Subsection (10)(a);

237 (c) within six months of when the secondary water supplier submits reasonable proof
238 under Subsection (10)(b), provides to the Division of Water Resources a plan for conservation
239 within the secondary water supplier's service area that does not require metering;

240 (d) annually reports to the Division of Water Resources on the results of the plan
241 described in Subsection (10)(c); and

242 (e) submits to evaluations by the Division of Water Resources of the effectiveness of
243 the plan described in Subsection (10)(c).

244 (11) A secondary water supplier that is located within a critical management area that

245 is subject to a groundwater management plan adopted or amended under Section 73-5-15 on or
246 after May 1, 2006, is exempt from Subsections (2)(a), (2)(b), (2)(c), (2)(e), (7), and (8).

247 (12) If a secondary water supplier is required to have a water conservation plan under
248 Section 73-10-32, that water conservation plan satisfies the requirements of Subsection (9)(c)
249 or (10)(c).

250 Section 2. Section 73-10-34.5 is enacted to read:

251 **73-10-34.5. Grant money for existing secondary water metering to facilitate full**
252 **metering -- Other grants.**

253 (1) As used in this section:

254 (a) "Applicant" means a secondary water supplier or group of secondary water
255 suppliers that applies for a grant under this section.

256 (b) "Board" means the Board of Water Resources.

257 (c) "Division" means the Division of Water Resources.

258 (d) "Project" means the purchase or installation of a meter for a secondary water
259 system that as of May 4, 2022, provides secondary water service that is not metered.

260 (e) "Secondary water" means the same as that term is defined in Section 73-10-34.

261 (f) "Secondary water connection" means the same as that term is defined in Section
262 73-10-34.

263 (g) "Secondary water supplier" means the same as that term is defined in Section
264 73-10-34.

265 (2) (a) The board may issue grants in an amount appropriated by the Legislature in
266 accordance with this section to an applicant to fund projects for meters on secondary water
267 systems that before May 4, 2022, provide secondary water service that is not metered.

268 (b) The board may not issue a grant under this section to fund:

269 (i) metering of secondary water for service that begins on or after May 4, 2022; or

270 (ii) the replacement or repair of an existing secondary water meter.

271 (c) Notwithstanding the other provisions of this section, the board may issue a grant

272 under this section to a secondary water supplier to reimburse the secondary water supplier for
273 the costs incurred by the secondary water supplier that are associated with installing meters on
274 a secondary water system on or after March 3, 2021, but before May 4, 2022, except that the
275 grant issued under this Subsection (2)(c):

276 (i) shall be included in calculating the total grant amount under Subsections (3)(a)
277 through (c);

278 (ii) may not exceed 70% of the costs associated with a project described in this
279 Subsection (2)(c), including installation and purchase of meters; and

280 (iii) shall comply with Subsection (6).

281 (3) (a) A secondary water supplier with 7,000 secondary water connections or less is
282 eligible for a total grant amount under this section of up to \$5,000,000.

283 (b) A secondary water supplier with more than 7,000 secondary water connections is
284 eligible for a total grant amount under this section of up to \$10,000,000.

285 (c) If a secondary water supplier applies for a grant as part of a group of secondary
286 water suppliers, the total grant amount described in Subsection (3)(a) or (b) applies to each
287 member of the group and is not based on the number of secondary water connections of the
288 entire group.

289 (d) (i) Subject to the other provisions of this section, a grant may not exceed the
290 following amounts for the costs associated with a project, including installation and purchase
291 of meters:

292 (A) for calendar year 2022, 70% of the costs of a project;

293 (B) for calendar year 2023, 70% of the costs of a project;

294 (C) for calendar year 2024, 65% of the costs of a project;

295 (D) for calendar year 2025, 60% of the costs of a project; and

296 (E) for calendar year 2026, 50% of the costs of a project.

297 (ii) Beginning with calendar year 2027, a grant under this section shall consist of
298 providing a meter or funding to obtain a meter, which may not exceed the following for costs

299 associated with the project:

300 (A) for calendar year 2027, 40% of the costs of a project;

301 (B) for calendar year 2028, 30% of the costs of a project;

302 (C) for calendar year 2029, 20% of the costs of a project; and

303 (D) for calendar year 2030, 10% of the costs of a project.

304 (e) A secondary water supplier may pay the secondary water supplier's portion of the
305 costs of a project through a loan from the board under Section [73-10-34](#) by filing a separate
306 application with the board.

307 (f) A meter purchased with grant money received under this section shall allow for data
308 communication between the meter and other devices designed to manage use of secondary
309 water that is:

310 (i) open and available to an end user; and

311 (ii) open so that it can integrate with third-party providers.

312 (4) (a) (i) To obtain a grant under this section, an applicant shall submit an application
313 with the division during a period of time designated by the board.

314 (ii) If there remains money described in Subsection (2) after the grants for applications
315 submitted during the time period described in Subsection (4)(a) are awarded, the board may
316 designate one or more additional time periods so that the entire amount described in Subsection
317 (2) is awarded by December 31, 2024.

318 (b) An application submitted to the division shall include:

319 (i) a detailed project cost estimate including meter costs and installation costs;

320 (ii) a total number of pressurized secondary water connections in the applicable
321 secondary water supplier's system;

322 (iii) the number of meters to be installed under the grant;

323 (iv) a detailed estimated secondary water use reduction including:

324 (A) average lot size calculations;

325 (B) average irrigated acreage; and

326 (C) estimated water applied before the project versus after completion of the project;

327 (v) the timeline for purchase and installation of meters under the project;

328 (vi) an agreement to:

329 (A) provide an educational component for end users as determined by the division by

330 rule made in accordance with Title 63G, Utah Administrative Rulemaking Act, either on a

331 monthly statement or by a customer specific Internet portal that provides information on the

332 customer's usage more frequently than monthly; or

333 (B) bill according to usage using a tiered conservation rate and provide an educational

334 component described in Subsection (4)(b)(vi)(A); and

335 (vii) additional information the board considers helpful.

336 (5) (a) The division shall:

337 (i) review and prioritize an application submitted under Subsection (4); and

338 (ii) recommend to the board which applicants should be awarded a grant under this

339 section.

340 (b) In prioritizing applications under this Subsection (5), the division shall rank the

341 applicants on the basis of the following weighted factors:

342 (i) 60% weight based on the ratio of estimated water use reduction divided by total

343 state investment;

344 (ii) 20% weight based on an applicant facing current or potential water shortages when

345 installation of meters and subsequent water use reductions will result in delaying or eliminating

346 the need for new water development; and

347 (iii) 20% weight based on a project's accelerated construction schedule, prompt start,

348 and prompt finish.

349 (6) As a condition of receiving a grant under this section, the recipient shall enter into

350 an agreement with the board to use the grant money. The agreement shall:

351 (a) be executed by no later than December 31, 2024; and

352 (b) require that the grant money be spent by December 31, 2026, and the project

353 completed under the terms of the grant.

354 (7) Notwithstanding the other provisions of this section, the board may issue a grant to
355 a secondary water supplier:

356 (a) that installed meters on secondary water connections before May 4, 2022;

357 (b) that has not otherwise received a grant under this section;

358 (c) for the purpose of water conservation; and

359 (d) in an amount not to exceed \$2,000,000.

360 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and
361 consistent with this section, the board may make rules establishing the procedure for applying
362 for a grant under this section.

Water Conservation Plan Update
March 23, 2022

- Background:
 - Water Conservation Plans are required to be updated every five years for water systems with more than 500 connections and water conservancy districts
 - SB 89 in this year's legislative session proposed some changes to the Water Conservation Plan Act
 - We ask for a draft Plan by July 15th and finalized Plans are required by December 31st
 - Drafts are reviewed for compliance with the Water Conservation Plan Act and recommendations are made on how to improve Plans
 - Systems are sent notification letters in November the year before they're due, reminder letters are mailed prior to the July draft date, and another letter is mailed after the July draft due date to systems who have not submitted a draft
 - I make myself available at the Rural Water Conference in March of each year to talk with systems and am happy to meet with systems to provide guidance

- Report on Water Conservation Plans received in 2021

- Water Conservation Plans are now on our website at conservewater.utah.gov/submitted-conservation-plans/

Presented by Shelby Ericksen, Water Conservation Coordinator

Lake Powell Pipeline Update
March 23, 2022

- Bureau of Reclamation working on Supplemental Draft Environmental Impact Statement (SDEIS)
- Colorado River modeling and evaluation
- Evaluating potential federal administration changes
 - o Waters of the United States (WOTUS)
 - o Grand Staircase-Escalante National Monument (GSENM) boundaries
- Continued efforts on public education and outreach
- Waiting for State Engineer's decision on water rights change application
- Ongoing coordination with Basin States
- Additional permitting efforts to be completed
 - o Bureau of Reclamation Section 14 Agreement
 - o Bureau of Land Management preparing Historic Properties Treatment Plan
 - o Army Corps of Engineers 404 Permits and Utah 401 Certification
 - o Fish and Wildlife Service Biological Opinion
- Project Timeline
 - o Supplemental Draft EIS
 - o Final EIS
 - o Record of Decision
 - o Final Design and Financing Plan
 - o Construction
- Contracts Update
 - o Stantec Contract
 - o Bureau of Reclamation Task Order
 - o Bureau of Land Management Cost Recovery Agreement

Presented by Eric Dixon, Senior Engineer

Unapproved

BOARD OF WATER RESOURCES

BRIEFING MEETING

MINUTES

January 27, 2022

Utah Department of Natural Resources

BOARD OF WATER RESOURCES
Briefing Meeting Minutes
Department of Natural Resources
Salt Lake City, UT
January 27, 2022
10:00 am

BOARD MEMBERS PRESENT

Chair Kyle Stephens
Wayne Andersen
Norman Johnson
Charles Holmgren
Jim Lemmon (virtual)
Blaine Ipson (virtual)

STAFF PRESENT

Director Candice Hasenyager
Deputy Director Joel Williams
Assistant Director Todd Stonely
Wendy Crowther
Rachel Shilton
Shalaine DeBernardi
Randy Staker
Michael Sanchez
Eric Dixon
Steven Gregerson
Marisa Egbert
Ben Marett
Grant Doty
Lindsay Russell
Shannon Clough
Jaqueline Pacheco
Carmen McDonald
Paul Gedge

OTHERS PRESENT

Nathan Bracken
Susan Bellagamba

CHAIR KYLE STEPHENS called the meeting to order at 10:00 am.

DIRECTOR CANDICE HASENYAGER announced those present.

RACHEL SHILTON welcome to Grant Doty as a new engineer in the River Basin section.

GRANT DOTY from Utah and loves the land. Passionate about protecting water so we can continue to enjoy it along with our future generations.

TODD STONELY Shannon Clough is our new office assistant

SHANNON CLOUGH 20 years in law enforcement and criminal justice. Utah native and excited to be here.

CHAIR KYLE STEPHENS I am honored to serve as chairman this year and we will be facing a lot of critical issues in the water community.

CHAIR KYLE STEPHENS any changes to the minutes

CHARLES HOLMGREN note that Nathan Bracken is not with Clyde Snow, he is with Smith and Hartvigsen.

COMMITTAL OF FUNDS

RE438 Midway Irrigation Company

WAYNE ANDERSEN all the preliminary things have been taken care of. We just need to approve the funds so they can continue.

MARISA EGBERT nothing has changed since the feasibility report and they are ready to go. Since there were some unknowns on the timing of grant funds, the company opted to not wait for grant funds. Once the funds are committed and a contract is finalized, they will be ready to start.

CHAIR KYLE STEPHENS I also wondered about them waiting on the grant funds so thank you for that clarification. These funds we are providing are eligible for counties in the first and second class?

DIRECTOR CANDICE HASENYAGER yes, in 2021 the Secondary Metering Grant was created and allowed for the Board of Water Resources to provide grant funds (up to \$2 million per year) to counties in the first and second class at a 50/50 cost share.

SPECIAL ITEMS

RE417 Peoa South Bench Canal & Irrigation Company

CHAIR KYLE STEPHENS this is my area so someone else will need to make a motion. I reviewed it and it has been one that has had a lot of moving parts and because of increased cost and a change in scope, there is a need for some additional funds to cover that.

JAQUELINE PACHECO they need additional funds to complete the project as one of their grants was reduced.

CHAIR KYLE STEPHENS will the applicants be present or virtual?

JAQUELINE they will all mostly likely be virtual.

NORMAN JOHNSON will make the motion on this in the full board meeting.

RL485 Powder Mountain WSID

CHAIR KYLE STEPHENS this was on the last board meeting due to some last minute requests in the meeting. We tabled this in the last board meeting so someone will need to un-table the motion so we can consider this project.

CHARLES HOLMGREN I will make that motion when the time comes.

BEN MARETT they are installing new booster pump stations, rehabilitating two existing pump stations, and installing a spring box. This will be a second bond for the same project and they have asked that the board approve a 90/10 cost split due to financial hardship. For this meeting, we are prepared with the numbers for what they are requesting. The old and new bond will average together (old is 85/15 and new is going to be 95/5) to be a 90/10 split.

BLAINE IPSON there are two proposed motions under the repayment terms, correct?

SHALAIN DEBERNARDI yes and I am comfortable with this. The existing bond will not be changed and the new bond will reflect the average. There will be one motion with the staff recommendation according to the guidelines and the second will be the applicant's request.

CHAIR KYLE STEPHENS do we anticipate different numbers from them versus what we have here?

SHALAIN DEBERNARDI I don't anticipate that.

CHAIR KYLE STEPHENS someone will need to make that motion for me. BLAINE IPSON will make the other two motions.

WATER BANKING APPLICATION

RW001 Price Watershed Conservation District

JAQUELINE PACHECO gave an overview of the water bank report she will cover in the meeting including the completion of the water banking application that will be reviewed and voted on by the Board.

WENDY CROWTHER just a minor point of clarification: on the report under "parties to the contract water bank" it identifies the Price River Watershed Conservation District as the applicant and the parties separately. It just needs to be clarified that Price River Watershed Conservation District as the applicant, is also a party to the contract.

CHAIR KYLE STEPHENS the name of the bank is the Carbon Canal Company Water Bank, correct?

WENDY CROWTHER yes that is correct.

BLAINE IPSON is there a time frame on when the change application will take place?

JAQUELINE PACHECO it could take a few months. The goal is to have it operating this spring.

SHALAIN DEBERNARDI and they have been working with the State Engineer's office to file the change application as soon as possible. They are hoping to operate with or without an official contract. Also, in the slide show, that clarification is made clear.

BLAINE IPSON will these be temporary changes or permanent?

NATHAN BRACKEN we do have a draft change application and will get that filed as soon as possible. Under the water bank, the terms cannot be longer than 10 years. They are temporary change applications until 2030 at which point they would need to be renewed. This was meant to be a 10 year pilot project to see how they operate and at the end of the 10 years, the legislature will decide whether they would continue. A more correct term would be a fixed time change where they can be more than one year but not exceed 2030 at this point.

CHARLES HOLMGREN these are all outside groups as the parties but if a shareholder within Carbon Canal Company wanted to lease water, could they have been doing that all along without this permission?

NATHAN BRACKEN no, they can do that amongst themselves but they cannot lease water to the leasees in this contract without it being part of a water bank.

CHARLES HOLMGREN I assumed they could lease within their own company and not outside but I just wanted that clarification.

NATHAN BRACKEN and most irrigation companies have good internal markets and can go Ag to Ag but the point of the water bank is to allow water to go from Ag to instream or Ag to another use and back into Ag.

CHAIR KYLE STEPHENS we will need a motion on this and I would ask NORM JOHNSON to do that since it is in his area.

NEW APPLICATION

RE455 Uintah Water Conservancy District

APPROVAL OF ARPA FUNDS APPLICATION AND UPDATED RULES

JOEL WILLIAMS thankful for the change suggestions from Chair Kyle Stephens to the application.

CHAIR KYLE STEPHENS we will need a motion on this, BLAINE IPSON will make the motion on that.

NEW AUTOMATED RESERVOIR STORAGE APPLICATION

CANDICE HASENYAGER Tom Moore will be presenting on that as an informational piece for the board.

LAKE POWELL PIPELINE REPORT

DEPUTY DIRECTOR JOEL WILLIAMS as I transition into my new role, I have asked ERIC DIXON to step into this role to give the reports. He is a great communicator and is very talented. He has a lot of experience and has worked hard on the Millsite project so we are excited to have him helping with this.

ERIC DIXON happy to be here and moving forward with this.

CHAIR KYLE STEPHENS we are happy to have you and have your expertise.

ERIC DIXON provided an outline of the points that will be covered in the Lake Powell Pipeline report.

CHAIR KYLE STEPHENS Director Candice will give a preview of the Director's Report.

DIRECTORS REPORT

DIRECTOR CANDICE HASENYAGER we will be talking about some events that have taken place since our last meeting as well as some updates. There will be an update on the Water Resources Plan and where we are with that. There will also be an update on the Coordinated Water Action Plan which has been facilitated by the Governor's Office of Planning and Budget, Department of Natural Resources, Department of Environmental Quality, and the Department of Agriculture and Food. We will discuss some water legislation but Joel will be giving a more in depth report on that including some legislative presentations.

We had the Great Salt Lake Summit this month and our first historic Watershed Council Meeting as well as a Utah Lake Summit. We will be having a Bureau of Reclamation webinar on the

drought response operation agreement for the public. Once a link is available, I will send that to the Board.

LEGISLATIVE UPDATE

DEPUTY DIRECTOR JOEL WILLIAMS we are watching several water bills this year.

HB33 Stream Water Flow Amendments

HB37 State Water Policy Amendments

HB64 Drinking Water Amendments

HB95 Landscaping Requirement Prohibition

HB115 Water Distribution Efficiency

HB121 Water Conservation Modifications

HB131 Watershed Restoration Initiative

HB168 Preferences of Water Right Amendments

HB 232 Utah Lake Authority

HB 242 Secondary Water Metering Amendments

SB 89 Water Amendments

SB 110 Water as Part of a General Plan (Water Use in Preservation)

SB 111 Permanent Community Impact Fund.

Tomorrow is the deadline for bills to be numbered so we are still watching for some to be numbered through tomorrow.

STATUS OF FUNDS

DEPUTY DIRECTOR JOEL WILLIAMS provided an overview and update of each fund. We also will make our final payment on the recapitalization that we did on the Provo Reservoir Canal Enclosure project in July of this year so we will see those funds being able to be directed into the Conservation Development Fund.

There is also a sales tax bill this year that would reduce tax on food and we anticipate a statewide impact of about \$160 million in reduced sales tax revenue and an impact to our division/board of approximately \$8.5 million. There is a debate on if this should be reduced tax on food or income but we will be watching that.

CHAIR KYLE STEPHENS is there anything underway to replace that funding?

DEPUTY DIRECTOR JOEL WILLIAMS not that we are aware of.

INFORMATION TO THE BOARD

LINDSAY RUSSELL we will be holding the Board Meeting on March 23rd right after the conclusion of the Water Users Conference in the Dixie Convention Center with the briefing meeting beginning at 1 and the board meeting directly following. We will be in the Sunbrook A/B room.

We have rooms secured for the meeting from March 21 to March 24 at the Tru by Hilton just 0.8 miles from the Convention Center. We will need to know who plans to stay for which nights so we can get that list to the hotel by February 22.

CHAIR KYLE STEPHENS are we certain this meeting is taking place based on Covid?

DEPUTY DIRECTOR JOEL WILLIAMS I have not heard that this is being canceled but we will be tracking that.

BOARD TOUR

SHALAIN DEBERNARDI do we have any volunteers? According to the rotation, it is time for Provo River Basin, or next after that is Bear River.

WAYNE ANDERSEN that would be great and I would be happy to host that.

SHALAIN DEBERNARDI do we want to do August 4 or September 15?

WAYNE ANDERSEN I would lean towards September due to temperature.

DIRECTOR CANDICE HASENYAGER that would put the board tour on September 14, 2022

SHALAIN DEBERNARDI we can do that, and will work with Wayne on that.

DIRECTOR CANDICE HASENYAGER we have been sending out the board packets around a week ahead of time and I want to know if that is sufficient for you or do you need more time?

Do we want to just have electronic copies or do physical board books?

DIRECTOR KYLE STEPHENS I would like to continue to have electronic versions in a timely manner. I do have a reservation on that and would like to have a summarized hard copy as we conduct the meeting.

BLAINE IPSON I am good with electronic versions.

CHARLES HOLMGREN I would prefer a hardcopy at the meeting to make sure I have a way to take notes. I like having the electronic version in advance.

NORMAN JOHNSON I don't enjoy the electronic version so a hard copy would be helpful.

CHAIR KYLE STEPHENS if someone is going to be attending virtually in advance, it is helpful to have a hard copy. If we are meeting in person, a shorter version in person.

WAYNE ANDERSEN we should be able to access that on our phones so even virtually, I would think we can have the online interaction and the electronic version on our phone. I like having a copy here at the meeting.

DIRECTOR CANDICE HASENYAGER traditionally we did a newspaper gathering and I wanted to follow up with the board on if that was something that the board liked or if that was something that was not necessary. We have not done that in quite some time but we wanted some guidance on that.

CHAIR KYLE STEPHENS I like having them but maybe we could just do a link?

DIRECTOR CANDICE HASENYAGER there is a cost sometimes and some only 2 or 3 articles are available per newspaper.

WAYNE ANDERSEN I like having them but if staff hours can be used elsewhere, that is good too.

BLAINE IPSON I personally believe the newspaper articles are beneficial because water is so political.

DEPUTY DIRECTOR JOEL WILLIAMS we have discussed getting the board tablets as well for the board folders. If there are updates to the board meeting, it will update it to the most current version. As we are following up, it would be nice to know. Also, we have been having 8 board meetings the last few years instead of the 7 we have had traditionally. Any comments on that?

JIM LEMMON I am watching the meeting and following the agenda on my computer. I like having the electronic version in that way. 7 meetings is better for me due to travel and also getting things ready for the meetings accordingly.

CHARLES HOLMGREN I agree with Jim. We have not had enough agenda items to hold a meeting so I think 7 full agendas would be better.

CHAIR KYLE STEPHENS I agree with Charles and Jim. I did not know that there was a time when there were 7 meetings but I think that 7 sounds better and puts less pressure on staff. But are we meeting the needs as a board, when we cut it down to 7 with getting projects started? Is there a statute that specifies how many times we must meet?

DEPUTY DIRECTOR JOEL WILLIAMS I believe the impact for applicants would be a matter of a couple of weeks. I am not sure if there is anything in statute but I will check.

CHAIR KYLE STEPHENS this is going to possibly go into effect for 2023?

DEPUTY DIRECTOR JOEL WILLIAMS yes, we have a fully approved schedule with 8 meetings this year so it likely will not affect this year.

SHALAIN DEBERNARDI because of the ARPA funds this year, we will need these meetings. In fact, we may need a meeting specifically dedicated to determining where the ARPA funds will go. Last year we cancelled one meeting because it was not full enough but I would be happy to look into that for future years.

CHAIR KYLE STEPHENS any more comments for this meeting?

CHARLES HOLMGREN I had a conversation with Joel Ferry who is the representative for my area and I asked him why we were not enhancing weather modification similar to what they are doing on the Upper Colorado River Basin and in Idaho and he was not as knowledgeable about that and I am not sure if I got any traction but I just wanted to inform you all.

CHAIR KYLE STEPHENS we will need to do a roll call vote for those participating virtually and this year we will have Candice Hasenyager conduct the roll call vote for virtual voting.

NORMAN JOHNSON moved to adjourn at 11:30 and WAYNE ANDERSEN seconded. All approved including those virtually.

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

January 27, 2022

TABLE OF CONTENTS

| | |
|--|-------|
| SUMMARY OF BOARD ACTIONS | ii |
| THOSE PRESENT | iii |
| JANUARY 27, 2022 MINUTES..... | 1-12 |
| - NRCS SNOW REPORT..... | 1 |
| - PROJECT REPORTS..... | 1-3 |
| - WATER BANKING APPLICATION..... | 3-5 |
| - ARPA FUNDS APPLICATION AND GUIDELINES..... | 5-11 |
| - AUTOMATED RESERVOIR STORAGE APPLICATION..... | 10 |
| - LAKE POWELL PIPELINE REPORT..... | 10 |
| - DIRECTOR'S REPORT | 11-12 |
| - ADJOURNMENT..... | 12 |

SUMMARY OF BOARD ACTIONS

January 27, 2022

1. PAGE 1: The minutes from the January 27, 2021 meeting were approved. NORM JOHNSON moved to approve the minutes, WAYNE ANDERSEN seconded, and all approved.
2. PAGE 1: RE438 – Midway Irrigation Company – the board committed 44.8% of the project cost, up to \$490,000, and that the project be purchased at 1% interest over 15 years, with annual payments of approximately \$35,400. CHARLES HOLMGREN moved to approve the funds, VICE-CHAIR KYLE STEPHENS seconded the motion, and all approved.
3. PAGE 2: RE417 – Peoa South Bench Canal & Irrigation Company - the board committed an additional \$265,000, for a total cost share of 51.4% of project costs, up to \$2,023,000. The purchase agreement for the C & D funds will be amended to provide \$1,023,000 to be returned at 0.1% interest over 30 years with annual payments of approximately \$34,000. The repayment terms for the other \$1,000,000 from the Revolving Construction Fund will remain as contracted. NORM JOHNSON moved to approve the additional funds, WAYNE ANDERSEN seconded the motion, and all approved
4. PAGE 2: RE585 – Powder Mountain Water and Sewer ID– the board committed an additional \$1,592,000. The new bonded indebtedness will be returned at 1% interest over 30 years with annual payments of approximately \$64,000 (including reserves). BLAINE IPSON moved to approve, NORM JOHNSON seconded the motion and all approved.
5. PAGE 5: Water Banking Application Approval– Staff recommends the board approve the Carbon Canal Company Contract Water Bank. NORMAN JOHNSON moved to approve the Carbon Canal Company Contract Water Bank and WAYNE ANDERSEN seconded the motion and all approved.
6. PAGE 11: ARPA Funds application and Updated Rules – BLAINE IPSON moved to adopt the application and guidelines as written for the ARPA Funds. NORM JOHNSON seconded the motion and after a vote, all approved and the guidelines were approved.
7. PAGE 12: Adjournment – BLAINE IPSON moved to adjourn the meeting and WAYNE ANDERSEN seconded the motion. All approved and the meeting ended at 3:34 pm.

THOSE PRESENT

BOARD MEMBERS PRESENT:

Kyle Stephens, Chair
Juliette Tennert, Vice-Chair (virtual)
Blaine Ipson, Board (virtual)
Norman Johnson, Board
Charles Holmgren, Board (virtual)
Wayne Andersen, Board

STAFF MEMBERS PRESENT:

Candice Hasenyager, Director
Joel Williams, Deputy Director Director
Todd Stonely, Assistant Director
Shalaine Debernardi, Section Manager
Wendy Crowther, AG Attorney
Rachel Shilton, Section Manager
Randy Staker, Financial Analyst
Michael Sanchez, PIO
Eric Dixon, Engineer
Grant Doty, Engineer
Stephen Gregerson, Contracts Specialist
Jaqueline Pacheco, Engineer
Marisa Egbert, Engineer
Ben Marett, Engineer
Thomas Moore, GIS Analyst
Carmen McDonald, Engineer Technician (remote)
Paul Gedge, AV specialist
Lindsay Russell, Executive Administrative Assistant
Shannon Clough, Office Specialist)

OTHERS PRESENT:

Nathan Bracken, Smith Hartvigsen
Roy Watts, Powder Mountain Water and Sewer Manager
Carrie Zenger, Powder Mountain Water and Sewer Secretary
Marcus Keller, Zions Bank
David Lake, Peoa South Bench Canal & Irrigation Company President
Sam Turpin, Peoa South Bench Canal & Irrigation Company Secretary
Jim Milligan, Powder Mountain Water and Sewer Engineer
Joel Burley, NRCS
Bill Butcher, Price River Watershed Conservation District
Susan Bellagamba, The Nature Conservancy, Canyonlands Regional Director
Rick Smith, Davis & Weber Counties Canal Company, General Manager
Kevin Cotner, Carbon Canal Company
Rodney Banks, Roy Water Conservancy District, General Manager
Jordan Nielson, Trout Unlimited, Project Manager

BOARD OF WATER RESOURCES
Meeting Minutes
Department of Natural Resources
1594 W. North Temple
Salt Lake City, UT
January 27, 2022
1:00 pm

CHAIR KYLE STEPHENS called the meeting to order at 1:03 pm and announced the Board members present.

DIRECTOR CANDICE HASENYAGER announced staff present as well as others present

APPROVAL OF THE MINUTES

NORM JOHNSON moved to approve the minutes and WAYNE ANDERSEN seconded the motion. After a roll call vote, all approved and the minutes were approved.

NRCS SNOW REPORT

JOEL BURLEY provided an update on the snow report.

COMMITTAL OF FUNDS

RE438 Midway Irrigation Company

MARISA EGBERT the board already authorized funds for the secondary meters. The company has completed everything we have asked of them to do and are ready to go on this project.

Staff recommends that the board commit 44.8% of the project cost, up to \$490,000, and that the project be purchased at 1% interest over 15 years, with annual payments of approximately \$35,400.

RANDY STAKER no public comments

WAYNE HOLMGREN moved to commit the project funds and NORM JOHNSON seconded the motion. After a roll call vote, all board members approved and the funds were committed.

SPECIAL ITEMS

RE417 Peoa South Bench Canal & Irrigation Company

David Lake (president), Sam Turpin (secretary)

JAQUELINE PACHECO the project was previously authorized and committed to replace 3.3 miles of canal with pressurized pipeline, construct a new screening structure, and metering station, and included replacing the system laterals that were originally part of a separate project. Their NRCS grant was reduced by approximately \$203,000 and construction costs have increased, therefore, they are asking for an additional \$265,000 from the board.

Staff recommends the board commit an additional \$265,000, for a total cost share of 51.4% of project costs, up to \$2,023,000. The purchase agreement for the C & D funds will be amended to provide \$1,023,000 to be returned at 0.1% interest over 30 years with annual payments of approximately

\$34,000. The repayment terms for the other \$1,000,000 from the Revolving Construction Fund will remain as contracted.

DAVE LAKE we were anticipating 75% participation through the NRCS and we got less than 50% so we appreciate the board for helping us out with this.

SAM TURPIN we really appreciate your consistency and dedication.

RANDY STAKER no public comments

NORM JOHNSON moved to commit the additional funds and amend the purchase agreement for the project and WAYNE ANDERSEN seconded the motion. After a roll call vote, all board members approved and the additional funds were committed.

RL585 Powder Mountain WSID

Roy Watts (manager) Jim Milligan (engineer) Carrie Zenger (secretary), Marcus Keller (Zions Bank)

CHARLES HOLMGREN moved to un-table the project and NORMAN JOHNSON seconded the motion. After a roll call vote, all board members approved and the project was un-tabled.

BEN MARETT this project was brought before the board in December 2021 and it includes the installation of two new booster pump stations, the rehabilitation of two existing pump stations, and the installation of a spring box and pipeline to connect Pizzle Spring #3 to the eastern pressure zone. The project has received one bond at \$1.588 million dollars and the cost of the project has increased. They are seeking an additional bond to help fund this project.

Staff recommends that the board commit an additional \$1,592,000. The new bonded indebtedness will be returned at 1% interest over 30 years with annual payments of approximately \$64,000 (including reserves).

ROY WATTS we appreciate your consideration on this. The resources are critical on this mountain and the costs have gone up because of Covid so we are very appreciative of your help on this.

CHAIR KYLE STEPHENS we were told that there was a request for additional consideration; did you want to address that now?

MARCUS KELLER last meeting we threw the board a curveball but we've been working with Ben and Shalaine and they ran those numbers for the meeting today.

CHAIR KYLE STEPHENS so you want the board to consider the new amount and the 30 years repayment period?

MARCUS KELLER yes, the 10% total contribution portion would help us downsize our contribution on this second round of bonds so the total project is averaged to 10%.

CHAIR KYLE STEPHENS I am glad you were all able to come to terms with this.

RANDY STAKER no public comments

BLAINE IPSON moved to approve the additional funds and repayment terms NORMAN JOHNSON seconded the motion. After a roll call vote, all approved and the additional funds and repayment terms were approved.

MARCUS KELLER can I ask for a point of clarification? Did the motion allow for us to move forward with the 10% cost sharing?

SHALAIN DEBERNARDI yes, it did. We don't necessarily specify percentages so this motion did specify the overall combined percentage.

WATER BANKING APPLICATION

RW001 Price River Watershed Conservation District

William Butcher (Price River Watershed Conservation District) Kevin Cottner (president, Carbon Canal Company) Nathan Bracken (Smith Hartvigsen) Susan Bellagmaba (The Nature Conservancy) Jordan Nielson (Trout Unlimited)

JAQUELINE PACHECO we are excited to have this first water bank application ready for the board. The intent of the contract water bank report was to show that the application has met the Utah Water Banking Act requirements under Utah Code Title 73, Chapter 31, Part 3. The participating parties entered a contract setting the terms for a mutually beneficial leasing arrangement. Price River Watershed Conservation District (the applicant) is a public entity and have completed all statutory requirements. They are requesting the Board find the application complete and approve the Carbon Canal Company Water Bank.

The proposed water bank is intended to operate in Carbon County from spring 2022 to December 31, 2030. The water bank service area includes Carbon Canal Company's water delivery area, Olsen Reservoir, Marsing Wash, and the lower Price River to Woodside gauge.

Parties to the contract are Price River Watershed Conservation District, Carbon Canal Company, The Nature Conservancy, Trout Unlimited, and Utah Division of Wildlife Resources. They held public meetings September 8 and October 20, 2021 and January 12, 2022 to allow for public comment and no public comment was received.

Carbon Canal Company will file change applications for Water Right 91-3, 91-5090, 91-5099, and other water rights selected in consultation with the State Engineer. The water bank will be administered by a five-member committee with one appointee from each of the participating parties with Carbon Canal Company acting as the bank manager will designate an employee for that role.

The operating timeline is as follows: December 1 - interest forms, January 1 - interest summary, January 15 - set annual lease pricing, February 1 - shareholder deposit forms, February 15 - available water notice, March 1 - lease terms, November 30 - annual report, and December 10 - lease payment.

Staff recommends the board approve the Carbon Canal Company Contract Water Bank.

CHAIR KYLE STEPHENS this is an historic event and this will be the first water bank application that the Board of Water Resources has considered for approval. We appreciate all those who have been actively involved in this.

KEVIN COTTNER thankful for this project and there may be some bumps but we will learn as we go.

PUBLIC COMMENT

RANDY STAKER C. Stallings asked “was the public meeting held on January 12 advertised to the public and does Carbon Canal have evaluated water rights that actually equate to 31,516 acre feet?

JAQUELINE PACHECO the meeting was posted on the Utah Public Notice Website on January 3. The three water rights listed in the report have been evaluated and certificated.

CHAIR KYLE STEPHENS members of the board and staff had the opportunity to go down and visit the site of the water bank and it helped me have a better understanding of how water banking actually works.

CHARLES HOLMGREN I would like to echo what has been said and compliment Carbon Canal Company and the Price River Watershed Conservation District for the courage and wisdom in moving this process forward. It will be a major event in water law in the State of Utah.

BLAINE IPSON when we took the tour, there were two different types of water rights mentioned: direct flow rights and canal storage rights. Which water right category is going to go into the water bank? And we learned that both categories service the same land. Will the land be completely fallowed and who will monitor that?

WILLIAM BUTCHER in the initial negotiation, we were talking to the Price River Water Users Association (of which I am the president of) and my board decided that they did not want to participate in the water bank at this time. Thus, Scofield water rights are not in the bank.

NATHAN BRACKEN it will be only the Carbon Canal Companies direct flow rights. Regarding the fallowing, we will use the same change application process so yes, the land will need to be fallowed. They won't be able to double dip and there are already policies and enforced procedures in place to ensure that.

BLAINE IPSON if they are not growing with the direct flow right, can they still grow that same land with reservoir water?

NATHAN BRACKEN if they don't get more reservoir rights, no. They are not able to double dip.

WILLIAM BUTCHER we would be able to deliver reservoir water onto those lands because it is only the direct flow right that is in the water bank and those are delivered early in the season. Around June, those direct flow rights taper off to almost nothing. At that point, the only water being delivered is storage from Scofield Reservoir.

NATHAN BRACKEN those are building on time periods because direct flow is only available for certain periods of time.

WILLIAM BUTCHER yes, it's only for a certain period of time and once those taper off, Carbon Canal has an undelivered direct flow by June.

NATHAN BRACKEN as a farmer, they would be using these flows through the year because one does not take them through an entire year. They would stop using one for part of the year, and use the other. They just can't use both at the same time after banking the direct flow shares.

WILLIAM BUTCHER you use one and then the other.

BLAINE IPSON I think that comes back to the question in the public comment. If the direct flow is limited, the 31,000 could be greatly enlarged and could lead to a double dip situation.

NATHAN BRACKEN those rights are decreed and certificated so they are as evaluated as they can be under Utah law. They will still need to go through the change application and make sure the water rights can be used so they don't impair anyone else. That is not for the board to determine. That is the State Engineer. The role of the board today is to determine if the application is complete.

WILLIAM BUTCHER and as I stated, the direct flow tapers off into nothing by midsummer but before that, there is enough flow to fill the canal and irrigate for several months. That is half of our water. KEVIN COTTNER yes and it can be more than 50% on a good water year. It is a substantial water right and can be better than storage rights. As far as accountability, Carbon Canal is going to be doing the accounting on that and we track that every day.

BLAINE IPSON that answers my question and I just wanted to make sure that there would not be a double dip. I hope that in the annual report that the differentiation is specified between those delivery systems.

KEVIN COTTNER we have great accounting on our system so that will not be an issue.

CHARLES HOLMGREN my understanding of this water banking is clearer after that discussion. This is similar to water banking in Idaho. It will take a large amount of scrutiny by the manager of the process to account and make sure natural flow and storage water are segregated on the acreage being watered.

NORMAN JOHNSON moved to approve the Carbon Canal Company Contract Water Bank and WAYNE ANDERSEN seconded the motion. After a roll call vote, all approved and the contract was approved.

NORMAN JOHNSON now that we have approved the document, I guess the work starts right?

NEW APPLICATION

RE455 Uintah Water Conservancy District

ARPA FUNDS APPLICATION AND UPDATED RULES

Rodney Banks (Roy Water Conservancy District) and Rick Smith (Weber County Canal Company)

DEPUTY DIRECTOR JOEL WILLIAMS there have been some changes due to how the Executive Appropriations Committee appropriated the funds. We had presented a 75/25 percent split previously but the committee granted a 70% grant and 30% cost share, which shows in the rules you have before you. The prioritization also changed and it would be a four step priority and a 20% wait on the need and a 20% wait on readiness.

We are hoping to get the board to approve the rules so we can get them submitted to the Office of Administrative Rules which could potentially take until April 1.

These rules include the opportunity for the applicant to imply whether they need grants as well as loans from the board or just the grants. We also made some more spacing in the blocks and eliminated some of the blocks that required information that we just didn't need. We are just looking for approval from the Board on the application and the rules.

CHAIR KYLE STEPHENS thank you Joel. The rule is consistent with what the Appropriations Committee appropriated, correct?

JOEL WILLIAMS yes, that had changed since we last discussed this.

PUBLIC COMMENTS

RICK SMITH thank you for taking my comments; we wish the legislature would actually provide more grant versus the 70/30 split but we understand that you are not involved in that side of the

conversation. I promise you that we have plenty of time and money invested in these secondary meters and again, the end user is going to pay significantly more for secondary water and that will impact everyone's pocketbook ultimately. We currently have 3,500 meters in our system and we have over 16,500 connections. We have been forward thinking but we have a long ways to go to get the full metering based on the new definition. I am a little concerned that there are not other secondary water providers here voicing their opinion to at least provide you a little bit more feedback on these rules. Again, I appreciate the staff for their efforts in putting these rules and application together. I am going to try to provide my comments and do my best to pinpoint the specifics.

If we go down to R653-10-3(2)(c)(i)(A), we just want some clarification on the application deadline. Is that on applications or contracts? If someone applies in 2024, obviously they would have to have their contract done by 2024. And again on that 2024, they reduced it to 65% grant and I'd recommend that 70% again. There may be entities who actually do more than one application depending on how they figure out the funding and the scope of the project.

CHAIR KYLE STEPHENS should we respond to the questions as you ask or wait until you get through them all? I would suggest going through them one at a time.

DEPUTY DIRECTOR JOEL WILLIAMS I debated the same thing on whether it should say contracts of applications. We use the contract date as at official date in our office.

RICK SMITH is that the agreement with the entity or the contract with the contractor?

DEPUTY DIRECTOR JOEL WILLIAMS that would be with the board. The language of the ARPA funds states that the \$50 million has to be contracted by December 31, 2024 and completed by December 31, 2026.

DIRECTOR CANDICE HASENYAGER and that is based on the ARPA guidelines.

RICK SMITH so there is the application, the agreement with the board, and the contract with the contractor. That is three different components.

DEPUTY DIRECTOR JOEL WILLIAMS we can clarify that.

RICK SMITH we can get an agreement with the state but then we don't have a contractor for potentially a year and if I have that agreement in 2023 with the state and I don't have the contractor until 2024, then I get 65% instead of 70%, you see what I mean by that?

SHALAIN DEBERNARDI if I could, any reference to contracts here would be between the applicants and the board. Not the contractor.

RICK SMITH that helps but the language may need to be changed.

Next, R653 - 10 - 4 (1)(a) that is talking about the applicants April 1 through June 15th. My question is, when will those applicants know when they receive that funding? July, August? I can submit something in June and may not hear something until July or August. The challenge again is finding a contractor and ordering supplies. Right now, if we order 500 meters, it may be six to seven months out. We may lost an entire construction season because of those deadlines.

DEPUTY DIRECTOR JOEL WILLIAMS this is new territory for us and the board has never administered grant funds before. We don't know if we will be receiving 20 or 20,000 applications. We wanted to give ourselves some wiggle room to make sure we can follow through with the prioritization and evaluation to make the recommendations to the board. That was why we did not set a date but we will provide that information as soon as we can.

DIRECTOR CANDICE HASENYAGER we would anticipate that the decisions would be made by the August 4th board meeting. That will be our goal at the latest.

RICK SMITH the other issue is that if we get a contractor in September 2022, will they hold that price for 3-4 years? Likely not and there are some difficulties.

R653 - 10 - 4 - (2)(f) this talks about estimated need for additional water and timeline for anticipated shortages. We don't really know when we will have a shortage; we've been providing secondary water for over 30 years and this last year was the first time we ever shut off earlier than October. It's hard to predict that. In theory we have sufficient water every year. No comment on that one, it's just a challenge.

R653 - 10 - 4 - (2)(g) typically on other grants we have received, like WaterSMART grants, you do your preliminary stuff and then once you actually get the grant, you go to the final plans and project specifications. So, it might be a little premature in the application process just knowing the effort it is to get the entire package ready to go

CHAIR KYLE STEPHENS this is indicating that this information needs to be provided at the time of the application and you are saying that is difficult because you don't know what the specifics of the project might be, where a licensed engineer would be able to put a stamp of approval on it.

RICK SMITH we can say that we want to order 2,000 meters for a section of the city and that is easy to quantify but providing the specifications and details on those kinds of things such as the actual bid for the contractor takes more time, money, and effort and we don't usually get to that point unless we know that money is coming.

DEPUTY DIRECTOR JOEL WILLIAMS part of this might be just what I have been told. But oftentimes a water provider will have a sheet that has a detail and offers general specifications on how the meters will be installed and that they will be done according to code.

CHAIR KYLE STEPHENS so there is an approved process in place.

DEPUTY DIRECTOR JOEL WILLIAMS and one thing we could do is add in the language to say that prior to signing any contract, there would need to be a verification of plans and specs but not necessarily have that for the application.

RICK SMITH R653 - 10 - 4 - (2)(i)(A) regarding providing educational information and water conservation on the monthly billing statement, most secondary water providers do not have a monthly billing statement. We could provide a monthly use statement. It might be on someone's city water bill but that is a different connection with us. It could just be annual fees and they will get their secondary water fees for the year. So, I would suggest just taking out that part. There is also a cost and manpower issue associated with that. If I had to send out 3,000 monthly statements, it would add up pretty quickly.

DEPUTY DIRECTOR JOEL WILLIAMS so how do secondary water users know what they are using? If they have a meter but they aren't receiving a monthly bill?

RICK SMITH we ask them to put in their email address and we can send them a PDF. Monthly statements can be done but it's not part of the billing process.

DEPUTY DIRECTOR JOEL WILLIAMS we could take out the word billing, correct?

DIRECTOR CANDICE HASENYAGER I like Rick's idea of using the monthly use statement instead of the bill.

RICK SMITH R653 - 10 - 5 (b)(i)(A) in this section, I was wondering if you could take out loans because loans will be paid by the users with interest back to the state.

DEPUTY DIRECTOR JOEL WILLIAMS we debated the same thing and this is all good feedback as well. The differentiation we felt there was that if someone applies for a grant but they have the cost share, that gives them a bump over someone who says they would need all of it from the board and that is more board funds going to that project that can't go to others. That was our thinking on that, but I hear where you are coming from.

RICK SMITH grants don't get paid back but loans do with interest so it is just something to consider.

R653 - 10 - 5 (b)(ii) regarding imminent secondary water shortages, again, we don't really know when that will happen.

R653 - 10 - 5 (b)(iii) regarding shovel readiness, again I am trying to understand that. Is it the number of days divided by the number of meters?

DEPUTY DIRECTOR JOEL WILLIAMS it would be looked at in two ways: how soon can they get started and what is the total time to completion divided by the number of meters.

RICK SMITH okay so that is again, based on timelines and supply so its subjective.

R653 - 10 - 5 (4)(b) going back to prioritization and the timelines, we will see how they turn out.

R653 - 10 - 6 (2)(a) here it might be better to use applicant instead of recipient or say "the applicant who's received the money" because applicant was defined in the rules.

R653 - 10 - 6 (2)(b) back to the dates, it says that the agreement no later than December 2024 but does that mean we have to have the agreement by September so we can have the contractor in place by the end of 2024? This is back to confusion on agreement and contract.

DEPUTY DIRECTOR JOEL WILLIAMS that is the terminology we use with the board. A project can be authorized, committed, and ultimately contracted so it does mean contracted with the board as specified by Shalaine.

SHALAIN DEBERNARDI that will be the same thing here. An agreement and a contract will be the same in this section.

DEPUTY DIRECTOR JOEL WILLIAMS so we can change that language there. We can change "agreement" to "contract"

RICK SMITH R653 - 10 - 6 (2)(c) this is very open ended. We don't necessarily want to sign a contract that is open ended.

DEPUTY DIRECTOR JOEL WILLIAMS that does not mean that the contract is open ended, it just leaves it open to some changes that might need to be made.

RICK SMITH I just have a few more comments on the application. The second side of the application mentions future water need and again, that's just unknown. On the proposed financing plan, I would state at 70% rather than up to 70%.

DEPUTY DIRECTOR JOEL WILLIAMS the reason we stated that was just in the case of someone requesting less than 70%

RICK SMITH on the project water rights, I don't think that is a necessity. On the third page, the application on the policy regarding cost sharing also states up to 70% but you can change that as you see fit. Another, if you look midway through it states that the remaining 4.5% will be paid by the applicant but it should state "4.5% or more" because its up to 30%. In the acknowledgement and signature section, number 5: we discussed the billing aspect already so that should also be changed.

We appreciate being given the chance to make comments and we hope other water providers are able to do so.

CHAIR KYLE STEPHENS thank you Rick for taking that time to do a thorough review and come and share those concerns here.

DEPUTY DIRECTOR JOEL WILLIAMS I really appreciate these comments and I feel like we can make those requested changes in almost every case. I do feel like we need to include the input of the board on the part regarding the loans and including the grants AND loans when it comes to total water saved divided by the total state investment. We could probably still move forward with a motion because they are not substantive changes.

WENDY CROWTHER as this is rule-making, I would like to step through the notes and make sure that they are clarified and discussed before a motion is made.

WAYNE ANDERSEN can we approve this in the March meeting?

DEPUTY DIRECTOR JOEL WILLIAMS we would not make the April 1 deadline.

DIRECTOR CANDICE HASENYAGER I would worry about waiting because of the deadlines associated with the ARPA guidelines.

WENDY CROWTHER it might be best to go through this and have a special board meeting to approve this after we've had a chance to go through the comments.

JULIETTE TENNERT I am supportive of making time to make sure these comments are taken into consideration. I would like to get this moving as quickly as possible but I would be happy to have a special board meeting.

CHAIR KYLE STEPHENS what do we need to do to have an emergency board meeting and do we have the provisions to do that?

DIRECTOR CANDICE HASENYAGER we do and we have done that before. It would likely be a 15 minute board meeting that would be publicly noticed and we would have an anchor location.

CHAIR KYLE STEPHENS I am hearing that everyone would be okay with allowing staff to ensure the wording and everything is correct on this and come back together to review and approve it.

DIRECTOR JOEL WILLIAMS I would say that we should go out and look through this now. We can likely do this pretty quickly and it would save the time of having to do another board meeting.

CHAIR KYLE STEPHENS if you can do that, let's do it.

WENDY CROWTHER I am okay with that and I just want to make sure the minutes clearly document this.

WAYNE ANDERSEN can Joel and Wendy step out and go over the changes and come back and present those?

DIRECTOR CANDICE HASENYAGER I just wanted to indicate that Rodney has his hand up as well and he might have a comment.

RODNEY BANKS I will try to make this quick. Rick did a fantastic job addressing the concerns of those in the secondary water community have. With that being said, we do have some unique circumstances with me coming from a water conservancy district, on the application where it's asked about current monthly or annual secondary system rate or assessment, ours is not a simple answer to that. We have a 14 page contract assessment schedule because in our district, we have contracts and petitions with every one of our customers. We allocate water based on the size of their parcel so it's not really a simple dollar amount per month. Would we attach that 14 page contract assessment schedule?

DIRECTOR CANDICE HASENYAGER nodded yes.

RODNEY BANKS thank you and this is a big task so we thank you for all the work that has been done. CHAIR KYLE STEPHENS thank you for comments. With that, Wendy and Joel will go and get the proposed changes made and we can take action on this and approve the rule and the application.

NEW AUTOMATED RESERVOIR STORAGE APPLICATION

TOM MOORE I am just here to discuss the new reservoir app that will display the reservoir data. The reservoir data is some of the most visited on the website (One is on the drought page and one is on the reservoir level data). It was tedious to share on both so this new application allows for the updates to happen on the same page.

CHARLES HOLMGREN I think this is pretty valuable information. It is hard for me to pick up on some reservoirs, but on bearriverbasin.org, there is the inclusion of the PacifiCorp reservoirs so I don't know if you would want to include those (including the ones in Idaho) as well?

TOM MOORE we are pulling data from that source. We are pulling 48 major reservoirs right now and we added 3 others during this last drought.

CHAIR KYLE STEPHENS can you send the information for this to Lindsay and she can make sure the board gets this as well.

TOM MOORE we will do that as soon as we are able.

CHARLES HOLMGREN I am seeing a link to this on the agenda I believe

LINDSAY RUSSELL those are the links to the current websites, not the new one just yet.

LAKE POWELL PIPELINE REPORT

ERIC DIXON gave an update of the key items. Reclamation Supplemental Draft EIS, Colorado River Modeling, Project Team Members, Potential Federal Administration Changes, Public Education and Outreach, Water Right Change Application, Basin States Coordination, and Additional Permitting Efforts

CHAIR KYLE STEPHENS we are appreciative of Eric and his taking over of the LPP responsibilities.

ARPA CONTINUED

WENDY CROWTHER the specific revisions that are being proposed to the rules are:

R653-10-2(f) shall read "Secondary water connection means the location where the water leaves the secondary water supplier's main line and enters the water user's line.

R653-10-3(2)(c)(i)(a) shall read "For contracts completed with the board calendar year 2022, 70% of the cost of the project.

R653-10-3(c)(b) shall read "For contracts completed with the board calendar year 2023, 70% of the cost of the project.

R653-10-3(c) shall read "For contracts completed with the board calendar year 2024, 65% of the cost of the project.

R653-10-4(2)(h)(i)(A) shall read "Provide an educational component promoting water conservation on a monthly water use statement to the applicants secondary water customers.

BLAINE IPSON mentioned that this should be "h" instead of "g".

WENDY CROWTHER I have a different version here so that will be g.

R653-10-6(2)(a) shall read "as a condition to receiving a grant under this section, the applicant shall enter into a contract with the Board for the use of the grant money.

R653-10-6(2)(b) shall read “the contract with the Board shall be executed no later than December 31, 2024 and require that the grant funds are”

R653-10-6(2)(c) shall read “nothing in subsection two limits the Division or the Board from including additional terms or conditions in the grant contract.

WENDY CROWTHER on the application’s second page, under Secondary Water System Information in the third block on the left side shall read “current average secondary system assessment, (\$/month, \$/year)

The last page of the application under Policy Regarding Cost Sharing, the fifth sentence shall read “the remaining is expected to be paid by the applicant”.

In the block that says Acknowledgement and Signature shall read “agree to provide secondary water customers with a monthly water use statement that includes an educational component on water conservation and/or charges customers according to metered usage on a tiered conservation rate structure.

BLAINE IPSON can we go back to R653-10-6(2) did you make that change?

WENDY CROWTHER yes, we did.

BLAINE IPSON moved and NORMAN JOHNSON seconded. After a roll call vote, all approved and the rules and application were approved.

DIRECTOR’S REPORT

DIRECTOR CANDICE HASENYAGER this is the 75th anniversary of Water Resources, originally called the Water and Power board. I will be highlighting this at a presentation to the Natural Resource Ag and Environment Appropriations committee next week. We also published a draft of the Water Resources plan last fall and we have finished addressing the comments and finalized the draft. We are just working on getting the appendix completed and should be out by next month. We are working on the Coordinated Water Action Plan which is a groundbreaking plan to plan for the State’s water future and directed by Governor Cox. It will be facilitated by the Governor's Office of Planning and Budget, Department of Natural Resources, Department of Environmental Quality, and the Department of Agriculture and Food. The document will guide the work of the executive branch agencies. The introduction and the infrastructure have already been released. In April, the Vibrant Communities will be released, Productive Agriculture will be released in July, and Health Water and Watersheds will be released in October.

The Legislative Session has begun and there are over 25 bills that we are tracking right now. It has been coined “the Year of Water”

There are some that directly impact the Division:

HB115 Water Distribution Efficiency

HB121 Water Conservation Modifications

SB89 Water Amendments

SB110 Water as Part of the General Plan

Some events to note

Appropriations meeting

GSL Water Summit on Jan 5.

Utah Watershed Council Meeting Jan 6

Utah Lake Summit on Jan 11

BOR public webinar for drought operations response agreement Jan 28

BLAINE IPSON moved to adjourn and WAYNE ANDERSEN seconded. Meeting adjourned at 3:34



MARCH 2022