

**Bear River Water Conservancy District
Board Meeting
Wednesday August 26, 2020 7:00 p.m.
Bear River Water Conservancy District Conference Room
102 West Forest Street, Brigham City, Utah**

Minutes

Present: Trustees: Roger Fridal, Charles Holmgren, Mark Larson, Richard Day, Russ Howe, Jeff Scott, Neil Capener, Jay Capener,

Absent: Jay Carter, Tyler Vincent, David Forsgren

Staff: General Manager Carl Mackley, Systems Operator Robert Thayne, Administrative Assistant Jill Jeppsen

Other:

Welcome: Chairman Roger Fridal

Invocation: Neil Capener

Pledge of Allegiance: Richard Day

Adoption of the Agenda – Chairman Roger Fridal

A motion was made by Board Member N. Capener to approve the agenda. The motion was seconded by Board Member Scott. All Board Members voted in favor of the motion.

Declaration of Conflicts of Interest: Mark Larson, Member of Ukon Water
Cark Mackley, purchasing property near a possible secondary water system project in Collinston he is presenting to the Board

Approval of the Minutes for the Board Meeting held July 22, 2020

The minutes of the Board Meeting held July 22, 2020 were included with the packet that was provided to the Board Members.

Board Member Day made a motion to approve the minutes of the meeting held July 22, 2020. The motion was seconded by Board Member Howe. All Board Members voted in favor of the motion.

Ukon Water Company President Brian Schaffer thanked the Board for time on the agenda and introduced others in attendance: Larry Hess, Brian Hess, and Derek Oyler from Ukon Water Company and Kent and Brett Jones, engineers with Jones and Associates. Jones and Associates are helping Ukon to review and update Ukon's master plan.

Ukon Water Company (Ukon) is a 100-year-old company. They were formed in 1919, one of the oldest water companies in the county. Ukon has a long history of supplying water in the Fielding and East Garland areas. They appreciate the partnership with the Bear River Water Conservancy District (BRWCD). Ukon was the first company to purchase water from the District. It has been a great partnership. BRWCD has provided much needed water in times of drought and emergency situations. Our systems were linked together at a time when our river crossing washed out and that summer would

have been a long, dry summer if Ukon would not have been able to provide water to its customers through their south connection in Tremonton. The District has also been invaluable in helping Ukon to mitigate arsenic levels and meet EPA standards on the east side.

Mr. Shaffer stated their purpose to be here tonight is to let BRWCD know that Ukon is in business and working hard to provide water to their community, they are not denying anyone service but, they do operate under some constraints.

Jones and Associates gave a presentation to the BRWCD Board to help them better understand Ukon Water Company and what they are doing to meet the water needs in the Ukon service area. A presentation will also be made to the shareholders of Ukon Water Company in January 2021 at their annual meeting. Any proposed changes to the bylaws and operations would be voted on 2 or 3 months after the annual meeting, if accepted.

There was a discussion regarding growth in the area. Mr. Schaffer stated it is not Ukon's position to control growth, only to provide water to those in their service area. Ukon is being very progressive in trying to provide water and are planning for new connections for the next 20 or 30 years. Ukon currently sells 10 shares each year by lottery. It was explained how the lottery system works. Ukon has an application filed with the Division of Water Rights for 250-acre feet of water, that has not yet been acted on. Ukon is committed to be a long-term company and to continue to provide water to the customers in their service area. There have been some developers that have not been able to complete their subdivisions with the water available and have dug a well for the remainder, this is not a good situation.

Brian Hess talked about the Vance Smith proposed development of 30 parcels. Vance is inquiring for more water to be available. Ukon has some water available to them from the District and they are looking for ways to distribute that water in a responsible way. Ukon understands that the District is willing and able to provide water to this development, if Ukon does not. Ukon wants and needs to be able to sell the connections to get the capital to sustain the business. Ukon needs time to be able to present their intentions and plans to their shareholders. There was a discussion regarding how many shares the developer has and how many he will need to complete the subdivision. Because Ukon is a private company they are not required to sell the connections to developers unless the water is available. Ukon is dependent on the water it purchases from the District and are using the amounts provided in our purchase agreement in their master planning. It was noted that we need to work together to solve this problem.

Mr. Shaffer stated that Ukon does have a storage capacity deficit and is asking the BRWCD Board members to consider an agreement or transfer of ownership of the North tank in Collinston to satisfy the State requirement. If Ukon drills a well on the west side they would also build a storage tank in that location. The State needs to have a written agreement to recognize the storage tank as Ukon's storage. Could this be done on a long-term lease? In addition, Mr. Shaffer asked the District Board Members to consider the possibility of The District having a well on Ukon's location on the west side. It would be a good location for the District and possibly there could be an agreement that Ukon may not develop all their water right, and the District might be able to develop the remainder.

General Manager Mackley had told the Ukon Board Members at their meeting two weeks ago if Ukon could not provide water to the Vance Smith subdivision, the District will. The main reason for Ukon attending this meeting is to ask the District to wait until after the January shareholder meeting before doing anything to that end. The County has approved 18 lots in this subdivision to date. Mr. Smith has a lot more work to do to get the additional lots approved. Ukon believes that the water companies in the county need to maintain a good relationship with the District and with the County Planning and Zoning so we can continue to work together.

Derek Oyler, Director of Finance Brigham City Corp: Talked about the Water Purchase Agreement between Brigham City and the Water Conservancy District that was signed in 1994. The agreement has been amended 5 times in 5-year increments and the most recent extension expires September 12, 2020. Historically only the term and the rates have changed, with a few other changes. Brigham City has seen, and continues to see, significant growth since 1994. The Brigham City Mayor has asked that the City do a complete review of all utility contracts and agreements. The original agreement is based on surplus water, Brigham City does not think they have surplus water any longer and are proposing that a new agreement would be a Wholesale Water Agreement. Just as a way of information with the growth and development within the Brigham City service area due to the hot, dry year; this year for the first time, every source of water has been used to supply the peak day demand for culinary water. This is something the City needs to be looking at for the future.

Brigham City is proposing a complete change for the new agreement from a Surplus Water Agreement to a Wholesale Water Agreement with the District. The current cost is \$277.00 per acre-foot, which is roughly \$.85 per 1000 gallons of water. Brigham City currently charges its residents \$1.36 per 1000 gall, or about \$443.00 per acre-foot. This is also the current rate for commercial customers within the City's service area. The City believes this rate should also be equivalent for the District. As per the current contract, if there is a city-wide rate change it would also be applied to the District. The original agreement allows for 200 acre-feet of water or 100 connections. And the District must obtain written permission to exceed 100, there are currently 104 connections. (Note: the 100-connection stipulation was eliminated in the First Amendment dated September 12, 2000) The District historically uses less than 100 acre-feet of water per year.

Mr. Oyler stated that there is significant development happening in Brigham City right now. Brigham City will be recommending in the upcoming agreement that no further connections be allowed through the meter that services the Harper Ward waterline. Brigham City wants to reduce the amount of water available to 100 acre-feet, leaving a buffer for hot and dry or drought years. This new agreement would officially have to go before the City Council in a Public meeting, as would any other wholesale agreement. Upon approval by the Council, Brigham City would come and make a second presentation to the District Board. The new agreement is currently being drafted by the Brigham City attorney. It must be top priority for Brigham City to be able to provide water for the residents of the city.

There was a discussion regarding the District's backup connections to other communities to supply water in emergency situations. The District is currently providing water to West Corinne Water Company (WCWC) through our Harper Ward connection, as per their agreement with the District. The

Purchase Agreement with Brigham City allows up to 200 acre-feet of water per year and is in place for these situations. The discussion continued regarding Brigham City's agreement with WCWC to provide emergency water. Mr. Oyler questioned why WCWC came to the District and not to Brigham City for water. It was noted the connection from the District is more favorable to them.

The new proposed agreement would be written in 5-year increments. It is being drafted as another commercial connection on the Brigham City system. It may not need to have a limited term, as rates will change when Brigham City rates change to its residential and other commercial customers.

It was noted the District is in the beginning stages of developing our own water source for the Harper Ward system. The District appreciates the relationship with Brigham City.

Brigham City has a significant amount of culinary water and one thing they are working towards and struggling with is funding for secondary water. Brigham City understands that developing secondary water will help preserve culinary water and would like the District to consider entering a joint venture for projects that would develop secondary water within the City boundaries and potentially allow for development of more culinary connections in the Harper Ward area. There was a discussion of the potential project sights. All the new developments for the last 10 years have been required to put in dry pipes for secondary water. Mr. Oyler will return and present the Draft Agreement when they receive it from their attorney.

Public Comment: None

Financial Business – Charles Holmgren Approval of Financial Statements

The financial statements for July 2020 were prepared and provided to the Board Members. Financial Chairman Holmgren has reviewed the reports and asked for the Board to approve them. Full-time employees received a bonus last month. Charles pointed out that the staff members, excluding the general manager received pay bonuses in July in lieu of merit raises this year.

A motion was made by Board Member J. Capener to approve the financial statements as presented. The motion was seconded by Board Member N. Capener. All Board Members voted in favor of the motion.

General Manager's Report – Carl Mackley

South Willard Well: We have received a cost benefit analysis from our engineer, Bill Bigelow. He is adamant that we not only clean out the well but also abandon the bottom 200 feet of the well. Bill strongly believes the iron bacteria problem came from deepening the well in 2015. The chemical and physical treatment will fight the bacteria off. We will know in a few years if the bacteria are not regenerating and, if it does not come back that it is currently coming from the deeper portion of the well. The kind of treatment we are going to do should eliminate our problems for a time. There was a discussion of what it would look like to abandon the bottom of the well. The discussion continued regarding the cost to rehab the well and would it be better to abandon this well and drill another well.

Last month the board gave approval and authorized the General Manager to proceed with the mixer in the tank and proceed with the cleaning of the well if there is money in the budget to do so. Because of the cost analysis, we now know that it will be between \$100,000.00 and \$150,000.00 to do this work. General Manager Mackley is asking the Board for approval to reallocate the funds that were authorized for the Bothwell overflow pond to use on South Willard Well cleaning project. There was a discussion on the options for doing the work on the well that were included in the General Manager's written report that came from this cost analysis. The discussion included the fact that the District has additional sites to drill other wells in the area. There was concern expressed about the amount of money needed to put into this well. The discussion continued about possible uses for the water after the treatment, since keeping the water flowing is key to keeping the bacteria from accumulating on the inside of the well and in the pump.

A motion was made by Financial Chairman Holmgren, to temporarily abandon the bottom 200 feet of the well and treat the upper portion of the well as presented in option 3 of the cost analysis, up to \$170,000.00. The motion was seconded by Board Member Larson. All Board Members voted in favor of the motion.

Flat Canyon Well: General manager Mackley sent an email to the board members requesting authority to proceed beyond what has been done at the Flat Canyon well. The email responses were in the affirmative by those that replied. Rod Mund will be coming next week to further develop this well. His quote to do this additional work is about \$40,000.00. The well is developing more than we originally thought it would and we think we might get about 125 gpm. They did not have a large enough pump to test pump more than 85 gpm last time. The draw-down test was done in steps over two days beginning at 50 gpm, waiting until the static level stopped dropping, then increased it to 75 gpm. It was then stepped up to 85 gpm, which was the maximum with the pump they had. It had about a 2-hour recovery period.

General Manager Mackley has been working with property owners to get easements for a pipeline.

General Manager Mackley met with Craig Adams regarding his Little Bear Hollow subdivision wells. They cannot use the wells for his subdivision, so they are using Ukon water to supply the homes. This is another potential source for our Collinston system. If we could use them, it would be like having three test wells already drilled. We will be taking water quality samples and test pumping to measure the gallons per minute with the existing pumps. Currently they each only pump about 50 gpm. There are three 6" wells about 200 feet deep.

Bothwell Water Quality: The TDS level in the Newman and Backup wells did not drop during the winter months, as in past years. The Newman well TDS is at 988 mg/L. The drinking water limit is 1000 mg/L. The backup well is lower. We are in talks with Chanshare regarding the amount of water we may limit them to. We have an idea that with some SCADA changes and minimal infrastructure changes, we can use the Newman well primarily for agriculture operations and the backup well would be used primarily for culinary. In addition to what they are taking from the Harper Ward system, we are also giving West Corinne Water Company about 300 gpm from Bothwell. One major benefit in putting the Newman well mostly on agriculture for now would be not having to treat the water that is going to

be used for irrigation. It also helps with our storage due to not storing the water going to the farm. There was a discussion on the TDS levels and the overall water quality in the area. It is important to take steps to protect and preserve these sources for culinary use. We are currently pumping more than we ever have from this system. Robbie Thayne added that Rocky Mountain Power is helping us get variable frequency drives (VFDs) on our Bothwell pumps. Right now, we can only pump at 3100 gpm all the time it is on. A VFD would allow us to reduce the gallons per minute to the level we want, i.e. 1000 gpm and not run at full speed all the time. We will have the ability to set the maximum the farm can take at one time and the pump will be able to deliver only that amount. It will require some changes to SCADA, but it is a chance to help the well recover by reducing the demand on it. The backup well has the capacity to take care of the culinary demand. There was a discussion on the water quality from the few culinary wells in the area, and there are several irrigation wells. The project to enclose the backup well is in progress, and this will allow us to use it during the winter months and not use the Newman well.

Collinston Secondary Water Opportunity

General Manager Mackley reiterated that he has a conflict of interest due to his purchasing a building lot in Collinston near the area of a possibility of developing a secondary water system in the area. There are water rights on the ground near a development that Sierra Homes is putting in. There is a spring with a pond and a well that has not had a pump in it for some time. General Manager Mackley is proposing the District purchase the water rights and install a small secondary irrigation system that would help prolong the culinary use on the Collinston system. We have not done any secondary irrigation to this point and this would be a good opportunity. Our Mission Statement allows us to do irrigation systems. It also states that we conserve and protect water and water rights. Sierra Homes is not interested in putting in an irrigation system, which could cause these water rights to die. The water rights are not in danger of being forfeited and there would not be a need for a change application, just the ownership name would need to be changed. The water right is between 40 and 50 acre-feet, it covers 35 acres for irrigation. We have limited the number of connections available on the Collinston system based on our supply agreement with Deweyville. After renegotiating our agreement with Deweyville for the next 7 years, it increased what we can purchase by 100 acre-feet per year. We committed 50 acre-feet of the additional volume to Ukon Water Company and the remaining 50 acre-feet we have made available as residential connections. We currently have 21 remaining and have recently been in talks with another developer that may want to purchase as many as 18 connections. The 1 acre-foot per year used per connection, includes indoor and outdoor use. If we could do some secondary irrigation, it would allow for more culinary connections under our current purchase agreement.

There was a discussion on questions raised from the board members about the cost of installing the system and are we too late in the development process. The price for the water rights has not yet been talked about with the developer. It was noted that being able to sell more culinary connections on the system could pay for the secondary system. Some other questions that were raised and discussed are: If the developers do not want to do this, why do we want to? After the developer is out then who is responsible for the system? Do you need to have a homeowner's association? Is there confidence in the water source? The thought is, if the District puts it in, we would be responsible to maintain it. Would it be hard to get enough money to fund it? General Manager Mackley is not asking for a motion now, just

feedback from the Board. The board members determined it was worth looking into. It was noted in Cache County, the developers and municipalities are collecting all the appurtenant water when land is sold.

System Operations – Robbie Thayne

The installation of the waterline extension in Collinston is complete. It will be pressured tested tomorrow and then we can submit the application for the operating permit from the State. Landis did a good job on the installation.

We lost a reclaim pump in Beaver Dam and will need to purchase new one. It is a small pump, that is used in the arsenic control process. There was a large root that penetrated the barrier and was coming out of the pipe in the spring collection area at Beaver Dam. It has been found and removed.

There have been 4 new connections installed in Collinston.

We have installed a temporary connection for WCWC on the Harper Ward system for a few homes that they supply that they could not reach during their project to redevelop their spring.

We had one of our goats die, we do not know what happened. The other goats all seem healthy.

Board Meeting Training – Jill Jeppsen

Due to COVID restrictions, the State Auditor's office is not doing in-person meetings this year. When asked if we could hold the training at one of our board meetings, we were told that for it to be certified, a member of their staff must be present. Since they are not doing in person training, that is not possible. So, each board member will have to do their own training on-line before the end of the year.

The Open and Public Meeting Training must be completed by each board member, each year. It only takes about 10 minutes to complete.

The Board Member Training needs to be completed by the Board Members that were reappointed this year. It will take about 1 1/2 hours to complete. The Little Manual for Local Districts is found on the State Auditor's website.

After completion you will receive an email with your certificate. Please forward that email to me or print a copy and bring it to a board meeting so I can document the training. If you remember from our 2019 audit, the only finding on the audit was we could not document the completion of these required trainings for each board member.

Trustee Reports

Jeff Scott – We would like to have some rain!

Russ Howe – No report

Richard Day – No report

Neil Capener – Made a report on the water situation for Riverside-North Garland Water Company.

Mark Larson– No report

Jay Capener – No report

Charles Holmgren – Kit Crosier has approached me about what the District should be doing for Thatcher/Penrose. Mr. Holmgren received a letter from WCWC that went out to all their shareholders asking them to conserve water as much as possible due to water availability while they redevelop their spring. In the Salt Lake Tribune there was an article on the Great Salt Lake and how we need to protect it. The Great Salt Lake Council is wanting to change western water law. The general council for the Bear River Canal Company has been helping with their case, this has made the general manager and board members of the of the canal company uncomfortable. It sounds like a ‘killer’ for the Bear River Development, if that happens there would be no more water developed from the Bear River and agriculture would be decimated by the rest of the State’s economy.

Roger Fridal – This has been an interesting meeting. We have a lot going on at the District.

A motion was made by Board Member Larson to adjourn the meeting. The motion was seconded by Board Member Howe. All Board Members voted in favor.

The meeting adjourned at 9:40 PM.