



## **Board Meeting Minutes**

### **Work Session**

Wednesday October 25, 2023 @6:00 P.M.

102 West Forest Street  
Brigham City, UT 84302

#### **In Attendance:**

David Forsgren, Chairman  
Charles Holmgren, Financial Chairman  
Lyle Holmgren  
Mark Larson  
Richard Day  
Tim Munns

#### **Board Members**

DJ Bott, Vice-Chairman  
Jay Capener  
Brodie Calder  
Joseph Summers  
Boyd Bingham

Staff: General Manager Carl Mackley; Administrative Assistant, Jamie Williams; Assistant General Manager, Chance Baxter

#### **CHAIRMAN DAVID FORSGREN - WELCOME**

Chairman David Forsgren welcomed all in attendance to the work session beginning at 6:00 PM with BRWCD Board of Trustees, BRWCD Staff, Ukon Water Company and their Engineer regarding Hammons Well Project proposal made by Ukon Water Company at BRWCD Board meeting held 10/25/2023.

#### **INVOCATION AND PLEDGE OF ALLEGIANCE**

Offered by Vice-Chairman DJ Bott.

#### **WORK SESSION**

Derek Oyler, President of Ukon Water Company, stated that they did not have anything new to present. Oyler reiterated that Ukon Water Company wants to enter a partnership with Bear River Water Conservancy District (BRWCD or District) for the Hammons Well Project. Oyler stated that he is prepared and willing to disclose the details of the property negotiation and water rights in a closed session if a consensus is reached that a partnership between BRWCD and Ukon Water Company (Ukon) is possible.

Vice-Chairman DJ Bott expressed that he is in full support of partnering with Ukon. Bott said he thinks it is a good option for BRWCD and for that end of the valley.

Mr. Oyler brought up exploring the inclusion of an arsenic removal system on Ukon's water system as a part of this project. It was discussed that an arsenic removal system for Ukon's springs was explored long before Ukon ever connected to the District's blending station. Previously an arsenic removal system was not feasible. It was mentioned that in the last five years there have been new technologies developed for arsenic removal that are less expensive and more efficient. Oyler said Lance Nielsen with Hansen, Allen, and Luce (HAL) felt like an arsenic removal system on Ukon's water system would be financially feasible. Oyler stated that Nielsen quoted about half a million to three quarters of a million dollars for the cost of the arsenic removal system. The idea is that all water from Ukon's springs could be treated, eliminating wasted water, and making more water available for BRWCD or Ukon. Oyler said the first time he and Brett Jones, Engineer for Ukon, came and presented he publicly stated that Ukon's springs is on the table for negotiation as part of this project.

Chance Baxter BRWCD Assistant General Manager, said BRWCD has discussed the idea of an arsenic removal system for Ukon's springs extensively with Lance Nielsen, BRWCD'S Engineer. Baxter shared that his notes show that if BRWCD was to take over Ukon's springs and install a treatment plant, it would cost \$2.9 million. BRWCD General Manager Carl Mackley added that this would include redeveloping Ukon's two lower springs and replacing the existing pipeline. Baxter further clarified that the half million to three quarters of a million dollars that Derek Oyler stated that Lance Nielsen quoted to him was for the treatment facility building only and not for the entire project.

Chairman David Forsgren expressed his view. He is not in favor of the project. Forsgren explained that BRWCD is already obligated on several other existing projects and that he is not in favor of a joint venture with anyone. When asked for further clarification of his concerns with the joint venture, Forsgren expressed his concerns regarding who pays when there are problems, breakdowns, or pipe leaks. It was proposed that those concerns would be addressed in the details of the negotiation. Mr. Forsgren reiterated his stance explaining he does not think that BRWCD has enough money to contribute towards a seven- or eight-million-dollar project.

The board asked General Manager, Carl Mackley, to address how BRWCD would go about the financing of the project. Mr. Mackley expressed that he believes the project idea itself and partnership are very good ideas, but the timing is extremely poor for BRWCD. Mackley further explained that the district already set up a project for the benefit of Ukon Water Company that was intended to last twenty plus years, and it has only been twelve years into that timeline. Additionally, BRWCD is still paying for that previous project. Mackley shared that he thinks there are parts of this project that Ukon can and should proceed with immediately, but BRWCD is already financially obligated to Ukon for the blending station plus BRWCD has other financial obligations in other areas of the county. Mr. Mackley further shared that he does not believe the way this project has been proposed benefits the Collinston Water System or BRWCD.

Brian Shaffer, General Manager of Ukon Water Company, explained that Ukon has always made their obligations to BRWCD and that they fully intend to continue to make their obligations on the blending station until 2035. Mr. Shaffer further explained that BRWCD came to Ukon Water Company's board with concerns about water being wasted at the blending station. Shaffer believes the arsenic filter would solve some of the concerns BRWCD had about making the most beneficial use of the water at the blending station, rather than waste it. Mr. Shaffer asked what the outstanding balance of the blending station is. General Manager, Mackley, stated that he would have to look up the exact figure but explained that it is all tied to the Collinston project, and it is a 20-year bond. The bond will be paid off in 2035 and BRWCD does not have the financial ability to pay it off early.

Derek Oyler explained that Ukon would commit in writing immediately as a part of the contract to pay off the bond for the blending station, or immediately renegotiate the wholesale contract with BRWCD. General Manager Mackley explained that he is intrigued by the possibilities, but there is no way that BRWCD will have money to spend on any other project for at least the next two years. Oyler expressed that he could not speak for his entire board, but he feels that a commitment from BRWCD that might have a 2-year waiting period would be all right and that Ukon could cash flow some things to get to the goal.

It was discussed if Riverside/North Garland Water System needs to be included in these conversations.

Board Member Tim Munns shared his perspective; "I cannot see the problem with collaboration with Ukon or North/Garland or whoever else wants jump on board. I think that we ought to go with them." Board Member Joe Summers asked if the whole blending station is going to go away. It was discussed that that it would not go away immediately but that it could in the future.

Board Member Boyd Bingham commented that partnering with Ukon on this project fits into the genre of what we are trying to do with the regionalization via County Water Master Plan. The legislature says that we must at least consider doing regionalization and that partnering on this project will show we are making an effort on that behalf to do something that is beneficial to the citizens of the county. Board Member Richard Day asked about the water rights if we joined with Ukon. Mr. Oyler explained that Ukon filed an application for 250acre-feet and hopefully BRWCD can file a change application to change the point of diversion on 250acre-feet of water right that we own. He further explained If we hit a gold mine you guys can put 500acre-feet with our 250acre-feet, and we would pull 750acre-feet out of the well. But we cannot know the water rights exactly until we drill a hole and put a pump in it and see what is there. General Manager Mackley explained that currently neither BRWCD nor Ukon have a water right for that particular point of diversion. Each entity feels that they have water right assets to transfer into there and Mr. Mackley believes that, but there is still an entire process to go through before that can be allowed. Mackley also discussed that he would change his previous statement that the project proposal does not benefit BRWCD or the Collinston system if BRWCD was able to use a different source such as Ukon Springs. Oyler noted that he said it in words, but he did not say it in writing. Vice Chairman DJ Bott replied saying that was fair but that the this would be a point of negotiation to discuss. Mr. Mackley stated that he is not trying to make any assumptions with Ukon's assets, they are theirs. Board Member, Boyd Bingham, reiterated that the point is to negotiate, write it down and make sure both parties agree and understand completely.

General Manager Mackley suggested to Ukon that with the two-year window to go ahead and drill a test well or get water right approval first and then return to BRWCD to have a substantive conversation. This would be with the understanding that BRWCD is supporting Ukon's efforts and gearing up towards a partnership. Mackley stated that right now, financial liability wise, BRWCD cannot support drilling the Hammon Well if it is within the next two years.

Mr. Oyler explained that they are going to drill it before two years from now. Oyler further explained that he wants BRWCD to prove that they are in this with Ukon, including the drilling of the test well. Oyler clarified by stating he was not asking for the money right now, but for a commitment. General Manager Mackley stated that it would require a memorandum of understanding. Board members and representatives agreed with Mackley's statement.

Derek Oyler asked if the money for the proposed Collinston Well Project could go to an arsenic removal system to remove arsenic from Ukon's springs and add some additional supply to Collinston System. General Manager Mackley stated that when the Flat Canyon Well Project is finished there will be about \$200,000 of ARPA money left. Mackley explained that the ARPA money is more flexible than money from the Bureau of Reclamation. An agreement would need to include Hammons Well as well as Ukon's springs, because we are already interconnected and committed, so we must address all those pieces.

Vice-Chairman DJ Bott made a motion to get consensus by the board to continue with negotiations and discussions with Ukon Water Company regarding a partnership for the Hammons Well Project. The motion was seconded by Board Member Richard Day. Vice-Chairman DJ Bott, Financial Chairman Charles Holmgren, and Board Members Lyle Holmgren, Mark Larson, Richard Day, Tim Munns, Jay Capener, Brodie Calder, Joseph Summers, and Boyd Bingham all voted aye. Chairman David Forsgren voted nay.

Vice-Chairman DJ Bott made a motion to move into a closed session, seconded by Board Member Boyd Bingham. Roll Call: Chairman David Forsgren, aye; Vice-Chairman DJ Bott, aye; Financial Chairman Charles Holmgren, aye; Board Member Lyle Holmgren, aye; Board Member Mark Larson, aye; Board Member Richard Day, aye; Board Member Tim Munns, aye; Board Member Jay Capener, aye; Board Member Brodie Calder, aye; Board Member Joseph Summers, aye; Board Member Boyd Bingham, aye. Moved into a closed session at 6:50 PM.

**CLOSED MEETING**

Vice-Chairman DJ Bott excused himself from the closed session as he had other commitments.

The Board entered a closed session to discuss the purchase, exchange, or lease of real property to be held in accordance with the provisions of Utah Code 52-4-205.

Board Member Mark Larson made a motion to end the closed session, seconded by Richard Day  
Roll Call: Roll Call: Chairman David Forsgren, aye; Financial Chairman Charles Holmgren, aye; Board Member Lyle Holmgren, aye; Board Member Mark Larson, aye; Board Member Richard Day, aye; Board Member Tim Munns, aye; Board Member Jay Capener, aye; Board Member Brodie Calder, aye; Board Member Joseph Summers, aye; Board Member Boyd Bingham. Ended closed session at 7:45 PM.

**ADJOURNEMENT**

Board Member Tim Munns made a motion to adjourn, seconded by Board Member Richard Day; all members voted aye, meeting adjourned at 7:55 PM