

**Bear River Water Conservancy District
Annual Board Meeting
Wednesday, March 28, 2012 7:00 p.m.
Bear River Water Conservancy District Conference Room
102 West Forest Street, Brigham City, Utah 84302**

Minutes

Present: Trustees: Chairman Clinton Burt, Vice Chairman Ross Rudd, Financial Chairman LaRall Thompson, Charles Holmgren, Brent Baugh, Richard Day, Dave Forsgren, LuAnn Adams, Brent Rose, Roger Fridal and Tyler Vincent

Staff: General Manager Voneene Jorgensen, Systems Operator Bob Phippen and Administrative Assistant Judy Hartvigsen

Visitors: Bill Bigelow of Hansen Allen and Luce, Cody Cardon of Wood Richards & Associates, Mitch Zundel of Box Elder County

Invocation: Board Member Brent Rose

Adoption of the Agenda – Chairman Clint Burt

A motion was made by Board Member Charles Holmgren to approve the agenda as written. The motion was seconded by Vice Chairman Ross Rudd. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Baugh, Holmgren, Day, Forsgren, Vincent, Adams, Rose and Fridal voted in favor of the motion.

Approval of the Minutes for the Board Meeting held February 22, 2012

The minutes of the meeting held February 22, 2012 were included with the packet that was mailed to the Board Members. Chairman Clint Burt stated a change should be made regarding the name of the river mentioned. It should be the Bear River instead of the Malad River.

A motion was made by Board Member Dave Forsgren to approve the minutes as amended for the meeting held February 22, 2012. The motion was seconded by Board Member Roger Fridal. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Baugh, Holmgren, Day, Forsgren, Vincent, Adams, Rose and Fridal voted in favor of the motion.

Annual Status Report – Chairman Clint Burt

Chairman Clint Burt presented the annual status report of the Bear River Water Conservancy District business. A copy of the report was provided to each of the board members at the meeting. Chairman Burt read the mission statement of the District and stated two new directors were appointed at the beginning of 2012, Roger Fridal replaced Stanley Stokes representing Tremonton and Garland and Tyler Vincent replaced Bruce Christensen representing Brigham City. The staff remained the same for the year. The budget was adopted and submitted to the State Auditor's office as required. The audit of the finances for 2011 was completed and will be reported at this meeting. The Drinking Water Source Protection (DWSP) Plan for Bothwell was updated and submitted to the Division of Drinking Water. The report included names of associations that the District is a member of. The report continued covering the following items:

- Consumer Confidence Reports
- Chanshare Inc. lease of property and irrigation water use
- Box Elder County amended Land Use Ordinances to protect classified aquifers
- Harper Ward Retail System and completion of fire hydrant project
- Bothwell Water System and retail system
- Wholesale systems and wholesale water sales amounts
- Bear River Water Development
- Weather Modification
- Conferences and Trainings attended
- South Willard Project – Division of Drinking Water approved using remaining grant funds for construction of a main line on Highway 89
- Collinston Project – Ukon Water Company and Riverside/ North Garland Water Company are supportive and interested in purchasing water from this project. A source of water has been secured from Deweyville
- Beaver Dam Project – Two springs have been developed, a 200,000 gallon storage tank and treatment building constructed and the water lines are being laid
- Community Services including Bothwell meter relocation , Park Valley School water storage and Riverside/North Garland Water Company meter re-location
- Box Elder County Fair participation

General Manager Voneene Jorgensen asked to include one more item in the report under the wholesale water systems. She stated the District is now selling 25 acre feet of water to South Willard Water Company.

Board Member Charles Holmgren moved to approve the annual status report as presented. The motion was seconded by Board Member Brent Baugh and approved by Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Baugh, Holmgren, Day, Forsgren, Vincent, Adams, Rose and Fridal.

**Presentation and Adoption of the Audit
Cody Cardon of Wood Richards & Associates**

Cody Cardon of Wood Richards and Associates presented the audit report performed by his firm for the fiscal year ending December 31, 2011. Copies of the final audit report and financial statements were provided for the board members at the meeting. Mr. Cardon stated the auditor issued an unqualified opinion which is a clean opinion and the best rating given. He explained the three year financial history that he put together to make it easy to see trends. The history showed changes that Mr. Cardon explained. The depreciation increased because of the addition of the South Willard System. The amount of grant income increased with the funds for the Beaver Dam project. The interest income has declined each year with the dropping interest rate. The total change in net assets for the year was 1.3 million dollars. 1.1 million of that is from federal grants giving a net income of about \$200,000. This amount is consistent with the prior years.

Mr. Cardon then reviewed the balance sheet and stated changes were mostly due to the current construction projects. The current assets to liabilities ratio is 2.51%. Net working capital is \$780,000. The return on assets is about 14% due to the federal grant funds. He then explained the summary of long term debt. A single audit was performed that is required for the expenditure of federal funds over \$500,000. He reviewed the summary of the single audit. There were no findings associated with the single audit. He commended the District for the excellent handling of the federal funding. He then referred to the communications governance letter that summarizes the audit included with the financial statements. The letter states no new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. No transactions were entered into by the District for which there was a lack of authoritative guidance or consensus. There were no difficulties encountered during the audit. There were no material misstatements and no disagreement with management. Management did not consult with any other accountants.

Mr. Cardon provided the following recommendations:

The personnel policies are to be reviewed annually as required by the State of Utah and the District's current policies are outdated and in need of revision.

A review of the impact fee analyses is not required but should be looked at as it is becoming a subject of litigation for some entities.

Mr. Cardon then asked if the board members had any questions.

Vice Chairman Ross Rudd moved to approve the audit report as stated by Wood Richards and Associates. The motion was seconded by Financial Chairman LaRall Thompson. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Baugh, Holmgren, Day, Forsgren, Vincent, Adams, Rose and Fridal voted in favor of the motion.

Beaver Dam Water System Improvement Project Project Update – Bill Bigelow and Bob Phippen

Systems Operator, Bob Phippen presented a slide show of photos showing the work that has resumed in Beaver Dam with the spring weather. The slides showed the pipes being installed to and from the treatment building and the storage tank, equipment inside the treatment building, back filling around the treatment building and installation of the main water line. Mr. Phippen explained the process of treating the water to remove arsenic by running it through a sand tank and the addition of chlorine. The main water line has been laid about 1000 feet along Beaver Dam Road. There was a question about the pipe material in the tank. Bill Bigelow stated it is ductile iron or stainless steel. There is no regular steel. There was a question about how often the sludge is removed from the tank inside the treatment building. Mr. Phippen answered it was not known at this time. It is not hazardous waste and can be placed in a landfill.

Trustee Reports – Board Members

LuAnn Adams: introduced Mitch Zundel who is the new Economic Development Director for the County. She stated there is a proposed project called “Cogburn” that is looking at locating in the county. Mr. Zundel stated the project consists of three areas, about 500 jobs and it will be a high user of water. Brigham City is working on trying to get the project in the area. The company has been looking at local entities for water availability. West Corinne Water Company does not have a water source to supply the project. The board discussed the water quality and size and length of pipeline needed. General Manager Jorgensen stated the District would like to be able to look at providing the water service. The company is working with the state for incentives and needs to complete inquiries quickly. General Manager Jorgensen stated our engineer would be able to look at this and determine what the District can do to provide the water outside of the board meeting. The District has 1669 acre feet of water in the Bothwell pocket that can be used annually. The District lines are not far from West Corinne’s lines. The District needs to have an opportunity as the water purveyor of the county.

Brent Rose: reported Randy Julander with the State is optimistic on the 100% of normal water year in the western county and he hopes he is right. Commissioner Adams added the project for water at Park Valley School needs to continue to be worked on.

Charles Holmgren: reported the Canal Company has not received the allocation from Bear Lake. There is a meeting on April 10th with the Bear Lake interests to establish the allocation but it looks like there will be a full allocation from the lake. Today at the Northern Utah Mini Conference he spoke to Blair Francis of Woodruff who told him the river is running about 300 cfs past his house with no snow on the hills. He anticipates the flows to start dropping on the Bear River. He spoke to someone of the West Corinne Water Company who indicated they used steel pipe in their new reservoir and they are concerned about the amount of corrosion they are already seeing.

Richard Day: No Report

Dave Forsgren: reported the Honeyville springs are running 500 gpm and they are still spilling a little water so they are in good shape.

Roger Fridal: reported there is a constant drip on a pipe in Bothwell. Bob Phippen stated this is the line that provides water for Matt Baxter and he will check on getting it repaired.

Tyler Vincent: commended the board on a good job and expressed appreciation to be a part of the District.

Brent Baugh: No report

LaRall Thompson: asked when the water would be in the canal. Board Member Holmgren stated he thought it would be around the 20th to 25th of April.

Ross Rudd: commended the General Manager for her accomplishments. He was pleased with the audit which shows good management.

Clint Burt: reported the General Manager was elected president of the Utah Water Users Association at the recent conference in St. George. It puts our District on good standing all over the state. He commended her for a great job.

General Manager's Report – Voneene Jorgensen

General Manager Jorgensen expressed appreciation for the vote of confidence. She is proud of the accomplishments that have been done because of the support of the board. She gave some history of her service to the District over 19 years.

Revision of the BRWCD Mission Statement

General Manager Jorgensen explained a proposed change to the District's mission statement. When it was written the word "stabilize" was used. General Manager Jorgensen suggested changing the word to "provide" to make the statement easier to understand. Commissioner Adams stated she liked the word "provide". Board Member Day stated it is more direct. Board Member Forsgren stated he thought it reflects our mission statement better than "stabilize".

Board Member Dave Forsgren moved to change the word in our mission statement from "stabilize" to "provide". The motion was seconded by Commissioner LuAnn Adams.

The motion was discussed. Board member Fridal stated he preferred "stabilize". Chairman Burt stated at the time "stabilize" was a good word because we did not deliver any water for some years but now we are delivering a lot of water.

A vote was taken on the motion. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Rose, Adams, Baugh, Vincent, Day, Holmgren and Forsgren approved the motion. Board Member Fridal opposed the motion. The motion carried.

General Manager Jorgensen continued with her report. She reported the District has received an additional \$249,000 reimbursement from the Army Corps of Engineers that helps with the cash flow. She asked the board members to review the year-end financial statements for December 31, 2011 that were provided at the meeting. She stated these are the audited statements. She explained the right hand column indicates the percent of budget which shows the District has done very well staying within its budget. The depreciation was increased because the South Willard system was brought in this year and began to be depreciated.

The Northern Mini Water Conference was held today in Logan. Our board was well represented there. It was a very good conference but the attendance was down from last year. Vice Chairman Rudd was chosen to be part of a panel discussion. She reported Randy Julander forecasts the water year to be like 2010 and dryer than 2011. The reservoirs are full but we will be below normal in snow pack, snow water equivalent and soil moisture.

She reported materials from the legislative session were added to the packet and a summary of the water law legislation written by Smith-Hartvigsen was provided at the meeting. She encouraged the board members to review the water bills. She explained the handout showing the action on the bills that were tracked by the UASD.

The weather modification report was included with the packet that shows seven storms were seeded in February with a total of twelve storms for the year. There were nineteen storms seeded last year. The program ends on March 31st. The summary in August will show the enhancement of the water received from the storms.

Project updates:

Collinston

General Manager Jorgensen reported Bill Bigelow is near finishing up the design of the project and we will soon start talking to funding agencies.

Riverside/North Garland

The Riverside/North Garland Water Company would like to relocate our meter station. It is on the corner and sits low off the road leaving little room to work on it. Irrigation runoff fills it with water. They want to move it from the corner of 5400 West and 14400 North, 820 feet to the East. They would then be able to service more customers in that area. They have a request for water service on the other side of the road. They have asked the District to enter into an agreement for Riverside/North Garland to purchase 820 feet of water line and put the meter station in a much better location. She asked for any discussion from the board. The cost for the line has been estimated at about \$15,000. It would be a benefit to both entities.

Vice Chairman Ross Rudd moved to approve the sale of the water line to Riverside/North Garland Water Company and move forward to help them all we can. The motion was seconded by Board Member Tyler Vincent. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Baugh, Holmgren, Day, Forsgren, Vincent, Adams, Rose and Fridal approved the motion.

Bothwell

Bothwell Community Cemetery and Water Corporation has requested a new meter station be installed. They have a connection with the District from a 2" meter station, a small well and a reservoir on the east side. The water lines are small, old and have sediment. They are having a hard time getting the water to go through their system and up to their reservoir. The new meter station would be at 12000 North and 10000 West. She explained the two options available for Bothwell because their connection with the District is currently on an emergency water service basis only. They have only purchased minimal amounts of water over the years. The first option is for Bothwell to pay the cost for the new meter station and construct it to the District's specifications. The water contract would remain on an emergency case basis. They would pay for only the water they use. They will convey the ownership of the new meter station to the District for operation and maintenance and install the line that connects the meter station with their system. The second option is for the District to pay for the construction of the new meter station. The water agreement will be amended to include a take or pay contract for 7 acre feet of water per year for five years which would re-coop the District's investment. Bothwell would pay for the line to connect the meter station to their system. Bill Bigelow has designed a 4" meter station that can be used with a 2" meter for now but can be upgraded for future demand. It will contain a 2" meter so that low flows can be measured. Bothwell has been reluctant to agree to a take or pay contract. General Manager Jorgensen stated she feels the best option is for them to agree to the take or pay contract and receive 35 acre feet of water in the five years and we pay for the meter station. They would not have to put the money up front and they will have use of the water. If they decide to pay for the meter station and keep the agreement as it is, they will still have to convey the meter station to the District and will not receive any benefit of water for their money. They will continue to pay extra for any water they use. General Manager Jorgensen stated the District wants a positive relationship with Bothwell and would like to serve water to them. When they do take District water they have better pressure and better quality of water. The old meter station will be left and can be used if needed. Chairman Burt stated they have admitted they could buy District water cheaper than pumping their well. The District has had requests for water service in the Bothwell area and General Manager Jorgensen has encouraged Bothwell to consider selling water to those who need it.

Board Member Dave Forsgren moved to authorize negotiations between Bothwell Community Cemetery and Water Corporation and the District and move forward with whichever option Bothwell chooses. The motion was seconded by Vice Chairman Ross Rudd. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Baugh, Holmgren, Day, Forsgren, Vincent, Adams, Rose and Fridal approved the motion.

Park Valley

Board Member Rose requested information on the progress of the project in Park Valley. Bill Bigelow stated he will be putting out a memo regarding results of the well testing. They found the well was fully capable of supplying the water for all the options that were looked at. They pumped 76 gpm for a couple hours. He wanted the board to be aware of different options that were looked at to provide water. The well is on the LDS Church property and they are willing to let the well be used for a public drinking water supply. There are no storage facilities

for the water. Mr. Bigelow explained new regulations are putting pressure on the church to provide water storage. The church, school board and local residents were all in attendance at a meeting to discuss the options.

**Financial Business – LaRall Thompson
Approval of Financial Statements**

The financial statements were prepared and provided to the Board Members in the packet that was mailed to them. Financial Chairman Thompson asked for the board to review the statements and approve them.

Vice Chairman Ross Rudd moved to approve the financial statements as presented. The motion was seconded by Board Member Dave Forsgren . Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Day, Holmgren, Forsgren, Fridal, Vincent, Adams, Rose and Baugh voted in favor of the motion.

Election of Officers – Chairman Clint Burt

Chairman Burt stated officers are elected at the annual meeting for the coming year. He opened nominations for officers. Board Member Charles Holmgren asked whether the current officers are willing to continue to serve. The current officers agreed they were willing to continue.

Board Member Charles Holmgren moved to suspend the rules and fill the offices with the standing officers by acclamation. The motion was seconded by Board Member Brent Rose. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Baugh, Holmgren, Day, Forsgren, Vincent, Adams, Rose and Fridal voted in favor of the motion.

Public Comment

There were no public comments.

Adjourn

A motion to adjourn the meeting was made by Vice Chairman Ross Rudd. The motion was seconded by Financial Chairman LaRall Thompson. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and board members Day, Holmgren, Forsgren, Fridal, Vincent, Rose, Adams and Baugh voted in favor of the motion.

The meeting adjourned at 8:41 p.m.