

**Bear River Water Conservancy District
Board Meeting
Wednesday March 27, 2019 7:00 p.m.
Bear River Water Conservancy District Conference Room
102 West Forest Street, Brigham City, Utah**

Minutes

Present: Trustees: David Forsgren, Charles Holmgren, Mark Larson, Neil Capener, Jay Carter, Tyler Vincent, Jeff Scott, Richard Day, Russ Howe

Absent: Roger Fridal, Jay Capener

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

Other: Ryan Child, Child Richards CPAs & Advisors

Welcome: Vice Chairman David Forsgren

Invocation: Richard Day

Pledge of Allegiance: Lead by Vice Chairman David Forsgren

Declaration of Conflicts of Interest: None

Adoption of the Agenda – Vice Chairman Forsgren

A motion was made by Board Member Larson to approve the agenda. The motion was seconded by Board Member Day. Vice Chairman Forsgren, Financial Chairman Holmgren and Board Members Howe, Vincent, N. Capener, Scott, and Carter voted in favor of the motion.

Approval of the Minutes for the Board Meeting held February 20, 2019.

The minutes of the Board Meeting held February 20, 2019 were included with the packet that was provided to the Board Members.

Financial Chairman Holmgren made a motion to approve the minutes for the meeting held February 20, 2019. The motion was seconded by Board Member Vincent. All Board Members voted in favor of the motion.

Report on the 2018 Audit was presented by Ryan Child of Child Richards CPAs & Advisors.

The only finding was to do with State compliance regarding the posting of the monthly agendas to be posted on the Public Notice website at least 24 hours prior to the meeting. There was a reminder to the board members of the open meeting annual training requirement. For the important parts of running the government, everything looks good, the District has good internal controls.

Looking at the prepared audit report, Page 4: Management's Discussion and Analysis; This section provides historical context showing how revenues and expenses have changed in recent years, as well as assets and liabilities. The table on the top of the page shows a condensed statement of net position

(balance sheet). Current assets are \$1,920,957 which is up from the prior year, which was \$1.6 million and was \$1.3 million the year before. Current assets include cash and receivables, anything that can be converted to cash or consumed within one year, they exclude capital assets. Current liabilities are \$506,396 which includes the amount of bond principle that is due in 2019. The difference in current assets and current liabilities has improved in recent years. It is a good sign that the financial position is improving for the District. At the bottom of the page is a Condensed Schedule of Revenue for 2016, 2017 and 2018 going from \$1.9 million to \$1,994,394. In a similar table on the following page there is a Condensed Statement of Expenditures. Expenditures increased in 2018 mainly in professional fees and repairs and maintenance, including the repairs to the office building.

Page 7: Statement of Revenues, Expenses, and Changes in Fund Net Position shows more detail for the revenue and expenses for 2018. The change in net position, or the overall difference between revenues and expenses, shows a positive number of \$420,000. This number is after depreciation expense on infrastructure. The net position for the District has improved by \$420,000.

Page 8: On the first subtotal on the Statement of Cash Flows shows the net cash from operating activities which is a negative \$667,000. Property tax revenue is not included in operating revenues. The property tax revenue is \$1,217,000. Cash flows from related financing, shows the principle amounts paid on debts at \$383,000 with \$107,000 being spent on assets that were significant improvements for the District's long-term assets, money collected on connection fees, impact fees and rental income and spent on interest. There is an overall net increase in cash of \$177,000. Putting the total cash at the end of the year, both restricted and unrestricted at \$2,271,000. Overall the District is doing well.

There was a question regarding restricted and unrestricted cash. Restricted funds include unspent impact fees, which can only be spent for certain purposes, and bond reserves. The question was asked about the contributions to other governments listed on page 7. This is the RDA tax increment for the County. Even though the money does not come directly to the District it has to be shown as income and expense because the District levies the tax.

GM Mackley noted that the \$22,000 listed as a State Grant revenue is the contribution from the State towards the cloud seeding program.

Board Member Vincent made a motion to accept the Audit Report for 2018 as presented. Board Member Carter seconded the motion. The motion passed by unanimous vote.

Annual Status Report – Vice Chairman Forsgren

The board members received a written copy of the Annual Status Report of the District for March 2018 through March 2019. Vice Chairman Forsgren read the Mission Statement and read over the highlights from the report. The report is attached as part of the minutes.

Financial Business – Approval of Financial Statements - Charles Holmgren

The financial statements for February 2019 were prepared and provided to the Board Members. Financial Chairman Holmgren has reviewed the reports and asked for the Board to approve them.

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

Project Updates - Robbie Thayne

We are in the process of purchasing the backup generator for Bothwell. We have quotes on the generator however, it has been difficult to get electricians to match bids on installation. There are different ways to do things, we have a couple good prices. It will be a permanent generator on a pad of concrete. Golden Spike will do the trenching. The generator will be ordered shortly, it will take 4 months to be shipped and needs to be installed by November. There was a short discussion regarding the operation of the generator. It should run about 10 hours on 340 gallons of diesel fuel.

The pipe has been delivered for the West Corinne water line connection. It has been placed at Jay Palmers yard because he had the equipment to off load it from the delivery truck. It will have to be moved about 1 mile to the site. The vaults were approved by the engineers today so we will be ordering them. It is a 10" line and there will be a PRV with flow control at the end, along with a meter.

There was a new fire hydrant installed in Harper Ward to meet County fire code. There will be another hydrant installed in Collinston soon.

The District's truck was supposed to be here in March, but it has been pushed back to April. It was mentioned that Thatcher had a truck donated to the water company by Northrup Grumman.

Buster Marble has put a new meter in well #4. We will add a sample tap there for TDS testing.

The arsenic level has been controlled in Beaver Dam we are well below the state standard. We did some back washing in the filter and cleaned the reclaim tank. There was also pressure added to the chloride pump. GM Mackley added the operators were awesome in figuring out and correcting the problems. We are going to monitor the arsenic level in Beaver Dam monthly for a while.

We are watching the TDS levels in Bothwell where we have had a little rise in some wells. We are going to do monthly monitoring in the area. By starting now, we will have a good baseline for the year. There was a discussion on the water quality in general in this area. GM Mackley has concerns because of the changes that have been made in which wells are being used. The State Engineer has been very quiet for the last few years. About 10 years ago the Utah Geological Survey completed a report on water quality in the Bothwell Pocket and determined that something called 'up welling', is what is happening when the water quality starts to degrade. Meaning if you are pumping too hard, and too long you are pulling water deeper that is poorer in quality. It is a strange phenomenon, because typically your poorer quality water is higher up. Well #4 TDS levels are trending upward and is directly related to how hard Chanshare has been pumping that well. Last year they underutilized well #3, and overall they used more water than they have in previous years. There was a discussion on the physical location of the wells and use of other wells in the area. GM Mackley mentioned the strata that holds the poor quality water at certain levels extends south and lateral – the recharge for the ground water in the area comes from the north, so the best quality of water is to the north.

Robbie Thayne continued his report by showing a sample collected from the South Willard well for the BART test that shows iron bacteria in the well. We will be treating the well with BiCARBUS, rather than hydrochloric acid. This is a routine treatment that we usually do once per year. The cost is about \$250 per treatment, the iron bacteria is common and correctable.

We now have control of the shed in the north parking lot that Dominion energy vacated. It will be a great place to store parts that we need.

The operators have been working on the PRVs throughout our systems. Most of them have not been looked at since they were installed. We will next be replacing the PRV going into Tremonton by the UDOT station. There was a discussion on the process used in cleaning the PRV's.

Richard will be working on updating our emergency response plan. Andrew will be working on the GIS system. Robbie expressed appreciation for Carl and the job he is doing since becoming the GM.

Trustee Reports

Charles Holmgren – Attended the Utah Water Users Conference in St. George. It was a good conference, Charles and Voneene Jorgensen each received an award at the conference. He came to our board meeting from the canal board meeting, there is a lot going on with them. They are installing a liner on the Hammond East canal through Honeyville. They are hoping to complete the major water loss sections of the canal. Mike Styler has nominated Trevor Nielson, the canal manager, to replace Voneene (Jorgensen) on the Executive Water Task Force.

Tyler Vincent – Expressed appreciation for all that goes on in the District and thinks everyone is doing a good job. There are a couple water companies concerned that the reservoir has been dropped so low. This is in anticipation of the runoff. The City engineer has been looking at drainages, there is a lot of snow to come down. We will easily fill the reservoir for Brigham City. This water is also electrical generation so we can't let it go too low. There was a discussion about the snow levels in the surrounding area. Mayor Vincent said there will be plenty of water for irrigation. Things in Brigham are going well, there is a lot of economic growth. There was a question about what is being done on Box Elder Creek out by the freeway? It was explained the city is putting in diversions to mitigate flooding in the area and to recapture some of the effluent water.

Mark Larson – Everyone he talks to is glad to have the water. Farmers are getting anxious to get out and do some work but there is still a lot of water out there. He appreciates the help the District him.

Neil Capener – none

Richard Day – Behind Pineview there is still 8 feet of snow, snowmobilers are loving it. He is hoping for a slow melt this year as was mentioned at the conference in St. George. He enjoyed both conferences and the Water Law Seminar, he thought there was a lot of good information from the lawyers that presented. He thanked the District for making it possible for Board Members to attend.

Russ Howe - Appreciates Robbie coming out and looking at their PRVs and giving suggestions on cleaning the valves instead of replacing them. They are working with SKM on getting a quote to get their upper well on an electronic system such as SCADA. Thatcher has not had any problems with water and the pumps are running.

Jay Carter – Things are still white in Park Valley with all the snow. He had pictures taken on March 11th when his new grandson was born, to preserve the scene showing all the snow. It looks a lot different than at this same time last year. There will be a lot of water coming out of the hills.

Jeff Scott – Would like to echo a lot of what has been said about the snow pack. There is still 4 to 6 feet still in North Ogden divide, dry lake in Sardine Canyon is not dry. The County is looking to change the burn policy for agriculture to open it up in the Spring instead of having it all in the Fall. It would be good for the canal company, too helping to clean up the ditches, canals and orchards to be in better working order before the water year starts. The policy change should be made in the next week or two.

Dave Forsgren– No report.

General Manager's Report – Carl Mackley

Mentioned the Northern Utah Water Conference coming up on April 3rd at the Fair Grounds in Logan. More information was in the Board packets. GM Mackley has been pushing for the State Engineer or one of his representatives to give a presentation at this conference on the ground water policy of this valley. They declined due to active litigation at this time. He shared a flyer from Rural Water Association of Utah regarding Water Rights Certification training. It is in-depth training on water rights and a certification exam. The cost for the two-day training is \$345 for the full certification. GM Mackley recommends the training for all the county water companies and municipalities.

The District was approached by someone wanting a Summer Internship. He has experience in GIS and surveying. We are going to try and recruit him as an intern to help us get our GIS system started. We decided it was too expensive to have the engineers to do this project. To accommodate having an intern we need to amend our Personnel Policy and Procedures to include a temporary or seasonal employee. The information and wording for the change was included in the Board packets. There was a discussion on policies, benefits, and benefits to the District to have an intern.

A motion was made by Board Member Day to accept the changes to the Personnel Policies and Procedures to include a Classification of Employment for Temporary or Seasonal Employees as outlined. The motion was seconded by board Member Larsen. All Board Members voted in favor of the motion.

GM Mackley continued by reporting that we have a meeting tomorrow with JUB Engineers and a sister company, Gateway Mapping to talk about a 100% grant to cover the equipment for the asset management system we are looking at. In order to get the grant, we would also be locating high pressure gas lines at the same time as our own equipment. It adds a little extra work, but if the equipment can be covered it will be worth it. There is a possibility the grant would help cover the cost of

the Intern. The grant is only available every other year and it was just posted. Andrew will be working closely with the Intern to get the project started, after the system is initiated, Andrew will take over the administration of it.

GM Mackley referred the Board to his written report for other items. We have had discussion on SWWC disconnection. They have minutes that said we would split the cost. We are encouraged by the positive developments in relationships with them right now. There are big developments coming in that area, it is important to work together and agree on who will be developing what. There was a discussion on well levels in relation to the water and snow this year. GM Mackley continued saying there are ways to stretch the water rights out in that part of the county. The Willard area is a closed area by the State Engineer. The developers have some water rights, Carl is encouraging them to use their own, and educating them on those water rights.

Our website is in need in a face lift. We are working on getting quotes, with different companies to update the site so that we have control of content and can update the information on a regular basis and possibly having customers pay on line.

There is interest in the Cache Valley Property, we are still getting calls. We are past the 60 days on the offer received so we can notify him it was declined by the board.

The Auditors recommended an increase in the capitalization limits from \$2,500 on equipment to \$5,000 and from \$10,000 on infrastructure to \$50,000. It was explained that any purchases under the limits will be expensed and anything over will be depreciated.

Financial Chairman Holmgren made a motion to adopt the recommendation to increase the limits on capitalization to \$5,000 on equipment purchases and to \$50,000 on infrastructure purchases. The motion was seconded by Board Member Larson. All Board Members voted in favor of the motion.

There was a discussion on a Standard Reservation Agreement rate. We need to adopt a reservation fee rate for these agreements. When the developers want to secure their interest in the water until they develop, they enter into a Reservation Agreement with the District. The reservation agreements are important to protect the District. We need to determine what is the appropriate fee rate for the reservation agreement amount. One option would be to use our standard wholesale rate, currently \$345.00 per acre foot. We can update or change the rate as necessary, but we need to establish a rate to begin with. There was a discussion on how wholesale rates are not standardized between districts or other water companies. GM Mackley suggested the rate be the same as and follow our established wholesale rate. The Board has already adopted the Reservation Agreements, Development Agreements and Pioneering Agreements. We neglected to adopt a standard fee rate for the Reservation Agreements at that time. The Board Members shared thoughts on what the rate should be.

A motion was made by Board Member Scott that the Standard Reservation Agreement Rate will be the same as the wholesale rate for BRWCD and will change as the wholesale rate changes. The motion was seconded by Financial Chairman Holmgren. All votes were in favor of the motion.

Public Comment – No comments

Election of Officers – Vice Chairman Forsgren

The current Chairman is Roger Fridal, Vice Chairman is David Forsgren and Financial Chairman is Charles Holmgren. It was noted that Chairman Fridal stated he is willing to serve again as Chairman. Vice Chairman Forsgren opened nominations for officers for the coming year.

Board Member Vincent made a motion to retain the officers as currently constituted. The motion was seconded by Board Member Day. Vice Chairman Forsgren, Financial Chairman Holmgren and Board Members Scott, Carter, Howe, N. Capener, Larson, voted in favor of the motion.

A motion was made by Financial Chairman Holmgren to adjourn the meeting. The motion was seconded by Board Member Day. All Board Members voted in favor.

The meeting adjourned at 8:45 PM.



Bear River Water Conservancy District Annual Report March 2018- March 2019

Mission Statement: The Bear River Water Conservancy District, created September 8, 1988, by court decree under the guidelines of the Utah Water Conservancy Act, will endeavor to:

Conserve and protect water and water rights

Develop and provide water for municipal, industrial and agricultural use and

Use these resources to best serve the residents of Box Elder County.

The District's service area encompasses all of Box Elder County. We strive to provide clean culinary water, excellent customer service, and technical support to our member agencies and customers throughout Box Elder County.

The Bear River Water Conservancy District (BRWCD) is pleased to report the significant activities of the past year. The Board of Trustees and areas represented as of January 1, 2019 are:

Roger Fridal-Chairman	Tremonton/Garland/Elwood
David Forsgren-Vice Chairman	Honeyville/Deweyville
Charles W. Holmgren-Treasurer	Bear River City/Corinne
Jay Capener	Bear River Canal Company
Richard Day	Willard/Perry/Mantua
Mark S. Larson	Independent Water Companies
Russell D. Howe	Bothwell/Thatcher/Howell
Tyler Vincent	Brigham City
Neil C. Capener	Riverside/Portage/Plymouth/Fielding
Jay H. Carter	West Box Elder County
Jeffrey D. Scott	Box Elder County Commission

Chairman Roger Fridal, Vice Chairman David Forsgren and Treasurer Charles Holmgren were re-elected as officers of the District at the Annual Meeting held March 28, 2018. Neil C. Capener, Jay H. Carter and Jeffery D. Scott's terms expired December 31, 2018. They were reappointed by the County Commission and sworn in for an additional four-year term by County Clerk, Marla Young.

General Manager Voneene Jorgensen retired January 10, 2019. A reception was held that afternoon in her honor at the District's office. The District welcomed Carl W. Mackley, P. E., as the new General Manager. Robert Thayne was promoted to Supervisor over the two new Certified Water Operators that were hired in July 2018, Andrew Beecher and Richard Williams. Jill Jeppsen began as the Office Manager/Administrative Assistant in July 2018, bringing the total number of employees of the District to five.

Board meetings are usually held on the fourth Wednesday of each month at 7:00 p.m. at the District Offices located at 102 West Forest Street, Brigham City, Utah. The annual meeting schedule is advertised, posted in the District Office and also on the District's website.

District Business: The financial audit is conducted annually in accordance with the Governmental Auditing Standards and presented at the annual meeting in accordance with state statute. The 2018 audit is complete and will be presented by Child Richards CPAs & Advisors during the annual meeting on March 27, 2019.

The District is in compliance with the regulations of the Division of Drinking Water with one exception. We are currently working very hard to complete the requirement to have a backup generator on the Bothwell wells. The Utah Data Report for each of the District's water systems was completed and submitted to the State, and the Consumer Confidence Reports are being prepared and each customer will be given notice of availability on our website and for review at our office. The District completed all state water quality monitoring requirements and all standards were met for 2018.

On December 19, 2018, the 2019 budget was adopted and subsequently submitted to the State Auditor's office.

The District policies, projects, public notices, meeting agendas, minutes, board member's and staff's contact information are accessible to the public through the District's website, www.brwcd.com and the Utah Public Notice Website. The District posts agendas and other information required to the Utah Public Website and posts the financial statements quarterly and payroll information annually on the State of Utah's Transparency website.

The county wide Master Plan was completed in September 2017. The Master Plan includes analysis of future water supply and demand, population projections, conservation, and designates future projects that are needed. General Manager Carl Mackley views the Master Plan as a 'living document' and will use it to guide the Districts upcoming projects.

The District owns property in the Bothwell area and continues to sublease it to Chanshare Farms where they manage a successful sod business. Applying best management practices, Chanshare continues to be good stewards of the property and facilities. They are currently working on putting a new water meter on Well 4, and plan on using Wells 3 and 4 this year in the hopes of keeping the water quality (TDS) of those wells from deteriorating. This will be monitored very closely this year.

The District operates and manages six culinary water systems in different areas of Box Elder County that have wholesale and retail components. 168 acre-feet of water was delivered to 219 retail customers and 2,299 acre-feet was delivered to wholesale customers in 2018, up from 476 acre-feet in 2017. Through these culinary water systems, 16 entities can be served to augment or backup their existing water supply. We are currently installing a 1-mile waterline extension to connect our Bothwell system to West Corinne Water Company on 10000 West, to serve as an emergency backup supply source.

The District continues to help and support the communities throughout the County with professional and technical services. BRWCD was able to supply and meet the demands of South Willard Water Company while their well was down for several months in 2018. The District continues to assist the Hot Springs Trailer Park by performing the state required routine water quality testing, at no additional charge to them. The District's General Manager has been able to assist other water companies and developers in the county by educating them on their existing water rights.

Noxious weeds are a serious concern to Box Elder County. To support the County in their effort to control the noxious weeds and to protect our water sources, the District is continuing its environmentally friendly weed control program (EFWCP) that includes 9 goats that eat the weeds in the areas around our water sources.

The District is active in matters of interest with the Bear River Commission and the Utah Legislature that impact the District and the water community. The District is a member of the Utah Association of Special Districts, Utah Water Users Association, American Water Works Association, and Rural Water Association and benefit from their services. Trustees and Staff annually attend their training conferences and workshops to receive pertinent information and receive the certifications that are required. The District is a sponsor of the Utah Water Summit, Utah Water Users Workshop and the Northern Utah Water Conference.

Bear River Water Development: The Bear River Development Act allocated 60,000 acre-feet of storage water in a state-owned storage facility to the Bear River Water Conservancy District. The State Division of Water Resources study of the water pipeline corridors and the potential reservoir sites will be completed in April 2019. Six reservoir sites have been selected for further study. Two of those sites are located in Box Elder County, Whites Valley and Fielding. Geological fieldwork and Geotechnical borings and analysis have been completed. The District, as a stakeholder, continues to participate in the discussion and evaluation of the studies. It is exciting to see the State moving forward with the study of Bear River Development Project as it is Box Elder County's future water supply. It is estimated that the final report for this project will be made public early in the Summer of 20

Weather Modification: The District continues to partner with Cache County in the cloud seeding program administered by the Division of Water Resources with a cost share of 50%. The program operates from December 1st through March 31st of each year. The Division contracts with North American Weather Consultants (NAWC) for the operation of the program. Monthly reports are prepared by NAWC and a final program report is written documenting the cloud seeding events for the season and calculating the increase to precipitation, snow pack and snow water content. The District has participated in this program for 30 seasons for in the eastern Box Elder area and 26 seasons in western Box Elder County and the analyses show that the cloud seeding program has, on average, yielded seasonal precipitation/snowpack increases in the range of 10-15%. An updated 2012 report estimated an average annual increase in runoff due to cloud seeding in Northern Utah of 56,300 acre-feet with the resulting cost per acre-foot for the additional water was \$1.55.

The District will continue to move forward with strong leadership and a qualified staff as we strive to accomplish our goals to deliver high quality drinking water and excellent customer service to the residents of Box Elder County.