

**Bear River Water Conservancy District
Board Meeting
Wednesday, September 26, 2012 7:00 p.m.
Bear River Water Conservancy District Conference Room
102 West Forest Street, Brigham City, Utah**

Minutes

Present: Trustees: Chairman Clinton Burt, Vice Chairman Ross Rudd, Financial Chairman LaRall Thompson, Charles Holmgren, Richard Day, LuAnn Adams, Dave Forsgren, 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
Brian Shaffer, Mark Larson, Larry Peterson and Matt Peterson of Ukon Water Company

Excused: Board Members Brent Baugh and Brent Rose

Invocation: Board Member Dave Forsgren

Adoption of the Agenda – Chairman Clint Burt

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

Approval of the Minutes for the Board Meeting held July 25, 2012

The minutes of the meeting held July 25, 2012 at Chairman Clint Burt's residence were included with the packet that was mailed to the Board Members. There were no changes to the minutes.

A motion was made by Board Member LuAnn Adams to approve the minutes as written for the meeting held July 25, 2012. The motion was seconded by Board Member Richard Day. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Holmgren, Adams, Forsgren, Day, Vincent and Fridal voted in favor of the motion.

Project Updates – Bill Bigelow and Bob Phippen

Systems Operator, Bob Phippen gave a photo presentation showing the recent repair of the Newman Well motor, final work on the Beaver Dam System, installation of a new meter station in Bothwell and the progress of the new 12” pipeline project in South Willard. He reported that the system in Beaver Dam is working well and the residents have been connected. The remaining issue is the disposal of sludge from the arsenic treatment tank and this is being worked on. General Manager Jorgensen reported the Division of Drinking Water is requiring additional monitoring of the system. We will need to install an analyzer to monitor the chlorine residual continually. The cost will add about \$5,000 to the project. She is working with Bill Bigelow on those requirements.

Bob Phippen showed photos from the installation of the new meter station in Bothwell through which the Bothwell Water Company is now using water. There are 4” sleeves into the new meter station. Right now a 2” meter was installed but in the future it will be easy to change to a 4” meter if necessary. The old meter will remain functional.

The South Willard Pipeline Project begins south of the new LDS Stake Center at the fire hydrant. The project includes three borings, one under Highway 89 near the Coleman Mobile Home Court for 135 feet, one under 8700 South to the Hot Springs Mobile Home Park and one under the south bound section of Highway 89 after it splits near 8700 South. Both of those are about 50 feet. General Manager Jorgensen explained part of the authorization from the Division of Drinking Water to use the remaining funds from the South Willard Area Project for this pipeline included the District being able to be a back-up for these two existing water systems. They are very happy to be able to have fire hydrants. Bill Bigelow reported the South Willard Pipeline Project is 75% complete and he is very happy with the progress.

Bill Bigelow updated the board on the Collinston project. The board received a map showing the locations of the proposed water line, tank site and other system components. The District has negotiated with Deweyville City to purchase surplus water and has signed an agreement with them to supply this system. The System will have both retail and wholesale connections. The District also has water rights in the Deweyville area for future expansion and development of our own water source. However, buying water from Deweyville at this time is a great way to start with a first phase to keep costs down. Most homes in the Collinston area do not have public drinking water and many have indicated they are interested in taking water from the District. Ukon Water Company’s subscription will be delivered to their existing storage tank. This advantage to them is one of the major drivers of this project. The District will continue to deliver water to Riverside/North Garland Water Company through the booster station. Cost estimates for this project are about 3 to 3.5 million dollars. The District has been talking to Rural Development and Utah Division of Drinking Water for funding of the project. He indicated on the map the location of a pipeline across the valley in a future phase that would deliver water from the Collinston project to the booster station. The board members were provided with additional maps of the proposed project and the service areas of Riverside/North Garland Water Company and Ukon Water Company. The owner of the property for the proposed storage tank is willing to sell property to the District for the project.

Ukon Water Company – Brian Shaffer

Brian Shaffer of the Ukon Water Company expressed his appreciation to the Board for the opportunity to discuss the line purchase agreement between the District and the Ukon Water Company that was signed approximately 8 years ago. He stated that Ukon Water Company was interested in purchasing the District's line because it would take the place of their small aging water lines, avoiding the need of laying a parallel line and solving right of way issues. Also, the capacity of this 8" line would also provide for future growth in 30% of their service area. Mr. Shaffer continued that it was his understanding that the District would like to discontinue the agreement and that Ukon Water Company would be willing to forgo the original line purchase agreement provided they could still meet the needs they had originally planned for. He presented the following request: 1) the line can be used for residential connections, 2) Ukon would manage the retail sale of water from the line, 3) reimbursement of \$100,000 paid to the District. Mr. Shaffer stated that Ukon Water Company has supported the District through water purchases for the last 17 years and is committed to purchasing water for the future. He expressed a desire to continue to work with the District.

General Manager Jorgensen responded to Mr. Shaffer's presentation stating the District entered into the agreement with Ukon Water Company in 2005 as a lease agreement with the intent that Ukon would purchase the water line at fair market value when the loan on the water line was paid off, the Collinston project was completed and the water line became surplus. The lease payments paid to the District would be credited to the purchase of the water line. The District would retain the right to wheel water through the water line to serve our customers in perpetuity. The contract stated Ukon Water Company would relocate the meter station at their expense, which they have done, to serve their customers connected to the water line year round. The District has received \$80,000 in lease payments to date. She stated Ukon's perception that the District would like to discontinue the agreement is a misunderstanding stemming from a statement she made in a meeting with members of the Ukon Water Company where the operation and management of the booster station was being discussed that the leased line would never be surplus because the District will always need it to deliver water to Riverside / North Garland Water Company. She stated she believes that statement fostered Ukon Water Company's concern. She stated that it is not the intent of the District to discontinue the agreement but recommended moving forward with a new lease agreement with the option to purchase the water line amortized over 14 years. She acknowledged that Mr. Shaffer and others on the Ukon Water Company board have expressed concerns previously over the fact that there was not a purchase price associated with the purchase of the water line written into the lease agreement. She stated she has really enjoyed working with Ukon Water Company through the years and expressed her appreciation for their support. She asked President Mark Larson if he would support having Bill Bigelow calculate the value of the leased water line and have a lease purchase agreement drafted similar to the agreement between the District and Brigham City. Mr. Larson stated he thought that would be in the interest of both parties. The District Board agreed.

Trustee Reports – Board Members

LuAnn Adams: reported on she was part of a delegation from the county and Brigham City to visit chicken plants in Missouri and Arkansas. The dog food plant was clean inside and out and

there was not much odor. Then they went to Arkansas to chicken plant. It didn't smell outside at all. There was a little sewer smell but that will not be a problem here. Inside it was clean, but it is a chicken processing plant. There were inspectors at the plant and a vet on site. It will bring good jobs. It may bring migrant workers. We are supposed to go to Oregon to look at chicken grow houses in the future. They would package the chicken waste as fertilizer. They will buy crops from local farmers if they can meet the specifications. Board Member Vincent stated the biggest issue he has heard about is concerns about the smell and he is glad to have the input.

Commissioner Adams stated there is odor inside the processing plant of feathers and raw meat, but there was no smell outside. Board Member Thompson stated the turkey plant in Tremonton did not have an odor problem. She stated there would be about 8 trucks per day trucking in the chickens. The employees would have benefits. The jobs would start at \$14.00 per hour. Board Member Vincent stated Brigham City has a lot of items under consideration right now and this will be a good thing. Board Member Holmgren commented that poultry waste is used now on fields in the County and there is a smell. Board Member Fridal commented the issue was with the smell at the sewer plant with all the water that comes back. Vice Chairman Rudd commented he lived by a chicken coop with 500 laying hens that he cleaned every Saturday so there was no odor.

Charles Holmgren: reported the Canal Company is cutting back rapidly on water. He is trying to negotiate something with the Bird Refuge but they have enough storage for another couple of weeks and water rights to Oct. 31. It has been a tough water year. Pacificorp shut off the pumps to do some work on the dam face. Above Bear Lake there is 3 second feet coming down. The Canal Company will be interviewing for a new manager on October 10th. They have six candidates.

Richard Day: reported South Willard Water Company turned the water in from the District about two weeks ago. It has been flowing from the tank. They started with 370 gallons. The water was tested and the system is working well. The calculations that were originally discussed will be right on target. We know we can fill our tank in a hurry. He has been tracking the usage every day.

Dave Forsgren: No report

Roger Fridal: reported he did not know the Newman Well had gone down but noticed it was making a lot of noise when he was out there. He asked for clarification on the agreement with Ukon Water Company. General Manager Jorgensen and Chairman Clint Burt gave some explanation of the history of the agreement and the reasons the District could not sell water for residential use from the line. The District does not want to sell water in another company's service area and the water was only in the line from May to October when Ukon and Riverside/North Garland were taking water.

Board Member Fridal asked about the water service in the Bothwell Pocket to Matt Baxter. General Manager Jorgensen explained the District has a take or pay contract with Mr. Baxter for the use of a water right through a temporary change application that allowed him to drill his own well for his cattle.

Tyler Vincent: asked a question about the financing for the chicken plant. Commission Adams stated it is going forward as far as she knows.

LaRall Thompson: No report

Ross Rudd: reported he was sorry he missed last meeting but he was out of town. He appreciated working with the Board Members.

Clint Burt: No report

General Manager's Report – Voneene Jorgensen Project Updates

General Manager Jorgensen stated the District is still working with Park Valley School. Bill Bigelow has been working on this but is still waiting for a little more information

General Manager Jorgensen requested authorization to pay the \$24,000 invoice from Clayton Grover for the Bothwell Meter Station installation and supplies. The original bid was under the \$20,000. They had to move into the road because of a gas line that necessitated an extra line and new fittings.

Vice Chairman Ross Rudd moved to approve the overage on the contract. The motion was seconded by Board Member Tyler Vincent. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Holmgren, Adams, Forsgren, Day, Vincent and Fridal voted in favor of the motion.

General Manager continued with her report stating the fair was enjoyable this year. It was not quite so hot and she appreciated the Board Members who helped with the fair.

The weather modification will be the same estimated cost as last year. She explained the District portion is \$25,500 and itemized the costs. The District paid \$20,996 last year because there were fewer generator hours used. Cache County is going to participate. A brochure on cloud seeding was handed out at the meeting. General Manager Jorgensen reviewed the summary from last year's cloud seeding that was included with the packet mailed to the Board Members. She explained the cloud seeding provides 15% to 17% enhancement in precipitation. She read a list of the locations of the generators and stated the complete report is available to read. She commented on the Utah Water Outlook Report for the Bear River that includes information on reservoir levels, soil moisture and other water information.

General Manager Jorgensen reported to the Board that there had been a problem with the Newman Well during the first week of July. The top and bottom bearings on the motor had burned out and had to be replaced. The cost of the repair was \$7,600. At the time the well went down, there was a concern that it may have been the pump which would have taken 16 weeks to replace. The Newman Well was down one week. The Back-up Well was able to keep up with the culinary and irrigation demand and worked well.

General Manager Jorgensen reported she has had previous discussions with Bill Bigelow regarding the pump efficiency of the Newman Well. The existing pump is the original irrigation pump that has had the bowels refurbished but has had a lot of wear since. She discussed her concern of having the pump fail and the possibility of designing a new pump with the highest possible efficiency without having to replace the motor and starters that would be available as needed. It is estimated that it would save the District five to six thousand dollars annually on power costs. The Board agreed it was best to install a new pump after the irrigation season.

Board Member LuAnn Adams made a motion to proceed with the design and pricing for the replacement of the Newman Well pump. The motion was seconded by Vice Chairman Ross Rudd. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Holmgren, Adams, Forsgren, Day, Vincent and Fridal voted in favor of the motion.

General Manager Jorgensen then explained to the Board that Procter & Gamble is moving forward in preparation of their second phase. They have applied for water rights out of the Bear River and are looking at property for a pump station. She asked whether the Board is interested in managing the facility. The water will be pumped out of the Bear River to the treatment facility and treated to the standard necessary for their use. P & G would construct the treatment facility, convey the water right and the District would manage and operate the treatment facility. Board Member Vincent thought this would be a good move for the District. Board Member Forsgren was concerned about the liability. Board Member Adams stated she thought we need to explore it further. Board Member Vincent felt we need to look at liability and the advantage to us. Board Member Holmgren stated that P & G does not want to be in the water business. They do have an option on some property. They may purchase the facility but don't want to be the operators. From the river, they want a settling pond and then take water from there to the treatment facility. General Manager Jorgensen stated this is something new for the District but would be within our stewardship. It is a way to help with economic development for the County. It would include some legal expense and possibly hiring help. It was the consensus of the board to look at this and get more information.

General Manager Jorgensen reported on SB 78 that will affect the taxing authority of Districts. This bill will have a large impact on us and other small Districts. The interim committee meeting discussing SB 78 is on October 15th. The other bill of concern is HB 187 that deals with the authority of the state engineer. General Manager Jorgensen gave the Board some background and her concerns about this legislation.

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.

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

Unfinished Business – Chairman Clint Burt

There was no unfinished business discussed.

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, Fridal, Vincent, Forsgren and Adams voted in favor of the motion.

The meeting adjourned at 9:30 p.m.