DRAFT

TOWN OF SPRINGDALE

118 Lion Boulevard Springdale, UT 84767 Ph.435-772-3434

MINUTES OF THE SECONDARY WATER ADVISORY BOARD MEETING ON WEDNESDAY, APRIL 1, 2015 AT SPRINGDALE TOWN HALL, 118 LION BLVD. MEETING CONVENED AT 11:00 AM

MEMBERS PRESENT: Chairman Brent Heaton, Board members from SCICO: Allan Staker and Mark Schraut; Board members from the Town of Springdale: Stan Smith and Mark Chambers
ALSO PRESENT: Town Manager Rick Wixom and Town Clerk Darci Carlson, recording; citizens signed in, see attached list.

Mr. Heaton asked if the Discussion items on the agenda can precede the Action items on the agenda. Town Clerk Darci Carlson indicated as long as the motion included the change it was ok to do so.

Approval of the agenda:
Motion to approve the agenda by Mark Chambers with the following changes that Discussion items B1 and 2 precede Action items A1 and 2; seconded by Stan Smith.
Chambers: Aye
Heaton: Aye
Schraut: Aye
Smith: Aye
Staker: Aye
Motion passed unanimously.

Discussion/Information/Non-Action Items
Discussion of how and where water is being transported in the irrigation line: Mr. Schraut went on the state engineer's website and collected information on the Town's water rights which he provided to the Board (attachment #1).

- Town water right numbers 81-1142 and 81-3392 were listed as being sourced from the Virgin River. Mr. Schraut asked if other water rights coming from sources such as wells or springs were being used or abandoned. It appears eight water rights were coming from springs or wells.
- Mr. Wixom said Big Springs and Hummingbird were two rights the Town used consistently. There are two in the National Park that account for 60 gallons/minute. These are used intermittently but not recently due to pressure issues. The Town has considered moving these rights to the river which would change the priority dates to current. However, without plumbing around the 500K tank there is no ability to use these rights effectively. There is also a cemetery well that has not been used for many years due to a high amount of dissolved solvents.
- Mr. Schraut requested the pipe be referred to as the water pipe and not the irrigation pipe.

Based on the information from the state engineer's website compared to water rights still owned by the Irrigation Company, Mr. Schraut concluded that only half of the water coming through the pipe was the Irrigation Company's.

- Mr. Wixom said this assumption was incorrect. Water right 81-1142 is completely owned by the Irrigation Company. Water right 81-3392 at 1.330cfs is owned by the Town. 81-1142 should be 2.64cfs and not 1.170cfs. Water right 81-3392 and other smaller rights were deeded to the Town in the early 1980's. Per previous conversations with Rick Haffen, he indicated 81-1142 is not owned by the Town.
- Mr. Schraut said it would be important to get this revised information to the state engineer. He referenced the contract addendum dated December 3, 1987 (attachment #2) *"In no way does the language of this definition bind the Irrigation Company, under part 9.A, to expenses of operation and maintenance of the*

culinary water system". Mr. Schraut felt this sentence combined with the information of record indicates the Irrigation Company should pay a smaller portion of the bill.

Mayor Smith said conversations were conducted with Mr. Heaton before the manhole project was started. Mr. Heaton concurred.

- Mr. Schraut also pointed out that the project needed to be done quickly not because of the needs of the irrigation system, but because of the culinary water system. Mayor Smith corrected this statement and stated the work was done to adjust the overall flow of water. It was decided to do the project immediately so the Town would not run out of water during a critical time of year.

Mr. Heaton said they should share costs for the manhole project; however the amount of the sharing needs to be clarified. Going by the language in the agreement, any expenses or maintenance related to the culinary system should not be subsidized by the Irrigation Company. He said the 1.33cfs is culinary water running through the pipeline, so any expense for culinary should not be subsidized by the Irrigation Company.

Mr. Schraut again read from the contract addendum stating *"Operation and maintenance fees charged by the Town to the Irrigation Company, as defined in part 9.A, are for annual costs applicable only to the operation of the secondary water system, and are different and less than the operation and maintenance expenses of the Town's entire water system, including the proposed water treatment system"*. They need to determine what portion of the water coming through the pipe is secondary. This is what they should pay for.

Mr. Chambers wanted to clarify the contract addendums. There is also one dated 2005. Mr. Heaton said this addendum was when the Town took over the loan from the State Board of Water Resources.

The Board discussed the history of the water pipe and system. Mr. Schraut said before the water treatment plant and pipeline were developed, the Town was getting culinary water from springs and other sources. Mayor Smith said one of the mayors of Springdale gave the system to the Park. The Park then charged the Town for water transport. It is not known why this was done. The transport cost became so great the decision was made to build the water treatment plant and pull water from the Virgin River rights. The rights from the springs are not currently used but are there for reserve if needed in the future. The Big Springs and Hummingbird wells were hooked up to add more water to the irrigation system. The pipe came first and then the water treatment facility was built.

Mr. Chambers said he had addendums dated March 1995 and May 1995. Mr. Wixom identified the one in May as being between the Board of Water Resources, the Irrigation Company and the Town.

Mr. Wixom read from the May 5, 1995 agreement (attachment #3).

Based on this information, Mr. Schraut said the 1.17cfs is an erroneous number. He asked if it was held as collateral for the loan. Mayor Smith answered in 1995 the water treatment plant was not in operation. The sewer treatment plant was installed in 1978. Upgrades were done in the early 90's. It went from evaporation only to a discharge system.

Mr. Staker questioned if the Town doesn't agree with the state engineer's numbers what they should be.

- Mr. Wixom answered that according to paragraph 10 of the agreement, extraordinary costs or improvements to the system should be based on ownership of the water right. The Irrigation Company owns 2.64csf or 66.5% and the Town owns 1.33csf or 33.5% for a total of 3.97. The costs should be split based on these numbers.

Mr. Heaton asked how much culinary water is being used in the pipeline versus irrigation. In 2014 the Town diverted 286,594,000 gallons of water through the pump house. Of this number 76,000,000 or 26.6% was metered into the plant. The culinary water is by far the smaller of the two uses of water on the system.

From the audience Bill Weyher asked how many irrigation customers. Mr. Wixom said there are 61. We don't know how much water the irrigation users are using. This is the big unknown.

Mr. Staker asked how the Town used the 1.33. Mr. Wixom said it was used for culinary water, Town irrigation, and irrigation customers. Big Springs and Hummingbird supplement these three purposes and also may be used by shareholders.

The only water metered is what comes into the water plant. If a culinary tank overflows this becomes a loss between what is produced and what is sold. If the irrigation tank overflows then more is pumped than what is being used downstream.

Mr. Chambers suggested a place for definitions to clarify intent, especially as it relates to the culinary system.

Mr. Heaton recommended continued research to be sure numbers are accurate. The Irrigation Company does acknowledge costs from the manhole project need to be shared appropriately.

Discussion of Town/Irrigation Company agreement:
Mr. Heaton said the Board agrees a new agreement is required since the intent has changed from when it was originally developed. Mayor Smith concurred and said the current vision is different from when the agreement was drafted in 1987. It should be updated to meet reality.

- Mr. Schraut said the loan has been satisfied therefore the agreement should be more streamlined.
- In order to facilitate a new agreement Mr. Heaton recommended the Irrigation Company access the Town's historical data records from the water treatment plant and the amount of water taken from the river. He asked Mr. Totten when readings are taken. Mr. Totten answered meters are read monthly. The Town provides annual totals to the District.
- Mr. Schraut asked if water that bypasses the intake is factored into the data. For example if they take out 2cfs but 1cfs immediately goes back into the river. Mr. Totten said only what is metered at the pump house is counted. If water enters and exits before the pump house it is not factored into the data.

Action Items
Review cost sharing and billing for the irrigation line manhole project
Mr. Heaton said the meeting packet materials provided a breakdown of costs.

Mr. Wixom said effectively this issue was tabled since the Board indicated they need to do more research.

Motion made by Stan Smith to table this action item until more research is conducted; seconded by Brent Heaton.
Chambers: Aye
Heaton: Aye
Schraut: Aye
Smith: Aye
Staker: Aye
Motion passed unanimously.

Review and recommend changes to Town's irrigation user rates
Mr. Wixom said the packet materials contained a memorandum which detailed current charges by valve sizes. There are 61 irrigation customers. One customer has a 4" connection and the rest have 1" connections. He suggested a 10% increase in irrigation water rates. Rates have not been changed since 2007. The Town Council recently approved a 3% culinary water increase. This increase was being recommended to offset the current budget year transfer of about $15,000 from the water fund to the irrigation fund. A 10% increase generates about $1,700 which doesn't cover the full amount, but it helps.

- Mr. Schraut asked what the amount covered. Mr. Wixom said it covered staffing costs, pump maintenance and utilities. There was a gap between total revenue and expenses. This year the gap was covered by the water fund and will continue to do so for the foreseeable future.
- Mr. Schraut asked how much the Town brings in from culinary water. Mr. Wixom answered about $500,000 which is close to what is spent.

Motion made by Stan Smith to recommend a 10% increase in the irrigation rates for the Town of Springdale; seconded by Mark Chambers.
Chambers: Aye
Heaton: Aye
Schraut: Abstain
Smith: Aye
Staker: Aye
Motion passed.

Consent Agenda
Motion made by Mark Chambers to approve the consent agenda; seconded by Stan Smith.
Chambers: Aye
Heaton: Aye
Schraut: Aye
Smith: Aye
Staker: Aye
Motion passed unanimously.

Motion to adjourn made by Stan Smith; seconded by Mark Schraut.
Chambers: Aye
Heaton: Aye
Schraut: Aye
Smith: Aye
Staker: Aye
Motion passed unanimously.

_____
Darci Carlson, Springdale Town Clerk

Approved by: _____ Date:_____
Brent Heaton, Chairman