

EMIGRATION IMPROVEMENT DISTRICT

BOARD OF TRUSTEES REGULAR MEETING

THURSDAY, APRIL 16, 2015

EMIGRATION CANYON FIRE STATION
5025 EMIGRATION CANYON ROAD
SALT LAKE CITY, UTAH

Board Members in Attendance: Mike Hughes – Chair, David Bradford, Mark Stevens

Ex Officio: Eric Hawkes—Manager, Joe Smolka—Project Manager, Don Barnett—Barnett Intermountain Consulting, Jeremy Cook—Legal Counsel, Craig Neeley—Aqua Engineering

Chair Hughes called the meeting to order at 7:05 p.m.

1. Consent agenda approval

MOTION: David Bradford made a motion to approve the minutes of the March 12, 2015, Board of Trustees meetings as written. Mark Stevens seconded the motion.

VOTE: Unanimous in favor of the motion.

2. Financial considerations and report

Mr. Hawkes reviewed the monthly financial statement and fund balances. He reported that the six-month water usage bills were recently sent out, and he reviewed the accounts receivable balances as shown on the financial report. He reported that two properties sold last month, and the impact fee notes for those properties have been paid off. Two bond payments are due in June for a total of \$143,000. He discussed the fact that the Quicken software he is using will not populate on the new public transparency website and discussed what he would have to do to make it work. The Board Members requested that Mr. Hawkes purchase QuickBooks software, which will populate in the State's transparency website. Mr. Hawkes explained that a financial report from the EID will be posted every quarter on the Utah Transparency Website.

3. Munibilling software

Mr. Hawkes recalled that one thing they looked at when purchasing the billing software was the ability to use a mobile app to put the readings into the software. That has been tested and went very well. He stated that it speeds up the billing time significantly.

Mr. Hawkes also discussed the impact fee notes and explained that they are now in the system so people can check their account balances online. He noted that people will access that balance separately from their water bill.

4. Discussion of future impact fee costs with addition of UFC Well

Mr. Hawkes recalled that the Board discussed increasing impact fees for new development to include the cost of the Upper Freeze Creek Well, and by dividing the cost of the well by the

number of lots, the impact fee would increase by \$4,003 per lot. Board Member Bradford clarified that the increased impact fee would apply only to new connections on lots where standby fees are currently not being paid. He asked if they could determine the capital base of the District before the well was developed and what percent increment they realized by adding the new well. He believed they could use that number to determine how much to increase the current impact fee. He asked if there is a good estimate of the capital value of the system before the Upper Freeze Creek Well was developed. He believed the impact fee should be adjusted by taking into account that the District now has a higher capital base and be a function of the incremental value of the District's assets. He believed the two numbers would be very close, but he would like to see what that number would be. Board Member Stevens calculated that basing the increase on the cost of the new well would result in about a 20% increase in the impact fee, and basing it on the increase in capital would be about a 30% increase. Board Member Bradford stated that both are valid ways to calculate the increment, and they might want to settle on something between those two estimates.

The Board Members further discussed the best strategy and factors to consider when calculating the new impact fee. Mr. Barnett offered to provide examples of how other water districts have calculated their impact fees.

5. Water right lessees

Mr. Hawkes recalled that water right lessees and the agreement that they would connect to the system when it became available were discussed in the last meeting. Some came to the last meeting, and he has met with a few others since then. They would like to know a time frame within which they need to connect to the system, and the Board agreed at the last meeting that they should connect by the summer of 2016. Another question is the nature of the connection, because some want to continue to use their own well. Chair Hughes explained that they have had the benefit of the lease for years and have a contractual obligation to hook up to the system. Mr. Hawkes explained that the questions are whether they can still use their well for irrigation, or if they connect and do not use District water or pay the impact fee and do not connect to the system whether that satisfies the requirement for a connection. Chair Hughes stated that it was his understanding when they signed the contract that the benefit they received was being able to build their house, and when the water system became available on their street, they agreed to connect to it. They have had the benefit for a long time, and it is time for them to hook up to the system. He did not believe that means the District should have to negotiate what it means to hook up to the system, because that is not what they agreed to. He explained that these people do not have a water right; they are using the District's water right. If they want to buy a water right and irrigate with it, they can do that, but if they are going to use the District's water right, they need to hook up to the system. Fred Smolka noted that, historically, some lessees have been allowed to continue to use their well for irrigation, but indoor use is from the District's water. Chair Hughes agreed that they have to be consistent if they have allowed other people to do that. He stated that part of the obligation with the bond was that these people would hook up to the system when the system was installed in their street, and that obligation did not go away just because the EID came up with allowing people to irrigate from their wells. Mr. Barnett commented that, eventually these situations will all go away, because as people's wells go down,

they will not pay the cost to develop a new well. He noted that there was discussion last month about whether someone who connects to the system must have a completely separate connection for their well, and Craig Neeley confirmed that they need to have a totally separate connection. Mr. Neeley discussed the liability connected with allowing a cross connection. Chair Hughes believed the EID needs a policy that they will not allow cross connections. Mr. Barnett noted that every year the District files a temporary change application, and they need to be aware when someone's well that is used for irrigation goes bad so they can adjust the water right accordingly.

The Board Members discussed a potential deadline date and decided on August 30, 2016. Mr. Hawkes offered to send a letter to the water right lessees explaining the details of what was discussed this evening.

6. TMDL engineer's estimated costs and update

Mr. Neeley suggested that they start to fill out a grant application with the State and get a planning advance to start doing the work. He believed they would get a full planning advance if the State agrees with the scope of the project and believes the costs are reasonable. Chair Hughes asked if they could get the initial project built regardless of what happens. Mr. Neeley replied that he believes this will result in projects, but the goal is to come up with an overall plan for the Canyon. To fund a project, the State needs to determine that a specific project is the best one to fund. Board Member Bradford asked about doing a feasibility assessment for the project they have in mind. Mr. Neeley replied that it involves investigation of the various sites, and they have to look at all the options and be sure the preferred alternative meets the State's criteria and can be applied throughout the Canyon. Board Member Bradford asked what the criteria would be for selecting the preferred alternative. Mr. Neeley replied that cost and performance are big factors. Chair Hughes explained that, in this case, the damage being caused by the systems would also be a factor. Mr. Neeley stated that they may need to use different methods in different areas as they identify the areas that will have the greatest impact. He emphasized that the State is after a Canyon-wide solution, and their expectations are a little different from the EID's expectations. Chair Hughes asked what it would cost the District out of pocket to get this process going. Mr. Neeley replied that they should have no problem getting a planning advance, and that is how he will approach it. Mr. Hawkes explained that the next step is to go in front of the Water Quality Board with their application, and it sounds like the State has funds available immediately for the design and planning stage.

7. Water report and well levels status

Mr. Barnett discussed water usage and noted that total amount of water usage is down compared to the last six or seven years. He believed people are paying attention to the conservation messages the District has sent out. He commented that the recent storm probably provided more benefit to Emigration Canyon than it did to the higher elevations. He also noted that the per-connection usage is very low compared to previous years.

Mr. Hawkes reported that the Upper Freeze Creek Well water level is at 905 feet, and year-to-date, they have pumped a little over 4 million gallons. The well level of Well 1 is unknown

because the transducer is out, and they have pumped about 88,000 gallons year-to-date. Well 2 is at 90 feet, and they have pumped 510,000 gallons year-to-date. The Brigham Fork Well is at 5 feet, and he believed it might be artesian soon.

Board Member Stevens asked if they shouldn't work on the Brigham Fork well while the new well is doing so well and whether they might be losing the opportunity to recoup costs from the people who might owe them for damage to the well. Chair Hughes expressed concern about taking any well offline during a bad water year. Board Member Stevens suggested that they start September 1. Mr. Barnett agreed that they should be getting ready to start work on September 1. Mr. Hawkes explained that they do not know what the cost will be to fix the well, and they need to consider the financial impacts. If it is too costly, they may have to take Brigham Fork offline, whereas now they can still use it. He noted that, in terms of utility costs, it is one of the less expensive wells to operate. Board Member Stevens asked if they need to reach a settlement with the company that provided the gravel. Mr. Cook replied that it is probably too late at this point to recover those costs. Mr. Barnett explained that the cause may be unclear, or they may find that it is clear if the joints were a problem. Chair Hughes agreed that the problem was likely the gravel, but they were in a situation where they could not take the well offline to deal with it at the time, and it is probably too late to be able to address that. Mr. Barnett discussed some of the solutions, depending on what the problem may be, some of which are more costly than others. He noted that they may also need to treat the iron bacteria again. Joe Smolka agreed that they should start to do something with the Brigham Fork Well in September. He suspected that when the grooves were cut in the plastic pipe it was not a high quality job, which may have contributed to the failure, and the pipe would have to be replaced. Mr. Barnett commented that it may be that a significant portion of the well's production is coming from a single zone, which enlarged the openings in the screen when the gravel sandblasted it. Chair Hughes agreed that they need to do the work this year, but he does not want to do it until they are through the summer.

8. Website update report

Mr. Hawkes reported that he has the new domain, which is www.ecid.org, and about 75% of the website has been constructed. He confirmed that the Community Council has taken over the old website. He stated that the new site will have links to a number of other sites and should be very user-friendly.

11. Any items requested by visiting public

There were not items requested by the public.

The regular meeting of the Emigration Improvement District adjourned at 8:50 p.m.