Minutes of the Hurricane City Council special meeting held on August 15, 2024, in the Council Chambers at 147 North 870 West, Hurricane, Utah at 4:30 p.m.

Members Present: Mayor Nanette Billings and **Council Members**: David Hirschi, Kevin Thomas, Clark Fawcett, Drew Ellerman, and Joseph Prete.

Also Present: City Manager Kaden DeMille, City Attorney Dayton Hall, Public Works Director Mike Vercimak, City Planner Gary Cupp, Planning Assistant Fred Resch III, Finance Manager Paige Chapman, Water Superintendent Ken Richins, and City Recorder Cindy Beteag.

AGENDA

6:00 p.m. - **Call to Order** –

1. Public Meeting related to water bond project: City to describe project needs and costs, and to receive any public comments on water rate impacts related to the bonds, and related matters.

Mayor Billings welcomed everyone to the meeting and explained the purpose. She mentioned that a previous public meeting had gone well and was well received by the community, particularly by Canal Company shareholders. Despite initial frustrations, people generally understood the project better after discussions. The current meeting is focused on discussing the bond for the water project. Dayton Hall explained that the separate meeting was necessary because state funding required it. This meeting is being held to discuss project needs and costs, collect public comments, and meet state bonding requirements. Minutes from the meeting would be approved and sent to the state to confirm compliance. He then asked Mr. Richins to provide details on the project's expenses and reasons for the funding, as part of the official record.

Ken Richins explained that the bond would fund two wells (one at Sky Ranch and one at Gould's Wash), a culinary water tank southwest of Sky Ranch, and cover 25% of the cost of the NRCS grant. This grant would help expand the pressurized irrigation system from the wash to 1500 South. He emphasized that the project was necessary due to the dry area and would significantly improve water quality and availability, enhancing the quality of life for residents in the Valley. He explained that notifying people about the project was a loan requirement, so they sent out 8,527 letters with an overview of the project. They received 76 responses: 57 were against and 19 were in favor. Some responses included concerns about growth and fixed incomes. He noted that impact fees couldn't be used as collateral for the loan, which might lead to higher water rates. Mr. Richins wanted to personally address concerns and clarify the project's benefits, believing it would greatly improve the area's quality of life.

Joseph Prete inquired whether most of the responses were negative. Mr. Richins confirmed that they were, but a very small percentage was returned. He mentioned that he had attempted to follow up with those who identified themselves and believed that they felt more

reassured after the discussion. Mayor Billings agreed, noting that everyone she had explained it to supported it after hearing the details. Mr. Prete then asked if there were legitimate complaints or if the responses were mostly knee-jerk reactions. Mr. Richins responded that it's difficult to fully convey the situation in a one-page letter and expressed a desire to provide further explanations to the public.
Kaden DeMille asked if everyone had a chance to review the email Clark Fawcett sent. He stated Mr. Fawcett did a great job summarizing their current position. Mr. DeMille stated that he and Paige Chapman had been discussing the matter just before the meeting and they were struggling to refine the numbers enough to present them to the Council. He explained that they currently see four possible options: either the City will need to cover all the costs, the NRCS and the Board of Water Resources will cover everything, the Board of Water Resources will pay part while the NRCS does not, or the NRCS will cover some of the costs while the Board of Water Resources does not. He continued, stating that refining the numbers for a payment plan has been more challenging than expected, especially with funding deadlines approaching. While construction funds can carry over, engineering funds are running out. He stated that although engineer Brent Gardner provided options, there are still many uncertainties—particularly if the Board of Water Resources or NRCS fails to cover the extra amount, which could result in a significant shortfall. He noted that while they can cover some costs through state water savings and rate adjustments, it's difficult to provide an exact figure. Mr. DeMille expressed concern that they might not secure commitments in time, given the looming August 26th deadline for phase one.

Mayor Billings expressed concern about the uncertainty in bidding, noting that prices can fluctuate when bids are rejected, as companies may adjust their offers either up or down. She stated the agreement is pending so more time may be needed before making a final decision. Dayton Hall explained that during a meeting with representatives from NRCS, US Fish and Wildlife Service, Nature Conservancy, and the Water District, NRCS made it clear they will not release funding until an agreement addressing water savings, and the Virgin River component is signed by all parties. Although there was general consensus on the terms, final approval is still needed. He recommended not awarding bids yet, as doing so would commit the City financially without securing NRCS's funding. He emphasized that the letter will not resolve all the issues, as the funding only covers a portion of the project, leaving about a $10 million shortfall. Kaden DeMille expressed that while he's not too concerned about the third phase bid potentially coming in higher, as it should be close to current estimates even with minor fluctuations, the main issue is the lack of firm commitments from the NRCS and the Board of Water Resources. He highlighted that there's a $10 million shortfall from NRCS and another $8 million shortfall from the Board of Water Resources based on the current documentation. He mentioned that the spreadsheet provided by Mr. Gardner extended the timeline from twenty-five to thirty years, which could potentially impact the terms offered.
Mayor Billings requested information on the risk factors if the bids are awarded, specifically asking what would need to be paid back if the project didn't move forward and the repercussions of not awarding the bids. Clark Fawcett clarified by asking what happens if the

bids are awarded but the project is later canceled. Dayton Hall explained that it would constitute a breach of contract, making the City liable for the contractor's costs and loss of time at a minimum. Mr. Richins clarified that no decision will be made tonight and urged the Council to review Mr. Fawcett's email if they hadn't already, as it provides the best summary of all the concerns. Mayor Billings requested that this summary be included in the meeting packet. Mr. Fawcett requested clarification on the water savings contract. Mr. Hall explained that the City had previously approved an agreement to demonstrate its readiness and willingness to commit 193 acre-feet to the project. Now, the other parties are essentially asking to amend the draft contract to confirm that the Canal Company and the City will not allocate that water outside of the historical service area of the Hurricane Canal Company. This condition needs to be added to the existing contract.
Mayor Billings stated the Council will need to schedule another meeting before the 26^{th}. Mr. Hall noted that Mr. Richins has all of the 70+ responses from the water users, and they are available for the Council to review if they wish to do so.

Adjournment: David Hirschi motioned to adjourn at 5:02 p.m. Seconded by Joseph Prete. Motion carried unanimously.