

GRAND WATER & SEWER SERVICE AGENCY
Full Board Meeting
November 8, 2012

The meeting was called to order by President Pyatt at 7:08 p.m. at the Agency office, 3025 East Spanish Trail Road, Moab, Utah. Other Agency Board Members present were: Rex Tanner, Jerry McNeely, Preston Paxman, Pat Holyoak, Tom Stengel, Mike Holyoak, and Dale Weiss. Those present established a quorum. Absent were: Brian Backus, Gary Wilson, Leon Behunin, and Kyle Bailey.

Others present were: Mark Sovine, Dana Van Horn and Marsha Modine. Members of the public present were: George Carter, Gary Holyoak, Delma Vancil, Joe Vancil, Margaret Southard, Phil Stubblefield, Cody McKinney, Greg Mefret, Lloyd McKinney, and Linda McKinney.

Minutes of board meeting 10-04-12 Motion to approve the minutes of 10-04-12 as presented by Tom Stengel. Second by Mike Holyoak. Dan Pyatt-Aye, Pat Holyoak-Aye, Jerry McNeely-Aye, Preston Paxman-Aye, Rex Tanner-Aye, Tom Stengel-Aye, Mike Holyoak-Aye, Dale Weiss-Aye. MOTION CARRIED.

Minutes of Workshop 10-10-12 Motion to approve the minutes of 10-10-12 as presented by Tom Stengel. Second by Pat Holyoak. Dan Pyatt-Aye, Pat Holyoak-Aye, Jerry McNeely-Aye, Preston Paxman-Aye, Rex Tanner-Aye, Tom Stengel-Aye, Mike Holyoak-Abstain, Dale Weiss-Aye. MOTION CARRIED.

Citizens to be heard None.

Public Hearing – Irrigation rate increase Mark gave a presentation on the irrigation budget and explained the reasons for the increase. The methodology for calculating surcharges was also presented. Chairman Pyatt opened the public hearing at 7:40 p.m.

Phil Stubblefield (Phil): Phil Stubblefield with El Rancho Estates. Karl asked a couple of us to be here so you'll have to excuse me if my voice doesn't get as loud as Karl's does. Just some real quick questions: Where did the \$40,000 come from that you had last year that you are less this year? Because it says under the 2012, unless I'm reading it...its \$188,000. In the budget that you handed out it says on the top eleven. Marsha Modine (Marsha): Eleven. Dan Pyatt (Dan): You're talking about expenses? Phil: Yeah, just the bottom line. So there's \$40,000 deficit difference. Mark Sovine (Mark): Oh, okay. Dan: He's trying to cut, he's trying to bare bones our 2013 budget. Rex Tanner (Rex): I think he wants to know where'd you get the money to supplement the loss? Phil: That's correct. Mark: Most of its coming out of the Agency. Phil: Show me on that line where its being added to it. Mark: That's just this budget here. What essentially is happening...let me find the other budget. What tab is that on? Marsha: Fourteen. Tab fourteen which is the Agency budget that we're going to talk about a little bit about tonight; we have some surpluses in the water and sewer. We're actually taking the surpluses from the water and sewer and we're transferring them over to the deficit in the irrigation. So we are essentially using proceeds from the water and sewer from the Agency. Phil: On this budget where does it show that? Because it would be under a revenue because you're bringing it in from somewhere else. Mark: That's...well our amended budget. This budget here is to kind of show that we do have a deficit in our operating costs. So in our amended budget and in our proposed budget for next year we will show that as a transfer from the other Agencies. I did not...Phil: Which will be up in the revenues? Mark: Which will be up in the revenues, yes sir. Dan: What you have here is more for information. Mark: This was just to kind of show...what essentially we will be doing is at the end here, at the end of this budget year we're showing a \$2500 deficit. That's going to flux up and down a little bit depending on our expenses. So what we're simply going to have to do is we're going to have to go over into the water and sewer revenues and transfer that money over to that. Phil: Right. Mark: And that's how we've been doing it for many, many years. Which, because it was all rolled into one budget it really wasn't...you know broke down until a few years ago. So we actually said, "Look. This is what's happening." Phil: Because on seven of your figures on your disbursements...that comes up to around the \$40,000 - \$48,000. So you're using less on those items this year

than you did last year. Mark: Yes. Trying to...And again, what we did show was a little bit of a revenue increase but what we are also showing, you know, is a bare-bones budget. And again, as I said earlier, we're going to be hard pressed to keep the budget that low. But even if we were able to – we're still not making enough money. Phil: And is there a bond that's going to be paid off in a year or two that's related to the irrigation? Mark: All the bonds...Well, okay on the last item here...you're looking at item number 75, that bond is a revenue bond. That bond, I believe, is for twenty years out. There are some GO bonds which are tax bonds. Those are done with taxes and are completely separate from the operating budget. You simply take the number we receive in taxes. That's what we were talking a little bit about in these earlier budgets. And we take tax money to make the tax bond. Once those bonds are paid off the taxes are no longer collected on that. So that becomes a wash. Phil: Okay. Rex: Phil, just for a point of information for reference here...about four or five or six years ago we had a lot of the public here, people that were using regular water and sewer services that were not irrigation users and we got a lot of pressure about the fact that the Agency...everything was coming into one entity here. So the Agency...the essence of it was that the water and sewer customers in the district were subsidizing the irrigation users. And we recognized that the bookkeeping and the way this was structured...we needed to separate these things out so that irrigation people paid for irrigation water, people that were on the water and sewer improvement district that had basically just water and sewer services – that's what they were paying for. So, when we started separating these things out that's when we found we were in these deficits situations with the irrigation system. So, that's why some of these numbers, it's very hard to explain to the public because these numbers are proportionate to...for example, the salaries...obviously that doesn't cover anybody other than just a percentage of the overall salaries to operate the entire entity and separate them out based on time cards and the types of hours that we can log and track in terms that are being used strictly for irrigation related things. So it's not that we've got strange numbers or numbers that don't make sense, it's just...you have to look at the Agency as a whole, then we've got separate budgets and separate expenses for all three different...because there's three entities here that operate under this umbrella called the Agency. But we recognized a few years ago that we needed to separate that out so that one portion of the community wasn't subsidizing another portion of the community. We wanted to have it so that anybody that came in here could look at these books and look at these numbers and start to develop an understanding of how all of these water entities work together under the one umbrella of the Agency. Mike Holyoak (Mike): And with that being said, I myself don't feel too bad about the subsidies because the community gets a lot of benefit from the lake. You know, recreation (unknown speaker): dust control. Mike: You know it's advantageous to a lot of the community to have that lake there even though they don't have an irrigation hookup. So some subsidies, you know, I don't feel bad about that. Rex: And you know I don't think any of us feel bad about that. Dan: Up to a point. Mike: Up to a point. Rex: Just a simple example is the more people that are on the irrigation system that are using irrigation water from the lake...from the snow runoff, that's less good quality culinary water that's being used to water lawns. You look at the amount of water usage that goes on in this valley in the summertime, you know, it behooves all of us to try to use more Ken's Lake water for watering lawns than it does the expensive well water. You can see the cost of pumping wells and all that kind of stuff and so the committees that have worked on this as far as the irrigation committees and the secondary water committees that have worked on this stuff have taken all that stuff into balance. So I don't think that any of us expect it's just going to be a clean flush that irrigation is going to be a hundred percent covered by the cost of the charges. Phil: Just like you were in the county government, a commissioner, you can see that some of the entities within there bring in money...Rex: Exactly. Phil: They bring in money, but then others cost more money. Rex: Right. That's why we did an experimental program here last year to try to get actual you know, people in the valley that were using culinary to landscape, you know to water landscaping with – just regular yard watering and we reactivated some old irrigation lines, set up a different fee level for those people, so that it was cheaper than using culinary water but more expensive than if they owned water shares as an irrigation user. And we are very conscious of that. Mark: And if I may on that...if you look on that handout that you were given, item number 2 "water fees secondary irrigation" \$3300.00. That is from that secondary water line that Rex was just talking about. So, we are getting a value of \$3300.00 worth of revenue out of that. Of course, there's going to be some costs involved but nowhere near \$3300.00. Phil: Well, there's a lot of other people here...I guess that by reading this it was 1996 when they had an increase and then it was back in 2009? Is

that correct? Mark: We did an increase in 2009. Phil: This says 25 years so it was 1996? Mark: We actually went back...I don't have the exact records, but we went back to 1987 to look at... you know, there were some adjustments, there weren't necessarily increases it was just the way it was allotted. This acre foot got a little bit different so there was some changes made...but actual bona fide percentage increases it really didn't spell it out. There were some changes on how the water was being allotted but when you looked at the budget - the actual revenues didn't change a lot. There were some changes in the way it was allocated but the actual revenues didn't change a lot. So, as near as we can tell, we really don't see where there was any increase between 1987, like I said, there were some changes in there somewhere I don't remember the exact years. I'd have to look at the records. I've been looking at a lot of numbers. So, I apologize for not knowing exact years on that. But there's really no, you know, bona fide increases that were quantifiable between '86 clear up to 2009. Dan: And during that same period we had about ten culinary water increases of over 200%. Just to put it into perspective. Phil: I just think, you know, it was a long period of nothing happening then in 2009 and now three years later we're looking at one and you're even already going...which I don't really think you should be projecting out another...what is that? 2014? Mark: Yes. Phil: For another five increase. You know we've got to get through this year but maybe that's what you see that you need but here we are three years later....Rex: And you see the result of that is that we understand these costs more now than we ever have. You go back six years ago; we didn't know...we didn't track from a bookkeeping standpoint and from a reporting standpoint. That goes back to the issue that it was all blended into one. So we didn't even recognize just looking at the raw numbers that one was just offsetting the other. So when you...and that's why we've had these increases more frequent is simply because now we're looking at it. We've separated it and now we understand our cost aspects of irrigation water far better than we ever have from just a recordkeeping standpoint. That's why it's not 25 years between one rate increase to another - if that helps any. Dan: Plus the fact that we went 25 years. We got way behind too. Rex: Right. Dan: Way behind. Phil: You know how the economy is... Mike: It hurts. Phil: ... sometimes it may look like a small number but then when it keeps hitting you... Rex: Absolutely. And you know when we raised it last time, you know, the mindset was we can't put all of this raise at one time. We need to do this. We need to spread it out - do it in increments rather than dropping it on everybody all at once. So, we knew that the last time that we had to do this. Phil: How much is in your reserves? Do you have a reserve fund? Mark: We have a reserve fund, I can't tell you, but the reserve fund was based on revenues from all of the entities as far as, you know, if we had been using just...if we had extrapolated back to three budget item instead of the one budget system there probably would have been zero money going into the reserves because there wasn't enough money to pay the current bills. So, the reserve fund has essentially been coming from the other two utilities. Phil: Do you have a reserve fund? Marsha: Yes we do. Mark: We do have a reserve fund. Phil: An emergency reserve fund? What is the balance? Mark: I think she's going to check...and again that reserve fund is designed not only for just the irrigation but for the sewer and water as well. Marsha: For our M&O reservoir we have \$12,262.00. For the irrigation we have \$35,262.00 and we have a lot more in bond reserves that as they pay out we are turning them into reserves. In fact we're about to do that with, where's my budget? With one hundred and...for this year... Mark: Those are also tax monies; Right? Marsha: Yeah. But we're turning them into reserve funds for the irrigation... Mark: But they have to be used to pay the bonds so what it will essentially boil down to on the reserves she's talking about now is, come starting 2017, 2018 the property taxes we've been collecting...we will probably reduce the property taxes or stop collecting them one or two years early because those reserve funds she's talking about are for bonds and have to be used on the bond payment not for operations. Phil: So is the tax figured in? Mark: Not, not at all. So this is pure operations. Phil: The irrigation tax that is paid by, well I'm in San Juan County but I pay... Mark: You pay a portion of that of your property taxes. Phil: To the irrigation? Marsha: Yes. Phil: So how much is that? Because you're saying we're only two thousand under but if you have...What's the total taxes you get? Dan: Those go to bonds. Marsha: We get... Dan: Those go to bonds. They don't go to the operations - the tax money we collect. Mark: We have, we borrowed... Marsha: The tax goes to just bonds that's all we collect for and this year it was \$39,000.00 but the Special Service District paid off its corresponding irrigation and George White wells and the million gallon tank and the reservoir bonds this year. So, they balloon next year back up to \$200,000. So you will be paying the same amount that you have for years until 2018 when they pay off. Mark: So essentially there's a \$200,000 bond payment due annually that we have to pay that is not shown in this

budget. But that is covered by the taxes. So they cancel each other out. That's why we did not show them in there. I could show \$200,000 revenue for that but then I'd have to show that as \$200,000 as expenses on the bottom so they would just, you know, one side of the equation to the other. Phil: I won't take up any more time. I'd like to see us work within it and not increase so often and the other thing is the fees and I know that's where a lot of different agencies go from their usage, then they start...whether it's a water meter, sewer meter, or just a sewer fee; it's really easy for them to just say, "Yeah, we're gonna increase this every year." I'm hoping that that's not something that's just going to keep...Mark: As are we. This is, we understand that this is painful for everybody, I mean all of us do. We've had long discussions on this and... Rex: Well, several of us are irrigation users. We're putting it right on ourselves too. So...Phil: Okay. Well thank you. Dan: Okay, anyone else? Gary Holyoak (Gary): When you were discussing that part of the revenue was being subsidized from the water and sewer and that...I'm all for that because the water originally belonged to the farmers and ranchers. This other...just got off of that their water so to speak. So I feel that there should be a good size of it being subsidized for a long ways to make it cheaper for the farmer and rancher because originally they were promised that their water wouldn't be very expensive if they'd give it to you guys. Now that's not happening. It's running a farmer out of business. I mean, last year raised me over a thousand dollars and this one's going to do it the same this time. And my accountant says, "Why can't you make any money on your farm?" I showed him like that. He says one out of five years a farmer should be able to make some money. But you can't. So, I think you guys are just working it to get rid of us. And my son Ryan told me to ask you guys... Where have you cut? Can you show where you have cut? Because of the economy and this, that and the other you should be able to also cut back some. Dale Weiss (Dale): Where would you like us to cut? Gary: Things should be cut somewhere because we realize that some things go up but some things could be cut. Rex: But the water usage hasn't dropped. The economy may have dropped but the water usage is the same. So it still costs us the same amount of money to operate it, actually more because the cost of operating, whether it be insurance, wages, workman's comp... Dan: Power. Rex: Power, it all keeps going up every year. Fuel. You know what you're paying for gasoline these days. The cost just keeps going up. We, not to make an excuse, but I'll tell you we spend a lot of time crunching numbers in here trying to figure out how to do this at less money and I mean, just in the last two years with insurance, employee insurance, for example, phenomenal raises like twenty five – thirty percent increase from one year to the next. So we're not idle. We do spend a lot of time crunching these numbers and if the public has any suggestions on how we can do it better, we're all ears. Tom Stengel (Tom): Even a couple years ago we started having the employees help contribute to their benefits. Just like everyone else is doing to try to keep the costs down. Dale: And I am not a big farmer like you are but I understand. I'm not making any money either. And I understand what you're saying. If there is an area that you know that we can cut, I know that we would love to look at it. Gary: You see originally the farmers were kind of told that if they'd just give their water to this outfit they'd have more reasonable type water because it would be subsidized by the other entities that you're collecting from. But now, you're trying to make us into...and pay for ourselves. It's just more costly for us and that's not what it was originally set up to do. Dan: Do you have any kind of paperwork that says that? Because that's kind of news to me. Gary: Well, you probably come in long after... Dan: I'm sure I did. Gary: But I've been there all the time so... Mark: If I may, let me add just one thing to that. You know this is kind of getting a little off of where we're going. When we first looked at this budget, you know, like I said, for many years it was three revenue streams, you know and one expense stream. So the three... we always had more, more going out than we had coming in and everybody was looking good. When we started breaking it out and looking at how much our exact costs for water and our exact costs for sewer and how much were for irrigation. We found, you know, at that time, when we first looked at this in 2009, not only was the irrigation system losing money but the culinary water system was losing money as well. Now we've had three, I believe, water rate increases to try to catch up on that. So, essentially, everything was coming out of the sewer and we took some steps to bring the water system whole so we also raised, you know, it's not because we... we're money hungry and we want to bring in money and do everything. We've got to pay our bills, you know, our bills are going up faster than our rates are going up...the gas and everything. So we had to also take a look at our culinary water because it was not flush either. You know we have taken steps to get our culinary water flush and they were painful steps. I think we're talking 40% I think over the last three or four years to get our water system flush. So we've had to do that as

well. So not only was the irrigation system in the red but so was the water system. So, say as far as subsidizing that, you know, now we were also having to subsidize the water and so we had to bring that flush too. So that was another consideration we had to look at over the last three or four years. Gary: It's what needed to be done and kept that way as far as I'm concerned... Mark: The other option is to for us to go back and raise the water rates even more to prevent from having that. I mean, that's the balancing act we've looked at. We've had to do a balancing act on that and that's part of the discussions we've had over the last three or four years. Mike: One of the discussions that we had was trying to make, raise more revenue by doing a secondary water system with individuals, you know, so they are paying a higher rate than a regular farmer would pay and kind of subsidizing...or getting more income or that revenue in that way too. Tom: And with some of the equipment we've acquired like the backhoe that we lease; we're doing our own maintenance and you know, the repairs, rather than contracting that out. We're saving a considerable amount doing that also. Gary: Can you tell me how much? Tom: I can't. I'll have to defer to... Mark: We've actually shown, we've kind of gone back, the numbers are relatively close. We're not saving a lot of money by doing it in house. But what we have increased immensely is our level of service. So instead of having stuff breaking down or not getting fixed, we're able to, you know, get a little more preventative maintenance in place to prevent future breaks. So, our level of service has increased. Our costs, bringing it in house versus using a contractor has gone down a little bit, you know, it's not a lot. So, what we're what we're getting...we are getting a service level increase and again, that is across all the utilities. You know, it is really being noticed in the sewer and the water. Not so much in the irrigation – We've shown that. Again, we can stay more on top of it. When water lines break they get repaired quicker and everything else. So that is the advantage we're having to bringing our maintenance in house. Mike: So that is actually a benefit for the irrigation system because we have the...you know we've saved some money to be able to do our own repairs in a lot of the sewer system and a lot of the culinary water and so we have the opportunity when something happens in the irrigation system we can use in-house to do that instead of contracting it out. Yeah, maybe we're not saving a whole bunch but we're saving a little bit. Gary: Okay. I was just...just thought I'd let you know my feelings about it. Jerry McNeely (Jerry): Well can't you see where Gary's coming from? That somewhere along the line the water users were told, the water people were told that if you give your water to this group...that we're not going to charge you anything. It will be subsidized by what we're doing. So, you can see where Gary's coming from but I've never heard that. Gary's heard that. So I can see where... Rex: I've heard Gary Wilson talk about that but you know, what was told to people from politicians thirty years ago...I can't be held accountable for and neither can anybody else here. Jerry: I'm just saying... Rex: It is what it is and the reality is that this board works overtime trying to keep the costs of this stuff down and I invite anybody that's got a suggestion on saving money – please come forward with it because we're users too frankly. Mike: Just to let everybody know there's not a board member on here that gets a dime. That's a savings in itself. Rex: These aren't salaried positions up here. Mike: Not to blow our own horns or anything but...you know, I'm here because I'm trying to help out. Rex: Yes. Dale: We understand where you're coming from. If you'll make any suggestions – we're open. Gary: You know that farming is slowly disappearing. Mike: I know. I know. And one thing that I know is a benefit to the farmers – I remember when my dad was irrigating from a ditch you know, and midway through the summer a lot of times he didn't have any water. I mean there wasn't any water there. At least by being able to put it in the lake – you can't judge by this year but...usually we have... Gary: That's what sold us all the farmers – that's the way it was going to be and... Mike: Can you remember when you didn't have any water at all in that ditch? Gary: Not the one that come down past our house there. Mike: Well not the one downtown but the one on the flat? Gary: The one on the flat; that has happened. Yes. Mike: Because I remember my dad saying just, "Well, there is no more water." And you know, with...by putting it into the lake hopefully we're being able to save a lot more water than... Gary: Well... Mike: I know that doesn't help you out or anything like that but that's just a benefit that I saw from when I was growing up that my Dad didn't have. Gary: You know my dad wouldn't purchase any water. I had to start... Mike: Yeah, well you were the progressive farmer. My dad wouldn't purchase water either. Dan: Okay George...George Carter (George): In this budget right here, just so I can understand exactly what everything is. This is what you projected your revenues are going to be for next year. Mark: Based on what we sold last year...and one point... George: And this is what you think your costs are going to be...\$2500 over... Mark: I'm hoping to keep them that low but I, you know. George: Okay so, the water commissioner 57,

that budget actually gets set when we have our meeting in March. But you're just saying that it ought to be \$7000? Mark: Again, this is a budget that may change. George: You're looking for ways to cut costs. I'm trying to find you some...okay? Mark: Okay. George: One of the things that we talked about was doing the automation and cutting those hours and maybe lessening those trips to the mountain. Mark: Yes. And that... George: And that wouldn't cut that budget... Mark: Right. George:...but it would start shifting it. Mike: So you're saying by doing that you could maybe cut it in half? George: Well, I'm just saying that getting telemetry read off the mountain...we wouldn't be making trips to the mountain. Mike: We're all for... George: I've said in other meetings that between our water master, Moab Irrigation's water master and your employees; we might be able to do away with 99% of that job. I think that job is something that the State created when they were solving problems when things were in the past when there were a lot of secondary water users and the first water rights and the second water rights were fighting. Mike: We'd love to work with you on that. George: Okay, well I'm just going to go through here as fast as I can. Water purchases – 58 now that is what you estimate that if we get a normal water flow. Mark: That's our assessment from Moab Irrigation Company. George: No it's not. Marsha: Oh yeah, fifty eight...George: Wait a minute...The assessment is 56. Marsha: (line) 56 is how much we pay for our stock every year. George: Okay. Well I can go through them here. 56 is what your assessments for your shares are. Marsha: Yes. George: And that's based on my budget. Marsha: Yeah, which you raised. You raised this year, you know? George: I said that. I sat in the same meeting and I've already got mine done. That \$5800 I've got a little control of that. Marsha: I saw that. I saw the control George. George: I want to tell you that my budget has been cut exactly in half. Marsha: I know. Maybe more. George: So, I cut my budget by 50% for next year because I knew I didn't have that revenue. Marsha: Right. George: But 58 I thought I understood was if we had a normal water year that's what you paid me. Marsha: That's right. George: The \$5.50 an acre foot that go into the lake. Mark: So that's going to be line number 58. Unidentified: That's what he just said. George: Okay. That's already been estimated this year. You've already estimated that. Marsha: Right. George: I forget what it is. Marsha: Under ten thousand, six or seven thousand...George: So there's \$14,000 right there. Marsha: No, no that's....Mark: Whoa, whoa, time out sir. George: This... Marsha: This year. That's this year. George: Okay...Marsha: 2012. George: You haven't paid that yet. Marsha: No we haven't but we pay at the end of this year. As soon as we figure...well, usually early January. George: But you won't pay that. You won't pay \$20,000. Marsha: Not for 2012. George: What happens to that \$14,000 that's in this bottom number when you don't pay it next year? Mark: Okay. If I may the only reason we wouldn't pay it is because there's no water coming into the lake. George: Right. What happens if there's no water coming into the lake and you... Mark: These are darn good questions. George: Fourteen hundred... \$14,000 is going to just sit in... Mark: It's money we won't...it'll reduce our budget by \$14,000 if that's the case. George: Okay. Mark: Again, again we said "that's a budget" and I said that when we were looking at the budget. I said that if this number's down we won't have to spend that. But if we get some runoff – it's going to depend on how much water we're allowed to put in there. So, yes, yes sir. By the way that's looking right now that could be zero! If that's the case, then this whole conversation's for naught because... George: Okay. Okay. Okay. I'm just pointing out some things that...Mark: Yeah. George:...that I can see that would save that. Because that would be – that would bury every year and it wouldn't be \$20,000. Mark: And we're trying to it on what we thought was an average. That... George: I don't know... Mark: If it's low this year... George: I don't know where the \$27,500 that twenty seven thousand that you have there... Marsha: That's the worst one we've ever paid George. George: And when was that? Marsha: I'd have to look back but it is the worst, the worst possible...George: That was a good wet year. That's what it was. Marsha: Yeah, and you loved it, George. George: Well, that's fine. They also need... Marsha: (laughter) I remember making out that check. Mark: I think that was last year. Well, yeah it was two thousand...George: Well, might have been the year before. Mark: Yeah, that's what we did the budget on because we did the budget on... it was \$26,000 that we paid you in 2011. So when we did the budget, again, this is the approved budget from 2011 which was, or 2011 which was done. We still have not...or 2012 which was done in 2011. We still have to amend this budget. So that \$27,000 number you're seeing right now – That will be replaced with a \$6500 number that we sent you this year. Marsha: Or whatever it is. Mark: That number is going to be considerably lower when we do the budget. Going into next year, it could be \$6000. It could be \$3000 or it could be \$20,000. I can't call that one. Mike: But what he's saying; for this year because it's been so...Mark: Yeah. Mike: There's a fourteen

thousand... Mark: There's a savings there but again that savings is savings that will not be transferred from... Now we could transfer from one of the other districts and put it into a reserve account that's an option we could... George: But my point, the thing I'm trying to point out is instead of \$2500 over you might be twelve or fifteen thousand dollars to the good. If... Mark: Right. But if... Rex: And if it doesn't rain next year then our pumping costs will be three times as much... George: That's, That's... Rex: It's all relative. George: That's what my point... I'm trying to say to you guys right now. So that's going to go up and down. Marsha: Radical. George: Gary mentioned... we were talking about your maintenance costs. Um, we run our company on like eight months. We pay, we pay our water master a flat salary for eight months. Mark: Okay. George: And we try to get things ready to go, checked out, so that we're not doing a lot of big maintenance during the year, but it happens. And it always happens. But you talk about the cost of just contracting all that work out is more expensive than doing it in house? Mark: About the same. George: Well... Mike: Well, because of the fact that we have to maintain all this stuff for the water and sewer... George: Let me get my question in here. My question is if you actually shut down for four months out of the year and those employees weren't here – you weren't paying them... Marsha: We wouldn't have employees. George: I'm saying if you pass that over to a contractor, that contractor would only work by the month or by the time. He wouldn't be paid benefits. He would just get a flat fee for doing all the maintenance and operating the system and then for three or four months out of the year he wouldn't even be there. Now that may be that it costs you more money, I don't know. But I would like to see that studied out. Mark: Again, we've got a paper... we went through that... George: Instead of using... Mark: We did a research on that and it was relatively close in fact, I think we may have a copy of that right here. We did that. We looked at the cost analysis between in house and contract maintenance and it's... along those lines... industry wide, that seems to be the tendency, is to try to do as much in house that you can because it is more cost effective to do it in house. Pat Holyoak (Pat): Can I say something here? When you're doing maintenance in house, you are not only saving money from bidding it out but your time is money. And your time down is money. So if you can prevent time down and get things up and running ASAP then you've actually saved money by doing it in house. George: Well, I understand what you're saying. Marsha: And a lot of our maintenance gets done in the winter. George: Well, I know, I'm running a company that's similar. Okay? Marsha: Well, no because you... George: I maintain eleven miles of pipeline right now. Marsha: Right. George: So I understand what you're going through. Marsha: You can't fix the lake. Mark: But anyway... go ahead and finish what you were saying. George: I was just saying that, you know, I would like to see how that is studied out. You know what I mean? And... Mark: Okay. George: And there's... There could be quality problems – where you don't get quality work. That's some of the issues that we've had. You know what I mean? And that we get one specific contractor and we stay right on with that contractor. We don't just go around bidding out every job to anybody that wants to bid on them. We just won't accept that. And... Dale: You're a private company though. Mark: Nor do we. We have a... George: And I'm not saying you could run them the same. Another thing I guess I'm going to say out here in this public meeting is: at some point in time you will price this water out of the farmers and into the hands of the developers. 'Cause they can pass their... Rex: Why are you pointing at me, George? George: Because you are. Rex: Because I developed something five years ago? I actually own a restaurant in town. George: So what does that make me; a restaurateur or a developer? George: I didn't come here to pick a fight with anybody. I just... the difference... Rex: Well, you have a strange attitude about yourself, George. George: That's fine. Mark: Okay. Again, George, we understand what you're saying and I would love to, if you want to come in and spend some... George: No. That's fine. I'm trusting you. Mark: Okay. George: But I'm just saying that at some point in time Moab is not a farming community and that's what'll happen to the water. Tom: What do you think we should do to prevent that? George: I don't know. Tom: What can be done to prevent that? George: I know that as soon as I get to my annual meeting Gary's going to ask me how come he's got to pay double water rates. Because he pays me - He pays us. I'm not saying me, personally. He pays Moab Irrigation Company for his water rights; to have the water rights. Then he pays you for the delivery system. And so that makes his water higher than anybody's. You know what I mean? So, I'm... the reality of "where's this going?" You know what I mean? What can we afford? Tom: You know we're all ears here. If you have some suggestions that... Mark: Is this... Mike: Well he's bringing up suggestions because, I mean, you know, that State employee that goes and checks the water... we could do something there... Dale: That's a great idea. Tom: I thought we were required

to have the water commissioner, I don't know. Mike: That's why... Tom: That's the impression that I've been under. George: I'm not convinced that we're required to have that. I think that's something that was required because there were water wars going on and the State got those laws passed that that's how they would resolve them. Is they would appoint a commissioner and then charge the users for those fees. It happens to be that you pay the majority of those fees because of the agreement with Moab Irrigation Company. I mean, the Moab Irrigation pays part but the second water right users pay very, very little of that. They don't pay 5%. That budget, I'm sure is only about \$7000 and you've got it all in there because you know you're going to have to pick up most of it. Marsha: That's right. Margaret Southard (Margaret): There's ways of metering this water through computers. My husband does that all the time...George: That's what we're... Margaret:...for oil companies. George: The Moab Irrigation Company has already bought into a project on the mountain to do telemetry out of two sites on the mountain that are taking all those hours for that person right there. If you spent \$2500 for that project with some other State funds, it's going to be tens of thousands of dollars but that's our portion that we put into it and I don't know where it's going to go – what it's going to say but we're trying to get that started and I would like to do away with that Mill Creek Commissioner's job. Mark: Okay. That's something that we can talk about at the Mill Creek Committees that we're going to have come up here. And if that's something that we can do...George: Maybe that... Mark: I can come back and I can remove \$7000 from the budget. But for right now, that's the requirement of my budget. George: I realize that. Mark: So I appreciate that. George: I'm just pointing out some things that we could change that... Mark: Yeah. Thank you. Marsha: That's a good idea, George. Dan: Okay. Anyone else? Greg Mefret (Greg): I just have one real quick one. Dan: Okay. Greg: Just line one, I see it's decreasing over the last three years. What's the cause of that? And how does that factor into this. Your income... Mark: Okay. You're looking at line one in the actual 2010 – 2011 one year had \$133,000 and \$131,000 and then all of a sudden \$125,000? Part of that is going to be because we had a municipal rate that we were charging. I believe to the golf course that we probably shouldn't have been charging them. That's what we looked at...charging these guys a rate that is something they shouldn't be charged for. So when we did the rate adjustment a few years back we removed that municipal rate from the golf course and that is part of the reason for that reduction. Greg: So is that part of the reason for the increase? Is it flopping some of the golf course? Mark: It's...to say that...it's in there...there is some cost to that, yes. But, again, we are looking at the budgets there. You'll notice that we are also \$21,000 in the hole that year too. Greg: Right. Mark: If you'll look at the bottom line on that too. So we've taken other steps to try to close that gap. You know, the other thing we were looking at, you know the same thing, the golf course has the same thing, the same concerns: "You keep raising my price; we're out of the golf business." Then there's a good chunk of money that we wouldn't, that wouldn't be getting from them. So yes, sir we're trying to do a complicated...it really is a complicated balancing act. We have committee meetings to talk about this budget committee. We advertise these meetings so they're open to the public. So any time we have one, we have it advertised. If you 'd like to get on the email notifications talk to Dana and you can come to any, all of you, can come to these meetings and listen to this and see what's going on. I mean there's a lot of work behind these numbers as Rex had pointed out. You're all invited to come and participate in these meetings. They are public meetings. Margaret: How come the greens fee is not taking care of their water bill? I mean there's so few... I mean a majority of people play golf. Mark: I...Margaret: Let that be their thing. Mark: That is their thing. I can't control that. But why aren't they taking care of that instead of Joe Blow that doesn't even get close to the golf course. Dale: They were being...They were having to pay a higher fee than everyone else. That's what...Gary: Well they should have. They never had the water to begin with. The farmers and ranchers had that water too. Dale: I think they have purchased that water. Gary: They did. They purchased it. Dale: And so, now they are equal owners along with everyone else. And so the water goes back into the aquifer as opposed to being taken out of the County so they are now being charged like a farmer. Mike: I mean really, they are like a farmer. Dale: Yes. Mike: All they're growing is grass. Dale: They're growing grass. George: How much water percentage do they use? Gary: It's a business so different than a farmer... Mike: You're a business also. You're a farmer. Gary: That's not rated the same as a farmer, no way. Dale: A business is a business. Mike: If one business can get a better percentage of profit, I'm not going to say they shouldn't do that. I'm not saying it's right or wrong, you know, really, they're raising grass. George: How much water do they use compared to a farmer? What is their...Are they the biggest user you got? Dale: They used less than

half of their water this year for one thing. Mike: And they started...Dale: And they were one of the lower users of the water. Dan: They turned on their pumps and they are one of the main reasons why the lake...George: Well they can probably pump as cheap as you can. Dan: What I'm saying is that they are the main reason the lake lasted as long as it did. Dale: Yeah, so they actually helped out. Mark: I'll use a...and again, this is a philosophical discussion we've had a lot of. You know, you use Rocky Mountain Power. They provide electricity, okay? You know, how you use your electricity and the money you make off the electricity is going to vary from industry to industry. Now, remember, this is their water. They own the water the same way you own your water. You know, they have their shares just like everybody has their shares. Our job is to transport that water for them. So we're transporting the same amount of water to them per se as everybody else. So it is costing us the same per acre foot to deliver it to them as to everybody else. And so, the idea that we were charging them twice as much to deliver their product to them versus, you know it's like them having a trucking company and saying well...I'm going to charge you forty cents a mile to move this box and I'm going to charge this guy over here eighty cents a mile because I don't like what he's doing with his product. Mark: I mean it is exactly the same thing. Gary: I don't agree with you. Mark: Okay. I mean that was what... Gary: Because that's recreation and that's not trying to make a livelihood. Tom: But they own the water. Dale: Actually they are making a living. And they are trying to make a livelihood. Tom: We're just the middle man transporting it. Mark: If it was our water we would have more say as to how we could sell the water to them. But we're not selling them their water; we're just moving their water for them. Gary: Well I don't know if you've done an audit or whatever you call it because Pack Creek and some of them are running quite a bit of water down them. It's come back up. So, I don't know what all that water is coming from. More so than it was when I was a kid. Dale: I'm not an engineer, I can't say either. All I can say is their water goes down into the ground just the same as the water that I get – the Ken's Lake water that I get and the Ken's Lake water that everyone else gets. George: So what you're saying is that they return as much of their water as anybody else does. Dale: Exactly. Phil: Can I ask on the Sheley Tunnel with the new meter...is that supposed to...Do you think that will save money? How much... Mark: It's saved us considerable because what we had before, our other meter, was over charging. We were actually giving...we were attributing the water through the tunnel. We were moving...let's say four feet, let's say twenty cubic feet per second through the tunnel and the old meter was charging us sixty and seventy acre feet. I don't have the exact numbers but it was charging us considerably more than we were using. So we were paying a lot more for water going through the tunnel than we were actually sending through the tunnel. And we were attributing it to seepage. Well, when we started evaluating that we found that we're not seeping that much water and we reevaluated and calibrated and found that the meter we were using in the tunnel and had been using for I don't know how many years was reading really high. So, by putting the new meters in we actually got closer to real numbers so we were able to reduce the amount of water in that assessment. So on line 58 – it's gone down considerably. George and I have had that discussion before so we were able to reduce numbers right there. That was one of the steps we have taken and those are big steps. We're talking about taking baby steps now to try for everything else, I won't say baby steps but the steps we get now are getting smaller and smaller returns. But that was one of the big steps we took to reduce our costs. We essentially now are paying for the actual water we're getting instead of paying for 140 to 150 percent of the water we were getting. Phil: Okay. Dan: Okay. Anyone have any other comments? George: The only comment I'd like to see is what are you going to do next year when we don't have any water? You got a plan? Mark: Actually.... Dan: It's a conversation for another day I think. Mark: I would like...I'm going to propose to the board that starting in February we kind of have a meeting with the water users to discuss where we're at and what we can look at. But between now and the start of the season, you know, we don't know what the water table is going to look like. Dan: We're getting off subject here. Let's... Phil: I do have one more comment and that's just – I mentioned a little bit earlier is that you've already...you were trying to factor in a year coming up and you don't know what's going to happen in 2013. Marsha: That's right. Phil: If you're set on doing the increases then I'd like to see that we wait until next year before we start doing... Mike: I agree with you. I agree – when I saw that...I missed the meeting that we did that and I disagree with having the... Phil: There's not many special districts or government agencies that will do that. Mike: Until we see what's coming up. To me it's not... Mark: Are you talking about the five percent in 2014? Mike: Next year. Mark: And if the situation looks better – that's something we can always not do. Phil: You'll

know that at this time next year. Mark: We certainly will. (Unknown speaker): Good point. Gary: I'm glad you haven't put it in stone already. George: When will you make that vote? Dale: When we know. Mark: We're making the motion... George: You're going to do that right now? Dan: Any other comments? Mike: Are we voting on the following year? Dan: That's next on the agenda so let's close the public hearing and then move on.

President Pyatt closed the public hearing at 8:31 p.m. Many members of the public left the meeting after the close of the public hearing.

Consideration and approval of Resolution 2012-11-08 – Irrigation rate increase, Creation of Irrigation Meter Fee and Amending the GWSSA Fee Schedule The board discussed the resolution and the ability of the Agency to not enact the 2014 planned increase if it was deemed unnecessary at that time. Motion to approve Resolution 2012-11-08 as presented by Tom Stengel. Second by Dale Weiss. Pat Holyoak-Aye, Jerry McNeely-Aye, Preston Paxman-Aye, Rex Tanner- Nay, Dan Pyatt-Aye, Tom Stengel-Aye, Mike Holyoak-Nay, Dale Weiss-Aye. MOTION CARRIED.

Check approval Motion to approve checks in the amount of \$116,437.79 by Rex Tanner. Second by Mike Holyoak. Pat Holyoak-Aye, Jerry McNeely-Aye, Preston Paxman-Aye, Rex Tanner- Aye, Dan Pyatt-Aye, Tom Stengel-Aye, Mike Holyoak-Aye, Dale Weiss-Aye. MOTION CARRIED.

Approval of the tentative 2013 budget Motion to approve the tentative 2013 budget as presented by Tom Stengel. Second by Dale Weiss. Pat Holyoak-Aye, Jerry McNeely-Aye, Preston Paxman-Aye, Rex Tanner-Aye, Dan Pyatt-Aye, Tom Stengel-Aye, Mike Holyoak-Aye, Dale Weiss-Aye. MOTION CARRIED.

Financial statement The 3rd quarter financial statements for the Agency and the Districts were included in the packet but not presented by staff.

Lake/Snow report The lake has 120 AF in storage. Precipitation is 41% of average. The soil moisture is at 4%.

Committee report None.

Items from staff The Generator is installed. Staff received an incorrect part for the electrical and the generator will be operational upon delivery of the replacement item.

Items from board members None.

Closed session if necessary None.

President Pyatt declared the meeting adjourned. Hearing no objections; the meeting adjourned at 8:50 p.m.
ATTEST:

Dan Pyatt, President

Mark Sovine, Secretary/Treasurer