

MOHAVE VALLEY IRRIGATION & DRAINAGE DISTRICT

APPROVED: MARCH 3, 2015

MINUTES OF THE REGULAR BOARD MEETING HELD TUESDAY, FEBRUARY 3, 2015 AT THE OFFICES OF THE MOHAVE VALLEY IRRIGATION & DRAINAGE DISTRICT ("THE DISTRICT")

CALL TO ORDER.

The meeting was called to order at 4:00 p.m.

PLEDGE OF ALLEGIANCE.

The Pledge of Allegiance was led by Steve Buck.

ROLL CALL.

Present: Charles B. ("Chip") Sherrill, Jr., Chairman, Director District III
Vince Vasquez, Director District II
John Kai, Director District I
Perry Muscelli, Treasurer, Director At Large
Clay Vanderslice, Director At Large
Mark R. Clark, CCM, Manager
Jamie Kelley, District Counsel

WAIVER MOTION. Motion to waive the reading of full minutes and resolutions presented for approval or adoption.

Mr. Muscelli made a motion to waive the reading of full minutes and resolutions presented for approval or adoption. Mr. Vanderslice seconded the motion. All were in favor, motion passed.

1. REPORTS.

A. Staff report on water use.

Mr. Clark reported that we have water usage numbers for all of 2014. In 2014, the District used a total of 33,995 acre feet of water compared to the 25,283 acre feet of water used in 2013. 83% of water usage was used by agriculture, with 17% used for M&I. 8,712 more acre feet of water was used in 2014. It was pointed out that usage was up due to production in fields that were previously fallowed.

- B. Bureau of Reclamation Lower Colorado Water Supply Report as of January, 2015; Upper Colorado River Basin Snowpack Report; Lake Powell Water Data Graph; and Lake Mead Water Data Graph.

Chairman Sherrill reported that total system contents as of February 23, 2015 were 49%, or 29,239. Lake Powell was at 45%, Lake Mead at 41%, Lake Mohave at 92% and Lake Havasu at 89%. Chairman Sherrill stated that the Lake Powell and Lake Mead contents percentages were dire. Lake Powell elevation was at 3592.57 and Lake Mead's elevation was 1088.52.

- 2. **AGENDA MODIFICATION.** Possible action to withdraw from, or move, any item on the Agenda, including the removal of an item from the Consent Agenda.

No action taken.

- 3. **CONSENT AGENDA.** The items listed below will be considered as a group and acted upon by one motion with no separate discussion of said items, unless a Board Member requests an item or items be removed for separate discussion and action.

- A. Approve the January 6, 2015 Meeting Minutes.

- B. Ratify payment of expenses for January, 2015.

Mr. Muscelli moved to approve the Consent Agenda in its entirety. Mr. Vasquez seconded the motion. All were in favor, motion passed.

- 4. **REGULAR AGENDA.**

- A. **Westview Estates, Tract 4215, T19N, R22W, Section 14.** Discussion and possible action to approve the request to extend the preliminary water allocation of 56.71 acre feet and deferral of the final 1/3 payment of the non-refundable fees from January 22, 2015 to January 22, 2017. The Water Allocation Extension Administration Fee in the amount of \$250.00 has been paid.

Mr. Clark advised that Westview Estates has been showing forward progress and that the proper documentation evidencing said progress had been presented. Staff is recommending that the request be approved for a two year extension.

Mr. Muscelli asked about forward progress made by Westview Estates. Mr. Clark replied that the District had received letters from the engineer for

Westview Estates stating that submittals have been provided to Mohave County and the project is moving forward.

Mr. Muscelli made a motion that the request to extend the preliminary water allocation of 56.71 acre feet and deferral of the final 1/3 payment of the non-refundable fees from January 22, 2015 to January 22, 2017 be approved. Mr. Vanderslice seconded the motion. All were in favor, motion passed.

- B. **Desert Lakes Estates, Tract 4152E.** Discussion and possible action to approve the preliminary water allocation of 51.67 acre feet from February 10, 2015 to February 10, 2017. The Water Allocation Extension Administration Fee in the amount of \$250.00 has been paid.

Mr. Clark advised that Desert Lakes Estates provided the necessary documentation showing forward progress and that staff was recommending a two year extension of the preliminary water allocation.

Mr. Muscelli moved for approval of Desert Lakes Estates' request for an extension of preliminary water allocation of 51.67 acre feet from February 10, 2015 to February 10, 2017. Mr. Kai seconded the motion. All were in favor, motion passed.

- C. **Walmart Super Center Store #4203, T19N, R22W, SEC. 26, APN No. 227-15-135.** Discussion and possible action to approve the request to extend the preliminary water allocation of 12.74 acre feet from February 10, 2015 to February 10, 2016. The Water Allocation Extension Administration Fee in the amount of \$250.00 has been paid.

Chairman Sherrill clarified that this extension would be for one year as this was a commercial development. Mr. Clark advised that was correct and that the District had received extensive documentation from Walmart showing that they were still negotiating with ADOT to get the matter of the traffic island resolved so that the project could move forward.

Mr. Kai made a motion for approval of Walmart's request to extend the preliminary water allocation of 12.74 acre feet from February 10, 2015 to February 10, 2016. Mr. Muscelli seconded the motion. All were in favor, motion passed.

- D. **Sale of Metering Equipment.** Discussion and possible action to approve the disposal of the old metering equipment and batteries.

Mr. Clark advised that this item had to do with the old metering equipment at the different well sites for the agricultural customers. The District has a new method of metering the agricultural wells which has been approved by the Bureau of Reclamation. The metering equipment currently in place has provided inconsistent results, so that was the reason to switch to the new metering methodology.

There was discussion as to the proper way to dispose of the old equipment. District Counsel advised that public auction was one way to dispose of excess or outdated equipment.

Mr. Clark advised that staff was recommending that the Board authorize the District Manager to dispose of the excess equipment.

Mr. Muscelli moved that the District Manager be authorized to dispose of the excess equipment. Mr. Kai seconded the motion. All were in favor, motion passed.

- E. **Mohave County Special District Annual Report.** Discussion and action to approve the Mohave County Special District Annual Report.

Mr. Clark advised that this was the annual report that the District provides to Mohave County. The report contains information on the directors and their contact information, as well as when and where the District meetings take place. In addition, the report provides a copy of the District's financial information. Staff is recommending that the Board approve the Mohave County Special District Annual Report.

Mr. Mucelli made a motion that the Mohave County Special District Annual Report be approved. Mr. Kai seconded the motion. All were in favor, motion passed.

- F. **WPI-919 Farm AZ, LLC, Contract No. 2012-05.** Discussion and possible action to approve a second amendment WPI-919 Farm AZ, LLC Contract No. 2012-05 add 37.5 acres and 168.75 acre feet of water.

Mr. Clark advised that this was a new contract for WPI-919 Farm AZ. They purchased some additional farmland previously owned by another farmer and that while the property had some PPR's attached, there was not enough PPR water to farm the property so WPI was requesting additional water.

Mr. Muscelli questioned as to whether this request was in conformance with the new water allocation amounts that had been previously approved by this

Board. Mr. Clark answered that this request was in conformance with the 7.0 acre feet of water per acre currently being allowed for agricultural use.

Chairman Sherrill added that when PPR's are connected with a property, the PPR allocation must be used first, however, there are not enough PPR's on this particular property to farm it.

Mr. Muscelli asked if the water allotment had previously been given. Mr. Clark replied no, that the additional water allotment request was a new request.

Mr. Kai made a motion to approve WPI's request for an additional 168.75 acre feet of water. Mr. Vanderslice seconded the motion. Mr. Vasquez abstained. The motion was approved by a quorum of the Board members.

- G. **Mohave County Water Authority.** Discussion and possible action to approve the February 4, 2015 letter to the Mohave County Water Authority ("MCWA") regarding the purchase of additional water from MCWA.

Mr. Clark advised that last year the Board authorized staff to send a letter to the MCWA to advise of the District's interest in purchasing any excess water that might be available. The MCWA advised the District that they could not dispose of that water until 2015. Staff is requesting approval by the Board to forward another letter requesting that the District be allowed to purchase any additional water available.

Mr. Muscelli made a motion to approve the February 4, 2015 letter to the Mohave County Water Authority ("MCWA") regarding the purchase of additional water from MCWA. Mr. Kai seconded the motion. All were in favor, motion passed.

- H. **Administrative Assistant Position.** Discussion and possible action to approve the scheduling of interviews for the Administrative Assistant position to be conducted by Chairman Sherrill and granting Chairman Sherrill hiring authority.

Mr. Clark advised that staff was recommending that the Board approve the scheduling of interviews for the Administrative Assistant position to be conducted by Chairman Sherrill and granting Chairman Sherrill hiring authority. Mr. Clark advised that several resumes had been received for the position and that some of those resumes were being considered.

Mr. Muscelli had a question as to the salary for this position. Chairman Sherrill responded that each applicant should be considered with regard to

qualifications and should be asked what their salary requirements would be. Chairman Sherrill stated that he and/or Mr. Clark would email the results to each Board Member and a determination would be made at that time.

Mr. Muscelli asked if the District was making salary recommendations. District Counsel advised that each applicant would be considered for a salary recommendation based on previous experience.

Mr. Kai made a motion to approve the scheduling of interviews for the Administrative Assistant position to be conducted by Chairman Sherrill and granting Chairman Sherrill hiring authority. Mr. Vanderslice seconded the motion. All were in favor, motion passed.

5. PUBLIC INPUT.

Steve Buck asked for an update on the effluent project between the District and Bullhead City. Chairman Sherrill responded that the subject had been addressed at the January meeting and that District Counsel had advised at that time that there would be no progress for sometime. Chairman Sherrill went on to discuss the fact that the District had tried to effect an effluent pipeline and had gone to the expense of hiring an engineer to draw up plans, however, it was not possible for the District to finance such a project on its own. If Bullhead City could secure a WIFA loan and then have the District pay that loan back to the City, the establishment of an effluent pipeline might be possible. However, Bullhead City is not going to put itself in a liability position if it doesn't have to. Mr. Buck asked if he thought that might change and Chairman Sherrill replied that he did not believe that the situation would change any time soon.

Mr. Buck then asked if the possibility of an effluent pipeline was completely dead. Chairman Sherrill stated that the issue was not dead, however, with the present economic situation it would not be possible at this time.

Mr. Buck then wanted to know if there was some kind of dialogue that could be had for the record at a future meeting as to Bella Vista's options to acquire water. Mr. Buck pointed out that if the Bullhead City effluent option was off the table that, while Bella Vista's water availability was now somewhat guaranteed for an additional two years, down the road it would need to seek an alternative or have dry lakes in three years. Mr. Buck stated that if there could be a dialogue between Bella Vista and the District, perhaps a solution might be found.

Chairman Sherrill stated that was not what the District wanted. Everybody thought in 2006 and 2007 that the area's growth would continue right along and there were plans for golf courses, lakes, and there would be plenty of effluent left over to take care of all of the amenities. However, the crash happened and all of those plans

went to the wayside. The area is at an ant crawl at this time, but at least we have a crawl. The area just does not have the kind of volume needed to support that kind of a sewer system to acquire that amount of effluent. Chairman Sherrill stated that if there was something the District could do to help Bella Vista facilitate the planning and building of an effluent system, the District would be glad to enter into such a dialogue. But any such plan would need to be economically feasible. At the end of the day, it just makes no sense to put fresh water in a residential lake or on a golf course.

Mr. Buck then asked that if Bella Vista was able to come up with a plan, could it be presented the District for evaluation. Chairman Sherrill said that would be fine.

Mr. Kai then questioned whether or not the idea of recharging water in the ground and pulling it back out has gone any further. District Counsel advised that currently once the water hits the ground it becomes system water and is considered Colorado River water.

Mr. Vasquez asked if it was just the debt service on the pipeline that was the problem. Mr. Clark advised that the pipeline costs were estimated at approximately \$5,000,000, and it was anticipated that the payback on that would equal about \$130 an acre foot just for the pipeline. That price did not include the cost of the effluent.

Mr. Buck stated that those numbers were not out of sight for Bella Vista, as there were 459 people with a vested interest. Chairman Sherrill reiterated that the costs stated were just for the pipeline. Mr. Clark stated that the effluent alone would come to about \$100 per acre foot, which would bring the cost of effluent to about \$230 per acre foot. Chairman Sherrill added that cost did not include the administrative costs associated with such a project.

Mr. Buck stated that establishing a price before Bella Vista says it is unreasonable, the alternative is that Bella Vista has a volleyball court. At \$130, Bella Vista had it figured out that each resident would pay \$130 per month for the effluent. Mr. Buck stated that if they could figure out the model that takes the worst case scenario and back peddle from that maybe a solution could be reached, but the District has not done that. Mr. Buck stated that the District wanted to have a plan and he has been holding back, waiting, and now the District is saying they want Bella Vista to get creative. Chairman Sherrill told Mr. Buck to get as creative as he wanted. The District would be glad to discuss any ideas presented by Bella Vista.

Mr. Vasquez interjected that the economics were based on more substantial flows going through the pipeline. There had to be more than just one end user to make the math work. Mr. Clark stated that the current math was assuming that there would be use in excess of 2,000 acre feet per year.

Chairman Sherrill stated that the problem with the golf courses was that they had heavy water usage in the summer but not in the winter. Bullhead City would want the amenity users to take the same amount of water all the time, which creates logistic problems, what are you going to do with the excess effluent?

At this juncture, Chairman Sherrill asked if there was any other public input and there was none.

6. ADJOURNMENT.

There being no further business to discuss, Mr. Muscelli made a motion that the meeting be adjourned. Mr. Kai seconded the motion. All were in favor, the meeting adjourned at 4:45 p.m.