

**LDWA BOARD MEETING MINUTES**  
**January 7, 2016**  
**LDWA Building, 1901 Silver Reef Drive, Leeds, UT**

**CALL TO ORDER** - Elliott Sheltman at 7:00 pm.

**Roll Call.** Board members Elliott Sheltman, John Markovich, and Ron Cundick. Karen Markovich taking meeting minutes.  
Board member Jim Vasquez & Field Operator Mark Osmer were excused.

**Prayer.** Led by Danielle Stirling.

**Pledge.** Led by Elliott Sheltman.

**ATTENDEES.** Shareholders Jack & Mitzi Butler, Manny Goy, John Poast, Bob Neubauer.

**ANNOUNCEMENTS.** - none

**CONSENT AGENDA.** Motion by Danielle, second by Ron with all unanimous to approve Meeting Minutes dated Sep 30, 2015, Oct 29, 2015 and Jan 7, 2016 Agenda.

**FIELD REPORT & PROJECTS.**

Mark & Karen have tracked water usage over the past year, and the amount of water pumped at the source has averaged 36% higher than the amount of water sold to shareholders. In addition, the well's pump utility bills have more than doubled over the past 10 months indicating a significant leak in the system.

Mark pot-holed areas downtown and found no leaks. The Div of Forestry then authorized LDWA to pothole Oak Grove Road, a primary concern given the length and age of the pipelines. Mark potholed the line from Oak Grove Rd and excavated a road following the line into Leeds Creek. Mark found a 4" plastic line buried underground within the Leeds Creek-Bed. Over time, the line had shifted and split, channeling LDWA water down into Leeds Creek and to Quail Creek Reservoir –severely compromising pumping water into LDWA's storage tanks. The pipeline break could not be seen from the surface of the creek bed. Mark replaced the old 4" plastic line with an 8" welded steel piping per DDW/DEQ approved materials and standards. Photos of the project are posted on LDWA's website LDWAUtah.org.

A second project followed to upgrade a 1600-foot long section of pipeline along the roadside on Oak Grove Road, replaced several valves, with installation of a meter to provide additional accuracy of water pumped to LDWA tanks. The total cost thus far is under \$21,000, with an additional estimated \$20,000 to complete the pipelines and peripherals.

The cost for the infrastructure upgrades are paid for out of the Capital Improvement Fund which is solely collected from new development, impact fees and fines. Capital Improvement expenses are not paid for by monthly rates to shareholders.

Installation of a security fence around the diverter box containing the PRVs located at the Danish Ranch intersection on Oak Grove Road [as recommended by Pro-Value Engineer Karl Rasmussen] will also be paid for from the Capital Improvement Fund.

Ron commended Elliott and the board for its fiscal responsibility, with the ability to complete capital improvement projects without the need to go to shareholders to cover the costs.

**VI. FINANCIAL SUMMARY 2015.** Danielle Stirling, Treasurer, is impressed to see that reconnection fees [a result of shareholders' non-payment of monthly accounts] have decreased from six (6) in 2013 to only one (1) in 2015. This indicates shareholders recognize LDWA does not carry month-over-month outstanding balances, as payments are to be paid in full.

In 2015, LDWA made an additional \$100,000 principle payment toward the DDW Loan #3F138 [known as "Project Upgrade"]. The original amount was \$2,009,000.00, with \$905,000.00 DDW/DEQ Loan Forgiveness, \$1,104,000.00 principle due with 3.6% interest for 30 years. Given the additional payments toward the principle, we are now 7 years ahead of schedule. Based on the past 6-year's payments on the Project Upgrade Loan we should have enough funds in the Project Upgrade account to make an additional minimum payment of \$25,000.00 toward the principle. If we can stay on schedule, this would save about 13 years off the life of the loan in addition to saving \$422,748.00 in interest payments. Danielle reminded shareholders that the \$20.00 all shareholders pay each month for the loan is included in new development impact fees.

**VII. NEW & CONTINUED BUSINESS.**

LDWA Policy 2016-xx. Discussion & approval of a Resolution to establish a new Cross Connection Control Program per the Utah Rule 309-105 Policies & Procedures, as required under DDW/DEQ Sanitary Survey.

Elliott said the 2015 Sanitary Survey resulted with corrective action required by LDWA to implement a Cross Connection & Back-flow Program in accordance with State of Utah Rule 309-105 and the International Council Codes (ICC) for plumbing and construction now adopted by the State. The expansion of this Program will take additional time to implement; Karen has established an additional accounting category for Cross Connections, estimating \$2,000.00 included in the 2016 Budget. We plan to hold a public awareness Cross Connection Control Program presentation with the Rural Water of Utah Assoc (RWAU) this spring. Some of the requirements for enforcing the Program reference the municipality's Building & Plumbing Officials and we aren't sure how LDWA will implement the program. Karen said the State DDW/DEQ engineers recognize LDWA as the *Drinking Water Purveyor* for the Town of Leeds. Danielle said that while the Town of Leeds designated [through Ordinance 2008-01] themselves as the *Water Authority* in Leeds, they have no means to provide water, and are unable to implement the State requirements. Ron suggested LDWA first determine if this applies to a mutual water company such as LDWA.

Danielle said Cross Connection Control was addressed in 2006 with Terry Smith, of RWAU and indicated there is no exception for private or municipal water providers.

Elliott explained cross connections can be something as simple as a garden hose connected to an outside culinary water tap or more serious issues of contamination throughout a water system that can occur as a result of damage to homes, businesses or infrastructure. Shareholder Bob Neubauer asked what the consequences are for failing to comply with the Program. Initially LDWA has had points deducted under the 2015 Sanitary Survey, and is now required to implement corrective action before the next Survey scheduled in 2018. Ron asked if this is something LDWA should discuss with the Town and recognized that the Town's Water Authority ordinance should be rewritten; the board concurred.

Cross-connection information is posted on the LDWA website.

LDWA Resolution 2016-xx. Discussion and possible adoption of Hurricane Valley Special Service Fire District (HVSSFD) Life Safety Emergency Guidelines, as it is applicable to LDWA. Elliott said we are not in a position to adopt this at this time as it speaks to townships. Karl Rasmussen, LDWA engineer recommended LDWA adopt it as it applies to LDWA as the water provider. Ron noted the Town does not have the capacity to provide water. Elliott said LDWA has tried to communicate with the Town, but there continues to be a lack of response. As these issues arise, we will continue to keep the Town informed.

Irrigation Shares. Elliott said LDWA has again paid another \$990.00 to Leeds Irrigation Water Company (LWC) for annual dues and we have yet to utilize the water. Ron provided background for new shareholders. Back in the 1990s, the LDWA Board paid \$100,000.00 for Irrigation Water Right 81-1123, believing the water could be transferred from irrigation to culinary water. The LWC Board declined to agree to convert the water to culinary and consequently, LDWA has not yet used the water.

Ron noted that the 2015 House Bill 43 now provides for mutual water companies to apply for change application.

***NOTE: Reference Utah Law & Water Rights, <http://utahwaterrights.blogspot.com>:  
"Change Application Amendments was passed in 2015, and changes the procedures for shareholders of a mutual water company requesting the filing of a change application. It requires that the company respond to the change within 120 days after receiving the change application request from the shareholder. Failure to respond will be interpreted as consent. It requires mediation if the company refuses to file the change application or if the shareholder and mutual water company cannot agree to conditions of the change application. It also allows the shareholder to advance the change application to the State Engineer for administrative review regardless of the mutual water company decision. If the mutual water company declines the change application request, the company is required to state the reasons why."***

Ron said he would like to move forward with this and complete application with the State. We should address this before we reach the drought season this year. Elliott agreed to include this on each agenda.

Danielle said the only problem might be that LDWA would have to continue to pay the annual dues. Ron said LDWA would remain a shareholder in LWC and continue to pay the annual dues, and the change would be the Point of Diversion (POD) and type of use.

Water Rights in LDWA's well. Karen said developers have 'parked' water rights in LDWA's well without LDWA's knowledge or consent. Background on WR #81-1752: there was 15.298 AF with original title held by Francis Family and Fairbanks; title transferred to Charles & Cheryl Reeve in 2014 as a result of the Shanto lawsuit.

Of that, Alberta Pace purchased 11.00 AF from the Reeves and segregated it to a new WR #81-5097 and plans to transfer it into LDWA's name under a personal warranty deed. To-date, that title transfer has not been completed. POD for the 15.298 AF of water remains in LDWA's well and LDWA does not hold title.

Elliott said it would be productive if we issue the Reeves a letter and caution them not to transfer their water rights PoD, location, or place of use into LDWA wells or Oak Grove Spring.

Ron recapped the background of the 2010 Water Rights Agreement and quit claim deeds versus warranty deeds. Elliott thanked Karen for her additional time researching and tracking these water rights, as she found additional problems with the water rights that we otherwise would not have known existed.

Shareholder Manny Goy asked about the Silver Pointe Estates Development. Elliott said LDWA has two additional requirements based on the engineering Capacity Analysis completed by Pro-Value Engineer Karl Rasmussen: including a minimum 140,000-gallon water storage tank and looping the system to meet and maintain required fire flows for hydrants.

Ron added that the history of most developments in this area has been piecemeal; instead of requiring developers to meet all infrastructure specifications, they have been allowed to begin a fraction of their developments, they then run out of funds and we are left with permanently scarred land. We've made the decision that developers must meet all requirements for the complete build-out of their planned subdivisions prior to breaking ground. We are hopeful that the Town of Leeds municipality will require the same for future growth.

## **DISCUSSION.**

Cement Tank re-purpose, historic signage. Elliott's goal is to complete the approval process with the Town for use of LDWA's cement tank [located on Silver Reef Rd] as a permanent control hub for LDWA. Ron likes the idea of repurposing the cement tank and wants to ensure the costs will not adversely affect paying off the DDW Loan #3F138. The quote for repurposing the cement tank exceeded \$50,000 several years ago. Elliott said the interior can be completed over the course of time as funds allow. The Board agreed to include storage of LDWA's inventory in the cement tank as Mark stores all field supplies in the tank. Historic signage at the tank is planned; Danielle Stirling volunteered to contact LoAnne Barnes, shareholder/historian

in Leeds, for the name of the signage company used for historic building in Town and looking into a grant to repurpose the cement tank.

Regarding holding open office hours, Danielle added that with advancements in internet technology there is no longer a need to maintain office hours to conduct LDWA business.

Leeds RV Park (fka Cottam's RV Park) – fire hydrant. The Park is over 500' from the fire hydrant and LDWA plans to move the hydrant to the required proximity. Also planned is installation of a 2" meter to replace the current five (5) ¾" meters as recommended by engineer Karl Rasmussen.

**ADJOURNMENT.** Elliott Sheltman at 8:10 pm.

**EXECUTIVE SESSION.**

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**LEEDS DOMESTIC WATERUSERS ASSOCIATION  
ANNUAL SHAREHOLDER MEETING MINUTES**

**TUESDAY, FEB 2 2016**

Held at the Town Hall building, 218 North Main Street, Leeds, UT

Board members Present: Elliott Sheltman, Danielle Stirling, John Markovich, Ron Cundick. Jim Vasquez excused. Staff Present: Karen Markovich, Mark Osmer.

I. CALL TO ORDER & welcome by Elliott Sheltman.

Prayer. Danielle Stirling.

Pledge of Allegiance. Elliott Sheltman.

Announcement. Ron Cundick introduced the Boy Scouts attending this meeting to observe non-profit public meeting protocol and learn about LDWA culinary water system.

II. SHAREHOLDER APPROVAL OF ANNUAL MEETING MINUTES. Motion by Ralph Rohr, 2<sup>nd</sup> by Karen Markovich, with all unanimous to approve Annual Shareholder Meeting Minutes dated Feb 3, 2015 and tonight's Feb 20, 2016 meeting agenda.

III. ANNUAL COMPANY REPORT. Elliott Sheltman.

2015 new infrastructure projects and upgrades.

1. Installation of a new overflow system now returns any overflow water back into the Leeds Creek eliminating accidental overflow into the old abandoned Leeds Irrigation Water Company (LWC) ditch in 2006-2007. For the record: LDWA is required by the Division of Water Rights to return overflow water into Leeds Creek down to Quail Creek in Hurricane.

2. The Rocky Mountain Power bill for the Silver Reef well pump significantly increased each month this past year. However, the water sold to shareholders has not increased over the past 2 years. Karen discussed with Mark & he suspected there might be a leak between somewhere between the SR tank and the delivery pipeline. Mark pot-holed up on Oak Grove Rd, followed it down to the top of the Leeds Creek, and discovered that the pipeline was buried underground within the Leeds Creek. Over the years, the sections of plastic pipe shifted & separated in two places. In addition to supplying water to the town, the pipe break caused a continuous pumping of water from the tank into the Leeds Creek. The continual water loss could not be detected from the surface.

Pro Value Engineering provided the plans and specifications for the new steel pipeline and control valves to be installed above ground. The steel line will be welded onsite by certified & licensed welder Clay Houston. Photos of the project are currently posted on the LDWA website PROJECTS page.

3. The DDW/DEQ is stepping up its on-site audits for compliance with the Cross Connection & Backflow Prevention standards. Shareholders are encouraged to check outside water connections

including faucets, hoses, irrigation lines, or other sources, that - if left connected - can result with back siphonage of contaminated or polluted water into LDWA's drinking water supply.

4. Pro Value Engineering recently completed the 2015 Culinary Water Capacity Analysis. The findings include the need to add water storage in addition to the 140,000-gallon water storage tank that is required for the proposed Silver Ponte Estates Subdivision.

5. Elliott expressed sincere thanks and appreciation to Mark Osmer for his endless dedication maintaining and improving LDWA's infrastructure. Without Mark's oversight and perseverance, we could not have completed the infrastructure upgrades and improvements. Elliott also acknowledged and thanked Karen Markovich for management of administration and maintenance of the increasing documentation needed to comply with state and federal codes and rules.

6. LDWA supplied the water to the Forestry for fighting the fire on Pine Valley Mountain last summer, there was no charge to the Forestry, and LDWA does not charge for water needed to mitigate emergencies.

7. Shareholder Stephanie Martini asked why it is that Leeds property owners pay property taxes to the Washington County Water Conservancy District (WCWCD) when Leeds does not receive water or emergency services from them. Elliott agreed and said that is something we want to look at in the future as many of us have the same question. Danielle noted that while the WCWCD lines are NOT connected to LDWA in any way shape or form, the Town of Leeds has the option to connect to the WCWCD pipeline at some point in the future as including in the Water Pooling Agreement in Washington County. While the WCWCD has installed a line to the southern boundary of Leeds on Main Street, Stephanie Martini questioned how the WCWCD could successfully install additional pipelines and pump water uphill to serve the Silver Reef/El Dorado areas.

8. Shareholder Ralph Rohr said he was 'blown away' with the information provided in the LDWA Newsletter. He noted the letter was informative, impressive, and read like a document prepared by a large corporation. Karen thanked Ralph, and said the 2016 Newsletter will be included with the minutes from this meeting.

IV. ANNUAL FINANCIAL REPORT. Danielle reported the financial status of the 2015 Budget and reviewed the 2016 proposed budget. We completed 2015 with a comfortable net gain for the Ordinary Operating Income and Expenses of LDWA. We have made an additional payment of \$100,000.00 to the principal of the Division of Drinking Water (DDW) loan #3F138, reducing the term of the loan from 31 to 27 years and reduced the interest payments by \$200,000.00.

Danielle said we continue to collect late fees and other assessments and gave sincere thanks to Mark for his proactive efforts to shop for the lowest costs when pricing out LDWA projects.

V. AMENDMENTS TO BYLAWS. Ron Cundick.

Ron reviewed the proposed amendments to the bylaws. PROPOSED AMENDMENT #1, Article IV, Board of Directors, Section 2, Term of Office – Qualifications, will eliminate the requirement that the Association shall have at least twice as many nominations as there are board seat vacancies. RATIONALE. In view of the reduced interest by qualified shareholders to be elected and actively



serve as a member of the Association's Board of Directors, deletion of this requirement will eliminate the need for nominations of shareholders who are unable or reluctant to serve.

PROPOSED AMENDMENT #2, Article IV, Board of Directors, Section 2, Term of Office – Qualifications, to include: “If, at the annual shareholder meeting, the shareholders fail to elect a number of directors to fill all vacancies, the Board of Directors shall have the power to appoint directors to fill any vacancies as soon as practical thereafter. Appointed directors shall hold office for the remainder of the two-year term as though they had been elected.” [February 2, 2016]. RATIONALE. This provides the authority for the Board of Directors to proceed to recruit a qualified shareholder as a director following the election in the event there are not a sufficient number of qualified nominees to fill the board seat vacancies.

Shareholders supported the amendments, with no concerns presented. The details of the proposed amendments are included with the meeting minutes.

**VI. ELECTION OF 3 BOARD DIRECTORS FOR TWO-YEAR TERMS. There were no additional nominations for the LDWA board. Current board members were unanimously re-elected: Danielle Stirling, Ron Cundick, and John Markovich.**

VII. ADJOURN SHAREHOLDERS MEETING, 8:10 PM MT. Motion by Elliott Sheltman, 2<sup>nd</sup> by Danielle Stirling, all unanimous.

VIII. Board convened executive session, appointment of Board officers. **Board unanimously voted to appoint Elliott Sheltman President, Ron Cundick Vice President, Danielle Stirling Treasurer.**



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Karen Markovich, Administrative Manager, Corporate Secretary



**LDWA BOARD MEETING MINUTES**  
**6:00 PM TUESDAY, MARCH 29, 2016**  
**LDWA, 1901 Silver Reef Drive, Leeds, UT**

**CALL TO ORDER.** 6:00 pm – by Elliott Sheltman

Roll Call. Board members present: Elliott Sheltman, John Markovich, Danielle Stirling, Ron Cundick. Jim Vasquez was excused. Staff: Mark Osmer present; Karen Markovich was excused.

Prayer. Danielle Stirling.

Pledge. Elliott Sheltman.

**ATTENDEES.** Shareholders John Poast; Susan Savage.

**ANNOUNCEMENTS.** There will be a Cross Connection Control Program Public Awareness Presentation TO BE HELD **April 12, Tue, 5:00 pm at Leeds Town Hall.** Presentation will be by Terry Smith, Rural Water Association Utah.

LDWA is now posting the State of Utah House & Senate bills that pass and fail each year and affect water rights at <http://www.ldwautah.org/WATER-RIGHTS--STATE-UPDATES.html>.

**IV. CONSENT AGENDA.** Motion by Elliott Sheltman, second by Danielle Stirling with all unanimous to approve the Consent Agenda with Meeting Minutes dated Jan 7, 2016 and Mar 29, 2016 Agenda.

**FIELD REPORT & PROJECTS.** Mark Osmer, Field Operations report.

New service lines continue to be installed and we are currently working to complete the lines on Vista Ave.

Meters have been installed to record input and output at the Oak Grove Tank, which should provide greater accuracy of the amount of water pumped from the spring. The tank now consistently holds 125,000 gals, which will be a big advantage in the event there is a fire emergency up in Oak Grove as we had last year 2015; the fire district used 109k gal from LDWA primarily to control hot spots after the fire had been extinguished. LDWA is assessing the feasibility & cost for installation of one or two fire hydrants in closer proximity to the Oak Grove campground areas, as the fire district's water trucks were too heavy to cross the bridge to fight last year's fire. Mark said if he remembers correctly, the cost to install a hydrant in that area is about \$4,000.00.

Mark reported water theft during construction at L-SRH-1 parcel on Juniper Way. Initially the excavation company paid to rent a meter as required and returned it to LDWA. However, a couple of weeks after the excavation was completed, we found an illegal spigot installed in the ground outside of the meter barrel, with a faucet connected to the setter inside the barrel. The illegal connections appear to have been installed during the time the concrete foundation for

the home was poured. John Markovich & Mark photo-documented the violations and because theft of a utility is a felony, a report was filed with the Washington County Sheriff Dept. As the LDWA Shareholder, the property owner is responsible for the fines. LDWA policies & procedures, itemization of all costs including the damages, materials, fines, field and administrative time & resources, and postage were mailed to the property owner, with total damages of \$2,600.00 paid to LDWA by the building contractor.

Mark discovered an old abandoned black line in Oak Grove. Ron said Oak Grove is a vulnerable area and while Mark routinely inspects the area, the 3 air vacs are sometimes exposed as a result of weather, wind and elements.

Ron suggested LDWA begin to establish a financial reserve to replace the lines up in Oak Grove. Mark suggested we can identify the worst sections and begin to replace them first, in 500' segments, possibly one each year. The board agreed we will need additional funds to complete the entire line. Elliott said we need to work up a map, photo-document the weakest areas and begin to schedule the work. Danielle, Ron & the Board thanked Mark for his diligence and work, as he is the 'eyes and ears' in the field overseeing LDWA infrastructure.

## **VI. NEW BUSINESS - Elliott Sheltman.**

### **1. Background for Permanent Record.**

In October 2015, the IPS Sanitary Survey completed by the Division of Drinking Water (DDW) & Department of Environmental Quality (DEQ) resulted with 40 points assessed against LDWA for not officially adopting, by Ordinance or Resolution, the DDW/DEQ Cross Connection Prevention Program and its 'Five Component Requirements'.

The DDW/DEQ Cross Connection Prevention Program, IAW Rule 309 and the International Plumbing Code (IPC), requires culinary water service be discontinued and capped (meter removed) for any dwelling that becomes damaged or is moved, removed, destroyed, or otherwise becomes uninhabitable, until such time that the dwelling is reconstructed in compliance with the current International Plumbing, Building & Construction Codes adopted by the state of Utah. LDWA has now included reclassification of an Active Tap to Standby Tap for these properties, and is included in Resolution 2015-04.

Elliott reported that an LDWA board member was approached at her home by 2 representatives for LDWA Shareholder Margaret Anderson, requesting the meter service be removed for her property located at 335 N Main St, Parcel ID #L-78-A-1-A-1-A-1. The dwelling had become uninhabitable following the reconstruction of I-15, which caused mud & debris to slide downhill inside the dwelling, and is now filled with several feet of mud. Ms. Anderson's spokesman stated that the interior of the building has exposed electrical wires and studs, all windows are broken, the roof has collapsed and interior walls are no longer standing.

**2. Town of Leeds North Main Street Curb & Gutter Project.** Elliott said the Town is discussing a new project to install curb and gutter on the west side of N Main St beginning at 281 N Main and up to 545 N Main St.

LDWA previously planned to replace the old main line within the next few years. Given the Town's plans, Elliott recommended we price the cost to upgrading the main water line which feeds all downtown, and complete the project prior to the Town's curb and gutter project. Karl Rasmussen, LDWA engineer, provide a quote for the project. Ron indicated UDOT has agreed to match funds with the Town for the cost of the project and the Town is reviewing costs and time of the project. The Board discussed pros and cons of replacing and upgrading the existing lines and agreed to have Karl Rasmussen provide an engineering quote &/or contract. Danielle asked if we have a master plan of all the pipelines in the Town; LDWA has plans of current lines and they are now stored for permanent record in the office. Records of much older lines (some abandoned) from years ago have not always been documented. Danielle asked if it would be more economical to abandon the existing line and install a completely new line. John Markovich talked with former board member Paul Densley, who indicated there are 2 abandoned lines in that area from decades past.

**VII. FINANCIAL REPORT** Danielle Stirling. Danielle said we continue to do extremely well with our cash assets and we are essentially doing great; Karen ensures the funds are allocated correctly. We have not increased monthly water rates since 2009 and only \$20 mo is used to ordinary operating expenses.

**VIII. CONTINUED BUSINESS** Elliott Sheltman.

1. Silver Pointe Estates Development. Update on tank location; easements. Karl Rasmussen is in the process of providing a quote for the tank location that is required for the SPE development and indicated it may require one acre. Developer Rick Sant is working to obtain the necessary easements for his development.
2. Cement Tank Building. Elliott recapped plans to convert the LDWA cement tank as the LDWA Hub. 2 years ago, LDWA discontinued holding public office hours and traffic and parking will not be an issue. Elliott has a friend who is an architect and is willing to work pro-bono to design something for the interior of the tank. Elliott asked Ron and Danielle to contact Loanne Barnes of the historic committee and get the name of the sign company they used for the existing historic signage throughout Town. LDWA does not need grants or funding as it will pay for the signage from the unallocated fund account.
3. Well Drilling Report. State Engineer, Paul Wright, completed the State review of the drilling site at Anderson Junction. John understood they drilled up to 110'; Mark was told by the well drillers (through contact at Angell Springs) that they drilled over 1,000'. The state records only acknowledge the 108' – 110' depth. Danielle said when they were drilling, it reduced the gpm of water that supplies the private wells in the area; Kevin Lee at ~ 900 N Main St, kept a record of the reduction in their private wells. Ron said his concern is that if the drilling is correct, we should file a complaint with the state engineer.
4. Water Service Area Developer Application. Developer Information Letter to precede a Will Serve Letter.

5. The Place of Use for water rights 81-4810, 81-4811, 81-1752 continues to be in LDWA wells (SRH and El Dorado) as identified on the State's interactive DWR maps. The State suggested not provide Beneficial Use for the Water Rights that we do not own and that will eventually remedy the issue.
6. Will Serve Letters. Karen completed a draft letter to revise the name of "Will Serve Letter" to "Service Area Acknowledgement Letter Only", or other title that clearly indicates it is not a letter guaranteeing that LDWA will provide water to developments. Suggestion is to first have require that a Development Requirement Checklist & Agreement be completed. While LDWA's Will Serve Letters have clearly stated that the letter only serves as confirmation of parcels within LDWA's service area, the title has caused confusion for some developers and others.  
The Will Serve Letter would be issued only after the development requirements have been fulfilled. Elliott said the board can vote on suggestions and revisions through email with the board members.
7. Irrigation Water Shares. House Bill 43 will allow Change Applications to be filed directly with the state.

**IX. DISCUSSION.** Susan Savage suggested use of their irrigation water and Elliott asked Susan to set an on-site visit with Mark to identify the area and what would be needed.

The Board briefly discussed the current status of the Town as Water Authority, and options for wastewater systems.

**X. ADJOURNMENT.** Elliott Sheltman, 9:15 pm.

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Karen Markovich, LDWA Corp Secretary /Administrative Manager

**LDWA BOARD MEETING MINUTES**  
**11:00 AM, WEDNESDAY, JUNE 15, 2016**  
**Location: LDWA, 1901 SILVER REEF DRIVE, LEEDS, UT**

**CALL TO ORDER** – Elliott Sheltman.

**Roll Call** – Board members present: Elliott Sheltman, Ron Cundick, John Markovich.

Excused: Danielle Stirling and Jim Vasquez.

Staff present: Mark Osmer.

Excused: Karen Markovich.

Public not in attendance.

**ANNOUNCEMENTS.** June 2016 - The Judicial ruling Shanto/Weeks Case re: Claims to certain water rights originally quit-claim deeded from by the 2010 Water Rights Agreement between LDWA & Roger J. Sanders, PC, Francis Family, LLC, Wm. F. Fairbanks, Richard Schanz and Silver Reef Investment, LLC. The court ruled against Roger J Sanders/Charles & Cheryl Reeves claim to the water rights and in favor of the original owners Shanto, LLC, & Tim Weeks.

Elliott recognized that this case has shown us the importance of looking long-term at all issues, including those with shareholders, the Town, or other entities.

Ron added we were fortunate in that LDWA we did not act on it and were not named on the other end of it. *[Note for the record: In 2014, LDWA quit-claim deeded 2 of the water rights named in the suit, #81-4810 & #81-4811, back to Roger Sanders].*

**CONSENT AGENDA.** Motion by Ron Cundick, second by John Markovich with all ayes to approve today's Meeting Agenda June 15, 2016 & Meeting Minutes dated March 29, 2016.

**FIELD REPORT.**

1. We have completed replacement and installation of 43 new service lines on Silver Meadows Rd and Vista Ave. Additional new service lines are scheduled for Mesa View, Roundy Mountain Rd, Cherry Lane, Center St, Mulberry Rd, Valley Rd, and remaining connections on Main St. Mark said some folks believe the old black irrigation pipeline installed after 1970 is adequate, the lines have broken or split and need to be replaced with material that meets state & federal standards.
2. The chlorinator is cleaned out and will be installed on Oak Grove Rd, just before the tank. It will be installed before the Oak Grove tank, and should improve the consistency of chlorine levels within the system. The old box was not worth salvaging and was removed; the steel lid will be re-purposed on the new in-ground concrete block, which will be locked securely underground.
3. Mark suggested security fencing for the line located at the "Y" on Silver Reef Rd/Dr. Karl Rasmussen previously suggested installation of a 6" line.

4. LDWA is taking a consistent 50-60 gpm from the Oak Grove Spring. The Leeds Creek is running at 14 cfs, its highest in decades. The tributaries are trickling down and filling the Creek, which has not occurred in years.
5. 2016 mid-year field repairs include the SRH pump coil upgrade, installation of a mechanical float on the tank; overflow line repair (350k tank); upgrade line connections for Silver Reef/Silver Hills, and 110 N Main St.
6. The Board discussed the recent return of drilling equipment at the Anderson Junction/Toquerville site for the WCWCD Reservoir. Speculation is that they plan to proceed to fill the reservoir. When the drilling began in Aug 2015, the drilling rig operator said they were down over 1,000'. However, the Div of Water Rights State Engineer reported the drilling was 108' – 110' deep concrete casing. John said he also was told by the drillers they were down ~ 1,000'.  
Elliott said that when the WCWCD completed the drilling last year, the property owners [with private water sources] who live just northeast of Town boundaries said the water flow dropped substantially and some went dry. Filling the reservoir in the near future may result with permanent water loss for some outside of LDWA's service area and LDWA wants to be in a position to know what they would need and the cost involved. Mark will continue to measure the water levels in the tanks to verify whether the drilling will affect LDWA.
7. Elliott asked Mark to provide a cost estimate for time and materials to continue installation of new pipe a distance of ~ 1,000'-1,500' on Oak Grove Road.
8. David Pugsley, Rural Water Utah representative, completed LDWA's Source Protection Survey in May 2016, and reported that a portion of Oak Grove Road lies well-within the Oak Grove Spring required source protection zone, and is a huge hazard for our spring water supply. State Rule 309-600 Source Protection Rule for Ground Water Sources requires a minimum 250' clearance and no access radius for ground water sources such as the Oak Grove Spring. Pugsley provided an example of an incident in northern Utah, where a farmer's tractor fell over, the diesel fuel drained into the ground water spring source, and was not reported. The contamination resulted with permanent loss of the spring water supply to the community.  
The traffic, parking, etc, on Oak Grove within the protected zone poses a serious risk to our spring water supply. Pugsley suggested corrective action including closure of the portion of Oak Grove Road located within the protection zone, or relocation of the road (which is not economically feasible). **The Board agreed to contact the US Forestry to discuss closing the parking area that is located within our protection zone.** Mark to call Forestry re: parking. This is a serious health and welfare concern for our community's drinking water supply.
9. Mark - contact **Karl Rasmussen for engineering & cost to install a ladder inside the interior of the Oak Grove springbox.** *Top priority.* One of the requirements of the IPS Sanitary Survey was to remove the roots inside and around the tank.  
Long-term, Mark recommends **installation of an overflow and a drain at the spring tank**; we are proactive and eliminate any possible issues that may arise during future DDW/DEQ and DWR State surveys and audits.

**ADMINISTRATION.** DDW LOAN #3F138 2016 (“Project Upgrade”). Thus far for 2016, we have \$57,000.00 in the Project Upgrade Account which is the approximate amount of the 2017 payment. We estimate we will have more than \$25,000.00 additional funds for payment on the principal by the end of 2016. Projects funded through the Capital Improvement & Emergency Repair Fund have come at (or under) or estimated quotes, which indicates we have a good oversight on expenditures and are working well within our budget.

Financial reports are posted on the website [www.ldwautah.org](http://www.ldwautah.org), Administration- Budgets & Financial.

### **BOARD DISCUSSION AND/OR VOTE.**

1. Resolution 2015-02 Rev B, unauthorized use of neighboring taps. This is to include clarification that one tap owner cannot run any type of pressurized system including garden hoses, plastic pipe, or other illegal connections, from parcel’s one tap to another parcel’s tap. **The Board unanimously agreed to adopt the revision as written in the Resolution.**
2. Resolution 2016-xx, Adoption of Hurricane Valley Special Service Fire District ‘GUIDELINES FOR DEVELOPMENT’ as it applies to LDWA. **Board discussion and/or approval was deferred (tabled 2x).**
3. Project to upgrade the main service line feeding downtown at North Main St. The Town plans to install curb & gutter in that area and upgrade of new lines should be completed prior to the Town’s project. The Board discussed options for location and possible options for looping the delivery system. The timeline is dependent on the Town’s curb & gutter project. The Board requested an estimate for upgrading the main pipeline feeding downtown at N. Main St. **The engineering cost estimate of Under \$3,500.00 was previously approved by the Board by email vote.** Elliott talked with the Mayor and will keep LDWA in the informed of the Town’s timeline.

### **BOARD UPDATES.**

1. **DDW/DEQ Cross Connection and Back-Flow Program.**  
As a result of the 2015 Sanitary Survey, LDWA was required to officially adopt by resolution or ordinance a comprehensive Back-Flow Cross Connection Prevention Program IAW DDW/DEQ Rule 309 & the International Plumbing Code. The Codes require that Water Service be discontinued and capped [meters removed] to any structural dwelling that becomes uninhabitable as a result of damage, destruction, demolition, removal, reconstruction, etc. LDWA water rights attorney David Hartvigsen reviewed LDWA’s proposed resolutions and policies and verified the policies’ requirements prior to official approval and adoption by the LDWA Board. David Hartvigsen’s extensive knowledge and experience of water right laws with the state legislature have proven invaluable to LDWA. Notification letters were issued to three property owners including information of the codes requiring connections to uninhabitable dwellings be discontinued and capped until reconstructed to current state and IPC Codes. Two structures were not occupied; the third was found to have been demolished, replaced with a 5<sup>th</sup> wheel trailer, reconnected without LDWA knowledge, notification or inspection to ensure back-flow contamination was protected by the required assembly devices. Initially, the property owner filed a Temporary Restraining Order (TRO) against LDWA to prevent discontinuance of the water connection based on the hardship to the occupants of the property.



The State Cross Connection Back-Flow Prevention Program requires the property to install and maintain approved assembly devices. However, the property owner declined to reply to requests from LDWA to him to provide authorization for onsite inspection of the connections and back-flow devices he previously stated were installed at the trailer. To ensure protection of our public drinking water, LDWA installed an approved above ground (ie: temporary) back-flow assembly device and the meter, will be removed at the agreement date of June 24, 2016. Total cost for legal expenses to David Hartvigsen were \$4,435.00 for consult, review, research and negotiations with the property owner's attorney, paid for from LDWA funds allocated to legal expenses and not paid for by Shareholder monthly rates.

Elliott said Karen incorporated the State Codes, Rule 309, the referenced Plumbing & Construction Codes adopted by the State and the State Theft of Utility laws, which ultimately protect and backstop the Town and its ordinances as well as LDWA. Communications with the DDW/DEQ state engineer verified LDWA has the authority and responsibility to implement the codes .

2. LDWA Resolution 1984 Agreement Requirements for Developments and New Taps. Amend IAW current State of Utah DDW/DEQ requirements. Elliott said it is comprehensive and because it was established for over 30 years, it provides a solid base for updating development requirements for new service connections.

#### DDW/DEQ State Rule 317 Wastewater Feasibility and State Rule 309 Drinking Water Requirements.

Elliott discussed pros and cons of the responsibilities for managing wastewater treatment facilities. The DDW/DEQ states: "Housing Feasibility Studies of water supply and wastewater disposal systems are made jointly. That is, a water supply may be considered feasible only if the wastewater disposal facilities are also feasible. Likewise, wastewater disposal facilities may be considered feasible only if water supply facilities are also considered feasible." LDWA has experience working within the state and federal codes to meet DDW/DEQ requirements, and while it is not something the board is desirous of taking on, it makes more sense than having the Town oversee wastewater facilities. The Town of Leeds previously entered agreements with WCWCD and Ash Creek Special Service District (ACSSD) to provide water and wastewater systems based on projected development that has never happened.

Elliott said that at a TC meeting earlier this year, Mike Chandler, ACSSD representative, said Ash Creek subcontracts engineering design of wastewater systems; they do not have an an internal engineering staff. LDWA also subcontracts engineering for its projects. Elliott cautioned that the Town has not discussed the bonding that would be necessary for installation, maintenance and management of a sewer system, and the mayor stated the Home Owner's Association would be responsible for the sewer system in developments such as Silver Pointe Estates (SPE). We don't want taxpayers to ultimately be responsible for a sewer system that was not established and funded correctly. LDWA has established policies and we've successfully required developments pay for their own water supply infrastructure without burdening the existing shareholders. Elliott said the temporary 3-acre wastewater-holding pond approved for the SPE development may very well not be suited for this area. At the TC meeting, Chandler said ACSSD has never engineered this type of system, and there are no similar systems within Washington County.

John questioned taking on the wastewater responsibilities for Leeds Town, and expressed concern that as members of LDWA Board and the Town Council change, management once-again become a problem. Ron said as a TC member, he too had asked Chandler if they were to install a sewer system would we all be required to connect to it, as required by state law. Chandler replied that a alternative might be

they'd only require it if a septic system failed, or... discussions with Ash Creek SSD, does not have the infrastructure to provide water and given projected development of past decades have not materialized, a water supply system provided by the Town is not on the horizon. Elliott - Chandler said the current Ash Creek sewer system is already at capacity at certain times of the year, and that would be .

Water Authority – Discussion. Ron said he read the memos and agrees with them.

3. LDWA Irrigation Water, House Bill 43 Change Application Amendment provides Change Order Applications to be filed directly with the State and means LDWA can apply directly with the state to change the location of Water Right 81-1123. David Hartvigsen will work on this change order in the future.
4. Floater Taps, beneficial use; amendment of LDWA Rules and Policies. There are 4 floater taps that remain unassigned. Hartvigsen and the Board agreed to issue a follow up letter to holders that LDWA cannot guarantee the State div Water Rights will acknowledge them because of the length of time that has transpired and because issuance of floater taps is no longer legal.

ADJOURNMENT – 12:00 PM, Motion Elliott Sheltman, 2<sup>nd</sup> John Markovich.

EXECUTIVE SESSION – 12:15 pm – 1:30 pm.



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**Karen Markovich, Administrative Manager/Corporate Secretary**

**LDWA INFORMAL EXECUTIVE SESSION**  
**MINUTES AUGUST 15, 2016**  
**MTG AT COSMO BLDG, WELLS FARGO DR, LEEDS, UT**  
LDWA OFFICE INACCESSIBLE, DECAYING RODENTS

BOARD MEMBERS: Elliott Sheltman, Danielle Stirling, John Markovich, Ron Cundick.

Jim Vasquez excused.

STAFF: Mark Osmer, Field Ops, Karen Markovich taking minutes.

The Town is currently in discussions with UDOT for funding to addition of a curb & gutter feature on the west side of N Main St. Mark has begun installation of a new pipeline from N. Main St to Vista Ave. The as-built plans are not for that area. Mark presented details of timeline, materials and costs of the project and that it is needed to supply water downtown. The Board discussed the facets of the project and agreed this is now top priority, as it will provide a redundant pipeline when the east side of N Main St pipeline is upgraded. Estimated cost is up to \$80,000.00. Ron added the Town has until June 30, 2017, to complete their curb & gutter feature on the east side of N Main, which gives LDWA sufficient time to complete the redundant line. Motion by Elliott Sheltman, second by Ron Cundick with all unanimous to approve expenditure for the new pipeline. This will be paid for with Impact Fees. Elliott added that board member Jim Vasquez was also agreeable to approve the expenditure.

**Future Projects.**

1. Installation of a fire hydrant at the Leeds RV Park on Valley Rd.
2. Upgrade new pipeline to replace the old line on west side of N Main St. Once the east side of N Main new pipeline is completed, LDWA plans to upgrade the portion of the existing old pipeline located on the west side of N Main, from the south end of the Mining Market Place Shopping Center, 545 N Main St, down to N Main across from Vista Ave.
3. Loop the pipeline through Roundy Mt Rd/Silver Meadows Rd up to Vista Ave to eliminate dead-end lines and increase hydrant flows. The easements and the dense granite rock will be the largest expense.
4. The Oak Grove Spring Box requires cleaning, removal of roots, installation of ladder to enter the in-ground tank. We completed an investigative sample and it turned up positive, so we need to complete this before the next Sanitary Survey by the state scheduled in 2018.
5. Loop the pipeline from the Bonanza Storage Tank through Silver Hills Rd, up Silver Reef Rd, to Juniper Way and High Desert Rd. The quote for this project is about \$70,000.00 and includes 2 new PRVs at ~ \$8,000.00 ea.

6. A new well is planned long-range to increase LDWA's capacity to provide water in the future.

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Elliott Sheltman: On June 30, 2016, Leeds Town Mayor Wayne Peterson and the Silver Pointe Estate (SPE) Developer Silver Reef Investment Holdings, LLC (SRIH) recorded the Final Plat Map for their development. They are not going to deal with the question of whether remediation of the uranium ore mining sites and mercury contamination has been remediated to provide permanently safe land for residential use.

Danielle Stirling: So do they [reference to developer Rick Sant] have the letter that writes it off that says his land is clean?

Elliott and Karen: No.

Ron: He doesn't have anything?

Elliott and Karen: No.

Ron: Well, how'd they go ahead, then?

Karen: All he has is a ½-page letter from David Bird at DERR that acknowledges they've reviewed their cleanup report & the Site Management Plan and Environmental Covenant remain due.

So we know the Town is not going to address the problems and we can wait to address the remediation when he begins construction and begins to install waterlines and the storage tank. That tank won't go in unless he begins to build homes. We can prepare as to how we address it when he begins that process. It probably doesn't matter right now at this point. All we are looking at are the easements.

*(Danielle excused herself from the meeting for a previous appointment).*

[NOTE MEMO TO FILE: At the time of this meeting, we were not aware that Mayor Wayne Peterson had also signed off for LDWA and recorded 2 additional documents at the County: (1) the location of the Water Pipeline Easement, with directive to LDWA, and (2) the Water Storage Tank. All 3 documents signed off by the mayor, and for LDWA and recorded by Mayor Peterson, without LDWA knowledge or approvals, as LDWA had not been provided with, much less reviewed, the 3 documents.]

**LDWA BOARD MEETING MTG MINUTES**  
**4:00 PM, FRIDAY, SEP 30, 2016**  
Location: LDWA, 1901 SILVER REEF DRIVE, LEEDS, UT

**CALL TO ORDER**

1. Roll Call - Elliott Sheltman
2. Prayer – Jim Vasquez
3. Pledge – John Markovich

Board Members in attendance: Elliott Sheltman, Jim Vasquez, John Markovich. Danielle & Ron Cundick were excused.

Staff present: Mark Osmer, Karen Markovich

**CONSENT AGENDA** – Motion by Elliot Sheltman, second by John Markovich to approve tonight’s meeting agenda.

**INTRODUCTIONS, PRESENTATIONS**

1. Deputy Fire Chief Kevin Gildea, Hurricane Valley Special Service Fire District (HVSSFD). They will be testing the fire hydrants and hoses once a year, and will be tested in November.

Deputy Fire Chief Gildea: Leeds has been graded at 4 with ISO. There is a new station planned to be built at Coral Canyon and should have some backup coverage as they will be EMT or paramedic. Burn permits are issued through the County; **dial 911 if there is an emergency.**

Fire mitigation practice and training in Leeds: Training by performing controlled burns require a high level of liability insurance, therefore the Fire District will no longer conduct them. EMTs and ambulance support in Leeds include Syd Holt, Mada New, Laurel Peine, & Cheyenne (?).

Karen Markovich asked Chief Gildea if the fire fighters are routinely trained in how to operate the fire hydrants, as LDWA’s hydrants have been damaged in the past by opening & closing the hydrants incorrectly. He assured us they were trained professionals and that should not be a problem.

Chief Gildea: The Fire District was out to inspect the building (Museum) for the Smithsonian Exhibit coming through next year in the fall of 2017.

Karen said the Museum staff expects high numbers of visitors exceeding 1,000s and asked if there would be fire coverage for the 7-week event.

Chief Gildea said they provided recommendations to the museum for lighting and exiting of the building, which is needed in the event of a power outage. The Chief did not address providing on-site fire control for the event.

There were no further comments. Elliott thanked Chief Gildea for attending and extended offer to assist if they had any questions going forward.

Grant availability presentation by Curtis Nielson, PE, Ensign Engineering. Curtis Nielson works for Ensign Engineering, the Town of Leeds engineering group for their upcoming N. Main St Curb & Gutter project on the west side of the St. Nielson said grants are difficult to get in these times, although we might qualify for one through DDW. They are based on the MAGI, LDWA's is \$40,000.00, plus the average water bill which is required to be 1.75%, about \$60.00 mo. LDWA cannot qualify as our monthly bills average \$20.00 for water charges and another \$20.00 mo for repayment of existing DDW Loan #3F138. **DDW Loans are currently zero % interest for 30 years**, and they are making loans. However, grants are much more difficult to obtain. USDA grant funding can be approved for up to 45% of the total cost, and the interest rate of their loans are currently 1.875%. If we are replacing an existing pipeline, it is easier to get a grant. There is a 3<sup>rd</sup> option, Community Impact Funds, but they are very difficult to get.

Elliott said right now it appears LDWA's project to upgrade the existing line will be about \$80-\$90,000. Elliott said we don't want to tie up the Town or hold them up this late in their schedule as LDWA wasn't aware of the Town's plans; he only learned of it because he is also on the Town Council. While replacement of this pipeline is included in LDWA's future growth plans, it is not a top priority as the line continues to be operable and provides sufficient water to downtown. LDWA is not looking for a loan right now, because we have an existing long-term loan from the DDW and it should be paid off prior to entering into another loan. Nielson said the town will probably work with UDOT/Scott Snow and begin their project Summer of 2017.

#### **FIELD REPORT - Mark Osmer**

1. East side of N. Main St Main Water Pipeline project.
2. Terry Smith circuit rider with Rural Water Association Utah, Pressure Reducing Valves (PRVs).
3. Scott Snow, UDOT Main St project.

Forestry Division, Oak Grove project.

3. 2016 Water Analysis requirement of the Div of Drinking Water (DDW) Dept of Env Quality (DEQ) posted [http://ldwautah.homestead.com/WATER\\_QUALITY\\_REPORTS/2016\\_LDWA\\_WATER\\_ANALYSIS\\_LEEDS\\_WELL.pdf](http://ldwautah.homestead.com/WATER_QUALITY_REPORTS/2016_LDWA_WATER_ANALYSIS_LEEDS_WELL.pdf)

#### **BOARD DISCUSSION – APPROVAL(S)**

1. Options available to reduce Rocky Mt Power demand charges
2. Purchase of additional meters for inventory
3. Bonanza Storage Tank addition & loop
4. LDWA Irrigation Water, House Bill 43 Change Application Amendment

#### **ADJOURNMENT**

#### **EXECUTIVE SESSION**