

Pressure Pipeline Project

The official name of the project is the Logan & Northern Canal Pressure Pipeline Project (LNCPPP).

Project Description

- ▶ The project will install 4+ miles of HPDE pipe (34 to 12-inches in diameter) from 1500 North to 4400 North. The project will provide screened water under pressure (60 psi) to shareholders along that section of the middle canal.

Project Benefits

- ▶ Provide pressurized irrigation water to service 1010 shares, eliminating 170 pumps, and saving 1500+ acre feet of water lost to seepage and evaporation.
- ▶ This water savings will be of greatest benefit in low-water years by providing more water for a longer duration than in past years.

Cost of the Project

- ▶ The total estimated cost is \$3,500,000.00 for the pipeline, turnouts, meters and channel modifications.
- ▶ A Smart Water Grant from the Bureau of Reclamation will fund \$1,000,000.00 of the cost. The Utah Division of Water Resources has approved granting a \$2,100,000.00 loan for 25 years at 2% interest. CHWA Shareholders will provide \$400,000.00 as the local match to the UDWRe loan.

How will CHWA funds be raised for the Project?

- ▶ Funds for the \$400,000.00 local match will come from remaining funds from the Cache Water Restoration Project and from shareholder assessments in the next 2 years based upon benefits derived from the project.
- ▶ Funds for the loan repayment will come from shareholder assessments based upon benefits derived from the project.

How are benefits to Shareholders determined?

- ▶ The UDWRe has determined the annual benefit to shareholders as follows;
- ▶ The benefit of saving 1500+ acre feet of water is valued at \$179,200.00 for all of the shareholders.
- ▶ The benefit of savings for pumps and power costs is valued at is \$42,200.00 to shareholders on the new pipeline project.
- ▶ The water savings benefit to all shareholders is \$7-8 per share.
- ▶ The pumps and power benefit is \$20 per share for the 1,010 shares on the pipeline.
- ▶ The benefit for pumps and power on the 4800 North pipeline is \$5 per share for the 818 shares on that pipeline.
- ▶ Additional reduction in the costs is brought about by the 4 cities paying for more of the maintenance of the existing middle canal channel as it will carry primarily stormwater for the cities. The additional maintenance funds will reduce the cost per share for all shareholders.

What will be the annual assessments for the next few years?

- ▶ In order to raise the local match funds the assessment for 2015 are \$40/share for all shares with an additional \$20/share for shares on the LNC pressure pipeline project and an additional \$5/share for shares on the 4800 North pipeline. (As the 4800 North Pipeline only benefits those shares on it, those shares will make the payments for that loan).
- ▶ Future years' assessment will be evaluated and based upon revenues received, maintenance costs, and costs of other small projects required to improve the delivery or safety of the Association's Water Right.
- ▶ The Administrative Fee for this year is \$90.00 per account.

How do my current assessment funds get used?

- ▶ Current assessment funds are used for the following purposes;
- ▶ Administrative Fee - used for payment of staff including part of the Water Managers' salaries, mailings and bookkeeping. The Water Manager's spend a lot of time working with small shareholders and this is funded from the administrative fee.
- ▶ Assessments - used for remaining Water Manager's salaries, system maintenance, power costs, liability insurance, replacing bad infrastructure, installing meters, legal and engineering fees, and loan payments to UDWR for past projects.

2015 Budget without the New Project

Operating Budget

- ▶ Estimated operating expenses for 2015, \$122,850.
- ▶ $\$122,850 / 7279 \text{ shares} = \16.88 per share.

Current Loan Payments

- ▶ Current Shareholder* loan payment to UDWRe \$125,800.
- ▶ $\$125,800 / 7279 \text{ shares} = \17.28 per share.
- ▶ *Doesn't include the Cities and County's 40% share of the loan payment.

Total needed per share assessment \$34.16

This does not take into account any more new meter or equipment purchases. It does not include any additional design/engineering fees associated with the new project, or reflect any new 2015 'cost match' expenses should the project proceed.

2015 Budget with the New Project

Operating Budget

- ▶ Estimated operating expenses for 2015, \$122,850.
- ▶ $\$122,850 / 7279 \text{ shares} = \16.88 per share.

2015 Share assessment based upon project benefits:

All shares - \$40 per share
Pressure Pipeline Shares + \$20
4800 N Pipeline Shares + \$5

Current Loan Payments

- ▶ Current Shareholder* loan payment to UDWRe \$125,800.
- ▶ $\$125,800 / 7279 \text{ shares} = \17.28 per share.
- ▶ \$75,000 (1/2 remaining funds needed for match)
- ▶ *Doesn't include the Cities and County's 40% share of the loan payment.

Comparisons with other Irrigation Companies in the State

- ▶ Davis/Weber residential shareholders assessment, \$220 per share.
- ▶ Weber Basin Water residential annual fee per unit, \$240 per home min.
- ▶ Ephraim Irrigation received a UDWRe loan that will raise share assessments an additional \$80 per share.
- ▶ Cub River Irrigation with all assessments \$87 per share.

Conclusion

- ▶ The Association Board urges all shareholders to vote in favor of the Pressure Pipeline Project because:
- ▶ It will provide more water in dry years now and more water for future generations.
- ▶ It will help the Association stay in good standing with the agencies that can provide future grants and loans to continue improving and making safer the infrastructure that delivers the shareholders their water.

Logan and Northern Canal Piping and Pressurization Project Authorization.

Consideration of the following proposition:

Shall the board of directors (the "Board"), of Cache Highline Water Association (the "Association"), be authorized to:

(a) Enter into such contracts as shall be necessary to facilitate the planning, financing, administration, supervision, design and construction of a canal piping project to be known as the Logan and Northern Canal Piping and Pressurization Project (the "Project"), which shall consist generally of the construction and installation of 22,000 lineal feet of pipeline, 12-inches to 34-inches in diameter, commencing at 1500 North Street and extending within the existing canal easement of the Logan & Northern Canal to 4400 North Street, which will provide for the delivery of pressurized irrigation water to additional lands within the Association's irrigation system, and result in an anticipated annual water savings to the benefit of all Association shareholders of 1,530 acre-feet; and

(b) Finance the Project as follows: (i) \$1,000,000 reclamation grant, (ii) \$379,000 Association match, and (iii) a \$2,150,000 loan from the Board of Water Resources, to be financed at an annual interest rate of 2% over 20 years with an annual payment of \$134,800.

In conformance with the requirements of the Association's Bylaws, the Board has duly adopted a resolution recommending the approval of the foregoing proposition, and directing that said proposition be submitted for an approving vote of shareholders having voting rights, at this annual shareholder's meeting.