

The Hurricane Canal Company and Hurricane City applied for a grant to construct a pressurized irrigation system in the area from 400 South to 1500 South and the Hurricane hill to 1760 West. The grant will pay for ½ of the construction costs about \$4.2 million. The application passed the first review and a letter of commitment was needed from the Canal Company and the City. The area is currently served by the Hurricane Canal Company with flood irrigation. In order for the City to move into this area and serve, the stockholders of the Canal Company needed to vote to allow this. A meeting was held with the Canal Stockholders on August 12<sup>th</sup>. The proposal was laid out to them and questions were answered. The stockholders asked for more time to consider the proposal and to get more answers. The Canal Board scheduled a second meeting that was held on August 26<sup>th</sup>. After more discussion the Stockholders voted, the results were 1,303 shares voting yes and 562 voting no. The City now has permission to continue to pursue the extension of the pressurized irrigation system. So what does that mean to the citizens and property owners who live in the affected area?

### Proposed System

The proposed system would allow anyone within the affected area to receive pressurized irrigation. This includes individual homes and larger properties. A connection will be run to each home or property and the owner will then need to extend the line to existing sprinkler systems, drip systems or other irrigation systems. There will be no flood irrigation allowed on the pressurized system. The Canal Company will also run a couple of trunk lines that will allow them to continue to serve the larger properties who want to stay with flood irrigation. The larger properties will have the option to connect to the pressurized system or to stay with flood irrigation.

### Cost

The cost of the system will be around \$8,500,000.00 with half of that paid by a grant and the other half financed through the Board of Water Resources at a proposed 1% interest. The City will need to purchase additional water shares to service the area. This is expected to cost around \$2,500,000.00. This cost will be mostly covered by the connection fee. The cost to the individual user is a onetime \$3,000.00 connection for properties up to and including one acre. Properties between 1 and 5 acres would pay a \$4,000.00 connection fee and above 5 acres would pay a \$5,000.00 fee. These fees are per property not per acre. If a person owned two different properties that are not contiguous then a separate connection would be needed on each property. The monthly service fee is \$16.50 per month for each connection. Properties above one acre would pay \$16.50 fee per month and would then be charged an annual assessment fee per acre (every acre above the 1<sup>st</sup> one) of about \$77.00 per share. The monthly service fee billing would come on the Hurricane City Utility bill. The annual fee per acre would be broken down into monthly amounts and be billed per month as well.

### Water Shares

Anyone who lives in the affected can purchase a connection. It doesn't matter if you have stock in the Canal Company or not. The city needs to acquire more Canal Company stock so they will have sufficient water to provide the service. The City will be purchasing shares from the stockholders at the price of \$5,000.00 per primary share and \$1,250.00 per secondary share. If a stockholder wants to purchase a

connection they can turn in their shares as payment. The city will give credit at the \$5,000.00 per share price and then the individual will either pay the difference or receive a payment depending on the number of shares surrendered and the size of connection being purchased.

Time Frame for the extension of service.

The grant process is underway. The city will know in June 2018 whether they are awarded the grant. If the grant is awarded, the city will begin the construction engineering. It is expected to take around a year to complete this process and advertise for bids. Once the bids are received it will take about a year to complete the construction. The city will move this process along as fast as they can with the hope that the service will be available by the summer of 2020. There are a number of things that need to happen during this process.

Number of Connections.

There are 637 homes in the proposed area. If all 637 homes connect to the system the revenues from the system will pay for operation, maintenance, and bond payments. It is expected that with growth the connections will increase and within a few years the system can start to build the depreciation reserve as well. If the number of connections is below 637 then it will tough to operate without having to provide a subsidy from one of the other funds of the city. The City Council will need to determine whether they will proceed if the connection number does not reach the 637. The city will need to know how many connections will be purchased to make this determination before construction is bid.

Purchase of Water Shares

The city will need between 300 and 400 shares of Canal Company stock to provide enough water to service the area. There are some who feel the price the city is offering for the shares is too low. We have used an average price per share over the last couple of years. If not enough stockholders are willing to sell their shares then the city may not be able to extend the service because of lack of water. The city has discussed the possibility of leasing shares if that becomes a problem. The city will need to know how many stockholders are willing to sell to make this determination before construction is bid.

Where do we go from here?

With the results of the Canal vote behind us, the city can now proceed with the grant application that is due September 9, 2017. The next order of business is getting the word out to the residents and property owners in the proposed service area. The City plans on holding some public hearings with the residents to answer questions and determine the interest. A list will be started of those who want to connect to the system. This list will provide the City Council with an indication of interest. Each property owner that doesn't come to one of the meetings will be contacted to see if they are planning to connect. When all the property owners have given their answer the City Council will decide whether the project is financially feasible. Sales of connection will not be made until sometime in 2019.

The city will need to purchase water shares. No shares will be purchased until the grant is awarded. If not enough connections are purchased then they City will not want to purchase shares. Anyone who

would like to connect to the system and trade in their shares or who would like to sell their shares can come in and get on a list. The city will need to determine if they can purchase enough shares to serve the system before they make the final decision to proceed so having a good list of shares will be very helpful. Though a list would be extremely helpful the actual purchase of shares will probably not take place until 2019.