

**WASHINGTON COUNTY WATER CONSERVANCY
DISTRICT**

Minutes of Meeting of Board of Trustees

September 20, 2017

Minutes of a public meeting of the board of trustees of the Washington County Water Conservancy District, held on Wednesday, September 20, 2017, at 533 East Waterworks Drive, St. George, Utah beginning at 6 pm. Those board members present for the meeting were: Chair Ed Bowler, Zachary Renstrom, Ken Neilson, Kevin Tervort and Chris Hart and Jon Pike. Board member Howard Bracken was not present. Also present were General Manager Ron Thompson, Associate General Managers, Barbara Hjelle, Corey Cram, Brie Thompson, legal counsel Jodi Richins, and Secretary Roberta McMullin. Other guests at the meeting are set forth on the attached sign-in sheet. Ed Bowler conducted the meeting and welcomed those present.

The first item on the agenda was a public hearing to receive public comment on 2017 Regional Impact Fee Facilities Plan and Analysis and proposed Impact Fee Enactment. Ed Bowler turned the time over to the General Manager, Ron Thompson, to make a presentation. The presentation explained that the water district is required by state law to determine the public facilities required to serve demand created by new development. The 2017 plan identifies: level of service, existing facilities with excess capacity, demand, existing water supply, needed future facilities and additional supply, estimated project costs and impact fee calculations. The presentation showed how the impact fee is calculated:

- $\text{Costs of existing water supply and treatment facilities with excess capacity} + \text{costs of needed future facilities} = \text{total cost}$
- $\text{Total cost/yield} = \text{cost per acre foot}$
- $\text{Cost per acre foot} \times \text{level of service} = \text{impact fee per ERC}$

So, the total cost of the impact fee will be as follows:

IMPACT FEE

	Cost per ERC
Cost of Supply Facilities	\$14,096
Cost of Treatment Facilities	\$2,975
Total Cost	\$ 17,071

The presentation concluded with the district staff's recommendation to the board:

- Consider using a portion of water rates and property taxes to fund the costs of new facilities necessitated by growth
- Increase impact fee \$1,000 annually commencing in January 2018, which will gradually increase to a 75% funding contribution by 2025
- Will require board approval
- Necessitates the district and its municipal customers to amend the Regional Water Supply Agreement

Ron told the audience and the board he had met with the mayors and city councils and managers from every city involved in the Regional Water Supply Agreement and they support this 75% - 25% (property taxes and water rates) split for the impact fee. He also said the district has the costs and we should cover them, there is no magic bullet. By 2026 we would reach the 75% and the impact fee would be \$17,071.

Ed Bowler asked the audience for their input and comments. **Mari Krashowetz, Southern Utah Homebuilders Association (SUHBA) made a statement.** She thanked the district for their effort in hosting a meeting and the field trip with SUHBA last week to help educate them and clear up misconceptions. She indicated that they do not want to see growth stop as that would be devastating to our economy and they also realize water is a vital resource. The best solution now is the Lake Powell Pipeline. She indicated that the building community pays significant impact fees. She also expressed appreciation for the district answering the questions they sent in a letter regarding the impact fee calculations. Mari said

SUHBA would like to work with the district to offer suggestions as they had received many comments since the proposed increases in impact fees. She said they are very concerned about higher impact fees and the effect on housing affordability since we are experiencing a shortage in affordable housing and it is hurting newlyweds, single parents, fixed income residents, etc. Mari said SUBHA is concerned on the negative impacts on growth in the near future with our impact fees being four times higher than other areas in Utah.

She said that with a \$1,000 year increase every year until 2025 and when combined with all other impact fees the end result is 35,000 to \$40,000 in impact fees for a new home. They feel that even though the highest percentage should be paid by new growth, that all residents benefit and the user fees are too low. They would respectfully request the board to consider 65% to new growth instead of 75% and maybe increasing the debt service charge which could help make up the difference. They want to work together with the water district.

Jack Scott, representing the Washington County Board of Realtors spoke next.

He said we are all working towards the same goal – preserving the quality of life here in this area. The average price of a home in Washington County is up to \$308,000. The market for affordable housing for our children and others moving into the area is becoming out of reach for them. With impact fees climbing higher than the appreciation of the average home it makes it problematic for construction. They would suggest that water usage fees for current water rates be raised. There needs to be some relief supplied to builders and developers. Current users should incur an equal amount of the burden to ensure water quality for the future. They feel all users should bear responsibility to ensure the availability of good clean water.

Lisa Rutherford, a citizen of Ivins, and an advisor to Conserve Southwest, spoke next, representing herself.

Lisa said the state's population projections have gone down. She said when comparisons are made between the Colorado Delivery System pipeline and the Lake Powell Pipeline we don't say that as Colorado Springs grew and they exercised as much water conservation as they could and it was a 50 mile pipeline. She said citizens have been told that we would run out of water by 2020 and we say we have made strides up to 30% in water conservation and yet we still say we could run out of water by 2020.

She said we still have a lot of options on conservation such as water budgeting, water mapping, etc. and she hasn't seen any of these done. She also said she

would like to know how promissory notes in impact fees effect the district's revenues.

Seth Foster of American Heritage Homes spoke next. He told the board he wants to support what had been said and reiterate that it is really important to consider building costs for young new families, of which a big part is impact fees. He gave an example of some neighbors he had from Pennsylvania who lived here and worked for four years to try and buy or build a home and had to finally leave after four years and return to Pennsylvania. He said impact fees affect whether somebody will be able to build a home or not. He indicated he supports the Lake Powell Pipeline project 100%, but he feels the impact fees needs to be weighted a little more towards residents than it is.

Troy Ence from Ence Homes. Troy said he is really worried about what is happening with all the fees but he understands that it is needed for water. He said he is just worried about consequences down the road and would like to see us be able to look at the fees again if the economy turns. He indicated he agrees with what the Washington County Realtors said and SUHBA's statement tonight and he appreciates being involved in making the decisions and having their voices heard and considered in this public hearing.

Chair Ed Bowler thanked those in the audience who had spoken for their comments and closed the public hearing.

Item # 2 on the agenda was Consideration of "A Resolution Adopting the 2017 Regional Impact Fee Facilities Plan and Analysis, Enacting an Impact Fee Pursuant to the Impact Fee Facilities Plan and Impact Fee Analysis, and Prescribing Related Policy and Procedure."

Ron Thompson said he would like to review some clarifications that have been made to the impact fee resolution. He reviewed those changes by page number, a copy of which is attached to these minutes with the proposed changes highlighted.

Ron indicated that the enactment contemplates the board would adopt the staff recommendation, but the board can change it any way they want as long as we can pay for the facilities.

Board member Mayor Jon Pike added that there had been a lot of analysis to try to get to a balance in the percentage split to impact fee, water rates and property taxes.

Ron Thompson said we are faced with this dilemma. He agrees with what SUHBA said -- we have a generational deficit in society today. Construction prices have gone up and the building lots would not be worth anything without the water we are providing. Ron said they must balance all the issues and they should probably try and revisit it more often. He said some headway can possibly be made in the future in the level of service.

Jon Pike said it is difficult to come up with the perfect number that everyone is happy with, but they have put a lot of effort into studying and reviewing data into trying to do that. He said there are a lot of people who say that 100% should go to new growth. They don't think new growth benefits them, but it benefits everybody. The 75 – 25% split feels about right. Jon said the board has a responsibility and mandate to provide water for the future and there are a lot of costs associated with that.

Board member Mayor Chris Hart added that the reason public hearings are held is to receive information that we may not have had or considered. He said there were some worthwhile things stated in this public hearing. The district has made some real strides to get to 30% improvement on usage or conservation. He said he would recommend that the district, over a period of time, further study the increase of the \$1.75 a month debt service charge. He also said the value of redundancy to all residents justifies the 25% that would go to all residents. There is value to everyone to have redundancy of supply and value to not reaching a no growth point with no water supply for future residents or businesses. Mayor Hart said he believes within the next four or five years we should study this capital project or debt service fees that appears to be higher in other areas. He said he also believes we need to study the actual water usage based on different lot sizes. However, he believes we do need a place to start and lot of work and study has gone into this impact fee increase and what percentage to put on new growth and on water rates and property taxes. He said all the mayors and city council people are accountable to all their citizens and the majority of citizen would say give it all to new growth.

Board member Commissioner Zach Renstrom thanked the water district for the public outreach on this. He also asked what would occur if the cities refuse to

amend the current regional water supply agreement. Ron said he doesn't think that will happen and we must work on collaboration and consensus. The cities have got to be partners and we must work together. Ron said we will work with them to make it work for them and for us. Mayor Pike said he would be shocked if every city didn't approve it.

Zach Renstrom said we are using 10,000 sq. ft. or less as a basis for the minimum impact fee, but asked if we get data that supports it, could we administratively change the impact fee for smaller lots?

Jon Pike said the district has made good progress in water conservation. He said the responsibility is on the cities to take it further and they are trying to do this. There is more they can do and he doesn't want anyone to think that this board doesn't think that conservation has to be a major concern. He also said that we have to remember that conservation doesn't come free either. Many people don't realize this there are costs to conservation measures -- just like the alternatives to LPP are more expensive than the LPP project itself. Jon added that we will always be looking for more water and we need to look at everything, but if we took down every tree and pulled out every blade of grass, it is not going to be enough to get us where we need to be. We should be thinking many years out and we can make adjustments along the way as we get more data and then work cooperatively with industry and our partners.

There were no further comments or questions and the following motion as made.

Jon Pike moved to approve the "Resolution Adopting the 2017 Regional Impact Fee Facilities Plan and Analysis, Enacting an Impact Fee Pursuant to the Impact Fee Facilities Plan and Impact Fee Analysis, and Prescribing Related Policy and Procedure." Kevin Tervort seconded the motion and all present voted aye.

Ed thanked all the people in the audience for the attending the meeting and invited them to come to other monthly board meetings.

The next item on the agenda was the consideration and approval of the Washington County Mutual Aid Agreement. Ron said the county has asked us to sign this agreement along with the cities and special service districts, etc. in the county. It is a mutual aid agreement in terms of emergencies. Ron said he thinks it is a good idea and something we should support and approve.

Zach Renstrom moved to approve the Washington County Mutual Aid Agreement. Chris Hart seconded the motion. All voted aye.

General Manager, Ron Thompson, gave a report on the 2017 bonding. Ron told the board there were two pages under their handout tab in their notebooks regarding the bonding.

Ron told the board the district went into the market a week earlier (Sept.7, 2017) than planned and we had a net savings of about a million dollars on the \$30,920,000 Water Revenue & Refunding Bonds. There was so much interest the morning of the sale in the bonds that the interest rate dropped that morning.

The second page shows the comparison between the rates we just obtained and Weber Basin's rate and Magna Water District's rates. We did very well comparatively and our underwriter George K. Baum & Co. and Lewis and Young did a very good job for us.

Status reports by WCWCD staff:

Lake Powell Pipeline – Barbara Hjelle reported that there is a lot going on right now on the project and they have been very busy. FERC issued another information request due in early October with inquiries about financial payback, and impact on the State of Utah and customers. She said they will have it all compiled and prepared and expect to wrap it up early. The cultural resources have been a major undertaking for the consultants but that is almost ready to go to the state SHIPO office. These are two big accomplishments.

Barbara said they have been meeting with the law firms that the board authorized hiring and they are all very good, smart attorneys. At their kickoff meeting, everyone felt like it is a great group of lawyers. Mark Phifer is managing the group of lawyers.

There are a lot of other things going on, but these are the two major things right now. FERC will issue "Ready for Environmental Analysis" soon which will be a lot of work for everyone (public officials included) to engage in this project so a voice of support is heard.

Barbara also reported to the board that they have recently been to Washington DC to meet with the BLM national acting director. She said it is worthwhile to remind them we exist and what the Lake Powell Pipeline project is and that we need help and support. She said week after next she, Zach Renstrom, Mike Noel, the state

people and John Fredell are going out to Washington D.C. to meet with our delegation, Interior Secretary Zinke and hopefully the chair of FERC. They hope to remind these people of the LPP and the role they play.

One other major issue Barbara brought to the board's attention was the amendment to the Resource Management Plan (RMP) on the Arizona strip. There is a big obvious correction that needs to be made and which could be a big bottleneck to face when they are finished with these other two items.

Sand Hollow Regional Pipeline – Corey gave an update on this project. He said this project doesn't produce more water but is critical to move water where we need it. Corey told the board there has been a big effort, lots of correspondence with United States Fish and Wildlife Service (USFWS) since last fall to try and get the documents and conservation measures and information approved to move forward with this. The goal is to have a plan of conservation measures that can be implemented once we get the formal process started with the BLM. He said they are dealing with a new person at the BLM and they got information back from her that was unacceptable but he said they are getting to where they can get something done and there will probably be some back and forth, but it is moving forward.

Ash Creek Reservoir – This reservoir would hold 2400 acre feet of water. Corey said it is not moving very fast. They are in the process of making changes to the environmental assessment documents to where they are acceptable and then they need to get them back to the BLM.

General Manager's report - Ron told the board there is some special service district training tomorrow at 6 pm here at our office and it counts for the training the board members need to do. He reminded them that they can also do it online or go to the annual conference if they are unable to attend tomorrow night.

Ron reviewed the calendar of upcoming conferences and meetings. The Utah Water Summit is a one-day conference in Provo on October 24. The Utah Association of Special Districts conference is November 1-3 in Layton. NWRA Annual Conference is in Tucson on November 15 -17 and the Colorado River Water Users Conference is in Las Vegas on December 13-15. We have been invited to dinners both nights - Wed. December 13 and Thursday December 14 in Las Vegas. Ron asked the board to let Roberta know as soon as possible for making hotel rooms, registrations and responding with numbers for the dinner invitations in Las Vegas.

Ron said it has been a very productive year so far and the staff is functioning at a very high level. He said Brie is doing great job with operations, Barbara is working hard on LPP, Corey on other projects and Jodi is doing a great job on the legal issues. Ron also told the board that impact fee revenue is up again this year.

Approval of Minutes – The minutes of the last two board meetings were reviewed by the board and a motion was made as follows:

Ken Neilson moved to approve the minutes of the July 25, 2017 and August 16, 2017 board meetings. The motion was seconded by Zach Renstrom and all voted aye.

Meeting adjourned – There was no further business to come before the board and the meeting was adjourned.
