

WASHINGTON COUNTY WATER CONSERVANCY DISTRICT

Minutes of Meeting of Board of Trustees

December 5, 2018

Minutes of a public meeting of the board of trustees of the Washington County Water Conservancy District, held on Wednesday, December 5, 2018, 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, Chris Hart, Howard Bracken, Ken Neilson and Jon Pike. Also present were General Manager Ron Thompson, Associate General Managers, Barbara Hjelle, Corey Cram and Brie Thompson. Other staff included Carly Merrill, Karry Rathje 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.

Ed turned the time over to Ron Thompson for the first item on the work meeting agenda was a *public hearing on the 2019 budget and levying a tax rate that exceeds the certified tax rate.* Ron did an overview with a PowerPoint presentation that included some of the following information:

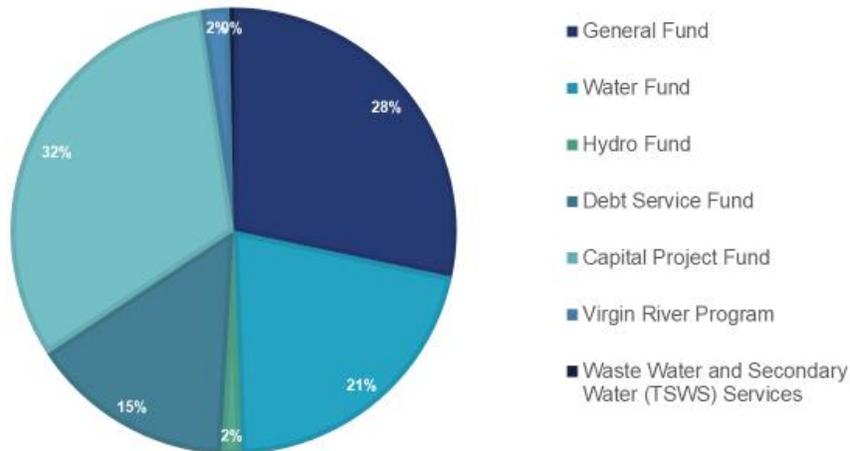
- Projected Population Growth- projected to more than triple between 2015 and 2065, an increase of 229%
- Current projects were shown with estimated total costs of \$1,600,515,000
- Revenue sources are water rates, property taxes and impact fees. Capital projects to be paid 75% from impact fees, 15% from water rates and 10% from property taxes.
- Property taxes are determined by state law. Allows future water users to pay capital costs of future infrastructure. Provides stable revenue source to support financing for new water supply, Utah is one of eight western states to use property tax for water infrastructure.
- Services funded by property taxes include elopement of new water supplies and public safety initiatives
- WCWCD's tax rate automatically decreases annually unless the district goes through the Truth in Taxation process.
- Two tax increases since 1990 (1989 and 2005).
- Tax rate history:

- 2011 0.000993
- 2012 0.000924
- 2013 0.000878
- 2014 0.000816
- 2015 0.000775
- 2016 0.000740
- 2017 0.000700
- 2018 0.000648
- 2019 0.000690

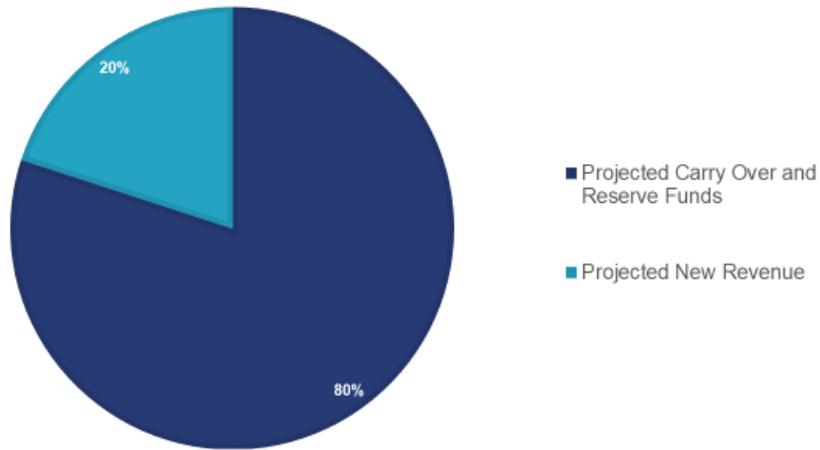
- Proposed increase 0.000042 from 0.000648 to 0.000690
- Would be approximately \$6.81 based on county’s average home value of \$291,000
- WCWCD’s maximum allowable limit is 0.001
- A public vote is not required because the proposed rate falls under the district’s allowable rate

2019 Proposed Budget – Ron Thompson gave a brief review of the 2019 proposed budget. The proposed 2019 budget was discussed in more detail at the October board meeting. The following overview was given:

2019 Proposed Budget
Projected \$50 Million in Revenues



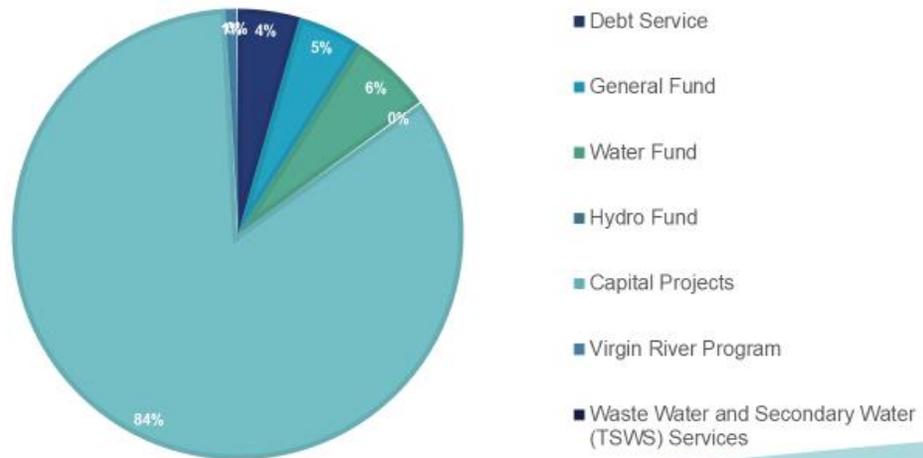
2019 Proposed Budget Projected \$252 million in Available Funds



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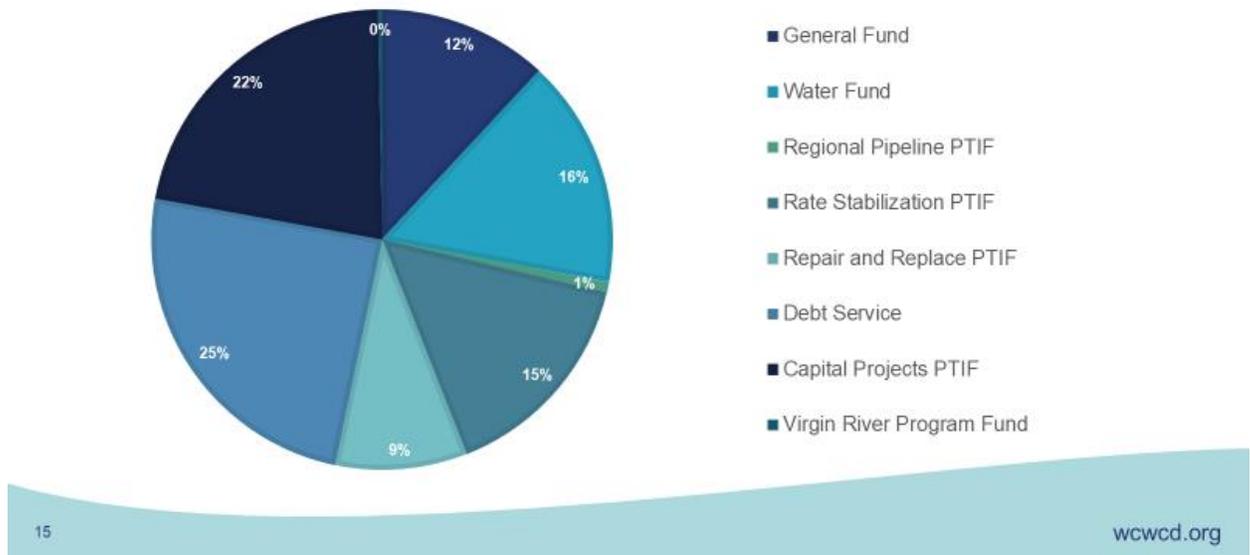
2019 Proposed Budget Projected \$136 Million in Fund Expenditures



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2019 Proposed Budget Projected \$116 Million in Reserve Fund Balances



The public hearing was opened by Chair Ed Bowler. The following audience members were recognized by the chair and gave comments:

1. **Tom Butine, Conserve Southwest Utah**
2. **Richard Spotts**
3. **Ralph Rohr**
4. **Nickie Stocks**
5. **Carol Pike Long**
6. **Lisa Rutherford**
7. **Don Simon**
8. **Bob Olroy**
9. **Barbara Bergman**
10. **Don Bush**
11. **Jim Andrus**
12. **Dean Terry**
13. **Paul Van Dam**
14. **Sarah Thomas**
15. **Steve MacFarlane**
16. **David Isom**

17. Seth Carlson
18. Fred England
19. Kirk Grant Cotteral
20. Sandy Knell
21. Nickie Stocks (commented again)
22. Chris Isom
23. David Wayne

The comments made by members of the public are summarized as follows:

- Water costs should not be through property taxes
- Oppose tax increase of any amount
- Oppose growth
- Even though small increase, taxes continue to grow
- Average water usage still over 300 gallons per person per day
- Disagree with general tax on water
- Need more conservation and reclamation
- Oppose LPP and didn't get to vote on the LPP or increased tax rate
- Commend WCWCD for all they have accomplished
- LPP cost is too much
- Water rates low, water usage high
- People should pay for what they use and quit using property taxes for water
- Increase water rates to encourage conservation
- Need to grow at reasonable rate
- Getting taxed from too many entities
- Concerned about losing ag lands
- Tiered pricing needed for water
- Look for other sources of water – more conservation
- Water district salaries too high
- Take care of tamarisk problem

Ed thanked the people at the public hearing for being there and then closed the public hearing.

The next item on the agenda was **to consider resolution adopting final tax rates and budgets.** Ron said the board has already seen and reviewed this budget in October and there have only been minor adjustments, but he would be glad to answer any questions.

Zach Renstrom said he will be recusing himself on all budget matters.

Ron said on the property tax issue what is happening here in this county is the home values have gone up 10-15% in the last 18 months. Under the certified tax rate, you are only entitled to collect what you collected last year plus new growth. You take an adjusted value with inflation. You look at what you took in the last year and that calculates your new certified tax rate and unless you go through a hearing, as we did today, you can't change that rate.

The 2019 budget is consistent with what cities and the regional parties have asked us to do. The staff recommendation is to approve it along with the tax increase. Ron said the certified tax rate will go down slightly because we paid off the GO bond.

Also regarding the new budget and succession planning, Ron said we are adding some new full time equivalents to deal with that. We are also looking at new accounting software. The district has outgrown present Quick Books so that is in this budget along with continuing to set aside money for capital projects.

Ed asked for any questions.

Mayor Jon Pike commented that these board meetings are public and are advertised. He said he was glad to see so many at this meeting and wish they would come to more of the meetings, so they could learn more. There is typically a monthly board meeting. The board is made of five elected officials and two citizens at large which have all been appointed to serve. This board because of its makeup of elected officials can be held accountable through municipal or county elections. He said what he is hearing from the majority that spoke in public hearing is that they want smart growth but they do want growth. We are going to need more water. He said this board and this organization take their cues from the municipalities that buy this water from the district. After those comments, the following motion was made:

Jon Pike moved to adopt the tax rate increase as presented and the 2019 budget. Chris Hart seconded the motion. A roll call vote was taken as follows: .

Chris Hart ***Yes***

Jon Pike ***Yes***

Ken Neilson ***Yes***

<i>Ed Bowler</i>	<i>Yes</i>
<i>Howard Bracken</i>	<i>Yes</i>
<i>Kevin Tervort</i>	<i>Yes</i>
<i>Zach Renstrom</i>	<i>Abstained</i>

Mayor Chris Hart said he noticed that two-thirds of the people present for the public hearing left before they even heard a response from the board. Growth occurs because we have children and grandchildren who want to remain and because people decide they want to come here to live. The water district – this district doesn't have recruiters begging people to come here -- it happens naturally. The district has one mission and that is to provide water for current and future residents. Studies have been done and sources have been analyzed which support the Lake Powell Pipeline because we need every possible source of water we can get. It is expensive project, but the alternatives are even more expensive. He said the point is the board takes very seriously determining the best way to do the mission they have been given and we agreed that we need to do conservation and reclamation.

Consider ratifying repair and replacement expenditures for 2018 – A copy was provided to the board of the repair and replacement expenditures for 2018 totaling \$247,000. After review by the Board the following motion was made:

Ken Neilson made a motion to ratify the repair and replacement expenditures for 2018 totaling \$247,000. The motion was seconded by Kevin Tervort and all voted aye.

Review expenditures year to date. Ron told the board every item came in under budget, but if they had any questions or concerns about the expenditures for year to date to please call him and ask.

The next item on the agenda was the consideration of a first amendment to the Quail Creek Hydroelectric Project Power Sales Contract- - Ron told the board the amendment was in their handouts to review. The power contract on two powerplants expires at the end of the year. The district had contract with Hurricane City and Dixie REA and were paying seven cents a kilowatt hour. Those two companies are not willing to renew at seven cents but will pay 5 ½ cents. Ron said he thinks we should modify contract and only extend it for 10

years, so we aren't tied into another 35-year contract. The district uses a lot of power at our pump stations, power plants, etc. and we may want to consume it ourselves in the future, so a ten-year contract would be better.

Jon Pike moved to approve the Amendment to Quail Creek Hydroelectric Project Power Sales Contract and the motion was seconded by Howard Bracken. A roll call vote was taken as follows:

<i>Chris Hart</i>	<i>Yes</i>
<i>Jon Pike</i>	<i>Yes</i>
<i>Ken Neilson</i>	<i>Yes</i>
<i>Ed Bowler</i>	<i>Yes</i>
<i>Howard Bracken</i>	<i>Yes</i>
<i>Kevin Tervort</i>	<i>Yes</i>
<i>Zach Renstrom</i>	<i>Yes</i>

2019 Meeting Schedule – The board received a copy of a proposed meeting schedule for next year. Ron said they propose to continue meeting on the first Wednesday of each month for the Board of Trustees meetings, with a few exceptions where there are conflicts with conferences or other issues. As usual, no meeting is scheduled for August. The October meeting is moved to the third Wednesday to be in the proper time frame to review and approve a preliminary budget before the public hearing on the budget the first week of December. The November meeting is also moved on the schedule to accommodate the NWRA annual and the Utah Association of Special Districts conference and training. Ron reviewed the other conferences and meetings at the bottom of the schedule.

Ken Neilson moved to approve the 2019 meeting schedule. Chris Hart seconded the motion. All voted aye.

General Manager Ron Thompson gave a brief report on the following projects and items:

LPP Project – The public comment period ended Nov. 19 and our responses have to be in by the 3rd of January. There were approximately 230 individual comments and some additional group comments. The plan amendment on Kanab Creek has to

go in the environmental document. Ron said they are hoping in the first part of 2019 to have a draft EIS to put out and then there will be an additional public comment period. HE said they hope the final will be out in early 2020 and then the final record of decision after that. They continue to meet regularly on the project and tackle the massive effort of responding to comments.

Sand Hollow Regional Pipeline Project – Ron reported that they now finally have a record of decision in hand. They have bid the pipeline materials and building a pad for the project. They would like to get that bid. He said the district saved money doing it this way on the Crystal Creek project. It is moving ahead, and they hope to be under full construction after the pipe is delivered in March. They will still have to bid a storage tank to go with it. The goal is to have the pipeline finished and delivering water by summer 2019.

Ashcreek Project - Ron said the staff is still working on environmental documentation. It is their hope to have a record of decision in 2019 and to see that project move forward. They have had a series of meetings with Toquerville to amend the recreation plan to make sure they are ready to take care of this responsibility. He said also on this project there is mounting pressure to make some decision to make a long-term road plan in the Anderson Junction area. At the old Highway 91 there needs to be a much better place to cross and probably a stoplight put in.

Southern Parkway – Ron said he met today with UDOT regarding this project and the south end of the reservoir. UDOT is going to build this project in phases. In return for the right-of-way from the district they will build the first phase with an off ramp on the north bound lanes and finish the intersection at their costs. Ron said this is probably a fair exchange between public entities. Along with that we have designed a concrete pipe of significant size to go under this freeway for the LPP project. This will save a lot of money by doing it now and having that ready to eventually thread the pipeline through it.

Sand Hollow Wells - There are wells at various stages of testing that the district continues to work on.

West Dam Springs treatment plant - Ron told the board they continue the work with design on a treatment plant at the west dam springs. Carollo Engineering is doing that work and hope to bid it simultaneously. Some of our staff visited a similar type plant in the Boise area.

Manager's report – Ron said he didn't have a lot of additional items report on but the staff is doing a great job. There is a fairly decent snowpack at the top of the Virgin River. There is 3" of water in the snowpack at Kolob so we are off to a good start and hopefully this will continue in December.

Ron asked for any questions from the board. Jon Pike pointed out we had skipped Item # 6 on the agenda. Ron suggested tabling that for another meeting as they weren't ready with that information yet.

Jon Pike moved to table Item #6 for another time. Ken Neilson seconded, and all voted aye.

Ed Bowler requested a closed session of the board for the purpose of personnel evaluations.

Chris Hart moved to move into a closed session for personnel evaluations. Ken Neilson seconded the motion and a roll call vote was taken as follows:

<i>Chris Hart</i>	<i>Yes</i>
<i>Jon Pike</i>	<i>Yes</i>
<i>Ken Neilson</i>	<i>Yes</i>
<i>Ed Bowler</i>	<i>Yes</i>
<i>Howard Bracken</i>	<i>Yes</i>
<i>Kevin Tervort</i>	<i>Yes</i>
<i>Zach Renstrom</i>	<i>Abstained and recused himself before closed session</i>

The meeting was adjourned.
