

**WASHINGTON COUNTY WATER CONSERVANCY  
DISTRICT**

Minutes of Meeting of Board of Trustees

August 16, 2017

Minutes of a public work meeting of the board of trustees of the Washington County Water Conservancy District, held on Wednesday, August 16, 2017, at 533 East Waterworks Drive, St. George, Utah beginning at 3 pm. Those board members present for the meeting were: Chair Ed Bowler, Zachary Renstrom, Kevin Tervort, Chris Hart and Jon Pike. Howard Bracken and Ken Neilson were not in attendance. Also present were General Manager Ron Thompson, Associate General Managers Barbara Hjelle, Corey Cram and Brie Thompson. Karry Rathje, Jodi Richins and Secretary Roberta McMullin were also present. Other guests at the meeting are set forth on the attached sign-in sheet. Ed Bowler conducted the meeting and welcomed those present.

Ed explained that there is only one item on the agenda for this work meeting and that is the Impact Fee Facilities Plan (IFFP). Ed turned the time over to General Manager, Ron Thompson.

**Ron Thompson gave a draft report review on the 2017 Impact Fee Facilities Plan (IFFP).**

The IFFP is:

- Required by state law to determine the public facilities required to serve demand created by new development
  
- 2017 plan identifies:
  - Level of service
  - Existing facilities with excess capacity
  - Demand
  - Existing water supply
  - Needed future facilities and additional supply
  - Estimated project costs
  - Impact fee calculations

He discussed Level of Service and said the proposed level of service is identical to the existing level of service. It is consistent with the administrative rules of the Utah Division of Drinking Water.

<b>Demand per Equivalent Residential Connection(ERC)*</b>	<b>Acre-Feet/Year</b>
<b>Yearly Demand</b>	
<b>Indoor</b>	0.45
<b>Outdoor</b>	0.44
<b>Total</b>	0.89
<b>Peak Day Demand (Peaking Factor of 2x Yearly Demand)</b>	1.78

Ron also reviewed the excess capacity on projects and excess treatment facility capacity. He showed a graph that shows the demand which is projected which would require the district to provide water to an additional 26,000-plus ERC's by 2026. He showed a graph of the existing water supply with water currently allocated, the excess supply and the demand curve. The planned supply and transmission facilities with the projected project year and the additional supply they will provide in acre feet was shown along with planned treatment facilities and the projected year and the treatment capacity. The cost of existing facilities with excess capacity was also shown and discussed along with the proportionate share of existing facility costs. The proportionate share of future system improvements and their projected capital expense was shown to the board in 2016 dollars in the presentation.

Financing sources were discussed and the following points were made in the presentation:

- The proportionate share of existing facilities with excess capacity and new facilities necessitated by growth will be paid for by impact fees
- User charges and general taxes are expected to fund operation, maintenance, repair and replacement costs of facilities.
- The district's Board of Trustees may determine that a set portion of the costs required to serve new development be paid by user charges and general taxes rather than by the calculated full impact fee.
- Special assessments and federal grants are not anticipated

Ron presented the following information on calculating the impact fee:

- Costs of existing water supply and treatment facilities with excess capacity + costs of needed future facilities = total cost
  - Total cost/yield = cost per acre foot
  - Cost per acre foot x level of service = impact fee per ERC
- Can be funded by impact fees, property tax, users' fees or combination of three

The impact fee would be calculated as follows based on the information presented and discussed:

	Cost per ERC
Cost of Supply Facilities	\$14,096
Cost of Treatment Facilities	\$3,300
<b>Total Cost</b>	<b>\$ 17,396</b>

There was a general discussion among board members, staff and consultants. Questions were asked by the board and answered by the consultants.

Jeremy Aguero indicated they modeled having 75% of impact fee costs being borne by the impact fees and the other 25% split between rate increases and property taxes. He reviewed that model with the board.

There was also discussion regarding how to ramp up the impact fee to the \$17,396 discussed. It could be raised anywhere from \$500 to \$1500 a year.

Jeremy said we must be mindful of some of economic implications such as housing costs. He said the current impact fee is about 2.3% of the cost of a home in Washington County and that would go up to 3.22% by 2024 as the costs of homes go up.

Jeremy proceeded to show two different models. The first model showed a 7% increase every year for eight years. The second model is a frontloaded model and has 4 years at a 10% increase, two years at 5% and 1 year at 3% increase.

Jeremy indicated he would be happy to get more specific on these models or answer any questions.

Ron Thompson said the real question is do you frontload the impact fee, and the longer it takes to get to 75% the longer you have to subsidize the projects with other revenues (property taxes or water rates).

Mayor Hart said he would prefer to see the impact fee go up the same amount each year and just divide it evenly over the seven years.

There was discussion regarding the best way to get the increased amount.

Troy Ence, Ence Homes, was present in the audience and asked about raising the impact fee by a percentage or a fixed amount every year. Troy indicated he thought it would be easier to raise it the fixed amount each year than going up by a certain percentage

Mayor Hart said he believes the people who are paying the impact fee are more interested in the dollar amount than percentages.

There was continued discussion about subsidizing with frontloading the impact fee a little at the beginning.

Ron said the other item for discussion and reaching a consensus is regarding the split of 75% impact fees, 25% taxes and water rates. Following board discussion, the board agreed and reached consensus regarding this split.

Troy Ence asked if the market collapses, is there the ability to adjust these figures. Jeremy indicated that it could be adjusted but we would have to go through this whole process again.

Ron said he would like to meet with the Southern Utah Homebuilders Association and discuss this with them and any concerns they may have before the public hearing. Ron said they will file the notice of public hearing the end of this month and the final public hearing will be in September.

Mayor Pike indicated that the hearing date set for September 13 will be during the League of Cities and Towns. After discussion, it was decided to change the public

hearing from September 13 to the September 20 meeting that is already set at 6 pm. All board members agreed to the change of date for the public hearing.

Chair Ed Bowler asked for any more input from the audience. There were no further comments and the meeting was adjourned.

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