

WASHINGTON COUNTY WATER CONSERVANCY
DISTRICT

Minutes of Meeting of Board of Trustees
December 4, 2019

Minutes of a public meeting of the board of trustees of the Washington County Water Conservancy District, held on Wednesday, December 4, 2019, at 533 East Waterworks Drive, St. George, Utah beginning at 6:00 p.m. Those board members present for the meeting were: Chair Ed Bowler, Kevin Tervort, Howard Bracken, Chris Hart, Jon Pike, Victor Iverson and Ken Neilson. Also present were General Manager Ron Thompson, Deputy General Manager Zach Renstrom and Associate General Managers Corey Cram and Brie Thompson. Roberta McMullin, secretary was also present. Other people attending the meeting are set forth on the attached sign-in sheets.

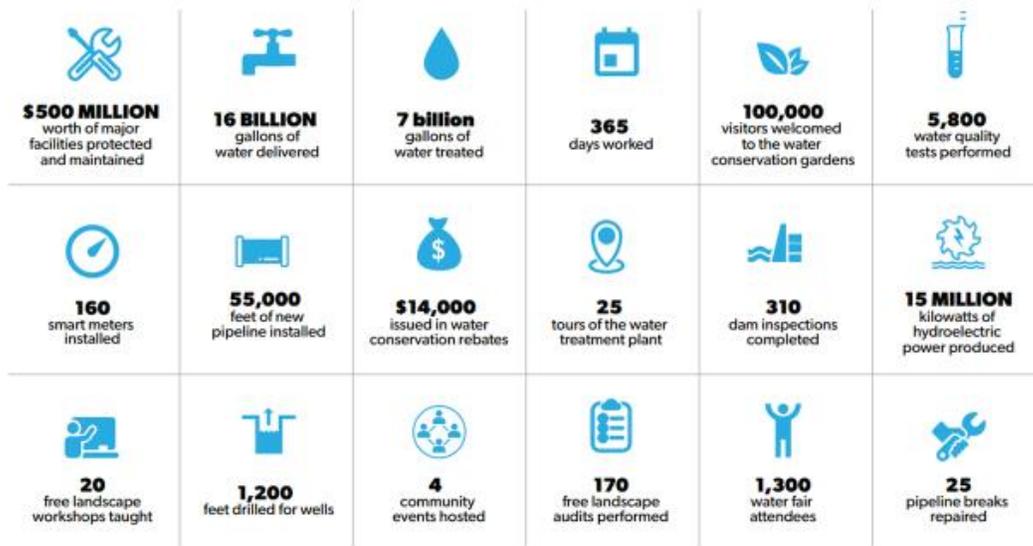
Ed Bowler conducted the meeting and welcomed those present,

The first item on the agenda was ***a public hearing on the 2020 budget and levying a tax rate that exceeds the certified tax rate.***

Ed Bowler said General Manager Ron Thompson would give an overview of the proposed 2020 budget and the purpose of the proposed tax increase and then we will open the public hearing. Some of the main points covered in the presentation were:

- Year in review – Washington County’s water supply supported: 6 million annual tourists, \$5.5 billion in gross domestic product, 172,000 residents, 75,000 jobs and 40,000 students
- Major services provided by the water district this year as shown in the following slide:

Major Services Provided by WCWCD in 2019



- County population growth – 1,150% increase since 1970; projected population growth through 2065 – 229% increase
- Current projects and estimated costs:

Current Projects & Estimated Costs

| Project | Estimated Cost |
|--|------------------------|
| Ash Creek Project* | \$41,705,000 |
| Well Development | \$19,357,000 |
| Lake Powell Pipeline | \$1,377,609,000 |
| Quail Creek Ozone Addition* | \$29,600,000 |
| Quail Creek Water Treatment Plant Expansion* | \$46,001,000 |
| Sand Hollow Arsenic Water Treatment Plant | \$6,798,000 |
| Sand Hollow Regional Pipeline* | \$18,047,000 |
| Sand Hollow Water Treatment Plant* | \$56,428,000 |
| Water Rights | \$5,000,000 |
| TOTAL | \$1,600,515,000 |

*Includes anticipated bond financing expenses.

- District’s revenue sources: water rates, property taxes and impact fees
- Property taxes determined by state law
- District tax rate maximum limit 0.001000, 2019 rate 0.000590
- District’s tax rate automatically decreases annually unless the district goes through Truth in Taxation process
- District has had three tax increases: 1989, 2005 and 2018
- 2019 proposed increase 0.000042 – approximately \$7.57 based on the county’s average home value of \$329,999
- Proposed tax increase will generate approximately \$750,000 which will be used to fund new water projects and public safety services
- District’s proposed 2020 budget projects:
 - \$55 million in revenues
 - \$277 million in available funds
 - \$165 million in fund expenditures
 - \$107 million in reserve fund balances

Ed reviewed the procedures for public comments during the public hearing and then *opened the public hearing*. The following people made comments during the public hearing:

Tom Butine
 Don Vanoy
 Lisa Rutherford
 Calvin Holgard
 Merrill Langston
 Ryan Anderson

Seth Carlson
 Barbara Bergman
 Bob LeRoy
 Jim McArthur
 Wayne Romfrey

Some of the main points raised in the various comments included:

- Wants to work together with the water district - would like a forum where they can engage more with board on issues like revenue generation, water conservation planning to try and resolve differences
- Better way to get revenue than property taxes, water bills and impact fees?
- Property taxes keep going up
- Concern about conservation
- Tiered system for water bills, usage fees
- More water reuse needs to be considered

- Doesn't want Utah to become like California
- No services received for the property taxes he pays district
- We are overtaxed
- Really necessary to raise property taxes?
- Need more conservation

Chair Ed Bowler and asked for any more comments from the public in attendance. There being none, the public hearing was closed. He thanked the audience for their attendance and told them they were welcome to stay for the remainder of the meeting if they would like to.

Ed Bowler called for a vote on the tax increase. Jon Pike asked to make a comment. He said the property tax is 23% of the total revenue for the district. The property tax rate decreases with inflation. Property values have gone up but the district's power to do with that money what they need to do has decreased by 20%. The state tax commission sets the rate. He also regarding the comments made about growth paying for itself. The district has determined that there is a benefit to those who already live here to the extent that we should be paying for some percentage of new improved serves at the water district level.

Victor Iverson said he would like to make a comment about the motion. He said he appreciates what has been said by the public at this public hearing. We also need to remember that even with small tax increases they add up, however, water is one of the most important resources

Chris Hart said he had learned some things tonight. He also appreciates what has been said. He said he wanted the public to know that the split of revenue sources between property taxes, impact fees and water fees was under discussion for a long time and numerous formulas and amounts were discussed in good faith. He added that whether the Lake Powell Pipeline project happens or not the water district is going to have to spend a lot of money to continue to provide water to the residents of this county and we are the only source for that

Jon Pike moved to approve the adoption of the resolution on the proposed tax increase of \$750,000. Chris Hart seconded the motion and a roll call vote was taken as follows:

Ed Bowler *Yes*
Howard Bracken *Yes*
Kevin Tervort *Yes*
Victor Iverson *Yes*
Jon Pike *Yes*
Chris Hart *Yes*
Kevin Neilson *Yes*

The next item on the agenda was the consideration of approval of the 2020 budget.

Ron said he had given a preliminary review of the budget in his presentation and the board had also reviewed the preliminary budget at the October board meeting. He said he can go into as much detail as they want or answer any questions or discuss any comments. The budget has been adjusted for cost of services and includes the new tax rate increase. The budget was adjusted for inflation and new growth. We are also continuing to raise the wholesale rate at .10 cents per 1,000 gallons. Ron said it is important that we put aside money each year in the budget for aging infrastructure. Ron told the board we have a very good staff with a good age spread. He told the board he would recommend adopting the proposed 2020 budget. There as some discussion of the surcharge which Ron explained funds the rate stabilization fund. It also helps to provide capital for future projects. It has not been adjusted since 2006 and probably needs to be evaluated again.

Chris Hart said he had reviewed the budget carefully and it seemed like any increases were modest and in keeping with inflation.

Chris Hart moved to adopt the 2020 budget as presented. Ken Neilson seconded the motion and all voted aye.

The next item for consideration by the board was ratifying the repair and replacement expenditures for 2019.

Ron said there were two replacement projects on the La Verkin creek line that had to come out of this fund and the repair of the 68” pipeline that had to come out of this fund.

Victor Iverson moved to ratify the expenditures from the Repair and Replacement fund. Kevin Tervort seconded the motion. All voted aye.

Ron told the board that the expenditures through the end of October were included with the budget and at year-end a complete breakdown of every expenditure will be

provided. He asked the board to review the expenditures and call if they have any questions at all.

The next item on the agenda was the *consideration of a resolution allocating any fund balances in general fund and water fund to capital projects fund.* Ron told the board that this was they have done traditionally in the past. They take any unallocated funds in general and water funds and allocate them into capital projects fund. He said they would like to do this again.

Ken Neilson moved to approve the allocation of any fund balances in the general fund and water fund to the capital projects fund. Howard Bracken seconded the motion and a roll call vote was taken as follows:

| | |
|-----------------------|------------|
| <i>Ed Bowler</i> | <i>Yes</i> |
| <i>Howard Bracken</i> | <i>Yes</i> |
| <i>Kevin Tervort</i> | <i>Yes</i> |
| <i>Victor Iverson</i> | <i>Yes</i> |
| <i>Jon Pike</i> | <i>Yes</i> |
| <i>Chris Hart</i> | <i>Yes</i> |
| <i>Kevin Neilson</i> | <i>Yes</i> |

The *2020 meeting schedule* was provided to the board for their consideration for approval. After some discussion the following motion was made:

Chris Hart moved to approve the 2020 meeting schedule as presented. . Jon Pike seconded the motion. All voted aye.

Ron told the board that the *training on the Open Meeting Law* was done at the first of this year in our January 2019 board meeting. He reminded them that they cannot have a meeting with more than three board members present without make it a public meeting with an agenda. There will be some more formal training in January 2020.

Ron also reminded the board that they need to complete their board meeting training before the end of the year and turn their certificates of completion into Roberta. It can be done online.

Ron Thompson gave a status report on the following projects

Lake Powell Pipeline – Ron said there are a lot of things going on right now. Bureau of Reclamation (BOR) has been assigned has lead agency status. There will be some public scoping meetings on January 7, 8 and 9 in Kanab, St. George and South Jordan. He said the staff would like board members to attend one of the hearings.

The St. George one is on January 8 at 6 pm at the Dixie Center. The BOR thinks they will have the final EIS out in 2020 and the record of decision in early 2021. They do have the draft EIS that was done by FERC and will adapt it and make modifications to meet BOR standards. Ron said the BOR appears to be working hard on this.

Sand Hollow Regional Pipeline – Ron reported that the pipe is all in the ground – and they are working on the final checklist. They are working on one small leak in Washington, but everything should be all done in the next two weeks. Overall, the contractor has done a good job. The million-gallon tank that goes with this project that will be built on top of the Warner Draw by Washington City tank and that will be done next year.

Ash Creek Project – Corey told the board the final comments are in and there were not very many. He said we should see a record of decision soon. He said there are some minor follow up conditions in the permit, but we should be able to start the final design soon. They are working out the final contract to do a final design. A lot of it is designed but needs finalizing and then they will come up with a schedule for building the project. Corey said there is still some right of way acquisition to complete but there doesn't appear to be much controversy with this project, so they are hoping to start construction next fall.

Ron Thompson gave the following manager's report –

Ron said with the nice storm we had a week ago and another nice rain today it has helped the water conditions. Kolob has about 2' of snow on the ground. Ron said since most of our moisture comes in February and March we will have to wait and see what the spring runoff will really look like. Soil moisture conditions are still not optimum and that needs to be restored before we start getting runoff.

Ron told the board that we are filling the reservoirs. They are concentrating on Sand Hollow right now and have started draining Kolob. They will bring the Kolob water down and store it in two reservoirs. Ron said when we get up over 90% of capacity at Kolob the field crew has to go up and read the piezometers, so we are working on getting it under 90%.

Victor asked about the Homespun water company and what is happening with the district helping them and taking over their water system. Ron says he thinks that will happen very soon. There is a problem there with 4 or 5 homes that may not have adequate pressure. They have some funds that the district thinks they should

put into a little better pressure system. They are working out the details on all this now.

Some discussion of the small private water companies and the problems encountered with these and their eventual need for regionalization or body politics. Several suggested that if they need help then it is up to them to request it.

Calendaring items:

Retirement open house for Ron on January 6 from 4 to 6 pm

Colorado River Water Users Association meetings in Las Vegas Dec. 11-13 and dinner

There was no further business and the **meeting was adjourned** by motion.