

# MINUTES OF THE EXECUTIVE WATER FINANCE BOARD

Tuesday, August 21, 2018

9:00 a.m.

Utah State Capitol, Room 450, 350 N. State Street

## Members Present:

Phil Dean, Chairman

Jon Bronson

Laura Briefer

Evan Curtis

Eric Millis

Juliette Tennert

David Damschen

## Staff Present:

Miranda Jones, Finance Specialist

### 1. Call to Order

Chair Phil Dean called the meeting to order at about 9:10 A.M.

#### a. Approval of minutes

Phil Dean noted that the minutes from the July meeting would be approved at a future meeting.

### 2. Paying for Water

Miranda Jones from the Governor's Office of Management and Budget presented on a slide correction to a presentation made by the office in July of 2018, as it pertained to conservancy district revenues.

Billy Hesterman from the Utah Taxpayers Association presented the Association's guiding principles relating to taxes. One of those primary principles is that taxes should be directly connected to the activity or function being taxed.

Billy described the Association's concerns with using the property tax to pay for water, as it reduces the cost of water for those who use more of it. He noted that water user fees should cover true cost of water, including payments for bonds over time.

Laura Briefer asked Billy about intergenerational equity and he responded.

Treasurer Damschen mentioned that from a credit standpoint, his view is that it is best to have all revenue sources on the table.

Jon Bronson asked that the board have someone from a rating agency come to a future meeting and present on revenue sources for bonding and how the agencies look at projected growth, revenue streams, etc.

Mike Melendez, Libertas Institute, briefly explained how market forces signal how much water should be used, and that Libertas does not support the property tax to pay for water. He also recommended that the board find ways to eliminate the dependency on the property tax.

Tage Flint, Weber Basin Water Conservancy District, explained Prepare60, which was founded by several of the largest water wholesale providers in Utah. Tage explained historic federal and state roles in financing water. He addressed the Prepare60 group's recommendation for the state taking on a much larger financing role with federal financing decreasing. Tage addressed water revenue sources and wholesale water rates. He also mentioned impact fees and property taxes, noting that the property tax can benefit all Utahns through water recreation, endangered species, flood protection, and groundwater protection.

Tage stated his view that altering any of the three revenue sources dedicated to water could have negative consequences. Jon Bronson asked Tage what an appropriate mix of revenue sources is, and if Weber Basin anticipates using revenue from the Water Infrastructure Restricted Account (WIRA) in the future. Phil asked about federal financing. Tage noted that federal financing for new projects at previous levels is unlikely. Phil mentioned the new WIFIA program. Tage and various board members discussed a comment Tage made about "punitive" water rates.

### **3. Institutional Water Use**

Victor Iverson, County Commissioner in Washington County and Vice President of the Utah Association of Counties shared that Washington County has exceeded water conservation goals. He briefly shared his approval and support of the water conservancy district. Jon Bronson asked the commissioner about a potential spring water source with high mineral content and if it can only be treated using reverse osmosis. Phil asked about what the county itself does to increase conservation efforts with its own facilities.

Cameron Diehl, Executive Director of the Utah League of Cities and Towns, introduced Mark Christensen from Saratoga Springs and Scott Taylor from St. George City to present on what various cities are doing to conserve water.

Scott Taylor mentioned that the city delivers 10 billion of gallons annually to their residents with 62% of that being residential, 20% institutional, 16% commercial and 2% industrial. Scott noted that city facilities account for roughly 70% of institutional water and conservation efforts are focused on elementary schools with time of day watering restrictions. Jon Bronson asked Scott if there were any additional water developments that could be utilized.

Mark Christensen from Saratoga Springs spoke about how the city implemented an aggressive water-metering program, requiring a water meter at each home. He noted that 10% of the community they were metering were using 3-4 times more water than they should have. Phil asked Mark how the city paid for the meters. Mark responded that it was paid for with a sales tax bond or with user fees. Phil and Mark also discussed local repair and replacement funding. Jon Bronson asked if the aggressive rate structure faced political challenges. Mark noted political opposition. However, he noted that there would have been more of a political cost to not providing water.

Warren Peterson, representing the Church of Jesus Christ and Latter-day Saints and Vice President of Farmland Reserve, explained that he deals with agricultural water use of the church. Warren shared with the board a sustainability report, which talked about various intensities of grazing and other watershed management techniques. He also mentioned various irrigation measures the church is using in agriculture.

Roy McDaniels, who specializes in meeting house water for the Church of Jesus Christ of Latter-day Saints, talked about his duties and referred to a statement of a church leader, which supported water

conservation at church facilities. He mentioned the church's efforts regarding environmental conservation and stewardship. He mentioned that the church has outsourced a utility controller who can monitor leaks of water, gas, etc. He also noted using smart meters at various facilities and that the Temple Square campus reuses fountain water. He also discussed differing expectations among states as it relates to water use. Eric Millis commented that he is curious how they might be able to transition to a more water conserving landscaping over time.

Terry Shoemaker, Associate Executive Director from the Utah School Boards Association, introduced Christopher Eppler from Canyons School District, and Larry Bergeson from Washington County School District. Christopher Eppler talked about an internship program at the district allowing students to act as water managers and look for efficiencies in the system, and provided a video. Larry Bergeson explained the footprint of their schools and efforts to decrease water use including low flow toilets and turf on various sport fields. He noted that impact fees for schools are expensive.

Cory Higgins from the Office of Sustainability at the University of Utah noted the largest users of residential water on the university's campus. He explained various water strategies to work towards becoming water neutral. These efforts include reusing water, converting at least 1% of turf to xeriscape per year, requiring all new buildings to use 30% less water, and experimenting with various landscape materials. Cory mentioned that the university has a water management committee, uses non-potable water for irrigation, and uses real-time dashboards within each building to show current utility use with potential constraints at the University include regulations and costs to reusing gray water. Jon Bronson and Phil asked questions about property taxes and education.

Sherry J. Ruesch, the Executive Director of Facilities at Dixie State University briefly presented on efforts at the University to conserve. She explained how the University has low flow toilets, waters at nighttime, and has planted Bermuda grass that they do not water during the wintertime.

Steve Bergstrom from Intermountain Healthcare explained how IHC is currently doing an inventory of all hospital and clinic sites to evaluate alternative water use. He noted that the largest users within the hospitals are surgical services and food services and that the hospitals and clinics consume 1.2 billion gallons annually. Steve and Phil discussed green space outside of hospitals, including extensive turf at the Riverton hospital, which he indicated that the city required be installed.

#### **4. Public Comment**

Nick Schou, Conservation Director at the Utah Rivers Council mentioned that he surveyed major water suppliers and that many of them do not use the property tax to pay for water. He mentioned that we should move to a model of just pledging the property tax for bonds rather than using it as the repayment mechanism. Nick mentioned intergenerational equity.

Dave Clark from Washington County Water Conservancy District noted that New Mexico and Colorado assess property and sales tax on residents for water. Phil asked if he would be willing to send information on how other states levy these taxes. He agreed to provide this information. Nick Schou similarly agreed to provide their information on funding mechanisms in other states.

#### **5. Other Items/ Adjourn**

Treasurer Damschen moved to adjourn the meeting. The motion passed unanimously.

Phil adjourned the meeting.