

MINUTES OF THE EXECUTIVE WATER FINANCE BOARD

Tuesday May 7, 2019

9:00 a.m.

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

Members Present:

Phil Dean, Chairman

Laura Briefer

Evan Curtis

Jon Bronson

David Damschen

Members Absent:

Eric Millis

Juliette Tennert

Staff Present:

Miranda Jones Cox, Board Staff

1. Call to Order

Chair Phil Dean called the meeting to order at 9:07 a.m.

a. Approval of minutes

Laura Briefer moved to approve the minutes from the April meeting. The motion passed unanimously.

Phil briefly spoke to the board about the various state RFP's on water issues currently underway, including a price elasticity of demand study (Balmoral Group) and a water financing study (Ernst & Young). He also noted that a regional water conservation goal study is in process.

2. Water Conservation

Representative Suzanne Harrison introduced herself to the board, sharing concerns that residents in her community have related to water. She spoke to her bill from the 2019 Legislative General Session, which referenced water conservation plans indicating what it would take to achieve a water use reduction target of 175 gallons per capita per day (gpcd). She stated that achieving the target would help accommodate an additional one million residents.

Jon Bronson asked Rep. Harrison to address why the target was 175 gpcd, to which she replied that there are already several Utah cities at this level, and that the national average for water usage is 135 gpcd.

Laura Briefer thanked Rep. Harrison for engaging in the discussion, and stated that water use varies across systems. Evan Curtis asked Representative Harrison to expound on what her constituents had said regarding water issues. She indicated that her local school district had water internships and that this was a common concern of residents.

Phil Dean asked Todd Adams to weigh in on discussions that took place during the General Session, and Todd discussed how the bill could be modified to align with other conservation efforts, such as

the regional targets. He stated that a coordinated review to update the conservation plan code should involve cities, conservancy districts, NGO's, and legislators. Laura Briefer mentioned coordinating with the League of Cities and Towns and the Utah Water Task Force.

Jon Bronson asked Laura how Salt Lake City is trying to reduce the city's water use. Laura replied that Salt Lake City has already achieved a 25% reduction in outdoor use, and is evaluating additional goals.

Phil Dean called for public comment.

Senator Jake Anderegg spoke, stating that the city of Saratoga Springs has implemented a 68% reduction through metering culinary and secondary water. He stated his concern with entities operating the way they have been for decades, with the projected future growth. He stated his belief that water is the single largest issue in the state, and that if we do not address it now, that the growth we project to see will slowly stop. He applauded Rep. Harrison for her efforts.

Phil asked Representative Joel Briscoe to speak about his water conservation bill.

Rep. Briscoe stated that his bill during the 2019 Legislative General Session called for a 25% reduction of Capitol Hill water use, and that he had asked for Utah State University to conduct a water audit on the Capitol campus. The water audit indicated that water use on Capitol Hill could be reduced by 38% while keeping the same landscape. He noted that he would continue to work with the Capitol Preservation Board on this issue, and the importance of the State of Utah setting an example for its residents.

Phil stated the board's previous support for the State of Utah and other institutional water users setting a good example. He indicated that the State has an opportunity to act as a leader, particularly with the upcoming changes to the Capitol campus.

Laura Briefer discussed the State of Utah's long-term agreement with Salt Lake City for water delivery at the Capitol.

Jon Bronson asked Todd Adams and Ron Thompson about monitoring of water system loss. Ron Thompson responded to Jon how Washington County Water Conservancy District (WCWCD) measures water loss and addressed the district's conservation planning.

Zach Frankel provided public comment and spoke about cost avoidance as it relates the conservancy districts charges. He also stated frustration with lack of involvement from the River's Council in various public processes, specifically stating the Utah Water Task Force.

The group discussed the Utah Water Task Force, including leadership and meetings of the Task Force.

3. Water and State Tax Reform

Phil spoke regarding the legislative Tax Restructuring and Equalization Task Force. He shared that the state sales tax is not pacing with economic growth, which will create future budget challenges impacting many areas, including the state's ability to finance water-related programs. He also discussed a sales tax on water that was proposed in a bill during the previous session, and discussed a statewide user fee as an alternative to a sales tax.

Evan Curtis stated that one of the subcommittees of the Utah Water Taskforce is tasked with discussing and weighing in on a statewide water tax.

Laura Briefer asked for clarification on the purpose of a statewide water sales tax. Laura raised issues related to affordability, unintended consequences, and taxing government services. Laura offered the consideration that the board could potentially make a recommendation pursuant to the funds from such a tax or fee being used for water.

4. Water Rates

Phil spoke about water rates and discretionary use of water. He asked the board to think about water rate requirements the State should have for those that come to the State of Utah for water financing and funding. He stated that the true cost of water should be embedded in prices.

Laura Briefer shared her thoughts on affordability and spoke about aging infrastructure and upcoming projects that will require extensive financing with Salt Lake City. She mentioned that the EPA has guidelines for affordability, which she referenced specifically as no greater than 4% of median household income. She also noted that winter consumption levels are often used in considering basic, non-discretionary water use.

Phil mentioned that the sales tax is regressive, so if a narrowing base leads to increasing sales tax rates, that approach would significantly impact low income families.

Jon Bronson shared his view of the variety of water rate structures, and stated the board should consider recommending a certain threshold of a rate structure for entities receiving state financial assistance for water projects. He suggested that the board consider how to determine the most relevant entities to measure rates against.

Phil shared his openness to coming up with a comparable group including size, growth, and other characteristics. Jon noted that he would be interested in information from the elasticity study. The two spoke about how elasticity demand of water plays into the discussion.

Laura mentioned that demographic characteristics also play into the discussion. Evan noted that he would want to dig into specific communities and how usage and rates interact.

Phil called for public comment.

Treasurer Damschen moved to adjourn at 10:58 a.m. The motion passed unanimously.