

MINUTES OF THE **WORK SESSION** OF THE BOARD OF TRUSTEES OF THE CENTRAL UTAH WATER CONSERVANCY DISTRICT HELD WEDNESDAY, JUNE 21, 2023, 12:00 PM AT DISTRICT HEADQUARTERS, OREM, UTAH.

TRUSTEES PRESENT

Shelley Brennan, Chair
Wayne Andersen, Vice-Chair
Jon Bronson
Kirk Christensen
Steve Farrell
Wade E. Garner

Max Haslem
Marvin Kenison
Kathy Wood Loveless
L. Alma Mansell
Greg McPhie
Eldon Neves

Jim Riding
Jennifer Scott
Edwin Sunderland
Randy Vincent
Brad Wells

TRUSTEES EXCUSED

Steve Hanberg

STAFF PRESENT

Gene Shawcroft, General Manager
Lisa Anderson, Board Executive Assistant
Kirk Beecher, Lands Manager
Jim Brooks, Human Resources Manager
Derek Bruton, Project Engineer
Brent Chase, Computer Systems Specialist
Heath Clark, Asset Management Manager
John Coker, IT Manager
Mitch Dabling, Engineering Manager
Chris Elison, Engineering Manager
Will Garner, Project Engineer
Jared Hansen, CUP Manager
Shaun Hilton, Project Engineer
Shawn Lambert, CFO
Cort Lambson, Engineering Manager
Bart Leeftang, Assistant General Manager
Rick Maloy, Director of Communications

Caitlyn Mayfield, Project Engineer
Mandy McClellan, Records Manager
Devin McKrola, Bonneville O&M Manager
Robert Moore, Legal Counsel
Rachel Musil, Water Supply Manager
Roger Pearson, CUPCA/Special Programs Manager
Brad Perkins, Project Engineer
Dave Pitcher, Assistant General Manager
Mike Rau, Water Quality Manager
KC Shaw, Deputy General Manager
Bronson Stewart, Controller
Sarah Sutherland, Environmental Program Manager
Mike Whimpey, Assistant General Manager
Cindy Willard, Records Assistant
Gerard Yates, Deputy General Manager
Sam Zacharias, Senior Accountant

The work session was called to order by Chair Shelley Brennan at 12:00 p.m.

Bronson Stewart, Controller, reviewed the proposed budget adjustments in the 2022-2023 budget of an increase of \$80M which includes \$36M in interfund transfers and \$44M in debt service funds related to the issuance of 2023A refunding bonds to refund the 2013A bonds.

He next shared the timelines for adopting the 2023-2024 fiscal year budget and the truth-in-taxation timeline if the Trustees choose to go through that process with the required meetings for the truth-in-taxation process to include the District to report information to each county, which are yet to be scheduled, and two Truth in Taxation Hearings, one on August 17 in Roosevelt at 6:00 p.m., one on and one on August 21 in Orem at 6:00 p.m.. The District would then hold a final budget hearing before the August 23 Board Meeting to begin at 1:00 p.m.

Bronson then stated that the proposed changes to the tentative 2023-2024 fiscal year budget is a reclassification of funds so there essentially is no change to the budget total. He reviewed that staff anticipated a conservative amount of growth brining the tentative property tax revenue budget to \$104.4M however, since May's meeting, the Utah State Tax Commission sent the District the Certified Rate of 0.000387 which is lower than anticipated. Implementing the Certified Rate would adjust the budget to \$105.4M and if the District uses the authorized rate of 0.0004, it will adjust the budget to \$108.9M.

Bronson reviewed that the reasons staff recommends the 0.0004 rate as it is consistent with long-term funding projections and tax rate methodology, it continues to provide funding for District construction projects, and it helps with debt management with less need to go to bond market. He then reviewed the District Capital Replacement Projects which will be funded with the additional tax revenue. Bronson then related that the average household value across the District is approximately \$500,000.00 and with the recommended rate of 0.0004, it would increase the homeowner's tax from \$106.43 to \$110.00 or \$3.57 per year.

Trustee Loveless asked for a point of clarification, and Bronson stated that the certified rate of 0.000387 is not considered a tax increase but if the District maintains the authorized rate at 0.0004, because valuations have increased, the 0.0004 is considered a tax increase.

Trustee Bronson asked if the District's long-term model is built on the assumption of 3% growth. Shawn Lambert, CFO, stated that the District used its financial advisors to help project new growth at 3%. Shawn noted that the model assumes that valuations in the future only increase by the 3% new growth and the reason that the property tax rate stays at 0.0004 in the model is because valuations, except for new growth, are assumed to remain flat. Trustee Bronson stated that as Trustees, they speak for taxpayers.

Trustee Mansell pointed out if the District does not vote for the 0.0004 rate this year, the \$3.5M will not be brought in this year, nor in following years.

Trustee Scott asked for clarifications on the history of maintaining the 0.0004 rate and Shawn stated that since 2016, with valuation increases, the District has gone through the truth-in-taxation process with the authorized rate, so since then, the tax revenue has doubled.

Trustee Vincent and Trustee Bronson asked if the Board does not vote for the 0.0004 tax rate, will it hinder work for the District? General Manager, Gene Shawcroft stated that the Board approving the certified rate of 0.000387 would not put the District in a place where it can't function, but in the future, the District will need to bond for more money if the reserves are not built incrementally. Trustee Bronson stated that bonding in the future can spread out which taxpayers would be responsible to pay the costs and Trustee Mansell stated that bonding can increase costs to the taxpayer, so this is a balancing act.

Trustee Farrell stated that many taxing entities are asking for an increase this year and with pending legislation related to Districts not receiving property tax for funding, is it worth the risk to go through truth-in-taxation and be in the limelight.

APPROVED
JUNE 21, 2023

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Trustee Loveless stated that as there has been so much focus on water this year, it may be understood that this year a small increase in taxes would be acceptable to the public.
The work session adjourned at 12:41 p.m.



Shelley Brennan, Chair



Gene Shawcroft, General Manager