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AUGUST 23, 2023

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MINUTES OF THE **WORK SESSION** OF THE BOARD OF TRUSTEES OF THE CENTRAL UTAH WATER CONSERVANCY DISTRICT HELD WEDNESDAY, AUGUST 23, 2023, 11:15 AM AT DISTRICT HEADQUARTERS, OREM, UTAH.

TRUSTEES PRESENT

Shelley Brennan, Chair	Steve Hanberg	Eldon Neves
Wayne Andersen, Vice-Chair	Max Haslem	Jim Riding
Jon Bronson	Marvin Kenison	Jennifer Scott
Kirk Christensen	Kathy Wood Loveless	Randy Vincent
Steve Farrell	L. Alma Mansell	Brad Wells
Wade E. Garner	Greg McPhie	

TRUSTEES EXCUSED

Edwin Sunderland

STAFF PRESENT

Gene Shawcroft, General Manager	Rick Maloy, Director of Communications
Lisa Anderson, Board Executive Assistant	Caitlyn Mayfield, Project Engineer
Kirk Beecher, Lands Manager	Mandy McClellan, Records Manager
Jim Brooks, Human Resources Manager	Devin McKrola, Bonneville O&M Manager
Derek Bruton, Project Engineer	Robert Moore, Legal Counsel
Brent Chase, Computer Systems Specialist	Rachel Musil, Water Rights Manager
Heath Clark, Asset Management Manager	Roger Pearson, CUPCA/Special Programs Mgr
John Coker, IT Manager	Brad Perkins, Project Engineer
Mitch Dabling, Engineering Manager	Dave Pitcher, Assistant General Manager
Chris Elison, Engineering Manager	Mike Rau, Water Quality Manager
Will Garner, Project Engineer	KC Shaw, Deputy General Manager
Jared Hansen, CUP Manager	Bronson Stewart, Controller
Shaun Hilton, Project Engineer	Sarah Sutherland, Environmental Program Manager
Shawn Lambert, CFO	Mike Whimpey, Assistant General Manager
Cort Lambson, Engineering Manager	Cindy Willard, Records Assistant
Bart Leeflang, Assistant General Manager	Gerard Yates, Deputy General Manager
	Sam Zacharias, Senior Accountant

Shelley Brennan, chair, called the meeting to order at 11:18 a.m.

Bronson Stewart, Controller, gave an overview of the updated budget. He reviewed the actions related to the budget including holding a public hearing today at 1:00 p.m. He stated that the proposed adjustments for the property tax revenue ranged from \$1M to \$4.5M depending on the tax rate the Board adopted today. Bronson reminded the Board that the tentative budget for current year ad valorem taxes was \$104.4M and if the Board approved the authorized rate of 0.0004 the budget would be \$108.9M and the final budget would be \$319.0M.

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Gerard Yates, Deputy General Manager, reported on the truth in taxation presentations made to the counties, and the hearings that took place in Roosevelt on August 17th and in Orem on August 21st. He stated the attendance was up in the Basin and down in Orem based on last year. Gerard reported that the citizens who spoke in Roosevelt shared that although no one likes a tax increase, they value a safe, reliable water source and understand that water comes at a cost and that all citizens who attended the hearings left feeling their voices were heard.

Greg McPhie stated the Finance Committee is split with two members in favor of the 0.0004 rate and one is against.

Gene Shawcroft, General Manager, stated that he met with the Salt Lake County Council and the Council does understand that it costs to provide a drink of water and that the District has ability to raise revenue using rate increases and tax rates.

Trustee Jon Bronson stated that he spent a lot of time researching the tax rate increase and asked to see the bigger financial plan to understand how taxing, reserve charges, and bonding play together.

Trustee Steve Farrell asked if this could be addressed up front in the budgeting process to have a rainy-day type of fund and to not go through the Truth in Taxation process? He wondered if the District could estimate the future growth and add that to the budget.

Shawn Lambert, CFO, stated that the District estimates 3% new growth in its long-term model each year with an assumption that all other valuations will remain consistent with prior years. He stated that if property valuations increase and the District wants to capture any additional tax revenue beyond new growth, the District must go through the Truth in Taxation process. Otherwise, the District receives last year's revenue plus any new growth. Shawn stated that if home values keep increasing, the legislature could decide to include an inflationary factor in the rate. At this point, the legislature has not changed how District's taxes are calculated. He stated that one of the benefits to the Truth in Taxation process is that the District can talk with the citizens of Utah who come in with a negative perceptions and questions about the tax increases and after participating in and listening to the presentation, they leave the hearings with a better understanding of the mission of the District and why the property tax increase is being recommended.

Trustee Al Mansell stated that the Truth in Taxation process was created by the legislature to make the public question tax increases.

Trustee Jennifer Scott thanked staff for the information and will vote no because Salt Lake County has many tax increases this year.

Chair Brennan stated that she attended both Truth in Taxation Hearings and the Duchesne County Presentation and thanked staff and board members for preparing and attending the events.

Rob Moore, General Counsel, updated the Trustees on the status of the Sanpete request to withdraw from the District. He stated that mailed notices were sent to all property owners in Sanpete County and that Rob and Rick Maloy, Communications Director, have both received

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numerous inquiries and stated that those who have contacted the District, want Sanpete County to stay in the District.

Rob reminded the Board that on Monday, August 28, 2023, the District Trustees will hold a public meeting in Sanpete County for the public to address the Board, to ask questions, and to obtain answers, as state statute requires this to be held, and that a quorum of the District Board needs to be present.

Shelley stated that the Sanpete County Commissioners stated they would be in attendance to assist in answering questions. Rob said that after the hearing, the Board needs to decide within 90 days to approve or reject the withdrawal request.

Trustee Bronson asked if Sanpete County has financial obligations to meet before withdrawing. Rob stated that those issues have not been addressed yet, but they do have an obligation to outstanding bonds, however, the District has not made any decisions nor recommendations on that part of the process yet.

Dave Pitcher, Assistant General Manager, gave a presentation of the water plan formulation in South Utah and Juab counties, including a brief history of the District and Federal joint involvement in planning and developing water to supplement local water supplies. The CUP Bonneville Unit develops a major portion of Utah apportionment of the Colorado River and construction started in 1967. Dave said that the District and Department of Interior's (DOI) emphasis now is completion of remaining portions of the Utah Lake System (ULS) in south Utah County, the Salem Reach 1, and Santaquin Reach of the Spanish Fork- Santaquin Pipeline, to supplement water supplies. We anticipate in the November 2023 Board Meeting to award a construction contact for the last 4.3 miles of pipeline and the turnouts for the ULS project.

Dave shared the history beginning in 1902 with the Strawberry Valley Project (SVP), which has supplied water for agriculture use for over 100 years. He also shared a timeline from 1964 to 2004 showing changing proportion of the uses for Bonneville Unit water supply including agriculture, M&I, and fishery uses.

In 2004 the District Board passed a resolution 2004-01-01 to reserve 10,000 acre-feet of water rights in Utah Lake to investigate, in cooperation with East Juab County Water Conservancy District, the feasibility of a water project to get water into northern Juab County since this area has been in the District since its creation and at that time, was not included in the ULS for delivery of CUP Bonneville Unit water. The District entered into a MOU agreement with EJCWCD in 2018 for the feasibility study.

The District is working with the DOI, Bureau of Reclamation (BOR), Strawberry Water Users Association (SWUA), and Strawberry Highline Canal Company to look at the long-term future availability and conveyance of water to the service area served by ULS, a regional pipeline, and the facilities of Highline Canal and Power Canal.

In 2018 it was determined that the regional system needs to look at both south Utah County and Juab County at the same time. The same percentage of growth is anticipated for both areas. Dave shared a map progressively showing these areas of actual rate with urbanization from 1988 to

APPROVED
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APPROVED

today. The Plan Formulation Project (PFP) has been investigating the sources of water, including groundwater, and concluded that there is sufficient water for future projected growth, if adequate conservation of water occurs, but that additional conveyance and water treatment plant and finished water pipelines will be needed. The District has done these types of water requirement studies previously for decades and built water infrastructure by using ad valorem taxes to help construct facilities ahead of the population demands.

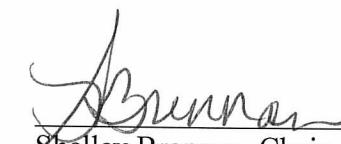
Dave explained one example, among other examples, how District planning for water infrastructure, directly proportional to anticipated CUP water volumes in Salt Lake County began in 1967 and how the construction of water facilities by the District proceeded over the years, with water users partially paying back the costs of CUP Bonneville Unit water but District building the treatment and finished water facilities to treat CUP and Non-CUP water. These water service policies and priorities are contained in chapter 4 of the District Administrative Code.

The water facilities for the PFP are estimated to be \$331M to \$686M range for capital facilities. These estimates did not include improving the Strawberry Highline Canal, an 18-mile-long facility which carries about 60% of shares in the SWUA to irrigators and cities for outside watering. Strawberry Highline Company, District, DOI, and BOR are working on a MOU to investigate improving the Canal for improving public safety, improved water conservation, and efficient water management. The District's interest is to obtain the saved water as additional water saved under CUPCA Section 207, Water Conservation, for the future.

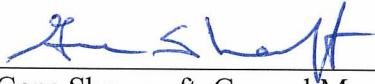
Additional investigations are on-going to look at the integration of the PFP, ULS, and Strawberry Highline Canal water infrastructure improvements that creates a resilient regional system to serve the current and future water uses from these facilities for South Utah County and northern Juab County.

District staff plan on providing a field tour for the Board of the current and future planned water infrastructure before the October Board meeting.

The meeting adjourned at 12:20 p.m.



Shelley Brennan, Chair



Gene Shawcroft, General Manager