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AUGUST 26, 2026

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MINUTES OF THE **WORK SESSION** OF THE BOARD OF TRUSTEES OF THE CENTRAL UTAH WATER CONSERVANCY DISTRICT HELD ON WEDNESDAY, AUGUST 26, 2026, AT 8:30 AM AT THE DISTRICT'S CWP POLISHING PLANT, OREM, UTAH.

TRUSTEES PRESENT

Shelley Brennan
Wayne Andersen
Kevin J. Anderson
Jon Bronson
Kirk Christensen

Steve Farrell
Wade E. Garner
Steve Hanberg
Marvin Kenison
L. Alma Mansell

Greg McPhie
Jim Riding
Jennifer Scott
Randy Vincent
Brad Wells

TRUSTEES EXCUSED

Max Haslem
Kathy Wood Loveless

STAFF PRESENT

Gene Shawcroft, General Manager
Lisa Anderson, Board Executive Assistant
Robert Moore, General Counsel
Brett Barrus, CWP Manager
Kirk Beecher, Senior Engineer
Josh Brown, Water Systems Tech
Ric Cantrell, Director of Strategic Engagement
Chad Clayson, Water Systems Tech
Matthew Gregg, Computer System Specialist
Scott Hendriksen, Water Systems Tech
Shaun Hilton, Assistant Chief Engineer
David Imlay, Raw Water Operations Manager
Shawn Lambert, Chief Financial Officer

Cort Lambson, Senior Engineer
Bart Leeflang, Assistant General Manager
Conlee Luke, Instrument/Maintenance Technician
Brad Perkins, Senior Engineer
Mike Rau, Finished Water Operations Manager
Regan Smart, Water Systems Tech
Bronson Stewart, Controller
Amanda Strack, Water Conservation Manager
Sarah Sutherland, Environmental Program Manager
Bruce Ward, Chief Engineer
Paulette Webster, Contracts Administrator
Mike Whimpey, Assistant General Manager
Gerard Yates, Deputy General Manager

Chair Shelley Brennan called the meeting to order at 8:32 AM.

Nebo Regional Water Project NEPA Update - Sarah Sutherland, Environmental Program Manager

Sarah reminded the Board that the draft environmental assessment was released on June 8 for a 30-day review period. Public open houses drew 46 attendees in Payson on June 24 and 26 attendees in Nephi on June 25; the comment period closed with 17 comments received. She stated that most comments supported the project, particularly the planned trail along the Highline Canal. Concerns involved rights-of-way with the Highline Canal, the Bureau of Reclamation, and property owners, as well as questions about project cost and payment responsibility. Sarah reported that the team incorporated comments into the final environmental assessment and prepared the FONSI; both documents were sent to Washington, D.C., for review, with approval anticipated the following Monday; joint lead agencies can then sign the FONSI and conclude the NEPA process. Sarah explained that after NEPA approval, Bruce's team will update the definite plan report and complete

agreements with project partners. Brad's team is proceeding with design, while construction-readiness activities are expected to continue once the environmental documentation is signed.

Truth in Taxation Update – Bart Leeflang, Assistant General Manager

Bart explained to the Board why the District uses property taxes alongside rates and federal revenue, emphasizing long-term infrastructure financing, generational equity, and the findings of Utah's SB 34 water infrastructure study. He reminded the Board that the Central Utah Project required substantial financing before customers could receive water or generate revenue. The District was created in 1964, and voters approved property taxation in 1965 and again in 1985, with 93% support in 1965 and 73% in 1985, to help develop the project and repay federal obligations.

Bart reviewed the tax rate mechanics, that when property values rise, the certified rate automatically declines, so the district must use Truth in Taxation to restore the authorized rate; when values fall, the certified rate increases to generate the prior year's amount of revenue. He also distinguished Central's role as a wholesale water provider from municipal retail providers as Central operates through water sales contracts and cannot directly implement tiered retail rates, although it strongly encourages partner cities to use tiered pricing to promote conservation.

Bart stated that the SB 34 study found that property taxes lower water development and financing costs, provide stable revenue, support economic growth, and reduce reliance on debt. It recommended continuing property taxes and base rates, implementing more aggressive tier rates where feasible, and seeking a balanced funding structure. He also reported that moving all water infrastructure costs from property taxes to rates could benefit certain high-value businesses, residences, and second homes, but could increase costs for renters, nonprofits, and other tax-exempt entities. Cities, counties, and school districts could respond to higher water costs by increasing their own taxes, while conservation, watershed protection, education, and related ancillary programs could face limits if property-tax funding were removed.

In response to a question from the Board regarding delivery of water through the Spanish Fork to Santaquin Pipeline, District staff clarified that water deliveries had started the prior week to test the system, and water was flowing to Santaquin and Salem. It was also clarified that although some communities had not previously received Municipal and Industrial water, several southern Utah County communities had received temporary agricultural water during project development, so the statement that they had received no water at all was incorrect.

2026-2027 Final Budget Review - Bronson Stewart, Controller

Bronson presented the proposed final 2026-2027 budget, totaling approximately \$450.1 million, with the main increase from the June interim budget resulting from the 2016A bond refunding and additional property-tax revenue being reclassified without changing the total budget. He reminded the Board of the 1:00 public hearing today for comments on the final budget and consider resolutions setting the 2026 tax rate and adopting the 2026-2027 fiscal-year budget. Bronson stated that the proposed final budget increased by approximately \$12.1 million from the June interim budget, bringing the total to approximately \$450.1 million. The increase primarily reflected

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recording both revenue and expense sides of the 2016A bond refunding. He stated that the funding refunding records bond proceeds and premiums as revenue, with escrow payments and issuance costs as expenses, and that these entries account for the principal final-budget increase and include a small resulting increase in fund balance.

Bronson stated that approximately \$2 million already included in the interim budget as restricted tax revenue would be reclassified as regular, unrestricted property-tax revenue if the 0.0004 rate is adopted; this reclassification does not change the total budget. The certified rate of 0.000394 would produce approximately \$131 million, while the authorized 0.0004 rate would produce approximately \$133 million, and staff recommended the authorized rate.

Bronson confirmed that the District cannot set a property-tax rate above 0.0004 under current state law. Any future change to that limit would require legislative action. New growth is a separate source of annual revenue. Bronson reported that if property-tax revenue and existing rates are insufficient, the District would need to consider higher water rates or additional borrowing, subject to applicable authority and financial constraints. Board members noted that future Boards may need to address additional operating requirements because the current property-tax rate is capped.

Bronson noted since adopting an operation, maintenance, and replacement plan in 2017, the District has increased charges to users in five-year increments, moving from approximately \$1 per acre-foot to roughly \$30-\$80 depending on whether the water is treated or raw. The stated long-term objective is to fund about half of replacement costs through rates and half through property taxes. He also stated that the District maintains a long-term financial model projecting up to 50 years of costs, revenues, cash flow, major capital projects, and potential bond needs, and that staff uses the model to monitor whether revenue sources will support future expenditures and identify when debt financing may be required.

There were no committee reports. The meeting adjourned at 9:11 AM.



Shelley Brennan, Chair



Gene Shawcroft, General Manager

This document was prepared with the assistance of AI tools and has been reviewed and validated by Lisa Anderson, Board Executive Assistant.

