

DRAFT MINUTES OF THE EXECUTIVE WATER FINANCE BOARD

Tuesday, July 9, 2019

9:00 a.m.

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

Members Present:

Phil Dean, Chairman

Juliette Tennert

Jon Bronson

Evan Curtis

Eric Millis

Laura Briefer

Members Absent:

David Damschen

Staff Present:

Miranda J. Cox, Board Staff

1. Call to Order

Chair Phil Dean called the meeting to order at 9:05 A.M and excused Treasurer Damschen from the meeting.

a. Approval of minutes

Phil asked that the board delay the May and June minutes for approval until the August meeting.

2. Revolving Loan Funds

Taylor Kauffman from the Governor's Office of Management and Budget presented briefly on the State's Water Revolving Loan Funds. Taylor stated that the purpose of the loan funds include providing financial assistance in form of loans or grants for water projects, and referenced the seven different loan funds. He also described the structure of the rates, including the 0 – 1% interest rate with terms of length of seven to thirty years.

Taylor stated the total balance of the loan funds reached \$1.05 billion and had grown by 11% since 2015. He then explained the total cash balances, and showed the distribution of funds by county.

Jon Bronson asked a few clarifying questions, and noted that these loan funds have edged out private investment banks because local municipalities can get a better rate from the state. He also brought attention to a provision that the rates are set as a percentage of the state's GO bond rate, and that some entities may not be in compliance with this requirement.

Jon also asked what portion of funding was grant funding, to which Taylor responded that \$7 million was granted in FY 2018.

Eric Millis thanked Taylor for his presentation and shared some of the history of the Board of Water Resources, and its historical interest in rural water projects. He provided loan allocation percentages by county from 1947. He was curious why GOMB's loan allocation data differed, to which Phil

replied that the reliable sales tax data used for the tax portion of the GOMB analysis went back to 1980, so Taylor's analysis was examining the time period since 1980.

Phil and Jon questioned what role the state should play in an era of limited state General Fund resources, and to what extent entities can access the bond market at reasonable interest rates.

Juliette asked if GOMB and DNR can look at all the types of projects granted funding over time and compare if smaller entities and municipalities with the inability to access other financing are still those currently accessing the loan funds.

3. Conserve Southwest Utah

Tom Butine introduced himself to the board and shared the intent of his presentation, which is to help the State use better strategic planning for future decision-making.

Tom spoke briefly about his background and what he believed to be 'rigorous strategic planning', including project management. He gave a high level review of the planning process including defining the program, defining the strategies, identifying solutions, defining the projects, planning and executing, and accounting for them.

He then outlined his perception of the complexity, cost, impact, and water management system of Utah's water problem. He asserted that Utah's data analysis, management process, transparency, and accountability is relatively low. Tom then proposed to have a water management plan, believing that there is more state leadership and planning needed to make better data driven decisions.

Phil thanked Tom for coming to the board with a solution-oriented approach and responded by referencing the State Water Strategy, asking Evan Curtis to weigh in on the topic. Evan stated that there are efforts moving forward with the strategic plan, and that it is in the process of updating. He also referenced the efforts to set up basin councils. He noted that Tom's idea is worth pursuing, but it would be worthwhile to see how it fits with the state's current efforts.

Jon Bronson also complemented the presentation and asked about a slide calling for the need to analyze the supply and demand data in the right sequence. Phil weighed in noting that there is likely broad state-level data on demand, but that it lacks granularity. Tom and Jon discussed possible GPCD demand projections and Jon referenced a sensitivity analysis he believed the board had seen before.

Phil expressed the importance of understanding demand moving forward, and that the state's sensitivity and elasticity analysis is key to determine the appropriate risk to districts, the state and localities. He stated his belief that the data has significantly improved over the past five years, but that moving forward, better understanding growth sectors in detail will also help us understand demand of commercial water use.

Eric Millis stated that he was concerned with Tom's perception of the planning and data processes, and believes that Tom may have mischaracterized the planning and coordination efforts of the state.

Phil asked Tom for specific suggestions on how to better make clear the efforts that are being done and how engagement processes with the public can improve to not feel as perfunctory to some. Tom highlighted public and stakeholder engagement.

Phil also referenced GOMB's methodology around process improvements, including theory of constraints.

4. Public Comments

Phil asked for public comment.

Brian Dixon who lives in St. George in the winter, and Logan in the summer provided an example of maturity and how we are setting demand. He spoke about comparing demand between different southwest communities and how to adjust the state's goals.

Lisa Rutherford from Conserve Southwest Utah provided comment, stating that she had attended the tax restructuring meeting last weekend and how that plays into future financing. She also suggested that the board continue to look at different alternatives, such as modeling a project after South Jordan's water reuse project.

Phil asked a final question about ongoing reliable water yield in Washington County, which had been raised at the St George tax restructuring meeting, and Ron Thompson stated that this might be a beneficial conversation for another board meeting, mentioning underground water storage sources and the Virgin River basin.

5. Other Items / Adjourn

Eric Millis moved to adjourn.

The motion passed unanimously and the board adjourned at 11:59 AM.