MINUTES OF THE FINANCE COMMITTEE MEETING OF THE BOARD OF TRUSTEES OF JORDAN VALLEY WATER CONSERVANCY DISTRICT

(Approved April 8, 2020)

Held March 9, 2020

The Finance Committee meeting of the Board of Trustees of the Jordan Valley Water Conservancy District was held Monday, March 9, 2020, at 4:18 p.m. at the District office at 8215 South 1300 West, West Jordan, Utah.

Trustees Present:
Corey L. Rushton, Chair
Greg R. Christensen
A. Reed Gibby
Karen D. Lang
Sherrie L. Ohrn
Dawn R. Ramsey
Lyle C. Summers
John H. Taylor
Barbara L. Townsend

Staff Present:
Bart Forsyth, General Manager/CEO
Matt Olsen, Assistant General Manager
Alan Packard, Assistant General Manager
Shazelle Terry, Assistant General Manager
Gordon Batt, Operations Department Manager
Jason Brown, Information Systems Department Manager
Brian Callister, Maintenance Department Manager
Travis Christensen, Registered Engineer
David Martin, CFO/Treasurer
Reid Lewis, General Counsel
Kurt Ashworth, Human Resources Manager
Linda Townes, Public Information Manager
Beverly Parry, Executive Assistant
Michele Guy, Administrative Assistant
Jess Morgan, Administrative Assistant

Welcome

Mr. Corey Rushton, Chair, opened the meeting at 4:18 p.m. All trustees were present.

Review proposed budget overview

Mr. Bart Forsyth said that a representative from the Employers Council will be at the scheduled Finance Committee meeting on March 31 to make a presentation. He said that staff has worked hard to prepare a detailed budget, and he and Dave Martin, Chief Finance Officer, have reviewed and refined the proposed budget. He explained that the proposed FY 2020/2021 operations and maintenance budget is currently 4.2 percent greater than the 2019/2020 budget because of increases in: water purchases, CUP OM&R Reserves, repair and replacement costs of aging infrastructure, irrigation water stock assessment fees, water treatment chemical costs, personnel costs, and conservation program costs.

Review proposed operation and maintenance expenditures budget

Mr. Martin summarized the budget preparation process, the budget preparation timeline, and the 2020/2021 parameters for budget preparation. He stated the proposed 2020/2021 budget is based on 99,500 AF of water deliveries, a water rate study update and recommended rate adjustment performed by a water rate consultant, PayGo Capital generated from operations of $13 million for capital needs and reserves, Capital Project expenditures of $21.9 million (net), property tax revenues of $20.5 million, O&M expenses budgeted based on level of service with inflationary increases and cost increases related to higher water demands, personnel adjustment of a 3.5 to 4.0%% merit increase, and two new personnel positions.

Discussion took place on the purpose of the Revenue Stabilization Fund and if the fund should have a set minimum or maximum balance. Mr. Martin suggested continuing this discussion at the next scheduled Finance Committee meeting.

Mr. Martin reviewed the revenue detail of the proposed FY 2020/2021 budget which is based on current rates and increased deliveries. He included projected revenues from water sales, property tax revenue, investment income, connection fees, and other revenues. Total projected revenues have been budgeted at $79,281,000. Proposed property tax revenues for FY 2020/2021 are projected at $20,452,900.

A discussion took place on whether or not to increase the property tax rate and how this would affect the budget and the use of the Revenue Stabilization Fund.

Mr. Martin reviewed the cash flow projections in the various funds. He reviewed the detailed budget of each department. Departments were shown with all line items and their budgeted amounts. In the packet, Mr. Martin identified those line items in each department that had increased and then explained the increases. Specific budget items explained were those that increased by more than three percent and $1,000. The entire O&M budget for FY 2020/2021 is proposed to be $48,544,730.

Review proposed general equipment expenditures budget

Mr. Martin stated that the General Equipment expenditures budget includes items that cost over $10,000 and have a useful life greater than one year. He stated the General Equipment Fund is funded through transfers of money from the Revenue Fund and the total General Equipment budget is $640,000 for FY 2020/2021.

Review debt service schedule and 10-year financial plan

Mr. Martin discussed the FY 2020/2021 debt service schedule and long-term debt summary with regards to all the District's outstanding bonds. He reviewed the bonding process and stated the debt service payments will be uniform throughout the bonds' maturity, normally 30 years. The FY 2020/2021 debt service budget is $22,587,923.

Mr. Martin also reviewed the FY 2020/2021 10-year Financial Plan. He said that based on current rates, with no water rate increase or tax increase, $4.8 million is needed from the Revenue Stabilization Fund to balance the 2020/2021 budget. Funding from the Revenue Stabilization Fund or a tax increase or water rate adjustment is needed for budgeted PayGo transfer to be sufficient to fund projected CP1 Capital Expenditures.

Upcoming meetings

Mr. Rushton reviewed the upcoming meetings including the Finance Committee meeting, Tuesday, March 31 at 3:30 p.m.; regular Board meeting, Wednesday, April 8, at 3:00 p.m.; Annual Member Agency meeting, Wednesday, April 22, at 10:00 a.m.; regular Board meeting/Public Hearing, Wednesday, May 13, at 6:00 p.m.; regular Board meeting, Wednesday, June 10 at 3:00 p.m.; and property tax hearing/adoption of 2020/2021 budget, Wednesday, August 12, at 6:00 p.m. (if needed).

Adjourn

Mr. Rushton called for a motion to adjourn. Mr. Taylor moved to adjourn. The motion was unanimously approved as follows:

Mr. Christensen – aye
Ms. Lang – aye
Ms. Ramsey – aye
Mr. Summers – aye
Ms. Townsend - aye
Mr. Gibby – aye
Ms. Ohrn – aye
Mr. Rushton – aye
Mr. Taylor – aye

The meeting adjourned at 5:16 p.m.

John H. Taylor, Finance Committee Chair

Barton A. Forsyth, Clerk