

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

(Approved May 8, 2024)

Held March 25, 2024

A Finance Committee meeting of the Board of Trustees of the Jordan Valley Water Conservancy District was held in person and electronically on Wednesday, March 25, 2024, at 3:00 p.m. at JVVCD's administration building located at 8215 South 1300 West, West Jordan, Utah.

This meeting was conducted electronically in accordance with the Utah Open and Public Meetings Act (Utah Code Ann. (1953) §§ 52-4-1 et seq.) and Chapter 7.12 of the Administrative Policy and Procedures Manual ("Electronic Meetings").

Trustees Present:

John H. Taylor, Finance Committee Chair
Corey L. Rushton, Board Chair (electronic)
Karen D. Lang (electronic)
John Richardson
Zach Jacob (electronic)
Andy Pierucci (electronic)
Barbara L. Townsend

Trustees Not Present:

Mick M. Sudbury
Dawn R. Ramsey

Staff Present:

Alan Packard, General Manager
Jacob Young, Deputy General Manager
Shazelle Terry, Assistant General Manager
Mark Stratford, General Counsel
Gordon Batt, Operations Department Manager
Jason Brown, Information Systems Department Manager
Brian Callister, Maintenance Department Manager
Shane Swensen, Chief Engineer
David Martin, CFO/Treasurer
Brian McCleary, Controller
Kurt Ashworth, Human Resources Manager
Kelly Good, Communications Division Manager
Mindy Keeling, Executive Assistant
Alicia Sekiller, Administrative Assistant III
Martin Feil, Database Administrator (electronic)
Becca White, Customer Services Billing Lead
Travis Christensen, Engineering Group Leader

Others Present:

Shawn Koorn, HDR Engineering
Greg Christensen, Trustee, Kearns Improvement District

**Introductory
comments by
Finance
Committee
Chair**

Mr. John Taylor, Finance Committee Chair, opened the meeting at 3:00 p.m.
Ms. Dawn Ramsey and Mr. Mick Sudbury were excused from the meeting.

**Review
personnel
expenditures
budget**

Mr. Kurt Ashworth, Human Resources Manager, presented the proposed personnel budget for FY 2024/2025. Mr. Ashworth reported that JVVCD currently has 160 positions and in order to project the personnel costs for the FY 2024/2025 budget, data has been collected from various sources including the Consumer Price Index and Employment Cost Index. He described the expenditures that are included in the personnel budget including salary, health insurance, state retirement contributions, Medicare, substitute Social Security Plan contributions, life insurance, long-term disability insurance, and sick leave conversion.

Mr. Ashworth stated there is an overall 4.8% increase, or \$975,419, in the proposed FY 2024/2025 personnel budget as a result of salary and benefit increases, and the addition of three new maintenance positions. Mr. Ashworth noted an estimated savings of \$401,392 in the budget due to retirements and turnover. He presented information from a salary adjustment survey of other local districts and Member Agency cities and stated that JVVCD falls close to the median in the comparisons. Staff are proposing a 5.0% merit pay increase for employees above the mid-point of their salary range, and a one step increase for employees below mid-point of their salary range. The 2024/2025 budget includes proposed salary grade changes for one position as well as two position changes from Administrative Assistant III to Staff Engineer, and Assistant General Manager of Communications and Technology to Digital Services Director. Also included in the budget are recruitment, retention, and equity incentives.

**Review
proposed
general
equipment
expenditures
budget**

Mr. Martin stated that the General Equipment expenditures budget includes items that cost over \$10,000, have a useful life greater than one year, are recorded as an asset when purchased, and are depreciated over their useful life. He stated the General Equipment Fund is funded through transfers of money from Revenue Funds, and the total proposed General Equipment budget is \$981,000 for FY 2024/2025.

**Property tax
discussion**

Mr. Packard stated that one of JVVCD's sources of revenue is derived from property tax. He explained that at inception, typical water district revenue sources begin with a higher percentage of revenue from property tax due to lack of infrastructure and customer deliveries. As a water district is built out over time, percentage revenue from property tax will decrease, but will still remain as a portion of revenue due to public benefits accrued to users independent of volume consumed, such as fire protection, watershed/water quality protection, environmental protection, flood control, recreation, and increased property value. Mr. Packard remarked on the 2023 Senate Bill 34 (SB34, Water Infrastructure Funding Study), which studies the use of property taxes to fund water infrastructure, treatment, and delivery. He said current findings show that property taxes as a revenue source are also used in surrounding states and suggested that JVVCD not base its policy decisions solely on other states. Mr. Packard then cautioned that a 10% reduction in property tax rates could have potential consequences such as higher water rate increases, a credit rating downgrade, and the need to increase the minimum balance of JVVCD's revenue stabilization fund. He said staff recommends that JVVCD continue its current strategy to utilize property tax as an important funding source as outlined its 10-year financial plan, and to consider SB34 study report findings to propose any strategy refinements in the future.

Mr. Andy Pierucci inquired as to what portion of JVVCD costs are considered public benefit. Mr. Packard said that by Fall of 2024, a thorough analysis will be performed by JVVCD staff to define what portion of costs are classified as public benefit.

Review debt service schedule and 10-year Financial Plan

Mr. Martin discussed the FY 2024/2025 debt service schedule and long-term debt summary regarding all JVVCD outstanding bonds. The FY 2024/2025 debt service budget is \$28,494,500. Mr. Martin shared the Debt Summary which showed the currently outstanding bonds and debt service payments.

Mr. Martin reviewed the FY 2024/2025 10-year Financial Plan. He said the proposed FY 2024/2025 budget is based on 104,000 acre-feet of water deliveries, an estimated 5.2% water rate adjustment, property tax, and using approximately \$5.4 million from the Revenue Stabilization Fund to balance the FY 2024/2025 budget. He said the Debt Service Coverage Ratio exceeds what is required by bond covenants and is projected to remain above 1.30 over the next ten years. Mr. Martin reviewed the estimated PayGo transfers from operations and identified the funding from the Revenue Stabilization Fund and Short-Term Operating Reserve Fund.

Review proposed capital projects expenditures budget

Mr. Shane Swensen, Chief Engineer, reviewed the proposed FY 2024/2025 Capital Projects budget and the 10-year Capital Projects Plan. He shared assumptions used to develop water demand for the updated Capital Projects Plan, which includes population projections, conservation effort success, and climate variability impacts. He reviewed the annual demand projections and peak day demand projections which show the water supplies and facilities that are currently available to JVVCD and water supplies and facilities that are planned to come online in the future. Mr. Swensen showed that the total Capital Projects Plan over the 10-year period is approximately \$548.7 million. He reviewed proposed capital projects for fiscal year 2024/2025 and stated the total net FY 2024/2025 proposed Capital Projects budget is \$67,237,699.

Review fiscal year 2024/2025 water rate study and calculated water rates

Mr. Shawn Koorn, HDR Engineering, presented an overview of the water rate study process, the three components for this year's study, the development of the preliminary revenue requirement analysis, received direction from the Board, and gave preliminary cost of service results. He said rate setting is a three-step process which includes: comparing the revenues of JVVCD to its expenses to evaluate the level of overall rates; equitably allocating the revenue requirement between the various customer classes of service; and designing cost-based rates for each class of service to meet JVVCD's revenue needs, along with any other rate design goals and objectives adopted by the Board. Mr. Koorn reviewed each of these steps in the process. He summarized the draft revenue requirements stating it would require use of funds from the Revenue Stabilization Fund for FY 2024/2025, given the assumptions by JVVCD staff estimating 104,000 acre-feet of water deliveries and a 5.2% average rate adjustment.

Discussion of fiscal year 2024/2025 budget review and use of funds from the

Mr. Martin recommended a balanced approach be taken for the FY 2024/2025 budget which includes a 5.2% average water rate adjustment, and use of the Revenue Stabilization Fund and Short-Term Operating Reserve Fund. He also presented another concept which would include a higher water rate adjustment at 6.0% and use of half the Revenue Stabilization Fund. Mr. Martin said that Mr. Koorn and his staff will calculate rates based on a rate adjustment of both

Revenue Stabilization Fund and tentative water rate adjustment 5.2% and 6.0% and present the comparisons during the April 10, 2024, Executive Committee meeting.

Upcoming meetings Mr. Taylor reviewed the upcoming meetings including the regular Board meeting, Wednesday, April 10, at 3:00 p.m.; Annual Member Agency meeting, Tuesday, April 16, at 10:00 a.m.; Public Hearing, Wednesday, May 8, at 6:00 p.m.; regular Board meeting, Wednesday, June 5 at 3:00 p.m.; and property tax hearing/adoption of 2024/2025 budget, Wednesday, August 14, at 6:00 p.m. (if needed).

Adjourn Mr. Taylor called for a motion to adjourn. Mr. John Richardson moved to adjourn. Following a second by Ms. Barbara Townsend, the meeting adjourned at 4:44 p.m.



John H. Taylor, Finance Committee Chair



Alan E. Rackard, Clerk