

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

(Unapproved and subject to change)

Held March 29, 2023

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 29, 2023, at 2:00 p.m. at JWCD'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:

Corey L. Rushton, Chair
A. Reed Gibby
Zach Jacob
Sherrie L. Ohrn
Mick M. Sudbury (joined electronically at 2:30 p.m.)
John H. Taylor, Finance Committee Chair
Barbara L. Townsend (electronic)

Trustees Not Present:

Karen D. Lang
Dawn R. Ramsey

Staff Present:

Alan Packard, General Manager
Jacob Young, Deputy General Manager (electronic)
Matt Olsen, Assistant 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, Engineering Department Manager
David Martin, CFO/Treasurer
Brian McCleary, Controller
Kurt Ashworth, Human Resources Manager
Kelly Good, Communications Division Manager
Beverly Parry, Executive Assistant
Alicia Sekiller, Administrative Assistant
Mindy Keeling, Administrative Assistant (electronic)
Martin Feil, Database Administrator (electronic)

Others Present:

Shawn Koorn, HDR Engineering

**Introductory
comments by
Finance
Committee
Chair**

Mr. John Taylor, Finance Committee Chair, opened the meeting at 2:00 p.m.
Ms. Dawn Ramsey and Ms. Karen Lang were excused from the meeting.

Review proposed operation and maintenance expenditures budget

Mr. David Martin, Chief Financial Officer, provided information on a few minor adjustments to the proposed FY 2023/2024 Operations and Maintenance expenses by department, which totals \$59,725,718. He explained a proposed modification budget strategy and year-end fund transfer which includes creating a new fund called Short-Term Operating Reserve Fund. This proposed change would distinguish short-term and longer-term needs for funding of the Revenue Stabilization Fund from each other, which would better define what is available for budgeting. A discussion took place regarding the Revenue Stabilization Fund and budget strategy for the proposed 2023/2024 budget. Various options were discussed on how to budget in the future for personnel expenses and the reserve level of the Self-Insurance Fund. Mr. Martin said staff will develop a formula or other proposal to determine how much money is needed in the Self-Insurance Fund to meet JWCD's needs in case of a natural disaster or other emergency.

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 \$1,423,000 for FY 2023/2024.

Review debt service schedule and 10-year Financial Plan

Mr. Martin discussed the FY 2023/2024 debt service schedule and long-term debt summary with regards to all the District's outstanding bonds. He said a \$100 million bond issuance is being proposed in FY 2023/2024. The FY 2023/2024 debt service budget is \$25,405,675. Mr. Martin shared the Debt Summary which showed the currently outstanding bonds and debt service payments.

Mr. Martin reviewed the FY 2023/2024 10-year Financial Plan. He said the proposed FY 2023/2024 budget is based on 102,000 acre-feet of water deliveries, an estimated 5.0% water rate adjustment, increasing the property tax rate, and using approximately \$5.4 million from the Revenue Stabilization Fund to balance the FY 2023/2024 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 explained the funding from the Revenue Stabilization Fund and rate adjustment needed for the budgeted PayGo transfer to be sufficient to fund projected CP1 Capital Expenditures. He explained the increases in the planned CP1 Capital Projects, the transfers from Capital Projects Fund to Replacement Reserve Fund for funding CP1, and the planned expansion for the JWTP which will increase the Capital Projects budget for fiscal years 2023 through 2027.

Review proposed capital projects expenditures budget

Mr. Shane Swensen, Chief Engineer and Engineering Department Manager, reviewed the proposed FY 2023/2024 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 JWCD 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

\$467.1 million. He reviewed proposed capital projects for fiscal year 2023/2024 and stated the total net FY 2023/2024 proposed Capital Projects budget is \$61,216,000.

Review fiscal year 2023/2024 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 the rate setting process is a three-step process which includes: comparing the revenue of JWWCD to the 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 JWWCD'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 stated it would require use of funds from the Revenue Stabilization Fund for FY 2023/2024, given the assumptions by JWWCD staff estimating 102,000 acre-feet of water deliveries and a 5.0% average rate adjustment.

Discussion of fiscal year 2023/2024 budget review and use of funds from the Revenue Stabilization Fund and tentative water rate adjustment

Mr. Martin recommended a balanced approach be taken for the FY 2023/2024 budget which includes a 5.0% average water rate adjustment, a property tax increase, and use of the Revenue Stabilization Fund.

Upcoming meetings

Mr. Taylor reviewed the upcoming meetings including the regular Board meeting, Wednesday, April 12, at 3:00 p.m.; Annual Member Agency meeting, Wednesday, April 26, at 10:00 a.m.; regular Board meeting, Public Hearing, Wednesday, May 10, at 6:00 p.m.; regular Board meeting, Wednesday, June 7 at 3:00 p.m.; and property tax hearing/adoption of 2023/2024 budget, Wednesday, August 9, at 6:00 p.m. (if needed).

Adjourn

Mr. Taylor called for a motion to adjourn. Ms. Sherrie Ohrn moved to adjourn. Following a second by Mr. Reed Gibby, the meeting adjourned at 4:10 p.m.

John H. Taylor, Finance Committee Chair

Alan E. Packard, Clerk

