

**MINUTES OF AN ORIENTATION MEETING OF THE WEBER BASIN WATER
CONSERVANCY DISTRICT BOARD OF TRUSTEES HELD MONDAY,
FEBRUARY 22, 2022, 10:00 A.M., AT DISTRICT HEADQUARTERS**

Present:

President Marlin K. Jensen
Trustee Kym O. Buttschardt
Trustee Randy B. Elliott
Trustee Scott K. Jenkins
Trustee Angie Osguthorpe
Trustee Paul C. Summers
Trustee Dee Alan Waldron

Excuse:

Trustee P. Bret Millburn
Trustee Dave Ure

Scott W. Paxman, Secretary/General Manager

Calysta Bravo, Accounting & Budget Officer
Sherrie Mobley, Mgr. of Administration

I

REVIEW OF PRELIMINARY PROPOSED FY2023 O&M & CARR BUDGETS

Gen. Mgr. Paxman reported each year we review the preliminary O&M budget so we can notify our customers of their approximate water assessments for the coming year. Gen. Mgr. Paxman asked Bud. Off. Bravo to continue.

Budget Off. Bravo reported our contracts state the Board will set an OM&R rate annually. She said the District is also required to provide an annual billing estimate each March to assist our customer entities with their budgets. She said the District split the O&M and CARR to comply with 17b-2a-1010 which discusses the need to have monies set aside for capital asset repair and replacement. Budget Off. Bravo replied that our customer agencies prefer a 2-year water rates outlook. Gen. Mgr. Paxman said we have been providing this 2-year preview for about five years. Budget Off. Bravo stated last year the Board tentatively approved the water rates for 2023.

Budget Off. Bravo reported that due to higher than needed O&M reserves, years of low inflation, and uncertainty with the pandemic, O&M rates were increased 2.0% and 2.25% for 2023. She then presented slides showing the 2022 rates, 2023 rates, and the 2023 total increase. She recommended keeping the 2023 water rates as proposed even though inflation is higher. Budget Off. Bravo said our reserves are higher than needed, which is why we are recommending staying at the proposed rates. Budget Off. Bravo stated the District increases rates two to three years in advance and are behind actual inflation. She said inflation for 2021 was much higher than normal. Inflation for 2019 and 2020 was much lower than normal. She stated inflation for the first half of 2022 is projected to be high again and then taper through the year and level back down to normal by 2023. She said her data was obtained from the PCE (Personal Consumption Expenditures) and PPI (Producer Price Index).

Budget Off. Bravo reported 2024 OM&R recommendations include the following:

- Increase O&M and connection fees by 4.5% for 2024
- Continue to increase CARR on treated and secondary/ag to build up reserves, up to 4.6% of total rate.
- Add \$6 for meter replacement fee on secondary connections
- Begin adding service connection fee to West Haven contracts

Specific detail regarding per contract connection fees were discussed. Budget Off. Bravo then showed recommended 2024 rates with the average 4.5% OM&R increase. Trustee Jenkins said he is doubtful the high inflation in 2022 will taper off mid-year. He said we are currently seeing double digit increases. He referenced 2023 increases of 2.0 to 2.25% verses 2024 increases of 4.5%. He recommended 2024 increase not exceed 4.0% and that 0.5% be added to the 2023 rates to keep the increases more similar.

Budget Off. Bravo then presented the Fiscal Year 2023 preliminary O&M budget. She began by reviewing the water sales revenues by fund. She then reviewed expenses by category: operations, sustainment, strategic initiatives, administrative support, and human resources. The CARR budget was then discussed.

More discussion continued regarding the 2023 and 2024 water rates. It was decided by the Board to consider adjusting the rates as Trustee Jenkins recommended earlier and then review them at Friday's board meeting. The recommended rates for 2023 would be adjusted up to 2.5 to 2.75% increase and 2024 would be adjusted down to a 4% increase.

II REVIEW 2022 LEGISLATION

Gen. Mgr. Paxman distributed copies outlining various 2022 legislative bills the District has been tracking. He categorized the bills by various subjects including water conservation bills, general water bills, budget/operations, open meetings, GRAMA, elections, eminent domain, public procurement, and lobbying. He then made detailed comments on the water bills and provided brief comments on the remaining bills.

III DISCUSSION OF VOTER REFERENDUM

Gen. Mgr. Paxman reported Trustee Ure brought up the topic of voter referendum at a recent meeting. He said we were tasked to look into whether District actions can be accepted or repealed based on popular vote. President Jensen referenced a memo that was emailed to the trustees that was supportive and indicated the District was not subject to public referendum. Discussion continued.

IV VEHICLE LEASE OPTION UPDATE

AGM Hess reported the District has typically purchased and sold its vehicles. He said our fleet currently includes 64 trucks. Recently we have investigated a system offered by Enterprise Fleet Management where they assist us in managing our fleet. He said our purchases would actually be changed to a lease option. He suggested we put one-quarter of our fleet on this program and gradually increase it if we are pleased with the results. AGM Hess said it would take four years to migrate the entire fleet to this program.

AGM Hess said although the vehicles are leased, the District would still basically own them. He stated that when the vehicles are sold and replaced, the District would benefit from the equity of the sale. He replied that the program actually would maintain newer vehicles than we currently run. AGM Hess reported that the references we contacted who participate in the program had positive comments to share. Trustee Jenkins said his company participates in this program and they are satisfied with the results. Gen. Mgr. Paxman said the cost of the program is anticipated to be about \$80,000 per year, and we currently budget \$200,000 per year for our vehicles. He said approval of this program will be considered at our meeting on Friday.

V ADJOURNMENT

There being no further business for discussion, meeting adjourned at 1:55 p.m.

Respectfully submitted,

Scott W. Paxman, Secretary