

Hi! This is Carl Mackley, General Manager of the Bear River Water Conservancy District. I want to provide some additional information regarding how the District is funded, how we use property tax revenue, how we don't use property tax revenue, and what the District does.

BRWCD was created by a court decree in 1988, following a favorable vote from county residents. The District was created to provide county-wide oversight, planning, development and protection of water resources for the future needs of Box Elder County Residents. It was also created to represent and protect county water resources and interests to outside competing interest groups.

The District operates under the Utah Water Conservancy Act, which grants Water Conservancy Districts authority to collect a limited amount of property tax revenue to operate with to make water supplies affordable and available to the members of the District, which are the residents of Box Elder County.

When the District was first created 34 years ago, there were no tangible assets or projects to benefit county residents. Since that time, the District has created six water systems which benefit and provide water to over 1/3 of county residents. The District has master plan concepts that identify timeframes and projects which will expand water services to more existing and future residents as existing supplies are exhausted and as land use practices change over time.

In 2022, it was projected that the District would collect \$1.346 million in property tax revenue, which represents 1.94 hundredths of a percent of the taxable value of county property. In 2023, it is proposed that the District collect \$2.037 million in property tax revenue, which represents 3.00 hundredths of a percent, or the maximum percentage of the taxable value of county property that the District can collect.

The tax rate that the District operates under is a declining tax rate, meaning that the percentage of taxable property value decreases in proportion to property values increasing. This creates a lot of uncertainty and challenge in planning and budgeting each year. District budgets are overseen by Controllers, Auditors, The Board of Trustees, and are made public. Each year, the District works very hard to use what income is projected to fulfill the purposes of the District and to benefit the residents of Box Elder County. Every so often, the District deems it necessary to propose an increase in the certified tax rate after accumulating years of rate decreases. This is what is being proposed by the District for 2023. The last increase was proposed in 2015 and went into effect in 2016.

So, how does the District use this revenue. The answer is: In many different ways. It uses the revenue as general income to operate with and to accomplish our purposes. One way that the District does not use the revenue is for new growth and development. For example, if the District creates a new water system or builds its own infrastructure, it typically bonds with the State of Utah to fund the project. The money to repay the bonds comes from impact fees that were calculated and set to pay of the project bond debt. If a developer wants to propose a

project, they are required to pay the applicable impact fees for the development, plus pay for any new infrastructure that is required to meet the needs of the development.

The most important way that the District uses tax revenue is to subsidize wholesale water rates to other public water suppliers. This allows them to extend services or water supply to a greater number of people without having to come up with the capitol expenses of a new source of water. Revenue is collected from these customers based on water use contracts and agreements.

We recognize that a proposed tax increase is never a small matter and that there are many county residents that will want to be heard regarding this proposal. We hope that this information will help you to understand our proposal and intentions better and that your comments would consider this information. Please provide our Board of Trustees the feedback that they need to make a decision regarding this proposal next month. We would also ask that you provide us feedback regarding what we are doing, what plans we have and how we can best meet the needs of the county in the future. We encourage you to get to know your representative board member(s) personally, and to offer suggestions as you may have them.

Thank you for your time and interest.