

**Bear River Water Conservancy District
Board Meeting
Wednesday November 16, 2022 6:00 p.m.
Box Elder County Commission Chambers
01 South Main Street, Brigham City, Utah**

Minutes

Trustees Present: Roger Fridal, Charles Holmgren, Neil Capener, Jay Carter, Joe Summers, Mark Larson, David Forsgren, Jay Capener, and Dennis Bott

Absent: Jeff Scott, Richard Day, General Manager Carl Mackley

Staff: Assistant General Manager Jeff Humphrey, Systems Operations Chance Baxter, Administrative Assistant Jill Jeppsen

Other:

Chairman Roger Fridal: Welcome

Invocation: Mark Larson

Pledge of Allegiance: Jeff Humphrey

Declaration of Conflicts of Interest: None

Adoption of the Agenda

A motion was made by Vice Chairman Forsgren to approve the agenda. The motion was seconded by Board Member Larson. Chairman Fridal, Financial Chairman Holmgren and Board Members Summers, Carter, J. Capener, N. Capener and Bott voted in favor of the motion.

Public Hearing – Truth in Taxation:

There was a video introduction from General Manager Mackley. The text of that video is as follows:

Hi! This is Carl Mackley, General Manager of the Bear River Water Conservancy District. Before we open this Truth In Taxation Hearing to Public Comment, I wanted 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 off 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. We would like to now turn the time over to you for brief comments.

Chairman Fridal opened the public hearing.

Kelly Lemon, Collinston – *I got my tax notice and with it, I got this letter talking about this hearing tonight. I found it kind of interesting; it says the last tax increase for Bear River Water Conservancy District was 2016. I went back through my last year's tax notices and in 2022 it increased 10.5%, [the] amount of money that is coming from my personal property tax that is going to the District. In 2021 it was 11.5%, in 2020 it was 11%, in 2019 it was 10.6% and so on. My point is the statement here that says the last tax increase for Bear River Water Conservancy District was 2016 is erroneous. It should say the last tax rate increase; I would buy that. This is a tax increase. If you are like me, my property*

taxes, personal property taxes in the last year will increase \$500. The year before that is was \$400, the year before that it was \$400, the year before that it was \$400 so it is very erroneous to say that taxes have not increased. I looked back to 2016 that increase was a 60% increase. My tax rate in 2015 that goes to the Bear River Water Conservancy District was \$38.51, the projected increase for 2023 is \$47.58. That is more than what my total amount being paid, that percentage that is going to the District just in one year's increase, that's what it was in 2015. That doesn't even take into consideration the natural increase. A lot of this increase that I am talking about is come become because our property values have increased. If you add that on top of the 55% tax increase that is projected, it is going to be a 64% or 65% increase. Actually, it is already increased this year because they are always delayed a year behind, and we know the property values have gone up this year from what they have been in the past. Just for the fact that you can do it, doesn't mean that you should do it. I have a few other things I want to talk about. If I run out of time, my wife will finish this. There is a Salt Lake Tribune article that came out October 26, 2022, and it's title is Utah Water Districts are Swimming in Tax Revenues. I am going to hit a few highlights in it, I'm not going to read the whole thing.

Property taxes provide a quarter of the revenue reaped by Utah's biggest water districts, resulting in a cycle of wasteful water use driven by artificially low water rates, according to a report released Wednesday by the Utah Rivers Council.

Utah's socialistic practice of subsidizing profligate water use. (out of time)

Connie Lemon continued reading from the article above.

It's time for legislators to rein in this unelected government special interest. Sen. Daniel McCay, R-Riverton, unveiled legislation last week that would revoke cities and water districts' right to spend property tax revenue on water delivery projects and operation in most cases, starting next year.

Utahns use more water per capita than most other Americans while enjoying some of the lowest water rates.

Property tax accounted for 9% of the revenue generated, on average, by the districts outside Utah, versus 25% for those in Utah. Frankel (Zach Frankel, Utah Rivers Council's executive director) believes limiting water subsidies could reduce per capita water use by 20% to 30%, and lower water suppliers' overall costs.

Utah was the only state we surveyed where every water supply agency collected a property tax. Curbing providers' reliance on taxes would create new pathways to reduce water use, and potentially replenish the state's reservoirs and rivers and rescue the Great Salt Lake, which is rapidly approaching an ecological calamity as its waters recede thanks to climate change and upstream diversions.

I think one of the biggest things that the residents in Collinston have come to find out the last few months that we have been kind of fighting a little bit of a water battle, is the waste that goes on and the amount of money that you have spent on water projects, compared to the amount of water they get. They don't get enough water, so they just continue to keep going to find more water, spending more and more money. And now the tax increase is taking tax money from everybody. That is all I have to say.

DeAnna Hardy – *I oppose the tax increase. The last time you increased our taxes you ignored the cries of the people. Hopefully this year you will not ignore their cries because people are in a way*

worse condition. Pioneers came here in 1847. The Bear River Water Conservancy District was established in 1988. Just think we went 141 years without a socialist water conservancy district and did just fine. We need to de-fund this government program because it is a socialist program which forces its citizens to pay for other citizens' water projects. It also uses our tax money by this program by buying up water and putting it under a government program. It should be kept in a private business water company. Government controlled economic development has caused a lot of problems and we are facing water shortages. Government is picking winners and losers in business, incentivizing certain businesses to come to the second driest state in the country, by giving them tax incentives, advantage, or exemption. This is unfair and goes against the principles of a free market, which is the only fair way. We have departed from correct principles, and we need to return. If we truly believe in liberty and justice for all we will de-fund and get rid of all socialist government programs. Socialism is contrary to liberty. Our country was founded on liberty. Let us defend and preserve it. I will leave you with a scripture: 2 Chronicles 7:14 If my people, which are called by my name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin, and will heal their land. The answer to our problems is turning to God and getting rid of wickedness which socialism is one of those wickedness. If we truly again, believe in liberty and justice for all we will get rid of this socialist program.

Richard Garrett, Collinston - *First of all I want to say that I receive zero benefit from the Bear River Water Conservancy District. There is a [water] line that goes down past my house with a fire hydrant on it. The insurance company says 'good for you, you are still too far away from a fire department to use that hydrant, so no change in your property insurance. The other benefit I get out of it is I have two cracks in my asphalt driveway that I have to have repaired every year, compliments of this waterline being installed. Mr. Mackley has stated on numerous occasions that Bear River Water Conservancy District water is intended for internal [indoor] use, residential use only (true statement). And customers should have brown lawns. I want to present some figures that came directly from your meeting minutes. Chanshare Sod Farm leases 640 acres from the conservancy district. The cost is \$75,000 for the land and water plus the shared portion of the electric pumping bill. That amounts to \$117.00 an acre, which is far below the market value of irrigated farmland, which goes on the low end from \$150 to high as \$400 an acre for high value crops such as onions and sod. Assuming lease costs for the low value of the land to be \$150 acres, the lease without water would still be \$96,000. You are losing \$21,000 a year. Assuming the middle cost, it would be \$192,000 so you are losing \$117,000 a year in lost revenue. Assuming the high value of \$400 an acre, the lease value of that land without water would be \$256,000, a loss of \$181,000 a year. These are your numbers. The free water that ranges from 1200 to 1800 acre- feet per year based on what you have agreed to with Chanshare has a wholesale value of \$414,000 on the low end for 1200 acre-feet, \$621,000 on the upper end. Additionally, they have another 230 acres that the District sells water to for \$28.00 an acre, or \$6400, the previous rate was \$20.00. Mr. Mackley pointed out that a savings of \$178,537.50 to Chanshare. In total you are giving away to Chanshare Sod Farm \$600,000 on the low end and almost \$1 million on the upper end. The taxpayers should not be subsidizing Chanshare Sod Farm and most of you members of the board agreed to another 5-year lease on that kind of a deal. You should be ashamed.*

Matthew Jensen, Brigham City – *I have an objection to this tax increase as well. I looked at last year's budget and your budget was \$2.4 million in revenue. And at the end of your audited financial statements, I'm a CPA so I know what those are, there is a section that says subsequent events so these are things that are not in the financials for last year, but they happened and they are big enough they should be reported. And it says, they got two significant grants at year end. The first is a water smart grant in the amount of \$2 million from the United States Bureau of Reclamation, the second is where Box Elder County approved the use of ARPA funds in the amount of \$1.287 million, so you got grants of \$3.3 million dollars and you still want to raise our tax rates. This is ridiculous. I also looked at*

your amended budget for this year, and it doesn't seem to show the \$2 million grant on there anywhere. Your revenue last year was \$2.4 and now it is \$3.5 and it says government grants are \$1.3 million. When according to last year's financial statement they should be at least \$3.3 million. So, I don't know if you didn't amend the budget because you don't want to have another truth in taxation meeting or you don't want a budget hearing or what, but that's ridiculous, because budget doesn't show what your audited financial statements do. The other thing is I think it's comical when Mr. Mackley says that this is for all residents of Box Elder County because I checked with Brigham City, and they haven't had a water project done by the Conservancy District in over 20 years. They can't find a single one. So, when it says this is for every resident you are actually taking money from all of Brigham City residents and you're using it to fund projects out west of town. Which makes it even more funny when everyone, or when the Chairman asked if there conflicts of interest because any one of you that represents someone outside of Brigham City is taking a quarter million dollars, according to the City, to use in other people's water, and we haven't had a single project, not one, in over 20 years. Now why is that if it says this is for all Box Elder residents? You are just taking money from the City and using it out west. It is ridiculous. Your financial statements are ridiculous, and this tax increase is ridiculous.

Juliana Larsen, Brigham City – *My message will be very short so listen very carefully because I'm not going to talk for very long. In the newspaper you advertised a 54.64% over last year's property tax budgeted revenue. That's what you are asking for according to what you put in the newspaper. It said it would only cost us \$23.55 a year, but that's in addition to whatever is on there now. Now that's the number. I called and asked a few questions of people because I was interested in what's going on. I said please give me 3 bullet statements about what you want to use the revenue for, explain this to me, please. Number one was inflation. I know that you guys deal with inflation, but I don't think you deal with it quite the same as an agriculturalist in this community, and a retired person who only has social security and what ever else they can garnish to pay for taxes that are being imposed on us by every entity within ear shot of wherever we are sitting. The next thing they said was they need a general operations fund increase. Now what the gentlemen ahead of me said is true and you got \$3 million that almost sounds like what the Board of Education said they have in the R&R account. That's a terrible lot of money. What are we going to use it for? What are we going to do? What projects are we going to benefit from? These people need to understand this, they need to be told and explained this. And the one that really got me, and I think it was a direct violation, at least it was where I worked 32 ½ years, you couldn't do this but I see it being done here and everywhere else I look. I said what else do you need? They said we need to hire a new staff employee, an assistant general manager, and we have to pay that person 45% of their salary for benefits. I can understand that because where I used to work I had to balance the amount of money they made plus backoff on their bonus what benefits would cost, but the thing that bothers me is where I used to work, in order to do that I would have to say I have this money here now and this is how I project to continue to have the money in the future to pay what I am asking for to pay for this person. The individual I was talking to went ahead and told me that this person had already been hired and is already on the payroll. I asked them where did they get the money? Oh, we can get by for one year, but beyond that we can't. So, you not only hired somebody and put them on payroll, you started paying them and now you want to tax us on the other end to make that possible, to make that happen. Besides which they also alluded to the fact that you had grants, a couple of grants and a loan from the state meant to navigate and make this all happen. I would ask you please to look at what you are doing to the people that are paying this because pretty soon none of us are going to have any money in our pockets to pay bills.*

Boyd Bingham, Mayor of Honeyville City – *I hesitate to say anything because Matt (Matthew Jensen) is our auditor and I don't want to get in trouble in this.*

Honeyville City has a water enterprise fund and according to State law they cannot use tax funds to improve their water system. Their water system, according to State law, has to fund their

improvements, their expansion, or whatever. So they have to sell enough water to cover the cost, that's employees, improvements, anything of that nature. We have a project right now that we have been talking about for a few months. We initially thought, it's not a huge project, we thought about \$300,000 was what it was going to cost. We bid the project out and it is going to be \$500,000. And so the citizens of Honeyville are going to have to pay, if we want to get this done, we are going to have to pay the \$500,000. We have government mandated issues that are coming in the next few years that we are projecting \$7 million. So our citizens have to pay those bills and you are telling us that you are going to raise those fees so we can subsidize your customers. Why are your customers not paying this bill? That's what I don't understand. So we have no option to do that. I don't think it is really, we are subsidizing because you are taxing us. The Conservancy District is not helping us pay the bill. We do have an inter-local agreement with the Conservancy District but that is for emergency and I'm guessing in an emergency we are probably going to be as bad off as the Conservancy District will, anyway. Talking about drilling wells. Just last year you drilled a well within about ½ mile of one of our really good water sources, by the way a crow flies. And I just don't understand why you would do that. You never talked to us about it. Were you trying to get into our source, or what was going on? We are pretty well self-sustaining. I don't understand why the citizens of Box Elder County should subsidize your customers. They should be paying their bill.

Kyle Potter – *I am here tonight to represent Box Elder County Farm Bureau, both the north and the south. It is currently our state convention in Provo, so the Presidents couldn't be here. They have been in meetings all day. I spoke with Andy Yeates, the president of the South Box Elder County and Jeff Kent and they have given me permission to speak for our Farm Bureau. We sent out a group text to our members in the north. There wasn't one board member that responded back that wasn't opposed to this tax increase. Some of you make your living in agriculture. Where these are uncertain times in agriculture. Commodity prices may have gone up, but our inputs have more than doubled in some cases. You guys know what I mean. The price of fertilizer, the price of diesel. People are suffering in this county through this inflation, too. I mean, just the regular working people are suffering. They are wondering how to put food on their table or gas in their gas tanks. It is just kind of unconscionable to me, you guys would ask for a tax increase in these times of record inflation, and we've seen it's the worst it has been in decades. So, we as a Farm Bureau, are opposing your tax increase. We figure the timing is wrong for it and would ask you to consider your vote on this. The other thing that a lot of comments we've heard is they don't feel like a board that you guys represent that is not even elected officials should have the right to raise our property taxes. What recourse do we have if we don't like the decision this board makes? We can't vote you out of office. It just seems we are back to the same old taxation without representation type of deal. At least in Cache County their board members are elected, which I think we need to take a look at. The other point is this Senator from Riverton, Daniel McCay, introducing legislation in the upcoming session to do away with giving you guys [water conservancy districts] taxing authority on the property tax. I just speak to the people behind me, I would ask you to get on board and contact your state legislators who represent you and tell them that you would like to support that bill [which] Senator McCay, a republican from Riverton is introducing. He said he had broad support. We just want to go on record as opposing your tax increase.*

Therina Simmons – *I just want to go on record opposing this increase. I am on a well, so I don't use Bear River Water Conservancy. I am here for my father Jim Parkinson, Lila Johnson and Irene Allen, we don't use your service. Why are we taxed for it? It is taxation without representation. As I have looked at how the funds have been spent, I think maybe it could be a little wiser. I know you guys are all volunteers, thank you for your service! I feel like we had things without representation. No one in my area is even part of this, and Bear River Conservancy is a big part of Beaver Dam and Collinston. We need someone from our area, as well. So, I oppose this tax, I am opposed to the whole entire tax.*

Roger Stringham – *I would just like to agree with everything that has been said tonight. I oppose this deal myself, also. I think you really need to take a hard look at what you are doing here in this county without representation of the people.*

Adam Alexander, a resident of Collinston – *Oppose this tax. We need representation, and elected representation.*

Stan Simmons, Beaver Dam – *I am a retiree, on Social Security, a fixed income. And raising taxes makes it dang hard for me to make ends meet. I oppose this.*

Shaun Gee, East Garland – *I simply ask, is this the right time; you raising taxes? With everything that's going on, everybody is struggling to put [food] on their tables, clothes on their kids. This is real. This is happening. Gas, and I'm sure you gentlemen are dealing with it, gas in your tank to go to work. We just had our property tax go up which I actually can't say was unfair based on the change in the market value. Is this really the time in Box Elder County, Utah? We are just going to increase taxes at the absolute worst time in the last 15 years, where everybody is struggling to make ends meet? I would also ask, where's the justification? I would think I could get online, and maybe I can and I have not tried, and I can look at why you want this increase, and why this increase needs to happen. What changed in the cost to make this increase necessary? That should be black and white. That should be spelled out so we could clearly see what the reason for that increase is. Outside of that, it is not right [that it is] done. People are struggling. All I ask of you bear that in mind. It is a real struggle.*

Public Hearing was closed by Chairman Fridal at 6:41 PM. He thanked those that commented, stating the comments would be considered as they try to make the best decision they can.

Approval of the Minutes for the Board Meeting held October 26, 2022

The minutes of the Board Meeting held October 26, 2022 were included with the packet that was provided to the Board Members.

Vice Chairman Forsgren made a motion to approve the minutes of the meeting held October 26, 2022. The motion was seconded by Board Member Larson. Chairman Fridal, Financial Chairman Holmgren and Board Members Summers, Carter, J. Capener, N. Capener and Bott voted in favor of the motion.

Financial Chairman Charles Holmgren – Financial Business, Approval of Financial Statements

The financial statements for October 2022 were prepared and provided to the Board Members. Financial Chairman Holmgren has reviewed the reports and asked for the Board to approve them.

A motion was made by Board Member Carter to approve the October 2022 financial statements as presented. The motion was seconded by Board Member N. Capener. Chairman Fridal, Vice Chairman Forsgren, Financial Chairman Holmgren and Board Members J. Capener, Summers, Larson, and Bott voted in favor of the motion.

Approval of 2023 Tentative Budget

The General Manager requested that the Financial Chairman Holmgren presented the tentative budget for 2023 to the Board. A copy was included in the packets for the board members.

Financial Chairman Holmgren reviewed the budget summary with the board members.

Board Member Carter asked about the cost for a backup generator and what location that would be used for. This is a portable generator that could be used at all sites except Bothwell, which already has a permanent generator. The expense is estimated at \$100,000. The state will be requiring backup power in the future. We have been leasing one for the last two years. In an emergency we would not have access to this option. This item was in the budget for \$45,000 for 2022 but was not purchased because of inflated cost. Board Member Bott asked if there was money to carry over from the 2022 budget to 2023 for this item. This will be researched.

Financial Chairman Holmgren made a comment on the General Manager's proposed budget. The budget indicates a 10% increase in salaries for all employees. One board I sit on had an increase of 8.2% for employees. Salt Lake County, or Salt Lake City was offering a 7% increase to their employees. Vice Chairman Forsgren said he thought the 10% was just a budget number. When it comes time to give a cost of living increase it is negotiable. Jill Jeppsen explained the District has typically used the IRS COLA rate for our cost-of-living adjustments, which for 2023 is 8.7%. The 10% in the budget also leaves some for merit raises. Board Member Bott said Brigham City's is 7% with merit.

Vice Chairman Forsgren noted that the tentative budget reflected a tax increase to .0003, the maximum allowed. The budget will need to be adjusted if the board decides to approve a lower rate.

There was a discussion on the process of adjusting the tax rate.

Board Member Bott made a comment to the Chairman, based on the area that I am Trustee over and comments made tonight, and that have been received over the last couple of weeks, I will be voting no on the proposed budget because of the tax rate. I haven't had anybody in favor, and I need to represent the people that have been contacting me, which has been overwhelming. It is not just the two or three we saw here tonight from Brigham City and the surrounding area; there have been a couple hundred.

Board Member Bott also added, if the gentleman that made the comment about seeing black and white could see the cost of pipe, valves, and everything else he would understand the need for an increase. Board Member Carter compared paying taxes to the District to paying taxes to the School District to educate the kids, even when they do not have children in the schools. It is the same concept.

Financial Chairman Holmgren said the comparison between the District and the mosquito abatement district is they only have one source of income, whereas we can sell water, and we can increase our rates. It would not be enough to sustain the District, but we at least have one other source of revenue.

Further discussion included: If the legislation (Senator McCay's proposed bill) goes through that was talked about tonight, we will have to triple our rates. A couple of the big districts in the state have a philosophy that if that bill were to pass, you can anticipate zero growth in the state of Utah.

Conservancy Districts need to be able to be a little ahead of the game, or development will have to stop. There was also discussion on the Governor's announcement that is putting new water rights on hold and the effect it will have on future development and developing Bear River water and the costs to develop surface water. Then water will become extremely expensive. They discussed exceptions to this and the confusion it will cause.

A motion was made by Vice Chairman Forsgren to approve the 2023 Tentative Budget as presented. The motion was seconded by Financial Chairman Holmgren. Chairman Fridal, and Board Members N. Capener, Summers, Carter, and Larson voted in favor of the motion. Board Members Bott and J. Capener voted against the motion.

2023 Budget Public Hearing Date and Place

A motion was made by Financial Chairman Holmgren to set the Budget Public Hearing for December 14, 2022, at the BRWCD Office, at 6:00 PM. The motion was seconded by Board Member Larson. Chairman Fridal, Vice Chairman Forsgren and Board Members N. Capener, J. Capener, Summers, Carter, and Bott voted in favor of the motion.

Chairman Fridal announced he was resigning as a Board Member due to a scheduling conflict that makes him unable to attend future board meetings. This will likely be his last meeting.

A motion was made by Board Member Bott to adjourn the meeting. The motion was seconded by Vice Chairman Forsgren.

The meeting adjourned at 7:10 PM.