

**MINUTES OF THE
WATER ISSUES TASK FORCE**

Tuesday, June 14, 2011 – 5:00 p.m. – Room 450, State Capitol Building

Members Present:

Sen. Peter C. Knudson, Senate Chair
Rep. Patrick Painter, House Chair
Sen. Margaret Dayton
Sen. Scott K. Jenkins
Sen. Benjamin M. McAdams
Sen. Aaron Osmond
Rep. LaVar Christensen
Rep. Susan Duckworth
Rep. Kay L. McIff
Rep. Michael E. Noel
Rep. Douglas Sagers
Rep. Larry B. Wiley

Members Absent:

Rep. Melvin R. Brown

Staff Present:

Mr. J Brian Allred, Policy Analyst
Mr. Nathan W. Brady, Policy Analyst
Mr. Tracy J. Nuttall, Associate General Counsel
Ms. Wendy Bangerter, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.leg.utah.gov.

1. Committee Business

Chair Painter called the meeting to order at 5:10 p.m. Members of the Committee introduced themselves.

2. Review of 2011 General Session H.B. 428, "Water Issues Task Force"

Mr. Brian Allred, Policy Analyst, reviewed 2011 General Session H.B. 428, "Water Issues Task Force," which defines the duties of the Task Force to make recommendations on nonprofit mutual benefit corporations in state statute as they relate to mutual water companies and financing water development. He noted that the law provides for members to be paid their salaries, but reimbursement for lodging and meals will not be paid.

Rep. Painter stated that the financial needs for water issues in the next few years is very daunting. He stated that the Task Force will be studying how the state can utilize sales tax to fund water issues similar to how school districts utilize income tax through the WPU. He explained that the nonprofit mutual water company has been the vehicle used in the past, but over the years other entities have been added. He also explained the need to rewrite the nonprofit code to separate out the water property rights from other unrelated, non-profit entities.

3. Water Development Financing

Mr. Fred Finlinson, Utah Water Coalition, distributed a memo providing a historical background of legislative efforts to encourage, enable, and provide financing for water development. He distributed and reviewed a second memo from the Utah Water Coalition Public Finance Working Group addressing potential financing enhancements of water projects in the state. He stated three areas of concern: 1) state project financing; 2) projects developed by local districts and municipalities; and 3) the state's responsibility for projects. He noted that a significant amount of state and local capital has been spent on flood mitigation efforts since 1983.

Mr. Dennis Strong, Director, Division of Water Resources, reviewed a presentation, "Utah Board of Water Resources Funding." He stated that water resources has been a good program in the past and he encouraged the Legislature to look forward to larger state projects with less federal funding. He voiced

his support to the Legislature as they discuss future needs and fund additional projects.

Mr. Scott Robertson, Lewis, Young, Robertson, and Burningham, explained his expertise with water districts. He discussed how to leverage the state's credit rating similar to the school's guarantee program to fund water projects.

Mr. John Crandall, George K. Baum & Company, explained that his company is an investment banker and does water and sewer district financing. He answered questions regarding how to create a stronger credit strength and what it would cost.

4. Future Water Needs

Lieutenant Governor Greg Bell gave a presentation, "Utah's Water Future." He reviewed compact and treaty apportionment based on current hydrology, the statewide water budget, population growth from 1996 to 2006, and Weber Basin flood potential this year. He emphasized that Utah does not presently have adequate water storage.

Mr. Dennis Strong, Director, Department of Natural Resources, assisted in answering questions from the task force members.

5. Nonprofit Mutual Benefit Corporations (Mutual Water Companies)

This item was not discussed.

6. Other Committee Business

Chair Painter recommended that the Task Force meet on the Tuesday afternoon just prior to interim day each month, the next meeting being July 19, 2011. The task force members agreed.

7. Adjourn

MOTION: Rep. Christensen moved to adjourn the meeting. The motion passed unanimously. Sen. Knudson was absent for the vote.

Chair Painter adjourned the meeting at 7:30 p.m.