

# Executive Document

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## **Governor, Administration: Rescinding and Reestablishing the Executive Water Finance Board, Utah Exec. Order No. 2019-6**

Issued: October 1, 2019

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### EXECUTIVE ORDER

#### Rescinding and Reestablishing the Executive Water Finance Board

WHEREAS, the Executive Water Finance Board ("Board") is providing an essential service;

WHEREAS, additional, full-time members of the Board will provide important contributions to the Board's work;

WHEREAS, Utah is consistently ranked by the United States Census Bureau as one of the fastest growing states in the country;

WHEREAS, a clean and plentiful water supply is critical to the health, welfare and prosperity of Utah;

WHEREAS, Utah is one of the driest states in the nation and water use and conservation is a topic of significant concern;

WHEREAS, the United States Geological Survey indicates that Utah has one of the highest per capita municipal and industrial water use rates in the nation;

WHEREAS, assuming current municipal and industrial water usage rates continue unchanged, the demand for water will exceed supply in coming decades;

WHEREAS, most of Utah's projected population growth will occur in areas that will require a combination of increased conservation, new water resources, and more efficient use of existing infrastructure;

WHEREAS, the federal government has greatly reduced its participation in paying for water projects;

WHEREAS, new development and growth frequently occurs in agricultural areas and conversion of that land may allow for conversion of those existing water resources;

WHEREAS, more judicious use of existing water could delay the need for the construction of new major water development projects;

WHEREAS, the estimated costs of repair and replacement for existing water and wastewater infrastructure is billions of dollars for the coming decades;

WHEREAS, expanding water infrastructure is expensive, and requires increases in local water rates and potential increases in taxes statewide;

WHEREAS, state funds are currently allocated to finance certain water projects;

WHEREAS, current requests and proposals for future water projects involve the use of state tax dollars and state bonding capacity--often with delayed and indeterminate repayment schedules in excess of several decades;

WHEREAS, Utah's water user rates are among the lowest in the country, due both to a favorable natural topographic condition and public policy decisions to subsidize water use;

WHEREAS, the Legislature has appropriated funds for rebates to improve outdoor watering efficiency, which may help to reduce future per capita demand for outdoor water;

WHEREAS, technological advancements and analytical tools that provide additional information to water users have proven successful in reducing water use in implemented locations throughout the state;

WHEREAS, many customers have not been paying the true cost of water due to tax subsidies and failure to build budgetary reserves for repairing and replacing existing infrastructure;

WHEREAS, Utah needs a comprehensive view of water management and other strategies, including an understanding of the role of meaningful price signals on water demand;

WHEREAS, it is in the best interest of the taxpayer and the state to ensure the highest return on every taxpayer dollar invested;

WHEREAS, a prudent study of the fiscal implications of water delivery must be considered prior to state commitment to and involvement in any major water project;

WHEREAS, while other committees and task forces have been established to review water policy, none focus on the financial, budgetary, and economic impacts of significant, state-sponsored water projects and none have the required expertise to thoroughly analyze the financing models, bonding scenarios, and budgetary impacts of such projects.

NOW THEREFORE, I, Gary R. Herbert, Governor of the State of Utah, by virtue of the authority vested in me by the Constitution and laws of the State of Utah, do rescind Utah Executive Order No. 2017-5, dated June 13, 2017 and hereby reestablish the Executive Water Finance Board and order the following:

1. Purpose -- The Executive Water Finance Board shall provide detailed review and analysis of proposed major water projects that would rely on state funding and financing to:

a. ensure the State of Utah maintains a financial policy related to water that is fiscally prudent and sustainable;

- b. ensure Utah's limited water resources are used wisely;
- c. conduct financial and economic reviews and analysis of proposed water projects that may rely on state funding and/or financing; and
- d. examine the financial and economic aspects of both the demand for and the supply of water.

## 2. Membership

- a. The Executive Water Finance Board shall include the following members appointed by the Governor:
  - i. a representative of the Governor's Office of Management and Budget;
  - ii. the State Planning Coordinator;
  - iii. the State Treasurer, or their designee;
  - iv. a representative of the private sector with extensive experience in bonding and financial markets;
  - v. a representative of local government with extensive experience in water related issues and water infrastructure;
  - vi. an individual with extensive experience in economics;
  - vii. a representative of the Division of Drinking Water within the Department of Environmental Quality;
  - viii. a representative of the Division of Water Quality within the Department of Environmental Quality; and
  - ix. a representative of the Department of Natural Resources
- b. The Governor may appoint additional members to the Board.
- c. Members shall be appointed to serve 4-year terms.

## 3. Governance

- a. The Governor shall appoint the chair of the Board.
- b. The chair shall establish the Board's agenda and meeting schedule.
- c. The Governor's Office of Management and Budget shall provide staff support for the Board.
- d. The Board shall meet as often as is needed.

## 4. Duties - The Board shall:

- a. analyze the fiscal and economic impacts of proposed water supply projects;
- b. provide a public forum in which to discuss water funding and financing scenarios, data, and the potential conservation impacts of changes in water

prices;

c. recommend strategies to minimize the financial burden to state taxpayers related to water projects, use state funds invested in water in the most prudent manner possible, and use market-driven solutions to more efficiently direct existing resources;

d. review and make recommendations related to the impact of proposals and plans that impact water demand, including water prices and water demand data; and

e. make an annual report to the Governor on the status of water funding, financing, and other relevant issues by December 15th of each year.

5. This Board is authorized and shall carry out the provisions of this order until July 1, 2027, at which point it may be reauthorized.

IN TESTIMONY, WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Utah this 1st day of October 2019.

(State Seal)

Gary R. Herbert  
Governor

Attest:

Spencer J. Cox  
Lieutenant Governor

2019/006/EO

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