



Washington County's Repayment Options for the Lake Powell Pipeline

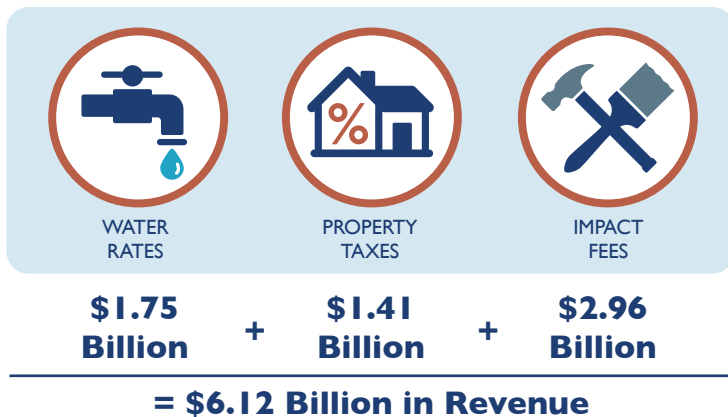
Estimated Project Cost: \$1.3 to \$2.2 billion¹

Financing: According to the 2006 Lake Powell Pipeline Development Act, the state of Utah will construct the project as funded by the Legislature, and the Washington County Water Conservancy District (WCWCD) will repay the state with interest. More than a thousand regional water projects have been built in Utah using a similar financing mechanism—all have been repaid.

Repayment Revenue Sources: The WCWCD has three primary revenue sources. The combination of these sources can generate sufficient revenue to repay the Lake Powell Pipeline costs, according to an independent audit performed by the Utah Office of the Legislative Auditor General in 2019.²

1. Impact fees – new development cost to connect to the water system
2. Water rates – user charges for water
3. Property taxes – county ad valorem tax used by water conservancy districts throughout Utah (and a number of western states) to help fund water infrastructure and public good services

Revenue Sources



Impact Fees

- The Utah Impact Fees Act³ allows fees to be charged to pay for facilities required by new development.
- Impact fees are one-time payments. WCWCD requires payment at the time a plat is recorded or upon securing a building permit, whichever occurs first.
- Current impact fees are approximately \$9,000 on a lot less than 5,000 and \$12,000 on a lot larger, around 2.5% of the median new home price.
- WCWCD impact fees are increasing \$1,000 annually through 2025, after which they are indexed to the Producer's Price Index for construction materials. Impact fees are anticipated to generate \$2.96 billion of incremental revenue through 2060.
- Washington County is projected to more than double to nearly 500,000 residents by 2060.⁴ This will lead to new home and business construction, translating into approximately 135,000 additional equivalent residential connections⁵ and associated impact fees.

¹ The January 2020 Lake Powell Pipeline construction cost estimate from the Draft Environmental Impact Statement has been updated to a January 2022 price level using the U.S. Bureau of Reclamation's Construction Cost Trends index, available at <https://www.usbr.gov/tsc/techreferences/mands/cct.html>.

² Performance Audit of the Repayment Feasibility of the Lake Powell Pipeline, Office of the Legislative Auditor General State of Utah, August 2019. https://le.utah.gov/audit/19_05rpt.pdf

³ Utah Code Ann. § 11-36a-101 et seq.

^{4,5} Utah's Long-term Demographic and Economic Projections, Kem C Gardner Policy Institute at the University of Utah, July 2017



Water Rates

- WCWCD is a not-for-profit wholesale water provider to cities in Washington County.
- The current WCWCD water wholesale rate is \$1.34 per 1,000 gallons of water.
- The total rate paid by retail water customers includes the WCWCD wholesale rate and municipal charges; it varies by municipality but averages approximately \$2.64 per 1,000 gallons for residential customers served by WCWCD.
- WCWCD's wholesale water rate is increasing gradually by \$0.10 per 1,000 gallons up to an additional \$3.00 per 1,000 gallons during the next 30 years.
- This increase translates into approximately \$1.75 billion in incremental water rate revenue for capital expenditures through 2060 when applied to total estimated water deliveries by WCWCD.



Property Taxes

- WCWCD is authorized to assess a tax of up to \$0.001 per dollar of a property's taxable value.
- WCWCD is currently levying a property tax rate of 0.000590 and plans to phase in the remaining 0.00041 to pay for capital infrastructure, including the LPP.
- As Washington County grows, the taxable value of property is expected to increase from around \$19 billion today to over \$86 billion in 2060.
- The combination of rising property values, the value of new construction, and the phase in of remaining property tax rate is anticipated to generate an incremental \$1.41 billion through 2060.

Total Resources for Capital Projects

- The combination of water rates, fees and property taxes have the capacity to generate more than \$6 billion in incremental revenue through 2060.
- These funds will be more than sufficient to fully fund Washington County's water infrastructure requirements and ensure a safe, stable and sufficient water supply for the next half century.