

Workgroup Meeting Report Out

Work Group:

Funding Workgroup Meeting #4

Date: May 18, 2020

Meeting Topics:

Agenda topics included: recap of IBCC/Demand Management Workshop; scenario planning review; discussion of funding mechanisms; and a public comment period.

The five high-level, conceptual scenarios developed throughout the year were discussed with rough funding amounts assigned to each scenario with the idea that the group could discuss funding mechanisms for specific scenarios. Considerations that went into the estimated funding amounts included: storage in all Colorado River Storage Project Reservoirs or Lake Powell only, volume of water needed, whether or not evaporative losses or transit losses were considered in the annual cost, administrative costs, whether the participation in a demand management water lease effort would have few to many participants, whether the need was acute or chronic, population trends, tourism trends, and the economy.

Key Take Aways:

The group discussed the considerations that went into the funding estimates including: the cost used for industrial water; the need to compare annualized costs for each scenario; the timeframe (a longer timeline reduces the impacts of transactional costs); the economy and tourism in light of COVID-19 have changed significantly and it is uncertain how long a rebound will take. Even with a diverse portfolio (as discussed at previous meetings) funding would likely fall short. Funding concepts that were mentioned included: user fees, lodging tax, federal sources, ad valorem taxes, risk management fees, and development fees. Any of these funding concepts could be paired with a reverse auction model where sellers bid for the prices at which they are willing to sell their water.

Questions/Concerns to Raise:

The group identified some threshold questions and issues to consider going forward, including:

- COVID-19 has changed the calculus and there will need to be a fundamental change in thinking.
- All funding concepts on the table need to be reconsidered and new taxes are very unlikely to pass at this time.
- Demand management needs to be a top priority of the state in order for the state to find funds to support a program. Tying water to the state's economy could help.
- Concern that the investigation is moving too slowly and that hydrology could force a quicker pace.

Additional technical, informational other needs:

Other:

Public comment provided additional context around costs used in the scenarios and suggestions to look at all viable options.