



**MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT**

ADMINISTRATIVE CONTROL BOARD

MINUTES

AUGUST 25, 2015

ATTENDANCE

BOARD:

CHRIS EGGLETON
BRETT MICKELSON
B. TODD HOPKINSON
MIKE TODD

STAFF:

BRIAN DAVENPORT
ANDY ARMSTRONG
MARTI GEE
SCOTT GREEN
LISA HOFFMAN
SCOTT MORRISON

EXCUSED:

MATT LINDON
MIKE KOBE

GUESTS:

BRIAN BELLAMY
HUMAN RESOURCE DIRECTOR
SUMMIT COUNTY

The Administrative Control Board of Mountain Regional Water SSD, Summit County, Utah met in Regular Meeting session **August 25, 2015** at the Mountain Regional Water Special Service District office located at 6421 N Business Park Loop Road, Suite A, Park City, Utah 84098 at 6:30 p.m. The following was the agenda for said session all times listed were general in nature are subject to change by the Board.

1. **6:30 p.m. Call to Order & Public Input:** (5 Minutes): Chris Eggleton called the meeting to order at 6:35 pm. Chris Eggleton explained the suggested times on the agenda items. He stated that they were placed there to assist the meetings to stay on schedule and are just suggestions only as the agenda's become larger.
2. **Consideration of Approve of Meeting Minutes for July 21, 2015:** (5 Minutes): B. Todd Hopkinson wanted to strike comments in Public Service A Backflow Presentation. Mike Todd item Financial E. Employment contract was given to us without any say in the matter from the County Council. The chain of command with the Council and the MRW Board was a concern for B. Todd Hopkinson and Mike Todd. Changes to the Governing ordinance concerned the Board. They discussed the purpose of the Administrative Control Board if any decision could be by-passed by the council. The MRW Board should have had input on the General Manager's contract before it came to the Council. Motion made by Brett Mickelson to approve the Meeting Minutes for July 21, 2015 with the changes discussed. Seconded by B. Todd Hopkinson. All voted yes, motion carried.
3. **Motion to move into Executive Session for Personnel:** (20 Minutes) Motion made by Mike Todd to move into Executive Session for Personnel, Seconded by B. Todd Hopkinson. All voted yes, motion carried.
4. **Motion to move into Open Session:** Motion made by Brett Mickelson to move into open session. Seconded by B. Todd Hopkinson. All voted yes, motion carried.
5. **Operations Report:** (20 Minutes): Brian Davenport and Scott Morrison reporting on the operations of the MRWSSD System.

It's been a busy summer. MRW hired 2 seasonal employees to help with Distribution system. They started with performing yearly maintenance on 175 of our private hydrants. Staff has performed maintenance on 8 PRV's so far which includes a complete rebuild or a total tear down and cleaned. 2 PRV's are in the process of being rebuilt. Many of our

older PRV's are in need of replacement. We have opted to replace all the parts in the vault instead of installing new vaults thus reducing costs considerably. We continue to check all 75 sites monthly.

Staff has repaired 3 well houses including being painted and roof repairs. This is ongoing with all our sites.(33 sites total)

We have had 9 main line breaks so far this year and repaired or replaced 6 lateral lines.

We have been doing quite a bit of work for Service Area #3 including main and lateral repairs. The Pine Meadows interconnect is complete and running smooth.

The Summit Water interconnect is complete and is running fine. Impact so far has been minimal.

The Transmission staff was busy for most of the beginning of the year with the remodel of our new Lost Canyon office complex. Staff has been replacing our current surge tank compressors with Nitrogen systems thus becoming more reliable, reducing maintenance and added power savings. Lost Canyon and Start off with production White Pine pump stations are currently running off of these systems. Dutch and McDonald pump stations are in the process of being converted.

We have completely rebuilt pumps 27 at Lost Canyon, resulting in an increase of 200-300 GPM per pump.

The Bear Hollow upgrade has begun. We are ordering parts and we will be installing roof supports, cutting a new hatch in and installing the surge tank, first thing.

The Kilby pump station has been going through a pump upgrade. 3 of the 4 pumps have been replaced and the 4th pump has been redesigned to a lower flow efficiency pump designed to run longer at lower flows.

MRW staff continues to perform monthly pump station (17 sites) checks.

The treatment plant staff continues to operate the plant efficiently and with ongoing

maintenance.

Staff is in the process of replacing the carbon for the first time. When the carbon was taken out we discovered the tank interior lining was corroding. We had to hire specialists to repair the lining. We are currently remodeling the lab/office.

The floating tube settle decant project is underway and is currently being built. This will enable us to reuse our waste water. Estimated delivery is September sometime.

Throughout our pump maintenance and replacements we have Scott start to model our pumps to make sure they are in fact the right pumps and if we can make them more efficient.

We are in the process of acquiring emergency fuel storage to be located at the plant.

MRW is scheduled to have our State sanitary survey on September 15th and 16th .

MRW staff continues to have by-weekly safety meetings.

Staff continues with ongoing educational opportunities through Rural Water and Weber Basin.

Lost Canyon 769,000,000 17 % increase 12 % increase pc 319,000 4% over last year and well production 197,000,000 11% increase over last year.

6. Financial:

A. Discussion and Consideration of Approval of General Manager Employment Contract (10 Minutes) The Board decided in Closed Session to have Chris Eggleton, Brian Bellamy, Scott Green and Andy Armstrong exchange drafts of the General Manager Employment Contract with the discussed changes for review and approval and pass the final version to the entire MRW Board for review and on the next Board meeting schedule.

B. July Financial Reports (15 Minutes): Thru July change in new positions is \$1.19 million

or \$1.11 million better than projected as development related collections are \$926,691 (92.2%) ahead of budget. This includes meter connections fees, impact fees, SID & SAA Assessments, a lot sale, and engineering & inspection fees. Unbudgeted 2015 wholesale water sales will be collected as Summit Water purchased 400 acre feet of District water. The estimated 2015 benefit is \$175,000. It is proposed this be put in a regionalization reserve to help fund an estimated \$275,000 in annual regionalization cost the District will incur starting in 2019.

Building Activity remains strong over the past year with 81 new connections thru July 2015, compared to 64 thru July 2014. This is a significant increase over the past five years, and is the main contributor to the District strong 2015 change in net position.

Water sales below budget projections due to cool wet weather by \$260,267. Since the amount of impact fees collected to date has significantly exceeded budget, an additional \$250,000 was used to pay 2015 debt service beyond what was budgeted.

This was originally done to cover the cost of higher than expected repairs earlier in the year. Since then, repairs have leveled off to normal levels, meaning the \$250,000 unrestricted cash that was freed up can be used to mitigate the Water Sales shortfall. Other Revenue includes late fees, penalties, contracted services and amortized grant revenue, among other items.

It is proposed the District use an additional \$200,000 of impact fees to pay debt service on 2015 to allow a \$200,000 transfer of unrestricted cash to a newly established regionalization reserve. This transfer would be in addition to the \$175,000 in net 2015 regionalization fees that could also be transferred to the reserve; bringing the total 2015 contribution to the reserves to \$375,000.

The regionalization reserves would then be used to prepay debt for a few years starting in 2019 in order to reduce the 2019 rate increase, and phase in the remaining rate increase needed over several years.

(See Scott Green Report Monthly Un-Audited Financial Summary)

- C.** Consideration of approval of the June & July Check Register: (5 Minutes) There was a questions about the check to Robert Siddoway. Scott Green explained that it is a check for the easements in Peoa for the Wells next to the Weber River it is tied to the loss of hay on the property by the owner Robert Siddoway. Scott Green bases the prices on the hay prices that year for the amount of land in the easement. The Board also asked about renegotiating the easement with Siddoway, but Andy Armstrong stated that the County does not like to condemn easements and that option was not available. B. Todd Hopkinson made a motion to approve June and July Check Register. Seconded by Brett Mickelson. All voted yes, motion carried.
- D.** Preliminary Budget Discussion: (20 Minutes): The Board would like Scott Green Budget presentation on a power point presentation. The Board would like to have the culinary and raw connections separated in the budget. The Board also requested that the 2014 revenue average be used for the base of the 2016 projections. The Board discussed the seven year average for water revenues collection. The Board also discussed the Impact fees projections for 2016. They suggested using 2014 same and 2015 and 10 year average for new connections or 80 new connections. There are pre-paid impact fees for Silvercreek Project. Those will most likely be the first ones used on the new project. They will pay stand by fees. Partial and full impact fees are owned by the developer. Scott Green will use the discussed approaches for the 2016 Budget.

E. Proposal to Create a Regionalization Reserve Fund: (15 Minutes): Scott Green presented a recommendation to establish a Regionalization Reserve Fund to the MRW Board. The excess impact fee collections can be deposited between now and 2018. Beginning in 2019 the District could use the reserves to prepay or defease debt over the following three to five years in order to phase in the large rate increase anticipated for 2019. This rate increase is needed to address the increase annual debt payments and a new annual regionalization fee that goes into effect in 2019. The Board also discussed the ability to have small rate increases to address the changes to the debt in 2019 to offset a large rate increase. Motion made by B. Todd Hopkinson to establish a Regionalization Reserve Fund up to 200,000 at the end of year, and review to make sure that amount could be established. Seconded by Brett Mickelson. All voted yes, motion carried.

F. June 2015 Cash Report: (5 Minutes): MRW Administrative policies require Scott Breen to provide the Control Board with a semi-annual cash report. This report is for the period ending June 2015. The District cash position has increased the past three years due to rate increases, and a much improved housing economy. In addition, the District issued bonds in December 2014 of which \$7.49 million has yet to be spent. The District has three financial institutions, Wells Fargo Bank, State Public Treasurers Investment Pool, and Wells Fargo Corporate Trust for a total amount of \$14,760,535. (See MRW Semi-Annual Cash Report)

G. Other: (5 Minutes) None.

7. General Manager Updates:

A. Weber Basin Regionalization Update: (10 Minutes): Andy Armstrong stated that in the annual letter to Weber Basin he stated that MRW could deliver 600 acre feet of water to anyone that would want to enter into a take or pay contract. Andy Armstrong

asked Scott Morrison to model the delivery of water and see if any additional water could be available. Andy Armstrong would like to put more water on the table for take or pay contracts during the non-peak season. Andy Armstrong would like to give Summit Water Distribution a different type of pricing for snow making water. (See Atkinson Water Supply Update Effects of water delivery to Summit Water) Scott Morrison used 2013 at high demand peak day to set base line demands at high levels. He used 700 gpm. during the day and 400 gpm. at night for the demand of water. Andy Armstrong also told Park City that MRW could provide more raw water to Park City. This could be revenue in addition to MRW current revenue.

- B. New Tank Site Update: (5 Minutes):** Andy Armstrong updated the Board on the Park City owned property that the new Atkinson tank is proposed to be built. The Park City Staff met with Doug Evans and Andy Armstrong and told them that some community benefits would need to be built to obtain an easement from Park City. Some of the benefits would be a trail that would be 10,000 linear feet and 10 feet wide trail. Estimated costs for the trail range between \$75,000 and \$175,000. This tank would not be for regionalization projects, but enhance MRW ability to serve water to MRWSSD customers. The tank easements would be 7 acres of land and would beautify the existing state of the land where the rock quarry exists. Tom Daley will be writing an easement agreement that MRW and Park City will need to approve. Andy Armstrong explained that he plans on starting the trails and the tank at the same time. The Board discussed the trails and told Andy Armstrong to contact Park City and see if MRW could write a check for the trails and not build them, agree with a price for the project. Andy Armstrong stated he was concerned about the cost of the trail if MRW did not build them. Mike Todd seriously suggested that Andy try to write

Park City a check for the trails. The Board also discussed the possibility of a ribbon cutting ceremony on the trails completion.

- C. Bison Bluff Well Update: (5 Minutes)** Bison Bluff well permitting underway low impact permit and approvals from promontory trying to get a erosion control and encroachment permit. The well bids will include a noise mitigation plan. Rich Sonntag was not too cooperative on the noise mitigation plan so Andy Armstrong met with Tom Fisher Summit County Manager to discuss the issue. The bid opening will be before the next Board meeting. The well drilling will be completed by April 15, 2016. There will be a block out work schedule for Christmas to New Years and Sundance. If any homeowners are upset Andy Armstrong will try to mitigate the issues.
- D. Rockport Estates Update: (5 Minutes):** Marti to attend their board meeting Sept 10, 2015.
- E. Other:** Doug Evans received the National Rural Water for Energy Efficiency. Summit County Concurrency Program is being discussed by Andy Armstrong and Andy Garland from Summit Water Distribution and Dan Schofield from Gorgoza Mutual Water Company. Summit County Public Health Department wants a consensus of the three largest water companies on what to do with Concurrency. The new proposed plan will save MRW a lot of money.

8. Public Service:

- A. Utah Rivers Council Rain Water barrels discussion potentially 2016: (5 Minutes):**
Marti will discuss this with the Board early next year to see if MRW would like to participate in this program.
- B. Other:** Set Date for the September 2015 Board Meeting. Sept 17 appears to be a good date for most Board members.

9. Other: None.

10. Adjourn: 9:35 adjourn.

Pursuant to the Americans with Disabilities Act, individuals needing assistance attending the September 17 , 2015 at the at the Mountain Regional Water Special Service District office located at 6421 N Business Park Loop Road, Suite A, Park City, Utah 84098 at 6:30 p.m. please contact Marti Gee to make arrangements for assistance.