



MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

ADMINISTRATIVE CONTROL BOARD

Minutes

September 13, 2018

BOARD MEMBERS:

Mike Kobe
Bob Neumeister
Karin Wilson
Tim Dougherty electronic attended
Ian Schofield

STAFF:

Scott Morrison
Marti Gee
Lisa Hoffman
Chris Braun
Brian Davenport
Steve Anderson

GUESTS:

Susie Becker from Zions Bank
Dave Thomas Civil Deputy Summit County Attorney

1. Call to Order and Public Input:

6:01 call to order by Mike Kobe. No public attended, no public input.

2. Executive Session - Personnel and Legal:

Ian Schofield made a motion to move into Executive Session. Seconded by Karin Wilson. All voted yes, motion carried.

3. Move to Open Session:

Motion made by Karin Wilson to move into open session. Seconded by Ian Schofield. All voted yes, motion carried.

4. Consent Agenda:

- a. Approval of the August 16, 2018 ACB Meeting Minutes
- b. Approval of the July 2018 Check Register
- c. Approval of Surplus Vehicle
- d. Board Meeting Schedule revised 2018
- e. Approval of Revisions to the Staff Engineer Job Description

Motion made by Bob Neumeister to approve the Consent Agenda. Seconded by Ian Schofield. All voted yes, motion carried.

5. Questions on Department Updates:

Mike Kobe asked about the Peak day this year and did we have any issues in delivery. Brian Davenport stated that we did not have any issues with delivery of water so far, but wanted to review September's usage to determine the peak day for 2018. In the past July has been the peak month and it has trended later in the season. Bob Neumeister had a question about the Backflow Letters. Marti Gee stated that each customer with a testable backflow device was sent a letter if their test was due that month for each testable device. Bob also asked if customers received letters if they did not have devices. Marti replied that backflow letters are only sent out to customers with testable backflow devices.

6. Work Session 2018 Rate Study:

Lisa Hoffman and Steve Anderson introduced Susie Becker from Zions Bank. They presented the Rate Study from Zions Bank. There is a proposed change in high elevation pumping rates for Colony, Preserve and Red Hawk that will reduce their high elevation pumping rate due to efficiency upgrades to the North Ridge pump station zones and times of pumping.

The report provided by Zions Bank proposes two different rate structures that will provide sufficient revenues for the District through 2027. The First option considered increases to both the base rates and the usage rates, while the second option only increases the District's base monthly rates.

In addition, changes to District fees for other services such as high elevation surcharges, standby fees, connection fees, inspection fees, wheeling fees and penalties/fines were discussed. However, nearly 70 % of District revenues come from the base and usage fees charged monthly to customers in the District.

Option of 1 or 2 was discussed by the Board Members and Staff. Improved efficiency was the reason for the High Elevation Fees being decreased.

Karin Wilson made a motion to recommend the adoption of the MRW Staff's recommendation of Option 1, a 3% increase to the base and usage rates. Seconded by Ian Schofield. All voted yes, motion carried. Lisa Hoffman commented that the rate hearing on the new rates would be scheduled for October 25, 2018 during the normal October Board Meeting.

7. Financial Management: Lisa Hoffman

- a. July 2018 Financial Report: Through July 2018, change in net position (net income) is \$1,494,776 better than projected. This positive variance resulted from higher revenue that exceeds projections by \$879,543 (15%) primarily due to higher impact fees of \$401,730 and higher retail water sales of \$453,005. Additionally, expenses are \$127,133 (2.4%) lower than budgeted thus also contributing to the positive variance. The current Operating Cash & Reserves balance of \$4.01 million represents a healthy 227 days reserves compared to 188 a year ago. So far in 2018 there are 55 new

connections which is lower than the four year average of 72. Year-to-date water consumption by District customers was 13.1% above the average over the past four years of 1,1170 acre feet.

b. Other: None.

8. Legal: Dave Thomas

a. Dave Thomas gave an update on Community Water. The Annexation and Transfer of Assets has not occurred yet. It was scheduled for August 31, 2018 and MRW was going to take over operations and possession of all equipment and property on Sept 1, 2018. There are a number of things that need to be done before MRW closes.

Easements are needed. Dave listed all of the easements for the Board. There are five easements that need to be completed by Community Water. There is now a need to amend the annexation agreement because it did not close on time.

Community Water needs to provide the exact amount of reimbursable costs that will be paid back from the loan from Drinking Water and the backup documents for the reimbursements canceled checks and invoices need to be provided and approved. Public Service Commission and the DDW will want to make sure things are not double counted.

Also the 2 Lodges that are leased and operated by Vail need water and an agreement for water from MRW. MRW did not want to own the infrastructure on the mountain, we preferred to just deliver the water with a surplus water agreement to TCFC and Vail. Apparently TCFC needs to decide where they will get water for the Lodges.

MRW also needs an agreement to upgrade the current infrastructure connection with Summit Water.

These are the things that are holding up the closing and Dave told Community Water and the MRW Administrative Control Board that whatever month MRW closes it will need to be closing at the end of the month for billing purposes. The Bond and the Closing of the Annexation may end up being at approximately the same time. Annexation needs to occur before the closing on the bond.

The interconnect is complete as far as deliverable of water, but Community Water have chosen not to use MRW water due to the Interruptible rates that apply. The Community Water Treatment plant cannot run anymore, it appears to be beyond repair. Summit Water is running the Community Water system.

b. Other: None.

9. General Manager Comments: Scott Morrison

Scott complemented Lisa and Steve for their diligent and dedicated work on rate study.

10. Adjourn:

Pursuant to the Americans with Disabilities Act, individuals needing assistance attending the

meeting, September 13, 2018 should contact Marti Gee to make arrangements. The next MRW Board Meeting will be held on October 25, 2018.