



**MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT**

APPROVED JUNE 14, 2018

ADMINISTRATIVE CONTROL BOARD

MINUTES

May 10, 2018

ATTENDANCE:

BOARD MEMBERS:

Chairman: Mike Kobe
Vice Chairman: Bob Neumeister
Tim Dougherty
Ian Schofield
Karin Wilson

STAFF:

Andy Armstrong
Lisa Hoffman
Steve Anderson

SUMMIT COUNTY STAFF:

Jami Brackin: Deputy County Attorney
Brian Bellamy: Director of Personnel Management

GUESTS:

Jason Waterson: Utah Local Government Trust
Ian Robbins: Osborne, Robbins & Buhler, PLLC

The Administrative Control Board of Mountain Regional Water SSD, Summit County, Utah met in Regular Meeting session at a special location on **at the Park City Fire District Administrative Offices located at 736 Bitner Road, Park City Utah, 84098 on May 10, 2018 at 6:00 p.m.** The following was the agenda for said session.

- 1. Call to Order & Public Input:** Mike Kobe called the meeting to order at 6:00 P.M. No public input.
- 2. Motion to approve the April 5, 2018 Meeting Minutes:** Bob Neumeister made a motion to approve the April 5, 2018 Meeting Minutes. Seconded by Karin Wilson. All voted yes,

motion carried.

3. **Tap Award:** ULGT Jason Waterson presented the Trust Accountability Award for the third year in a row to MRW. ULGT helps members with their risk management programs to avoiding losses. One of the Tap requirements is to check the driving records of employees. The refund received by MRW for the good record keeping is \$1,758.00 and MRW will receive a discount of 4% on next year's premiums. The Board Members thanked Jason Waterson for the Award.

4. **Mountain Regional Water Special Service Audit Presentation: Mountain Regional Water Special Service District Financial Statements, Supplementary Information and Report of Independent Certified Public Accountants December 31, 2017 and 2016 Osborne, Robbins & Buhler, PLLC:** Ian Robbins presented the Audit. The Audit went very smoothly for the first year at MRW. He thanked Lisa Hoffman for the hard work in preparation for the Audit. Internal Control Report had no findings of concern. Discussion occurred with the pension that MRW must fund with the Utah Retirement System. It changes each year based on State mandates. Ian Robbins stated to the MRW Board that MRW is a well governed organization and financial statement are in good working order.

5. **Financial:**
 - a. Presentation of the March 2018 Financial Summary: Lisa Hoffman made a presentation on the Financial Summary of MRW. (See report) Impact Fees are higher than projected primarily due to LV4 in the Canyons. This summer may be a high usage summer people are already watering their lawns. MRW customers are on track with their historic water usage for this time of year. The Water Tank at Silver Creek is complete and has been checked for water leaks. MRW will begin to install the inside plumbing components at the pump station and should be complete by the end of the year. Karin Wilson asked for an update on the Meter Change Out Program. Marti Gee provided a update on the meters that have been changed out and the areas that have the new meters for the Board. Marti would like to make a brief presentation next month or so for the Board and show them the Badger Meter website. Karin stated that she was concerns about the old water meters if they were reading accurately and if they may cause a water loss that we could solve. Bob Neumeister had some concerned about the revenue that the District makes on the water sales. The water sales and cost of production need to be looked at. With the increase of water sales, there doesn't appear to be a direct correlation with the revenue. If Park City takes all of its water, the power costs will also increase. Park City's other sources of water include Jordanelle SSD water out of the treatment plant and wells. The water loss for MRW is about 14% according to Andy Armstrong. In the meter report to the Board a section shows that the Colony cannot send out or receive the meter information. The Badger technical support is trying to solve this problem. Bob Neumeister has concerns about the Backflow Program and testing. He understands about the water quality concerns but has concerns that MRW is the only one requiring Backflow testing in this area. Andy Armstrong explained that Park City is beginning a program and Summit Water Distribution are beginning similar programs. This is a State of Utah requirement and further discussion will occur in future meetings.
 - b. Consideration of Approval of March 2018 Check Register: Lisa Hoffman went over all of the check over the threshold of \$10,000.00. (See report.) Motion made by Bob

Neumeister to approve the March 2018 Check Register. Seconded by Karin Wilson. All voted yes, motion carried.

- c. Consideration of Approval of P. O.: None presented.
- d. Other: Lisa Hoffman talked to the Board about the necessary Rate Study that needs to be done and she raised the possibility of Scott Green potentially assisting with the rate study. His time would be limited due to the restraints of the Utah Retirement System. The Board discussed the need for other quotes including Zions Bank and possibly a few others. Jamie Brackin will provide other names to Lisa to get quotes for the rate study.

6. Legal:

- a. Consideration of a Positive Recommendation of Petition to Annex and a Resolution annexing Certain Real Property to the MRW District of FRSTW-AM-F2-B to the Governing Board Of MRW of FRSTW-AM-F2-B Map and Petition and Resolution attached: Andy Armstrong presented the project that would like to be annexed. There is MRW infrastructure adjacent to project. Tim Dougherty made a motion to make a Positive Recommendation of Petition to Annex and a Resolution annexing Certain Real Property to the MRW District of FRSTW-AM-F2-B to the Governing Board Of MRW of FRSTW-AM-F2-B Map and Petition and Resolution. Discussion took place about the available capacity in concurrency. Andy stated that MRW has approximately 2000 ERCs available in concurrency and the Hotel was approximately 34 ERCs. There was a discussion about additional customers and triggering a new water project for ratepayers. This project has a very small impact on the existing ERCs that MRW has in concurrency. The motion was seconded by Bob Neumeister. All voted yes, motion carried.
- b. Update MRW for the Annexation and Asset Acquisition Agreement: Andy Armstrong stated that the Agreement is moving right along and the only issue that he is aware of is that of outstanding easements. Dave Thomas wants more specific easements for the agreement and TCFC council thinks it has what are required. It will be on the County Council agenda for May 27, 2018. There is a need for an easement for a PRV that is going to be combined and TCFC thinks the location is in a major area for development. There is further discussion needed on this location for the vault.
- c. Other: None.

7. General Manager Update:

- a. Glenwild Pipeline Update: Andy stated that despite only two quotes that are they got really good quotes. The contract was approximately \$50,000 and will be finished in a month. MRW is working with the HOA on the details of construction schedule.
- b. Update on Interconnect Agreement with Community Water: It took four weeks after the MRW board and Aqua Engineering signed the engineering agreement that Community Water signed the agreement. Aqua Engineering will design the interconnecting vault. There have been drawings submitted to the Canyons Architectural Committee for the building that will house the interconnecting vault. MRW is waiting to get a response on what will be required by the Lower Canyons Village. Andy explained that the Community Water will be operating the system into the fall of 2018. MRW has to get the loan from the Division of Drinking Water in mid July and close on the loan before MRW can operate the system. Andy got the contract signed for the Feasibility Study for the new well. Andy Stated that he will attempt to have all of the contracts or bids in and all costs locked down with the

- exception of the well before the July DDW loan meeting.
- c. Update on Water Source Capacity and Demand Projections Meetings with Stakeholders: Present in the meeting were Weber Basin and Summit Water Distribution Co. Andy explained that the meeting went well and all parties want to get things moving straight ahead. They all agreed that 1. Feasibility study on a project to get an additional 1200 feet of water rights through the Lost Canyon Pump Station. 2. Retrofit pumps to get the water up the hill. 3. An additional Water Treatment Plant was necessary. Weber Basin will not do the feasibility study in house. Such project could acquire water for up to 6 - 10 years but could cost \$10,000,000. Andy stated that it would be the Lost Canyon source implementation deal with the Davis and Weber Canal water rights. Andy thinks it is a ledger issue. Talisker and TCFC folks want to take Class D shares and give them to Weber Basin to the regionalization project. They would then have priority if Summit Water Distribution agrees that they could enter into this project for snowmaking water in the off peak season. Andy told them that they would have to invest in a raw pipeline to the Canyons and that is where another Water Treatment Plant could be built. Andy stated that he told them to work with Andy Garland and Weber Basin and time is of the essence with the potential upcoming project.
 - d. Other: None.

8. Motion to move into Executive Session for Personnel & Legal discussion: Bob Neumeister made a motion to move into Executive Session for Personnel & Legal discussion. Seconded by Tim Dougherty. Motion passed unanimously.

9. Motion to move into Open Session: Ian Schofield made a motion to move into Open Session. Seconded by Tim Dougherty. All voted yes, motion carried. Karin Wilson made a motion to approve the letter as discussed and amended in executive session. Seconded by Ian Schofield. Motion passed unanimously.

10. Adjourn: Meeting was adjourned at 9:30 p.m.



**MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT**

May 10, 2018

Summit County Council as Governing Body
Mountain Regional Water SSD
P.O. Box 128
60 North Main Street
Coalville, Utah 84017

Re: Management contract of Andrew Armstrong

Dear Council Members:

As the Administrative Control Board for Mountain Regional Water Special Service District (“District”) we have been made aware of alleged deficiencies in the ongoing management of the District by Andy Armstrong. With input and information provided by the County Attorney’s Office including attorneys and investigators, as well as the Personnel Department, and after thorough discussion by the Board, we believe that these concerns are of sufficient gravity that a 4-1 vote of “no confidence” was taken by the Board.

We were presented with options for recommendations to you including:

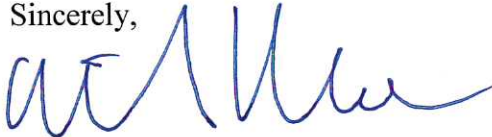
1. Moving forward with Mr. Armstrong as General Manager and renewing his contract in September;
2. Terminating the contract early with “no cause” and making payment of six (6) month’s severance;
3. Start the process for terminating the contract for “cause” and giving Mr. Armstrong formal notice of the allegations with an opportunity to be heard;
4. Immediately placing Mr. Armstrong on Administrative Leave until his contract expiration in September, 2018 with notice that the contract will not be renewed.
5. A combination of 2 or more of these, including a corrective action plan.

Having discussed this matter in executive session on May 10, 2018 and having approved this letter in open session, it is the recommendation of the Administrative Control Board that the contract of Andy Armstrong be immediately terminated "without cause" and that a severance payment as set forth in that contract is paid to Mr. Armstrong.

If the County Council acting as Governing Body for the District approves our recommendation by formal action, we hope to work with the Council on a transition plan moving forward that would allow for increased assistance from the County and the immediate naming of an interim manager while a formal search is initiated.

This was a difficult decision as there are many qualities of Mr. Armstrong which have been of benefit to the District over the years. However, given the current climate we believe a change is warranted and would substantially improve moral and the overall functioning of the District.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Kobe". The signature is fluid and cursive, with a large initial "M" and "K".

Mike Kobe, Chair
Administrative Control Board
Mountain Regional Water Special Service District

cc: Brian Bellamy
Jami Brackin