



**MOUNTAIN REGIONAL WATER**  
SPECIAL SERVICE DISTRICT

**Administrative Control Board**  
**Meeting Minutes**  
**April 18, 2019**

**Board Members:**

Mike Kobe  
Bob Neumeister (by Phone)  
Karin Wilson  
Tim Dougherty  
Ian Schofield

**Staff:**

Scott Morrison  
Marti Gee  
Lisa Hoffman  
Doug Evans  
Steve Anderson

**Summit County Attorney:**

Dave Thomas

**Guests:**

None

The Administrative Control Board of Mountain Regional Water SSD, Summit County, Utah met in Regular Meeting session on April 18, 2019 at the Silver Summit Academy located at 6407 N. Business Park Loop, Park City, Utah, 84098 at 6:00 p.m.

- 1. Call to Order and Public Input:** No public attended the meeting, there were no public comments.
- 2. Executive Session – Personnel:** Ian Schofield made a motion to move into Executive Session. Seconded by Tim Dougherty. All voted yes, motion carried.
- 3. Move into Open Session:** Motion made by Ian Schofield to move into Open Session. Seconded by Tim Dougherty. All voted yes, motion carried.
- 4. Consent Agenda:**
  - a. Approval of the March 14, 2019 ACB Meeting Minutes
  - b. Approval of the March 2019 Check Register
  - c. Consideration of Approval of P.O.

- d. Other: Tim Dougherty asked Scott a question about some comments by Park City Municipal made in a KPCW interview with Leslie Thatcher. Scott replied Park City Municipal had an interview with Leslie Thatcher about their approval to supply surplus water to Weber Basin and on to Summit Water Distribution in the future. Leslie had questions about Summit Water's water supply and had no information that MRW had been supplying water for the last 5 years to Summit Water Distribution. Scott wanted to clarify that subject with KPCW and requested to be interviewed on MRW behalf. Scott discussed the Master Agreement and how that was good for the community to share surplus water with other water companies if they needed water. Summit Water also confirmed with KPCW that they had been purchasing surplus water from MRW for the last 5 years.

There was also a question from the Board Members about the hours that staff is spending on Community Water and who is funding those hours. Scott explained to the Board that there were just a few hours that staff is currently spending, all of the consultant work is being paid by TCFC and Community Water. There is very little time that staff is spending currently. TCFC has funded the majority of the improvements thus far, MRW expended approximately \$35,000 on professional services and minor water improvements along Canyons Resort Dr. to avoid higher future costs. The new well is reimbursable from the Drinking Water Board's approved loan if Community Water completes the process of becoming MRW customers.

#### **5. Questions on Department Updates:**

- 6. Consideration of Approval of the Tank Well No. 16 Construction Contract with Lang Equipment LLC:** The Board discussed moving forward with the drilling of the Tank Well No. 16 and execute the contract with Lang Equipment LLC. The timing of the well drilling will depend on the Summit County process for the Subdivision approval for the property purchased from Snyderville Basin Water Reclamation District, where the well will be located. Lang could request for a Change Order to extend the timing on the project due to the delays related to the subdivision process. We do not expect any changes, worst case, the project could be re-bid. Tim Dougherty made a motion to execute the Contract with Lang Equipment to drill Tank Well No. 16. Seconded by Karin Wilson. All voted yes, motion carried.

#### **7. Financial Management: Lisa Hoffman**

- a. March 2019 Financial Report: Through March the change in net position (net income) is \$(70,084) – which is \$408,016 better than projected. As shown below, this positive variance resulted from higher revenue that exceeded projections by \$192,517 (9.7%); due to higher Retail Water Sales of \$107,427 and Interest Earnings of \$53,262. Meanwhile, expenses are \$215,499 (8.8%) below budget for the year, primarily due to lower repair and maintenance and personnel costs.

Revenues are down \$157,922 (6.8%) as compared to last year, primarily due to lower impact fees of \$266,956, offset by higher retail water sales of \$114,590.

Expenses are \$2.24 million, just \$31,826 (1.4%) higher than last year. Revenue through March is \$2.17 million which was \$192,517 (9.7%) ahead of projections. As mentioned above, retail water sales and interest earnings account for the majority of this variance. Development related collections (which includes impact fees) are \$36,635 (12.2%) above projected. However, as compared to 2018 Development Related Collections are \$366,127 lower, primarily due to reduced impact fee collections of \$266,956. In March 2018, the District collected an impact fee for a 36-unit condo complex in the Canyons for \$283,806. Retail water sales were \$107,427 (9.0%) ahead of projections and \$114,590 (9.7%) higher than last year. This is primarily attributed to higher winter usage than has historically been seen.

Park City wheeling fees were \$7,556 (4.3%) below projections as their usage has been slightly lower than last year, and what was expected, through March. It is anticipated Park City will take close to their full allocation of 2,900 acre-feet by the end of the year.

Weber Basin Regionalization take-or-pay contract is on budget for 2019, however slightly higher than last year to cover the increasing costs, as the amount contracted of 800 acre-feet remains the same. Other revenue was \$56,311 (102.6%) ahead of budget mainly due to increased interest earnings on higher invested balances and better returns than projected.

Operations, Maintenance & Repairs expense through March was \$1.13 million - which is \$153,514 (12.0%) under budget. These expenses are \$16,696 (1.5%) just slightly higher than last year. As the year progresses it is anticipated these expenses will be 3% to 5% higher than last year due to increased power costs, Weber Basin lease fees and higher repair and maintenance costs.

Meanwhile Non-OM&R expense through March was \$318,946 – which was under budget \$20,454 (6.0%), primarily due to reduced staff in the Public Services department that was not budgeted. These expenses are \$7,425 (2.4%) just slightly higher than last year.

Non-cash Depreciation expense through March was \$428,274 which is \$37,026 (8.0%) below projections due to several large assets being fully depreciated. Non-operating Expenses through March are \$4,505 (1.2%) below budget, so trending very much as expected.

Total cash ended March at \$14.76 million, an increase of \$2.62 million (21.6%) over year March 2018. A large portion of the increase, \$2.52 million, was in Operating Cash & Reserves due to higher than projected water sales.

Operating Cash & Reserves stand at \$6.35 million which represents a very healthy 329 days reserves compared to 230 a year ago. This is due to very strong 2018 water sales and connection fees. Policy requires 120 days minimum reserves.

Debt Reserves Held by the District decreased \$119,948 (3.8%) during March as budgeted funds were transferred out of the impact fees to help with debt payments.

The Promontory SID assessment is now fully paid and only the SAA assessment remains in place. Debt Reserves Held by the Trustee increased \$191,483 as \$298,700 was transferred in to make future payments and \$109,767 was used to make payments. The slight difference is the interest earned on the held funds. As of March, the \$1.45 million balance meets the required levels pursuant to bond covenants.

In March Regionalization Reserves increased \$3,953 (0.3%) due to interest earnings. In April, \$75,240 will be transferred into the Regionalization Reserves, this is 30% of the 1st Quarter Weber Basin payment. It is anticipated that these reserves will be used to pay down debt when callable in 2021.

Other restricted cash has increased \$128,469 (21.5%) over March of 2018 – to \$725,760 primarily due to required deposits in the Treatment Plant reserve fund exceeding expenses paid from the fund. This is slightly offset by a decrease in

Customer Deposits of \$17,116, which would indicate a slight slowdown in the building economy.

The increase through March in new water connections and related impact fees is shown below. Through March there were 29 new connections which is above the four-year-average of 22 new connections. However, the total impact fee collections were 54.7% lower. This is due to the fact that 13 of the 29 new connections paid their impact fee with prepaids thus greatly decreasing the amount of funds actually received. This also greatly impacted the average impact fee, dropping it from the four-year average of \$14,297 to just \$4,908 through March.

Through March water consumption by District customers was 4.9% above the average over the past four years at 229 acre-feet. If compared to just last year usage is up 19 acre-feet or 9.44%.

Additionally, Park City's consumption through March of 519 acre-feet is 30.5% higher than the average over the past four years, but close to the 523 acre-feet they took through March 2018. Park City has now repaired their treatment plant facility and it is anticipated Park City will take closer to their full allocation of raw water (up to 2,900 AF) for the next several years.

Summit Water has taken 253 acre-feet of water through March, which is below the 272 acre-feet taken at this point last year. Summit Water has a take or pay contract for 800 acre-feet for 2019 and it is anticipated they will take their full allotment by the end of the year.

The District's largest current Capital Project, the Community Water Infrastructure project, is currently on hold as the annexation process continues to be delayed. The District has spent \$34,057, which is primarily related to \$27,000 of line work performed last summer in an area of the project that was already under construction. The \$356,922 encumbered to date is for the well. The meter program is still underway and we anticipate contracting for the additional \$250,000 of meters in the coming months. The Silver Creek "EPA Line" has been approved by the EPA and work will begin soon to get the line installed. Vehicles currently on order include a 2019 RAM truck for \$28,992 and a dump truck at \$163,804.

- b. Other: Audit is done and will present May 9 2019 Board Meeting.

**8. Work Session on Updates to District Policy Documents: Scott Morrison & Lisa Hoffman**

Scott lead the discussion of the recommended changes.

Background: The District staff has completed a review of MRW By-Laws, Administrative Policies and Personnel Policies.

The By-Laws and Administrative Policies have been reviewed by Dave Thomas and the Personnel Policies have been reviewed by both Brian Bellamy and Jami Brackin. Their corresponding revisions and comments have been incorporated.

**By-Laws:**

Section 2.5: Functions of the Board

- Clarification regarding approval and recommended Board functions

Section 3.7: Qualifications; Election and Term of Office

- Updated list to reflect election of current Board positions

**Administrative Policies:**

Section 2.4.c: Rate Stabilization Fund - Treatment Plant Operations

- Service life updated to 7 years for membranes and 4 years for carbon

Section 4.0: Cash Receipts & Accounts Receivable

- Updated to reflect current procedures and controls

Section 7.8: Vehicle Maintenance & Upkeep

- Responsibility added to Fleet Manager to keep a record of vehicle mileage and maintenance requirements and notify drivers of maintenance requirements

Section 12.3: Cell Phone Usage

- Non-District Plan employees are reimbursed at the average in-District plan line rate and have the same phone replacement benefits afforded in-District plan members
- Cell phone replacement offered once every 12-months from the available phone options that are no cost to the District. Employees can upgrade at their cost.

**Personnel Policies:**

Sections 1-4, 7, 11, 13, 18: minor corrections and edits

Sections 15, 17: no changes

Section 5.F: Hiring Procedures

- Revised to more accurately describe the hiring procedures currently in place

Section 6.C & H: Temporary and Seasonal Employees

- Updated to mirror changes made by the County in January 2019. Clarified definition of Temporary and Seasonal employees
- The District currently does not use temporary employees, but may in the future.
- The Seasonal employee definition has changed to include “not to exceed 780 hours”. By working below this maximum, health insurance benefits will not need to be offered. If the seasonal employee exceeds 780 hours, they may become eligible for health care.

Section 8.N.6: Award Restrictions

- Revised to allow employees who may be making significant efforts since their last annual evaluation to participate. Additionally, allows for the annual bonus program to continue.
- The employee may not be undergoing a corrective action plan and receive a bonus.

Section 9: Fringe Benefits

- 9.E – Added the new Employee Assistance Plan (EAP). This program became effective for MRW employees 1/1/2019. Summit County has the same plan.
- 9.G – Vacation: Currently the District front loads vacation on January 1st, effective 7/1/2020 the District would like to begin accruing vacation bi-weekly. This will provide for much easier administration of vacation leave.
- 9.M – Parental Leave: The County adopted this policy last year and the District would also like to offer this to employees. The policy allows for four weeks of leave for both the birthing and non-birthing parent within the first twelve weeks of birth. This also applies to adoption of a child. The only difference from the County’s policy is the District would like flexibility to work with the employee and Supervisor as to how the four weeks will be scheduled. The County requires all four weeks be taken at one time.

Section 10.A.5: Personal Transportation

- Clarifies damage to a personal vehicle while on District business should be reported immediately and refers to Section 7.7 of the Administrative Policy - “Use of Personal Vehicles for District Business”

Section 12.H: Drug Free Work Place

- Updated to mirror changes made by the County in January 2019. The policy now allows employees attending events on County/District property where alcohol is being served during non-working hours to be able to participate in all activities

Section 14: Grievance & Appeal Procedure

- Updated to mirror changes made by the County in January 2019.
- These revisions more clearly define the difference between an appeal and grievance and the process used for each
- Changes the timeframe to file an appeal or grievance from 30 days to 10 days
- Changes the timeframe to appeal a decision of the Personnel Advisory Committee from fourteen to five days

Section 16.B: Worker’s Compensation

- Updated to more clearly state the process of reporting an injury and the return to work policy

**Recommended Action:**

Recommend approval of the revised District By-Laws, Administrative Policies and Personnel Policies to the Summit County Council. Upon approval by the Summit County Council we will hold a District wide meeting to review and discuss all changes with employees.

**9. Consideration of Recommendation to approve the Updated Personnel Policies, Administrative Policies and By-Laws for Mountain Regional Water Special Service District to the Governing Board of Mountain Regional Special Service District.**

Vacation: Currently the District front loads vacation on January 1st, effective 7/1/2020 the District would like to begin accruing vacation bi-weekly. This will provide for much easier administration of vacation leave. Tim Dougherty made a motion to Recommend the Approval the Updated Personnel Policies, Administrative Policies and By-Laws for Mountain Regional Water Special Service District to the Governing Board of Mountain Regional Special Service District including the 15-month maximum accrual for vacation leave. Karin Wilson seconded the motion. All voted yes, motion carried.

**10. Legal: Dave Thomas**



- a. Update on Community Water: Dave Thomas gave an update on the status of Community Water. He discussed the Hidden Creek Easement and that it was very close to being signed. The Vail easements are in Vails court to sign. The Grand Summit Interconnect is to replace a line that will be eliminated with future construction by TCFC. Summit Water attorney wanted the location moved from where it was planned. Summit Water will build the interconnect and own the interconnect on adjacent property.  
There will be another pressure point on TCFC when people want to water their lawns this spring and summer and they do not have their water treatment plant to supply water since it has failed and there are no plans to repair it. The pressure by the residents will become more difficult to manage. The only way they can get water to water their lawns is from MRW's interconnect that the current agreement does not allow for. It is for emergency fire storage only. MRW would be the only supplier with available water to supply their irrigation demands this summer. The Agreement would need to be amended to allow for the purchase of water and the pricing and rules that would apply.  
Vail wants clauses in all of the agreements that state the MRW infrastructure will never interfere with the Vail infrastructure. Dave has removed those clauses from the agreements. Dave will put more pressure on TCFC to complete the easements.
- b. Update on Franchise Agreement between Summit County and Mountain Regional Water: There was only one issue left to resolve in the Franchise Agreement, the time period for the relocation of infrastructure. Dave Thomas agrees with the time period for relocation of infrastructure proposed by Scott. Dave has made the changes to the Agreement. No Franchise fees are required from MRW.
- c. Update on Contracts related to the Western Summit County Project Master Agreement: In the new Interconnection agreement, the Interconnects are maintained by the party that is delivering water through the interconnect. The maintenance and operation of the interconnects will be paid for by the party purchasing the water from the interconnect. Weber Basin will continue to do the billing for the interconnects. Regarding the Surplus Water Agreement, Weber Basin has approved the agreement and is ready to sign.
- d. Other

**11. General Manager Comments:**

- a. Other: Considering meeting at Basin Rec for the meeting. The Board thought that the Snyderville Basin Recreation District Offices Board Room would be a good spot for the Board Meeting. Next month MRW will meet in that space.
  
- b. **Adjourn:** Motion to adjourn made by Tim Dougherty. Seconded by Ian Schofield. The time was 7:33p.m.

Pursuant to the American with Disabilities Act, Individuals needing assistance attending the meeting, April 18, 2019 could contact Marti Gee at 435-940-1916 ext. 302 to make arrangements. The next MRW Administrative Control Board Meeting will be held on May 9, 2019.