



MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

**Administrative Control Board
Meeting Minutes
May 9, 2019**

Board Members:

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

Staff:

Scott Morrison
Marti Gee
Lisa Hoffman
Chris Braun
Steve Anderson

Summit County Attorney:

Dave Thomas

Guests:

Dana Howell

The Administrative Control Board of Mountain Regional Water SSD, Summit County, Utah met in Regular Meeting session on May 9, 2019 at the Snyderville Basin Special Recreation District Office Board Room – Trailside 5715 Trailside Drive, Park City, Utah, 84098 at 6:00 p.m.

- 1. Call to Order and Public Input:** Mike Kobe called the meeting to order at 6:02 pm.
- 2. Audit Presentation: Dana Howell** Dana Howell from Osborne, Robbins & Buhler, PLLC 2019 Audit Presentation.

Dana Howell reported to the Mountain Regional Water Special Service District Board that “We have audited the Mountain Regional Water Special Service District’s (the District) compliance with the applicable state compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the District for the year ended December 31, 2018.

State compliance requirements were tested for the year ended December 31, 2018 in the following areas:

- Budgetary Compliance
- Utah Retirement System
- Open and Public Meetings Act
- Treasurer's Bond

Management is responsible for compliance with the state requirements referred to above.

Our responsibility is to express an opinion on the District's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the State Compliance Audit Guide. Those standards and the State Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the District's compliance.

Opinion on General State Compliance Requirements:

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2018.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE:

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance

with the State Compliance Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the State Compliance Audit Guide. “

- 3. Executive Session – Personnel:** No Executive Session was needed
- 4. Move into Open Session:** The Board remained in open session.
- 5. Consent Agenda:**
 - a. Approval of the April 18, 2019 ACB Meeting Minutes
 - b. Consideration of Approval of P.O.
 - c. Other

Ian Schofield made a motion to approve the items in the Consent Agenda. Seconded by Tim Dougherty. All voted yes, motion carried.

6. Questions on Department Updates:

Doug Evans received an Appreciation Service Award from the Utah Water Quality Alliance. May 1, 2019.

Mountain Regional also received a Certificate of Appreciation for establishing, meeting, and tracking the "Above & Beyond" Water Quality Goals to Serve the Best Quality Water to Customers from the Utah Water Quality Alliance. May 1, 2019.

Snyderville Basin GroundWater Policy. Scott Morrison explained briefly that a moratorium was placed on new appropriations in Snyderville Basin in the late 1990's as a result of concern that there was more water appropriated than existed in the Snyderville Basin. Doug Evans has been working hard with the State Engineer's Office to show MRW's augmentation of the Snyderville Basin watersheds, as a result of the Lost Canyon Project, and requested the ability for MRW to transfer water rights from East Canyon to Silver Creek, relieving pressure on the impaired East Canyon Creek. Although the State Engineer did not approve of MRW's initial approach, they recommended a change in the Groundwater Management Plan for Snyderville/Park City Basin to allow for such a water right transfer. There will be a State Engineer Public Meeting to discuss moving water from the East Canyon Drainage to the Silver Creek Drainage which is not expected to negatively impact the Snyderville Basin. There will be a public comment period which follows the hearing. Many entities are in favor of this policy. MRW's original request was to move 800 acre feet of water rights from the East Canyon Drainage to the Silver Creek Drainage. District Staff would appreciate attendance by MRW Board members at the May 21 Public Hearing.

7. Financial Management: Lisa Hoffman

- a. Other: None

8. Work Session on Updates to District Rules and Regulations: Scott Morrison

A discussion occurred with the proposed Rules and Regulations changes. No problems with the proposed changes were noted. Scott will bring back a final version to the June 20, 2019 Board Meeting for consideration of approval.

9. Legal: Dave Thomas

- a. Consideration of Recommendation of Approval of the Earl Street Annexation to the Governing Body of Mountain Regional Water: Motion to Recommend Approval of the Earl Street Annexation to the Governing Body of Mountain

Regional Water made by Ian Schofield. Second by Bob Neumeister. All voted yes, motion carried.

- b. Update on Community Water: Hidden creek is getting their easement signed. Vail easement is still not signed. Next week Summit County Council and Tom Fisher are going to talk to Vail about Community Water. Community Water's treatment plant failure is going to lead to challenges during irrigation season due to source deficiency. Water Service Agreements for on mountain lodges and the agreement related to the replacement of the Summit Water interconnect have not yet been signed. MRW has expended approximately \$30,000 - \$40,000 so far. The Board discussed if Community Water doesn't have enough water to irrigate this summer, MRW's reputation has exposure even though the issue is not being caused by MRW. TCFC may request provisional water through the interconnect for irrigation water.
- c. Other

10. General Manager Comments:

- a. Other: Community Water may want an amendment to the Interconnect Agreement to provide the water demands for irrigation this summer. This will most likely depend on price for the water.

Scott also discussed the possibility of buying property from Summit County. The Triangle Parcel located off of the East Frontage road of Highway 40 across from the Home Depot area may be a possibility. Development of this area has been discussed for Summit County facilities, this would be consistent with MRW's intent to build a new office and shop. MRW could have shared access with the other utilities. The MRW property known as the Promontory lot could be sold.

Summit County Council signed the Interconnection Agreement related to the Master Agreement to adjust the responsibilities of the parties related to the Master Agreement interconnects. MRW Board discussed the quarterly meetings with Summit County Council and will try to schedule a meeting soon. Scott presented the Water Quality Report and the comments need to be submitted by May 24, 2019 to be included in the final report.

11. Adjourn:

Pursuant to the American with Disabilities Act, Individuals needing assistance attending the meeting, May 9, 2019 should contact Marti Gee at 435-940-1916 ext. 302 to make

arrangements. The next MRW Administrative Control Board Meeting will be held on June 20, 2019.