



MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

APPROVED MARCH 14, 2019

Administrative Control Board
Meeting Minutes
February 7, 2019

Board Members:

Mike Kobe
Bob Neumeister
Karin Wilson
Tim Dougherty
Ian Schofield

Staff:

Scott Morrison
Marti Gee
Lisa Hoffman
Chris Braun
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 February 7, 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:** Mike Kobe called the meeting to order at 6:10 pm. No public attended the meeting.
- 2. Executive Session – Personnel and Property Acquisition:** Tim Dougherty make a motion to move into Executive Session for Personnel. Seconded by Ian Schofield. All voted yes, motion Carried.
- 3. Move into Open Session:** Bob Neumeister made a motion to move into Open Session and approve a 5% Merit increase for Scott Morrison the General Manager. Seconded by Ian Schofield. All voted yes, motion carried.
- 4. Consent Agenda:**
 - a. Approval of the January 3 2019 ACB Meeting Minutes

- b. Approval of the December 2018 Check Register
- c. Consideration of Approval of P.O. to Pall Water Technology Services for \$147,307.96 for filtration modules, associated parts, and a service and
- d. installation contract. Filtration modules will replace those in two skids at MRW Signal Hill Water Treatment Plant
- e. Other
Motion made by Karin Wilson to approve the Consent Agenda items. Seconded by Ian Schofield. All voted yes, motion carried. Scott Morrison reported on the February 6, 2019 meeting with the Summit County Council a discussion with MRW regarding water loss, energy impacts, and detection methods.
(Presentation attached)

5. Questions on Department Updates:

- (a. General Manager)
- (b. Finance)
- (c. Public Service)
- (d. Energy & Tech)
- (e. Engineering)
- (f. Operations)

6. Financial Management: Lisa Hoffman

- a. December 2018 Financial Report:

For 2018 change in new position is For 2018 change in net position (net income) is \$4.25 million – which is \$2.07 million better than projected.

This positive variance resulted from higher revenue that exceeded projections by \$1.50 million (12.5%); primarily due to higher impact fees of \$643,146 and higher retail water sales of \$960,700. Meanwhile, expenses are \$563,503 (5.7%) below budget for the year. Expenses are \$573,267 (6.6%) higher than last year, due to higher power costs, Weber Basin lease fees and higher repairs and maintenance for the year; but these increases were planned in the budget.

Total revenue for 2018 is \$13.50 million which was \$1.50 million (12.5%) ahead of projections. As mentioned above, retail water sales and impact fees contribute to the majority of this variance. Development related collections (includes impact fees) are \$868,030 (95.5%) above projected, however lower than last year. Although the number of impact fees collected has been lower in 2018, the average impact fee collected has been higher.

Retail water sales were \$960,700 (13.7%) ahead of projections and \$641,032 (8.8%) higher than last year. This is largely attributed to higher usage due to a hot dry summer.

Promontory & Stagecoach assessments are \$571,642 (29.3%) below budget. This is due to a timing difference, as the SID Stabilization Fund of approximately \$350,000 was applied to the final assessment payment in December. The funds in this stabilization account had previously been collected and recorded as revenue each year since the inception of the bond. Additionally, there were \$84,845 of SID assessments collected and recorded as revenue in 2017 that were applied to the final 2018 payment. The timing difference also holds true for the SAA assessments, approximately \$150,000 of assessments collected from Promontory were recorded as revenue in 2016 and 2017 and applied to the December 2018 bond payment. These variances were offset slightly by \$46,426 of additional Stagecoach assessments collected, as three lot owners paid-off their assessment balance in full.

Park City wheeling fees were \$60,250 (9.8%) ahead of projections due to increased usage as Park City tested their Quinn's treatment plant ahead of the take down of the Spiro treatment plant due to construction of their new treatment plant facility. It is anticipated Park City will take closer to their full allocation of 2,900 acre-feet for the next few years.

Weber Basin Regionalization take-or-pay contract was on budget for 2018, however slightly higher than last year to cover increasing costs, as the amount contracted of 800 acre-feet remains the same.

Other revenue was \$192,891 (95.2%) ahead of budget mainly due to increased interest earnings on higher invested balances than projected.

Operating Cash & Reserves stand at \$5.93 million which represents a very healthy 335 days reserves compared to 269 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 \$842,745 (19.8%) during December 2018 due to the planned use of Promontory prepaid assessment and stabilization funds to meet December 2018 bond payments. The SID assessment is now fully paid and only the SAA assessment remains in place.

Debt Reserves Held by the Trustee decreased \$2.12 million (75.5%) during December due to scheduled debt payments. The largest payment of \$1.13 million completed the payment of the 2009B bond. As of December 2018, the \$688,341 balance meets the required levels pursuant to bond covenants.

Over the past year, Regionalization Reserves increased \$381,054 (32.7%) - to \$1.55 million. It is anticipated that these reserves will be used to pay down debt when callable in 2021.

Other restricted cash increased \$123,642 (21.5%) over the past year – to \$698,618 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 \$17,783, which would indicate a slight slow down in the building economy.

Additionally, Park City's 2018 consumption of 2,114 acre-feet is 40.7% higher than the average over the past four years. As mentioned earlier, 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 took 801 acre-feet of water in 2018, which is above the 783 acre-feet taken in 2017. Summit Water had a take or pay contract for 800 acre-feet, so they will be charged for the additional acre foot taken in 2018. For 2019, Summit Water again has a take or pay contract for 800 acre-feet.

The 19.7% decrease in MRW customer usage in December is primarily attributable to a 9 acre-feet adjustment to the Utah Olympic Park account for a meter read error in November. Otherwise customers across all types (large residential, residential, condo) were down slightly from the prior year. We are in the process of finalizing the capital projects and will provide the Capital Budget section of this report with the final December analysis.

b. Other: Timeline for the Board. Annual Meet election of officers. Insert timeline.

- 7. Strategic and Capital Improvement Plan Update: Scott Morrison** Each Department met with Scott and Doug. The meetings were very productive and Scott and Doug will be working on a summary of the Strategic Plan, Goals and Self Assessments for a Final Draft of the Strategic Plan that will be presented at the March Board Meeting. Scott

discussed the 2019 Capital Improvement Plan Process and Timeline(attached). The Impact fees have been evaluated by the square footage of the homes as a basis to determine their ERC's. That process has worked out very well, so MRW plans to continue with that evaluation process.

- 8. Consideration of Approval of Surplus Water Agreement to serve Community Water System on Mountain Lodges:** Dave Thomas and Scott have been working on the Surplus Water Agreement with TCFC since August of 2018. This Agreement, between MRW and ASCU, provides for MRW to serve the on mountain lodges of the Community Water system (Sun Peak and Lookout lodges) and describes the terms under which this service will be provided.

This Agreement has evolved over time but the primary points of contention have been related to the level of service afforded the on-mountain lodges, the term of the agreement, and the termination provision. This initial revision of this Agreement aligned the level of service with MRW's Rules and Regulations for out of District customers, identifying it as interruptible and of lesser priority compared to our in-District customers. This initial revision also included a 5-year term with a 30-day termination provision in favor of MRW.

TCFC has requested an exception to MRW's Rules and Regulations to allow these out-of-District lodges to be afforded the same level of service as an in-District customer, a 20-year term, and no termination provision aside from lack of payment.

Discussion occurred with the Board Members and Staff. Motion made by Bob Neumeister to Approve the Surplus Water Agreement to serve Community Water System on Mountain Lodge including the exception they will have water service equal to any other customer in MRW, and be required to comply with MRW Rules and Regulations with the interruptible water service rate applied to the water used. Seconded by Ian Schofield. All voted yes, motion carried.

9. Public Service: Marti Gee

- a. Recognition of Stacy Blonquist-Outstanding Service By a Water Operator from Rural Water Association of Utah:
Marti Gee informed the board about the years of service Stacy Blonquist has had with MRW. She has been with the District since May of 2000. She was one of

the first employees of the District. She has worked in many jobs at the District including Customer Service, Water Operator and current Backflow Administrator. She has always been a dedicated employee and willing to assist in any project. She has always been an asset to the District. Marti explained that this is a very impressive award she has received from Rural Water. The Board wanted to attend a lunch to celebrate Stacy's award. Marti will schedule a luncheon in March and invite the Board Members.

10. Legal: Dave Thomas

- a. Summit County Franchise Agreement: Dave Thomas had a meeting with water entities on the Franchise Agreement. The other water agencies were not in agreement with Summit County on the need for a Franchise Agreements. They did not agree with Summit County customer service requirements such as emergency phone numbers, provide clear invoices of bills to customers. They would also be required to make contact with a customer that requests a service call within 30 days or respond to a complaint within 30 days and give 30 day notice to rate payers of rate increases. The water agencies that were in attendance at Summit Counties stakeholder meeting already provide these services but have concerns about Summit County's requirements. Dave asked the water companies to red line the agreement and will set another meeting to discuss the red lines. One concern that MRW has is the relocation of water lines in the County right of way. The water line cannot be relocated and complete in 20 days as required. It will take much longer and needs to be discussed further.
- b. Update on Community Water: Dave and Scott are waiting for red lines on needed easements from Hidden Creek, TCFC and Vail.
- c. Other: None

11. General Manager Comments:

- a. Property Purchase for new Well Update: Scott reported that the Commitment of Title Insurance and Seller Disclosure has been received with no issues noted. The Boundary Survey that is required for the subdivision process has been requested. Due diligence ends March 10, and no other items are outstanding. MRW is waiting for the survey to be completed. Settlement will occur 15 days following recordation of the subdivision plat.
- b. Antenna Update: Scott explained that Chris Braun and Scott are researching the Code requirements that would pertain to the North Ridge Antennas and set up a

meeting to present the requirements to the service providers. If they do not want to participate, they can remove their equipment from MRW facilities.

- c. Drought Response Planning Update: Scott, Lisa and Doug attended an American Water Resource luncheon about Drought Response and Planning. Weber Basin would be the entity that would implement municipal restrictions affecting MRW and local stakeholders.

Salt Lake City Public Utilities is updating their plan for Drought Response as well. They are relevant because they have many retail customers with many water uses similar to MRW. Scott will review these plans and will discuss further with the staff and Board and provide recommendations regarding MRW future Drought Response Plan. Scott will reach out to the the stakeholders of Weber Basin Water Conservancy District and collaborate on future drought response planning.

- d. Other: Dave Thomas was asked about the rules for personal devices used for MRW emails. The concerns were in the case of a lawsuit can personal devices be confiscated to retrieve emails from MRW. Dave answered that the emails are stored in Google and will be available from MRW so the personal devices will not be taken to reproduce emails from MRW. Some of the Board Members received an email from customer Rick Saunders. Scott will respond to Mr. Saunders on behalf of the Board on his questions.

12. Adjourn: Meeting adjourned at 8:28.

Pursuant to the American with Disabilities Act, Individuals needing assistance attending the meeting, February 7, 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 March 14, 2019.

Approved: _____

Date: _____