



**MOUNTAIN REGIONAL WATER**  
**SPECIAL SERVICE DISTRICT**

**APPROVED APRIL 5, 2018**

**ADMINISTRATIVE CONTROL BOARD**

**MINUTES**

**March 8, 2018**

**Attendance:**

**Board Members:**

Mike Kobe  
Bob Neumeister  
Ian Schofield  
Karin Wilson  
Tim Dougherty

**Staff Members:**

Andy Armstrong  
Marti Gee  
Lisa Hoffman  
Scott Morrison

**Summit County Attorney:** Dave Thomas Summit County Chief Civil Deputy Attorney

**Guests:** Fran Amendola representing some water users of the Community Water Company

The Administrative Control Board of Mountain Regional Water SSD, Summit County, Utah met in Regular Meeting session **March 8, 2018** at the Mountain Regional Water Special Service District office located at 6421 N Business Park Loop Road, Suite A, Park City, Utah 84098 at **6:00 p.m.** The following was the agenda for the session all times listed were general in nature and were subject to change by the Board.

- 1. 6:00 p.m. Call to Order & Public Input:** Mike Kobe called the meeting to order at 6:05 p.m. At this time no public attended the meeting. No public input at this time but Marti

Gee reported to the Board that there has been phone conversations with water users from Community Water that they would be attending the meeting.

**2. Motion to approve the Feb 8, 2018 Mountain Regional Water Special Service District**

**Meeting Minutes:** Karin Wilson had a question about Gorgoza being mentioned in the minutes. Andy Armstrong clarified that Gorgoza want out of Summit County Concurrency and Andy Armstrong was discussing with the Board the new Concurrency ratings he just recieved. Mike Kobe also asked if his comments were incorporated in the Minutes that he emailed Marti Gee earlier in the week. Marti Gee mentioned that she has placed them in the Minutes in the requested locations. Ian Schofield made a motion to approve the Feb 8, 2018 Mountain Regional Water Special Service District Meeting Minutes. The motion was seconded by Karin Wilson. All voted yes, motion carried.

**3. MRW Operations Report:** Brian Davenport Mountain Regional Water Director of Operations gave the Board the following Operations Report. Operations Report for March 2018:

MRW had 1 main line break so far this year in Summit Park. Finished repair the same day. Mike Kobe asked about the Freezing problems on the Weber Basin Intake for Lost Canyon. Brian Davenport explained that WBWCD owns and operates the intake. They have a new employee that is working on at the location and has to beat the ice off of the intake constantly. MRW employees have had to discuss with them MRW expectations of the water needed and the ice problems and how to mitigate the freezing issues.

MRW experienced only a couple of freeze ups this year.

Water loss calculated at 14% loss for the year. 25% is national average. Very good!

MRW staff has been working to get chlorine residuals throughout our system by

changing the way we pump and tank level operations. It's been working great. We are surprisingly moving chlorine further out into our system than we thought we could do without installing more chlorine stations. The District in the past had a water loss of 40% or higher. Scott Morrison stated that the operations department has been working very hard on trying to mitigate the water losses and reduce the annual water losses. Scott discussed with the Board the Scada on the tanks in the specific areas and the trend lines of usage to have the staff look for the water leaks in the various zones and areas. Marti Gee told the Board that the new Badger meters daily reporting of water leaks at the various locations and notifying the owners earlier about their water leaks has helped. In the past the Sensus meters were reading 30 days apart and the leak could be going for 30 days on the customer side and they are not aware until they get their bill or MRW contacts them.

The Colony pump upgrades are complete. Staff filled in all existing pump cans with pumps that the developer was responsible for.

Silver Springs upgrades to the pump station are complete. We added 2 new pumps with one being an energy efficient pump by changing the way we fill our middle zone in the Sun Peak area and another small jockey pump that augments the 2 existing large pumps. We also upgraded all the electrical components in the pump stations.

Staff is also preparing to start work on the new Silver Creek Pump Station in a few weeks on the MRW furnished mechanical side of things. The Board had no questions for Brian Davenport Director of Operations.

The Board unanimously decided to go directly at this time to 7 A with Fran Amendola attending on behalf of Red Pine HOA and Hidden Creek HOA water users of

Community Water.

- 4. 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 Karin Wilson. All voted yes, motion carried.
- 5. Motion to move into Open Session:** Motion made by Bob Neumeister to move into Open Session. Seconded by Karin Wilson. All voted yes, motion carried. Bob Neumeister made a motion to Approve the Water Quality Position discussed in Closed Session. Seconded by Karin Wilson. All voted yes, motion carried. Motion made by Bob Neumeister to approve Scott Green Retirement Party and give him a \$1,000.00 bonus. Seconded by Karin Wilson. All voted yes, motion carried.
- 6. Financial:**
  - A. Presentation of the January 2018 Financial Reports:** Andy Armstrong introduced Lisa Hoffman as MRW new CFO. The Board congratulated Lisa Hoffman on her new position. Scott Green is retiring and his last day will be March 31, 2018. Bob Neumeister explained that he had discussed with Lisa Hoffman that the Financial Presentation to the Board tonight would be brief with all of the items on the agenda tonight. See Lisa Hoffman's report attached. Lisa presented her report and Mike Kobe asked about the individual Impact Fee for MRW. Lisa responded that it is \$10,513 per ERC. There were no further questions on the report.
  - B. Consideration of Approval of January 2018 Check Registers:** Hydro Specialties for \$32,230.00, Gerber Construction Inc for \$191,581.52, Bond proceeds and MRW is paying Ferguson Enterprises Inc. North \$10,479.17, RMP for \$54,323.59, Quarterly reimbursement Colony IMA \$26,672.00 and Promontory for \$12,955.00. Siemens for

\$19,340.30, a single Impact Fee Reimbursement of \$26,672.00, Promontory Development Impact Fee Reimbursement for \$252,612.00, Wells Fargo Credit Cards and Payroll payments. Mike Kobe had a question about pre-paids. Lisa Hoffman explained that the Colony and Promontory have prepaid connections. The Board asked if the Generators are exercised each month? Scott Morrison and Brian Davenport reported that they are exercised monthly. Motion made by Bob Neumeister to approve the January 2018 Check Register. Seconded by Karin Wilson. All voted yes, motion carried.

**C.** Consideration of Approval of P. O.: P O # MRW2018-03-02 Silver Electric for installation and testing of electrical system at the Silver Creek Pump Station site for \$58,459.08. Mike Kobe asked about the procurement policy and Lisa Hoffman responded that the District followed the procurement policy of MRW and got two quotes from vendors. The quotes were attached to the P.O. Bob Neumeister made a motion to approve the P.O. to Silver Electric for \$58,459.08. Seconded by Ian Schofield. All voted yes, motion carried.

**D.** Audit Update: Lisa Hoffman reported that the auditor will begin field work starting next week and compiling information and testing information. Mike Kobe told Lisa Hoffman nice work.

**E.** Other: None.

## **7. Legal:**

**A.** Work Session and possible recommendation of approval to the Governing Board of MRW for the Annexation and Asset Acquisition Agreement: Dave Thomas stated that none of language has been changed in the agreement from the last review. More of

the exhibit are populated now. Specifically Exhibit A on the Properties that are annexing into MRW. The Customer List is the list of properties from Summit County included within the Boundaries of the Annexed Area. Tim Dougherty asked how did we get the list of owners? Dave explained that it was everything from Summit County's GIS system within the boundaries. Andy Armstrong told Dave Thomas that the two estate lots were included in the annexation now. Marti Gee told Dave Thomas that she got a call from one of the estate lots and they did get the notice and letter when the other owners did and they are current Community Water Customers. Marti Gee asked Dave Thomas if we could talk about the notification of the estate lots on the next conference call with Community Water the next day? Dave suggested that we do that. The Board asked if people can opt out of the Annexation and Dave said they can protest the Annexation, but cannot opt out. If there are sufficient protests the Annexation will not go through. Mike Kobe asked what actions the Summit County Commissioners have taken thus far on this matter. Dave responded that they have met on Feb 14, 2018 and have adopted the Initiating Resolution to initiate the Annexation and that the Public Hearing will be on March 28, 2018 in Coalville Utah at 6:00 p.m. From that date there is a 60 day protest period that individuals within the annexation area or service area of Community Water can file a written protest with Summit County. If 25% or more of the registered voters or Property Owners within the annexed area file a written protest the annexation fails. Registered Voters or Property Owners that protest 25% the Annexation can cause the Annexation to fail. Summit County Clerk determines if there is sufficient protests that meet the 25% and becomes before the Summit County Council and they will decide to annex the property into

MRW in or not. They will decide to adopt an Annexation Ordinance to Annex the property. Sometime between then and now the Annexation Agreement needs to be signed. If the property does not become annexed, the Agreement does not go forward, but if the property is annexed the agreement will be in place and a plat will be filed with the Lieutenant Governor's office and the District will have 90 days to close. Hopefully MRW will have everything in order to close within 90 days if the Annexation goes through. At the closing all of the deliverables described in the Annexation and Asset Acquisition Agreement will be delivered to MRW. Exhibit A includes all of the property owners within the boundaries of the proposed annexed area. Exhibit B is all of the water rights that will need to be transferred to MRW and signed off on the transfers at the closing. There will be Change Applications that will need to be signed. Exhibit C is the Bill of Sale that transfers all of the personal property and assets of Community Water all listed in exhibit C as well as all of the ownership of all of the assets from Community Water to MRW. Exhibit D is a description of the Water System Improvements that MRW is going to upgrade to an appropriate standard. These are the things that you are going to improve on the water system with the loan from DDW. Dave stated that the loan needs to be high enough to complete all of the improvements so no other MRW customers will need to pay for Community Water Improvements. Mike Kobe asked if the interconnect was in the loan for DDW? Dave stated that is is very important to discuss what improvements MRW is going to complete with the loan and make sure that the loan satisfies those project costs. Dave emphasized that the contingency needs to be built in the loan and a high enough number to complete the projects needs to be considered to make sure you

have enough money. Mike Kobe stated that it is very important for the Board to understand the costs and the improvements to recommend to the Governing Board this project and loan. Andy Armstrong stated to the Board that there was an engineering analysis done in house on the system improvements that are necessary off of the Bowins and Collins(B & C) Engineering Report. Andy Armstrong also said that an Engineering Report would be a good idea to complete for the Board to see how MRW reviewed the improvements. Scott Morrison talked about how the B & C report was reviewed and also how MRW would deliver water to Community Water off of the MRW infrastructure. This plan was not reviewed by B & C report it summarized Community Water as a stand alone system. Mike Kobe discussed some of the differences. Reconstructing the Water Treatment Plant and reconstructing the Wells are a big component of the improvements MRW is not doing. Andy Armstrong said that with the way the water modeling was done by B & C report the modeling would not be accurate for how MRW infrastructure would connect the Community Water System. Bob Newmeister asked if there was anything that needed to be done in MRW water system to get water to Community Water and are those costs included in the loan amounts? Andy Armstrong stated that the Old Ranch Pump Station will need an additional pump and have a standby Generator and that MRW would cover 50% of the Generator costs because it will benefit MRW customers also. Additional Source for Community Water is necessary and there is money for a study to review a future well site for Community Water in Willow Draw or in Silver Creek near the new MRW Tank. Mike Kobe asked if paying the impact fee is going to pay for that source and Andy said that no, they are paying for infrastructure fees instead. New lots would



need to pay the impact fee, but the existing connections will pay just the infrastructure upgrade fees. Dave stated that all of the infrastructure improvements will be paid through a fee that will be assessed each connection and be paid back to DDW for the loan. Estimated costs for the improvements are very important. Dave also stated that the purpose for DDW Loan is so you have some kind of buffer in the loan for contingency. Andy explained to the MRW Board that he had Scott Morrison go through all of the costs of the improvements and do not a engineering estimate, but a estimators, manufactures, suppliers, contractors estimate of all of the costs. Andy estimated the costs were 19% lower than the costs in the proposed loan improvements. He also stated that he thought that it would not hurt to have the costs higher to cover any shortfalls. Tim asked what are the risks that you may not know about yet, uncertainties. Andy stated that B & C study looked closely into the system and there are always concerns about wells. Andy thinks that Willow Draw should be a good location for the well. A large amount of the costs are the meters and that is a big portion of the improvements. Andy feels with his cost projections he has a 25% contingency but he stated he would not feel bad about a 35% contingency. Fran stated that the customer have been noticed that the improvements were going to be 3 million dollars and that if the costs on a 20 year loan go up a few dollars it may not make too much difference in the costs for the customer. Mike Kobe and Lisa Hoffman stated that an extra \$100,000 would be \$1.34 per month change for the customers. Also it was an estimate in the costs for the improvements. MRW estimates are 3% for 20 years for the Drinking Water Loan. It is unique opportunity to build in additional contingency. Ian asked if we have something that is unexpected be discovered will

that change the Community Water users rate? The agreement does not tie MRW to any specific rate for Community Water or the amount of the loan or between MRW and DDW. The rates and amounts will need to be presented to the customers as a requirement of the DDW loan. Dave explained that the Community Water customer can come in and complain about the rates and try to convince the MRW board that the rates are too high and that is how the public special service district board functions. All meetings are open and the public can attend and call the Board Members and the Governing Board also anytime and for any reason. Andy went through the hand out of 10% contingency. The 2.4 million dollar DDW loan was discussed and increasing the contingency to be a total 2.6 million dollar for the loan application from DDW was looked at more favorably by the MRW Board at this time. Andy Armstrong estimated that there is \$400,000 - \$500,000 of "wiggle room" in his estimates for the existing contingency on the exhibit. Dave suggested that the max loan be at 2.6 Million for the Drinking Water Loan with a 20% contingency. Bob Neumeister asked about the 1.25 coverage we need on the loans. He was concerned about the cost of the money for the 25% of the coverage. Possible the principal payment could be pushed out and coverage could be funded with the first few years of the loan. That will be a question for Julie from DDW. Ian asked that the Engineering report be distributed before the next Board Meeting for the Board to review. Exhibit E are the easements that will be assigned at closing. Dave added an additional easement that he has found and right of ways that have infrastructure that need easements. These are the easements that need to be produced at closing. Dave took the Hidden Creek easements on their internal systems out because MRW responsibility for infrastructure ends at the

property line. The issues of having the internal infrastructure repairs was discussed, and the repairs follow under the Rules and Regulations. Mike Kobe asked about when the meters would be installed and staff stated that they would be one of the first things that would be installed since 40% of the meters do not work and are only getting base billing currently. The meters could be procured and delivered and will be the one of the first things MRW does. There are 192 master meters and smaller individual meters. Dave described the Annexation Notice was mailed to all of the property owners, whomever is getting the tax notice.

- B.** Consideration of recommendation of approval to the Governing Board of the Interconnection Agreement between Community Water and MRW: The vault will be paid for by Community Water and will be reimbursed by the DDW loan if the Annexation of Community Water is successful. If the Annexation does not go through, Community Water pay for the vault at their own expense and would have a connection to MRW for a five year contract for an annual amount of \$15,000 per year and a wholesale cost per 1000 gallons of water if they need additional water. There is an easement that exists for the water line that was going to be relocated discussed in the last MRW Board Meeting. The water line is no longer in the cost estimates for \$150,000 to relocated it. Andy stated that MRW is not servicing the customers on the mountain to the lodges that Community Water services. Andy offered a metered drop and appropriate backflow devices that could be used to wheeling water to the lodges. No agreement has been discussed with Summit Water or Community Water on how the lodges will get water, just options have been discussed. Fran was concerned about how the lodges were going to get water. Andy stated that MRW is not taking

the tank that serves the lodges. Fran stated that this decision is a challenge for the Sun Lodges to get water. Tim Dougherty made a motion to authorize the General Manager to sign the Emergency Water System Interconnection Agreement (For Fire Suppression Storage and Emergency Fire Flow) Seconded by Bob Neumeister. All voted yes, Motion carried. Bob Neumeister asked Dave if we had any obligation to the Canyons Resort by entering into this agreement. If the Canyons Resort wanted to buy water from MRW they would need to enter into a Water Service Agreement before there was any obligation to serve them MRW water. Tim asked about the intangible benefits that MRW will receive from Community Water. Andy stated that the biggest benefit is a blanket easement for any infrastructure to be placed on the mountain. Tank sites to serve MRW customers. Tim asked Andy do you need those storage tanks now and Andy said no but in the future we could need them. The savings of the blanket easement it was estimated by Andy Armstrong \$250,000. Andy also thinks that the benefits are that MRW will be fairly robust to Canyons proper that are going to be adjacent to big development and bring in Impact Fees for new development. Andy told the MRW board that he thinks that without this easement Summit Water will be a bigger player in the Canyons and serve the new development and MRW will not get the Impact Fees and future customers that Summit Water will get if MRW is not a bigger presence in the Canyons Resort. Karen Wilson stated that the core reason MRW exists to to provide reliable water supply to the Snyderville Basin. Bob Neumeister said that this is the time to get Community Water System up to standards so it can deliver water to its customers. Ian asked if this is the time we would want to move the meter vaults closer to the water main infrastructure off of the common

property for future ease of access and maintenance? This will be an ongoing issues we can evaluate. This is the time to make sure we have enough money to take care of deficiencies for the customers. Karin Wilson made a motion to move forward with a positive recommendation to the Summit County Council with the revisions. The revisions are 3.4 to the Agreement to take out the Accounts Receivable and remove Accounts Receivable from Exhibit H. Exhibit D populating it with the updated Financials and the Engineering Report. Exhibit I to change the dates to Fall 2018 instead of 2017 and to winter of 2018. Also a 20% increase the contingency to a total of 2.6 Million for the final Improvement costs. Ian Schofield seconded the motion. Four voted in favor of the motion and one opposed the motion. Bob Neumeister was concerned about moving forward with not having a unanimous vote from the MRW Board. Bob asked Mike about his vote and Mike expressed his concern that it is rushed and why the timeline is so rushed to approve the agreement. Mike thought it was important to make sure we have taken enough time to do due diligence on the project, and take enough time to make that assessment. Karin thought that there has been a lot of due diligence in the last 30 days. Dave was asked if this is necessary to get this approved before the public hearing. He said no, the public hearing is scheduled and this should not play any part of that timing. There is a 60 day window for written protests after the public hearing. Tim asked if there is more information that Mike would need to make him more comfortable with the project. Mike expressed concerns about details that are being gathered and things we still do not know about the project. The Engineering Report and cost estimates need to be completed and reviewed by the Board. Dave informed the Board that someone from the prevailing

vote could make a motion to reconsider the former action. A Board member of the prevailing side can make a motion and revote. Bob Neumeister made a motion to reconsider the previous motion for a positive recommendation to the Governing Board of MRW to approve the Annexation and Asset Acquisition Agreement. Seconded by Tim Dougherty. The vote was three votes yes and two votes no. The motion passes to rescind the original motion. The MRW Board would like the Agreement to be on the April 2018 Board Meeting Agenda and Engineering Report presentation and Cost Estimate will be presented with the update about the DDW loan. Dave will update the Agreement. Ian asked Andy to present the intangibles that he referred to by the Easement given by Community Water benefits and the risks that may be assumed.

**C.** Consideration of MRW sending a Letter to Community Water Customers and Review of potential Letter: Andy reported that the letter was sent out by Community Water in the Annexation Notice shortly after Feb 14, 2018.

**D.** Election of Officers for MRWSSD:

1. Chairman of the Board: Motion made by Ian Schofield to have **Mike Kobe** serve as the Chairman of the Board. Seconded by Bob Neumeister. All voted yes, motion carried.
2. Vice Chairman of the Board: Ian Schofield made a motion to have **Bob Neumeister** serve as Vice Chairman of the Board. Seconded by Karin Wilson. All voted yes, motion carried.
3. Audit / Finance Committee Chair: Bob Neumeister made a motion to have **Karin Wilson** serve as Audit / Finance Committee Chair. Seconded by Ian Schofield. All voted yes, motion carried.

4. Audit / Finance Committee: All Board Members
  5. Conservation Committee Chair: Ian Schofield made a motion to have **Tim Dougherty** serve as the conservation Committee Chair. Seconded by Karin Wilson. All voted yes, motion carried.
  6. Two Board Member Personnel Committee:
    - a. Bob Neumeister made a motion to have **Ian Schofield** serve on the Personnel Committee. Seconded by Karin Wilson. All voted yes, motion carried.
    - b. Karin Wilson made a motion to have **Tim Dougherty** serve on the Personnel Committee. Seconded by Ian Schofield. All voted yes, motion carried.
  7. District Clerk for 2018 - 2019: **Andy Armstrong**
  8. Treasurer for the Board 2018 - 2019: **Lisa Hoffman**
  9. Approve a Credit Card Limit for Employees: Motion made by Bob Neumeister to approve \$100,000 Credit Card Limit for Employees. Seconded by Ian Schofield. All voted yes, motion carried.
  - E.** Consideration and potential approval of a Water Quality Technician Position for MRW:  
Bob Neumeister made a motion to Approve the Water Quality Position discussed in Closed Session. Seconded by Karin Wilson. All voted yes, motion carried.
  - F.** Other: None.
- 8. General Manager Update:**
- A.** Forward Look at MRW Planning on ERC / Water Rights, Capital Facilities Plan, Impact Fee Study, Rate Study Strategic Plan: Andy said that he would like to present in the

April Board Meeting the Supply and Demand to correlate future demands for both water sources and water rights. The goals are as Andy sees them, the Impact Fees and the Capital Improvement Plan in the next couple of months. MRW staff will get input from the Summit County Council on the MRW projections. To prepare the Capital Facilities Plan in July. Start the Strategic Plan in August. That would allow us to adopt the Impact Fees with the Budget Hearing this fall. The Rate Study need to be started also. Mike Kobe said it looks like MRW has their work cut out for them. This is an aggressive schedule. Andy would also like to look at the Regionalization Plan and how much are we talking about 80 million or 30-40 million. Banking of water and reallocation of Agriculture water may play a big part in future planning. Andy thinks that the future water projects may not be as expensive for MRW in the future.

**B. Other:** None.

**9. Adjourn:** Bob Neumeister made a motion to Adjourn the meeting at 10:04 p.m. Seconded by Karin Wilson. All voted yes, motion carried.

Pursuant to the Americans with Disabilities Act, individuals needing assistance attending the April 5, 2018 at the at the Mountain Regional Water Special Service District office located at 6421 N Business Park Loop Road, Suite A, Park City, Utah 84098 at 6:00 p.m. please contact Marti Gee to make arrangements for assistance.