



MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

Administrative Control
Board Minutes -
APPROVED April 16,
2020

Attendance: All Attendees participated via Zoom Meeting electronically

Board Members: Staff: Mike Kobe Scott Morrison Bob Neumeister Lisa Hoffman Karin Wilson Chris Braun Tim Dougherty Steve Anderson Ian Schofield Brian Davenport

Marti
Gee

Summit County

Attorney: Dave
Thomas Blain Thomas

Notice was hereby given that the Administrative Control Board of Mountain Regional Water SSD, Summit County, Utah met in Regular Meeting session on April 16, 2020 via Zoom with anchor location at the Mountain Regional Water District Office at 6421 N. Business Loop Rd., Suite A, Park City Utah, 84098 at 6:00 p.m. All participants and public that wished to attend did so via Zoom using the following information:

Join Zoom Meeting

<https://us02web.zoom.us/j/281305980?pwd=b3h6V2p5aHhHb3hSTWpmeTdMNH>

JHZz09 Dial in by Phone: 253-215-8782 Meeting ID: 281 305 980 Password:
392105

1. Call to Order and Public Input: Mike Kobe called the meeting to order at 6:03 p.m. No

public attended the meeting. There was no public input.

2. Executive Session – Personnel, Possible Litigation, and Property

Acquisition: Bob

Neumeister made a motion to move into Executive Session for Possible Litigation. Seconded by Karin Wilson. All voted yes, motion carried.

3. Consent

Agenda:

- a. b. Approval of the March 2020 ACB Meeting Minutes:
- c. Approval of the March 2020 Check Register: d.
- Consideration of Approval of P.O.: Electro Power, \$55,950 e. Other:

Karin Wilson asked what the consulting check to Lost River Works was for. Scott Morrison stated that was a consultant payment to Doug Evans and Lost River Works is the consulting company he formed. There was a question about the Electro Power PO for \$55,950. This is for Community Water and the funds will be reimbursed by the DDW loan for the Community Water Improvements. Motion made by Bob Neumeister to approve the Consent Agenda. Seconded by Karin Wilson. All voted yes, motion carried. Dave Thomas stated that Mike Kobe could sign the P.O. with an electronic signature.

4. Questions on Department

Updates:

Mike Kobe commented that he wanted to congratulate Chris Braun for getting the Weber Basin Interconnect squared away. That will be a big benefit to MRW.

Bob Neumeister asked about the Backflow Program and if it would be deferred

until later in the year due to the COVID-19 issues. Bob Neumiester suggested that near the end of the year the sprinkler systems would not be able to be tested due to being winterized. Bob Neumeister asked if MRW has considered just not testing until next year for the Backflow Program. Scott Morrison replied that a mailer was sent to all Backflow customers stating that testing devices would be delayed until the fall and be mindful that the irrigation system ends in the fall and needs to be tested. He said that we may want to consider an extension of time if the COVID-19 threats do not change.

Ian Schofield asked about the Summit County Council Policy updates for MRW. Scott Morrison explained that Lisa Hoffman did a great presentation and got negative feedback from one Summit County Council member. The policies were written for MRW by the Summit County HR department and provided to MRW. The negative feedback related to language details in the sections pertaining to pay increases for out of department job responsibilities and vacation accrual. The Summit County Legal department will be working on the changes the Summit County Council requested.

The Administrative Policies were adopted, including the change to the reimbursement for the cell phone and related cancellation of the District's cell phone plan.

Ian Schofield also had a question about Cross Training for the employees if any critical staff would be affected by the COVID-19. Brian Davenport explained that a refresher training for the operations team was performed to familiarize them with the plans for the facilities. Brian Davenport feels confident that the employees can back each other up on the facilities.

5. COVID-19 Update: Scott Morrison and Dave Thomas

a. District Actions:

Scott Morrison stated that he has been managing the District's response to the COVID-19 pandemic consistent with guidance from the CDC and the Summit County management team. The management team here at the District continues to work together on outreach and communications to our staff and externally to our customers. The list below is a high-level

review of the actions that have been taken thus far:

**1. Social
Distancing**

a. No District employees are permitted in customer homes unless it's an emergency b. No walk-in customers are permitted in the District office, our office is closed c. Office employees are working from home whenever possible d. Operations department tailgates are being held via conference call e. District staff is being regularly reminded about the latest guidance from the CDC. N95 masks are available for District employees if they must enter into a close contact situation

**2.
Operationally**

a. Expertise overlap matrix has been put together, additional cross training has been conducted to bolster Lost Canyon and the water treatment plant b. Supply Chain has been reviewed, all critical materials are being maintained at as full as practical levels c. Water production which impacts critical supply chain has been reduced

**3. Customer
Outreach**

a. A mailer has been included in all bills for the April billing cycle, it has been provided in the packet for the Board's reference b. No water shut-offs are currently being scheduled c. No late fees for March billing, we will reassess with each billing cycle d. An extension has been provided on all backflow test deadlines till the end of the year e. The District continues to work with customers regarding payment plans f. Current information is being posted to the District's website

**4. Employee
Relations**

a. Regular outreach regarding the latest available information b. Information on all county assistance programs is being provided

Our guidance to all staff, customers, and stakeholders will continue to evolve with the virus and related inputs.

There were some questions from the board on bill collections and also payment plans. Staff answered those questions that the bill collection has been a bit slow with the Xpress bill pay site has been down many times due to heavy use. There have only been a few people asking about payment plans. The payment plans that the MRW has had in the past will always need to be paid by May or they would be subject to the Annual Liens in May of each year.

Mike Kobe told the board about practices that are occurring on construction sites. Mike discussed a form that is filled out each day with each person on site and if they have been exposed to the COVID-19 virus and if the person has a fever. This form has to be filled out and signed by each person on the site each day. Staff discussed that possibility to use something like that during the construction projects beginning soon.

Scott Morrison replied that the sick policies that were put in place during the COVID-19 in the beginning encouraged employees that were sick to stay home and there would not be a deduction in their sick leave really helped MRW stay healthy and avoid any sickness so far.

b. County

Actions:

Dave Thomas gave the Summit County update. Summit County was the hot spot

in the beginning of the outbreak in Utah. Summit County today has 308

cases of COVID-19. We are in the Urgent Phase when you stay at home and close things down. The next phase is the Stabilization Phase where you begin to open up things slowly. The Recovery Phase is the last phase. This is consistent with the Utah Leads Together plan adopted by the Governor. The Summit County Council and the Health Director sent out a letter today asking businesses to sit on a panel to discuss opening

up the County in the Stabilization Phase.

6. Financial Management: Lisa Hoffman & Steve Anderson

a. Presentation of the March 2020 Financial Report:

Through March 2020, change in net position (net income) is \$248,711 – which is \$415,311 better than projected. This positive variance resulted from higher revenue that exceeds projections by \$199,866 (8.6%), primarily due to higher Retail Water Sales of \$141,044 and Operating Revenue (mainly Meter Connection Fees) of \$37,248. The Retail Water sales is higher than projected mainly due to both Residential and Wholesale sales, offset slightly by lower sales to Park City of \$34,017 so far this year. Lastly, expenses are \$215,445 (8.6%) lower than budgeted. Cost savings are mainly related to Operations, and specifically Distribution and Lost Canyon due to lower repair and maintenance and power costs.

As shown above, total cash decreased \$329,614 (2.1%) to \$15.4 million during March 2020. **The current Operating Cash & Reserves balance of \$5.20 million represents 256 days reserves compared to 329 a year ago.** The decrease of \$473,151 is due to lower customer billings in winter months as compared to expenses as well as the one time refund to Home Depot. Debt Reserves Held by Trustee increased \$186,825 (13.2%) from transfers to make scheduled interest and principal payments during 2020. Payments on two bonds were also made out of these funds in March totaling \$108,220. Debt Reserves Held by District decreased \$33,708 (-0.9%). The decrease was the net of transferring the scheduled \$125,000 from impact fees for debt payments, offset by monthly deposits to impact fees, stabilization funds and other preapids. Total cash has increased \$646,125 (4.4%) from March 2020, however \$245,865 of this increase is due to construction cash to be spent on Community Water projects.

In March 2020 there were six new water connections and \$49,389 in impact fees. **The 28 new connections year-to-date is 27.3% higher than the four year average of 22.** Total impact fee collections are down 57.1% as compared to the four year average due to prepaid connections

used at Silver Creek Village and Lincoln Station and the lower impact fee rate.

Year-to-date water consumption by District customers of 261 acre feet was higher than the average over the past four years of 218 acre feet. The 44 acre feet increase is a 20.0% increase over the four year average. The Utah Olympic Sports Park, Condos and Townhomes are showing the greatest percentage increase compared to last year. Year-to-date Park City usage is down 37.9% from the four-year average. Park City did not take any water during March as they worked on their Quinn's Junction plant. Summit Water has taken 356 acre feet year-to-date, which is 37.5% higher than the four-year-average of 259 acre feet. This is the first of the two years in which Summit Water will take 1,100 acre feet.

Community Water Infrastructure: \$1.22 million has been expended to date of the anticipated loan of \$2.6 million. The \$600,986 encumbered to date is made up of mostly the \$599,386 of infrastructure improvements by JRock Construction to be done sometime after May 1st.

Annual Capital Budget: System Improvements – the Glenwild line is complete and pending final billings. The Nugget Well and Cove Pipeline repairs will be completed this summer, along with the Glenwild pump upgrades. The Summit Park project was bid and came in under budget at \$375,000. The Weber Basin Interconnect project is underway and expected to also be completed in 2020. It has been determined the Treatment Plant Chlorinator upgrade is not needed, additionally the Kilby Pump upgrade and Land Acquisition for Office Site will be postponed to future years.

Capital equipment and vehicle: One truck and one office vehicle have been ordered. The majority of the Operations & Maintenance budget is for a new generator at the treatment plant to be completed and installed by the end of 2020.

b. 2020 Revenue Projections - COVID-19 Impacts

Lisa Hoffman updated the Board on the Finance team's attention on collections as we move forward. The largest expected exposure, as we compare against the recession of 2008, is in development related collections. Water bill payments could be a larger issue than it was in 2008 and we will be watching collections closely.

c. Billing System Audit Update

Steve Anderson discussed the ongoing review of the billing system and customer charges. A number of process controls have been put into place to improve capture of data entry errors. There was a billing error related to the Trailside Elementary school that was identified and a reimbursement is pending.

d. Other

Bob Neumeister asked if there were any revenue recognition issues related to the updates for the corrected Billing System. Steve Anderson replied that there were no issues and no concerns.

7. Water Use Data Recap - Chris Braun

a. 2019 Summary Metrics from the District's Water Use Data

The Accounting and Customer Service departments, along with Technology have spent many hours this year trying to better understand and quantify the annual water use for the District. This included a deep dive into the billing system to ferret out some account inconsistencies and legacy issues with the data reporting. We believe that we have arrived at the best accounting of our consumption that the District has had to date. Below are some of the highlights from this last year.

Total Culinary Water produced: 1.04 Billion Gallons Total
Residential Consumption: 381 Million Gallons Estimated Peak
Day Demand(Gallons): 754 Estimated Peak Day Demand(GPM):
0.52 TOTAL SYSTEM CULINARY WATER LOSS TOTAL
TOTAL M&I Demand Meters: 561,846,296 Total Wholesale:
1,042,735,687 Less Park City Raw: 753,398,299 TOTAL
CULINARY WHOLESAL: 289,337,388 TOTAL M&I &
CULINARY WHOLESAL DEMANDS: 851,183,684 TOTAL

SOURCE PRODUCTION: 2,056,890,531 Less LCBS Main Meter (Raw): 1,484,732,000 Plus Actual Plant Production from Skid Meters: 468,833,000 TOTAL CULINARY WATER PRODUCTION: 1,040,991,531 TOTAL LOSS: 189,807,847 Loss in Equivalent System GPM Demand: 361 System wide Percent of Loss 18.23%

Work continues on refining our numbers even further with verification of Treatment Plant data and a Monthly Water Loss comparison where we will be able to take customer meter data and compare it with our SCADA Demand data to be able to identify specific areas where our greatest losses are occurring for Operations to target for fieldwork.

8. Presentation of New Billing Statement - Marti Gee

Marti Gee reported to the Board the features of the new water bill. The cost for the rate blocks will be included and the itemized cost of all things on the account will be present. The Graph can only currently show a 13 month period. The Board liked the new bill format. Mike Kobe suggested that MRW report the acre feet used in the last 12 months. Marti Gee will check into that with the development team. The plan is to implement the new bill for the May billing cycle that is due June 25, 2020. The Board all said they liked the new bill format.

9. Legal: Dave Thomas

- a. Letter Regarding the Red Hawk Communication Towers

Scott Morrison b. Water Service for the Canyons Village Employee Housing Project:

Scott Morrison A new potential customer is requesting water service in the lower Canyons Village area - directly across from Blackstone. This potential customer was going to utilize Summit Water, but at the last minute it turns out that water shares are not available for the project. This is a County-backed affordable Employee Housing development and the designs are complete. The utility plan that they originally worked out with Summit Water service configuration and the buildings were provided to MRW staff. Of course, this will need to be modified to connect where feasible to the Mountain Regional line. They also provided the water

demand analysis from Steve Jackson Engineering. This should give MRW a good idea of the indoor and outdoor anticipated use on an annual basis. The project has 169 units in 7 buildings, totaling 255,626 SF and are looking to begin construction in the next 90-120 days. The MRW Board was favorable to this project.

c. Other: None.

10. General Manager Comments: Scott Morrison

a. District Staff Engineer Sam Grenlie started on March 30th b.
Consideration for Recommendation of Award for 2020 Water Line Projects -

Cove Canyon & Willow Creek Scott Morrison reported to the Board that the District held a bid opening for our 2020 Water Line Projects which included two segments: One in the Cove subdivision, the second, adjacent to Willow Creek park. The Cove water line is a replacement project to replace a section of water main which has failed (main line leaks) on a number of occasions. This portion of the project includes 420 feet of water main, 12 new water service lines and meter pits, and a fire hydrant.

The Willow Creek water line will connect the Willow Creek subdivision to the District's Atkinson zone, eliminating the need to pump the subdivision's water, leading to energy savings. This water line also allows for additional connections to the District's White Pine tank which serves the lower Canyons Village. This portion of the project includes 1,140 feet of water main and a fire hydrant.

The lowest bid was received from MC Contractors, Inc. with a bid total of \$313,057.70; the Engineer's estimate was \$270,000 including 10% contingency. The bid tabulation, including Engineer's estimate are provided in the packet. Scott recommended the Administrative Control Board approve the Notice of Award and recommend the General Manager execute the Construction Agreement with MC Contractors for a project total of \$313,057.70.

Motion made by Bob Neumeister to approve the Award for 2020 Water Line Projects - Cove Canyon & Willow Creek to MC Contractors for a project total of \$313,057.70. Seconded by Karin Wilson. All voted yes, motion carried. Mike Kobe will provide an electronic signature on the Notice of Award and Contract.

c. Consideration for Recommendation to the Governing Board, the adoption of the

District's Updated COVID-19 Sick Leave Policy Scott Morrison and Lisa Hoffman presented a potential policy for the staff. This is the same policy that Summit County has adopted. The Board discussed this at length and decided to not oppose it but make a few changes on dates the policy would end and the new policy would begin. Discussion by the MRW Board occurred. Karin Wilson made a motion to approve the potential policy with some changes to the dates if possible to May 15 for the new sick leave to begin. Seconded by Bob Neumeister. Four Board members voted yes, one Board member abstained. Motion carried. This policy will be discussed by Summit County and HR to see if the dates can be modified. d. Other: None.

11.

Adjourn:

Pursuant to the American with Disabilities Act, Individuals needing assistance attending the meeting April 16, 2020 should contact Marti Gee at 435-640-5725 to make arrangements. The next MRW Administrative Control Board Meeting will be held on May 14, 2020.