



**MOUNTAIN
REGIONAL
WATER**

2024 BUDGET

And

2023 AMENDED BUDGET

December 6, 2023

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1.0 INTRODUCTION

1.01 The District

Mountain Regional Water (the District) is a regional public water company established in 2000 to resolve water shortage and water quality problems in Snyderville Basin. It is governed by the Summit County Council who acts as the District's Governing Board. The Council has delegated certain powers to an Administrative Control Board consisting of citizens living within the District. Since its creation numerous small water companies and new developments have joined the District.

The District currently has 5,445 customers using water and about 2,250 additional equivalent connections on standby. Impact fees and new connections have returned to more historical averages in 2023 when compared to the record setting years of 2021 and 2022. New connection requests in 2023 are expected to finish near 140, compared to 434 and 288 in 2021 and 2022, respectively.

The year 2023 is best marked by the record snowfall of the 2022-2023 winter season. Reservoirs that were dangerously low from three consecutive years of drought returned to 100% full. This coupled with a wet spring led to no drought restrictions this summer, unlike those seen in the summer of 2022. Interestingly, as seen on the following page, usage per connection remained very near and slightly below the 2022 levels which were heavily influenced by drought restrictions and increased rates. While these recent declines in usage patterns can be explained by drought restrictions, increased rates, and wetter weather in 2023; the District continues to promote long-term usage declines through conservation efforts like its Landscape Lawn Exchange Program, the new Snyderville Basin landscape ordinance and local, regional, and state messaging about long-term conservation and sustainable water use in our communities.

The District estimates water production in 2024 to be 5,357 acre-feet. The District breaks water production into four main categories as reflected in Figure 1 below. The blue shaded areas indicate culinary water, and the green shaded areas indicate raw water (see Section 2 for more detail).

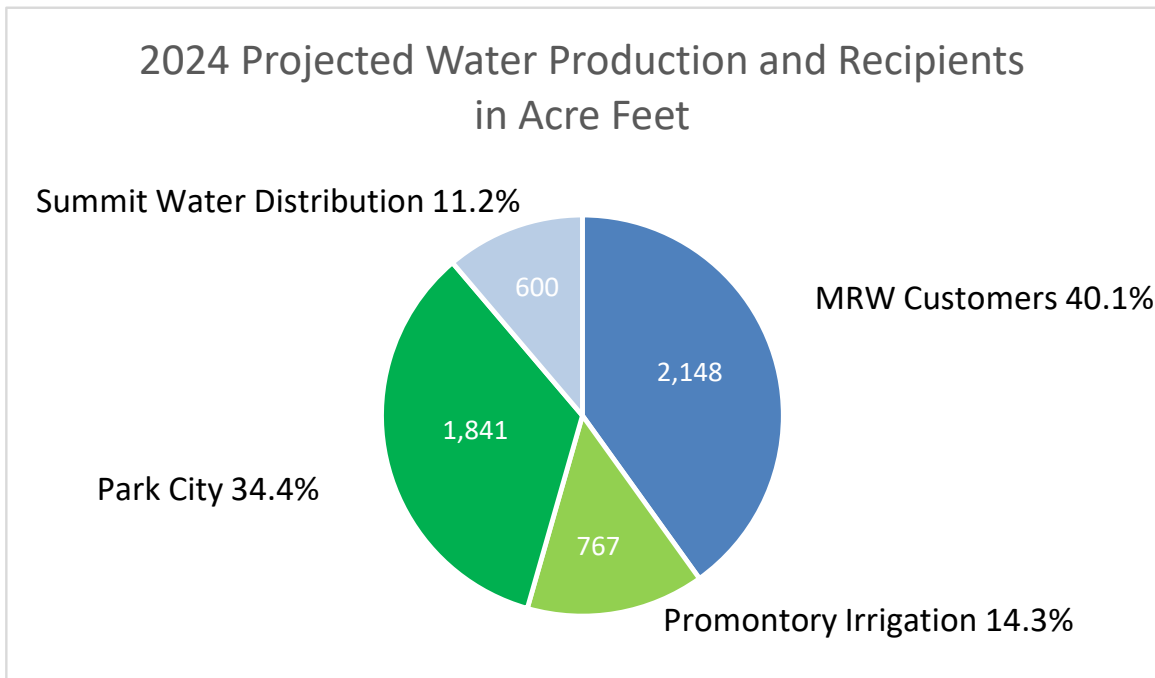


Figure 1: 2024 Projected Water Production

2.0 2023 and 2024 Water Usage and Production Projections

2.01 Water Usage

As shown in Figure 2 below, the average District culinary consumption per customer estimated for 2023 is 111,351 gallons, compared to 111,814 gallons for 2022, less than a 1% difference. As mentioned earlier, usage staying near 2022 levels is likely due to many factors and is important for the District to analyze going forward in determining capital expenditures and forecasting revenues.

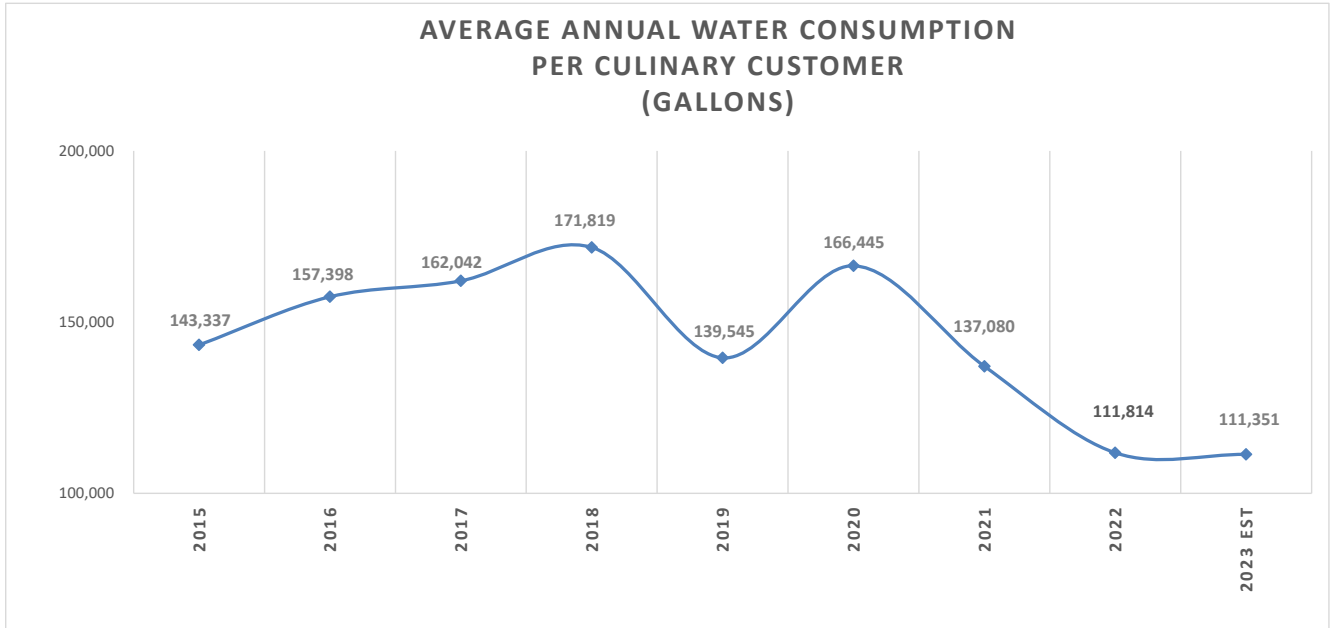


Figure 2: Average Annual Water Consumption per Culinary Customer

2.02 Water Production

Production for 2023 is projected to be 5,928 acre-feet, an 8.8% increase compared to 2022. This increase is mainly due to Park City taking more water in 2023 due to the continued construction of the 3 Kings Water Treatment Facility. Usage by the District’s culinary customers, and irrigation water provided to the Promontory golf courses, has remained close to 2022 levels as mentioned previously. The contracted amount to Summit Water Distribution was the same for both 2022 and 2023.

For 2024 production is projected to decrease overall as 100 acre-feet less is contracted to Summit Water Distribution and Park City is not expected to take as much water due to the completion of their new treatment plant. The District’s customers and irrigation water to Promontory are forecasted to increase because of growth and usage returning to a level higher than was seen in 2023 due to the late cool spring and the early wet fall. In Figure 3 below culinary water is shown in blue and light blue, whereas raw water is shown in green and light green.

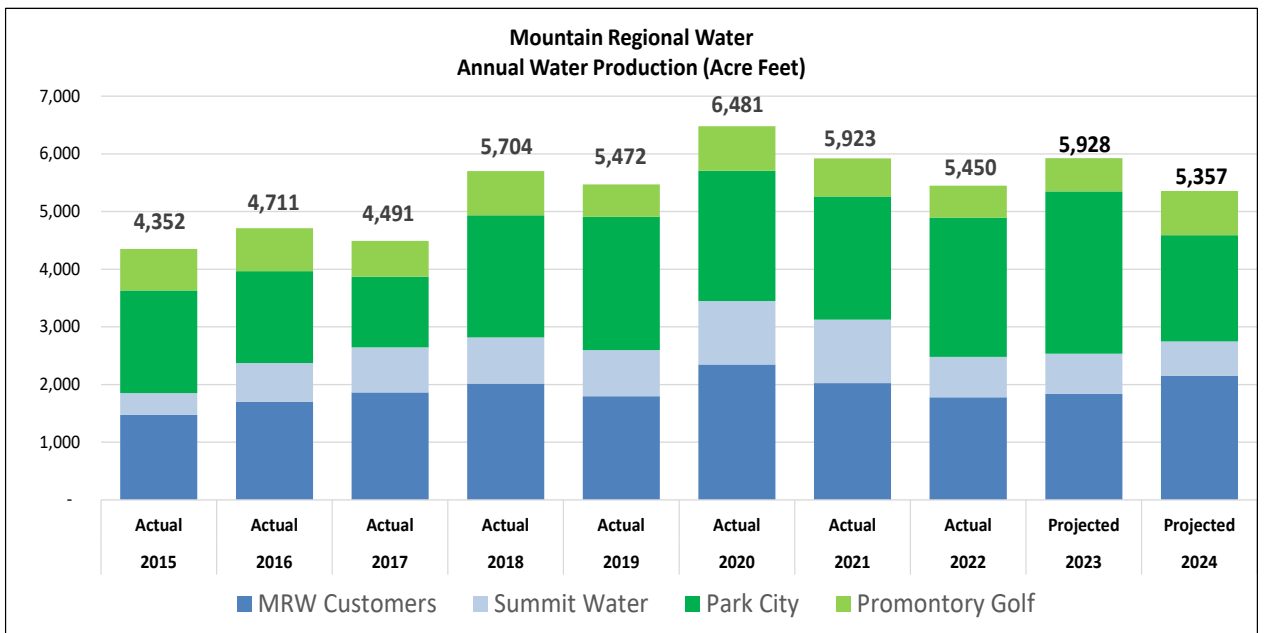


Figure 3: Annual Water Production (Acre Feet)

3.0 2023 and 2024 Growth Projections

3.01 New Water Connections

Customer growth has returned to more historic averages in 2023, with 140 new connection requests now projected by the end of 2023. For 2024 the District is budgeting for 130 new connection requests. As can be seen in the graph below, the projected 2023 and budgeted 2024 connections are similar to the amount of connection requests received before the very high growth in 2021 and 2022.

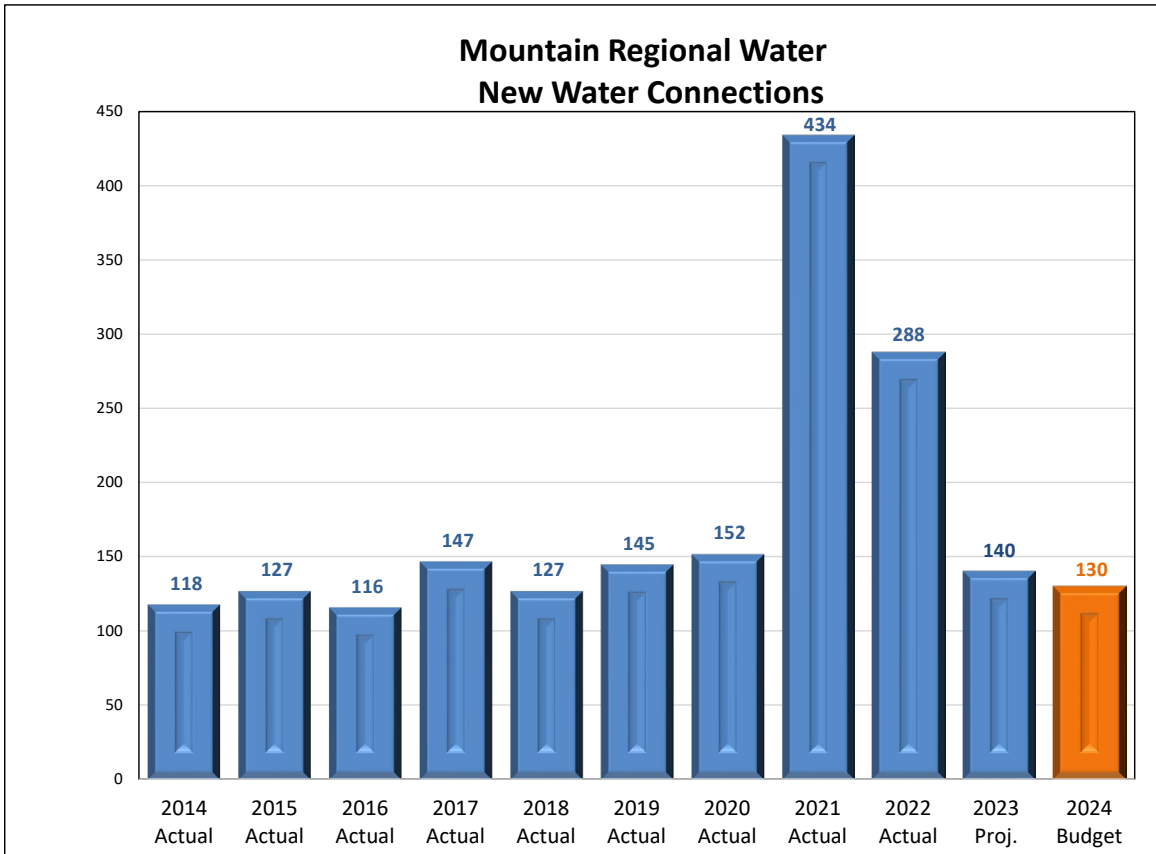


Figure 4: New Water Connections

3.02 Impact Fees

For 2023 the District budgeted \$600,000 for impact fees. By the end of September impact fee revenue exceeded the budgeted amount and is now forecasted to reach \$800,000 for the year. For 2024 the District is budgeting \$800,000 based on the revenues received in 2023 and growth patterns returning to historic levels.

Shown in Figure 5 below is the actual impact fee revenue received from 2013 through 2022, along with 2023's projected amount and the budgeted amount for 2024. Even though fewer new connection requests are expected next year, based on the Impact Fee Analysis that is currently taking place showing an increase in the District's impact fee, the same budgeted revenue is projected from fewer connections in 2024.

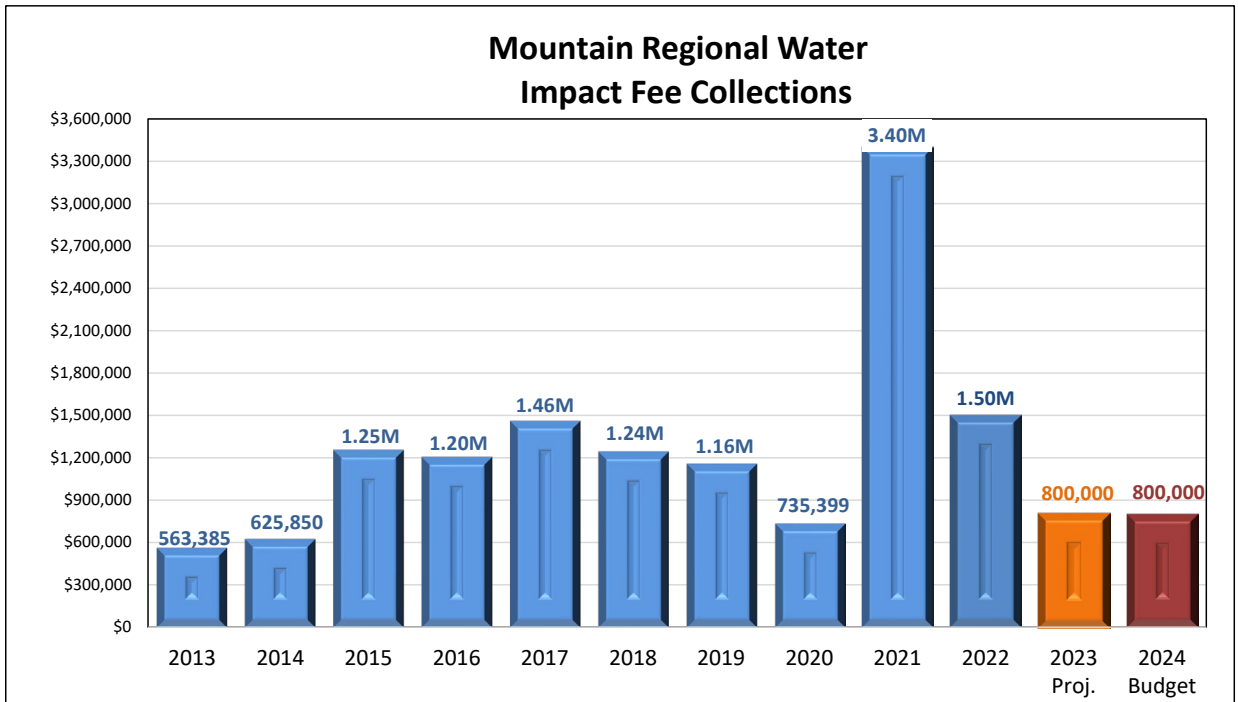


Figure 5: Impact Fee Collections

4.0 2023 REVENUE PROJECTION and 2024 REVENUE BUDGET

As shown in the table below, the District is amending the 2023 budget to show a decrease in Operating Revenue of \$380,000 due to lower-than-expected usage. This decrease in revenue is being offset by a decrease in Operating Expenses that is shown on the next page in Table 2 as an amendment as well.

The District is also requesting an amendment to increase Interest Earnings by \$184,700. This increase in Interest Earnings is being used to offset an Interest Expense increase due to the land purchased by the District from Summit County and the closing of the Series 2023 Bond.

The effect of both these changes nets to zero, meaning the budgeted Change in Net Position for 2023 for the District remains the same in the amended 2023 budget.

Projected Total Revenue for 2023 is now \$15.44 million, which is \$663,000 above budget. As can be seen in Table 1 below, the projected increase in 2023 revenue is due to interest earnings being higher than originally budgeted as well as impact fees being higher than budgeted.

For 2024 the District is budgeting Total Revenue to be \$16.59 million; \$13.80 million in Operating Revenue and \$2.79 million in Non-Operating Revenue. There is an increase in Retail Water Sales due to a recommended 8% rate increase, customer growth and usage levels projected to be higher than 2023. Additionally, Interest Earnings are higher as the District's reserves continue to earn higher interest revenue than previous years due to a better return in the Public Treasurers' Investment Fund (PTIF).

Mountain Regional Water							
2023 Revenue Amendment and 2024 Budgeted Recommendation - Accrual Basis							
Enterprise Fund							
	2023	2023	2023	2023	2024	2024	
	Budget	Proposed Amendments	Proposed Amended	Projected	Control Board Recommended	Recommend to 2023 Budget	% Change
<u>OPERATING REVENUE</u>							
Retail Water Sales	\$ 10,546,600	\$ (450,000)	\$ 10,096,600	\$ 10,096,600	\$ 11,581,100	\$ 1,034,500	9.8%
Park City Wheeling	650,000	70,000	720,000	720,000	600,000	\$ (50,000)	-7.7%
Weber Basin Regionalization Collections	1,244,300	-	1,244,300	1,244,300	1,076,400	\$ (167,900)	-13.5%
Operating Fees & Other Revenue	635,700	-	635,700	635,700	539,300	\$ (96,400)	-15.2%
Total Operating Revenue	13,076,600	(380,000)	12,696,600	12,696,600	13,796,800	720,200	5.5%
<u>NON-OPERATING REVENUE</u>							
Interest Earnings	362,000	184,700	546,700	1,205,000	1,245,000	\$ 883,000	243.9%
Impact Fees	600,000		600,000	800,000	800,000	\$ 200,000	33.3%
Special Assessments	698,900		698,900	698,900	702,200	\$ 3,300	0.5%
Other Non-operating Revenue	41,700		41,700	41,700	41,700	\$ -	0.0%
Total Non-Operating Revenue	1,702,600	184,700	1,887,300	2,745,600	2,788,900	\$ 1,086,300	63.8%
TOTAL REVENUE	14,779,200	(195,300)	14,583,900	15,442,200	16,585,700	1,806,500	12.2%

Table 1: 2023 and 2024 Revenue

5.0 2023 EXPENSE PROJECTION AND 2024 EXPENSE BUDGET

As shown in the table below, the District is amending the 2023 budget to reflect a decrease of \$380,000 in Operating Expenses and an increase of \$184,700 in Non-Operating Expenses as discussed previously. Total Expense for 2023 is now projected to be \$12.08 million which is \$195,300 less than budgeted.

For 2024 the District is budgeting Total Expense to be \$14.16 million; \$12.31 million in Operating Expenses and \$1.85 million in Non-Operating Expense. Total Operating Expenses are increasing due to increasing costs as well as one proposed new hire. Interest Expense is also increasing, as the District issued \$18 million in water revenue bonds on November 3, 2023, to construct an Administrative Office and Maintenance Facility on the lot purchased from Summit County.

Mountain Regional Water							
2023 Expense Amendment and 2024 Budgeted Recommendation - Accrual Basis							
Enterprise Fund							
	2023	2023	2023	2023	2024	2024	
	Budget	Proposed	Proposed	Projected	Control Board	Recommend to	% Change
		Amendments	Amended		Recommended	2023 Budget	
<u>OPERATING EXPENSES</u>							
Operations	7,103,700	(295,000)	6,808,700	6,808,700	7,630,100	\$ 526,400	7.4%
Administration	2,065,400	(60,000)	2,005,400	2,005,400	2,330,600	\$ 265,200	12.8%
Depreciation Expense	2,158,500	(25,000)	2,133,500	2,133,500	2,347,300	\$ 188,800	8.7%
Total Operating Expense	11,327,600	(380,000)	10,947,600	10,947,600	12,308,000	980,400	8.7%
<u>NON-OPERATING EXPENSE</u>							
Interest Expense/Bank Fees	949,200	184,700	1,133,900	1,133,900	1,845,700	\$ 896,500	94.4%
Bond Issuance Costs and Amortization Expense	2,000	-	2,000	2,000	2,000	\$ -	0.0%
Total Non-Operating Expense	951,200	184,700	1,135,900	1,135,900	1,847,700	896,500	94.2%
TOTAL EXPENSE	12,278,800	(195,300)	12,083,500	12,083,500	14,155,700	1,876,900	15.3%

Table 2: 2023 and 2024 Expenses

6.0 2023 DEBT RATIO PROJECTION AND 2024 DEBT RATIO BUDGET

For 2023 the projected Debt Ratio is coming in better than the budgeted amount. This is due to higher revenues and lower expenses than budgeted as discussed previously.

As can be seen in the table below, the budgeted Debt Ratio for 2023 was 1.58 and the projected result is now 1.88. For 2024 the budgeted Debt Ratio is 1.49. This is higher than the 1.25 required by bond covenants and will generate \$1.85 million which will be split between Capital Facility Reserves (\$498,000), Lost Canyon and Treatment Plant reserves (\$287,400) and Cash Available for the Capital Budget (\$1.06 million). The complete Change In Position (Net Income) statement used to generate the table below is in Appendix A.

MOUNTAIN REGIONAL WATER			
Debt Coverage 2023 Projection and 2024 Budget - Cash Basis			
	2023	2023	2024
	Budget	Projection	Budget
COVERAGE CALCULATION FOR PARITY REVENUE BONDS			
Operating Income (Loss)	\$ 1,749,000	\$ 1,749,000	\$ 1,488,800
Add Back Depreciation	2,158,500	2,133,500	2,347,300
Add in Interest Available for Debt Service	350,000	1,175,000	1,225,000
Add In Impact Fees	600,000	800,000	800,000
Add In Special Assessments	698,900	698,900	702,200
Add in Other Non-operating Income	30,000	30,000	30,000
Add Lost Canyon & Treatment Plant repair funds	-	94,400	197,500
Total Available For Debt Service	5,586,400	6,680,800	6,790,800
TOTAL DEBT COVERAGE			
Required Coverage Principal	2,825,800	2,825,800	3,021,500
Required Coverage Interest/Bank Fees	925,300	960,000	1,923,800
Total Required Debt Service	3,751,100	3,785,800	4,945,300
Debt Service X 1.25	4,688,900	4,732,300	6,181,600
Total Debt Coverage Ratio	1.49	1.76	1.37
REQUIRED PARITY BOND DEBT COVERAGE			
Parity Bond Principal	2,689,000	2,689,000	2,744,000
Parity Bond Interest	857,300	857,300	1,821,600
Total Parity Debt Service	3,546,300	3,546,300	4,565,600
Debt Service X 1.25	4,432,900	4,432,900	5,707,000
Parity Debt Coverage Ratio	1.58	1.88	1.49
Cash Excess/(Shortfall)			
Cash Excess/(Shortfall)	1,835,300	2,895,000	1,845,500
Less Lost Canyon & Treatment Plant repair funds	-	(287,400)	(287,400)
Projected Cash Generated	1,835,300	2,607,600	1,558,100
Capital Facility Reserves	(458,500)	(458,500)	(498,000)
Cash Available for Capital Budget	1,376,800	2,149,100	1,060,100

Table 3: 2023 and 2024 Debt Coverage Ratio

7.0 CASH POSITION

As shown in the graph below the District’s cash and reserves (excluding cash held by held by the bond trustee for debt payments) steadily improved through 2022. In 2023 the District has expended cash on several planned capital projects, bringing the cash balance down. The District’s cash position remains strong with a balance of over \$21 million (excluding cash held by the bond trustee for debt payments).

Operating Cash & Reserves are sufficient to cover operating expenses for more than 300 days. District policy requires 120 days. A complete breakdown of cash balances as of September 30th, 2023, is included as Appendix B.

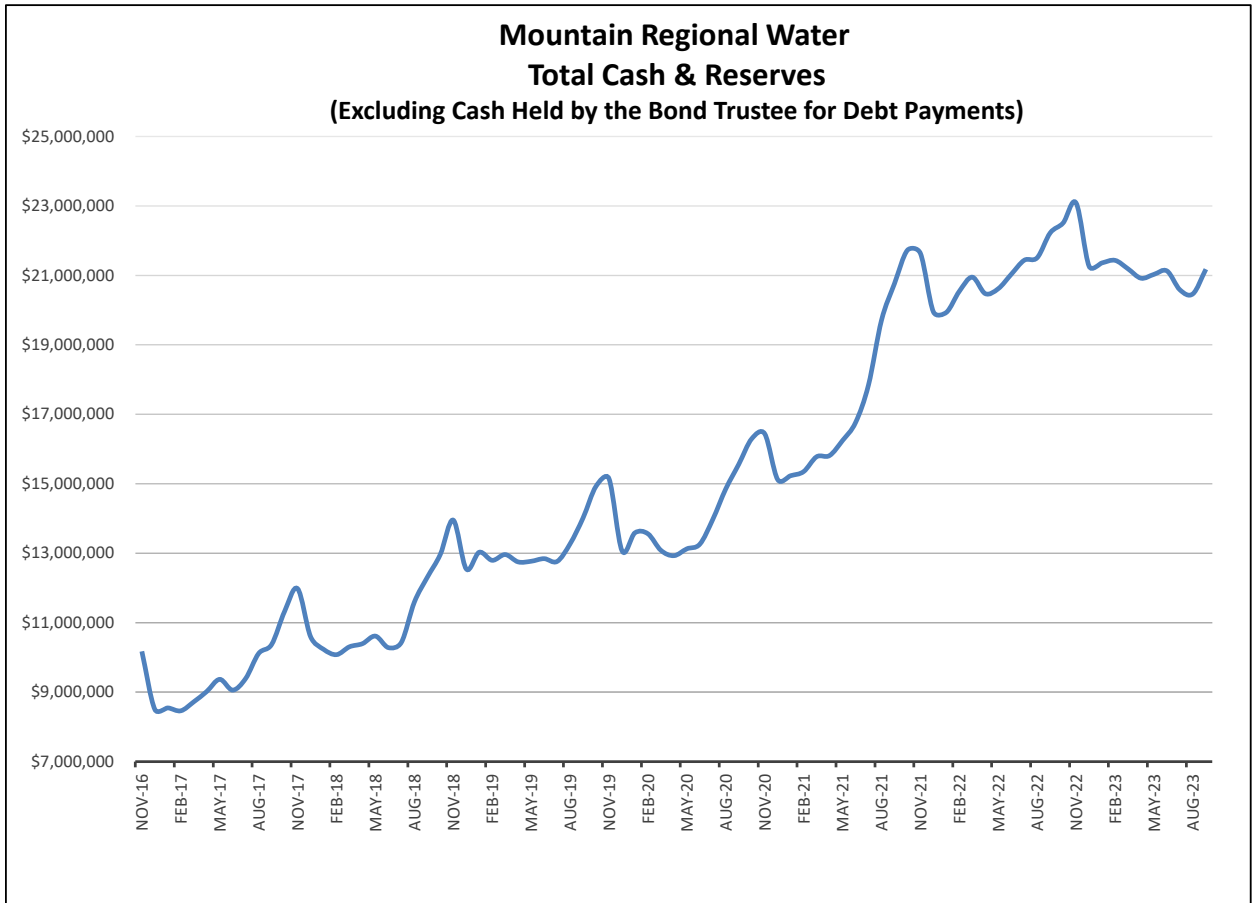


Figure 6: Total Cash & Reserves

8.0 2023 CAPITAL BUDGET AMENDMENT and 2024 CAPITAL BUDGET REQUEST

The District is requesting two new amendments to the 2023 Capital Budget. First, the District is requesting an \$18 million amendment to reflect the Series 2023 Bond that was issued on November 3, 2023. Approval to issue this water revenue bond was received from the Summit County Council on September 27, 2023, and the required public hearing was held on October 18, 2023. The bond proceeds will be used for the construction of the Administrative Office and Maintenance Facility on the FJ Gilmore parcel. The second request is for \$100,000 in savings in the construction of the new Summit Park tank to be reallocated to the Browns Canyon Connection. The estimate for the Browns Canyon Connection is coming in higher than originally projected and this allocation will cover those additional costs.

For 2024 the District is requesting \$3.74 million in new capital spending appropriations as shown below. The request includes vehicle and equipment needs and other projects put forth by the District Engineer such as continued work on treatment plant expansion. A detailed description of capital projects completed in 2023, projects rolling forward from 2023, and new projects for 2024 are included in Appendix C.

Mountain Regional Water							
2023 Capital Budget Amendment and 2024 Capital Budget Request							
	2023 Adopted Budget	2023 Approved Amendments	2023 Proposed Amendment	2023 Estimated Completed	2023 Estimated Carryover	General Manager Recommended Increases	2024 Total Estimate
CASH SOURCES							
Previous Year Budget Carryover	\$ 2,332,600			\$ 1,561,900	770,700	\$ -	\$ 770,700
Cash Available from Previous Years	3,786,700			1,839,900	1,946,800	2,149,100	\$ 4,095,900
Impact Fees	1,516,500			768,500	748,000	1,589,500	\$ 2,337,500
District Capital Reserves	1,395,300			1,395,300	-		\$ -
Regionalization Reserve	-	1,550,000		-	1,550,000	-	\$ 1,550,000
Series 2023 Bond Issuance			18,000,000		18,000,000		\$ 18,000,000
Grants and ITC Credits		930,000		-	930,000		\$ 930,000
TOTAL SOURCES	\$ 9,031,100	\$ 2,480,000	\$ 18,000,000	\$ 5,565,600	\$ 23,945,500	\$ 3,738,600	\$ 27,684,100
CASH USES							
Completed Projects							
Summit Park Tank	2,903,000	-	(100,000)	2,803,000	-		-
Pipeline Replacement (Summit Park)	1,160,000			1,160,000	-		-
Spine Road Pump Station Electrical	212,200			212,200	-		-
Sun Peak Well 2	200,000			200,000	-		-
Vehicles & Equipment	440,800			405,000	35,800	458,000	493,800
Capitalized Personnel Costs	335,400			335,400	-	346,500	346,500
General System Improvements	659,800			450,000	209,800	584,100	793,900
							-
Capital Projects							
Browns Canyon Connection	303,000		100,000	-	403,000		403,000
Solar Array on Treatment Plant Pond	378,300	1,430,000		-	1,808,300		1,808,300
Summit Park Well 5						150,000	150,000
Old Ranch (generator/surge/asphalt)						1,200,000	1,200,000
Treatment Plant Expansion	441,000			-	441,000	1,000,000	1,441,000
Administrative Office & Maintenance Facility	1,747,600	1,050,000	18,000,000	-	20,797,600		20,797,600
Engineering Design Fees	250,000			-	250,000		250,000
TOTAL USES	\$ 9,031,100	\$ 2,480,000	\$ 18,000,000	\$ 5,565,600	\$ 23,945,500	\$ 3,738,600	\$ 27,684,100

Table 4: 2023 Amendment and 2024 Capital Budget Request

9.0 2023 AMENDMENT SUMMARY

The District is requesting the following amendments to the 2023 budget. These amendments have a net zero impact on the overall Change in Net Position, rather, they adjust revenue and expenses based on variances from budgets, as previously discussed.

Operating Revenue: decrease \$380,000

Operating Expenses: decrease \$380,000

Non-Operating Revenue: Increase \$184,700

Non-Operating Expenses: Increase \$184,700

Below is the original 2023 Operating Budget followed by the requested 2023 Amended Operating Budget:

2023 Operating Budget

Revenue: \$14,779,200

Expense: \$12,278,800

Change in Net Position: \$2,500,400

2023 Amended Operating Budget

Revenue: \$14,583,900

Expense: \$12,083,500

Change in Net Position: \$2,500,400

The District received approval for two 2023 Capital Budget Amendments earlier in the year and is requesting two additional amendments now as discussed in Section 8. Below is the original 2023 Capital Budget and the 2023 Amended Capital Budget:

2023 Capital Budget

\$5,031,200

2023 Amended Capital Budget

\$25,511,200

There is no change to the Debt Service Budget for 2023 of \$3,751,100

10.0 2024 BUDGET SUMMARY

2024 Operating Budget

Revenue: \$16,585,700

Expense: \$14,155,700

Change in Net Position: \$2,430,000

2024 Capital Budget

\$3,738,600

2024 Debt Service Budget

\$4,943,300

APPENDIX A – 2022 Actual, 2023 Budget & Amended, 2024 Budget Recommendation

Mountain Regional Water Operating Budgets - Accrual Basis Enterprise Fund						
	2022	2023	2023	2023	2024	2024
	Actual	Budget	Proposed Amended	Projected	Control Board Recommended	Recommend to 2023 Budget
<u>OPERATING REVENUE</u>						
Retail Water Sales	\$ 9,684,627	\$ 10,546,600	\$ 10,096,600	\$ 10,096,600	\$ 11,581,100	\$ 1,034,500
Park City Wheeling	718,627	650,000	720,000	720,000	600,000	(50,000)
Weber Basin Regionalization Collections	1,191,100	1,244,300	1,244,300	1,244,300	1,076,400	(167,900)
Operating Fees	554,358	588,200	588,200	588,200	491,800	(96,400)
Contract Maintenance	11,621	2,500	2,500	2,500	2,500	-
Other	40,363	45,000	45,000	45,000	45,000	-
Total Operating Revenue	12,200,695	13,076,600	12,696,600	12,696,600	13,796,800	720,200
<u>OPERATING EXPENSES</u>						
Operations						
Energy & Resource Management	681,638	716,200	686,200	686,200	784,100	67,900
Lost Canyon Transmission	1,646,868	1,986,900	1,809,900	1,809,900	2,083,300	96,400
Treatment Plant	719,955	843,000	843,000	843,000	982,300	139,300
Distribution	3,121,278	3,462,000	3,387,000	3,387,000	3,681,800	219,800
Safety	83,098	95,600	82,600	82,600	98,600	3,000
General Manager						
Administration	-	1,234,000	1,224,000	1,224,000	1,423,800	189,800
Engineering & Development	285,157	-	-	-	-	-
Human Resources	133,174	-	-	-	-	-
Financial Management	448,454	-	-	-	-	-
Legal Services	53,036	-	-	-	-	-
Public Services	680,230	831,400	781,400	781,400	906,800	75,400
Depreciation Expense	1,972,785	2,158,500	2,133,500	2,133,500	2,347,300	188,800
Total Operating Expense	9,825,673	11,327,600	10,947,600	10,947,600	12,308,000	980,400
OPERATING INCOME	2,375,022	1,749,000	1,749,000	1,749,000	1,488,800	(260,200)
<u>NON-OPERATING REVENUE</u>						
Interest Earnings - Available for Debt Service	396,178	350,000	516,700	1,175,000	1,225,000	875,000
Interest Earnings - Not Available for Debt Service	11,916	12,000	30,000	30,000	20,000	8,000
Impact Fees	1,499,752	600,000	600,000	800,000	800,000	200,000
Promontory Developer Assessments	487,952	383,300	383,300	383,300	386,600	3,300
Stagecoach Assessments	168,660	156,600	156,600	156,600	156,600	-
Community Water Assessments	161,159	159,000	159,000	159,000	159,000	-
Other Cash Non-operating Revenue	196,628	30,000	30,000	30,000	30,000	-
Non-Cash Non-operating Revenue	11,667	11,700	11,700	11,700	11,700	-
Total Non-Operating Revenue	2,933,912	1,702,600	1,887,300	2,745,600	2,788,900	1,086,300
<u>NON-OPERATING EXPENSE</u>						
Interest Expense/Bank Fees	1,019,713	949,200	1,133,900	1,133,900	1,845,700	896,500
Bond Issuance Costs and Amortization Expense	2,000	2,000	2,000	2,000	2,000	-
Total Non-Operating Expense	1,021,713	951,200	1,135,900	1,135,900	1,847,700	896,500
NON-OPERATING INCOME	1,912,199	751,400	751,400	1,609,700	941,200	189,800
CHANGE IN NET POSITION (NET INCOME)	4,287,221	2,500,400	2,500,400	3,358,700	2,430,000	(70,400)
<u>TRANSFERS</u>						
Contributions in Aid of Construction	2,818,622	-	-	-	-	-
NET TRANSFERS	2,818,622	-	-	-	-	-
BUDGET CHANGE IN NET POSITION (W/ TRANSFERS)	\$ 7,105,843	\$ 2,500,400	\$ 2,500,400	\$ 3,358,700	\$ 2,430,000	\$ (70,400)
GASB 68 ACTUAL RETIREMENT ADJUSTMENTS	518,400	TBD	TBD	TBD	TBD	N/A
ACTUAL CHANGE IN NET POSITION (W/ TRANSFERS)	\$ 7,624,243	\$ 2,500,400	\$ 2,500,400	\$ 3,358,700	\$ 2,430,000	N/A

The actual amounts shown above in the program expense budgets have been adjusted to remove the non-cash GASB 68 retirement accrual. This is done to provide a much better year-over-year budget comparison.

APPENDIX B – District Cash Balances as of September 30, 2023

Mountain Regional Water Special Service District Operating Cash and Reserves September 30, 2023 - Unaudited	
OPERATING CASH & RESERVES	
Checking	\$ 933,677
Operating Reserves	8,999,132
Subtotal Operating Cash & Reserves	9,932,809
	<i>Days Cash on Hand</i> 395
RESTRICTED DEBT RESERVES HELD BY DISTRICT	
Impact Fee Reserves	\$ 4,569,921
Rate Stabilization Fund/Debt Service	1,229,408
Prepaid SAA Assessments	576,832
Promontory Stabilization Reserves	228,320
Stagecoach Debt Reserves	12,591
Community Water Debt Reserves	32,738
Subtotal Restricted Debt Reserves	6,649,811
RESTRICTED CAPITAL FACILITY RESERVES	
Capital Reserve and Replace Fund w/ State	1,914,806
Lost Canyon Reserve Fund	686,770
Subtotal Restricted Capital Facility Reserves	2,601,576
OTHER RESTRICTED CASH	
East Canyon Fund	2,794
Regionalization Reserve	622,539
Drought Reserve	844,159
Treatment Plant Operating Reserve Fund	405,679
Customer Deposits	1,167,461
Other Deposits	34,918
Subtotal Other Restricted Cash	3,077,551
Debt Reserves Required by Bond Holders and Held by Trustee	2,702,623
TOTAL	\$24,964,369

APPENDIX C – Capital Project Descriptions

2023 Completed Projects

Summit Park Tank – The lowest elevation Summit Park tank (known internally as Tank 1) was replaced with a larger volume tank to support additional development in the area. The old tank’s volume was 100,000 gallons; the new tank has a volume of 250,000 gallons and includes a combined tank mixing and chlorination system. The final cost on the tank was \$2.7 million.

Pipeline Replacement (Summit Park) – A portion of the Summit Park distribution infrastructure was identified as needing to be replaced due to several main line breaks in recent years and the need to increase the fire protection in the area served. Approximately 1,650 linear feet of 8” water main was replaced in 2023 at a cost of \$1.2 million.

Spine Road Electrical Upgrade – For both safety and functionality reasons the electrical panels at the Spine Road pump station were moved above grade. Structural changes to the building were also needed to make the change possible. The electrical panels were also upgraded as part of the project. Final costs were \$212,000.

Sun Peak Well #2 - The District refurbished Sun Peak Well #2 during 2023. The well was previously abandoned, but since the surface diversion at Spring Creek is no longer an approved source for potable water for the District, this well became an important source to offset that decrease.

Continuing and new 2024 Capital Projects

Capitalized Personnel Costs - As District employees spend a portion of their time working on or managing capital projects, the District capitalizes some personnel costs. For 2024, the budget includes \$346,500, which will be funded from cash on hand.

General System Improvements - The 2024 budget requests an additional \$584,100 in funding for General System Improvements. The improvements are planned to include establishing an Asset Management system, an additional valve on the Lost Canyon transmission line, asphaltting projects, and other miscellaneous items.

Vehicles & Equipment - The District is budgeting to purchase a dump truck, a mid-size truck, a full-size truck, a small vacuum trailer, two spare pumps, a spare motor and install two generator connections. The District is requesting \$458,000 to fund these purchases.

Browns Canyon Road betterment – The District has evaluated the benefit of a betterment (line size upgrade) to the distribution infrastructure planned by Promontory and has decided to participate. An additional \$100,000 in funding is requested in the 2024 Capital Budget to complete this betterment which will provide distribution and other advantages to the District in the future.

Solar Array on Treatment Plant Pond – Earlier this year the District requested and received approval for a capital budget amendment to move forward with a solar array installation at the Signal Hill Water Treatment Plant Pond. The District has contracted with Ameresco for the installation and the project is being funded by a combination of a grant from Rocky Mountain Power, an Investment Tax Credit (ITC) from the federal government and District funds. No further funding is needed or contemplated at this time.

Treatment Plant Expansion - The District is requesting an additional \$1 million in the 2024 Capital Budget to move design work forward on the Treatment Plant Expansion project. The current timeline is for continued design work in 2024, followed by plan finalization and bidding in 2025, and to begin construction in 2026. This

expansion will provide additional safety, resiliency, redundancy, as well as meet the District's projected water needs for the next 20 years.

Administrative Office and Maintenance Facility - The District is requesting a \$18 million amendment to 2023 Capital Budget to fund construction of the Administrative Office and Maintenance Facility. A 5-acre lot in the Gilmore parcel was previously purchased from Summit County for \$2,041,000. The District has also committed to paying their portion of infrastructure costs to Summit County when amounts are finalized. This payment to the County will come from funds already allocated to the project.

Summit Park Well #5 – This project will rehabilitate Summit Park Well #5, which has been inactive for years. This will add source to the Summit Park area and resiliency to the water portfolio. There are electrical improvements planned to bring the well to modern standards. Lastly, the SCADA (automation and controls) system will be improved and integrated so this well can be monitored and operated remotely moving forward. This continues the District's investment to rehabilitate wells given the significant growth we've seen over the past years.

Old Ranch Booster Pump Station Upgrades – Old Ranch Booster Pump Station is a critical pump station that regionalizes the District's system. This project will add the ability to transfer water between regions within the District, using a control valve and SCADA improvements (automation and controls). A surge control system is also being implemented to protect the system and allow for higher pumping rates to meet demand and growth. Lastly, there will be electrical improvements to allow an onsite backup generator. Given its critical nature, it's an obvious candidate for the next installation of a diesel generator in the District to ensure water delivery to the Colony, Canyons and Silver Springs regions.

Engineering Design Fees – Engineering design fees requested last year are sufficient to meet the District's design needs (other than the treatment plant expansion mentioned previously) in 2024. Design work is currently taking place on the Old Ranch Booster Pump Station and a waterline loop in Glenwild. New design work is scheduled in 2024 for a new waterline project (most likely in Summit Park area), a new well siting study and an Aquifer Recharge and Storage (ASR) study.