



MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

Administrative Control Board
Meeting Minutes
July 11, 2019

Board Members:

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

Staff:

Scott Morrison
Marti Gee
Lisa Hoffman
Doug Evans
Steve Anderson

Summit County Attorney:

Dave Thomas

Guest:

Jason Watterson, ULGT

The Administrative Control Board of Mountain Regional Water SSD, Summit County, Utah met in Regular Meeting session on July 11, 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 6:08. No public attended the meeting there were no public comments.
- 2. TAP Award Utah Local Government Trust: Jason Watterson:** Jason discussed with the Board that MRW has won the TAP Award for the past 4 years and also received a reward check each year for approximately \$1,700.00 for the prevention of losses and the health and safety programs for the employees. The MRW Staff supports the training to prevent car crashes, holding safety meetings, confirm that all employees that use vehicles have valid drivers licenses. Jason also commended MRW staff for the effort to maintain a safe work environment for the MRW employees.
- 3. Executive Session – Personnel:** None needed.
- 4. Move into Open Session:** No closed session needed.

5. Consent Agenda:

- a. Approval of the June 20, 2019 ACB Meeting Minutes
- b. Approval of the June 2019 Check Register
- c. Consideration of Approval of P.O. for the Stagecoach Waterline Project. Scott Morrison discussed the four responses from contractors on the waterline project. The bids varied from \$71,475 - \$155,500. Extreme Excavating was the low bid and MRW has years of experience working with Extreme Excavating. This was a project budgeted in the Capital Improvement Budget. The budgeted amount was \$79,200. Scott and staff are recommending that the Contract be awarded to Extreme Excavating to perform the waterline project in Stagecoach Estates and authorization to have Scott sign the contract. Tim Dougherty made a motion to approve the Consent agenda and to approve the Extreme Excavating Contract for \$71,475 for the pipeline in Stagecoach Estates and give Scott Morrison authorization to sign the Contract. Karin Wilson seconded the motion. All voted yes, motion approved.
- d. Other: None.

6. Questions on Department Updates: None.

7. Financial Management: Lisa Hoffman

- a. Presentation of the June 2019 Financial Report: Through June the Change in Net Position (net income) is \$204,833 which is \$520,108 better than projected. This positive variance primarily resulted from lower expenses of \$430,385 (8.6%); primarily due to lower repair and maintenance and personnel costs. Adding to the positive variance are slightly higher revenues than projected of \$89,723 (1.9%).

As compared to last year, revenue is down \$423,697 (8.2%), primarily due to lower retail water sales of \$185,863, and lower impact fees of \$170,517. Expenses are \$4.57 million, just \$30,746 (0.7%) higher than last year. A more thorough explanation of revenue and expenses will be discussed below, and a detailed change in net position statement.

Revenue through June is \$4.77 million which was \$89,723 (1.9%) ahead of projections. Higher Development Related Collections (which includes impact fees) of \$167,855 and higher interest earnings of \$100,734, were offset by lower retail water sales of \$128,813 and lower Promontory Raw Water sales of \$46,717. As compared to 2018, revenue is down \$423,697 (8.2%). This variance

is primarily related to lower Development Related Collections \$308,574 (25.5%), due to reduced impact fee collections. In March 2018, the District collected an impact fee for a 36-unit condo complex in the Canyons for \$283,806.

Retail Water Sales were \$128,813 (4.4%) below projections and \$185,863 (6.3%) lower than last year. This is attributable to the very cool wet spring the Park City area has seen this year.

Promontory Raw Water sales were \$46,717 (52.8%) below projections as well as \$36,937 (46.9%) lower than last year, for the same reason Park City wheeling fees are currently very close to projections, a variance of only \$3,336 (1.0%). It is anticipated Park City will take close to their full allocation of 2,900 acre-feet by the end of the year.

Weber Basin Regionalization take-or-pay contract is on budget for 2019, however slightly higher than last year to cover increasing costs, as the amount contracted of 800 acre-feet remains the same.

Other revenue was \$100,734 (82.0%) ahead of budget mainly due to increased interest earnings on higher invested balances and better returns than projected. As compared to last year, other revenue is \$78,414(54.0%) higher, for the same reasons.

The Total Cash Expenditures of \$3.71 million are \$351,611 (8.6%) lower than budgeted, leading to the better than expected Change in Net Position through June. As compared to 2018 Total Cash Expenditures through June are essentially the same.

Operations, Maintenance & Repairs expense through June was \$2.39 million - which is \$259,231 (9.8%) under budget. This is due to lower repair and maintenance costs, lower personnel costs and lower power costs than projected. These expenses are \$137,121 (6.1%) higher than last year primarily due to the replacement of carbon and membranes in 2019, slightly offset by lower repair and maintenance and payroll costs to date. The District anticipates repair and maintenance costs will increase in the upcoming summer months. Meanwhile Non-OM&R expense through June was \$600,374 – which was under budget \$83,026 (12.1%), primarily due to reduced staff in the Public Services department that was not budgeted and an employee in the Engineering &

Development department moved to Distribution in May to help with lower staffing levels in Operations. These expenses were \$118,191 (16.4%) lower than last year due to decreased staffing levels in Public Services and lower expense in the Engineering & Development department due Andy Armstrong's severance payment in May 2018.

Non-cash Depreciation expense through June was \$851,782 which is \$78,818 (8.5%) below projections due to several large assets being fully depreciated. Non-operating Expenses through June are \$9,310 (1.3%) below budget, trending very much as expected and similar to last year.

Total cash ended June at \$14.71 million, an increase of \$2.63 million (21.8%) over June 2018. A large portion of the increase, \$2.18 million, was in Operating Cash & Reserves due to higher than projected water sales in 2018.

Operating Cash & Reserves balance at June 2019 is \$6.21 million which represents a very healthy 322 days reserves compared to 228 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 increased \$93,506 (3.1%) in June primarily related to the collection of impact fees and Promontory SAA assessments. As compared to last year the reserves are down \$289,994, due to Promontory SID assessments. The Promontory SID assessment is now fully paid and only the SAA assessment remains in place.

Debt Reserves Held by the Trustee decreased \$587,823 due to three scheduled bond payments in June. As of June, the \$1.47 million balance meets the required levels pursuant to bond covenants.

In June Regionalization Reserves increased slightly \$3,907 (0.2%) due to interest earnings. In July, \$75,240 will be transferred into the Regionalization Reserves, this is 30% of the 2nd Quarter Weber Basin payment. It is anticipated these reserves will be used to pay down debt in the coming years. Capital Facility Reserves have increased \$424,283 from last year due to the scheduled annual addition of 5% of the 2019 cash operating budget in January 2019. \$250,000 will be transferred from this account next month to fund the meter change out program.

Other Restricted Cash increased \$30,661 (5.6%) in June due to required deposits into the Treatment Plant reserve fund and increased customer deposits. Other Restricted Cash has decreased \$67,069 (10.4%) over June of 2018, due to withdrawals from the Treatment Plant reserve fund to pay for carbon and membrane replacement done in early 2019.

The increase through June in new water connections and related impact fees is shown below. Through June there were 63 new connections which is above the four-year-average of 57 new connections. However, the total impact fee collections were 29.5% lower. This is due to 23 (36.5%) of the 63 new connections paying impact fees with prepaids, decreasing the amount of funds received per connection. This also lowers the average impact fee per connection, dropping it from the four year average of \$10,947 to \$6,977 through June.

Through June water consumption by District customers was 3.7% below the average over the past four years at 535 acre-feet. As compared to last year, usage is down 115 acre-feet or 17.7%, due to the very cool and wet spring experienced in 2019. Accordingly, June water consumption by District customers was down 46 acre-feet or 21.2% as compared to the four-year average.

Through June water consumption by the Promontory golf courses was 57.1% below the average over the past four years at 82 acre-feet and usage for June was down 57 acre-feet or 44.8% over the four-year average. As mentioned above, this was due to the very wet cool spring this year.

Park City's consumption through June of 906 acre-feet is 46.4% higher than the average over the past four years, but close to the 315 acre-feet they took through June 2018. 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 as the construction of the new Spiro Treatment Plant begins.

Summit Water has taken 253 acre-feet of water through June, which is slightly below the 272 acre-feet taken at this point last year. Summit Water has a take or pay contract for 800 acre-feet for 2019 and it is anticipated they will take their full allotment by the end of the year.

The Community Water annexation is complete and the District has spent approximately \$38,510 through June, which is primarily related to \$27,000 of line work performed last summer, in an area of the project that was already under construction. The \$356,922 encumbered to date is for drilling the Community Water well in Silver Creek. The other Community Water infrastructure work will be bid in the coming months and it is anticipated the loan closing will occur in October.

The meter changeout program continues, with the majority of meters changed out by the end of the year.

The Silver Creek "EPA Line" is complete and functioning. This completes the final phase in the Silver Creek Tank and Pump Station.

The 2019 RAM truck for \$31,622 will be capitalized next month and put into service. The dump truck for \$163,804 is expected to be received later this summer.

A new boiler (\$15,620) has been purchased for the treatment plant and will be installed this summer. This boiler will work with, and provide redundancy with the older boiler that required repairs earlier this year.

- b. Other: None.
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- 8. Update on Community Water:** Marti reported that most of the commercial customer meters have been changed out to the Badger meters. There are several larger meters on order to replace old meters in Community Water. Bills went out and things seemed to be billing property. Staff is working on a bid to replace all of the Red Pine Townhomes and the Park West Townhomes inside meters. They are in difficult locations and require a plumber to change out the water meters. Staff continues to try to access the water meters in the Park West homes.

 - 9. Consideration of Approval Impact Fee Facilities Plan:** Consideration of Recommendation to the Governing Board of Mountain Regional Water Special Service District the approval of the Impact Fee Facilities Plan: Doug Evans explained to the Board that there have been a few changes (from draft version E to F) to the Impact Fee

Facility Plan since our last Board Meeting. There are minor changes and do not change the final Impact Fee values at this time. Doug made minor wording changes in the Source Level of Service description to better clarify the calculation arriving at 0.79 GPM. Our latest approved Summit County Concurrency approval for 2019 of 0.72 GPM (which also is the average of the past 3 years in Table 2 Line K) is used as a basis, this basis is then increased with a 10 percent safety factor. This logic is similar to the Water Rights Level of Service calculation.

A few clarifications were also made in the Distribution Level of Service sub-section (page 12-13) to better explain the emergency fire requirement and the State requirement of a minimum pressure of 20 PSI to be maintained in the system during any emergency event.

A minor math error was fixed in the spreadsheet.

The Level of Service table in the word document had an error in it on the Distribution category. The value should be 1.58 GPM instead of 1.44 GPM.

Scott discussed the schedule to have a work session with the Summit County Council on July 17, all recommended changes by the Board and Council will be incorporated, a public hearing is tentatively scheduled for August 7th, 2019 for the Council's approval of the IFFP. Karin Wilson moved to make a recommendation to the Governing Board to approve the IFFP. Bob Neumeister seconded the motion. All voted yes, motion carried.

10. Legal: Dave Thomas

- a. Other: TCFC is working through changes in management. Dave Smith is currently taking the lead to push forward the Summit Water Interconnect and Surplus Water agreements.

11. General Manager Comments: Scott Morrison

- a. Red Hawk Easement: An easement in Red Hawk is still needed to complete a system improvement project at the top of the Glenwild subdivision. The Red Hawk property owners have not been responsive to the District's requests. An affected party in Glenwild is working with the District and property owners in Red Hawk to facilitate a meeting.
- b. Gorgoza Agreement: The contractors from the Jeremy round-about project have contacted the District requesting we lower the water main from Kilby through

the Pinebrook Blvd. intersection. This was an unexpected development but determined to be necessary due to grade changes over the District's water line. After weighing our options, the District has been working with Gorgoza Water Company to purchase 61% of the capacity in a water main that they own which will allow the District to abandon the line through the round-about project. A meeting with Gorgoza highlighted a few other long-standing issues as well that are being cleaned up through an agreement currently in draft form.

- c. Other: A meeting has been scheduled for July 23rd between members of the County Council, the Board, Scott Morrison and Tom Fisher. The purpose of the meeting is to provide a District update and discuss the 2020 Master Agreement water rate.

12. Adjourn: The meeting adjourned at 7:57 pm.

Pursuant to the American with Disabilities Act, Individuals needing assistance attending the meeting, July 11, 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 August 8, 2019.