



MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

APPROVED MINUTES

Administrative Control Board
October 22, 2020

Attendance:

Board:

Mike Kobe
Bob Neumeister
Karin Wilson
Tim Dougherty
Ian Schofield

Staff:

Scott Morrison
Lisa Hoffman
Steve Anderson
Chris Braun
Brian Davenport
Anna Peacock
Sam Grenlie
Sharon Kellner

Summit County Attorney:

Margaret Olson (absent)

Notice was hereby given that the Administrative Control Board of Mountain Regional Water SSD, Summit County, Utah will meet in Regular Session on October 22, 2020 via Zoom with anchor location at the Mountain Regional Water District Office at 6421 N. Business Park Loop Rd., Suite A, Park City Utah, 84098 at 6:00 p.m. All participants and public wishing to attend should do so via Zoom using the following information:

Join Zoom Meeting:

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/83443384529>

To Dial in for Audio: 346-248-7799

Webinar ID: 834 4338 4529

- 1. Call to Order and Public Input:** Mike Kobe called the meeting to order at 6:08 PM.
There was no public attending, no public comments.
- 2. Executive Session – Personnel, Possible Litigation, and Property Acquisition:** (6:36 pm)

Bob Neumeister made the motion to move into the Executive Session. Ian Scofield seconded the motion. All voted in favor of the motion. Motion passed.

Tim made the motion to move out of the Executive Session. Bob seconded the motion. All voted in favor of the motion. Motion passed.

3. Consent Agenda: (6:37pm)

a. Approval of the September 10 2020 ACB Meeting Minutes: **No Comments**

b. Approval of the October 8 2020 Public Rate Hearing Minutes: **Mike Kobe** mentioned that he would like a title to reflect on the minutes that the October 8, 2020 was a Public Rate Hearing. **Scott Morriuson** confirmed that staff will make the correction.

c. Approval of the September 2020 Check Register: **Bob Neumeister** inquired about the refund checks that were being issued. **Steve Anderson** explained that there are 2 main reasons for these types of checks. One reason being that the refund checks are from the security deposits collected for construction and new builds. The other reason being the refunds are money that is estimated to be collected at the time of closing by the title company.

Ian Schofield inquired as to what the Spine LL2 analyzer was. **Sam Grenile** explained that MRW is upgrading the chlorine analyzer at the Spine Road Booster Station. We are going to start using that location for our monitoring efforts as it relates to our compliance reports necessary with the State. It is a PH, Chlorine and temperature analyzer used to show how well we are disinfecting.

Ian Schofield also inquired about the master agreement Quinns Interconnect Pipeline and was this amount paid every year? **Scott Morrison** explained that this is not a payment every year. This agreement is to move water between water purveyors. This payment is for the interconnect located in Park City for the ability to move water between Park City and Summit Water Distribution. Previously the only interconnect was between MRW and Summit Water Distribution. There is one more interconnect to construct. **Ian** inquired if this amount was ours solely to pay or was it split? **Scott** replied that yes this was split. This is 1/3 cost of the invoice. This is a progress payment split between MRW, Park City and Summit Water. **Ian** asked if there is still 1 more interconnect needed and will it cost half a million dollars?

Scott replied that the last one is cheaper. **Scott** does not have the exact cost that we would owe tonight but it is cheaper. **Bob Neumeister** asked for clarification as to who receives the total and then divides it? **Scott** explained that it is Weber Basin who receives the invoice, pays it and divides it into 3rds, invoicing each party.

Ian had one more question about the drug testing? What was it for? Did we have an accident? Or was it routine? Lisa Hoffman explained that the test in September was routine for our new hire.

Tim Dougherty has a question for Sam about a check made out to Jrock. He is assuming this is a progress payment? How would you grade JRock's performance for this money? Sam Grenile responded by explaining that Hidden Creek is a challenge project. This being said, annexing any struggling water company and bringing them up to specs is also a struggle. Hidden Creek is a true reflection of this. JRock is new to our district, as well as their crew. Can not really give a grade. Can he give it a month and get back to them next month? Tim Dougherty inquired if they were working on a corrective action plan, if they were, based on the completion, would they get a A? Sam says they are improving. Tim Dougherty asked if Sam could address it in next month's engineering report.

- d. Consideration of Employee Auction to Surplus 2011 Ford Escape: Steve Anderson explained the reason why we are auctioning this vehicle, is due to its age, mileage and was primarily used by Doug Evans who has since retired from MRW. Due to the purchase of the Highlander, this vehicle is no longer needed. Ian Scofield inquired on clarification about the minimum bid needing to be \$3,550? Steve responded that the amount was correct. The opening bid amount is determined by a couple of factors, low blue book value, less the 12% that goes to the auction house for surplus vehicles. If this amount is not met, then the vehicle is sent to auction. Ian inquired if the bids were sealed? If the employees only receive 1 chance to make a bid? Basically a 1 and done? There is no second round? Steve responded that there has not been that situation since he has been an employee and he does not know of one similar in the past. The bids are usually emailed to Steve, he does not open the email until the appointed time. At this time, the surplus auction is only open to the employees of MRW.
- e. Consideration of Approval of P.O.: There were no P.O.s up for consideration
- f. Other:

Motion made by Ian Schofield to approve **Consent Agenda** Seconded by Karin Wilson. All voted in favor of the motion. Motion passed.

4. Financial Management: Steve Anderson (6:51pm)

- a. Discussion and Recommendation of the 2021 Tentative Budget and 2020 Proposed Amended Budget: Steve Anderson explained the 2021 Budget Process and Timeline. Steve further explained that he would be presenting a powerpoint

version about the Budget Report, due to the length of the report. See attached slides.

The 2021 revenue projection for water sales is using a 4 year average while last year's projection was based on an average of 5 years. Our reserves are averaging 1 year. Tim Dougherty inquired if only using 4 years made the prediction more optimistic. Steve stated he would agree.

We are collecting very well. Any expenses we might have incurred during COVID with the ppe are offset by savings such as travel and in person training.

The retail water consumption is up by 0.49 ACF per customer due to the hot dry summer but this is offset by the addition of Community Water customers. Tim Dougherty asked Steve to back up a couple of slides and wanted to know if MRW was speculating on the collections slightly better than 2019 and do we care if it is mostly speculation or not? Steve explained that due to the ability that MRW has to place liens on property taxes, it is not a concern. Steve further explained that MRW was preparing for something worse and it has turned out to be better than anticipated during the onset of COVID and that Park City's demographics is mostly second home owners. Lisa Hoffman stated that while revenue is great, we need to be able to collect that revenue. MRW is currently able to collect due to our customers having the ability to pay their water bills. Our demographics do not seem to be as impacted by COVID as the rest of the country might be. Lisa further explained that we are working diligently with our customers on late payments, making payment arrangements if necessary, before MRW has to result in a large property tax liens.

Steve explained the usage slides and budget predictions are based on weather and growth.

Steve explained the impact fees collections. Mike Kobe questioned what the impact would be if and when the workforce housing came. Scott Morrison explained that the total value would be approximately \$800,000. It was his understanding that building permits will be pulled all at once even though the construction would be phased in over time. If this is the case, and they do start the workforce housing in the spring, we would be over the budgeted revenue.

Steve Anderson explained the 2 major water contracts for the next year.

Weber Basin approved at the rate hearing in October. Park City Wheeling anticipated to be the same as last year.

Steve explained Summit Water's rates take into account that they take treated water going through Lost Canyon to the treatment plant and the fact that they do not pay their water lease fees directly to Weber Basin. Park City's rates take into account that Park City takes raw water running only through Lost Canyon and that Park City does pay their own water lease fees directly to Weber Basin. Steve just

wants to remind everyone that these rates are not apples to apples. They cannot be compared straight across.

Steve continued on with the total productions slide and these should be very similar next year as this year.

Steve explained the cash balances which includes interest adding to the bond reserves. Treatment plant had higher than normal expenses this year due to purchasing both carbon and membranes, so the reserve balance is down but will not have any purchases anticipated for next year, but will again in 2022.

Karin Wilson asked about this and it seemed to be counter intuitive? Steve explained the specifics of how the numbers are reported on the ledger to address the confusion.

The Lost Canyon Creek fund has a maximum of \$1M, at which time Park City and MRW will stop putting money into it.

The debt reserves held by the district are growing and while this is good, we do not want to have too much cash and are identifying opportunities to utilize impact fees.

On the personnel and compensation portion, there is one position to fill in the GIS department. Scott Morrison paused Steve to explain the COLA, merit and bonus portion. While the County is NOT doing increases at the end of this year due to COVID, Scott Morrison and Lisa Hoffman have met with Tom Fisher to discuss 1% Cola and 2% average merit increase for MRW employees, while being sensitive to the rest of the county. The takeaway is that Tom Fisher is comfortable with the MRW approach. Lisa Hoffman mentioned that we did not have the \$1500.00 annual employee bonus listed specifically as a line item but it is in the budget.

Bob Neumeister inquired if MRW needed to add in anything for benefits as well?

Lisa Hoffman explained that our health plan has been performing well, so insurance premiums are the same, but we should list it separately as well.

Steve explained the operating revenue is up 8.08% in part for meter fees increasing in the Silver Creek Village Center.

Mike Kobe asked for clarification about meter fees, how much and how often.

Steve clarified that it is a one time fee based on the size of meter and is paid at the same time as impact fees.

MRW interest earnings are very LOW due to the market. Impact fee budget are lower due to the decrease in the impact fee from last year.

Tim Dougherty asked about the return on investment. Steve explained that we invest in the Public Trust fund and that we have no control how it is invested.

Tim Dougherty asked about Rocky Mtn Power and the solar agreement? Where does it show up on the sheet?

Scott Morrison explained that we won't see the costs until 2023 when the costs will go up.

Steve continued with the non operating budget and the savings that the re-financing gives MRW.

Steve presented and explained our budgeted debt coverage ratios. The parity debt coverage ratio for 2021 is 1.64, with a District Goal of 1.35.

Karin Wilson inquired about the Regionalization Reserves - do we pay out of them or let them accumulate?

Steve responded and explained that we let them accumulate and can be used to offset the need for rate increases.

Bob Neumeister asked for reminding if this was mandated by the state or county or other entity?

Steve responded with no, this was a policy set by the ACB. Lisa explained that using these funds are purely at the discretion of our Board and that we do not need County Council approval.

Lisa stated that in 2023 we could pre-pay a bond and eliminate some parity debt. Steve continued with the Capital budget portion.

Bob Neumeister inquired about the Kilby road line items and wanted to know if this is for Summit Park. Scott Morrison responded that yes this is the trunkline to Summit Park. Bob Neumeister inquired as to how much money had been spent just in Summit Park. Scott Morrison replied that we do not have the exact number. Bob Neumeister stated that it seems like it is 2 million. Steve Anderson explained that Summit Park has a lot of customer base and not a lot of water usage. As a whole the Summit Park area is not a lot of drain on our resources.

Brian Davenport commented that the line being replaced was inherited from Gorgoza Water. Bob inquired if we do not have inspections before we take over these systems? Brian explained that we did not have any inspections completed at that time. It is his understanding that was a trade with water rights.

Lisa Hoffman stated that this line will also feed the Discovery Ridge development, as well as Timberline and Summit Park. Bob Neumeister inquired to how much do the new Developers pay to have water supplied to them? Steve responded that they pay the standard impact fee even though most of the connections are less than 1 ert. Scott Morrison commented to Bob Neumeister that the root of his question could be "How do we pay for repair and replacement"? The historical approach has been to use District funds.

Steve continued with the capital portion of the budget report.

Bob Neumeister commented that he thinks the capital budget is very large. He is worried that this might not be manageable or sustainable.

Steve explained that most of these projects will be finishing up. Scott Morrison explained that a large item is the land acquisition.

Tim Dougherty asked Bob Neumeister if his main concern was about the personnel needed to complete, and manage these capital projects? Bob Neumeister responded with yes. Scott Morrison commented that we are discussing this concern internally as well.

Steven continued with the last couple of slides.

The schedule is to present this Budget on November 4th to Summit County Council.

Bob Neumeister inquired if this exact presentation will be presented to the Council and will it fit in the time allocated? Lisa stated that we are allowed 30 minutes so we, Steve will have to speed it up.

No further comments.

Karin Wilson commented that this was Good Work Steve

Motion made by Bob Neumeister to approve the Recommendation of the 2021 Tentative Budget and 2020 Proposed Amended Budget. Seconded by Karin Wilson. All voted in favor of the motion. Motion passed. (7:55 pm)

b. **September 2020 Monthly Financial Summary (7:55)**

Steve commented that our September revenue was the same as 2018 and collections were good.

c. **Fitch Press Release October 9th**

Lisa Hoffman explained the change in MRW bond rating went from a AA- rating to AA (upgrade) due to our customer base growing and our debt decreasing (mainly in part to the refinance) MRW is stable. Not a significant financial impact due to COVID.

Bob Neumeister inquired if MRW had received any publicity about the Fitch bond rating increase, such as on the radio?

Scott Morrison responded that no we did not.

Tim Dougherty asked for clarification about the rating increase was due to customer increase?

Lisa Hoffman explained that the debt is based on per customer, so as we add customers the ratio gets better.

d. **Other: Nothing**

5. Engineering: Sam Grenlie (8:00 pm)

a. **Project Update**

Sam Grenlie shared his screen with pictures. Sam commented that he just wanted to go through our active engineering capital budget projects. These projects are going to give us operational flexibility and energy saving in the future. We have

good contractors on board and we are hoping to wrap it all up by the end of November. If this is accurate then we will not impact the County too much with paving or with the Basin Rec with the dog park closure.

Bob Neumeister made a comment about the picture and if the contractor was responsible for OSHA? Sam replied that, yes, the contractor was responsible for safety issues. Bob Neumeister was concerned about the safety issues noted in the pictures. Sam reported that historically it is the contractor's responsibility to adhere to OSHA but in the future we could clarify it.

Sam explained that Glenwild booster pump station (north side) was a choke point and that this upgrade will help this. We are performing this upgrade in-house to save money, as well as having operators capable of completing it. The completion is scheduled for the end of this year. We have scheduled with property owners about shutting off water etc.

Summit Park master plan is new to the district. Typically we complete the master plans in house but we have outsourced it to Aqua Engineering for a fresh outlook. Our biggest project for the year has been the Community Water upgrades. This has been a very challenging project but we have contingencies in place and are within budget.

We are equipping the new well and completing it in house. We hope to complete in 2020 as well.

We are also performing an Optimization study at the Treatment Plant with Jacobs Engineering. This is critical for the future, before we expand.

6. Legal: (8:09 minutes) No legal representation.

- a. Other:

7. General Manager Comments: Scott Morrison (8:09 pm)

- a. Board Member Term Expirations - Scott Morrison explained that Ian Schofield and Bob Neumeister's terms are expiring. Scott has spoken with both of them. Bob Neumeister has stated that he is not intending to seek a 2nd term. Due to some health concerns, he is moving his primary residence to FL. The vacancy on the Board will be advertised in December. Bob will serve on the Board until the position is filled.
Ian Schofield stated that he intends to re-apply. He has spoken to the county and will go through the interview process.
- b. Other: The District will participate along with the County regarding the national campaign of "A Day without water". Scott did a PSA on the radio, we are hoping to draw some awareness to this important issue.

Scott has met with Tom Fisher and David Ure to keep communication open between the county and MRW.

Scott will continue to engage with Wildfire mitigation groups.

Bob Neumeister inquired how David Ure was and what specifically he does for us.

Scott explained that David Ure sits on the Weber Basin Board in the Summit County seat and assists MRW with Weber Basin concerns and Master Agreement issues.

There was a question about East Canyon Creek. Scott explained it's over allocated, we need to study it. We need to understand the diversions to know how much water to add to the creek.

8. Questions on Department Updates: (8:17 minutes)

Mike Kobe inquired if there were any questions.

Karin Wilson inquired about Leo Williams retiring? What does his position currently entail?

What is our plan moving forward?

Scott Morrison explained the transition plan. Brandt Judd will move in the Manager slot.

Brandt will have a 6 month probation period and if things go well, we will hire a replacement for his operator position.

Bob Nuemeister asked Anna Peacock if the amount of notices that are sent out regarding backflow testing are multiple notices (duplicates). Anna Peacock explained the backflow notice procedure is designed for multi notices to the customers. A notice is sent out 1 month before the backflow assembly report is due, another the month the notice is due, and so on until the customer either needs an extension filed or the report is submitted.

Mike Kobe asked what percentage of our customers have these notifications sent to them. Anna Peacock responded that she has not calculated the customers into percentages. Most all of the notices sent out are to the developments required to have fire suppression, such as The Colony, Promontory, and Glenwild. Fire suppression systems have a backflow assembly installed per plumbing code, thereby requiring a minimum of 1 test per home in these areas.

Bob Neumeister inquired as to how MRW was sitting regarding compliance. Anna replied that MRW is doing quite well regarding compliance.

Mike Kobe inquired about his neighbor receiving a notice to test and or replace their backflow assembly. Mike Kobe stated that MRW ordinance requires all customers to be notified of backflow testing requirements.

Scott Morrison responded that this was correct, but MRW can only require known assemblies to be tested. The staff can discuss this topic further internally and get Mike Kobe a more formal response. MRW is leading the state with its backflow program.

Tim Dougherty inquired as to who has liability for a faulty backflow assembly. Anna Peacock explained that it is the homeowner responsibility for the installation, maintenance and repair of the assemblies. MRW is responsible for the enforcement of testing and record keeping.

Tim Dougherty commented that this brings up

the issue of trench safety and MRW's future contracts should be very clear on who has the responsibilities. Tim Dougherty commented to Chris Braun that he likes the idea of using technology to make sites safer without actually having to be onsite such as in confined spaces. Tim Dougherty inquired about the GIS positions qualifications and what qualifications are we looking for? Chris Braun responded that some experience is needed but entry level would be fine as well. Tim Dougherty commented in regards to the proclamation for Marti Gee, he would like Scott Morrison to check into if we as a board can name facilities after employees to recognize them? For example naming Doug Evans Treatment Plant or Marti Gee with a plaque explaining why. Scott yes we can take a look at it. This is a good idea that has not been brought up before.

Ian Schoflied just wanted to thank Lisa Hoffman and anyone else for the Marti Gee proclamation.

9. Adjourn: Mike Kober adjourned the meeting at 8:31 pm

Pursuant to the Americans with Disabilities Act, individuals needing assistance attending the meeting on October 22, 2020 should contact Lisa Hoffman at 435-940-1916 Ext. 312 to make arrangements. The next MRW Administrative Control Board Meeting will be held on November 12, 2020.