



MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

APPROVED MINUTES

Administrative Control Board

Agenda

August 13, 2020

Attendance:

Board:

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

Staff:

Scott Morrison
Lisa Hoffman
Steve Anderson
Chris Braun
Brian Davenport
Marti Gee

Summit County Attorney:

Dave Thomas

Notice is hereby given that the Administrative Control Board of Mountain Regional Water SSD, Summit County, Utah met in Regular Meeting session on August 13, 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 wishing to attend did so via Zoom using the following information:

Join Zoom Meeting

<https://us02web.zoom.us/j/82353216319?pwd=SXlrajJhcjVUYTFKSmNEMWNaMFZCQT09>

Meeting ID: 823 5321 6319

Passcode: 347696

Dial In: 669-900-6833

- 1. Call to Order and Public Input:** Bob Neumeister called the meeting to order at 6:04 PM. There was no Public attending, no public comments.
- 2. Executive Session – Personnel, Possible Litigation, and Property Acquisition:** (10 minutes) Motion to move into Executive Session Personnel, Possible Litigation, and

Property Acquisition by Karin Wilson. Seconded by Ian Schofield. All voted in favor of the motion. Motion passed. Motion made by Ian Schofield to move into Open Session. Seconded by Tim Dougherty. All voted in favor of the motion. Motion passed.

3. Consent Agenda: (10 minutes)

- a. Approval of the July 9 2020 ACB Meeting Minutes:
- b. Approval of the July 2020 Check Register:
- c. Consideration of Approval of P.O.:
- d. Other:

Karin Wilson made a motion to approve the Meeting Minutes. Seconded by Ian Schofield. All voted in favor of the motion. Motion passed. Motion made by Tim Dougherty to approve the Check Register. Seconded by Ian Schofield. All voted in favor of the motion. Motion passed. There were no P.O.s up for consideration.

4. Questions on Department Updates: (15 minutes)

Karin Wilson would like to have an update on how Hideout Annexation could affect MRW. Ian Schofield asked if the Summit Park Master Plan is going to be worked on in 2020. Scott replied that yes it should be complete in 2020. There was a question regarding the age of the pumps in shallow wells at Lost Canyon next to the Weber River, these shallow wells were constructed in the early 2000s. Ian Schofield complimented Chris Braun for the positive report with the land owner in Glenwild and Red Hawk.

5. Petition Process for ERC quantity in Customer Accounts: Anna Peacock (10 minutes)

- a. Consideration of Approval by the Administrative Control Board to allow the District to adopt a petition process whereby customers can reduce the ERC count in their billing accounts based on the previous 12 months of usage data.

Scott Morrison discussed the impact fee process that determines the ERC count for the District. That number of ERC's rolls over into the billing system and becomes the number of bases and multiplication factor for the conservation tier volumes in the billing system for that property.

There have been discussions for MRW to have a petition process for changing the ERC base to a smaller number that can be demonstrated with water usage for a period of time. Scott Morrison would like to have the Board's consideration of a petition process to allow for this change. The proposed method for any changes would be a calculation based upon 12 months of usage under consistent ownership.

Bob Neumeister asked if the home is sold, can the District notify the customer and allow them to move back to the original number of ERC's assigned in the billing system? Karin suggested that the change be permanent on the property

which would provide an opportunity for the District to allocate the usage to other users. Scott explained that it was purely a billing change, ERC allocations were handled through the Concurrency program and the allocation for a given property doesn't change through this process. Scott Morrison has discussed this with Dave Thomas on the legal side. Motion for Approval by the Administrative Control Board to allow the District to adopt a petition process whereby customers can reduce the ERC count in their billing accounts based on the previous 12 months of usage data made by Karin Wilson. Seconded by Tim Dougherty. All voted in favor of the motion. Motion passed. This will go to the Summit County Council, the Governing Body of MRW, to be adopted into the Rules and Regulations at a future date.

6. Financial Management: Lisa Hoffman & Steve Anderson (15 minutes)

a. Presentation of the July 2020 Financial Report:

Through July the Change in Net Position (net income) is \$1.61 million which is \$757,125 better than projected. As shown below, this positive variance primarily resulted from revenues being \$648,808 (9.7%) higher than expected. Expenses were \$108,318 (1.8%) lower than expected, which also added to the positive variance.

As compared to last year, revenue is up \$1.06 million, primarily due to higher retail water sales of \$1.00 million (16.9%). Weber Basin Regionalization revenues are also up \$336,500 from last year due to the increased volume commitment and higher pricing. Offsetting these increases are decreased revenues in Development Related Collections and Other Revenue and to a lesser extent Park City Wheeling revenue.

Expenses through July 2020 are \$5.75 million, which is higher than last year by \$385,595 (7.2%). This increase is mainly due to increased Operating Expenses, offset by lower Interest Expense.

A more thorough explanation of revenue and expenses will be discussed below, and a detailed change in net position statement.

Revenue through July is \$7.36 million which is \$648,808 (9.7%) ahead of projections. Retail Water Sales are \$560,764 (13.0%) above budget and Promontory Raw Water is also \$111,733 (95.5%) above budget. Park City Wheeling revenue is \$43,273 (11.1%) below budget but is climbing back closer to budget with each passing month.

As compared to 2019, revenue is up \$1.06 million (16.9%). This variance is primarily related to higher Retail Water Sales (\$1.00 million) and Weber Basin Regionalization sales (\$336,500). These increases are offset by lower

non-operating revenues of \$242,920 in Development Related Collections (mainly Impact Fees), and \$108,962 in Other Revenue (mainly Interest Income).

The increase in Retail Water Sales is due in large part to the District's Large Residential customers increased usage resulting in revenues \$485,820 higher than last year. Usage and revenue increases have been seen pretty much across the board, with Condo, Residential, the Olympic Sports Park, and Townhomes also seeing significant increases.

Weber Basin Regionalization take-or-pay contract is on budget for 2020. Last year 800 acre-feet was delivered under the Weber Basin Regionalization agreement, this year there are 1,100 acre-feet in the take-or-pay contract. Thus, between the rate increase and the additional 300 acre-feet, MRW will receive \$168,250 more per quarter or \$673,000 for the entire year.

Other revenue is \$15,975 (9.4%) below budget mainly due to interest earnings being \$14,525 below budget. Interest rates have dropped on our PTIF accounts from close to 3.0% at December 31, 2019 to .74% as of July 31, 2020.

Impact Fee Revenue (part of Development Related Collections) is at \$282,714 for the year. This is \$18,286 below budget and \$312,952 less than last year.

As seen below Water Sales for July came in significantly above budget at \$1.43 million. The budget for July was \$1.24 million. Residential sales were above budget by \$138,463 as the weather continues to be very hot and dry. Golf, Irrigation and Wholesale were also noticeably higher than budgeted.

The Total Cash Expenditures of \$4.67 million is \$139,428 (2.9%) lower than budgeted, adding to the better than expected Change in Net Position through July. Although overall expenses are below budget a few departments are trending above budget as the amount of water delivered has increased significantly which increases power and repair and maintenance costs. Savings in other departments are making up for the increased expenses elsewhere.

Operations, Maintenance & Repairs expense through July is \$3.32 million - which is \$51,039 (1.5%) under budget. This is due to savings in Energy & Technology and Lost Canyon being offset by increased expenses in Distribution and the Treatment Plant due to significantly increased water sales.

Meanwhile Non-OM&R expense through July are \$684,928 - which is under budget \$96,772 (12.4%). There are savings in each Non-OM&R department with the largest being in Engineering and Development due to delaying the hiring of a GIS specialist and the time spent finding the current staff engineer.

Non-cash Depreciation expense through July is \$1.08 million which is \$33,644 (3.2%) above projections. Depreciation is higher than anticipated due to Community Water assets that have been brought onto MRW's books and other asset levels being higher than anticipated.

Non-operating Expenses through July are \$5,850 (0.9%) above budget, trending very much as expected and lower than last year due to the decreased interest expense.

Total cash at the end of July was \$16.97 million, an increase of \$2.05 million (13.8%) over July 2019. A portion of the increase, \$431,210 (included in Other Restricted Cash), is Construction Cash from the Community Water loan and thus not an increase from normal operations.

Operating Cash & Reserves balance at July 2020 is \$6.12 million which represents a healthy 302 days reserve compared to 305 a year ago. Policy requires 120 days minimum reserves. Cash collections from customers during July were high, with most funds still needing to be collected being from Park City and Promontory.

Debt Reserves Held by the District increased \$76,821 (2.1%) in July due to normal activities including the transfer of Impact Fees received in June. As compared to last year the reserves are up \$371,829 due to the high Impact Fees collections last year from July through October, and the additional funds being put aside to pay the Community Water loan installment when it comes due.

Debt Reserves Held by the Trustee increased \$302,127 during July as the normal monthly transfers were made and the next bond payments are not due until December. As of July, the \$2.06 million balance meets the required levels pursuant to bond covenants.

In July Regionalization Reserves increased by \$127,035 due to the transfer of 30% of the Weber Basin Regionalization revenue (\$125,715) and interest earnings of \$1,320. These reserves can be used to help pay down debt in future years or to pay the Regionalization Reserve charge which started this year and is \$245,000 for 2020.

Other Restricted Cash decreased \$71,127 in July as funds were drawn from the Treatment Plant reserve to pay for carbon and membranes. Other Restricted Cash has increased \$440,088 since July of 2019, but almost all of this increase is due to the Community Construction funds (\$431,210) being used for their required improvements.

The increase through July in new water connections and related impact fees is shown below. Through July there are 56 new connections which is below the four-year-average of 71 new connections. The total impact fee collections are down by 60.3% over the four-year-average. Impact Fee collections of \$282,714 through July are below budget and it may be difficult to reach the budget for the year of \$500,000.

Through July, 13 Promontory lots have been sold, which is below the four-year average of 17.

Through July water consumption by District customers is 37.8% above the average over the past four years of 874 acre-feet, at 1,205 acre-feet. Compared to last year, usage is up due to the large increase in customers from Community Water being added and higher usage in several customer types including Residential and Large Residential homes.

Park City's consumption through July of 965 acre-feet is 12.4% higher than the average over the past four years. Park City is back on pace to take the amount of water anticipated at the beginning of the year of 2,200 acre-feet and may come closer to their full allocation of 2,900 acre-feet.

Summit Water has taken 660 acre-feet of water through July, which is well above the 325 acre-feet four year average. Summit Water has a take or pay contract for 1,100 acre-feet for 2020 (as compared to 800 last year) so the higher usage is expected.

Total usage in July 2020 is the highest seen in the last five years at 1,066 acre-feet, which is 369 acre-feet (52.9%) higher than the four-year average of 697 acre-feet. This is largely due to Park City taking 393 acre feet, almost twice what has been taken in July over the past two years. District customers used a similar amount in July, 389 acre-feet, which is 67 acre-feet (20.7%) higher than the four-year average. Promontory golf also saw an 11.8% increase over the four-year average, again attributable to the very hot dry summer Park City is experiencing.

Community Water Infrastructure: \$1.25 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 which is currently taking place.

Annual Capital Budget: System Improvements – the Glenwild line is complete and has been capitalized. The Nugget Well repairs are substantially complete and the well came online in late July. The Cove Pipeline and Willow Creek Interconnect repairs will be completed this fall, along with the Glenwild pump upgrades. \$70,000 in savings of some general system improvements and \$60,000 in savings at the Glenwild pump station have been allocated to the Nugget Well and Cove pipeline repairs where anticipated costs are now higher than the original estimates.

The Summit Park project began with anticipated completion in August. \$35,000 of the \$250,000 savings for this project have been allocated to the Willow Creek Interconnect, which is coming in slightly higher than originally budgeted.

The Weber Basin Interconnect project is underway with substantial completion 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: The new truck has been capitalized but we are still awaiting delivery on the new office vehicle which has been postponed until September. 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.

The uncollected balance at the end of July 2020 is \$291,320. Of this balance Park City owes \$60,673 and Promontory Development owes \$142,826, leaving just \$87,822 owed by the District's other customers. Late fee penalties resumed with the July billing and customers delinquent over 120 days are being notified of the potential for shut-off, if payment in full or payment arrangements are not made.

b. Semi-Annual Cash Report - June 30,2020

The Semi-Annual Cash Report was presented to the Board by Lisa Hoffman, there were no questions from the Board.

c. Other: None.

7. Legal: Dave Thomas (5 minutes)

a. Other: None.

8. General Manager Comments: Scott Morrison

a. Regional Water Supply Rate Study Update

A Summit County and MRW leadership meeting was requested to be scheduled before the scheduled Work Session with Council. Bob Neumeister explained that the District's message regarding the need to charge an appropriate rate was given to the County representatives. There was concern by the District that the Council may not take into consideration the rate study at the end. Council wanted Summit Water to have a look at the rate study ahead of a Work Session and have the opportunity to comment. Scott Morrison thought MRW should take a leadership role to try and resolve the issue directly with Summit Water. Scott and Lisa met with Jeremy Sorensen and David Fuller from Summit Water to begin the discussion. A follow-up meeting was held with Jeremy, David, and Summit Water's consultant, Jon Oldham from Bowen Collins, to discuss questions regarding the rate study. The District addressed their questions which led to a slight reduction in rate which was presented to the Board. Scott

requested Board approval to present the updated rates to the Summit Water team, the Board approved.

b. Conservation Plan

Scott Morrison stated that a draft update to the District's Conservation Plan is due August 15th. Doug Evans has assisted in the initial draft, Lisa Hoffman and Scott have reviewed his work and redlined into a form ready for submission to the Division of Water Resources. The process is a public one and includes the following milestones:

- Submit draft to the Division of Water Resources by August 15th
- Division will review the plan, provide feedback, and approve the draft to move forward
- Administrative Control Board review and District work session in a Board meeting this fall
- District to hold a public meeting to adopt the Water Conservation Plan by December 31st, 2020
- Submit the final Plan, adoption signatures, media notice, and meeting minutes to the Division of Water Resources. We will keep the Board posted as the process progresses. You can expect to see a draft of the Plan later this year following receipt of the Division of Water Resources feedback. Scott stated that he would write an executive summary when the redlines from the State are complete.

c. Water Resource Utilization and Projections

We as a District continue to make progress and improvements to our water right portfolio and source production capabilities, which in turn leads to improvements in our source capacity and water right projections. I wanted to take this opportunity to briefly update the Board on our projections and 2020 water right utilization.

Source Capacity Projections:

The first attachment, immediately following this memo, includes a chart illustrating the relationship of our source capacity and system demands versus time. The blue vertical bars are the resulting surplus capacity quantities in gallons per minute (gpm). As a reminder we had previously established a safety margin of 750 gpm as illustrated by the dashed green line. Improvements in treatment capacity at our water treatment plant and corrections in the data have led to a significant improvement over previous releases of this chart. There are two capacity improvement projects planned for the future, both in the form of treatment plant capacity additions. This additional capacity will be supported

by the addition of membrane filter skids and likely other process expansions. The design process for the first of these expansions will begin in 2021.

Water Right Projections:

The second attachment includes a table of our water right projections. These are largely unchanged from the last release of this data to the Board. Although we have moved water rights across District sources recently, the overall picture remains the same. Over the next 10-years, District staff will continue to work on shuffling the deck to improve the usability of its surplus rights. We additionally have 1,000 acre-feet of rights reserved with Weber Basin that reside in East Canyon Reservoir.

2020 Water Right Utilization:

The third and final attachment is an up-to-date water right utilization tracker that District staff uses to adjust operating schedules and ensure we are staying within our allocated rights. This is provided for the Board's reference and situational awareness.

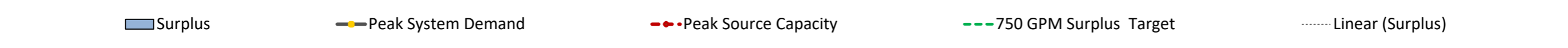
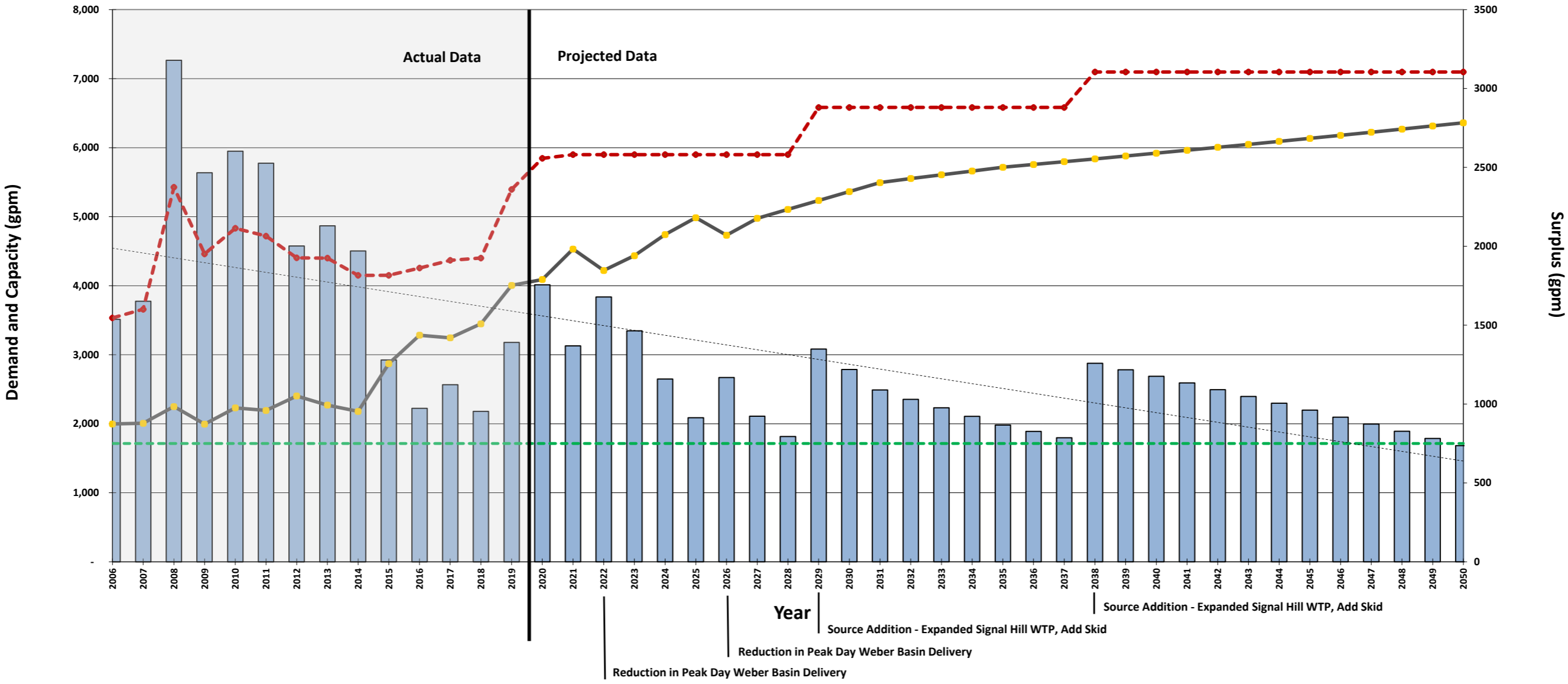
See Charts Attached.

- d. Other: Flows to East Canyon Creek were discussed by the Board. Stakeholder Group with the Weber Canyon is meeting tomorrow and there may be a possibility to have MRW add some water into the East Canyon Creek with Well 1R. This will be discussed further with the Board.

9. Adjourn: Motion to Adjourn at 7:32 pm.

Pursuant to the American with Disabilities Act, Individuals needing assistance attending the meeting August 13, 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 September 10, 2020.

Mountain Regional Water Peak Source Capacity vs. Peak Demand





Water Rights Projections

As of 8/6/20

FUTURE DEMANDS	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
2018 Usage (Ac-Ft) incl. Summit Water	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040
GSA Growth	0	59	118	148	188	247	306	365	424	483	542	601	660	719	778	837	896
Silver Creek Village	0	0	28.1	56.2	84.3	112.4	196.7	281	365.3	449.6	477.7	505.8	533.9	562	562	562	562
Community Water		116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116
Known New Projects (Annexations)			21	43	86	114	143	143	143	143	143	143	143	143	143	143	143
Henry Sigg/Summit County Project			0	0	0	60	120	160	200	240	260	280	300	320	320	320	320
Summit Water (Contract)	800	800	1100	1100	700	700	600	475	300	100	0	0	0	0	0	0	0
Sum Demand (Projected)	3,040	3,215	3,623	3,703	3,414	3,589	3,721	3,779	3,788	3,771	3,778	3,885	3,992	4,099	4,158	4,217	4,276
Sum Demand (Actual)	3,040	3,372															
Available Silver Creek & Weber	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607	3,607
Available East Canyon (2018 + 100)	684	684	684	684	684	684	684	684	684	684	684	684	684	684	684	684	684
Usable Rights	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291	4,291
Net Balance	1,251	1,077	668	589	878	702	570	512	504	520	513	406	299	192	133	74	15
Total Balance (no SWDC)	2,051	1,877	1,768	1,689	1,578	1,402	1,170	987	804	620	513	500	500	500	500	500	500
WBWCD Reservation Rights	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	906	799	692	633	574	515
Gross Balance	3,051	2,877	2,768	2,689	2,578	2,402	2,170	1,987	1,804	1,620	1,513	1,406	1,299	1,192	1,133	1,074	1,015

Operational Surplus
 Weber Basin Reservation Rights Utilized

Mountain Regional Water - Water Rights Dashboard By Source

