

Summit County Service Area #3
January 14, 2019 6pm
APPROVED MEETING MINUTES
BOARD OF TRUSTEES MEETING
629 E. Parkway Drive, Suite B,
Park City UT 84098

BOARD OF TRUSTEES

Suzanne Carpenter – Chairman	Eileen Galoostian
Vince Pao-Borjigin – Vice Chairman	Peter Keblish
Larry Finch – Clerk	Michael Montgomery
Robert Olson - Treasurer	

In Attendance (Board): Suzanne Carpenter-Chair; Vince Pao-Borjigin-Vice Chairman; Bob Olson-Treasurer; Larry Finch-Clerk.

Not in Attendance (Board): Mike Montgomery; Peter Keblish.

Electronically: Eileen Galoostian connected at 8:15pm.

In Attendance (Staff/Contractors): Marla Howard (GM); Chris Bullock (Roads Manager and Water Operator); Eileen Haynes (Assistant Clerk); Nathan Bracken (Legal).

1. Welcome and call meeting to order

- a. Review of January 7, 2019 meeting minutes: Bob brought his corrections to Eileen H. just prior to the meeting. Larry motioned to defer the review and approval of the January 7, 2019 meeting minutes until the Board's next meeting on January 28th. Bob seconded the motion and support was unanimous.
- b. Approval of minutes – deferred.

2. Administrative:

- a. Review of project list and prioritization:
 - Marla reviewed three water users, one of whom is facing a shut-off if he doesn't agree to participate in a repayment plan. He claimed his overages are due to a leak. Marla reiterated what the fed-ex letter stated which informed him he to needs present proof of such repairs by the end of the month and apply for an adjustment.
 - Bob asked for an update on Lot SL-H-484-A. Chris replied, Boerboom was not able to provide evidence to support the claim for work performed deferring to their employee who performed the work on his own time for a cash payment. The laborer has not called us back and so it hasn't been resolved. Chris will continue to reach out.
 - Marla shared she has selected Greg Ferrari, Surveyor LLC, because he came recommended and offered the lowest price. Bob has met with him to discuss the specific needs of the Service Area.
 - Marla stated, Chris has been photographing and documenting snow removal violations.
 - Marla stated, we received our notice for our Annual Water Plan which Nathan reviewed and requested we perform a detailed reconciliation to account for withdrawn exchanges or abandoned points of diversion that should no longer be listed as active in our water plan because these lots can now be serviced by our water line. He is hopeful the State will correct this administratively without requiring a Change Application. **Nathan stated, it may take a**

year's time to complete if a Change Application is required. Nathan was directed to complete this task.

When Aaron Lewis deeded over the acre-feet 50 years ago, he retained six acre-feet (possibly for the Echo Park school lot) which the Service Area has been reporting in our total count. We don't know if his estate ever used those rights. If you don't use it for seven years it is considered abandoned. Chris suggested, could you argue that since we counted the acre-feet all this time, it was never abandoned? Nathan will investigate this line of argument. Suzanne will get Chris a Red Hawk lot number to approach for purchasing a water right.

- b. Capstone or Class Workshop Project review: Marla reported on the meeting with the Chair of the University of Utah's Metropolitan Planning Department. The Chair thinks our project is sufficiently substantive to attract a Master's candidate. She advised we offer a stipend. Marla will ask the Professor how many hours our project will take to complete.
- c. Newsletter proposed content, schedule, and Board review process: Vince suggested it be informative and positive and not just corrective. The board directed staff to create a quarterly standalone newsletter (January, April, June, October) covering a diverse range of topics inclusive of roads, water, trails as well as: our recent accomplishments or year-in-review (January), flooding (April), fireworks (June), snow and freeze issues (October), messages from the Chair and General Manager and our future plans. Suzanne summarized, the board has directed staff to move forward with graphics using Vince's graphics contact and the Board contact for quality control is Eileen G.

3. **Financial:**

- a. Auditor Engagement letter: The Board agreed to engage Jon Haderlie, CPA, of Larson & Company, as auditor.
- b. Preliminary 2018 Financial Statement:
Marla reviewed the differences between governmental and corporate accounting namely that in government everything goes through your Profit and Loss Statement including your capital in order to ensure your expenditures and depreciation stay within your tax dollars. Marla stated, we are in good shape.
Suzanne asked, how does capital come out of the financials? Marla replied, for the general fund it does. Everything gets charged to Operations. It is appropriate to include depreciation and interest expense for our Bond because it is part of our cost. As part of the financial analysis it is appropriate to include depreciation as well as interest expense for our bond because it is part of the cost to put our system in place.

4. **Water:**

- a. Enterprise Fund financial review: Larry stated, some of our customer's water use is very large. Marla stated, we need to renegotiate our contract with Little Miners Montessori. The Contracts Binder is misplaced. Larry will check at home.

Suzanne asked the Board to consider: how much are we pumping? How much are we receiving in Revenue? What are we billing? How much does it cost to produce? Are we operating at a profit or loss? This will help us direct the Rate Study. She observed, there are some people who are excess users and she doesn't think we are charging enough to influence their behavior. Vince replied, we shouldn't dictate what a user should or shouldn't use of their own property or their ability to use water. He wants our consumers to exercise their own prerogative to be conservationist or not. Suzanne stated, we have 5-10 homes who are using double their water rights. Suzanne and Larry stated, it affects our concurrency. Vince stated, we should make it

very clear in our policy, if that's the case, you can only use up to "X" amount; if we are allowing them to go over and they pay a fee, he doesn't feel we should cap that.

Suzanne stated, we deliver 26 million gallons of water. Suzanne expressed concern that people who use less water are paying more than they should. They are paying \$81 per month regardless of whether they use 20k gallons per month. Vince replied, they are paying \$81 to get water delivered and our customers can use their full allotment up to 20k gallons. Suzanne replied, she agrees. Larry stated, when someone is using double their allotment we are not charging enough. As we do capital investment, we need to be on the same page. Vince observed, the overage users are paying 3 times as much for using double the water.

Suzanne led a discussion and presentation on the Financial Analysis. The Board determined we have a \$4 shortfall per 1,000 gallons of delivered water. It costs \$13.30 to deliver 1,000 gallons of water. As we invest and kickoff new projects the capital the cost of water goes up. Suzanne agreed, stating improving capital is going to increase costs to deliver water. Chris stated, when the Division of Drinking water came to discuss the Westwood water line in 2010, their analysis showed we are living on overages. Larry expressed concern, if the overage income goes away, we will be short income.

Mountain Regional charges \$60 per 5k gallons of water. Suzanne asked, why should we charge a user \$81 when they only use 2k gallons? We can consider tiers of use such as 5k or 10k gallons per month. Larry stated, he feels he is subsidizing others. He has a conservation philosophy and so does the State. When we did the last rate study the engineer told us we have to build in conservation. We have 26 users that are using a million gallons of water. Suzanne proposed, we allow people to use the water they are allocated and not penalize them. For those that go over, it should be up to their yearly allocation. Vince stated, he wants to consider total use annually not per month.

Suzanne stated, it will be good to compare the Service Area to some of the other small water companies in the area.

- b. Extension of Cottonwood water line: Bob stated, we have decided at this time that the extension is not feasible, and **Marla will write a letter to the property owner of Lot SL-C-143.**
- c. Additional Well location, timing: Suzanne led a discussion about potential locations for our future new well and asked the board to consider the west side of Silver Creek Road. Larry pointed out, for every foot in elevation we must dig a foot deeper. Chris stated, the two major considerations for choosing a new location is the hydrology of a site as well as its' elevation. We need to get higher to build up pressure. Vince stated, otherwise we need pumps to get the pressure and they are subject to power outages. Larry stated, we own property at the *Silver Bullet*. Suzanne replied, we don't want to put a well there. We also own Lewis Park. Vince suggested, a good alternative site is at the location of our massive storage tank on Highfield Rd. Chris stated, he prefers we double the storage capacity at Highfield because the space is available there. Suzanne suggested we speak to neighbors of Lewis Park to see how deep their wells go. Chris advised, that a municipal water goes deeper than residential. The top of Cottonwood Trail is higher than the Highfield tank. We need to get input. Suzanne stated, it is in our water master plan to build a new well. Larry stated, a new well is 4-5 years out and we need to get through the Arsenic decisions first. Suzanne stated, an appropriate option is to increase the capacity of Greenfield before building another well. Vince stated, Greenfield has a significant capacity. Larry stated, the cost of a new well will be \$700k to \$1million.

5. **Roads, Trails and Current projects:**

- a. Snowplow update: Chris is proceeding to document violations.

- b. Road, Trails, Projects update: Chris stated, he put salt down once last week in response to a jackknifed truck at the top of Silver Creek Rd. Vince observed, some communities charge a permit fees for heavy-weight trucks. We didn't capture 300 truckloads of fill. Nathan replied, it is already built into our fees. Chris replied, only if we capture those fees. Those 300 truckloads were done under an Agricultural Permit. Nathan stated, some Ag projects are exempt. Your policy allows a fee if you have a building permit for a project that costs over \$50k. Anytime fees are increased, added or changed you must do a public hearing. We should include this proposal and do it all at one time.

Nathan stated, a County Permit triggers our impact fee. Vince stated, for the past month or so trees have been trucked out which are damaging our roads. Can we have yearly impact fees with commercial properties? Nathan advised, you can't develop a fee for a specific type of customer; some activities will be exempt under state law. Nathan stated, your current policy takes Commercial uses on a case-by-case basis. He expects there will be different rates based upon to each Commercial type. He is concerned there is language in the missing Commercial Contracts concerning Roads.

Marla and Chris will prepare a proposal that analyses the types of impacts and enforcement strategies such as an impact fee and a deposit. They will meet with the County on Friday.

Bob stated, he met with a representative of five residents who are complaining they are not receiving equal services. They are on the north-south dirt section of Wasatch Way past Redden Rd. Plowing and road repair services have been limited. Chris replied, they received mag chloride applied to dirt section and a built-up lime roadbase to the turn. **Chris will revisit the snow removal.**

6. **Election of New Officers**

- a. Nominations for Chair and Vice-Chair (one-year terms): At her request, Marla telephoned Eileen to include her in the election. Nathan stated, Chair and Vice-Chair are open, and they are one-year terms. Larry will complete his 2-year term as Clerk and is not available for nomination as Chair or Vice-Chair. Bob proposed that all Board positions be 2-year terms, particularly for consistency with County contacts. Vince replied, he wants staff to maintain those contacts and sustain the desired continuity.

Vince stated, whoever the next Chair is needs to continue the offloading of day-to-day decisions to Staff and focus on strategic initiatives. He can commit to once a month but three meetings each month for a volunteer board is excessive. He wants a Board Chair in whom we can be confident will lead us in the right direction. If he became Chair, he would rely upon staff reports.

Nathan will double-check about board attendance in the draft Board Dispute Resolution.

Nathan stated, we need to do a better job with delegating. Eileen stated, she supports giving each Board Member an assigned area of responsibility suggesting this person may feel more responsibility to participate. Suzanne and Bob agree.

Larry nominated Vince for the position of Chair which Suzanne seconded. Vince voted 'No', otherwise the nomination was unanimously approved. Larry nominated Suzanne for the position of Vice-Chair which Vince seconded. Support for this nomination was unanimous.

- b. Nominations for Clerk and Treasurer (two-year terms): The current Clerk and Treasurer will finish their current term.

7. **Public Comment** – limited to 3 minutes each

Linda Kelsch (Lot 30) said she is really pleased with the direction taken by the Board and their increased professionalism. She offered her appreciation for the board's hard work, oversight and vision in creating a smooth process.

Larry motioned to move out of Public Comment and into Voting, Bob seconded the motion which passed unanimously.

8. **Voting:**

- a. Update priority list as needed: *no items*
- b. Capital approval for water projects: *no items*
- c. Board Officer election (Resolution 2019-01): Except for Vince' vote of 'No', he was unanimously elected the 2019 SCSA3 Board Chair. The Board unanimously elected Suzanne Carpenter as Vice-Chair.
- d. Other items discussed during meeting:
 - 1) Larry motioned to retain Larson as the Service Area Auditor for the 2018 Fiscal Audit which Suzanne seconded. Support for this motion was unanimous.
 - 2) Larry motion for approval of the Smith Hartvigsen legal invoice of \$10,818.50. Suzanne seconded the motion. Except for Eileen's abstention, approval was unanimous.

9. **Adjournment**

Larry motioned to adjourn which Bob seconded. The motion was approved unanimously at 8:34pm.