

Summit County Service Area #3
April 20, 2020
APPROVED MEETING MINUTES
BOARD OF TRUSTEES MEETING
629 E. Parkway Drive, Suite 1,
Park City UT 84098

BOARD OF TRUSTEES

Suzanne Carpenter, *Chair* Scott Sharp, *Clerk* Vince Pao-Borjigin
Hally Hanssen, *Vice Chair* Larry Finch, *Treasurer* Dinah Clissold

BOARD Present: Suzanne Carpenter; Scott Sharp; Larry Finch; Vince Pao Borjigin; Dinah Clissold
Absent: Hally Hanssen.
STAFF Present: Robert Olson (Interim General Manager); Chris Bullock (Roads Master/Water Operator); Nathan Bracken (Legal); Angie Shields (Bookkeeper); Eileen Haynes (Assistant Clerk).
PUBLIC: Howard Phillips (Lot SL-C-191); Brad Iverson (Lot SL-C-139); John Nowoslawski (Lot SL-A-44).
ELECTRONIC: All on the Zoom platform.

1. **Welcome and call meeting to order at 5:30pm**
 - a. Review of March 9, 2020 meeting minutes: No comments offered.
 - b. Approval of minutes: Larry motioned to approve pending meeting minutes as revised for March 9, 2020 which was seconded by Scott. Approval was unanimous.
2. **Public Comment:** *Public access thru Zoom*
 - *John Nowoslawski* (Lot SL-A-44) spoke about his hope to exchange some water into his existing well with his water rights with the Service Area. He does not intend to permanently sever his water rights through the Service Area. In the spirit of being good neighbors he would like to communicate his intentions and ask the Board if they had any concerns or questions about the exchange application with the State of Utah. **He asked if the Service Area had any intention of protesting his proposed exchange application and, if so, what he would need to do to keep the Service Area happy.**
 - *Brad Iverson* (Lot 139) stated because we are discussing road prioritization today, he wanted to bring attention to the Westwood cul-de-sac project which began last fall. **He stated the Westwood cul-de-sac is not passable and is not achieving the objectives of the Service Area.** It does not have proper drainage such as draining from the center to the sides. He does not feel the cul-de-sac has been completed and it should be a top priority. He feels the Service Area has not been clear on how it intends to finish the surface of the cul-de-sac. In the past both asphalt and roto mill have been mentioned by Marla. He would like to know the specifics. Asphalt is now cheaper than it has ever been and the time to select it is now. The reason to complete the cul-de-sac was to satisfy the International Fire Code which calls for asphalt or concrete. Additionally, the Snyderville Basin Development Code calls for asphalt, cement or petroleum which includes roto mill but at minimum roto mill with oil. **He would like to know when the cul-de-sac is going to be completed and with what material.**
 - *Howard Phillips* (Lot 191) thanked the Service Area Board for continuing their work during the disruption. He is curious about all things related to Summit Dr cul-de-sac, especially the survey. He understands there is not update on that even though it has been dry up there for about one week and a half. He still has not heard anything with regard to the status of the survey work that was pledged to begin a month or two ago. From his perspective he feels the initial survey work that was done but not recorded put Lot 192 25-feet further south than it actually is. One of the results of that is that is they are staking out a septic field which appears to be intruding 10-feet into the ROW. Through his own investigation and discussion with Greg Ferrari Surveying there is an overlap between Red Hawk as platted and Silver Creek as platted. Silver Creek preceded Red Hawk but when the guy did Red Hawk back in 1989 he ignored the section monument that was up there and put a stake in the ground and called it the section corner about 32-feet further south. That has been documented by other surveyors. Nobody can understand why he did that. The end result is that Red Hawk lots are shown to extend south into Silver Creek by about 30-feet. This has caused some of the confusion with some of the lots at the top of Summit Dr such as Lot 192 and may explain why Johanson Surveying has pushed 25-feet further south with Lot 192. He wanted the Board to be aware of the overlap with the plats that are recorded between 1963 Silver Creek 'C' Unit and Red Hawk Phase 1. Lastly,

the grading in Lewis Park has stacked the dirt a lot higher up above. The dirt is piled high at a steep bank. It is about 25-feet into the Park, and it goes up at about a 45-degree angle. Unless they are going to put in a retaining wall on the property line, the mitigation is going to be pretty ugly. It is unfortunate the survey work was not done prior to the site grading. They did stake the property line which shows where it does go into Lewis Park. He encouraged board members to visit the area. He understands that when the property owner seeks their certificate of occupancy that is when they will look for ensuring the area has been cleaned up. Hopefully, they will address it before then but if not, it could be one year before that issue gets dealt with. Suzanne replied she had forwarded this issue to staff and were discussing it this afternoon.

3. Administrative & Financial (motion/voting)

- a. SCSA#3 financial and dashboard review: Angie stated we have \$78k in our general Wells Fargo account which is consistent. The amount under Xpressbillpay is not provided due technical difficulties at Xpressbillpay. A few weeks ago, there was about \$25k in that account. **Larry requested Bob follow up Xpressbillpay and get a cash update. He noted that Marla would only keep the minimum of \$25k in that account and sweep anything over into the Wells Fargo checking account. Angie proposed that she do this. Larry agreed. Bob stated he reviewed each category weekly to get a status.** He only transfers amounts about once each month. The PTIF account is down a little bit. Chris noted the Class B Road Funds will likely be reduced and asked Larry to prepare a discussion of that. Larry stated because of the tax increase the property tax number is over-inflated Larry requested that Angie email Larry and Bob once each month about what those checks are going to be. We will need to spend time on that over the next couple of weeks on accounts receivable and aging accounts, so we get into a rhythm. Counting current and past due over \$90k. Larry stated we have about \$45k past due. Eileen agreed. Larry stated that is about 90 days outstanding, so we do need to dig into that a little bit but it is not to the point where he is uncomfortable. **We will revisit that to ensure we are not falling behind over the next 30 days.**

Bob stated Angie gave him several checks today. **He will separate them from water to general and let Larry know how much we have outstanding on those checks.** Larry replied that sounds good. Larry invited board members and staff to ask questions. Chris stated he is foreseeing the Class B Road Funds will be less this year due to health crisis and asked if we will talk about that tonight. Larry replied he has generated a couple of spreadsheets analyses about this and will create a presentation in order to walk everyone through the numbers.

Suzanne directed everyone's attention to page 17 in the board packet regarding the General Fund. Larry replied he wants to spend more time on this before a full board discussion. Our challenge is how we are going to get our money this year. Because of the tax increase the top line property tax number is over-inflated and we will not receive a significant portion of that number until December 2020. He wants to ensure we get clarity on that. He is concerned, looking at the budget, we spent \$77k on snow plowing which leaves us with \$13k going into November and December 2020. If we have a challenge like this year, we could spend that pretty quick.

Larry asked if Angie has any other thoughts on the numbers. She replied no. Larry asked if she was having any struggles getting financials accomplished. Angie replied no; everyone has been very helpful. The exception was Xpressbillpay. Larry continued as far as our due diligence he directed the Board's attention to the invoice register from the first of the year through the first quarter. He encouraged the Board to review that at their convenience but is available to answer any questions at this time. Larry asked Scott if he is getting more familiar with the financials. Scott replied he might need to review invoices in deeper detail. Bob stated Scott is doing a great job going through the invoices. Larry stated we are facing two challenges.

Larry moved to pay the invoices as presented. Bob stated there are no invoices in the board packet. Suzanne replied there is a summary. Vince seconded the motion. Approval was unanimous.

- b. 2020 budget review considering potential road fund income: Larry stated the first document is a document we file with the State of Utah every year. We will be going into our budget process for two areas coming up. The finance committee starts to meet in June to develop preliminary numbers to present to the Board at the July meeting. We formalize the budget sometime around August. We hold a budget hearing in September or so. We have been really diligent the last two years about getting the budgets done early and in a timely manner so we more time to discuss it. He made some minor changes from the original version. Notice the highlighted areas. He found an error in the budget. The \$110k in "Other" should actually be in "Class B Road Funds" and the \$12k listed under "Class B Road Funds" should be in "Interest Income".

The other process we will go through with the State requires SCSA3 to review our spending in order to determine where we may be over or have shortfalls. Then, we go through an amended budget hearing for 2020. This will also correct the errors just mentioned. Our assumptions this year were based upon two factors. You can see the

last two years of revenue and expenses in this spreadsheet. It does not have the detail of the account numbers that can be seen on the financials.

One thing you will note on Line 38, Trails and Parks, there are no budget entries for expenses for 2018 and 2019 because we actually reclassified them as Capital for work, we did on the trails. We budgeted \$20k in 2020 for trails and parks. You can see the different areas of the budget. The Contribution to Fund Balance is typically what we put into Capital Reserve at the end of the year. The bottom line of the expenses is if it is more than our revenue it is due to our capital outlay. This spreadsheet was emailed to everyone earlier today. We do not have to make any decisions tonight on this so please review at your convenience.

Larry discussed the second spreadsheet noting he recategorized the Class B Road Funds and Interest Income into their proper line items. We are looking at a 5% reduction in collection of property taxes due to the current fiscal situation and a 50% reduction related to Chris' question based upon Larry's literature review. People are driving about 50% less. This may not be enough of a budget decrease. He is glad we are not in the same position as Summit County where we do not have to worry about sales tax or transient room tax.

We are looking at a revised revenue figure of about \$464k vs \$564k with a shortfall of about \$99k compared to our original budget projections. Suzanne asked, are we not going to get this \$11k? Larry corrected that figure. This shows a \$76k decrease in revenue. The other issue that must be taken into consideration is the way we receive our monies from the County based upon property taxes. We collected approximately \$320k in December 2019 in property tax revenue. We raised property taxes last year resulting in \$120k-\$130K increase in revenue to the Service Area but we will not collect that money until December. We must budget that money for spending this year as part of our revenue. We must be somewhat cautious how we spend our money through November 2020 knowing that we are short \$110k until December. We have a rainy day fund of about \$120k which will allow us to offset some of that coming out of our capital fund so that we can ensure we can pay our bills and get some projects done.

Larry continued, our total budget reduction is going to be about \$76k total. You can see the areas of the budget that need cutting. We are going to have to increase snow removal a little bit. Our insurance has been increased and we cannot do anything about rent. The only areas where we can have some affect is Parks and Trails, Capital Outlay and Repairs and Maintenance. Bob stated the \$4.5k for insurance is a substantial decrease from the previous year's charge of \$8.2k but it does not match what we put into the budget. Larry stated he and Bob will have to go through the numbers.

Suzanne stated let's get through the agenda tonight and talk about our open road and trails projects and then get back together in order to complete at revised 2020 budget. We need to determine where we are going to spend money and what we can hold because she agrees with Larry it is hard to know how long this is going to last. Our Class B Road Funds are going to be reduced. We need to plan as if they will be less. Larry replied he would like to plan on a 5% reduction in property tax. Suzanne agreed. Larry stated during the financial crisis in 2008 and 2009 there was an impact on property taxes. Scott asked are they saying property values are going down this year? Larry replied he thinks some people will not pay their taxes. If they do not pay their taxes, we don't get money. Scott replied, most property values have gone up. Does that add to our revenue? Larry replied under the State Equalization provision we set a property tax millage rate of 'X'. When we did the property tax increase, we budgeted about \$430k to include the millage rate increase. New values that come into the Service Area that increase the value of the property do not result in an increase in property tax revenue. They automatically lower the millage rate across the board for everybody. Nathan agreed. Larry continued, if our property values increase in the Service Area by \$1mill we do not get the commensurate increase in property tax revenue. He wants the Board to begin this process early to prioritize our projects. Suzanne agreed.

Larry stated we have been talking about bonding the Class B Road Funds which will be affected by the reduction in our revenue. Suzanne agreed. Larry stated he likes to have a rainy-day fund of \$100k or so in order to cover any emergencies. Suzanne agreed. Bob stated Larry you have done well.

- c. Recommended prioritization of spending in Q2 and Q3 of 2020: Suzanne stated this item is tabled. Brad Iverson asked when will the prioritization process be resumed in particular for incomplete projects that were begun last year? Larry replied he and Bob will meet on Wednesday or Thursday and invited Brad to join them via a telephone call. The Board will be the final arbiter. We anticipate an \$80k shortfall which is fairly significant for the Service Area. Brad replied he understands and requested the anticipated timeline. Larry replied we will resume in May. Brad stated his cul-de-sac is a hazard right now. Chris stated the spring grading routine will resume which will include the Westwood cul-de-sac. We will have to wait and evaluate what additional construction the cul-de-sac

will undergo such as finishing the cul-de-sac with oil or roto mill or something else. It is passable currently. Brad replied no it is not passable. The International Fire Code (IFC) is very clear the required finish is asphalt or concrete not grading. Chris replied it is not familiar with the fire code Brad is citing but there are many areas that have dirt roads and dirt cul-de-sacs that meet the fire code for the Park City Fire Department so he believes the requirement Brad is citing is false. Brad recalled that last fall it was decided the cul-de-sac must be 100% compliant with the IFC such as the size. Larry called for a point of order that we resume the agenda items. Suzanne thanked Brad for the information and stated we are not yet at the road discussion. **We should meet prior to the next board meeting to discuss this further in detail.**

- d. GRAMA requests: Bob stated we received this GRAMA request from an individual named Nick. Chris and Bob spoke to him on the phone to make sure they understood what he was seeking and to understand that there were only two items which we could provide information about. Those are the last two items numbers 8 and 9. They told him they would send him any information related to the others but those would probably all come from Summit County because they are land-based and not water-based. All the rest of the approvals and correspondence are with Summit County. They clarified that with him. Nick said he understood, and he would appreciate whatever we could give him. They will attempt to get this done before the end of the week. It appears to Bob that the purpose of the GRAMA request is to find a something that can be construed as an approval to avoid purchasing additional water rights. Larry stated we had Hansen, Alan, and Luce (HAL) do the engineering on this. Do they have a copy of all of that? **Bob replied we have not contacted HAL to get whatever we need under items 8 and 9 but we will do that tomorrow.** Dinah asked what GRAMA stands for. Nathan replied Government Records Access Management Act.

4. Road and Trail (motion/voting)

- a. RFP recommendation for Engineering: Chris stated since the previous meeting the Roads Committee met to review the RFQ's that were submitted for engineering. Each of the board members used a point scoring system of three different firms which concluded that WCEC received the highest points. He recommended the Board approve and begin discussions with WCEC for our road engineering services. Larry stated his only concern is that we make the RFP's and the points public. Everybody did a good job. **Let's add it to the minutes.** If anyone has any questions about this that they have documents to review.
- b. Pothole repairs update: Chris stated we have been repairing potholes as they appear each week. We are doing so until we get to the point where we decide we are moving forward with capital projects. Suzanne asked Chris if he has an estimate of asphalt or volume of pothole filling that is on the to-do list? Chris replied the next load is about four yards of asphalt material to fill potholes. **They will reevaluate it next week.** He has received estimates for SOCA patch and fill for the guardrail hill etc. They exceed \$100k to be repaired correctly. The fill and maintain is the process right now until we conclude our budget evaluations. **Suzanne replied once we get through our budget evaluation, we need to discuss our prioritization and schedule another roads discussion.**
- c. Status of remaining RFPs and project plans, including roto mill: Larry asked Chris when are they scheduled to apply the mag-chloride? We received an estimate for that last fall. Suzanne added we should discuss grading at the same time because that comes before mag-chloride. Chris replied grading is scheduled for the week of May 4-8th. The mag chloride is scheduled for the May 20th or 21st. **He will verify the mag chloride date tomorrow.** Suzanne stated regarding the dirt dumped at the top of Cottonwood and in the Westwood cul-de-sac, does the grading estimate include smoothing out those areas? Chris replied yes. Larry asked is it possible to get the mag chloride applied after the grading? Chris replied yes but we might want to push the grading out another week. **He will see if that can be arranged. Suzanne once those dates are concluded Staff should communicate those dates to our residents. Dinah stated the mag chloride should be applied immediately after grading because if Cottonwood Trail gets any water on it, it ruins the grading.** Suzanne agreed.

Suzanne stated every year we go through a discussion about roto mill, potholes, and the availability of roto mill. Staff should solicit roto mill estimates for the purpose of finishing surfaces in 2020. Chris stated he is aware of only one approved roto mill project on track this construction season. Other roto mill projects are pending due to COVID-19. He is aware of 100 cubic yards of roto mill available in June. As we move forward in our budgeting decisions, we will engage in commitment discussions with them. Suzanne replied it would be helpful to know those costs during our discussions and, based upon your observations of road condition, your recommended repair prioritization. She would like to know the cost of new roto mill as well due to concerns over the accessibility of used roto mill. **Chris agreed observing oil prices have gone down.**

Bob stated he has a staff report on the status of trails. He called both contractors. CMR stated their bid is firm through today. TCB updated their number due to an error in the estimate regarding the width of the trail correcting it from 6-feet wide to 4-feet wide. The bids are now competitive. With the extensions on the culvert and on the hydrant, CMR and TCB are substantially different. An additional consideration which is that TCB has expressed a willingness to perform the trail washout related work on a cost-plus basis. The board could prioritize what happens next because both bids are approximately \$80k while we only have about \$20k in the budget. Bob recommended we begin with the extensions and then we prioritize repairs due to winter damage. We can begin the work on the designated priorities, but the board should be aware some of that money must be used for other work. Bob is recommending we do not do the entire RFP. We just do what we can do starting with the work on the extensions and prioritize the remaining projects to ensure the trails are passable for those who use them.

Larry stated he would like to delay approval until we achieve budget clarity. Vince and Scott agreed. Vince stated he believes the community will be supportive because they will understand our potential deficit. Larry replied fortunately we are not in a deficit position. He has been walking a lot of the trails and there are some areas in need of work such as the Maple trail and culvert. Until we achieve finance clarity, we must scrutinize all maintenance and capital expense this year.

Suzanne summarized we will table this project, do our budget and then we may re-issue the RFP so that its scope is based upon the dollars we actually have available. **Larry recommended we reach out to both contractors to let them know where we are at.** What was the stated award period? Bob replied he would look it up. **Larry requested that Staff contact the construction material recycling company to let them know what is going on and see if they would do the project in increments.** Bob replied the RFP allows us to do this segmentally. He will reach out. He suspects CMR will want all or none because they propose to bring in heavy equipment. He will find out for sure. Their bid is good through today. He will ask for a bid extension. TCB's bid has no end date. **He will follow-up regarding the award end date and performing work incrementally.** Suzanne asked what other RFP's are out there? Bob replied the snow removal RFP had only one response from Wolff. The board had asked Chris to discuss mobilization costs with Wolff. Chris replied he met with Tom Wolff and he is happy to meet with the Board. His start-up costs, whether it is snowing or not, require new chains and cutting edges to have them ready to go for us in November. This is a \$16k expense. This is what Marla had negotiated with the previous snow contract because there were a couple of years where Wolff only charged about \$35k for the full season of which half was spent on start-up costs. He wants the start-up fees to remain in the contract. He is willing to attend a board meeting to discuss his position. Bob stated Wolff shared he has to perform equipment maintenance before every snowstorm, so it isn't just initial start-up costs but maintenance that is repeated throughout the winter.

Chris stated the Summit cul-de-sac is on hold pending the survey for the ROW. Johanson Surveying is finalizing their survey now that the snow is gone. It will be completed before the end of April complemented by all of the property research that we need to go along with the property line of Lewis Park up to the ROW that addresses the discrepancies raised. Once we have that information, we will be able to present the project for public comment.

Chris stated we have the Silver Creek Rd RFP but that is a separate discussion regarding the repairs to Silver Creek Rd caused by the sewer installation damage.

- d. **Status on Parley's Way Right of Way:** Bob stated we sent a registered letter to the property owner presenting the two options preferred by Summit County. He has not received notification from the post office yet. The ball is in his court. **Suzanne requested that Bob put the letter in google drive.** Scott stated Mr Jonas has been out of town and will continue to stay out of town due to COVID and probably hasn't received the letter. Suzanne suggested we get another address to send him this letter. Nathan suggested we send the letter to his email and asked Scott for it. Scott agreed. Chris replied we have the Jonas email and phone. **Suzanne requested staff email Mr Jonas is sent to ask for an appropriate address to send a registered letter. Nathan stated you can send the letter via email and in the email ask him for the best address to send the letter. You can send an email with a confirm receipt. If it does not bounce back it will tell you if he gets it. Bob agreed.**
- e. **Red Hawk dumpster update:** Bob stated there is a staff report on this matter. East Canyon Ranch said none of their people are dumping by the dumpster. They suspect it is someone else living in this area or someone coming into the neighborhood off of I-80. Carla, from Red Hawk, seems to believe we cannot move the dumpsters because they are there to meet the needs of Republic. Bob disagrees with this. We need to get all parties together, but the Board must first determine what we want. In his opinion, those dumpsters should not remain there especially if that lot is redeveloped in connection to the Bitner Ranch Connector. Suzanne replied she agreed. It is easier for Republic to keep the dumpsters in our Civic Center. Bob added because they are locked,

people will leave their garbage on the ground adjacent to the dumpster which means someone else must clean up after them. Vince asked does Red Hawk understand they are responsible for the condition around the dumpsters. Dinah agreed. Larry stated we had a meeting with a Republic late last year. Later we met with Summit County's Derrick Radke and their public works representative where we learned Dennis was upset that Republic had reached out to us directly without including Summit County because this is a County contract. **He likes the idea of approaching Republic, but we need to ensure Radke's office is involved. Suzanne agreed and requested Bob share his staff report with Derrick Radke and ask him for his recommendations for next steps on how we get these dumpsters relocated. Bob agreed.**

5. Water (motion/voting)

- a. Water Right Request Lot SL-A-44: Bob referred board members to the material in the board packet. They are hoping we will allow them to use their own water right making the Service Area's water right available elsewhere. This proposal is new and unique. He does not know how to respond. The property owner is trying to be a good citizen of the Service Area, but he is not sure what the unintended complications might be in the future. Nathan stated his email recommendation is in the board packet. He asked the property owner if it was his intention to get another water right to replace the Service Area's water allocation that he currently receives. John Nowoslawski replied, negative. They do not intend to relinquish their rights with the Service Area. We hope to put two water rights in one well for various reasons. We are trying to be a good neighbor. As you know, in the past residents just submitted an exchange application without informing the Service Area. We are trying to make your lives a little easier and communicate our intentions in order to avoid unintended consequences we can deal with them together.

Nathan clarified, their intention is to get extra water for your well. As he has mentioned in his email the State Engineer usually approves these change applications. This is a private well and they have the right to move other water rights to this well. However, the Service Area has been and is concerned with individual wells that add rights larger than the normal allocation. For example, if a lot is built-out based upon 2-acre foot, what happens if they sell off their extra acre-foot while the 2-acre-feet of use remains with the property? Will it overuse Service Area's water right? This is addressed in our draft water regulations. The State Engineer will likely approve this as he has with other wells. How do we ensure the Service Area's water rights are not overused? In the past, as we have discussed, when we allocate any use under our water rights, we allocate the first acre-foot to account for a home and any other incidental irrigation. Any use above that must be covered by the property owner's other water rights. We do not have the authority to tell him what he can or cannot do with other water rights he may have obtained. We do have the right to tell him what he can or cannot do with the Service Area's water right. He misunderstood. He had the impression this was a situation where they would not be using the Service Area's water allocation or they were considering a replacement of the Service Area's allocation. This now appears to be a situation where they want more water in addition to what they are getting from the Service Area. We have other properties within the Service Area doing this.

John Nowoslawski spoke but it was difficult to understand him due technical difficulties. Scott recommended that John call in using the telephone. Bob apologized to Nathan for misleading him on the property owner's intention as he misunderstood their intention. Nathan stated, as he has said before, he is unsure if there is much utility in the Service Area protesting these types of things. The State Engineer is going to approve it if it meets the statutory fact. It is not really a question of protesting these things. It is a question of ensuring the Service Area's water rights are not overused. As long as these lots are metered you will have the ability to assess overuse. Does this lot have a meter? John replied that he fully intends to live in this house for a very long time, but he realizes the Service Area is concerned about what might happen in the future. Regarding your concern for excessive water use, we do not foresee anything in our proposed use that would cause over-use. Nathan replied he does not think it is worth protesting. The Service Area has jurisdictions over its rights; it does not have jurisdiction over rights a property owner acquires for their well.

Nathan is more concerned about lots that are connected to the Service Area's water system because then all the water is provided by the Service Area as opposed to an individual well. In this case, this is a lot that would be supplied water by individual well. He asked, is the well on the property currently metered? It is a requirement and a condition to use the Service Area's water rights. John replied yes, there is currently a meter on the well, but it has not been read in a very long time. The State may require us to update our meter as a condition of the exchange application. Nathan asked Chris if the telemetry is on this meter. Chris replied the computer shows the old radio read so all we need to do is install a Beacon on it to get the cellular read.

John stated the previous owner was Grant Peters, but it was constructed by Lee Kelsch. Chris replied your property is listed under an LLC. John replied it was recently recorded over to his personal trust. **Chris requested John update his account information with the Service Area. He agreed.** Chris stated he might be able to update his meter with a Beacon tomorrow. John replied his meter is fairly spartan and there is nothing available electronically to connect the Beacon. He offered to assist Chris and requested Chris contact him prior to visiting the property.

Nathan replied, the challenge we have right now is people in the Service Area want to use more water than the Service Area has rights for. Lots can connect to your water system through our Dedication Policy. The changes we made to the dedication policy are primarily geared to lots connected to the water system. We have not really substantively addressed these issues that apply to these individual lots. John replied that is not the only reason property owners in this area like himself would be buying extra water. There are additional concerns that could motivate people to buy water rights. Suzanne asked is there something you are building on the property that becomes permanent that would need this additional water? And, if you later move from the property taking the second water right with you, would the new buyer have a structure they cannot use? That is our concern, but the use is not ours to regulate. John replied your question is about usage and stated historically there has been 25+ people living on our property and now there is only three. We are not going to start a bed and breakfast or anything like that. We are planting some trees and whatnot. He does not foresee a future spike in usage. There are other factors we are considering when purchasing this water right. Does that answer your question? Suzanne replied it does.

John stated he is not looking for a motion or an action or anything like that. He was looking to understand the Service Area's concerns. It sounds like you do not plan to protest the application. If that changes, please let him know. He invited Chris to see how the meter is connected to the pump. Chris stated he will call the next day to make an appointment. Nathan stated this has been a discussion the Board has been having for two years. It is your well. You can go out and get other water rights and file a change application to put them on the well. The problem we have is that we have had 3 or 4 situations with these wells where someone built a whole bunch of development on the basis of water rights that they own and shares from the Service Area but what they built far exceeds the water rights available to them. This is a continual challenge that we have, and we do not have a set policy for how to deal with it. Our water rights get lumped into this potential overuse. The recourse possibly should be dealt with in the same way any other overuse is addressed but our challenge is discovering the overuse after a project is constructed. These types of problems have cost the Service Area lots of time and money.

John stated he is planning to construct a 900sf accessory dwelling unit/studio for his handicapped mother to live in. He is happy to discuss a general overuse compliance mechanism and work with the Service Area with transparently. Bob added Chris will inspect the meter and let us know if there are any issues. Nathan added we just need to make sure it is metered properly, and we can make installing a meter a condition of using our water. We need to follow-up with the property owners who have failed to install meters. We need to give them an ultimatum that they either work with us to install meters or we will revoke your right to use our diversion point and water right which will give them a dry lot. Suzanne replied we need to make sure we have the resources to get the meters installed which includes clear communication to our residents connecting them with competent installers and ensuring we have meters available. **Let's get this rolling because summer is the time to do this.**

Nathan replied, we are going to keep having this discussion. You can expect all of your individual well owners will attempt to move water rights to their property. Knowing how much water they are using will be critical.

Scott asked has anyone removed themselves from SCSA#3's water system and pulled their .75-acre-feet water right out of the pool of SCSA#3 water rights. Suzanne replied no, only on the individual wells not the municipal system. Nathan stated if any SCSA3 well users want to resign their right to use the Service Area's water you want to jump on that and say yes. The Service Area will gain one-acre-feet of water for at no cost. Scott asked, we don't have to give them them the water right when they leave? Nathan replied we cannot give them their portion of the water rights because those water rights are, for the most part, based on shares. These shares cannot be divided down enough to one-acre-feet so we can never give anybody their share of water rights.

- b. Arsenic filtration project status: Bob stated we now have a quit claim deed with the Greenfield Ranch subdivision HOA. It has been signed and will need to be recorded with the County in person at a cost of \$40. **Suzanne offered to do the recording. Bob accepted.** Bob continued, HAL has the evaluation reports regarding selecting the vendors for arsenic filtration. The selectee appears to be AdEdge Water Technologies. This will occur much further in the future but what do we need to do at this time with Ad-Edge to inform them of their selection? Should we have HAL tell them and do we have any stipulations? Suzanne asked Nathan for recommendations. Nathan replied,

Bob what do you think? This is the Service Area's call. Bob replied, we should let them know we would like to work with them in the future, but we do not know when that will be due to unknowns such as budget. We should tell them they are our choice, inform them of what will happen next and what the schedule might be. We have not communicated with them at all. The decision was made by the Water Committee and we now have the paperwork we can share with HAL which shows how we rated the various groups. Nathan replied you are in a holding pattern until you develop your budget priorities for the next year. What are your opportunity costs? What will it mean if you wait to make the final decision? **He suggested the Service Area should consult HAL to get their advice.** Perhaps before you make your final decision the Board needs to look at their budget for the next year, determine their priorities and determine if they can do this RFP at your next meeting or a special meeting. Assuming HAL approves, you may notify the contenders, apologize for the delay and explain you have to make budget decisions. He is concerned the Service Area reaches out to somebody that the Board has not finally selected at this point. Bob agreed. Nathan stated before you reach out to anybody, the Board has to make a decision. He does not feel the Board can make that decision right now.

Suzanne recalled we said we are going to have to bond for this using the enterprise fund. Let's talk with HAL. Now that the water committee has recommended a firm, we can input that in our water rate study. Larry stated Suzanne is correct. We will have to bond for this as well as the water quality improvements we had tabled from last year due to the cost. Suzanne stated we know we have three big projects for the water system: holding tank, fire flow and arsenic treatment. Larry agreed and added he thought we wanted to see a presentation from AdEdge about the system. We spend a lot of time with WestTech including touring their facility and spending time understanding their technology. He would like to spend more time getting to know AdEdge before we award it. We have not met them. HAL is comfortable with them. **He would like to see a presentation by AdEdge including timeframes at the next board meeting.** Vince and Suzanne agreed.

Scott requested a brief explanation as to why the water committee selected AdEdge. Larry replied we are going to want to publish the evaluation system. AdEdge was the middle-priced vendor and suggested Scott consult the staff report. The annual media usage costs show they are the lowest over time. Chris stated AdEdge is automated whereas FilterTech and WestTech had upcharges. After it was evaluated by HAL, AdEdge had the better cost for the whole system plus the media was a better cost annually. Vince asked were there were any guarantees on that cost? Would the media cost rise the following year? Chris replied we would have to extract that from their responses. **If we want HAL to arrange a presentation from AdEdge, we can have that clarified at that time.** Vince replied, he would like that. He would hate to see prices rise after installation. **Suzanne summarized that HAL and AdEdge should do a presentation at the next board meeting.**

Larry moved to adjourn from open meeting and go into closed meeting discuss personnel matters which was seconded by Dinah. Support was unanimous.

- 6. Closed meeting for personnel review Per Utah Code Ann. 52-4-205(1)(a)**
Any motion/voting will take place in open meeting after closed session
- 7. Closed meeting for review of property per Utah Code 52-4-205(1)(b)**
Any motion/voting will take place in open meeting after closed session
- 8. Adjournment:** *Larry motioned to end open public meeting and adjourn at 9:23pm which was seconded by . Support was unanimous.*