

BOARD OF TRUSTEES MEETING MINUTES

October 23, 2023
** District Office**
5:00 p.m.

I. CALL TO ORDER

The October 23, 2023, Board of Trustees meeting was called to order by Chair Jan Wilking at 5:00 p.m. Other Board members in attendance were Mary Ann Pack, Robert Richer, and Richard Pick. Ryan Dickey was excused. Staff in attendance were Mike Luers, Dan Olson, Chad Burrell, Kevin Berkley, Bryan Steele, Marlo Davis, Dave Smilanich, and Kim Dudley. Also, in attendance were Jeremy Cook, Cohne/Kinghorn, Craig Ashcroft, Carollo Engineers, Kelly Murdock, Stifel Public Finance, and Brian Baker, Zions Bank.

II. CONSENT AGENDA

- A. Approval of Board Meeting Minutes for September 25, 2023
- B. Escrow Fund Reduction Approval
 - 1. National Ability Center – Mountain Center – Retain 10%
 - 2. Silver Creek Village Center – Elk Springs – Retain 10%
- C. Final Project Approval
 - 1. National Ability Center – Mountain Center
 - 2. Silver Creek Village Center – Elk Springs

Mr. Richer made the motion to approve the Consent Agenda, Mr. Pick seconded the motion carried with Mr. Pick, Mr. Richer, Ms. Pack, and Mr. Wilking voting in the affirmative.

III. PUBLIC INPUT – There was no public input.

IV. APPROVAL OF EXPENDITURES – Bills in the Amount of \$2,216,485.25 – Mr. Luers reviewed the bills in the amount \$2,216,485.25. He said there is approximately \$800,000 to Carollo Engineers and approximately \$750,000 to Michels which is the lining company. Otherwise, standard expenditures.

Mr. Pick asked if the small items for clean water disconnect were for sump pumps. Mr. Luers responded yes. He said that Mr. Olson and his staff are still getting an occasional call. Mr. Pick said that was good.

Mr. Pick made the motion to approve the Expenditures, Mr. Richer seconded the motion carried with Mr. Pick, Mr. Richer, Ms. Pack, and Mr. Wilking voting in the affirmative.

V. SUBDIVISION PROJECTS

Estimated LEA REs Year to Date: # Above Splitter 0; # ECWRF 5.68; # SCWRF 341.53; Total 347.21
Proposed this Meeting: # Above Splitter 0; # ECWRF 0; # SCWRF 0; Total 0

VI. DISTRICT MANAGER – Mr. Wilking said that we would be discussing VI.A.1. – Action Items – Consider Authorizing Staff to Proceed with the ECWRF Project before reviewing the 2024 Tentative Budget.

Mr. Luers mentioned the documents he sent to the Board pertain to the financial risk and capacity of the project and said the Board had some concerns.

Mr. Luers stated that Mr. Dickey had revealed in an email that he would like to continue to evaluate before proceeding with the project.

Mr. Luers also sent a letter to the Board pertaining to the engagement and issues that we are dealing with the Department of Water Quality (DWQ). The letter was detailed in outlining the water quality studies that are needed to properly determine what are final permit limitations are for the expansion of ECWRF. Mr. Luers asked if there were any questions.

Mr. Richer thanked Mr. Luers for the summary of the project. He said he is open to discussion but agrees with Mr. Dickey and would like to continue to evaluate before proceeding.

Mr. Pick said that he talked with Mr. Luers regarding this today and thinks we should continue to evaluate the project but is also concerned that DWQ might not give us a permit. He said that Mr. Luers eased his concerns with the detailed letter stating that there will be conditions with DWQ. Mr. Pick would like to get the permit from DWQ and an agreement on how we are going to proceed with the water quality studies.

Mr. Luers stated that the letter to DWQ demonstrates that this involves detailed studies. We wanted to impress upon the state the reasons we believe we need the studies. He said he did receive a reply from the Director of Water Quality stating that he received the letter and is going to get his staff working on it.

Mr. Pick talked about the water quality studies not being complete before starting construction. What happens if things do not go the way we want. Mr. Luers said that was a good point. The studies and the construction can take place simultaneously. Let's say when we get to the end of the studies, and they show we need to have a higher level of treatment, additional treatment equipment would be additions at the end of the process. If we need to do additional levels of treatment it would not change the design, we have.

Mr. Wilking agrees with the other Board members. He said there is so much uncertainty and we need to give it the best decision that we can. He agrees we should continue to evaluate.

Ms. Pack said she also had a conversation with Mr. Luers and believes the numbers shown will tell us what to do and is comfortable with continuing to evaluate before proceeding.

Mr. Pick made the motion to Authorize Staff to Continue to Evaluate the ECWRF Project with Prerequisite Conditions for initiation of Project Construction: 1) Receipt of a Construction Permit from the DWQ, 2) Receive an acknowledgement and agreement from DWQ to proceed with two water quality studies, and 3) Actual Impact Fee revenues and growth projections are deemed sufficient by the Board of Trustees to be sufficient to finance the project and reduce financial risk to the District, Mr. Richer seconded the motion carried with Ms. Pack, Mr. Richer, Mr. Pick, and Mr. Wilking voting in the affirmative.

A. Discussion Items – Review 2024 Tentative Budget – After the discussion of Item VI.B.1 – District Manger – Action Items – Consider Authorizing Staff to Proceed with the ECWRF Project, Mr. Luers reviewed the Tentative Budget with a discussion and slide presentation. He started off by saying that the budget came in around \$14 million dollars and broke it down as follows:

**2024 Tentative Budget
Income, O&M and Debt**

Income:

2023 User Fee Revenues - Budgeted	\$13,392,354
2024 User Fee Revenues - Proposed	\$14,064,443
2023 Impact Fee Revenues - Budgeted	\$ 4,526,153
2024 Impact Fee Revenues - Proposed	\$ 4,979,434

Mr. Luers mentioned User Fees have been previously approved for 2024 by the Board at 4% and Impact Fees at 2%.

Operation and Maintenance Expenses:

2023 O&M Expenses (excluding capital)	\$ 9,673,236
2024 O&M Expenses (excluding capital)	\$10,785,081

Debt Service:

2023 Debt	\$ 1,504,850
2024 Debt	\$ 1,508,025

Operation and Maintenance Expenses have gone up around \$1 million.

2024 Debt Service is basically identical to 2023.

**2024 Tentative Budget
 Capital Expenditures**

Capital Expenses:

2023 User Fee **"Renewal" Capital Expenses	\$ 6,208,500
2024 User Fee **"Renewal" Capital Expenses	\$ 2,880,816
2023 User Fee Capital Expenses	\$ 999,242
2024 User Fee Capital Expenses	\$ 730,000

2023 Impact Fee Capital Expenses	\$10,993,510
2024 Impact Fee Capital Expenses	\$ 2,231,074

*Renewal projects are paid for by existing customers and involve extending the life of existing infrastructure

Capital "Renewal" Expenses were high in 2023 due to large lining projects.

Capital Expenses are mainly truck replacement expenses.

Impact Fee Expenses are way down due to continuing the evaluation of the ECWRF project.

**2024 Tentative Budget
 Large Collection System *Renewal Projects**

System Renewal - Collections	\$ 1,300,000
System Renewal - Engineering	\$ 500,000
Summit Park PS #6	\$ 415,000
Lower Park Ave. Project	\$ 180,000
Annual System Renewal Funding	\$ 100,000

*Renewal projects are paid for by existing customers and involve extending the life of existing infrastructure

Collections will be receiving approximately \$1.3 million a year for System Renewal.

Engineering is involved in some of our more complicated projects, and we will need to build on the \$500,000 each year.

Summit Park PS#6 came in at \$415,000 and is a project that we are continuing to work on.

Lower Park Ave. came in at \$180,000 and we are starting the design on the project.

Annual System Renewal Funding - \$100,000 is budgeted every year for previously unidentified repairs.

**2024 Tentative Budget
East Canyon Facility Related Expenses**

➤ Wylo Mixers (2)	\$ 50,000
➤ Filter Reject Pumps (4)	\$ 100,000
➤ Headworks Screens	\$1,364,250
➤ UV Disinfection	\$ 645,140
➤ DWQ Water Quality Studies	\$ 150,000 (3-yrs.)

When we proceed with the project the project will be reduced by the amount used.

Also included are the DWQ water quality studies that will consist of approximately \$150,000 for 3 years.

**2024 Tentative Budget
Noteworthy Items**

Salaries and Wages:

Salaries and Wages Increased by CPI: 4.0% (COLA)
(Summit County/Rec/MR 4.0%, PCMC 5.5%)

Health Insurance Benefits: 2.0% increase in premium
(average ten years including 2023, 4.13%)

Dental Insurance Benefits: -0.8% increase in premium
(average three years including 2023, 0.7%)

Staffing:

2023 FTE	45
2024 FTE	45

Mr. Luers reviewed the salaries and wages with the increased CPI: 4.0% (COLA), Health Insurance Benefits a 2.0% increase in premium, and Dental Insurance was a -.08 increase in premium. He said the staff would remain at 45 full-time employees.

Mr. Luers moved onto the Historical and Proposed Monthly User Fees (as shown below). He said this shows the historical rates starting from 2020 to current.

Mr. Luers went onto say that the 2024 increase is 4.0% and 2025 another 4.0%. Based on the need for us to spend more money on the Collections System, it's a slow gradual increase that we've being doing over time. He pointed out that as the sewer system gets older the cost becomes greater to maintain.

Historical and Proposed User Fees						
YEAR:	2020	2021	2022	2023	2024	2025
Historical User Fees:						
Volume Charge	\$2.77	\$2.85	\$2.94	\$3.06	\$3.18	
Base Rate	\$29.13	\$30.00	\$30.90	\$32.14	\$33.43	
Percent Increase	3.0%	3.0%	3.0%	4.0%	4.0%	
Proposed User Fees*:						
Volume Charge						\$3.31
Base Rate						\$34.77
Percent Increase						4.0%
Monthly Wastewater Charge	\$42.15	\$43.40	\$44.72	\$46.52	\$48.38	\$49.23
(Based on 4,369 gal./month)						
*Fees have not been approved by the Board						

Mr. Luers told the Board that the average monthly water use is 4,369 gallons a month for all our residential users. When he started to work here that was over 7,000 gallons. Two things have happened, people are conserving more water, and the water companies are doing a better job at metering the water. This has resulted in the user fees not going up more than they could have.

**2024 Tentative Budget
 User and Impact Fees**

User Fees:

2023 Monthly Volume Charge (4%)	\$ 3.06 per 1000 gal
2024 Monthly Volume Charge (4%)	\$ 3.18 per 1000 gal
2025 Monthly Volume Charge (4%)	\$ 3.31 per 1000 gal
2023 Monthly Service Fee (4%)	\$ 32.14
2024 Monthly Service Fee (4%)	\$ 33.43
2025 Monthly Service Fee (4%)	\$ 34.77
Average Monthly Residential Bill:	
2023 (based on 4,369 gal/month)	\$ 45.51 month
2024 (based on 4,369 gal/month)	\$ 47.33 month
2025 (based on 4,369 gal/month)	\$ 49.22 month

Mr. Luers reviewed the Impact Fees saying the Board has already approved a 2.1% increase on Impact Fees for 2024 and we are asking for another 3.2% increase. Since the Impact Fee increase of 2.1% has already been approved it will kick in on January 1, 2024. If the additional 3.2% increase is approved, it will kick in the middle of March after the Impact Fee Analysis has been completed. In 2025 we are looking at an additional 2.1% which is subject to change.

Impact Fees:

2023 Fee per Living Section (19.5%)	\$ 13,164 per RE
2024 Fee per Living Section (5.3%)	\$ 13,863 per RE
2025 Fee per Living Section (2.1%)	\$ 14,158 per RE

As discussed prior to the tentative budget regarding the ECWRF Project we want to get an agreement for the water quality studies and construction permit from DWQ.

We've also discussed by continuing to evaluate the ECWRF project we will see slightly higher O&M cost. The infrastructure is aging, and we will see higher maintenance and replacement costs. We continue to offer compensation and benefits but it's a challenge.

Mr. Luers asked if the Board had any questions. He said that this is an introduction to the 2024 Tentative Budget and no action is required.

Mr. Wilking asked if we will consider this again in November. Mr. Luers stated that we will present the same budget along with any small changes and we will ask the Board to consider adopting the 2024 Tentative Budget. Then we hold the Public Hearing in December for the 2024 Tentative Budget, and we also hold a Public Hearing for the increased Impact Fees. The User Fees have already been approved.

Mr. Pick said the staff is doing a great job staying within budget and that gives the Board a lot of confidence moving forward.

1. Consider Selecting/Contract for Underwriting ECWRF Project – Mr. Luers said that with the Board wanting to continue to evaluate the ECWRF Project the selection of Underwriters and Bond Council will not be acted upon tonight.

Mr. Baker, Zions Bank, asked since we are continuing to evaluate the project before proceeding, would SBWRD consider selecting an Underwriter for the ECWRF. In doing so, we would not need to re-bid the project. Mr. Luers asked how long the proposals would be valid if we did proceed. Mr. Baker responded that the rates aren't locked in and would be re-evaluated when we proceed with the project. Mr. Luers asked Mr. Cook his thoughts on selecting an Underwriter now. Mr. Cook stated that he doesn't see a procurement problem either way. Mr. Cook said we should discuss the issue some more and come back next month to decide.

2. Consider Bond Council for ECWRF Project – The consideration for Bond Council for the ECWRF Project will be determined when the project is approved per Prerequisite Conditions.

3. Consider Approval of Resolution #148 Partially Cancelling the 2023 Election – Mr. Luers stated they we are required to have a resolution partially cancelling the 2023 election for the Park City Seat since there were no other candidates running against Mr. Pick. He asked the Board to consider approving Resolution #148.

Ms. Pack made the motion to approve Resolution #148 Partially Cancelling the 2023 Election, Mr. Richer seconded the motion carried with Mr. Pick, Mr. Richer, Ms. Pack, and Mr. Wilking voting in the affirmative.

B. Information Items

1. Financial Statement
2. Impact Fee Report – Mr. Luers stated that we had 138 RE's for the month which is extraordinarily strong.

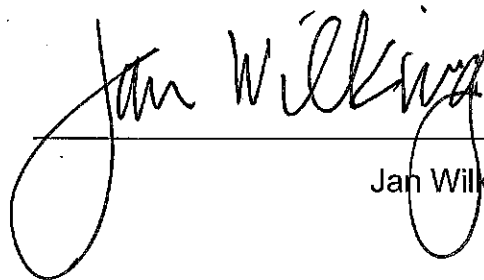
Mr. Richer asked what contributed to the large number of RE's. Mr. Luers replied that Park City EngineHouse, which is affordable housing, came in at 75 RE's. Silver Creek Village, American Homes for Rent, came in at 32 RE's, and Ivory Homes, Park City Heights, came in at 12 RE's. The other RE's were a combination of residential and commercial RE's.

VII. FUTURE AGENDA ITEMS

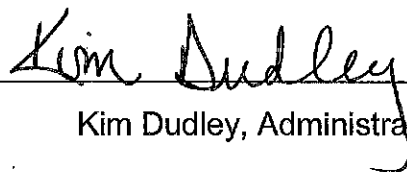
- A. Projects
- B. Operations
- C. Finance
- D. Governmental Matters

VIII. ADJOURN

Mr. Richer made the motion to Adjourn at 5:50 p.m., Ms. Pack seconded the motion carried with Mr. Pick, Mr. Richer, Ms. Pack, and Mr. Wilking voting in the affirmative.



Jan Wilking, Chairman



Kim Dudley, Administrative Specialist