

**Summit County Service Area #3**  
**May 18, 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; Dinah Clissold; Hally Hanssen  
**Absent:** Vince Pao-Borjigin  
**STAFF:** Robert Olson (Interim General Manager); Eileen Haynes (Assistant Clerk).  
**CONTRACTOR:** Chris Bullock (Roads Master/Water Operator); Nathan Bracken (Legal); Ben Minor (HAL); Doug Craven (AdEdge)  
**PUBLIC:** Celeste Raffin (SL-A-11).  
**ELECTRONIC:** All participation occurred through the Zoom platform.

**1. Welcome and call meeting to order at 5:30pm**

- a. Review of April 20, 2020 meeting minutes: No comments offered.
- b. Approval of minutes: Larry, Suzanne and Dinah stated they had no comment. Larry motioned to approve pending meeting minutes as revised for April 20, 2020 which was seconded by Dinah. Approval was unanimous.

**2. Public Comment:**

- *Celeste Raffin* (Lot SL-A-11) spoke about her frustration trying to get her meter inspected for the last 10 years. The former Service Area manager, Marv Maxell sold them a meter and advised they could put the new meter in her house because the first 'take-off' for the water is inside the house. The meter was installed in 2010 and she submitted the notification form for *Well Metering Equipment Installation*. She was unfamiliar with the inspection process and she trusted that Marv performed what was needed. Marv then died and she forgot about it until 2016 when she received the Metering Letter from the SCSA3 lawyer Jeremy Cook threatening a fine. She wasn't confident her meter had been inspected so she composed a lengthy email to everyone on the board through the Service Area website, but no one got back to her. She concluded no news is good news. A year ago, when they decided to sell their home, she contacted Vince to find out how to describe the water services for the real estate agreement and the well metering as well. Vince connected her to Marla who put her in touch with Chris for an inspection but that never happened. We took the house off the market at that time. We put the house back on the market this spring and it quickly sold. We are supposed to close on May 29<sup>th</sup> and she would like to have a conclusion to her request for an inspection and be in compliance. She would like to pass on a clean title and a clean meter to the buyers. She doesn't want to bond or have a lien. She feels strongly she has done as much as she can do to be compliant. She wants to figure out how to get this taken care of in an expeditious fashion and she doesn't want to be surprised with a \$2k invoice for a new meter when she was one of the first people who installed a meter when requested. Chris called her before the board meeting and intends to inspect the meter tomorrow. She also wants the board to know that most property owners in her neighborhood believe that each individual property owns the water right. People who don't have meters believe they shouldn't have to have a meter. She recognizes that is not true that the Service Area owns the right while providing a water allotment to eligible properties. She understands how important water is and that this must get fixed or we could possibly lose our water right. The board needs to be more diligent educating the residents about who owns the water. She is aware of residents who believe if they own 12 acres of land, they also own 12-acre-feet of water. She begged the Board for their help to be compliant and wants to avoid disruption to her closing.

Suzanne thanked Celeste for her feedback. She stated board members have been educated and understand the system, but it is always helpful to hear from someone who can articulate how other people see it because it helps us with education and communication. The next step is to have Chris perform his inspection because the question is how readable your meter is. You are correct that your water rights are part of the whole Silver Creek Estate

association and you have an approved point of diversion and we have to work on that. If any action is required post-inspection, we can meet with you to discuss it. Celeste agreed and asked what she will need to do after she meets with Chris. Suzanne replied Chris will give you a recommendation. If it doesn't seem executable then you, the Chair and the General Manager can discuss your options. We do not want you to have a delay.

Scott Sharp stated Wayne Bowers couldn't participate right now but will join in for item 6a.

### **3. Presentation by AdEdge for Arsenic Filtration System**

Ben Minor of Hansen, Allen and Luce (HAL) discussed the background of what led to this presentation. The Greenfield Well has a high arsenic issue. The Board has been exploring how to address it. Recently you asked for proposals and received three with the absorption technology you selected. These proposals have been reviewed and scored by Staff, the Board and himself based upon the criteria listed in the RFP. The high scorers were AdEdge represented by Doug Craver, AdEdge Southwest Technical Sales Manager. Their proposal matched the criteria and they addressed the issues very carefully. They have a local presence and have done a lot of work in Arizona. Because you are not as familiar with them, we wanted to give them a chance to introduce themselves.

Doug presented a PowerPoint presentation. He has been with AdEdge since 2011 as a direct employee. AdEdge is based in Duluth GA and was established in 2002. The company was created based upon arsenic treatment using the E33 absorption media that we proposed for your project. They have been using this technology since the inception of the arsenic treatment rule back in 2002. They have over 900 systems in operation ranging from 5 GPM to 10 MDG, 29 contaminants, 49 states and 15 countries. They have a 34k sf fabrication shop in Duluth, GA. We have QA, QC and FAT testing. They do their own welding. They have partnered with USCPA and were involved with 12 of the demonstration sites for arsenic. A few years ago, they licensed the technology for the biological treatment of ground water for ammonium, iron, manganese and arsenic. They call that technology Nammonia. They are very well known by the EPA and are featured prominently on their website. They give talks at their conventions and their workshops.

Doug showed pictures of their shop. He stated they can assemble a number of skids in their shop. Their treatment technology can be created in 'turnkey packages' so they are ready to go when they arrive at the jobsite. They were viewed as a small arsenic treatment company for many years. They have expanded their treatment matrix considerably. A couple of years ago they created a 20x20 matrix. On the top are 20 different technologies and on the left slide are 20 different contaminants that they treat. They actually treat more than that, but these are the more common ones. This will give you an idea about the diversity of AdEdge. AdEdge is a big company now and continue to grow. While they are a leader in arsenic treatment, they do a lot of other stuff as well.

Doug stated the package they propose for the Service Area is similar to the slide shown. It will be two vessels slightly bigger than in the slide. He stated they have a residential line of products as well as products for smaller commercial outfits. They can go down to 10 GPM. Not many companies will do small systems like that.

Doug stated he is focused on presenting information about absorption today. He presented examples of demonstration programs prepared by AdEdge for the EPA that were done over several years as well as some of the projects that AdEdge was associated with. They did pilot programs all over the country. AdEdge is the only company that was involved in all phases of the demonstration program. They did 12 sites and they helped pioneer E33 media as a BAT technology as well as oxidation filtration. They have been integrally involved in the arsenic market and with the EPA for many years.

Doug presented the primary treatment process for arsenic stating, however, he would be focused on absorption at this time. Absorption is the simplest to operate and usually has the lowest capital cost. It is ideal for water with low iron and manganese and other interferences. Absorption is very easy to operate and has a low labor cost. It is the system of choice for most communities with a suitable water quality because of the low labor costs. Your water is ideal for this type of technology.

Oxidation filtration is a technology suited for water containing natural iron where the media supports the iron to actually attach to the arsenic and filter it out. This system requires a backwash every two-three days. It is fully automatic. You have to manage sludge and sediment. It is a great technology, but it is a little more labor intensive with a few more things to manage. Coagulation filtration is an oxidation filtration technology where you don't have natural iron, so you have to add an iron solution to the water. The iron grabs the arsenic and it filters out then you backwash it. You have to find a way to reuse that water and dispose of the sludge.

Absorption is simple and easy. It runs for several years. It requires one media change. The typical design is a pressure vessel. It can be rated for 100-150 psi depending upon the operating pressure for the site. It requires a downflow service into the unit and the treated water comes out the back. At the top of the vessel will be some headspace. That is just empty space in the tank that allow you to backwash the media. The absorption media is in the middle layer. You

have an underbed of gravel at the bottom. It sits over the hub and lateral underdrain system. The hub and lateral has laterals that go out to the edge of the tank so during the backwash the entire bed is lifted allowing for a very even distribution of water through the media giving the media the longest life possible. You don't have to backwash very often. With the E33 you will only backwash every 30-60 days. Your operator will attend it once each week to perform basic checks to ensure the system is running fine. That will be the extent of the maintenance requirements of this system.

Suzanne asked how many gallons per minute flow through the bed? Doug replied one gallon per minute design is based upon your well pump flow rate. You always treat between your well pump flow rate and your storage tank. You do that because you have a consistent flow rate to treat. For your system our design is for the full flow. In the beginning, we propose to do a partial treatment and some blending in order to extend your media life.

Scott asked about the typical depth of 24-36". How many of these layers are part of the bed? Doug replied, the underbedding gravel is about 3-4" above the laterals. On top of the absorption media will be the 34-36" bed. We could actually use a 60" bed. Sometimes a deeper bed depth is used with a smaller diameter vessel if there is a footprint issue at the site. The more common depth is 36". When you backwash, you will need 50% expansion.

Larry stated, we are looking at creating a pond in the back. How many gallons are required for the backwash? Doug replied we propose a backwash reclaim system that will reclaim all the backwash water. It sounds like you have changed the design parameter since the original request. Larry replied, he may be thinking about an earlier proposal. Suzanne added the quit claim deed only gives a certain diameter, so she is unsure there is sufficient space for a pond. Ben stated early on when we considered different technologies, we considered whether a pond would be appropriate. Doug's proposal includes a tank that can receive and reprocess the water which eliminates the need for a pond. Doug added backwash reclaim is very common. AdEdge has hundreds of systems in the Southwest and 90% reclaim their backwash water. That is typically because there is no room for the water at their well sites.

Doug stated here is an example of the arsenic media. There is a lot of surface area and it is much like activated carbon so it will defuse into the center of the media and it will load from the inside-out. That is why it has a long life. Over 99% of the media surface area is internal. We propose to run this at a fairly slow flow rate at 3-5 minutes empty bed contact time (EBCT). By running it at that flow rate it allows the arsenic to be absorbed to the middle and assures the maximum media life.

Suzanne stated as we try to size the system, we are thinking about the Greenfield Well which we run in the summer. She believes it runs 300 gallons per minute. She wondered if it was part of the requirements definition. Doug replied he recalled this design and its hydraulics are for 300 gallons per minute.

Larry stated we are getting a turbidity issue in the District Well/Echo Well. It is rising over time. He was under the impression we are seeking to take some of the pressure off the Echo Well and transfer it to the Greenfield Well to help reduce the turbidity problem. Doug replied that seems like a very viable option. He stated he assumes the turbidity has to do with pumping or drawing down the water table a little bit or maybe the well is starting to collapse. Suzanne replied, she believes it is due to drawing down the water table. Chris stated it is the total dissolved solids (TDS) not a turbidity problem. Doug replied probably the upper recharge zone has dried out that was bringing in the lower TDS with water. Ben stated part of the plan then is once we get this arsenic system in place on the Greenfield Well we will be able to utilize it to a much greater level and take some of the pressure off of the Echo Well. That will hopefully let us expand the life of the Echo Well.

Doug presented a picture of the proposed media. It is a manufactured iron-base absorption media with an orange color. Iron is the product used to remove arsenic from water. It is a very stable media. It does not bleed iron into the water. It is used in hundreds and hundreds of systems. All the major municipalities in Arizona use this media such as the City of Phoenix, Arizona Water Company and Scottsdale etc. Everybody uses it down there because it is the simplest media to operate. It will operate over a stable pH range 5.5 to 8.5. When you get above 8 you have to consider making pH adjustments to extend the media life. That is an option that was evaluated. Your group did not want to do the pH adjust and the media life was long enough without it. They have provided some feedback on that from a media-life standpoint. It is an NSF-61 certified product. It is a non-hazardous waste when it is disposed. It goes to a standard landfill. AdEdge has contracts with landfills around the Southwest. They offer a turnkey service to perform the media change, media disposal, backwash, operator training and put the system back in service. They have over 19 years of developing this application, using over 15 APA demo projects and it is recognized as the benchmark absorption product in the world. They are replacing a number of sites in the area that had alternate medias in them with E33 because it works better and the cost per thousand gallons is the lowest absorption media cost on the market.

Doug presented a general flow diagram of how the systems work. The pumped well water typically goes through a well house. There are optional chemical feed systems (chlorine and pH adjustment) in the treatment for arsenic. The water then flows through the absorption system. The arsenic coming out of that in the beginning will be non-detect or less than one part per billion (ppb). The water will then flow over to the atmospheric storage tank. Periodically that will do a backwash. It will drop it down into a backwash recycle tank which has a recycle pump and a timer that will interface with your well pump. Once the backwash water is settled, the next time your well pump comes on - the backwash reclaim pump comes on. When it does it will transfer the reclaimed water to the inlet of the treatment unit and combine it back with the well water. In your case, you are running 300 gallons a minute from the well, the recycle will operate at 10% of that flow operating at 30 gallons per minute. That way it is all blending back in with the water to be treated and it goes through that treatment unit again. This is very very commonly done all over the west and all over the country actually. It is more common in the West due to drought and wanting to reclaim water. Once the reclaim tank is empty it just sits there and waits for the next backwash cycle.

Doug presented a graph showing a break-through curve. Along the bottom is a line called bed volumes. Bed volumes convert over to gallons of treated water. This is very stable and runs four parts per billion for almost 50k bed volumes. Between 50k and 10k, you still have another 20 or 30 bed volumes. This gives you plenty of time to plan for a media change which is one advantages of E33 media. When you see a curve like this, this is third-party performance data that was done between 2002-2005 when the EPA was doing their demonstration projects. This demonstrates that E33 has never broken above 1 or 2 ppb whereas all these other medias have already broken. In some cases, these go from treating to out of compliance within a very short period of time. A lot of these other medias on the market are no longer around because they were too hard to manage and the cost to treat was far greater than the E33 because you are now 35k bed volumes and it's still running. No other medias are in compliance any longer.

Larry asked, what is a bed volume? Doug replied, a bed volume is you take the amount of media you have in the tank in cubic feet (cf) and you do a calculation based upon that media volume and how many cubic feet and how deep it is and then you do a conversion to gallons from the bed volume. So, one bed volume would be, with 36" of media in a 72" diameter tank, as water runs all the way through that, that is one bed volume of treated flow. He offered to send Larry the calculation formula. It is a formula that calculates bed volumes into treated gallons. This will allow you to understand the number of gallons used each day at your site and based on the date you provide to us, we can project how long that media is going to last at your site.

Doug presented another example of a test that was done at Arizona State University where you are evaluating doing your RSSCT test with Paul. He presented several more test sites with four or five media tested. As you can see the bayoxide outperformed all of them significantly. Because of all these tests through the years, bayoxide has about 90% of the market. Doug presented a project that is similar to the one proposed for SCSA3. It is a system designed to start at 200 gallons per minute (gpm) which may be upgraded to 400 gpm. This system has two vessels and stainless-steel face-piping because this is an outdoor installation with a high-pressure application where they are feeding into distribution before arriving at the storage tank. The treatment vessels are the blue tanks which is where the arsenic media is located. The big white tank is the backwash reclaim tank. In front is a small pump and control panel to manage the backwash and reclaim process. The backwash reclaim line will eventually feed back into well treatment unit. This well has sand coming out of it periodically. This particular well has a sanding issue. There are a couple of sets of bag filters on it. The bag filter treats the well water coming in. It also treats the backwash reclaim water after it combines with the well water. The bag filters are dual purpose. If there are no bag filters on the inlet to the arsenic treatment unit, there will be one small bag filter on the backwash reclaim skid itself. We install those to protect the media in the event some of the settling had not occurred. We have never had an issue with that before. It is in there as a safety precaution. This is an example of the type of system that we are proposing for your site.

Larry asked how many square feet is that? Doug replied it is 20-feet front to back depth and about 60-feet all the way across from left to right. The tank has a 12-foot diameter. The skid is about 16-feet long. Larry asked if there are setback specifications. Doug replied sure. We can provide sample drawings. If you put this in a building you will want to back the vessels up to a wall with a little space in there. Sometimes people add a mezzanine back there or a little walkway. You must have access into the manways when you do a media change. If you put your project in a building, depending upon the roof height, you either put some hatches in your roof for access or you leave enough overhead so a truck can pull up in front and insert hoses to evacuate the media when it needs to be changed.

Ben added, Larry, there are on-site and well issues that need to be worked out as well as regular building electronics and communication etc. We would be glad to help lay it out. He stated his vision was that Doug will give us his submittal of what we need to do and then together we would develop the design specifications such as building size and other key aspects. We would accommodate the equipment from Doug's group and have it installed. Larry replied

he is trying to envision this project in the available space at the Greenfield Well. He didn't envision the backwash tanks would be so big. Doug replied, typically the backwash tanks go outdoors. The vessels, backwash pump and backwash reclaim can go indoors. The tank is empty most of the time so there are minimal freezing issues. A building is up to you. We can provide all the dimensions.

Suzanne stated the Greenfield Homeowner's Association (HOA) has expectations regarding what their space looks like. **We do need to ensure it is aesthetically pleasing.** Larry agreed. Nathan stated the site is 1.04 in acres (45,239 sf). It is basically a circle. Whatever we build must fit within that footprint of deeded land. We recently corrected a title issue for this site due to uncertainty as to whether the SCSA3 owned that well site. We had the HOA issue another deed giving us the well site. When we know more about what this project is going to look like we may need to get a construction easement. A portion of the well site directly abuts Silver Creek Rd, so it is possible we do not need the easement. To the extent we need to go beyond the footprint of the well site we may need to get additional temporary approvals from the HOA. Larry stated he wants to keep the neighbors over there fairly happy, but we have to contain the cost. **He proposed the project be submerged underground somewhat, particularly the backwash tank.**

Doug presented a standard tank for a reclaim with absorption because you don't generate a lot of solids. You can do an underground tank and bury it. He has such an example on the Hopi Reservation where they have a large underground reclaim tank. There are some possibilities like that if you are concerned about the appearance. Ben stated we have a lot of options and we can fine tune it. We can ensure the size is not bigger than it needs to be. He has been involved in projects with unsightly elements. Sometimes you can place it behind a decorative wall. HAL will develop some preliminary layouts to see what this might look like when you are surer of the direction you want to take.

Scott stated he understands this will run mostly in the summer and that the backwash tank is often or mostly empty, so it doesn't have a freezing problem. What about the blue tank's reaction to some brutal winters? Do we have to heat the housing of the blue tanks? Suzanne replied, we need to understand this whole thing is going to be inside a building and the question is how much heat it will need. It will be above freezing, and we don't need to heat it for human comfort. Doug replied when we provide our water pod containerized buildings, we usually set the heater in the winter to 55 degrees. He shared an example of a project in Sedona, AZ, which has cold snowy winters, where all the units are outdoors, and the piping is insulated. They apply heat tape over the pipe coming from their backwash reclaim tank into the treatment unit. He is not suggesting that SCSA3 do this, but it is a common option. It is probably colder in SCSA3 than it is in Sedona so having the equipment in a building is probably better.

Doug presented several other systems for native tribes. Larger systems don't use skids. They are mounted on a concrete pad. Regarding media management disposal, you will backwash this periodically between 45-60 days. This can be done manually by an operator. They have quoted a completely automatic system for SCSA3. H2O backwash recycle is very common and what AdEdge proposes for our site. SCSA3 will have some media to dispose of. AdEdge provided Ben with a couple of media life projections: 2.4 years without pH adjustment and 3+ years with pH adjustment. With the 2.5-3 years media, a back-trip service removes it and hauls it to a landfill. It does pass the TCLP test which is a leachability test which informs about the safety of media disposal.

Larry asked, did you do the Furling, NV system? Doug replied he believes so. They have done a number of systems in Nevada such as the Humbolt Prison, Tolas Water Works in Fallon, NV, several units with Nevada mines (Berrick, Newmont, Jerritt Canyon by Alco), 2 systems coming into Utah to treat arsenic for the Navajo Nation (Montezuma and Anep) soon. They have around 40 systems in Arizona, 20 or so in New Mexico. Doug summarized his proposal.

Suzanne asked, is our next step to figure out how we are going to do the pilot? Doug replied we need to reach out to Arizona State University (ASU). He is hopeful their lab will reopen for the RSSCT testing. Ben affirmed testing is the next step and he offered to contact ASU to figure out their availability. We need to also need do a preliminary layout on the site to determine building size and how we are going to fit everything on the site. He is confident it can be done. After that, we would hammer out final details. Doug has given SCSA3 a great proposal. We need to see if there is anything we want to tweak and then launch into a design.

Suzanne asked Larry is there anything further the water committee and Ben need to work through? Larry replied it always comes down to money. We need to get that estimate before we can implement new rates. Suzanne agreed. Larry stated, we have to bond for this facility, and we want to include a water tank replacement in that bond as well as fire flow improvements. Right now, we need to complete the rate study just to figure out how we pay for all of this. We are looking at this project occurring in 2022. Doug added if you are looking for funding through the Division of Drinking Water or other places it may be a good idea to start a conversation with them now to gather their requirements and timeframe.

Larry stated, Ben we need to get together in our office soon. We have a new general manager starting. HAL knows the challenges we are having with the Silver Bullet, fire flow component and the arsenic treatment. Realistically we are looking at \$1.2-\$1.5 million we need to come up with. It is logical to look at the money now. He would like to complete the arsenic project in 2021 but he doesn't know how that is going to happen realistically. Doug stated there are shovel-ready funds available right now. He offered to send Ben the information. Suzanne replied we would be ecstatic to complete this project in 2021. Larry added we could put the Silver Bullet and fire flow on hold. Suzanne stated the Silver Bullet replacement or repair needs to occur at the same time. **Larry stated, Ben we need to get some design specs right away and the status of using the Park City property.** Suzanne replied Vince was going to help on that, but he hasn't done so yet and unfortunately, she is busy M-F 8-5pm. She suggested Larry and Bob proceed with those discussions with Park City. Things are loosening up. **Larry replied he will do so tomorrow if someone will get him the contact information.** Suzanne asked Bob to forward the information to Larry. Ben stated the fire flow design is complete so if money is available now, that is a project ready to launch. Suzanne replied the fire flow project involves asphalt and we are still learning about what happened on Silver Creek Rd, so the fire flow project makes her nervous. Larry replied a competent contractor will make a difference. **He asked Bob to touch base with Vince about his availability.** Let's see if we can get something in the ground next summer. Suzanne added, if Vince is unavailable keep going forward. Larry agreed. **He asked Ben for the Silver Bullet engineering and what we do with that and let's assume it is going to be placed on the Park City site. What do we have to do to get it piped up there? We are going to have to use the ROW between some neighbors and we need to reach out to them.** Ben replied he will start moving forward on that. **He will put some ideas together.** Larry requested that Doug provide the shovel-ready information. Doug agreed. **Larry requested that Doug send him a PDF version of his presentation.** Doug agreed. Bob requested estimates from Ben for the work that has been discussed. Ben agreed.

#### 4. Administrative & Financial (motion/voting)

- a. SCSA#3 financial and dashboard review: Bob stated we need more money in the ADP. **Larry replied he will make a transfer tomorrow of \$5k from each account.** He stated part of his challenge with Wells Fargo is that in order to pull an online statement he must trick the system and sign up for online statements, pull the statements down then change it back over to mailed statements. **He requested that when the statements arrive, Bob copy them to Angie so he can reconcile the checkbooks. Bob agreed** and sought to make Larry aware that Marla had set up an automatic payment for the credit cards with Wells Fargo. He is unsure how the cost is split. **Angie will follow up with Marla regarding that.** He was unaware of the auto payment and so one bill was paid twice. Larry stated he noticed a toner purchase using the credit card. **He requested that Eileen open the mail.** He can review invoices when he signs the checks. The invoice had been sitting there for a little bit. He doesn't know if he is set-up for autopay on his credit card which has a \$400 balance due. He would like it paid promptly. He prefers to avoid an electronic transfer. Bob replied it will automatically be paid by Wells Fargo, but he needs to ensure the funds are coming out of the correct accounts. Larry replied, we are going to split that one, right? Bob replied, that's what he would do. **Larry replied, tonight he will put money in the ADP account.** Bob replied thank you.

Scott asked, when he approves ADP is the money always there or, does he need to wait to hear from Bob or Larry? Larry replied Bob established a precedent when he was treasurer to place \$10k in there every month or so. He may put \$15k in there that way we have a couple of pay periods covered. He personally has a lot of things going on right now, so this account is not top-of-mind. He doesn't want a payroll check to bounce. That would not look very good. Bob replied it wouldn't bother him because the Board is honest. Suzanne replied yes but why incur the fees for a payroll check. Larry replied the fees and the embarrassment. Bob replied it is wise to always have a little extra there. Larry agreed. When we get the new general manager on board, he would like to publish an RFP for a new banking facility. Wells Fargo is okay, but we have regional banks; banks headquartered in Utah he would prefer to do business with. Bob replied, you are not the only one.

2020 budget review considering potential road fund income: Bob reported Marla told him the State has done an analysis of the Class B road funds situation. The State indicated there would be about a 20% reduction from last year. Right now, about 80% of our monies will be coming. Larry stated we calculated a 50% reduction which amounts to \$55k. The other wrinkle is we aren't going to receive \$110k until December. It reduces our available cash flow significantly until December. That is good and bad because we will need to pay for snow plowing in December or January. We should put a hold on capital spending this summer until we ensure we are in a positive cash flow situation. We have about \$130k in capital reserve right now but he doesn't want to dip too far into that and leave ourselves short as we come up to the end of the fiscal year in December. Suzanne agreed. We need to hold onto our capital until we know what the numbers look like.

Larry asked, referring to item 5g, do we have any idea of what the Westwood cul-de-sac cost is going to be. They are spreading gravel, grading and compacting. There is an \$11k invoice from Wolff which he assumes is for the grading. Bob replied all the work on the cul-de-sac is complete unless we had a surface such as asphalt or concrete or equivalent. The cost was a little over \$11k. Larry replied it didn't look finished when he visited the site today. It appeared to need more work. The backhoe and a vibrating plate are on site. Chris replied he is pretty sure Wolff removed their equipment. Is it someone else's equipment? Larry replied, he doesn't know. The equipment was there today. Chris replied he will take a look. Wolff completed what we approved from last year to develop the Westwood cul-de-sac including marking the ROW and the turnaround. There can always be more improvements with more road base and roto mill but that is all we committed to do to keep vehicles from turning around on the property at the end. Suzanne deferred further conversation in order to discuss all the cul-de-sacs. Larry stated he thought we agreed to defer capital projects until we get more understanding. He asked if all the board members agree. Scott and Dinah agreed.

- b. Invoice review and approval: Bob stated the Utah Governments Trust and Wolff exceed his authority to approve. The Utah Trust is less than last year. It is an annual bill and it covers liability and other insurance. We paid part of it already. This invoice of \$5k is the balance due. He recommends approval. Larry confirmed the Wolff invoice is for the Westwood cul-de-sac. Chris confirmed. Scott asked how many hours it is. The invoice is vague. Are there any details? It seems high. Chris replied this is the final portion of their lump sum RFP they provided last year for the cul-de-sac. They had a limited window of time before winter came. They finished this spring. **Larry stated he would like to have it attached to the invoice in case the auditors pull it.** If he was an auditor looking at this invoice he would be concerned about the lack of detail. **Chris agreed.** Scott agreed. What is the hourly rate? Chris replied the grader, compacter and front loader with labor are probably \$400 per hour. **Chris stated he would add their daily sheets as well.**

Larry stated he is willing to approve the Utah Trust invoices but he is not comfortable approving the Wolff invoice until the details are attached. Bob stated that is just the balance of what was already approved. Larry stated he wants the back-up documentation attached for an \$11k invoice. Bob replied we agreed to do that, but he is concerned about delays to paying a legitimate charge. Larry replied the invoice is dated May 7<sup>th</sup>, so we have 30 days to pay. He will conditionally approve it, but he will not sign the check until the back-up documentation is attached.

*Suzanne motioned to approve the Utah Government Trust invoice and to conditionally approve the Wolff excavating invoice pending review and attachment of the daily sheets as compared to the RFP which Larry seconded. Approval was unanimous.*

- c. Process to prioritize of spending in Q2 and Q3 of 2020: Larry stated we agreed to delay capital projects so let's table this.
- d. Personnel policy revision and approval: Suzanne stated Nathan sent out an email last week with the Personnel Policy. Suzanne made some corrections so it should be called the redlined Acceptable Use Policy for Summit County. We have been trying to get a written offer signed by Shiona. She wanted to negotiate some vacation which wasn't allowed per our old policies, so Nathan made some amendments.

Nathan stated we should be reviewing the redline policy distributed on May 14<sup>th</sup>. These are longstanding issues that have been pending ever since we adopted this personnel policy back in 2017. Before we could hire Marla, we had to adopt a personnel policy which was based on a template from Utah League of Cities and Towns. The intent at the time was to hire Marla and later we would fix a number of things making it more specific to SCSA3. The biggest item to fix was how we handle leave. We have talked quite a few times about revising this policy, but we didn't get to before Marla resigned. Shiona's request for a revision have prompted a discussion of whether SCSA3's leave policy match SCSA3's needs. After some discussion with Suzanne, there are a couple of things we should change. He proposed we eliminate annual and sick leave and we combine all of those hours into paid time off to give our employees more flexibility. We also talked about the fact that SCSA3 is limited in what it can pay in salary however you can provide more leave. In addition to combining annual and sick leave we give them some extra time, so this is an increase. He further recommended, to give more flexibility in terms of recruiting and retaining employees, is to offer more vacation time called "time bonuses" in the proposed policy. He also is proposing a PPO payout. When Marla left, she had a fair amount of unused leave, but we didn't have anything in our policy that dealt with how we would process that. Based upon that experience Nathan has included language that specifically requires that we payout unused PTO. If we are combining PTO into one thing, we can't make a distinction between sick and annual leave. There is no requirement under Utah law that we do it, but if we do

adopt it as part of our policy, we are required to do it. We also need to think about how you want to handle payouts to current employees for which he included a provision. He proposes SCSA3 give current employees a time bonus equal to the time they would have had as of their date of hire under this new policy. He hasn't received any comments back from the board.

Scott asked how much more will this cost per year or is it less or equal? Nathan replied he took the current annual leave and combined it with the sick leave. It is 3 hours per pay period. Suzanne stated we looked at combining sick and PTO into one and also comparing it to the private sector. We can't increase salary, but we can increase time. From a perspective of cost, it is more about how we manage personnel time off. She doesn't see it as adding cost to the organization because we are going to pay this salary regardless. How do we manage the time when are our employees use their PTO? She wondered if our policies are competitive. We may not be the most competitive in our salary, but we should strive to be competitive in benefits if we can attract quality personnel. Nathan stated we are only increasing by one hour the 0-4- and 4-9-year accrual period which amounts to an extra two hours per month.

Larry is supportive of the change. The benefit of time off is often more valuable than the money. Having it all in one bucket simplifies the process and avoids the situation we got into recently. Nathan replied it wouldn't necessarily avoid that situation. We are going to combine it all to one bucket but if an employee terminates employment, other than for cause, that they are entitled to the value of their unused PTO. He structured it in such a way, and you can change this amount. He shared a story about a former employer. His old boss had worked for an organization for 30 years and never took any time off. When it came time to retire, we owed him \$200k. Nathan included a provision that says you will pay it out but if it's over \$10k you will have a 24-month period to make incremental payments. We can change that to whatever number you want. If we are going to payout unused benefits than we need to have a protection from someone amassing a huge amount of unused leave and you are burdened with an unexpected payout. Given your salary limitations you are going to have to be competitive with the other things you can provide. You are offering a flexible job with a flexible schedule. If you can provide more leave you can put yourself in the ballpark.

Hally asked, have we had a discussion around the importance of a cash value to the unused paid time off or is that up for discussion? Nathan replied that is up for discussion. That is what we did with Marla. We established an informal precedent, but we don't have to do that going forward. Hally replied in an organization where cash is limited, and we have such little control over how much money is available and unforeseen expenditures that can be tremendous. It almost seems like there are competing agendas. If we want someone to stay a long time and they are diligent and don't take time off then we have this anxiety that we have to set money aside and there is a cash value to time off not taken. Since we want longevity and to offer an attractive job 'use-it-or-lose-it' is not uncommon in the rest of the business world. She supports combining sick leave and vacation. The separation incentivizes the wrong thing. She is concerned about a liability accruing over time. Some people find creative ways to not technically take time but to not be working. She doesn't feel it is necessarily the very best or only way to sweeten the deal. Time off is a value and we want someone who has a good quality of life and work/life balance and who is encouraged to take time and make that happen.

Larry stated he agreed with Hally. He worked under a use-it-or-lose-it policy for 30 years. You should be taking your vacation yearly. Rolling a week over to the next year is acceptable. Hally prefers to accrue time off but not cash. Scott asked does this accrue per pay period. You don't get a lump sum. His employer gives him a lump sum at the beginning of the year. Is this where the hours accrue per pay period and are built up fairly? Suzanne replied unless there is a PTO bonus. Nathan added, a time bonus.

Scott asked his wife who is a CPA. Does Utah require we accrue PTO money? As we take PTO, we get that accrued money back. Nathan replied every state is different. Some states require you to pay out annual leave if an employee resigns. Utah is not one of those. He proposed modifying that section to say no payment of PTO upon termination, but he thinks we should allow accrual in order to be competitive. Accrue the time but amend the policy to state you will not pay it out. Scott stated, his question is related to the bookkeeping, it is a liability and do we have to have that cash available all the time. Nathan replied if we say you will not pay it out at all than you don't have to have any accounting for it. However, if you do allow pay out you will have to have an accounting for it.

Scott stated we want the employee to be happy, but we have to consider how the people here in Silver Creek feel about the fact that we might be too generous. How do we keep everybody happy? Suzanne replied by saying there is not payout then it becomes a use-it-or-lose-it or we can allow that 40 hours of accrued PTO can be rolled



to the next year but allow no payout at termination. Hally stated she likes that for its spirit of generosity to accommodate someone's vacation plans. It is the right thing to do. We do have to stretch ourselves a little bit. Nathan stated he will revise the language and then share it later in the meeting. Suzanne made Nathan the host of the meeting and he admitted Wayne Bowers to the meeting. Nathan posted the proposed Personnel Policy on the screen. Under Section 2, Use of PTO, he proposed "employees may roll over only 40 hours of unused PTO from one calendar to another and any unused PTO above this amount will be forfeited. Under Section 3, another change states "no payment of PTO upon termination; employees are not entitled to payments for their unused PTO upon termination and will forfeit both unused PTO and any corresponding value upon their termination".

Scott asked do we think our new hire will be happy with the use-it-or-lose-it policy. Suzanne replied it is pretty normal in industry these days.

*Dinah motioned to adopt the revision of Personnel Policy for SCSA#3 as amended which was seconded by Larry. Approval was unanimous.*

## 5. Road and Trail (motion/voting)

- a. RFP recommendation for Engineering and approval: Suzanne asked Chris if he ensured the WCEC RFP is still current? Are the rates still the same as what was in the proposal? Chris replied he spoke with the engineering firm and they affirmed their offer is good at this time. Bob stated there is a chart available for review if needed.

*Scott motioned to approve the WCEC RFP for road engineering services which was seconded by Larry. Approval was unanimous.*

Bob asked do we need a contract. Suzanne replied we received their RFP, so we are going to award them the results of the RFP. Did our RFP have a list of what we are looking for? Bob replied he doesn't remember. Suzanne asked Larry when we used Epic Engineering, did we have a second contract? Larry replied in the past the RFP would govern the contract. There should be some kind of cover page to the RFP that SCSA3 hereby awards engineering services contract to WCEC Engineers; terms and conditions all compliant with the awarded RFP. He asked Nathan for the legal language. There is no financing agreement here. Nathan agreed and asked to be sent the bid and the RFP and he will put something together. Do you want to approve this contract at your next board meeting? Suzanne replied yes. Nathan continued or do you need a special meeting? Larry replied we need a special meeting. He is concerned about the Connector project looming, he wants to ensure we have a consulting engineer that can ensure we are treated fairly.

**Larry requested that Bob let them know that we have awarded the contract to them and that we will get a contract over to them.** Bob agreed.

- b. Pothole repairs update: Suzanne asked what are the roads scheduled for pothole repair? Chris replied Oakridge North and South, Crescent North and Meadowview are the bigger repairs. Aspen Lane needs a total resurface but that is not in the budget this year. Suzanne asked are the potholes on Aspen on the list. Chris and Bob replied they are now. Chris stated he hasn't addressed Aspen specifically. He has been focused on the long RSL roads. Suzanne asked about Redden. Chris replied Redden Rd. has been taken care of. Larry asked about the Silver Creek Rd. hill. Chris replied we will continue to work on that until we move forward with the evaluation. LTAP (Local Technical Assistance Program) was here last week and they are on the agenda. We will continue to fill Silver Creek Rd. hill. The RFP for pulverizing and re-asphalt the hill was \$130k which precludes it from the budget this cycle.

Suzanne asked what is the process for assessing pothole repair? If people are concerned what should they do? Chris replied concerned residents may contact me directly. Some call the office which is then passed on to Chris. Due to capital spending concerns we are preparing to scale back our repairs. Normally we would hire an asphalt firm to come in. This summer we are doing small band aid repairs in lieu of cut-and-replace which is the preferred long-term fix. Suzanne invited the board to share other comments about roads they may have heard from neighbors.

- c. Redden Rd. drainage improvement, along with cost estimate: Chris stated this is the ditch on the southeast side from the corner lot at Wasatch Way up Redden Rd. It has been recommended that we drain the standing water there as it may assist with the water spilling into the road. There is a speed hump that moves from left to right during the week. The cost estimate is roughly \$2k to dig that ditch and remove the material in order for it to drain. Scott added it does seem like it could be a liability to vehicles and cyclists. It does seem to be a problem. Chris stated on the northwest side of the road, the complete length of Redden Rd. from the S-curve down, has very good

ditching and it drains extremely well. The east side of the road it varies between sections depending upon the run-off. This section actually holds water from the corner of the road up to the first driveway.

Suzanne asked the board to decide if Staff should get some bids and put it on the schedule? Scott asked is \$2k your estimate or is it from a contractor? Chris replied it is the Wolff estimate. They want an additional \$2k to haul the material away. He told them no. They should berm it up on the side towards the edge of the ROW. There is no need to haul it away. Suzanne asked do we need a motion by the board, or can we say this is acceptable maintenance and allow Chris to proceed? Bob replied it is within the spending allowance of the general manager. If the board agrees, Bob can just have it done. Larry replied, he would prefer the material is hauled away. If Wolff recommends we haul it away, let's haul it away. Chris replied, he will get other quotes. The \$2k haul away quote is a little steep. Suzanne agreed. They can haul it to the top of Cottonwood Tr to aid in grading and build-out of the -cul-de-sac. **Chris replied he will gather some estimates and work with Bob.**

Bob stated he needs permission from the board to authorize staff to move forward with Wolff or whomever. Suzanne asked Chris what he thinks is a fair estimate. Chris replied the Wolff excavation quote is fair, but he has an issue with the haul-away quote because that equates to 20 hours of dump truck time. That is not a 20-hour project. **He proposes to contact other trucking services. He estimates the project including excavation and hauling to be \$3-\$3.5k total. Suzanne asked the board if they are comfortable allowing Staff to proceed. Larry, Hally and Scott replied yes.**

- d. Review of LTAP visit and plan for pending report: Chris reported LTAP came to SCSA3 last week and spent 2 days here evaluating all the roads. They also inspected East Creek Ranch which was not included at their last visit in 2016. They committee to send us a final report by the middle of June. Suzanne asked Chris what will be our next steps with that report? **Chris replied, once we see what it is, we engage with our new roads engineer and see how we can move forward in determining our capital improvements and to prepare for bonding.**

Suzanne stated we asked the LTAP group for traffic calming recommendations, placement of speed bumps and signage. We expect a comprehensive report. **We may have a separate working session for those who are interested to review it.**

- e. Status of remaining RFPs and project plans, including roto mill: Bob stated he recommends that Chris work on the culverts and one fire hydrant. Depending on the amount of money left of the \$20k that has been budgeted for that type of work, we can identify and prioritize other work. Some of this money may apply to our conservation efforts.

Suzanne asked, why are the hydrant extensions in the trail budget and not water. Bob replied because that was how the RFP was written. Larry stated it is acceptable to fund hydrants out of the water budget. Suzanne agreed with Chris but as the invoices arrive, she wants to ensure they are paid from the correct accounts: water or trail. This is will permit accurate identification of spending on the different types of projects, particularly trails in order to maximize those dollars. Bob agreed but in this case the hydrant spending is almost nothing, but we can separate it.

Chris stated the culvert extensions will cost about \$5.9k. The total for trails is expected to be \$78k. The board must prioritize the trail work to stay within the budgeted amount. Larry suggested a deferment of the trails project. Suzanne stated we want to do the culvert and hydrant work at this time. There is no way we can fully fund applying additional gravel and trail improvements so let's not try. Larry asked we have budget and maintenance for the culverts and hydrants correct? Suzanne replied that is what the \$20k is budgeted for. Larry stated he could support that. Scott asked for more information regarding the culvert. Chris replied the culvert work is along Maple Dr.

*Larry motioned to approve the culvert extensions and hydrant improvements as described in the staff report for an approximate cost of \$5.9k which was seconded by Dinah. Approval was unanimous.*

Bob stated we have discussed the Wolff snow removal. Wolff was the only response to the RFP. They have done an excellent job in the past and he recommended approval. Larry stated he thought we approved the Wolff RFP at the last meeting. Bob replied yes, but we didn't vote on it.

*Larry motioned to award Wolff the snow removal contract which was seconded by Hally. Approval was unanimous.*

Bob stated it was proposed that we probably wouldn't be able to complete the Summit Dr cul-de-sac due to the cost. He believes we should do the work on the road to the edge of the property. Now that we have got every property owner in agreement, he recommends we take care of that road. Suzanne asked if there is a cost estimate? Bob replied we received three estimates. He doesn't recall what the estimates are. Chris stated we

should ensure we discuss it at the next meeting due to the surveying investment and the related contention. Suzanne agreed and stated we also agreed to meet with the homeowners and talk through it so let's do that before the next board meeting.

Bob asked for direction from the board regarding arsenic treatment. Suzanne stated we just agreed to award the work to AdEdge. Bob replied no we did not. We need a motion and a vote. Suzanne invited additional discussion regarding AdEdge.

*Larry motioned to proceed with designing an arsenic filtration system using AdEdge as the firm and their recommended solution which was seconded by Dinah. Approval was unanimous.*

Suzanne asked if there are any roto mill projects in the area. Chris replied he has one contact regarding one project in the area. He estimated it will be 400 dump truck loads of roto mill. He is awaiting a quote. The last time they offered the roto mill it was for the cost of trucking only at about \$100 per load. None of the UDOT (Utah Department of Transportation) projects have moved forward yet. He will follow-up with the contractor and UDOT.

Suzanne requested Chris follow-up with the LTAP team to get their recommendation as to the placement priority for the roto mill, the depth of the roto mill and the type of oil treatment of the roto mill. Chris agreed.

- f. Earl Street update: Larry stated he is curious why the County wants the taxpayers of Silver Creek to finish this road. He is under the impression that the Service Area has not approved Earl Street based upon our last discussion. Bob replied the County says the road is done. Larry replied let the County pay for it then. Bob replied the County is essentially saying if anything else needs to be done to Earl Street it will have to be paid for by Woodside Homes or the Service Area. Larry replied we need to send a formal letter to the County stating the Board objects, that the road is not complete in our estimation, that it either needs to be chip sealed at Woodside Homes expense or the County's and that the taxpayers of Silver Creek will not pay for it. Bob replied the most recent communication was that they are going to build a couple of units on Earl Street and because that will require a sewer extension and a water line extension they will be performing those road repairs as the building is concluded. At that time, we can assess the situation and define a direction.

Chris stated they will be required to reconstruct the road to County standards in order to repair the damage from those utility extensions. Larry replied that could be five years from now. Suzanne replied we can't say that because the County has stated Earl Street does not need to be asphalted. Bob stated that is correct. The County says the road is done. Suzanne agreed and stated the gravel surface is considered acceptable. She stated she agreed with Larry, unless we can test that this goes on record as anyone coming in and doing construction then only has to bring it back to the level that it is at. Larry stated we need to send a letter to the County Commission that says that we disagree with the County Engineer on this or whoever is approving this, Mike here. We will not accept that road. He drove Earl Street several times this past winter and it is abominable. They performed this road work in a snowstorm in November.

Bob stated we need to bear in mind that the decision was made between the County and Woodside that this road never had to be asphalted. Larry replied we are not going to saddle the taxpayers of Silver Creek with repairing that road. Bob replied you are saying it can't stay in the condition that the County says is completed. Larry replied that is exactly right because we are the road authority and we have to do the maintenance on that road. Bob stated he would like Larry and Suzanne to help write this letter because he does not agree with that assessment. Larry stated Bob is the general manager and takes direction from the board. Bob replied he understands that, but he is not going to say something he doesn't 100% agree with. Larry asked Bob to explain why the taxpayers of Silver Creek should pay to finish an incomplete project based on a private developer. Bob replied now you are talking about responsibility on Woodside. Larry replied he doesn't care who pays for it as long as it is not the Service Area.

Suzanne stated to Bob that we need to write back to the County is based off the expectations by Woodside Homes and the amount of traffic that the Service Area has observed on Earl St that we disagree with the County's assessment that the road is considered complete without some additional surface on it. She asked if Bob agreed. Bob replied sure but he knows exactly what they will say. They will say either the Service Area or Woodside will have to finish it. Larry offered to go before a County Commission at an open meeting and raise the issue in a public forum. Suzanne stated at this point we just need to document our position that the Service Area does not agree and then we can continue to negotiate. We don't have the capital. If we want to do a bond for it and charge the Woodside homeowners that is a different discussion. We need to ask the County to reconsider and that we

disagree with their decision and we don't consider it complete. She thinks that is all we need to go on record as doing.

- g. Cul-de-sac: Suzanne stated at our last meeting there was some discussion about the quality of surfaces on Westwood Rd cul-de-sac. As part of that discussion the Battalion Chief went on record as saying that cul-de-sacs should be asphalt or concrete unless someone can indicate that the surface that they have is equivalent to that. She spoke to the Battalion Chief and said she was concerned about that statement because inside Silver Creek we have several cul-de-sacs none of which have asphalt or concrete. As we discussed building the cul-de-sac on Summit Dr we became concerned that the fire district is creating a mandate that all new construction shall be asphalt or concrete which would drive up the cost thus making it unfeasible for the Service Area to install the appropriate access. We want to go on record that we are constructing all of our cul-de-sacs correctly. We need to determine the maintenance costs as well for either type of construction such as large heavy vehicles creating ruts on a road base cul-de-sac. Suzanne invited comments from the board.

Bob stated this is a draft to Mike Owens with the Park City Fire District which include Bob's understanding of the purpose of the communication. He asked for comments. Scott stated he agreed that big trucks can damage cul-de-sacs. However, to his knowledge of all but one (Linger Lane), that they are not in wet areas like the bottom of Redden Rd. He asked, are these all dry locations and once the cul-de-sacs are created, will they be able to withstand heavy vehicles. Chris replied cul-de-sac #1 (Tollgate Rd.) and #2 (Summit Dr.) are roto mill. #3 (Aspen Ln.) is partially roto mill but loose. #4 (Linger Lane) is higher up off of the Oakridge Rd. Loop. #5 (Cottonwood Tr.) and #6 (Westwood Rd.) are in high positions so yes once these are developed and compacted and road based properly, all of them are holding up just fine.

Scott stated if we have to go the more economical rout of using roto mill, it's probably cheaper to keep repairing them if we have to. We may find that some of the cul-de-sacs need the level of support of concrete or asphalt in the future.

Suzanne stated she agreed with Chris. We would need at least 4" of asphalt to support the turnaround. We need to do a good job of applying appropriate layers of gravel and road base etc. The purpose of this is to ensure our discussion is on record that we officially write to the Battalion Chief for his opinion so we don't have someone come back and tell us the cul-de-sacs must be asphalt or concrete. This will ensure we proceed appropriately with dirt, gravel and roto mill approach. Scott added which is "another equivalent surface" as quoted in that letter.

Bob stated the estimate to apply asphalt to Westwood Rd. cul-de-sac is just under \$60k. Chris added \$60k times 6 cul-de-sacs based upon the cost of asphalt right now. Suzanne added that doesn't even include site preparation. Chris agreed. Larry stated he supports this approach as did Scott and Dinah.

## 6. **Water (motion/voting)**

- a. Lot SL-F-323 standby fee: Bob stated he included comments by Nathan and Chris in the packet as well as the property owner's (Wayne Bower) water right. The Service Area does not pay for this water right. He has gone through all of the agendas at the office and in his personal Service Area library at home. He has found no discussion recorded. He believes Wayne probably did have those discussions but none of it was recorded. He was unable to find any motion or vote with respect to this property owner and his desire not to pay Standby Fees. Apparently, Marv Maxwell told him not to worry about it but there is nothing recorded or written that he could find. Chris and Nathan are very clear about the standby fee philosophy. Because we could find no documentation, the current board needs to make those decisions.

Suzanne confirmed that Wayne has his own water right independent of the Service Area. She asked Nathan, is it possible for someone who has obtained their own private water rights to decline to use any of the Service Area water rights and therefore be exempt from Standby Fees. Nathan replied, he mentioned that in his email but the long and short of it is, right now the Service Area has a number of properties along the water line on their own individual wells using their own individual water right. Mr Bowers isn't the only lot. You have a policy in place that requires Standby Fees for those lots, and you have a duly adopted fee that should be charged. In his opinion, Marv was mistaken if he said anything to the contrary.

Nathan continued, right now, you are legally obligated to permit those properties along the water line to connect to your system. You are incurring costs every year so its operational so these properties can hook up if they want. That is the purpose of Standby Fees and it has been upheld by the courts. There is a State of Utah Ombudsman decision that we have distributed to customers when they have raised this question before. He would like to do more research. The only way you can not charge a Standby Fee, in his opinion, is if they want to contractually

waive their right to ever receive water from us which isn't a bad idea because we might be able to get extra water. The challenge with that is that we still have to maintain that system for fire flow purposes in front of the house. There is some value provided. Nathan's point of view regarding Standby Fees is if you have them, you charge them to everybody, or you don't have them at all. When we start getting into exceptions is just going to be a mess. We could potentially come up with a way to say you forever give up your rights to use Service Area water to connect to the system. They could, maybe, enter into that contract but he doesn't know if the Service Area can but even if we did would still incur costs maintaining that system to provide service for fire suppression purposes for everybody along it. Our costs will never go away. In calculating those costs, that just gets tricky but that is the reality of where we are.

As he has mentioned in the past, his recommendation has generally been, if we haven't been charging people for Standby Fees, he doesn't believe we should demand past fees if we haven't been sending them invoices. We should make it prospective. If we have been sending invoices and they have been ignored, then that is a different story. Bob stated we have not sent any invoices to Wayne. There was a note in his account that said "DO NOT MAIL" the invoice which was recorded while Marla performed research on behalf of Wayne's claims. Neither of them found supporting data.

Nathan stated, some of our residents have stand-alone water rights that they own. This particular water right is a contract with Weber Basin so, as we have discussed before, it is not the same as those other water rights. It is actually a contract that allow the lot owner to use Weber Basin Water Conservancy District water and they pay for that every year. We don't get any of that money. If we received funding from that source in some way to offset your costs then he thinks there would be a basis to not charge the Standby Fee but since you don't get any money from Weber Basin to maintain your system that basis is not there.

Suzanne asked Nathan, since we haven't billed Wayne in the past that we should not send him a bill for past amounts. Are we all on agreement on that? Larry replied he agrees. He would like to find out why we haven't been sending him him an invoice. Suzanne stated that is an internal discussion. The next step is we need to look at our water policy. We don't have that flexibility to say, for someone who is not going to ever connect to our water system and they are willing to legally give back the water right to the Service Area but they are gaining a benefit for fire protection, what is that fee on an annual basis? Larry replied is unsure he supports this discussion because the system runs with the property so at some point there may be a future owner of that property that may want to connect to the system. 30, 40 or 50 years down the road, are we creating a situation for a future board and a future property owner that may want to connect to the system.

Nathan replied he shared that concern. To be clear, that is not his recommendation. These are rights that these property owners own. We won't ever get them. In this case, it wouldn't matter because in order to connect to our system they would have to dedicate those rights over to us anyway so it doesn't really do us any good if they give up their right other than we don't have to connect them. He doesn't know, as a practical matter, if there is really much of a difference between maintaining the system so it has sufficient flow for these lots to connect and maintaining it for fire flow which we are going to have to do one way or the other. He thinks it would be very tricky to parse these out. The Service Area does have different classes of Standby Fees that you charge for different situations. Right now, you have one for vacant lots for \$23 per month (\$276/year) and another for residences on private wells for \$15 per month (\$180/year). This was adopted before Nathan. His assumption is that the Service Area had a discussion similar this and decided to make that bifurcation. He agrees with Larry that we can get around creating a third rate if we had some sort of legal contract, assuming the Service Area has the ability to do that, that can be recording on the property lot. But, as we have seen, every time that has happened in the past it has come back to bite us and somebody down the road gets the property then comes and demands the water for us and we haven't been planning on it for a number of years and then they threaten to sue us so he thinks there is a concern there.

Larry asked, just for clarification, there are a lot of properties in the lower part of Silver Creek that now have water service available that at the time of build did not have that ability and then the water line went in afterwards. They went out and got their own contracts or water rights so they could drill a well and get water but that would be in addition to the water rights or contracts held by the Service Area. This is an "in addition" style of contract here and they wouldn't necessarily have to forfeit that water right to the Service Area if they did choose to hook up to the system. That would be independent. They paid their own fees to Weber Basin in this case to maintain that contract.

Nathan replied, it actually depends. If they had hooked up entirely to our system, and let's say they have two acre feet of need, and we only have 1.0-acre-foot of water right for it, they would have to dedicate the extra one-acre-foot deficit over to us for us to cover it. Larry replied, that is true. He stands corrected.

Scott asked, is there grandfathering for somebody who built a well before the Service Area installed the water line? Nathan replied, no. He offered to present the policy on a shared screen. Scott continued, he knows Wayne very well and he is actually here listening. Apparently, Wayne talked to Vince but Vince isn't on the call today and Vince remembers discussing this at a past board meeting but there has been no record of it. We haven't heard from Vince. Scott emailed Vince for his recollection. It should be on the record that we might want to hear from Vince and that may be why Marla has the notes on Wayne's account.

Nathan shared the policy. Section 5.1 is the section of our current policy that applies to this. This was copied over virtually unchanged from the policy on the books when Nathan came in. This language has been in your policy for quite some time, at least twenty-some years. As he recalled, this was adopted in part due to the Westwood expansion and it says the "Service Area may impose a Standby Maintenance Fee against each property contiguous with the water main but not connected to the system to compensate the Service Area for the facilities and personnel necessary to assure that the Service Area has adequate distribution service to serve the property which is charged the fee." This authorizes the Service Area to adopt the fee. Here is the fee schedule that has been in place since at least 2013. He thinks these Standby Fees have been in place even longer than that. There aren't any exceptions to it. There isn't any retroactivity to it or grandfathering clause. It applies if you have a private well and you are adjacent to the water system, we charge \$15 per month. He does not know what Marv said or what his basis was, but he doesn't think it was supported by the regulations in place at the time.

Nathan continued the past board appears to have done and said what they want and didn't follow the policies and that's been something we have been trying to fix to be consistent with how these things are implemented. If, however, the Board wants to take another look at Standby Fees and how they are addressed, you certainly can. Nathan recommended would be either you charge Standby Fees or don't and not attempt to carve out exceptions. That is a recipe for lots of fights. You certainly can make exceptions if you want. It would be tricky to implement in a fair way.

Scott stated we need a report back from Eileen and the future general manager when we have time for it. He thinks there are other properties; he happens to be one that have owned well rights and we are not charged a Standby Fee, so we need to correct more than just Wayne's account. Scott stated he needs to be careful what he says because he is in a similar but different situation. He has water rights but hasn't been charged a Standby Fee. He and his wife would like to correct that. Nathan replied that is a good point and we have to be consistent. Larry asked if Scott was on the water system. Eileen stated Scott has a Pelorus account, but a service charge was never activated on his account, so an invoice has never been printed.

Chris stated, to be clear, there are going to be different Standby Fees. There is also going to be dry lots within the Service Area so we should talk about this at a future meeting. Suzanne stated the action is we should go through because, as Nathan indicated, if we aren't consistent in dry lots and communicating those that are dry versus those that are paying Standby Fees we can't differentiate right? A dry lot doesn't get charged a Standby Fee. One that has access to the system gets charged a Standby Fee. Nathan replied, that is not true. You have a separate \$23 per month fee for vacant properties that are adjacent to a water line. Bob stated that is not a dry lot. Nathan replied but a dry wouldn't be entitled to hook up to your system. We would, maybe, need to charge them something for fire suppression but they are not entitled to hook up to your system that is why they are dry. Chris replied there should still be a Standby Fee except they are going to have to provide a water share to the Service Area to hook up.

Suzanne asked, if we know there are dry lots with no access to the water, but they have access to the fire hydrant system, does that then begin to create three different categories for Standby Fees? Nathan replied, he thinks so. He doesn't think there is really much of a difference, and Chris can correct him if he is wrong, in the cost that you incur having that system be able to provide fire suppression services versus capacity to serve a home. Chris replied every home that is behind the water line is getting monetary value for fire flow as well as insurance and property value because the water line is there whether or not they are connected or whether or not they are a dry lot.

Nathan replied, the real calculation, in his opinion, would be that Standby Fees are always controversial. It is a hard concept for a lot of people to understand. It will be particularly hard for someone with a dry lot to get it. You will probably be looking at a fair amount of contention and possibly legal fees to impose Standby Fees on dry lots.

That is not to say you shouldn't but just something to keep in mind. He does not recommend a third category. He advises dry lot Standby Fees be rolled into one of the other two.

Scott stated there are a few lots that are just a road 30 feet wide. His neighbor has two lots one of which should be the ROW. Those shouldn't have Standby Fees. This is tough. There are a lot of little things we need to research to clean this stuff up. Suzanne stated she thinks we need to do an audit and then we can determine future actions. Bob stated he is convinced there are still a great number of problems with the Service Area with respect to the charges that we are making. Since he assumed the role of Interim General Manager, he has been working with Eileen to try and correct as many as we can as quickly as we can. That is how we ended up coming across Wayne's and that's probably why we haven't gotten to Scott's issue yet but there are quite a few that he would have hoped would have been taken care of in the last couple of years that have not and have had very little activity to take care of it. We are working on that diligently right now and that is why these things are coming up.

Bob asked Nathan, he noticed the water right with Weber Basin was based upon water coming out of the East Canyon Reservoir which is not legal today. It is not part of the Snyderville Basin. Does Wayne have to worry at all about the fact that he has got this contract that he is paying for every year based on the new rule that the water right has to be within the Snyderville Basin? Nathan replied no but he hasn't looked at his contract. That policy applies to new change applications. If that exchange was approved before the current policy was implemented, it is grandfathered, and it should be fine. In fact, we have some that were dedicated to the Service Area and we actually own some Weber Basin contracts. They are our most expensive water rights which is why Nathan highly recommends not taking them. They are very weak rights. They have an extremely junior priority date. They are not, in his opinion, technically a water right because really it is a contract that authorizes you to use Weber Basin's water rights. If he has a valid one and he is paying his fees he should be fine assuming it was approved before the moratorium was put in place.

Bob stated everything Wayne has told us has been honest and straightforward. It's just that Marv made some decisions that he doesn't know why he made based on the fact that already had stipulations in place. Whatever we decide has to be based upon what we see and what we want for the rest of Silver Creek. Suzanne recommended we finish the audit of the whole thing and then come back to the Board with a report so that we can act on them consistently for everything that is in the system. Bob replied he guarantees we don't have sufficient manpower to do what you just asked in one month. We can do as much as we possibly can and report back on that. **Suzanne requested Staff focus on Standby Fees. Bob replied that is what we are doing.**

Suzanne asked, is there such a thing as a grandfathering and applying a waiver? We need to ensure we are applying the implication consistently.

Nathan stated, one other thing he would like to add especially for the new Board members is that this water policy has been in place for many years and from what Nathan can discern, when he, Marla and Chris were looking at it, it has been on your books forever but he doesn't think the prior Board's really followed it. For that reason, he has been recommending for quite some time that we do some pretty significant edits to it. He has proposed some edits back in 2018 then we awaited the rate study which is now complete. We need to revisit that top to bottom fix. We have made some emergency fixes here namely to allow for water rights dedications but there is a lot more in this policy that needs to be changed to satisfy to correspond with the way the Board is doing things. We are, largely, following this now but there are parts of it that don't really make sense. He is not saying Standby Fees is one of them. Either you are going to charge Standby Fees, or you are not is really his question not whether we should come up with carve outs or grandfathering. Some of his clients have determined that Standby Fees are just not worth the amount of money they bring in. There is too much fighting and too many legal fees involved. The bottom line is your policy does need some significant edits. He re-circulated some the proposed edits a couple of weeks ago. He would like to get those in place sooner rather than later.

**Suzanne stated let's get that property inventory done because it helps us scope and understand what is out there so as we start making revisions to the water policy so that we understand what makes sense.** She proposed she and Bob discuss it further the next day.

Bob asked are we going to wait to hear Vince's comments regarding Wayne's account before we do anything? Suzanne stated, based upon the documentation presented there is nothing in writing so although we can talk with Vince and we can understand it because there is not anything in writing it is actionable. Nathan stated, even if there was something in writing, if it hadn't been acted on by the full Board, Marv did not have the legal authority to do it. There is no exception in your policy. Bob added, you should have known Marv. Nathan replied there are quite a few things he would like to ask Marv.

Larry stated, we have made one decision which is if we haven't invoiced Wayne, we shouldn't be trying to collect past Standby Fees. Is that correct? Suzanne replied that is correct and she would like to ensure we are equitable moving forward. She requests a list of properties affected or potentially affected by Standby Fees so that we are consistent in how we are charging for Standby Fees. Larry replied we are supposed to send out a yearly invoice. Bob replied, we are supposed to, but we have not to all the people that should have received them. Larry added he would like to see the revenue shortfall that produces so as we go forward, we can count that towards the water rates.

Bob stated we need to remember that part of the bond for the Westwood water line was based on these Standby Fees. We can't just change them until that project is paid for. Larry replied, he doesn't want to change Standby Fees; he wants to start collecting them and invoicing for them. Suzanne requested she and Bob have a follow-up meeting to ensure Suzanne understand what it takes so we are ready for the next meeting. Bob agreed.

Bob asked if the Board has to vote to reinstate Wayne's Standby Fees. Suzanne replied we have to follow our policy, so a vote isn't necessary. Bob stated so the Board is telling us, without a vote, that we are going to follow policy. Nathan added you would have to take a vote to change the policy, so a motion is not required.

- b. Plan for rate analysis and recommendations: *tabled*.
- c. Concurrency report and revisions: Suzanne shared the report document. She stated we received feedback from the County on the concurrency report and it needed some modifications. She asked for comments regarding the Supply and Demand Report. Ben stated he wasn't involved in preparing the Concurrency Report and even though he and Dave work for the same company they don't talk about concurrency at all. He hasn't seen this yet. He offered to read through it. He needs to do a little homework to be prepared to discuss the issues. Chris replied Ben is correct. He and Marla prepared this. It is just a fill-in-the-blank report. They have made adjustments according to Dave's comments already. He just wants to respond so that when they do the final annual concurrency meeting everything is addressed beforehand. Suzanne suggested Chris send his edits to Ben. Chris agreed.

- 7. **Adjournment**: *Larry motioned to end open public meeting and adjourn which was seconded by Dinah. Approval was unanimous.*

APPROVED