

Summit County Service Area #3

August 19, 2019

APPROVED MEETING MINUTES

BOARD OF TRUSTEES MEETING

629 E. Parkway Drive, Suite 1,
Park City UT 84098

BOARD OF TRUSTEES

Vince Pao-Borjigin, *Chair*

Larry Finch, *Clerk*

Eileen Galoostian

Carol Spiegel

Suzanne Carpenter, *Vice Chair*

Robert Olson, *Treasurer*

Michael Montgomery

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

Electronic Attendance: None

Not in Attendance: Mike Montgomery; Eileen Galoostian; Marla Howard, General Manager.

In Attendance (Staff/Contractors): Eileen Haynes (Assistant Clerk); Nathan Bracken (Legal); Chris Bullock (Roads Master and Water Operator); Curt Ludvigson, Rural Water Association of Utah.

In Attendance (Public): Karen Warren (SS-18-C-3), Jane Coleman (SL-F-AM-PAR-1), Tim Anker (NA), Scott Sharp (SS-18-D).

Oath of Office given by Larry Finch, Clerk to Carol Spiegel who assumed office on May 20, 2019.

1. **Welcome and call meeting to order**

- a. **Review of July 15 meeting minutes:** Bob amended Page 1, replaced question mark after Garrett with his last name "Kelsch, Resident", on Page 4 change to "reelection", on Page 6, 2nd paragraph correct Stan Plaisier. Larry corrected Page 6, 2nd paragraph to "blue-stick" and Page 7 change to "Larry, Eileen and Chris".
- b. **Approval of minutes:** Larry motioned to approved July 15th meeting minutes as amended which was seconded by Bob. Support was unanimous except for Vince's abstention.

2. **Public Comment:** Karen Warren inquired about the proposed zoning change near the Sinclair gas station. Suzanne replied, this is a zoning change proposed through the County for which there is a hearing on August 27th. She had a water leak and requested relief. Chris told her she should contact Marla. She had sent a letter to the SCSA3 Board regarding a gravel mound damaging the fence around the 40-acres adjacent to the property and interfering with trail access. The gravel put pressure on the fence attachment shearing it off and she had the fence reattached. In another location, the contractor told her the snow applied pressure. She will install a snow fence to protect the real fence. On the south end, the fence failed due to spring runoff and the freeze-thaw cycle. She requests the mounds of gravel on Greenfield be moved away from the fence. Last week, someone was camping on her property. She called the Sheriff and it took 5 hours to remove the camper. The Sheriff was forced to climb over the gravel. Chris requested that residents be diligent in reporting illegal camping. **He will remove the gravel which is blocking trail access on Greenfield.**

Jane Coleman requested assistance accessing minutes. A discussion ensued about the legal requirements of posting. *(The correct requirement is the audio and approved minutes must be posted on the Summit County website within 3-days. It is optional to post the minutes and audio on the Utah State website provided we describe where to access these documents.)* Eileen H emailed her the requested minutes on August 22nd. Jane also asked for an update on the frontage road. Vince replied, that notice will come from Summit County not the Service Area; we are waiting for it, too.

3. **Water Rate presentation:** Curt Ludvigson, from Rural Water Association of Utah, lead a presentation and discussion on water rates. He distributed a handout which was later added to the Board Packet and reposted. Curt stated, most Utah water operators would consider your current rate "high" however, you have a unique, affluent environment in Silver Creek with different expectations and problems. You have an aggressive rate structure. To reach the desired revenue, you will have to make some adjustments. Based upon his discussions with the General Manager and

SCSA3's budget, he has determined SCSA3 needs about \$370k revenue. SCSA3 has about \$300k of Operations and Maintenance expenses and \$9k in loan payments in addition to depreciation. Each year SCSA3 should fund \$71k for depreciation. Depreciation is money set aside in a fund for to pay for your new system as the current system wears out. You are well positioned to solicit low-interest loans.

Suzanne asked, how did you get to \$373k in revenue? Curt replied, based upon one year's worth of meter reading, the spreadsheet shows winter (October to April) and summer averages (Apr to Oct). SCSA3 has 88 customers that use less than 10k gallons of water per month during the summer (average use = 4,724 gallons), 82 that use between 10k-30k (average use = 15,696), 25 that use 30k-50k (average use = 33,392) and 6 households that use over 50k. No one uses over 100k gallons per month. In the winter, you don't have anyone using over 30k gallons per month. SCSA3 has 201 water connections.

Suzanne stated, our current revenue is \$200k and you have indicated our revenue should be \$373k. How did you get that number? Vince added, what are your assumptions? Curt replied, the reason he came up with \$370k is because your budget shows \$290k owing at-cost annually plus \$9k in loan payments plus the depreciation which should be funded at a rate of \$71k per year as indicated in your 2019 budget. Larry reviewed the Service Area budget. Counting depreciation last year, SCSA3 made a profit of \$10k which was reinvested in the system; in 2018 the meter relocation project cost \$105k. In the capital budget, there was \$548k in capital but a good portion of that has been used to buy more water rights. Nathan added, 22 water rights are in escrow right now. Larry stated, we have \$150k in capital. Curt asked, where did the extra \$80k come from? Larry replied, overages. The board has analyzed the system and we calculated, counting depreciation, SCSA3 is losing \$60-70k per year and the system is being carried by overages not base-fee use.

Nathan affirmed that Curt is working with the correct numbers stating that Curt's presentation aligns with the Service Area fee schedule. Most of column A is a little off but the "20-40-60-80" of the presentation aligns with your numbers. Curt agreed.

Curt asked, how much tax revenue did you bring in? Larry replied, he thinks the tax reference is about income from tax liens for unpaid water bills. When we say, "tax income for the budget", we may be referring to Impact Fees. Curt replied, impact or connection fees should not be relied upon for income because they are undependable. Suzanne agreed. Larry replied, we only counted \$13k for that.

Suzanne summarized, to calculate SCSA3's required revenue, you rely upon current billing plus depreciation plus our financial commitments. Curt replied, that is correct. Suzanne asked, we are seeking to invest in an arsenic filtration system so would we have to add those numbers into your calculations? Curt asked, how soon are you looking at making that investment? Larry replied, 2022 or 2023. Curt stated, that is going to be a very significant expense for the Service Area including installation, on-going maintenance and operation. At that point, you are going to need financial assistance which he can help with as it is a major part of the service he offers. He helps communities find money for projects. When we get to that point, there should be an expectation that you will have to raise rates again. Your community is too affluent to qualify for grants, but you should be able to qualify for low-interest loans. Right now, loans are around 2%. A long-term 40-year low interest loan will keep impacts to your rates to a minimum. Suzanne replied, the loan term should match our depreciation schedule. Larry agreed and inquired of Curt, in your expertise, how long do you expect the average water system to depreciate an arsenic facility? Curt replied, we don't have sufficient arsenic facilities operating for any length of time in Utah to develop that estimate, however, he offered to research the matter. He stated, he will contact Delta City, which has the longest operating arsenic treatment facility in Utah. He helped them set-up a pilot arsenic removal facility about 10-years ago. The arsenic filter media is expensive.

Curt advised, since you are not looking at dealing with the arsenic for a couple of years, you have the time to evaluate the results of an immediate change in your rates and to incorporate any other variables. You never know how household usage might change. Since SCSA3 relies upon overages, you are more sensitive to changes in usage. He recommended implementing a rate change immediately.

Scenario #1: If all other variables remain the same, this scenario proposes a water base rate of \$145. He does not actually recommend this scenario.

Scenario #2: If we raise your base rate from \$81 to \$100 and increase the overage charges from low to high, this will earn an additional \$10k each year. Also, not his recommendation.

Scenario #3: This proposes to raise the base rate from \$81 to \$105 and lower the base usage from 20k gallons to 10k gallons. 88 of your customers use less than 10k gallons in the winter. Nearly 50% of your customers use less than 10k gallons in the summer so most of your customers wouldn't care if you lowered their use from 20k to 10k gallons. In addition, he recommended doubling the overage charges from current rates. This scenario is preferable to Scenario #1 or #2, and it is an improvement, but not his recommendation.

Scenario #4: Here, we lower the allowable usage to 10k gallons, the overage charges increase between 10k to 20k gallons which covers the water use of all but 38 households.

In summary, Curt recommended that households that use the most water ought to pay the most. In his opinion, those who use the least water should not be subsidizing those who use the most. He recommends rate structures that encourage conservation and respects the user of the least amount of water while meeting the financial needs of the Service Area.

Scenario #5: In this proposal, preferred by staff, the base rate remains \$81, but we are not giving them any water for their base rate. This is to support their water connection for personal use and fire protection. Then, up to 20k gallons, they are charged an additional \$7 per 1k gallons so for most of your users their bill will not go up more than \$21 each month. This will bring in the required revenue. This 'zero-gallon' base rate structure is preferred by the State and other agencies with water oversight. In his opinion, this scenario is the fairest to everyone, particularly the low water-user. Everybody pays for what they use.

Scenario #6: The base rate is lowered to \$70 for the connection and zero gallons of water. The usage charge is proposed to be \$8 per 1k gallons of water up to 15k gallons. During the summer, the average usage is 15,696 gallons per month. **Suzanne recommended a change to 16k gallons.**

Vince noted, we are mindful that we have a fair number of fixed income households. Curt replied, he prefers and recommends Scenario #5 or #6 because you are charging them for the water that they use. Most fixed income households are not high-water users in our experience.

Vince noted, most of our lots are entitled to .75 acre-feet each year making us unique in the state in terms of this basic guarantee to property owners. How do we balance this out? Curt replied, I don't know what to tell you. Larry replied, property owners are deeded the water shares. The way it was set-up, the individual property owners were deeded their water rights, but the water company manages the rights. Property owners are guaranteed .75 acre-feet of water but that doesn't guarantee the delivery is free. We are trying to reach consensus as a board on this matter. We are also faced with a \$1mill cost to build a filtration plant with the required piping and loops including replacing 6" piping with 8". Curt replied, he is surprised it doesn't cost more. He advised the board to roll all desired and upcoming projects into one number for planning purposes. If not, the Board needs to prioritize. He strongly encouraged the Board to plan for all the projects now. He recognized we are a small system with a breaking point. He advised keeping the 6" lines unless the fire department is concerned. Suzanne replied, the fire department is concerned. Larry stated, we met the standards when the system was built. Curt replied, the new rule is any new construction with fire hydrants attached to it, has to be a minimum 8" line. Chris replied, our water service is fine, but we must improve fire flow. Curt replied, in the grand scheme of things there is not much difference between \$1mill and \$2mill dollars. Do you really want to go through the process of getting loans twice? At the end of 5-years, you are going to be in as much debt with \$1mill as you would be with \$2mill. If you want to address all of these things, he recommended, you do it all at the same time.

Larry noted, as we improve the delivery of services, we encourage higher expectations of the Board. Curt asked, what are you going to do with the additional water rights you have purchased? Nathan replied, the additional water shares

are to cover a loss due to water shares devaluation. Nathan interjected, the Davis and Weber voluntarily agreed to devalue their shares from 8.0-acre-feet, not .8-acre-feet, to 6.0-acre-feet per share in order to create a deal to lease the extra 2.0-acre-feet to another party. If you ask Davis and Weber why they did it, they would say it was required by the State Engineer. Larry added, which reduced our water by 22.0-acre-feet. We need to provide water for the undeveloped lots. Our community continues to grow and expand through larger homes and accessory dwelling units. Curt replied, you need to change your rules to require that new development bring their water with them. Larry responded, we have done that. We are on a special operating permit right now. We have two wells: The Echo Well (also called the District Well) on Echo Rd and the Greenfield Well which was drilled 15+ years ago. The Greenfield Well runs 18-parts per billion (ppb) on arsenic. Two years after we built that well, the federal government changed the standard to 10ppb. Fortunately, the Echo Well runs at 4ppb. It's a good well but the challenge there is the total dissolved solids are rising. We are advised it has another 10-years before it becomes a problem. We can only run our Greenfield Well three months of the year provided we blend it with the Echo Well to stay below the 10ppb of arsenic. Curt replied, there is a study on this subject; there may be a way to play with your blending. Vince replied, we don't want to compromise when it comes to water quality. Curt replied, there are ways to increase your well use as you meet the standard and not compromise water quality. Bob replied, the State gave us an operating permit for only 90-days.

The Board thanked Curt for his efforts and point of view. Nathan asked, do you recommend a discount to senior citizens or others struggling financially? Vince replied, the finance committee needs to get a better grasp on these scenarios. Larry noted, due to Curt's analysis, he can see additional rate-tiers. Curt offered to develop and fine-tune any of these scenarios. Vince asked, does Marla know you are available to search for funding? Chris replied, he mentioned it when we met initially. Curt stated, it is part of the job of the engineer to get this project funded. If the engineer you selected can't or won't do so, he advised we get a different engineer. They need to know the funding "game". It is very, very critical. Larry replied, you, Chris, Marla, Vince and I need to meet to continue this discussion. **He asked Eileen H to have Marla set it up.** Curt also offered to draft any required resolutions.

4. Administrative & Financial:

- a. Staff reports (PCFD letter; Election update; Winter trash/recycling removal; CWPP): Eileen H reported that only one candidate from the lower area, Scott Sharp, has filed a timely candidacy with SCSA3 to be eligible for the ballot in November 2019. One lower and one upper resident have stated they will file a write-in candidacy but have not yet done so. One upper person has changed his mind (Kelsch) and the lower resident has not filed at this time. According to the Lieutenant Governor's Office, candidates should file with the Service Area, and not Summit County. **Suzanne requested Eileen H send an application to a Halley Hansen.**

Chris reported, he and Marla met with Mike Owens, Fire Marshall of the Park City Fire Department. They drove throughout the community and discussed critical need areas which are noted in Mr Owens' report. Westwood Rd is the most critical, and we will also discuss this later in the meeting during "roads". The Westwood Rd cul-de-sac is necessary for the fire department. Lower Cottonwood Trail also is listed as a need and we have other issues there as well. Marla is working with several property owners there to reduce encroachments. There is a turnaround at north Cottonwood Trail, sort of. The fire department suggests that we enlarge it. We propose to enlarge the turnaround into Lewis Park approximately 30-feet. The fire department does not anticipate they will use that location for firefighting because it is uphill and in the wrong direction, but it is necessary. As we have discussed for many years, we want to get these turnarounds cleaned up and in place. It not only aids the fire department, it benefits the residents.

Chris stated, about 800-feet of Aspen Lane is on the Carpenter property as well as the turnaround. An easement has been created and is in Marla's possession. This is the preferred fire-fighting area. Mr. Owens referred to an emergency extraction from Lewis Park last year that we were unaware of. Summit Dr is going to be our largest challenge. The fire department cannot get their trucks up there. Their smallest pump truck would still have issues. Their pumper trucks must come all the way from Westwood Rd up to that point if they are drawing water off our water system. Summit Dr is the perfect position to fight a fire, according to Mr. Owens. Tollgate Rd is almost ready and is large enough. We need to figure out how we are going to finish that end of Summit road. In the area that was going to be the Gun Club at the bottom of lower Cottonwood Trail, the water line is looped over there

within our ROW. It currently looks like their driveway. Our winter services drag through there and push all the way to that property where the 40-acres of the old gun club was going to be, and then they turnaround and come back out. It has been proposed that those property owners provide an easement to us and we develop a turnaround at the front of their property. Bob noted, there is correspondence in the board packet.

Chris stated, regarding winter garbage removal, we met for a second time with Republic. SCSA3 has been provided with a list of their issues which are not new to us. Chris requested feedback on Republic's proposal. They requested we install open-top dumpsters somewhere near the Red Hawk dumpsters or Tollgate or end of Silver Creek Rd for the residents to use. Suzanne stated, dumpsters on Silver Creek Rd is very unappealing. Bob asked about recycling. Chris stated, recycling is included in the winter months. Republic proposes to place a dumpster for Oakridge Rd North and Oakridge Rd South. Those who live on Cottonwood Trail and Highfield Rd know that the garbage trucks have difficulty navigating that area in the winter. Some trucks have driven off the road in several places. He feels Republic should come back after the snow has subsided, but they don't, and the cans are left out. Vince stated, the residents probably wouldn't mind if Republic has to change our pick-up schedule in order to free up their smaller trucks. **He recommended Chris meet again with Summit County and Republic to let them know our level of service expectations and that placing dumpsters throughout our community is highly undesirable.**

Chris reported, Republic emphasized they spent an extra \$9.6k in towing charges over the last three years for trucks going off the road. Larry replied, that is not our problem. Chris agreed and reported he told Republic we didn't cause their truck to run off the road. He suggested to Republic that the residents on Crescent Dr N and Sagebrush Pl place their cans on the other side of the road so that Republic can pick up as they go downhill. Republic suggested Sagebrush Pl residents pull their cans to Aspen Lane. Suzanne stated, that would be dangerous for the residents. Chris agreed. Suzanne noted, on Sagebrush Pl, no garbage pickups are required going uphill; it's all level. Larry stated, Republic needs to revisit their equipment. Chris noted, our previous vendor, who used smaller trucks, never had any issues. Larry stated, his problem with this proposal is that the prior contractor would send a smaller vehicle up there with chains on their tires and service the entire neighborhood. Supposedly, the RFP for contracting this service was the same so he doesn't understand why Republic doesn't have the proper equipment to achieve the results as requested. Suzanne stated, it's not proper equipment...it is putting chains on. Larry offered to add more sand or salt where needed to facilitate garbage pick-up. Bob stated, he agreed with all the Board comments. **Chris stated, he has received the Board's input and he knows where to go with it.**

Referring to the Community Wildfire Protection Plan (CWPP), Chris reported he and Marla met with Brant Lucas from the Park City Fire Department (PCFD). Marla will update contact information. The PCFD will work with us to arrange mitigation reimbursement. Every hour that we contribute, we can file with the State and get some additional assistance. Suzanne stated, there is a lot more debris and deadfall adding to the fuel of potential wildfires, in Lewis Park that needs to be removed. If we can get a chipper to the base of Lewis Park, we can coordinate volunteers to do the work. Bob added, we need to identify all above ground propane tanks within the Service Area. Chris invited the Board to provide any input. There is another document used by Chris Crowley of the Community Emergency Response Team that includes more detail than our CWPP.

- b. Increase in credit card limit, Safety Deposit Box: Bob reported that Wells Fargo has been holding a safety deposit box for the Service Area for six months which needs to be finalized. The purpose is to safely store our water rights documents. The cost is \$100 annually; \$95 with a prearranged autopayment. We do need proof that the Board approved the safety deposit box such as on our letterhead or in the minutes. Eileen H reported she could not find evidence of Board approval within the 2018 minutes. Nathan advised the Board that two authorized board members be present anytime access to the safety deposit box is needed because only one signature is needed to sign over your water share certificates and, theoretically, this is a potential problem. There is merit in developing internal policies governing how you access that box. He further recommended the Board maintain a safety deposit box content inventory within the box, and that it is reviewed and verified each year by two board members. Suzanne and Vince supported Nathan's recommendations. Vince stated furthermore, bank safety deposit box

contents are reported missing all the time and very little of that is covered by the bank because the bank cannot prove or disprove safety deposit box content therefore, we should maintain a back-up inventory in the archives or with his office. Larry suggested it should be stored with the State of Utah Archives. Suzanne recommended the office keep a scanned copy as well for reference. Larry noted, electronic retention at a certain place is a valid business process defensible in court. Vince stated, we also need to be clear on the definition of an approved individual. Nathan replied, the Board will write a letter to the bank stating “any two people, together, listed on this letter” can access the safety deposit box.

Vince asked, do we know if our Wells Fargo branch has safety deposit boxes that use dual keys plus their key? Nathan replied, that would be ideal. He shared that he was formerly a trustee on a pension plan who used a Mountain America Credit Union (MACU) safety deposit box which seemed to have excellent protocols in place, so he is surprised that Wells Fargo seems underprepared. Vince stated, he is not happy with Wells Fargo and this is a good time to consider other banks. Suzanne pointed out MACU is a credit union which has a completely different set of regulations than a bank so be careful in suggesting that switching is an improvement. Larry noted, this idea of switching banks comes up every year in meetings and in the finance committee. The State has a list of approved financial institutions and he recommended at the beginning of each year we send out an RFP for bank services. Vince noted, only a few have offices in Park City. Larry noted, it is important to address this soon because we have a lot of money with Wells Fargo. Larry and Suzanne stated, we should approve the safety deposit box tonight. Bob noted, all approved individuals, which is the entire board leadership, will require training on the proper way to access a safety deposit box. Nathan recommended, the board approve the letter tonight and later instruct him on the policies governing access. **He offered to develop some policies and present it the Board.** Larry corrected several Board member term expiration dates. **Nathan requested the dates of Marla’s contract extension; preferably a copy of the signed document.**

- c. SCSA#3 financial and dashboard review: Larry stated, a while back he asked staff to include a tally of the wells on meters and the wells not on meters on the dashboard. He asked Chris for an update since Marla was not at the meeting. We need to keep a statistic on these meters to ensure their installation. Suzanne agreed a plan was needed. **Larry also noted, at a previous board meeting the staff was tasked to create a plan to get the last meters installed so he requests that staff present the plan and add the measurement of its success to the dashboard.**
- d. Preliminary 2020 budget and revised 2019 budget: Vince asked if anyone had any questions. Nathan stated, typically at this time, you should be having a budget discussion and vote, then present it at a public hearing in October. Is that your plan? Larry responded, we are looking a budget hearing in September. Bob agreed. Nathan answered, then you need to approve this as your tentative budget and approve the hearing date. Larry and Vince noted because it is tentative, it allows room for adjustments to include public comment. Nathan responded, this is the draft we would use in the public notice. You can make changes now as well. Larry stated, he and Bob went through the budget thoroughly. We have two budgets here, one with no tax increase but with a road bond; the other has a tax increase and a road bond; and one with no adjustments.

In the budget presented on the screen, Larry stated, the tax increase will bring in \$150k and we can bond 80% of the Class B Road Funds (which does not require public approval) for 10 years bringing in \$690k for needed road improvements. Vince inquired about the payments and money left over. Larry replied, it would be a net wash because the tax increase would bring in \$150k; a pledge of \$85k from Class B. Our annual payment would be \$85k. It is good we are doing this now because the State Legislature is discussing the decreasing Class B Road Funds over time because of the increase in electric and coal burning cars bring down the amount of tax collected. Larry recommended the Board approved the budget as presented tonight as well as the hearing date.

(Proposed Maintenance Schedule: the maintenance schedule must accompany the budget and was distributed at the July 2019 meeting. This document was added to the August 2019 packet after the meeting and reposted.) Chris stated, items 1-17 are the proposed priority items to spend the bond money on. Larry asked, why is Linger Lane on this? It only serves five houses. Chris replied, we catch Linger Lane while we are doing Oakridge. Larry questioned the \$50k expense of hard surfacing a small road for five properties. Chris replied, Marla and he discussed this list at length, and we present it for the Board’s review and direction. It includes the square footage,

cost per square foot and estimated cost as per LTAP. Suzanne remarked, maybe we can do more Class 2 chip seal as opposed to asphalt. Larry stated, we have to have a list of projects to present for the bond hearing, but we need to have a discussion before we take this to the public. Chris replied, Utah State sent us a proposal to update the road inventory (LTAP). He recalls the cost for this inventory is about \$4.5k. **He will email the proposal to the Board.** Nathan stated, the General Manager has the authority to approve this expenditure pending comments from the Board provided she has gotten bids. Suzanne and Larry support updating LTAP.

e. Statement on Proposed Tax Increase per Utah Code Ann. § 59-2-919(3)(a):

Larry read the following statement aloud:

On September 23, 2019, the Service Area Board will hold a public hearing to consider a potential ad valorem tax increase that would exceed its certified tax rate. The purpose of the increase would be to account for the increasing costs of maintaining and operating the roads in Silver Creek Estates. The proposed tax increase would represent a 44% increase in ad valorem tax revenue and would provide approximately \$140,000 in additional revenue that the Service Area would use to improve roads within Silver Creek Estates. The average tax increase would be about \$105.59 per year for a home valued at \$422,000, while the increase would be about \$191.99 per year for a business valued at \$422,000. The Board last approved a tax increase in 2006. The meeting will take place at 8:00 pm at 629 E. Parkway Drive, Suite 1, Park City, UT 84098.

f. Notice letter to Summit County Council and County Auditor regarding proposed tax increase and related public hearing: Nathan reviewed the notice that is to go to Summit County because you can't have your meeting at the same time and date as the County's. This letter needs to be approved. You must have your budget hearing and your property tax hearing at the same time; you can also include a fee increase hearing too. We must mail a notice to all the affected property owners. We are not approving anything other than to start the process.

g. Invoice review: On TCB Landscaping invoice #11256, Larry questioned line item for meeting with Mountain Life Church (MLC) noting it should be on a separate invoice. Chris replied, you are correct. Larry motioned to short-pay Invoice #11256 by \$35. On Invoice #11248, July Trail Work, he asked for the details. Chris replied, this is for trail work from Westwood Rd to Maple Dr. Larry stated, he reviewed the Redden trail to Parley's Rd and does not see any crushed limestone applied. Chris replied, there is not a trail from Maple Dr to Parley's Rd, just road base. **Larry requested Chris apply more detail to his invoices in the future. Larry requested Chris correct the invoices especially the invoice for MLC.**

h. Propose October Open House: not discussed.

5. Roads and Trail

a. Wasatch Way update (other road projects): Larry stated, what is the status of pothole repair on Silver Creek Rd hill? Chris replied, pothole repair occurred in the upper end of the community such as Overhill Rd, East Summit Rd, Redden Rd and Oakridge Rd South. Larry stated, there are significant potholes on upper Silver Creek Rd. Suzanne agreed. **Chris will ensure they are repaired in the next 10 days.** Larry confirmed we completed the bids for crosswalks on Wasatch Way and requested installation timeline. Chris replied, installation is scheduled for the first week of September. Also, chip seal is scheduled for August 30th on Aspen. Larry stated, we met at Redden and Parleys Roads and agreed the road base and the crushed granite would be redone. His inspection today showed it had not been done. **Chris replied, additional crushed limestone is needed. We need to ensure the material is the same proctor from Shaw Trucking. A top-dressing will be added to the existing a 4-6".**

Larry requested the status of the money recovery for the damaged speed bump. Chris and Eileen H replied they do not have an answer. **Larry requested staff provide a report and an accounting of this expense. Suzanne stated, send an invoice.**

Chris notified the Board he will be removing the Westwood Rd speed bump to prevent damage due to construction activity in the area.

Larry asked for the status of relocating the crosswalk at the bus station, relocating the push button sign and adding striping. Bob stated, that is supposed to be done before school starts. **Chris replied, he will follow up.**

- b. Westwood Road cul-de-sac: Chris presented a staff report noting the affected property owner came to a meeting to make a case before the Board. The property owner has been notified that his landscaping is in our cul-de-sac ROW. We've had the cul-de-sac surveyed. Included with the letter are historical pictures from Google Earth showing the progress from a scraped cul-de-sac in 2006 to the current private landscaping encroaching to the center of the platted cul-de-sac. Staff would like you to review the draft letter to the property owner for your approval, signature and mailing. The letter discusses the recommendations from the PCFD as well as the historical transformation seen in the photos. Aerial photographs include 2006, 2009, 2011 and in 2013 which shows the landscaping encroachment.

Vince asked, will the cul-de-sac be finished with road base? Chris replied, right now we need to clear it and relocate a fire hydrant to the edge of the ROW. The cost to move the hydrant is estimated at \$5k which must be done prior to developing the cul-de-sac further. The survey has been pinned, lathed and spray painted exactly as platted so the Board may inspect it. Vince asked, do we need any consequences in this letter if they don't have it removed by October 15th? Larry replied, we can't enforce it. We'd have to turn this over to the County. Nathan remarked, County enforcement has been noted in prior encroachment letters. We have tried to work with the County. We can't change what the fire department needs, and we can't change the International Fire Code which is what is dictating this conclusion. Vince asked, is the County aware of the October 15th deadline? Chris replied, he believes the County will be notified at the same time.

- c. Trail work review: Lewis Park Conservation Corps work discussion: Larry stated, he hasn't had a chance to visit and inspect the work performed in the park. Suzanne stated, they made progress, but more is needed; we will need volunteers to continue the work. Some of the barb wire fence and significant amount of deadfall remain. Larry stated, we need a backhoe to remove the fence posts. Chris stated, they had some challenges and the Heber fire consultant gave them some direction which helped. They made burn piles instead of trying to completely remove it. **We should review the burn piles and follow through during the winter months.** Larry asked, can the PCFD employ their chipper for this work? Chris replied, we need a bigger chipper. A significant amount of work remains, and this is an on-going maintenance issue every year. Suzanne stated, we will need to establish safety protocols. Larry asked, were the problematic t-posts removed? Chris replied, some but not all because they didn't have the right equipment. *(Post-meeting Marla corrected the minutes to state: they removed the area of the fence that was problematic along SL-C-148-AM).* Suzanne stated, we need to properly plan, coordinate and train to continue this work on a multi-year basis. Chris replied, the Conservation Corps should do the trained work and the volunteers can make the piles. We don't want residents using chainsaws.
- d. Driveway Standards: Chris stated, we are presenting a driveway permit application for the Board to review. We want to streamline the process using Summit County's standards. These standards will apply to new and secondary driveways. Those driveways that have gone in without this process will be corrected. Larry stated, he approves the form and asked, do we have a Final Driveway Approval Form? Nathan replied, the General Manager's intention was for the Board to review and comment and staff will submit a final version for the Board's approval along with a resolution. The \$200 permit inspection fee is new which will require a public hearing. This will need to be incorporated into your Roads Policy. Suzanne stated, although it appears equestrian-friendly, as proposed it creates more danger for our residents. Snow-blowing across gravel is dangerous as it sprays the gravel so requiring 20-feet of gravel at the end of the driveway, as explained in the introduction, is undesirable. Vince asked, who is going to maintain this gravel section? Chris replied, the homeowners. Suzanne stated, she does not agree with the proposed standard requiring paving to the edge of the ROW with the remaining connection to the road covered in crushed limestone. It is dangerous to people, animals and cars. Larry stated, we don't want gravel between a paved driveway and a paved road. It will break down both the road and the driveway. Vince asked, is this only for those driveways intersecting a trail? Chris replied, no, this is for all driveways. Larry stated, even if it crosses a trail, a homeowner has the right to pave their driveway. Chris replied, we wrote this because we had a request from an equestrian for gravel where a driveway intersects with trails. He has a gravel/roto mill driveway and does not spray gravel during snow-blowing. The horses walk safely on this. Suzanne stated, we need to come up with a solution especially in steep areas but requiring everyone to install 20-feet of crushed limestone creates

other issues. Larry questioned the \$200 permit inspection fee. We are already charging a \$1,500 primary driveway fee – how do we justify an additional \$200? What added service are we providing? Chris replied, our proposed fees follow the County’s fee schedule. Larry asked, what are the hard expenses of the Service Area? Why only \$500 for a secondary driveway? Vince stated, our secondary driveway fee should be increased. Suzanne asked, are those fees or deposits? Chris replied, the \$1,500 fee matches the County’s fee and the secondary \$500 fee is currently in our Roads Policy. These fees are not refundable. Larry noted, we have a culvert and driveway deposit now. Are there currently fees on top of that? Chris replied, we have a \$3,500 deposit and a \$1,500 construction fee for brand new homes. Larry asked, does the \$3,500 deposit cover the culvert? Does the proposed fee structure include the culvert inspection? Chris replied, yes, in new construction. Larry stated, this form should cover both the culvert and the driveway. Why have two forms? Chris replied, we have a separate one for a secondary driveway applicants. Larry clarified, this draft form under consideration is for new construction not remodels and it covers both the driveway and the culvert? Chris replied, correct. Larry asked, why don’t we put both requirements in one form? Vince asked, then have a separate form for remodels? Larry replied, a separate box on the same form would work. What are we charging for a remodel? Chris replied, if they follow the policy in the packet, they would be submitting this form plus \$500 for a secondary driveway. Vince asked, so this can be incorporated into our existing new construction packet and also have this for the remodels? Larry stated, we want to cover the culvert and driveway on one form. Nathan suggested, earlier this year we approved the consolidated Roads Ordinance. We put everything into one document, but we left all the fees alone because the fee schedule was under discussion. He recommended a fee schedule, similar to your water rate schedule, for roads. We can use this form; Nathan will ensure the Roads Policy is compatible and then we adopt a fee schedule. Chris stated, this will help the staff significantly. We have had driveways with poured concrete, not asphalt, in our ROW and into the roadway causing hazards.

- e. Jonas Driveway: Chris stated, in June 2018 the property owner was notified they couldn’t pave into the easement. Larry asked, do we have evidence of this notification? Suzanne stated, the email evidence and a letter to the property owner is in the packet. Nathan recounted, the property owner came to the Service Area stating they wanted to pave this road. The Board replied, we can’t pave it because it is not a good use of public funds to pave this section and then have to maintain it. If the property owner chooses to pave it, it will become their private driveway. We will work with you, but you need to get an easement from your neighbors that lines up with where it is currently located so you have legal access. Then, the Board will vacate the public road. However, the current driveway is not in the ROW and is inaccessible to the Service Area because it is not aligned with the platted location. We would have to move the driveway and remove all the encroachments. We don’t want it to be a public easement and we don’t want to maintain it. The property owner offered to maintain it. Our response was we can’t do that because the Service Area does not own the ROW, the County does. The neighbors should be involved too because this affects them. We are trying to help them. We don’t want to disturb their encroachments. We don’t want to make them rip up the pavement. We want it to be the way it is now but that entails the neighbors giving him an easement leaving the Service Area out of it. **Larry and Suzanne stated, let’s get everyone together and get it done.**
- f. Mountain Life Church (MLC) update: Chris stated, we are not done but the repairs have been made this last week not including the striping. Larry asked, what about the resurfacing of the road? Chris replied, Stan Plasier, Steve White and SCSA3 Staff have agreed to meet when the General Manager returns to have that discussion. Currently, the Service Area feels that MLC has not met the requirements to be warranted from last year’s project. During their excavation a portion of the road did not receive 3” of asphalt as required. We need to have a separate discussion with our asphalt contractor. Larry stated, when MLC did the construction that was the original asphalt on the road and not the resurfaced road. Suzanne stated, when the new road was installed, they were supposed to put down 3” of asphalt. As part of the excavation, we discovered the asphalt contractor did not put down 3”. Chris replied, the portion that was exposed this last week met the 3” standard. A small section did not, and we will address it with the asphalt contractor. They have been notified and they have agreed to meet with us to get a resolution. From a visual inspection and testing, it was determined the area had compaction failure on all the laterals. Regarding the manholes, when they peeled off the asphalt, it was testing at 96-99% compaction yet the

manhole settled over 1". We are waiting for a final report from the engineers to better understand what the issue was. Larry stated, the contractor had very little settling on Parkway Dr or other areas such as Valley Dr. When are we re-asphalting Silver Creek Rd? Chris replied, he cannot answer until after he meets with the contractor and MLC. Larry stated, when the asphalt went down last year the outside temperature was lower than 20 degrees overnight, so it didn't meet UDOT standards. Chris replied, we will make a determination in the next week and staff will persist with this issue because you are exactly right. When the asphalt was applied cold, you could tell where the roller stopped. We pulverized the road and we stopped that project due to the sewer or that road would have been done and we wouldn't have had these issues. Larry interjected, where we stopped the asphalt north of MLC to their last manhole, that asphalt is fine. Chris replied, correct. The problem areas begin at the sewer line and go south. **Larry stated, please ensure asphalt is not laid when the temperature is under 20 degrees overnight.** Vince stated, if weather becomes an issue we may have to wait. Larry stated, this is unacceptable. The residents of Silver Creek have endured this jacked-up road for a year. They must complete this satisfactorily by the end of September. We have a \$50k deposit, if we have to use that money to restore an acceptable road then we should vote to do so, and we take further resolution to court. Nathan asked for clarification. Chris clarified, Advanced Paving is at fault for not applying 3" of asphalt in certain areas. Nathan stated, that is a separate issue than a MLC obligation. The warranty with MLC does not include Advanced Paving's dereliction. We have to come to a resolution separate from MLC directly with Advanced Paving. **Vince requested that he is present at this meeting.** Chris stated, Advanced Paving has indicated they will do what is necessary to correct the problem.

6. Water

- a. Arsenic Study update: Not discussed.
- b. Water Rights update: Nathan reported, we have executed the water rights purchase contract. We have completed our due diligence review. We had three trustees on this water right paying out to two beneficiaries. First American drafted a closing statement. Based on that, Bob deposited the purchase price into escrow. Under our purchase agreement, we must file a change application in our name and their name which wasn't completed until after the board packet was distributed. Nathan placed the change application on the screen. It is standard. As you recall, it is for 22-acre feet and although we are purchasing 25-acre-feet with an 1870 priority date, we can only take 22. We are specifying the Greenfield well and then the District well. Larry asked, can we submit it for 25-acre-feet and see if that elicits a protest? Nathan replied, you are not going to get 25. The State Engineer has a policy and a table specifying dates and changing from surface water to groundwater so it will be adjusted. Regarding the protest, Nathan spoke with the Regional State Engineer, and he anticipates 90-days if not more. He did say, there was a protest filed by Weber Basin on the seller's last sold water application and the application was withdrawn. He doesn't know why it was withdrawn which Nathan is investigating. It's possible they will protest our application. Larry asked, why would they protest? Nathan replied, he is not sure. You are in a very water scarce area and anytime you move water around it creates issues. Whenever you change surface water to ground water, even with the "haircut", you are not dealing with the same water molecules. Even if it's protested, the State Engineer will hold a hearing which we would attend, and we would win in Nathan's opinion. The best possible type of water right is a "decreed right" which is a water right that has gone through an adjudication erasing all uncertainty. The next type of right is a water share which is not really a water right but the legal ability to use water rights that accompany it. At the very bottom are Weber Basin Exchange Applications which, in Nathan's opinion, aren't water rights at all. Tonight, the Board is approving the change application, Vince will sign it then the sellers will sign it tomorrow.
- c. IPS Rule Revision: Not discussed.
- d. Water Relief: **deferred; Board requested an opinion from the General Manager. Larry requested Staff add Eye on Water to the dashboard reporting on enrollments.**
- e. Division Street: not discussed
- f. Tank Inspection: Chris reported the Highfield tank is in great condition with very little sediment and no issues. The Silver Bullet, as noted in the reports provided, has severe deterioration. Vince noted, he is surprised. We had it inspected 4-5 years ago with different inspectors and the reports were good. How did it erode so quickly? Chris

replied, he can't answer that. The diver/inspector said this level of deterioration is not normal in just a few years because our water quality is good. The repair of this facility must be our priority. Some patches were performed but that is extremely temporary. We would need to drain it. It is a significant process. We must get it re-lined which is cheaper than replacing it. Suzanne asked, do we need to turn off the District well to complete the repair. Chris replied, no but he will have to isolate the Silver Bullet and drain it separately from the system. We will probably need to get authorization to run our Greenfield well outside of our window. When we take the Silver Bullet off-line, the system will try to keep up and keep Highfield tank filled to a particular point so that we can feed the system. Larry asked, can the repair occur next spring or fall? Chris replied, it's possible. Vince stated, if we wait until spring, we might not have to use Greenfield. **Vince recommended staff prepare bids.**

Larry motioned to move into voting which was seconded by Bob at 8:52pm. Support was unanimous.

7. Voting:

- a. Approval of tax rate increase notice and scheduling of public hearing date: Suzanne motioned to proceed with the tax rate increase notice process as identified and stated earlier in the meeting which was seconded by Larry. Support unanimous.
- b. Increase in credit card limit: Bob stated, the Service Area has two credit cards and we want the credit limit on each card increased to \$2.5k. Larry motioned to increase the Service Area credit card limit on each card to \$2.5k which Suzanne seconded. Support was unanimous.
- c. Invoice approval: Larry motioned we pay the invoices as presented which was seconded by Suzanne. Approval was unanimous.
- d. Westwood Cul-de-sac letter: Larry motioned to send the letter to the Iversen's as presented which Suzanne seconded. Approval was unanimous.
- e. Driveway standard approval: tabled.
- f. Water relief: tabled
- g. Other matters discussed: Suzanne motioned to approve the Water Rights Change Application as presented which was seconded by Larry. Support was unanimous.

8. Adjournment: Larry motioned to adjourn the open public meeting and move into closed session to discuss potential litigation as per Utah Code 52-4-205-1c which was seconded by Suzanne. Support was unanimous.

9. Closed Session to Discuss potential litigation Per Utah Code Ann. § 52-4-205(1)(c)*

10. Adjournment: Larry motioned to adjourn the closed meeting and the public meeting which was seconded by Bob. Support was unanimous.