

MINUTES OF THE WASATCH COUNTY COUNCIL
ACTING AS
THE GOVERNING BOARD OF THE TWIN CREEKS
SPECIAL SERVICE DISTRICT
JULY 9, 2024

PRESENT: Board Chair Karl McMillan
Board Member Kendall Crittenden
Board Member Spencer Park
Board Member Erik Rowland
Board Member Steve Farrell
Board Member Mark Nelson

EXCUSED: Board Member Luke Searle

STAFF: Dave Fuller, Assistant Manager
Dana Kohler, Administrative Assistant
Kierstan Smith, CPA
Theresa Baronek, District Treasurer
Wade Webster, Keetley Water Treatment Plant Manager
Doug Scow, Water Rights Manager
Rick Tatton, Court Reporter via Zoom

Board Chair Karl McMillan called the meeting to order at 5:45 p.m. on Tuesday July 9, 2024. The record should show that all the Governing Board Members of the Twin Creeks Special Service District are present except for Board Member Luke Searle who is excused. The record should also show that the Governing Board of the Twin Creeks Special Service District are meeting in the Wasatch County Council Chambers in the Wasatch County Administration Building located at 25 North Main, Heber City, Utah 84032. Board Chair Karl McMillan then called the first agenda item.

REGULAR SESSION

APPROVAL OF THE MINUTES FOR JUNE 11, 2024

Board Member Mark Nelson made a motion to approve the minutes for June 11, 2024, as written. Board Member Erik Rowland seconded the motion, and the motion carries with the following vote:

AYE: Board Chair Karl McMillan
AYE: Board Member Kendall Crittenden
AYE: Board Member Spencer Park
AYE: Board Member Steve Farrell
AYE: Board Member Erik Rowland
AYE: Board Member Mark Nelson

NAY: None.

WARRANT LIST APPROVAL

Board Member Spencer Park made a motion to approve the warrants in the amount of \$429,160.50. Board Member Erik Rowland seconded the motion, and the motion carries with the following vote:

AYE: Board Chair Karl McMillan
AYE: Board Member Kendall Crittenden
AYE: Board Member Spencer Park
AYE: Board Member Steve Farrell
AYE: Board Member Erik Rowland
AYE: Board Member Mark Nelson

NAY: None.

GENERAL MANAGERS REPORT

Dave Fuller, Assistant Manager, addressed the Governing Board of the Twin Creeks Special Service District and indicated that things are going well in the Twin Creeks Special Service District. We are just getting started on the dam repairs.

OTHER BUSINESS

Dave Fuller, Assistant Manager and the Governing Board of the Jordanelle Special Service District indicated that they both had no other business. Board member Kendall Crittenden made the motion to continue until 6:00 p.m. for the public hearing Board Member Erik Rowland seconded the motion.

The record should show that the time is now 6:00 p.m. and we will now hear our public hearing that is scheduled for this evening. The record should also show that Board Member Luke Searle has joined the Governing Board of the Twin Creeks Special Service District. All the rest of the The governing Board of the Twin Creeks Special Service District are present.

PUBLIC HEARING JULY 9, 2024

CULINARY AND SECONDARY WATER RATE INCREASE, RESOLUTION #2024-02.

Staff:

Dustin Dietrich, from Bowen Collins, addressed the Governing Board of the Twin Creeks Special Service District and presented a power point presentation and then indicated that this is to update the rates in Twin Creeks. The secondary and culinary water rates need to be upgraded. The study considered a 10-year window of projected non-rate revenues and revenue requirements which were based on historic budgets and projected

growth within the district. Upcoming operational expenses are not expected to change in nature, but the costs of operations have been rising significantly over recent years due to the accelerated inflation present after the COVID 19 pandemic. Upcoming capital expenses include two dam rehabilitation projects, expansion of Coyote Lane Pump Station and various system upgrades to enhance the resiliency/reliability of the system connecting Lake Creek Road transmission line to the WTP, redundant fire flow connections, installing PRVs, etc.

Previous rate structures were designed with the assumption that all TCSSD customers will have access to secondary water. However, some development has occurred recently and will continue growing in which culinary water is used for both indoor and outdoor applications. For the District to equitably service both customers with access to secondary and those without secondary access BC&A recommends adjusting the existing culinary rate structure to include three tiers. The new rate structure continues to include a base rate and volumetric rate. The volumetric rates will be broken up into the following rate schedules.

¶ Schedule A is the culinary rate schedule for customers who also have access to secondary water for outdoor applications and consists of two tiers.

¶ Schedule B is the culinary rate schedule for customers who use culinary water for both indoor and outdoor applications because they do not have access to a secondary water system. This schedule consists of three tiers.

¶ Schedule C is the secondary rate schedule for all TCSSD secondary customers and consists of four tiers.

Justin Dietrich indicated that the users that do not have access to a secondary system expect them to go over 12,000 gallons. In this rate update we are going to make a small adjustment to that, and we are going to give them some more volume for a cheaper price starting at 12,000. Board Member Steve Farrell asked how do you justify that? That is extremely hard to justify how you charge one person the base rate and then another person at a different phase rate because they do not have secondary water. Justin Dietrich replied that the justification is that they have turned in water for outdoor use and so really that overage charge that they would get hit with at 12,000 gallons is still within their allotment and that is an expensive price to pay for water.

Board Member Steve Farrell asked how many of these are we talking about that does not have a secondary system to utilize the water that they turned in. Justin Dietrich replied to some units in Big Pole Estates, Red Ledges and another new one coming on soon. That is, it. Board Member Steve Farrell asked how do we even allow that? Justin Dietrich replied that sometimes the amount of use up there just does not justify the additional construction of additional secondary infrastructure with a new tank and a pump station. Board Member Steve Farrell replied that what we are doing is supplementing the developer return at the expense of everybody else in the system because they do not want to put a system in to find a way of getting secondary water up to these people. Justin Dietrich replied that when you look at the cost of putting in a system sometimes secondary is so much more expensive if you are not delivering

enough water through it. Usually secondary water is less expensive in the system to run and operate but in an extreme case you can imagine a few units down at the end of a four mile long cul-de-sac and they are only irrigating a little bit for each house or something and putting in all that pipe and infrastructure to get down to the end would be quite expensive relative to the cost to just allowing them to be serviced off the culinary system. Also, it would be more expensive for the district in the long term to operate these remote or high elevation secondary systems. Maintenance is a big issue down the road.

Board Member Steve Farrell indicated that would not t it be more feasible to serve these people and charge them a culinary fee like everybody else then charge them a secondary fee and deliver the secondary water even though it is the same water and not discount it. Justin Dietrich indicated that what we are proposing is something close to that. What we are trying to accomplish is correctly allocate costs between our customers. Board Member Steve Farrell indicated that will be problematic down the road. Justin Dietrich replied that it is more complicated that is for sure. We are trying to establish equity in our rates. We are trying to get them to what an equity position would be. Also, the larger meter sizes are having a base rate adjustment, and we do not actually don t any three- or four-inch meters on the books right now and those are just for future. We also have adjusted the coverage to match up with the cost of delivering that overage water. On the secondary system the overage setting is generous, and you are really overusing if you are up in Tier 4. All these things we have been talking about affect people s bills.

For a typical comparison customer and you have low, medium, and high and for most of all our customers what this means is that everybody will have a bill of around two to five dollars of an increase. Board Member Steve Farrell asked how we determine, and we have a one-inch meter, one-and-a-half-inch meter, a two-inch meter, three inch and a four inch how do we determine who is required to have what meter. Justin Dietrich replied that we require plumbing for buildings to be size per the plumbing code, so the engineers are going to be putting together their proposals for their lateral sizes and we match those. In a few circumstances we have looked back and found out their engineers did not do that and so we have done an analysis for the capacity for a meter. This study has been set up to capture the actual cost of service like we do all of our rate studies and try to allocate the cost of running a system per equity to the users who are using the system and so we don t have a little cottage paying as much as a large building and that is why the different meter sizes and that is why the differences between the three different rate schedules in secondary and culinary.

Board Member Steve Farrell indicated that our base cost in Twin Creeks is going to be approximately \$77 a month for a one-inch connection and now it will be \$79 now. Board Member Luke Searle asked what the percentage increase for the year is and then to 2028 with one inch. Justin Dietrich replied the changes are not across the board and every customer sees a half a percent and most customers are seeing like two to three to four per cent and some are getting a little bit of a break because we are trying to bring that down and be more equitable. When you go from year to

year it is just straight up and make the changes this year and you can see it follows that.

Board Member Steve Farrell indicated that it sounds like you are trying to make it fair, but you are creating an administrative nightmare on how to track it in who gets the adjustment and who does not. Justin Dietrich replied that it is more complicated than we have now in Twin Creeks, but it is the same as we have been moving to in North Village and Jordanelle already so in one sense we are creating a little more uniformity for these people. We are just charging the cost of service to the people to the best of our ability. We are trying to have a satisfactory answer when people ask why our bill is so high and we will have a satisfactory answer for that. We are trying to treat people with equity without too much complication because we can get more complicated than this, but this is as far as we want to go in the grand scheme and balance between equity and administrative complexity.

Public Comment:

Board Chair Karl McMillan then opened the public hearing for public comment and there was none, so the public comment period was closed.

Board Member Spencer Park made a motion to approve the culinary/secondary water increases with Resolution 2024-02 as presented. Board Member Erik Rowland seconded the motion, and the motion carries with the following vote:

AYE: Board Chair Karl McMillan
AYE: Board Member Mark Nelson
AYE: Board Member Spencer Park
AYE: Board Member Erik Rowland
AYE: Board Member Kendall Crittenden
AYE: Board Member Steve Farrell
AYE: Board Member Luke Searle

NAY: None.

ADJOURNMENT

Board Member Erik Rowland made a motion to adjourn. Board Member Luke Searle seconded the motion, and the motion carries with the following vote:

AYE: Board Chair Karl McMillan
AYE: Board Member Kendall Crittenden
AYE: Board Member Spencer Park
AYE: Board Member Steve Farrell
AYE: Board Member Erik Rowland
AYE: Board member Mark Nelson

NAY: None.

Meeting adjourned at 9:00 p.m.

KARL MCMILLAN/CHAIRMAN