Interviews for North Summit Fire Service District

Wednesday, November 4, 2015

Conference Room #2, Coalville

1 vacancy; 2 applicants

1:40 PM	Richard Butler
1:50 PM	Michelle Adkins

The applicant appointed would fill the unexpired term of Marci Hansen (12/31/16).

Proclamation No. 2015-3

PROCLAMATION DECLARING THE MONTH OF NOVEMBER

"DIABETES AWARENESS MONTH"

SUMMIT COUNTY, UTAH

Whereas, Summit County strives to keep its population healthy through education related to important health topics; and

Whereas, Diabetes affects nearly 30 million children and adults in the U.S. today - nearly 10 percent of the population. Another 86 million Americans have prediabetes and are at risk for developing type 2 diabetes; and

Whereas, Every 19 seconds someone in the United States is diagnosed with diabetes. Recent estimates project that as many as 1 in 3 American adults will have diabetes by 2050 unless we take steps to stop this disease; and

Whereas, Medical expenditures are more than double in those diagnosed with diabetes compared to what it would be in the absence of the disease and constitutes for 1 in 5 healthcare dollars spent; and

Whereas, Diabetes doubles the risk for heart attack or stroke and is the leading cause of kidney failure. Diabetes is also the leading cause of blindness among working-age adults; and

Now, therefore, be it resolved, that the month of November be declared Diabetes Awareness Month. The Summit County Council encourages residents to become educated administrators of their own health and bring awareness to this debilitating disease in its efforts to keep the population of Summit County healthy.

ATTEST:

APPROVED AND ADOPTED this 4th day of November, 2015.

SUMMIT COUNTY COUNCIL

SUMMIT COUNTY, UTAH

____

Kent Jones, County Clerk

By:

____

Kim Carson, Chair

County Resolution 2015- _____
Park City Resolution 2015-_____

A RESOLUTION OF SUMMIT COUNTY AND PARK CITY MUNICIPAL CORPORATION ESTABLISHING A CITIZENS ADVISORY COMMITTEE TO FOCUS ON PARKING SOLUTIONS WITHIN THE GREATER PARK CITY AREA

WHEREAS, a safe and efficient transportation system creates the foundation for economic growth and improved quality of life; and

WHEREAS, the creation and maintenance of transportation infrastructure is a core responsibility of local government; and

WHEREAS, Summit County (the "**County**") and Park City Municipal Corporation (the "**City**") are engaged in a long-range regional transportation planning process for the Snyderville Basin and the City (together, the "**Greater Park City Area**"); and

WHEREAS, traffic congestion on state and local highways within the Greater Park City Area continues to increase and poses a significant reduction to the quality of life to our residents, visitors, and employees; and,

WHEREAS, current and future remote parking pressures within the Greater Park City Area will continue to grow, adding to our traffic congestion problems; and,

WHEREAS, a Blue Ribbon Citizens' Advisory Committee (the "**CAC**"), composed of citizen volunteers, could act as an advisory group to the County and City as they prepare a long-range regional transportation plan. Charged with identifying innovative strategies to alleviate current and future remote parking pressures within the Greater Park City Area, the CAC would be able to make recommendations based upon its members' expertise and experience, together with community input and engagement; and,

WHEREAS, the CAC will possess no regulatory authority and its recommendations shall have no binding effect upon either the County or City; and,

WHEREAS, staffing to the CAC will be provided by both the County and City; and,

WHEREAS, the County and City find that it is in the best interests of their respective citizens to form the CAC for the purposes set forth herein;

NOW THEREFORE, BE IT RESOLVED BY THE SUMMIT COUNTY COUNCIL AND PARK CITY COUNCIL:

SECTION 1. **Citizen Advisory Committee Established.** A Citizens Advisory Committee is hereby established for the purpose of providing recommendations to the County and City on the development and implementation of sound, feasible, and cost effective community-wide remote parking solutions through constructive community engagement. The CAC shall possess no regulatory or rule making authority.

SECTION 2. **Governance.**

a. *Membership.* The CAC shall consist of no more than twelve (12) persons, six of whom shall be appointed by the Park City Council and the remainder shall be appointed by the Summit County Council (together, the "**Appointing Authorities**"), each of whom shall be a registered voter within the Greater Park City Area and whose term shall be three (3) years. Vacancies of the twelve (12) appointed members of said committee, other than by expiration of term, shall be filled by appointment by the appropriate Appointing Authority for the unexpired term of the committee member whose vacancy is filled. At the end of a committee member's term, the position is considered vacant and the appropriate Appointing Authority may either reappoint the old committee member or appoint a new member. The appropriate Appointing Authority may remove a committee member with or without cause.

b. *Conduct of Business.* The CAC shall conduct its business according to bylaws with the committee meeting as needed to act on its business of making recommendations to the County and City. The CAC shall be staffed by both the County and City with the County taking primary responsibility for convening meetings, compiling meeting minutes, and reporting on general committee progress.

c. *Leadership.* The CAC shall elect a chair and vice chair.

SECTION 3. **Effective Date.** This Resolution shall become effective upon passage by the Summit County Council and Park City Council.

APPROVED ON THIS ________ DAY OF __________________, 2015.

___________________________________ Attest: __________________________________

Kim Carson
Council Chair

Kent Jones
County Clerk

Approved as to form: ___________________________________

Robert Hilder
County Attorney

___________________________________ Attest: __________________________________

Jack Thomas
Mayor

City Recorder

Approved as to form: ___________________________________

Mark Harrington
City Attorney

MINUTES

SUMMIT COUNTY

BOARD OF COUNTY COUNCIL
WEDNESDAY, OCTOBER 14, 2015
SUMMIT COUNTY COURTHOUSE
60 NORTH MAIN STREET, COALVILLE, UTAH

PRESENT:

Kim Carson, *Council Chair*
Roger Armstrong, *Council Vice Chair - Electronically*
Claudia McMullin, *Council Member*
Chris Robinson, *Council Member*
David Ure, *Council Member*

Tom Fisher, *Manager*
Anita Lewis, *Assistant Manager*
Robert Hilder, *Attorney*
Karen McLaws, *Secretary*

SOME COUNCIL MEMBERS TO ATTEND THE FOREST SUPERVISOR ROUNDTABLE DISCUSSION HELD AT THE SALT LAKE COUNTY BUILDING, 2001 SOUTH STATE STREET, SALT LAKE CITY, UT

Some of the Council Members attended the Forest Supervisor Roundtable Discussion at the Salt Lake County Building from 10:00 a.m. to 12:00 noon.

CLOSED SESSION

Council Member Ure made a motion to convene in closed session to discuss property acquisition. The motion was seconded by Council Member Robinson and passed unanimously, 5 to 0.

The Summit County Council met in closed session for the purpose of discussing property acquisition from 2:10 p.m. to 3:05 p.m. Those in attendance were:

Kim Carson, *Council Chair*
Roger Armstrong, *Council Vice Chair-Electronically*
Claudia McMullin, *Council Member*
Chris Robinson, *Council Member*
David Ure, *Council Member*

Tom Fisher, *Manager*
Anita Lewis, *Assistant Manager*
Robert Hilder, *Attorney*

Council Member Robinson made a motion to dismiss from closed session to discuss property acquisition and to convene in closed session to discuss litigation. The motion was seconded by Council Member Armstrong and passed unanimously, 5 to 0.

The Summit County Council met in closed session for the purpose of discussing litigation from 3:05 p.m. to 3:35 p.m. Those in attendance were:

Kim Carson, *Council Chair*
Roger Armstrong, *Council Vice Chair-Electronically*
Claudia McMullin, *Council Member*
Chris Robinson, *Council Member*
David Ure, *Council Member*

Tom Fisher, *Manager*
Anita Lewis, *Assistant Manager*
Robert Hilder, *Attorney*

Council Member Ure made a motion to dismiss from closed session and to convene in work session. The motion was seconded by Council Member McMullin and passed unanimously, 5 to 0.

Council Member Armstrong was excused from the remainder of the meeting.

CONVENE AS THE BOARD OF EQUALIZATION

Council Member Ure made a motion to convene as the Summit County Board of Equalization. The motion was seconded by Council Member Robinson and passed unanimously, 4 to 0. Council Member Armstrong was not present.

The meeting of the Summit County Board of Equalization was called to order at 3:35 p.m.

CONSIDERATION OF APPROVAL OF 2015 STIPULATIONS

Board Member Robinson noted that the stipulations include two large parcels with values of $1.9 million and $1.7 million with an explanation that they are open space. He asked for an explanation for why the values are suddenly being challenged. County Assessor Steve Martin explained that they were previously declared as developable property and were taxed as if they would be developed. Then the owners went through the process to convert the property to common area, which is not taxable. He offered to research the lots and e-mail the Board with specific information related to those lots.

Board Member Robinson made a motion to approve the stipulations as presented. The motion was seconded by Board Member Ure and passed unanimously, 4 to 0. Board Member Armstrong was not present.

DISCUSSION AND POSSIBLE APPROVAL OF STIPULATION OF SETTLEMENT AND JOINT MOTION FOR APPROVAL AND ORDER OF APPROVAL IN A MATTER BEFORE THE UTAH STATE TAX COMMISSION; STEVE MARTIN

Mr. Martin recalled that this item relates to a parcel of land in the Canyons known as RC7 on which an appeal was filed four or five years ago. This is part of the cleanup of that appeal.

Commercial Appraiser Jeremy Manning explained that the argument related to a discount of density on the part of the petitioner. The County's attorneys believed they had an accurate account, and the petitioner agreed that was the density on the parcel, and they thought that resolved the argument. However, it turns out that the entire property was under a development restriction that severely affected the value, which influenced the negotiation for a lower value for the parcel from 2011 through 2014. Board Member Robinson confirmed with Mr. Martin that the taxes were paid on this property from 2011 through 2014. Chair Carson asked what amount would be refunded to the petitioner. Mr. Martin replied that the amount of tax revenues to be refunded has not yet been calculated.

Board Member Robinson asked if the density declined during the years the value was lower or if it has remained the same. Mr. Manning replied that the density has remained the same. He confirmed that for 2015, the assessed value is $7.758 million. He clarified that the land was undevelopable until the Canyons golf course was completed, so the value will increase in 2016 as the land becomes developable.

Chair Carson requested that a discussion of this parcel be included in the Canyons update.

Board Member Ure made a motion to approve the Stipulation of Settlement and Joint Motion for Approval and Order in a matter before the Utah State Tax Commission regarding Parcel PP-74-G, also known as RC7, for the years 2011 through 2014. The motion was seconded by Board Member Robinson and passed unanimously, 4 to 0. Board Member Armstrong was not present.

DISMISS AS THE BOARD OF EQUALIZATION

Board Member Robinson made a motion to dismiss as the Summit County Board of Equalization and to reconvene as the Summit County Council. The motion was seconded by Board Member Ure and passed unanimously, 4 to 0. Board Member Armstrong was not present.

The meeting of the Summit County Board of Equalization adjourned at 3:45 p.m.

WORK SESSION

Chair Carson called the work session to order at 3:45p.m.

- **Discussion regarding centrally assessed properties; Paul Bredthauer, Deputy Director, Utah State Tax Commission**

Chair Carson explained that centrally assessed properties affect Summit County, and the County does not have a lot of information about them. This is an opportunity for the Council to learn more about centrally assessed properties and how they affect the County. She asked Mr. Bredthauer to also address anything that may be forthcoming with regard to centrally assessed properties that could affect Summit County.

Paul Bredthauer, Deputy Director of the Utah State Tax Commission, reviewed the types of properties that are valued by the State, including all property that operates across county lines, public utilities, airlines, geothermal resources, mines and mining claims, public utilities, pipeline companies, power companies, telephone companies, railroads and rail car companies, and oil and gas wells. He reviewed the qualifications for State appraisers. He explained that all centrally assessed entities are reappraised every year, and he described the process for assessing the properties, which includes a cost approach, sales or market approach, and income approach. He explained that the State will use all viable approaches to assess each property.

Mr. Bredthauer described the appeal process and explained that appeals must be filed within 30 days of issuance of the notice of valuation. Hearings are held in July, and orders should be issued within one month, because it is important for the counties to have that information prior to budgeting for the coming year. He discussed the means by which an appeal may be resolved, which are withdrawal of the appeal, stipulation, and hearing.

JJ Alder, Valuation Analyst with the State Tax Commission, reviewed the statistics shown in the staff report. He reviewed the values of centrally assessed properties by industry statewide and in Summit County. He presented a graph showing the historical totals of centrally assessed values in Summit County. Mr. Bredthauer explained that much of the growth shown on the graph is driven by new residential development that requires additional services. Mr. Alder provided historical data regarding utility assessments and natural resource assessments in Summit County.

Council Member Robinson verified with Mr. Bredthauer that the values shown in the statistics are all attributed to Summit County and are not divided with the State. Mr. Bredthauer explained that all the valuation of centrally assessed properties is solely for the benefit of the counties.

Mr. Alder presented a graph showing natural gas well valuations in Summit County, which have declined significantly in the last nine years. He also noted that the number of drilling permits issued since 2006 has declined significantly.

Mr. Bredthauer referred to several appeals from centrally assessed properties and the status of those appeals before the State Tax Commission.

- **Presentation by Park City Board of Education regarding bond; Julie Eihausen and Phil Kaplan**

Julie Eihausen, a member of the Park City Board of Education, provided copies of an article in the *PC Prospector* that explains the school bond. She explained that District enrollment has increased almost 13% since 2006, five of seven schools are at or near capacity, and they project 2% growth. They are using mobile classrooms and remodeled Parley's to squeeze in more room to get by without trailers this year. She explained that the School District initially looked at building another elementary school, but the secondary schools are also full, so that would not solve the problem. They will adjust the grades in the schools to help solve the problem as follows: Elementary school will now be pre-K through grade 4, a new middle school will be built for grades 5 and 6, junior high will be grades 7 and 8, and high school will be grades 9 through 12. The Kindergarten program will be all day, and a grade 5 and 6 middle school will facilitate the language immersion program. They will also update athletics and performing arts, which were not addressed in the last remodel. She reviewed the plans for the future campus design.

Board of Education member Phil Kaplan reviewed the proposed projects that will be paid for through the bond as shown in the staff report. He reported that the last ballot proposition for a School District bond was in 1999, and in February 2015 that bond was paid off. The District currently has $19 million in its surplus account, and approximately half of that will be used to help fund the projects. He stated that the tax impact on an average home within the School District boundaries would be approximately $10 per month. Council Member McMullin confirmed with Mr. Kaplan that the interest cost would not be 4% on $55 million for 20 years, but would actually be less than that. Mr. Kaplan explained that the State requires the District to use its formula and put information in the voter information pamphlet showing what would happen if they were to draw the entire amount at once at a reasonable interest rate they will not exceed. However, the School District will do everything it can to keep the costs below that. He explained that, even taking into consideration the impact of the bond tax, the school tax will be 10% lower in real dollars than it was 10 years ago and 26% lower in inflation-adjusted dollars.

Chair Carson referred to comments that have been made about cost overruns on the previous high school remodel and explained that they realized after it was under construction that they had additional revenue, so they made some scoping changes. She emphasized that those changes were intentional to add back in some things that were originally engineered out. There were also some increases due to construction cost increases that occurred after the project was under way.

- **Summit County Manager's 2016 budget message and presentation to the Council; Tom Fisher and Matt Leavitt**

County Manager Tom Fisher complimented the budget committee for their hard work and the department heads and elected officials for providing their information in a timely manner. He explained that, over all, the budget will keep fund balances at the high end of their thresholds while also taking care of some capital needs. He is recommending six new positions for 2016. They will also develop a strategy for potentially putting a revenue enhancement on the ballot in 2016 and a bonding strategy, since two of the County's bonds will be paid off by next year.

Finance Officer Matt Leavitt explained that the budget process started in June, and he reviewed the process to get the Manager's budget ready for presentation to the Council. He noted that the budget committee worked very hard and put in 50 hours per month to prepare the budget. The budget committee presented its recommendations to the Manager on September 8, and since then the Manager has met with department heads and elected officials, who had an opportunity to appeal the committee's recommendations. There were only three appeals, and it appears that most department heads are satisfied with what is recommended.

The Manager recommends a $61.3 million budget for 2016, but without the capital projects it is a $47.1 million budget. The 2015 budget was $57.2 million, and without capital projects, it was $47.3 million.

Mr. Leavitt provided a history of the general fund, municipal fund, and assessing and collecting fund, which combined comprise the County's operating fund. He also reviewed the percentage ranges for the fund balances for each account. He discussed the revenue sources and budget forecast for each revenue source for 2016.

Council Member Robinson asked which fund the purchase of open space would come from and if they have to budget for it. Mr. Leavitt replied that proposed purchases of open space would have to be shown in the budget but would not be shown in the operating budget.

Mr. Leavitt presented the County's population statistics and explained that the average citizen pays about $1,200 for services, and that amount has been about the same for the last five or six years. He also showed the taxable values for the entire County. He noted that growth statistics are starting to increase rapidly, but he would like to budget conservatively for 2016, because he would not want to budget for significantly more than the County may receive in revenues. He provided a comparison of operating expenses for 2012 with what is proposed for 2016 and reviewed major changes in the proposed 2016 budget. Capital projects are budgeted at $4.2 million, and the budget for facility projects is $9.9 million, some of which are carryover projects. The transit facility is included in the transit budget. Six new positions are recommended, which result in a $.5 million increase, but he noted that the County will be retiring two bonds this year. With the capital projects, total operating expenses will increase by 7.1%, but without the capital projects, total operating expenses will decrease by .6%. He briefly discussed the capital and facilities projects proposed for 2016. He noted that they have added money to the sustainability budget for an analysis of the effectiveness of solar panels on various County buildings.

Mr. Leavitt reviewed the schedule of budget meetings and stated that the Council will adopt the budget on or before December 16. Currently a public hearing is scheduled for December 9, and another public hearing and decision is on the agenda for December 16.

REGULAR MEETING

Chair Carson called the regular meeting to order at 5:45 p.m.

- **Pledge of Allegiance**

COUNCIL COMMENTS

Council Member Ure reported that the money has been allocated for the CDBG grants, and approximately $500,000 will be divided between Wasatch County and Summit County. A workshop will be held on November 12 for all applicants.

Council Member McMullin reported that she did an LED upgrade. She stated that she agrees with the editorial in the newspaper today and would like to know what benefit Summit County receives from being a member of UAC. She was appalled at the Commissioner of the Year. Chair Carson stated that she has suggested that UAC change the way they make those selections and open it up to all commissioners and council members. They are looking at having the executive director of UAC come to Summit County and make a presentation. She expressed concern that there might be some retribution if Summit County were to leave UAC, and it might not be good at the legislative level in trying to get the support of other counties. She believed there is valuable work the counties are able to do together.

Chair Carson reported that she and Council Member Ure met with the Forest Service this morning in a roundtable discussion with other northern Utah counties, and she thought it was very worthwhile. All the District Rangers were there, and the goal was to open communication between the Forest Service and the counties. Council Member Ure suggested that they invite the District Ranger for Summit County to meet with the Council at least once a year.

MANAGER COMMENTS

There were no Manager comments.

APPROVAL OF MINUTES
SEPTEMBER 17, 2015

Council Member Ure made a motion to approve the minutes of the September 17, 2015, Summit County Council meeting as written. The motion was seconded by Council Member Robinson and passed unanimously, 3 to 0. Council Member McMullin abstained from the vote, as she did not attend the September 17 meeting, and Council Member Armstrong was not present for the vote.

PUBLIC INPUT

Chair Carson opened the public input.

Insa Riepen with Recycle Utah reported that the fall hazardous waste collection event was held on Saturday, October 10, and was supported by Summit County. They served 500 cars in three hours and had to turn 35 cars away. She stated that this is a great event that contributes to the protection of the watershed and recommended that they continue it. They have called a meeting with the parties involved to discuss it and see how they can make it better. Although those services are provided at the 3-Mile-Canyon landfill all year, they collect more at the hazardous waste event in one day than the landfill does all year. She stated that people like to come to these events, they are successful, and they need to continue them. She thanked all the people who participated in the event to make it successful. She asked the Council to consider supporting this if they see it in their budget requests. She also stated that she supports increasing the tipping fees and charging residents for garbage collection.

Chair Carson closed the public input.

PUBLIC HEARING AND POSSIBLE APPROVAL OF ORDINANCE NO. 850 REGARDING DEER MEADOWS SPECIALLY PLANNED AREA; RAY MILLINER, COUNTY PLANNER

County Planner Ray Milliner presented the staff report and explained that the applicant is proposing seven units of density in the Tollgate Canyon area. He reviewed a history of the application and recalled that the Council most recently reviewed it in May 2015 and directed Staff to provide additional information. The Council asked Staff to address access and infrastructure, look at any increase in density, provide a site visit, and address wildfire concerns. They also requested a copy of the minutes from the November 28, 2012, Council meeting. Mr. Milliner reviewed what had been done to address those issues, as shown in the staff report. He reported that the applicant provided a draft development agreement outlining the community benefits for this SPA application, which is included in the packet. Staff has found that this application meets the basic requirements for a Specially Planned Area and has included findings for approval in the staff report. Staff has also prepared an ordinance with findings and conclusions for approval of the SPA. Staff requested that the Council approve the SPA and plat amendment but not approve the development agreement this evening. The Legal Department would like to review the development agreement language to be sure it is legally defensible, and it will be brought back to the Council at a later time for approval. Mr. Milliner reported that he has received several items of public input and a number of telephone calls. Those who telephoned expressed concerns about traffic, road impacts, and increases in density. Staff requested that the County Council hold a public hearing and consider approving Ordinance No. 850 with the findings of fact, conclusions of law, and conditions of approval shown in the staff report.

Chair Carson noted that a few of the letters expressed concern about this setting a precedent for future exchanges. County Attorney Robert Hilder replied that he could not see any binding precedence. Deputy County Attorney Helen Strachan explained that the biggest concern legally is that this looks like a TDR but is not a TDR application, and the County does not have a TDR ordinance. She recalled previous concerns that, when someone buys into a subdivision, they know what it is like and that it will not change. She believed concerns about precedent related to taking density out of something that is already platted and potentially moving it elsewhere is a policy consideration. The legal concern is that, under State statute, they cannot do a TDR unless there is a TDR ordinance. She acknowledged that this is a SPA application, but when looking at the agreement between the developer and Pine Meadow Ranch, they refer over and over again to a transfer of development rights.

Chair Carson opened the public hearing.

James Horton, owner of Lot 13, stated that he supports this and does not see a problem with it. To him it looks like it is not an increase in density and would not do any harm. He believed it would be planned better than some of the other development in that area.

Cheryl Hardcastle Groot, a resident of Pine Meadow Ranch, stated that she has owned her property since 1985 and has seen a lot of changes there. She is an EMR at the new station that will be built in Pine Meadow Ranch and is involved in the community. She recalled that when this started, a lot of people were upset, and they were strongly opposed to what was proposed. However, the applicant has been very concerned and listened to what the residents want and need, and he has complied with everything she has requested. There are acres of undeveloped property adjacent to this one, and if other developers come and want to build there, she hoped this would set a precedent for how to deal with the residents. She supports the proposed SPA.

Pete Gillwald, representing the developer, recalled that one of the questions the Council previously asked was which lots the developer would extinguish. He provided a map showing the six lots that the applicant, Doug McAllister, would purchase and extinguish. He confirmed that they are developable lots. He emphasized that they will not increase density and are just being moved, so there will be no additional impacts on the roads or the community. He commented that this proposal is density neutral and will also provide community benefits. He recalled that concerns were expressed that the Pine Meadow HOA does not represent all the property owners in the area, but they do maintain the roads, and that is the governing body the applicant had to work with. With regard to setting a precedent, he recalled that they started with 21 lots and worked to get what the County wanted. If someone else were to come in and want to develop in this area, this could be a model for the standards the County is looking for and possibly move other density through the SPA process.

Chair Carson asked if they want more SPAs to transfer development rights. Community Development Director Patrick Putt explained that is a policy discussion for the County Council. It is the Planning Commission's desire to deliver to the Council a Development Code that is more deliberate to achieve densities in the locations where they think they are appropriate. He believed that, ultimately, they would be looking at a master planning process and a TDR program, and this is a hybrid of that. He believed this application is an exercise in evaluating through the SPA process whether a sufficient amount of community benefit is being provided.

Council Member Robinson stated that he was pleased to see the minutes of the Council meeting three years ago, and his feelings as shown in those minutes have not changed much. He expected to see a development agreement executed at the same time as the SPA and that the deed restrictions would go on the extinguished lots at that same time. This document says they could develop and extinguish one lot at a time. He would like to see the six lots deed restricted at the same time so everyone can see that the six lots are actually buildable. He would ask for a slope map for each lot to be sure it truly is buildable.

Chair Carson stated that was one of her concerns after the Council's last review of this application, and that is why she asked for a site tour. She was comfortable after the site tour and seeing the six lots. One appeared to be unbuildable, but the other five were clearly buildable, and perhaps some mitigation could be done to build on the sixth one.

Council Member Robinson commented that the HOA appears to agree to this, so he is not worried about having the open space scattered throughout the existing development rather than on the lots being developed. The County does not have a mechanism for doing this other than a SPA, and he appreciates that they have not eliminated the SPA until it can be replaced with something else that will work, although this situation is a little unusual. He asked for clarification regarding the roads that will access this property. Mr. McAllister explained that the developer did not choose any road to be improved for access to this property. The HOA will decide how to use the money for the road improvements. Council Member Robinson was not convinced that the deed restrictions are robust enough for County purposes. He reiterated that he is not in favor of approving the SPA and development agreement separately and not having a complete package where the deed restrictions are placed on the six lots. Mr. McAllister explained that the proposal before the Council identifies the six lots that will be deed restricted. Council Member Robinson stated that he wants the deed restrictions recorded against the six lots at the same time as the SPA is approved so they know exactly which lots and that they are all buildable. Mr. McAllister explained that they are ready to record the plat and do it all at once. He stated that the lots are all buildable, and the Council Members who came on the site visit could confirm that. Council Member Robinson requested a slope map of the six lots.

Council Member McMullin stated that not all the Council Members need to see the slope map. The applicant has identified the six lots and stated that they are all buildable. She suggested that they add that as a condition of the SPA and that there is no reason to not move forward with the SPA if they include that condition SPA.

Council Member Robinson did not understand why they would not approve the SPA and development agreement at the same time. Mr. Milliner explained that the process as stated in the Development Code is that the County Council will approve the SPA, and then the applicant will return with a development agreement for approval. The idea is that the Council will approve the SPA with certain conditions and the public benefits that are proposed, and then the applicant and the Council negotiate a development agreement that reflects what was approved. Council Member McMullin explained that the staff report should not even include a draft development agreement, because the applicant is only requesting approval of the SPA.

Council Member Robinson stated that his conditions would be to approve the SPA subject to the six lots being identified and demonstrated to be buildable at the time of approval and signing of the development agreement; that the development agreement would be negotiated to the satisfaction of the County Council and Planning and Legal Staff; that when approved, the development agreement would be recorded against the 99-acre receiving and the six sending lots along with a deed restriction to the satisfaction of the County; and that the community benefits be shown on the plat notes.

Chair Carson asked about the provision that each single-family lot may contain a guest home of up to 2,500 gross square feet, which would create a 14-unit subdivision, not a 7-unit subdivision. Mr. Gillwald explained that the land use table for Eastern Summit County allows a guest home through a Low Impact Permit (LIP). An accessory building under 2,000 square feet is allowed, and an accessory building over 2,000 square feet requires a Conditional Use Permit (CUP). Council Member McMullin suggested that the language state that the lots may contain a guest home that complies with the Code. Ms. Strachan explained that a SPA creates a new zone that is outside the Code requirements and creates its own rules. Chair Carson recalled that the concerns they have heard relate to increased traffic and increased fire danger. She was concerned that allowing a second home to be built on each lot would result in a significant increase in impacts beyond what has been addressed. Mr. Gillwald explained that he was trying to find a way to create some value for the applicant and create a product that would allow him to recoup some of his costs over the last eight or ten years going through this process. He reiterated that the land use table allows that to occur under additional County review, and they would be willing to allow a future homeowner to apply for a guest house under the LIP process as the Code states. Ms. Strachan suggested that they bring that back as part of the development agreement negotiation.

Cheryl Hardcastle Groot stated that the additional 2,500-square-foot building comes as a surprise to her, and she was not sure the HOA knows about that. Mr. Milliner explained that both development codes allow an accessory dwelling of not more than 1,000 square feet, and that can be inside the home. An accessory building of 2,000 square feet is an allowed use, and above 2,000 square feet it is a conditional use. An accessory building would be like a barn or shed. An accessory dwelling could be inside of an accessory building, but it could be no larger than 1,000 square feet. The Eastern Summit County Development Code includes a provision for a ranch hand unit of up to 2,500 square feet. Chair Carson asked if the lots being extinguished would be eligible for an accessory dwelling. Mr. Milliner believed the Code requires a certain amount of acreage on a lot in order to build an accessory dwelling for ranch hands, but those lots would qualify for an accessory dwelling. He offered to review the Code more closely regarding that provision and suggested that they eliminate that provision and state that the property owners will be allowed to do what is outlined in the Eastern Summit County Development Code. Council Member McMullin requested that they state that the property owners will have no more right than that which would have accrued to the extinguished parcels, because they are doing a trade that should not have any more impact than the existing parcels.

Council Member Robinson requested an additional condition that the final plat will be presented and approved with the appropriate plat notes at the same time as the development agreement. He asked how long the SPA would remain in force if the developer does not come in with a development agreement. Mr. Milliner replied that the SPA would be in effect for one year for the developer to negotiate a development agreement. Council Member Robinson requested a condition of approval stating that the SPA will be in force for one year, during which time the applicant will negotiate and obtain approval from the County Council of a development agreement and final plat, and the development agreement will contain the conditions he mentioned earlier.

George Croft, a property owner in Pine Meadow Ranch, stated that this project appears to be a calming rather than a firing up of development. People realize that half-acre lots do not work well with what is allowed to be built by Code. There are many lots that people thought would not be buildable, but with enough money and persuasion, something can be built. He stated that some things in the staff report are not being dealt with right now. The staff report states that nothing will be built on the extinguished lots, but the Code and HOA currently allow for guest residences. He believed it would be restrictive to not allow outbuildings on the new lots like they are allowed for the rest of the subdivision. Chair Carson recalled that they talked about not allowing anything greater on the new lots than what would be allowed on the extinguished lots. Mr. Croft stated that he was surprised at the huge homes that are being allowed on the small lots in Pine Meadow Ranch. Everything he has seen Mr. McAllister do is very prudent, forward thinking, and calming. He commented that people like to recreate on property that does not belong to them, and he did not believe people should be allowed to object simply because they will lose their playground for unleashed dogs and ATVs, knocking down signs and going around fences and gates. He believed it is a good thing to spread out the tension that exists in Pine Meadow Ranch, because people do not have the room they want on their lots. He is in support of this project and knows Mr. McAllister can make this a showcase. He stated that one cabin on 5 acres looks much better than one cabin on .6 acre, especially when there is a row of huge cabins on .6-acre lots. If people want to have property to recreate on, they should buy it.

Chair Carson closed the public hearing.

Council Member Robinson commented that the ordinance needs to be revised to address the things they discussed in this meeting.

Council Member Robinson made a motion to approve the Deer Meadows Specially Planned Area through adoption of Ordinance No. 850, with the ordinance to be redrafted by Staff to reflect what was discussed in this meeting, based on the following findings of fact, conclusions of law, and conditions of approval outlined in the staff report, with additional conditions discussed in this meeting, and to authorize the Chair to sign the amended ordinance:

<u>Findings of Fact</u>:

1. **The applicant is the owner of parcels SS-142-E-2-B (4.16 acres); SS-142-E-2-C (3.31 acres); SS-142-E-2-D (5.99 acres); SS-142-E-2-E (17.12 acres); SS-142-E-2-F (21.97); SS-142-E-2-G (47.08 acres).**
2. **Combined, there is a total of 99.63 acres on site.**
3. **The property is zoned Agricultural (AG-100).**
4. **In February of 2008, the applicant applied for a development agreement that would transfer density from existing lots of record in the Pine Meadows subdivisions to his property, creating 8 units.**
5. **The application was reviewed by the Eastern Summit County Planning Commission (ESCPC), which forwarded a positive recommendation to the County Council.**
6. **The County Council denied the application based on a failure to provide a benefit to the general public.**
7. **In October of 2010, the applicant returned with a new proposal for a SPA that would create 21 lots on the parcel.**
8. **The project was reviewed by the Eastern Summit County Planning Commission on December 1, 2010, and January 5, 2011.**
9. **On January 18, 2012, the ESCPC held a public hearing and voted on the project.**
10. **The vote was 3-3, resulting in the SPA application being forwarded to the SCC with no recommendation.**
11. **On November 28, 2012, the County Council held a work session, and the applicant reduced the proposed number of units from 21 to 7.**
12. **The applicant proposes seven (7) single-family residential lots, six (6) of which have yet to be built and one (1) of which is an existing cabin structure, for a total of seven (7) single-family lots. The 6 new lots and the existing cabin lot will be platted only after six (6) Building Rights have been extinguished from existing Lots of Record within Tollgate Canyon and Pine Meadows.**
13. **There will be no further development, structures, pads, or decks on any extinguished Lot of Record, including the parking or storage of vehicles and trailers. Such restriction will be enforced by a Deed Restriction against the eliminated Lot.**
14. **The applicant met with representatives from the North Summit Fire District, who stated that, provided the applicant adheres to all current standards and regulations set forth in the International Fire Code, they would support the project.**
15. **The proposed development will keep the existing density in the area the same.**
16. **The elimination of the existing lots will mitigate any increase in traffic impacts on the immediate area and will provide additional benefits to the County that otherwise would not be available.**
17. **The uses proposed on the lots are similar in size and scale to other developments in the immediate area.**
18. **The applicant has demonstrated that he can provide water, septic, electricity and other necessary utilities to the site in a safe and efficient manner.**
19. **The proposed building sites are located off of ridgelines, away from sensitive lands such as wetlands and streams, and will be designed to mitigate issues related to fire.**

<u>Conclusions of Law</u>:

1. **There is good cause for this SPA.**
2. **The proposed SPA, as conditioned, complies with all requirements of the Eastern Summit County Development Code.**

3. The SPA, as conditioned, is consistent with the Eastern Summit County General Plan, as amended.
4. The SPA is not detrimental to public health, safety and welfare, as the proposal will keep the existing density and uses the same.
5. The SPA is compatible with the existing neighborhood character and will not adversely affect surrounding land uses.
6. The effects of any differences in use or scale have been mitigated through careful planning.

Conditions of Approval:

1. All conditions and requirements within the attached development agreement shall be met.
2. Prior to any construction on the project, a development agreement shall be approved by the County Council and recorded with the Summit County Recorder's Office.
3. The six lots to be extinguished shall be identified and demonstrated to be buildable at the time of approval and signing of the development agreement.
4. The development agreement will be negotiated to the satisfaction of the County Council and Planning and Legal Staff.
5. Upon approval, the development agreement will be recorded against the 99-acre receiving development parcel and the six sending lots along with a deed restriction to the County's satisfaction.
6. The community benefits shall be shown on the plat notes.
7. The owners of the newly created parcels shall have no more development rights than those which would have accrued to the extinguished parcels.
8. The final plat with the appropriate plat notes will be presented and approved at the same time as the development agreement.
9. The SPA will be in force for one year, during which time the applicant will negotiate and obtain approval from the County Council of a development agreement and final plat, and the development agreement will contain the conditions discussed in the October 14, 2015, County Council meeting.

The motion was seconded by Council Member McMullin and passed unanimously, 4 to 0. Council Member Armstrong was not present.

The County Council meeting adjourned at 7:15 p.m.

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Council Chair, Kim Carson ***County Clerk,*** Kent Jones

MINUTES

SUMMIT COUNTY
BOARD OF COUNTY COUNCIL
WEDNESDAY, OCTOBER 21, 2015
SHELDON RICHINS BUILDING
PARK CITY, UTAH

PRESENT:

Kim Carson, *Council Chair*
Roger Armstrong, *Council Vice Chair*
Claudia McMullin, *Council Member*
Chris Robinson, *Council Member*
David Ure, *Council Member*

Tom Fisher, *Manager*
Anita Lewis, *Assistant Manager*
Robert Hilder, *Attorney*
David Thomas, *Deputy Attorney*
Kent Jones, *Clerk*
Karen McLaws, *Secretary*

COUNCIL MEMBERS TO ATTEND THE RIBBON CUTTING CEREMONY AND UNVEILING OF THE NEW SOLAR PHOTOVOLTAIC INSTALLATION AT THE SUMMIT COUNTY JUSTICE CENTER, 6300 SILVER CREEK DRIVE, PARK CITY

The Council Members attended the ribbon cutting ceremony for the solar photovoltaic installation at the Summit County Justice Center from 12:00 to 12:30 p.m.

CLOSED SESSION

Council Member Armstrong made a motion to convene in closed session to discuss property acquisition. The motion was seconded by Council Member Robinson and passed unanimously, 5 to 0.

The Summit County Council met in closed session for the purpose of discussing property acquisition from 2:10 p.m. to 3:10 p.m. Those in attendance were:

Kim Carson, *Council Chair*
Roger Armstrong, *Council Vice Chair*
Claudia McMullin, *Council Member*
Chris Robinson, *Council Member*
David Ure, *Council Member*

Tom Fisher, *Manager*
Anita Lewis, *Assistant Manager*
Robert Hilder, *Attorney*
David Thomas, *Deputy Attorney*

Council Member Armstrong made a motion to dismiss from closed session and to convene in work session. The motion was seconded by Council Member Robinson and passed unanimously, 5 to 0.

WORK SESSION

Chair Carson called the work session to order at 3:20 p.m.

- **Interview applicants for vacancy on the Summit County Recreation Arts and Parks Advisory Committee-Cultural (RAP Tax Cultural Committee)**

The Council Members interviewed Mellie Owen by telephone, Judy Horwitz, and Jennifer Tyler for a vacant position on the Recreation Arts and Parks Advisory Committee-Cultural. Questions included why the applicants want to serve on the committee, why the Council should appoint them to the committee, what skills they would bring to the committee, if they have any conflicts of interest, and whether they have the time to serve on this committee.

- **Presentation of plaque for Echo Sewer project; John Cook, Utah Division of Water Quality**

John Cook with the Utah Division of Water Quality recalled that in May 2012 the County Council, acting as the governing body of the Echo Sewer Special Service District, applied for funding to repair the drainfield for the town of Echo. This was a priority project, because the drainfield had failed, and sewage was leaking into the Weber River. The total cost of the project was about $620,000, including a CDBG grant and a loan from the Division of Water Quality. The State wanted to express gratitude to the County acting on behalf of the Echo Sewer District for its outstanding support of the Clean Water Act.

- **Presentation of health insurance proposals; Brian Bellamy and Ronnie Sue Wilde**

Personnel Director Brian Bellamy recalled that the County formed a consortium with other County entities a few years ago to self-insure and provide health insurance for the employees. He reported that they put out an RFP for a provider this year, and the four members of the consortium chose to remain with Select Health for medical care and chose VRx for the pharmacy benefit. He reported that the health care premium has increased by 6.5%, and the trends right now are between 8.5% and 12% increases. The health care pool is currently approximately $1.1 million to pay for administration and claims. He recalled that the Council initially budgeted $200,000 to start the insurance pool. The idea is to build that fund slowly and steadily until there are three to four months' worth of claims in the pool, and they currently have about two and a half months' worth of claims.

Mr. Bellamy recalled that employees who chose not to participate in the County's health care plan were given $350 per month, and that has worked quite well. They would like to do that again this year, because it removes administration and claims costs from the County. Last year the County also paid $750/$1500 into a health savings account for individuals on the Qualified High Deductible Plan, and 17 people took advantage of that. He asked the Council to consider increasing that to $1250/$2500 in 2016. If they can move more people to the high deductible plan, there will be fewer claims for the County to process and fewer costs associated with processing claims.

Council Member Robinson asked how much it will save the County if people enroll in the high deductible plan with the County's donation to the HSA. Mr. Bellamy replied it would save about 3.5% to 4.5% in claims costs, or about $77,000 to $99,000 per year assuming all employees move from the Care and Care Plus plans. He explained that people tend to be better consumers in the high deductible plan, because they spend their own money initially, and they would like to incentivize that.

Ronnie Sue Wilder reviewed the biometrics program and explained that employees who do not smoke save 5% on their premiums, and if they pass three of the five biometrics, they also save 5% on their premiums. She presented charts showing the premiums employees would pay if they meet the non-smoking and biometric requirements and what they would pay if they do not meet those requirements. She knows of four people who stopped smoking because they did not want to pay the additional health insurance premium. Mr. Bellamy explained that, if someone is enrolled in a tobacco cessation program, the County will offer the discount, because the employee is making the effort to fix the problem, and the important thing is people's wellness.

Ms. Wilde explained that they will offer Select Med Plus this year, which allows people to stay in the program and use participating providers or swing out and use non-participating providers. They hope to get people to move from Care Plus, which is very costly and provides a swing out, to Select Med Plus, which will also provide a swing out and is less costly.

Mr. Bellamy explained that these numbers are in the budget, but open enrollment occurs on November 5. He requested that the Council give him a nod of approval for what is proposed so he can proceed with open enrollment.

Chair Carson asked if Mr. Bellamy has cost comparisons with other entities and if he knows the average contribution is to a HSA. Mr. Bellamy replied that Summit County is on the low end, and that is one reason they wanted to increase it this year. Chair Carson confirmed with Mr. Bellamy that he believes the County will still come out ahead if they increase the HSA contribution.

Council Member Ure confirmed that the employees are generally satisfied with the health insurance that is being offered. Ms. Wilde commented that a number of employees have expressed how grateful they are that they have the insurance that is available to them.

CONVENE AS THE BOARD OF EQUALIZATION

Council Member Armstrong made a motion to convene as the Summit County Board of Equalization. The motion was seconded by Council Member Robinson and passed unanimously, 5 to 0.

The meeting of the Summit County Board of Equalization was called to order at 4:39 p.m.

CONSIDERATION OF APPROVAL OF 2015 STIPULATIONS

Chair Carson recalled that she requested a comparison of the stipulations to past years, and the Board has never received that information.

Board Member Ure made a motion to approve the 2015 stipulations as presented. The motion was seconded by Board Member Armstrong and passed unanimously, 5 to 0.

DISMISS AS THE BOARD OF EQUALIZATION AND RECONVENE AS THE SUMMIT COUNTY COUNCIL

Board Member Armstrong made a motion to dismiss as the Summit County Board of Equalization and reconvene as the Summit County Council. The motion was seconded by Board Member Ure and passed unanimously, 5 to 0.

The meeting of the Summit County Board of Equalization adjourned at 4:40 p.m.

REGULAR MEETING

Chair Carson called the regular meeting to order at 4:40 p.m.

- **Pledge of Allegiance**

COUNCIL COMMENTS

Council Member Armstrong requested permission to reconvene the groups that visited California in September 2014 to look at community choice aggregation programs in Marin County. He was contacted by a member of the Salt Lake City Council who is interested in moving this forward and is looking at including it in the City's budget. He requested that money be included in the County's budget for a feasibility study and a consultant to see if it is feasible to implement a community choice aggregation program in Utah. He stated that the study could range between $25,000 and $150,000, and Park City and Salt Lake City would also participate subject to the approval from their respective councils. He indicated that Salt Lake County has also shown some preliminary interest in participating. County Manager Tom Fisher explained that is included in the Manager's budget proposal for next year.

Council Member Robinson reported that he provided the agenda and supporting documents for Monday's Mountain Accord meeting and intends to attend that meeting.

Chair Carson reported that Council Member Robinson joined her on a walk with the Health Department for cancer awareness.

MANAGER COMMENTS

Mr. Fisher reported that an owner's representative has been hired to help move the process along for the Kamas facility. The County is in the process of working with Kamas City to master plan the entire site and agree on how they will build, because it will likely be a shared facility. He will receive information from the owner's representative next week, and construction is planned to start in the spring.

Mr. Fisher reported that the short-range transit plan is moving forward with Park City, with two more public meetings, tonight and tomorrow night. Julie Booth discussed the social media outreach that is being done for those public meetings.

On Friday morning the Staff group will meet on the I-80/Parley's study related to Mountain Accord. They will discuss the ILA associated with that study and the scope of the study. Council Member Armstrong asked Mr. Fisher to keep the Council up to date on that process as it continues.

APPROVAL OF MINUTES
SEPTEMBER 8, 2015
SEPTEMBER 30, 2015

Council Member Armstrong made a motion to approve the minutes of the September 8, 2015, Summit County Council meeting as written. The motion was seconded by Council Member Robinson and passed unanimously, 3 to 0. Council Members McMullin and Carson abstained from the vote, as they did not attend the September 8 meeting.

Council Member Armstrong made a motion to approve the minutes of the September 30, 2015, Summit County Council meeting as written. The motion was seconded by Council Member Robinson and passed unanimously, 4 to 0. Council Member Carson abstained from the vote, as she did not attend the September 30 meeting.

WORK SESSION – (Continued)

- **Discussion with members of the Eastern Summit County Planning Commission**

Community Development Director Patrick Putt recalled that in August 2013 the Council adopted an updated Eastern Summit County General Plan. The primary hallmarks of that General Plan were to balance property rights with the need to facilitate the growth that will occur, to support agriculture while recognizing the need to develop strategies for residential growth and creating tools to accommodate future residential growth, to establish zoning districts to address current and future land use needs, and to create a predictable Development Code. He reviewed a list of recommended updates to the Eastern Summit County Development Code, including updated definitions and land use table, a revised lot of record approach, subdivision of 5 lots or less being subject to administrative review, subdivisions of 6 lots or more requiring Planning Commission and County Council review and approval, a non-development land division process, including process flow charts in the Code, an optional sketch plan process, revised and clarified submittal requirements, and updated development standards.

Mr. Putt discussed a number of new zones that would be applied to a new base map that would be the starting point for development strategies in Eastern Summit County. The new zones would be: AG1, AG6, AG20, AG40, and AG80, plus a Rural Residential Zone that would allow one unit per acre; Residential Subdivision that would allow 3 units per acre; Recreational Commercial that is yet to be determined; and Commercial, Light Industrial, Industrial, and Cabin Zones that have no density applied to them with an opportunity rezone based on specific factors for rezoning. He emphasized that currently there is no opportunity other than a SPA process for proposing a plan that would appropriately achieve the densities and provide the necessary infrastructure for the development that will be needed. He provided examples of study maps that have been considered in preparing a revised base map and discussed factors that were considered as they developed the maps, noting that the Planning Commission took public input as they developed them. He presented a draft zoning map the Planning Commission will take to public hearing starting on Thursday, October 22. He described the map and what it includes.

The Council Members discussed the Highway Corridor Zone and the newly proposed AG1 Zone that would replace it and how it would function. They also asked about the other proposed AG Zones and how they would function based on the type of parcels that exist in Eastern Summit County. Chair Carson asked how this would work with the municipalities and their annexation declaration areas. Planning Commissioner Chris Ure stated that, other than Kamas, they have had good response. Planning Commissioner Doug Clyde stated that Kamas does not want development density in their annexation area that would decrease someone's incentive to annex into the City. He believes density belongs in the cities. Commissioner Ure explained that Kamas has already stated they do not want more residential growth and only want commercial growth. Council Member Armstrong stated that he believes there will be growth in Kamas, and the Kamas Mayor's concern is that residential growth does not pay for the public services they will need. He believed as growth occurs there will be more commercial growth, and they need to contemplate where that commercial growth should occur. He asked what this plan does for the Kamas area, knowing there will be a push for growth in that direction. Commissioner Ure stated that they tried to respect the City's wishes in the Kamas area, and most of the area is zoned AG40, with a few areas zoned AG6. Council Member Armstrong observed that, as growth comes, in a decade or so they would have to look at the General Plan again to see if it is still working.

Council Member Robinson asked what could be built within 500 feet of the center line of the road and whether that depth is sufficient to allow an interior street so the lots will not front on the main road. He did not see how the AG1 Zone would result in a different development pattern than what they already have with everything fronting on existing County roads. Commissioner Clyde stated that what is proposed would precipitate the continuation of the HC Zone under a different name. Planning Commissioner Jeff Vernon explained that one reason they created the AG6 Zone was to get some of the density off of the main road. People could use part of their frontage to build a road and build a clustered development in the AG6 Zone. Council Member Robinson stated that he is trying to understand the goal of this zoning and expressed concern that it would create a lot of curb cuts on a main thoroughfare. He believed they should incentivize a development pattern that would provide an approach off the main highway to a new road that would access the development. Commissioner Ure explained that is where the ability to rezone comes in. Chair Carson asked what the incentive would be for someone to rezone rather than develop along the highway corridor the same as other people have. Commissioner Clyde stated that he could find no justification for extending the length of the highway corridor or doubling the width of the highway corridor, because it has failed as land planning. He believed the highway corridor burdens the infrastructure and does not pay for itself. Planning Commissioner Louise Willoughby commented that they also need to think about who lives in Eastern Summit County and what people are likely to do with their property. She did not think many people would want to put houses next to the highway. Council Member Robinson believed a number of owners would cash out their property, and a developer would come in and take advantage of whatever zoning they adopt. He noted that a large landowner would be benefited much more by a 3-unit-to-1-acre zone than an AG1 Zone. Commissioner Ure explained that current zoning does not allow property owners to do anything but push their property up to the road, but with the proposed zoning, they would have better options. Most of the people who come to the meetings are not looking for development but are looking for the ability to give their children an acre of ground to build a house. Planning Commissioner Sean Wharton explained how the new zoning could help someone pull their development off the highway through a rezone and create a small development. Commissioner Clyde argued that they need to put the density where the geography allows for it, not in the watershed.

Council Member Ure asked how much this will expand the highway corridor. Commissioner Vernon replied that they are restoring the roads and width that were previously removed from the HC Zone. Commissioner Ure stated that every major State road or highway in Eastern Summit County other than Democrat Alley would be zoned AG1, and Democrat Alley would be zoned AG6. Council Member Ure questioned how much of the property along the highway corridor is actually buildable ground, because much of it is in wetlands. If it is not buildable, he asked if that density could be transferred and consolidated with density somewhere else. Commissioner Vernon stated that he would love to see that happen so they could locate the density in the best locations. Commissioner Henrie commented that they have a good start, but there are still a lot of questions that need to be answered.

Chair Carson expressed concern about access to infrastructure, because some of these areas are not suitable for septic systems. Commissioner Ure explained that, just because a piece of property falls within a certain zone does not mean the property owner has the right to build on it. They still have to meet all the development requirements, including wetlands, steep slopes, and ability to put in septic systems, and that will govern where they are able to build. Chair Carson asked if they could transfer development rights to a more appropriate location. Commissioner Ure replied that they cannot right now, but that is something they want to look at. Commissioner Clyde stated that the concept of TDRs is a tenuous one at best, that there has never been an arm's length TDR in Summit County, and there is no market for it. He did not think they should continue to line the County's arterial roads with 1-acre lots just because people have done that in the past. That is not land planning, and he gets upset when he hears that they need to be fair, because land planning and zoning has nothing to do with fairness. He argued that zoning is for health, safety, and welfare, and that is all, and it has nothing to do with who owns the land.

Commissioner Wharton stated that, traditionally, people in Eastern Summit County have pulled density out of the highway corridor and built within the 40-acre zone, and he never thought that would not continue to be the case.

Council Member Robinson commented that the Planning Commission could work on zoning forever, and ultimately the County Council will make the final decision. He suggested that they present the issues and let the Council bring some order to it. Council Member Ure requested that whatever changes are made after taking public input be done in a public hearing with a vote, not in a subcommittee. Council Member Armstrong commented that, from what he has heard today, some details still need to be worked out, and there are still outstanding questions. He did not think the entire community should decide the entire Development Code and asked what they are looking to get from the public hearings. Commissioner Clyde stated that details like definitions are not things they would want to work out in a public hearing. Council Member Ure stated that he did not mean that subcommittees could not work on things, but he believed changes to what the Planning Commission is currently proposing should be presented in a public meeting with public input and a vote.

Mr. Putt commented that these are complex issues, but he believes there is an appropriate outcome. The community has been anxious to speak to this, and people are very interested. He feels they need feedback from the public to know how this will affect them. After that, the final draft and recommendation will be forwarded to the Council through a public process.

Commissioner Clyde requested a different format when the Planning Commission meets with the Council again and requested that the Commissioners be able to sit at a table.

PUBLIC INPUT

Chair Carson opened the public input.

There was no public input.

Chair Carson closed the public input.

PUBLIC HEARING AND POSSIBLE ADOPTION OF ORDINANCE NO. 851 AMENDING THE SNYDERVILLE BASIN DEVELOPMENT CODE SECTIONS 10-8-11, PRESERVATION OF HISTORIC STRUCTURES, AND 10-2-10, USE TABLE; RAY MILLINER, COUNTY PLANNER

County Planner Ray Milliner presented the staff report and recalled that five and a half months ago the Council adopted a Temporary Zoning Ordinance eliminating the existing language in the Code regarding preservation of historic structures. Staff previously processed an application for a use in a historic structure, and the Planning Commission became concerned that the existing Code language was too open-ended. One concern is that the County does not have a process for determining whether a structure is historically significant, so it is difficult to have a Code section to preserve historic structures if they do not know what a historic structure is. There was also no limitation on the uses allowed, and if an applicant met the Low Impact Permit (LIP) criteria, they could put any use in a historic structure. The Code previously also allowed for use on an associated property, which would have included property contiguous to the historic structure, and there were no preservation-related criteria. He presented the proposed language for Code Sections 10-8-11 and 10-2-10 as shown in the staff report. He explained that Staff used the Secretary of Interior’s standards for establishing criteria to determine whether a structure is historic, created a list of uses that would be allowed as adaptive reuses in the structure, developed historic criteria for the structure, and modified the table to make a use in a historic structure a conditional use. That would require the Conditional Use Permit (CUP) application to go to the Planning Commission, which would make a formal determination of significance of the structure using the historic criteria, look at the qualifying provisions to be sure the use would not detract from the historic significance of the building, and determine whether the application meets the CUP criteria. He provided photographs of some of the historic structures in the Snyderville Basin. Staff recommended that the County Council review the proposed language, conduct a public hearing, and consider adopting Ordinance No. 851.

Chair Carson opened the public hearing.

Marilee Bitner stated that she did not have access to the information contained in the staff report. Chair Carson explained how to access the packets on the County's website. Ms. Bitner verified with the Council that historic land use permits are no longer available and these amendments would take their place. She commented that privately held historical structures are of great value to the community as well as to the property owners. If the County sees them as valuable to the community, they should allow sufficient development potential to incentivize their preservation. If they do not allow some kind of incentive, property owners will not be able to provide the community with opportunities to experience the historic value of these properties. She would like to be able to have community events on the Bitner property. Council Member Armstrong asked what kind of incentive Ms. Bitner is thinking of. Ms. Bitner stated that she, personally, would like to provide a farm experience, a farmer's market, or allow people to board their horses there. She commented that they might even be interested in something like a bed and breakfast. Council Member Armstrong explained that a number of the things Ms. Bitner has mentioned are included in the proposed use table. Chair Carson asked if Ms. Bitner was thinking of additional density on the property as an incentive. Ms. Bitner explained that she does not represent all the shareholders, but they need to find a way to have the funds to preserve these structures for years in the future.

Chair Carson closed the public hearing.

Council Member Armstrong asked about the meaning of Conclusion of Law 3. He also commented that Criterion 4.a. regarding the definition of historical significance seems vague. Mr. Milliner explained that, based on his experience in another jurisdiction, that language is intentionally vague to allow the jurisdiction some flexibility. Deputy County Attorney Dave Thomas suggested that the language be tightened up since this will be an administrative permit. Council Member Robinson suggested that they delete the words "the broad patterns of." Mr. Thomas noted that a conditional use is allowed so long as the impact can be mitigated. Mr. Milliner explained that qualifying conditions are included in the ordinance, and an application must meet those seven qualifying provisions before it will be considered for a CUP. Mr. Thomas explained that the vagueness of the language puts the onus on the land use authority to explain why it believes the structure is not historically significant, whereas specific criteria put the onus on the property owner to prove that it is historically significant. Mr. Milliner explained that this language came directly from the Department of the Interior. Mr. Thomas stated that, if that is the case, there may be case law that supports it.

Council Member Armstrong confirmed with Mr. Milliner that all the Qualifying Provisions must be met and requested that the phrase "all of" be inserted before "the following." He also expressed concern about Qualifying Provision f., which states that the adaptive reuse is necessary because the building cannot reasonably be used for its original intended use. Someone might have a barn structure that could still be used as a barn, and if they wanted to convert it to some other use, they would not be able to because of this provision. Council Member Robinson suggested that they delete Provision f.

Council Member Armstrong asked what would happen if someone wants to demolish a historic structure in the County and how Park City is able to prevent that. Mr. Milliner explained that the City has created a historic district with specific criteria that must be met before a historic structure can be demolished. Mr. Putt clarified that a request to demolish a structure goes to a committee appointed for the purpose of reviewing those requests. However, the County does not currently have an ordinance that would prevent someone from demolishing a historic structure. Council Members McMullin and Robinson stated that they would not be interested in trying to adopt such an ordinance and felt it would be going too far.

Council Member Robinson requested that Criterion 4 regarding the definition of historical significance include a statement that the structure must meet at least one of the criteria listed. The Council Members agreed that the language in Criterion 4.a. should remain as it was written by the Department of the Interior.

Council Member Robinson made a motion to adopt Ordinance 851 amending the Snyderville Basin Develop Code Sections 10-8-11, Preservation of Historic Structures, and 10-2-10, Use Table, with the amendments discussed, with the following findings of fact and conclusions of law contained in the staff report, and subject to the signature of the Chair:

Findings of Fact:

1. **Section 10-8-11 of the Snyderville Basin Development Code encourages the preservation of historic structures by allowing the use of the structure and/or associated property to be converted to a new use complying with the Low Impact Permit criteria in chapter 3 of the Development Code, even though these uses are not specifically permitted in the applicable zone district.**
2. **Section 10-1-1 D of the Snyderville Basin Development Code states that "the intention of the County is to assure the managed, proper and sensitive development of land to protect and enhance these desired qualities and the lifestyle that exists."**
3. **The current language in Chapter 10-8-11 of the Snyderville Basin Development Code is not consistent with the stated intention of the Snyderville Basin Development Code Section 10-1-1 D.**
4. **Policy 5.3 of the Snyderville Basin General Plan states that a comprehensive Heritage Amenities and Cultural Arts Plan should be adopted in the Basin that provides specific provisions for the type, amount, and manner in which heritage preservation will be incorporated into a development project.**
5. **No comprehensive Heritage Amenities and Cultural Arts Plan has been adopted by Summit County.**
6. **The lack of regulation concerning the allowed uses associated with the regulations in Section 10-8-11 of the Snyderville Basin Development Code and the lack of guidance provided by a Heritage Amenities and Cultural Arts Plan constitute a substantial risk to the public's health, safety, and welfare that should be addressed through an amendment to the Development Code.**
7. **The Snyderville Basin Planning Commission reviewed the proposed language at a work session on July 28, 2015.**
8. **The Snyderville Basin Planning Commission conducted a public hearing for the proposed language on September 8, 2015.**
9. **The Snyderville Basin Planning Commission forwarded a positive recommendation to the County Council on September 22, 2015.**

Conclusions of Law:

1. **The amendment is consistent with the goals, objectives, and policies of the General Plan.**
2. **The amendment will not permit the use of land that is not consistent with the uses of properties nearby.**

3. The amendment will not permit suitability of the properties affected by the proposed amendment for the uses to which they have been restricted.
4. The amendment will not permit the removal of the then existing restrictions which will unduly affect nearby property.
5. The amendment will not grant special favors or circumstances solely for one property owner or developer.
6. The amendment will promote the public health, safety and welfare better than the existing regulations which the amendment is intended to change.

The motion was seconded by Council Member Armstrong.

Council Member Ure verified with Staff that they understand what amendments are proposed.

The motion passed unanimously, 5 to 0.

The County Council meeting adjourned at 6:55 p.m.

______________________________ ______________________________
Council Chair, Kim Carson ***County Clerk,*** Kent Jones

The Value of Membership
&
Budget Review

Prepared by: Utah Association of Counties
Adam Trupp , CEO

UAC Budget Overview

UAC Dues

- Total: $971,000
- Summit Portion: 6% ($62,00)

UAC Public Lands Dues

- Total: $73,000
- Summit Portion: 2%

UAC Total Budget

- Total: $3.2 Million
- Summit Dues Portion: 2%

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UAC Dues Calculation Criteria

- Basic Dues Calculation Factors
  - Property Valuation
  - PILT Receipts
  - General Fund Levy Rate
  - Average General Fund Levy
- UAC Public Lands Dues (Voluntary)
  - Forest Service Acreage
  - BLM Acreage
  - SITLA Acreage

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Legislative Advocacy

UAC Legislative Tracking

2014 General Session

1. General Gov. – 30% (32 bills)
2. Public Safety & Courts – 24% (25 bills)
3. Election Law – 17% (18 bills)
4. Revenue and Tax – 14% (15 bills)
5. Public Lands – 8% (9 bills)

2015 General Session

1. General Government – 31% (39 bills)
2. Public Safety & Courts – 18% (22 bills)
3. Election Law – 16% (20 bills)
4. Public Lands – 12% (15 bills)
5. Revenue and Tax – 9% (11 bills)

Legislative Highlights

2015 General Session

- HB 362 – Provided needed local transportation Funding ($180 million statewide)
- SB 297 – Created fair marriage license process for all
- Prevented an attack on Property Tax New Growth
- Addressed centrally assessed appeal process
- Worked on multiple land use regulation bills
- Protected county assessment authority
- Advocated for Medicaid Expansion
- And many more

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Legislative Appropriations

2014 General Session

$5.3 million in one-time and ongoing money for jail contracting

$3.6 million in appropriations and savings for jail reimbursement

- $1.8 million in additional court security funds
- $9.7 million in mental health appropriations
- **Over $20 million total**

2015 General Session

- $2.45 million ongoing for jail contracting
- $2 million in one-time money for jail reimbursement
- $7.8 million in one-time and ongoing money for mental health
- $1.45 million for county resource management plans
- $75 million in gas tax
- $105 million in ¼ cent sales tax for transportation
- **$193.7 million total (potential)**

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2016 Legislative Agenda

- Centrally Assessed Valuation Process
- RDA- Economic Development rewrite/recodification
- County Indigent Defense Services (Pay-Fors)
- E-911 System Consolidation/Funding ($20 Million)
- Body Camera and Use of Force Issues for Police
- Transportation Project Earmarks
- Election Code Clean-Up (Pending Rewrite)
- Shared Cost in Wildfire Mitigation
- General representation on numerous issues

Behavioral Health Support

Utah Behavioral Healthcare Committee

Coordination/Advocacy for Local Behavioral Health Providers Statewide

Membership:
- Robust membership on the Utah Behavioral Healthcare Committee
- Membership on all additional UBHC subcommittees: UBHC Finance Director/Business Managers, UBHC Clinical Directors, UBHC PDC/Data Managers, UBHC Prevention Directors, and UBHC Executive Directors.
- Robust National membership on various committees through their engagement with UAC/UBHC

Mission:
- Build and maintain a state-wide system behavioral health system that is local-controlled and responds to local needs.
- Conduit for interaction with the Division of Substance Abuse and Mental Health (DSAMH), Department of Human Services (DHS), Department of Health (DOH), and Medicaid Offices.
- Establish our legislative agenda on health, substance abuse and mental health issues

State Legislative Work (Health)

- UAC on Behavioral Health Funding ($12.8 Million)
  - $12.8 million ($6.4 million each year) on the Legislative Budget to address additional need for behavioral health Medicaid clients.

- UAC on the Justice Reinvestment Initiative ($8.7 Million)
  - Work to receive $4.5 million in behavioral health funding for the treatment of the JRI population.
  - Counties are also heavily involved in the screening process happening at the county level, with $4.2 million in funds available for that process.

- UAC's Media Campaign on Health Related Issues
  - Multiple featured presentation on public behavioral health needs on the television program Studio 5 Utah. Discussing public behavioral health needs, the Mental Health Intervention Program, and the function of counties

2016 Agenda
- JRI Funding (Amount TBD, but at least $4.5 million)
- Medicaid Matching Funds (6.4 Million ongoing)
- Early Intervention Program Funding ($3.5 million)

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Policy and Research

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Policy and Research

- Annual County Fact Book
- Semi-monthly analytical articles on county issues
- In-depth studies on legislative issues such as the restaurant tax, centrally assessed appeals, and property tax new growth
- Growing database of county data points robust enough to respond quickly to legislative threats
- Regular surveys charting interests for Utah's 29 counties

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Education and Training

Conferences and Meetings

- UAC hosts two large conferences each year (Management Conference in April and Annual Convention in November).
  - Emphasis this year on JRI, Corrections and Medicaid related issues
- UAC also hosts a County Legislature Day
- UAC provides newly elected official training, as well as ongoing training to help officials get and stay up to speed on the basic laws and policies they are governed by
  - Example: Open and closed meeting laws, GRAMA, districts and assessment areas, budgeting, liabilities, and property tax administration
- UAC also works with affiliate organizations to create meaningful agendas for individual meetings

County Government Education

- UAC focuses the 'county story' consisting of issues and the overall message of how counties work on three key audiences (media, legislative, and civics classes)
  - Twice nationally recognized "explainer videos" on county operations and functions
  - Creation of 4^{th} and 7^{th} grade curriculum that is specific to what counties do
  - Radio , TV and social media advertising of what counties do, as well as a focus on a variety of topical issues
  - Created UtahCountiesMatter.org website as a clearing house for all things county government in Utah (what counties do, how they work, etc.)
  - Profile videos of county officials from each elected office, to demonstrate that officials are ordinary people doing extraordinary work
  - Developed media outreach plan to provide resources and information about counties and how they work to editors
  - Mandatory GRAMA education for county officials
  - UAC is also providing financial and physical support to counties who need help producing a county website that offers valuable information for their constituents

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Communications

- UAC Directory
- UAC manages multiple websites that serve different purposes:
  - **UACnet.org**
  - **UtahLocalGovernmentJobs.com**
  - **UACMeets.org**
  - **UtahCountiesMatter.com**
  - **UtahGovernmentSurplus.com**
- UAC Weekly Newsletter
- UAC Weekly Legislative Briefing
- Legislative Text Messages, Alerts, Surveys
- UAC Social Media
- Paid and Earned Media on Issues important to Counties
- Partnerships with others (Prop. 1, Chambers of Commerce, GOED, etc.)

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Legal Services

Legal Services

UAC Offers several legal services to all members including the following:

- Centrally assessed appeal legal defense services
- Tracking and legal updates for county and local laws
- Legally required training for county officials
- Amicus support on briefs important to Utah counties

Public Lands Issues

Public Lands

UAC offers public lands assistance that is supported by all counties

- Funding for Resource Management Plan (RMP) Preparation
- Support and advocacy for federal “PLI” legislation
  - Largest Wilderness bill in Utah History
- Stopped the Las Vegas Ground Water Project in Snake Valley
- Landmark MOU with Forest Service establishing process for amending forest plans

Concerns and Suggestions

Concerns and Suggestions

Concern: Are UAC Resources being used for Comm. Lyman Case?

- In a vote of the UAC Board, it was determined that no UAC resources should be used to aid in the defense of Commissioner Lyman. To date, and prospectively, UAC is committed to not spending any UAC financial resources on his defense.

Concern: How do we ensure Summit County dues are not being used for public lands issues that are not favored by Summit?

- As was seen in the budget slides, UAC has set up a separate account for public lands initiatives, many of which are supported by all counties. We will continue this operation, and examine other ways to ensure Summit is seeing the value of UAC participation to include implementation of mechanisms to ensure full membership participation on issues that may be controversial among members.

Concerns and Suggestions

Concern: We should not have to feel like we need to defend ourselves from an organization that we pay membership fees to.

- Agreed. UAC is committed to working toward structural changes, policies and guidelines to ensure that we are getting the full opinion of members prior to taking action on items that will pose significant concern among our members. This will be applied equally on items where wide disagreement among our members exists.
- UAC is also undertaking efforts to create a robust strategic plan for our future efforts that will be extremely inclusive of our memberships opinions.

Concern: How can we have a better handle on the direction of UAC?

- First and foremost, participation. Our process strongly encourages members to actively participate.
- Looking to create additional structural guidelines to address circumstances when members are unable to directly attend/participate, but want to help guide the direction of UAC.

Concerns and Suggestions

Concern: What other things is UAC doing to protect individual member interests?

- Through strategic planning efforts, UAC intends to look at the following items for consideration:
  - Weighted Voting on Major Policy Topics
  - Structural changes that ensure adequate representation from urban and rural counties
  - Updating and creating policies and guidelines that address concerns with voting proxies, notice of meetings, opportunity for equal input and many other items we have identified
  - Examination of an Urban Caucus and Rural Caucus within the organization to focus on specific regional issues for members

Next Steps and Questions

We recognize the onus is on UAC to demonstrate the value of participation. We do think there is significant value to both parties in this relationship. Despite differences among our members we take our charge seriously.

TO UNIFY THE VOICES OF COUNTY GOVERNMENT

We ask the county to work with us in our efforts of UNITY, and believe we can demonstrate our commitment to your interests.

While it will take time, we are committed to a strong a longstanding partnership with our 29 members.

We intend to report back quickly on our progress with the effort to address your concerns.

UTAH ASSOCIATION OF COUNTIES
The Unifying Voice for County Government

STAFF REPORT

TO: Summit County Council
FROM: Matt Leavitt – Summit County Financial Officer
DATE: October 29, 2015
SUBJECT: 2016 recommended capital projects, summary of capital investment plan

Members of the capital investment committee will be present to initiate the Council's discussions with staff regarding the 2016 budget recommendations. It is the intention to start the budget discussions with capital projects because they represent a major portion (nearly $14.2 million, or 23.1 percent) of the recommended budget of the operating funds – general, municipal services, assessing and collecting funds. An additional $2.2 million is recommended for capital projects in the transit district, landfill and fleet lease funds.

The attached PowerPoint presentation begins with a layout of 2016 recommended projects. The next section of the presentation introduces a discussion regarding capital projects requested for years 2017 – 2021. The projects are separated by facilities, fleet lease, transportation/roads, landfill, and transit district.

The concluding portion of the presentation addresses the methodology and processes that the capital investment committee uses to move forward in preparing a five-year capital investment plan for the County. This is provided to the Council to show the strategy and/or tools incorporated by the committee to develop a plan that is constrained within the resources available to the County. The Manager's directive to the committee is to have a working capital investment plan completed by mid-year 2016 and updated frequently.

Capital Investment Plan 2016 Budget Presentation

Capital Investment Plan – What It Involves

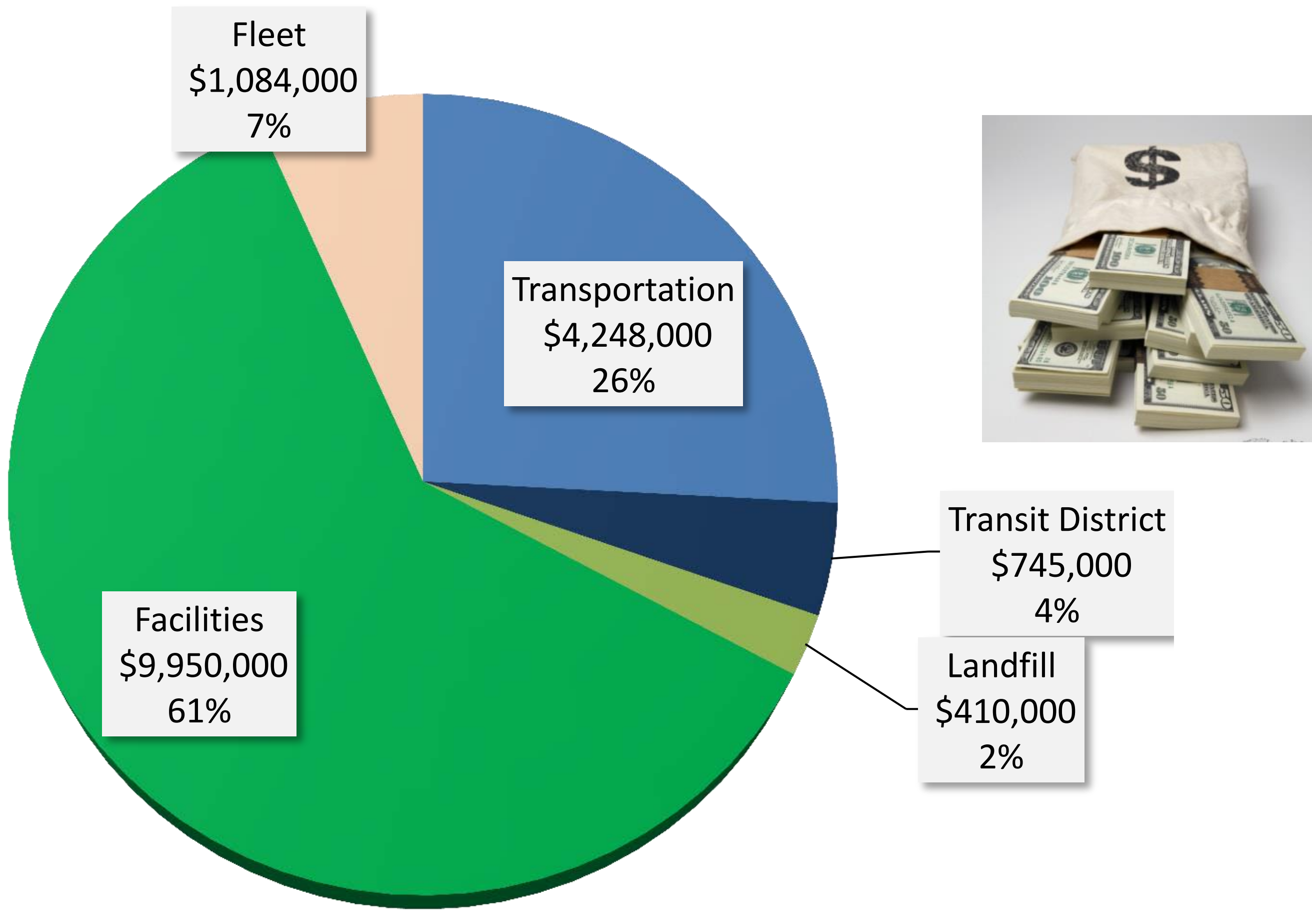
Capital Investments are a crucial aspect of providing services for residents and visitors in the County. Capital Investments are defined as any significant purchase over $5,000. Such investments typically center around roads, buildings, vehicles, and information technology purchases. Such purchases draw from various sources of revenue and impact every County department.

2016 Proposed - $16,437,000

A 49.5% increase from 2015 Budgeted Amount of $10,997,846

2016 Capital Projects Cost Breakdown

2016 Combined Budget - *$16,437,000*



2016 Capital Projects

FACILITIES

◦ County Service Building: Kamas -	$5,150,000
◦ Fairgrounds: Land Purchase/Permitting -	$2,400,000
◦ Solar Power Upgrades -	$2,000,000
◦ Animal Control Building (1/2 in 2015) -	$400,000

FLEET (I.T. & Vehicles)

◦ Vehicle Purchases -	$805,000
◦ E911 Fire/EMS Paging System (5 years) -	$240,000
◦ Treasurer Archive Project -	$25,000
◦ Virtual Desktop Server -	$14,000

2016 Capital Projects

TRANSPORTATION

- Bitner/Silver Creek Road Connection - $1,400,000
- Summit Park/Parkview Reconstruction - $950,000
- Jeremy/Pinebrook Interchange (Design) - $806,000
- Wanship Old Lincoln Highway - $259,000
- Division Street Reconstruction - $275,000
- West Hoytsville Reconstruction - $278,000
- Hallam Road Construction - $200,000
- Kimball Kilby Roundabout (Design) - $80,000

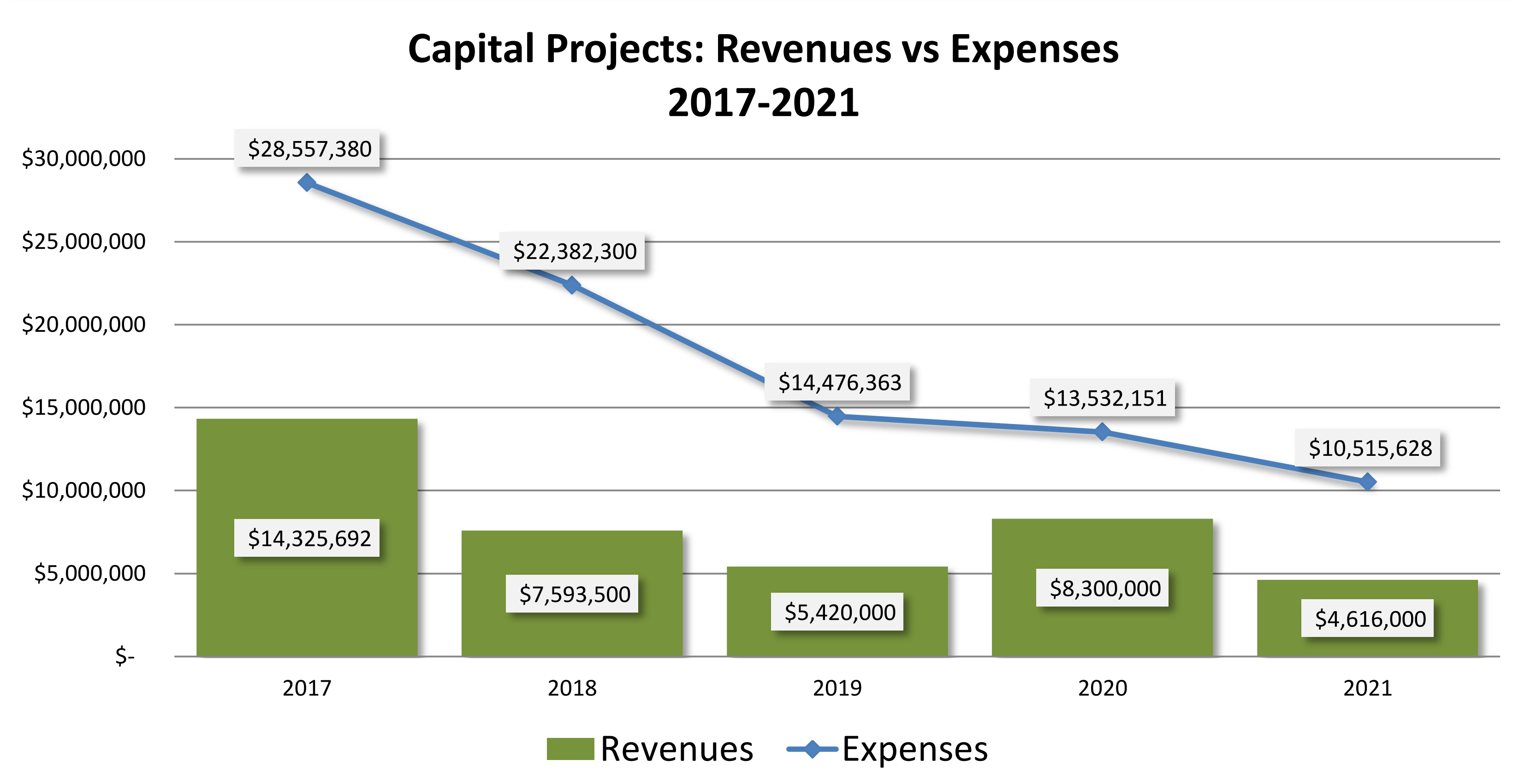
TRANSIT DISTRICT

- Transit Center (Phase 1) - $745,000

LANDFILL

- Henefer Land Purchase - $210,000
- 3-Mile Cell Development - $200,000

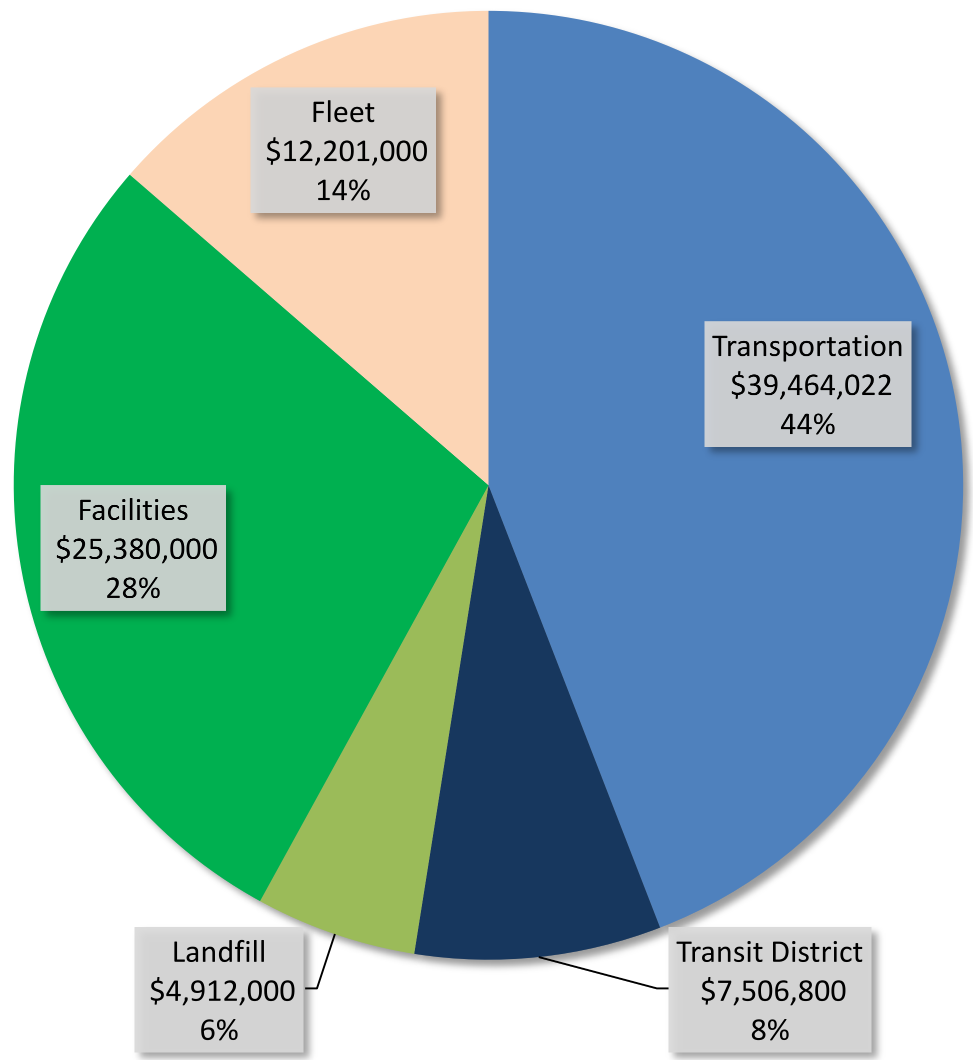
Capital Investment Plan –
The Next Five Years



$89.5 million in total capital projects from 2017-2021.

$40.3 million** in planned revenue – A Deficit of **$49.2 million

Capital Investment Plan – 2017-2021 Breakdown of Costs



Requested Capital Projects

2017-2021 – Facilities

Fairgrounds Construction	$7,500,000	2017
Public Works – Basin Area Storage Building	$750,000	2017
Public Works – Office Expansion	$670,000	2017
Cemetery – Land Purchase	$450,000	2017
Marion Park Upgrades	$150,000	2017
Sustainability – TV Repeater Recommission	$50,000	2017
Sustainability – Health Building Recommission	$35,000	2017
Public Works – Material Storage Bin	$25,000	2017
Justice Center – Administration Expansion	$8,110,000	2018
County Services Bldg – Richins Renovation	$1,800,000	2018
Search & Rescue – Kamas	$270,000	2018
Sustainability – CNG Fueling Station	$175,000	2018
Ambulance Building – Kamas	$35,000	2018
Seniors – Consolidated Senior Center	$5,000,000	2021

Anticipated costs of $25.4 million.

$7.7 million in committed revenue.

Requested Capital Projects

2017-2021 – Fleet (I.T. & Vehicles)

E911 – Fire/EMS Paging System	$960,000	2017
Server Refresh with PM Software	$650,000	2017
E911 – Next GEN Phone System	$400,000	2017
AV – Courthouse Council Chamber Remodel	$150,000	2017
Wireless Infrastructure Improvements	$70,000	2017
Communications – S&R Handheld Radios	$60,500	2017
TV Translator Equipment	$40,000	2017
Tyler Server	$20,000	2017
UPS Justice Center	$30,000	2018
Spillman Server	$60,000	2019
Aerial Photos	$20,000	2019
Public Works Vehicle Purchases	$3,453,000	2017-21
Landfill Vehicle Purchases	$3,708,500	2017-21
Public Safety Vehicle Purchases	$1,673,000	2017-21
Ambulance Vehicle Purchases	$900,000	2017-21
County Vehicle Purchases	$454,000	2017-21

Anticipated costs of $12.2 million.

$11.4 million in committed revenue.

Requested Capital Projects

2017-2021 – Transportation/Roads

Jeremy/Pinebrook Interchange (Contined from 2016)	$5,944,000	2017
Hoytsville Road Shoulder Widening	$3,336,030	2017
Chalk Creek Widening	$3,000,000	2017
Kilby Road Widening (Ecker to Jeremy)	$5,205,000	2017
SR-224 Offgrade Pedestrian Crossing	$2,200,000	2017
Bitner/Silver Creek Road (Continued from 2016)	$1,515,000	2017
Kimball/Kilby Roundabout	$1,000,000	2017
Buckboard Drive Reconstruction	$600,000	2017
Wanship Sidewalk Extension	$325,000	2017
West Hoytsville Reconstruction	$203,500	2017
Powderwood Drive Widening	$3,206,000	2018
Landmark Widening (Wal-Mart to Factory Stores)	$1,500,000	2018
Summit Park/Parkview Reconstruction	$1,350,000	2019
Hallam Road Construction – Stage 2	$555,000	2019
US 40 Frontage Road/SR-248 Intersection	$7,125,000	2020
Jeremy Ranch Roads Reconstruction	$1,819,300	2017-21
Kimball Junction Connectivity Project	$580,192	2017-21

Anticipated costs of $39.5 million.

$13.9 million in committed revenue.

Requested Capital Projects

2017-2021 – Landfill

Green Waste Composting Facility	$1,985,000	2017-21
3-Mile Landfill – New Cell Development	$1,355,000	2017-21
Triangle Property Transfer Station	$890,000	2018
Landfill – Equipment Building	$500,000	2018
Weber Canyon Collection Station Remodel	$182,000	2018

Anticipated costs of $4.9 million.

$2.5 million in committed revenue.

2017-2021 – Transit District

Wayfinding Program – Kimball Junction	$50,000	2017
Bus Shelter Improvements	$100,000	2017-18
E-Bikes Program	$25,000	2018
Vehicles – Shuttle Vans	$90,000	2019
Transit Related Projects	$7,241,800	2017-21

Anticipated costs of $7.5 million.

$730,000 in committed revenue.

Capital Investment Plan –
Funding Strategic Analysis Points

- **Prioritization and Deferral**
- **Reduce Expectations and Services**
- **Re-Engineer Solutions and Services**
- **Explore Appropriate Revenue Sources**

Funding Strategy Analysis Points – Prioritization and Deferral

- **Allows projects to be placed where funding fits**
- **Impacts of deferring/underfunding maintenance**
  - Case Study – Preventative Maintenance on Roads
    - Sealing - $0.25 psf
    - Overlay - $1.50 psf (600% cost over Sealing)
    - Reconstruction - $8.50 psf (570% over Overlay; 3,400% over Sealing)
  - 2016 Expectations:

	2016		% of Average		Recommended Amounts from 2012 Study		% of Recommendation		SA6 from
	Muni	SA6	Muni	SA6	Muni	SA6	Muni	SA6	Muni
Seal	$ 235,000	$ 156,000	96%	73%	$ 800,000	$ 300,000	29%	52%	$ -
Overlay	$ 769,000	$ 362,000	149%	42%	$ 1,500,000	$ 160,000	51%	226%	$ 50,000
Reconst	$ 275,000	$ 971,000	46%	117%	$ 700,000	$ 200,000	39%	486%	$ 971,000
Sub-Total	$ 1,279,000	$ 1,489,000	94%	78%	$ 3,000,000	$ 660,000	43%	226%	
Total		$ 2,768,000				$ 3,660,000			

Funding Strategy Analysis Points – Reduce Expectations and Services

- **Critical Review of Where and How Funds are Spent and Used**
  - Differentiate Wants from Needs
- **Adjust Strategic Plan to Fulfill the Right Needs**
  - Centrally-located Senior Center
  - Motor Vehicle Locations

Funding Strategy Analysis Points – Re-Engineer Solutions & Services

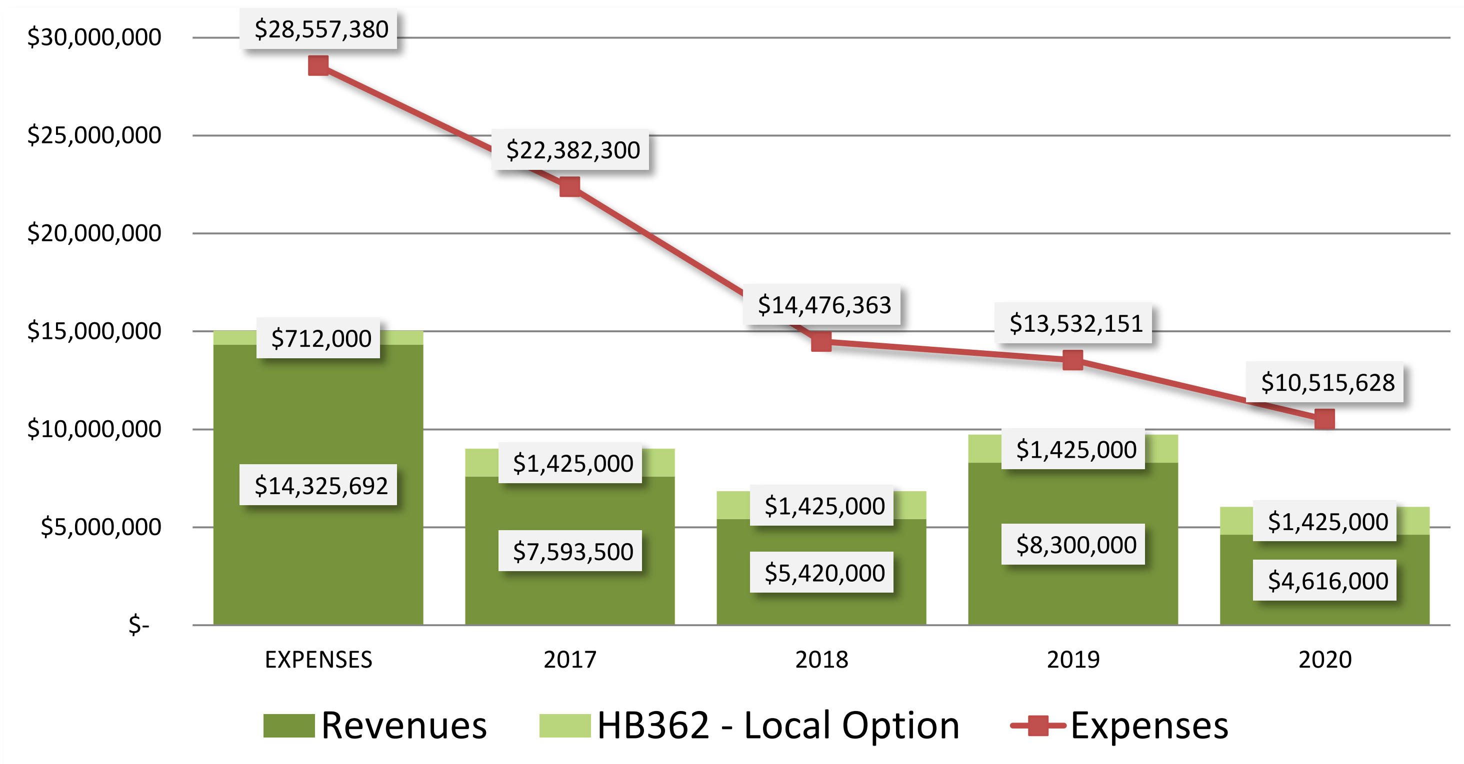
- **Aggressively Explore Efficiencies through Technology**
  - Web-based County Business
  - Virtual Desktop Solutions for Specific Employees

Funding Strategy Analysis Points – Explore Appropriate Revenue Sources

- **Pay-As-You-Go versus Debt Management Strategy**
  - Based on Prioritization, Political Will, and Funding Sources
- **Optional Revenue Sources**
  - Options for this presentation
    - HB-362 – Local County Option
    - General Obligation Bond
  - Other options available
    - Additional Transit Tax
    - Adjusting current tax levels

Funding Strategy Analysis Points –
Explore Appropriate Revenue Sources

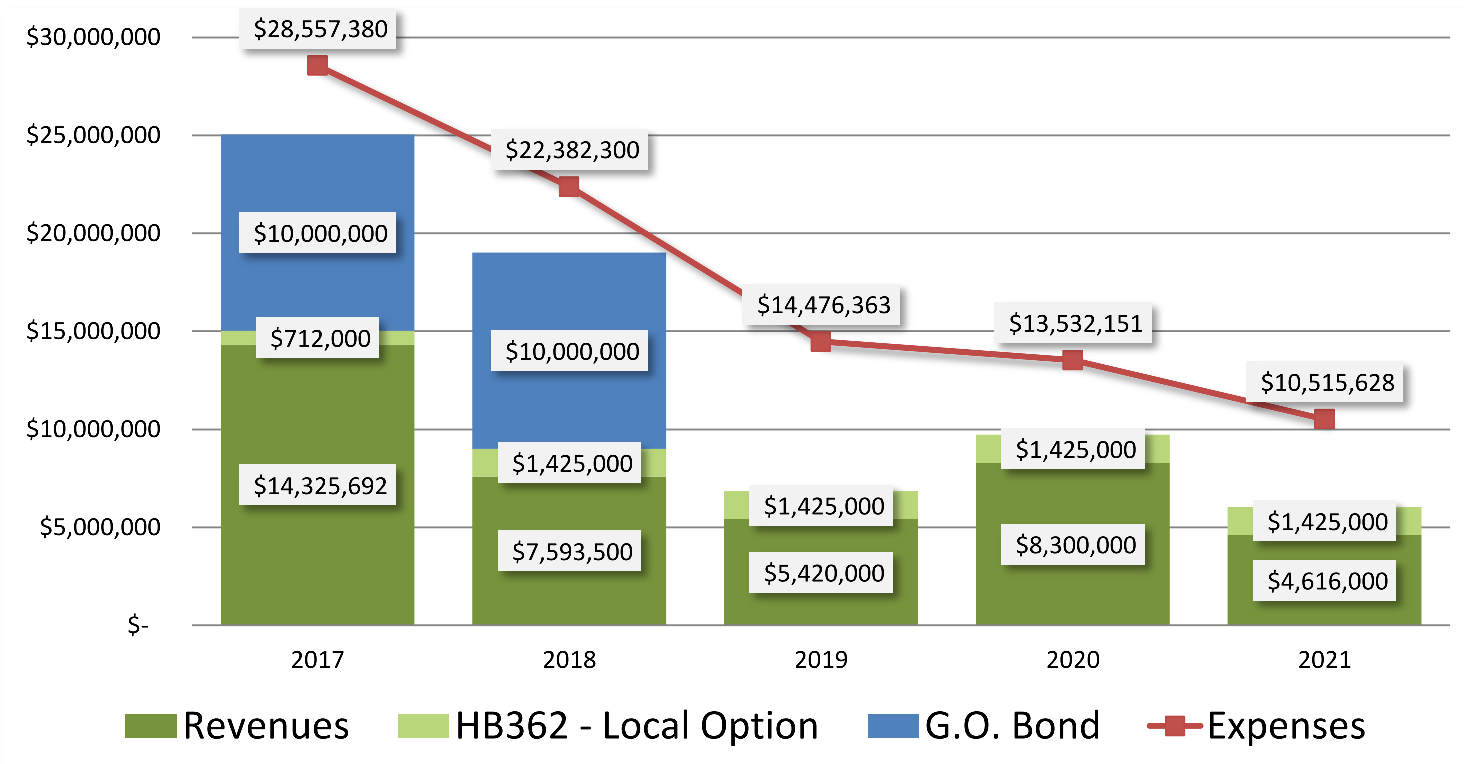
- **Other Revenue Option – HB-362**



$6.4 Million in addition revenue for transportation & transit projects.
Reduces remaining deficit for projects to $42.8 million

Funding Strategy Analysis Points –
Explore Appropriate Revenue Sources

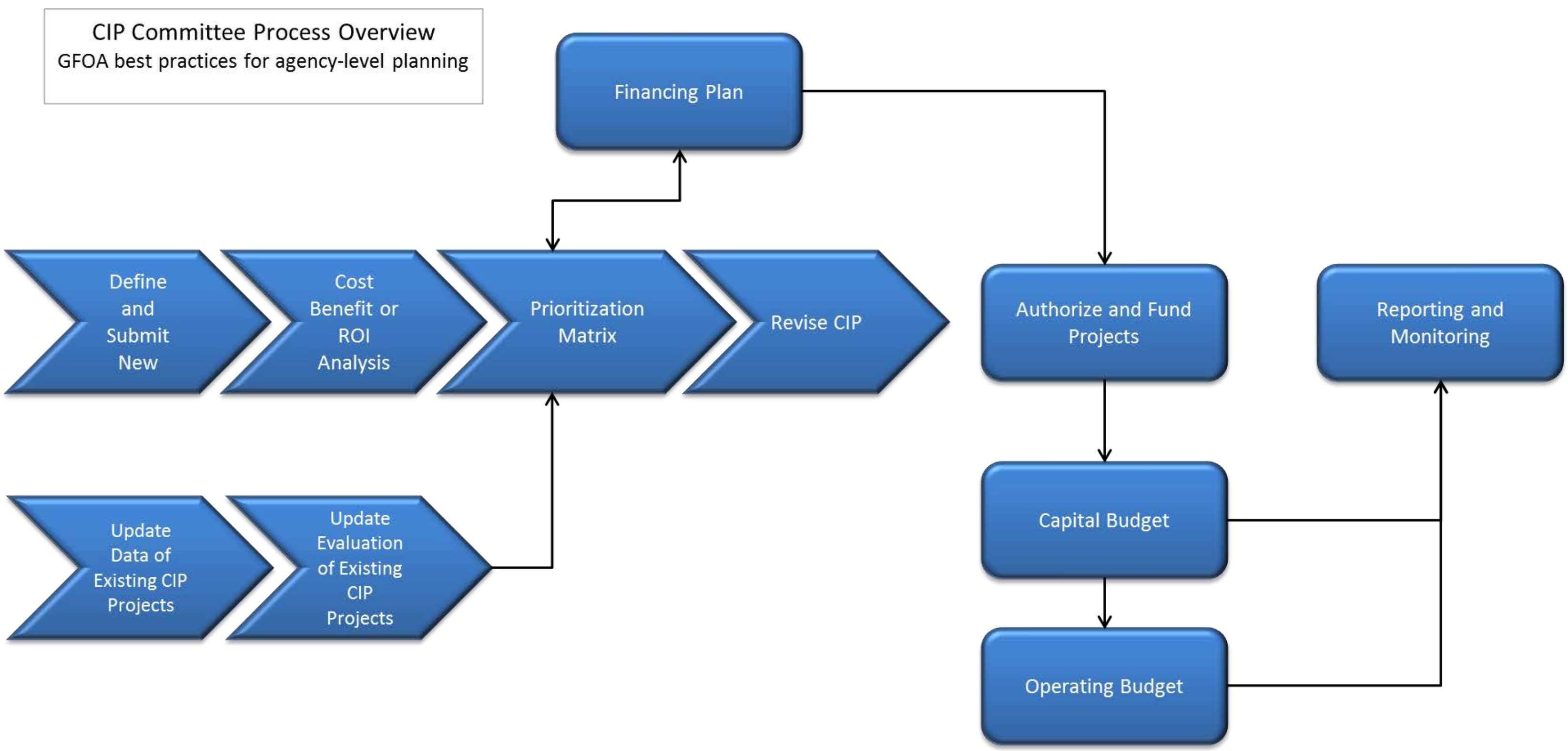
- **Other Revenue Option – HB-362 & G.O. Bond**



$20 million G.O. Bond further reduces remaining deficit for projects to $22.8 million.

Moving Forward–
Capital Committee Initiative

- **Manager directive to have constrained five-year capital plan presented to Council by mid-year 2016**
- **Establish & Refine Capital Funding Strategy Analysis**



Questions?

MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT

MEMORANDUM

To: **Summit County Council**

From: **Mountain Regional Water Administrative Control Board**

Date: **November 4, 2015**

Subject: **Adoption of Tentative 2016 Budget and Amended 2015 Budget**

Required Action

The following is required pursuant to Section 17B-1-6 *UCA*

1) Adopt Tentative 2016 and 2015 Amended Budgets as presented at 1st November Council meeting;
2) Set time and place of public hearing to consider its adoption at least 30 days from today;
3) Order public notice of hearing be published at least 7 days prior to the hearing in the Park Record and on the Utah Public Notice Website;
4) Direct Mountain Regional to make changes to the tentative budget prior to the public hearing, if so desired.

District Overview

The District was created in 2000 by the Summit County Commission (now Council) to regionalize water service in Snyderville Basin by consolidating several water companies, both public and private, that were failing both operationally and financially.

The District now covers 39.3 square miles, currently serves about 3,200 customers and provides raw water to two Promontory golf courses. Another 1,900 undeveloped lots are located within the District that have a water system installed in a ready-to-serve state for which a standby fee is assessed.

The District is the largest single water producer in western Summit County. In addition to providing water for its own customers, it has contracted to sell Summit Water 700 acre feet of water through the Weber Basin Regionalization agreement in 2016. Further, the District wheels an average of 1,600 acre feet annually through its Lost Canyon project to Park City. Park City has the right to transport up to 2,900 acre feet of water per year.

2016 Budget Summary

The District budget is shown below in the format previously requested by the Summit County Council.

Mountain Regional Water
2016 Recommended Budget

	2014 Actual	2015 Amended	2016 Recommended		2016 Change
Salaries & Benefits	$ 2,299,359	$ 2,554,000	$ 2,630,400	*21.1%*	$ 76,400
Services & Contracts					
Utilities	626,374	780,500	875,100	*7.0%*	94,600
Weber Basin/State Fees & Water Testing	850,582	1,021,000	1,031,700	*8.3%*	10,700
Other	188,598	229,900	203,100	*1.6%*	(26,800)
Materials & Supplies					
Maintenance & Repairs	556,763	672,200	706,000	*5.7%*	33,800
Other	219,156	269,900	271,000	*2.2%*	1,100
Capital Outlay					
Depreciation & Amortization	1,624,587	1,517,500	1,638,100	*13.1%*	120,600
Capital Expenditures	1,262,850	8,789,100	1,241,000	*10.0%*	(7,548,100)
Debt Service	3,365,927	3,593,700	3,866,900	*31.0%*	273,200
Total	**$10,994,196**	**$ 19,427,800**	**$ 12,463,300**	***100.0%***	**$ (6,964,500)**

The budget summary above provides for a quick high level comparison of the year over year changes for Mountain Regional, as well as a comparison to other county governmental entities.

The format included in the attached official budget request is based upon management accountability and audited financial reporting.

MOUNTAIN REGIONAL WATER

SPECIAL SERVICE DISTRICT

TENTATIVE

2016 BUDGET

And

2015 AMENDED BUDGET

November 4, 2015

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1.0 2016 DISTRICT BUDGET OVERVIEW

1.01 The District

Mountain Regional Water (the District) is a regional public water company established in 2000 to resolve water shortage and quality problems in Snyderville Basin. It is governed by the Summit County Council who acts as the District's governing board. The Council has delegated certain powers to an Administrative Control Board consisting of citizens who live within the District. Since its creation numerous small water companies and developments have joined the District.

The District currently has over 3,200 customers using water and nearly 1,900 additional lots on standby. The District is close to entering into an operating agreement with Silver Creek Village, a multi-use development with Summit County approval for over 1,000 new units (of which 376 are part of the 1,900 standby lots mentioned above).

The District also wheels up to 2,900 acre feet or raw water annually to Park City; and has entered into an agreement to sell Summit Water 700 acre feet of culinary water in 2016 under the Weber Basin regionalization agreement.

1.02 District Budgets

The District has three budgets that require adoption each year by the Summit County Council, based upon accounting guidelines established for governmental enterprise funds:

Operating Budget – This annual "accrual based" budget includes the overall operation and financing of the District. Under accrual based accounting, revenues are generally recorded when earned or billed - rather than when cash is actually collected. In addition, expenses are recorded when incurred regardless of when they are paid.

This budget includes interest expense on debt (see *Debt Service Budget* below), and the depreciation of capital assets (see *Capital Budget* below). However, it does not include any debt proceeds or the upfront cost of capital equipment and projects; or the payment of principal on debt.

Debt Service Budget – This annual "cash based" budget includes the payments due each year on the District's outstanding debt, including both principal and interest. The budgeted sources of cash must come from the current year operations of the District, or from the Rate Stabilization Fund, and not from other reserves. However, if insufficient cash is generated during the year, other reserves can be used.

Capital Budget – This project "cash based" budget includes capital equipment costing more than $5,000 and expenditures related to water system infrastructure, buildings, and water rights. These budgets remain in effect over the life of a project rather than a calendar year. Its cash sources typically include debt proceeds, grants, and reserve funds.

1.03 Change in Retirement Accounting

Starting in 2015, the District will be required to show any actuarial deficit / (surplus) for its defined benefit pension program as a "net pension liability / (asset)" on its balance sheet. The District is a member of the Utah State Retirement System (URS) and will share any URS actuarial deficits (surpluses) on a pro-rata basis, as determined by the number of employees.

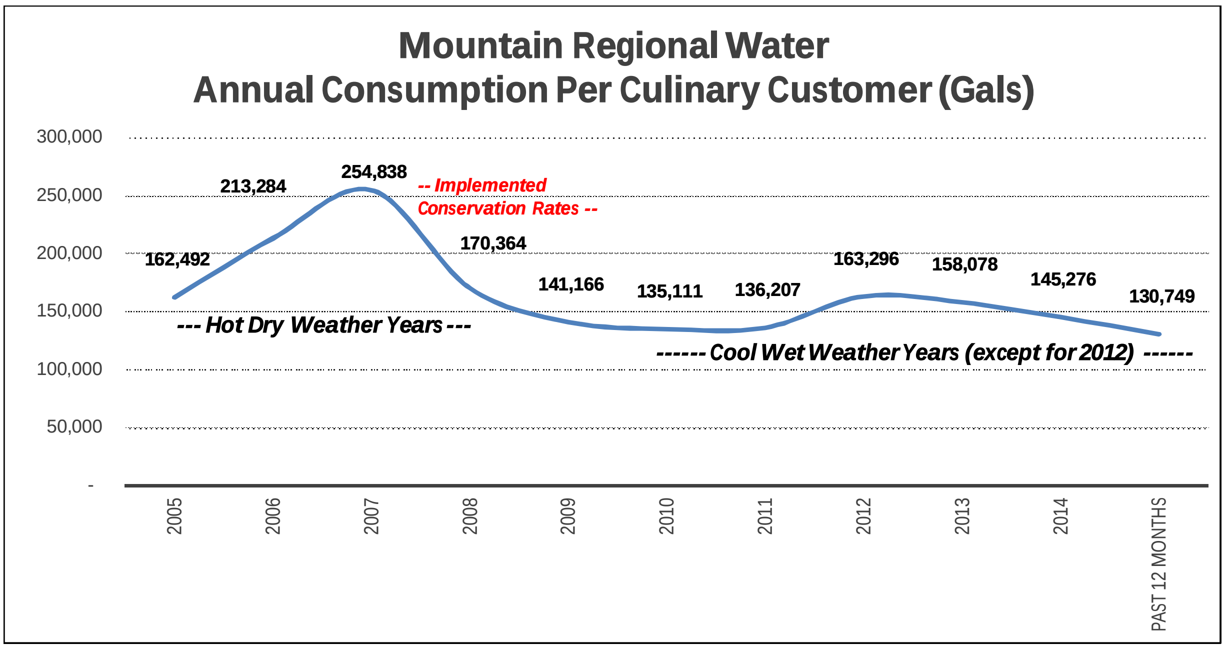
The 2015 year-end net pension liability won't be known until mid-2016, but the 2014 year-end net pension liability was $708,042.

In addition, the District's year-end audited financial statements will now show the actuarially determined annual pension expense, rather than the prior practice of showing the annual cash contributions to URS.

However, the District will continue to budget pension expense based upon projected cash contributions, and not the actuarially determined annual pension expense. This is because the information needed to record the annual actuarial pension expense for the year-end audited financial statements won't be known at the time the budget is adopted. As such, the changes made to the year-end audited financial statements for the actuarially determined pension amounts will be non-budget adjustments.

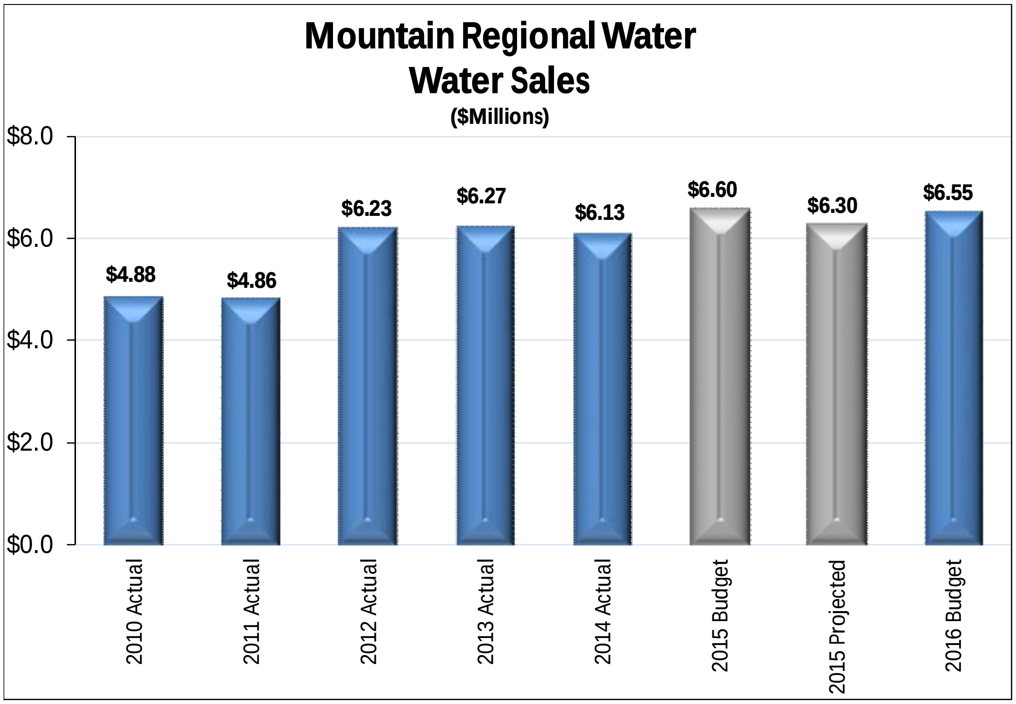
1.04 Low Water Consumption Reduces Water Sales despite Rate Increases

As shown below, very cool rainy spring and/or summer weather the past three years has led to declining annual water consumption per culinary customer. Average consumption the past twelve months was only 130,749 gallons - the lowest in District history.



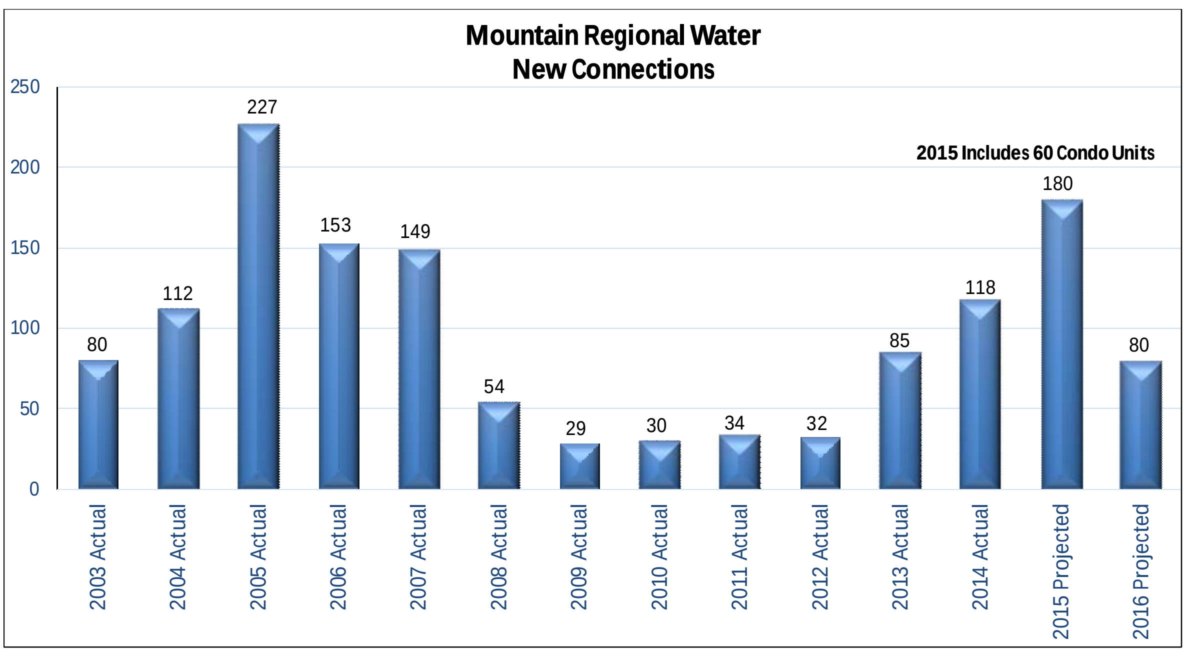
In turn, this led to a decline in water sales to District customers over that same period despite rate increases effective in August 2012, August 2014 and August 2015. Although average annual culinary consumption has dropped 11.0% since 2012, water sales only declined 1.6% over that same period due to the rate increases. During that time, there was only a small increase in customers using water, as the increase in new construction units that started in mid-2013 did not result in higher water sales until recently, as it typically takes twelve to eighteen months after a new unit starts construction before it begins using water.

It is now projected 2015 water sales will be just $6.3 million – which is $301,500 or 4.1% under budget, as shown below. The 2015 Budget and 2015 Projected are shown in grey.



The dramatic increase in water sales between 2011 and 2012 resulted from a rate increase and unusually hot dry summer weather.

The history of new connections shown below demonstrates the strong rebound in new development. This, along with the $4.00 per month rate increase effective August 2015 should help increase water sales in 2016, even if the spring or summer weather remains cool and wet.



1.05 Development Related Revenue and Regionalization Collections Offset Low Water Sales

Despite the significant decline in water sales, it is now projected that 2015 revenue collections will exceed budget by $1.02 million – or 10.5%. This is due to a very strong rebound in new development within the District during 2015.

Mountain Regional Water
Total Revenue

CASH REVENUE (Less Grants)	2015 Adopted Budget	2015 Projected	2015 Projected Variance
Operating Revenue			
Water Sales	$ 6,598,500	$ 6,297,000	$ (301,500)
Park City Wheeling	522,000	500,000	(22,000)
Weber Basin Regionalization Collections	-	367,200	367,200
Stagecoach Assessment	167,000	180,000	13,000
Operating Fees	303,000	366,400	63,400
Contract Maintenance	-	12,000	12,000
Other Operating	65,000	57,500	(7,500)
Subtotal	**7,655,500**	**7,780,100**	**124,600**
Non-operating Revenue			
Interest Earnings	25,500	63,100	37,600
Impact Fees	388,900	1,200,000	811,100
Promontory Developer Assessments	1,536,000	1,486,000	(50,000)
Other Non-operating	136,700	236,700	100,000
Subtotal	**2,087,100**	**2,985,800**	**898,700**
TOTAL CASH REVENUE (Less Grants)	**$ 9,742,600**	**$ 10,765,900**	**$ 1,023,300**

In fact, several development related revenue sources are now projected to exceed budget significantly in 2015 as shown below:

	Budget	**Projected**	**Variance**
Impact Fees	$ 388,900	$1,200,000	$811,100
Operating / Connection Fees	303,000	366,400	63,400
Land Sale	*in 2014 Budget*	95,000	95,000

It is important to note that the $1.2 million now projected for impact fee collections in 2015 is 62.1% higher than the $740,406 collected in 2006 – the most collected by the District in one year until 2015.

In addition to higher 2015 development revenue, the District will receive $367,200 in unanticipated regionalization collections in 2015, as discussed in **Section 1.06** below. Although this will necessitate some 2015 budget amendments for additional electricity, manpower, and repairs & maintenance costs as discussed in **Section 5.01** below; after these costs are deducted the District projects it will receive an estimated $175,000 net cash benefit from regionalization in 2015 that will be deposited into the new regionalization reserves discussed below.

1.06 Regionalization Collections

Summit Water purchased 400 acre feet of wholesale water from the District under the Weber Basin regionalization agreement in 2015 - one year sooner than it had previously indicated. For 2016, Summit Water has contracted to purchase 700 acre feet from the District through the regionalization agreement, with the following impact on District finances.

Mountain Regional Water
Net Benefits from Weber Basin Regionalization Agreement

		2016
New Revenue		
Wholesale Water Sales	$	684,600
Total Revenue		***684,600***
New Expenditures		
Electricity		78,100
Manpower		71,900
Repairs & Maintenance		30,600
Debt Service		170,000
Total New Expenditures		***350,600***
Net Cash Benefit	**$**	**334,000**
Existing Expenditures Included in Lease Fees		
Weber Basin Lease Fees		201,300
Total Existing Expenditures		***201,300***
Change in Net Position (Net Income)	**$**	**132,700**

After $350,600 in anticipated new expenditures are deducted from the $684,600 in 2016 contracted collections, the District projects the regionalization agreement will generate an additional $334,000 in net cash during 2016.

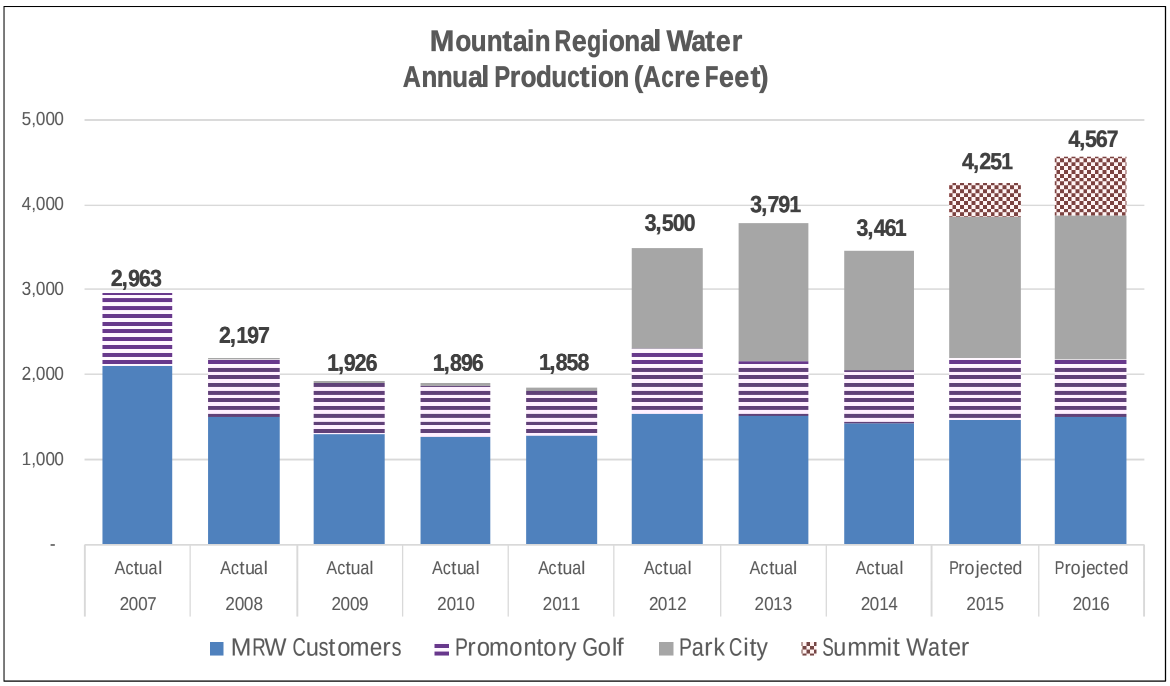
The District plans to deposit $230,000 of this into a new regionalization reserve that can be used to prepay debt starting in 2019 as a way to mitigate the $275,000 in annual regionalization fees the District will start paying to Weber Basin in December 2019. The remaining $104,000 cash benefit can be used to help offset the lower water sales to District customers if the cool wet spring and/or summer weather continues.

It should also be noted that the District will pay $201,300 in Weber Basin lease fees for the 700 acre feet of wholesale water it will sell Summit Water in 2016. These fees are included in the regionalization rate; but don't reduce the net cash benefit to the District since the District must pay these lease fees whether or not the water is used. However, it does reduce the "net income" to $132,700 from regionalization water sales.

1.07 District Water Production

The sale of regionalization water will result in a significant increase in production in 2016 when compared to 2014 – the year before the District started selling regionalization water to Summit Water. As mentioned in **Section 1.06** above, Summit Water contracted for 400 acre feet in 2015 and has contracted for 700 acre feet in 2016, as demonstrated by the red hatch section of the graph below.

This, combined with an increase in the amount of water Park City wheels through the District's Lost Canyon project over the past two years, accounts for almost all of the increase in production - from 3,461 acre feet in 2014 to the 4,567 acre feet projected for 2016. The District is now the largest water producer in western Summit County.



The increase in total production from 1,858 to 3,500 acre feet between 2011 and 2012 resulted from two factors. First, Park City started wheeling roughly 1,600 acre feet annually through the District's Lost Canyon project, as shown by the lighter shaded section of the graph. Second, the 2012 summer was unusually hot and dry.

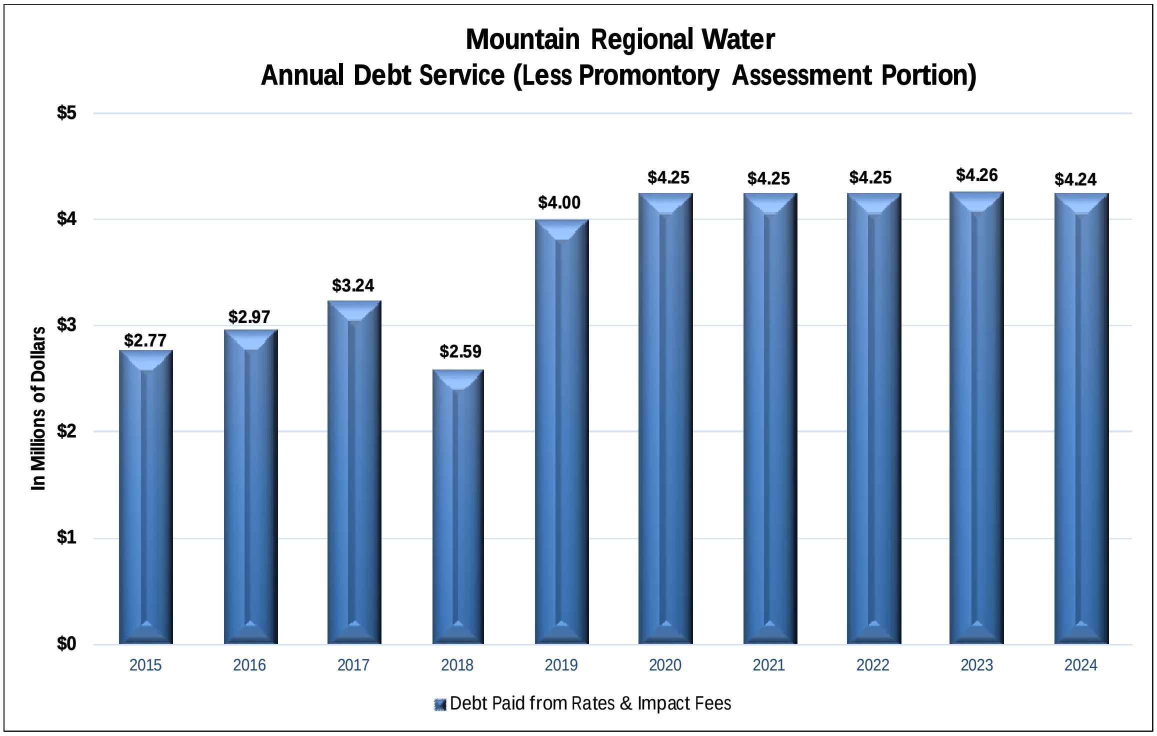
The horizontal lavender section of the graph represents usage by the Promontory golf course that has ranged from 522 acre feet in 2011 due to cool wet weather, to 762 acre feet in 2012 due to hot dry weather. The unusually high golf course usage of 856 acre feet in 2007 was due to the construction and burn-in of the Nicklaus course.

The steady decline in production between 2007 and 2011 for Mountain Regional Water customers, as shown by the darker shaded section of the graph, resulted from cool wet spring and/or summer weather and the implementation of conservation water rates that led to lower consumption.

1.08 Increasing Debt Service Payments thru 2019 & Long-term Rate Impacts

The annual service requirements for existing debt funded from District water sales and impact fees is increasing substantially over the next four years. In fact, total debt service requirements (including the required 25% excess coverage requirement discussed in **Section 1.10**) are scheduled to increase by $1.03 million between 2016 and 2019 – from $2.97 million to nearly $4.0 million. These amounts do not include debt that will be paid from assessments on the Promontory developer.

However, there is a one-time anomaly in 2018, when the payments required on existing debt are scheduled to drop $646,476. This is followed by a dramatic $1.41 million increase between 2018 and 2019, resulting in a net increase between 2018 and 2019 of $757,811.



Due to the one-time drop in 2018 debt service requirements, combined with the anticipated annual regionalization collections the District should receive over the next few years from the sale of its surplus water, a water rate and fee increase may not be needed before 2019. However, the dramatic debt service increase in 2019 - combined with the annual $275,000 regionalization fee the District must start paying to Weber Basin in 2019 – will likely require a notable water rate and fee increase at that time, even if the current strong growth in new customers continues.

As mentioned in **Section 1.06** above, the District has established a regionalization fund into which it plans to deposit most of its net cash increase from selling wholesale water under the Weber Basin regionalization agreement. In addition, the $646,476 drop in 2018 debt service costs could provide additional funding for the regionalization reserves.

The District anticipates these funds could then be used to prepay debt between 2019 and 2023 in order to reduce the annual debt service requirements in those years. This would allow the District to phase in the necessary rate and fee increase in smaller increments over a five year period, and spread it over a larger customer base if strong growth in new customers continues.

Another option to mitigate the large rate and fee increase anticipated for 2019 is to adopt small increases between now and 2019 - so that the 2019 rate increase is not as large. However, it appears at this time that the District may have healthy cash reserves during that period, perhaps making it hard to justify a rate increase prior to 2019 - even though the debt coverage for 2017 is currently projected to be very tight. Keep in mind, the rate stabilization fund is available in 2017 if revenues fall below projections.

1.09 Rate Stabilization Fund

The District's general bond indenture allows it to establish a rate stabilization fund. These funds are available to use to cover revenue shortfalls and/or unexpected expenditures.

The Rate Stabilization Fund has three components:

<u>Rate Stabilization Fund – Bond Reserves</u> **-** These reserves can only be applied to scheduled annual debt service payments in the event annual cash flow from any given year is insufficient to meet that year's scheduled debt service payments.

Although it appears at this time that debt coverage for 2017 may be tight, as discussed above, the existence of this fund provides assurance the District can meets the 1.25 times bond coverage requirements (see **Section 1.10** below) in 2017 without a rate increase, even if the cool wet spring and/or summer weather continues.

In the event the reserve balance falls below $1.0 million, policy requires the District to restore it to $1.0 million within three years. The projected 2015 year-end reserve balance is $1.06 million. The District has never needed to use these funds.

<u>Rate Stabilization Fund – Treatment Plant Operations</u> – Each year, the District budgets about one-tenth of the projected ten year cost for treatment plant carbon and membrane filters. Both carbon and membrane filters are only purchased every few years at a cost of several hundred thousand dollars.

As such, only budgeting for these items during years when they are purchased would lead to wild swings in debt coverage. Therefore, if the amount expended for these items is below the budget amount at the end of a year, the difference is deposited into this reserve until it reaches $500,000; while if the amount expended exceeds of the budget amount, the difference is withdrawn from this reserve to supplement ongoing revenue in that year. The District typically budgets $65,000 per year from ongoing revenue.

For 2015 it is anticipated that $22,400 will be used from this fund to help pay an estimated $87,400 for pretreatment carbon, resulting in a projected 2015 year-end reserve balance of $109,900. The 2016 budget includes another $25,000 that will be used to help pay for the purchase of an estimated $90,000 of carbon for pretreatment in 2016.

<u>Rate Stabilization Fund - Expanded Lost Creek Canyon Repair and Replacement</u> – The District has a contract with Park City that requires it and Park City to deposit a fixed amount into this reserve each month. These funds can only be used to make major repairs to Lost Canyon or to replace expensive equipment. The 2015 projected year-end balance is $120,000.

The District increased the annual contribution to this fund by 50% starting in July 2015 in order to help it reach its goal to increase this reserve to $250,000 over the next three years. The amount the District contributes to this fund was increased from $56,916 annually to $85,374; while Park City's contribution was increased from $44,631 annually to $66,946.

1.10 Debt Coverage Ratio

Per bond covenants, the District must budget for 1.25 debt coverage each year; meaning once all cash operational costs are paid, the remaining budgeted cash revenue must be equal to 1.25 times that year's parity bond principal and interest payments (see **Section 3.0 – 2016 Debt Service Budget**). It is the 1.25 coverage requirement that drives rates and fees.

Mountain Regional Water

Parity Debt Service Coverage Ratio

	2013 Actual	2014 Actual	2015 Projected (1)	2016 Budget
Water Sales	$ 6,266,463	$ 6,126,252	$ 6,297,000	$ 6,549,500
Park City Wheeling	444,373	492,605	500,000	521,300
Weber Basin Regionalization Collections	-	-	367,200	684,600
Stagecoach Assessments	174,109	193,972	180,000	163,000
Operating Fees	259,851	350,920	366,400	303,300
Impact Fees	563,385	625,850	1,200,000	600,000
Promontory Developer Assessments	794,375	1,575,816	1,486,000	1,953,600
Interest Available for Debt Service	26,491	29,670	30,700	51,400
Other Non-restricted Revenue	105,311	148,208	294,500	60,000
Treatment Plant Stabilization Fund	-	-	30,000	25,000
Total Cash Available for Debt Service	8,634,358	9,543,293	10,751,800	10,911,700
Cash Operating Expenses	(4,494,215)	(4,740,832)	(5,527,500)	(5,717,300)
Net Cash Available for Debt Service	4,140,143	4,802,461	5,224,300	5,194,400
Parity Debt Service Payments	2,300,899	3,203,382	3,151,700	3,747,500
Debt Service Coverage	1.80	1.50	1.66	1.39

(1) The debt coverage calculation for 2015 does not include an estimated $275,000 in capitalized interest that will be funded with proceeds from the Series 2014 revenue bonds. This is because the capitalized interest is not funded from ongoing revenues.

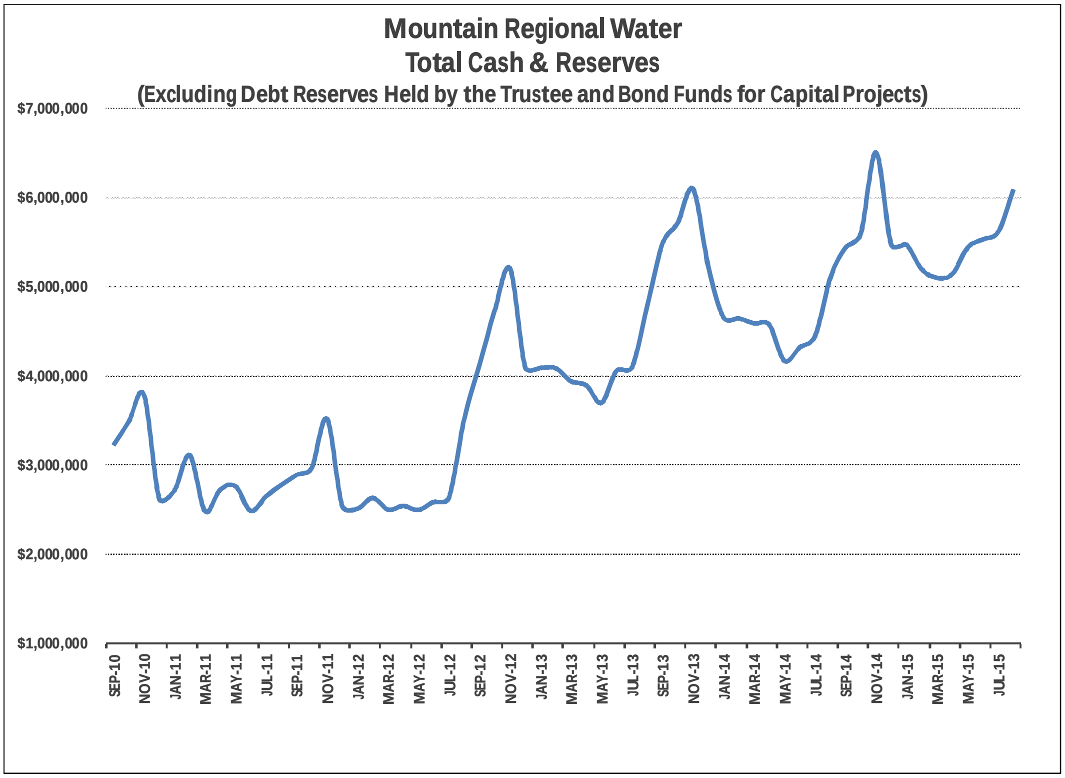
As shown above, the District has had strong debt coverage ratios the past few years, largely due to much improved development related collections.

For 2016, a 1.39 debt coverage ratio is projected based upon slightly cooler and wetter spring and/or summer weather than is usual (but not as cool and wet as for the spring of 2015), and new customer growth based upon a ten year average of 80 new connections.

This is similar to the 85 new connections in 2013; but significantly less than the 150 new units averaged the past two years. Meanwhile, the District averaged only 31 new connections each year between 2009 and 2012.

1.11 Cash

The District's cash and reserves (excluding debt service reserves held by the bond trustee and bond funds for capital projects) have slowly, but steadily improved since 2011 – at which time a rating agency reported that the District's cash and reserves were "barely adequate".



This upward trend can be attributed to the following factors:

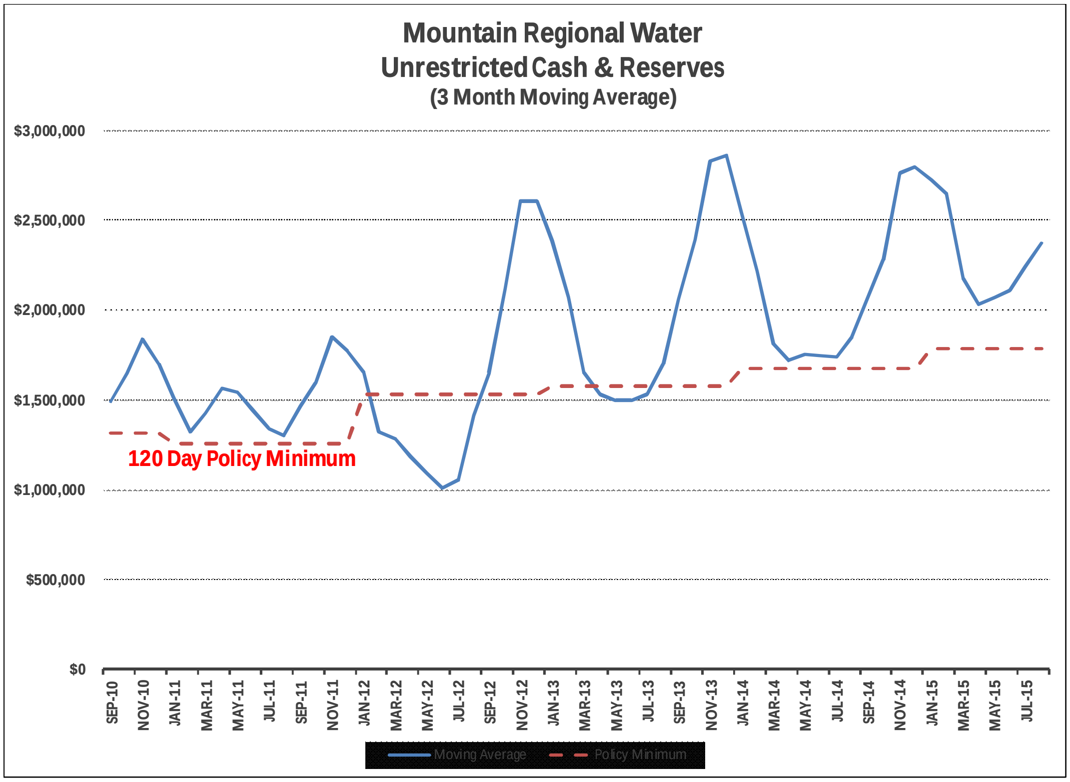
1) Rate and fee increases;
2) The establishment of a $1.0 million rate stabilization fund to replace bond debt reserves held by the trustee; and
3) A stronger building economy leading to record development related collections.

This upward trend is expected to level off moving forward as debt service payments increase, with the exception of the projected increases in the regionalization reserve fund discussed in **Section 1.06**.

<u>Unrestricted Operating Cash and Reserves</u>

Unrestricted operating cash and reserves can be used for any legitimate District purpose; while restricted cash sources can only be used for the specific purpose outlined either in state law, contractual arrangements, or District policy. Although funds restricted by District policy are considered unrestricted by governmental accounting standards, they are considered restricted for this cash analysis.

As such, the unrestricted operating cash and reserves shown in the chart below exclude all capital facility repair funds, the stabilization funds, the impact fee and special assessment funds, bond proceeds, customer deposits, and debt reserves held by the bond trustee.



As shown above, unrestricted cash and reserves have steadily increased since mid-2012 due to the rate and fee increases and the restructuring of debt in 2012. In fact, in 2012 these reserves fell $591,527 below the minimum amount established by policy of 120 days reserves. Unrestricted operating cash and reserves finally reached a level in 2014 where the District should be able to maintain at least 120 days of reserves year-round, in compliance with policy.

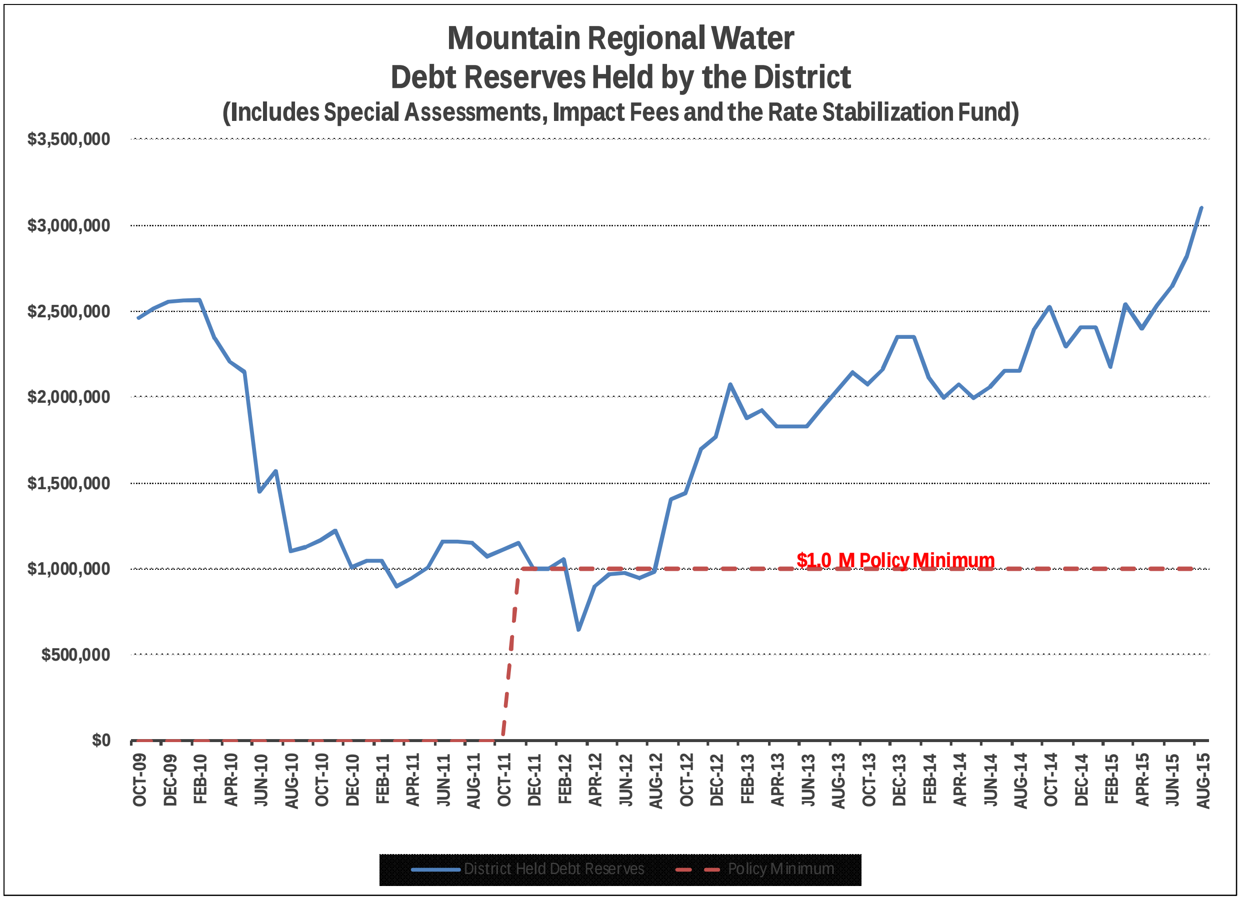
The graph above shows a three month moving average to smooth out monthly fluctuations. The peaks each year are from summer water sales collections, while the sharp decline each year is due to Weber Basin lease payments of nearly $1.2 million that are made each December.

Debt Reserves Held by the District

The District has chosen, by policy, to hold debt reserves in addition to those required by bond holders and held by the bond trustee. The policy decision to establish these reserves was made to mitigate the potential significant shortfall in revenue collections due to weather conditions and wide fluctuations in building related revenue; as well as for unexpected expenditures.

This also helped allow the District to issue both the Series 2012 and Series 2014 bonds without a debt reserve held by the trustee. The impact from using District held reserves to fund revenue shortfalls or unexpected expenditures has a dramatically lower impact on the District when compared to the impact if trustee held debt reserves are ever used.

The District did utilize the impact fee reserves held by the District between 2009 and 2012 due to the low impact fee collections experienced during the Great Recession. In fact, impact fee collections during that period were $714,468 below budget, even after reducing budget from $600,000 in 2008 to only $230,000 for 2012.



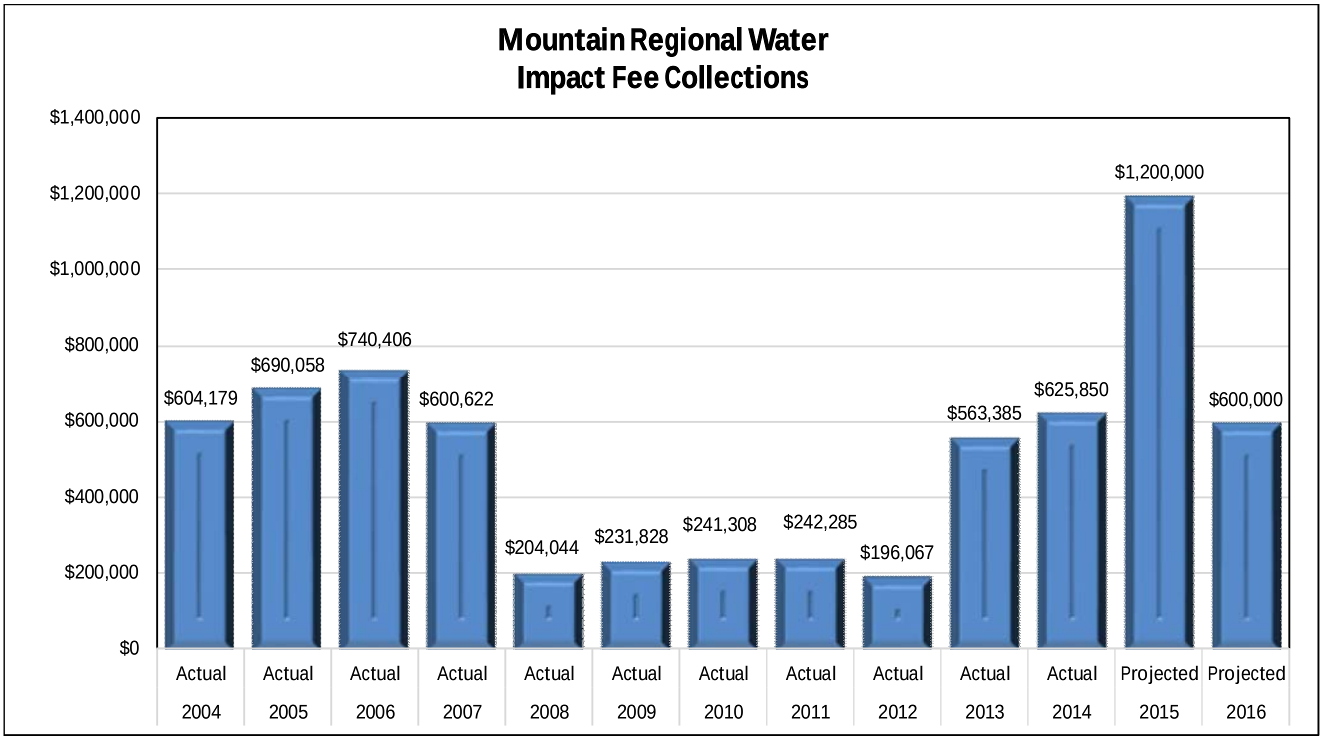
As shown above, these reserves have increased dramatically the past four years due to improved building related collections, along with a policy decision made in November 2011 to establish a $1.0 million rate stabilization reserve, as discussed in **Section 1.09** above.

In addition to $1.06 million currently in the debt service stabilization fund, strong building related collections including impact fees and special assessments have resulted in another $1.86 million in reserves; although it is anticipated about $585,000 of this will be used to make debt payments during the rest of 2015.

These reserves can only be used to make related debt payments. If these reserves are healthy, the District prepays debt on its callable bonds. Currently, no market bonds are callable.

The remaining impact fee and assessment reserves – which should exceed $1.3 million at 2015 year-end - will be used to make debt payments in years when development related revenue does not meet projections.

As shown below, the extreme volatility in impact fee collections year-to-year makes these reserves critical, as they have ranged from a low of $196,067 in 2012 to a projected high of $1.2 million in 2015.



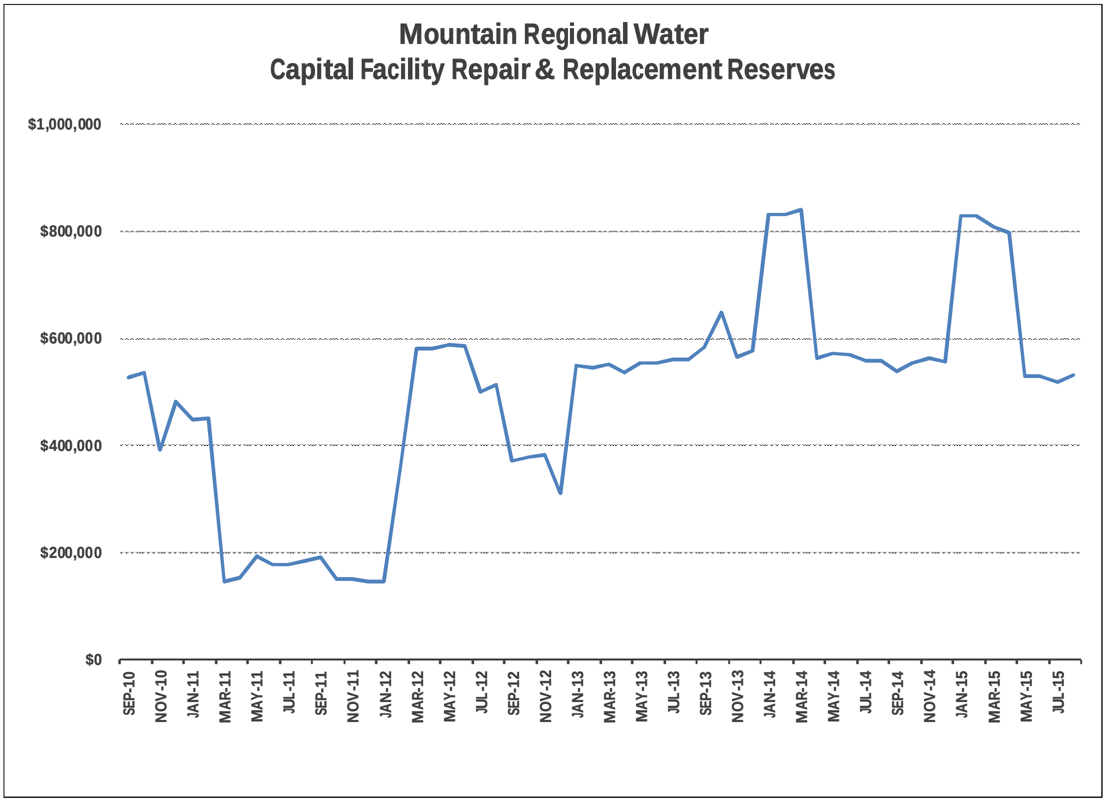
Thus, it is critical that the District does not become too reliant upon strong building related collections to meet its 1.25 bond coverage requirements. Otherwise, large rate and fee increases might be needed when the building economy slows.

<u>Capital Facility Repair & Replacement Reserves</u>

The District was able to generously fund its capital facility repair and replacement funds during the hot, dry weather and period of strong economic growth between 2003 and 2007.

These reserves are typically set aside to fund unanticipated emergency facility costs or to fund critical small projects. However, the District has used these reserves in the past to pay for non-emergency projects that were still a high priority due to revenue shortfalls.

In fact, wetter weather and a slow building economy from 2008 to 2012 required the District to use nearly all these reserve funds for small high priority capital projects and equipment, as shown in the chart below.



Since then, rate and fee increases have helped the District to increase these reserves to a more reasonable level. The District's goal is to maintain capital facility and repair funds of at least $1.0 million at the beginning of each year.

2016 Budgeted Cash Change

As shown below, the 2016 budget projects a $1.17 million cash increase; excluding capital budget items that are being funded with bond proceeds or with cash on hand as of December 2015.

The District plans to allocate this 2016 projected cash increase as follows:

Capital Facility Reserves Mandatory Deposit	$ 285,900
Increase Unrestricted Cash to Maintain Policy Level	125,000
Deposits into Regionalization Reserve	230,000
Future Year Capital Projects	532,400
Total	**$ 1,173,300**

Mountain Regional Water
2016 Operating Budget - Accrual and Cash Basis
Enterprise Fund

	2016 Control Board Recommended Accrual Basis	2016 Control Board Recommended Cash Basis
OPERATING REVENUE		
Water Sales	$ 6,549,500	$ 6,549,500
Park City Wheeling	521,300	521,300
Weber Basin Regionalization Collections	684,600	684,600
Stagecoach Assessments	163,000	163,000
Operating Fees	303,300	303,300
Other	45,000	45,000
Total Operating Revenue	**8,266,700**	**8,266,700**
OPERATING EXPENSES		
Operations		
Energy & Resource Management	530,900	530,900
Lost Canyon Transmission	1,414,100	1,414,100
Treatment	481,000	481,000
Distribution	2,293,900	2,293,900
Safety	53,800	53,800
General Manager		
Engineering & Development	104,600	104,600
Human Resources	106,000	106,000
Legal Services	50,000	50,000
Public Services	413,700	413,700
Financial Management	269,300	269,300
Depreciation Expense	1,622,300	-
Total Operating Expense	**7,339,600**	**5,717,300**
OPERATING INCOME (LOSS)	**927,100**	**2,549,400**
NON-OPERATING REVENUE		
Interest Earnings - Available for Debt Service	51,400	51,400
Interest Earnings - Not Available for Debt Service	500	-
Impact Fees	600,000	600,000
Promontory Developer Assessments	1,953,600	1,953,600
Cash Grants	5,000	-
Other Cash Non-operating Revenue	15,000	15,000
Non-Cash Non-operating Revenue	11,700	-
Total Non-Operating Revenue	**2,637,200**	**2,620,000**
NON-OPERATING EXPENSE		
Interest Expense/Bank Fees	1,652,400	1,781,600
Bond Principal Payments	-	2,214,500
Bond Issuance Expenses	15,800	-
Total Non-Operating Expense	**1,668,200**	**3,996,100**
NON-OPERATING INCOME (LOSS)	**969,000**	**(1,376,100)**
CHANGE IN NET POSITION (NET INCOME BEFORE TRANSFERS)	**1,896,100**	**1,173,300**
TRANSFERS		
Contingency	-	-
Governmental Transfers	-	-
Contributions in Aid of Construction	-	-
NET TRANSFERS	**-**	**-**
CHANGE IN NET POSITION (NET INCOME AFTER TRANSFERS)	**$ 1,896,100**	**$ 1,173,300**

1.12 Revenue Trends

As mentioned in **Section 1.05**, the District now projects total revenue will exceed the budget in 2015 by $1.02 million or 10.5%, as shown below. Declining water sales caused by cool wet spring weather will be more than offset by higher building related revenue, and the unbudgeted collections from selling 400 acre feet of water to Summit Water one year earlier than anticipated.

Mountain Regional Water
Total Revenue

CASH REVENUE	2015 Adopted Budget	2015 Projected	2015 Projected Variance		2016 Control Board Recommend	2016 Recommended to 2015 Budget		2016 Recommended to 2015 Projected	
Operating Revenue									
Water Sales	$ 6,598,500	$ 6,297,000	$ (301,500)		$ 6,549,500	$ (49,000)		$ 252,500	
Park City Wheeling	522,000	500,000	(22,000)		521,300	(700)		21,300	
Weber Basin Regionalization Collections	-	367,200	367,200		684,600	684,600		317,400	
Stagecoach Assessment	167,000	180,000	13,000		163,000	(4,000)		(17,000)	
Operating Fees	303,000	366,400	63,400		303,300	300		(63,100)	
Contract Maintenance	-	12,000	12,000		5,000	5,000		(7,000)	
Other Operating	65,000	57,500	(7,500)		40,000	(25,000)		(17,500)	
Subtotal	**7,655,500**	**7,780,100**	**124,600**	*1.6%*	**8,266,700**	**611,200**	*8.0%*	**486,600**	*6.3%*
Non-operating Revenue									
Interest Earnings	25,500	63,100	37,600		51,900	26,400		(11,200)	
Impact Fees	388,900	1,200,000	811,100		600,000	211,100		(600,000)	
Promontory Developer Assessments	1,536,000	1,486,000	(50,000)		1,953,600	417,600		467,600	
Other Non-operating	136,700	236,700	100,000		31,700	(105,000)		(205,000)	
Subtotal	**2,087,100**	**2,985,800**	**898,700**	*43.1%*	**2,637,200**	**550,100**	*26.4%*	**(348,600)**	*-11.7%*
TOTAL CASH REVENUE	**$ 9,742,600**	**$ 10,765,900**	**$ 1,023,300**	*10.5%*	**$10,903,900**	**$ 1,161,300**	*11.9%*	**$ 138,000**	*1.3%*

For 2016, total revenue is projected to be $10.9 million, which is $1.16 million or 11.9% more than budgeted for 2015, but only $138,000 or 1.3% more than is now projected for 2015.

The 2016 increase is due to higher anticipated water sales from new customer growth and rate increases; a $317,400 increase in Weber Basin regionalization collections as Summit Water has contracted to purchase 700 acre feet of water in 2016 compared to only 400 acre feet in 2015; and a $467,700 increase in the contractually required assessment payments from the Promontory developer.

On the other hand, it is projected that development related revenue will normalize in 2016, resulting in a 2016 impact fee projection that is $600,000 lower than the $1.2 million now projected for 2015. Prior to 2015, the most impact fees collected in a single year was $740,406 in 2006.

The changes in the 2016 revenue projections are discussed in more detail in **Section 2.02** below.

1.13 Personnel & Compensation

The 2016 budget includes no additional positions.

The District has budgeted for a 3.5% ***average*** MERIT increase for 2016. However, it anticipates giving the same percentage raise as Summit County gives its employees for 2016.

2.0 2016 OPERATING BUDGET

2.01 Summary

As shown below, projected 2016 *Net Income after Transfers* is $1.89 million on an accrual basis.

Mountain Regional Water
2016 Operating Budget - Accrual Basis
Enterprise Fund

	2014 Actual	2015 Adopted Budget	2015 Amended Budget	2016 Control Board Recommended	2016 Recommend to 2015 Adopted
OPERATING REVENUE					
Water Sales	$ 6,126,252	$ 6,598,500	$ 6,598,500	$ 6,549,500	(49,000)
Park City Wheeling	492,605	522,000	522,000	521,300	(700)
Weber Basin Regionalization Collections	-	-	367,200	684,600	684,600
Stagecoach Assessments	193,972	167,000	167,000	163,000	(4,000)
Operating Fees	350,920	303,000	303,000	303,300	300
Contract Maintenance	-	-	-	5,000	5,000
Other	52,913	65,000	65,000	40,000	(25,000)
Total Operating Revenue	**7,216,662**	**7,655,500**	**8,022,700**	**8,266,700**	**611,200**
OPERATING EXPENSES					
Operations					
Energy & Resource Management	345,813	494,800	494,800	530,900	36,100
Lost Canyon Transmission	1,165,515	1,251,100	1,271,100	1,414,100	163,000
Treatment Plant	368,396	536,100	536,100	481,000	(55,100)
Distribution	1,962,004	2,149,100	2,189,100	2,293,900	144,800
Safety	31,856	46,400	46,400	53,800	7,400
General Manager					
Engineering & Development	94,450	102,000	134,700	104,600	2,600
Human Resources	80,966	105,300	105,300	106,000	700
Legal Services	45,499	60,000	60,000	50,000	(10,000)
Public Services	382,042	404,400	404,400	413,700	9,300
Financial Management	264,291	285,600	285,600	269,300	(16,300)
Depreciation Expense	1,429,555	1,500,000	1,500,000	1,622,300	122,300
Total Operating Expense	**6,170,387**	**6,934,800**	**7,027,500**	**7,339,600**	**404,800**
OPERATING INCOME (LOSS)	**1,046,275**	**720,700**	**995,200**	**927,100**	**206,400**
NON-OPERATING REVENUE					
Interest Earnings - Available for Debt Service	29,670	25,000	25,000	51,400	26,400
Interest Earnings - Not Available for Debt Service	412	500	500	500	-
Impact Fees	625,850	388,900	388,900	600,000	211,100
Promontory Developer Assessments	1,575,816	1,536,000	1,536,000	1,953,600	417,600
Cash Grants	-	-	-	5,000	5,000
Other Cash Non-operating Revenue	95,295	125,000	125,000	15,000	(110,000)
Non-Cash Non-operating Revenue	11,667	11,700	11,700	11,700	-
Total Non-Operating Revenue	**2,338,710**	**2,087,100**	**2,087,100**	**2,637,200**	**550,100**
NON-OPERATING EXPENSE					
Interest Expense/Bank Fees	1,485,491	1,717,500	1,717,500	1,652,400	(65,100)
Bond Issuance Costs and Amortization Expense	195,032	17,500	17,500	15,800	(1,700)
Total Non-Operating Expense	**1,680,523**	**1,735,000**	**1,735,000**	**1,668,200**	**(66,800)**
NON-OPERATING INCOME (LOSS)	**658,187**	**352,100**	**352,100**	**969,000**	**616,900**
CHANGE IN NET POSITION (NET INCOME BEFORE TRANSFERS)	**1,704,462**	**1,072,800**	**1,347,300**	**1,896,100**	**823,300**
TRANSFERS					
Contributions in Aid of Construction	618,390	-	-	-	-
NET TRANSFERS	**618,390**	**-**	**-**	**-**	**-**
BUDGET CHANGE IN NET POSITION (NET INCOME AFTER TRANSFERS)	**$ 2,322,852**	**$ 1,072,800**	**$ 1,347,300**	**$ 1,896,100**	**$ 823,300**
GASB 68 ACTUAL RETIREMENT ADJUSTMENTS	*Not Required*	*TBD*	*TBD*	*TBD*	*N/A*
ACTUAL CHANGE IN NET POSITION (NET INCOME AFTER TRANSFERS)	**$ 2,322,852**	**TBD**	**TBD**	**TBD**	**N/A**

When non-cash *Depreciation, Amortization, and other non-cash items* are taken into account, along with principal payments, the District anticipates it will generate $1.17 million in cash from operations in 2016, as discussed in **Section 1.11** above.

2.02 2016 Revenue

Operating Revenue

The District is projecting 2016 *Operating Revenue* of $8.27 million, which is 8.0% or $611,200 higher than was budgeted for 2015, as shown below.

Operating Revenue

	2014 Actual	2015 Adopted Budget	2015 Projection	2016 Control Board Recommended	2016 Recommended to 2015 Budget $ Change	% Change
Water Sales	$ 6,126,252	$ 6,598,500	$ 6,297,000	$ 6,549,500	$ (49,000)	*(0.7)* %
Park City Wheeling Fees	492,605	522,000	500,000	521,300	(700)	*(0.1)*
Weber Basin Regionalization Collections	-	-	367,200	684,600	684,600	*n/a*
Stagecoach Assessments	193,972	167,000	180,000	163,000	(4,000)	*(2.4)*
Operating Fees	350,920	303,000	366,400	303,300	300	*0.1*
Contract Maintenance	-	-	12,000	5,000	5,000	*n/a*
Other	52,913	65,000	57,500	40,000	(25,000)	*(38.5)*
Total Operating Revenue	**$ 7,216,662**	**$ 7,655,500**	**$ 7,780,100**	**$ 8,266,700**	**$ 611,200**	**8.0 %**

The 2016 *Water Sales* budget of $6.55 million is actually $49,000 or 0.7% lower than the amount budgeted for 2015; but $252,500 more than the $6.30 million now projected for 2015 – as cool wet spring weather dampened water usage in 2015.

For 2016, less cool wet spring weather is assumed than has been experienced in 2015, with average culinary consumption per customer projected to be closer to the 145,000 gallons average experienced over the past five years, compared to the 130,709 gallons experienced the past twelve months.

The assumption of less cool wet spring weather - along with the $4.00 per ERC monthly increase in water bills effective August 2015 and very strong customer growth - suggests water sales should increase in 2016.

In fact, concurrency letters for about 200 new units were issued the past twelve months, one of which is a 122 room hotel. It typically takes twelve to eighteen months after a concurrency letter is issued before a unit is constructed and starts using water.

Weber Basin Regionalization Collections will provide a huge boost to operating revenue in 2016 as the District has a contract that will generate $684,600 in related revenue. This is an increase from the $367,200 in unbudgeted regionalization collections the District will receive in 2015, as Summit Water has contracted to purchase 700 acre feet of wholesale water in 2016 compared to only 400 acre feet in 2015.

Operating Fees (including connection fees) are projected to reach $303,300 in 2016 – which is nearly the same as budgeted for 2015; even though actual 2015 collections will exceed budget significantly due to very strong customer growth. It is anticipated new customer growth will moderate in 2016, but still remain healthy.

Non-operating Revenue

As shown below, the District's 2016 *Non-operating Revenue* budget is $2.64 million, which is $550,100 - or 26.4% more than budgeted for 2015. This increase is largely due to two factors.

Non-operating Revenue

	2014 Actual	2015 Adopted Budget	2015 Projection	2016 Control Board Recommended	2016 Recommended to 2015 Budget $ Change	% Change
Interest Earnings	$ 30,082	$ 25,500	$ 63,100	$ 51,900	$ 26,400	*103.5*
Impact Fees	625,850	388,900	1,100,000	600,000	211,100	*54.3*
Promontory Developer Assessments	1,575,816	1,536,000	1,486,000	1,953,600	417,600	*27.2*
Cash Grants	-	-	-	5,000	5,000	*n/a*
Other Cash Non-operating Revenue	95,295	125,000	225,000	15,000	(110,000)	*(88.0)*
Non-Cash Non-opeating Revenue	11,667	11,700	11,700	11,700	-	-
Total Non-operating Revenue	**$ 2,338,710**	**$ 2,087,100**	**$ 2,885,800**	**$ 2,637,200**	**$ 550,100**	**26.4** %

First, the 2016 *Impact Fees* budget of $600,000 is $211,100 or 54.3% more than budgeted for 2015; although this is $600,000 less than is now projected for 2015. The 2016 projection is based upon 80 new construction units, which is the ten year average for the District. This is similar to the 85 new units in 2013; but well below the 150 new units averaged the past two years. On the other hand, between 2009 and 2012 the District averaged only 31 new connections per year.

The 2015 budget assumed 64 new units.

It is difficult to forecast impact fees for three reasons:

1) New development is cyclical and unpredictable;
2) Developers are selling their excess prepaid District connections; and
3) The impact fee for homes is now based upon livable square footage – which varies drastically among the District's service areas.

Second, the *Promontory Developer Assessments* used to pay assessment related debt are scheduled to increase $417,600 or 27.2% in 2016. The Promontory developer is contractually required to pay the entire budgeted amount.

2.03 2016 Expenses

Operating Expenses

The 2016 *Operating Expense* budget is $7.34 million, which is $404,800 or 5.8% higher than the adopted 2015 budget, as shown below.

	Includes New Costs Associated with Selling Regionalization Water						Deducts New Costs Associated with Selling Regionalization Water				
	2014 Actual	2015 Adopted Budget	2015 Amended	2016 Control Board Recommended	2016 Recommended to 2015 Adopted Budget Change		2016 Control Board Recommended	Less New Costs for Regionalization	2016 Budget Less Regionalization Costs	Comparison to 2015 Adopted Budget Change	
Operations											
Energy & Resource Management	$ 345,813	$ 494,800	$ 494,800	$ 530,900	$ 36,100		$ 530,900	$ -	$ 530,900	$ 36,100	
Lost Canyon Transmission	1,165,515	1,251,100	1,271,100	1,414,100	163,000		1,414,100	(27,800)	1,386,300	135,200	
Treatment Plant	368,396	536,100	536,100	481,000	(55,100)		481,000	-	481,000	(55,100)	
Distribution	1,962,004	2,149,100	2,189,100	2,293,900	144,800		2,293,900	(152,800)	2,141,100	(8,000)	
Safety	31,856	46,400	46,400	53,800	7,400		53,800	-	53,800	7,400	
Subtotal Operations	**3,873,584**	**4,477,500**	**4,537,500**	**4,773,700**	**296,200**	***6.6*** %	**4,773,700**	**(180,600)**	**4,593,100**	**115,600**	***2.5%*** **%**
General Manager											
Engineering & Development	94,450	102,000	134,700	104,600	2,600		104,600	-	104,600	2,600	
Human Resources	80,966	105,300	105,300	106,000	700		106,000	-	106,000	700	
Legal Services	45,499	60,000	60,000	50,000	(10,000)		50,000	-	50,000	(10,000)	
Public Services	382,042	404,400	404,400	413,700	9,300		413,700	-	413,700	9,300	
Financial Management	264,291	285,600	285,600	269,300	(16,300)		269,300	-	269,300	(16,300)	
Subtotal Other Departments	**867,248**	**957,300**	**990,000**	**943,600**	**(13,700)**	***(1.4)*** %	**943,600**	**-**	**943,600**	**(13,700)**	***-1.4%*** **%**
Depreciation Expense	1,429,555	1,500,000	1,500,000	1,622,300	122,300		1,622,300	-	1,622,300	122,300	
Non-Cash Expenses	**1,429,555**	**1,500,000**	**1,500,000**	**1,622,300**	**122,300**	***8.2*** %	**1,622,300**	**-**	**1,622,300**	**122,300**	***8.2%*** **%**
Total Operating Expense	**$ 6,170,387**	**$ 6,934,800**	**$ 7,027,500**	**$ 7,339,600**	**$ 404,800**	***5.8*** **%**	**$ 7,339,600**	**$ (180,600)**	**$ 7,159,000**	**$ 224,200**	***3.2%*** **%**
	2015 Adopted to Amended		***$ 92,700***	***1.3%***							

However, after the new costs associated with selling 700 acre feet of wholesale water under the Weber Basin regionalization agreement are deducted (see **Section 1.06** for more detail), the 2016 increase drops to $224,400 or 3.2%. Of this, $122,300 or 54.5% is attributable to the projected increase in non-cash *Depreciation Expense* related to the completion of the capital projects funded with the Series 2014 bonds.

The 2016 *Operations* budget is $115,600 or 2.5% more than budgeted for 2015 after deducting the new costs associated with regionalization wholesale water sales. The reason the *Treatment Plant* and *Distribution* budgets show a decline in 2016 is due to a shift of manpower to *Lost Canyon Transmission*. The overall $115,600 increase in *Operations* for 2016 includes a well repair at Lost Canyon estimated at $20,000; while the non-capital portion of the Weber Basin lease fees increased by 3.75% or $43,700.

Meanwhile, the *Other Departments* account for a $13,700 decrease in the 2016 *Operating Expense* budget increase – which is 1.4% less than budgeted for 2015. It is anticipated legal fees will be less in 2016 as the District incurred higher fees in 2015 to make a significant transfer of water rights from East Canyon to the new Bison Bluff (15C) well.

In addition, the District estimates its health insurance costs will decline about $30,000 as it incentivizes its employee to move to a lower cost plan. This contributed to the 2016 decrease in *Other Departments* and reduced the increase in the *Operations* budget.

Non-operating Expenses

Non-operating Expense consists of *Interest Expense / Bank Fees* and bond related costs, including issuance costs.

Non-operating Expense

	2014 Actual	2015 Adopted Budget	2015 Amended	2016 Control Board Recommended	2016 Recommended to 2015 Adopted Budget Change	
Interest Expense / Bank Fees	$ 1,485,491	$ 1,717,500	$ 1,717,500	$ 1,652,400	$ (65,100)	
Bond Issuance Costs & Amortization	195,032	17,500	17,500	15,800	(1,700)	*(9.7)*
Total Non-operating Expense	**$ 1,680,523**	**$ 1,735,000**	**$ 1,735,000**	**$ 1,668,200**	**$ (66,800)**	***(3.9)* %**
	2015 Adopted to Amended		***$ -***	***0.0%***		

As shown above, the 2016 *Non-operating Expense* budget is nearly $1.67 million, which is $66,800 or 3.9% less than budgeted for 2015. This decline in scheduled interest payments is the result of 2015 principal payments. (However, as mentioned in **Section 1.08** the total 2016 debt service requirements are increasing due higher principal payments. As discussed in **Section 1.02**, principal payments are only included in the debt service budget and not this budget shown above.)

The District is using $170,000 of its regionalization collections to fund debt service in 2016 to help pay off the Series 2014 bonds. Some of the projects funded with the Series 2014 bonds allowed the District to increase the amount of surplus water it can sell under the Weber Basin regionalization agreement starting in 2016.

The District already had sufficient water rights to sell this additional surplus water, but needed additional storage and well production to move the water east of US Highway 40. These projects will be needed to serve District customers in five to ten years, but are being constructed earlier to allow for higher regionalization collections that more than offset the debt service costs.

The 2016 budget of $15,800 for *Issuance Costs & Amortization* is nearly the same as budgeted for 2015. The $195,032 actual amount shown in 2014 is due to the issuance of the Series 2014 bonds.

2.04 2016 Transfers

Although the District may receive subdivision infrastructure donations from developers in 2016, no amount is budgeted since the value of *Contributions-in-Aid of Construction* is not known.

Transfers

	2014 Actual	2015 Adopted Budget	2015 Projection	2016 Control Board Recommended	2016 Recommended to 2015 Budget $ Change	% Change
Contingency	$ -	$ -	$ -	$ -	$ -	
Governmental Transfers	-	-	-	-	-	
Contributions in Aid of Construction	618,390	-	-	-	-	
Total Transfers	**$ 618,390**	**$ -**	**$ -**	**$ -**	**$ -**	**n/a %**

Developers building within the District are required to pay for their own subdivision infrastructure and then donate the related water assets to the District at the time the District approves them for use.

These are non-cash transfers that increase District's change in net position (net income) in the year they are made, but not cash flow. In future years these transfers increase non-cash *Depreciation Expense*, and require operation, maintenance and repairs by the District, thereby reducing future change in net position (net income) and cash flow.

3.0 2016 DEBT SERVICE BUDGET

For 2016, the District projects a debt coverage ratio of 1.39 when only parity revenue bonds are included. As discussed in **Section 1.10** above, this ratio is required to meet or exceed 1.25 to comply with bond covenants.

MOUNTAIN REGIONAL WATER
2016 Debt Service Budget - Cash Basis
(Excludes Rate Stabilization Fund)

		2016 Control Board
COVERAGE CALCULATION FOR PARITY REVENUE BONDS		
Operating Income (Loss)	$	927,100
Add Back Depreciation		1,622,300
Add In Interest Available for Debt Service		51,400
Add In Impact Fees		600,000
Add In Promontory SID Assessments on Developer		1,953,600
Add in Other Non-operating Income		15,000
Add in Treatment Plant Stabilization Fund		25,000
Total Available For Debt Service	**$**	**5,194,400**
TOTAL DEBT COVERAGE		
Required Coverage Principal	$	2,214,500
Required Coverage Interest/Bank Fees		1,781,600
Total Required Debt Service		**3,996,100**
Debt Service X 1.25	**$**	**4,995,200**
Required Debt Coverage Ratio		**1.30**
REQUIRED PARITY BOND DEBT COVERAGE		
Parity Bond Principal	$	2,110,000
Parity Bond Interest		1,637,500
Total Parity Debt Service		**3,747,500**
Debt Service X 1.25	**$**	**4,684,400**
Parity Debt Coverage Ratio		**1.39**
Cash Excess/(Shortfall)		**1,198,300**
Less Treatment Plant Stabilization Fund		(25,000)
Projected Cash Generated		**1,173,300**
Capital Facility Reserves		(285,900)
Operating Reserves		(125,000)
Regionalization Reserves		(230,000)
Cash Available for Projects		**532,400**

It is District policy to budget to meet or exceed the 1.25 requirement when all bonds, including subordinated debt, are included. This is necessary in order to generate sufficient cash to make required deposits into cash reserve accounts, and to fund capital equipment and small capital projects in future years. For 2016, this ratio is projected to be 1.30 or higher, as the Districts expense budgets include $150,000 in contingencies.

Although the District's bond indentures don't require subordinated debt to be included in the 1.25 coverage threshold, both bond holders and rating agencies include subordinated debt when assessing the risk of municipal revenue bonds.

A 1.30 coverage ratio for all debt in 2016 results in a projected $1.17 million cash increase, excluding cash spent on capital equipment and projects as discussed in more detail in **Section 1.11** above. The District plans to allocate this cash increase as shown at the bottom of the above table.

The District's policy is to budget for a ratio of 1.25 from the current year cash flow, with two exceptions:

1) Every few years, treatment plant maintenance costs will be higher than most years as expensive membranes need to be replaced in 8 to 10 year cycles, and not evenly over the ten year period. Further, expensive carbon needs to be replaced every two to three years. As such, the District currently budgets $65,000 per year from ongoing revenue for these items.

   The 2016 ratios include $25,000 from the Treatment Plant Operations stabilization reserves to help pay an estimated $90,000 for pretreatment carbon.

2) Promontory lots sales will exceed projections in some years, and fall below projections other years. The related SID assessments collected during the years with higher lots sales will be deposited into a restricted fund, and then included in debt coverage calculations in years that lots sales are below projections.

4.0 CAPITAL BUDGET

The District is requesting $1.24 million in new capital spending authorization for 2016, as shown below.

Mountain Regional Water
Capital Budget

	2015 Adopted Budget	2015 Projected Actual	2015 Budget Savings	Control Board Recommended Increases	2016 Total Budget	2015 Projected & 2016 Total Total Budget
CASH SOURCES						
Previous Year Budget Carryover	$ 89,100	$ 110,500	$ 147,900	$ -	$ 147,900	$ 258,400
Cash Available from Previous Years	437,500	44,100	-	816,000	816,000	860,100
Capital Facility Reserves	62,500	286,600	-	-	-	286,600
Series 2014 Bond Proceeds & Investment Earnings	8,200,000	8,200,000	-	425,000	425,000	8,625,000
TOTAL SOURCES	**$ 8,789,100**	**$ 8,641,200**	**$ 147,900**	**$ 1,241,000**	**$ 1,388,900**	**$ 10,030,100**
CASH USES						
2015 Completed Projects & Equipment	$ 205,200	$ 205,200	$ -	$ -	$ -	$ 205,200
General System Improvements & Equipment	147,900	-	147,900	571,300	719,200	719,200
Capitalized Personnel Costs	236,000	236,000	-	244,700	244,700	480,700
Promontory SAA Bond Projects	4,400,000	4,400,000	-	(150,000)	(150,000)	4,250,000
Mountain Regional Revenue Bond Projects	3,800,000	3,800,000	-	575,000	575,000	4,375,000
TOTAL USES	**$ 8,789,100**	**$ 8,641,200**	**$ 147,900**	**$ 1,241,000**	**$ 1,388,900**	**$ 10,030,100**

This additional spending authorization will be funded with $816,000 in cash available from prior years, plus the Series 2014 Bond proceeds were $425,000 more than initially anticipated.

The additional $425,000 in bond proceeds is the result of the Series 2014 bonds selling at a premium. This occurs when the interest rates paid on the bonds are higher than the market rates on the day of the bond sale. Originally, the District anticipated applying these extra proceeds to bond payments. However, after the District completed the water model of its system, it was discovered that more surplus water could be sold under the regionalization agreement if a 500,000 gallon tank planned for Summit Park was switched to a 2.0 million gallon tank at Quarry Mountain.

Property assessments on the Promontory developer will fund debt service on $4.25 million of the bond proceeds. These proceeds are funding construction of a new tank, pump station and transmission lines needed within the Promontory development to allow for customer growth.

The remaining proceeds are being used to fund the construction of the Bison Bluff (15C) well, the 2.0 million gallon Quarry Mountain tank, and the Equestrian Center pipeline interconnect. These assets are needed to ensure the District has sufficient backup source for its wholesale water sales anticipated under the regionalization agreement until this water is needed for new District customers. As discussed in **Section 2.03** above, these projects are being constructed five to ten years sooner than is necessary to serve future new District customer growth in order to maximize the District's ability to sell its surplus water over the next few years. The remainder of the District's bond projects include two much needed pump station upgrades at Silver Springs and Bear Hollow.

The $816,000 in cash has been generated in past years due to the 1.25 debt coverage requirement, whereby the District must generate cash revenue that provides 1.25 times the cash needed to make all debt payments once cash operational expenses are deducted.

Since District employees spend a portion of their time working on or managing capital projects, the District capitalizes some personnel costs. For 2016, the budget includes $244,700 for this.

An additional $571,300 has been budgeted for capital equipment, vehicle replacement, and small capital projects. Up to $400,000 of this budget may be needed for the next phase of the Summit Park infrastructure replacement project that is being done jointly by the District, Summit County, and the Snyderville Basin Water Reclamation District. The remaining funds will likely be used to replace two District vehicles.

5.0 2015 BUDGET AMENDMENTS

5.01 2015 Operating Budget

For 2015, three budget amendments are needed, as shown below.

MOUNTAIN REGIONAL WATER
2015 Amended Operating Budget - Accrual Basis
Enterprise Fund

	2013 Actual	2014 Actual	2015 Adopted Budget	2015 Amended Budget	2015 Amended to Adopted
OPERATING REVENUE					
Water Sales	$ 6,266,463	$ 6,126,252	$ 6,598,500	$ 6,598,500	$ -
Park City Wheeling	444,373	492,605	522,000	522,000	-
Weber Basin Regionalization Fees	-	-	-	367,200	367,200
Stagecoach Assessment	174,109	193,972	167,000	167,000	-
Operating Fees	259,851	350,920	303,000	303,000	-
Contract Maintenance	-	-	-	-	-
Other	69,330	52,913	65,000	65,000	-
Total Operating Revenue	**7,214,126**	**7,216,662**	**7,655,500**	**8,022,700**	**367,200**
OPERATING EXPENSES					
Operations Management					
Energy & Resource Management	327,724	345,813	494,800	494,800	-
Distribution	1,837,028	1,962,004	2,149,100	2,189,100	40,000
Lost Canyon Transmission	1,157,602	1,165,515	1,251,100	1,271,100	20,000
Treatment Plant	369,898	368,396	536,100	536,100	-
Safety	33,772	31,856	46,400	46,400	-
General Manager					-
Engineering & Development	95,475	94,450	102,000	134,700	32,700
Human Resources	76,198	80,966	105,300	105,300	-
Legal Services	30,254	45,499	60,000	60,000	-
Public Services	348,267	382,042	404,400	404,400	-
Financial Management	217,997	264,291	285,600	285,600	-
Depreciation Expense	1,374,783	1,429,555	1,500,000	1,500,000	-
Total Operating Expense	**5,868,998**	**6,170,387**	**6,934,800**	**7,027,500**	**92,700**
OPERATING INCOME (LOSS)	**1,345,128**	**1,046,275**	**720,700**	**995,200**	**274,500**
NON-OPERATING REVENUE					
Interest Earnings - Available for Debt Service	26,491	29,670	25,000	25,000	-
Interest Earnings - Not Available for Debt Service	298	412	500	500	-
Impact Fees	563,385	625,850	388,900	388,900	-
Promontory Developer SID Assessments	794,375	1,575,816	1,536,000	1,536,000	-
Cash Grants	(13,780)	95,295	125,000	125,000	-
Other Cash Non-operating Revenue	11,667	11,667	11,700	11,700	-
Non-Cash Non-operating Revenue	35,981	-	-	-	-
Total Non-operating Revenue	**1,418,417**	**2,338,710**	**2,087,100**	**2,087,100**	**-**
NON-OPERATING EXPENSE					
Interest Expense/Bank Fees	1,573,721	1,485,491	1,717,500	1,717,500	-
Bond Issuance Costs and Amortization Expense	17,414	195,032	17,500	17,500	-
Total Non-operating Expense	**1,591,135**	**1,680,523**	**1,735,000**	**1,735,000**	**-**
NON-OPERATING INCOME (LOSS)	**(172,718)**	**658,187**	**352,100**	**352,100**	**-**
CHANGE IN NET POSITION (NET INCOME BEFORE TRANSFERS)	**1,172,410**	**1,704,462**	**1,072,800**	**1,347,300**	**274,500**
TRANFERS					
Contingency	-	-	-	-	-
Governmental Transfers	-	-	-	-	-
Contributions in Aid of Construction	288,413	618,390	-	-	-
NET TRANSFERS	**288,413**	**618,390**	**-**	**-**	**-**
BUDGET CHANGE IN NET POSITION AFTER TRANSFERS	**$ 1,460,823**	**$ 2,322,852**	**$ 1,072,800**	**$ 1,347,300**	**$ 274,500**
GASB 68 ACTUAL RETIREMENT ADJUSTMENTS	*Not Required*	*Not Required*	*TBD*	*TBD*	*TBD*
ACTUAL CHANGE IN NET POSITION AFTER TRANSFERS	**$ 1,460,823**	**$ 2,322,852**	**TBD**	**TBD**	**TBD**

All of the amendments will be funded from the $367,200 in unanticipated regionalization collections the District will receive in 2015 from selling Summit Water 400 acre feet of water.

The first two budget amendments are for the cost increases associated with the wholesale water sales to Summit Water in 2015. This includes electricity, manpower, and maintenance costs that total $60,000. This includes a $40,000 increase to *Distribution* and a $20,000 increase to *Lost Canyon Transmission*.

The third budget amendment is to cover the estimated $32,700 non-cash year-end leave accrual for the General Manager included in the *Engineering & Development* budget. The General Manager recently entered into a three year employment contract that provides him with paid leave; while prior to that time the General Manager did not accrue any paid leave. The $32,700 amendment is to make a portion of the paid leave retroactive.

5.02 2015 Debt Service Budget

The adopted 2015 *Debt Service Budget* projected a 1.38 parity debt coverage ratio and 1.26 when subordinated debt was included. These ratios are now projected at 1.66 and 1.53 respectively as development related collections will exceed budget due to the increase in new development.

MOUNTAIN REGIONAL WATER
2015 Debt Coverage Calculation - Cash Basis

	2015 Budget	2015 Projection
COVERAGE CALCULATION FOR PARITY REVENUE BONDS		
Operating Income (Loss)	$ 720,700	$ 752,600
Add Back Depreciation	1,500,000	1,500,000
Add in Interest Available for Debt Service	25,000	30,700
Add In Impact Fees	388,900	1,200,000
Add In Promontory SID Assessments on Developer	1,536,000	1,486,000
Add in Other Non-operating Income	125,000	225,000
Add in Treatment Plant Stabilization Fund	65,000	30,000
Bond Issuance Costs Funded with Bond Proceeds	n/a	n/a
Total Available For Debt Service	**4,360,600**	**5,224,300**
TOTAL DEBT COVERAGE		
Required Coverage Principal	1,925,200	1,876,200
Required Coverage Interest/Bank Fees	1,527,500	1,527,500
Capitalized Interest on Series 2014 Bonds	***Funded with Bond Proceeds***	***Funded with Bond Proceeds***
Total Required Debt Service	**3,452,700**	**3,403,700**
Debt Service X 1.25	**4,315,900**	**4,254,700**
Required Debt Coverage Ratio	**1.26**	**1.53**
REQUIRED PARITY BOND DEBT COVERAGE		
Parity Bond Principal	1,776,000	1,776,000
Parity Bond Interest	1,375,700	1,375,700
Total Parity Debt Service	**3,151,700**	**3,151,700**
Debt Service X 1.25	**3,939,700**	**3,939,700**
Parity Debt Coverage Ratio	**1.38**	**1.66**

The unexpected regionalization collections from Summit Water will offset the lower 2015 water sales.