

Mountain Regional Water Special Service District Interviews
Wednesday, December 12, 2012
Richins Building

3:15 pm – Todd Hopkinson (REAPPLYING)

3:25 pm – Chris Eggleton

3:35 pm – Mike Kobe

3:45 pm – Theron Miller

2 VACANCIES; 4 INTERVIEWS

Auditor

Blake Frazier



December 04, 2012

County Council;

Please consider approving the BOE Stipulations on December 12th. They will be prepared for your review by Travis Lewis prior to that date.

Thank You,


Kathryn Rockhill
BOE Clerk

2012 BOE Adjustments

Serial #	New Market Value	Old Market Value	MV Difference	New Taxable Value	Old Taxable Value
HPCR-466-SP	\$ 330,000.00	\$ 330,000.00	\$ (60,000.00)	\$ 330,000.00	\$ 390,000.00
JR-66	\$ 300,000	\$ 165,000	\$ (172,923.00)	\$ 165,000	\$ 472,923
MC-3	\$ 215,000.00	\$ 118,250.00	\$ (60,000.00)	\$ 118,250.00	\$ 275,000.00
PI-F-27	\$ 298,173	\$ 298,173	\$ -	\$ 298,173	\$ 298,173
PI-F-29	\$ 61,750.00	\$ 85,000.00	\$ (23,250.00)	\$ 85,000.00	\$ 85,000.00
PI-G-66	\$ 61,750.00	\$ 75,200.00	\$ (23,450.00)	\$ 75,200.00	\$ 85,200.00
PROMR-1-6	\$ 230,000.00	\$ 250,000.00	\$ (20,000.00)	\$ 250,000.00	\$ 250,000.00
RIVBLF-A-25	\$ 50,000.00	\$ 50,000.00	\$ (222,899.00)	\$ 50,000.00	\$ 272,899.00
SA-224-G-7	\$ 373,025.00	\$ 373,025.00	\$ (276,976.00)	\$ 373,025.00	\$ 650,001.00
SA-224-G-7-A	\$ 373,025.00	\$ 373,025.00	\$ (276,976.00)	\$ 373,025.00	\$ 650,001.00
SA-224-G-7-B	\$ 373,025.00	\$ 373,025.00	\$ (276,976.00)	\$ 373,025.00	\$ 650,001.00
SA-224-G-7-C	\$ 373,025.00	\$ 373,025.00	\$ (276,976.00)	\$ 373,025.00	\$ 650,001.00
SU-K-121-125	\$ 1,500.00	\$ 15,000.00	\$ (73,500.00)	\$ 15,000.00	\$ 75,000.00
TCVC-10-2AM	\$ 204,000.00	\$ 204,000.00	\$ (36,000.00)	\$ 204,000.00	\$ 240,000.00
WV-36	\$ 1,105,350.00	\$ 1,151,260.00	\$ (45,910.00)	\$ 1,151,260.00	\$ 1,151,260.00
WV-6	\$ 188,100.00	\$ 224,250.00	\$ (36,150.00)	\$ 224,250.00	\$ 224,250.00
Totals for 12/12/2012	\$ 4,537,723.00	\$ 4,458,233.00	\$ (1,881,986.00)	\$ 7,113,970.00	\$ 6,419,709.00
Totals for 12/5/2012	\$ 141,975,855.00	\$ 144,887,100.00	\$ (2,911,245.00)	\$ 124,487,845.00	\$ 144,887,100.00
Totals for 11/28/2012	\$ 17,131,643.00	\$ 20,995,955.00	\$ (3,864,312.00)	\$ 14,652,832.00	\$ 20,995,955.00
Totals for 11/14/2012	\$ 25,635,298.00	\$ 30,178,915.00	\$ (4,543,617.00)	\$ 19,413,938.00	\$ 30,178,915.00
Totals for 11/7/2012	\$ 33,461,193.00	\$ 34,639,261.00	\$ (1,178,068.00)	\$ 31,299,683.00	\$ 34,639,261.00
Totals for 10/31/2012	\$ 33,144,825.00	\$ 40,535,768.00	\$ (7,390,943.00)	\$ 30,963,681.00	\$ 40,535,768.00
Totals for 10-24-2012	\$ 121,728,378.00	\$ 149,002,842.00	\$ (27,274,464.00)	\$ 103,844,981.00	\$ 149,002,842.00
Totals for 10/10/2012	\$ 86,042,006.00	\$ 102,778,872.00	\$ (16,736,866.00)	\$ 71,107,144.00	\$ 102,778,872.00
Totals for 10-3-2012	\$ 38,591,363.00	\$ 47,578,853.00	\$ (8,987,490.00)	\$ 28,377,158.00	\$ 47,578,853.00
Totals for 9-26-2012	\$ 59,278,729.00	\$ 69,288,965.00	\$ (10,010,236.00)	\$ 42,301,770.00	\$ 69,288,965.00
Totals for 9/19/2012	\$ 61,834,634.00	\$ 58,697,816.00	\$ 3,136,818.00	\$ 52,024,580.00	\$ 58,697,816.00
Totals For 9/12/2012	\$ 85,543,866.00	\$ 91,568,057.00	\$ (6,024,171.00)	\$ 66,650,057.00	\$ 91,568,057.00
Totals For 8/29/2012	\$ 46,659,094.00	\$ 48,620,199.00	\$ (1,961,105.00)	\$ 37,170,923.00	\$ 48,620,199.00
RunningTotal	\$ 755,564,607.00	\$ 843,230,836.00	\$ (89,627,685.00)	\$ 629,408,562.00	\$ 845,192,312.00

So far this year(2012)the Market value decrease is (\$ 89,627,685) As of 12/12/2012

The total number of Appeals for 2012 is 1,841 we have sent 1,276 of those for your approval as of December 12, 2012. This is 69% of the Appeals.



MEMORANDUM:

Date: December 12, 2012

To: Council Members

From: Annette Singleton

Re: Snyderville Basin Special Recreation Service District Administrative Control Board

Reappoint Brian Guyer, and appoint Cathy Kahlow, to the Snyderville Basin Special Recreation Service District Administrative Control Board. Brian and Cathy's terms to expire December 31, 2016.



MEMORANDUM:

Date: December 12, 2012

To: Council Members

From: Annette Singleton

Re: Snyderville Basin Planning Commission

Appoint Mike Barnes to the Snyderville Basin Planning Commission, to fill the unexpired term of Martyn Kingston. Mike Barnes's term to expire February 28, 2013.



MEMORANDUM:

Date: December 12, 2012

To: Council Members

From: Robert Jasper

Re: Recommendation to appoint members to the Summit County Historical Society

Advice and consent of County Manager's recommendation to reappoint Casey Wilde, Celeste Gates, and Brad Marchant to the Summit County Historical Society. Casey, Celeste and Brad's terms of service to expire October 31, 2014.

Advice and consent of County Manager's recommendation to appoint Jenette Purdy and Lauren Strachan to the Summit County Historical Society. Jenette and Lauren's terms of service to expire October 31, 2015.

AMENDMENTS TO RESIDENTIAL PROPERTY TAX EXEMPTION

ORDINANCE NO. ____

PREAMBLE

WHEREAS, the County Council has determined that certain amendments are needed to the Residential Property Tax Exemption, Summit County Code, Title 1, Chapter 12B; and,

WHEREAS, this Ordinance accordingly amends Summit County Code, Title 1, Chapter 12B;

NOW, THEREFORE, the County Council of the County of Summit, State of Utah, ordains as follows:

Section 1. **Amendments.** The Summit County Code, Title 1, Chapter 12B is amended in accordance with Exhibit A herein.

Section 2. **Effective Date.** In order to preserve the peace, health, or safety of the County and the inhabitants thereof, this Ordinance shall take effect immediately upon publication in a newspaper published in and having general circulation in the County.

Enacted this ____ day of _____, 2012.

ATTEST:

Summit County Council

Kent Jones
Summit County Clerk

David Ure, Chair

Approved as to Form
David L. Thomas
Chief Civil Deputy

VOTING OF COUNTY COUNCIL:

Councilmember Elliott	_____
Councilmember Robinson	_____
Councilmember Ure	_____
Councilmember Hanrahan	_____
Councilmember McMullin	_____

EXHIBIT A

ARTICLE B. RESIDENTIAL PROPERTY TAX EXEMPTIONS

1-12B-1: PROCEDURE:

1-12B-2: CRITERIA:

1-12B-3: GRANDFATHER PROVISION:

1-12B-4: CONFLICTS WITH STATE OR FEDERAL LAW:

1-12B-1: PROCEDURE:

A. Time Limit For Filing; Information Required: ~~Any taxpayer may apply for an annual exemption from personal property taxes if the total aggregate of all tangible personal property owned by the taxpayer has a taxable fair market value of three thousand five hundred dollars (\$3,500.00) or less on January 1 of the tax year.~~ A property owner or his/her designee (applicant) shall submit an application for residential exemption from property taxes to the county assessor. Such application for exemption must be filed on a signed statement form provided by the county assessor for that purpose no later than the due date on the annual personal real property tax notice, and be signed and dated by the taxpayer or the taxpayer's representative. An application shall be in the form of an affidavit and shall contain, at a minimum, the following information:

1. Property identification (serial number, address, etc.);
2. Identity of the applicant/affiant;
3. Basis of the applicant/affiant's knowledge of the use of the property;
4. Authority to make the affidavit on behalf of the owner (if applicable);
5. County where property is located; and
6. Nature of use of the property.

B. Failure To File Timely Application: All applications for exemption received after the due date on the annual personal real property tax notice shall be denied for that tax year.

C. Changes Require New Affidavit: A new affidavit of primary residence must be filed when ownership or the status of habitancy changes. Any misrepresentation on the affidavit subjects the owner to a penalty equal to the tax on the property's value.

D. Authority Of Assessor To Verify Status: Submission of the affidavit authorizes the county assessor to request or collect information sufficient to verify primary residence status.

E. Evidence Of Primary Residence Required; Burden Of Proof: If an applicant requests a property be designated as a primary residence, the residential exemption should not be granted without conclusive evidence that the property serves as a primary residence. The burden of proof shall remain at all times with the applicant.

F. Determinations: The Summit County board of equalization shall make all determinations as to the granting of an exemption on or before May 1 of each tax year consistent with state law.

G. Appeal: Taxpayers may appeal determinations of the Summit County board of equalization within thirty (30) days to the Utah state tax commission, as provided by state law. (Ord. 710, 12-17-2008, eff. 1-1-2009)

1-12B-2: CRITERIA:

A. Primary Residence Defined: A "primary residence" is the principal place where one (property owner or inhabitant) actually lives as distinguished from a place of temporary sojourn. Though motels and other transient properties would not meet this definition, rentals (on a yearly basis) would qualify for the residential property tax exemption.

B. Factors In Defining Primary Residence: A primary residence shall be defined by the following factors with respect to the property owner/property inhabitant (claimant):

1. An approved application for residential exemption;
2. The presence of the claimant on the voter registry in the area claimed as a primary residence;
3. The length of continuous residency in the place claimed as a primary residence;
4. The nature and quality of the living accommodations at the claimed primary residence;
5. The presence of family members at the claimed primary residence;
6. The place of residence of the claimant's spouse;
7. The physical location of the claimant's place of business or sources of income;
8. The physical location of the claimant's banking facilities;

9. The location of registration of claimant's vehicles, boats, and RVs;
10. Claimant's membership in clubs, churches and other social organizations;
11. The claimant's addresses used on such things as:
 - a. Telephone listings;
 - b. Mail;
 - c. State and federal tax returns;
 - d. Listings in official government publications or other correspondence;
 - e. Driver's license;
 - f. Voter registration; and
 - g. Tax rolls;
12. The location of public schools attended by the claimant or his/her dependents;
13. The nature and payment of taxes in other states;
14. Declarations of the claimant:
 - a. Communicated to third parties;
 - b. Contained in deeds;
 - c. Contained in insurance policies;
 - d. Contained in wills;
 - e. Contained in letters;
 - f. Contained in registers;
 - g. Contained in mortgages; and
 - h. Contained in leases;
15. The exercise of civil or political rights in a given location;
16. The failure to obtain permits and licenses normally required of a resident of the area;
17. The purchase of a burial plot in a particular location; and
18. The acquisition of a new residence in a different location.

- C. **Ownership Of More Than One Residence:** Where a property owner owns more than one residence in the state, or elsewhere, none of which are used as rental property, only one of the residences may qualify as a primary residence for purposes of the residential property tax exemption. Only the residence which is occupied more than six (6) months out of the year qualifies for the residential exemption.
- D. **Married Couples:** Married couples may only claim one property as a primary residence except where separate residences are maintained and occupied under a court approved separation agreement.
- E. **Partial Or Incomplete Homes:** Partial or incomplete homes, as of January 1 of the tax year, will not be given the residential exemption until the following year when the full market value is placed on the county tax assessment roll, a certificate of occupancy has been issued by the county, and the completed structure is occupied by a full time resident. It is the occupancy that qualifies the property for the exemption.
- F. **Property Owner Occupied Not Required:** To qualify for the residential exemption, a property need not be property owner occupied. Apartments and other rental housing used as a primary residence (property inhabitant) qualify for the residential exemption upon accepted application in accordance with section [1-12B-1](#) of this article and subsection B of this section.
- G. **Limitation:** The residential exemption is limited to up to one acre of land per residential dwelling unit on a single property description. (Ord. 710, 12-17-2008, eff. 1-1-2009)
- H. **Tax Abatement For Years Prior To Current Tax Year:** Tax abatements for prior tax years shall not be approved unless the taxpayer demonstrates by a preponderance of the evidence that an error on the part of the county, which prejudices the taxpayer, has been made. In all instances, the maximum abatement shall be five (5) years. (Ord. 758, 9-14-2011)

1-12B-3: GRANDFATHER PROVISION:

As of the effective date hereof, property owners whose county property is currently listed by the county assessor as having a residential exemption shall not be required to file an application and affidavit to continue its status. However, should ownership or the property inhabitant's status change, the property shall no longer be considered exempt and an application and affidavit under the provisions of this article shall apply. (Ord. 710, 12-17-2008, eff. 1-1-2009)

1-12B-4: CONFLICTS WITH STATE OR FEDERAL LAW:

In the event of any conflict between this article and state or federal law, the provisions of the latter shall be controlling. (Ord. 710, 12-17-2008, eff. 1-1-2009)

AMENDMENTS TO OPTIONAL PLAN OF GOVERNMENT

ORDINANCE NO. ____

PREAMBLE

WHEREAS, the County Council has determined that certain amendments are needed to the Summit County Optional Plan of Government, Summit County Code, Title 1, Chapter 14; and,

WHEREAS, these changes were subject to a vote of the electorate in November 2012 and were passed by a majority of the votes cast; and,

WHEREAS, this Ordinance accordingly amends Summit County Code, Title 1, Chapter 14;

NOW, THEREFORE, the County Council of the County of Summit, State of Utah, ordains as follows:

Section 1. **Amendments.** The Summit County Optional Plan of Government, Summit County Code, Title 1, Chapter 14 is amended in accordance with Exhibit A herein.

Section 2. **Effective Date.** This Ordinance shall take effect on January 1, 2013.

Enacted this ____ day of _____, 2012.

ATTEST:

Summit County Council

Kent Jones
Summit County Clerk

David Ure, Chair

Approved as to Form
David L. Thomas
Chief Civil Deputy

VOTING OF COUNTY COUNCIL:

Councilmember Elliott	_____
Councilmember Robinson	_____
Councilmember Ure	_____
Councilmember Hanrahan	_____
Councilmember McMullin	_____

EXHIBIT A

1-14-10: COUNTY MANAGER:

- A. **Manager As Administrative Head:** The administrative head of Summit County shall be the manager, who shall be appointed by the council as hereinafter provided.
- B. **At Will Employment:** The manager shall serve at the pleasure of the council which shall at all times retain the power to discharge the manager for any reason, with or without cause.
- C. **Qualifications:** All candidates for the position of manager must have at least a bachelor's degree in public administration, public finance or similar educational degree from an accredited four (4) year college; and additionally, must have five (5) years' experience working as an administrator in city or county government.
- D. **Selection:** The county council will appoint a three (3) member appointment committee consisting of three (3) registered voters in Summit County. The three (3) members appointed by the county council will appoint two (2) more members, also registered voters in Summit County, so that the appointment committee then has a total of five (5) members. The appointment committee will then appoint a five (5) member manager selection committee, whose members must be registered voters in Summit County but may not have been members of the appointment committee. The manager selection committee will interview candidates for the position of county manager; review their qualifications and references; and submit a list of three (3) names to the county council which shall select one of the three (3) persons on the list to serve as the county manager¹. The county council, prior to selecting a person to fill the position of county manager, shall have the power to interview and investigate candidates selected by the manager selection committee and to conduct any public hearings which in the council's opinion would be helpful in making the final decision. In the event that the council is not satisfied with the three (3) candidates chosen by the manager selection committee, it may ask that committee to send them three (3) more names.
- E. **Compensation:** The council shall obtain an independent compensation review for the purpose of benchmarking and establishing an appropriate salary for the manager.
- F. **Powers And Duties:** The manager is vested with all executive and administrative powers and duties except those executive and administrative responsibilities vested by state statute in independent elected officials and those executive and administrative responsibilities retained by the council under this plan. The specific enumeration of executive powers herein shall not be construed to limit the executive powers of the manager. The manager's powers include, without limitation, the power to:

1. Manage and direct the activities of Summit County in a manner, consistent with ordinance and this plan, including the management and direction of departments, divisions, sections, activities or agencies as now constituted or as may be created in the future, but not including the executive activities of the elected officials carried out in the exercise of their statutory duties.
2. Carry out and enforce the programs and policies of the council.
3. Carry out and enforce the internal operating regulations, policies and procedures of Summit County.
4. Faithfully execute the laws and ordinances of Summit County and enforce the terms of county franchises, contracts and other undertakings.
5. Appoint, suspend and remove the directors of all departments.
6. Exercise control over county assets, funds, and property, except as that authority is delegated by state statute to an elected officer. [With respect to the disposal of real property which has a fair market value in excess of \\$500,000, the County Manager shall obtain approval of the County Council prior to the sale of such property.](#)
7. Prepare and present a proposed budget to the county council.
8. Have access to and review county books, accounts and funds necessary to perform the executive function under this plan, county ordinance and state statute. In the exercise of this power, the manager may maintain a continuing review of expenditures and effectiveness of budgetary control in the several departments and may supervise and conduct audits for budget and management purposes.
9. Negotiate and execute contracts for the purchase of goods and services. In the exercise of this power, the manager shall sign all documents or instruments on behalf of Summit County, including contracts and bonding documents, but excluding legislative acts of the council or documents that are to be signed by Summit County clerk or other elected officer. The manager shall follow all ordinances regarding the processing of county contracts and similar undertakings.
10. Consider, adopt and implement long range planning, programs and improvements.
11. Act as intergovernmental relations liaison.
12. Attend and participate in council meetings and discussions, with automatic standing, on every agenda, but without the right to vote.
13. Submit an annual "state of Summit County" report to the council at the time and place as the council shall designate.
14. Recommend persons to fill positions on boards, committees or similar bodies whose membership is appointed by Summit County.
15. Supervise the elected officials to ensure compliance with general county administrative ordinances, rules and policies and to examine and audit the accounts of all county officers having the care, management, collection, or distribution of monies belonging to Summit County, or otherwise available for Summit County's use and benefit.

16. Settle and allow all accounts legally chargeable against Summit County, after their examination by the county auditor, and order warrants to be drawn on the county treasurer for those accounts.
17. Control and direct the prosecution, defense, and settlement of all lawsuits and other actions to which Summit County is a party; as to which Summit County may be required to pay the judgment or the costs of prosecution or defense; or as further provided by county ordinance. With respect to the settlement of land use claims and monetary settlements in excess of \$500,000, the County Manager shall obtain approval of the County Council prior to such settlements. It shall be the further duty of the County Manager to keep the County Council informed on a regular basis of the status of all lawsuits against the County.
18. Review each claim against the county and disapprove or, if payment appears to be just, lawful, and properly due and owing, approve the claim.

G. Prohibitions: The manager shall not have power to:

1. Veto any action taken by the council; or
2. Direct or supervise the elected officials or their deputies with respect to the performance of the duties which they are obligated by statute to perform. (Ord. 710, 12-17-2008, eff. 1-1-2009)

Memorandum

To: *The Summit County Council*

From: *Anita Lewis, Assistant Manager*

Date: *December 6, 2012*

Re: *Amendments to Chapter 4 of the County Fair Advisory Board*

The Summit County Fair Advisory Board proposes the following amendments to Chapter 4.

- 1) **2-4-2: Board Membership and Terms of Office:** *Combine the Future Farmers of America representatives that currently represent both school districts to one representative. The FFA representatives work closely together and share common views. The board would like to combine the two seats and alternate the school district representation. This change will allow an additional "at-large" position to be added to the board.*
- 2) **2-4-2: Board Membership and Terms of Office:** *Delete the office of secretary from the board as the Administrator serves as the secretary.*
- 3) **2-4-6: Fair Board Administrator:** *Remove the word "employee" and leave the appointment to the Manager to determine if the administrator should be an employee or contract position.*
- 4) *Dirk Rockhill, Chair of the Fair Board be in attendance at the Council meeting to answer any questions.*

**AMENDMENTS TO COUNTY FAIR ADVISORY BOARD
ORDINANCE NO. _____**

PREAMBLE

WHEREAS, the County Council has determined that certain amendments are needed to the Summit County Fair Advisory Board, Summit County Code, Title 2, Chapter 4; and,

WHEREAS, this Ordinance accordingly amends Summit County Code, Title 2, Chapter 4;

NOW, THEREFORE, the County Council of the County of Summit, State of Utah, ordains as follows:

Section 1. **Amendments.** The Summit County Fair Advisory Board, Summit County Code, Title 2, Chapter 4 is amended in accordance with Exhibit A herein.

Section 2. **Effective Date.** In order to preserve the peace, health, or safety of the County and the inhabitants thereof, this Ordinance shall take effect immediately upon publication in a newspaper published in and having general circulation in the County.

Enacted this _____ day of _____, 2012.

ATTEST:

Summit County Council

Kent Jones
Summit County Clerk

David Ure, Chair

Approved as to Form
David L. Thomas
Chief Civil Deputy

Chapter 4

COUNTY FAIR ADVISORY BOARD

2-4-1: CREATED:

2-4-2: BOARD MEMBERSHIP AND TERMS OF OFFICE:

2-4-3: COMPENSATION:

2-4-4: DUTIES AND RESPONSIBILITIES:

2-4-5: MEETINGS; QUORUM; SUBCOMMITTEES; ATTENDANCE:

2-4-6: FAIR BOARD ADMINISTRATOR:

2-4-7: OPERATION:

2-4-8: NO RIGHTS CREATED IN THIRD PARTIES:

2-4-9: CONDUCT OF BOARD MEMBERS:

2-4-1: CREATED:

There is hereby created and established the Summit County fair advisory board (the "board") for the county. The board is established within Summit County for the purpose of assisting the county manager in the organization and management of the annual Summit County Fair. The board will oversee the Summit County Fair and act in an advisory capacity to the county manager. (Ord. 749-A, 12-15-2010)

2-4-2: BOARD MEMBERSHIP AND TERMS OF OFFICE:

A. Composition: The board shall consist of eleven (11) members, citizens and residents of the county, who shall be appointed by the county manager, with the advice and consent of the county council. Voting fair board members shall not be considered employees or officers of the county based on their membership on the fair board. No employee or officer of the county shall serve as a member of the board. Four (4)~~Five (5)~~ members of the board shall represent the following entities:

1. Utah State University extension office;
2. ~~North Summit~~ Future Farmers Of America;
3. ~~South Summit Future Farmers Of America~~;
4. Coalville City; and
5. Park City chamber of commerce.

B. Term; Vacancy: The term of the members shall be three (3) years. Each board member may serve a maximum of three (3) terms. In the event that a vacancy shall occur during the term of any member, a successor shall be appointed for the unexpired portion of the term. The county manager may remove any member of the board, at any time, with or without cause.

C. Officers: The board shall select from among its members a chair, ~~and~~ vice chair, ~~and secretary~~, each of whom shall serve a term of two (2) years. (Ord. 749-A, 12-15-2010)

2-4-3: COMPENSATION:

Members of the board shall serve without compensation. (Ord. 749-A, 12-15-2010)

2-4-4: DUTIES AND RESPONSIBILITIES:

The board shall have the following powers and duties:

- A. The board shall act in an advisory role to the county manager in any matters pertaining to the Summit County Fair. It shall ultimately be the responsibility of the county manager to manage, operate, and oversee the Summit County Fair, however, the board shall have any other power and/or duty as prescribed and authorized by the county manager.
- B. The board may solicit, on behalf of the county, gifts, revenues, bequests or endowments of money and/or property as donations and/or grants from persons, firms, or corporations, subject to the guidance, approval and acceptance by the county manager.
- C. The board shall prepare an annual budget and submit such to the county manager for review and approval by the county council.
- D. The board shall not have the power to obligate the county for funds and/or expenditures or incur any debt on behalf of the county. The board is not empowered to commit county funds for capital improvements to the fairgrounds, to issue bonds of indebtedness, or to dispose of county property. Where the board believes that capital improvements to the fairgrounds are necessary, it will submit a report and recommendation to the county manager for approval of such. After receiving a recommendation from the county manager, the county council shall make a decision regarding any capital improvements and funding thereof.
- E. All powers and duties prescribed and delegated herein are delegated to the board as a unit and all action hereunder shall be of the board acting as a whole. No action of any individual board member is authorized, except through the approval of the board or the county manager.
- F. The board shall make an annual presentation to the county manager and county council of its goals, budget, and activities. (Ord. 749-A, 12-15-2010)

2-4-5: MEETINGS; QUORUM; SUBCOMMITTEES; ATTENDANCE:

- A. Meetings: There shall be regularly held meetings of the fair board as deemed appropriate by the fair board. The meetings shall be properly noticed through the fair board administrator and shall be open to the public pursuant to Utah Code Annotated section 52-4-1 et seq. The fair board chair may call special meetings of the fair board as may be needed with sufficient advanced notice being given to the fair board members and the fair board administrator and with at least twenty four (24) hours' notice being given to the public.
- B. Quorum: The attendance of six (6) or more members of the fair board shall constitute a quorum. All official acts of the board shall be by majority vote of those then present. The board shall comply fully with the Utah public and open meetings act, Utah Code Annotated 52-4-101 et seq.
- C. Subcommittees: The fair board may create subcommittees to effect the purposes and duties of the fair board.
- D. Attendance: Each board member shall be responsible for attending all scheduled meetings of the board. Should circumstances arise where a board member is unable to attend a scheduled meeting, the member shall be responsible for notifying the chair or his/her designee, as soon as possible. Board members who fail to attend three (3) regular meetings of the board within any consecutive three (3) month period may, at the discretion of the manager, be removed from the board.
- E. Conduct Business: The board shall conduct its business according to bylaws, which the county council shall adopt, with the board meeting as needed to act on the business of the board. (Ord. 749-A, 12-15-2010)

2-4-6: FAIR BOARD ADMINISTRATOR:

- A. The fair board administrator is [an employee of Summit County](#) appointed by the county manager. All vouchers shall be reviewed by the fair board administrator and approved by the county manager or his designee.
- B. The duties of the fair board administrator shall be to act as the day to day administrator of the fair board including acting as the fair board secretary, ensuring that proper notice of meetings is given and minutes of meetings are recorded. The fair board administrator shall attend all meetings of the fair board and shall see to the administrative needs, directives and demands of the fair board. The fair board administrator shall act as a liaison between the fair board and the

county manager, and shall forward with documentation provided, any and all recommendations by the fair board on actions to be taken by the county manager. (Ord. 749-A, 12-15-2010)

2-4-7: OPERATION:

The board shall make its own rules and regulations, subject to the approval of the county manager and shall keep a journal of its proceedings. (Ord. 749-A, 12-15-2010)

2-4-8: NO RIGHTS CREATED IN THIRD PARTIES:

This chapter is not intended to, nor shall it be construed to, create any rights, claims or causes of action in third parties. (Ord. 749-A, 12-15-2010)

2-4-9: CONDUCT OF BOARD MEMBERS:

A. Ethical Principles: The following ethical principles shall guide the actions of the board and its members in carrying out the powers and duties described above:

1. **Serve The Public Interest:** The primary obligation of the board and each member is to serve the public interest.
2. **Support Citizen Participation In Decision Making:** The board shall ensure a forum for meaningful citizen participation and expression in the process and assist in the clarification of community goals, objectives, and policies.
3. **Recognize The Comprehensive And Long Range Nature Of Decisions:** The board and its members shall continuously gather and consider all relevant facts, alternatives and means of accomplishing them, and explicitly evaluate all consequences before making a recommendation or decision.
4. **Facilitate Coordination Through The Process:** The board shall ensure that individuals and public and private agencies possibly affected by a prospective decision receive adequate information far enough in advance of the decision.
5. **Avoid Conflict Of Interest:** Board members shall avoid conflicts of interest and even the appearance of impropriety. At the commencement of any matter before the board, members shall divulge in public, any past, present, or expected relationship with any party affiliated with such matter. A member with a potential conflict of interest shall abstain from voting on the matter, not participate in any deliberations on the matter, and leave the board table, but may remain in the chamber. The member shall also not discuss the matter privately with any other official voting on the matter.
6. **Render Thorough And Diligent Service:** If a board member has not sufficiently reviewed relevant facts and advice affecting a public decision, that member should not participate in that decision.
7. **Not Seek Or Offer Favors:** A board member must not directly or indirectly solicit any gift or accept or receive any gift (whether in money, services, loans, travel, entertainment, hospitality, promises, or in some other form) under circumstances in which it could be reasonably inferred that the gift was intended or could reasonably be expected to influence them in the performance of their duties or was intended as a reward for any recommendation or decision on their part.

8. Not Disclose Or Improperly Use Confidential Information For Financial Gain: A board member shall not disclose or improperly use confidential information for financial gain, and must not disclose to others confidential information acquired in the course of their duties or use it to further a personal interest.
9. Ensure Full Disclosure At Public Meetings: The board shall ensure that the presentation of information on behalf of any party to a question occurs only at the scheduled public meeting on the question, not in private, unofficially, or with other interested parties absent, and must make partisan information regarding the question received in the mail or by telephone or other communication part of the public record.
10. Maintain Public Confidence: A board member must conduct himself/herself publicly so as to maintain public confidence in the public planning body, and the member's performance of the public trust.
11. Respect For And Courtesy To Other Board Members, Public And Staff: Each board member has the same rights and privileges as any other member. Any member has the right to be heard and to hear what others have to say about items being considered by the board. (Ord. 749-A, 12-15-2010)

VOTING OF COUNTY COUNCIL:

Councilmember Elliott	_____
Councilmember Robinson	_____
Councilmember Ure	_____
Councilmember Hanrahan	_____
Councilmember McMullin	_____

EXHIBIT A

MANAGER'S REPORT

December 12, 2012

To: Council Members

From: Robert Jasper

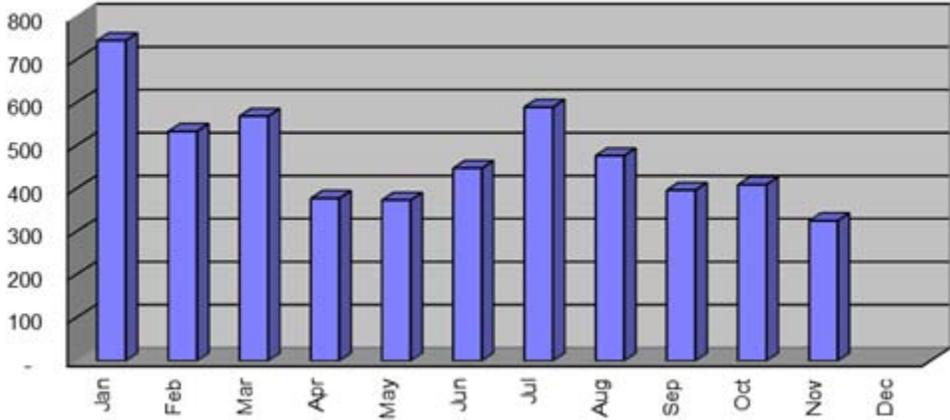
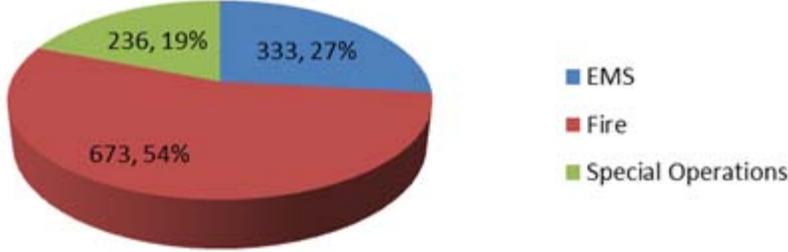
<u>Department</u>	<u>Description of Updates</u>
Administration	<p><u>Submitted by Anita Lewis, Assistant County Manager:</u> On Tuesday, December 4, 2012, 70 Senior Citizens from the areas of Park City, North Summit and South Summit traveled to Salt Lake City to see the holiday decorations at the Governor's Mansion. They then enjoyed a dinner at Golden Corral followed by a tour of the lights at Thanksgiving Point. The Seniors appreciate the County offering this service.</p> <p><u>Submitted by Robert Jasper, County Manager:</u> ♦ Documents and transactions are listed on the Manager Approval list dated 12/6/12, posted on the website at: http://www.summitcounty.org/manager/index.php</p>
Auditor	<p><u>Submitted by JaNae Blonquist, Chief Deputy Auditor:</u></p> <ul style="list-style-type: none"> ○ Working with the County Assessor's office in wrapping up the 2012 Board of Equalization. There were approximately 1900 appeals filed this year. ○ Working with Personnel and IT to upgrade our time accounting system. This should be complete by the end of December. ○ Working toward finalizing the 2013 budget. ○ Preparing for year-end 2012. An email has been issued indicating that Friday, Dec 7 will be the last day to request purchase orders and make purchases. ○ Beginning the 2012 audit process.
Assessor	
Attorney	<p><u>Submitted by David Brickey, County Attorney:</u></p> <p><u>Criminal Division Activity</u> CRIMINAL CASES FILED District Court: 7 Justice Court: 11</p> <p><u>CRIMINAL FILINGS OF INTEREST</u> 121500371 and 121500372 Two individuals were stopped in a car on I-80 for suspected traffic infractions. During the stop, a Utah Highway Patrol Trooper smelled the odor of marijuana. He searched the car and discovered forty pounds of marijuana in the trunk. Assigned Prosecutor: Joy Natale</p> <p>121500374 A car was stopped on I-80 in Summit County for speeding. During the stop, a certified narcotics detection canine indicated on the rear of the car. The trooper searched the trunk and found 104 pounds of marijuana. Assigned Prosecutor: Joy Natale</p> <p>125500017 A car was stopped on suspicion of DUI. The trooper noticed that the driver had slurred speech, bloodshot glossy eyes, and a strong odor of alcohol on her breath. She had two children in the car and two bottles of Jagermeister in her jacket. A subsequent chemical test indicated that her blood alcohol level was more than twice the legal limit. Assigned Prosecutor: Ryan Stack</p> <p><u>CRIMINAL CASES SENTENCED</u> District Court: 7 Justice Court: N/A</p> <p><u>PLEAS, TRIALS, AND SENTENCES OF INTEREST</u> PATRICK RYAN FLAHERTY, 121500331 Mr. Flaherty pled guilty to one count of aggravated assault, a second degree felony, for stabbing</p>

<u>Department</u>	<u>Description of Updates</u>																														
	<p>somebody in the chest and thigh with a kitchen knife while at a party in Pinebrook. Assigned Prosecutor: Matthew Bates</p> <p>CHRISTOPHER TYSON CLOUGH, 091500298</p> <p>Mr. Clough was convicted in 2010 of burglary and theft, both third degree felonies, for his participation in a staged robbery at the Park City Albertson's. Mr. Clough and a pharmacy employee took approximately 40 pill bottles of various prescription narcotics. He was placed on probation for three years with Adult Probation and Parole. Mr. Clough violated his probation by absconding and committing new crimes in February 2012 and again April 2012. At a hearing on Monday, the court revoked his probation and imposed the original sentence of two 0-5 year terms in the Utah State Prison. Assigned Prosecutor: Joy Natale</p> <p>GLEN RONALD BURTON, 121500077, 121500232, 121500235</p> <p>On Monday, Mr. Burton was sentenced to prison for three concurrent 0-5 year terms for one count of DUI, a third degree felony, one count of witness tampering, a third degree felony, and one count of violation of a protective order, a third degree felony. The DUI charge was filed after Mr. Burton crashed his car into a tree in the front yard of a Kamas home. A subsequent blood alcohol test indicated that his blood-alcohol level was three times the legal limit. The witness tampering and protective order violation charges were filed after Mr. Burton was arrested for an incident involving his ex-girlfriend. After his arrest, Mr. Burton contacted his ex-girlfriend in violation of an existing protective order and encouraged her not to cooperate with law enforcement in a pending criminal case against him. Assigned Prosecutors: Matthew Bates and Ryan Stack</p> <p>SHEA RENEE SHEERAN, 121500351</p> <p>Ms. Sheeran pled guilty to one count of endangerment of a child, a second degree felony. On August 29, 2012, Ms. Sheeran gave birth to a baby boy who tested positive for amphetamines and opiates. Ms. Sheeran also tested positive for cocaine, methamphetamine, amphetamines, and opiates. Ms. Sheeran admitted that she used cocaine and heroin during her pregnancy and that she had taken Adderall and Clonazepam without informing her doctor that she was pregnant. Assigned Prosecutor: Joy Natale</p> <p><u>Civil Division Activity</u></p> <p>Granville Constructors, Settlement</p> <p>Summit County settled a 10 year-old civil lawsuit over the construction of the Sheldon D. Richins Building.</p> <p><u>Victim Advocate Activity</u></p> <table border="0"> <tr> <td>Victim contact and Notification Packet after charges filed:</td> <td>5</td> </tr> <tr> <td>Victim Impact Statement assistance provided and Packet sent to victim with instructions:</td> <td>4</td> </tr> <tr> <td>Sentencing letter sent to victim with court sanctions and explanation:</td> <td>4</td> </tr> <tr> <td>Board of Pardons letter and registration of victims information for parole hearings:</td> <td>0</td> </tr> <tr> <td>Court Assistance provided to clients:</td> <td>2</td> </tr> <tr> <td>Hearings attended on behalf of victims and results of outcomes provided:</td> <td>18</td> </tr> <tr> <td>Witness preparation in anticipation of testifying :</td> <td>2</td> </tr> <tr> <td>Protective Order assistance in filing, service of order, and hearing assistance:</td> <td>4</td> </tr> <tr> <td>Civil Stalking Injunction assistance in filing, service of order, and hearing assistance:</td> <td>1</td> </tr> <tr> <td>Child Protective Order assistance in filing, service of order, and hearing assistance:</td> <td>2</td> </tr> <tr> <td>Pre-Trial Protective Orders/Jail No Contact Agreements contact victims and request order:</td> <td>2</td> </tr> <tr> <td>Callout with law enforcement i.e., unexpected death, rape, after hour calls, etc.:</td> <td>5</td> </tr> <tr> <td>Client Meetings i.e., walk-ins and appointments:</td> <td>9</td> </tr> <tr> <td>Children's Justice Center appointments with family or guardian during interview:</td> <td>0</td> </tr> <tr> <td>Restitution assistance i.e., submit claim forms to the UT Office for Victim's of Crime, etc.</td> <td>4</td> </tr> </table>	Victim contact and Notification Packet after charges filed:	5	Victim Impact Statement assistance provided and Packet sent to victim with instructions:	4	Sentencing letter sent to victim with court sanctions and explanation:	4	Board of Pardons letter and registration of victims information for parole hearings:	0	Court Assistance provided to clients:	2	Hearings attended on behalf of victims and results of outcomes provided:	18	Witness preparation in anticipation of testifying :	2	Protective Order assistance in filing, service of order, and hearing assistance:	4	Civil Stalking Injunction assistance in filing, service of order, and hearing assistance:	1	Child Protective Order assistance in filing, service of order, and hearing assistance:	2	Pre-Trial Protective Orders/Jail No Contact Agreements contact victims and request order:	2	Callout with law enforcement i.e., unexpected death, rape, after hour calls, etc.:	5	Client Meetings i.e., walk-ins and appointments:	9	Children's Justice Center appointments with family or guardian during interview:	0	Restitution assistance i.e., submit claim forms to the UT Office for Victim's of Crime, etc.	4
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<u>Department</u>	<u>Description of Updates</u>
Clerk	<p><u>Submitted by Kent Jones, Clerk:</u></p> <ul style="list-style-type: none"> • Completed 2012 General Election, sealed and stored election materials and results • Notice to begin process to revoke business license sent to Molly Blooms for violations of County Code and Business License requirements • Preparing Business License renewals to be sent December 21, 2012. (Renewal January 15, 2013) • Beer License renewals in conjunction with Business License
Community Development	<p><u>Submitted by Don Sargent, Community Development Director:</u></p> <ul style="list-style-type: none"> - The draft Snyderville Basin General Plan Phase 1 update has been reviewed by Planning Commission. Staff directed to make revisions as discussed and schedule public hearing in near future. One public hearing will be focused on all chapters of the plan except the Neighborhood Plans. A separate public hearing will be scheduled on the Neighborhood Plans only. - The Eastern Summit County Planning Commission has established a sub-committee of the Commission to prepare a comprehensive outline of the development code re-write. Staff will participate with the sub-committee in providing technical and professional support. - With assistance from the IT Department, the active planning project list is now available on the County website on the Community Development Department/Planning webpage. - Twenty nine new planning project applications were submitted to the department in November. - Attached is the weekly planning project list of new applications submitted
Engineering	<p><u>Submitted by Derrick Radke, Engineer:</u></p> <ul style="list-style-type: none"> • Work on Eastern Summit County Transportation Plan • Year End Project Close-out • Residential Permit Activity <ul style="list-style-type: none"> ○ 7 over the counter permits ○ 7 permit reviews ○ 8 driveway inspections ○ 8 erosion control inspections ○ 2 enforcement items (note we are doing minimal enforcement only inspections due to low fuel budget) • Right-of-Way Permit Activity <ul style="list-style-type: none"> ○ 4 new applications ○ 10 site inspection • Development Site Inspections <ul style="list-style-type: none"> ○ 6 Bond Release Inspections ○ Various routine inspections
Facilities	<p><u>Submitted by Mike Crystal, Facilities Director:</u></p> <ol style="list-style-type: none"> 1. Finishing carpet in the recorder's office 2. Installing carpet in the detective's office 3. Kellie has been closing out the budget year 4. Completed some minor HVAC improvements at the courthouse and animal control
Health Department	<p><u>Submitted by Rich Bullough, Health Department Director:</u></p> <ul style="list-style-type: none"> • <i>Thriving Communities Initiative:</i> The mission of the Summit County Health Department (SCHD) is to <i>Promote and protect personal and environmental health in Summit County.</i> This mission, and our department's work, is fundamentally about creating an environment in which our citizens can thrive. <p>To support this mission, the SCHD is implementing a <i>Thriving Communities Initiative.</i> The</p>

<u>Department</u>	<u>Description of Updates</u>
	<p>initiative will work in partnerships to support positive, everyday choices related to <i>health, economy, family, environment, and community.</i></p> <p>We believe this program will empower change, shift our work from being reactive to proactive, and redefine the way the SCHD engages our communities and partners.</p> <ul style="list-style-type: none"> • <u><i>Early Intervention Program:</i></u> The SCHD Early Intervention program is a state and federally funded program providing services to developmentally impaired children, through age three. The program was recently awarded quality scores of 100% in a state audit of federal performance standards. Because of the superb performance of this program and staff, the SCHD Early Intervention Program is one of the few state-wide to be awarded full funding for FY 2013.
I.T.	<p><u>Submitted by Ron Boyer, I.T. Director:</u></p> <p>Kronos Upgrade: The timekeeper and HR programs are in the process of upgrading to a new version. We have been working to change our modem clocks to network clocks. The router at Public Works has been changed in order to accommodate this. Right now we are testing the Ethernet clock with one employee. We are scheduled to go live on Dec. 18th.</p> <p>Sire Upgrade: The Sire system has been upgraded to version 6. This has caused several issues that we are currently working through. However, this version is designed to work better with newer windows operating systems.</p> <p>Phone System: With the transition of phone maintenance to the IT department, we are continuing to learn the service agreements and procedures to ensure the phone system is working correctly.</p> <p>GIS: Our GIS department recently completed a Trails Master Plan map. They also created an interactive election map that shows the results of the November election by voting district, http://maps.summitcounty.org/electionresults/</p> <p>Customer Support: November was busy month for support calls. Calls opened totaled 279 and resolved calls totaled 287. We currently have 37 open incidents.</p>
Justice Court	<p><u>Submitted by Judge Shauna Kerr:</u></p> <p>Unfortunately, domestic violence increases during the holiday season and we have observed that during this first week of December. Since December 1, 2012 four(4) cases involving domestic violence have been filed with the court. During the month of November seven (7) cases involving domestic violence were filed with the Justice Court and eight (8) cases were disposed of through pleas or trials.</p> <p>All of the jury trials scheduled for the balance of 2012 have been settled or rescheduled into 2013. We are currently scheduling cases for pre-trials or trials into early February 2013. This is important to note since the Court is also scheduling cases and appointing the Public Defenders to appear on those cases into February 2013 and the county contracts for the Public Defenders must be finalized very soon to avoid any interruption in the legal defenders service to our indigent defendants.</p> <p><u>Month end report for November 2012</u></p> <p>362 traffic cases were filed with the Justice Court and 392 cases were disposed. During that same period 109 criminal cases were filed in the summit county Justice Court and 113 infractions or misdemeanor cases were resolved. I will provide a monthly update of case filings and disposition but I will not provide defendant names or specifics on individual matters.</p>
Library	<p><u>Submitted by Dan Compton, Library Director:</u></p> <ul style="list-style-type: none"> • The Scholastic Book Sale sponsored by the Friends of the Library was a success. Here is a statement from FOL President Tina Blake: "Due to the generosity of the Friends who volunteered at the sale and donated their earned volunteer credits and those who donated their discount coupons, we were able to purchase OVER \$1000 worth of books for just

<u>Department</u>	<u>Description of Updates</u>
	<p>under \$40 – WOW!!!! Thank you, thank you volunteers!! This is on top of the \$1000 rental check we will receive from Scholastic for hosting the sale.”</p> <ul style="list-style-type: none"> • I met yesterday with staff from the Park City Library and Dolly’s Bookstore to begin narrowing down the possible selections for One Book One Community 2013. We have narrowed the selections down to 4 titles, 2 of which were recommendations from the community. We will be meeting again at the beginning of February to make our final decision. According to Nancy Pearl (the librarian who initiated the program), One Book is an opportunity to address particular issues, highlight a local author, or acquaint readers with books they might not ordinarily discover on their own. • Local historian Russell Judd will present and discuss facts that led to the bombing of Pearl Harbor at the Coalville Branch tomorrow evening (Thursday, December 6th at 7pm). This is his 2nd program at the library and is sure to be as enjoyable as the first. • Joe Frazier and I are meeting with Deputy Joe Carter from the Jail this afternoon to test the new software and get the new Jail Library system up and running
Mountain Regional Water	
Park City Fire Service District	<p><u>Submitted by Paul Hewitt, Fire Chief:</u></p> <ul style="list-style-type: none"> ➤ Our annual report will be on our website by January 2013 ➤ Our budget is scheduled to be adopted by the PCFD Administrative Control Board December 5, 2013. ➤ Our Insurance Services Office rating that dictates homeowner insurance rates remains excellent at 2 for the incorporated areas and 3 for the unincorporated areas. ➤ We anticipate holding a Fire Ops 101 class this coming Spring. This class will be held on a Saturday and teaches basic fire department operations. If any of the council members incoming or outgoing would like to attend please e-mail or call Chief Hewitt. It’s informative and fun. You’ll get to cut up cars, put out fires and, and... ➤ District wide fire training in November focused on fighting hidden attic fires. This training proved effective recently in a Jeremy Ranch house fire that was quickly extinguished by PCFD crews. ➤ Monthly emergency medical training focused on patient packaging and carrying methods. Crews were tasked with assessing, stabilizing, and moving live patients out of various locations, including up and down stairs, from vehicles, and into ambulances. ➤ Monthly hazardous material training consisted of care and use of new “Level B+” chemical protective suits. These suits will enable PCFD Hazmat Teams to operate in extremely contaminated environments previously requiring bulky and fragile Level A suits. The new chemical protective suits are built similar to coveralls, making rescue, extrication, and extended work times a possibility even in the most dangerous environments. ➤ Park City Fire District leadership recently underwent accountability (one of our core values) training by local accountability expert Linda Galindo. ➤ PCFD calls through November and training hours for month of November:

Department	Description of Updates																																						
	<p style="text-align: center;">Monthly Calls - 2012</p>  <table border="1" data-bbox="446 220 1396 640"> <caption>Monthly Calls - 2012</caption> <thead> <tr> <th>Month</th> <th>Calls</th> </tr> </thead> <tbody> <tr><td>Jan</td><td>750</td></tr> <tr><td>Feb</td><td>550</td></tr> <tr><td>Mar</td><td>600</td></tr> <tr><td>Apr</td><td>400</td></tr> <tr><td>May</td><td>400</td></tr> <tr><td>Jun</td><td>480</td></tr> <tr><td>Jul</td><td>620</td></tr> <tr><td>Aug</td><td>500</td></tr> <tr><td>Sep</td><td>420</td></tr> <tr><td>Oct</td><td>430</td></tr> <tr><td>Nov</td><td>350</td></tr> <tr><td>Dec</td><td>350</td></tr> </tbody> </table> <p style="text-align: center;">Total Training Hours by Category - November 2012 Park City Fire District</p>  <table border="1" data-bbox="454 808 1242 1060"> <caption>Total Training Hours by Category - November 2012</caption> <thead> <tr> <th>Category</th> <th>Hours</th> <th>Percentage</th> </tr> </thead> <tbody> <tr><td>EMS</td><td>333</td><td>27%</td></tr> <tr><td>Fire</td><td>673</td><td>54%</td></tr> <tr><td>Special Operations</td><td>236</td><td>19%</td></tr> </tbody> </table>	Month	Calls	Jan	750	Feb	550	Mar	600	Apr	400	May	400	Jun	480	Jul	620	Aug	500	Sep	420	Oct	430	Nov	350	Dec	350	Category	Hours	Percentage	EMS	333	27%	Fire	673	54%	Special Operations	236	19%
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Personnel	<p>Submitted by Brian Bellamy, Director of Personnel Management:</p> <p>Personnel</p> <ol style="list-style-type: none"> 1. Advertising for 3 positions <ol style="list-style-type: none"> a. Solid Waste Superintendent <ol style="list-style-type: none"> i. Closes December 14, 2012 b. Sustainability Coordinator <ol style="list-style-type: none"> i. Closes December 14, 2012 c. Corrections Officer <ol style="list-style-type: none"> i. Open until filled 2. New Kronos HR application going live on December 11 <ol style="list-style-type: none"> a. Be able to track all employee trainings 3. Next open enrollment date is December 11 <ol style="list-style-type: none"> a. First date was November 30, good response from employees. b. Forms and documents must be submitted by December 14 <ol style="list-style-type: none"> i. Do any Council members want to participate in health care this year? <p>Animal Control</p> <ol style="list-style-type: none"> 1. Seven dogs are at the shelter along with twelve cats <ol style="list-style-type: none"> a. FOA just picked up nine animals 2. Facebook page is up and running, currently putting pictures of our animals on website, getting very good response 																																						

Public Works	<p>Submitted by Kevin Callahan, Public Works Director:</p> <p>Road Division Staff responded to the small winter storm over the last weekend. Staff has been working on the median for the trail in Echo. Staff has been potholing, trimming trees, cleaning storm drains and swept bike trails along Highland Drive. Staff straightened and install delineator posts on county roads.</p> <p>Transit Staff held a Joint Transit Advisory Board meeting with Park City on Thursday November 29th. The group reviewed the Short Range Transit Plan, operations plans for the UTA service, the timing of the development of the Kimball Transit Hub and future transit services. Staff reviewed and approved the winter 2012-13 Summit County Transit Map for publication.</p> <p>Wildland Fire Staff worked with the County Fire Warden on the preparation of an annual report to Council on the 2012 wildfire season.</p>
Recorder	
Treasurer	
Sheriff	
Snyderville Basin Recreation	
USU Extension	

MINUTES

SUMMIT COUNTY
BOARD OF COUNTY COUNCIL
WEDNESDAY, OCTOBER 31, 2012
COUNCIL CHAMBERS
COALVILLE, UTAH

PRESENT:

Claudia McMullin, *Council Vice Chair*
Sally Elliott, *Council Member*
John Hanrahan, *Council Member*
Chris Robinson, *Council Member*

Robert Jasper, *Manager*
Anita Lewis, *Assistant Manager*
Dave Thomas, *Deputy Attorney*
Kent Jones, *Clerk*
Annette Singleton, *Office Manager*
Karen McLaws, *Secretary*

In the absence of Chair Ure, Vice Chair McMullin assumed the chair.

CLOSED SESSION

Council Member Elliott made a motion to convene in closed session for the purpose of discussing property acquisition. The motion was seconded by Council Member Robinson and passed unanimously, 4 to 0.

The Summit County Council met in closed session from 2:50 p.m. to 3:15 p.m. to discuss property acquisition. Those in attendance were:

Claudia McMullin, *Council Vice Chair*
Sally Elliott, *Council Member*
John Hanrahan, *Council Member*
Chris Robinson, *Council Member*

Robert Jasper, *Manager*
Dave Thomas, *Deputy Attorney*
Brian Bellamy, *Administrative Services*
Stephanie Dolmat-Connell, *Sustainability*
Rena Jordan, *Snyderville Basin Recreation*
Bonnie Park, *Snyderville Basin Recreation*

Council Member Elliott made a motion to dismiss from closed session to discuss property acquisition and to convene in closed session to discuss personnel. The motion was seconded by Council Member Robinson and passed unanimously, 4 to 0.

The Summit County Council met in closed session from 3:15 p.m. to 3:30 p.m. to discuss personnel. Those in attendance were:

Claudia McMullin, *Council Vice Chair*
Sally Elliott, *Council Member*
John Hanrahan, *Council Member*

Robert Jasper, *Manager*
Anita Lewis, *Assistant Manager*
Dave Thomas, *Deputy Attorney*

Chris Robinson, Council Member

Brian Bellamy, Administrative Services

Council Member Elliott made a motion to dismiss from closed session to discuss personnel and to convene in closed session to discuss litigation. The motion was seconded by Council Member Robinson and passed unanimously, 4 to 0.

The Summit County Council met in closed session from 3:30 p.m. to 3:45 p.m. to discuss litigation. Those in attendance were:

Claudia McMullin, Council Vice Chair

Robert Jasper, Manager

Sally Elliott, Council Member

Anita Lewis, Assistant Manager

John Hanrahan, Council Member

Dave Thomas, Deputy Attorney

Chris Robinson, Council Member

Brian Bellamy, Administrative Services

Council Member Robinson made a motion to dismiss from closed session and to convene in work session. The motion was seconded by Council Member Elliott and passed unanimously, 4 to 0.

WORK SESSION

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

- **Review of council mail and calendar items**
- **Discussion regarding Echo Sewer fees; Bob Swenson, Environmental Director**

Environmental Director Bob Swenson recalled that when they had the public hearing to approve the \$45 sewer fee, Frank Cattelan asked what businesses would pay and whether they would have to pay if they are not open. Mr. Swenson reported that he researched that question and found that the fees can be set up a number of ways, including based on the amount of water usage. When he contacted the State, they explained that they based the payback of the loan on 1 ERU of \$45 per household and 2 ERUs per business, whether the business is open or closed. If a business is open and uses more than 2 ERUs, it can be charged more based on the amount of water usage.

County Manager Bob Jasper commented that basing the fee on water use would be difficult, because the Sewer District does not control the water. He stated that they need to determine how to collect the sewer fees, and he is setting up a meeting with the Treasurer to determine that.

Mr. Swenson reviewed the information provided by the engineer showing how the fee structure might be set up based on water usage over the last five years. He suggested that they use the \$45 ERU fee with 2 ERUs per business until they get the system built and the Sewer District is turned over to a board that is on site and has a vested interest in what is going on. He explained that the fee has already been set, but the Governing Board needs to set a policy as to how they want to administer the fee.

Mr. Jasper suggested that they put the policy on a regular meeting agenda for adoption. Council Member Hanrahan asked what the fee schedule would be if business usage goes above 2 ERUs.

Council Member Hanrahan suggested that the fee schedule state that this is a minimum, and the District reserves the right to audit the user to determine whether the fee should be more than that. County Clerk Kent Jones explained that the only thing adopted previously was the \$45 per ERU rate, and the Council could amend that existing resolution.

Vice Chair McMullin requested that this item be placed on the agenda for a public hearing.

- **Discussion regarding Recreation, Arts & Parks Cultural Grants; Tom Fey & Anita Lewis**

Assistant Manager Anita Lewis recalled that the Council has discussed a combined application for grants, and for the last couple of months the committees have worked together on a new application process starting in 2013. She explained that today they want to discuss the proposed schedule and changing the RAP tax funding dates. She explained that RAP tax cultural funding would normally occur at this time of year, but with the change, it will not occur until the middle of 2013. A meeting was held with the non-profits to explain the change, and those who felt that would create a hardship are included in the packet provided to the Council.

Tom Fey, Chair of the RAP Tax Cultural Committee, explained that their group is the only one that would move its schedule to coincide with the schedule of the other granting committees. Previously, RAP Cultural checks have gone out in January, and on the new schedule, the checks would not go out until about June. Some recipients have indicated that they would be financially harmed if they do not receive funding until June, and he suggested four ideas to deal with that for the Council to consider. First would be to do nothing and tell the applicants they need to manage their own cash flow, and most organizations have said they can do that. The Arts Council has indicated that they cannot, because they do not have a funding source other than RAP tax, as they no longer get funding from the City or additional funding from the County. A second option would be to speed up the process. Applications would be available February 1, but perhaps they could start the process January 1 and compress the review and recommendation process, which could save two months. A third alternative would be for applicants who need immediate funding to present a six-month grant request, with the final grant cycle as already planned. He noted that would put a huge burden on Staff, the committee, and grant applicants. The fourth possibility would be for applicants who have received grants consistently over the last 10 years and do not have the ability to weather this delay to receive an advance from the County. He suggested a maximum of 30% to 35% of what they received last year, which would be credited against what they receive in the final round. If the County chooses that option, he suggested that they notify applicants as soon as possible to ask them to write a financial justification and attach their projected financial report showing their need for the money, not just that it would be convenient for them. He also suggested that they change the RAP tax fiscal year, because when it was originally passed, the fiscal year was from August 1 to July 31. He recommended that they change the ending for this year to December 31, and in the following years they would be on a calendar year basis starting in 2013. More money will be collected in this grant period, and although people get their money later, they will get more money.

Mr. Jasper explained that the County wants to move toward contracts for services rather than grants. He supports Mr. Fey's idea of providing a bridge while they create a new system. He would ask the non-profits to define the tasks or services they will provide with the funding they receive. He explained that it does not have to be complicated, but he does not want to give grants that organizations can use for whatever they want to use them for.

Vice Chair McMullin noted statute defines what these grants can be used for. Deputy County Attorney Dave Thomas explained that it can be either a grant or a contract for services. The key is that the money must be given to specific organizations for the specific purposes in the statute. It can be set up so the County provides a certain amount of money for a specific service; that way they can be sure they are complying with the statute. Mr. Jasper explained that he signs the grants, and they do not really define what the organization is doing with the money. He would prefer that the County buy something with the money rather than subsidize the executive director or infrastructure. He believed the organizations need to offer something to the community when they receive the money. Vice Chair McMullin explained that the applicants must set forth what they will do with the money that complies with the statute. Ms. Lewis stated that the committees have been working toward service contracts, and things will be better defined with a service contract. Mr. Fey stated that he believes almost everything that is proposed could easily be written into a contract.

Mr. Fey noted that the County Commission adopted a set of guidelines for RAP tax funds in 2003 which state that RAP tax funds can pay for 50% of the expenses of any particular program, 50% of any particular project, and up to 30% of general and administrative costs for the organization. He commented that those percentages could be changed.

Mr. Jasper reiterated that he would be supportive of bridge financing for the organizations that need it. Vice Chair McMullin agreed and asked who would create the parameters for the bridge financing; i.e., percentage and timing. Mr. Fey suggested that, based on last year's history, he would recommend up to 30% of what the organization was granted last year. If the organization does not need it, they should not ask for it.

Council Member Hanrahan stated that the policy guidelines adopted in 2003 are crucial, and the Council should look at them and determine whether that is how they wish to continue. He stated that they are not currently complying with those guidelines if the Arts Council gets 100% of its general and administrative funding from RAP tax. Mr. Fey explained that the Arts Council was made an exception to the guidelines when the decision was made that all of their funding would come from RAP tax.

Mr. Fey explained that the committee requires a compliance report from each organization, and that compliance report comes in with the following year's grant request.

Vice Chair McMullin asked why Mr. Fey would suggest 30% rather than 50% as a bridge. Mr. Fey explained that the numbers change every year, and it would put a burden on the committee when they go through the review process if someone changes their program and will receive less money than they did last year. He believed they should push organizations to do the best job they can of managing their finances. Salt Lake County states in its document that is sent out every year that these are not guaranteed funds, because there is a sunset provision in the law and because these are public funds donated to not-for-profit organizations to enhance the living style

in the county. Organizations should not assume they will receive what they received the year before. Vice Chair McMullin asked that every grantee be given the opportunity to prove that they need the funds. Mr. Fey explained that the committee has already met with everyone and explained that. Vice Chair McMullin requested that they send that message to everyone again. Council Member Robinson suggested that they make it clear that there is no assurance that the recipient of the 30% will receive the other 70% nor is there a requirement or assumption that they will have to repay the 30% if it is a grant. Mr. Fey explained that there has always been a requirement that, if the applicant does not perform, the County wants the money back. Council Member Elliott added that, if they do not report, they will not get the money the next year. Mr. Jasper clarified that he is not looking for contracts for the bridge financing.

Mr. Fey explained that they are moving to a simpler, five-element rating system and will have a well-defined process they go through. He noted that, in the past, certain organizations have been required to have an audit as well as provide their tax return. The guidelines are that requests for more than \$50,000 require an audit, \$30,000 and over require a review, and \$10,000 and over require a compliance report. He stated that they intend to continue that and noted that Salt Lake County requires an audit at \$30,000.

Vice Chair McMullin asked where the RAP tax funds stand in 2012 compared to 2011. Mr. Fey replied that he does not know. He noted that they will get some money back from Norwegian Outdoor, which has ceased operations. Offsetting that will be the additional money the Park City Performing Arts Council received as a supplement last year. Vice Chair McMullin asked if the applications are consistent for the same programming from year to year. Mr. Fey replied that organization-wise it is quite consistent, but they get one or two new applications each year.

- **Discussion regarding health insurance; Brian Bellamy**

Personnel Director Brian Bellamy recalled that the Planning Commission and special districts combined on a self-insured health plan in 2012. During the past year the entities have met monthly to review the plan usage, and an employee group has met monthly as well. In August the employee group met and made four suggestions. They requested more education for the employees regarding health care, more options such as a qualified high deductible health plan, benefit changes, and a more robust wellness program. Select Health increased 13% upon renewal, and when they adopted the employees' recommendations, that dropped to 7.85%. He explained that they are looking for guidance from the Council so they can start open enrollment. He referred to page 10 of the staff report and explained that the County pays for employees to participate in Select Med, and the employees can purchase up to Select Care or Select Care+. The districts are mainly using Select Care and Select Care+ programs. He reviewed the Select Med qualified high deductible option and explained that Park City Fire is very interested in that plan, but there is not enough time to educate County employees about it this year. The other districts would also like to look at that option for 2014.

Council Member Robinson asked if he shopped other health plan providers. Delbert Mulvey with HUB International Insurance Services explained that self-funding is different from an insurance policy, and the increase is based on utilization patterns, not insurance premiums.

Council Member Hanrahan asked if there is a 2% administrative increase. Mr. Mulvey confirmed that administrative fees are included, and a year ago when they shopped, Select Health's expected claims were significantly lower than others. He did not suggest shopping every year and stated it would make more sense to do it every three to five years on a self-funded program.

Council Member Robinson asked if the high deductible option would be a fourth option or applied across the board so all employees would be required to use that option. Mr. Mulvey replied that is an employer decision, but most employers offer it as an option. Council Member Robinson asked what the Fire District's incentive would be to choose that option if they are included in the larger group. Mr. Mulvey explained that there would be a small differential in premiums because of the higher deductible level, but that would be mitigated somewhat because of the adverse selection that would be anticipated by having one more option. He stated that healthy people would go to the lower cost, high deductible option.

Council Member Elliott asked how it would hurt to allow the Fire District to use that option this year and offer it to everyone else next year. Fire Chief Paul Hewitt participated in the meeting by telephone and stated that he disagreed with Mr. Mulvey's comment regarding adverse selection. He believed it would help the group if most of the Fire District participates in a qualified high deductible plan and that they would see the premium equivalent far surpassed by the savings. With regard to employees being more in touch with what health care really costs, they have promised their administrative control board that they will not increase their health insurance costs at all, and they are looking at putting the little bit of savings they might see in the high deductible plan into partially funding a health savings account for the employees. He believed they would see the claims and utilization go down with the high deductible plan.

Rena Jordan with the Snyderville Basin Special Recreation District explained that a Health Savings Account (HSA) has attractive benefits, because it can be carried over from year to year. For instance, if someone is planning a pregnancy, they can put the money in a savings account to meet maximum out of pocket expenses. She stated that the plan is somewhat complicated, and it would be difficult to educate people about it at this late date.

Mr. Jasper noted that the districts have been supplementing their insurance plans to provide better insurance than County employees receive, and he believed that should be addressed before further complicating things by providing the high deductible plans.

Council Member Robinson asked why they should not make the high deductible plan available to all employees this year. Mr. Bellamy explained that it would be difficult to educate all the employees with open enrollment starting right away. Vice Chair McMullin asked what the argument would be against allowing the Fire District to offer the fourth option if they think they can educate their employees in time. Council Member Robinson asked why they could not offer it to all employees, and if they want it, they can get educated about it. Mr. Jasper explained that there is a broader adverse selection argument that needs to be addressed.

Ms. Jordan clarified that the only people in their plan whose premium is totally paid are individuals. If they add a family member, employees pay 20% of the total premium. Part of the conversation was to see if there was something between 20% and 0, with even singles paying a

percentage to get the connection to participation. She explained that there are other ways to get employees to participate rather than 100% of the premium being paid.

Chief Hewitt stated that he could see how allowing the Fire District to go to a high deductible plan might look like the group is subsidizing the Fire District. He understands why the Council pulled the Fire District into the combined program and noted that the Fire District is bringing a younger, healthier group into the plan. He recalled that Mr. Mulvey commented that the Fire District is helping to subsidize the plan by bringing in a healthier group. He stated that the Fire District's budget is sustainable, and they can help the group. He believed allowing Fire District employees to participate in the high deductible plan would benefit the entire group and would be a win-win situation.

Council Member Hanrahan asked if there is data supporting the idea that the Fire District subsidizes the other entities through lower utilization. Mr. Mulvey explained that the data is not yet available, because they only have two months' worth of data on the Fire District. He agreed that, because it is a younger, healthier population, most years that should help subsidize other portions of the population, but some years it may not. It depends on how the claims come in. Council Member Hanrahan asked, since the Fire District currently subsidizes health premiums by paying the increased premium from basic care to plus care, whether they would provide a similar subsidy to the employee's deductible and whether that would negate people being careful about how they spend their money. Chief Hewitt replied that they plan to pay for the lower plan, the high deductible plan, and funding a certain percentage of an HSA. In the longer term, this is a healthier group, and they have a rigorous wellness plan. He stated that they will not increase funding of health care costs, the County coffers will not be impacted whatsoever, and he believed that would pay dividends to the health plan. He stated that they are in the plan and want it to be successful, and they would not make this recommendation if they thought it would hurt the plan.

Council Member Robinson noted that the entire family deductible must be met by the employee, so the incentive is still there, because the employee would want to use their own money sparingly. There would be no claims until the deductible has been met.

Andy Armstrong with Mountain Regional Water stated that they are not opposed to the high deductible plan. He explained that their board recommended in their budget that their employees participate across the board. Smokers will pay 15% of the premium and non-smokers will pay 10%, regardless of the plan and regardless of whether they are single or a family. They have also implemented a wellness program, and if the employees pass tests for five biometric markers, their participation will be reduced by 5%. He anticipated that the increase they see this year will be offset by the employee participation.

Council Member Hanrahan asked about the plan for County employees. Mr. Bellamy replied that they plan to stay exactly the same this year, with the County paying for Select Med and the employees being able to buy up to the other plans. Council Member Hanrahan stated that, philosophically, he believes it is better to have people pay a small percentage of their premium so they have more accountability and responsibility for their health care.

Council Member Robinson asked how the Council feels about making the high deductible plan available to all employee groups this year. Council Member Hanrahan stated that he is hesitant to do that this year, because it is a big change, and he was concerned about the premium pool being adversely affected. He would like to see an analysis of how that would impact the pool. Council Member Elliott expressed concern about being accused of discriminating if they allow the Fire District to use the high deductible plan and not other employees. Council Member Hanrahan noted that each entity is currently handling its health insurance premiums differently. Council Member Robinson asked about standardizing that among the four entities, and offering the high deductible plan so they would all be unified.

Ms. Jordan stated that, if they know that is the direction they want to head, they would have time to budget, plan, and educate the employees so the Recreation District could implement it in 2014. She stated that unifying the plans feels like a good idea to her as a leader. It would be easy to explain to her staff, but she would need some time to implement it.

Council Member Hanrahan asked if the other entities would support a qualified high deductible plan. Mr. Armstrong stated that he would be fine with it. He believed others besides the young and healthy would want to participate in that program. Ms. Jordan stated that if someone is planning an event and has the capacity to prepare for that with an HSA, the high deductible plan would be the smart thing to do. She is not against it but is concerned about the ability to pull it together quickly enough to offer it in 2013. Mr. Bellamy stated that he worries about the pool number, because if they take a hit, the County will have to come up with the money. It would be difficult to go back to the entities in the middle of the year if there is a shortfall and ask them to come up with more money, because their budgets are already set. Mr. Mulvey stated that people who join the high deductible plan are likely going to use it at some point. Where the pool runs a risk is that most people with chronic conditions will not choose the high deductible plan, and at this point, the pool is collecting money from everyone to help subsidize the ones with chronic conditions. The adverse selection is not that people who go to the high deductible plan will not be more responsible for it, it is the loss of the funding to subsidize those who are the heavier users and are not in the high deductible plan. Council Member Hanrahan asked about losing \$80 per month in premiums versus an extra \$3,000 in deductibles that do not come out of the premium pool. Mr. Mulvey explained that for the other three-fourths of the population, if they do not join the high deductible plan, the dollars the people in the high deductible plan would have otherwise paid into the pool are now gone. Mr. Bellamy noted that they could make the premium for the high deductible plan the same as the Select Med plan.

Ronie Wilde with the County Personnel Office asked if everyone would get the same amount in their HSA as Fire District employees. Council Member Robinson stated that he believed all four entities should put the same amount in the employees' HSA accounts. He believed being able to put in money before taxes would be an incentive for employees to put money into an HSA.

Chief Hewitt stated that he could not imagine homogenizing the four entities, and they need to be able to manage their groups individually, because the demographics are very different. He did not believe County employees would want to be under the same mandates Fire District employees are under. He asked for flexibility to manage their groups in the most efficient manner they can.

Mr. Mulvey explained that HSAs are subject to discrimination rules. From a medical standpoint, this is one plan, and if they start providing money in an HSA, they cannot discriminate if they are going to have a plan as one employer. Mr. Thomas explained that these are separate entities, but they have combined for purposes of this plan. It was his opinion that they have voluntarily consented to be treated as one entity for the plan.

Council Member Hanrahan asked if there is a way to provide the high deductible plan and include the biometric marker system to reduce the premium like Mountain Regional has proposed. He noted that they also have not addressed the fact that an employee may have a spouse who is insured through another employer who might get the family plan because it does not cost the employee any more and use it as the spouse's backup plan. That would cost the County an extra \$12,000 and might save the employee \$2,000 in deductibles and co-pays. He believed they also need to include a mechanism to incentivize employees to use only their primary plan and not double insure through the County plan. Council Member Robinson stated that one way to do that is for every employee to contribute something toward their premium. He likes the HSA and ultimately hopes everyone in the County has an opportunity participate in it, because it puts people in touch with buying health care the same way they do everything else they buy. He did not see a downside to offering the high deductible plan to all the employees across the board, with the employers not contributing anything to the HSAs.

Mr. Jasper asked what it would cost if they offer the high deductible plan to County employees and allow them to have an HSA. Mr. Mulvey explained that, if they want to implement a high deductible health plan/HSA, and one of the reasons is to get people to be better consumers and be more responsible, the employer would not want to put a huge amount of money into the HSA, because then the employee would not be as incentivized.

Mr. Bellamy stated that it would cost the County \$270,000 if every County employee were to participate in a high deductible plan and the County were to put the \$80 premium difference in an HSA. Council Member Robinson noted that there would be offsetting savings, because people would work through their deductible before anything is spent out of the County pool. Mr. Armstrong stated that, if they put \$500 per family in an HSA, it would be a wash if people maximize their health savings accounts, because the employer would not be required to pay FICA taxes on what the employees contribute, which would be about \$500. That would move employees to being participatory in their health programs, and employers could encourage employees to put a lot more money into their accounts. Council Member Hanrahan stated that he believes they need an analysis based on employers contributing \$500 to the HSA. He stated that he also believes they need to ask employees to pay a percentage of the premium.

Council Member Robinson requested that Mr. Bellamy and Mr. Mulvey provide the Council with an analysis within the next couple of weeks so the Council can make a final decision before open enrollment closes, with a bias toward adding the high deductible plan with some level of employer contribution to an HSA. Mr. Jasper commented that the County has reduced health insurance benefits to employees, and he does not want to load everything on them at the same time.

REGULAR MEETING

Vice Chair McMullin called the regular meeting to order at 6:00 p.m.

CONVENE AS THE GOVERNING BOARD OF THE ECHO SEWER SPECIAL SERVICE DISTRICT

Council Member Elliott made a motion to convene as the Governing Board of the Echo Sewer Special Service District. The motion was seconded by Council Member Robinson and passed unanimously, 3 to 0. Council Member Hanrahan was not present for the vote.

The meeting of the Governing Board of the Echo Sewer Special Service District was called to order at 6:00 p.m.

POSSIBLE APPROVAL OF RESOLUTION TO APPROVE A STATEWIDE UTILITY LICENSE AGREEMENT WITH THE UTAH DEPARTMENT OF TRANSPORTATION

Board Member Elliott made a motion to approve Resolution 2012-26 approving a Statewide Utility License Agreement with the Utah Department of Transportation. The motion was seconded by Board Member Robinson and passed unanimously, 3 to 0. Board Member Hanrahan was not present for the vote.

DISMISS AS THE GOVERNING BOARD OF THE ECHO SEWER SPECIAL SERVICE DISTRICT AND CONVENE AS THE BOARD OF EQUALIZATION

Board Member Elliott made a motion to dismiss as the Governing Board of the Echo Sewer Special Service District and to convene as the Summit County Board of Equalization. The motion was seconded by Board Member Robinson and passed unanimously, 3 to 0. Board Member Hanrahan was not present for the vote.

The meeting of the Governing Board of the Echo Sewer Special Service District adjourned at 6:01 p.m.

The meeting of the Summit County Board of Equalization was called to order at 6:01 p.m.

CONSIDERATION OF APPROVAL OF 2012 STIPULATIONS

Board Member Robinson made a motion to approve the stipulations as presented. The motion was seconded by Board Member Elliott and passed unanimously, 3 to 0. Board Member Hanrahan was not present for the vote.

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

Board Member Elliott made a motion to dismiss as the Board of Equalization and to convene as the Summit County Council in regular session. The motion was seconded by Board Member Robinson and passed unanimously, 3 to 0. Board Member Hanrahan was not present for the vote.

The meeting of the Summit County Board of Equalization adjourned at 6:02 p.m.

- **Pledge of Allegiance**

**DISCUSSION REGARDING REQUEST FOR APPEAL OF PROPERTY TAX VALUE
BY JUDITH ROSENTHAL**

Judith Rosenthal provided photographs of her house, described the damage to the house, and presented a letter from a contractor stating that there is no value in the house because of its age and construction.

Council Member Hanrahan commented that the Assessor may agree that the house is assessed too high, but they need to follow the policy that is in place, which means the County Council cannot make an adjustment in the value. He asked if Ms. Rosenthal had an opportunity to meet with an adjuster when she contacted the Assessor.

Council Member Robinson verified with Ms. Rosenthal that she received a valuation notice in August and asked if she had protested her taxes. Ms. Rosenthal replied that she did not. Council Member Robinson explained that Ms. Rosenthal missed the deadline for filing an appeal, and normally she would make her case to a hearing officer if she had filed an appeal. Because she missed the deadline for filing an appeal, she is asking the County Council acting as the Board of Equalization to make an exception. If they were able to make an exception in her case, there would be many other people asking for the same thing.

Mr. Thomas stated that, according to State statute, the County Council does not have the authority to waive the taxes. They must be waived by the Tax Commission. Council Member Robinson suggested several options for Ms. Rosenthal and stated that Mr. Thomas can tell Ms. Rosenthal the rules the Tax Commission will use in making a determination. He calculated the difference between the assessed value and the value Ms. Rosenthal believed was in the property and determined that the difference in property taxes would be approximately \$90-\$100.

Ms. Rosenthal clarified that she does not want to appeal the amount of taxes but is asking for an acknowledgment that the value of the house shown on the tax notice is not correct. Council Member Elliott explained that the County Council cannot make that judgment. Ms. Rosenthal explained that she is in the process of getting a divorce, and the difference is whether the court will grant her the house or not. Vice Chair McMullin explained that Ms. Rosenthal needs to get an appraiser to determine the value of the house.

Mr. Thomas reviewed the circumstances under which the Council could consider an appeal, and it was determined that Ms. Rosenthal's circumstances do not qualify.

Council Member Robinson explained that the kind of evidence Ms. Rosenthal would have to provide in order to appeal the valuation of the house, such as an appraisal, would be stronger evidence in court than anything the County Council might determine with regard to the value of the house. Vice Chair McMullin agreed that Ms. Rosenthal could probably achieve what she needs through an appraisal. If her attorney does not believe an appraisal is sufficient, Ms. Rosenthal could take her case to the Tax Commission.

**DISCUSSION AND POSSIBLE APPROVAL OF BOUNDARY LINE AGREEMENT
BETWEEN SUMMIT COUNTY AND MORGAN COUNTY; ALAN SPRIGGS,
RECORDER**

County Recorder Alan Spriggs presented maps of the final boundary line adjustments and commented that this process has taken a long time and they have had to satisfy a lot of people in order to get this done. He verified that Morgan County has agreed to the boundary line adjustments.

Council Member Robinson asked if the boundary change would create title problems. Mr. Spriggs explained that it will not create title problems, it will solve them. He explained the old surveys and the boundary line changes.

Mr. Spriggs stated that the cost of the survey came in under the estimate at about \$9,000, and Summit County's share was one-half of that cost. He requested that the Council make a motion to have Summit County sign the plat as formalized with a copy to be recorded in the Recorder's Office in each county and one to be recorded in the Surveyor's Office in each county. Once that has been done, he will send a copy to the State office that records all the county boundary lines in Utah.

Council Member Robinson made a motion to approve the boundary line agreement and adjusted plat between Summit County and Morgan County as presented and authorize the Chair to sign. The motion was seconded by Council Member Hanrahan and passed unanimously, 4 to 0.

PUBLIC INPUT

Vice Chair McMullin opened the public input.

Marci Hansen with Citizens for Fiscally Responsible Government stated that they had an issue regarding the wording on the ballot, and the County has agreed to look into that. She stated as she collected names on petitions, she was surprised at what she learned. She stated that many people are struggling, and everyone who signed the petition and probably 96% of the people they talked to said "no more taxes" and were more than willing to sign the petition. She stated that many of them did not even know about the tax increase, so the communication between the County Council and the people of Summit County is lacking. She stated that she did not know what to do to change that. She stated that everyone was worried about meeting their obligations right now, and Park City residents were concerned with the increase in school taxes. They are all worried about their homes losing value with their taxes still skyrocketing. She stated that several people wondered if they could even sell their homes because of the issues with taxes, and the reputation of Park City and Summit County seems to be getting to be a problem. She asked if the Council Members ever talk to people. She suggested that they take a petition and stand at the gas station or in front of Wal-Mart and talk to people.

Council Member Elliott stated that the Council Members talk to people and answer phone calls and are in constant contact with people from all over the County. Ms. Hansen stated that most of the people they talked to did not know anything. Vice Chair McMullin stated that they are in contact with people a lot, but people also have to be interested and know what is going on as

well, and it is a two-way street. Often they find that people get interested when something affects them, but by then it may be too late, because they did not become informed about something that has been in the process for a long time. She stated that this is an ongoing issue with government, and there will always be a struggle to communicate and get the constituents engaged. Council Member Hanrahan stated that the Council would be open to ideas. He explained that if someone sends their e-mail address and says they would like to receive the agenda and packet, that is easily done. Ms. Hansen stated that does not work, because she has tried that and does not receive them. Council Member Hanrahan explained that the Manager's Office does not get many requests from people who want to receive their agendas, and aside from that, people can check the newspaper, radio, County website, and conversations with people. If people do not do something about getting notices, they will never know what is going on.

Ms. Hansen stated that, while citizens are trying to make ends meet, it was her understanding that the Council Members voted themselves a raise this year. Council Member Robinson explained that in the 2012 budget year there had not been any cost of living increases for some time, and some employees received a small cost of living increase. Council Member Hanrahan explained that the Council gets the same raise or lack of a raise that County employees receive. Mr. Jasper stated that there was a 3% increase last year, but it was based on merit, and the elected department heads administered those increases. He commented that some people reported to him that they could not get the people who were gathering signatures for the petitions to leave them alone, and they were telling people that if they wanted good government and transparency they should sign the petition. He stated that a member of the Chamber Board called the Clerk and asked him to remove her name from the petition. He believed they had circulated the petition in good faith, but he did not believe they could claim that it is the groundswell of everyone in the County and that everyone understood what they were signing based on how the conversation was started. Council Member Hanrahan confirmed that the increase the Council received was about 2.6% or 2.7%. Mr. Jasper explained that the goal of compensation in the County is to recruit and retain good employees. They compete with other counties and the private sector for employees, and the County is starting to lose good people because they can make more money elsewhere. There will be no raise recommended for 2013, so in essence, the County has given one small raise of 3% in four years. Ms. Hansen stated that she would research what other counties do so they will all understand it better. Council Member Hanrahan noted that the Utah Right to Know site includes the entire compensation package, including health benefits, retirement, etc. He noted that the site shows the Summit County Council receiving benefits, but they do not receive any benefits. He explained that it is important to be careful when comparing compensation.

Ms. Hansen recalled that Mr. Jasper was on the news and stated that the County spent money it did not have. She stated that she cannot spend money she does not have and asked how the County can do that. Mr. Jasper explained that the first year he was here, when they finally got the audit from the year before, it showed that the General Fund was \$890,000 in the hole. Every fund in the County budget is a separate fund, and they should not raid one fund to support another one. The State requires them to have a minimum 5% fund balance and no more than 20%. They were below the 5% minimum, and they have been cutting to bring that fund balance back into compliance. He offered to meet with Ms. Hansen and review what has happened with the budget in the last several years. He noted that they have cut 18 positions in the last year or two. Ms. Hansen stated that she would like to meet with Mr. Jasper and go over that

information. Vice Chair McMullin explained that the County is starting budget conversations on November 12 and suggested that Ms. Hansen attend so she can see what they do when going through the budget process. Mr. Jasper explained that they have been digging themselves out of the hole as best they can, but the County still needs to provide services.

MANAGER COMMENTS

There were no Manager comments.

COUNCIL COMMENTS

Council Member Elliott reported that she sent everyone a copy of stream alteration infractions. She stated that Maria Barndt has asked about the County's heritage tree ordinances and stated that she is upset about trees that were cut down when Highway 224 was widened and when the Montessori school was built. She would like that to be investigated.

Council Member Robinson recalled that the Council was invited by the Governor and the head of UDOT to attend a meeting at the Museum of Natural History this Friday at 9:00 a.m. Someone asked Chair Ure to represent Summit County's perspective on the Wasatch Back view, and he asked Council Member Robinson to do that. He stated that he is not sure what the County's perspective is. Vice Chair McMullin stated that she was not certain that it is prudent for the County to state an opinion. Council Member Elliott stated that there are some points the County needs to make, and she would like to provide some input on the discussion. Council Member Robinson clarified that he believed the point of the meeting is to kick off what Mayor Becker discussed with the Council a few weeks ago, and he believed the County's position should be that they are in favor of what Mayor Becker proposed and that they want to participate. Council Member Elliott stated that it is her personal opinion that she would like to see a comprehensive interconnection of all the resorts by means other than motorized service, and she would like to see light rail or fast public transportation from the airport to Park City. Council Member Robinson reported that he spoke at the Restoring of the West Conference in Logan yesterday.

The County Council meeting adjourned at 7:10 p.m.

Council Chair, David Ure

County Clerk, Kent Jones



**MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT**

MEMORANDUM

To: Summit County Council

From: Mountain Regional Water Administrative Control Board

Date: December 12, 2012

Subject: Adoption of 2013 & Amended 2012 Budgets

Required Action

- 1) Hold the Public Hearing on Mountain Regional Water's *Requested 2013 and Amended 2012 Budgets*;
- 2) Consider the budgets for adoption; and
- 3) Either:
 - a. Adopt the budgets; or
 - b. Schedule the adoption at a future council meeting held prior to December 31, 2012.

2012 Budget Summary

The 2012 operating and debt service budgets do not require any amendments, as no department will exceed budget in 2012. The 2012 capital budget amendments are incorporated in the 2013 capital budget discussed below.

However, Mountain Regional was able to replenish its depleted cash reserves in 2012 (to near policy established minimum balances) due to the:

- 1) hot, dry weather that significantly increased 2012 water sales;
- 2) 2012 bond refunding;
- 3) \$190,676 insurance reimbursement from Summit County; and
- 4) power cost savings from managing pumping at Lost Canyon to avoid on-peak power rates.

In 2011, Summit County loaned Mountain Regional \$500,000 over a three year period. Mountain Regional prepaid \$200,000 on this loan in October 2012, and will prepay the remaining \$300,000 in March 2013.

2013 Operating Budget Summary

The 2013 Mountain Regional operating budget projects net income of \$302,800 on an accrual basis, and \$828,800 on a cash basis.

Operating revenue is projected to increase \$192,900 or 2.8% over 2012 due to the rate increases effective August 2012, and higher fees resulting from Park City wheeling more water through Mountain Regional's system in 2013. This will result in a three-fold increase in Lost Canyon water production from 2011 to 2013 - which, when combined with the need to catch up on deferred maintenance, necessitates the addition of one operator. The 2013 budget for water sales assumes normal weather.

The cash operating expense budget for 2013 is 3.2% or \$148,200 higher than for 2012. This includes a \$135,000 or 3.4% increase for Operations departments, and a \$13,200 or 1.8% increase for Non-Operations departments.

Non-operating revenue for 2013 is projected to increase \$319,500 or 40.2% over 2012. Of this, \$290,000 is additional SID assessments contractually required to be paid by the Promontory developer to apply toward SID related debt payments.

The 2013 cash non-operating expense budget, which includes interest expense, is \$365,400 or 18.8% less than last year due to the Series 2012 bond refunding. This refunding will provide net savings of \$250,000 annually through 2018 – as \$385,000 in annual interest expense savings will be offset by \$135,000 in lost interest earnings on the debt reserve fund for the refunded bonds. The new Series 2012 bonds were not required to have a debt reserve fund.

It is important to point out that the debt service budget will increase by \$383,700 (net of required SID assessment increases paid by the Promontory developer) in 2013 and 2014. Mountain Regional will not require a rate increase to cover this additional budget requirement, as this increase was taken into account when the Summit County Council approved rate increases in August 2011.

Mountain Regional's control board is recommending employees begin paying a larger portion of their insurance premiums. For 2013, employees will pay 5% of premiums regardless of which plan an employee selects. Starting in 2014, the plan is to increase the employee contribution to 10%, which could be reduced to 5% for those participating successfully in a new wellness program. Mountain Regional will use a portion of the related savings to help mitigate the impact on employees.

Mountain Regional's control board is recommending a 2.0% COLA increase, and a 1.5% average Merit increase. When combined with the higher co-pays, deductibles, and out-of-pocket maximums for health coverage, the recommended net average pay increase is **2.54%**.

The proposed pay increase takes into account the level of pay increases the past three years, the consumer price index (CPI) over that same period, and the fact that Summit County gave its employees up to a 3.0% increase last year, while the District gave 2.0%. The proposed increase also considers the improved financial condition of the District.

The CPI has increased 8.4% since 2010, while District's across-the-board pay increases totaled just 2.0% in MERIT during a time when co-pays, deductibles, and out-of-pocket maximums for health services were increased.

2013 Capital Budget

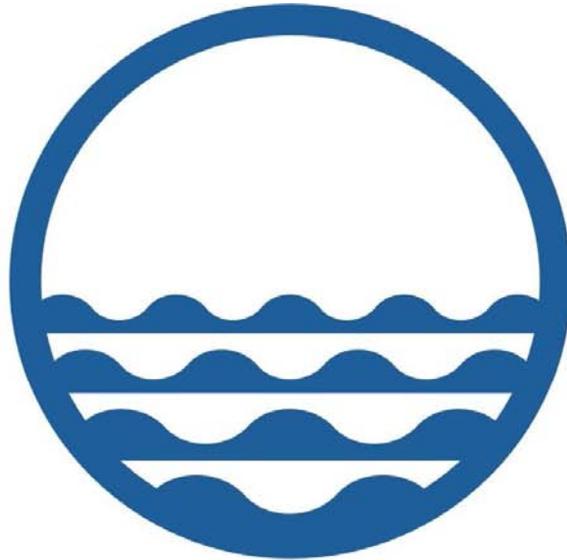
The hot, dry summer weather led to 2012 revenue that is projected to be \$434,800 over budget. This has provided Mountain Regional with much needed cash to complete small capital projects, and to help catch up on deferred maintenance.

As such the Mountain Regional control board recommends \$1.03 million in new capital spending authorization for 2012 and 2013. This is \$547,500 or 35.0% less than what was authorized in the 2012 budget.

One-third of this amount, or \$365,000, is for the Summit Park project being done in conjunction with Summit County and the Snyderville Basin Water Reclamation District. This project is critical to the District as it will reduce water loss and power costs. Doing the project with these two other entities provides significant savings to the District.

The remaining capital request includes:

- 1) \$94,200 for the "Green Projects" authorized in 2012. When the 2012 budget was developed, the estimated bond amount was \$1.15 million; while the actual bond amount later approved by the Summit County Council was \$1.278 million (less \$33,800 in closing costs).
- 2) \$125,000 to increase pumping capacity in the Northridge area, including redundancy.
- 3) \$213,100 for capitalized personnel costs; and
- 4) \$235,000 for small projects & equipment (the District priority list exceeds \$500,000).



**MOUNTAIN REGIONAL WATER
SPECIAL SERVICE DISTRICT**

REQUESTED

2013 BUDGET

And

2012 AMENDED

December 12, 2012

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1.0 2011 DISTRICT BUDGET OVERVIEW

1.1 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.

1.2 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 (other reserves can be used if insufficient cash is generated during the year).

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.

1.3 Hot, Dry Summer Weather

After three years of cool wet weather that reduced water sales, 2012 was hot and dry. As such, water sales – including Park City wheeling fees - are expected to exceed budget by \$390,000 in 2012. This - combined with an unbudgeted \$190,676 insurance payment received through Summit County to partially reimburse the District for its costs related to a lawsuit - is projected to help generate 2012 revenue that is \$434,800 or 6.0% above budget.

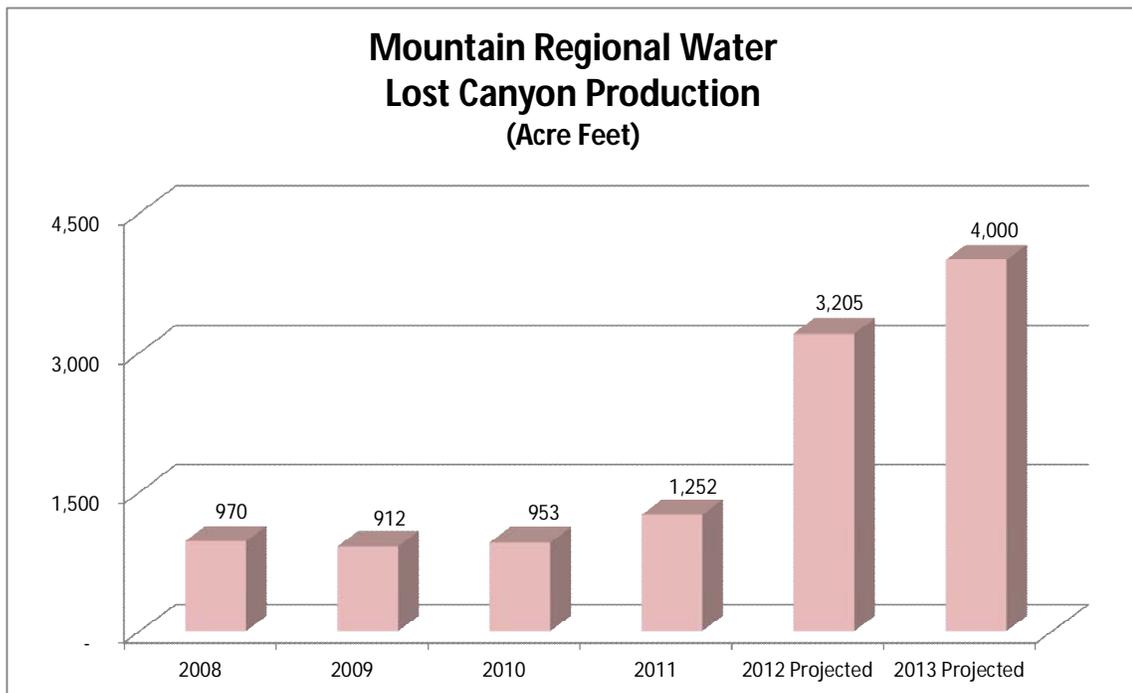
The amount above could have been higher, but impact fee collections and interest earnings are projected to be under budget in 2012. Interest earnings will be short about \$65,000 as the Series 2003 debt reserves, that earned \$135,000 annually, were used to reduce the par amount of the Series 2012 refunding bonds in June 2012; thereby reducing the annual interest expense on the Series 2012 bonds, as discussed in **Section 1.5**.

The cash generated from the high 2012 summer water sales will be used to:

- 1) help pay for much needed capital improvements and deferred maintenance;
- 2) increase the cash balance in the Rate Stabilization Fund (see **Section 1.6**) to \$1.0 million, as required by bond commitments; and
- 3) increase other cash reserves to more acceptable levels.

1.4 Lost Canyon Water Production to Triple between 2011 and 2013

The District continues to rely more on the Lost Canyon project, as shown below. The District produced 407 million gallons or 1,252 acre feet from Lost Canyon in 2011; while in 2013 it is projected that 1.3 billion gallons or 4,000 acre feet will be produced.



There are two reasons for this dramatic increase in production:

- 1) Park City began wheeling water through Lost Canyon in late spring of 2012, and plans on wheeling 2,000 acre feet in 2013; and
- 2) the District has shut down production in many small inefficient wells and offset that with higher production through Lost Canyon.

As such, the Lost Canyon booster station will need to operate more on a full-time basis, which requires additional manpower. Providing additional manpower also allows the District to more closely monitor pumping schedules to reduce the need to pump water when higher peak power rates are in effect. In 2012, the District was able to avoid pumping during peak hours the entire summer; saving the District roughly \$100,000.

Park City is required to pay 43.9% of the manpower and operating costs related to Lost Canyon; while another 18.1% of the costs are passed onto Promontory in its raw water irrigation rate.

1.5 Series 2012 Refunding Bonds

The District refinanced its Series 2003 revenue bonds in 2012 to take advantage of historic low interest rates; and its improved bond rating of “A+/AA-” (compared to “BBB” when the Series 2003 bonds were issued). This refunding reduced interest expense for 2012 by \$193,100; although lost interest earnings from the bond refunding resulted in net savings of nearly \$120,000. This refinancing will provide the District with \$250,000 in net annual savings the next few years.

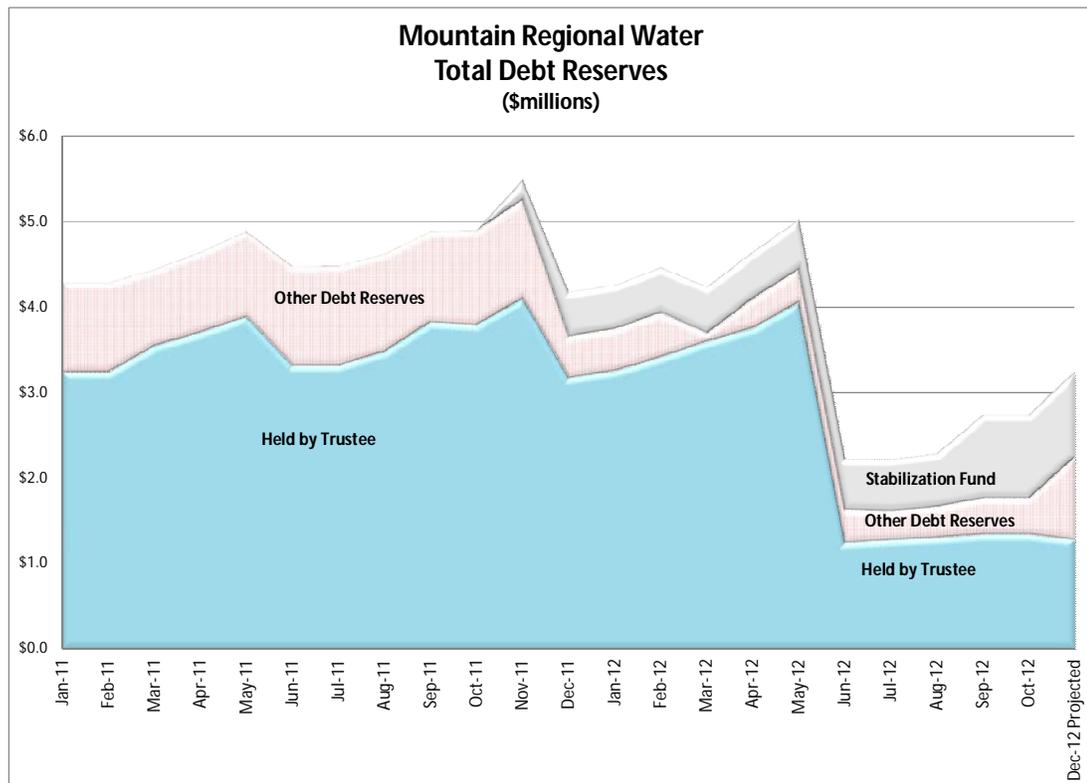
The Series 2012 refunding bonds also generated a one-time \$747,000 cash infusion that will be realized over several months. The District is using this cash to prepay \$200,000 of the \$500,000 Summit County loan in 2012; and the remaining \$300,000 in 2013. The District committed to prepay this loan from this cash infusion in order to enhance its bond rating. The remaining \$247,000 will be deposited into the rate stabilization fund discussed in **Section 1.6** below.

1.6 Rate Stabilization Fund

When the District issued its Series 2011A bonds, it amended its general bond indenture to establish a rate stabilization fund to protect it from:

- 1) revenue fluctuations caused by weather and economic conditions; and
- 2) fluctuations in annual treatment plant maintenance costs.

When the Series 2012 bonds were issued in June 2012, the District agreed to increase the rate stabilization fund balance to \$1.0 million in exchange for not being required to contribute to a bond mandated debt reserve fund held by the trustee for those Series 2012 bonds. As such, total debt reserves declined by \$2.0 million; as reserves held by the trustee declined by \$3.0 million, and the rate stabilization fund increased by \$1.0 million, as shown below.



The bottom (solid) section of the above chart represents debt reserves held by the trustee – which have declined \$3.0 million as mentioned. Other debt reserves held by the District have declined over time (the middle cross-hatch section), as a portion of those funds were used to prepay debt. The top (solid) section of the graph represents the balance of the rate stabilization fund growing to \$1.0 million by December 2012, as required by Series 2012 bond covenants.

There are several advantages to this new structure for the District’s debt reserves. First it reduces the total amount of cash tied up with the bond reserves, and provides much more flexibility to the District with the remaining reserves. Second, it allowed for lower annual debt service costs, as former debt reserves were used to reduce the par amount of the Series 2012 bond.

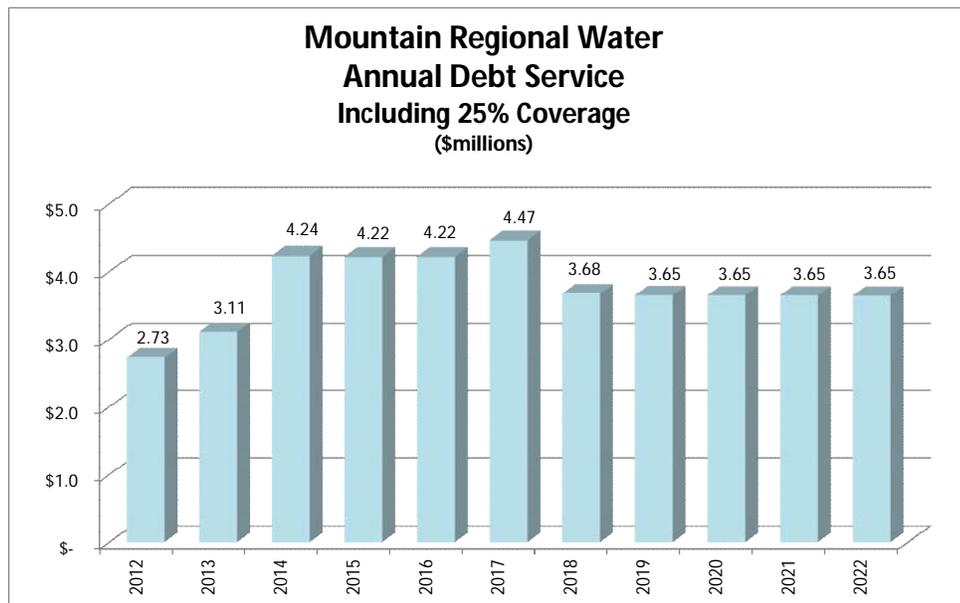
The District would never draw down the debt reserves held by the trustee except in the very unlikely event of a severe financial emergency; as this would represent a technical default on the bonds, and the bond holders would need to be notified immediately. The District would then have just 12 months to fully replenish the reserves.

Under this new debt reserve structure, the District could draw upon the higher cash balances in the rate stabilization fund and other debt reserves first, if it experiences a bad year financially, without being in technical default on its bonds. By District policy, it has three years to replenish these reserves, rather than just 12 months as is the case for bond mandated reserves.

1.7 Increasing Debt Service Payments

As discussed in **Section 1.8** below, the District will have healthy debt coverage in 2012; after which it will drop close to the minimum 1.25 coverage required by bonding agreements by 2014, unless a major rebound in the housing market occurs soon. This projected decline in debt coverage is due to increases in the debt service budget in both 2013 and 2014, as shown below.

The debt service budget (including the 1.25 coverage) for 2013 will increase \$375,500 compared to 2012. The Promontory developer is required to pay \$290,000 of this through additional SID assessments. This means \$85,500 of the debt service increase will be funded with the additional cash generated from the recent rate increases; and will not require any further increases in rates.



For 2014, the net increase in debt service payments is an additional \$298,200. This includes \$1.13 million increase in the debt service budget; less \$830,000 in additional required SID assessments due from the Promontory developer. This net increase in debt service costs will also be funded with the additional cash generated from the recent rate increases; and will not require any further increases in rates.

The 2013 and 2014 debt service budgets would have been even higher if not for the Series 2012 bond refunding discussed in **Section 1.5** above.

1.8 Debt Coverage Ratio

Per bond covenants, the District must budget for 1.25 debt coverage each year; meaning once all operational costs are paid, the remaining budgeted revenue must be equal to 1.25 times that year's parity bond principal and interest payments (see **Section 3.0 – 2013 Debt Service Budget**).

Mountain Regional Water Special Service District's Parity Debt Service Coverage Ratio				
Excludes Rate Stabilization Fund				
	2011	2012	2013	2014
	Actual	Projected	Projected	Projected
Water sales	\$ 4,864,730	\$ 5,968,900	\$ 6,215,100	\$ 6,251,100
Park City Wheeling	218,887	440,000	572,000	572,000
Stagecoach Assessments	213,903	170,000	178,400	178,400
Operating fees	151,616	143,200	144,500	144,500
Impact fees	242,285	160,000	230,000	230,000
SID assessments	453,020	500,000	790,000	1,620,000
Interest available for debt service	152,677	90,200	30,600	45,000
Other non-restricted revenue	53,402	22,425	20,000	20,000
Total cash available for debt service	<u>6,350,520</u>	<u>7,494,725</u>	<u>8,180,600</u>	<u>9,061,000</u>
Cash operating expenses	<u>(3,713,303)</u>	<u>(4,563,700)</u>	<u>(4,815,900)</u>	<u>(4,864,059)</u>
Cash available for debt service	<u>2,637,217</u>	<u>2,931,025</u>	<u>3,364,700</u>	<u>4,196,941</u>
Parity debt service payments	<u>2,092,888</u>	<u>1,892,600</u>	<u>2,466,400</u>	<u>3,368,800</u>
Debt service coverage	<u>1.26</u>	<u>1.55</u>	<u>1.36</u>	<u>1.25</u>

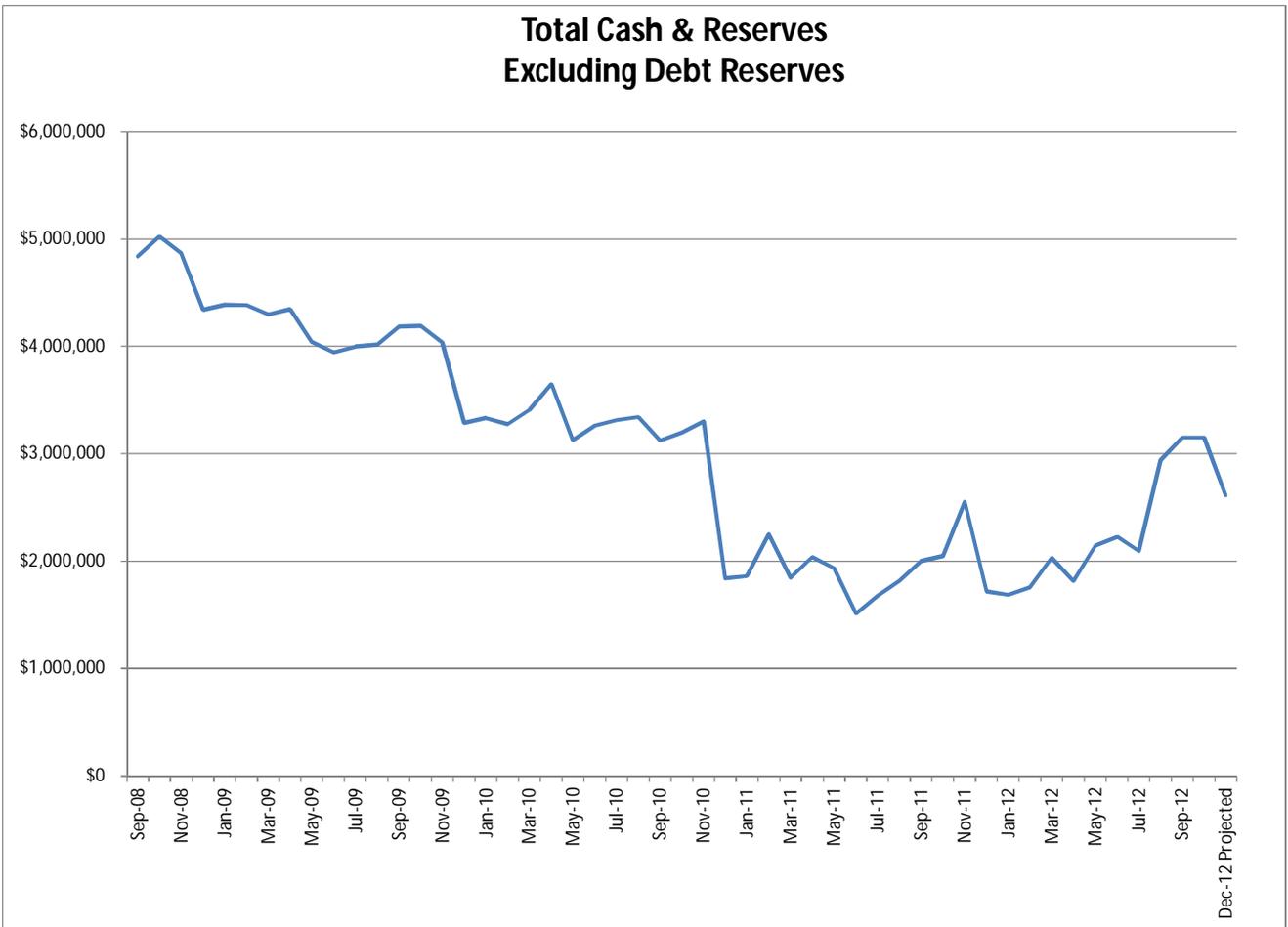
A ratio of 1.55 is now projected for 2012, compared to the budgeted 1.25 coverage ratio. This improvement is mostly due to the hot, dry summer weather, but it also benefited from the Series 2012 bond refunding.

The additional cash generated from the healthy 2012 ratio will be used to replenish cash reserves; and to pay for much needed capital improvements and deferred maintenance.

As discussed in **Section 1.7** above, increasing debt service budgets in 2013 and 2014 (net the required increases in SID assessment payments required from the Promontory developer) will drop the coverage ratio in 2013 and 2014 to a projected 1.36 and 1.25 respectively.

1.9 Cash Reserves

The District's cash and cash reserves (excluding the debt reserves discussed in **Section 1.6** above) have slowly, but steadily improved the past year as shown below.



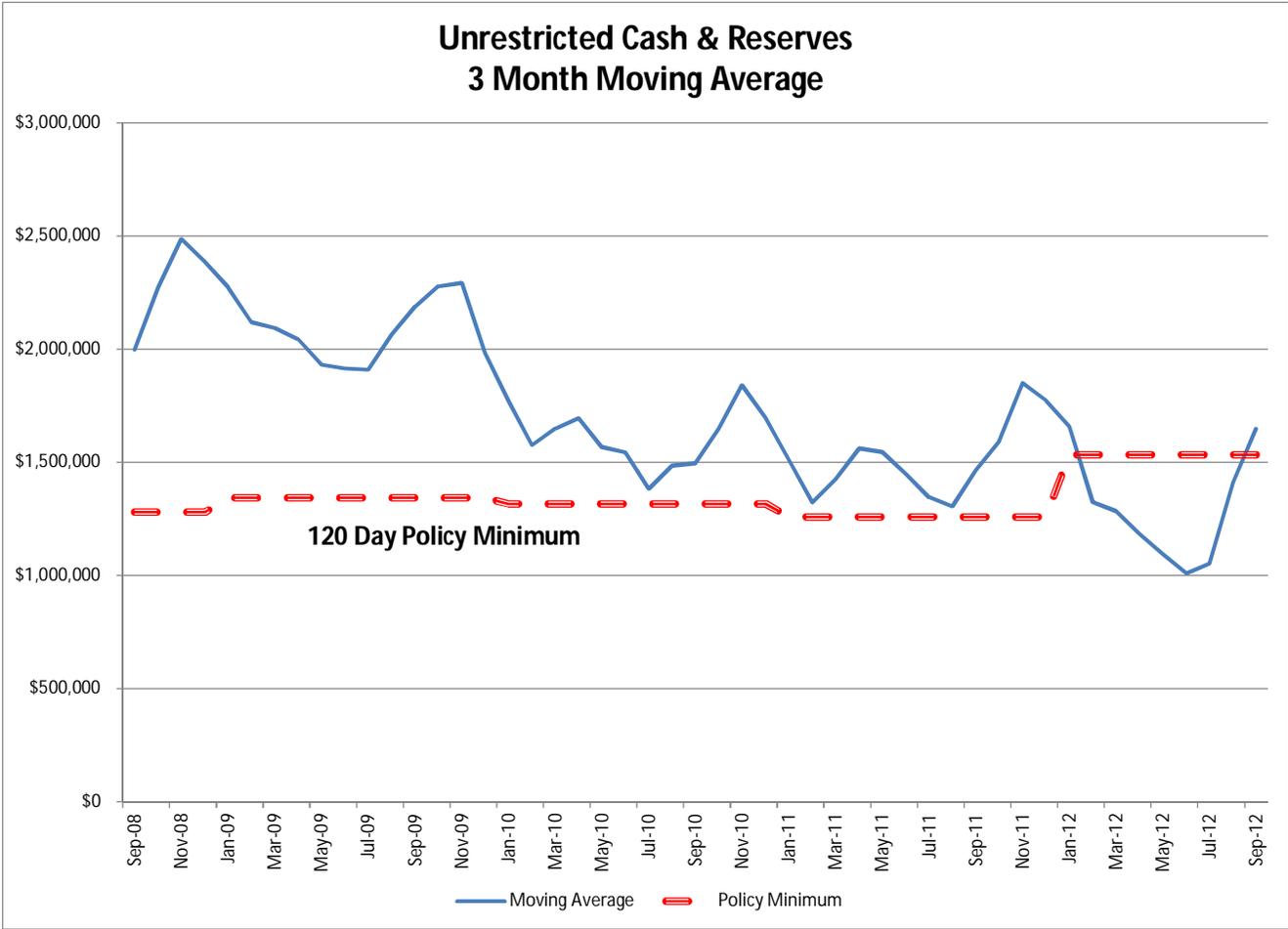
This upward trend the past year can be attributed to four factors:

- 1) the rate increases;
- 2) the hot, dry weather;
- 3) the Series 2012 bond refunding; and
- 4) power cost savings as the District managed its pumping production in 2012 so that it did not need to pay any higher on-peak rates during the hot, dry summer months.

This upward trend should continue in 2013 as the District's rate increases are in full effect for an entire year for the first time. In 2014, debt service payments are schedule to increase notably, as discussed above in **Section 1.7**. As such, cash and cash reserves should start to level off in 2014.

Unrestricted Cash & Reserves

Of the amounts represented in the chart above, the unrestricted portion was just under \$1.1 million in June 2011, and fell below \$1.0 million during December 2011. As of August 2012, unrestricted cash had improved to \$1.5 million.



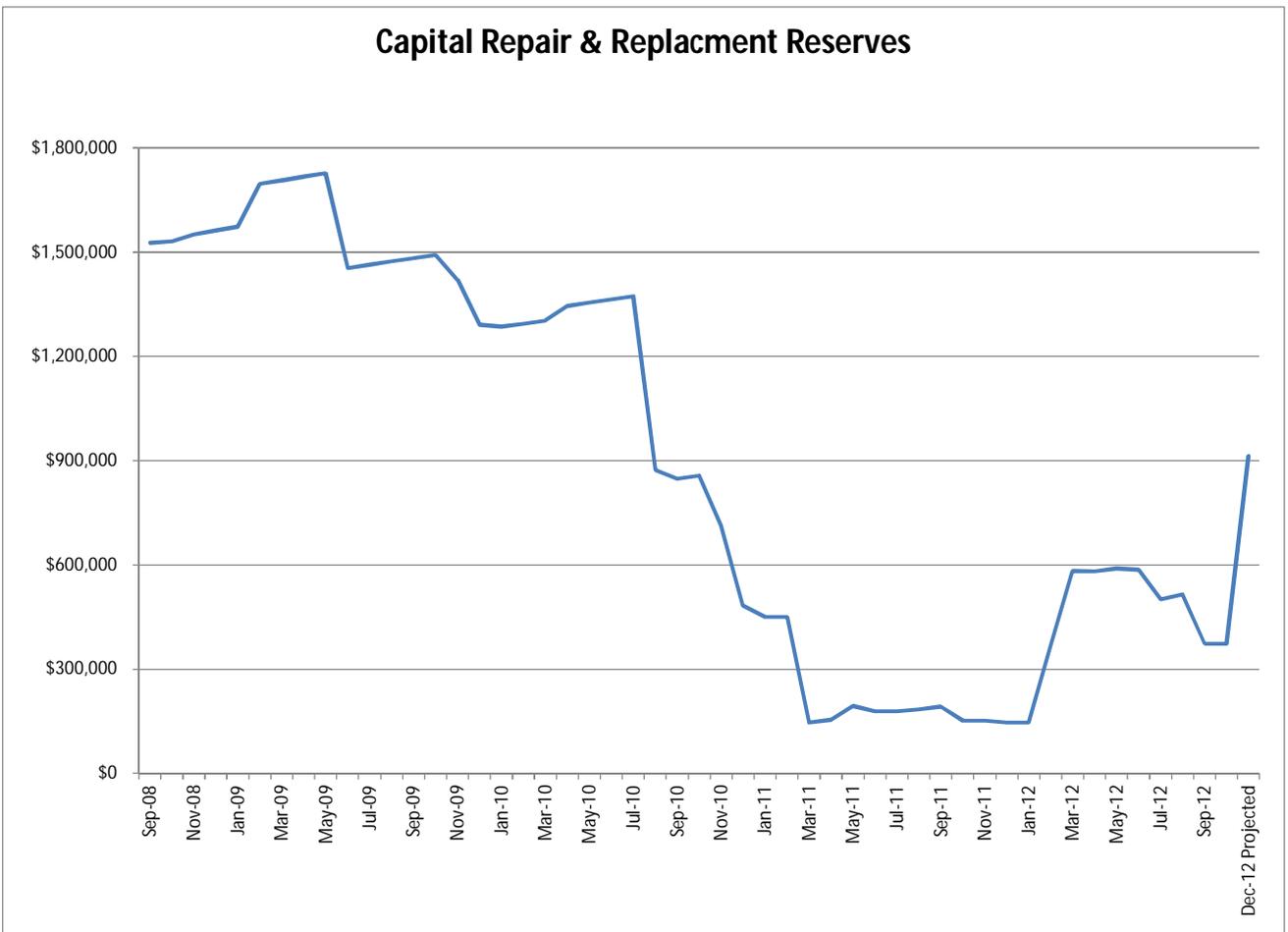
The District’s policy is to maintain 120 days of unrestricted cash and reserves (represented by the dashed line in the chart above). The chart above shows a 3-month moving average of unrestricted cash and reserves compared to 120 day’s reserve. The 3-month moving average was used to smooth out monthly fluctuations in cash flow in order to better demonstrate trends.

The District maintained cash and reserves above the minimum level established by policy for several years, until mid-2011. For 2013, 120 days represents nearly \$1.6 million – meaning the District has made significant progress towards restoring its reserves to the level established by policy.

Capital Facility Repair & Replacement Reserves

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.

Since then, the cool, dry weather and slow economy forced the District to draw down nearly all these funds for critical small capital projects and equipment, as shown below.



The District's goal is to maintain capital facility and repair funds of at least \$1.0 million at the beginning of each year. The hot, dry weather and rate increases authorized in August 2011 are helping restore these reserves.

2013 Total Cash Increase

Overall, the 2013 budget projects a cash increase of \$828,800 from operations in 2013, as shown on the following page. The District plans to allocate this additional cash for the following purposes:

Capital Facilities Repair & Replacement Funds	\$ 563,800
Treatment Plant Operations Sinking Fund	65,000
To Bring Operating Reserves to level outlined in District Policy	200,000
Total	\$ 828,800

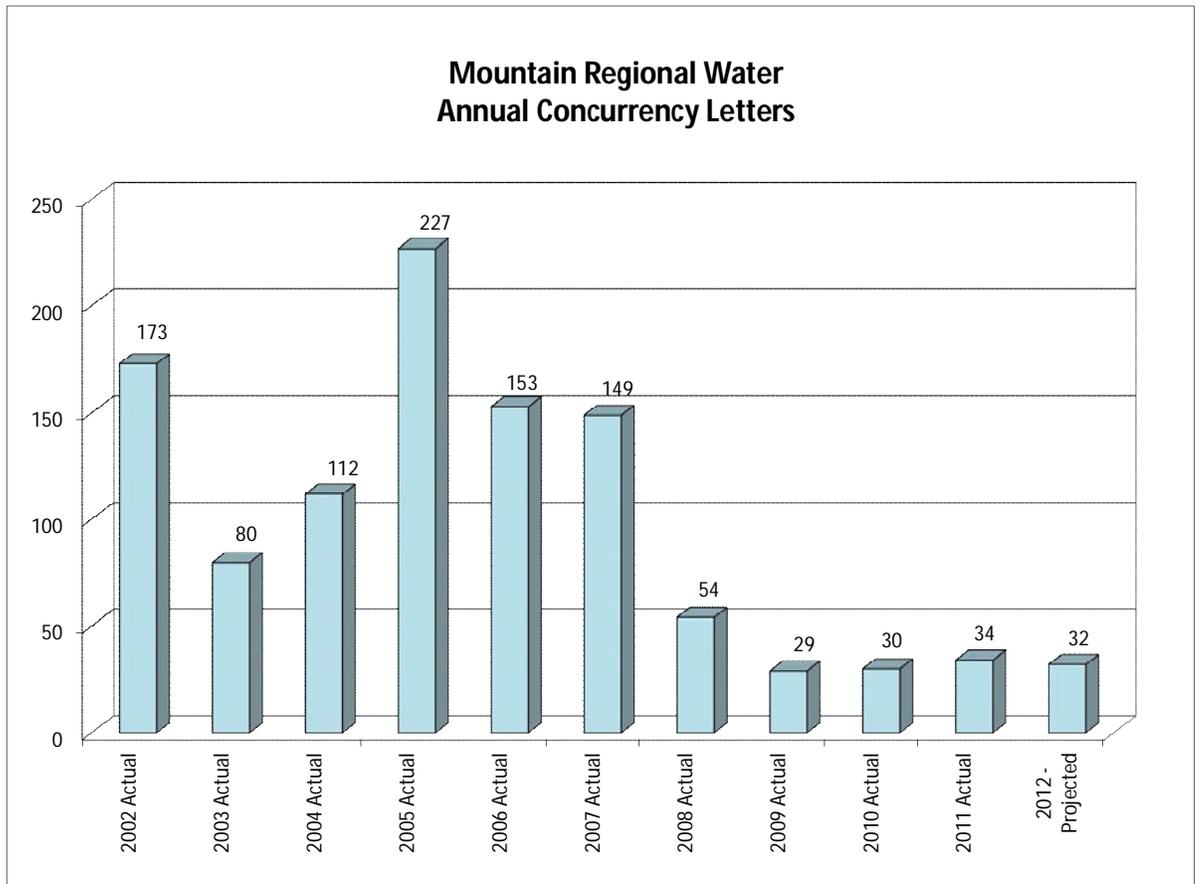
As discussed with the Summit County Council in August 2011, the rate increases adopted at that time would allow the District to improve its falling cash balances and catch up on its deferred maintenance in 2012 and 2013, before debt service payments increase significantly in 2014, as discussed in **Section 1.7** above.

MOUNTAIN REGIONAL WATER
2013 Operating Budget - Accrual and Cash Basis
Enterprise Fund

	2013 Recommended Accrual Basis	2013 Recommended Cash Basis
<u>OPERATING REVENUE</u>		
Water Sales	\$ 6,215,100	\$ 6,215,100
Park City Wheeling	572,000	572,000
Stagecoach Assessments	178,400	178,400
Operating Fees	144,500	144,500
Other	10,000	10,000
Total Operating Revenue	7,120,000	7,120,000
<u>OPERATING EXPENSES</u>		
Operations		
Energy & Resource Management	346,900	346,900
Lost Canyon Transmission	1,374,400	1,374,400
Treatment	452,600	452,600
Distribution	1,865,900	1,865,900
Safety	25,600	25,600
General Manager		
Engineering & Development	93,600	93,600
Human Resources	46,800	46,800
Legal Services	30,000	30,000
Public Services	348,800	348,800
Financial Management	231,300	231,300
Depreciation Expense	1,470,300	-
Total Operating Expense	6,286,200	4,815,900
OPERATING INCOME (LOSS)	833,800	2,304,100
<u>NON-OPERATING REVENUE</u>		
Interest Earnings - Available for Debt Service	30,600	30,600
Interest Earnings - Not Available for Debt Service	500	-
Impact Fees	230,000	230,000
Assessments	790,000	790,000
Cash Grants	-	-
Other Cash Non-operating Revenue	10,000	10,000
Non-Cash Non-operating Revenue	53,200	-
Total Non-Operating Revenue	1,114,300	1,060,600
<u>NON-OPERATING EXPENSE</u>		
Interest Expense/Bank Fees	1,573,300	1,577,800
Bond Principal Payments	-	958,100
Amortization Expense	72,000	-
Total Non-Operating Expense	1,645,300	2,535,900
NON-OPERATING INCOME (LOSS)	(531,000)	(1,475,300)
NET INCOME (LOSS) BEFORE TRANSFERS	302,800	828,800
<u>TRANSFERS</u>		
Contingency	-	-
Governmental Transfers	-	-
Contributions in Aid of Construction	-	-
NET TRANSFERS	-	-
NET CHANGE IN EQUITY (NET INCOME AFTER TRANSFERS)	\$ 302,800	\$ 828,800

1.10 Impact of Economy on Customer Growth

As shown below, the number of new construction units within the District declined dramatically after the initial banking crisis in 2008. In the 3rd quarter of 2009; new construction units showed slight improvement, and have remained relatively flat since then on a year-by-year basis.



The District's 2013 projection for new units is 30 – which is similar to 2009 through 2012. There are currently nearly 2,000 undeveloped lots and prepaid connections on standby within the District that will likely be future water users once the housing slump ends. Although current development has slowed during the housing downturn, the long-term growth potential of the District remains strong.

Once the housing market improves, it will take 18 to 24 months before new construction units start using water, and generating water sales.

1.11 Revenue Trends

Following three straight years of sluggish revenue collections due to the economic downturn and cool, wet weather; the District experienced a turnaround in 2012 as shown on the following page. The District now projects total revenue will exceed budget by \$434,800 or 6.0% in 2012.

This turnaround is due to the rate increases effective August 2011 and August 2012; combined with the return of hot, dry weather. The one-time \$190,676 insurance reimbursement also contributed.

**MOUNTAIN REGIONAL WATER
Revenue History**

	2011 Actual	2012 Adopted Budget	2012 Projected	2012 Projected to 2012 Budget	2013 Control Board Recommended	2013 Recommended Adopted	2013 Recommended to 2012 to 2012 Projected
CASH REVENUE (Less Grants)							
Operating Revenue							
Water Sales	\$ 4,897,483	\$ 5,430,800	\$ 5,968,900	\$ 538,100	\$ 6,215,100	\$ 784,300	\$ 246,200
Park City Wheeling	218,887	588,100	440,000	(148,100)	572,000	(16,100)	132,000
Stagecoach Assessment	213,903	170,000	170,000	-	178,400	8,400	8,400
Operating Fees	151,616	148,500	143,200	(5,300)	144,500	(4,000)	1,300
Other Operating	15,527	15,000	205,000	190,000	10,000	(5,000)	(195,000)
Subtotal	5,497,416	6,352,400	6,927,100	574,700	7,120,000	767,600	192,900
Non-operating Revenue							
Interest Earnings	153,162	155,000	90,800	(64,200)	31,100	(123,900)	(59,700)
Impact Fees	242,285	230,000	160,000	(70,000)	230,000	-	70,000
Special Assessments	453,020	500,000	500,000	-	790,000	290,000	290,000
Other Non-operating	5,124	38,000	8,100	(29,900)	10,000	(28,000)	1,900
Subtotal	853,591	923,000	758,900	(164,100)	1,061,100	138,100	302,200
TOTAL CASH REVENUE (Less Grants)	\$ 6,351,007	\$ 7,275,400	\$ 7,686,000	\$ 410,600	\$ 8,181,100	\$ 905,700	\$ 495,100
OTHER REVENUE							
Cash Grants	11,667	-	-	-	-	-	-
Non-Cash Amortization	-	11,700	35,900	24,200	53,200	41,500	17,300
OTHER REVENUE	\$ 11,667	\$ 11,700	\$ 35,900	\$ 24,200	\$ 53,200	\$ 41,500	\$ 17,300
TOTAL REVENUE	\$ 6,362,674	\$ 7,287,100	\$ 7,721,900	\$ 434,800	\$ 8,234,300	\$ 947,200	\$ 512,400

With the second and final phase of the rate increases in full effect for an entire year for the first time in 2013, this upward revenue trend should continue one more year before leveling off until such time as the housing economy improves.

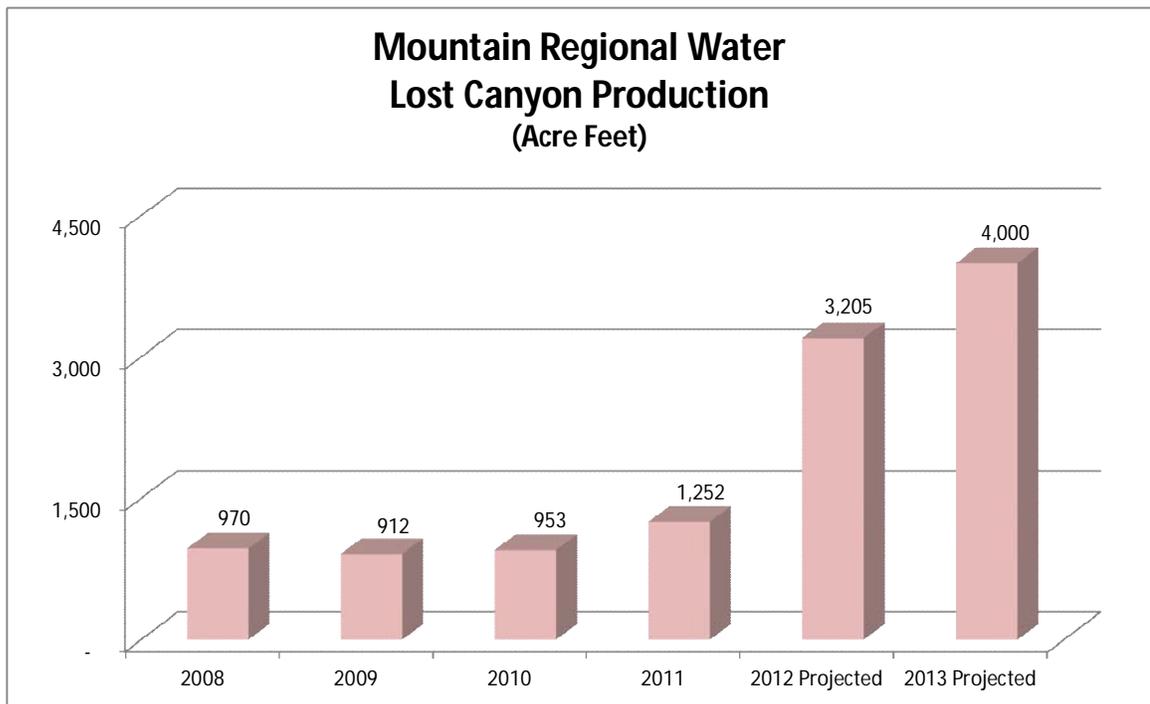
The 2013 revenue projections exceed the projected 2012 revenue by \$512,400 or 6.6% despite the assumption of a return to normal weather. The major factors in the 2013 changes are:

- 1) a \$246,200 improvement in water sales due to the August 2012 rate increase – which is partially offset by an assumed return to more normal weather patterns;
- 2) a \$132,000 increase in Park City wheeling fees as it projects using more water;
- 3) a \$290,000 increase in contractually required SID assessment payments from the Promontory developer;
- 4) a \$155,800 net decline in other revenue sources including interest collections and other operating revenue (due to the Series 2012 bond refunding discussed in **Section 1.5**, and the one-time 2012 insurance reimbursement).

1.12 Staffing

In 2012, the District added one operator, along with three part-time summer positions, in order to start catching up on deferred maintenance; and to increase manpower at the Lost Canyon booster station. Increased manpower was needed at this large booster station since Park City started wheeling large quantities of its water through the District’s Lost Canyon infrastructure in 2012.

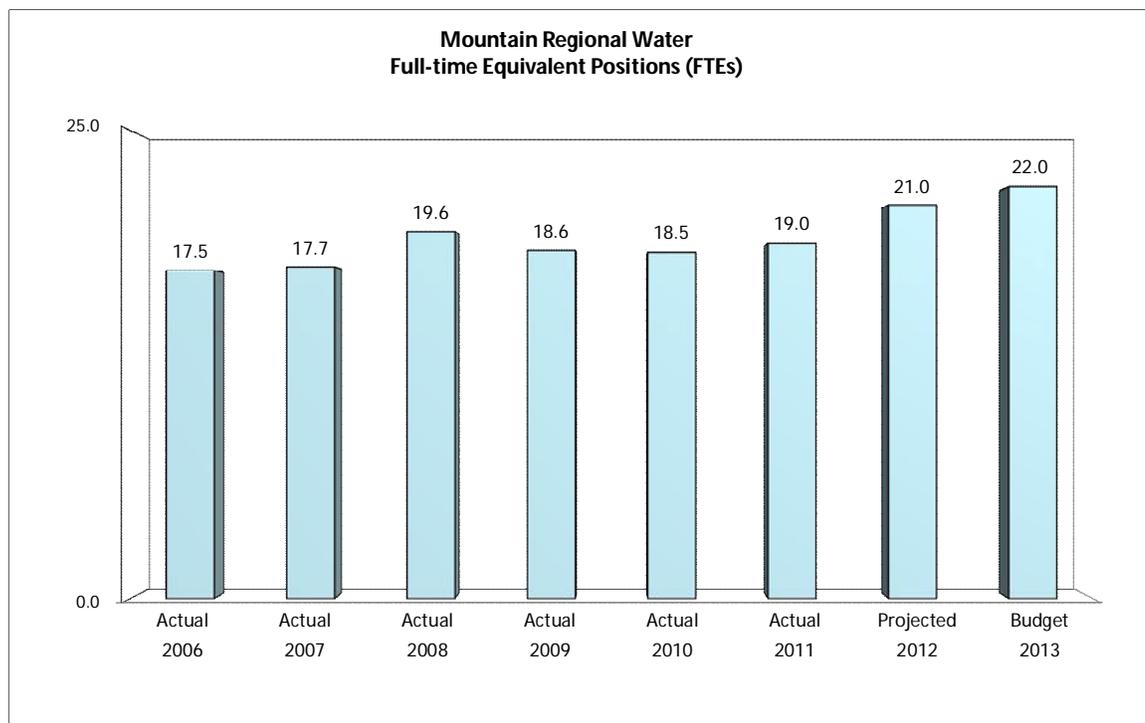
As discussed in **Section 1.4** above and shown below, the District anticipates producing three times more water through Lost Canyon in 2013 than it did in 2011; as Park City wheels more water through Lost Canyon, and the District continues to shut down small inefficient wells – which will be offset by higher Lost Canyon production. The Lost Canyon project is now the major source of water for the Snyderville Basin.



As such, the Lost Canyon booster station will operate more on a full-time basis; and the District will need to monitor pumping schedules very closely in order to reduce the need to pump water during the times of day when higher peak power rates are in effect. In 2012, the District avoided pumping during peak hours the entire summer; saving the District roughly \$100,000. Additional manpower and the acquisition of backup pump motors will also allow the District to make repairs to the booster station quicker, and to keep on top of maintenance.

Park City is required to pay 43.9% of the manpower and fixed operating costs related to Lost Canyon; while another 18.1% of the costs are passed onto Promontory in its raw water irrigation rate.

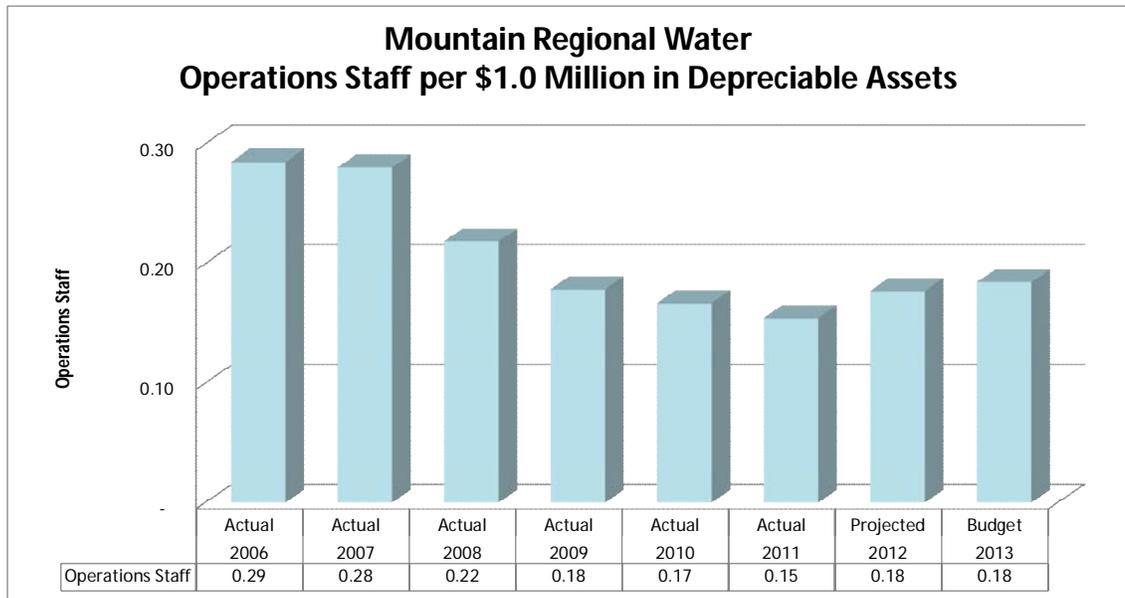
A history of the District’s full-time equivalent positions (FTEs) is shown in the chart below. As it shows, FTEs declined between 2008 and 2011 as a vacant position was not filled; before increasing in 2012 and 2013 due to the new operators and summer help.



The District fell behind on maintenance from 2009 to 2011; as cool wet weather and the economic downturn caused a decline in revenue, leading to mid-year budget cuts. The Summit County Council approved rate increases effective August 2011 and August 2012 – in part to help the District catch up on deferred maintenance over the next two years – rather than falling further behind.

With the additional operations staff and part-time summer help, the District’s number of operators per \$1.0 million of depreciable assets for 2012 and 2013 will return the District to its 2009 level as shown below. Declining revenue delayed the hiring of additional operators in 2010 and 2011 that were needed to maintain additional infrastructure. This drop caused the District to start falling behind on deferred maintenance.

As planned, the District made notable progress on deferred maintenance in 2012. The District plans on adding another operator in 2013 to continue making progress on deferred maintenance.



The current 0.18 operators per \$1.0 million of depreciable assets for 2012 and 2013 is significantly less than the pre-2009 levels; but is sufficient to keep the District's operations and deferred maintenance programs at adequate levels.

The District is currently able to operate with fewer FTEs per \$1.0 million of depreciable assets than during the pre-2009 period, despite the need to provide more manpower at Lost Canyon, due to the increased use of technology and the reorganization of the operations staff.

Since 2006, the number of FTEs has increased by 25.0% - while during the same period *Operating Revenue* increased 47.3%. The ratio of District FTEs to operating revenue has generally declined since 2008 – which demonstrates staff is not growing as fast as operating revenue.

1.13 Compensation

If approved, the proposed 2013 changes in salary and wages, along with the changes in the cost of health insurance and other benefits, will result a District personnel budget for 2013 that is **\$99,400 or 5.7% less** than was actually paid for personnel in 2011; excluding the new positions added in 2012 and 2013. This decline is the result of the District joining the county's health insurance pool, and reflects a reduction in cost to the District for existing staff from 2011. None of these savings were passed onto District employees in the form of higher pay or benefits. This \$99,400 decline would have been higher if not for higher Utah State Retirement rates.

Some of the decline in health premium costs to the District since 2011 is the result of increasing co-pays, deductibles, and out-of-pocket maximums for employees' health care coverage. Further, as discussed below in **Section 1.14**, the District intends to start charging all insured employees a portion of their health insurance premiums for the first time starting in 2013. The District will utilize a portion of the related savings to help mitigate the initial impact on employees.

When the 1.5 FTEs the District added to operations in 2012 and the additional 1.0 FTE proposed for operations in 2013 are included, budgeted personnel costs for 2013 are

projected to be \$91,000 or 5.3% more than was actually paid in 2011 – which is a modest 2.65% per year.

The District budget includes an average net **2.54% pay increase** for 2013; including a 2.0% COLA and an average 1.5% MERIT. However, when the increased employee co-pays, deductibles, and out-of-pocket maximums for health coverage are taken into account, the actual average net pay increase to employees is 2.54%.

Pay Increases							
Year	Consumer Price Index		Across-the Board Pay Increases			Total	Cost with Benefits
	Index	% Change	Across-the-Board COLA/MARKET	Average Merit			
2010	218.056	1.6%	0.0%	0.0%		0.0%	
2011	224.939	3.2%	0.0%	0.0%		0.0%	
2012 ⁽¹⁾	232.593	3.4%	0.0%	2.0%		2.0%	
Total Since 2010 (compounded)		8.4%	0.0%	2.0%		2.00%	
2013 Pay Increase Recommendation			2.0%	1.5%		3.50%	\$ 56,000
Impact of Health Benefit Coverage Reductions						-0.96%	\$ (15,400)
Net Increase to Employees						2.54%	\$ 40,600

(1) - The 2012 CPI pro-rates the first ten months of 2012 over twelve months.

The proposed 2013 pay increase takes into account the level of pay increases the past three years, the consumer price index (CPI) over that same period, and the fact that Summit County gave its employees up to a 3.0% increase last year, while the District gave 2.0%. The proposed increase also considers the improved financial condition of the District.

As shown above, the CPI has increased 8.4% since 2010, while District across-the-board pay increases totaled just 2.0% in MERIT during a time when co-pays, deductibles, and out-of-pocket maximums for health services were increased.

1.14 Sharing Health Insurance Premium Costs with Employees

District employees will be required to pay more for health insurance for 2013.

Currently, the District pays the full health insurance premiums for all employees, except for those on the most costly plan. If this remained the case for 2013, the cost to the District for increased health premiums would be 8.74% or \$20,700; even after increasing co-pays, deductibles, and out-of-pocket savings for employees.

This 2013 budget assumes employees will pay 5% of all health premiums in 2013, regardless of which plan each employee selects.

The long-term plan is for employees to pay 10% of all health premiums starting in 2014, with the opportunity to reduce this to 5% through participation in a wellness program (smokers would pay 5% more). The wellness program and its related premium credits was originally planned to start in 2013. However, the county insurance pool consultant indicated the District did not have enough time to implement the program for 2013.

The proposed wellness program includes measuring five biometric health targets such as:

- (1) Cholesterol Level,
- (2) Blood Sugar,
- (3) Body Mass Index,
- (4) Waist Size, and
- (5) Blood Pressure.

2.0 2013 OPERATING BUDGET

2.1 Summary

As shown below, projected 2013 *Net Income after Transfers* is \$302,800 on an accrual basis.

MOUNTAIN REGIONAL WATER						
2013 Operating Budget - Accrual Basis						
Enterprise Fund						
	2011	2012	2012	2013	2013	2013
	Actual	Adopted	Projected	Control Board	Recommend to	Recommend to
		Budget		Recommended	2012 Adopted	2012 Projected
OPERATING REVENUE						
Water Sales	\$ 4,897,483	\$ 5,430,800	\$ 5,968,900	\$ 6,215,100	\$ 784,300	\$ 246,200
Park City Wheeling	218,887	588,100	440,000	572,000	(16,100)	132,000
Stagecoach Assessments	213,903	170,000	170,000	178,400	8,400	8,400
Operating Fees	151,616	148,500	143,200	144,500	(4,000)	1,300
Other	15,527	15,000	205,000	10,000	(5,000)	(195,000)
Total Operating Revenue	5,497,416	6,352,400	6,927,100	7,120,000	767,600	192,900
OPERATING EXPENSES						
Operations						
Energy & Resource Management	292,520	330,800	354,800	346,900	16,100	(7,900)
Lost Canyon Transmission	1,052,059	1,493,000	1,193,600	1,374,400	(118,600)	180,800
Treatment Plant	111,103	458,400	585,400	452,600	(5,800)	(132,800)
Distribution	1,516,033	1,621,600	1,704,600	1,865,900	244,300	161,300
Safety	20,920	26,600	26,600	25,600	(1,000)	(1,000)
General Manager						
Engineering & Development	88,197	91,300	88,200	93,600	2,300	5,400
Human Resources	21,442	35,200	35,200	46,800	11,600	11,600
Legal Services	18,180	50,000	20,000	30,000	(20,000)	10,000
Public Services	391,692	341,800	341,800	348,800	7,000	7,000
Financial Management	201,158	219,000	213,500	231,300	12,300	17,800
Depreciation Expense	1,359,634	1,404,900	1,435,000	1,470,300	65,400	35,300
Total Operating Expense	5,072,938	6,072,600	5,998,700	6,286,200	213,600	287,500
OPERATING INCOME (LOSS)	424,478	279,800	928,400	833,800	554,000	(94,600)
NON-OPERATING REVENUE						
Interest Earnings - Available for Debt Service	152,710	154,600	90,200	30,600	(124,000)	(59,600)
Interest Earnings - Not Available for Debt Service	452	400	600	500	100	(100)
Impact Fees	242,285	230,000	160,000	230,000	-	70,000
Assessments	453,020	500,000	500,000	790,000	290,000	290,000
Cash Grants	-	-	-	-	-	-
Other Cash Non-operating Revenue	5,124	38,000	8,100	10,000	(28,000)	1,900
Non-Cash Non-operating Revenue	11,667	11,700	35,900	53,200	41,500	17,300
Total Non-Operating Revenue	865,258	934,700	794,800	1,114,300	179,600	319,500
NON-OPERATING EXPENSE						
Interest Expense/Bank Fees	1,890,340	1,938,700	1,734,500	1,573,300	(365,400)	(161,200)
Amortization Expense	98,726	77,900	77,900	72,000	(5,900)	(5,900)
Total Non-Operating Expense	1,989,066	2,016,600	1,812,400	1,645,300	(371,300)	(167,100)
NON-OPERATING INCOME (LOSS)	(1,123,808)	(1,081,900)	(1,017,600)	(531,000)	550,900	486,600
NET INCOME (LOSS) BEFORE TRANSFERS	(699,330)	(802,100)	(89,200)	302,800	1,104,900	392,000
TRANSFERS						
Contingency	-	-	-	-	-	-
Governmental Transfers	1,353,531	-	-	-	-	-
Contributions in Aid of Construction	722,212	-	173,200	-	-	(173,200)
NET TRANSFERS	2,075,743	-	173,200	-	-	(173,200)
NET CHANGE IN EQUITY (NET INCOME AFTER TRANSFERS)	\$ 1,376,413	\$ (802,100)	\$ 84,000	\$ 302,800	\$ 1,104,900	\$ 218,800

If non-cash *Depreciation, Amortization, and other non-cash items* are excluded, the District anticipates it will generate \$828,800 in cash from operations in 2013, as discussed above in **Section 1.9** above.

The District's 2013 *Operating Budget* is discussed by each of the following five components below:

1. Operating Revenue
2. Operating Expense
3. Non-operating Revenue
4. Non-operating Expense
5. Transfers

2.2 Operating Revenue

The District is projecting 2013 *Operating Revenue* of just over \$7.1 million, which is 2.8% or \$192,900 more than is projected for 2012, as shown below.

Operating Revenue						
	2011	2012	2012	2013	2013	2013
	Actual	Adopted Budget	Projection	Control Board Recommended	Recommended to 2012 Projection \$ Change	Recommended to 2012 Projection % Change
Water Sales	\$ 4,897,483	\$ 5,430,800	\$ 5,968,900	\$ 6,215,100	\$ 246,200	4.1 %
Park City Wheeling Fees	218,887	588,100	440,000	572,000	132,000	30.0
Stagecoach Assessments	213,903	170,000	170,000	178,400	8,400	4.9
Operating Fees	151,616	148,500	143,200	144,500	1,300	0.9
Other	15,527	15,000	205,000	10,000	(195,000)	(95.1)
Total Operating Revenue	\$ 5,497,416	\$ 6,352,400	\$ 6,927,100	\$ 7,120,000	\$ 192,900	2.8 %

An increase of \$246,200 is projected for 2013 *Water Sales* as the August 2012 rate increase will be in effect for an entire year. This rate increase is projected to be partially offset by the assumption of a return to normal weather in 2013.

Park City Wheeling Fees are estimated to increase by \$132,000 as Park City anticipates wheeling more water in 2013. Less water was wheeled in 2012 because Park City's new treatment plant was not operational until late spring. The increased collections from Park City will be completely offset by increased operating expenses incurred by the District, including power costs.

The reason for \$195,000 projected decline for *Other Revenue* is the District received a \$190,676 one-time insurance reimbursement in 2012.

For 2012, *Operating Revenue* is projected to exceed budget by \$574,700, as discussed in **Section 1.11** above. This is the result of the hot, dry weather; and the \$190,676 unbudgeted one-time insurance reimbursement provided through Summit County. Without this reimbursement, 2012 *Operating Revenue* is projected to be \$384,024 or 6.0% above budget.

2.3 Operating Expense

The 2013 *Operating Expense* budget is \$213,600 or 3.5% higher than for 2012 as shown below. The addition of one additional operator, the depreciation of new assets, and the funding for additional repair and deferred maintenance are the main factors in the overall increase.

Excluding non-cash *Depreciation Expense*, *Operating Expense* is projected to increase \$148,200 or 3.2%.

Mountain Regional Water Operating Expense Summary						
	2011	2012	2012	2013	2013	2013
	Actual	Adopted Budget	Projection	Control Board Recommended	Recommended to 2012 Budget \$ Change	Recommended to 2012 Budget % Change
Operations						
Energy & Resource Management	\$ 292,520	\$ 330,800	\$ 354,800	\$ 346,900	\$ 16,100	
Lost Canyon Transmission	1,052,059	1,493,000	1,193,600	1,374,400	(118,600)	
Treatment Plant	111,103	458,400	585,400	452,600	(5,800)	
Distribution	1,516,033	1,621,600	1,704,600	1,865,900	244,300	
Safety	20,920	26,600	26,600	25,600	(1,000)	
Subtotal Operations	2,992,635	3,930,400	3,865,000	4,065,400	135,000	3.4 %
General Manager						
Engineering & Development	88,197	91,300	88,200	93,600	2,300	
Human Resources	21,442	35,200	35,200	46,800	11,600	
Legal Services	18,180	50,000	20,000	30,000	(20,000)	
Public Services	391,692	341,800	341,800	348,800	7,000	
Financial Management	201,158	219,000	213,500	231,300	12,300	
Subtotal Other Departments	720,669	737,300	698,700	750,500	13,200	1.8 %
Depreciation Expense (non-cash)	1,359,634	1,404,900	1,435,000	1,470,300	65,400	4.7 %
Total Operating Expense	\$ 5,072,938	\$ 6,072,600	\$ 5,998,700	\$ 6,286,200	\$ 213,600	3.5 %
Total (excluding Depreciation Expense)	\$ 3,713,304	\$ 4,667,700	\$ 4,563,700	\$ 4,815,900	\$ 148,200	3.2 %

The 2013 *Operations* budget is \$135,000 or 3.4% higher than for 2012. For the *Other Departments* not included in *Operations*, the 2013 budget is \$13,200 or 1.8% more than for 2012.

For 2012, cash *Operating Expenses* are now projected to be \$73,900 under budget even though the District performed more deferred maintenance than anticipated. The District accomplished this by using the savings generated from avoiding higher peak power pumping rates at the Lost Canyon Booster Station.

2.4 Non-operating Revenue

The District's 2013 *Non-operating Revenue* budget is \$319,500 more than projected for 2012, as shown below.

For 2013, the contractually required SID *Assessment* payments from the Promontory developer increase \$290,000. It is also projected that impact fee collections will return to 2009 to 2011 levels, after falling in 2012.

Non-operating Revenue						
	2011	2012	2012	2013	2013	2013
	Actual	Adopted Budget	Projection	Control Board Recommended	Recommended to 2012 Projection \$ Change	Recommended to 2012 Projection % Change
Interest Earnings - Available for Debt Service	\$ 152,710	\$ 154,600	\$ 90,200	\$ 30,600	\$ (59,600)	(66.7)
Interest Earnings - Not Available for Debt Service	452	400	600	500	(100)	(16.7)
Impact Fees	242,285	230,000	160,000	230,000	70,000	43.8
Assessments	453,020	500,000	500,000	790,000	290,000	58.0
Cash Grants	-	-	-	-	-	n/a
Other Cash Non-operating Revenue	5,124	38,000	8,100	10,000	1,900	23.5
Non-Cash Non-operating Revenue	11,667	11,700	35,900	53,200	17,300	48.2
Total Non-operating Revenue	\$ 865,258	\$ 934,700	\$ 794,800	\$ 1,114,300	\$ 319,500	40.2 %

On the other hand, *Interest Earnings* will be lower as the \$3.0 million debt reserve that earned \$135,000 annually was used to reduce the par amount of the Series 2012 refunding bonds. Reducing the par amount of the Series 2012 bonds reduced *Interest Expense* by \$250,000 more than the related decline in *Interest Earnings* for the next several years.

A debt reserve for the Series 2012 bonds were not required because of the District's current "A+/AA-" bond rating, compared to "BBB" when the Series 2003 bonds were issued; and the establishment of the rate stabilization fund.

2.5 Non-operating Expense

Non-operating Expense consists of *Interest Expense / Bank Fees* and the non-cash *Amortization Expense* of bond issuance costs over the duration of the related bonds. The 2013 *Non-operating Expense* is \$371,300 less than for the 2012 budget as a result of refinancing of the Series 2003 bonds with the Series 2012 refunding bonds that had a much lower interest rate.

Non-operating Expense						
	2011	2012	2012	2013	2013	2013
	Actual	Adopted Budget	Projection	Control Board Recommended	Recommended to 2012 Budget \$ Change	Recommended to 2012 Budget % Change
Interest Expense / Bank Fees	\$ 1,890,340	\$ 1,938,700	\$ 1,734,500	\$ 1,573,300	\$ (365,400)	(18.8)
Amortization Expense	98,726	77,900	77,900	72,000	(5,900)	(7.6)
Total Non-operating Expense	\$ 1,989,066	\$ 2,016,600	\$ 1,812,400	\$ 1,645,300	\$ (371,300)	(18.4) %

Although the Series 2012 bond refunding discussed in **Section 1.5** above will reduce the District's annual *Interest Expense* by \$385,000 the next few years; the refunding utilized the \$3.0 million debt reserve from the Series 2003 bonds to reduce the par amount of the Series 2012 refunding bond. This debt reserve earned \$135,000 per year – meaning the net savings from the refinancing is \$250,000 annually for the next several years.

The full \$385,000 in *Interest Expense* savings from the Series 2012 bond refunding is reflected above; while the \$135,000 decline in *Interest Earnings* is reflected under the *Non-Operating Revenue* budget discussed in **Section 2.4** above.

Interest Expense as a whole did not decline quite as much as the savings from the Series 2012 bond refunding because a new state loan was issued that will increase 2013 interest expense slightly.

2.6 Transfers

Although the District may receive subdivision infrastructure donations from developers in 2013, no amount is budgeted since the value of the potential *Contributions-in-Aid of Construction* is not known.

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 net income 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 net income and cash flow.

Transfers						
	2011	2012	2012	2013	2013	2013
	Actual	Adopted	Projection	Control Board	Recommended to	Recommended to
		Budget		Recommended	2012 Projection	2012 Projection
					\$ Change	% Change
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	
Governmental Transfers	1,353,531	-	-	-	-	
Contributions in Aid of Construction	722,212	-	173,200	-	(173,200)	
Total Transfers	\$ 2,075,743	\$ -	\$ 173,200	\$ -	\$ (173,200)	(100.0) %

The large transfers shown above for 2011 include nearly \$1.4 million of assets Weber Basin donated to the District for the Lost Canyon project; and \$722,212 for the transfer of water system assets by developers.

3.0 2013 DEBT SERVICE BUDGET

For 2013, the District projects a debt coverage ratio of 1.36 when only parity revenue bonds are included. As discussed in **Section 1.8** above, this ratio is required to meet or exceed 1.25 to comply with bond covenants. However, it is good practice to budget to meet or exceed the 1.25 requirement when all bonds, including subordinated debt, are included. For 2013, this ratio is projected to be 1.33.

MOUNTAIN REGIONAL WATER	
2013 Debt Service Budget - Cash Basis	
(Excludes Rate Stabilization Fund)	
	2013 Control Board
COVERAGE CALCULATION FOR PARITY REVENUE BONDS	
Operating Income (Loss)	\$ 833,800
Add Back Depreciation	1,470,300
Add in Interest Available for Debt Service	30,600
Add In Impact Fees	230,000
Add In SID Assessments	790,000
Add in Other Non-operating Income	10,000
Total Available For Debt Service	\$ 3,364,700
TOTAL DEBT COVERAGE	
Required Coverage Principal	\$ 958,100
Required Coverage Interest/Bank Fees	1,577,800
Total Required Debt Service	2,535,900
Debt Service X 1.25	\$ 3,169,900
Required Debt Coverage Ratio	1.33
REQUIRED PARITY BOND DEBT COVERAGE	
Parity Bond Principal	\$ 945,000
Parity Bond Interest	1,521,400
Total Parity Debt Service	2,466,400
Debt Service X 1.25	\$ 3,083,100
Parity Debt Coverage Ratio	1.36
Total Cash Generated from Operations	\$ 828,800
Appropriation to Capital Facilities Repair & Replacement Funds	\$ 563,800
Appropriation to Treatment Plant Sinking Fund	65,000
To Bring Operating Reserves to Level Outlined in District Policy	200,000
Total Cash Appropriations	\$ 828,800
Unallocated Portion of Cash Increase	\$ -

A 1.33 projected coverage ratio would result in an \$828,800 increase in cash in 2013, excluding capital projects. This increase in cash will be allocated as shown at the bottom of the table above.

These ratios do not include the rate stabilization fund in 2013, as the District's policy is to budget for a ratio of 1.25 from the current year cash flow. There are two instances when the District will include the rate stabilization fund in its debt coverage calculations:

- 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; and
- 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 the rate stabilization fund, and then included in debt coverage calculations in years that lots sales are below projections.

Due to increasing debt service payments, as discussed above in **Section 1.7**; it is projected the debt coverage ratio will be close to 1.25 by 2014; unless a strong rebound in the housing market occurs soon.

4.0 CAPITAL BUDGET

The District is requesting \$1.03 million in new capital spending authorization, as shown below – which is \$547,500 or 35.0% less than authorized in 2012.

One-third of the new request for funding (\$365,000) is for continuation of the Summit Park project being done in conjunction with Summit County and the Snyderville Basin Water Reclamation District. This project is allowing the District to replace leaking water main lines at a lower cost than would be the case if the District was doing this project on its own.

The other requests include:

- 1) \$94,200 in 2013 for the “Green Projects” authorized in the 2012 budget. When the budget was developed in 2012, the estimated bond amount was \$1.15 million; while the actual bond amount later approved by the Summit County Council was \$1.278 million (less \$33,800 in closing costs).
- 2) \$125,000 in 2012 to increase pumping capacity in the Northridge area, including redundancy;
- 3) \$213,100 in 2013 for capitalized personnel costs; and
- 4) \$235,000 in 2013 for small projects & equipment (the District priority list exceeds \$500,000).

Except for the “Green Projects” that will be funded from a state loan, these items will be paid for with funds generated from the 25% additional coverage requirement for 2012 and previous years, including the high summer water sales resulting from the hot, dry weather in 2012.

Mountain Regional Water Capital Budget							
	2012 Adopted Budget	2012 Projected Actual	2012 Budget Savings	2012 Savings Carryover	Control Board Recommended Increases	2013 Total Budget	2012 & 2013 Total Budget
CASH SOURCES							
State Loan					\$ 94,200		
Carryover Cash and Capital Reserves					938,100		
TOTAL SOURCES					\$ 1,032,300		
CASH USES							
State Loan Funded							
Green Power Projects	\$ 1,150,000	\$ 700,000	\$ 450,000	\$ 450,000	\$ 94,200	\$ 544,200	\$ 1,244,200
Subtotal	1,150,000	700,000	450,000	450,000	94,200	544,200	1,244,200
MRW Funded							
Completed Projects	53,293	53,293	-	-	-	-	53,293
Northridge Pumping Capacity	-	-	-	-	125,000	125,000	125,000
Summit Park Restoration with Summit County	-	-	-	-	365,000	365,000	365,000
Capitalized Personnel Costs	213,100	201,400	11,700	-	213,100	213,100	414,500
Other Improvements & Equipment	276,300	276,300	-	-	235,000	235,000	511,300
Contingency	46,833	46,833	-	-	-	-	46,833
Total Capital Projects - MRW Funded	589,526	577,826	11,700	-	938,100	938,100	1,515,926
TOTAL USES	\$ 1,739,526	\$ 1,277,826	\$ 461,700	\$ 450,000	\$ 1,032,300	\$ 1,482,300	\$ 2,760,126
Colony Developer Funded Pumping Capacity Increase					\$ 250,000		

The District will also spend \$250,000 in funds provided directly from the Colony developer to increase pumping capacity to that development.

5.0 2012 BUDGET AMENDMENTS

5.1 2012 OPERATING BUDGET

No amendments are needed for 2012 since there are no required expense budget increases. The table below shows the projected 2012 financial results compared to the 2012 Adopted Budget.

MOUNTAIN REGIONAL WATER				
2012 Amended Operating Budget - Accrual Basis				
Enterprise Fund				
	2011 Actual	2012 Adopted Budget	2012 Projection	2012 Projection to Adopted
<u>OPERATING REVENUE</u>				
Water Sales	\$ 4,897,483	\$ 5,430,800	\$ 5,968,900	\$ 538,100
Park City Wheeling	218,887	588,100	440,000	(148,100)
Stagecoach Assessment	213,903	170,000	170,000	-
Operating Fees	151,616	148,500	143,200	(5,300)
Contract Maintenance	-	-	-	-
Other	15,527	15,000	205,000	190,000
Total Operating Revenue	5,497,416	6,352,400	6,927,100	574,700
<u>OPERATING EXPENSES</u>				
Operations Management				
Energy & Resource Management	292,520	330,800	354,800	24,000
Distribution	1,516,033	1,621,600	1,704,600	83,000
Lost Canyon Transmission	1,052,059	1,493,000	1,193,600	(299,400)
Treatment Plant	111,103	458,400	585,400	127,000
Safety	20,920	26,600	26,600	-
General Manager				
Engineering & Development	88,197	91,300	88,200	(3,100)
Human Resources	21,442	35,200	35,200	-
Legal Services	18,180	50,000	20,000	(30,000)
Public Services	391,692	341,800	341,800	-
Financial Management	201,158	219,000	213,500	(5,500)
Depreciation Expense	1,359,634	1,404,900	1,435,000	30,100
Total Operating Expense	5,072,938	6,072,600	5,998,700	(73,900)
OPERATING INCOME (LOSS)	424,478	279,800	928,400	648,600
<u>NON-OPERATING REVENUE</u>				
Interest Earnings - Available for Debt Service	152,710	154,600	90,200	(64,400)
Interest Earnings - Not Available for Debt Service	452	400	600	200
Impact Fees	242,285	230,000	160,000	(70,000)
Assessments	453,020	500,000	500,000	-
Cash Grants	5,124	38,000	8,100	(29,900)
Other Cash Non-operating Revenue	11,667	11,700	35,900	24,200
Non-Cash Non-operating Revenue	-	-	-	-
Total Non-operating Revenue	865,258	934,700	794,800	(139,900)
<u>NON-OPERATING EXPENSE</u>				
Interest Expense/Bank Fees	1,890,340	1,938,700	1,734,500	(204,200)
Amortization Expense	98,726	77,900	77,900	-
Total Non-operating Expense	1,989,066	2,016,600	1,812,400	(204,200)
NON-OPERATING INCOME (LOSS)	(1,123,808)	(1,081,900)	(1,017,600)	64,300
NET INCOME (LOSS) BEFORE TRANSFERS	(699,330)	(802,100)	(89,200)	712,900
<u>TRANSFERS</u>				
Contingency	-	-	-	-
Governmental Transfers	1,353,531	-	-	-
Contributions in Aid of Construction	722,212	-	173,200	173,200
NET TRANSFERS	2,075,743	-	173,200	173,200
NET CHANGE IN EQUITY (NET INCOME AFTER TRANSFERS)	\$ 1,376,413	\$ (802,100)	\$ 84,000	\$ 886,100

For 2012, *Net Income after Transfers* is projected to be \$84,000 – which is much better than budget. As discussed above, the main reasons for this positive variance is:

- 1) the hot, dry weather;
- 2) the Series 2012 bond refunding;
- 3) the \$190,676 insurance reimbursement; and
- 4) power cost savings as the District managed its pumping production in 2012 so that it did not need to pay any higher on-peak rates during the hot, dry summer.

5.2 2012 DEBT SERVICE BUDGET

The 2012 *Debt Service Budget* projected a 1.25 parity debt coverage ratio. It is now projected this ratio will be 1.55. This increase is due mostly to the hot, dry summer weather; while the Series 2012 bond refunding also contributed.

MOUNTAIN REGIONAL WATER		
2012 Debt Coverage Calculation - Cash Basis		
(Excludes Rate Stabilization Fund)		
	2012 Budget	2012 Projection
COVERAGE CALCULATION FOR PARITY REVENUE BONDS		
Operating Income (Loss)	\$ 279,800	\$ 928,400
Add Back Depreciation	1,404,900	1,435,000
Add in Interest Available for Debt Service	154,600	90,200
Add In Impact Fees	230,000	160,000
Add In SID Assessments	500,000	500,000
Add in Other Non-operating Income	38,000	8,100
Deduct One-time Revenue	-	(190,675)
Total Available For Debt Service	2,607,300	2,931,025
TOTAL DEBT COVERAGE		
Required Coverage Principal	247,800	201,000
Required Coverage Interest/Bank Fees	1,938,700	1,750,400
Total Required Debt Service	2,186,500	1,951,400
Debt Service X 1.25	2,733,200	2,439,300
Required Debt Coverage Ratio	1.19	1.50
REQUIRED PARITY BOND DEBT COVERAGE		
Parity Bond Principal	209,700	187,900
Parity Bond Interest	1,875,800	1,704,700
Total Parity Debt Service	2,085,500	1,892,600
Debt Service X 1.25	2,606,900	2,365,800
Parity Debt Coverage Ratio	1.25	1.55