

Timber Lakes Water Special Service District

Our Water System: Past, Present, and Future

November 2018

Please don't shoot the messenger



What is the Timber Lakes Water Special Service District?

AKA The Water Company

The Water Company

- We are a Wasatch County-created water utility district
- Our purpose is to build, repair, and maintain the Timber Lakes water delivery system
- We receive no funding from the County – our work is paid for by Timber Lakes property owners
- By Utah state law, we are governed by a board of directors appointed by Wasatch County

Our Board

All Members County-appointed

- 3 members who live in Timber Lakes
 - Neil Anderton, Reg Anderson, Ralph Lewis
- 3 members who own property in Timber Lakes, but do not live here
 - Mike Wheelwright, Bruce Heywood, one vacancy
- 1 alternate member – John Blickenstaff
- 1 member of the County Council – Steve Farrell

We are NOT the Property Owners Association

- The Water Company and the Property Owners Association are two, completely separate entities, with different governing bodies, policies, and financing
- Timber Lakes property owners fund the activities of both entities

The Water Company Past

A little history lesson

What We Purchased

- 1995 – Purchased from Veigh Cummings
 - 637 acre feet of Water Rights for \$1.6 million (\$2,512 per acre foot)
 - Water System for \$10

What We Got

- A cabin retreat/summer only water system
- Indoor water use only – no outdoor watering rights
- Summer only connections to 380 cabins
- 3 developed springs
- 2 steel storage tanks (108,000 and 400,000 gallons)
- 33 miles of irrigation water lines (2-6 inch pipe, buried 2-3 feet)
- Inadequately spaced and unmaintained fire hydrants

What We Did

- Upgraded our system to provide water all year, not just in the summer
- Added three storage tanks (200,000, 500,000, and 300,000 gallons)
- Developed an additional 6 springs
 - 3 of the additional springs were co-developed with the Church of Jesus Christ of Latter-day Saints (Heber Valley Girls Camp)
- Added basic telemetry for monitoring and meter reading
- Added 510 connections

How We Financed What We Did

- Property owners approved a \$2.4 million bond in 1998
 - \$1.6 million to pay off Veigh Cummings for the water rights
 - \$0.8 million to replace worst failing sections of the delivery system & spring development
- Property owners approved a \$1.0 million bond in 2004 to replace failing pipe
- Property owners approved a \$5.29 million assessment bond in 2011 to build two underground concrete storage tanks and replace ~18 miles of pipe
- Property owners approved a \$624,000 revenue bond in 2011 to make up for a bank error in the final draw for the contractors and cover the assessment bond for pre-pays

The Water Company Present

Our current concerns

What We Have Not Done, Yet

- We have never saved up reserve funds to pay for capital asset replacement or capital improvements
- We have not increased water rates sufficient to keep up with our financial requirements
- The bank strongly suggested we increase rates last year by approximately 30% – which we did not do

What We Are Required To Do Now

- The bank requires us to maintain cash reserves in order to maintain our bond rating
 - We must have a minimum of 150 days operating cash on hand
 - We must maintain a bond revenue to bond payment ratio of 1.25
 - This means we have to have 25% more money with which to make bond payments than our anticipated total bond payments
- Set funds aside for future capital improvements so we do not have to keep bonding
- Maintain the current system, make repairs, replace parts, deliver water to our customers
- Raise our rates

The Water Company Future

If we make changes now, we will pay less in the future.

If we don't make changes now, we will pay more in the future.

What Is Our
Main
Objective?

Today: Deliver water

Future: Maintain our
water system without
having to finance it
through bonds



Capital Improvements We Need to Make

Description	Est Cost Today	Anticipated Start Year
Upper Lone Pine Tank Pipe Replacement	\$400,000	2020
3 Additional Springs	\$270,000	2023
West Side Pump Station	\$150,000	2026
West Side Pump Line	\$125,000	2026
Additional Telemetry Capabilities	\$125,000	2032
Total	\$1,070,000 *	

* Estimates do not account for inflation

How Do We Minimize Water Bills In the Future?

- Save money now for future capital expenditures so we do not have to issue another bond
 - This will save us the cost of issuing the bond and paying interest for 20 years
- Raise rates now in order to maintain our bank-required balances and ratios, thereby maintaining our current bond rating
 - If we do not meet requirements, the bank could call the bond or raise our interest rate

What We Have Done to Minimize a Rate Increase

- Paid off the 1998 bond early, to save paying the last year of interest
- Refinanced 2011 bonds in October 2018 to reduce our interest rate
 - Replaced 8.2% rate with 4.33%, which reduces to 3.42% after 3 years (sinking fund)
 - Total estimated savings over life of the bond is \$630,000
- Postponed capital improvement projects up to 5 years in order to set aside enough cash to fund them without having to bond again

The Cost of Waiting

2002

- We proposed to bond \$~3.5 million to replace aging water lines
- Property owners said, “No!”

2011

- 2011 – The cost to make this upgrade was ~\$5.9 million
- It cost us an additional \$2.4 million to wait 9 years

The Cost of Borrowing

- Over the 20-year life of our bonds we will pay out a combined total of approximately \$5 million in interest
- We do NOT want to borrow again
- We want to save money now so we have it when we need it

How Do We Collect Our Revenue?

- Every Timber Lakes property owner receives a monthly water bill
- New customers also pay for their water meter and pay a water meter hookup fee

Your Monthly Water Bill

- Base System Maintenance Fee
- Capital Fee for 1998 & 2004 Bonds
- 2011 Assessment Bond Fee
- 2011 Revenue Bond Fee
- Water Usage
- Penalties & Late Fees

Comparing the Average Bill

Current Average Bill

Item	Amount
Base System Fee	\$15.00
Water Delivery O&M	\$24.50
1998 & 2004 Bond Fee	\$10.66
2011 Revenue Bond Fee	\$ 2.95
2011 Assessment B Fee	\$41.00
Water Usage 4,000 gal	\$ 0.00
Total	\$94.11

New Average Bill

Item	Amount
Base System Fee	\$30.00
Water Delivery O&M	\$24.50
2004 Bond Fee	\$ 3.50
2011 Revenue Bond Fee	\$ 2.95
2018 Revenue Bond Fee	\$ 41.00
Water Usage 4,000 gal	\$ 6.00
Total	\$107.95

Comparing Water Usage Rates Page 1

| Current | | New |

Gallons Used	Cost per 1,000 gallons	Gallons Used	Cost per 1,000 gallons
0 – 1000	\$0	0 – 1000	\$1
1001 – 2000	\$0	1001 – 2000	\$1
2001 – 3000	\$0	2001 – 3000	\$2
3001 – 4000	\$0	3001 – 4000	\$2
4001 – 5000	\$12	4001 – 5000	\$13
5001 – 6000	\$12	5001 – 6000	\$16.50
6001 – 7000	\$16	6001 – 7000	\$17
7001 – 8000	\$16	7001 – 8000	\$17.50
8001 – 9000	\$20	8001 – 9000	\$20.50

Comparing Water Usage Rates Page 2

| Current |
| New |

Gallons Used	Cost per 1,000 gallons	Gallons Used	Cost per 1,000 gallons
9001 – 10000	\$24	9001 – 10000	\$24.50
10001 – 11000	\$24	10001 – 11000	\$25
11001 – 12000	\$24	11001 – 12000	\$25.50
12001 – 13000	\$24	12001 – 13000	\$26
13001 – 14000	\$24	13001 – 14000	\$27
14001 – 15000	\$24	14001 – 15000	\$28
15001 – 16000	\$24	15001 – 16000	\$29
17001 – 18000	\$24	17001 – 18000	\$30
18001 +	\$24	18001 +	\$32



Questions?