

# Timber Lakes Water Special Service District

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Our Water System: Past, Present, and Future

February 2023

Please don't shoot the messenger

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# What is the Timber Lakes Water Special Service District?

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AKA The Water Company

# The Water Company

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- 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

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

## We are NOT the Property Owners Association

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- 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

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A little history lesson

# What We Purchased

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- 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

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- 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

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- 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 593 connections

# How We Financed What We Did

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- Property owners approved a \$2.4 million bond in 1998 for water rights, failing pipe replacement, & 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

## What We Have Done to Minimize a Rate Increase

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- 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 from 8.2% to 4.3% saving an estimated \$630,000
- Refinanced the 2011 bonds again in 2021 to 1.6% – estimated savings of \$810,000

# What We Have Done to Minimize a Rate Increase

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- Postponed capital improvement projects more than 6 years in order to try setting aside enough cash to fund them without having to bond again
- Received preliminary approval from the state for a 0% interest loan
- Will pay off 2024 bond next year

# The Cost of Waiting

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## 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 Water Company Present

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Our current concerns

# What We Have Not Done, Yet

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- 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
- Five years ago, our financial advisor strongly suggested we increase rates by approximately 30% – which we did not do
- Our last rate increase was four years ago ~ 15%



## What We Just Did

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- Sent out an RFP for Engineering Services
- Received several excellent proposals
- Selected the most outstanding option
- Hired Bowen, Collins & Associates
- They have just completed a rate structure study

# What We Are Required To Do Now

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- 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

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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?

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Today: Deliver water

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

