

**Timber Lakes Water Special Service District  
Wasatch County Offices  
25 North Main, Heber City, UT 84032  
435-654-0125  
January 16, 2018  
Board Meeting Minutes**

**Chairperson:** Doug Spenst (2020)

**Board Attendees:** Neil Anderton (2019) excused, Reg Anderson (2016), Ralph Lewis (2016), Mike Wheelwright (2016), Steve Farrell (County Rep.), John Blickenstaff, excused (alternate), Doug Spenst (2020).

**Other Attendees:**

Jody Defa, Timber Lakes Water System Manager, Craig Hall, Timber Lakes Water Office Manager, Jared Moss -Legal Counsel

Kathy Wheelwright, Bonnie Huetter, Gordan Huetter, Pam Hall, Matt Millis.

**Meeting called to order at 6:00 pm.**

**Prayer/Remark:**

John Blickenstaff offered a prayer.

**Property Owners Association**

Bonnie and Gordon Huetter of the POA had no issues to discuss.at this time.

**Public**

Doug Spenst thanked Kathy Wheelwright for helping with the holiday party. .

**Minutes:**

John Blickenstaff made corrections to the November 2017 minutes. John liked the quality and reduced quantity of the minutes. **Steve Farrell made the motion to pass the November 2017 minutes, seconded by Reg Anderson, motion passed unanimously.** The December minutes were presented to the board; there were no questions. **Mike Wheelwright made the motion to pass the December 2017 minutes, seconded by Reg Anderson, Steve Farrell and John Blickenstaff abstained because they were absent from the December 2017 meeting, motion passed unanimously.**

**Warrant List:**

The last check number was on the ended with 13055. This check register includes check numbers13056 – 13127. There was a question about the abnormal number of voided checks. The voids were due to printer error leaving check numbers off by one. Jody brought the credit card reconciliations. Doug asked about Tom and Jennifer properties check and was advised that it was for the office rent. Next month's check register will startst with number 13128. **Steve Farrell made the motion to approve the warrants as presented, seconded by John Blickenstaff. Motion passed unanimously.** Jody Defa passed around the credit card statement for review and approval. **Steve Farrell made the motion to approve the warrants as presented seconded by John Blickenstaff. Motion passed unanimously.**

**Water Managers Report:**

. Jody attended a seminar discussing water rights and usagewater usage. The Division of Drinking Water is going to be able to e assign demerit points to water systems if they fail to report flows and usage to the State Division of Water Rights. Jody is supposed to report the past three years. Jody stated that the average full- time resident uses 198 gallons GPD inGPD in UT. The Timber Lakes average is 162 GPD. However, one foreclosed property leaked and used as much water as the entire system uses in a year. Many billing errors were fixed by going through all the water meters. This likely caused the big drop in usage from 2007 - 2009. The overflow from the tanks runs down the canyon. Steve Farrell made the comment that we made the comment that we need to forecast for future buildout.

Recommend existing board member to replace David Hansen for the vice chair position vacancy.

**Matt Millis**, said this almost the same group he has worked with in 2011. Matt presented an analysis of what we need to do with water rates. In this analysis, examined we looked at where your financial position, where you you are in and what percentage rate increase you need to look at over the next few years. H he showed slides regarding what scenario's will work to keep us on track. Projects soon are estimated at \$600,000 with \$30,000 in general line replacements. These costs will be financed through cash on hand generated by rate increases. The revenue bonds need to have 1.50 coverage percent above net above net revenue. We need to also have a 150 day's, operating expenses in cash on hand minus depreciation at any given time. We are starting with 320,000 in operating cash on hand in 2018. We want to make sure that we are in an acceptable position for future projects and wage increases, and inflation. The 150 days and 1.5 coverage % comes from the municipal structure, in reality this is the least aggressive number. T AAA companies keep as much as 250 days of cash on hand.

Reminder the current fees and charges are:

WTR-water usage,	(tiered based on usage over 4000 gallons of water in a month)
BSM-Base System Maintenance	(\$15.00)
CFB-Capital Fee 98/04 Bond	(\$10.66)
ASB-Assessment Bond 2011	(\$41.00)
RVB-Revenue Bond 2011	(\$2.95)
WOM-Water Delivery O&M	(\$24.50)

Revenue is total cost divided by the total number of units. The fees that we can change are, WTR, BSM, and WOM, and Tthe following financial projections are based on these units and fee structure. The water maintenance fee is for those lots that are actually hooked up to the system. The base charge is 94.11 varying for combined lots and bond pre-payments. The District needs to raise fees now so that i we can start raising the cash revenue for future projects. If we do not raise rates now, it will cost us more in the future. We need to start in 2018, then defer the projects as much as possible. There is a significant increased cost in waiting to increase rates. If you wait until 2020 or 2021 it will take twice as much to catch up from where we are today. Future projects will have a general cost; however, the board would like to save up the cash for the projects instead of bonding. The longer we defer the projects the higher the cost.

If the District chooses to skip rate increases, then at some point it will have to make up the difference. The board wants to take some of the capital projects and defer them to save money for cash financing. The board wants to avoid does not want to see any future bond funding. The longer you wait to raise the water rates, the higher you will have to raise them in the future. The debt service ratio is at 2.1 % and the cash ratio is at 320,000, which provides 153 days of cash on hand. The 2to1 ratio following Matt's calculated increases. !These increases are caused d by capital improvements and inflation. The next two scenarios still require the same increase in annual revenues, both require the District you to increase your revenue by 30%. The question is where and when we want to raise rates to meet this requirement. The question was asked, can we add another tier, and would that help with revenue? However, i it would not complete the goal. The rates stayed low because we received a charitable trust income grant.

The 30% is necessary to get the cash built up and necessary to get the capital improvements completed improvements completed. The money for the project to replace the lines under the swamp must be accumulated so it is available when we need to complete the project because since the board does not want to bond. Moving forward, what does the board want to do in regards to the rates? The board would like to make a decision at the next board meeting when the Chairmen is available.

Doug Spenst made the motion to close the public meeting seconded by \_\_\_\_\_. Motion passed unanimously.

**Michael Wheelwright made the motion to open the executive meeting seconded by Doug Spenst, in regards to employee matters.**

**Michael Wheelwright, made the motion to close the executive meeting seconded by Doug Spenst.**

**John Blickenstaff, moved to close the meeting, Neil Anderton seconded, all those in favor say I, meeting closed at 8:00PM, unanimously passed.**

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