

BUDGET HEARING MEETING MINUTES

December 19th, 2017 - 6:00 to 8:00 PM

22130 N. 11750 E. Fairview, Utah 84629

6:04 CALL TO ORDER 2017 BUDGET MEETING-CRAIG GODWIN

Noted that meeting meets state and local posting requirements.

Gene Nielsen, Layne Lundstrom, Craig Godwin of the SMSSD board. Roy Fox, Jeremy Fox. Craig stated that Herb retired, and Roy became the water superintendent, the board is down two members.

Members in attendance Ed Collins, Monte Pugmire, Jamie Muramoto Max Henrie, Richard and Donna Tate.

2017 Presentation of Final Budget- Layne Lundstrom

2017 budget includes depreciation, which is more an accounting function than a cash flow issue. Brief description on depreciation and its accounting function. We created an actual cash flow to understand real dollars. Small profit for 2017 in real operational costs.

Craig Godwin-Any questions on the 2017 budget? Good news is we diligently controlled costs per budget.

Member question, we heard that they want to increase the water rates for the resort. This is a 2018 budget question, will address this in the 2018 budget hearing.

Motion to approve 2017 final budget. Layne Lundstrom Second by Gene Nielsen. Approved unanimously.

2018 Proposed Budget.

Craig Godwin presented a comparison of 2017 to the proposed 2018 budget. 2018 proposed budget included the 2018 rate structures. Numbers presented to reflect such.

Layne Lundstrom described the complete process approach taken by the district to facilitate the rate structure. Compared a three-year running track record, focusing on last year's usage per all areas including the amenities and water usage per draw point. Formula, water usage per revenue generated per usage amount.

Proposed budget presented to the SMR board in previous meeting stipulating rate structure.

November 2 public hearing on rate structure, lots of good input for future water use and controllable.

Certified water operator in place to ensure that the system operates regardless of the board structure, as you can see we are two board members down right now.

Review operational agreement and state requirements to separate entities. That has taken place. SMR is served by the district and therefore is now billed by the district.

Cash flow proposed budget reviewed by Layne Lundstrom. Real costs, real money. Sustainable operational.

Craig called for questions:

How did you calculate the upper mountain water usage? Numbers taken from the meter at the Thad's Peak well. Birch Creek numbers from the lower fill station. Lower fill station is being used by non-members as well. The District is trying to implement ways to control flow to non-members on all our fill stations.

SMR gave the water shares to the district, why are they now paying for the water and the rate before does not cover those costs? The district has more power to control our water shares, that is why the resort gave the shares to the district. If we do not charge for this water used, how do we control the water used by the resort. The rate structure is in place to ensure conservation in all aspects of our water usage.

Culinary water vs. irrigation; Monte gave an in-depth overview of irrigation and water rights. When the irrigation water is limited, culinary water is utilized to water the grounds. Monte noted that he is still opposed to billing the resort.

Ed Collins, served on this board. Loves the ability to go to the cabin and turn on his water and watch it run. Wanted to thank the district for the effort applied to accommodate our rate structure with the system needs.

Why is our water bill more than some of the surrounding cities? Cities have numerous revenue sources to drive their budget, a comparison to those types of structures is not a fair comparison.

Gene Nielsen: We need to control costs on both boards. Served up some of their ideas on how they are approaching it, and the need to work together.

Monte Pugmire; need to accept the rate structure that is in place and approved by the board in the public hearing. But, we need to move forward in developing water structure and operation.

Max Henrie; where is reserved fund required for state? Utilized to operate systems emergency needs. State has not pressed this account. Emergency needs only. Rate structure does not cover these costs, therefore a new rate structure for 2018.

Monte Pugmire, I am behind you all the way, but I question the rate distribution, I do not want you to have to have another meeting but would like to move forward and possibly rethink that a later time.

Layne Lundstrom- I think that was one of the consensus of the board was to get us in that position to where we are not bleeding anymore, that we are covering costs and then evaluate down the road. We need to build a consensus on what the upper mountain members want.

Craig, let us press forward based on the rate structure we have now, cognizant of what both boards can do together.

Thank you for your input and your questions, hopefully we have given you enough information to ally your concerns and insight to the operation of the water system.

Motion to approve the 2018 budget by Layne Lundstrom. Second by Gene Nielsen. Approved unanimously.

Motion to close hearing by Layne Lundstrom Seconded by Gene Nielsen. Motion carried unanimously.

Board Meeting open 7:35

Welcome by Craig.

Approve Sept 9th Board meeting minutes Layne Lundstrom motion to accept, Gene Nielsen seconded. Approved.

November 2nd public hearing minutes. Motion to approve by Gene Nielsen, seconded by Layne Lundstrom Approved unanimously.

Approve 2017 financials. Motion by Layne Lundstrom seconded by Gene Nielsen. Approved

Collection policy review.

Discussion of Public meeting results. Build a consensus on what the upper mountain members want to form future plan. A lot of information provided in that meeting which will help define our direction.

Survey to upper mountain members on water development in their area. Controlled survey to understand needs.

Motion to close Meeting: Layne Lundstrom, seconded by Gene Nielsen. Approved.

DRAFT

Research federal resources for funding water development. Fire mitigation is a possibility.