



**MOUNTAIN
REGIONAL
WATER**

2026 APPROVED BUDGET

And

2025 AMENDED BUDGET

December 3, 2025

TABLE of CONTENTS

1.0 INTRODUCTION..... 2
1.01 The District..... 2

2.0 2025 and 2026 Water Usage and Production Projections 3
2.01 Water Usage 3
2.02 Water Production 4

3.0 2025 and 2026 Growth Projections 5
3.01 New Water Connections 5
3.02 Impact Fees..... 6

4.0 2025 REVENUE PROJECTION and 2026 REVENUE BUDGET..... 7

5.0 2025 EXPENSE PROJECTION AND 2026 EXPENSE BUDGET 8

6.0 2025 DEBT COVERAGE CALCULATION AND 2026 DEBT SERVICE BUDGET 9

7.0 CASH POSITION 10

8.0 2025 CAPITAL BUDGET AMENDMENT and 2026 CAPITAL BUDGET REQUEST..... 11

9.0 2025 AMENDMENT SUMMARY 12

10.0 2026 BUDGET SUMMARY 13

APPENDIX A – 2024 Actual, 2025 Budget & Amended, 2026 Budget Recommendation 14

APPENDIX B – District Cash Balances as of September 30, 2024 & 2025..... 15

APPENDIX C – Capital Project Descriptions 16

1.0 INTRODUCTION

1.01 The District

Mountain Regional Water (the District) is a regional public water company established in 2000 to resolve water shortage and water 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 living within the District. Since its creation numerous small water companies and new developments have joined the District.

The District currently has 5,831 customers using water and about 1,366 additional equivalent connections on standby. New connection requests increased during 2025 as growth has increased slightly over 2024. However, impact fee revenue is down slightly from 2024 as the number of large homes and developments has decreased. New connection requests in 2025 are expected to finish at 108, compared to 90 last year and 150 in 2023.

The year 2025 is best marked by an increase in usage due to a very long, hot, and dry summer. In June usage was 56.3% higher than the four-year average and 28.9% higher than the previous year. Additionally, statewide conservation messaging decreased from prior years. These items contributed to a usage increase per culinary connection of 10.62% as compared to 2024, which experienced an increase of its own in the amount of 19.38%. See Figure 2 on the next page.

The District continues to promote water conservation through efforts like its Landscape Lawn Exchange Incentive Program, conservation rates, and the Snyderville Basin landscape ordinance.

The District estimates water production in 2026 to be 4,857 acre-feet. The District breaks water production into three main categories as reflected in Figure 1 below. The blue shaded area indicates culinary water, and the green shaded areas indicate raw water (see Section 2.02 for more details).

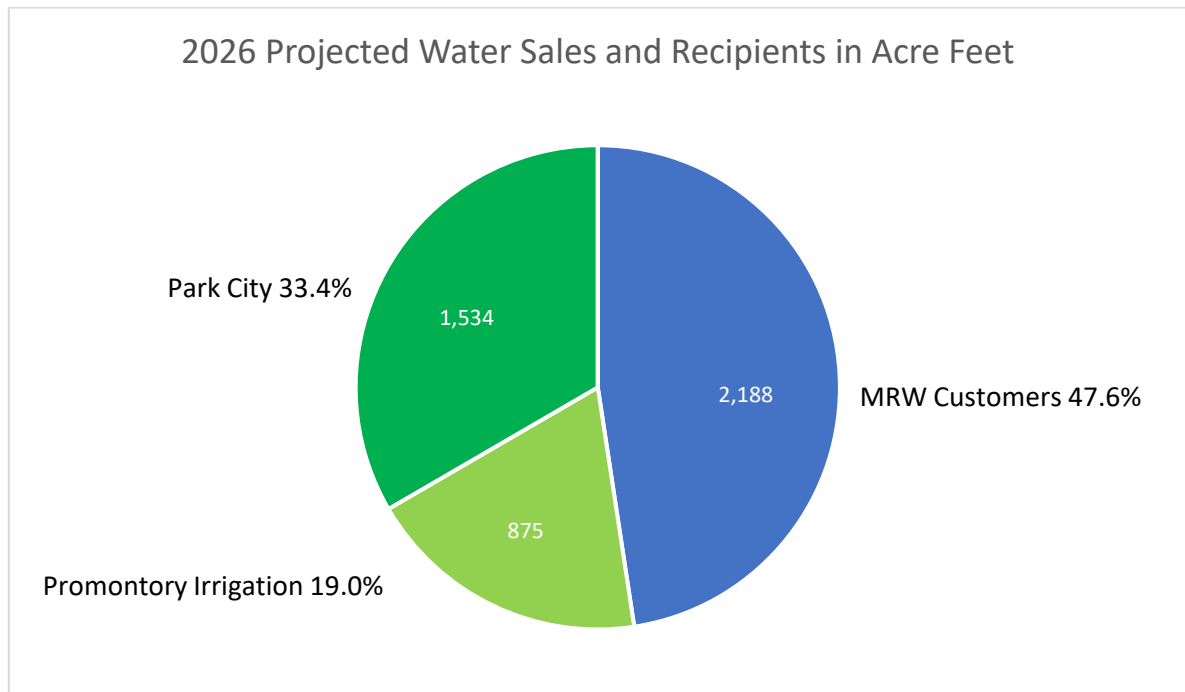


Figure 1: 2026 Projected Water Sales

2.0 2025 and 2026 Water Usage and Production Projections

2.01 Water Usage

As shown in Figure 2 below, the average culinary consumption per District customer is estimated at 144,669 gallons for 2025, compared to 129,880 gallons in 2024, a 10.6% Increase. This is the first time the District has experienced back-to-back usage increases in the last 9 years. The 2022 usage was down due to drought restrictions, and in 2023 a wet spring delayed the beginning of the irrigation season into late June. In 2024 and 2025 the summers have been long and dry, which is reflected in the increased usage.

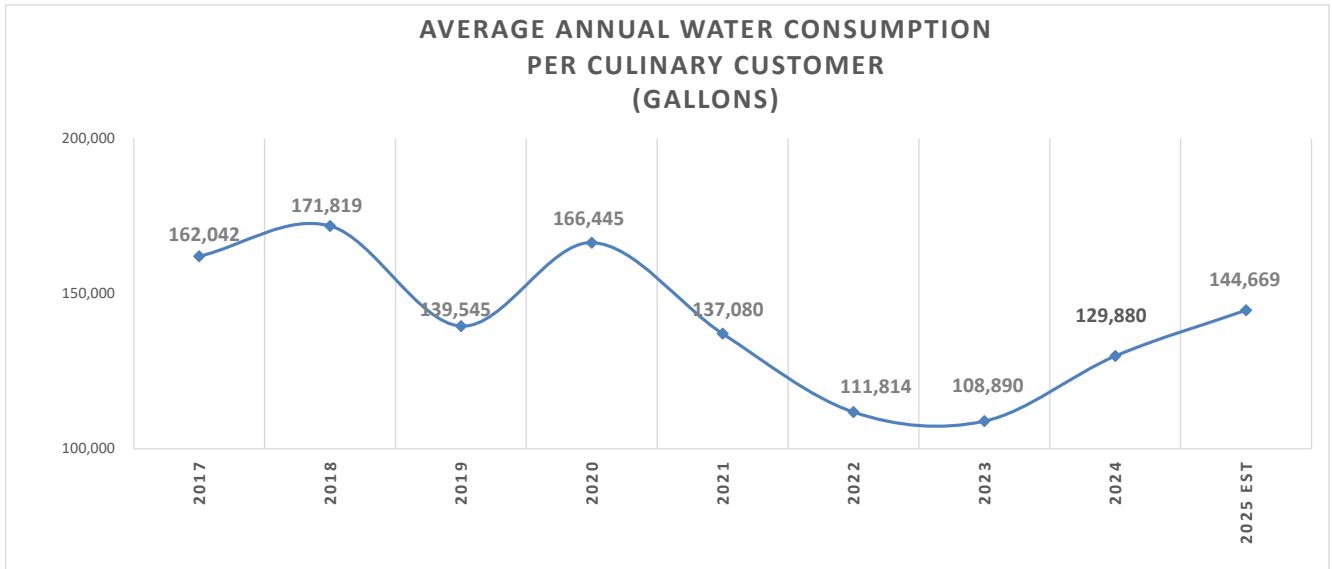


Figure 2: Average Annual Water Consumption per Culinary Customer

2.02 Water Production

Production for 2025 is projected to be 5,388 acre-feet, an overall 3.0% increase compared to 2024. The increase is coming from the District’s retail customers along with the raw water used by Promontory to irrigate their golf courses. The amount of culinary water being sent through the Weber Basin regionalization agreement to Summit Water Distribution Company (SWDC) decreased by 100 acre-feet in 2025 by contract. The raw water wheeled to Park City is projected to be close to the same as last year.

For 2026 production is projected to decrease by 531 acre-feet from 5,388 acre-feet to 4,857 acre-feet. The projected decrease is due to several factors. First, the District is not contracted to provide water to SWDC in 2026, a decrease of 500 acre-feet. Second, the District budgets from the three-year average which is below the high usage experienced in 2024 and 2025. The water wheeled to Park City is projected to see an increase as Park City replaces the water the District previously wheeled to SWDC.

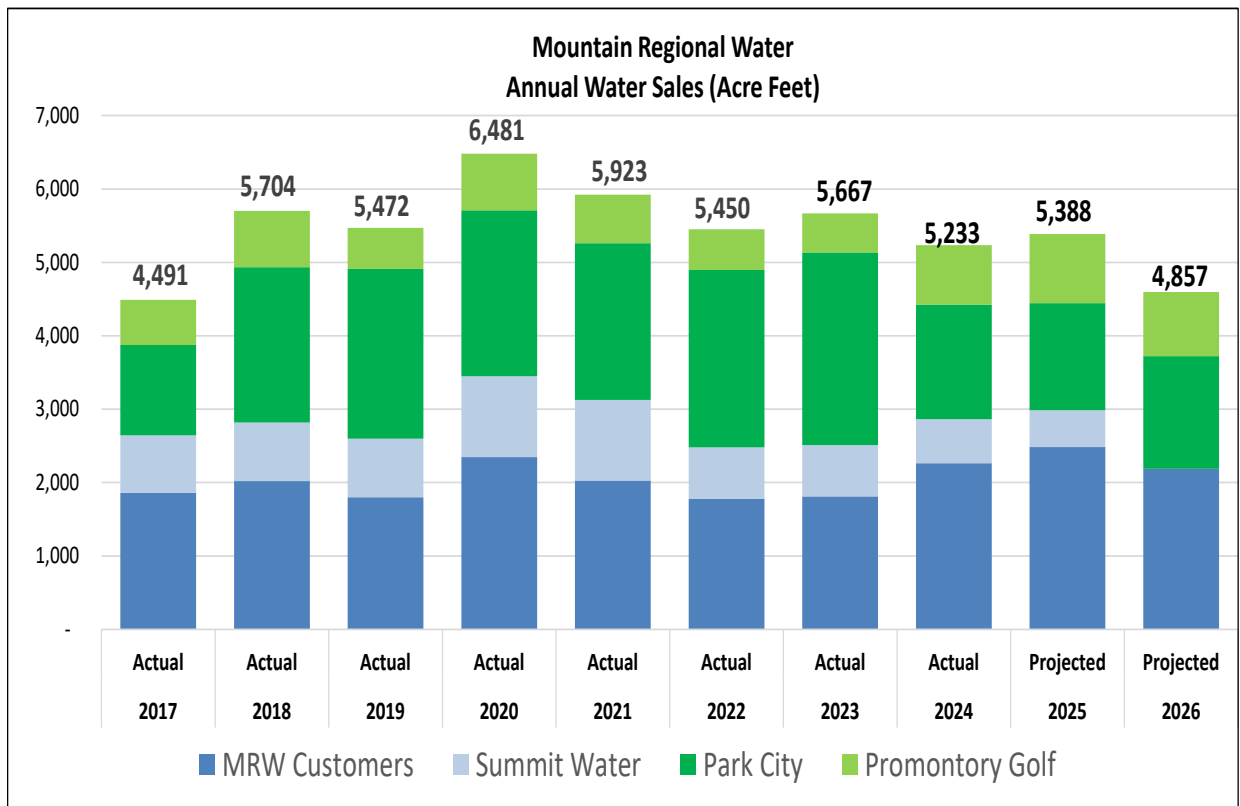


Figure 3: Annual Water Production (Acre Feet)

3.0 2025 and 2026 Growth Projections

3.01 New Water Connections

New customer connection requests increased during 2025 and are expected to be 108 by the end of the year. New connection requests are projected to be 100 in 2026; very close to the average of 2024 and 2025.

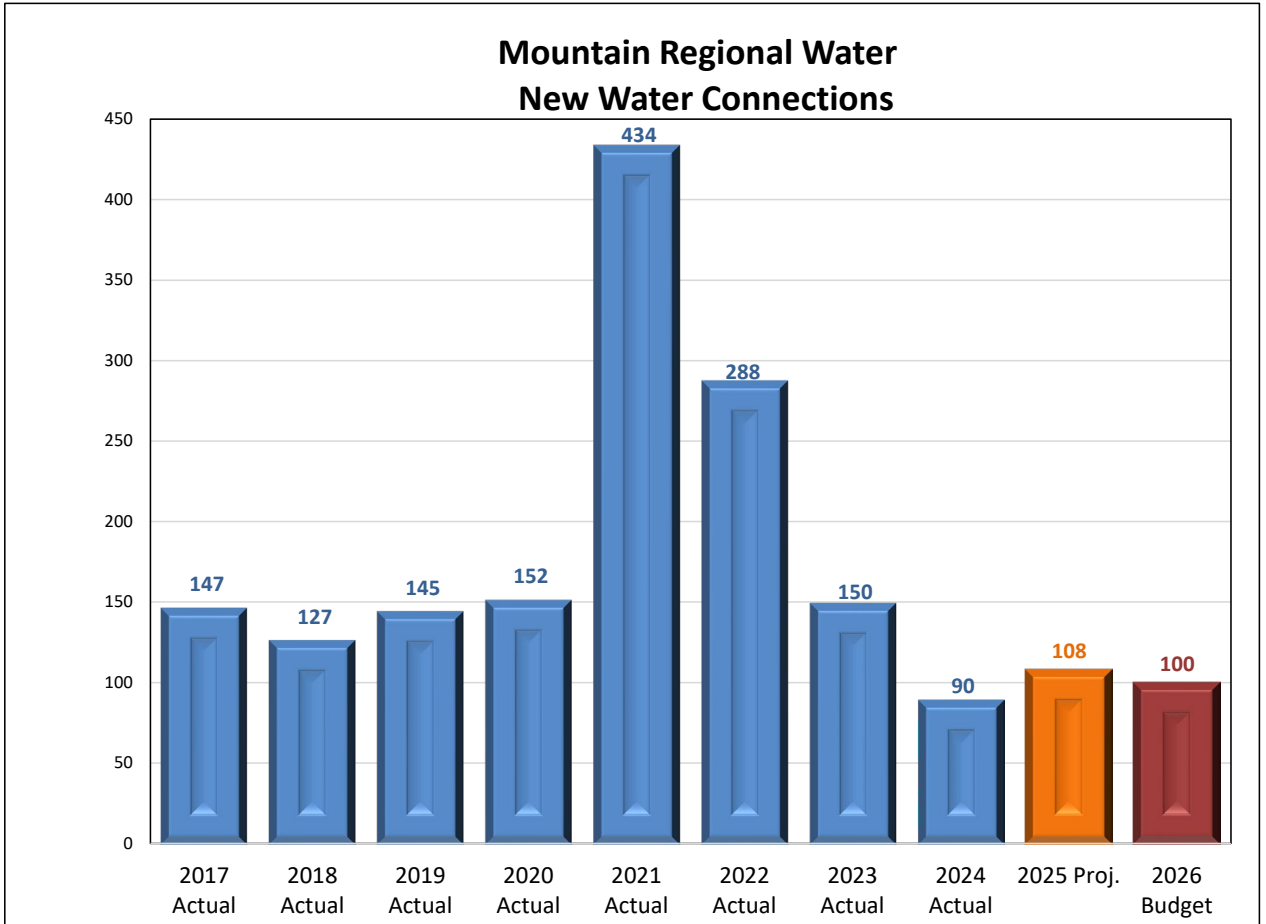


Figure 4: New Water Connections

3.02 Impact Fees

For 2025 the District budgeted \$600,000 for impact fees. By the end of September impact fee revenue had reached \$664,483 and is now projected to be above budget at \$700,000. The District is budgeting \$700,000 for 2026 to reflect recent trends.

Shown in Figure 5 below is the actual impact fee revenue received from 2017 through 2024, along with 2025's projected amount and the budgeted amount for 2026.

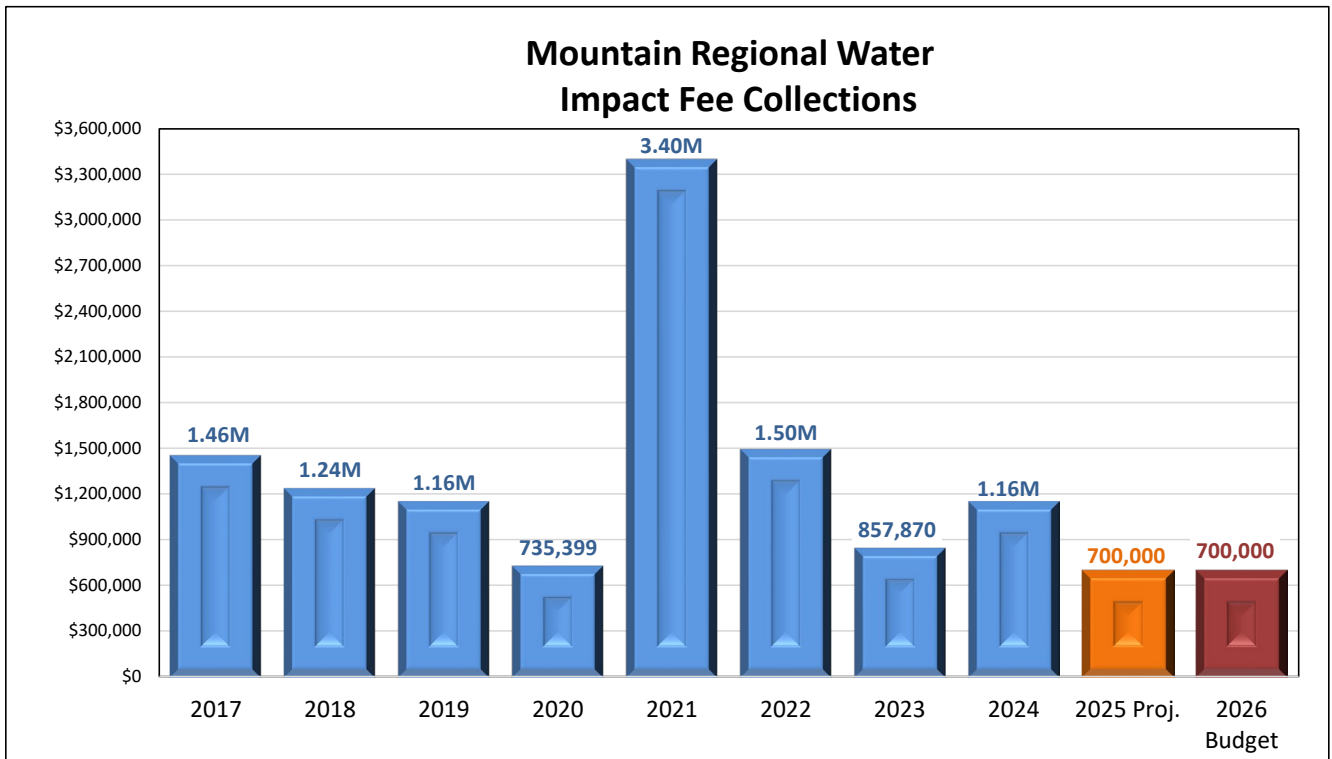


Figure 5: Impact Fee Collections

4.0 2025 REVENUE PROJECTION and 2026 REVENUE BUDGET

As shown in the table below, the District is requesting to amend the 2025 Non-operating revenue to show a decrease in Special Assessments with an offsetting increase to Other Non-operating Revenue. During the 2024 financial audit, the auditors suggested changing how the Promontory assessments were handled; the District has adopted this change. Instead of being recognized as revenue when received, a receivable was created, and the assessments are applied to this account.

Projected Total Revenue for 2025 is now \$20.63 million, which is \$2.59 million above budget. As can be seen in Table 1 below, the projected increase in 2025 is mainly due to Water Sales being higher than budgeted. This was the result of usage during 2025 being higher than expected. Interest Earnings and Impact Fees are also projected to be above budget. There is also a large positive variance in Other Non-operating Revenue due to the federal direct pay reimbursement on the floating solar array of \$548,322.

For 2026 the District is budgeting Total Revenue to be \$17.30 million; \$15.59 million in Operating Revenue and \$1.71 million in Non-Operating Revenue. There is an increase in Operating Revenue due to an increase in Water Sales from a recommended rate increase, customer growth, and usage levels based on an average of the last three years. The expected effective rate increase is 5%, but this can vary depending on a customer's actual usage in 2026.

Budgeted Non-Operating Revenue for 2026 is decreasing from 2025 due to two main factors. First, Interest Earnings are projected to decrease as the District's cash balances are lower after completion of several capital projects and lower projected interest rates. Second, the 2025 budget included \$1.05 million from the proceeds of the sale of the current administrative office. There is no similar special one-time revenue increase planned for 2026.

Mountain Regional Water								
2025 Revenue Amendment and 2026 Budgeted Recommendation - Accrual Basis								
Enterprise Fund								
	2025	2025	2025	2025	2026	2026		
	Budget	Proposed	Proposed	Projected	Control Board	Recommend to		
		Amendments	Amended		Recommended	2025 Budget	% Change	
OPERATING REVENUE								
Water Sales	\$ 12,725,000	\$ -	\$ 12,725,000	\$ 14,800,000	\$ 14,450,000	\$ 1,725,000	13.6%	
Park City Wheeling	600,000	-	600,000	610,000	600,000	-	0.0%	
Weber Basin Regionalization Collections	887,800	-	887,800	887,800	-	(887,800)	-100.0%	
Operating Fees & Other Revenue	539,300	-	539,300	461,600	539,300	-	0.0%	
Total Operating Revenue	14,752,100	-	14,752,100	16,759,400	15,589,300	837,200	5.7%	
NON-OPERATING REVENUE								
Interest Earnings	1,025,000	-	1,025,000	1,232,000	665,000	(360,000)	-35.1%	
Impact Fees	600,000	-	600,000	700,000	700,000	100,000	16.7%	
Special Assessments	567,700	(260,700)	307,000	307,000	307,000	(260,700)	-45.9%	
Other Non-operating Revenue	1,091,700	260,700	1,352,400	1,631,700	41,700	(1,050,000)	-96.2%	
Total Non-Operating Revenue	3,284,400	-	3,284,400	3,870,700	1,713,700	(1,570,700)	-47.8%	
TOTAL REVENUE	\$ 18,036,500	\$ -	\$ 18,036,500	\$ 20,630,100	\$ 17,303,000	\$ (733,500)	-4.1%	

Table 1: 2025 and 2026 Revenue

5.0 2025 EXPENSE PROJECTION AND 2026 EXPENSE BUDGET

For 2026 the District is budgeting Total Expense to be \$15.66 million; \$13.69 million in Operating Expenses and \$1.97 million in Non-Operating Expenses. Total Operating Expenses are budgeted to increase 6.4% from the 2025 budget. However, the largest increase is in depreciation, a non-cash expense. Excluding depreciation, the operating expense budgeted increase is \$382,500 (3.7%). The budget includes planned pay increases of 3.0% COLA, average 3.0% Merit. There is also a potential new hire budgeted for half the year.

Non-Operating Expense is budgeted to increase by 11.3%. This is due to the planned closing of the Water Infrastructure Finance and Innovation Act (WIFIA) loan. Closing costs are estimated at \$267,000 and include legal expenses, financial advising, and origination type charges directly from WIFIA.

The existing bonds are maturing, thus there is a small decrease in interest expense for 2026 as a larger portion of the bond payments go to reducing principal than to interest expense.

Total Expense is budgeted to have a 6.9% increase in 2026 compared to the 2025 budget.

Mountain Regional Water							
2025 Expense Amendment and 2026 Budgeted Recommendation - Accrual Basis							
Enterprise Fund							
	2025 Budget	2025 Proposed Amendments	2025 Proposed Amended	2025 Projected	2026 Control Board Recommended	2026 Recommend to 2025 Budget	% Change
<u>OPERATING EXPENSES</u>							
Operations	\$ 7,701,600	\$ -	\$ 7,701,600	\$ 7,364,900	\$ 7,908,100	\$ 206,500	2.7%
Administration	2,699,300	-	2,699,300	2,676,800	2,875,300	176,000	6.5%
Depreciation Expense	2,467,300	-	2,467,300	2,467,300	2,902,300	435,000	17.6%
Total Operating Expense	12,868,200	-	12,868,200	12,509,000	13,685,700	817,500	6.4%
<u>NON-OPERATING EXPENSE</u>							
Interest Expense/Bank Fees	1,770,400	-	1,770,400	1,770,400	1,702,900	(67,500)	-3.8%
Bond Issuance Costs and Amortization Expense	-	-	-	-	267,000	267,000	-
Total Non-Operating Expense	1,770,400	-	1,770,400	1,770,400	1,969,900	199,500	11.3%
TOTAL EXPENSE	\$ 14,638,600	\$ -	\$ 14,638,600	\$ 14,279,400	\$ 15,655,600	\$ 1,017,000	6.9%

Table 2: 2025 and 2026 Expenses

6.0 2025 DEBT COVERAGE CALCULATION AND 2026 DEBT SERVICE BUDGET

For 2025 the projected Debt Coverage Ratio is coming in better than budgeted. This is due to higher revenues and lower expenses than budgeted as discussed previously.

As can be seen in the table below, the budgeted parity Debt Coverage Ratio for 2025 was 1.75 and the projected result is now 2.49. For 2026 the budgeted Debt Coverage Ratio is 1.60. This is higher than the 1.25 required by bond covenants and will generate \$2.27 million which will be split between Capital Facility Reserves (\$539,700), Lost Canyon and Treatment Plant reserves (\$287,400), Bond Issuance/WIFIA loan (\$265,000) and Cash Available for the Capital Budget (\$1.18 million). The complete Change In Position (Net Income) statement used to generate the table below is included as Appendix A.

MOUNTAIN REGIONAL WATER			
Debt Coverage 2025 Projection and 2026 Budget - Cash Basis			
	2025 Budget	2025 Projection	2026 Budget
COVERAGE CALCULATION FOR PARITY REVENUE BONDS			
Operating Income (Loss)	\$ 1,883,900	\$ 4,250,400	\$ 1,903,600
Add Back Depreciation	2,467,300	2,467,300	2,902,300
Add in Interest Available for Debt Service	1,000,000	1,200,000	650,000
Add In Impact Fees	600,000	700,000	700,000
Add In Special Assessments	567,700	307,000	307,000
Add in Other Non-operating Income	1,080,000	1,620,000	30,000
Add Lost Canyon & Treatment Plant repair funds	227,000	242,000	305,600
Promontory Special Assessment		325,000	335,000
Total Available For Debt Service	7,825,900	11,111,700	7,133,500
TOTAL DEBT COVERAGE			
Required Coverage Principal	3,095,100	3,095,100	3,186,900
Required Coverage Interest/Bank Fees	1,744,500	1,746,500	1,679,000
Total Required Debt Service	4,839,600	4,841,600	4,865,900
Debt Service X 1.25	6,049,500	6,052,000	6,082,400
Total Debt Coverage Ratio	1.62	2.30	1.47
REQUIRED PARITY BOND DEBT COVERAGE			
Parity Bond Principal	2,811,000	2,811,000	2,887,000
Parity Bond Interest	1,648,600	1,648,600	1,579,300
Total Parity Debt Service	4,459,600	4,459,600	4,466,300
Debt Service X 1.25	5,574,500	5,574,500	5,582,900
Parity Debt Coverage Ratio	1.75	2.49	1.60
Cash Excess/(Shortfall)			
Cash Excess/(Shortfall)	2,986,300	6,270,100	2,267,600
Less Lost Canyon & Treatment Plant repair funds	(287,400)	(287,400)	(287,400)
Projected Cash Generated	2,698,900	5,982,700	1,980,200
Capital Facility Reserves	(520,000)	(520,000)	(539,170)
Regionalization Reserve (proceeds from building)	(1,000,000)	(1,000,000)	-
Bond Issuance (WIFIA Loan)	-	-	(265,000)
Cash Available for Capital Budget	\$ 1,178,900	\$ 4,462,700	\$ 1,176,030

Table 3: 2025 and 2026 Debt Coverage Ratio

7.0 CASH POSITION

As shown in the graph below the District’s cash and reserves (excluding cash held by the bond trustee for debt payments, and other restricted cash such as Construction and customer deposits) steadily improved through 2022. In the last several years the District has expended cash on several planned capital projects, bringing the cash balance down. The District’s cash position at the end of September 2025 is strong due to the collection of higher than budgeted water sales this summer.

Operating Cash & Reserves are sufficient to cover operating expenses for 369 days as of September 30, 2025. District policy requires 120 days. A complete breakdown of cash balances as of September 30th, 2025, is included as Appendix B.

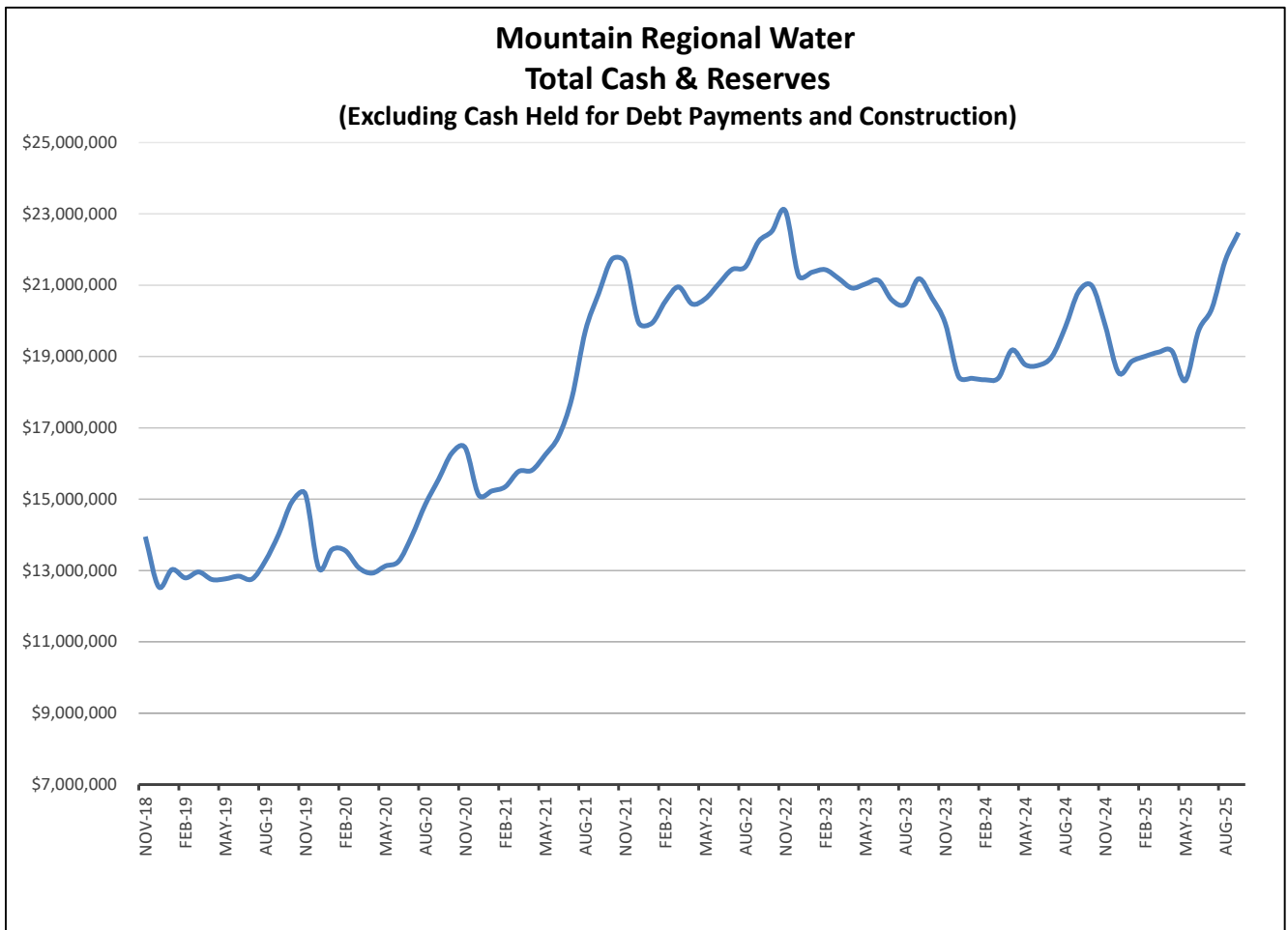


Figure 6: Total Cash & Reserves

8.0 2025 CAPITAL BUDGET AMENDMENT and 2026 CAPITAL BUDGET REQUEST

The District is requesting several amendments to the 2025 Capital Budget. The largest amendment for \$38.03 million is due to the pending closure of the WIFIA loan. These funds will be added to the treatment plant expansion project which up to this point has mainly consisted of design fees. The WIFIA funds will allow for construction once the design is completed.

The other amendments are to reallocate savings on projects. The new administrative office and maintenance facility is coming in under budgeted funds by an estimated \$1.00 million. To begin the project, \$1.00 million was taken out of the Regionalization Reserve, this amendment replaces those funds. The other savings will be allocated to the treatment plant expansion, however, \$50,000 needs to be added to the Summit Park Well 7 project as it is currently projected to be over the original estimated costs.

For 2026 the District is requesting \$10.25 million in new capital spending appropriations as shown below. The request includes vehicle and equipment needs, and other projects put forth by the District Engineer. A detailed description of capital projects completed in 2025, projects rolling forward from 2025, and new projects for 2026 are included in Appendix C.

Mountain Regional Water 2025 Capital Budget Amendment and 2026 Capital Budget Request						
	2025 Adopted Budget	2025 Proposed Amendment	2025 Estimated Completed	2025 Estimated Carryover	General Manager Recommended Increases	2026 Total Estimate
CASH SOURCES						
Cash Available from Previous Years	\$ 8,393,000	\$ -	\$ 4,036,600	\$ 4,356,400	4,462,700	\$ 8,819,100
Impact Fees	588,000	-	254,500	333,500	4,450,000	4,783,500
District Capital Reserves	1,075,000	-	1,000,000	75,000	334,000	409,000
Regionalization Reserve	1,050,000	(1,000,000)	50,000	-	1,000,000	1,000,000
Series 2023 Bond Issuance	18,000,000	-	18,000,000	-	-	-
WIFIA Bond Issuance	-	38,031,300	-	38,031,300	-	38,031,300
TOTAL SOURCES	\$ 29,106,000	\$ 37,031,300	\$ 23,341,100	\$ 42,796,200	\$ 10,246,700	\$ 53,042,900
CASH USES						
Completed Projects						
Vehicles & Equipment	963,700	-	468,100	495,600	433,000	928,600
Capitalized Personnel Costs	373,500	-	373,500	-	392,800	392,800
General System Improvements	750,700	-	360,400	390,300	1,635,800	2,026,100
Browns Canyon Betterment	263,000	(8,500)	254,500	-	-	-
Administrative Office & Maintenance Facility	20,797,600	(1,000,000)	19,797,600	-	-	-
Summit Park Well 5	150,000	(50,000)	100,000	-	-	-
Matterhorn Terrace line replacement	1,000,000	-	1,000,000	-	-	-
Treatment Plant Insulation Repair	290,000	(3,000)	287,000	-	-	-
Lost Canyon Pump 1 Upgrade	250,000	-	-	250,000	-	250,000
EAM Implementation	275,000	(75,000)	200,000	-	-	-
Old Ranch (generator/surge/asphalt)	1,100,000	(600,000)	500,000	-	-	-
Continuing Capital Projects						
Treatment Plant Expansion	1,991,000	38,917,800	-	40,908,800	1,740,000	42,648,800
Engineering Design Fees	256,500	-	-	256,500	-	256,500
Blackhawk Well 2R Refurbishment	75,000	-	-	75,000	75,000	150,000
Innsbruck Booster Pump Station	180,000	-	-	180,000	-	180,000
Summit Park Well 7	100,000	50,000	-	150,000	-	150,000
Lost Canyon Transmission Line Air Valve	40,000	-	-	40,000	-	40,000
ERP Implementation	250,000	(200,000)	-	50,000	-	50,000
New 2026 Capital Projects						
Community Water Tank	-	-	-	-	1,700,000	1,700,000
Old Ranch Well No. 17	-	-	-	-	1,291,500	1,291,500
Lake Well Rehabilitation	-	-	-	-	109,000	109,000
Lost Canyon Substation Transformers	-	-	-	-	200,000	200,000
Signal Hill WTP SCADA Panel	-	-	-	-	200,000	200,000
Highway 224 Interconnect	-	-	-	-	2,319,600	2,319,600
Well 2 Atkinson Refurbishment	-	-	-	-	150,000	150,000
TOTAL USES	\$ 29,106,000	\$ 37,031,300	\$ 23,341,100	\$ 42,796,200	\$ 10,246,700	\$ 53,042,900

Table 4: 2025 Amendment and 2026 Capital Budget Request

9.0 2025 AMENDMENT SUMMARY

The District is requesting an amendment to the 2025 Operating Budget. This amendment is to reallocate revenue between two non-operating revenue accounts. The shortfall in Special Assessments (\$260,700) will be covered by an overage in Other Non-Operating Revenue. The original 2025 Budget remains the same as seen below as revenue, expense and Change in Net Position remain the same.

2025 Original Operating Budget

Operating Revenue: \$18,036,500

Operating Expense: \$14,638,600

Change in Net Position: \$3,397,900

2025 Amended Operating Budget

Operating Revenue: \$18,036,500

Operating Expense: \$14,638,600

Change in Net Position: \$3,397,900

The District is requesting amendments to the 2025 Capital Budget. The largest amendment is due to the pending close of the \$38.03 million WIFIA loan for the treatment plant expansion. The other amendment is to reallocate savings from several projects. The savings will mainly be used to help with the treatment plant expansion, however, \$50,000 is being reallocated to cover additional costs at the Summit Park Well 7 refurbishment.

2025 Original Capital Budget

\$3,986,500

2025 Amended Capital Budget

\$42,017,840

There is no change to the Debt Service Budget for 2025 of \$4,839,600.

10.0 2026 BUDGET SUMMARY

2026 Operating Budget

Revenue: \$17,303,000

Expense: \$15,655,600

Change in Net Position: \$1,647,400

2026 Capital Budget

\$10,246,700

2026 Debt Service Budget

\$4,865,900

APPENDIX A – 2024 Actual, 2025 Budget & Amended, 2026 Budget Recommendation

Mountain Regional Water Operating Budgets - Accrual Basis Enterprise Fund							
	2024	2025	2025	2025	2026	2026	
	Actual	Budget	Proposed Amended	Projected	Control Board Recommended	Recommend to 2025 Budget	
OPERATING REVENUE							
Retail Water Sales	\$ 12,702,578	\$ 12,725,000	\$ 12,725,000	\$ 14,800,000	\$ 14,450,000	\$ 1,725,000	
Park City Wheeling	618,578	600,000	600,000	610,000	600,000	-	
Weber Basin Regionalization Collections	1,076,400	887,800	887,800	887,800	-	(887,800)	
Operating Fees	516,221	491,800	491,800	400,000	491,800	-	
Contract Maintenance	20,576	2,500	2,500	6,600	2,500	-	
Other	51,394	45,000	45,000	55,000	45,000	-	
Total Operating Revenue	14,985,746	14,752,100	14,752,100	16,759,400	15,589,300	837,200	
OPERATING EXPENSES							
Operations							
Energy & Resource Management	731,149	895,200	895,200	815,200	855,000	(40,200)	
Lost Canyon Transmission	1,703,946	2,174,900	2,174,900	2,119,900	2,245,900	71,000	
Treatment Plant	856,188	1,019,300	1,019,300	976,300	1,117,700	98,400	
Distribution	3,380,272	3,506,300	3,506,300	3,360,100	3,594,200	87,900	
Safety	84,855	105,900	105,900	93,400	95,300	(10,600)	
General Manager							
Administration	1,398,139	1,580,800	1,580,800	1,575,800	1,305,900	(274,900)	
Engineering & Development	-	-	-	-	474,300	474,300	
Public Services	1,062,324	1,118,500	1,118,500	1,101,000	1,095,100	(23,400)	
Depreciation Expense	2,298,364	2,467,300	2,467,300	2,467,300	2,902,300	435,000	
Total Operating Expense	11,515,237	12,868,200	12,868,200	12,509,000	13,685,700	817,500	
OPERATING INCOME	3,470,510	1,883,900	1,883,900	4,250,400	1,903,600	19,700	
NON-OPERATING REVENUE							
Interest Earnings - Available for Debt Service	2,054,547	1,000,000	1,000,000	1,200,000	650,000	(350,000)	
Interest Earnings - Not Available for Debt Service	42,432	25,000	25,000	32,000	15,000	(10,000)	
Impact Fees	1,156,954	600,000	600,000	700,000	700,000	100,000	
Promontory Developer Assessments	26,516	260,700	-	-	-	(260,700)	
Stagecoach Assessments	148,529	148,000	148,000	148,000	148,000	-	
Community Water Assessments	161,360	159,000	159,000	159,000	159,000	-	
Other Cash Non-operating Revenue	552,297	1,080,000	1,340,700	1,620,000	30,000	(1,050,000)	
Non-Cash Non-operating Revenue	11,667	11,700	11,700	11,700	11,700	-	
Total Non-Operating Revenue	4,154,301	3,284,400	3,284,400	3,870,700	1,713,700	(1,570,700)	
NON-OPERATING EXPENSE							
Interest Expense/Bank Fees	1,836,708	1,770,400	1,770,400	1,770,400	1,702,900	(67,500)	
Bond Issuance Costs and Amortization Expense	2,000	-	-	-	267,000	267,000	
Total Non-Operating Expense	1,838,708	1,770,400	1,770,400	1,770,400	1,969,900	199,500	
NON-OPERATING INCOME	2,315,593	1,514,000	1,514,000	2,100,300	(256,200)	(1,770,200)	
CHANGE IN NET POSITION (NET INCOME)	5,786,103	3,397,900	3,397,900	6,350,700	1,647,400	(1,750,500)	
TRANSFERS							
Contributions in Aid of Construction	921,003	-	-	-	-	-	
NET TRANSFERS	921,003	-	-	-	-	-	
BUDGET CHANGE IN NET POSITION (W/ TRANSFERS)	\$ 6,707,106	\$ 3,397,900	\$ 3,397,900	\$ 6,350,700	\$ 1,647,400	\$ (1,750,500)	
GASB 68 ACTUAL RETIREMENT ADJUSTMENTS	328,798	TBD	TBD	TBD	TBD	N/A	
ACTUAL CHANGE IN NET POSITION (W/ TRANSFERS)	\$ 7,035,904	\$ 3,397,900	\$ 3,397,900	\$ 6,350,700	\$ 1,647,400	N/A	

The actual amounts shown above in the program expense budgets have been adjusted to remove the non-cash GASB 68 retirement accrual. This is done to provide a much better year-over-year budget comparison.

APPENDIX B – District Cash Balances as of September 30, 2024 & 2025

Mountain Regional Water Special Service District		
Operating Cash and Reserves		
September 30, 2024 & 2025 - Unaudited		
	September 30, 2024	September 30, 2025
OPERATING CASH & RESERVES		
Checking/Money Market	\$ 938,746	\$ 1,814,651
Operating Reserves	9,271,033	8,689,540
Subtotal Operating Cash & Reserves	10,209,779	10,504,191
	<i>Days Cash on Hand</i> 374	369
RESTRICTED DEBT RESERVES HELD BY DISTRICT		
Impact Fee Reserves	\$ 4,754,842	\$ 5,345,676
Rate Stabilization Fund/Debt Service	1,018,837	1,066,496
Prepaid SAA Assessments	405,099	264,510
Promontory Stabilization Reserves	255,716	286,525
Stagecoach Debt Reserves	29,354	232
Community Water Debt Reserves	39,335	47,717
Subtotal Restricted Debt Reserves	6,503,183	7,011,156
RESTRICTED CAPITAL FACILITY RESERVES		
Capital Reserve and Replace Fund w/ State	1,314,624	1,911,914
Lost Canyon Reserve Fund	822,053	881,384
Subtotal Restricted Capital Facility Reserves	2,136,677	2,793,298
OTHER RESTRICTED CASH - Administrative Control Board		
East Canyon Fund	2,951	3,089
Regionalization Reserve	660,999	691,918
Drought Reserve	882,647	905,214
Treatment Plant Operating Reserve Fund	420,447	566,886
Subtotal Other Restricted Cash - Administrative Control Boa	1,967,044	2,167,106
OTHER RESTRICTED CASH		
Construction Admin & Maintenance (Series 2023)	15,991,125	6,157,129
Customer Deposits	862,205	815,329
Other Deposits	137,076	1,021,830
Subtotal Other Restricted Cash	16,990,406	7,994,288
Debt Reserves Required by Bond Holders and Held by Trustee	3,074,468	3,025,395
TOTAL	\$ 40,881,557	\$ 33,495,434

APPENDIX C – Capital Project Descriptions

2025 Completed Projects

Browns Canyon Road betterment – The District evaluated the benefits of a betterment (line size upgrade) to the distribution infrastructure planned by Promontory and has decided to participate. Promontory delayed the project until 2025 but it has now been completed.

Administrative Office and Maintenance Facility - The District is planning to move to the new office and maintenance facility in the middle of November. Construction is nearly complete with punch list items and a few other items the only things remaining. The project is coming in roughly \$1.00 million below budget as can be seen in the capital budget report earlier in this document.

Summit Park Well #5 – This project has rehabilitated Summit Park Well #5, which was inactive for years. This added source to the Summit Park area and resiliency to the District’s water portfolio. Electrical improvements brought the well to modern standards. Lastly, the SCADA (automation and controls) system was improved and integrated so this well can be monitored and operated remotely.

Old Ranch Booster Pump Station Upgrades – Old Ranch Booster Pump Station is a critical pump station that regionalizes the District’s system. This project added the ability to transfer water between regions within the District, using a control valve and SCADA improvements (automation and controls). A surge control system was also implemented to protect the system and allow for higher pumping rates to meet demand and growth. Lastly, electrical improvements now allow for an onsite backup generator. The original budget was \$1.1 million but the project will come in significantly under budget at \$500,000.

Treatment Plant Insulation Repair – Signal Hill Water Treatment Plant has failing insulation in the north end of the building as part of the original construction. The District has been working with fabricators and contractors to find a solution to repair the failing insulation. The District has found a qualified contractor and lift capable of working in the treatment plant to make these repairs. The most critical repair will happen in conjunction with a plant shutdown to ensure no contamination in the treatment process.

Matterhorn Terrace – The District continued its program of replacing some of the oldest pipeline in the system during 2025. Over 1,700 feet of waterline was replaced in the Matterhorn Terrace part of Summit Park through a joint project with Summit County, Snyderville Basin Reclamation District and the District.

Lost Canyon Pump 1 Upgrade – Lost Canyon Booster Pump Station originally had a smaller pump installed in the “number one” can. This pump was not useful to the District under modern operating scenarios. To increase redundancy in the critical pump station, the District replaced Pump 1. This allows the District to hit peak flow rates with eight of the ten total pumps in service (approximately 9,200 gpm).

Enterprise Asset Management (EAM) Implementation – The District’s EAM solution was selected in 2024 (OpenGov). EAM refers to the systems and strategies used by organizations to manage and maintain assets throughout their lifecycle. The implementation is scheduled to begin during the first quarter of 2025.

Continuing 2025 Capital Projects

Capitalized Personnel Costs - As District employees spend a portion of their time working on or managing capital projects, the District capitalizes some personnel costs. For 2026, the budget includes \$392,800, which will be funded from cash on hand.

General System Improvements - The 2026 budget requests an additional \$1.37 million in funding for General System Improvements. Most of these funds will not be expended in 2026 but rather rolled forward to help with 2027 projects. In 2026, some of these funds will be expended on a new garage at the Lost Canyon pump station, improvements to generator pads and retaining walls also at Lost Canyon. Engineering design fees for upcoming projects will also be funded in this category.

Vehicles & Equipment - The District budgeted to order five trucks at the end of 2025. The trucks will not be delivered until the beginning of 2026. The purchase includes three larger trucks (Chevy 3500), a new crane truck and one smaller truck. For 2026, the District is requesting \$433,000 in the capital budget to purchase trucks and equipment. Needs will be evaluated during 2026, and any truck purchases will not happen until the end of the year.

Treatment Plant Expansion - The District is requesting an amendment to the 2025 budget to add the WIFIA loan to the capital budget for the treatment plant expansion. Additionally, the District is requesting most of the savings from other projects be allocated to this project. The new request in the 2026 capital budget is for \$1.74 million to finish funding the overall design and begin the membrane procurement process.

Well 2R Refurbishment – Work continues on Well 2R in the Blackhawk Station neighborhood, however, the project will not be completed until 2026. The refurbishment includes a new pump and motor as well as updated electrical.

Summit Park Well 7 – Summit Park Well 7 is the most critical source in Summit Park and meets the demands for the highest-pressure zone. This area of the system is difficult to reliably chlorinate, and the electrical system needs to be more robust. A chlorination system will be installed and a new MCC will also be put in place.

Lost Canyon Transmission Line Air Valve – During a recent study with Weber Basin Water Conservancy District, a location was identified for a possible air valve to improve the resilience against surge phenomenon in the transmission line. Since current Lost Canyon Booster Pump Station flows can have significant surge, this is a relatively inexpensive investment to increase the security of the transmission line.

Innsbruck Booster Pump Station – A new Motor Control Center (MCC) will be built and installed. This is a four panel MCC including breakers, variable frequency drives, and relays. This is an essential part of managing and monitoring the electrical systems in booster pump stations. Summit Park Well 2 is located at this booster pump station and this project will also upgrade the controls of this well to allow automated use through the District SCADA system.

Enterprise Resource Planning (ERP) Implementation – The District is working on replacing its current accounting, billing, and customer service software with a more robust ERP software solution. This project is currently on hold until the implementation of the new EAM system is complete

New 2026 Capital Projects

Community Water Tank Replacement - The Community Water Tank Replacement project will address a critical infrastructure risk by replacing an aging and deteriorating steel water tank located in Willow Draw, near the Canyons Village base area of Park City Mountain. The existing tank has reached the end of its service life and its deteriorating condition presents a risk of failure. This project includes the construction of a new, upsized 500,000-gallon steel tank on a new concrete footing with minimal associated civil improvements. Upsizing the tank will restore system storage capacity after a neighboring tank failed. This tank is essential storage for the White Pink Tank Zone and allows the wholesale connection to nearby Vail owned lodges.

Old Ranch Well No. 17 - The Old Ranch Well No. 17 project directly addresses the critical need for new source development, as identified in the District's 2022 Master Plan, in advance of the future Water Treatment Plant expansion. This new well will be drilled at the existing Old Ranch Booster Pump Station site, a location selected for its geology and operational advantages. The project can leverage existing infrastructure, including power and the pump station structure, reducing overall costs. Its strategic position will allow water to be pumped directly into the Atkinson Tank zone, enhancing supply reliability and operational flexibility.

Lake Well Rehabilitation - The Lake Well Rehabilitation project will maintain well efficiency and upgrade critical control systems. The scope includes scheduled preventative maintenance, consisting of well brushing, bailing, and a video inspection to ensure the long-term health and productivity of the well structure. The project will replace key electronic components that have reached the end of their useful life. This includes a new Variable Frequency Drive (VFD), which controls pump speed, and new Supervisory Control and Data Acquisition (SCADA) hardware, which enables remote monitoring and control.

Lost Canyon Substation Transformers - The Lost Canyon Substation Transformers project focuses on replacing critical electrical infrastructure that is now at the end of its operational life. Following a 2025 evaluation, the District's transformers at the Lost Canyon substation were identified for immediate replacement to prevent potential failure. Unlike typical arrangements, the District directly owns these transformers. This proactive upgrade is essential to ensure a continuous and reliable power supply for the critical Lost Canyon Booster Pump Station which provides up to 9,000 gallons per minute of water to the greater Snyderville Basin. The original transformers are undersized, as is typical when installed by the electrical utility, and will be replaced with slightly larger transformers, all will be of similar configurations so sourcing a spare in the future will also be easier.

Signal Hill Water Treatment Plant (WTP) SCADA Panel Upgrade - The Signal Hill Water Treatment Plant (WTP) SCADA Panel Upgrade is a critical preparatory project for the facility's future expansion. The existing SCADA panel is at maximum capacity for both control inputs and outputs, thus it cannot support the additional controls required for the planned WTP upgrades. To ensure uninterrupted service during the larger construction phase, this project will proactively replace the panel and controls in advance. The new, expanded panel will be designed, built and installed by the District's established electrical and control engineers, aiding integration and preparing for a successful expansion project.

Highway 224 Interconnect - The Highway 224 Interconnect is a project under the Western Summit County Project Master Agreement, a regional collaboration managed by the Weber Basin Water Conservancy District. Mountain Regional Water is one of the three primary water providers in this agreement, alongside Park City Municipal Corporation (PCMC) and Summit Water Distribution Company (SWDC). The project's purpose is to significantly enhance the ability to share water between the partner agencies, ensuring greater supply reliability and operational flexibility for the Snyderville Basin. This will be achieved by constructing a new, 16-inch transmission line along Highway 224 and upgrading connecting infrastructure to link the PCMC and SWDC systems with a 2,400 gallon per minute capacity.