

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JANUARY 14, 2010

PINE MEADOW RANCH

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick - President; Bill George, Cal Cragun, Brian Zelch, Hutch Foster - Board Members

Ex Officio: Brody Blonquist–Water System Manager; Trevor Townsend

Guests: Larry Holt and Gaylene Woodruff, Lot PI-C-7,8 & 9; Mr. & Mrs. Bowers, Lot PI-C-65

President Cylvick called the meeting to order at 6:30 p.m.

Minutes

MOTION: Cal Cragun moved to APPROVE the minutes of December 10, 2009 as written. Bill George seconded the motion.

VOTE: The motion passed unanimously.

Public Input

Larry Holt, Lot PI-C-8, stated that he has been talking with Carol and the Board over the past year regarding water problems. Based on the conversation, he assumed he was not going to win the argument, however, he knows without question that he did not use 90,000 gallons.

Mr. Holt noted that he has been speaking with the Board members for six months and until the last meeting, no one had said anything about their water meter turning when he was away. At the suggestion of the Board he went through everything and determined that it was not a leak. However, at the last meeting a paper was produced indicating that the meter was turning when it was read. Mr. Holt found that hard to believe, since it had never been mentioned before.

Mr. Cylvick thought the fact that the meter was turning had been previously mentioned. Mr. Holt was certain that it was never mentioned. He noted that they are conscious of the price of water. They do everything necessary to conserve water and make sure everything is turned off when it is not being used when they are away. His reading for

July showed 13,000 gallon usage and they were gone for ten days that month. He was unsure why those readings keep occurring.

Mr. Cylvick remarked that if the meter is adjusted and checked, the Water Company does not have any leeway and must follow the bylaws and rules and regulations. The Board can grant a one-time reduction in the water bill at the owner's request, and a specific formula calculates the reduction.

Mr. Cylvick stated that he was with Brody Blonquist when he re-read the meter and it was spinning. He believed that was mentioned to Mr. Holt. Mr. Cylvick was certain that Brody had mentioned that the meter was spinning when he went back to the house and no one was home. Mr. Cylvick apologized for the mis-communication and for not having better documentation.

Mr. Holt reiterated his belief that even though they did not use the water they would still have to pay, and he would obviously take the one-time reduction. His concern was that this could happen again. Gaylene felt the problem they faced was either to move or live with that hanging over their heads. Mr. Cylvick stated that another alternative would be to shut off the water meter whenever they leave. Mr. Holt replied that they already do that. He believed there was something wrong with the system.

Brody stated that they handle their system according to specs, which is the same as every other water system. The system is designed by the manufacturer. Mr. Holt believed that 300 pounds of pressure was too high for a house. Mr. Blonquist agreed. Unfortunately, in Mr. Holt's area, he does know when a PRV goes bad. He checks it monthly but he cannot check it daily. Therefore, he cannot judge when they go down or when they are working.

Mr. Holt clarified that he was talking about the pressure valve in his house because that is the one that blew out. The pressure gauge was good and then suddenly there was extra pressure. Mr. Holt felt it was obvious that something was wrong.

Mr. Cylvick stated that this summer they are going to try to do another line that runs from Elk Road over to the upper part of I-Plat so they can feed I-Plat from the 200,000 gallon tank. By doing that, they should be able to reduce the pressure on the feeder line, which is the line that runs down Pine Meadow Road. However, the way the system was designed it puts a ton of pressure down that line. One reason for having that pressure is to keep I-Plat with water flow. They can get another line but they have to go east and follow it from the north side of Elk Road all the way through private property along the road and then tie into the upper part of I-Plat. Mr. Cylvick stated that they are using up the last of the loan money to do that project this summer to reduce the pressure.

Mr. Holt asked if it would also reduce the pressure in his area. Brody explained that currently the PRV is sitting at 125 psi. By the time it reaches Mr. Holt, the pressure is closer to 200 psi. If they can change the PRV, it would reduce the pressure to 30 psi, but again, by the time it reaches Mr. Holt's house it would increase to 72 psi.

Gaylene stated that they do not mind paying their fair share but they do mind being taken advantage of, and she believed that was exactly how they were being treated. Mr. Cylvick replied that he was sorry she felt that way but there was little the Board could do beyond granting a one-time reduction. Gaylene asked about the number of gallons allotted for each lot. Mr. Cylvick stated that everyone gets 15,000 gallons for the base rate. After that, it is based on a graduated scale in dollar increments based on the number of gallons used. Gaylene questioned how the Board could account for a meter reading of 13,000 gallons in one month, especially since they had not found a leak.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. All West and Catapulsion were bills for internet. The bill from Clyde, Snow, and Sessions and Swenson were for legal fees. KGC Associates was the bill for Carol's services. Mountain States Water Works still showed a credit. Real Value Insurance was general liability and equipment insurance. Rocky Mountain Power was the typical monthly bill. Sinclair Fleet was for fuel. Utah Local Government Trust was for Workers Compensation. Brody was unsure about the bill from Utah State Division of Finance. Mr. Cragun believed it was a loan payment. The bill from Verizon Wireless was for cell phones.

MOTION: Eric Cylvick moved to pay the unpaid bills dated January 14, 2010. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Financials

The Board reviewed the profit and loss/budget versus actual. Bill George asked for clarification on the metered water assessments. Mr. Cylvick understood that the number was only the percentages.

MOTION: Cal Cragun moved to APPROVE the profit and loss/budget versus actual. Brian Zelch seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cylvick noted that there was \$150,000 in the money market. Mr. Zelch asked for an explanation of the negative \$96,000 under Accounts Receivable. Mr. Cylvick replied that it was the lots that were foreclosed. Mr. Cragun referred to the first page of the balance sheet and asked why there was a difference of \$175,000 between the amounts for 2009 and 2010. Mr. Cylvick believed it was the escrow in loan money. Mr. Cragun agreed.

MOTION: Eric Cylvick moved to APPROVE the balance sheet dated January 14, 2010. Brian Zelch seconded the motion.

VOTE: The motion passed unanimously.

Mr. & Mrs. Bowers, Lot PI-C-65 entered the meeting.

Manager Report

Brody reported that very little was happening and the water system was running great. He had spoken with Dave Dillman a few days earlier about getting the well papers together for Salt Box. Mr. Dillman would start the process and he believed they would get the money. The stipulation is that it needs to go through a 30 day bid process. If they go in the same hole, it needs to be grandfathered in and Mr. Dillman would start that paperwork to see if it can be updated and or if they would need a different hole for adequate drinking water. Mr. Dillman wanted to start on the bid papers but Brody told him to hold off until they know whether or not they could use the same hole. If they need a new hole, the cost would be significantly higher.

Brody asked if the Board wanted to start on easements on the I-Plat line. Mr. Dillman had raised that question and Brody told him he would ask the Board at this meeting. Mr. Cylvick stated that he and other Board members met at his office to determine what they wanted to do with the approximately \$150,000 that was left. At that time, Mr. Dillman thought the Division of Drinking Water would allow them to use the money to drill a new well. This is a touchy subject, because typically the DDW does not spend money on speculation. However, in this incident, they want the Water Company to spend all the loan money, since no other company has ever had money left over. Mr. Cylvick remarked that because it is an existing well site, Mr. Dillman talked to the DDW and found that they would allow them to use remaining loan money to drill the well.

Mr. Cylvick stated that Brody did some research and if they can drill through the existing casing, it would save approximately \$80,000. Another reason the DDW allowed this was because the Water Company had a hydro-geologist study the topography and that was where he had suggested drilling.

Mr. Cylvick stated that another discussion was to put in a new line that would run from the second road on Elk Road along the property line and attach to Birch Circle. That would start supplying I-Plat with water from the 200,000 gallon tanks. Mr. Cylvick explained that if they could get the easements, they could make the money back through annexations and impact fees and it would lower the pressure on Pine Meadows Road. That cost was calculated at approximately \$110,000. Mr. Cylvick explained that if this work is to be done, they may keep the trackhoe for that project. It would be an 8" line and they already have some of the pipe and the fittings.

Mr. Cylvick suggested that Brody ask Dave Dillman to move forward on starting the process. Brody stated that if they could hire another person with a trackhoe to work for a few days, it would help in keeping the road open for the owners who access their cabin through the back.

Public Input - continued

Mr. Bowers stated that he had contacted Brody regarding an extremely high water bill that was inconsistent from their previous bills over many years. The usage for 2005-2006 was 10,000 gallons, 2006-2007 was 9,000. In 2008, the usage jumped to 19,000 and for 2008-2009 dropped to 8,000. The usage on the last bill for 2009 jumped to 75,000 gallons. They disputed that there was no possible way they could have used that much water. Ms. Bowers pointed out that the meter numbers do not match and that the meter number was different on the last billing. Brody pointed out that the meter was probably replaced. Ms. Bowers agreed that it was replaced and suggested that the bills should be updated so the meter numbers match.

Ms. Bowers stated that they also received a note that the meter reading had been confirmed by a Board member and that the meter was left on spinning, but no one was in the cabin and the meter was shut off. Brody explained that Carol had made an error and it was actually their neighbor's meter that was spinning when it was shut off. Ms. Bowers replied that the reading was also an error because it would be difficult to use 65,000 extra gallons of water in one year. She requested that the Board look in to it and double check the readings.

Mr. Bowers acknowledged that they do have a renter that lives upstairs and she has children, which could account for some increase. However, even if their usage doubled, it was still far from the 75,000 gallons they were charged.

Mr. Cylvick stated that they would test the meter and re-read it in the Spring when the snow melts.

After further discussion, Ms. Bowers asked if it was possible that Carol could have added some of their usage from the previous year to their billing for this year. Brody explained that he reads the meters and gives Carol the number. He can only go by what the meter says for that particular lot number, and the owner is billed for that amount.

After further discussion, Brody explained how they could track the amount of water from their renter separate from their use. Ms. Bowers wanted to try that to see how much water their renter is using. If they find that she is not using an excessive amount, they would decide what to do next.

Gaylene echoed the same complaint regarding the meter number. Brody replied that they go by lot number and not meter number. Gaylene thought the meter numbers should be recorded somewhere. Brody stated that he is trying to update the meter numbers as they go along. He noted that the new meters have a brass tag but they are hard to read. Their sales representative is working on getting them a new tag. Gaylene clarified that she was talking about the old meter. When the first meter was replaced, Carol sent a message asking if they could go down and get their meter number because she did not have it. Gaylene was surprised that the meter numbers were

not recorded. Brody stated that in the past he did not have time to update the meter numbers, which is why he is trying to do it now. Gaylene suggested that when a meter is replaced, the new meter number should be recorded so the Water Company knows which meter number belongs to which lot.

Mr. Cylvick reminded everyone that they are fortunate to have water right now. Years ago the water would have been turned off October 1st. The Board has created a water system where everyone can have water. It is considered one of the greatest water systems in the Rural West. Mr. Cylvick stated that Brody and Trevor do the best job they can, and he acknowledged that there was still room for improvement.

Gaylene clarified that she was not attacking the Board for what they do, she was just trying to find a reason why some things happen. She asked if the Pine Meadow Water Company was combined with another water company if that would change their cost of water. Brody stated that if Mountain Regional took over the Pine Meadow water system, the rates would probably double because they would be paying for Summit Park, Stagecoach and other areas.

Mr. Cylvick noted that when Stagecoach turned their water system over to Mountain Regional, Mountain Regional dug the lines deeper and did the same work that was recently done by Pine Meadow Water Company, and each homeowner was assessed \$30,000. Gaylene believed that more people would lower the rate. Brody pointed out that the Pine Meadow property owners would be paying for every other water system under Mountain Regional Water.

Mr. Cylvick agreed that if they can produce additional water sources and draw more people to Pine Meadow, the rates could be reduced.

Correspondence

Mr. Hecht, Lot PI-D-41 on Elk Road had sent a letter regarding excess water use and he requested a one-time reduction. Brody explained that when they read the meter last year the meter was spinning out of control. The meter was turned off. Mr. Hecht indicated in his letter that he had hired a plumber and the problem was fixed. Mr. Cylvick noted that the usage was 192,000 gallons and the bill was \$8900.

MOTION: Cal Cragun made a motion to grant Mr. Hecht on Elk Road a one-time reduction on his water bill. Eric Cylvick seconded the motion.

Mr. Cragun asked if the Board needed confirmation that the leak had been fixed. Trevor stated that the bylaws require that the Board see the receipts and Mr. Hecht would need to supply those receipts. Mr. Cylvick asked Carol to check with Trevor and Brody before granting the reduction to make sure Mr. Hecht produced the receipts.

Mr. Cylvick reported on a letter from Virginia Johnson, Lot PI-G-44 on Aspen Ridge asking for a one-time reduction. Trevor explained that the owner left their hose running

when they left for the winter and the meter was continually spinning. Brody and Trevor had turned off the meter.

MOTION: Eric Cylvick made a motion to grant Virginia Johnson a one-time reduction. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Mr. Cylvick read a letter from Carol regarding an interactive website. Carol stated that she was also looking at adding a shopping cart feature to allow payments to be submitted on line. She asked if it was okay to proceed with the upgrade on the website. She would let the Board know the cost for the shopping cart.

MOTION: Cal Cragun made a motion to ACCEPT Carol's request to proceed with the upgrade on the web. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:45 p.m.

Minutes Approved

Date