

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JULY 16, 2015

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Cal Cragun, Bill George, Craig Gilliam, Tony Tyler – Board Members

Ex Officio: Brody Blonquist, Trevor Townsend

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

**Minutes**

MOTION: Cal Cragun moved to APPROVE the minutes of June 11, 2015 as written. Eric Cylvick seconded the motion.

VOTE: The motion passed unanimously.

**Unpaid Bills**

Brody Blonquist reviewed the unpaid bills. Allwest Communications and Catapultion were for the internet. Clyde Snow and Sessions were legal fees. Delco Western was for PRV parts. HD Supply Water Works was for the purchase of meter resetters. Horrocks Engineering was for engineering work, and that expense should go on the loan. Immersion was for the website. KGC Associates was Carol's services. Pine Meadow Mutual Water was the escrow debt reserve fund for the loan, Revenue Recovery was payment to the collection agency for collections from direct payments. Rocky Mountain power was the monthly bill. Select Health was the health insurance premium. Summit County Health Department was for sample testing. Utah State Division of Finance were the loan payments. The Utah State Tax Commissioner was for vehicle registration. Verizon Wireless was the cell phones.

MOTION: Eric Cylvick moved to pay the unpaid bills dated July 15, 2015 as presented in the amount of \$37,262.20. Tony Tyler seconded the motion.

VOTE: The motion passed unanimously.

## **Financials**

The Board reviewed the profit and loss/budget versus actual. Mr. Cylvick noted that they were down \$55,000, which was good considering it was July. Mr. Tyler noted that \$35,000 of the \$55,000 was the excess water assessment for this year, and \$10,000 was the metered water assessment for the year. Only \$10,000 was over a year old. Mr. Cragun pointed out that three of the properties with old balances have been sold and the money owed was paid to the Water Company. Mr. Cragun noted that the standby water assessment was 99% of budget collected. Mr. Cylvick stated that the metered water was 97.3% of budget. He pointed out that the 99% for standby water was not the amount collected, but rather the amount of what was budgeted. It was noted that the impact fees were higher than what was budgeted. Mr. Cylvick noted that the equipment repair was already at 96.6%. Brody stated that he was also concerned about the amount already spent on water system repair and maintenance and how little was left for the rest of the year. Mr. Tyler assumed the electric budget would not be adequate as well, considering the amount of pumping that was being done.

Mr. Tyler asked Carol to call him to explain why the Brighton restricted fund debt reserve was not budgeted, and why it was showing as a new line item.

MOTION: Eric Cylvick moved to APPROVE the profit and loss/budget versus actual dated July 15, 2015. Cal Cragun seconded the motion

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cragun stated that the \$199,000 under the Brighton Bank Escrow was the amount available on the loan.

The Board reviewed the balance sheet.

MOTION: Tony Tyler moved to APPROVE the balance sheet dated July 15, 2015. Craig Gilliam seconded the motion.

VOTE: The motion passed unanimously.

## **Manager's Report**

Brody reported that last year all the metered water for 12 months was 4.2 million gallons. In the first six months of this year, they were at 3.2 million gallons and they still have six months left in the year. Brody estimated that they would exceed the normal usage by 2.3 million gallons if the trend continues. Brody stated that he and Trevor have been looking for leaks on the Ranch but there is no evidence of any leaks. The number appears to be the result of water usage. Brody remarked that the wells could not keep up with the current usage, and over the last two weeks he had asked Mountain Regional to send them water. He pointed out that it was free of charge because Mountain Regional owes the Water Company water. Mountain Regional had sent approximately 70,000 gallons. Brody believed Mountain Regional still owed the Water Company 55,000 gallons. He stated that unless the usage subsides, the Water Company would have to rely on Mountain Regional to get through the summer at least.

Brody stated that when he spoke with Mountain Regional they told him that the cost would be \$13/1000 gallons for unrestricted water. That is what Mountain Regional charges for snowmaking equipment or someone with a water truck that takes water out of a fire hydrant.

Mr. Cylvick offered to set up a meeting with Mountain Regional. Brody suggested that Mr. Cylvick ask if Marty could be included in the meeting as well. He believed Marty was the General Manager. He explained that Mountain Regional has four different managers, but each one of the managers is in charge of a different area. Mr. Cylvick asked Brody to email him a list of names and titles for everyone at Mountain Regional.

Brody and Trevor suggested adding a separate line item in the budget to put money away for purchasing water from Mountain Regional each year. They assumed the water usage would continue to increase and they thought it was wise to have money set aside for that purpose.

Brody commented on excessive water users. He noted that the cabin owner on Lot PI-F- 52 owes the Water Company \$26,280.75. He uses approximately 77,000 gallons of water. Brody estimated that the owner will have a water bill between \$4,000 and \$5,000 this year based on the current usage. The owner has not paid a full assessment since 2013 or before. Trevor noted that the owner has a payment plan of \$300 per month, but that does not cover the amount of the water assessment for the usage each year.

Mr. Cylvick thought they should lock the meter on the property. Mr. Tyler explained that the issue was that the owner is paying on a payment plan that was set up to pay off this

balance, and he has been paying on a regular basis. However, the amount is not sufficient to keep up with the amount of water being used, and the balance continues to grow. Mr. Tyler had spoken with Brody and Trevor earlier in the day, and he thought the goal should be to set a balance that the owner could not exceed. If that amount is exceeded, he would have to renegotiate his agreement with the Water Company.

Brody noted that it was the cabin owner who asked the Water Company last year to forgive his water bill because it was too high. Brody stated that the cabin is a rental and in 14 days the renters used 15,500 gallons of water. Mr. Cylvick reiterated his suggestion to lock the meter until the issue is resolved. Brody agreed, noting that the power company shuts off the power if a bill becomes delinquent for more than 60 days.

Mr. Tyler believed the problem was also a process issue that the Board needed to address. If the owner has an agreement that allows him to pay monthly and he has been making the monthly payment, they may not have the ability to lock his meter. Brody clarified that the amount of water was from usage and not a leak. He and Trevor explained how they determined that it was not a leak or even an intermittent leak.

Mr. Cylvick was still not convinced that there was a problem that created the amount of usage. He would talk to Ted Barnes to see if they could legally lock the meter until the issue is resolved and the reason for the high usage is verified.

After further discussion, the Board agreed that if the usage numbers remain high, it creates a burden on the system. Mr. Cylvick thought the real problem was that the owner was not paying for what he was using based on the usage versus the monthly payment. He pointed out other properties with excessive water usage that pay their bill and support the system. If people pay for the water they use the money can go towards purchasing additional water from Mountain Regional.

Mr. Cylvick offered to contact Ted Barnes and Carol to discuss their options. Mr. Tyler recommended that the rule should be that any open balance must be paid off by the end of the next calendar year. Mr. Cylvick believed that if the owner has a past-due balance and he is in collections, the Water Company should have the right to lock his meter. Mr. Tyler thought the fact that it was in collections should give them the right to lock the meter. Brody assumed that if he rents the property and the renters find a locked meter, the owner would probably pay the bill immediately.

Mr. Gilliam believed the situation was a little different because the Water Company

agreed to let the owner pay a certain amount on a payment plan and he has been making the payments. He thought the first step should be to find out what the Water Company agreed to, and whether it was a verbal agreement or put in writing. The Water Company could still change the agreement unless dates were specified, but they should have the initial facts before they do anything because it may require giving the owner notice before locking the meter.

The Board discussed setting a policy to address these types of situations in the future and to keep balances from exceeding a certain amount.

Mr. Tyler had text Carol asking about this particular property. Carol responded by saying that the water share had not been foreclosed on that particular property. The other three lots that Carol had listed, D-97, C-80 and D-113A has been foreclosed and those lots did not have a water share. However, the water meters were never pulled and those lots were still receiving water. Revenue Recovery was having a difficult time moving forward through the courts because the judge had questioned why they were still receiving water when the shares were foreclosed. Mr. Tyler stated that when a water share has been foreclosed, the meter should be pulled from the property and not just locked. The Board agreed. Mr. Cylvick was willing to implement a process where the meter is locked immediately upon foreclosure, but the Water Company can negotiate with the owner and set up a realistic payment plan before the meter is pulled. Brody asked if they needed to give the owner of the rental cabin a 30 day notice before locking the meter. Mr. Cylvick was unsure. He would ask Ted Barnes about the process and the rights of the Water Company.

Mr. Tyler asked if the Board was comfortable with setting a future policy of placing a lock on the meter if payment is not made within 90 days. Mr. Tyler understood that Mr. Cylvick was suggesting that if a balance was outstanding from the previous year, the owner would have 90 days into the following year to pay the balance or the meter would be locked. Mr. Cylvick replied that he was correct. The balance must be paid by May 1<sup>st</sup> or the meter would be locked. MOTION: Mr. Cylvick made a motion to allow property owners until May 1<sup>st</sup> of the current year to pay an unpaid balance from the previous year. If the unpaid balance is not paid in full by May 1<sup>st</sup>, the Water Company will put a lock on the water meter.

Mr. Tyler pointed out that if a balance from the previous year is still delinquent in January of the current year, the account would be sent to collections unless the owner was on a payment plan or had made another arrangement with the Water Company.

Mr. Cylvick pointed out that the account would not go into collections as early as January. He clarified that his intent was to put a lock on the meter and allow 90 days for the owner and the Water Company to negotiate a resolution to pay the bill to avoid having to pull the meter.

Mr. Cylvick offered to draft a bullet point policy and email it to the Board for review. He summarized that if the bills go out January 1<sup>st</sup>, the property owner in arrears would have 90 days to pay. The meter would be locked and at that point the Water Company could begin negotiations. If the owner agreed to a payment plan, the amount of the payment should cover the previous year's balance and the balance for the current year. The full balance must be paid by the end of the current calendar year. He pointed out that this policy did not apply to properties that had leaks and were granted the one-time reduction. Mr. Cylvick suggested that the unpaid account should be sent to collections two months after the 90 day period if the balance is not paid or a payment plan has not been negotiated. He did not think they should wait the full year to send accounts to collection because it was getting out of hand and affecting the owners who do pay their bills.

The motion was not seconded or voted on. Mr. Cylvick reiterated that he would draft a policy and email it to the Board for approval.

Mr. Tyler read from the collection policy. "All annual assessments are due by the first, not later than the 31<sup>st</sup> of January of the calendar year." For paying fees over time the policy states, "An annual renewal request in writing must be submitted along with the first payment corresponding with the semi-annual or quarterly payment choice. Payments shall not exceed the end of the current year. Two or three statements with a minimum billing fee per statement shall be delivered by mail to the shareholder. Payment that are not paid on or before April 30<sup>th</sup> of each year, or 30 days after receiving the bill, whichever is later, is considered a delinquent account. A \$25 late fee will be assessed and an interest rate of 1.5% per month." Regarding collection costs, "The shareholder with the delinquent assessment shall be responsible for all collection costs and other related expenses including attorney fees. After one year or more of unpaid assessments, finance charges and late fees, a Notice of Unpaid Assessment would be filed with Summit County for any title search performed."

Based on the date of April 30<sup>th</sup> as stated in the policy, Mr. Tyler believed the Water Company had the right to lock the meter on May 1<sup>st</sup>. Mr. Cylvick thought the Water Company would set a precedent if they pull the meter as soon as they foreclose on a

water share. He remarked that locking a meter was a different issue.

Mr. Cylvick read language regarding rentals, which Mr. Tyler interpreted as saying that if a tenant uses an excessive amount of water and they leave without paying at the time they vacate the property, the Water Company can terminate the water service and not be required to restore it until the billing and service fees and charges have been paid in full by the shareholder.

Mr. Tyler read language under the heading Termination of Service. "The Company hereby reserves the right at any time to shut off the water anywhere within its water system for the purpose making any repairs or extension, or because of interruption of water services due to scarcity of water, damage to any water works or facility of the Company, or any other cause beyond the reasonable control of the company." Mr. Tyler stated that in his opinion from reading the language, it is not within the reasonable control of the Company to force an owner to pay, which means they could put a lock on the meter. He recognized that a legal opinion might be different.

Mr. Cylvick asked Brody to go through the Rules and Regulations and send him the key points before he meets with Ted Barnes.

Brody reported that there is a 10,000 gallon tank at Uncle Tom's well that supplies the booster to boost up to switch back. Currently, it runs off a float and the float is in the 2,000 gallon range. When the float is down there is 2,000 gallons left in the tank. When the level goes back up and kicks on, they have approximately 3500 gallons. Brody stated that when the tank is full and everything shuts off, they do not know where the flow is stopping at, other than somewhere between 2,000 and 4,000 gallons. If it shuts off on the high side of 4,000 gallons there is no problem. Brody explained that if they put a pressure transmitter in the tank, when the system calls for Uncle Tom's to shut off, it will allow the tank to fill all the way to 10,000 gallons.

Brody had obtained pricing. The total cost including having the pressure transmitter installed and programmed would be \$1700. He noted that APCO Inc. would need to install it to program it into the telemetry.

MOTION: Eric Cylvick made a motion to purchase the pressure transmitter.

The motion was not seconded or voted on.

Pine Meadow Mutual Water Company  
Monthly Board Meeting  
July 16, 2015  
Page 8

Mr. Cragun referred to a letter from a property owner who purchased a cabin on Lot PI-D-90, Elk Road. The owner stated that his wife had surgery and he lost his job. They were behind on their payments and the cabin was up for sale. He requested that the Water Company waive the fees on their bill if possible. Mr. Cragun noted that the owner was asking to pay the assessment in 2009 of \$3,347.26 plus six years of the base rate. If that was not acceptable, he asked if there were other options to consider.

Mr. Tyler understood that the owner was experiencing current hardships; however, he also had a balance in 2009. He should have asked the Board six years ago for an affordable payment plan. He sympathized with the owner's current situation, but he felt that he waited too long to address the problem.

Mr. Cragun also sympathized with the owner's circumstances; but based on the Bylaws the Board had no other recourse.

MOTION: Eric Cylvick made a motion to deny Kurt Wagner, Lot PI-D-90, any type of discount or reduction on his bill.

Mr. Cragun asked about a payment plan. Brody noted that the meter was removed from the lot. Mr. Cylvick stated that once the meter is removed a payment plan is no longer an option.

Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:35 p.m.

Minutes Approved

Pine Meadow Mutual Water Company  
Monthly Board Meeting  
July 16, 2015  
Page 9

Date