

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, JULY 11, 2019

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Steve Anderson, Scott Smith, Tom LeCheminant – Board Members

Ex-Officio: Brody Blonquist

Excused: Duane Yamashiro

Eric Cylvick called the meeting to order at 6:35 p.m.

Minutes

March 14, 2019

MOTION: Eric Cylvick moved to Approve the Minutes of March 14, 2019 as written. Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

April 18, 2019

MOTION: Tom LeCheminant moved to Approve the Minutes of April 8, 2019 as written. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

June 13, 2019

MOTION: Eric Cylvick moved to Approve the Minutes of June 13, 2019 as written. Tom LeCheminant seconded the motion.

VOTE: The motion passed unanimously.

May 16, 2019

Eric Cylvick contacted Duane Yamashiro by phone to vote on the Minutes. Mr. Yamashiro

had attended the May 16th meeting and he was needed to form a quorum of Board Members present at that meeting.

MOTION: Eric Cylvick moved to Approve the Minutes of May 16, 2019 as written. Duane Yamashiro seconded the motion via telephone.

VOTE: The motion passed unanimously.

Mr. Yamashiro disconnected from the meeting.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. Brody stated that the first two invoices were to pay his two sons for removing the fence off Dean Bawden's property. The fence needed to be removed as soon as possible and Brody had asked Eric Cylvick about hiring his two sons. He noted that the work was done and completed. Clyde Snow and Sessions were legal fees regarding the HOA CC&Rs review, as well as the matter with Dean Bawden, Lot SS-147-C. Delco Western were charges to rebuild the chlorinator after it stopped working. The charge was also to rebuild a spare chlorinator to keep as a backup. Ferguson Enterprise were parts for meters and leaks. KGC Associates were Carol's services. Komatsu Equipment was to purchase new teeth on the minihoe. Pine Meadow Mutual Water Company was the escrow for the two loans. Rocky Mountain Power was the power bill. Select Health were the health insurance premiums for Brody and Trevor. Summit County Public Health was for the monthly water samples. USA Bluebook was still showing a credit for the transducer. Utah Division of Finance were the two loans. The Utah State Tax Commission was registration on the trailer.

MOTION: Eric Cylvick moved to pay the Unpaid Bills as presented dated July 10, 2019. Tom LeCheminant seconded the motion.

VOTE: The motion passed unanimously.

Dean Bawden Fence

Mr. Cylvick stated that he was still working on negotiating the fence. He anticipated needing to give two annexations. Dean will pay for the water hookups, but he wants two free annexations. Mr. Cylvick stated that there is a dispute about whether the water line is on Dean's property or Fred Bacon's; even though three surveys say it is not. Mr. Cylvick remarked that it would cost more for litigation and there is a possibility of losing. He noted that Dean gave a list of demands, some of which included the HOA and not

wanting to pay the HOA fees. Mr. Cylvick informed Dean that this had nothing to do with the HOA and the Water Company is not affiliated with the HOA. He was not able to control or agree to anything related to the HOA. Mr. Cylvick stated that if they give Dean the two annexations, he would pay for the water hookups and must join the HOA to receive water services. He stated that Dean wanted many other things that Mr. Cylvick would not or could not agree to, and he told Dean that he would sue to have that narrow swath condemned. Mr. Cylvick believed the legal fees would be less than the two annexations; however, he did not want to go through the legal hassle. He pointed out that the Water Company would either sue to condemn or they would give up \$20,000-\$40,000 for the annexations.

Mr. Anderson asked why they needed to move the fence. Mr. Cylvick replied that there was a property line dispute between Dean and Fred Bacon and that issue was still not resolved. The Water Company installed the fence as part of negotiations with Mr. Bacon to keep out the 4-wheelers, and Mr. Cylvick told Dean that he would not remove the fence unless Mr. Bacon also agreed. Mr. Cylvick stated that Mr. Bacon did agree to it.

Mr. Smith asked if the dispute was for the access to water from Mountain Regional. Mr. Cylvick answered yes. It was also for emergency access. Mr. Anderson asked if Dean could sell those two properties without the buyer paying for annexation. Mr. Cylvick answered yes.

Financials

The Board reviewed the Profit and Loss/Budget versus Actual. Mr. Anderson asked if 90% in paid assessments was typical for this time of year. Mr. Cylvick stated that the percentage seemed low because of the number of people who pay monthly or quarterly. The percentage will be much higher by the end of the year.

Mr. Cylvick stated that when he first came on the Board the percentage was closer to 80% for the year. The biggest complaint from members at the Annual Meeting was that not everyone was paying. After that, the Board raised the water rates, started collecting on accounts and turned delinquent properties into dry lots.

Mr. Anderson wanted to know why the budgeted income or expense was \$43,359. Mr. Cylvick explained that the expenses were budgeted at a total of \$798,258. The income was estimated at \$43,359 higher than the expenses.

Mr. Cylvick was pleased that Carol had started breaking down the expenses for each one of the sources. Brody stated that when they buy parts, they mark which source it

goes to. Mr. Anderson stated that with the trend they should be able to figure out which ones are worth the money.

Mr. Cylvick asked about the expenses for engineering work. Brody stated that most of the expense was for maps to go with the fire hydrants. Horrocks Engineering had done the work. Mr. Anderson asked about the GIS system. Brody stated that they have been talking about it but nothing was done at this point. They have been focusing on the meters.

MOTION: Erick Cylvick moved to Approve the Profit and Loss/Budget versus Actual dated July 11, 2019. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the Balance Sheet. Mr. LeCheminant asked about the dry lots. Mr. Cylvick stated that page 1 showed the lots owned by the Water Company for source protection. Page 3 showed the all the lots the Water Company had foreclosed on.

MOTION: Eric Cylvick moved Approve the balance sheet dated July 11, 2019. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Brody commented on the SCADA system. He stated that the computer was running Windows 7; however, Windows 7 will no longer be supported after December 31, 2019. Brody pointed out that after December 31, 2019 their SCADA will basically be obsolete. Brody stated that two weeks ago the computer started having glitches and on Sunday they had a complete melt down. He was on the Ranch for 8 hours on Sunday and Phil, their SCADA person, came up for nearly three hours. Eric Cylvick was also involved. Brody stated that they were able to band-aid the system and put it back together, but it was uncertain how long it would last.

Brody outlined options. He stated that SKM was another telemetry company that he previously worked with at Oakley City. SKM also works with Jordanelle Special Service District, Mountain Regional Water, Brigham City, and Logan City. They are a large company who works with large companies. SKM has a lot of customers and clients in Summit County.

Brody asked SKM for a bid. They use a system called Ignition. Ignition works the same as Wonder Ware, except Ignition does not require software and a license to run the software. Ignition is run through SKM and SKM holds the license. With Wonder Ware the Water Company is required to own the license. Mr. Cylvick pointed out that Ignition is cloud-based. Brody explained that if they continue to use Wonder Ware after they update to Windows 10, they would need to do licenses and agreements and keys. They would not do that with SKM because it is not a computer hosted SCADA system. If the computer crashes, the telemetry still runs. Brody stated that SKM uses Amazon to host their cloud and it can be accessed from any computer or internet connection.

Brody reviewed the bid. He noted that when Trevor presented the bid at the last meeting it was very confusing, and it appeared the cost of an on-premises SCADA computer was \$16,000. After Alan explained it to them, the cost was less at \$6100 to do the hybrid cloud system. Brody explained that there would be a computer on the Ranch, and if the internet crashes and everything goes down, they would still be able to run the system. It is a different computer that is tied to the main frame of the water system. Mr. Cylvick asked if \$6100 included the computer. Brody answered no.

Brody reminded the Board that Trevor had talked about the Excel report required by the State in order to log all the meters off the wells. That Excel reporting system was \$5,000 through APCO; but SKM includes it in the \$6100 cost. Mr. Cylvick asked about the meters. Brody replied that it only included the program that keeps the logs and prints the report for the State. Mr. Anderson clarified that if they remain with Wonder Ware, they would need to pay for Wonder Ware and the APCO system. Brody answered yes.

Brody stated that with SKM he still needed to purchase a new computer because the one he has is ready to crash and he needs a computer for all the paperwork. In addition, they would need to tie in the meters and do other things in conjunction with the system. When he asked Alan for the total cost of everything, he estimated \$8500. Mr. Anderson asked if the \$6100 was included in the \$8500 total. Brody answered yes. The computer would be \$1,000 taking the cost to \$7100 and the other \$1400 would be to fix the transducer at the tank and the problem at switchback, and other minor issues to get the system up and running.

Mr. Anderson asked if they later decided that they did not like SKM, whether they would have access to their data on the cloud. Brody replied that they would own it and would have access. Mr. Anderson asked if SKM would electronically give it to the Water Company or if they would just send printouts. Brody stated that it is all done through the computer. Mr. Anderson pointed out that if they cancel the subscription, they would no longer have

access to the database. Mr. Cylvick asked if the information was exportable to Excel. Brody replied that they could bring it up on an Excel spreadsheet. Mr. Anderson stated that at one time he had issues with an accounting system that was cloud-based. He decided he did not like the system. It was too expensive, and it did not do what they claimed it would do. He told the company he was not going to use it anymore and asked for his data. What he got was a stack of computer printouts.

Brody stated that if they told SKM they no longer wanted to use them the Water Company would need to find another telemetry company. Mr. Anderson remarked that it could happen, and if it did, he did not want to lose all their data because they cancelled the subscription. He would like the ability to download the data into an Excel Spreadsheet. Brody thought it was something he and Trevor would do rather than SKM. They will have all the data and keep it backed up. Alan said the system has a hard drive back up and he would set it up to record the data.

Brody stated that the initial cost of the cloud-based system was \$8500, and the monthly fee is \$75/month for the cloud hosting and for SKM to upgrade the software for a total of \$900 per year. Brody stated that currently they pay \$450 a year for the My PC system. The cost for changing to the cloud-based system would be approximately \$500 additional.

Brody stated that he also obtained a bid from APCO. The bid from APCO to do the new computer and the new Wonder Ware license software with the Excel reporter was \$12,500, not including the \$450 per year for My PC. Mr. Cylvick clarified that the cost also did not include the other new computer they needed to purchase. Mr. Smith thought they needed to update Windows with either system. Brody stated that both companies told him that they have updated a lot of computers to Microsoft 10; but there were problems with the computers after they were updated. Mr. Cylvick noted that the current computer is very old. Brody stated that the computer is 9 years old and it runs 365 days a year and never shuts off.

Mr. Anderson asked if APCO has a monthly cost. Brody stated that it was only the \$450 per year that goes to My PC. Mr. Anderson understood that the \$12,500 was equivalent to the \$6100 plus \$900 per year. Brody noted that the \$12,500 did not include the cost to tie into the meters and to fix other minor issues. Brody stated that \$12,000 included the data but not the cost to go from site to site. It would be an additional \$125 per hour to go site to site to tie in the meters and make them readable. Mr. Cylvick assumed they would have that expense with either system. Brody answered no. That cost was included in the SKM.

Mr. Anderson questioned whether SKM sounded a little too good. Brody stated that he contacted Mountain Regional because they use SKM. He was told that SKM is less expensive because they buy the Ignition software and share it between companies. Wonder Ware does not allow sharing with another company. Mr. Anderson clarified that SKM purchases the server license and then sells the sub-licenses. He still thought it sounded too good. It was a great deal, but he was suspicious as to why there was such a difference between the two.

Brody reviewed the two bids. The biggest difference is that APCO is not able to do the cloud system. Brody noted that both bids were very similar if you compared them as apples to apples. Mr. Anderson asked Brody if he preferred the cloud-based system. Brody answered yes and explained why it was his preference. Another benefit is that if the internet goes down the cloud still records the data. When the internet is back up, the computer goes back and loads that data so there are no gaps. Mr. Anderson agreed that the cloud was more convenient. Brody stated that he has always felt uncomfortable being tied to the computer.

Mr. Anderson asked Brody to make sure he verifies that they can access the actual data if they ever decide to cancel the subscription. Mr. Cylvick agreed that it was a concern; however, he was more comfortable knowing they could back up the data as they go along. Mr. LeCheminant thought another question was what equipment the Water Company would need to replace if they cancelled their subscription.

The Board further discussed the SKM system. Brody stated that if they stopped paying the \$75 per month it would shut them down. Mr. Anderson asked if they would need to change the telemetry system or the meters. Brody replied that those items were interchangeable with either system. Mr. Anderson clarified that if they canceled the subscription, they would lose the program and access to the server. Brody stated that he had Alan go around to the sites. Currently there are 19 units on the SCADA sites and Alan suggested that the Water Company set aside \$3,000 per year to replace SCADA packs, power supplies, or other items to bring everything current over time.

Mr. Cylvick stated that as long as they can back up all the data, he thought the SKM system made sense.

MOTION: Erick Cylvick moved to Approve the SKM system for \$8500, which should include cloud-based service, a computer, and setup; pending verification that all data can be accessed if the subscription is canceled at any time.

Brody offered to verify with Alan; but he did ask if they could back up everything on an

Excel Spreadsheet and Alan said they could.

Scott Smith seconded the motion.

VOTE: The motion passed unanimously.

Brody continued with the Manager's Report.

Brody commented on leakage data. He stated that the last time he pulled up the trends for the 500,000-gallon tanks it was 6.8 gallons per minute during the night. During the day it was 28 to 29 gallons per minute. As far as output on the wells, Uncle Tom's meter was very inconsistent. One minute it shows 3 gallons per minute and the next minute was 20 gallons per minute. The meter was being worked on. Brody reported that all the meters except for the one at the 500,000-gallon tank were reduced. He noted that the cost would be less than the amount approved by the Board because they were able to get smaller meters.

Mr. Cylvick pointed out that the worst-case scenario is that there is a 6 gallon per minute leak. Brody stated that it could be a leak, or it could be people washing clothes or running dishwashers late at night.

Brody noted that the Water Company still had a 47,000-gallon credit with Mountain Regional. They incur the most credit if they do not use water from Mountain Regional in the summer because the Mountain Regional customers are using more water. Brody stated that the Water Company had a 200,000-gallon credit, but the leak off the 200,000-gallon tank during the winter that they were not able to find reduced their credit with Mountain Regional significantly. He met with Chris at Mountain Regional and told him that the one issue that was never resolved between Eric Cylvick and Andy Armstrong was how the payment would work. Chris agreed that the issue needed to be addressed, but he also said that Mountain Regional and Pine Meadow Water have been hooked together for six years and the usage has been a wash. Chris could see a trend where both companies go back and forth into the red and back into the black. Mr. Cylvick pointed out that the Water Company has never asked Mountain Regional for money and he did not think they should ask the Water Company for money. Brody agreed, but Andy Armstrong would never discuss it. Mr. Anderson understood that there was never a formal agreement, but no one was looking for payment as long as everything was fairly balanced. Chris planned to talk with Scott to see how he wanted to handle it and then set up a meeting with Brody and Eric to figure out a policy. Brody preferred to know what to expect rather than to be surprised at some point.

Mr. Cylvick noted that Mountain Regional thought the Water Company was servicing two lots that were heavy users, but the Water Company was not servicing those lots. Brody noted that the Mountain Regional gave the Water Company credit for the water bill for the past five years. Mr. Cylvick pointed out that the Water Company does service two lots that have houses, but they are not heavy users. He noted that they may be moving into a situation of being in the red with Mountain Regional because they are no longer getting credit for two lots. That is one reason why they increased the rates and have a capital reserve fund for the purpose of purchasing water from Mountain Regional.

The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees adjourned at 7:30 p.m.

Minutes Approved

Date