

Approved  
June 11, 2020  
as written

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, MAY 21, 2020

SUMMIT COUNTY, UTAH

Board Members in Attendance: Eric Cylvick, Steve Anderson, Shaun Baker – Board Members. Bruce Hutchinson participated by phone.

Ex-Officio: Brody Blonquist

Excused: Duane Yamashiro and Scott Smith were excused.

Eric Cylvick called the meeting to order 6:37 p.m.

### **Minutes**

March 12, 2020

Bruce Hutchinson referred to the unpaid bills and noted that the bill for propane was from Hone Propone; not **Home** Propane as reflected in the Minutes.

MOTION: Eric Cylvick moved to Approve the Minutes of March 12, 2020 as corrected. Shaun Baker seconded the motion.

VOTE: The motion passed unanimously.

### **Unpaid Bills**

Brody Blonquist reviewed the unpaid bills. Clyde Snow Session and Swensen were legal fees. Crandall's Crushing was for a load of gravel where they fixed a water leak. Ferguson Enterprise was for a french drain to fix the leak. KGC Associates was Carol's invoice. Pine Meadow Mutual Water Company was the required escrow for the loans. Rocky Mountain Power was the monthly power bill. Rural Water Association of Utah was the yearly Association dues. SCADA Cloud Solutions was for the new telemetry. The charge was for a year of the Cloud based program. Select Health was the health insurance premium. Summit County Public Health was for water samples. USA Blue Book still showed a credit. Utah Division of Finance was payment on the two loans.

Verizon Wireless were the cellphones.

Mr. Hutchinson wanted to know how many phones they had with Verizon Wireless. Brody thought they had five phones. He pointed out that they need phones for the SCADA system so they can be contacted in an emergency.

Mr. Anderson asked for clarification on the attorney fees. Mr. Cylvick read from the invoice. The charges related to a phone conference with Eric Cylvick regarding preparation for the partners meeting, an email from the HOA's attorney that was forwarded to Eric Cylvick, and a phone conversation with Mr. Cylvick. He noted that Ted Barnes was trying to provide all the previous legal history to the HOA's Attorney so he can understand what has transpired over the years.

Mr. Cylvick reported that Dean Bawden was still claiming that the water line across to Stagecoach is on his property. However, the two surveys the Water Company had done shows that it is not on his property. Mr. Cylvick stated that the Water Company offered Mr. Bawden an annexation where he would only pay for the hookup. Mr. Bawden was willing to annex and join the HOA and the Water Company, but he bow-hunts on his 20-acres. The HOA would allow him to hunt currently but would not allow him to continue to hunt in perpetuity.

Mr. Hutchinson asked if Mr. Bawden has access to water from another supply or source. He had heard it was a possibility and that Mr. Bawden did not need to tie into the Pine Meadow system. Mr. Cylvick believed that Mountain Regional was the only other place he could tie into out of Stagecoach. Mr. Cylvick pointed out that if he was tied into Stagecoach, he would still be getting his water from Pine Meadow Mutual Water Company because they feed the top 12 lots in Stagecoach.

Mr. Hutchinson thought it would be a benefit to Mr. Bawden to tie into Pine Meadow because they have more water pressure than Stagecoach. Mr. Cylvick explained that Pine Meadow Water pressurizes the upper part of the water system at Stagecoach. Mr. Hutchinson pointed out that if Mr. Bawden was not already part of Stagecoach he would need to annex into it. Mr. Hutchinson thought Mr. Bawden was being unreasonable because everything Pine Meadow was offering would be to his benefit. He did not believe Mr. Bawden would be satisfied with any negotiation. Mr. Cylvick thought the bow hunting issue was the sticking point.

Mr. Cylvick stated that he told Ted Barnes that he was interested in pursuing commandeering the land under the water. If it is going to be close to the same amount

of money they were giving away, he was willing to do it. The Water Company has never done it before, but they will probably have to do it in the future. They could ask Summit County to condemn the land and allow Pine Meadow Water Company to take it over and pay Mr. Bawden what that 20' easement is legal worth. Mr. Cylvick assumed the negotiations would work out and they will not need to move the water line.

Mr. Anderson asked if it was certain that the water line was not on Mr. Bawden's property. Mr. Cylvick replied that two surveys show that it is located on Fred Bacon's property. Mr. Cylvick pointed out that the Summit County parcel map shows a 25' to 30' discrepancy in the section corners of that corner. He explained how they used the HOA property and then cut down through that discrepancy in the section corners. He noted that surveyors will confirm that those discrepancies occur all over the State.

Mr. Hutchinson thought it was a he said/she said situation with the survey companies. He thought the companies hired by Mr. Bawden and the Water Company to do the surveys should come to a consensus of what reality is; or resolve it with Summit County. Mr. Hutchinson questioned why it was the Water Company's problem.

Mr. Anderson stated that it was not the surveyors' problem. It is a judicial problem that the court would need to decide unless they can decide a boundary agreement between the two parties. Mr. Cylvick stated that if Mr. Bawden pushes the Water Company to the point where they need to remove the water line, he would seek action to condemn the property.

MOTION: Eric Cylvick moved to pay the Unpaid Bills dated May 21, 2020 as presented in the amount of \$37,948.03. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

## **Financials**

The Board reviewed the profit and loss/ budget versus actual.

Mr. Hutchinson asked if the Board had considered whether to allow people struggling with circumstances due to Covid-19 to have additional time to pay their assessments. He noted that the HOA had determined a policy to help people during this time.

Brody stated that the Water Company has always had a policy that if people contact Carol, she will work with them to make payment arrangements based on their ability to

pay.

Mr. Hutchinson thought 70% collection for the 2019 assessment was a lower figure than what is typically expected for this time of year. Mr. Anderson pointed out that the 70% were delinquent accounts that they were trying to collect this year. Mr. Cylvick noted that they were at 91.5% for the 2020 assessments. He thought many of the shareholders were already on a payment plan.

Mr. Cylvick stated that he gave Carol all the Excel spreadsheets for the PPP loan and asked her to file it for the Water Company. Mr. Cylvick explained that the HOA and the Water Company qualified for approximately \$50,000 for the Paycheck Protection Program. The Water Company received \$46,000 towards payroll. Mr. Anderson suggested that Mr. Cylvick do the accounting to make sure the Water Company does not need to pay back any of the money received. Mr. Cylvick replied that the policy was changed so the PPP funds could be used for most anything related to the business if it is less than \$2 million.

MOTION: Eric Cylvick moved to Approve the Profit and Loss/Budget versus Actual dated May 21, 2020. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet.

MOTION: Eric Cylvick moved to Approve the Balance Sheet dated May 21, 2020. Steve Anderson seconded the motion.

VOTE: The motion passed unanimously.

### **Manager Report**

Brody reported that he had contacted the meter company to let them know the roads were drier and they could move forward with checking the meters. He thought that would be scheduled within the next few weeks.

Brody stated that he also scheduled to have Matt, from Delco Western, come up to see what could be done to get water to move constantly instead of pump cycle for four hours, off, and then on for an hour. Mr. Cylvick asked about Mountain Regional's cycle. Brody replied that Mountain Regional has a big enough booster and enough water to do

continuous pumping. Brody explained the benefits of constant pumping versus cycle pumping. He would like Matt to determine what it would take and what it would cost to have everything move up to the tank all at once. He expected Matt would recommend putting the VIB at Uncle Tom's boosters and one at switchback to get that side moving all at the same time. Brody noted that he has used Delco Western for 18 years and they are one of the best companies in the State of Utah.

Mr. Cylvick understood from the explanation that they would be pumping at lower volume but consistently. Brody explained that they would be pumping the same amount of water, but they do not gain anything with the four-hour pause in between where they are not catching or gaining. They lose 2,000 gallons of water during the pause and gain 4,000 gallons in the time it runs.

Mr. Anderson stated that typically the tanks are boosted all at one time in a shorter period-of-time; however, because the Water Company is limited on source, they may not be able to do that. Mr. Anderson thought intermittent pumping would be better than long-term pumping, but he thought it was still worth looking into.

Brody stated that Matt has years of experience with pumps. He looked at the history trends and said that starting and stopping the pumps constantly adds to the wear and tear. It is better to have a constant rpm moving the water.

Brody noted that his wife works for Mountain Regional and she told Brody that Fred Bacon's son called Mountain Regional twice about reinstalling the fence on their property. Brody emailed Eric, and also told his wife that nothing would be done until the issue with Mr. Bawden is resolved. Mr. Cylvick stated that he would reach out to Mr. Bacon's son.

Mr. Cylvick informed Mr. Hutchinson that the Water Company had paid off Fred Bacon's special assessment note to Mountain Regional. Mr. Cylvick noted that the question is where to reinstall the fence. If he finds that Mr. Bacon has an agreement with Dean Bawden that he is automatically giving up that property, he would be willing to have the Water Company reinstall the fence. He will not do anything until he sees an agreement between the two parties because it is currently in dispute.

Brody commented on a property owner who paid her impact fee last year. She was disputing the fact that she should have a contractor install her meter because she paid the Water Company to install it. The property owner claimed that the Water Company was in breach of contract. Brody noted that the Rules and Regulations state that the

Board can change the rules and regulations at any time and the owners need to adhere to those rules.

Brody had printed a sheet showing that a property owner pays \$1,920 for the Water Company to install a meter. When he calculated the actual cost for the Water Company to install a meter, it was \$1600. The Water Company uses \$300 of each install to pay him and Trevor for the labor, for the equipment, and for fuel. Brody had done new calculations estimating 2 hours for employee time to get parts and four hours of an employee to do an inspection while the contractor digs and installs the meter. That total was \$1,999.08. Brody reported that the property owner wants the Water Company to refund her the cost of Brody and Trevor not installing the meter. The refund would be \$100, which is the cost for Brody and Trevor to install the meter.

Mr. Hutchinson cautioned against setting a precedent. He stated that the Water Company established the policy in advance and the property owner should abide by it. Mr. Cylvick asked if the property owner had marked the location and expected the meter to be installed. Brody replied that she did not have it marked. Mr. Cylvick clarified that she paid for the meter but did not mark where she wanted it installed. Brody answered yes. Mr. Cylvick stated that the owner needed to pay for the meter, mark it, and schedule a date with the Water Company. Mr. Anderson asked if the owner expected to be refunded \$1,900. Brody replied that he had not discussed an amount with the property owner. He only told her that he would talk to the Board at the next Board meeting.

Mr. Cylvick noted that Brody had calculated \$100 for employee time to pick up parts, and an on-site inspection of the install at \$200. He pointed out the Water Company was still doing that so those cost would remain. Mr. Anderson wanted to know why Brody thought a refund would be \$100. Mr. Cylvick could not see an additional \$100 left over. Brody stated that the cost would be the parts run and the labor for the inspection. Mr. Cylvick reiterated that he or Trevor would still be getting the parts and they were doing the inspection. Brody explained that the Water Company was already paying he and Trevor to manage the Ranch, and he considered getting parts as part of their job. He clarified that the \$100 refund would be for the parts run. Mr. Anderson and Mr. Cylvick pointed out that the Water Company still need to pay Brody and Trevor. They did not think the owner should get a refund. Mr. Anderson explained that the budget is set up where employee salaries come out of the total estimated budget. The budget does not specify that their salaries come out of the fees and water assessments.

Brody stated that Mountain Regional charges \$2,000 for a meter connection, and that

only includes the meter and the installation of the meter. It does not include parts. Their impact fee up to a 3,000 square foot home is \$8100. Mr. Anderson thought it was clear that Pine Meadow Water had not been charging a high enough impact fee for Brody and Trevor to install meters. Brody pointed out that based on his calculations, the Water Company loses \$79 each time they install a meter. That is only time and labor. It does not include fuel or the wear and tear on equipment.

Mr. Cylvick suggested that Brody send Carol the spreadsheet he prepared showing the breakdown of the costs and ask Carol to send the breakdown in an email to the property owner letting her know that the Water Company has never charged for Brody and Trevor's time.

Brody stated that currently the Water Company charges a "construction fee" and a "meter", because they cannot call it an impact fee. He thought the "meter fee" was fine because it is easy to see where the money is used. However, people are under the assumption that the "construction fee" is for construction on the water line. He asked if the Board wanted to change it to an "infrastructure fee" instead of a "construction fee". Mr. Anderson was comfortable calling it an "infrastructure fee" or "capital reserve". He did not think they should use "impact fee".

Mr. Cylvick could not see a problem using "construction fee", as long as they explain what it goes towards. Brody commented on the things an impact fee pays for. Mr. Anderson understood why people would think a construction fee suggests construction of the whole system rather than for specific items.

Mr. Cylvick did not want to change the term, as long as they could explain it. Mr. Anderson thought they could add a short paragraph explaining that the construction fee is for the construction of the water system infrastructure and the loan that financed it. Mr. Cylvick agreed. They should add language stating that the fee is associated with the construction and general maintenance and upkeep of the water system.

Brody reported that he and Trevor were doing typical Spring work checking PRVs and maintaining the water system. They had fixed a large water leak by Moss' cabin. It was possible that the earthquake caused the leak.

Mr. Hutchinson told Brody that he should prepare for a busy summer. He did not recall ever seeing as many requests for building as they had seen this Spring. Brody anticipated a busy year with water usage, and they were ready for it.

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The Regular meeting of the Pine Meadow Mutual Water Company Board of Trustees  
adjourned at 7:29 p.m.

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Minutes Approved

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Date