

PINE MEADOW MUTUAL WATER COMPANY

BOARD OF TRUSTEES MEETING

THURSDAY, OCTOBER 15, 2009

SUMMIT COUNTY, UTAH

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

Ex Officio: Brody Blonquist - Water System Manager, Trevor Townsend

Guests: Scott Boyle

President Eric Cylvick called the meeting of the Pine Meadow Mutual Water Company Board of Trustees to order at 6:30 p.m.

Minutes

MOTION: Cal Cragun moved to approve the minutes of September 10, 2009, as written. Brian Zelch seconded the motion.

VOTE: The motion passed unanimously.

Public Input

Scott Boyle stated that his water pressure situation was still occurring. He appreciated everything the Water Company has done to try to resolve the issue, however, he still has no water pressure on the weekends. Mr. Boyle stated that whatever the Water Company did this summer improved the situation during the week, but the problem continues to occur on the weekends or holidays when a lot of people are on the Ranch. He has been using a 1,000 gallon tank inside his home, but that can be a hassle on the weekends when there is no water.

Mr. Boyle asked if the Water Company would consider putting a tank in the ground for him with the required plumbing so he could fill that tank when there is water pressure.

Mr. Cylvick stated that this was the first the Board had heard about the weekend problem. They were under the assumption that the problem was fixed and everything was okay. In terms of supplying a water tank, Mr. Cylvick was concerned about setting a precedent because other property owners on the Ranch have pressure problems. Mr. Boyle pointed out that a few months ago the people below him complained about having too much pressure. Brody Blonquist stated that he had fixed that problem. He pointed

out that he and Trevor can only fix problems if people call to report them. Otherwise, they have no way of knowing who has water pressure and who does not.

Mr. Boyle felt the problem was a lack of communication from the Water Company in terms of what has been done to try and resolve the problem and asking people whether it has helped.

Mr. Cylvick asked Mr. Boyle if he slowly loses pressure as he approaches the weekend or if it just drops off. Mr. Boyle replied that the pressure just drops off and he has no water. After further discussion, Mr. Cylvick was puzzled by the fact that Mr. Boyle has water pressure for four or five days. He believed there was a sequence of valves or pumps that work and some sequence where it does not work. He felt it was more than just the correlation of having more people using water on the weekend. Mr. Boyle stated that he could track the times when he loses pressure. If he does not shower before 8:00 on a Saturday morning he has no water until everyone else is finished showering. He loses water again around dinnertime and it stays off until ten or eleven o'clock at night. Mr. Cylvick reiterated that the pressure in the line should not drop that much. Mr. Blonquist agreed because the PRV valve maintains the same amount of pressure.

Mr. Cragun wanted to know how many people draw off of Mr. Boyle's line. Mr. Blonquist estimated approximately 25-30 connections. It starts at the switchback and goes down to Mr. Boyle's. Mr. Cragun suggested the possibility that a certain amount could draw from that line before Mr. Boyle shuts off. If that amount is 20, when the 21st person draws, it could be causing a vapor lock that affects Mr. Boyle. Mr. Townsend believed the problem was due to the fact that Mr. Boyle is the farthest point away from the tank.

Mr. George asked Mr. Boyle how far away his house was to the next connection and if they have the same problem. Mr. Boyle stated that they used to have the same problem, which was another reason why Brody and Trevor tried to fix the problem this summer. He believed their water problem had been resolved. Mr. Blonquist was uncomfortable sending additional water pressure down that line because he was concerned that it would cause another blowout like last year. Mr. Townsend pointed out that the second PRV was put in at Switchback for the purpose of fixing the problem.

Mr. George asked if a booster pump could be put in the line. He was told they could not put in a booster pump without tanks. Mr. Boyle acknowledged the amount of time and money the Water Company has spent in trying to resolve this problem. Mr. Cylvick asked Mr. Boyle to contact him the following week. He hoped to come to some conclusion within the next few weeks.

Unpaid Bills

Brody Blonquist reviewed the unpaid bills. Capital One was a \$50 co-pay to replace his cell phone that went through the washing machine. Moores Tire was \$162 for service. Greenes, Inc. was \$200 for two core cuts at Uncle Tom's.

Brody stated that he needed to get a Hazmat certification and he is trying to get his Hazmat endorsement. Mr. Cylvick told him that the Board would probably authorize the extra expense. The bill from Fingerprint Services related to that endorsement. The bill from Thatcher Company was the set up fee for the chlorination gas. US Welding was for a part needed for the chlorine bottle to get it in and out of Bobcat. The bill from Catapultion was the internet service. Clyde, Snow and Sessions was legal fees. The bill from Ferguson Enterprises was for miscellaneous parts. The bill from Haynie and Company was for the DDW audit. KGC Associates was for Carol's services. The bill from Loughlin Water is for the hydro-geologist who did some well work and testing at Eric Cylvick's request. Mr. Cylvick explained that Mr. Loughlin had done a full comprehensive report on water sources. He expected to put that expense on the loan. The bill from Rocky Mountain Power was a monthly bill. Sinclair Fleet was for fuel. The bill from Staples was for maps that were done on the well site. Utah State Tax Commission was for the truck and the trailer. Verizon Wireless was the monthly bill for the cell phones.

MOTION: Eric Cylvick moved to PAY the unpaid bills dated October 15, 2009. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

Scott Boyle

The Board discussed the water pressure issue with Scott Boyle. Mr. Cylvick felt they needed to get the problem resolved and he hoped it could be done without putting in a tank. Mr. Blonquist was frustrated because everyone else on I-Plat has called to thank him and Trevor and to say that this is the best year they have had. Brian Zelch suggested that it might be worth getting inside to see how Mr. Boyle plumbs with the storage tank and to check the flow. There could be a problem with the system that refuses to be resolved.

Trevor pointed out that the pressure is 60 pounds at the hydrant and they have had it open and running water through it. He and Brody recounted comments from property owners next to or around Scott Boyle who are happy to have adequate water pressure for the first time.

Mr. Cylvick told Carol that many of the bills, such as Loughlin Water could be put on the loan. Mr. Cragun noted that the loan is ready to close out and asked if Carol should wait. Mr. Blonquist stated that the loan could not close until he receives the bill from Delco Western. Mr. Cragun remarked that unless there is a cost disadvantage to waiting, they should wait as long as possible to close the loan. Mr. Cylvick agreed that they need time to make sure they include any last minute charges.

Financials

The Board reviewed the profit and loss/budget versus actual. Mr. Cylvick noted that he had budgeted \$538,000 in expenses and they were currently at \$367,000. Mr. Blonquist stated that the only large unpaid expense was the water shares. Mr. Cylvick noted that the \$43,000 for the well shown on the financial statement should be on the loan. Mr. Cylvick questioned why he would have budgeted \$15,000 for electric, since they were considerably under that figure. Brody pointed out that the expense could be lower than other years because all the leaks were fixed.

Mr. Cylvick asked Carol to make sure the well engineering project in the amount of \$43,349 goes on the loan. Shifting that money would counterbalance the \$42,000 water shares expense.

Mr. Cylvick believed the total income would end up at approximately \$475,000. They are currently at \$460,000. He noted that the total expense was \$100,000 less than the current total income. They still need to pay \$42,000 for the water shares and the loan payment.

MOTION: Eric Cylvick made a motion to APPROVE the profit and loss/budget versus actual dated October 15th. Cal Cragun seconded the motion.

VOTE: The motion passed unanimously.

The Board reviewed the balance sheet. Mr. Cragun reported that \$60,000 was moved from the money market to the checking account. Mr. Cylvick noted that they still had \$250,000 in the bank available to cover short falls if necessary. Mr. Cragun stated that \$50,000 of that would be spent to pay the current bills.

Mr. George asked for an explanation of the real estate for \$240,000 shown on the balance sheet. Mr. Blonquist replied it was the estimate of what the property is worth for each of the water rights-of-ways and well sites. Mr. George asked if the Contact well lot has market value if the well is dry. Mr. Cylvick explained that they could technically sell a lot if they decide not to use it. He stated that the deeds are assessed on normal value.

Mr. Cylvick pointed out that the total Treasury Stock of \$95,000 owed is a result of the loss incurred from the lots that were foreclosed. That amount is the Water Company's liability equity. He noted that those lots still accrue late fees, finance charges and assessments. Mr. George asked if at some point the Water Company could take title to those lots and sell them. Mr. Cylvick did not believe they could take the title. They only have the ability to foreclose on the water share.

MOTION: Bill George made a motion to ACCEPT the balance sheet. Brian Zelch seconded the motion.

VOTE: The motion passed unanimously.

Manager's Report

Mr. Blonquist reported that they met with the meter reps who introduced them to radio reads. The advantage of radio reads is the ability to run a history on the radio read outs. They give an alarm if a meter has been running for 24 hours. The reads can be broken into five minute increments to help track the point of excess use. Mr. Blonquist stated that they were given three trial meters and he committed to purchasing another two to have five meters total. The meters were put in at random. Mr. Cylvick suggested putting one meter on the side of the road where Jody usually piles all the snow to see if it could be read during the winter.

Mr. Blonquist explained that you can drive by the meters and collect all the readings without getting out of the truck. The meter reps were concerned that too much snow on the meter would prohibit the radio from transmitting and they would need a booster. Mr. Blonquist stated that all five meters were put in with a booster for consistency. The booster is \$50. The meter itself is \$220. The antenna booster is \$65. The cost of each meter is \$285. They hope to convince the lot owners to purchase these new meters since the meters can be read frequently to avoid large water bills if leaks or other problems occur. Mr. Cylvick felt it would solve the problem of having to dig through snow to find a meter. He suggested that in the future they should consider having a surveyor do a GPS review on each meter. Mr. Cylvick stated that if the five meters work through the winter the Water Company would purchase the trial meters. Interested property owners would purchase their own meters, but it would not be imposed on anyone who was not interested.

Mr. Blonquist asked if the Board wanted to make all new connections radio read meters. Mr. George stated that if the system works they should require it for new connections. Mr. Blonquist pointed out that it would require increasing the meter connection fee to cover the actual costs. Mr. Cylvick stated that he would put the additional expense into the budget.

Mr. Blonquist stated that all the meters have been read. The chlorinator at Bob Cat has been in service for three weeks. He thanked the Board for allowing it because it is good for the Water Company to have it in the event of an emergency. If something gets in the water the chlorine is there and ready to go. He noted that the system is at .02 and the State requirement is a maximum of .07.

Mr. Blonquist reported that one gentleman ran 920,000 through his meter. He was there the week before and there was a leak. This man lives out of town and did not shut off his meter. Mr. Blonquist pointed out that he only comes up to his property once or twice a year and did not shut off his meter when he left.

Mr. Blonquist reported on another leak at a different property that was caught within three days. In that time 50,000 gallons had run through the meter. Another property on Elk Road ran 110,000 gallons. Another property on A-plat ran 420,000 gallons. Mr. Blonquist pointed out the significant amount of water that was lost. Just the ones he and Trevor caught amounted to 1.6 million gallons of water. The Board discussed the

cost to the Water Company and other property owners when people are negligent and water is lost.

Mr. Cylvick believed the solution for becoming more efficient on leaks was to begin using radio read meters and doing a GPS survey.

Mr. Blonquist presented price sheets for Answer Phone. He believed this system would speed up the response time and give customers a 1-800 number to call in an emergency. Mr. Blonquist stated that Mountain Regional uses this system, which is where he got the idea. The cost is \$75 per month for 90 minutes. The patching charge is a \$1 per patch, so every time someone calls it costs a dollar. Mr. Blonquist remarked that a positive aspect is that this company would screen the calls to determine if it is an emergency. The Water Company would still be charged for the call but it would not be patched through. This would be used for emergency purposes only. People should be told that the 800 number is for emergencies only and that the charge for a non-emergency call would be passed on to that property owner.

Mr. Cragun wanted to know how strict the company is on calls, since someone could call in and talk for the entire 90 minutes. Mr. Blonquist stated that he spoke with Mountain Regional and the lady at the company about long winded calls. He was told that when they answer the phone they ask for the problem and get the lot number and a phone number. If a customer keeps talking and does not provide the information they basically hang up.

Mr. Cragun thought they should try it for a few months during the summer if it is on a month to month basis and not a termed contract. The suggestion was made to discuss this at the annual meeting on November 5th. Mr. Cylvick felt they should try it for one year.

MOTION: Cal Cragun made a motion to give this system a trial test for one year and make the decision at that time whether to continue or cancel. Bill George seconded the motion.

VOTE: The motion passed unanimously.

The regular meeting of the Pine Meadows Mutual Water Company Board of Trustees adjourned at 7:50 p.m.

Minutes Approved

Date

