

# *WATER SYSTEM UPDATE*

## *PINE MEADOW MUTUAL WATER COMPANY*

November 10, 2011

Dear Shareholders:

We would like to share with you the Pine Meadow Mutual Water Company (PMMWC) accomplishments over the past 5 years. All of these were made possible due to securing in 2006, a \$3.6 million dollar loan & in 2011, securing access to an additional \$3.1 million dollar line of credit (30 years at 3% interest) from the Division of Drinking Water. The split between the State and Federal DDW was as follows; 20% from the State DDW and 80% from the Federal DDW and the 2nd loan closed on September 1, 2011. With these loans, we have already been able to complete items 1-32 and we plan to complete the remainder of the list in 2012. In closing, the board appreciates all of the patience that was shown by the majority of the shareholders during the immense construction process and we hope the improvements will make your future time on the ranch much easier and much more enjoyable.

- 1) The ranch has now moved into a preventative maintenance and improvement phase.
  - a. Tremendous long term cost savings for shareholders
- 2) Increased fire flow
  - a. Protect your home/asset
  - b. Lower insurance premiums
- 3) Year round water available throughout the ranch
  - a. All lines should now be buried deep enough for winter use (only time will tell)
  - b. Increased property value
- 4) Two full time Water Company Employees
  - a. Safety improvements
  - b. Improved response to summer and winter time water line breaks and other technical problems
  - c. Corporate knowledge protection
- 5) Installation of 135 new fire hydrants
- 6) Installation of 60,000 feet of new water lines
  - a. Reduced the amount of leaks in old water lines by ~2,000,000 gallons per year
  - b. Allowed us to provide adequate supply for required fire flow for the majority of the ranch
  - c. Used bedding sand on all new water line installs
- 7) Installed a 500,000 gallon water storage tank
  - a. Allowed us to provide adequate storage to meet required fire flow
- 8) Completely updated and improved telemetry system
  - a. Includes an auto dialer for leak protection (automatically calls board members if there is a large loss of water)
  - b. Remote access (employees can access the water system anywhere there is internet)

- c. Remote sensing and control of entire pumping system
- d. Installed new "smart meters" that can be read remotely
- 9) 19 new pressure reducing valves (PRV's) throughout the ranch. This should reduce the amount of broken lines in Forest Meadows.
- 10) Rewired all of the pump houses to current UTAH CODE
- 11) Purchased safer gas chlorinator (Bobcat Springs)
- 12) Improved and consistently updated Web-Site for immediate information
- 13) Purchased additional safety equipment for workers
- 14) Water meters installed at Uncle Tom's Well, Tollgate Canyon Well and between the 500K tank and 200K tank. We will now be able to record the total amount of water being pumped, and then we can back calculate the amount of water being lost
- 15) New road base on effected roads
- 16) Epoxy coated pump houses (weather proofing)
- 17) Stained and re-roofed pump houses where required
- 18) Purchased new side by side, new Ford F-250 work truck, trailer ,mini hoe, track hoe, fully paid off back hoe, VAC trailer
  - a. Allowed all work and future projects to be done in house
- 19) Purchased spare parts for the future maintenance
- 20) Built 3000 sq. ft. shop with new office.
  - a. We are able to keep all of our equipment inside and out of the weather, thus reducing maintenance costs
- 21) Renting out old shop space to the Homeowners Association
- 22) Developed new protocols for reading meters
  - a. Re-read with board member present if new meter reading is 20K gallons over previous year.
  - b. Test meter after re-read (completed the same fall as meter reading)
- 23) Additional Income Collection
  - a. Sending shareholders that are one year past due to collections
  - b. Removing the water rights and locking meters on shareholders who are more than one year past due and have found a way to avoid collections
- 24) Water theft protection from non-shareholders
  - a. Removed free water taps from Bobcat Springs and at the Gravel Pit
  - b. Shareholders in need of water can contact Water Company for access to Bobcat Springs
- 25) Improved winter time repair protocols
  - a. Insulation and protection of effected area until blue stakes can arrive
- 26) Scrubbing and cleaning of Uncle Tom's Well
- 27) Test pumped Contact Well and put into system with new pump
- 28) Test pumped Salt Box well (no water)
- 29) Drilled test well on Salt Box Circle
  - a. Unfortunately the well came up dry
- 30) Drilled a ~300 foot deep "test" well on Tollgate Canyon Road
  - a. We air drilled this well.
  - b. This well site will be developed and will hopefully produce 200-300 gallons per minute, which is a sufficient amount of water for full build out.
- 31) Upgraded existing (459) water meters to our new "remote" radio read meters

- a. Detection of leaks and save thousands of gallons of wasted water at the shareholder's expense.
- 32) We have been designated a Community Water System Status by the DDW.

The problem still exists that if Uncle Tom's well does go down in the winter, we cannot get equipment into the site to pull and swap out the pump. Because of the amount of water storage we currently have we would more than likely have enough water for indoor use through the winter barring any leaks, but it would most definitely eliminate the fire protection.

The second issue is twofold; (1) insufficient fire flow for I-Plate and (2) the pressure on the Pine Meadows Drive water line is higher than we would like in order to supply the top of I-Plate with basic water flows. A new I-Plate Bypass water line will be installed in 2012 to remedy both of these issues.

## **PROPOSED PROJECTS 2012**

- 1) Develop new water sources
  - a. Develop existing wells on or near PMMWC property
  - b. Develop the Tollgate Canyon Source; it contains a sufficient amount of water for build out.
  - c. The general approach is to have enough sources that if one source goes down then we would have others to supplement through the winter
  - d. Budget increased by 4% (\$7.00 per month) to cover expenses and new loan costs.
  - e. Explore the potential to install generators at the new Tollgate Well and new upgraded Tollgate Booster to better insure we have sufficient source during a wild fire.
    - i. Rocky Mountain Power has informed us that they will cut all power to the ranch if there ever is a wild fire.
    - ii. With no power available, we will have no way of refilling our storage tanks to fight the fire, and when our storage goes dry the fire department will leave the ranch.
- 2) I-Plate Bypass line
  - a. Install a new water line from Elk Road to I-Plate to ensure that I-Plate will have sufficient Fire Flow Protection
  - b. I-Plate will now be supplied off the 200,000 gallon tanks rather than the 500,000 gallon tanks.
  - c. This change in supply storage will allow us to decrease the water pressure along Pine Meadows Drive which we feel will greatly reduce the number of leaks along Pine Meadows Drive.

Take care, and we hope to see you at the annual meeting at 6:30 pm November 10, 2011.

***Eric Cylvick***

***President PMMWC***

PINE MEADOW MUTUAL WATER COMPANY

