

# *PINE MEADOW MUTUAL WATER COMPANY*

## *WATER SYSTEM UPDATE*

### *NOVEMBER 1, 2008*

Dear Shareholders:

Below I have listed what the Pine Meadow Mutual Water Company (PMMWC) has accomplished in the past 3 years. All of this was made possible due to the securing of a \$3.8 million dollar loan (20 year loan 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. We budget that the principle on the loan will end up around \$2.9 million by the end of 2008 (the loan will be closed on November 30th 2008). With the \$2.9 million we were able to complete and accomplish the items listed below. I hope you have the ability to join us at the **Annual Meeting on Monday, November 10th, 6:30 PM** at the Kimball Junction Library. In closing, the board appreciates all of the patience that was shown during this immense construction process by the majority of the shareholders and we hope the improvements will make your future time on the ranch much easier and much more enjoyable.

Eric Cylvick  
President PMMWC

- 1) The ranch has now moved completely out of a construction phase and strictly into a repair and maintenance phase
  - a. Tremendous long term cost savings for share holders
- 2) Ranch wide fire flow
  - a. Protect your home/asset
  - b. Lower insurance premiums
- 3) Year round water
  - 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) Sufficient water pressure at the top of I-Plate
- 6) We now fully understand the design and layout of the entire water system
- 7) Installation of 135 new fire hydrants
- 8) 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
  - c. Used bedding sand on all new water line installs
- 9) Installed a 500,000 gallon water storage tank
  - a. Allowed us to provide adequate storage to meet required fire flow
- 10) 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 sensing and control of entire pumping system

- 11) 19 new pressure reducing valves (PRV's) throughout the ranch. This should reduce the amount of broken lines in Forest Meadows.
- 12) Rewired all of the pump houses (they are all up to the current code)
- 13) Re-plumbed the pump houses with standard water system products
- 14) Purchased safer gas chlorinator
- 15) Improved and consistently updated Web-Site
- 16) Purchased additional safety equipment for workers
- 17) 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 lost to leaks.
- 18) New road base on effected roads
- 19) Epoxy coated pump houses (weather proofing)
- 20) Stained and re-roofed pump houses where required
- 21) Purchased new side by side, new Ford F-250 work truck, trailer ,mini hoe, track hoe and fully paid off back hoe
  - a. Allowed all work and future projects to be completed in house
- 22) Purchased spare parts for the future as well as have a ~\$20K credit at Mountain States (used for future Repair and Maintenance)
- 23) We will sell the track hoe in spring of 2009 or sooner and pay down the loan
- 24) 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
- 25) Renting out old shop space to the Homeowners Association
- 26) 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 re-read)
- 27) Additional Income Collection
  - a. Sending shareholders that are one year past due to collections
  - b. We are going to be 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
- 28) Water theft protection from non shareholders
  - a. We will be removing 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
- 29) Improved winter time repair protocols
  - a. Insulation and protection of effected area until blue stakes is able to visit the site
- 30) The entire project came in ~\$800,000.00 under budget

Future considerations:

The problem exists that if Uncle Tom's well goes 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 but it would definitely eliminate the fire protection.

- 1) Improve our existing water sources
  - a. Scrub out and improve output of Uncle Tom's Well (historical well logs reflect 190 gallons per minute, currently we are pumping 40 gallons per minute)

2) Look for new sources

- a. Drill an additional well (the location is the question and it would be important to have any new source close to Bobcat or the Gravel Pit)
- b. The other approach is to have enough sources that if one goes down then we would have others to supplement through the winter
- c. Consider purchasing additional water from Mountain Regional Water Company from a line they are currently installing near A-Plat (no prospective deal has been negotiated at this point)

Take care,

***Eric Cylvick***

[www.pinemeadowwater.com](http://www.pinemeadowwater.com)