

Skyline Mountain Special Services District

2201 Skyline Mountain Resort

Fairview, UT 84629

Minutes of the monthly meeting of the Board of Trustees held in two sessions on Dec 19th, 2009 at Skyline Mountain Resort Clubhouse at 2:00 p.m. and 6:30 p.m. Also held this same day was the annual budget hearing to approve the 2010 budget.

Meeting was called to order by Chairman, Ed Collins at 2 p.m. with Board members Mont Pugmire and Terry Behunin present. Dawayne Coombs and Layne Lundstrom excused.

The purpose of the 2 p.m. meeting was to hear member comments on the new water billing. Ed began by explaining that the SSD has for a number of years collected a portion of your monthly dues for road maintenance and water plus a small amount as a water assessment for water. This water amount totaled about \$11,000 per year, which was just about the amount it costs to pay the electric pumping bills with nothing accruing for equipment maintenance and replacement. Examples of the repairs included \$20,000 for water line replacement; a new pump and motor for \$18,000; replacement of controls damaged in a massive power surge this summer for \$3,000. He explained that we take in about \$75,000 for overhead and road and water maintenance, of which we spent nearly \$50,000 on roads for each of the last 3 years. He explained further, that our scoring with the Division of Drinking Water's annual audit of our system is less than ideal. This is not because of purity of the water but related to our system inadequacy. The water rate has never been adjusted since the formation of the SSD a decade ago although our costs have nearly tripled in that time period. Ed gave himself as an example saying that he previously paid \$10 per year for water, a figure that no one would argue was even reasonable to keep a system going. Now he pays 12 times more but even that, in the context of real costs is not excessive. We had several meetings with both Boards and came to a conclusion as to what the minimum revenue stream needed to be to keep the system operational and provide some funding for replacements or upgrades.

We then held a public hearing in April and after hearing input, decided on a rate that would be as fair as possible while generating sufficient funds to keep the system operating. It took several months to get the data base information but we finally got it and in October we billed the old rate for the first 9 months of the year and billed at the new rate for the remaining 3 months. The rate was set for those on meters to have a base rate and an excess use rate that will be very punitive to those using large amounts of water for landscaping, which will encourage conservation.

Terry added that we must improve our system or one day the Division of Drinking Water will mandate improvements. Ed reminded all that there was nothing secret about the process, we are simply trying to keep the system operational for as small an expenditure as possible.

One member commented that those who are metered seem to be not paying their fair share. He also commented that those who live on the golf course seem to get their yards watered by overspray from the golf course watering system. Mont explained that nearly all of those who live on the golf course own Birch Creek irrigation shares which are channeled through our irrigation meter. A Birch Creek share is enough to water 2.2 acres and most of the lots have less than an acre of landscaping so the Resort benefits by over ½ of the investment those people have made in their Birch Creek shares with no out of pocket costs to have that water flow to our benefit. The members who own shares benefit because they can hook on to our lines and don't have a large cost of running lines to their property so both win.

The member stated that members who are on meters are causing the problem. He argued that about 15% are on meters and 85% are not. He said that those who are using it are paying only 13 more dollars more per month than those who use little and use it during the summer months. Mont explained the full time residents constitute 16% of the

Page 2::: lots but pay 48% of the costs of the system. He explained further that we are required to maintain a system that can deliver the peak demand of all the summer users as well as those who are here year round. The average use in the off season is 13,000 gallons per day but the average daily use during the summer, when all the part time users are also here, is 85,000 gallons per day with over 115,000 gallons per day on the bigger weekends. We therefore have to gear up to be able to provide you your water whenever you come. We can't say to you, "sorry, you can't have any water this week end." That would not be acceptable to you. However many of you come on any given week end or even during the week, we have to be ready to provide you with your water needs. Your individual use might not be high but when the total is combined, we have to be ready to provide all that you want when you come. There was some further explanation of our inadequate system nearly all of which we need to upgrade over time. This water billing is not for those improvements. It won't generate enough funds to make those major improvements but it will help us keep what we have in an operational state.

After more discussion concerning equity of the rate structure, Ed thanked those who came for their civil input and their interest in what goes on here at the Resort, saying, that we wish more people would attend these meetings and show the same level of caring.

Meeting was adjourned at 3:38 p.m.

BUDGET HEARING FOR THE SKYLINE MOUNTAIN SPECIAL SERVICES DISTRICT 2010 BUDGET AS PROPOSED. TIME OF MEETING 6 P.M. Joining us was Layne Lundstrom, board member.

Terry presented the proposed budget for consideration of the Board as we worked it out at our last meeting. We reviewed by line item. The revenue from SMR dues will likely be \$90,000 and not \$103,000. The net water billing should be about \$55,000. We adjusted a few amounts in different categories. After discussion and modifications, Mont moved for acceptance of the amended budget. Layne seconded. Vote was 4-0 in favor. Budget is passed.

Budget hearing closed at 6:30 p.m.

Session 2 of the monthly Board of Trustees meeting convened at 6:30 p.m.

Minutes previously sent electronically were presented for approval. Terry moved for approval with Layne seconding. Motion to approve 4-0 in favor.

Member items: Members present were Rick Whitney and Bert Beddoes with lot C52 in shared ownership.

Bert wanted to discuss a Resort wide water system in the future. There are some concerns. How are we going to determine lot improvement categories? Are we going to have someone monitoring classifications? The way the Resort will be broken out for the vote must be set up so that each area votes for its area. Assuming that the lower area votes in favor, how will the increased benefit to all the Resort by virtue of the Resort owned lots that will be sold as improved be allocated back to the repayment of the bond? He suggested that it would be unfair for one area to be responsible for the bond and all areas to benefit in the profits of the increased sales.

Ed explained that no one at this point knows the details of how the vote will be done; whether the Resort will vote it's lots; how it is going to take place. All we can really tell you is our own feelings about what should happen but the answers to your questions are not known at this time.

Ed raised the question about the plowing of the roads to Lloyds, who are now living here on week ends.

Do we want to continue with the same snow plowing contractor? The consensus among the Board is to continue with the present contractor.

Page 3: Water projects for 2010:

- 1 Build an insulated storage at Thad's to extend the season. Build around the water valves so it won't freeze.
- 2 Is there a way to insulate the lower fill station pipe to allow use of the larger hose for longer in the season?
- 3 We will need to replace the hose next spring.
- 4 Can we start to save toward the Birch Creek well at the Parson's Colledge cabins.

Certified systems operators: Do we want to maintain Joe as certified systems operator. Should we ask Orson if he wants to recertify as system operator and we would pay for classes and testing. Mont asked to talk with him about this.

Terry motioned for adjournment. Layne seconded. Motion carried 4-0.