

Skyline Mountain Special Services District

2201 Skyline Mountain Resort

Fairview, UT 84629

Minutes of the monthly Board of Trustees meeting held April 25th, 2009 at Skyline Mountain Resort Clubhouse

Meeting called to order at 6:32 p.m. by Chairman Jay Hansen. Present were Ed Collins, Terry Behunin, Dawayne Coombs, Jay Hansen, and Orson Stilson. Excused was Mont Pugmire.

1. Water rate adjustment.

- a. Whereas the water rate structure of the Skyline Mountain Resort water system as it currently stands is inadequate to fund the proper operation and maintenance of the water system and
- b. Whereas the SSD Board has determined that it is required to establish a rate structure that will pay for the operation and maintenance of the water system and
- c. Whereas there are numerous projects required to enhance the use of the system for the members of the District and
- d. Whereas there are not sufficient reserves available to provide for the repair of serious emergencies should they arise and
- e. Whereas it is necessary to provide an escalating rate structure to discourage wasteful practices and
- f. Whereas there currently a serious lack of water storage in all areas of the District and
- g. Whereas the funds are needed immediately to cover the costs of the planned "O" section (Birch Creek area) well, now therefore be it resolved that

The Skyline Mountain Special Services District Board of Trustees proposes new water rates as follows:

1. There will be three separate designations:
 - a. Those who are hooked to the existing system.
 - b. Those who have improved lots.
 - c. Those who have unimproved lots.

Those hooked to the existing system are those on Spring Creek, Spring View, Fairview, Eagle Drive, the meters of the Skyline Mountain Resort, Lot C-1 and those adjacent to the District who can provide in writing, documentation that supports them being hooked on the District's water system. These lots are classified as in (a.) above.

Those who have cabins, homes, developed mobile home, travel trailer or motor home sites anywhere in the District and who are currently served by any of the District's water fill stations will be classified in (b.) above. This would include those who have water storage as designated by Sanpete County or a septic system or have their mobile homes/travel trailers that are permanent or seasonally placed or have improved parking, power to lot or other significant improvements including sheds etc. Any of the above will constitute designation as an improved lot. The Board will have final decision making concerning this class.

Those with lots that are unimproved in any of the above definitions will be in class (c.)

Comments: Orson asked how we would answer those who question their rate. Ed: We will never be able to attach an actual value to the fact that we all have access to water but there is a value to every member in that they don't have to carry water from their homes etc for use here. They can go to any of the fill stations and can use the RV waste dump facility any time they want to. The amount of water they may use in a given year is not relevant to the establishment of a base rate structure. The base rate structure is based on what it costs to operate the system so that all members and

page 2;;;; their guests, at any time, have access to water on site. In the previous public hearing there were several who commented at how much per gallon their particular use might be. Ed explained that there is a base cost for having water available whether one uses it or not. Under our current structure, anyone can have water and there is no way to meter or establish who is using a lot or who is using a little. We simply have to assign a value to the fact that we do have water available to any member at any time. Whether you use it or not, the fact that you CAN turn on that faucet is what establishes the base rate. It is the same as those members who continue to pay their monthly dues but who only use their lot sparingly or not at all. Their dues are the same as those who come often. We also cannot determine a variable road maintenance amount with some members using 10 miles of roads to access their lot and some using 1 mile to access theirs. In the end there is a certain amount of arbitrariness to any decision that is made. Orson Stilson commented that all the Board can do is to do the best they can to be as fair as possible. Terry suggested that we should establish a forum such as a written request for review for members to come before the Board to plead their case for adjustment.

The rates will be as follows:

1. Metered or hooked on to the current system customers will pay a base rate of \$23.00 per month up to and including the first 5,999 gallons of use per month. From 6,000 to 9,999 gallons the charge will be \$1.00 per 1,000 gallons. From 10,000 to 14,999 the charge will be \$1.50 per 1,000 gallons. From 15,000 to 19,999 the charge will be \$2.00 per thousand gallons. From 20,000 and above, the cost will be \$3.00 per thousand gallons.
2. Improved lots as described above will be charged a flat rate of \$10.00 per month.
3. Unimproved lots will be \$4.00 per month. These are lots with no services or with only vehicular parking.

Terry Behunin moved and Dawayne Coombs seconded the motion to accept the new rate structure as listed above. Motion carried 4-0. For the record, Mont had forwarded his proxy to Ed instructing him to vote "aye". This may not be legal for a Special Services District so this proxy vote will not be counted but it does serve to show, for the record, that the Board is unanimous in this decision.

2. Minutes of March 2009 were previously sent electronically to all Board members. Minutes were voted to be approved as sent. Motion carried 4-0 in favor.
3. Legacy water issue: Terry reported that Jay, Everett Taylor (president of the SMR Board) and Terry met with our attorney and is going to file a protest against Legacy for providing water to their system when all they have is a test well drilling permit. This goes to enforcement officer, Terry Carpenter, and is complicated enough that we should have our water attorney file this protest. Jay will speak with our legal counsel to make sure the proper form is filed.
4. MgCl: Terry: This was discussed in the SMR Board meeting because they had asked us to wait to move this forward because they may want to be involved. The problem is that the SMR Board cannot assess more per year than the \$90 per lot that has been assessed for the deeding process. Jay commented that we have members who have said they would take on the project of mailing letters etc but that we have deferred to the SMR Board to hold off until now. Terry stated that this is not an SMR area of responsibility because the SSD has the roads. What we need from SMR is cooperation on getting the mailing lists so that volunteers can contact the members in their area. Jay suggested that we should at least do the "S" turns up Juniper Drive. Jay explained that the equipment for doing this is rather specialized. Ed stated, "It is not going to happen unless we do it." Terry wondered if we have sufficient funds to do this project this year. Terry suggested that we encourage members to get together and collect the funds and the SSD will pay for grading and water truck application. Ed asked again how these neighbors would be able to find out who is in their area. He asked, "Why would we not offer to provide the address lists to actually help them?" Terry will take the action item to contact SMR Board President, Everett Taylor to see what help we can get from them.

5. Procurement policy: Terry explained that SMR has established a policy that requires a purchase order for any purchases more than \$25.00. He suggested that we adopt something of a similar fashion. Ed said, "We have contractors who work for us and it is reasonable for us to enforce some qualifications on these people as to how they behave and how they adhere to District safety policies. It is unreasonable for us to reward those who work for us but who disregard our policies. He said, "I'm not trying to single anybody out but we do need to ask for compliance if any or all of them want to do work for us." Terry stated that some our projects are becoming large enough that securing competitive bids may be of benefit to us. Acceptance of an awarded bid would also include compliance with our safety and operating policies. Ed and Dawayne will take the action item to create some kind of specification policy regarding work contracts.
6. Road Patching: From Mont: "Eagle Drive is deteriorating now. Do we want to approach the lot owners on that street to see if they would be interested in participating in the cost of new chip seal." Do we want to solicit bids on road patching for the potholes that have developed on Sports Haven Drive? We need to prepare for a significant project in the "O" section this year. We could save some funds by using reject sand as a base and then topping with road base as required. Terry asked the question as to whether we want to do asphalt projects with the new water system relatively imminent where the roads will be torn up putting in water lines.
7. Water Billing: Ed has a lady in his workplace that will create an interface with Quick Books to facilitate our water billing. Terry suggested that he first talk to Everett of SMR to make sure we can get their cooperation.
8. Snow gate policy: Do we want to continue to enforce the snow gate policy? Ed asked what it gets us? Orson said, "When they are open and there is little snow on the roads, people try to go in their 4 wheel drive trucks and they tear the roads to pieces." Is the gate in the right place? Answer: No, the Juniper Drive Gate needs to be moved anyway because it has to be placed above the full time available area. Jay suggested that perhaps we should leave them open and let the people suffer and maybe they will demand or help get compliance. If we leave them open, it will make the trail grooming very difficult. Jay suggested we put it out on the Resort web site and in the minutes that we are reviewing the snow gate policy and ask people to send in writing their input. Ed stated that if we decide to keep them closed then we need to be prepared to put security cameras to catch the vandals and abusers. Juniper Drive at present is deeply rutted and in poor condition due to the vandalism and the gates being left open. The stated purpose for the gates in the first place was two fold: 1. To protect the roads from damage and 2. To facilitate safety and people not getting stuck and needing rescue.
9. Rocks removed in the 'dugway' on Birch Creek Road. Jay moved that we authorize up to \$350 for this. Motion passed 4-0
10. Jay suggested that we meet again to re-evaluate our road system again for this year's budget.
11. Ed moved to accept the financial report for first quarter. Dawayne seconded. Motion carried 4-0.
12. Dawayne moved for approval to appropriate up to \$5,000 for vegetation control spray and to await reimbursement from the fire grant.
13. Ed moved for adjournment. Second by Dawayne. Meeting adjourned at 9:00 p.m.

Respectfully submitted,

M. LaMont Pugmire, sec-clerk