

**Timber Lakes Water
Special Service District**
Wasatch County Offices
25 North Main
Heber City, UT 84032
435-654-0125
11/20/2012
6:00 p.m.

Board Meeting Minutes

Chairperson: Neil Anderton

Note Takers: Carol Baker and JaNae Quilter

Board Attendees: Neil Anderton, David Hansen, Ralph Lewis, Steve Farrell, Mike Wheelwright, and Greg McPhie. Leno Franco was absent.

TLW Personnel and Legal Counsel Attendees: Jody Defa, Carol Baker and Duane Moss.

GUESTS: Darrell Clegg, lot 1920 Elk Drive

The meeting began at 6:00 p.m.

Approval of October Board Meeting Minutes: The Board reviewed the October Board Meeting Minutes. **Steve Farrell made the motion to approve the October minutes. Mike Wheelwright seconded the motion. David Hansen abstained. The motion passed unanimously.**

Warrant List: The Board reviewed the warrant list. The check numbers began at 10531 and ended at 10583. There was a question on two checks; check number 10579, issued to U.S. Bank, for payment of three bonds. Check number 10568, issued to Moss Law Office. There had been a mix up in the office and the invoices were not mailed for a few months.

David Hansen made the motion to approve the warrant list. Greg McPhie seconded the motion. The motion passed unanimously.

Water Manager Report: As of today, November 20, 2012, the West Side Spring has not diminished since the last gpm test. Samples sent to the state came back good. There were no bad samples.

The West Side Springs have enough water to service an estimated 55 cabins. Timber Lakes Water Special Service District (referred to as "TLWSSD", or "We", or "The District") has the water right, but no point of diversion. TLWSSD will need to file a change of application to add the West Side Springs Point of Diversion to our existing water right before it can be used. We must have a point of Diversion if we are using the spring. This process will take approximately 12 to 18 months.

The West Side Spring is below the Church of Jesus Christ of Latter Day Saints source, so that should not become an interference issue with them, but their upstream diversions could impact our flows.

Darrell Clegg inquired about information regarding the fee analysis structure. The explanation is as follows:

- TLWSSD had the impact fee evaluated by Zion's Bank Vice President, Matt Millis. It was determined that the impact fee could no longer be charged, so the Board determined there needed to be a change in structure.
- A fee structure will be set up, so the water usage is charged in blocks. There will be an increase from the \$20.00 monthly meter maintenance fee to \$24.50 for each customer with a connection. This entitles everyone to up to 4,000 gallons usage per month beginning January 2013. Those customers using 4,000 gallons or more per month will be paying less than their current bill, unless they use excessive amounts of water. Large users will pay significantly more.

The last increase the Water Board implemented for maintenance was in 2000. All other increases involved bonds.

Mr. Clegg was under the impression the 2011 Bond was to sustain any further increases. The Board explained the reason for this increase is to operate and maintain our water system. The Board stated TLWSSD could not charge just the part time, or the full time residents, so this structure is the best solution for the entire community.

Last winter we had no snow for insulation and many meters froze, resulting in higher than anticipated operations and maintenance costs. Many of the maintenance costs went into capital improvements. Now it is vice versa. The capital fees are now going to maintenance fees.

Mr. Clegg stated that he came to this meeting knowing the Board will do what they have to do; he is simply here to try to understand the whys.

The Board meeting closed at 6:45 and the meeting was open to the public portion of the budget meeting.

2013 budget:

We are using a cumulative reserve, and we need to make sure to keep the reserve up.

2020 is the year the 2011 Bond is callable. TLWSSD have debt reserve with the bank. We must have another reserve so sinking fund payments are made. (We are building up a sinking fund, which is more like a mortgage.) On June 15 of every year, we must make sinking funds payments. TLWSSD has a restricted reserve fund (with Zion's Bank). We made less than 1% on the fund; we cannot pay the bond off for ten years, per documents we have previously signed.

Tax-exempt entities are approved to use or invest in certain types of investments; there was a suggestion that we invest in CD's.

TLWSSD needs to have a paper trail (suggestion of a spreadsheet form to track the said paper trail) of how funds are allocated, and show how we are making timely decisions, as well.

We only give to Zion's Bank what they call for, this is tracked by the balance sheet. The office documents the cash report on a monthly basis.

There are two other variables put into reserves: 2004- 2024 interest, and 1998-2017 interest.

There is no real change on the labor costs, or on employee insurance costs.

Budget cuts may include 5,000 engineer costs, fuel, and meter replacements.

David Hansen made the motion to approve the tentative budget. Steve Farrell seconded the motion. Ralph Lewis is concerned with a cost of living increase for employees. Motion passed.

Regular meeting resumed at 7:40 p.m.

Dump Truck: Wasatch County has a dump truck for sale. The cost is between \$15,000.00 and \$20,000.00. If we purchased the dump truck, in two to three years, we could come out ahead on our trucking costs taking into account labor and truck costs while the truck is idle waiting on our work.

The question was asked if we could sell one of the backhoes to cut costs. Both backhoes are used to help clear out fire hydrants following a heavy snowfall.

The track hoe will be paid for in three years.

David Hansen made the motion for Jody Defa for Jody to investigate the purchasing of the dump truck and gives Jody the authorization to purchase the dump truck based on the results of his research; and to hold off turning in the backhoe until the lease is up in 2013, at which time a sale can be reconsidered. Steve Farrell seconded the motion. The motion passed unanimously.

Telemetry System: The telemetry system went out on November 11, 2012. The chlorine shack burnt down. The fire is believed to have been started by a fan, which then destroyed tubing, burning the propane. TLWSSD workers rebuilt the chlorinator and is trying to fix the telemetry. One side of the building burned, causing a few thousand dollars' worth of damage.

The deductible for our insurance is \$10,000.00, which is not worth filing a claim. TLWSSD will fix it without filing the claim. The crew will patch it, and make it do.

An option which should be considered for future chlorine buildings would be to have an outside entry door with and interior door with a glass window where site conditions can be assessed before final entry.

Ralph Lewis made the motion to patch and repair the chlorine shack. Mike Wheelwright seconded the motion. The motion passed unanimously.

Mike Wheelwright made the motion to adjourn the board meeting. David Hansen seconded the motion. The motion passed unanimously.

Meeting adjourned at 8:00 p.m.

Action Items:

- **Jody will email Darrell Clegg a copy of the fee analysis.**
- **Office will check on the status of the remaining balance from the theft that occurred last year.**