

**TREMONTON CITY CORPORATION
CEDAR RIDGE WATER COMPANY MEETING
August 9, 2010**

City Council Members Present:

Diana Doutre

Lyle Holmgren

Byron Wood

Darlene S. Hess, Recorder

CEDAR RIDGE WATER COMPANY MEETING

David Z. Thompson called the August 9, 2010 Cedar Ridge Water Company Meeting to order at 6:00 p.m. The meeting was held in the Deweyville Town Hall at 10870 North Highway 38, Deweyville, Utah. Those in attendance from the Tremonton City Council were Councilmembers Doutre, Holmgren, and Wood, Recorder Darlene S. Hess, and Public Works Director Paul Fulgham. Mr. Thompson welcomed the Cedar Ridge residents and the members of the Tremonton City Council who were in attendance.

Mr. Thompson turned the time over to Paul Fulgham, Tremonton City Public Works Director, to give a presentation for the purpose of updating the Cedar Ridge residents on Tremonton City's involvement with the purchase of the 1986 Cedar Ridge Well.

Public Works Director Fulgham explained that, because Tremonton City is a public entity, they have to live by the Open and Public Meetings Act. This means that, if a quorum (three or more) of the City Council is present, the meeting has to be recorded. Mr. Fulgham introduced Councilmembers Doutre, Holmgren, and Wood, and City Recorder Hess. He requested that anyone making comment please state their name.

In 2008, Tremonton City conducted a Well Sighting Study because they could see they were going to need an additional source of water. The consultant involved requested that the City provide him with locations that would be advantageous to the City where there should be water. Mr. Fulgham said that he always looks east of the Bear River for water sources as the water quality is better. A couple of sites were picked on the east side of the river. The City currently has several springs located by **the** Bear River, just off the Germer property, and the water is pumped to a reservoir located just north of the Deweyville Cemetery. A site was selected in this area. There are also two springs on the Deweyville hill. A site was also selected by the reservoir because the water wouldn't have to be pumped so far. Another possible location was in the area of Jeanie Stevens Park, and another site on the west side of Tremonton, but there is concern about water quality on the west. Other sites on property the city owns were also considered. The Geologist looked at the sites, some of the wells, and things related to the make-up of the water. Deweyville recently drilled their #2 well on the east mountain and it is producing about 750 gallons per minute (gpm). Tremonton wanted to get at least 1,000 gpm from the well. Historical data on the 1986 Cedar Ridge Well was reviewed. When it was drilled, it was test pumped at 2,300 gpm. It did not have a twenty-four hour pump test because there was no place to put that amount of water, but, that well had a lot of potential. A site was selected which looked good, but there was no well, and digging a well is

always a gamble that there will be water there, even when all the geology looks good. The study came back around January 2009.

At this point, Director Fulgham talked to the City Manager and suggested that Mr. Thompson be approached about the possibility of purchasing his well. Talks with Mr. Thompson went on for about one year before an agreement was reached. The agreement was that Tremonton City would purchase the well from Mr. Thompson and we would provide Cedar Ridge with water.

There were two options. One was to take the water up the hill and across to Tremonton City's tanks, or to take it down by the highway to those tanks. The City was able to get the easements which allowed them to take the water to the reservoir on the hill.

The well was purchased and the water has been tested. Because it was already a culinary well, it met all of the State requirements for drinking water. The water quality was close to what the City springs on the mountain produce.

Concerns of Cedar Ridge residents:

Mr. Randall Hatch asked why Cedar Ridge residents were never informed. Mr. Fulgham responded that he can't answer that, but, none of the names of the Cedar Ridge residents appears on the State records for water rights, etc. All the records are under the name of David Z. Thompson. Tremonton City was dealing with David Thompson, the owner of Cedar Ridge Water Company.

Mr. Hatch: Residents are member shareholders of the Cedar Ridge Water Company. Page 25 of the By-Laws gives them the well, which they purchased. Mr. Fulgham replied that the City purchased a hole in the ground. According to State records, Cedar Ridge residents have no water rights.

Mr. Hatch: There are existing water rights. Mr. Fulgham: There are existing water rights owned by David Z. Thompson. Tremonton City didn't buy those rights. Tremonton didn't want the water that belongs to David Thompson and Cedar Ridge Water Company. They just wanted to know what the water was and that it met all of the State requirements so that when they drilled a hole it wouldn't be a "shot in the dark."

Director Fulgham advised that, if Cedar Ridge Subdivision has by-laws, they should be recorded with the State. Water companies are set up two ways. There is the Equal Shareholder type company which means everybody who holds a share has a voice. There should be by-laws, or covenants, or something that addresses that. There is, also, a Private for Profit Company which means the shares are owned and controlled by a company. Because it says "for profit" doesn't mean the company has to make a profit. It means that the majority of the shares are owned by a person or a company. The latter is the way Tremonton perceives Cedar Ridge Water Company. Two attorneys have been working on this agreement for eight months to be certain that, when the City made the purchase, it would be the City's. The City has begun construction on the well, all above ground, and everything done to State specifications.

Mr. Hatch: Tremonton has moved forward without approved water rights. What is the status of Tremonton's rights? Director Fulgham: Tremonton is in the process of applying for water rights. The City does not have a right to pump any water out of that well, yet. The City has filed on all new rights. Tremonton could have moved some existing rights into that well, but we didn't. We filed on all new rights.

Julie Anderson: Will Cedar Ridge have enough water for fire protection? Director Fulgham: Fire protection is all rated on the tank volume, how much storage there is. Currently the water company has been pumping 225 to 260 gallons per minute. Mr. Fulgham explained how the capacity of a well is determined. Testing was done in May of 2009.

Ms. Anderson: What was the process? Director Fulgham: The process was that Tremonton videoed it and cleaned it. Tremonton wanted to be certain that, if the City decided they didn't want the well, it was going to be in better shape when Cedar Ridge got it back than it was when Tremonton got it. All of the videos, test results and water samples were given to Mr. Thompson.

Ms. Anderson: Cedar Ridge has been without water and it was because Tremonton was testing the well. Director Fulgham: That is because Tremonton City was doing a test pump on the well.

Resident: After the testing, will the well come back up to normal? Director Fulgham: Absolutely.

Resident: What caused the problems with our pump? Director Fulgham stated that he didn't have any idea what their electrical problems or pump problems are.

Resident: It all happened after Tremonton finished with the testing. Director Fulgham: Tremonton City didn't do anything to the pump. The existing pump was put back in place.

Resident: Was it just because of the activity? Director Fulgham: I don't know how the well is pumping down.

Resident: Every seven years or so the pump has had to be replaced. Director Fulgham: I do not know why.

Resident: This is a public utility. As such, Cedar Ridge Subdivision should have priorities and rights. Director Fulgham stated that he will get to priorities later in the presentation. Tremonton City isn't coming in to pump before Cedar Ridge gets their first drop of water. Cedar Ridge has a submersible pump. The motor sets on the bottom, the pump sets on top, and it shoves water up the column. Historically, if there is a problem, it is the motor that has gone out, not the pump, and often as a result of moisture or electrical problems. When Tremonton puts their pump in, it won't be a submersible pump. The motor will be above ground with a shaft that goes down the well to the pump. This keeps the motor from moisture and makes it easier to replace. Ten year's use of a submersible pump is really good. It is less expensive to replace a submersible pump than it is to rebuild it.

By Tremonton City owning the well, what Cedar Ridge will get is a lot better quality pump and motor. Tremonton will have two lines. One will go straight to Cedar Ridge Water Company, and the second will go to the Tremonton City's storage tank. Tremonton City did not want to do anything that would disrupt Cedar Ridge's distribution system. Tremonton will be connected between the old well and the storage reservoir. One reason that there are two lines is because Tremonton disinfects their water, not because the water is bad, but just to be safe. The City understands that Cedar Ridge, at this time, does not want their water disinfected, so having the two lines allows that to happen.

Director Fulgham continued with his presentation with a discussion on Water Rights. He referenced

the term “First in Time – First in Line”. Cedar Ridge is first in line because they are first in time. The original water right goes back to 1976. At that time David Z. Thompson filed on a well he had dug that had a flow of about 224 gpm. He filed for 25 irrigated acres, 50 units for animals, and for 25 EDU’s, which are homes. That right was granted. That well didn’t hold up, so Mr. Thompson transferred the rights from the old well to a new well, and he also filed on additional water rights. So, in 1986 he filed on another 0.5 cfs of water, or 150 acres, with 325 EDU’s, or Equivalent Domestic Units, now referred to as Equivalent Residential Units. That gave a total of 350 connections. This gives a priority date of September 13, 1988. If Tremonton City gets a right, it will have a priority date of 2010.

Tremonton City has obligations to the Cedar Ridge Water Company. Mr. Thompson took care of the residents of Cedar Ridge during the negotiations on the agreement. Tremonton’s obligations, as set forth in the agreement between Tremonton City and Cedar Ridge Water Company, were reviewed:

- 3.01 Cedar Ridge Water Company Service. Buyer hereby agrees to provide water and water service from the Water Well to the Cedar Ridge Water Company. Said water will be piped to the Cedar Ridge Water Company water facility. Buyer shall own and maintain the pipeline from the Water Well to the Cedar Ridge Water Facility (See Exhibit “D”). Seller will then use the water piped to Cedar Ridge Water Company facilities to distribute water to the customers of the water company.
- A. Buyer will install, provide, and bear the financial obligation of a direct pipeline from the Water Well to the aforementioned water facilities located on Seller’s property at the Delivery Point described in Exhibit “D”.
 - B. Buyer will install, provide, and bear the financial obligation of a water meter for the direct pipeline referenced in Section 3.01(A) of the Agreement. Said water meter will be used to determine the amount of water usage by the Cedar Ridge Water Company.
 - C. Buyer will charge a water usage rate to the Cedar Ridge Water Company based on the amount of water used, as measured by the installed water meter. The rate at which Buyer shall charge the Cedar Ridge Water Company shall be based on a prorated share of the operations and maintenance cost, including any electricity costs associated with the pumping of the water to the Seller’s private water facilities. Buyer shall reserve the right to amend water usage charges to Cedar Ridge Water Company, as needed, and to be determined by the cost associated with the operation, maintenance, any Cedar Ridge Water Company water usage in excess of its allotted water rights, and electricity of the Water Well attributed to providing water to the Cedar Ridge Water Company. Any increase in water charges by Buyer shall be preceded by written notice to Seller at least thirty (30) days prior to the rate increase.
 - D. Buyer will continue to operate the well and provide the Cedar Ridge Water Company its allotment of water. In the event that the subject well loses sufficient water production to provide water for Tremonton City and the Cedar Ridge Water Company, the parties hereby agree to form a joint venture, including joint financial obligations, to seek alternative sources of water production.

Director Fulgham explained that Tremonton City will provide a pipe line and will pump water from the well up to the Cedar Ridge Water Company storage facility. After that point, it becomes Cedar Ridge’s responsibility. Tremonton will also provide a meter and there will be a water rate. State

law requires that water be metered. Every year water systems have to provide a report to the State declaring how much water has been pumped and delivered to the customer. There are no teeth associated with that law unless the water system is going after Federal or State money. Then, they will enforce the law. Another reason for meters is that they make everybody equal, so that a widow with a small one-half acre lot will not be required to pay the same water bill as the person with five acres. Tremonton will charge a water rate to Cedar Ridge based upon the amount of water used, measured by an installed water meter. It will be based upon a pro-rata share of operations and maintenance, including electricity costs. Electricity costs will come from Rocky Mountain Power. Operations and maintenance looks at what it actually costs to operate the pump and includes replacement costs. The City will not come back to Cedar Ridge residents if something needs to be replaced. Replacement costs are built into the water rates. Hopefully the motor will not need replacing every seven years. Typically a motor is depreciated for a ten year period because they are a better quality than submersibles.

Ms. Anderson: Will the Cedar Ridge rates be different than Tremonton City's rates. Response: Absolutely. Cedar Ridge will be charged a different rate.

Resident – You'll have one meter. Response: Director Fulgham told the attendees that there will be one meter on Tremonton City's system and another meter on Cedar Ridge's system. Right now Tremonton City has a water rate of \$1.13 per 1,000 gallons. But, this supports all the transmission lines throughout Tremonton. Cedar Ridge will not be paying for all of Tremonton's transmission lines but only for what is at the pump house, so Tremonton's rate will definitely be different from what Cedar Ridge's rate will be. Tremonton will be wholesaling water to Cedar Ridge Water Company. Then, the water company will divide it out as to who in Cedar Ridge pays what portion of that bill. Cedar Ridge Water Company is Tremonton's customer, not the individual property owners.

Resident: When we moved up here we had the assurance of two water shares. Director Fulgham referred those present to the Water Right slide that was shown earlier. It shows that the water right includes water for 25 irrigated acres and 25 homes. You say it is two different shares, but it is one share with the State.

There were questions about the shares. Director Fulgham asked if, when they received that share, it showed how much water they got and told them their share(s) are with the Cedar Ridge Water Company. David Thompson told those present that they have inside for domestic use. For irrigation, the State allows 4 acre feet per three animals. An acre foot of water is about 325,829 gallons. Cedar Ridge is allowed, for all of its usage, 36,707,000 gallons of water. Director Fulgham added that the rates are on two different schedules residential & animal use is year round and irrigation is from April 1 – October 31.

Resident: How do you even know how much water we are using? Director Fulgham said he didn't know. There has never been a meter to read. He stated that he had to do some speculating to get a rate.

A resident asked a question about fire flow requiring a minimum of 105,000 gallons of water storage) Director Fulgham: But what they are saying is that fire flow requires anywhere from 500 gallons to 1,500 gallons depending upon the kind of structures you have. A good rate is 1000 gallons per minute for 60 minutes or two hours depending upon what the fire hydrant (houses) rate is for that home.

Further questions answered by Director Fulgham: Right now Mr. Thompson's pump is pumping about 225 gpm. Mr. Thompson stated that it is 280/260 gpm. Director Fulgham said that is the design, but without a measuring device, it is all based upon speculation. When the new pump is set up, it will all be controlled by a computer. Tremonton tries to keep the tanks between one-quarter and all the way full. They are never allowed our tanks to get below one-quarter full. This is done because, in the instance of a fire, high demand, electrical problems, etc., you always want to have the storage. The Cedar Ridge tank will be operated the same way. A pump should not be allowed to run and run and run. If it is allowed to drop down, fill up, drop down, it saves cost for pumping time. Tremonton's pump for Cedar Ridge will pump 600 gpm, so, if there is a period of high demand, this will allow the water to be replenished faster than what has been seen before. With a call in for Tremonton City, it will pump 1,500 gpm to Tremonton City. If both lines are calling at the same time, it will split that flow with 600 gpm going to Cedar Ridge and Tremonton will get the rest. That is the way the pump is set up. It will be pumping on what is called a VFD, so the same pump will pump a little slower when it is pumping to Cedar Ridge as it won't need to be running at full capacity. It will save money, because then the City won't get charged what is called a "Demand Fee" from Rocky Mountain Power because the pump can be ramped up slower so there won't be that on-rush. It takes two-and-one-half times the power to start a motor up than once it gets going. With a VFD, you can slowly start turning the motor. When the City did the draw-down test we pumped 1,500 gpm to bring it down about twenty-five feet and then it held its own for the rest of the time. It wasn't done for the full twenty-four hours because there was no place to put the water. The State required us to run six hours and show that there was no drop in that length of time. Those numbers were given to the geologist, Peterson Brothers, and he said the recovery rate on that well is unbelievable. That well was drilled for 2,000 gpm and it has only been pumped at a rate of a couple of hundred gallons per minute for almost thirty years. It will get better with time because of what is called the developing of the aquifer. It causes things to open up so water moves better through the aquifer. A probe will be run down the well. It will be measured for draw-down and what the aesthetic level is twenty-four hours per day, seven days a week. This will allow the City to go back on our records to see whether the level drops in the summer, or whether the level comes back in drought years, etc. The constant monitoring will provide real time data on the well.

Resident: What will happen if the well fails to produce enough water? Director Fulgham referred to paragraph 3.01.D of the Agreement. The agreement is that Cedar Ridge is first in time, first in line. In the event sufficient water production is lost, Tremonton City will be the first off-line. If something goes wrong with the well and it has to be replaced, then a joint venture will be formed, sharing joint financial obligations, for the purpose of seeking an alternative source. Tremonton City would not have taken these steps if they had any idea something would go wrong with that well. That well has proven itself since 1986. If Tremonton had thought there were water quality issues they wouldn't have ventured this way. When the City looks at things, it is on a fifty year basis because that is what the City has to plan for. City water providers can hold water rights for fifty years for future growth. Private water companies have a little harder time because they don't have a defined service area. There is also concern, with private water companies, of people speculating by acquiring large numbers of water shares and then selling them at an exorbitant rate.

Resident – Isn't that what happened to us? Director Fulgham: No water rights were sold to make a profit. Tremonton didn't buy any water rights. All they bought was a hole in the ground.

Resident – So, in the future if more water is needed, will Tremonton drill deeper in the existing well? Director Fulgham: It is not financially feasible to re-drill a well. By the time you try to re-drill into a casing, it is better to go drill another well somewhere else. The reason Rocky Mountain

Power did what they did in putting in that new line was for redundancy. If a City needed to drill another well, it would not make sense to drill it alongside an existing well because, if an earthquake came in and changed that aquifer, I would want my well in a different location. If Tremonton were to grow and need another well, they would look in another location on the east side to drill that well.

Resident: Tremonton will be getting free water. Director Fulgham – No. Tremonton has to pay a pumping cost just like Cedar Ridge does.

Resident – You are not paying money to the water company. Director Fulgham: Tremonton City is not taking your water. As an example, Mr. Thompson owns a hole in the ground. He pumps out 200 or 300 gallons per minute and that hole shows it could produce more. Tremonton City could have legally walked into the Division of Water Rights and said, “I want to file on water out of David Thompson’s well.” Would that result in Mr. Thompson and Tremonton City going to court? Absolutely. Mr. Thompson doesn’t own that water – the State does. All the water in the State of Utah belongs to the State of Utah and they can do what they want with it for “beneficial use.” No one has the right to turn a hose on and let it run. If it’s not going to beneficial use, the State can say it has to be shut off. Tremonton did not buy the Cedar Ridge Water Company’s water rights. We purchased the hole in the ground. There are certain things Mr. Thompson now no longer has to do as part of the water company. He no longer have to pull samples, yearly, quarterly, every three years, every nine years, and pay thousands of dollars to have those samples tested. Tremonton City will do that. That is part of the cost of the operation of the well.

So, how does Tremonton come up with the cost of the water? Director Fulgham said that he has been speculating on that, himself. There is no meter reading to base it on. What he did was figure, if he ran the well eight hours per day, six months out of the year, at 1,500 gpm, how much water would that use? That came up to around 259,000,000 gallons of water per year if the well was run at that rate. Tremonton City is eventually going to use that water four months out of the year: June, July, August, September and maybe a little bit into May. The City has sources at the river. If they don’t pump their springs, the water goes to the river and from there to the Bird Refuge. If the Bird Refuge and the Duck Club doesn’t think Tremonton City is using that water, they will file on it saying the City has excess water. If the City doesn’t pump water from a well, it basically stays there, though there is some movement in the ground water, but it isn’t like the river running. All Tremonton City will use the Cedar Ridge water for is to supplement the summertime usage. Tremonton is in the same boat as Cedar Ridge in that they have very little secondary water. In the summer, seventy-five percent of the water that is produced from Tremonton’s sources goes on people’s lawns. That is why summer usage needs to be supplement.

Director Fulgham said that he then calculates how much the electrical fees would cost to pump 250,000,000 gallons of water. He next calculated the cost of sampling, the depreciation of the pump, the meter, etc., and divided those costs up over ten years because, in ten years, that money will need to be set aside to pay for a new well. That is how the water rate was derived at. If we go over that amount, the water is going to cost more.

Resident: If the well goes bad, what does that mean to us financially? Director Fulgham: If for some reason that well goes down, financially, it means that Cedar Ridge has thirty customers, Tremonton City has 2,600 customers, and replacement cost will be pro-rated based upon the number of customers being served in Cedar Ridge and the number being served in Tremonton City.

Resident: But where does it say that? Director Fulgham: it doesn’t, but that is the way everything

else has been done: the water, the billings, everything.

Resident: How much is being paid for pumping - Just a guess.) Director Fulgham: I don't know how much Mr. Thompson is paying right now. I know what the City is paying for the big pumps down in the river and that is what the power costs were based upon.

Resident: Garland City protested Tremonton City's application fearing that it may impact their springs by the Bear River. Director Fulgham: Tremonton City has the water rights. Garland didn't protest Cedar Ridge's water rights because Cedar Ridge is First in Time – First in Line. This is a whole different issue. Garland protested Tremonton City's rights. Protesting is a natural thing to do. It protects Garland City if, in the future, Tremonton exceeds those rights.

Resident: But Tremonton is going to be pumping via our well. Director Fulgham: But you have first water rights.

Resident: I understand that, but, how is Cedar Ridge going to keep that right? Director Fulgham: Because we cut back what we pump. If Tremonton affects the Garland City water flow, they have to go back until the historical flow is once again attained. In a worse case scenario, the City will go back to pumping 225 gpm. The thing is, Mr. Thompson has more rights than that to pump out of the well and it never was protested. Cedar Ridge has that right because they are First in Time. The only thing that trumps that is if water is being stored and human health is being risked. If it is a matter of delivering drinking water as opposed to secondary water, it is always drinking water that rules. The pump will not be up and going until October or November. It won't be until the next irrigation season that it is known what is used outside. People may be going over their allotment. In that case, there will be an additional charge. No one has as green a lawn as they want. The thing that curtails green lawns is money. Rationing doesn't work because people don't comply. What works is charging for over usage.

Residents: Several residents disagreed. There was some comment about the fact that it is unknown how much Cedar Ridge is using for irrigation. Director Fulgham: I haven't a clue. I know what the State says they should be using.

Resident: I am very nervous about whether or not we are over-watering. Director Fulgham: Tremonton City Council will approve the water rate. The rate that will be proposed to them for Cedar Ridge is \$0.35 per 1,000 gallons pumped. That will recover the electrical costs and the maintenance costs.

Resident – What is Tremonton's rate? Director Fulgham – Tremonton's rate right now is \$1.13 per 1,000 gallons because there is a lot of infrastructure that is included in that rate, including employees. There is very little employee cost related to Cedar Ridge because Tremonton City is in the area already. There will be a lot of checking on the computer system, and someone will be there daily, Monday through Fridays for fifteen to twenty minutes, to take readings and make sure everything is alright in the building. Cedar Ridge will not be supporting the entire cost of an employee. That is why their rates will be lower.

In Utah, the yearly average for indoor water use is seventy-five to one hundred gallons per person per day. The amount is greater for people with younger children and teenagers. For older people, the number goes down. The figure given is an average. Based on a usage of one hundred gallons per person, that would equal 3,100 gallons per person per month which would equate to about \$1.09 per

person for indoor use. This would not include water leaks, in the house or out. It is advisable to be watchful for leaks, but on a gravel hill, as the Cedar Ridge citizens are, the outdoor leaks may not show up.

Director Fulgham displayed the State irrigation consumptive charts and explained how the State breaks down and charts water usage for this purpose. Tremonton falls into a Moderately High Consumptive Use Zone. Living on the hill, it may even fall in the High category. These zones are what are used when designing new water systems to make certain the water systems have enough storage capacity to serve their customers. The Peak Day Demand for the Moderately High Zone 4 is 3.96 gallons per minute per irrigated acre. Director Fulgham displayed the following chart explaining an acre foot:

$$\begin{aligned} &1 \text{ acre foot of water} = \\ &1\text{-acre with 1-foot of water} \\ &1\text{-acre} - 43,560 \text{ sqft} \\ &1\text{-acre of water} - \\ &43,560 \text{ cuft} \times 7.48 \text{ gal/cuft} - \\ &325,828.8 \text{ gallons} \\ &325.8 \times \$0.35 = \$114.00 \text{ acft} \end{aligned}$$

One acre foot would cost \$114.00 at \$0.35 per 1,000 gallons. For four acre feet, that figure will be multiplied by four. It all depends on how green you want your lawn how deep you water it.

Compare this with Tremonton City. Tremonton contracts with Bear River Water Conservancy District and helped them form. Tremonton pays them \$360.00 per acre foot because Tremonton has to pay some distribution costs, storage costs, etc.

Resident: What is the flat rate for Tremonton? Director Fulgham: \$13.70 with a base allotment of 12,800 gallons. When they go over the 12,800 gallons, which many people do in the summer time, they pay \$1.13 per 1,000 gallons of overage. Salt Lake City's water rate is lower because Salt Lake has thousands and thousands more people to spread the cost over. The larger cities are able to charge less than the rural communities. The last slide summarizes everything.

Residents: Part of what was expressed was that Cedar Ridge residents now pay \$45.00 and they know what their rate is going to be. Director Fulgham: Tremonton City will bill Cedar Ridge Water Company for whatever thousands of gallons have been delivered through the meter. All Tremonton City expects is to be paid back.

Resident: What about a rate increase in the future? Director Fulgham: Sooner or later electric rates and costs go up. As far as the State records are concerned, David Thompson is Cedar Ridge Water Company. The City has to notify Cedar Ridge Water Company within 30 days if they intend to raise water rates. If this is a big concern, the residents of Cedar Ridge should form a homeowners association, or approach Mr. Thompson about giving the residents control of the water system physical facility, and have the residents become Cedar Ridge Water Company. Then, whoever is on the board will be regulated by the Division of Water Quality. The person who chairs that board is the one who will get all the letters from the State detailing everything that is being done wrong. Hopefully by November, Cedar Ridge will be out of that part of the water business. Tremonton will manage it and provide Cedar Ridge with water. Director Fulgham guaranteed the residents of Cedar Ridge that they will always have drinking water. He said in the 25 years he has lived in Tremonton,

he hasn't known a time Tremonton was out of water unless a spring was shut down for repair. For the whole system to be out of water is almost unheard of.

Resident: What about the replacement of a pump. Director Fulgham – It is easier to buy a motor. Usually a pump doesn't go out. The pump should last forty or fifty years. Motors have a life of about ten years. Motors can be received within a day in the Salt Lake /Utah area or over night from across the United States.

Resident: Would it be good to keep a spare? Director Fulgham: When a pump sits, the bearings get little flat spots, so motor manufacturers say not to keep one on the shelf. Replacement pumps are kept at the Treatment Plant but that is because the City goes through pumps because of the nature of what is being pumped. Also, the pump will be wired so that a back-up generator can be hooked up at any time. Director Fulgham said that he didn't know if Cedar Ridge has electrical outages very often, but he wants to have a back-up generator because it is good for the rest of the system so the water can always be pumped if the power goes out.

Resident: Isn't it feasible to keep a backup? Director Fulgham: No, because Tremonton has multiple sources. Once you have equipment to set it, you have to have a company come to pull it, anyway. Most of the time, a new pump can be acquired within one-half a day.

Director Fulgham explained that Tremonton City did not purchase the small well, nor did they purchase the water rights. The beauty of the small well is that the chemical make-up of it is the same as the bigger well, so it can be grouped as a common source. Cedar Ridge Water Company will never have to do the chemical sampling on it because Tremonton will do the sampling on the big well and it is redundantly close to the small well. Tremonton didn't have any use for the small well. In October or November, when Tremonton gets ready to make the change over, they will be relying on the small well to keep Cedar Ridge in water while the old pump on the bigger well is pulled, re-set, and hooked up. It will take a couple of days to do this.

Councilmember Holmgren commented that Tremonton is not interested in gouging anyone.

Resident: What about the two storage tanks on the hill. Director Fulgham: Tremonton put a transducer in the tank. It is calculating the depth of the water and transmitting the information back to the City computers. This will calculate by inches how much water is in Cedar Ridge's reservoir. Tremonton sets their tanks so they never drop below 75%, but they could be set so they don't drop below 90%.

Resident: You have to maintain what the State requires. Director Fulgham: All the State requires is that the fire protection storage and the peak day demand storage be maintained in that tank. That is what the tank is there for, because the pump would never keep up with the demand.

Resident: Where are we on storage? Director Fulgham – According to State rules, Cedar Ridge has plenty of storage. But, no one has ever been able to look at your flow because you have no meter. It is pure speculation that you have enough to meet your demand, based on State averages.

Resident – What is the expected life of the equipment? Director Fulgham – The depreciation for the mechanical equipment is ten years, the building and the pipe depreciation is fifty years. Nothing is depreciated longer than fifty years but Tremonton has facilities in the ground that are already over that amount of time.

Resident: The rate is based on water usage. If the demand goes up can you operate for less?

Director Fulgham: The rate of \$0.35 per 1,000 gallons is based upon pumping 259,000,000 gallons of water per year. If less is pumped, the rate goes up. But it's not going to go up because I have done my best to calculate the rate with out any historical data. If it is more, Tremonton will eat it, at least for the first year until there is some historical data. Tremonton City will set a rate based upon the pro-rata share. The fairest rate you can have is one based upon gallons per minute. The Agreement says Tremonton will always provide Cedar Ridge with drinking water – always, no matter what.

Resident: But it doesn't say how. Councilmember Holmgren: At some point the City Council will have to set that rate. Cedar Ridge is invited to attend the City Council Meeting and participate.

Director Fulgham: Nothing that is done in the City is hidden behind closed doors: there are minutes that are open to the public to read. They are on the internet and a newspaper person is usually there. Approach Mr. Thompson about the people of Cedar Ridge becoming the Cedar Ridge Water Company.

Resident: We want to be good neighbors. We want to be fair on water usage. Director Fulgham: You need to go out and purchase a meter. It would run anywhere from \$50 to \$250. If you have a basement, you can install a radio read meter in a basement for \$250 plus the cost of a radio read meter, then you can read it. If you don't have a basement, then a kit, installed 36" deep, will have to be installed outside to keep it from freezing in the winter. That will cost \$700 plus the cost of the meter. The meter will measure anything that goes through the service line.

Resident: Asked a question about the agreement. Director Fulgham: In the final agreement with Cedar Ridge Water Company what are agreed upon are the existing thirty-three connections with an additional fifty-six connections in the future, and six additional personal connections. That is as far as that system can grow.

Resident: What happened if more people than it states in the agreement want to build in the Cedar Ridge Subdivision? Director Fulgham: If Mr. Thompson wants to pump more than that for more connections, he has to come back and make a new agreement with Tremonton City, or he has to punch another well, or use the 1976 well. That has a sunset date of 2025. If Mr. Thompson hasn't developed those sources, everything expires that hasn't been developed by that time. As far as the agreement between Tremonton City and Cedar Ridge Water Company, it is public information. With a GRAMA request anyone can get that information. All Tremonton bought from Mr. Thompson was a hole in the ground where they knew there was water. The City's negotiations are with the water company, only. When someone goes to the State, they do not purchase a share, they file for a water right. Water companies can actually specify how much water one gets with a share. It appears that the home owners of Cedar Ridge received two shares: one for indoor use and one for outdoor use. But, it is the water company who holds the water right. Even if you have a share out of the canal company, that isn't a right to anything. The canal company has the water right. If someone doesn't use those water rights, the State can take them away, if they choose. Weber Basin owns all the water rights in Weber Basin. In Weber County, Davis County, Salt Lake County, and Central Utah Project, owns the water in those areas. Right now, the Box Elder County area is open, but the time will come when the State will come in and try to tie up all the water in this area, as well. That is when you will see some speculation going on with people trying to buy up shares to make money on them.

Resident: Asked about a committee that was suppose to exist in the Cedar Ridge Subdivision.
Director Fulgham: I was told that there was a home owners association set up at one time.

Resident: Will we be notified of the City Council Meeting and any future decisions? Director Fulgham: The problem is that I don't have your addresses. If the Cedar Ridge residents would form a homeowners association with a chair, Tremonton City will contact the chair. Then, the chair can pass it out to the customers. Or, form a water association with a board and chair. That would be the best thing for you. Tremonton City could then send communications to that association. It is not Tremonton City's responsibility to maintain a mailing list for Cedar Ridge.

Resident: Can we check on the website? Director Fulgham: You can check on the website, as well, but if you will form an association, then give us the chair's name and address, we will get the information mailed to you.

Resident: We would like to review the agreement. Director Fulgham: Tremonton City has signed agreement with David Z. Thompson, owner of Cedar Ridge Water Company. Two attorneys beat the agreement apart before it was signed.

Resident: It would have been nice to have known about the public meetings. Director Fulgham: Tremonton did hold public meetings. Everything has been out in the open. It has been posted in the newspaper. It was posted on our website.

Resident: Homeowners have rights. Director Fulgham: This has been said many times, but Tremonton doesn't know who the homeowners of Cedar Ridge are. Tremonton is dealing with the Cedar Ridge Water Company, not the homeowners. The water company is David Z. Thompson. This appears on any State record. It does not list anyone else. So Tremonton went to David Z. Thompson, the owner of Cedar Ridge Water Company. Tremonton City was not trying to keep anyone in the dark. Everything was done in the open and advertised publicly. I feel you are going to be happy in the long run.

Adjournment.

The meeting adjourned at 8:00 p.m.

The undersigned duly acting and appointed Recorder for Tremonton City Corporation hereby certifies that the foregoing is a true and correct copy of the minutes for the Cedar Ridge Water Company Meeting held on the above referenced date. Minutes were written by Norene Rawlings.

Dated this ____ day of _____, 2010.

Darlene S. Hess, Recorder