

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION

Annual Meeting
December 9, 2025

Deb Christner called the meeting to order at 7:11 pm.

Call to the Meeting: Amber McPherson read the call to meeting; notice was published in the *Delta County Independent* on November 20, 27 and December 4, 2025 issues and High Country Shopper on November 19, 26, and December 3, 2025 issues.

Secretary Treasurer Report: Amber McPherson reported we have a quorum. We need 98 members to make up a quorum. We had 62 members present and 57 valid proxies for a total of 119 registered members.

Board of Directors Introduction: Deb Christner introduced herself and each Board Members introduced themselves: Bryan Klaseen representing Redlands Mesa, Travis Holton representing Cedar Mesa, Steve Hanson representing Surface Creek, Kacy Stillings Member at Large, John Walker representing Surface Creek, and Ken Besel representing Cedar Mesa. Amber McPherson introduced herself as Office Manager/Secretary/Treasurer and Kurt Jones introduced himself as Operations Manager and also introduced Tim Frey and Jed Poulson. Deb also told the members what a great staff Upper Surface Creek Domestic Water Users have; always updating and improving. Deb also informed the members Kurt and Jed both have B operating licenses and Distribution III licenses. Kurt is now the ORC of distribution. Deb also said the Board of Directors USCDWUA has now is wonderful and everyone works well together and it is a pleasure.

2024 Annual Meeting Minutes: Were distributed to the members prior to the meeting.

MOVED BY Sue Whittlesey to accept the December 10, 2024 Annual Meeting Minutes as written.

SECONDED BY Earl Hansen

MOTION CARRIED with no opposing votes.

Office Report: Amber McPherson gave an update on the office/Administration side of things. Worked with the Engineers to complete the final stage of our Service Line inventory, which was submitted to the state in July 2025. The USDA Grant/Loan we were working on for the last couple of years was finally submitted to the USDA and we received a letter of conditions from the DC office in September 2025. The Grant was for \$1,557,000 and the Loan was for \$13,674,000. USCDWUA must contribute \$356,000; 3.125% interest for 40 years, collateral would be real estate mortgage on all of our property, we must establish a reserve account for the loan (40 years) cannot be touched for \$600,464.00. We must also establish a reserve account with a minimum of \$3,967 deposited each month for 40 years to cover the other projects not covered by the USDA Grant/Loan. We would also need to pay an attorney and engineer \$50,000-\$100,000 each until all the money was loaned or granted. Even if we scaled back to just Treatment; we still have all the requirements the government has. USDA had our monthly water rate set at \$110.00 per month. Due to this we are looking into private funding for GAC (Granulated Activated Carbon) Filters and distribution.

Operations Report: Kurt Jones informed the members of the progress made over the past year. 1 ½ mile of galvanized line on T-75 was replaced. Q25 Rd and P25 Rd will be replaced in 2026 due to the county repaving the roads. A lot of leaks were fixed this past year as well. A 5-year water usage report was distributed showing the amount of taps, loss percentage, and water usage. Kurt also mentioned Lead and Copper was completed and we have no lead lines. All lines were either galvanized, copper, or PVC.

Treasurer's Financial Report: Amber McPherson presented the 2025 Actuals; 17 taps were sold; 11 more than budgeted. Due to the dry summer; we did have quite a bit of overage income which helped our income. Pipeline Maintenance was a bit more than expected; however, we do have about \$15,000 in parts on the shelf available for repairs etc. T75 ended up a bit more than we budgeted because we ended up expanding the project which ended up of one mile of pipeline becoming private.

MOVED BY Sue Whittlesey to accept the 2025 Financial Report.

SECONDED BY Brad Stratman

MOTION CARRIED with no opposing votes.

DRAFT

2026 Budget: Deb Christner presented the 2026 Budget with 3 different scenarios; a budget at \$60, \$72.50, and \$75.00. All three budgets have a \$800,000 loan for the GAC filters and distribution. We did budget \$12,500 for taps instead of \$10,000. If we go up to \$12,500 we are still one of the lowest tap fees around. \$60 budget shows we go in the red by \$100,489.74. The next budget is \$75.00 a month with a \$69,510.26 increase. The last one is \$72.50 it will give us \$29,510.26. Kacy Stillings pointed out to the members the budget is conservative showing only 6 taps being sold since she has been on the board we have never sold less than six. What is our sustainability looking like over the next five years? Deb also showed the 5-year projections for each scenario. After 2026 we will have some wiggle room replacing lines etc. If the economy was to totally tank, then we would have the ability to slow down on the capital improvements. We want to keep moving forward and making things better but if we had to we can slow down. Deb asked for questions.

Q1. What is a GAC Filter?

A1. Kurt answered it is Granulated Activated Carbon filter (charcoal) like what is in your fridge only bigger. It takes everything out.

Q2. How often does it have to be replaced?

A2. Kurt answered it depends on how much water runs through it. It is usually 2-5 years. It is an 8x8 filter. It is a media filter.

Q3. Is it going to increase the cost to replace the filter?

A3. Amber answered yes, however we no longer have to use Chlorine Dioxide. We will have to purchase 12 barrels at \$2,350 for next year. Kurt also pointed out the GAC will also remove the aspen tea as well.

Q4. Can we replace just one filter at a time or will they have to be replaced all at once?

A4. The filters are in place and then you just replace the media if one needs replaced they will all need replaced. Amber also explained we are using the refrigerator filter as an example but what we need to replace is the inside of the refrigerator filter we never see. It is the media that gets replaced. Kacy pointed out there won't be a \$200-600,000 dollar expense every year.

Q5. What portion of Q25 and P25 are being repaved?

A5. Kurt answered from the bottom of 2550 Rd and Q25 Rd to 2600 Rd to Cedar Mesa Rd. It will be a new line from Cactus Park Rd all the way to Cedar Mesa Rd. P25 is off of 2800 and 2900 Rd. on Redlands.

Q6. Is it possible to just raise the monthly fee to \$10 and then revisit it next year?

A6. Yes, this is your company and your budget; we can do a multitude of things.

Q7. If another house was to go on the property does the tap serve the house or property?

A7. The tap is per dwelling.

Q8. In regards to the filters, why not just have the homeowners put in a whole house filter?

A8. At this point is non-negotiable we are mandated by the State to do it. We have no choice.

Deb went back to the \$10 a month increase and informed the members we did a \$10 increase but it wasn't sufficient. Kacy Stillings also brought up when we did the budget we looked at how fast we would run out of money and have to be back with the same issues. We do not know what will happen this coming year.

Q9. If there is a shortfall will the company just borrow money to make up the shortfall?

A9. Deb answered we have never had a shortfall knock on wood but we would probably have a special meeting to raise our fees for operating.

Amber pointed out on the \$60 budget yes, we lose \$100,000 in operating and we still have over \$200,000 total cash but when we go to the bank to get ask for \$800,000 the \$100,000 loss will be negative against us. The bank will want to see our monthly income will allow us to pay back the loan.

Q10. How many new taps can the system handle?

A10. At least double. If you look at our water hand out; we are in good shape.

Q11. How many years have we been at \$60 and what did it increase from there?

A11. In 2022 we went to \$60; in 2018 we went to \$45.

Amber also pointed out as with everything, our operating costs have skyrocketed. Chlorine and Chlorine Dioxide have almost doubled over the last couple of years. Parts, etc. Pipe has come down but other things have not.

Q12. Is it really necessary to install digital meters?

A12. Amber pointed out absolutely for the whole system. Last winter over on Redlands Mesa, there was a leak, for a good week the guys were driving around trying to find it probably put 1,000 miles on all the trucks reading

meters. Turned out it was someone's private property and if we had had the digital meters we would have found it right then and there. Kurt also pointed out Redlands is a delicate system; if a hose is left on for 3 days we know. It was also pointed out we would be saving labor by having digital meters.

Q13. Can you comment on your water reserves?

A13. We own our water; every new tap is required to bring an acre foot of water to USCDWUA. Deb mentioned this policy has put USCDWUA in good shape for being able to sell taps etc.

Q14. Where does our water come from?

A14. The water comes from reservoirs. We have 10 shares of Alfalfa Ditch; the reservoir water is our back up. John Walker pointed out there was a 45% carryover last year and this year a 22% carryover and if we don't get any snow we will be hurting.

Q15. What happens to the leftover water?

A15. We can't bank it; it just stays on the mesa part of the carryover.

Q16. So every person purchasing a tap has to buy a share or shares of water to make an acre foot correct?

A16. On the budget there is a line for water purchase; it is for individuals building a home needing a tap; we try to buy water and have it on hand and just ask reimbursement for it. If you are a developer than you have to bring the water to us.

Q17. So the water is just a numbers game; the water is already on the Mesa and it's just a matter of who owns it.

A17. Yes, the water is on the Mesa. John Walker pointed out it is a finite resource.

MOVED BY Kathleen Morse to raise the monthly fee by \$10.00 to \$70.00 and revisit an increase next year.

SECONDED BY Joe Gorrood

After several hand votes it was determined to go to a paper ballot.

MOTION FAILED with 89 opposed votes; 28 in favor votes; and 2 abstaining votes.

Q18. Is our water on Redlands Mesa, actually pumped all the way over to Redlands Mesa?

A18. Yes, our water is all Surface and it is pumped over from Surface Creek to Redlands.

Q19. Can we have a board recommendation on the increase?

A19. The board recommends an increase of \$15.00 making the monthly base usage \$75.00.

Q20. Travis Holton was asked to expound on the point he made of just kicking the can down the road.

A20. Travis answered at \$70 we will be right here next year increasing again; at \$75.00 we are kicking the can down the road for four years. \$5.00 a month is just \$60 over the course of the year. He pointed out he is just looking at value vs. time.

Q21. So you are saying if we go to \$75 a month it will be locked in for four years?

A21. No, we are not saying that; we can't say that. We have no idea what the future holds.

Ken pointed out our goal is to improve the system and the quality of the water. We are using less water; our employees are not being called out in the middle of the night to fix water lines. Money is not lining our pockets it is going into the system.

MOVED BY Kristine Thompson to increase the monthly rate to \$75.00.

SECONDED BY Sheryl Thompson

MOTION CARRIED with one opposing vote.

MOVED BY Sue Whittlesey to increase tap fee to \$12,500 plus an acre foot of water.

SECONDED BY Michelle Meyers

MOTION CARRIED with no opposing votes

Election of Directors: Board members are elected to a two-year term. Board members whose terms expire 2025 are Bryan Klaseen (Redlands Mesa), Ken Besel (Cedar Mesa), John Walker (Surface Creek), and Kacy Stillings (Member at Large)

Richard Hagen ran against Bryan Klaseen for Redlands Mesa. With a show of hands Richard Hagen received 7 votes and Bryan Klaseen an overwhelming majority.

MOTION BY Dave Whittlesey to elect Ken Besel, John Walker, and Kacy Stillings by acclamation.

SECONDED BY Kenneth Gullickson

MOTION CARRIED with no opposing votes.

Other Business: Questions were brought forth by the members.

Q22. Water in reservoirs are stored in acre feet CFS mean nothing so why is it in CFS?

A22. Amber McPherson and John Walker answered allocations come in CFS and John Walker explained that if you divide CFS to get acre feet it is the same. We don't need to run reservoir water unless needed.

Q23. How many groups use the water on the Mesa?

A23. John Walker answered there are 110 reservoirs on the Mesa; some are incorporated and most are privately owned. There is a blanked decree which allows the water to be moved around the Mesa. It is inarguably the most complicated water system in the world.

No other questions were forthcoming.

MOVED BY: Sheryl Thompson to adjourn.

SECONDED BY: Enno Heuscher

MOTION CARRIED with no opposing votes.

Meeting adjourned at 8:44 p.m.

Refreshments were served following the meeting.

Respectfully Submitted:

Amber McPherson, Secretary-Treasurer