

BLUE LAKE SPRINGS MUTUAL WATER COMPANY
Minutes of the 10th Interim Meeting
Blue Lake Springs, Arnold, California
Saturday, March 14, 2009 9:00 a.m.

- 010** **CALL TO ORDER:** At 9:02 a.m. President Speakman called the meeting to order. Directors present were Carlsen, Maginnis, Multhaup, Owen, Speakman, Watson and Wood. In addition, General Manager Maynard (Mike) Herreid and Recording Secretary Jeri Cline were present.
- 020** **AGENDA APPROVAL:** *Director Carlsen moved to approve the agenda; seconded by Director Multhaup, and the vote was unanimous.*
- 030** **APPROVAL OF MINUTES:**
- 031 The 8th Interim Meeting Minutes of February 14, 2009: *Director Maginnis moved to approve the February 14, 2009 Interim Meeting Minutes; seconded by Director Watson, and the vote was unanimous.*
- 040** **VISITOR'S RECOGNITION:** The board recognized Doug Rischbieter of Lots 362/363/364 in Unit 3, Paul Baker, and Don Stump.
- 050** **FINANCIAL REPORTS:**
- 051 February 2009 Balance Sheet & Income Statement: On the February 2009 Income report, our total income year to date for February 2009 is \$990,331 with our Total Annual Income Budget at \$1,238,159. Non-operating income for the year is \$285. Total expenses year to date are \$397,782 with our Total Annual Expenses Budget at \$1,170,039.
- 052 Bills for February 2009: The bills of note for February include payment to Black Mountain Software in the amount of \$1,050 for annual maintenance charges, and \$4,100 paid to Ebbetts Pass Accounting for the 2008 Financial Review and tax preparation. In addition, there was \$1,277.80 payable to SCIF for February Worker's Comp and \$3,167.47 payable to CCWD for water purchased in February. Out of the Fidelity Expansion and Improvement Fund, \$1,645.38 was paid to HDR Engineering for Bid Drawings.
- Director Carlsen moved to approve February bills in the amount of \$26,443.34; seconded by Director Owen, and the vote was unanimous.*
- 060** **MANAGER'S REPORT:**
- 061 Water Consumption/Losses/New Connections/White Pines Wells Production: In February, General Manager Herreid reported 2,402,000 gallons of water produced and 1,814,000 gallons purchased from CCWD. Daily Average Produced in February was 86,000 gallons. Wells Draw Down average was 123 feet of water above the pump in February. The last page compares the last twelve years by month for Total Usage, which was 4,055,000 gallons in February. We had no new connections in February. There are 1,699 homes connected. Average usage per home in February was 2,349 gallons with 64,000 gallons lost.
- 070** **OPERATIONS/LONG RANGE PLANNING:**
- 071 Systematic Replacement and/or Improvements:
A. Stephanie Drive/Patricia Lane Project: General Manager Herreid reported that shareholders have been notified of the November 1, 2009 deadline for making their connection to the new main.

072 Long Range Planning:

A. CCWD Amendment to Agreement of September 10, 1992: Nothing to report.

B. Greensboro Way/Del Rio Dr & Dorothy Dr: General Manager Herreid is awaiting bids on the project. Director Wood presented copies of a list of bidders for Valley Springs Public Utility District's Laurel Street Sewer Repair Project; he suggested that General Manager Herreid contact any of those contractors on the list not already contacted, and invite them to bid on the upcoming Greensboro Way/Del Rio Drive and Dorothy Drive Project. A Projects Committee meeting was scheduled for March 28, 2009, to open bids and review. Invitations may also be extended to representatives of the bidding companies.

C. Alternative Sources of Water: General Manager Herreid reviewed ideas for an additional water source that did not include drilling an additional well. A copy of Proposal for Alternative Water Supply Feasibility Study by HDR Engineering, in the amount of \$25,237 was distributed to the board prior to the meeting. **No action was taken on the proposal.**

080 **COMMITTEES:**

- 081 Budget & Rates Committee: Director Wood asked that Recording Secretary/Office Manager Jeri Cline obtain a Depreciation Schedule from Ebbetts Pass Accounting to assist the Budget and Rates Committee in planning the 2010 budget. **Director Wood moved to identify a portion of the surplus from 2008 budget as completing 2008 scheduled depreciation funding to E&I, allocating the difference to 2009 depreciation funding of E&I; the balance of 2009 depreciation funding of E&I will be fulfilled with expected 2009 surplus. The motion was seconded by Director Maginnis, followed by a unanimous vote.**

Director Wood asked for the agenda to highlight specific action items that are passed as part of annual planning; for example: listing Pro Forma Budget or Rate Increases as a sub-set under BUDGET & RATES.

- 082 Salary & Benefits Committee: Nothing to report.
- 083 Personnel Policy Committee: Nothing to report.
- 084 Projects Committee: A committee meeting is scheduled for March 28, 2009.

090 **PUBLIC RELATIONS:**

- 091 Lodge Log Article: Due Apr 1. Topics discussed for inclusion in the Lodge Log include continuing expansion of fire protection and hydrants in BLS, and diversification of BLSMWC investment funds in order to reduce risk by maintaining balances at or below the FDIC limit.

110 **UNFINISHED BUSINESS:**

- 111 Quarterly Meetings with CCWD: The next meeting between CCWD and BLSMWC is tentatively scheduled for June 7 or 12th. BLSMWC is still awaiting an updated MOU from CCWD; they have acknowledged that one is due and, hopefully, a rough draft will be available in the near future..
- 112 Calaveras General Plan: General Manager Herreid has received a final draft of the General Plan, which includes the Water Element for Calaveras County Water District and BLS is included. Director Maginnis wanted to know if the General Plan considered alternative water sources, and General Manager Herreid replied that it did. Director Wood, who sits on a committee for the Municipal Services Review for LAFCO, asked General Manager Herreid to look for a questionnaire in the mail that, when returned, would be used to determine how LAFCO will plot out the sphere of influence for the different water districts, water agencies, private water companies, and to assess their abilities to serve all of their people.

120 NEW BUSINESS:

- 121 Correspondence: Copies of a letter from the owner of a home located on a double lot, described as "recorded and documented as one lot" at the county level, was passed out to the board prior to the meeting. The letter asked for the board's help, saying they were unable to pay two water bills for the double lot during these difficult times.

Doug Rischbieter is also the owner of two lots which have been combined into one parcel. He had approached the board at the February 14, 2009 board meeting to suggest they consider the addition of a second tier to the rate structure for bare lots; he was returning for more discussion on the same topic. He argued that a 2nd category of bare lots would recognize lots like his (two lots with one parcel number) that could never be sold as two lots, and would never become part of the water system; he made clear he was not asking for a waiver of water fees on the merged lot, or asking to relinquish a share of stock in the water company.

There was consensus on the need for research, possibly in the form of a questionnaire to the shareholders, or a survey on the BLSMWC web site, regarding the number of combined lots, as well as any legal complexities. When budget planning for 2010 begins in the fall, the board will be in a better position to consider an adjustment to the rate structure.

After discussion, Recording Secretary/Office Manager Jeri Cline was directed to respond to the letter; President Speakman and Treasurer Wood asked to see a copy of the letter for review and approval before mailing.

122 Annual Meeting:

- A. Schedule of Work was distributed to board members for review prior to the meeting.
- B. Treasurer David Wood volunteered to serve as Nominations Chairman.
- C. ***Director Wood moved to approve as presented Statement of Income & Expenses Summary to be mailed to Blue Lake Springs Mutual Water Company Shareholders in the first Annual Meeting mailing; seconded by Director Maginnis and the vote was unanimous.*** In further discussion, Treasurer Wood suggested adding notations next year, after Net Income, showing the total beginning balance of Expansion & Improvement funds, projects completed, and the total payments from Expansion and Improvement funds, followed by the year end closing balance.
- D. Treasurer Wood nominated Director Maginnis to serve as Parliamentarian; Director Maginnis accepted.
- E. Larry Larson was suggested for Inspector Elections. General Manager Herreid will make the contact.
- F. Director Maginnis recommended dispensing with recognition plaques for board service; the other board members agreed.

130 ADJOURNMENT: The meeting was adjourned at 11:18 a.m.

Respectfully submitted, Jeri Cline, Recording Secretary
Transcribed from tapes of the meeting

APPROVED: