

BLUE LAKE SPRINGS MUTUAL WATER COMPANY
Minutes of the 8th Interim Meeting
Blue Lake Springs, Arnold, California
Saturday, January 10, 2009 9:00 a.m.

- 010** **CALL TO ORDER:** At 9:00 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 Owen, and the vote was unanimous.
- 030** **APPROVAL OF MINUTES:**
- 031 The 7th Interim Meeting Minutes of December 13, 2008: Director Maginnis moved to approve the December 13, 2008 Interim Meeting Minutes; seconded by Director Owen, and the vote was unanimous.
- 040** **VISITOR'S RECOGNITION:** The board recognized guests Paul Baker and Don Stump.
- 050** **FINANCIAL REPORTS:**
- 051 December 2008 Balance Sheet & Income Statement: The December Financials were deferred, pending completion of the 2008 Financial Review being conducted by Sandy Vaughn of Ebbett's Pass Accounting,
- 052 Bills for December 2008: The bills of note for December include \$1,187.60 for prepaid stamped envelopes to mail the annual invoices, and \$6,613.34 payable to CCWD for water purchased in December. In addition, final payment in the amount of \$155,111.85 was paid to Twain Harte Construction out of the FDIT Expansion and Improvement Fund for the Stephanie/Patricia Drive Project. Treasurer Wood moved to approve December bills in the amount of \$178,494.54; seconded by Director Maginnis, and the vote was unanimous.
- 060** **MANAGER'S REPORT:**
- 061 Water Consumption/Losses/New Connections/White Pines Wells Production: In December, General Manager Herreid reported 1,000,000 gallons of water produced and 3,679,000 gallons purchased from CCWD. Daily Average Produced in December was 32,000 gallons. Wells Draw Down average was 112 feet of water above the pump in December. The last page compares the last twelve years by month for Total Usage, which was 4,765,000 gallons in December. We had no new connections in December, for a total of 5 connections year to date. There are now 1,699 homes connected. Average usage per home in December was 2,742 gallons with 105,000 gallons lost. The wells are not recouping as they should and are at the lowest levels they have ever been. Treasurer Wood asked General Manager Herreid for a spreadsheet comparing water production and average depth of water in the wells from 2000 to the present day, if possible, by the February meeting.
- 070** **OPERATIONS/LONG RANGE PLANNING:**
- 071 Systematic Replacement and/or Improvements:
A. *Stephanie Drive/Patricia Lane Project:* Copies of a letter from Calaveras County Department of Public Works asking for a 10% Maintenance Bond for a period of one year, was distributed to the board prior to the meeting. Also distributed prior to the meeting was a *CERTIFICATE OF*

COMPLETION signed by General Manager Herreid; *NOTICE OF COMPLETION*, to be signed by General Manager Herreid as Project Manager, and then notarized; as well as *RESOLUTION ACCEPTING COMPLETION AND DIRECTING PROJECT MANAGER TO FILE NOTICE OF COMPLETION* requiring the signatures of President John Speakman and Secretary Ehrling Carlsen. Director Maginnis moved to approve the Resolution, seconded by Director Watson, and the vote was unanimous. A quote for \$1,550 from HDR Engineering to update the "as-builts" was reviewed by the directors. No motion or vote was required, the amount being within the purview of General Manager Herreid.

B. Daus Environmental Services: Copies of "AUTHORIZATION TO PROCEED" with the work on the Upper Blue Lake Springs Weir Maintenance Project was distributed to the board prior to the meeting. The project was approved by the Board of Directors at the December 13, 2008 board meeting and General Manager Herreid signed the authorization on December 17, 2008. President Speakman explained the history behind the project for the benefit of guests Paul Baker and Don Stump.

C. 2009 Projects: General Manager Herreid asked if the board still planned to continue with the two improvement projects scheduled for 2009. Treasurer Wood asked General Manager Herreid to prepare a spreadsheet, after the audit is completed and depreciation numbers are in, showing the E & I balances and costs for the two projects, keeping them separate to allow flexibility in deciding whether to do one or the other or both, as long as cash flow remains positive.

President Speakman asked General Manager Herreid for an update on the percentage of 6 inch mains in the street. Treasurer Wood said 50%; General Manager Herreid agreed. At completion of the 5 year series of scheduled projects, the total percentage completed will be approaching 66 to 70%.

072 Long Range Planning:

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

080

COMMITTEES:

081 Budget & Rates Committee: At Treasurer Wood's suggestion correspondence was moved ahead from the bottom of the agenda; General Manager Herreid reported on the types of calls, e-mails and letters being received daily in the office from shareholders regarding their annual fees. Some of the questions or complaints concerned bare lot fees, metered rates, and rate equity (all categories).

Treasurer Wood asked Office Manager/Recording Secretary Jeri Cline to produce a spreadsheet showing the average usage in 2008 for metered properties, comparing the different categories of metered usage (rental, full time, part time) and including 2009 billing projections based on the average usage. He requested the data be assembled by April 2009 to allow time for study prior to the annual meeting. General Manager Herreid said that he still had the results from 100 test meters placed some years ago on various types of occupancies throughout the sub division. The test meters determined an average of 350 cubic feet of water used per household for all categories of users, and were the basis for the amount of water allowed through the meter in 2008 before additional charges.

Director Wood favored the **zero water allowance** policy passed by the board in December, where the shareholder would be billed \$1.42 per 100 cubic feet for **all** water going through the meter. He cited the labor cost to read the meters, the billing and mailing costs. General Manager Herreid said these costs were accounted for in the \$1.42 charged for every 100 cubic feet of water used over the 350 allowance. Because of the number of calls received by the office regarding the new policy, there followed a lengthy discussion about whether or not to rescind the new policy and reinstate the prior policy, thereby allowing 350 cubic feet of water usage per month before any additional

charges.

Director Maginnis proposed reinstating the allowance, while continuing to monitor the situation. Treasurer Wood was against that proposal, preferring to let the rates ride while continuing to gather additional data. Director Watson moved to reinstate an allowance of 350 cubic feet of water per month for metered residences, with an additional charge of \$1.42 per 100 cubic feet of water used beyond 350 cubic feet a month; at the same time the water company will continue to gather and evaluate data for further discussion in the spring; seconded by Director Maginnis. The vote was 6 in favor, with Treasurer Wood voting no.

Office Manager/Recording Secretary asked the board to answer a question often asked of her, "Why did bare lots receive the highest percentage rate increase?" Treasurer Wood described the large increase as correcting a prior inequity in the bare lot fee and it would be discussed further in committee.

- 082 Salary & Benefits Committee: President Speakman began the discussion by saying the board had approved a budget for 2009 at the November board meeting which included salary increases of 5% as a place holder only. The board had planned to discuss and vote on final salary recommendations afterwards at closed session, but did not. At the December 13, 2008 board meeting the board approved November Meeting Minutes that referenced the 2009 Budget and 5% salary increases. At a Closed Session immediately following the meeting, the board passed salary increases of **3%**.

General Manager Herreid was concerned because the budget mailed to shareholders with their annual invoices was incorrect, showing salary increases @ 5% rather than 3%. Treasurer Wood distributed a dictionary definition describing a budget as a financial *plan* only, and not a commitment to expenditures in any way.

- 083 Personnel Policy Committee: Because of an incident brought to the attention of the board, the company policy regarding alcohol use was reviewed. Director Maginnis reported he had read the policy as defined in the Employee Handbook and the policy was implicitly clear; no alcohol use on a job site, period, not even after hours, or by a contractor. Company liability prohibits any exceptions.

- 084 Projects Committee: Nothing to report.

090 PUBLIC RELATIONS:

- 091 Lodge Log Article: Due Feb 1. Topics suggested for President Speakman's inclusion in the Lodge Log Article were rate equity and the February 15 payment deadline,

110 UNFINISHED BUSINESS:

- 111 Quarterly Meetings with CCWD: The next meeting is scheduled for February 13, 2009; same location.

- 113 Calaveras General Plan: Director Carlsen asked if BLSMWC should attempt to make river water access a part of the General Plan, since it won't come up again for review for another 10 years. General Manager Herreid reported that a water element had been added to the General Plan this year with the last meeting to be held January 22. Treasurer Wood described the water element section as "looking at who has water rights and the responsibility for water service within the county." Guest Don Stump, who had attended the meetings held so far, explained that participants were thinking only in terms of project concepts and that the water element, like the General Plan, was a vision. He said the water element does not try to control a specific project, is very broad based in that it does not go into detail, and you can go back to it every year.

- 114 Sequoia Woods/BLSMWC Agreement: Treasurer Wood moved to approve the resolution updating the agreement between BLSMWC and Sequoia Woods to include a 3rd restroom at Sequoia Woods' maintenance building; seconded by Director Watson and the vote was unanimous.

120 NEW BUSINESS:

- 121 Correspondence: Director Watson submitted a resume he had received from an acquaintance he had spoken with during the time the water company was actively recruiting for a potential management position. He asked that we file the resume for future reference and write a letter of appreciation thanking the applicant for his interest.

General Manager Herreid reviewed his letter to Glatfelter Claims Management, Inc. regarding an accident on 12/26/08, at the treatment plant, with no damage to the Blue Lake Springs Mutual Water Company vehicle. The other party has said that they will not pursue the issue and the letter was for "Notice Only". A reflective sign saying "Private Road" will be purchased and installed at the turn off to the treatment plant.

Treasurer Wood thanked Office Manager/Recording Secretary Jeri Cline for providing a spreadsheet of monthly expenses during the last four years. Based on the spreadsheet data, Treasurer Wood analyzed the cash flow requirements for 2009; the spreadsheet will be used as a guide for setting up CD maturation dates during the year.

General Manager Herreid talked about the liability insurance packet recently received. The cost was a little higher than anticipated because of an additional vehicle.

- 130 ADJOURNMENT:** The meeting was adjourned at 11:34 a.m. There was no closed session.

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

APPROVED: