

BLUE LAKE SPRINGS MUTUAL WATER COMPANY
Minutes of the 6th Interim Meeting
Blue Lake Springs, Arnold, California
Saturday, November 8, 2008 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 Owen, Speakman, Watson and Wood. Director Multhaup was absent. 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 Watson, and the vote was unanimous.
- 030** **APPROVAL OF MINUTES:**
- 031 The 5th Interim Meeting Minutes of October 11, 2008: Director Carlsen moved to approve the October 11, 2008 Interim Meeting Minutes; seconded by Director Watson, and the vote was unanimous.
- 040** **VISITOR'S RECOGNITION:** The board recognized guest Paul Baker.
- 050** **FINANCIAL REPORTS:**
- 051 October 2008 Balance Sheet & Income Statement: On the October 2008 Income report, our total income year to date for October 2008 is \$1,183,870 and our Total Annual Income Budget is at \$1,264,619. Non-operating income for the year is \$66,952. Total expenses year to date are \$920,705, with our Total Annual Expenses Budget at \$1,192,220.
- 052 Bills for October 2008: The bills of note for October include \$6,073.396 payable to CCWD for water purchased in September and, also paid to CCWD, \$1,369.20 for CPPA power reimbursement for the period September 6 through October 5, 2008. Twain Harte Construction was paid \$148,597.20 out of the Expansion and Improvement Fund for the Stephanie Drive/Patricia Lane project. In addition, October Worker's Comp Insurance was \$1,188.47. Director Wood moved to approve October bills in the amount of \$177,990.72; seconded by Director Carlsen and the vote was unanimous.
- 060** **MANAGER'S REPORT:**
- 061 Water Consumption/Losses/New Connections/White Pines Wells Production: In October, General Manager Herreid reported 2,556,000 gallons of water produced and 2,211,000 gallons purchased from CCWD. Daily Average Produced in October was 83,000 gallons. Wells Draw Down average was 98 feet of water above the pump in October. The last page compares the last twelve years by month for Total Usage, which was 4,857,000 gallons in October. We had no new connections in October, for a total of 5 connections year to date. There are now 1,699 homes connected. Average usage per home in October was 2,848 gallons with 19,000 gallons lost; ½ the system remains on CCWD.
- 070** **OPERATIONS/LONG RANGE PLANNING:**
- 071 Systematic Replacement and/or Improvements:
A. *Stephanie Drive/Patricia Lane Project:* General Manager Herreid reported that ½ of the street is now paved.

072 Long Range Planning:

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

B. *Future Projects:* Director Wood opened discussion pertaining to project scheduling for 2009 and 2010. After determining adequate funds would be available for a project in 2009, President Speakman recommended postponing any planning for 2010 until after the June 2009 shareholders' meeting.

080 COMMITTEES:

081 Budget & Rates Committee: The board discussed 2009 water rates and whether to hold them at 2008 levels or pass an incremental rate increase. After discussion, Director Watson moved to amend the ***Rules and Regulations, Section 7, Delinquencies***, to say that annual lot and residential fees are due and payable upon receipt, and become delinquent if not paid by February 15; fees not paid by March 15 will accrue interest at 18% per annum. Seconded by Director Carlsen and the vote was unanimous. In addition, Director Wood moved to assess a late fee of \$65 on water fees not paid by February 15; seconded by Director Watson, and the vote was unanimous.

Director Wood moved to rescind the current policy of allowing 350 cubic feet of water usage per month for residences with an active meter and bill meter usage at \$1.42 per 100 cubic feet for ***all*** water used beginning in 2009. Annual fees in 2009 will be billed at \$340 for Bare Lots, \$580 for the Residence Base Rate (less than 6 months occupancy), \$620 for Residence Full Time (over 6 months occupancy), \$585 for Residence with an Existing Active Meter, \$615 for Rentals, \$595 for Rentals with an Existing Active Meter, \$610 for Residence Base Rate Requesting Hand Held Hose, and \$120 for Meter Installation; seconded by Director Maginnis and the vote was unanimous.

Director Wood moved to increase depreciation expense to \$100,000, and approve the 2009 Budget with incorporation of the new rates and increase of the depreciation expense. Seconded by Director Watson and the vote was unanimous.

Treasurer Wood suggested that there should be a statement in the Shareholder letter he is writing to accompany the 2009 Annual Billing that says: *only minor adjustments were made to the various categories of usage in an attempt to address rate equity, that BLSMWC has been able to plan an improvement project, and meet projected operating costs for 2009 without a major across-the-board rate increase.*

082 Salary & Benefits Committee: The 2009 Budget, as approved, included salary increases of 5%, a 6% increase in health insurance costs, and a 10% increase for liability insurance.

083 Personnel Policy Committee: Nothing to report.

084 Projects Committee: Nothing to report.

090 PUBLIC RELATIONS:

091 Lodge Log Article: Due Dec 1. Possible topics for discussion include the 2009 Budget, rate equity, and the new delinquency policy.

110 UNFINISHED BUSINESS:

111 Quarterly Meetings with CCWD: The next meeting is scheduled for February 13, 2009. Director Wood presented a proposal from Doctor Daus to evaluate what is possible at the Mill Pond. Director Owen reported on a State Ground Water Ambient Monitoring and Assessment Program that is

taking

place around the state; the purpose of the program being to determine the age of ground water at selected locations. He recommended General Manager Herreid make enquiries as to whether or not BLS could be included in the program.

113 Calaveras General Plan: Nothing to report.

114 Rental Homes: Nothing to report.

115 New Hire: Nothing to report.

116 Sequoia Woods/BLSMWC agreement: General Manager Herreid will report back to the board at the December 13 Meeting.

117 Blue Shield Contract: General Manager was authorized to sign the contract.

120 NEW BUSINESS:

121 Correspondence: Copies of the letter received from Joe Spano, State Health Department, regarding the annual inspection were distributed to the board prior to the meeting.

General Manager Herreid reported on a request from Sequoia Woods Country Club to CCWD for a water connection to the maintenance building on Rainy Drive. CCWD referred Sequoia Woods to BLSMWC for the connection. President Speakman directed General Manager Herreid to research what the needs are of the Country Club and report back to the board in December.

Copy of a letter from the fire department asking permission to operate the fire hydrants in BLS was distributed to the board prior to the meeting. General Manager Herreid has responded, and the testing is scheduled for November 20, 2008. Director Wood asked General Manager Herreid to compare the pressure readings to the original HDR hydraulic model, and report on the results to the board in December.

Director Wood presented a CCWD FAQ and Water Pressure sheet to Recording Secretary/Office Manager Jeri Cline to use as a model from which to draft FAQs for the BLSMWC web site. The job opening notice is to be removed from the web site.

122 Audit: Director Wood moved to approve the 2008 Audit Proposal for \$3,700 as submitted by Sandra Vaughn of Ebbetts Pass Accounting; seconded by Director Maginnis and the vote was unanimous.

123 Closed Session: Cancelled.

130 ADJOURNMENT: Director Carlsen moved to adjourn at 12:00 p.m.

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

APPROVED: