

DRAFT
DIAMOND “A” MUTUAL WATER COMPANY
A California Non-profit Mutual Benefit Corporation

MEETING NOTES

A Meeting of the Corporation was Monday, June 26, 2017 at 7:00 pm, at the Diamond “A” Recreation Center Building, 18843 Spring Drive, Sonoma County, California pursuant to order of the Board of Directors acting by authority of the Corporation By-Laws.

Presiding: Richard Bryan, President

ATTENDEES:

Board Members:

Richard Bryan
Joe Lieber
Dave Martinelli,
Ron Matteson
Celia Schake
Peter Hohorst
Patrick Treacy

Staff:

Dee Young- Administration and Finance Manager
Bill Angeloni-Operations Manager

Shareholder Guests: Monica Wohiferd, Victoria Alverado

The meeting was called to order upon determination of a quorum.

The Board approved the meeting notes from the Quarterly Board Meeting held March 26, 2017.

COMMITTEE REPORTS AND DISCUSSION:

1) Committee reports and discussion

a) Operations and Administration

i) System status

1. A water main leak was repaired on Canyon Drive. The difficulty in pinpointing the leak contributed to the \$10,000 repair cost.
2. Tank 2 experienced a level control problem due to a float switch malfunction.
3. Tank 3S experienced a level control problem due to a failure of the signal circuit between the well and the feed pump
4. Well production has been stable

5. Well 4 submersible pump may need to be replaced in the near future based on increased power consumption.
 6. The Fire Department is in the process of painting the fire hydrants with the appropriate color code and installing blue road centerline reflectors for location identification at night.
- ii) February 2017 State Inspection
1. The items requiring correction by July 5 have been completed
 - i. Outstanding items are to:
 - Complete and submit an Operations Manual
 - Complete and Submit an Emergency Response Manual
 - Close out an overdue certification for a back-flow protection device
- iii) Zone 2 Tank replacement
1. Engineering design has been completed
 2. The bank loan has been approved
 3. Tank procurement agreement has been signed
 4. The permit package was submitted to the County on May 1
 5. Permits are anticipated to be issued in August followed by start of construction
- iv) System Controls update: A timer has been installed on the control line for Wells 1 and 2 feeding the Zone 1 Tank so that filling the tank is done during the off-peak power hours between 8:00pm and Noon. This installation will save cost by avoiding the higher usage rates during the high-peak usage period between Noon and 8:00pm.
- v) Pipe lining system: Joe Lieber made a PowerPoint presentation on a very sophisticated method of installing liners in water lines without having to excavate the entire pipe. It requires access pits at strategic locations to install the liner. Lining the pipes could increase the reliability of our water supply and reduce our repair costs in addition to increasing the reliability of our mains during a severe earthquake. An estimate from the vendor so that grants could be pursued, as this work is very expensive. If any member knows of potential grant sources that would apply to this work, please advise Joe.
- b) Financial Status
- i) Our overall financial condition is generally in line with our Budget
 1. YTD water sales (for usage in OND 2016 and JFM 2017) were \$24k this year vs \$29k for the same time period in the prior year
 - a. This suggests we would end 2017 \$5k short on Revenue
 - b. However, YTD electricity costs are \$10k 2017 vs \$7k in 2016, suggesting that we had high water usage in the AMJ time frame in 2017 than the prior year. Consequently, Dave expects this to be reflected as higher revenue for AMJ usage (July billings) in 2017 vs 2016.
 - ii. YTD Repairs and Maintenance are \$3k higher than prior year

1. This is due to a large break on Canyon as well as Fix It items from the State Inspection
- iii. 2017 Capital Expenditures are tracking to come in below Budget
 - iv. Cash Position is very strong with a cash balance of \$432k as of 6/22/17 (this is before the July billings)
 1. Cash is high largely because our new Westamerica Bank loan for the Zone 2 Tank has been funded (\$250k)
 2. Special recognition to Dee's collection efforts, including e-billing and e-payment. Our Accounts Receivable balance is \$410 (on YTD revenue of almost \$110k). Excellent work Dee!!!
 3. Based on our tank budget of \$336k, we will still end 2017 with a significant (i.e.>\$100k) cash balance.
- c) Conservation and Communication
 - i) An emergency response plan is in the process of being developed
 - ii) A recent house fire reminds us of the importance of maintaining a maximum reserve of water for fire suppression. With the replacement of the redwood 50,000gallon Tank 2 with a 90,000 steel tank, the reserve will be increased.
 - d) Governance
 - i) A Water Certificate evaluation was performed to validate the current value. The value is determined to be \$25,000. **The Board accepted the valuation.**
 - ii) A policy for claims of abnormally high water usage due to leaks will be discussed at the next board meeting
 - iii) The remaining 2017 Board Meetings will be held on 18 September and 11 December
 - iv) The 2018 Annual Meeting will be held in March. The day to be determined at the next board meeting

A motion to adjourn the meeting was approved at 8:40pm

Notes:

- (1) Approved Board Meeting Notes for the previous meeting are issued electronically with the Meeting Agenda for the upcoming meeting. The meeting notes are also posted on the Diamond A website (<http://diamondasonoma.com>) under Water Company Board Postings. Any member may obtain a copy of the report upon written request to Diamond A Municipal Water Company, PO Box 150, El Verano, CA 95433.
- (2) The 2016 Annual Report (financial information) has been posted on the Diamond A website and can also be obtained by mail (see above).
- (3) Board actions are in **bold underlined** type.