

Diamond A Mutual Water Company

Annual Meeting

April 13, 2025

4:00 PM DA Rec Center

Agenda

Overview

- Welcome and Introductions
- Operations Review
- Financial Status
- Communications
 - Drought Relief Pipeline Replacement
 - Backup Power Supply
- Governance
- Open Discussion
- Adjourn

Operations

- **PIPELINE REPLACEMENT PROJECT**

- Scope of Work:

- Replaced 4000' of old 4" water lines with new 6" main lines
 - Installed 2 Pressure Regulating Valves

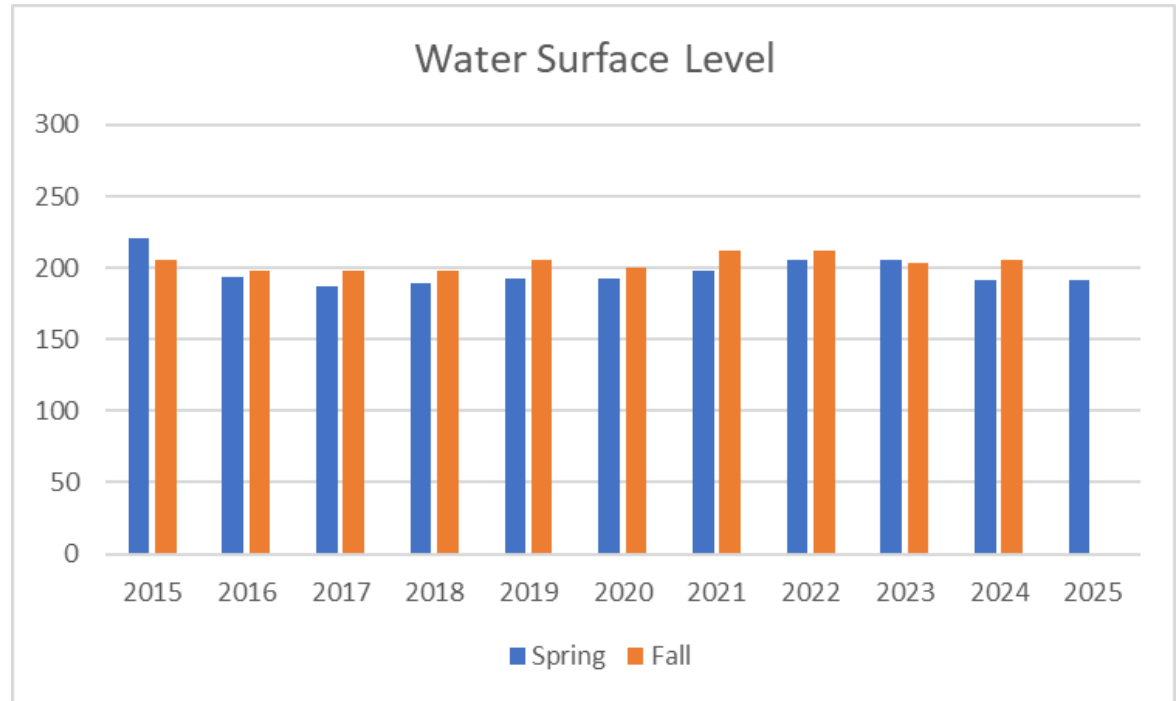
- Benefits

- **Conserves water** by eliminating leaks and broken pipes
 - **More than Doubles** the water flow through these segments of the system to substantially improve our fire fighting capability
 - **Improves Operational efficiency** of water system.

Operations

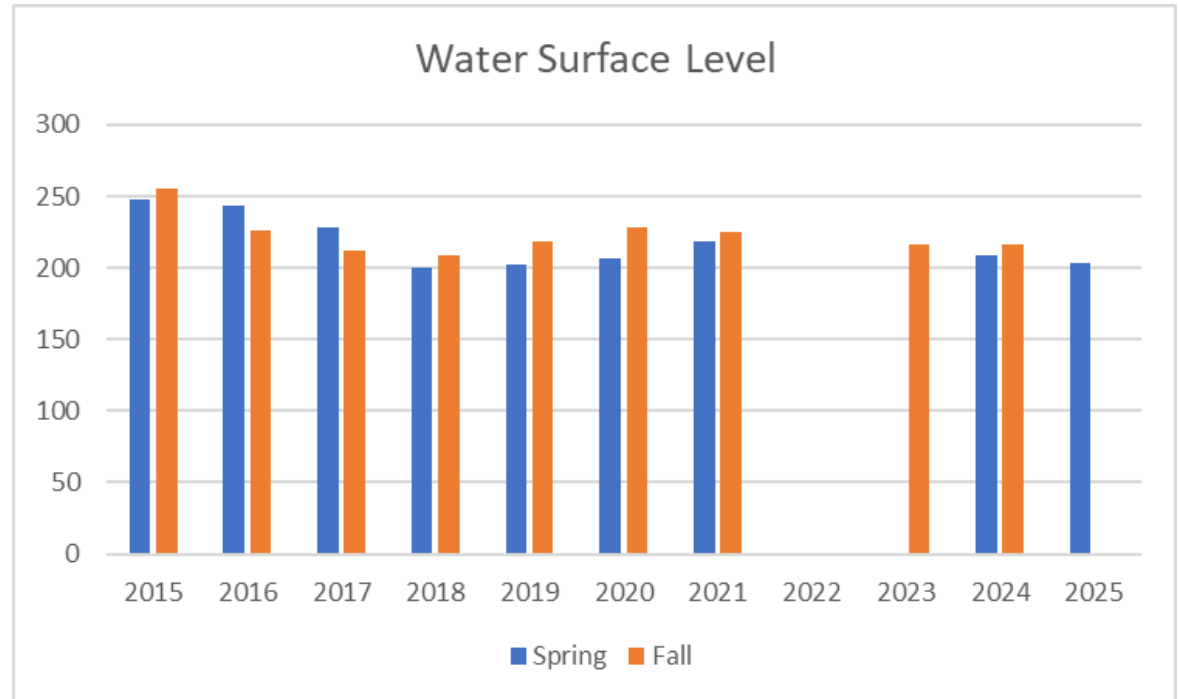
- **Water Levels in Wells holding strong**
 - Water production
 - Water production is stable, with proven capacity to consistently meet demand even during the drought years
 - Typically 100'+ of water above the well pumps
 - Monitoring of well static levels continues
 - See following slides
 - **NOTE: These measurements are the distance from the well head (surface) to the static water level.**
 - » **If the chart is trending LOWER, that means the well is recovering**
 - » **If the chart is trending HIGHER, the well is being drawn down**

WELL #1
(336')
Rec Center

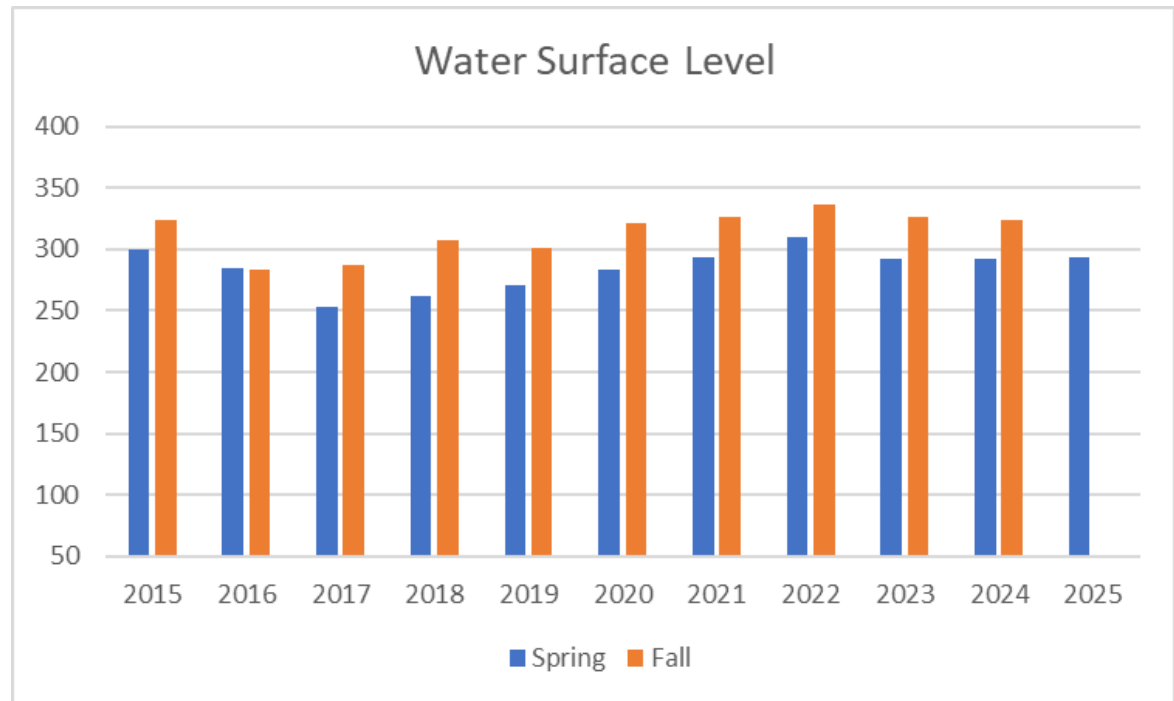


Air lines used to measure water levels were out of service at this well in 2022 and early 2023, so no updated Water Surface Level readings were available. Repairs have been made and readings resumed in late 2023.

WELL #2
(375')
Rec Center

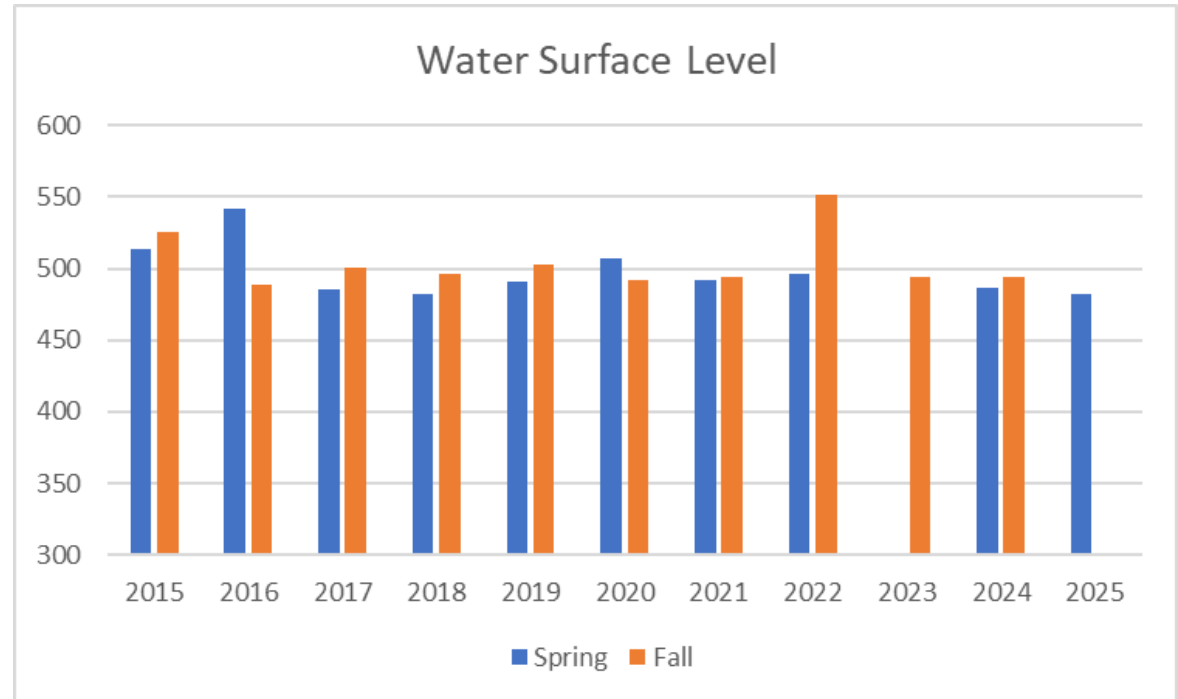


WELL #3
(462')
Sweet William



Air lines used to measure water levels were out of service at this well in early 2023, so no updated Water Surface Level readings were available. Repairs have been made and readings resumed in late 2023.

WELL #4
(657')
4700 Grove



Operations – Other Projects

- **Fire Hardening**

- North Bay Conservation Corps removed low hanging tree limbs and dry grass from DAMWCO sites
- Generator placed at well #4 during high fire season
- Anderson's Tree Service removed 1 tree and trimmed a 2nd tree at the White Oak tank

Operations – Other Projects

- **System Maintenance**

- Replaced water line between Wells 1 and 2 (Rec Center) and installed new 2” meters at the well heads
- Installed new water meter on Spring Dr. (new construction)
- Installed air vents at all well heads (State requirement)
- Cleaned and inspected all 4 tanks with dive crews
 - Based on favorable inspections, will not need to be done again until 2032-2034

Operations

- **Water Quality (Consumer Confidence Report)**
 - Continued favorable test results through the State water testing program
 - System operated in 2024 without any public safety incidents

Financial Status

- Annual CPA Reviewed Financial Statements in process and will be finalized and posted on the web site for members
- **Fiscal 2024 Year End Report (Internal):**
 - **Net Cash Flow slightly BETTER than Budget**
 - Rate Increases taken in 2023 offset continued lower water consumption (Water Sales)

Financial Status

- **2024 Recap:**

		2024 BUDGET	2024 INTERNAL	Better (Worse)
Operating Cash Flow		11,880	49,306	37,426
Less: Operating Cap Ex		(76,000)	(100,509)	(24,509)
Net Cash Flow - Operating Fund		(64,120)	(51,202)	12,918
Revenue - Replacement Fund		155,280	157,425	2,145
Less: Pipeline Project Cap Ex		(1,091,309)	(661,099)	430,210
Plus: Loan Proceeds		750,000	325,000	(425,000)
Net Cash Flow - Replacement Fund		(186,029)	(178,674)	7,355

- **The Good:**

- Water Sales Revenue \$24k BETTER than Budget
- Repairs and Maintenance \$37k UNDER Budget
 - Some R&M costs some were reclassified to Operating Cap Ex, which was \$24 K OVER Budget
 - Still Net \$13k favorable overall

- **The Bad:**

- Water Testing was \$8k OVER Budget due to new State requirements
- Electricity was \$12k OVER Budget

Financial Status

– The Pipeline Replacement Project makes up 100% of the Replacement Fund activity

- Reimbursements from the State typically lag 60 days after invoice
- On occasion, DAMWCO has had to draw on the credit line pending State Reimbursement
 - The revolving credit line is \$900k, but is currently paid to zero.
- The State does hold a 10% retention, which will not be paid until all final invoices and reports have been submitted.
 - Projecting Q3 for final retention reimbursement.
- **Final project overage is estimated at \$50k (which is about 2.5% of the total project cost), with the expectation that this will be reimbursed by the State**

Financial Status

— Ended 2024 with only \$27k in Cash

- This is BELOW than our original projection of \$71k ending cash
- Cash Balances will increase throughout 2025 as State reimbursements are received
 - Ended 2024 with \$661k reimbursements receivable from State (paid in 2025)
 - After paying off the Credit Line of \$325, this is \$336k net cash for DAMWCO
- CURRENTLY PROJECTING ENDING CASH OF \$447K FOR YEAR END 2025

Financial Status

- **2025 Plan**

- **Net Loss of \$22k from Operations is projected**

- Budgeting \$58k from Operations, less \$80k in Operating Cap Ex
 - The Board has historically sought to maintain a break even Cash Flow from Operations
 - The Finance Committee will monitor throughout the coming year but likely will be recommending a rate increase at the end of 2025

- **Net Gain in Replacement Fund of \$106k is projected**

- M&I Revenue of \$151k will exceed the projected \$45k in Replacement Cap Ex

Reserve Analysis

- In 2020 the Finance Committee completed an evaluation to determine the adequacy of our current Reserves
 - The analysis is updated each year as part of the budgeting process
 - Replacement of underground pipelines are excluded from the analysis as this is beyond our abilities to implement due to the cost involved.
 - Reserves are based on assets such as wells, pumps, motors, electrical panels, tanks, etc.

Reserve Analysis

- **Year End 2024:**

- Cash on hand is \$27k + State receivables (net of loan) of \$336k
- The Fully Funded Reserve target is \$734k
- **The Reserve Shortfall is \$398k**

- **Year End 2028 (Projected)**

- Projected cash on hand: \$1.032mm
 - Assumes 15% rate increase in 2026
- The Fully Funded Reserve target: \$987k
 - The Reserve target increases over time as the system ages
 - Assumes no major capital replacement projects
- **Goal is to be fully funded by end of 2028**

Communications

- **Drought Relief - Pipeline Replacement Project**
 - **Project Work is now COMPLETE!**
 - » Thanks to Mary Lex and the DARA Board for their cooperation by providing meeting facilities and a construction staging area
 - » See the DAMWCO Newsletter for more details
 - **Summary of the project, its purpose, and other details**

Communications

- **Contingency Planning for System Disruptions**
 - Backup Power
 - » As done the last 5 years, DAMWCO continues to lease a generator during peak PSPS / Fire Season (Aug thru Oct)
 - » B&R has developed a detailed plan (e.g. quantity, size, type, location, compatibility with electrical requirements, etc.) to add permanent generator(s) in the DAMWCO system
 - » **Purchase of permanent generators is on hold as the seasonal rental plan has worked well thus far**

Communications

- **State Requirement re: Lead Testing**
 - In 2024, the State Water Boards required us to determine if any of our service lines contained lead
 - We contracted with a 3rd party to dig up and inspect all service lines, at a cost of \$13k
 - **No lead was found in our system**
 - » Lead is more common in water systems that are even older than ours
 - While all the field work was completed on a timely basis, there was a paperwork mix-up that caused our submission to be late to the State

Governance

- **Matters for approval by Members**
 - Directors to be elected
 1. **Joe Lieber (incumbent)**
 2. **Patrick Treacy (incumbent)**
 3. **Jeff Jerome (incumbent)**
 4. **Will Glesnes**
 5. **Judith Walsh**

Governance

- **Board Action:**
 - Formalize Board Committees (to be done at the normal business meeting following the Annual Meeting)

Open Discussion

- Discussion with members on water company operations and management