

# Diamond A Mutual Water Company



Spring 2015

## Changes...

### Passing of Ray Zastro

*Our longtime and always there for us, water service person, passed away recently. He was dedicated to the end. We will all miss him.*

### Changes in the Office

*Shirley Angeloni has retired as the water company's "front office" person. For an untold time she has diligently handled our billing, fielded phone inquiries and so on. She will be greatly missed, but we understand her need to spend more time doing what she enjoys.*

*Shirley has been replaced by Dee Young who is a very capable finance manager. In addition to what Shirley has been doing, Dee will also be coordinating and updating the various databases affiliated with both the Water Company and DANA.*

### Outsourcing Company Operations

*We are in the process of outsourcing some of our operations to a company that specializes in this work. We have considered both Weeks Drilling who are headquartered in Sebastopol and Jerry and Don's Yager Pump and Well Service in the Sonoma Valley. We selected Jerry and Don's Yager Pump and Well Services*

*Jerry and Don's will take over critical functions such as monitoring and maintaining our chlorination systems; preparing and filing reports to regulatory agencies; alerting shareholders in the event of an emergency and so on. It is anticipated that as Bill Angeloni reduces his involvement in the management of the Company, that Jerry and Don's will take over more of the day to day operations.*

### Update on the New Tank at White Oak Court

*We are continuing to push forward on getting the urgently needed replacement of the White Oak Court 100,000 tank.*

*Just to refresh your memory, this tank is in such poor condition that we can only fill it about half way. We have done repairs to it to significantly reduce the leakage in the bottom half. The Board has decided to engage in a lease program which will speed up the construction process by about two years.*

*We are proceeding to get the tank built by the end of this year. The result will be an 100,000 gallon bolted steel tank which will meet current seismic standards and should give us a very long service life.*

*Unfortunately, much of our system was built many years ago and age is catching up with us very quickly. Fortunately, our Board has been proactive on addressing this deferred system maintenance and the rate increases taken in 2014 and 2015 will enable us to proceed with our tank replacement plans on schedule.*

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## Well Level Monitoring

All of our wells now have level monitoring equipment. This will enable us to keep track of changes in our water levels. So far, the levels have been good, but keeping track of changes over the years will give us a better idea if there will be anything thing to be concerned about.

Below is a summary of the Company's historic annual pumping history:

### Diamond A Mutual Water Company Annual Distribution

Year	Gallons (Million)	% Dev. From Avg.
2001	38.7	-0.4
2002	37.0	-4.8
2003	36.1	-7.1
2004	37.5	-3.5
2005	36.4	-6.4
2006	41.1	5.7
2007	37.4	-3.8
2008	42.2	8.6
2009	38.8	-0.2
2010	38.0	-2.2
2011	32.7	-15.9
2012	41.0	5.5
2013	47.5	22.2
2014	39.8	2.4
Total	544.2	
Average	38.9	
Homes	196	
Avg/home	0.198324	
Say 200,000 gals/year		

## An Update from our Manager

Performance of the distribution system this quarter: It was good overall.

### Major maintenance incidents:

There was one major leak at the end of Wildwood Court, which was difficult to repair. The final cost was nearly ten thousand dollars.

### Status of Zone1:

1. A radio link has been installed between Tank 1 and Wells 1 and 2 to replace unreliable telephone lines. Failures were resulting in tank overflows. Work on the radio link is complete and working perfectly.
2. Defective outlet valve at Zone 1 tank will be replaced as part of the piping modifications required for the new tank. This work is in progress and will be completed in April.
3. Engineering has started for the Tank 1 replacement. The permit application process has begun and the Sonoma County Planning Office has approved the Site Plan.
4. Two 5000-gallon tanks used as temporary storage for the Tank 3 replacement have been installed at the Tank 1 site in preparation for the new

replacement. The electrical work is completed and the plumbing will be completed in April.

5. Exploration and site survey have been completed. The engineering drawings will be completed as soon as Brelje and Race Engineers receive the final geotech. report.

### Well Performance monitoring Status:

The 4 wells have 115 to 140 feet of water above the pump. They appear to be very stable and not impacted by the drought at this time.

### Well Upgrades:

Wells 1,2 and 3 have new motors and pumps. The motor and pump in Well 4 appears to be in good condition. The installed air monitoring tubes will give us confidence in evaluation our system as the drought continues.

### Back Flow Valves at Tank 3:

We have the valves and they will be installed in the next few weeks.

### Residential Pressure Regulators:

The need to have all residence install a pressure regulator to protect plumbing and appliances was discussed.

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## Financials

### Key Points:

*Due to lack of rain, water sales in 2015 are now thought to be more in line with 2014, which would generate an incremental \$20,000 of operational cash flow vs budget*

*There is still a 15% contingency allowance (\$28,000) in the White Oak Tank Budget*

*There continues to be a \$40,000 allowance in the Capital budget for Ongoing System Maintenance, although no specific projects are planned.*

*If needed, a board member has offered temporary financing to the Water Company at 3% to ensure that the White Oak project can be done in 2015.*

## Pressure Regulating Valves

*Again, for those of you who have high water pressure (over 60 psi) you are encouraged to either install or make sure your pressure regulating valves are working. Check the Diamond A Service Directory for recommended plumbers.*

*If you are experiencing water hammer (a knocking sound whenever you turn off a water tap), there is a pretty good chance you have excessive water pressure. Reducing your pressure with a properly functioning pressure*

*regulating valve should minimize the effects of water hammer.*

## The Drought

*The Fall 2014 Newsletter was tentatively encouraging, but things again are looking bleak. The Water Company wants to encourage people to minimize any large new plantings. The State of California has just placed a 25% mandatory reduction of water use. This is not the time to be intentionally increasing water use. New plantings require much more water to survive than mature ones.*

*Attention is directed to the Water Company's bylaws under Section 3, Water Entitlement, subsection a "Hobby Vineyards" it states the following:*

***"Subject to the Board's authority to prohibit, regulate or terminate such use, when the Board determines that adequate water exists for all domestic purposes for all certificate holders, it may permit water to be used for hobby vineyards or orchards on any subdivided lot for which the certificate is held. However, use of water for agricultural or commercial purposes, including vineyards and/or orchards in combination per such lot greater than one half (1/2) acre in total size per lot is not allowed. No permission to use such water shall ever be deemed a water right, and***

***is fully revocable by the Board at any time in the exercise of its reasonable discretion."***

## Governance

*As a result of the passage of AB 240 we have reviewed the Articles of Incorporation and the By-Laws of the Diamond A Mutual Water Company to determine the changes necessary to comply with the new law. During this process we have discovered some additional changes that are needed in order to bring these documents into compliance with our current operating practices.*

### Next Steps

*A draft of changes to the Articles of Incorporation and the By-Laws will be prepared for discussion at the next Board meeting in June.*

*If the changes are approved by the Board, a special meeting of the membership will be called in midsummer to approve the changes.*