

DIAMOND A MUTUAL WATER COMPANY BOARD MEETING NOTES

Date and Location: June 22, 2015, 7:00 p.m., Diamond A Recreation Center Building, 18843 Spring Drive, Sonoma County, California

Presiding: Richard Bryan, President

ATTENDEES: Board Members: Richard Bryan, Peter Hohorst, Dave Martinelli, Celia Schake, Joe Lieber, Patrick Treacy and Mike Buckley.

Staff: Dee Young and Bill Angeloni.

Shareholder Guests: Rich Cooper, Craig Garcia, Sheryl Glon, Dick Hanna, Christina and Steve Meachem, Barry Sirkus, John Walsh, Manfred and Marian Weber and Peter Zouzounis

MEETING NOTES:

The board approved the meeting notes from the Quarterly Board Meeting held on December 9, 2014.

COMMITTEE REPORTS AND DISCUSSION:

1. **Operational and Technical** – Dick Bryan/Bill Angeloni/Gary Mickelson
 - a. Water system update was provided by Gary and Dick
 - i. Jerry and Don's Yager Pump and Well Service (JDY) agreement to provide water operations support services to Diamond A Water became effective on May 1.
 - ii. Chlorine levels in part of the system were found to be below the required level. In the process of stabilizing the system some users experienced a strong chlorine taste in the water. Members were asked to notify the board of bad-tasting water so that the appropriate action can be taken.
 - iii. Gary discussed with the board and members attending the meeting the state requirements for minimum chlorine levels of 0.5ppm and how they are attained and maintained.
 - iv. There were no major maintenance issues for the quarter
 - v. The distribution system performance was satisfactory. Approximately 3 million gallons of water was produced for the month of May
 - vi. Revised Sampling Plan and Emergency Response Plan was approved by the State and distributed to Board.
 - vii. The Board unanimously approved a maximum of \$7,500 (the original budget for the work) to implement the Zone 3 Tank area modifications that consist of installation of back-flow prevention devices, water meters and boxes and required piping modifications. JDY has provided a proposal to perform the work for approximately \$5,000.

2. **Financial** –Dave Martinelli/Dee Young

a. Current Financial Status

- i. Revenue is tracking generally as expected. Water usage, and therefore Water Sales Revenue, is slightly lower than forecast due to continuing conservation efforts by members during the drought. Maintenance and Improvement Revenue is consistent with the Budget.
- ii. Expenses are running below the budgeted levels, which is more than offsetting the lower Water Sales Revenue. Because water usage is lower than expected, pumping costs (electricity) are also well below budget. There have been no major breaks in the system and therefore Repair and Maintenance costs are thus far below budget.
- iii. Capital Projects
 1. The equipment to provide accurate well monitoring has all been installed and the wireless communication system has also been completed. These two projects came in slightly under the Capital Budget, for a YTD savings of \$6,500.
 2. The replacement of the White Oak tank is still scheduled to be done in 2015. The permit application is currently under review by the County of Sonoma and is expected to be approved by mid/late July. If the tank were to be ordered after permit approval, it will not be ready for delivery until early/mid September, which pushes installation and completion into October.
 3. In order to accelerate the tank replacement timeline, the Board unanimously agreed to place the tank purchase order now, so that permit approval and tank fabrication can be done concurrently. This should enable the Water Company to start the tank erection as early as late August.
 4. The Water Company has been approved for a \$200,000 loan from Westamerica Bank to purchase and install the White Oak Tank. Loan terms are more favorable than the previously approved equipment lease (lower interest rate at 3.50% and longer repayment term (4 yrs vs 3 yrs). The Board unanimously agreed to proceed with entering into the Westamerica Bank loan.
- iv. Housekeeping Updates
 1. Electronic billing: Going extremely well since it was implemented at the last billing. The vast majority of the members now receive their invoices on line and approximately 15% are paying on line as well.
 2. Status of CPA reviewed financials: our CPA has started the review in order to be compliant with AB 240. The work is expected to be complete within 30 days.
 3. Delinquent member updates: there is one member with a significant delinquency. The Finance Subcommittee will obtain legal counsel to place a lien on the individual's residence. It is not anticipated that their

water service will be cut off and delinquency is expected to ultimately be fully collectible

3. Governance – Peter Hohorst

- a. Revision of the Articles of Incorporation and By-laws continue to be updated and revised by legal counsel

4. Conservation and Communications-Joe Lieber/Celia Schake

a. Conservation

- i. The State Water Resources Control Board has ordered that our company, along with 2,600 small water companies such as ours, reduce water use by 25% from a baseline period of June through November 2013 to the period June through November 2015. The Board voted unanimously to establish a 25% reduction as the Company goal in lieu of an option provided by the State to to arbitrarily reduce irrigation to two days a week.
- ii. Communication
 1. The next newsletter will focus on conservation and other topics of interest.
- iii. The Board authorized engaging water specialty counsel, if required, to assist in interpretation of State conservation requirements and to obtain best practices being utilized by other small water companies.

5. Personnel, Professional Services and Administration - Dick Bryan/Dee Young

a. Committee assignments

b. Administration

- i. The board discussed the development of a records inventory and storage structure for Company use. The Board unanimously agree to allocate \$4,000 to procure a trailer/structure to house Company equipment and supplies
- ii. The pending update of Rules and Regulations-June, 1987 will be consistent with the revised Company By-laws.
- iii. All critical company documents will be posted on the Diamond A website website. (Emergency and Sampling Plans, water quality reports, etc.)
- iv. The board discussed transition from a manual ledger to record residential meter readings to a digital program and authorized the purchase of a tablet-type computer to accomplish this.

The next Board meeting will be held on September 24, 2015 at the Diamond A Recreation Center.

Meeting Adjourned at 9:00pm