

# **Diamond A Mutual Water Company**

Annual Meeting

March 31, 2019

# Agenda

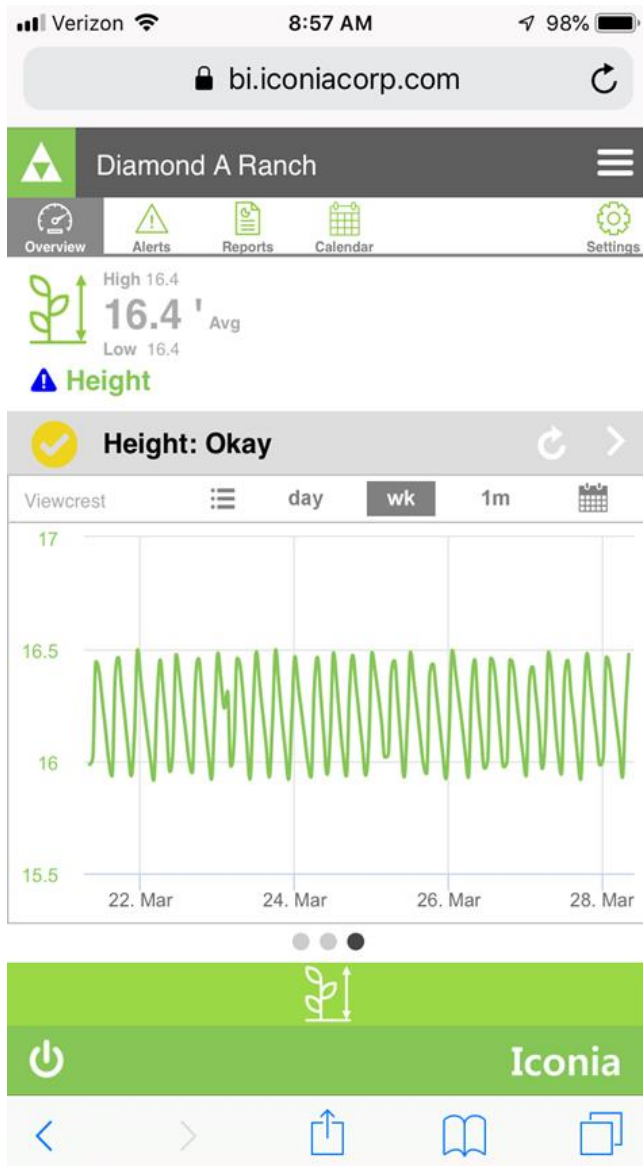
## Overview

- Welcome and Introductions
- Operations review
- Financial status
- Communications
- Governance
- Open discussion
- Adjourn

# Operations

- Water quality (CCR)
- Water production
- Maintenance and repairs
- New Zone 2 (Grove) Tank in service
- Zone 3S (Viewcrest) Tank repair / replacement
- System controls
- Backup generators

# SYSTEM CONTROLS



# EQUIPMENT SHEDS OVERHAULED

BEFORE



AFTER





# ZONE 2 TANK REPLACEMENT

BEFORE



AFTER



# Operations (Cont'd)

## For 2019

- Complete Installation of selected system controls
- Complete Update of Operations and Maintenance Manual and Emergency Response Plan.
- Perform preliminary activity for replacement of Tank 3S (Viewcrest)
- Evaluate use of emergency backup generators
  - Board to model scenarios to assess need
  - Evaluate modification of electrical control panels for wells #3 and #4 to accommodate generators

# Financial Status

- Annual Review is in draft form and will be distributed to members prior to 4/30/19
- **Fiscal 2018 Year End Report:**
  - **Final Profit and Loss right in line with Budget**
    - 2018 Budget was \$122k
    - 2018 Actual was \$123k
      - Water Sales revenue exceeded projections by \$11k
      - Repairs and Maintenance were \$7k higher than budget
  - **Cap Ex less than Budget**
    - Driven primarily by cost savings on the Zone 2S Tank, we came in \$56k under budget
  - **Ended 2018 with \$147k in Cash**
    - Much higher than budget projection of \$86k ending cash



# Financial Status

- **2019 Plan**

- **Budget is \$109k Net Cash Flow with \$92k in Cap Ex**
- Will continue to amortize the Westamerica tank loans with a \$75k principal reduction forecast for 2019
  - **One of the two tank loans will be paid out in mid 2019**
- **2019 Ending Cash Projected to be \$89k**

# Financial Status

- **2019 Key Take-Aways**
  - **Budgeting \$60k in Repairs and Maintenance**
    - Spent \$52k in 2018 vs budget of \$45k
  - **Budgeted net \$50k for Zone 3S (Viewcrest) tank repair / replacement**
    - The Zone 3S tank will either be repaired for \$50k or replaced for \$150k, with \$100k of bank financing
    - **By the end of 2019, three tanks will have been replaced and one significantly overhauled or replaced within the last 6 years**

# Reserves Analysis

- **The Finance Committee has begun an evaluation to determine the adequacy of our current Reserves**
- While our system is generally well maintained, the oldest parts are nearing the end of their useful life:
  - Well # 2 (1966)
  - Well #1 (1974)
  - 30,000 linear feet of distribution lines (1960's & 70's)

# Reserves Analysis

- Given the cost and the weighted average age of our system components, **we should have \$325K in reserves to be fully funded**
  - Our actual cash on hand is approx. \$100k
  - Our relatively low cash position has been driven by the need to replace 4 failing redwood tanks since 2013
- This Reserves Analysis will be more fully vetted by the Board in 2019

# Governance

- Matters for approval by Members
  - Directors to be elected
    1. **Richard Bryan**
    2. **Celia Schake**
    3. **Joe Lieber**
    4. **Patrick Treacy**



# Communications

- Communications
  - Emergency Response Coordination
  - Quarterly email status to members
  - E-Mail notifications on water outages and emergency repairs
    - Long term goal = provide these notifications by Zone

# Open Discussion

- Discussion with members on water company operations and management