

Diamond A Mutual Water Company

Annual Meeting

March 27, 2022

Agenda

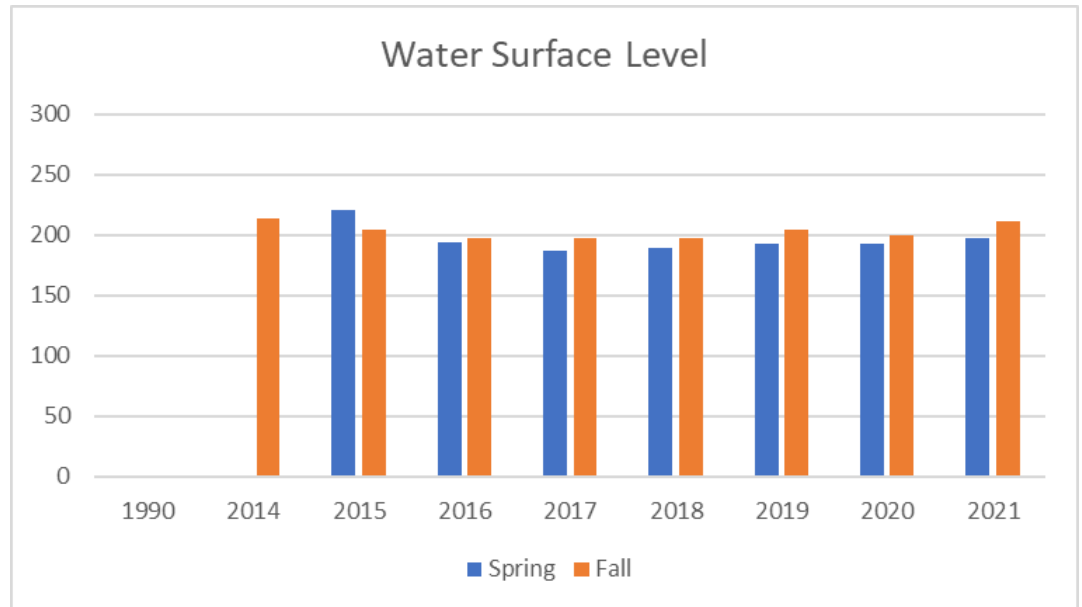
Overview

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

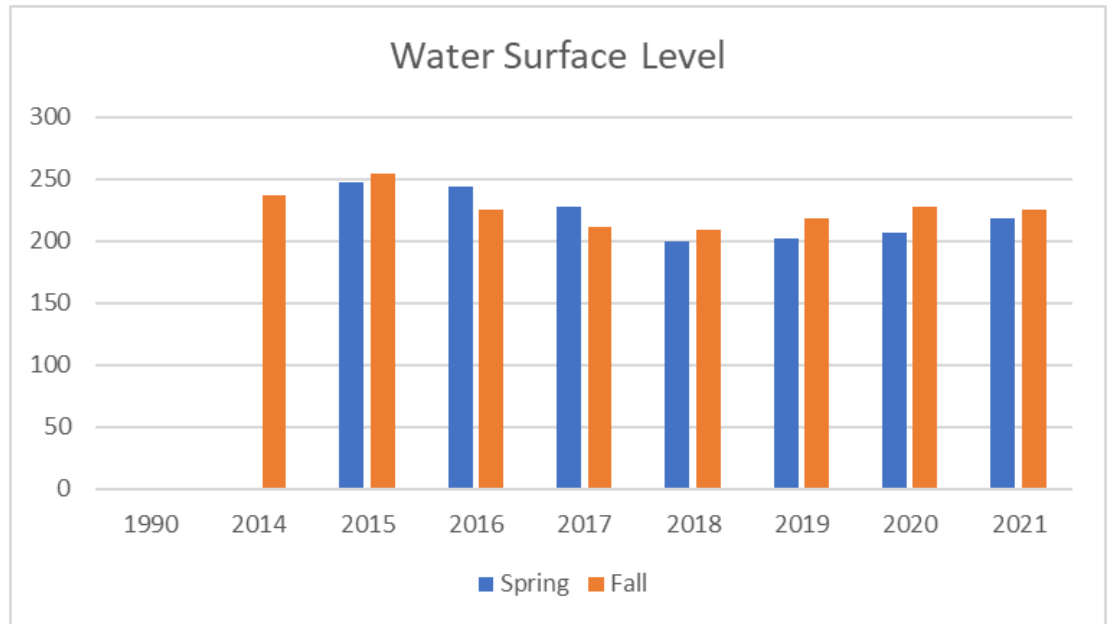
Operations

- 2021 Overview
 - Water quality (CCR)
 - Water production
 - Maintenance and repairs
 - System Instrumentation and Reporting
- 2022
 - Install additional system controls

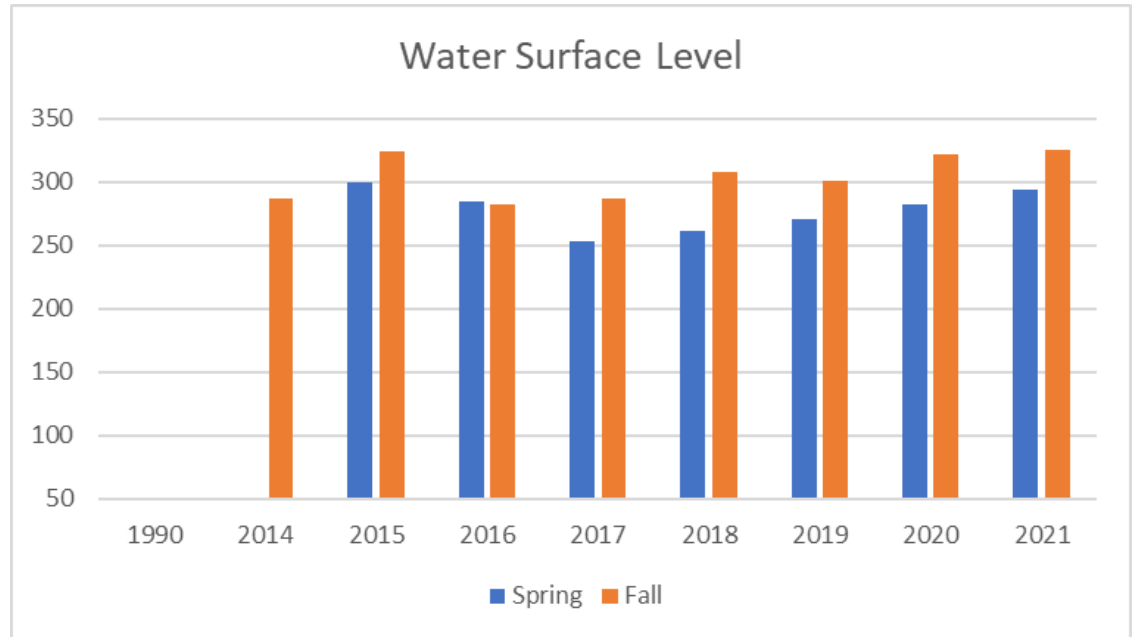
WELL #1 (336')



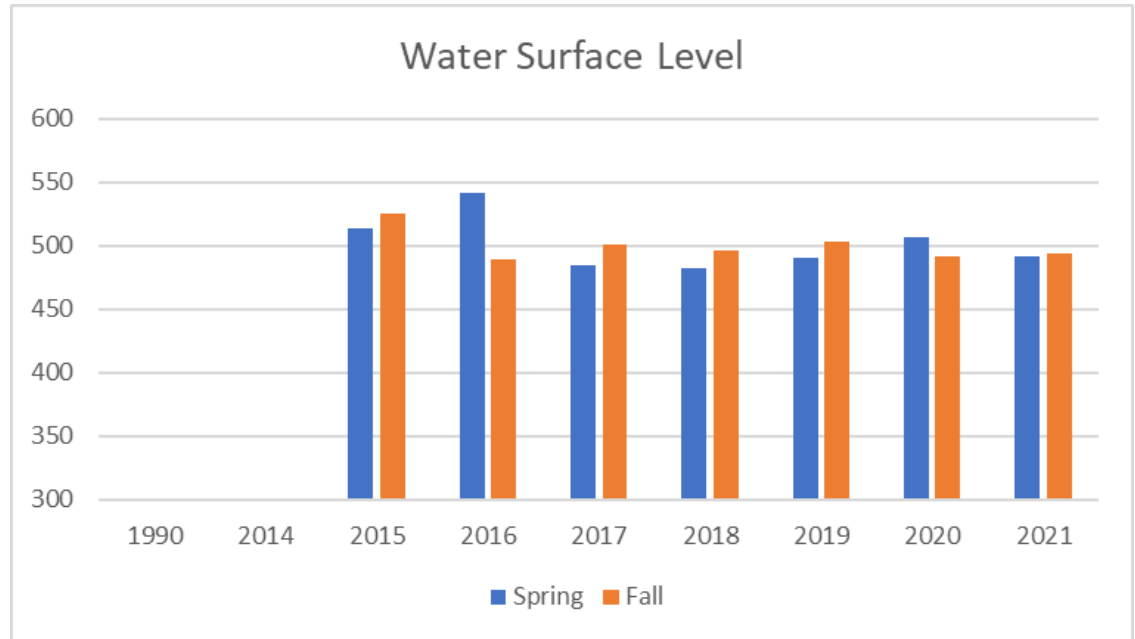
WELL #2 (375')



WELL #3 (462')



WELL #4 (657')



Financial Status

- Annual CPA Reviewed Financial Statements in process and will be finalized and posted on the web site for members
- **Fiscal 2021 Year End Report (Internal):**
 - **Final Profit and Loss \$53K Better than Budget**
 - 2021 Budget was \$131k
 - 2021 Actual was \$184k
 - Revenue from Water Sales and M&I were \$46k higher than Budget
 - » Driven by higher usage in drought year
 - Repairs and Maintenance were \$14k lower than budget
 - Electricity was \$6k higher than budget, a function of water sales/usage

Financial Status

- Cap Ex \$40k Less than Budget
- Ended 2021 with \$258k in Cash
 - Much higher than budget projection of \$154k ending cash

Financial Status

- **2022 Plan**

- Budget is \$136k Net Cash Flow with \$130k in Cap Ex
- **Cap Ex budget includes**
 - **Upgrades to our automated monitoring and control systems**
 - **Engineered hydraulic model of the water system,**
 - **Hydrogeologic study to assess status of current wells**
- **The Final Tank loan will pay out in first half of 2022**
- **2022 Ending Cash Projected to be \$231k**

Financial Status

- **2022 Plan**

- **Budgeting \$196k in Water Sales**

- Actual Water Sales were \$231k in 2021

- One major water user has drilled a well and will be less reliant on water from the DAMWCO system

Planning for Future Cap Ex

CAP EX BUDGET ITEMS DEFERRED TO LATER YEARS					<i>Estimated Cost</i>			
					2023	2024	2025	2026
					50,000			
						60,000		
							25,000	
					50,000	60,000	25,000	-

Reserve Analysis

- In 2020 the Finance Committee completed an evaluation to determine the adequacy of our current Reserves
- The analysis gives us some good insight into which assets will need to be replaced over the next 5-10 years
- **Our actual cash on hand is \$258k**
 - Our relatively low cash position has been driven by the need to replace or repair 4 failing redwood tanks since 2013

Reserve Analysis

- **Key Take Aways**

- **Excluding the Viewcrest Tank, we need \$325k in Reserves to be Fully Funded**
 - Not all of this would need to be in Cash—some could be financed
- **Ending Cash balances of \$326k are projected by the end of 2024**
- The Board will continue to monitor the adequacy of our Reserves on an annual basis going forward

Communications

- Contingency Planning for System Disruptions
 - Backup Power
 - » As done the last 2 years, continue to lease a generator during peak PSPS / Fire Season (Aug thru Oct)
 - Hydrogeological site study
 - Hydraulic System Analysis
 - Centralize Operations and Technical Information
 - Perform preliminary activity for replacement of Tank 3S (Viewcrest)
- DWR Grant Application

Governance

- Matters for approval by Members
 - Directors to be elected
 1. **Dave Martinelli (Incumbent)**
 2. **Peter Hohorst (Incumbent)**
 3. **Ron Matteson (Incumbent)**

Open Discussion

- Discussion with members on water company operations and management