

Squaw Valley Mutual Water Company
Minutes
Annual Meeting
Saturday, September 4, 2010 – 10:00 a.m.

Call to Order: President Garcia called the Annual Meeting Meeting of the Squaw Valley Mutual Water Company to order at 10:04 a.m.

Roll Call and Establishment of Quorum: Secretary Suter called the roll, and a quorum was established.

- **Directors Present:** Adriani, Bossung, Burke, Garcia, Salinger, Suter
- **Directors Absent:** Mercer
- **Staff Present:** John Collins, Anne-Marie Giese, Cory Giese, Steve Brigman
- **Members Present:** Bob Buckter, Cecile & Harold Weaver, Marleen Barnett, Leon & Barb Futran, Allen Riley, Florence & Carl Wild, Judy Smith, Frost Prioleau, Jon Shanser, Frank Sahlman, Ed & Gretchen Thomas, Patti Guilford, Dan Kenney, Loraine Fulmer, Kjell Ekker, William Noble, Dale Cox.
- **Agenda:** There were no additions to the Agenda. *It was moved, seconded, and unanimously agreed that the agenda be adopted.*

Call to Membership for Items not on Agenda: Member Dale Cox announced that he is “thrilled” to get rid of the redwood tank, and to have the new and updated steel tank. He thanked the Board of Directors for a “great job.”

Minutes: There were no questions or changes to the minutes of the Annual Meeting of September 5, 2009. *It was moved, seconded, and unanimously passed that the minutes of the 2009 Annual Meeting be approved.*

President’s Report:

President Garcia announced the Mutual’s completion of the new steel tank to replace the ancient redwood tank, and the benefits already seen: pumping less water, using less water, and using less electricity.

She reviewed the Board’s work for the Mutual in the past year, including a long-term plan to bring the water system up to fire safety and pressure standards for all Members. The Mutual has taken advantage of a low-interest loan from the USDA Rural Development Program by applying for a 40-year, 4% loan for the full cost of the capital improvements needed. After reviewing three bids, the Board accepted Shaw Engineering to complete the Preliminary Engineering Report (PER). To compete for this advantageous financing the Board voted to retain the following:

Financial Analysis – Operations Manager John Collins; Legal sign-off – Andrew Morris of Best, Best, and Krieger (who agreed to forego his required deposit and offer a less expensive rate); Anne-Marie Giese as coordinator of the many documents required by USDA. The goal is to deliver the application by September 1.

The loan application is for \$4,066,340 to make these improvements: Bring fire flow capability to standard requirements, and improve pressure to homes on Navajo and Apache in the upper pressure zone; Move back-lot water mains to streets to allow for required fire hydrants and access for repairs, leaving 3 to 5 years for Members to move their connections; Upgrade service boxes for winter location and automatic-read water meters.

President Garcia discussed financing and rate changes needed to accomplish these results in her report, which is included in the agenda packet for the Annual Meeting. This document may be accessed in full in the agenda packets at this meeting, or by links at www.svmwc.com. She announced that the USDA loan is ready to be submitted for the cost of construction plus contingencies, noting that the estimates may be higher than the actual costs because of low construction costs in this recession. For example, estimates for the new steel tank came in at \$500,000 but the actual cost was about \$300,000. Financial estimates for improvement to the 60-year old system will most likely require rate increases.

The USDA loan is ready to be submitted. Decisions still must be made for 18 vacant lots, which will be part of the discussion at the neighborhood meetings scheduled for today and for September 16 and 18. The meetings are an opportunity for Members to examine the details of the project and talk with the Operations Manager and engineers about specific details of their particular homes and parcels such as placement of water boxes, and plans reflective of individual situations. The first of these meetings will take place today at the old firehouse from 3-5 p.m. today.

In other matters, President Garcia described basic projects, including provision of a dependable back-up generator to replace the current one that originally came from a WWII ship. She reported that the Mutual had no “boil water” notices this year, and its business is operating smoothly with contracts for office management, operations and maintenance and accounting. She referenced details of the CDPH Annual Inspection, noting our water meets all state and federal standards, and several items needing correction. See SVMWC website for details on this and other items in the President’s report, and including agendas, minutes, financial reports and newsletters, at www.svmwc.com

In conclusion, President Garcia noted the expertise represented by members of the current Board of Directors, solid financial footing of the Mutual, and a concrete plan to provide safe and reliable water and effective fire-flow response. She thanked Board Members for their time and service.

Treasurer's Report: Treasurer Adriani summarized the financial details included in the Agenda Packet, noting there were no new assessments this year, and there are only two more payments on the long-term note with Plumas Bank. The Mutual has had a smooth year, and retains a line of credit with Plumas Bank of \$150,000. She cited the 4% loan from USDA as opposed to the 6% loan offered by Plumas as the reason for the Mutual's application for the USDA loan. An independent audit by McClintock Accountancy Corporation resulted in no audit recommendations and a vote of confidence in the management of the Mutual. See Agenda packet available at this meeting or follow links at www.svmwc.com for the full Treasurer's Report.

Water Operations Report: Operations Manager John Collins noted that the water system is and has been in compliance with state and federal requirements for the whole year except for one incident of coliform in the upper well resulting from the first heavy rain last fall. This only affected homes in the upper zone. Since the new tank has been online, unit costs went down this summer. However, rate increases are anticipated for improvements, but will be adjusted for actual use when meters come online.

Election of New Board. A recess was taken for voting, followed by a continuation of the meeting.

System Modernization Plan – Report from Shaw Engineering. President Garcia introduced Steve Brigman from Shaw Engineering, who provided small copies of a map of properties served by the Mutual. He explained that the Plan comes from the Water Master Plan adopted by the Board in 2008. The replacement of the redwood tank is completed, and Shaw is in the process of taking a further look at the 2008 recommendations in light of more sophisticated water and pressure flow models required by the USDA to secure funding. These include pressure flows, fire flows, base mapping, and survey of valve locations. Shaw Engineering has looked at various alternatives, including replacing the rear lot lines, which are made of cast iron, old, and close to the end of useful life. Based upon this information Shaw recommended the four projects which the Board accepted, and is attempting to get funded. He referenced the beneficial construction cost climate, which “will not get any better.” He cited the low pressure problems in the Apache and Navajo neighborhoods, the inadequate fire flow at upper levels, and the upper pressure zone expansion. He stated the Mutual will receive a “big bang for the buck” because improvements will greatly increase the capacity of fire hydrants to deliver water through increase in the diameter of water lines. Improvements will allow for more efficient water flow through abandonment of back lot lines, with street-level reconnection allowing for several new hydrants adding about 20 hydrants to the 20 existing ones. This would result in meeting the state requirement of one hydrant every 500 feet.

Director Burke commented upon the need to size the new system so pressure will remain adequate for all parcels, and questioned the requirement for Mutual to install meters. Various Members also made comments concerning meters and water pressure.

Carl Wild questioned the relocation of lines for purposes of effective maintenance. He stated that the connection to the new line to the street is a very serious issue and will have consequences for homeowners. He noted that the cost to some homeowners and the effect of the curb appeal on their properties will be serious, and suggested that the cost to some homeowners will be enormous.

Patti Guilford suggested that the cost per lot could be as much as \$30,000 to \$45,000 and questioned whose responsibility it is to bear the cost. She expressed concerns that the back-lot easements stay in place. Director Burke explained that the lines from the water box to the house are the homeowners' responsibility, and the lines from the water box to the street are the Mutual's responsibility and responsibility for lines from the connection to the house lie with the lot owner. Discussion ensued about electronic reading of meters in the back lines vs. the street lines. Ms. Guilford suggested that moving some of the older lines on upper Sandy and Squaw Valley Road would result in prohibitive costs. She agreed with comments by Dale Cox that easements should be retained. Dale Cox stated that he supported the fire flow goals, but does not agree with the projected "unseen costs" to some lots, and feels that connections costs should be included in the overall costs of improvements. He stated that calculation of linear pipe costs in incidental the cost to expensive landscaping. He expressed concerns about the financial challenge to homeowners, and warned the Board not to assume all Members "are good with this." He stated that there is a big difference between putting the project on paper and the cost of the finished product.

Steve Brigman noted that the relocation of the lines has been under discussion for two years for a variety of reasons including fire flow, cost differentials for repair and replacement of back lot lines, and ease of access. He noted that back-line homeowners cannot sell their homes without disclosing the problem of replacing old back lot lines, citing problems of locating old mains and replacing them.

Director Bossung said he originally had questions about relocation of the back lot mains, and it is "all pain," but necessary to rehabilitate the aging system. He said the engineering surveys indicate that moving the lines is the right approach and Members should examine the two alternatives. He noted that the Board looked at alternative ways of paying for the improvements—e.g. new assessments vs. an advantageous loan.

Director Adriani asked if the connection costs could be included in the loan. President Garcia and Mrs. Giese stated that they could not—that all connections are legal responsibility of the homeowner. USDA cannot provide loan funds to improve private property. President Garcia noted that the Board had polled the Membership on the question of assessment vs. loan, and most Members preferred the assessment approach. The Board considered a number of loan proposals, all of which were substantially more expensive than the USDA loan. A short discussion ensued about comparative terms of the proposals. Discussion continued regarding the number of fire hydrants needed, which lots are most impacted, and the difficulty in updating the records.

Allen Riley of 1292 Sandy Way spoke in favor of using existing easements, as he estimated an additional \$10,000 cost for moving the water mains to the street from the rear lots. Dale Cox brought up problems in other water districts, and stated that it is the homeowners' responsibility to use existing easements, noting that owners are just now realizing the additional cost involved. He asked the Board for reconsideration of moving the lines from the rear lots. He stated that we need to know what the actual costs will be before moving forward.

Steve Brigman stated that the costs of either option are similar for the Mutual because of logistical problems with construction in the back lots. It will cost \$1.9 million to go to the street and \$1.7 million to go to the back lots. He pointed out that there are a number of issues that are not strictly economic such as the need for more hydrants, access issues, and meter placement. He discussed factors affecting lots on Lanny and whether or not new connection pipes would be needed. He and Dale Cox discussed the size of the easements between houses (15 feet), depth needed to deal with frost and other details. Patti Guilford said she "agreed with the majority regarding use of existing easements" and asked if she would be required to have all work completed at the point of sale, or whether the date for completion will start some years down the line. She noted she has just replaced the line from her box to the house. Her house was built in 1960 and she has "noticed a huge difference in water quality." President Garcia stated that the Mutual would have to go back and look at the age of each house and plot some of the problems in individual cases, such the size, material, and condition of the existing connection pipes. Patti Guilford stated she would object to any proposal that would replace newly installed water mains or required homeowners to pay for new connection. She asked a question regarding the timing or requirement for water meters.

President Garcia restated the importance of Members attending the neighborhood meetings where there would be maps and other documents available for discussion with the Operations Manager John Collins, Engineer Steve Brigman, and Members of the Board, and where each individual property can be discussed in depth.

Announcement of Election Results. Anne-Marie Giese announced the results of the vote. Each of the three candidates—Ken Bossung, Margot Garcia, and Lynn Suter—received 77 votes apiece, and were elected for another two years.

With no further business before the Board and Members, President Garcia announced the adjournment of the Annual Meeting. She noted that there would be a 10-minute recess followed by convening the new board for a short meeting.

Respectively submitted,
Lynn M. Suter
Secretary – SVMWC