

Notes from Board Meetings

November 13, 2010

A majority of the business conducted revolved around the capital improvement project. SVMWC will need a loan to handle the gap between the bills from the engineering and construction companies and the money from the USDA loan. Ultimately, USDA will make these costs part of the overall loan. Notification of receipt of the USDA loan is on hold pending action by the Congress on the budget. As of 11/10/10 the Mutual has spent a grand total of \$546,795.80 on the capital improvement project. That includes the cost of design and construction of the Chisholm storage tank.

January 4, 2011

Steve Brigman, design engineer reported that he and a contractor had walked the back lot easements to evaluate costs and potential problems. From that analysis and earlier work, Steve developed a financial and decision matrix. In addition, Steve, along with two contractors evaluated each of the 117 properties that would have to install new house laterals and estimated a total cost of \$285,000. Steve also developed a new design using back lot line easements that minimized need for new easements for fire hydrants should that design be chosen. The Board voted to increase SVMWC's line of credit with Plumas Bank from the current \$150,000 to \$300,000 to act as the bridge loan. The Board also voted to open a separate interest bearing account to hold depreciation.

February 19, 2011

See adjacent story.

April 9, 2011

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Members Speak Out

Invited by a letter sent along with the six months dues notice, it was standing room only in the PSD Community Room for the February 19, 2011 Board meeting. The hot topic was the final decision on where to put the replacement water main; in the easements along the back lot line or in the street right-of-way.

Some members had been complaining it was unfair for the 117 members who would have to move their house connections due to the water main being in the front of the house rather than the rear. After a presentation by Steve Brigman, the design engineer about the problems with using the back lot line easements and an analysis of the cost of each house lateral, the members spoke of their concerns. However, when pressed to a decision, a majority of those who spoke said they favored using the street right-of-way if there could be a way to equalize the cost to the individual homeowner for the new laterals. The members repeated that this is a mutual water company. We are all in this together.

The Board pledged to try and devise a way to equalize the cost to the impacted property owners for the work. Use of the USDA funds is prohibited because that would be using government money for private gain. Options for raising the funds to help equalize the costs include a special assessment and a bank loan. Ideas for keeping the costs as low as possible included making the house laterals part of the overall construction bid, or helping homeowners join together in one bid for the work. A Task Force was set up to develop the specifics of this effort that would be equitable, fair, and legal.

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Steve Brigman has submitted preliminary drawings to Placer County for comment. They have come back with a list of items to be handled, including need to identify a staging area for stockpiling materials, information on repair of Squaw Valley Rd and other roads cut open for trenching. We will need to do photo documentation of all streets before and after construction. Selecting the automatic read meters (ARM) will begin. There are long term implications in terms of reading the meters and the billing procedures. So, Anne-Marie Giese, office manager, will participate in the evaluation.

The architect selected for designing the new well house met with operators. They requested a bathroom in the well house. The Board did not support this additional cost.

The group working on how to equitably and legally share the costs of the laterals met, but does not have a proposal yet that is ready to put before the board and the SVMWC lawyer.

Wells in Good Condition

Carson Pump videoed the bores of SVMWC's wells #1 and #2. They are in good condition and do not need to be re-drilled. In addition, they cleaned the screens and photographs show the improvement from crusted with sediment to looking brand new. The cleaning improved the pumping production by about 5%. The wells should be flushed and cleaned every 3 to 5 years. The cost of the flushing and cleaning was \$33,898.50 including permits.

Nomination Time

If you would like to run for a two year term on the Board of Directors, please send your name, and contact information to: info@svmwc.com.

Excerpts From Opinion Of Andy Morrison, Attorney

The Board posed a number of questions that the membership has been asking to Andrew Morris of Best, Best and Krieger, a law firm the Mutual has been using for advice. Here are the questions and excerpts from his answers. For the full letter, see the website www.svmwc.com.

Can the Project be approved by a majority of the Board (versus a vote of the full membership)?

"Yes. As you noted, the Company's By-Laws allow the Board to fix the amount of assessments from time to time and by the methods prescribed by the Board. (By-Laws 8.4.1). The By-Laws do not require a vote of the full membership....."

Is the Board empowered to take on indebtedness to fund the proposed Project?

"Yes...the By-Laws expressly permit the Board to incur indebtedness and fix the amount of assessments. (4.4.4, 8.4.1) Indebtedness for capital improvements is not expressly provided for; however this power can be implied from the Board's ability to conduct the Company's business and the Directors' ability to equalize proportionately the capital investment of the Company. (4.4.3, 8.4.2)"

..."The Articles and By-Laws do not provide a financial cap on the amount of the indebtedness and the ability to fund capital investments appears to be an implied and necessary power arising out of the Company's authority to distribute water. Interpreting the Articles and By-Laws as allowing the Company to distribute water but not to pay for the capital improvements necessary to do so simply does not make sense."

Is a member's water right diminished by requiring the individual to move their lateral connection from

the back of the house to the front where the new water main will be installed?

The By-Laws specify that each member has a right to have water delivered to the lot, but neither the Articles of Incorporation nor By-Laws provide that a member may choose the location of a connection. Additionally, these documents do not indicate that a water right is diminished or affected by a change in connection location. The member has the responsibility to get the water from the service box to their house.....The Company's only responsibility seems to be providing the water to the edge of the street."

The existing easements are overgrown and some homeowners have built walls, swimming pool, and other encumbrances over the easements. Who is financially responsible for maintaining access and ensuring no physical structures are erected that impede access to these easements?

"The property owner has an obligation to not impair the Company's easement (including access to the easement). The Company should inspect the easements and determine which easements have walls, pools, etc. When these conditions are present, the Company should send a demand letter requesting removal at the property owner's expense. The Company may be able to remedy the situation and then seek reimbursement if the property owner does not take the action, but we would suggest trying to get the Company's rights clarified prior to taking these actions. This might take the form of filing suits against members who have obstructed the easements."

If trees need to be cut, and walls torn down, who is financially responsible for doing that? And for replacing that which is removed?

"The company needs to maintain the easement itself, and this may include tree trimming on the easement property at Company expense. Walls impeding access (that were not present

at the time of the easement grant) should be removed by the property owner at the property owner's expense....."

Does the Mutual Have the Right to be in the Street Right-of-Way?

A SVMWC member has raised the issue of whether the Mutual, or any other utility, has the right to use the street right-of-way and shows a map that says the street is for transportation. The Mutual's service area is comprised of Squaw Valley Estates Subdivision No 1, 2, 3 and 4 that are recorded with Placer County. As found in Book E, page 47; Book E, page 82; Book E, page 93; and Book F, page 9; Wayne Poulsen, president of Squaw Valley Land Livestock Co, and Robert E. Shields, President of Placer County Title Company, certify that they are owners of the property and consent to the filing of the subdivision maps including " those certain parcels of land intended for the uses and purposes of public roads by their boundaries, courses and extent; and that they hereby dedicate the said parcels of land for the uses and purposes of county roads...."

The Chairman of the Board of Supervisors and the Clerk of the Board of Supervisors, certified that they approved (1950-1956) each of the subdivision maps and accept "on behalf of the public in conformity with the terms of the offer of dedication those certain parcels of land offered for dedication for public use and designated as " Christy Lane, Lanny Lane, Sandy Way, Washoe Drive, Paiute Place, Eric Road, Wayne Road, and Russell Road as a County Road or street, and Navajo Court, and Apache Court. These streets, therefore, were accepted into the county road system and can be used for all public purposes as described in county codes.

Squaw Valley Mutual Water Company

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Comments and ideas for articles are always welcome.

Board Meeting Coming Up

Sunday, May 29, 2011

4:00 PM

Community Room, PSD Building

Water Use

John Collins, operations manager reported water production/use (in million gallons):

Month	2011	2010	2009
Nov		1.804	1.924
Dec		2.208	2.798
Jan	2.184	1.668	2.027
Feb	1.957	1.617	2.094
March	2.489	1.707	1.803

March 2011 seems very high and may indicate there are leaks in the system. With so much snow and no meters, we will have to wait until the snow melts to see if that is the problem.

All samples taken in during the last six months were negative for Total Coliform and E. Coli.