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Hello Squaw Valley Mutual Water Company members.

This newsletter covers two important items that were voted on at the Board meeting this past Monday. The first, and most important, is the 2023-2024 budget and its effect on the semi-annual bill that will be coming to you very soon. The second concerns a voluntary program to retrofit the water meters with real time data capability, if you wish to participate.

2023-24 MUTUAL WATER COMPANY BUDGET

The fiscal year that just ended was marked by the transition of operations & maintenance (O&M) from the Olympic Valley Public Service District (PSD) to Operational Technical Services (OTS). We were forced to make this change when the PSD did not renew their O&M contract with us in May 2022. OTS provides the operators, system water-system oversight, and management that was previously supplied by PSD. We selected OTS after a lengthy evaluation of different O&M options, including two contracting companies.

The financial consequence of this change has been that our O&M expense has more than doubled. We did not account for the full increase in our 2022-2023 budget and our billings, which caused a \$75,000 deficit that we absorbed from our cash reserves. Two main reasons for this increase were the underestimation of the hours needed to operate, maintain and manage our water system, and mileage reimbursement for the operators that drive to Olympic Valley from various places in Nevada.

After a two-month process of carefully scrutinizing our current operating expenses, our established loan obligations, and the known required future improvements and repairs to our water system, on July 10 the board approved the budget for our fiscal year that started July 1.

You can find the budget [here](#). It has five components:

- **Operating expenses.** This fiscal year's operating budget is within \$1000 of our actual expenses for the year that just ended.
- **USDA loan #1 repayment.** \$193,000 for the annual repayment of the 40-year USDA loan #1 that funded the first water-system replacement projects that happened during 2011-2013. This amount has been the same for over 10 years. We repay the loan in two equal \$96,500 installments in the fall and spring respectively.
- **USDA loan #2 repayment.** \$115,400 for half of the annual repayment of the 40-year USDA loan #2 that has been funding the water-system replacement over the past three years. The construction will end this fall, and the first semiannual installment will be due in the spring.
- **USDA loan #2 reserve payment.** \$11,400 for half of the annual contribution to a security deposit mandated by the terms of USDA loan #2. The USDA requires us to build

over the first 10 years of the loan an amount equal to a one-year loan payment. We have already met this obligation for USDA loan #1. These reserves revert to us after each loan is repaid in full.

- **Capital improvement reserve fund.** \$150,000 to contribute to our capital improvement reserve fund, which we must have to perform major repairs to the water system. For the past two years the annual contribution has been \$77,000, but we must significantly increase this amount this year because we expect significant outlays in the summer and fall of 2024 for recoating one of our water tanks (which is urgent and cannot be postponed), and supporting the intertie between our water system and the PSD's (which is also important and cannot be postponed.) We want to start building the reserve this year to reduce the impact of waiting until next year's budget.

Your bill will show each of these components so you can see how its total was derived.

Simultaneously, we have structured a new billing rate structure that we believe will be beneficial to members who are the lowest consumers of water. See the new rate structure at squawvalleymutualwater.com/your-bill.

The board has been extremely sensitive when balancing what our members pay with the need to have a sound financial position that allows us to reliably provide clean water even in the event of unforeseen environmental or water-system incidents. This requires building adequate cash reserves and prudent fiscal and operating management, which the board believes is provided by the budget and its related billing structure.

REAL TIME WATER USAGE

Our meters can accept a cellular transmitter that will report usage in real time to a cloud-based portal that users can access. Given that quite a few homeowners were surprised to discover they had leaks at their homes, and therefore incurred quite a hefty water bill, this could save a lot of money. Unfortunately, the Mutual does not have the funds to finance this retrofit.

From a year-old quote that the Public Service District received (same meter supplier), the cost of such an upgrade will be about \$150 (but this NEEDS to be confirmed) plus a monthly monitoring fee. The program we are proposing has three components

- 1) For existing homeowners, the Mutual will provide the labor to install the upgrade and cover the monitoring fee in our operating budget. But the homeowner would pay for the cellular transmitter.
- 2) For new homeowners, we will increase the transfer fee by whatever the price is and do the upgrade as part of the transfer
- 3) For remodels and retrofits, we will include the price of the cellular transmitter in the inspection fee structure

You will be sent a survey form to fill out to assess your intent to participate in this program, once we firm up what the price for the cellular transmitter will be. This will be a commitment, as we will make a firm purchase based on this input.

To be doubly protected, homeowners might want to investigate devices that will automatically shut off the water to your home, and notify you. (PS: I have one in my home, and I live here).

UPCOMING ANNUAL MEETING -

The annual meeting of the Mutual Water Co will be held on August 30th at 10AM in the Public Service District conference room and will be available by video conference. At this meeting, three positions on the Board will be elected. A notice for nominations to these positions has been sent out to you. Once the nomination period is closed, we will be sending out ballots for you to vote.

The annual meeting will be preceded by a Board meeting at 9AM at the same location.

Information for these meetings can be found at squawvalleymutualwater.com/board-meetings.

Thanks

David Stepner, President

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Accounting Support

You can reach our accounting firm at manager@squawvalleymutualwater.com.
or everyone in our financial team at accounting@squawvalleymutualwater.com .

Emergency Service

Please use our emergency number (442-888-5036) only for true water emergencies.
For other notifications, please use the email service@squawvalleymutualwater.com