

SQUAW VALLEY MUTUAL WATER COMPANY
Board of Directors Meeting
February 29, 2016
Minutes

1. Call to order

President John Johnson called the meeting of the Squaw Valley Mutual Water Company Board of Directors to order at 3:02 PM on Monday February 29, 2016 at the Squaw Valley Public Services District (SVPSD) Community Room.

2. Roll call and establish quorum- Bob Barnett

Directors Present: Johnson, Guilford, Stepner, Burkhart, and Barnett

Directors Absent: None

A quorum was established.

Also present were Mike Geary, Brandon Burks, Dave Hunt, and Danielle Grindle from SVPSD and Eric Poulsen.

3. Call for Agenda Additions

Director Stepner asked that a discussion on Vacant Lots be added to today's agenda.

An action item, "Collection of Water Use and Service Charges and Rates" was deemed to be of an urgent nature and added to today's agenda.

4. Adopt the agenda

It was moved by Director Guilford and seconded by Director Stepner to adopt today's agenda as amended. Motion carried unanimously.

5. Approval of the Minutes from January 11, 2016

It was moved by Director Guilford and seconded by Director Stepner to approve the January meeting minutes as presented. Motion carried unanimously.

6. Presidents Report-John Johnson

President Johnson's report was included in the meeting packet. There were no questions or comments. No electronic votes have been taken since the last Board meeting.

7. Operation & Maintenance Report-Brandon Burks

Brandon Burks presented Water Production and Operation and Maintenance reports, which were included in the Board packets. He distributed a report comparing water production over the past 3 years. Burks noted 11.7 million gallons were saved when 2013 numbers were compared to 2015, which is a great savings and in keeping with the Drought Restriction requirements. Also included was a report on Aquifer Levels. Discussion followed regarding reasons for less water consumption, including the Governor's mandates, leak identification and repairs, and less visitors to the Valley because of poor snow conditions last year.

8. Office Managers report-Daniel Collin

Daniel Collin presented his written reports. He explained an issue with the Core Program. He found 22 accounts that were billed incorrectly because of incorrect data, causing him to reenter all information in the program. During the process, Collin found 2 living units on Apache with no meters. A brief discussion followed as the units were acknowledged.

Collin reviewed the budget and clarified specific line items. He noted the \$1,000 bill for membership to the Rural Water Association, which he thinks is a 2 year membership. **ACTION: Collin will investigate how the Rural Water Association membership was billed.**

9. Treasurer's report-David Stepner

Director Stepner presented the report, saying Accounts Receivable are high because the bills just went out. He asked Collin to provide an aging report. Director Stepner reported there are about 6 accounts that have been delinquent for more than 6 months, but less than one year. Of those, one is a vacant lot. In addition, there is 1 vacant lot that is more than 1 year delinquent.

AGENDA ADDITION: Vacant Lots

Director Stepner noted SVMWC has no collection policy for delinquent dues payments on vacant lots. He asked how SVPSD bills vacant lots. Mike Geary said as long as the lot remains undeveloped, there is no charge. However, when the lot is developed and a water hook up is required, a connection fee is charged. Discussion followed regarding how the lots are billed. ~~Director Stepner suggested changing the current delinquency policy to state that after 1 year and 35 days, a lien can be put on the property to collect the amount due and any accumulated late fees. ACTION: Action on changing the delinquency policy to include verbiage regarding vacant lots will be considered at the next SVMWC Board meeting. ACTION: The subject was tabled, to be voted on at the next meeting.~~

10. Olympic Valley Groundwater Management Plan – Study Finding

Director Johnson reported the Olympic Valley Groundwater Management Plan Advisory Committee comprised of water pumpers in the Valley met last week. He and Director Stepner explained that an agreement is being drafted to fund an update of the 2007 Ground Water Management Plan and the Groundwater Action Plan. When the Management Plan was done in 2007, there was agreement that a study on the aquifer would be done every 5 years, so that review is overdue. The Action Plan will outline steps to be taken if an extraordinary event were to occur in the Valley and identify the triggers that would put the Action Plan into play. The Action Plan is in response to the recent drought and potential development in the Valley. Each pumper has been asked to contribute to the studies. Discussion followed regarding the work to be done, the reasons, which pumpers are contributing, and what the contribution from each should be. Mike Geary explained the consultant doing the work suggested that if a non-binding agreement among pumpers is developed, it would reduce the scope of work, and therefore the costs. Each pumper's contribution is based on either their 2014 use, or in the case of potential developers, anticipated use in 2040, which drives the cost for other pumpers down. Discussion continued.

It was moved by Director Stepner and seconded by Director Barnett to approve moving forward with the Action Plan and commit to fund the quinquennial review of the Management Plan for a total cost of \$3,948 based on anticipated 2040 numbers.

AYES: Stepner, Barnett, Barnhart, and Guilford

NO: Johnson

Motion carried.

11. Capital Improvement Project Schedule Discussion

Director Stepner presented an updated version of the 20-year Capital Improvement Project spreadsheet with an updated starting Reserve Account amount. He indicated that the spreadsheet showed that, until the 20th year, costs could be covered. However, Director Johnson noted the East Christy Main Replacement is listed for 2020 and 2021. He suggested that project should be considered as a priority. Discussion followed regarding the adjustments that could be made to the CIP schedule in order to get the preliminary work on that project done in 2016 or 2017 and done in 2018, including ~~revising pushing out~~ the work on the horizontal well, which was identified for 2016.

ACTION: The estimate for the East Christy Main Replacement will be clarified.

ACTION: Director Stepner will analyze the options available to bring the Christy project into 2016.

12. Water Shut Off Policy

Director Stepner presented a proposed water shut off policy, which was included in the Board packets. It is similar to the policy adopted by SVPSD. It was noted that SVPSD has the ability to collect funds through the property tax bill, but SVMWC cannot. SVMWC can put a lien on the property. Discussion followed.

It was moved by Director Barnett and seconded by Director Guilford to adopt the Water Shut Off policy as presented. The procedure begins on the one year anniversary of the mailing of the first bill missed. Twenty days after that anniversary, the property owner will receive mailed notice of proposed discontinuance of service, as well as a note on the front door of the premises. At one year and 33 days, an attempt will be made to personally contact the owner by telephone or in person. At one year and 35 days, service will be shut off. Motion carried unanimously.

13. Loan Reserve Funding – “Futran” Issue

Director Stepner presented his report on the Board packets about the USDA loan agreement. There are 6 customers that paid their ~~reimbursement loan amount share~~ in advance, ~~but they paid different amounts than those paying over time, but are being charged an amount much higher than the \$68.25 per year that every other account is being charged to pay into the USDA Reserve Account.~~ He suggested that the ~~10 year payments~~ ~~be amount they have paid be~~ calculated and the difference ~~between that amount and the the \$685.20 that every other customer would pay over 10 years~~ ~~paid by those 6 accounts~~ either be reimbursed or credited. **ACTION: Daniel Collin to calculate how much these 6 customer have paid and the amount this would be over or under the \$685.20 that every other customer would pay over 10 years.**
ACTION: Stepner to contact Anne-Marie to find out if she has information as to how the amount these 6 customers have been billed was determined.

14. Website Update Status

Director Johnson reported the new site is live but still needs to be updated. Director Stepner offered to update the verbiage provided by other Board members.

15. Water Rate Discussion

Director Stepner presented his written report, which was included in the meeting packets. He has spoken with consultant Shawn Koorn from HDR, who did the rate study for SVPSD. Based on that conversation, he and Collin determined the total annual costs of SVMWC, approximately \$513,000, of which 36% is Operating. In addition, the annual costs include the Capital Improvement Reserve and Debt Collection. Director Stepner reiterated that this discussion was about philosophy and people should not fixate on the exact numbers. Based on the data collected to date, Director Stepner determined that about 50% of the users uses 50,000 gallons or less, and that this ~~should would~~ be the cutoff amount for a flat rate fee bucket. Director Stepner then suggested that the fixed base rate should cover one half of the total operating costs and include 50,000 gallons. Customers will be charged for water consumption in excess of anything over 50,000 gallons, based on recovering the remaining 50% of the total operating costs.

Director Stepner will continue to collect data and refine the actual fees, but asked the Board to consider the philosophy he is suggesting. Discussion followed regarding the pros and cons of the proposed rate schedule, how it compares with how SVPSD fees are set, and what the appropriate base consumption rate should be. In general, there was agreement with the basic concept. More information will be presented at the next Board meeting and a decision made then for implementation July 1, 2016.

AGENDA ADDITION: Collection of Water Use and Service Charges and Rates

The Board discussed the following as proposed by Director Stepner:

All water use and service charges and rates may be billed on the same bill and collected together with rates and charges for any other SVMWC services. If all or any part of such bill is not paid for any service, the SVMWC may discontinue any or all of the services for which the bill is rendered.

A. Time of Payment. All annual water services charges are payable in advance on a semi-annual basis or upon presentation of a billing by SVMWC to consumer. Payment plans may be prearranged and are payable at the office of the SVMWC.

B. Delinquency of Bills. Bills not paid forty-five (45) days from billing date, except pursuant to payment plan, are delinquent.

C. Penalty and Administrative Charge. All delinquent bills will be subject to a penalty charge equal to 1% per month on all delinquent sums, plus a \$25.00 administrative service charge for each additional billing that is prepared by SVMWC. Any check which is returned to SVMWC on the basis of insufficient funds or "refer to maker" is subject to an additional \$25.00 service charge per check

It was moved by Director Barnett and seconded by Director Stepner to adopt the policy above as presented. Motion carried unanimously.

Closed Session – Late Charges

The Board went into Closed Session at 5:43 PM. Open Session was reconvened at 5:59 PM. There was no reportable action.

15. Future Board Meeting Dates: April 11, 2016 at 3:00 PM and June 5, 2016 at 10:00 AM

ACTION ITEMS

- 1) Collin will investigate how the Rural Water Association membership is billed
- 2) Action on changing the delinquency-vacant lot payment policy to include verbiage regarding vacant lots will be considered at the
—next SVMWC Board meeting.
- 3) The estimate for the East Christy Main Replacement will be clarified.
- 4) Director Stepner will analyze the options available to bring the Christy project into 2016.
- 5) Daniel Collin to calculate how much these 6 customer have paid and the amount this would be over or under the \$685.20 that every other customer would pay over 10 years.
- 6) Stepner to contact Anne-Marie to find out if she has information as to how the amount these 6 customers have been billed was determined.
- 7) ~~Stepner will investigate why the USDA loan payment prepaid by 6 customers does not calculate to the actual amount owed by those paying over 10 years.~~

Adjourn

There being no further business to come before the Board, the meeting adjourned at 6:11 PM.

Respectfully submitted:

Judy Friedman

Recording Secretary

THE PAPER TRAIL SECRETARIAL & BUSINESS SOLUTIONS