

**San Miguelito Mutual Water Company**  
**Minutes of the Board of Director's Meeting**

9:00 A.M. Wednesday, December 16, 2015  
Company Office, Avila Beach, California

I. CALL TO ORDER AND ROLL CALL

Meeting called to order by Board President John Delehant at 9:00 a.m.

Board Members Present:	John Delehant, Tom Athey, Ben Banks, Vic Montgomery, Gerri Hall, Rick Koon, and Rob Rossi.
Absent:	None
Staff Members Present:	Michelle Edson, Accounting & Administrative Support
Consultants Present:	Tim Carmel, Legal Counsel (left at 10:50 a.m.)
Guests:	Indian Hill Residents Martin Suits and Ray Feeser; Kingfisher Resident Rich Vorie; Heron Crest Resident Bob Pusanik.

II. PUBLIC/SHAREHOLDER COMMENT – None

III. CLOSED SESSION – There were no items for closed session

IV. RECONVENE TO OPEN SESSION

V. REVIEW and APPROVAL OF MINUTES

- a. November 18, 2015 - Motion to approve as written made by Vic Montgomery, seconded by Ben Banks.  
Motion passed 7 – 0.

VI. UNFINISHED BUSINESS - None

VII. NEW BUSINESS –

- a. Financial Officer, Tom Athey, presented power point slides on The 2016 Budget. The topics included:
- 5 Year Rate Plan
  - 2015 Sewer and Water Rates Comparison
  - Yearly Water Use
  - 2016 Draft Budget
  - SMMWC 2016 Expenses
  - 2016 Rate Structure
  - Water Rate Components
  - Water Comparison By Group

Following the presentation President Delehant asked for questions from the Board.

Vice President Banks asked a question about what looks like a 40% increase for commercial on the Water Comparison By Group slide.

Director Athey responded that the difference in revenue shown is based only on usage not the fixed rates.

With no more questions from the Board, President Delehant asked for public comment.

Resident Ray Feeser, Indian Hill:- We seem to have the lowest water and sewer cost in the area. We look better that those other companies.

Financial Officer Athey, Hard to compare.

Resident Ray Feeser, Indian Hill:- Commented 1500 gallons of water is really not free we pay \$45.90 to have it. It's not a gift.

Resident Martin Suits, Indian Hill:- What is our 10% delivery?

GM Koon: It is 55AF, 27.5 AF for our 10% plus 27.5 AF from our drought buffer.

Director Rossi: What if the county should double their drought buffer?

GM Koon: At our SW meetings we have not talked about that yet, only what to do with our excess allocation.

Resident Bob Pusanik, Heron Crest: Why are Capital funds separated?  
Director Athey: For tax purpose Operational monies are separate from Capital monies

In a second Power Point presentation by GM Koon, items discussed; 2016 Conservation Restrictions and 2016 Budget

- 2016 Conservation Mandates
- Small Water Supplier Conservation Report
- 2015 vs 2016 Monthly Usage Charts
- November Residential Usage Distribution (by neighborhood)
- November Commercial/Irrigation Usage Distribution
- 2016 Operational Draft Budget
- 2016 State Water
- 2016 Capital Reserves and Projects

Following the presentation President Delehant asked for questions from the Board.

VP Banks: Are there any other sewer force mains that need replacing?

GM Koon: Hopefully not because the only force main that has not been replaced is 1500 Ft of pipe that runs down the Bob Jones trail to the 9<sup>th</sup> hole. This portion of the force main actually acts like a gravity force main, so it is not under pressure.

VP Banks: When does the Sycamore contract renew?

GM Koon: Contract renews in April. In the February BOD meeting the board will discuss a long term contract.

VP Banks: On the detailed breakdown remind me what the \$35,700. for GL's 5621-28 are?

GM Koon: Wastewater pumps, valves, generator, building and grounds maintenance.

With no more questions from the Board, President Delehant asked for public comment.

Resident Ray Feeser, Indian Hill: Does Sycamore's rate go up 15%?

GM Koon: Yes they are charged the same sewer rates as our commercial customers per 3000 gals.

With no more questions President Delehant asked for a motion.

Motion made by Tom Athey to approve 2016 Rates, Budget and Capital Projects as presented, seconded by John Delehant. Motion passed 7 – 0.

Director Montgomery: Looking forward 5 years or so since we are not a public or state entity and won't qualify for any grants, how would we pay for a sewer plant?

Director Athey: The study can be paid for by capital funds we will have to look at loans when it comes time to finance project.

Resident Ray Feeser, Indian Hill: Commented on how to generate money through monthly assessments to the shareholders.

b. Customer Correspondence

Kingfisher Resident Robert Campbell wrote a letter requesting access to all of the Notes and References in our Water Resources Study that was completed by Garing and Taylor.

After brief discussion Rick Koon, GM was directed to work with Garing and Taylor on getting an estimate of cost to get information that is available and not proprietary information.

VIII. GENERAL MANAGER'S REPORT

- Administration

- The DWR is projecting SW deliveries to be 10% for 2016
- Currently there is legislation pending to extend the Governor's mandated 25% reduction in water usage past the February expiration. This will allow the SWRCB to evaluate the effects of El Nino on our water supply.

- Operations

-Electrical efficiency – Pumping equipment replacement in the last few years is shown as a net savings in the water side of \$2,000.00 and on the sewer side \$1,000.

- Goals for 2016

- Continue to improve system integrity
- Continue to improve on our PM program for the different

- Continue to standardize within the system
- Improve operational efficiency
- Complete our ongoing projects (telemetry, chlorination at all tank sites, O&M manual and finish our SOP's for each station)

#### IX. FINANCIAL STATEMENT

The Board Management Report for November 2015 was presented by General Manager Rick Koon with the following highlights:

Cash and Reserve Funds as of November 30, 2015 are:

Operating Cash	Operational Contingency Reserves	State Water Reserves	Capital Reserves
\$116,249	\$354,951	\$274,494	\$1,834,241

#### X. BOARD MEMBER COMMENT

Director Montgomery: If our SW delivery is raised due to El Nino will we up our delivery?

GM Koon: 110 AF is probably best balance now, plus we need to watch our wheeling charges. We don't have anywhere to store extra water. We also need to exercise our wells. The CCWA is trying to fill San Luis reservoir so if the reservoir spills our carry over water will spill first.

Director Montgomery: What is going on with Sycamore's flow, there are a couple of high days?

GM Koon: We have spoken with them but because of new management and operators we were not given an answer. We are not sure if they know what caused those high flows.

Resident Ray Feeser, Indian Hill: What is the difference between metered and produced water?

GM Koon: That's explained in the information on the production report.

#### XI. ITEMS FOR NEXT AGENDA

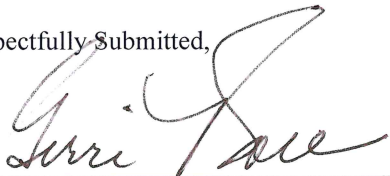
- January 20, 2016 - Water Resource Development Directions to staff.
- January 20, 2016 - Discussion and Consideration to Approve Policies for New Service Requests.

#### VIII. ADJOURNMENT –Meeting was adjourned at 11:00 a.m.

Proceeding reported by:

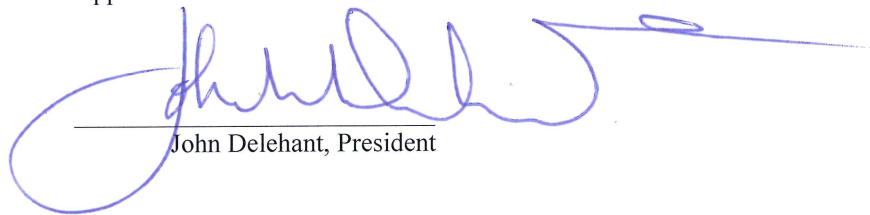
Michelle Edson, Accounting and Administrative Support

Respectfully Submitted,



Gerri Hall, Secretary

Approved:



John Delehant, President