

PALOMINO LAKES MUTUAL WATER COMPANY

POST OFFICE BOX 687 CLOVERDALE, CALIFORNIA 95425

MINUTES OF PLMWC BOARD OF DIRECTORS MEETING
JULY 31, 2014, 7:30 PM—131 E 1ST STREET, CLOVERDALE CA 95425

A. The meeting was called to order at 7:35 PM

Directors present: Doug Chamberlin, President; Jan Tolbert, Vice President

18 property owners were present

B. Secretary's Report

Jan Tolbert distributed packets including the minutes of the June 26 meeting to the Board Members.

C. Treasurer's Report

- a. Financial Report: Jan Tolbert reviewed the latest weekly financial report, listing current account balances.
- b. Delinquencies: there are no delinquencies, which is remarkable, given that was our biggest problem last year.

D. Old Business

No old business

E. New Business

- a. **Resignation of Director Corriea:** Director Corriea tendered his resignation, effective July 29. He was thanked and applauded for his 10 years of service on the water board.
- b. **Election of Successor Director:** Janet Vail volunteered and was selected as a new director
- c. **Director Roles:**

Doug Chamberlin is now President of the BOD. Besides the overall management of the water company, he will oversee the construction of the new well and treatment plant and to keep an eye on cash flow in connection with construction.

Jan Tolbert is now Vice President. She will take the lead on curtailment and the drought, as well as in day-to-day operations.

Janet Vail is now the Secretary/Treasurer. She will be in charge of documentation, the budget and day-to-day cash flow.
- d. **Consultation Contract with Rick Corriea:** Former Director Corriea has agreed to act as a consultant with the water board through the end of 2014. The board voted unanimously to accept his Service Agreement, and will make a concerted effort to employ Corriea's services wisely and conservatively.

e. New Well and Treatment Project:

Rick Corriea reported that the three bids for construction of the new well and treatment plant all came in over budget. The low bid was from Piazza Construction in Petaluma. The Board worked with Brelje and Race (engineers) and the contractor to decrease the cost of the project and went back to the USDA to get a second loan of \$83,000. The new loan will add approximately \$10 to everyone's quarterly bill. This increase was less than anticipated because the interest rates fell to 4% (fixed rate) while we were negotiating both USDA loans.

Brelje and Race, the USDA, and Rick recommended we award the project to Piazza Construction. The Board concurred and unanimously voted to award the project to Piazza.

Construction will start in a few weeks and is expected to last 6 months. A portion of River Road will be torn up during construction and the contractor will have to work with the vineyard owner (where the old and new wells are located) to avoid interrupting their harvest.

f. New State Conservation Regulations

We still have not received notice from the state imposing the 50 gallons per person per day water restrictions. Doug Chamberlin gave some background about the Russian River watershed and why we are subject to such severe restrictions when our neighbors in Cloverdale and other residents in Northern Sonoma are not. The good news is, according to our attorney, if we get curtailed, the state can't go any further—these are likely the most severe restrictions they could impose.

There was some discussion of the curtailment, with questions from property owners. Doug reminded all that the state ordered us to stop all of our diversion of water from the Russian River. We applied for a "health and safety" exemption from the stop order, and asked people to limit use to 275 gallons per household per day to demonstrate our community's commitment to conserving water.

The proposed length of the state restriction is 270 days, after which time the state could decide to continue or to lift the restrictions.

Doug advised that we should assume the worst—that the state will issue the severe 50 gallons per person per day curtailment, with no watering of landscape, and we will have to comply with this order. The state does have the power to completely shut off our water supply.

Our attorney has advised us to be ready with monitoring and enforcement measures so that if/when we receive the State's curtailment order, we can demonstrate that we are actively working to manage and monitor water consumption.

One thing our attorney suggested was to perform a census, to obtain an accurate count of residents that will be used to calculate the allowed use per household per day based on the anticipated 50 gallons per person per day limit. Janet Vail has drafted a census letter that will go out to all households. When counting the residents in a household, we

ask that members come up with a reasonable value that will hold up to scrutiny if we are audited by the State.

Horses: The board is considering making a water allowance for horses, perhaps 15 – 20 gals a day, per horse.

Pools: are not mentioned in the proposed state curtailment. Some homeowners have asked if there will be a water allowance for pools since their pools were considered fire protection by the State. If the State does order curtailments, the onus will be on the pool owner to prove that the State requires them to maintain their pools as fire protection.

Usage was reduced in June, compared to June of 2013, by 40%. Everyone has reduced their water use.

Enforcement

Possible enforcement penalties, should the state curtailment order be issued, were discussed. Our attorney recommended a fine of \$2,500 for a first offense, which we think is excessive. Potential penalties include:

1st offense: A warning letter from our attorney and a modest fine of \$250

2nd offense: \$1000

3rd offense: \$2500

4th offense: Turn off the offender's water supply

In any case, communication with water company members will be key.

Special Assessment

The board anticipates there will be costs involved in complying with the State curtailment order, including additional monitoring, additional meter reading, possible attorney's fees for dealing with people who don't comply, etc. Doug suggested that a special assessment of \$50 to \$150 per homeowner per quarter might be necessary to cover these extra costs. The Board of Directors voted to have the ability to put such a special assessment in place should it become necessary. Director Chamberlin put forward a motion, seconded by Director Tolbert. Everyone voted in favor.

The meeting was adjourned at approximately 9:00 pm.

NEXT BOARD MEETING: August 28, 2014. 6:30 PM (**NEW TIME**) at Ruth McGowan's Brewpub, 131 E 1st Street, Cloverdale.