

PALOMINO LAKES MUTUAL WATER COMPANY
POST OFFICE BOX 687 CLOVERDALE, CALIFORNIA 95425
BOARD OF DIRECTORS MEETING MINUTES

Date: October 18, 2015, 3:00 PM

Location: Old Crocker Inn, Cloverdale, CA 95425

The meeting was called to order at 3 PM.

Directors present: Doug Chamberlin, President; Jan Tolbert, Vice President; Janet Vail, Secretary/Treasurer

Approximately 20 property owners were present.

Secretary's Report

The Minutes from the Meeting of July 26th, 2015 were approved as presented. A community member stated that he did not think the July 26 Minutes accurately reflected the rate schedule that was voted on. The Board disagreed, but related that reviewing the rate schedule was the primary purpose of this meeting and would be discussed in detail later.

Treasurer's Report

The Board reviewed the current Financial Report and noted that our last scheduled treatment building easement payment is due December, 2015.

There are currently no delinquencies – Doug Chamberlin thanked all property owners for keeping up to date with payments.

Old Business

New Water System Update

Doug Chamberlin indicated that the construction project has been very successfully completed. There have been some control system issues, a chlorine pump failure and, failure of a few fittings but these have now been taken care of. We continue to use a much lower chlorine solution and a community member mentioned the water tastes and smells much better.

A community asked if the failed equipment is being replaced under warranty. Doug Chamberlin replied that the chlorine pump, control system parts/software and some fittings have been or will be replaced at no charge but did direct our local system operator Lee Tolbert, to implement several repairs primarily to ensure the system was kept operational in a timely manner due to the critical nature of our system.

A community member asked if Director Tolbert felt there was a conflict of interest on her part since the water company is paying her husband Lee Tolbert as a back-up Water System Operator. Doug Chamberlin stated that Lee is a State Certified Water Treatment Operator (the State allows only certified operators to perform work on a water system of our type), and that Lee had submitted a proposal to back-up our regular system operator – Weeks Well and Pump – to perform work on an emergency and as needed basis at a rate of \$25/hour (the Weeks operator rate is \$78/hour portal to portal for weekly regular service and a higher rate for emergency response). Doug stated that we are lucky to have a certified operator in our community and we were getting his services at a bargain rate. He also noted instances of when Lee has performed heroic efforts such as identifying and correcting a critical system issue between 3:00 AM and 8:00 Am on morning.

The Board was informed via the Underground Service Alert Network(USAN) that the new vineyard owner planned to trench very close to our new pipelines and underground control system wiring to connect the old well that was given to the new vineyard owner as part of the easement acquisition. This construction work is being closely monitored by Lee Tolbert to assure that our new well will not be adversely affected.

A community member stated that he has been testing the water at his residence and finds that the chlorine level is high. He wants the water at tank 3 tested at a lab as soon as possible. Doug Chamberlin responded that the water is tested at the treatment facility and at all three tank locations weekly by our certified operator as part of their weekly contract duties. Also, the chlorine analyzer at the treatment facility is consistently sending readings of between 0.9 ppm and 1.2 ppm to our control system.

Drought Update

Doug Chamberlin went over the community water use and stated that in the months of June through September we conserved by an average of 48% compared to our use in 2013. We are paying our water meter reader to read the meters monthly instead of quarterly so that we can detect leaks and alert residents sooner so repairs can be made. This has helped greatly in our water conservation efforts. Several weeks ago our control system alerted Board members that Tank 3 was being continually drained. We discovered a very large leak in an absent property owners irrigation system. A community member questioned when we started paying someone to read our meters. Jan Tolbert responded that we had been paying for meter reading for at least the last year and a half, but was not sure of the exact time frame. Doug Chamberlin mentioned that this policy was in place prior to his joining the Board.

The same community asked if the Water Company had a lawyer “on retainer” and if the Water Company was currently involved in any law suits. Doug Chamberlin responded that our attorney, Barbara Zimmerman, was not on retainer, she is paid hourly when we need an opinion or other legal services. He was not aware of the Water Company’s involvement in any law suits.

High Water User’s

Letters were sent to 22 high water users for the month of September. The daily consumption by the high water users ranged from approximately 300 gallons/day to a high of 2,473 gallons/day – the majority of high use was in the 500 to 800 gallon/day range.

Doug Chamberlin noted that the HOA has been cleaning out culverts – hopefully we won’t have any erosion problems that might affect the water system that could cause problems for the water system if we have heavy rains this winter. A community member requested that the hillside above Tank 2 where some tree removal took place to facilitate better control system communication be examined by someone to determine the potential for erosion if heavy rains occur. The Board took this under consideration.

Discussion on Fine Schedule:

Doug Chamberlin related that at the last meeting he was surprised that even though the meeting began with the presentation of data that showed the community was in very good shape with respect to our water conservation results that there were no discussions on whether there should be fines or not, only on what type of fine schedule should be put in place. A tiered fine schedule was suggested and adopted. Since then, two community members communicated to the Board that the fines at the lower tiers were too high and that is why we are here today to review the adopted fine schedule.

A lively discussion followed. The statements from members below are not meant to be exact quotes, rather an attempt to capture the gist of the discussion.

The first community member to speak related that after serving on the Board, he can say that it is a very difficult position. He also related an incident that occurred to him at that time. He also thought that board meetings are held without public notice and that he is familiar with the requirements for public noticing of meetings.

Doug Chamberlin responded that he could not answer for previous Board actions, and that the last several Board meetings have been held in open forums.

A second community member stated – “I feel well represented by the current Water Board – I have always felt well represented by previous Boards. No one is trying to “run-over” the wishes of the larger group. Everyone is trying to do the best job. Thanks for all your hard work.

A third community member stated “There are some people in the community who might need to look at cutting down on their daily water use. I have no complaints about the current mandatory 275 gals/day water use. I have no trouble using less than 275 gals/day”.

A fourth community member stated: “I might reduce my use so I won’t have to pay a \$100 fine. I will have to decide if I want to water trees or not”

The second community member stated “There are two issues in this discussion – How do you get people to conserve? and, how do we make it “fair” since the cost to deliver water to everyone goes up when there are high users (we pay more for electricity to pump more water, wear and tear on equipment, etc.) The idea of the fine was to try to convince everyone to use less water.”

The first community member stated “There is such a thing as “human abstinence” especially if you’ve spent thousands on new landscaping. I recommend that we eliminate the fine schedule as it is written. “Fine” is a punishment. We all know that we can’t use water like we used to. 39,000 gals of water with rates and penalties – it is not a lot of expense it’s a good deal. Trying to find a way to keep people in compliance is the issue. I am now reading my water meter.”

Doug Chamberlin stated that a tiered or graduated fine schedule was recommended by the community at the last meeting.

The fourth community member stated “We are really doing well – who decided 275 gallons/day was the mandatory amount?”

Doug Chamberlin explained how the 275 gallons/day was determined. The key is that the vast majority of users have cut down.

The fourth community member stated “The big water users have had to really reduce – the low users haven’t had to change their life style.”

The third community member stated “We need to find the equality that would be fair for everyone.”

The first community member stated “Maybe we should reset the base rate for everyone.”

The third community member stated (to a community member) “How many gallons would you use per day if the base rate was raised? People will then stop conserving water. We’ve all got to conserve. Let’s see where we are in a few months.”

Janet Vail stated “We should consider a livestock allowance for water – worth considering. “

There were no objections to this suggestion of a livestock allowance.

Doug Chamberlin stated one idea is to keep fines in place, but reduce the fines by half as long as we maintain our current conservation rate. Please see motion below for concept. This would acknowledge the community’s level of reduction, yet allow a means of implementing more severe fines if conservation efforts slipped. Most community members appeared to be in agreement with this change.

The first community member asked “Is there a leak forgiveness policy?”

Jan Tolbert “ The policy was suspended at the last annual meeting until the State declares the drought emergency over.”

A fifth community member stated “ We should put the policy back into place.”

The Board members agreed that the leak forgiveness policy should be reinstated.

The first community member stated “ By going so far under the State conservation requirement, we run the risk of not being able to meet possible future requirements. We shouldn’t cut too much! There is an art here.”

A sixth community member stated “ Not to leave yourself some “squeak” room is fool hardy.”

A MOTION WAS MADE by Director Tolbert and seconded by Director Vail to reinstate the leak forgiveness policy as of November 1st, 2015 as the policy was written. All Directors voted to reinstate the policy as of November 1st.

A MOTION WAS MADE by Director Chamberlin to adopt the following revision the fine policy:

- Starting on 11/1/2015, the fines shall be reduced by 50%.
- The fines will stay at that level unless:
 - The monitoring period (June to November) average reduction in consumption (currently around 48%) drops below 37.5%. If this happens, the rates will revert to the original amounts.
 - We receive notice from the SWRCB that our curtailment order has been lifted.
 - The rates are adjusted by future Board actions.
- A 30/gpd allowance will be provided per animal (livestock) that has a use permit issued by the HOA.

New Business

Doug Chamberlin indicated that the new well does have a much higher boron concentration than the old well, and some plants are being adversely affected. The boron level was lab tested and is approximately 6.4 ppm.

Director Janet Vail announced her planned resignation from the Board. She will submit a letter of resignation in writing within the next week.

Directors Chamberlin and Tolbert announced that they will remain on the Board until the next Annual Meeting in May of 2016. Both indicated that their full-time employment does not allow them adequate time to continue serving on the Board of Directors.

Meeting adjourned at 4:30 PM to a date unspecified.