

PALOMINO LAKES MUTUAL WATER COMPANY

POST OFFICE BOX 687 CLOVERDALE, CALIFORNIA 95425

BOARD OF DIRECTORS' MEETING MINUTES

Date: September 23, 2017, 10:30 AM

Location: Crocker Inn Cloverdale, Ca 95425

The meeting was called to order at about 10:30 AM

Directors present: Doug Chamberlin, President; Jan Tolbert, Vice President; David Taber, Secretary/Treasurer

Approximately 18 property owners and Board Members were present.

Database Contact Information – Dave Taber announced that PLMWC customers' email and phone may be shared with Police and Fire Units, to improve the responsiveness of emergency services. Any homeowner who does not wish this information shared outside of PLMWC should contact any board member via email.

System Improvements – Doug Chamberlin explained the rationales for needed improvements to our system including a second tank and new piping at Tank Site 2, and new isolation valves in our main pipelines. The primary drivers for these system improvements are fire protection and earthquake, to make sure that we can respond effectively and quickly to emergency situations.

Operating Costs and Revenue - In addition to the need for the system improvements, our costs have increased and our revenue has been reduced. The cost increase is primarily due to increased electricity bills. Reduced revenue is due to reduced consumption. Although water usage this summer went up significantly from last year, to near historical average levels, our revenue has been reduced over the last several quarters due to the community's conservation efforts. This reduced consumption of over 40% caused a decrease in revenue.

PLMWC will pay for the system improvements via a 40-year loan, at a fixed commercial interest rate. That loan will add about approximately \$18 a month per household per month. We are also changing the rates for usage above the drought threshold to compensate for our increased costs and reduced revenue. The base rate for usage (the first 25,000 gallons per month, or 275 gallons per day) will not change.

Following is a comparison of the existing and new rates (billed quarterly):

	Base	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Existing Tiers (gal)		30,000	60,000	90,000	120,000	>120,000
Existing Rates	\$264.00	\$2.25	\$10.00	\$15.00	\$20.00	\$25.00
Proposed Tiers (gal)		25,000	35,000	45,000	55,000	>55,000
Proposed Rates	\$317.00	\$2.25	\$11.00	\$17.00	\$23.00	\$29.00

Board Motions:

1. Motion to implement rate changes starting in Q4 of the 2017/2018 fiscal year (approximately 11/2/17) as distributed and discussed at 9/23/17 open Board of Directors meeting. APPROVED UNANIMOUSLY.
2. Motion for Board to obtain approximately \$425,000 loan for design and construction services to implement system improvements at Tank Site #2 and to replace main pipeline isolation valves.

APPROVED UNANIMOUSLY.

3. Motion for Board to enter into contract (approximately \$90,000) with Brelje and Race Consulting Engineers to design improvements at Tank Site #2 and to replace main pipeline isolation valves.
APPROVED UNANIMOUSLY.

Other Business –

- Roy Parkin suggested that when the new construction is done for tank #2, that some steps be put into the landscaping, to prevent erosion or accident on the site. The board agreed that this needed to be done, and will invite Roy to be part of the construction project meetings to help avoid problems as the work will be performed on his property.
- Roy Parkin suggested we explore some sort of reinforcement of the wooden tank at site #3 to try to extend its life. Wood-peckers and other animals appear to be doing some real damage and increase the potential for leaks. The board agreed to explore this in order to extend the life of that tank.
- There were questions from the audience regarding the possibility of installing solar power to lower ongoing costs. The board responded that this has been explored, but it would not be practical and would not lower PG&E bills enough to justify the investment (and additional cost structure).

Meeting adjourned at approximately 11:15 AM.