

May 30, 2021  
12:00 Noon PDT  
Palomino Lakes Mutual Water Company Annual Meeting Minutes

PLMWC Board Members:

David Taber, President

Brenda Thomas, Treasurer

Jeanne Miernyk, Secretary

Community attendees participated via Zoom and conference call. David Taber led the meeting.

## 1. System Review

- a. Thank you to the entire community for your patience and the money that you've contributed! The special assessment over the last year was difficult but has served to make the system better.
- b. Over the last two years we have invested over \$750,000 in system expansions and improvements resulting in:
  - i. Bigger capacity: We've added 15,000 gallons storage capacity.
  - ii. Better fire protection: The installation of three generators is complete. In the event of a power outage, the generators will power the water system pumps providing uninterrupted delivery of water to our storage tanks. The generators are operational, have passed all inspections and were tested for a 24-hour period to ensure functionality.
  - iii. Battery systems: Improvements allow us to economize on the generators. The water system can be managed from anywhere via secure controls.
  - iv. Wood tank repairs: The wood tanks are about 45 years old and recent repairs are expected to extend their lives another 15 years.
  - v. Improved safety: Backflow preventers (BFPs) have been installed at about 25% of the properties. BFPs protect the overall water supply from contaminants from individual properties, which can potentially be drawn back into the water system mains.
- c. We still have solid financial reserves!

## 2. Our Water Source and Proposed Changes by Others

- a. The attached map shows that our water comes from the Russian River, which ultimately receives water from the Eel River. In sequence, our water travels from north to south from:
  - i. The Eel River to:
  - ii. The Potter Valley Project, which includes Lake Pillsbury and Scott Dam, to:
  - iii. Lake Mendocino to:
  - iv. The Russian River
  - v. Our well draws from an aquifer adjacent to the Russian River.
- b. Some background on potential changes: The Potter Valley Project (PVP) is a hydropower facility located on the Eel River and the East Branch Russian River. It includes Lake Pillsbury, which is a reservoir created by Scott Dam, and by means of diversion, secures year-round water supply to communities in the

Russian River basin, including ours. PG&E holds the license to the hydropower facility, which will expire in 2022.

- c. The problem that we are facing is that a group has submitted a proposal to the Federal Energy Regulatory Commission to restore the Eel River by removing Scott Dam and draining Lake Pillsbury. If the dam goes away, there will no longer be a consistent flow of water to Lake Mendocino, our water supply will be at risk, and the Russian River will be in draught more than the rest of the county. The proposal has not been approved yet, but there isn't another plan in the works.

### 3. A Call to Action

- a. As homeowners in a relatively small community, we need to ally ourselves with people who can make our voices heard politically in order to protect our water source year-round. The board is asking for volunteers to communicate with the parties listed below. David Taber will provide additional direction to volunteers, **who are shown in bold:**

- i. Federal, State and County Agencies: **PLMWC Board**
- ii. City of Cloverdale: Volunteer #1: **Dobie Edmunds will contact the mayor and some council people.**
- iii. City of Ukiah: Volunteer #2 **No Volunteers**
- iv. City of Healdsburg: Volunteer #3 **No Volunteers**
- v. Farm Bureau: Volunteer #4 This is the effective way to align ourselves with local agricultural interests. **Michael Margetts**
- vi. Wine Grape Commission Volunteer #5 **No Volunteers**
- vii. County Supervisor Gore: Volunteer #6 **Rob Davis will speak with Joe Renyoso about contacting Supervisor Gore.**
- viii. State Assemblyman Wood: Volunteer #7 **No Volunteers**
- ix. Representative Huffman: Volunteer #8 **Dobie Edmunds will speak with a friend who may be able to contract Rep. Huffman, however this is not certain.**

### 4. Our Water Use

- a. See attached Lake Mendocino Water Level graphic. As of 2 weeks ago, Lake Mendocino was at 41% of normal and may go dry before the rainy season. There is a water emergency in our county.

### 5. A Call to Action

- a. The state has proclaimed a drought, however the county and state have not yet set mandatory reductions (although the cities of Cloverdale and Healdsburg have mandated a 20% reduction in use compared to last year).
- b. The water company received a letter from the State Water Resources Control Board stating that we must prove our need for water, which we clearly do for health and human safety purposes, as well as fire protection. David Taber has replied to the letter and now we must demonstrate that we have a conservation plan. We must report our water level and usage to the state weekly. There is a potential fine of \$1,000/day if the state doesn't think we're pushing hard enough.
- c. Phase 1 for Palomino Lakes: Use is limited immediately to 275/gal/house/day.

- d. Phase 2 for Palomino Lakes is unknown until the county or state issues a conservation order, which is inevitable. Start conservation habits now:
  - i. Do not wash your car or boat using Palomino Lakes water.
  - ii. Examine your irrigation system and turn the valves physically off. An electric irrigation system can fail and cause valves come on. We've experienced some leakages last year, as high as 50,000 gallons.
  - iii. Install a Flume device on your water meter, which will alert you by phone when there is usage that is not expected. This is especially important if you are away a lot. Contact the water board for more information or assistance.
  - iv. Consider installing a gray water system for irrigation; the upfront cost easily pays for itself. Contact the water board for more information.
  - v. Consider xeriscape gardening or low water usage planting.
- e. The board will be reaching out to high water users. If state comes after us and we need to restrict further, gardeners will have to find a way to lower usage or let gardens die this year. (The few properties with their own wells can use that water at will because it does not come from the Russian River.)

6. Wine award goes to Karen Davis!

7. Election Results for the upcoming year:

- a. David Taber, President
- b. Brenda Thomas, Treasurer
- c. Edwin Acosta, Secretary

8. Financial Review

- a. Big Picture: Financially we are OK.
- b. Water rates will stay the same this year.
- c. No special assessments are expected.
- d. Our loans will be paid off in just 33 years! Loan repayment makes up a major portion of water bills. The outstanding total is about \$1.25M, and we cannot refinance because of the legal structure of the loans.
- e. We have to continue building our reserves. At some time in the future the wood tanks and valves in the street will need to be replaced.
- f. Operating Budget: We were basically on budget in FY21. Major expenditures were:
  - i. 44% loan repayment
  - ii. 10% accounting required by state and federal law
  - iii. 10% electric utilities
  - iv. 20% water system testing and water system specialist (safety and legal compliance)
  - v. Numbers will not go down over time, but instead will increase with the rate of inflation.
- g. Capital Budget: Major expenditures were for the generator project and unexpected system repairs.

- i. Generator Project: About \$27,000 remains to be paid once final invoices are received. The project went about 5% over the original budget but were able to cover that with reserves.
    - ii. Unexpected system failure repairs came to about \$37,000, which were paid for by reserves.
  - h. FY22 Budget
    - i. Water billing will go down because we do not expect any big leaks and water usage will go down, thanks to everyone's vigilance due to the drought.
    - ii. Accounting and tax prep will increase as it does every year.
    - iii. Insurance will go up with correction in coverage and addition of the generators.
    - iv. Because the overall system is in good condition, only small amounts are anticipated for maintenance and repairs.
    - v. Although the ending reserves balance may go down, we have enough to avoid raising rates.
- 9. Lottery Ticket is awarded to Charlie Barnes, who pledged that the first \$1M in winnings will go to pay off our loans!
- 10. Meeting adjourned.