

THE BUBBLER

Blue Lake Springs Mutual Water Company Newsletter

October 2016

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BLSMWC has recently purchased our current office space at 1011 Blagen Road in Arnold. We are very pleased to be owners vs. renters, and look forward to sharing our space in the future.



This is what happens when a tree competes with our water mainlines. Our Watermasters are checking the lines daily to find and repair issues with our infrastructure. Always contact our office at 795-7025 if you see signs of a leak.

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Have an idea?

The Bubbler is published to keep Blue Lake Springs Mutual Water Company shareholders informed about issues and upcoming events. If you would like to submit an article or suggest ideas for improvement, please contact:

Pam Bowman

pbowman@blsmwc.com

Blue Lake Springs
Mutual Water Company

1011 Blagen Road

P.O. Box 6015

Arnold, CA 95223

Tel (209) 795-7025

Fax (209) 795-7019

info@blsmwc.com

Meter Usage Study

- ◆ Collecting & tabulating study participant data and historical data from Nov 2011 through Aug 2016 (ECD Oct ME)
- ◆ Will analyze results and determine relevant water usage data applicable to developing rate structure (ECD Nov ME)
- ◆ Will determine proposed rate structure in Nov/Dec timeframe
- ◆ Rates for 2017 will be based on number of meters installed as of Jan 2017, and the total costs estimated for the year
- ◆ Goal for 2018 rates forward will be based on 100% meter installations, and the total annual estimated costs per year
- ◆ The rate/payment structure planned for 2017 will remain similar to 2016. Only those shareholders with new or old meters installed as of 2016 year-end will be charged the residence with active meter annual base rate and usage charges every 2 months, while the others will be charged their annual base rate according to their existing status at 2016 year-end
- ◆ Note: all those shareholders that have received a new meter by year-end 2016 will also be charged a \$416.50 fee due within the first 6 months

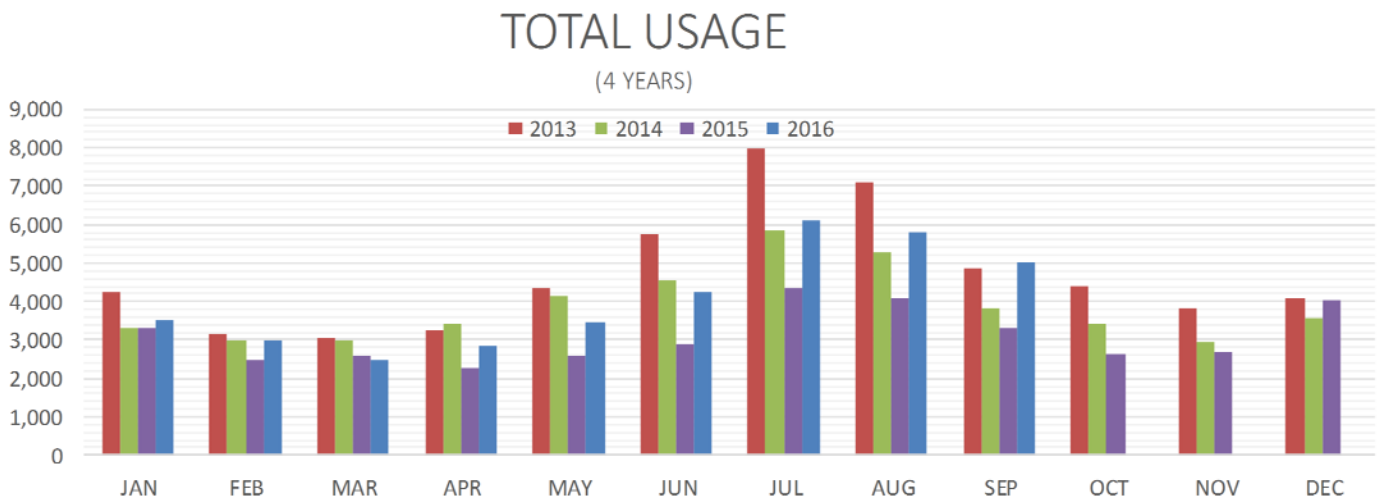
- ◆ Information required to develop 2017 rates
 2017 cost estimates by account identified by fixed vs. variable (including new accounts for office mortgage, insurance, USDA loan reserve fund, short-lived asset reserve, interim financing)
 Interim "bridge loan" would cover selected costs up to construction currently scheduled to start Aug 2017

- ◆ USDA Loan payments not scheduled to start until approx. June 2018
 Note: loan payments to be covered by water meter and infrastructure annual shareholder "surcharges" added to their annual rates. Need to discuss when surcharges would begin (i.e., in 2018 the year USDA loan payments start, or 2017 to build reserve)

- ◆ Discuss Billing
 Hire outside service?
 Payment Options: automated payments? Debit/credit card payments?

- ◆ Further discuss identifying local contractors for shareholder service line replacements
 See if contractors will provide quantity discount price breaks for multiple installations
 Provide contractors information to shareholders

Water Consumption Chart



Hello Shareholders,

Fall is upon us, and rain is in the forecast for this weekend. Colder weather is coming, so if you are going away for the winter, please don't forget to winterize your cabin. It's a good idea to turn off the water to your cabin, even if you are only going to be gone for a couple of days. This protects you from water damage from broken pipes while you are gone.

Production/Consumption

Our wells produced less water in September than July or August due to us purchasing water from CCWD, and the winding down of summer use. This affects the amount of water stored in the ground, and makes it possible for us to gain water during the lower usage months of October through May.

I will use our main Well 3 as an example. Last year at this time we had 45 feet of water above the pump intake in Well #3. This year, the level stands at 133 feet of water. This assures us of having enough supply to cover the winter and spring months, even if something happens to CCWD water availability.

Usage

I will break down the September usage numbers for you.

2013 4,855,000 gallons

2014 3,834,000 gallons

2015 3,315,000 gallons

2016 5,033,000 gallons

As you can see, we used a lot more water in 2016 than on the 4 previous years. I can attribute this to more people coming up for the Labor Day holiday, and more water used for irrigation. Please remember, we are in Stage 2 of our Drought Action Plan, which sets a target of 20% reduction of water usage. Check your irrigation system timers for a malfunction, and your plastic lines for leaks. Hopefully, it will start raining soon and the irrigation can be turned off, but if you continue to water, please cut back on the amount of watering time. The days are cooler and the sun is lower in the sky, so not as much water is needed.

I know a few shareholders are watering their big forest trees in hope of saving them from bark beetle attack. Please remember that under Stage 2 of our Drought Plan this is **not allowed**.

We are all hoping for a good amount of precipitation this fall, winter, and spring. The truth is, no one can predict what will happen.

We must continue to keep water conservation on our mind looking forward to be sure we will have enough supply for the future.

Water Pressure

Water pressure is important to the operation of any home water system. Some homeowners may notice what seems high or low water pressure at their home. Average water pressure at a house should be between 45 and 60 pounds per square inch, but our water mains may have as much as 150 psi. A pressure reducing valve or regulator needs to be installed at the house to reduce the pressure to safe operating levels.

Almost every home in Blue Lake Springs has a regulator at the service box, but it's a good idea to put one at the house too. If you think you have a pressure problem, you can call our office and we will check to see if the regulator needs replacing.

That's all for now.

Dave Hicks

General Manager

Blue Lake Springs Mutual Water Company

davehicks@goldrush.com



President's Message

Greetings:

There are some interesting projects and programs going on and I want to discuss each one with you.

CONSERVATION !!

This was real popular during 2014-2016 and has evidently, as shown in the increase in overall usage, for 2016 lost its allure. Included in this edition of the Bubbler is a copy of a bar chart displaying the comparative usage, by month and year. You will notice that there has been an up-tic in the overall water consumption since March of 2016. I am asking that you revisit your efforts to contribute to an overall use reduction and refocus your priorities in the use of this precious element.

Please ...

WATERING THE FOREST

Allow Nature to handle this task. **IF you are watering the forest trees, please DO NOT.** There is no empirical data that we have found that insures watering trees will prevent the intrusion of the bark or pine beetle. Nature is the "home" provider of water and has a system of taking care of the forest.

DROUGHT

You don't read much about the drought or view anything on TV, as the media has grown tired or bored with discussing it. Yes, the drought is still alive and well. Weather forecasters that view the future and are looking at the 2016-2017 winter are predicting a La Nina, or a dry season. These are the same folks that said that the 2015-2016 would be kind of wet and it was. Let's hope we get another wet winter and if we don't, the time to prepare is now.

BUSINESS OFFICE

Over the past two years, we have been renting business office space in the former Rabo Bank Building, in Arnold. The Bank ceased their operations in January 2016 and put their facility on the market. We very recently concluded the building purchase. We continue to occupy the same space and were in the throws of marketing the remainder of the facility, when we were approached by a local business indicating their interest in renting/leasing the portion we are not using.

We are in the very early stages of working on a mutual agreement. This would be a win-win for this interested vendor and the Water Company.

USDA LOAN APPROVAL

Our application for a 12.2M infrastructure improvement loan is still moving through the USDA [United States Department of Agriculture] application review process. We are on track and hope to receive the final approval in the next few months. Once approved, this will be a major undertaking on behalf of the Water Company and will serve to bring our delivery system out of the 1960s and deep into the future. I am very optimistic that we will prevail.

WATER DELIVERY

You turn on the faucet and the water flows. A few years ago there was talk of No Water. I don't hear that any longer. The contract with CCWD is now a year old and working extremely well. Our General Manager and his counterpart with CCWD meet regularly on an as needed basis should any issue arise. Our wells are performing and recovering nicely, as the performance pressure has been reduced with the CCWD addition.

METERS

The field staff continues to install meters and we have completed about 20% of the entire system. The new meter allows electronic monitoring and will eventually be part of everyone's residence. The aging meters, or those installed prior to the modern electronic devices will be replaced, as well. Once our present inventory is exhausted, the completion of the entire system will be covered in the USDA plan.

I wanted to mention that we are continuing our policy of installing a meter, if needed, during all property title changes (cost to be deferred until the USDA loan is in place). In addition, we are moving to install a meter on those few exceedingly high volume consumption users.

LONG RANGE STRATEGIC PLANNING COMMITTEE

The LRPC was developed a number of years ago to create a strategic planning process that would enable the Water Company to better prepare for its future. The team is made up of three Board Members and a member-at-large. Their collective effort has been commendable. LRPC is currently working on the development of a Rate Structure that will incorporate the data extracted from the meter, as to cubic/feet consumption [one cu/ft. = 7.48gals] combined with an overall base rate. This will take time as we are using a sample population of full-time and part-time users to look at the average monthly usage. I am seeking your indulgence during this adjustment period. Our goal is to have the newer billing process in place by January 2018.

BLSMWC.COM

There is lots of interesting info on our web site. If you are a fan of the site, please encourage your friends and neighbors to visit.

WINTERIZE

Please think: "Gotta Winterize..." Plan now and you won't have to grieve later.

HOLIDAYS

Enjoy the holidays.

Lots to be thankful for.

Bob Maginnis

President

