

THE BUBBLER

Blue Lake Springs Mutual Water Company Newsletter

July 2018

Long Range Planning Report

For those shareholders not able to attend the Annual Meeting in June, the following will provide a summary of the Long-Range Planning Committee (LRPC) presentation. As a reminder, the Charter of the LRPC is to serve as an "advisory committee" to the BLSMWC Board of Directors (BODs) providing on-going "recommendations" for long term water supply and demand management strategies that will ensure dependable and high-quality water at the most affordable price possible. The primary task focus over the past year has been to:

Provide technical and budgetary oversight assistance to BLSMWC management and staff, and MC Engineering on the USDA Water Infrastructure Project. This required significant coordination as the design evolved to ensure that we were meeting overall system requirements without over-designing and at a cost that was within our USDA funding. As we approached the final design much effort was required to ensure drawings, specs and material quantities were as accurate as possible for the construction bidding process. This resulted in the successful receipt of a construction bid within our target and USDA budget.

Formulate and provide a recommended 2018-2021 multi-year cash flow, rate structure and contingency reserves analysis for BOD consideration. Based on documented assumptions, this analysis provides a forecast of revenues, expenses, and reserves (including all USDA loan and interim financing requirements) along with a suggested rate structure approach. Using a conservative expense escalation factor, and recommended shareholder rates (including USDA loan repayment surcharges) which are comparable to existing base rates currently in place, a forecasted +\$1M contingency reserve can be maintained.

Continue to compile water meter data to analyze usage levels and evaluate trends over time for future rate structure recommendations to the BOD. Our sample size of new radio read meters used in our study has increased to 662, which is approximately 39% of the total residences. Over the past 2 years, based on total usage, the average per residence ranged from 302 to 305 cubic feet (CF) per month. Our study data for 2017 based on 5,535 total readings showed an average of 309 CF per month. Trends show that usage levels can fluctuate substantially during various months of the year. Our current base allotment is 350 CF per month. Based on the 2017-meter readings, approximately 76% of residences used less than the base allotment and only consumed 27% of the total water.

Over the next several months, the LRPC will continue to provide oversight support to the USDA project during the scheduled construction period to ensure that all costs (including the interim financing loan costs) are proceeding according to the cash flow plan. The usage studies will also continue throughout 2018-2019 as the remaining water meters are installed and connected, with the findings factored into our final rate structure analysis. In addition, a recommended "Reserves Policy" will be formulated of the next few months for BOD review and approval. The policy shall identify all internal reserve needs and cover overall reserve objectives, reserve process approvals, reserve definitions, costs and timelines for each.

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General Manager's Report

Shareholders:

On Thursday, June 28th, the Blue Lake Springs Mutual Water Company Board of Directors approved 2 resolutions that relate to our USDA Infrastructure Improvement Project. These resolutions allow me to sign the Notice to Award the project to Mozingo Construction Co. Inc. Mozingo can then get the required Bonds and Insurance needed for the project. Once the Bonds and Insurance are in place, a construction agreement, and Notice to Proceed will be signed, subject to review by Blue Lake Springs staff, attorney, Engineering, and USDA. Mozingo can then begin to mobilize equipment and material into Blue Lake Springs. This should start in about 2 to three weeks. Resolutions can be viewed on our website:

www.blsmwc.com

July is here and the Water Company is in great shape going into the hot summer months. We have good storage in our wells, and our tanks are full for good fire protection. Usage was slightly lower in June from last year. I'll run down the numbers.

USAGE

June

2018 3,938,000 Gallons

2017 4,064,000

2016 4,225,000

2015 2,908,000

2014 4,532,000

2013 5,738,000

David Hicks

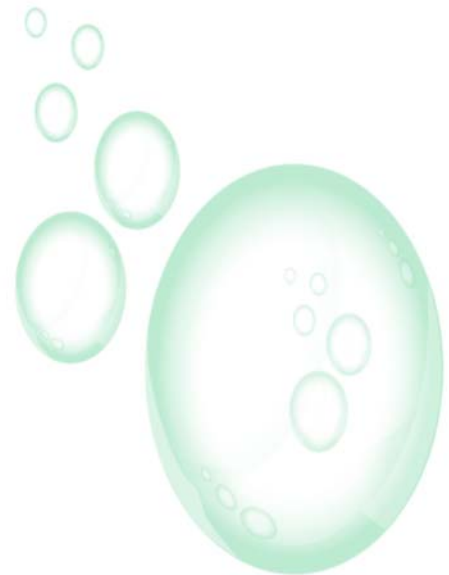
General Manager

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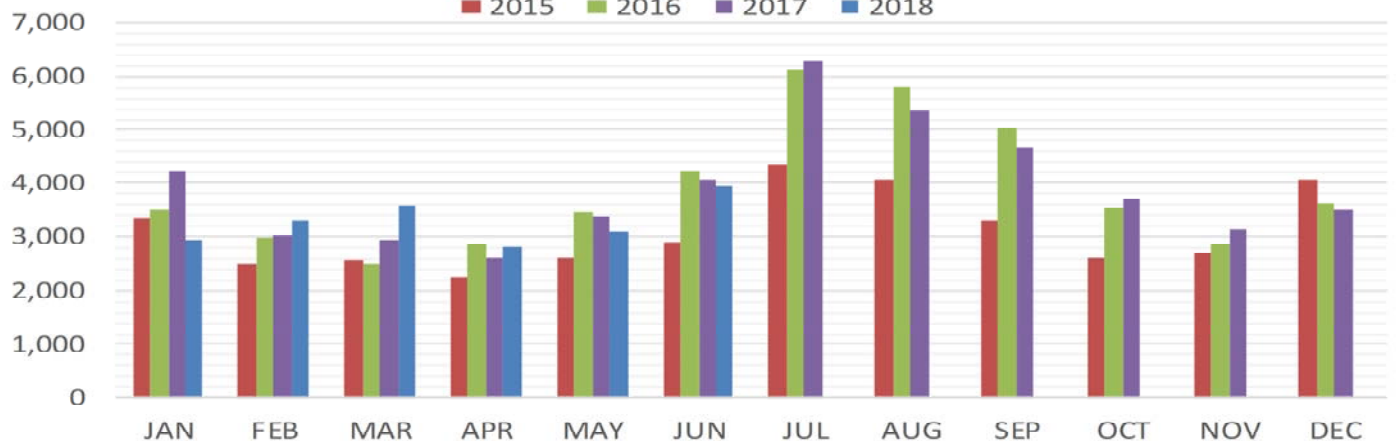
Email: davehicks@goldrush.com



TOTAL USAGE

(4 YEARS)

■ 2015 ■ 2016 ■ 2017 ■ 2018



Presidents Report

Happy Summer as it appears the season has come in with some HEAT!

The Board of Directors met electronically on June 6th to approve the necessary resolutions to allow the large Capital Improvement Project to move forward. This is the last step in the application process, and the first step in moving the project forward into the actual construction phase.

As mentioned previously, the water company will endeavor to keep everyone informed and expects to publish the contractor's calendar of work soon.

You are encouraged to submit your email address to the water company. We will use email addresses to ensure that you are aware of when the contractor is in your neighborhood, and as the Project develops. A secondary reason that we are continuing to ask for your email address is connected to a future billing platform that will include an On-Line Payment System.

As the Project gets up and running, we will continue to publish work progress and status on NextDoor, on our website:

blsmwc.com, and in our newsletter, The BUBBLER.

Call the BLSMWC Office @ 795-7025 for any related questions.

Enjoy the summer. Remember CONSERVATION is still in vogue.

Bob Maginnis
BLSMWC President

** all Board meetings are conducted in accordance with the Open Meeting Act of 2014 and the requirements of pre-posting the agenda, time and place of the meeting.

This includes any/all electronic or phone meetings. Access is available to anyone that wishes to attend.



Have an idea?

The Bubbler is published to keep Blue Lake Springs Mutual Water Company shareholders informed about issues and upcoming events. The Bubbler is a "monthly" newsletter and comes out following a regular scheduled Board Meeting so that we can keep you up to date on the most current information.

If you would like to submit an article or suggest ideas for improvement, please contact:

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HYDRATION

KEY MOMENTS TO STAY HYDRATED

Driving

IT IS ESSENTIAL TO REMAIN HYDRATED WHILST DRIVING AS DEHYDRATION CAN CAUSE FATIGUE & LACK OF CONCENTRATION.



Working

MANY PEOPLE DO NOT DRINK ENOUGH DURING WORKING HOURS, RESULTING IN TIREDNESS AND LACK OF CONCENTRATION. EVEN IF YOUR JOB REQUIRES NO PHYSICAL ACTIVITY, IT IS VITAL TO GET ENOUGH WATER INTAKE.



Studying

THE BRAIN REPRESENTS 2% OF THE BODY'S WEIGHT AND RECEIVES APPROXIMATELY 20% OF THE BODY'S BLOOD CIRCULATION. IN ORDER TO PROPERLY FUNCTION, THE BRAIN MUST REMAIN FULLY HYDRATED.

Exercising

MANY PEOPLE ARE NOT AWARE OF THE CORRECT AMOUNT OF WATER INTAKE THAT THEY SHOULD CONSUME WHILST EXERCISING. IF YOU ARE EXERCISING FOR MORE THAN 30 MINUTES, ENSURE THAT YOU DRINK ENOUGH WATER BEFORE, DURING AND AFTER.

WaterCoolersDirect.com

Conservation

Americans are conserving water in their homes like never before, according to a U.S. Geological Survey report released this month. In per capita terms, domestic water use has plummeted from 112 gallons per day in 1980 to just 82 gallons in 2015, a 27 percent decrease. Take 30 gallon-sized milk jugs, fill them up with water and set them aside — that's how much water you're saving, every day, relative to the average American in 1980. For a typical family of four that means about a half-ton of water saved, or eight cubic feet, every single day relative to 1980.

For the purposes of the USGS data, domestic water use encompasses everything we do with water at home. "Common indoor water uses are drinking, food preparation, washing clothes and dishes, bathing, and flushing toilets," the report explains. "Common outdoor uses are watering lawns and gardens or maintaining pools, ponds, or other landscape features in a domestic environment." The report credits a number of federal policy interventions with reducing home water use. The National Energy Policy Act of 1992 is a big one. It established efficiency standards for toilets (the now ubiquitous 1.6 gallons per flush), bathroom faucets (2.2 gallons per minute at 60 psi) and shower heads (2.5 gallons per minute at 80 psi). The legislation passed with overwhelming bipartisan support and was signed into law by President George H.W. Bush. Further amendments to the bill, passed in 2005, improved efficiencies for water-using appliances, such as dishwashers and washing machines.

The EPA estimates that 70 percent of our total home water consumption happens indoors, with the remainder going to outdoor uses. But these numbers vary considerably by region, with households in arid Western states devoting 50 percent or more of their annual water budget to maintaining lawns and landscaping. As a result, per capita domestic water use varies greatly at the state level, ranging from 35 gallons per day in Connecticut to 184 gallons in Idaho.

It's worth pointing out that domestic water use accounts for just a tiny fraction of overall American water consumption, on the order of about 1 percent. Thermoelectric power (e.g., steam-driven electric turbines) accounts for 41 percent of all water use, while irrigation for crops eats up another 37 percent.

As part of its report, the USGS published this nifty map, breaking down the different water use categories at the county level. While our average per capita home water use is declining, it remains much higher than in other wealthy nations, including the United Kingdom (37 gallons per day) and Germany (32 gallons). Part of the issue is that water in the United States remains very cheap relative to other countries, which has led some economists to call for smarter, more flexible pricing schemes in America's water market. While higher prices may hurt in the short term, there's good reason to take a long view on the issue. A 2014 Government Accountability Office report found, for instance, that water managers in 25 states expected to deal with regional or statewide water shortages over the coming decade, along the lines of what much of California experienced during its recent drought.

The era of cheap water, in other words, may be coming to an end, whether we plan for it or not.

