

THE BUBBLER

Blue Lake Springs Mutual Water Company Newsletter

2019 Shareholder Invoices

Dear Shareholders:

Your yearly Shareholder invoice was mailed on January 1st!!

Please read your invoice thoroughly, make any address changes, sign, and return the voucher along with the proper payment in the return envelope provided. **Remember that all payments are due on or before February 15, 2019.** Please ensure your payment is in the office on or before that date to avoid the **\$65 late penalty.** After March 15, 2019, interest at 1.5% per month will be charged on all balances. You may call our office and pay with a credit/debit card, (at no charge to you.) You will **not** be able to pay your bill online. If you cannot make your payment by February 15th, please contact our office

BEFORE this date to make payment arrangements.

If you have questions?? Call (209)795-7025 and ask for Carrissa

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U.S. Drought Monitor California

January 1, 2019

(Released Thursday, Jan. 3, 2019)

Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	7.77	92.23	75.17	14.12	2.10	0.00
Last Week 12-25-2018	7.77	92.23	75.17	16.24	2.10	0.00
3 Months Ago 10-02-2018	12.18	87.82	47.97	22.82	4.93	0.00
Start of Calendar Year 01-01-2019	7.77	92.23	75.17	14.12	2.10	0.00
Start of Water Year 09-25-2018	12.18	87.82	47.97	22.82	4.94	0.00
One Year Ago 01-02-2018	55.70	44.30	12.69	0.00	0.00	0.00

Intensity:

 D0 Abnormally Dry	 D3 Extreme Drought
 D1 Moderate Drought	 D4 Exceptional Drought
 D2 Severe Drought	

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:

David Miskus
NOAA/NWS/NCEP/CPC



<http://droughtmonitor.unl.edu/>

General Manager's Report

Dear Shareholders,

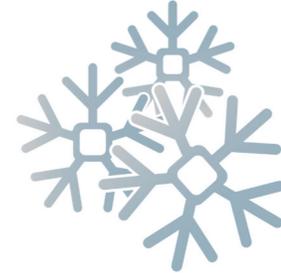
It's been a very busy year for your Water Company. The Infrastructure Improvement Project has started the construction phase after much planning, and we are off to a bit of a slow start because of the weather. Mozingo, our contractor will begin in earnest very soon.

December Usage

Usage for the month of December was a little bit higher than last year, probably because more people came up to do some skiing and enjoy the Holidays. Last year we had very little snow up the hill at this time. I'll run down the numbers for you.

December Usage

2013 4,097,000 gallons
 2014 3,579,000
 2015 4,057,000
 2016 3,609,000
 2017 3,497,000
 2018 3,618,000



We have a 12% water savings compared to December 2013, the State Drought comparison year for reporting water usage.

Annual Usage

2013 56,114,000
 2014 46,258,000
 2015 37,293,000
 2016 46,464,000
 2017 46,920,000
 2018 45,463,000

Usage has remained steady for the past 5 years, except for the drought year of 2015 when we were in stage 3 of our Drought Plan.

We have a 19% water savings for the year compared to 2013

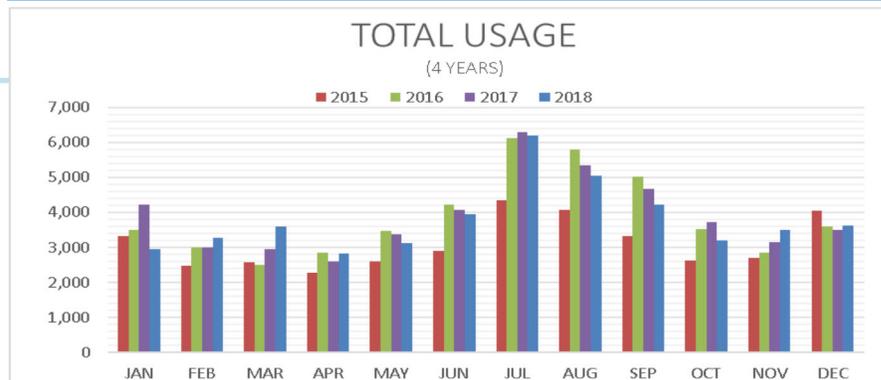
Annual Well Production CCWD Water Purchased

2016 23,067,000 gallons	23,300,000 gallons
2017 23,515,000	23,496,000
2018 22,280,000	23,066,000

Well production has also remained steady for the past 3 years. CCWD water purchased runs about half of total water delivered to our customers. Wishing all a great 2019

David Hicks
 General Manager
 Blue Lake Springs Mutual Water Co.
 P.O.Box 6015, Arnold, CA 95223
 Ph: 209-795-7025

USAGE CHART FOR DECEMBER 2018



LRPC Report

At the Board of Director's (BOD) Meeting January 5th, The Long Range Planning Committee (LRPC) presented updated status for the on-going efforts summarized below. A majority of these efforts will require the continuing collection and analysis of data, and depend on both the engineering and construction contractor's performance on the USDA Project as we progress through 2019. These results will provide the basis for our discussions and recommendations to the BOD, which will be communicated to the shareholders as decisions are made. As noted last month, the BLSMWC staff has proposed that several prioritized new scope tasks be added to the USDA Construction Project, many of which address safety and liability areas that were not included in the USDA Preliminary Engineering Report (PER). Since then, the LRPC performed a more detailed analysis of the total known USDA estimated eligible costs versus the allocated budget to determine the affordability and risk of adding this scope to the project. This must take into account not only the cost of the added tasks, but also the projected extension in schedule and resulting increased interest costs to our interim loan. Prior to approving and/or authorizing any additional scope items, it has been requested that MC Engineering obtain firm cost estimates from Mozingo Construction, Inc. and identify when in the schedule each new scope task would need to be approved and funded. This will allow us to monitor the cost and schedule performance of the USDA project to make more informed budget decisions as we progress through 2019.

Based on the latest USDA Construction Draw-Down Schedule (i.e., Spend Plan) revised in Dec 2018, an update to our annual interim loan interest cost has been estimated. In addition, all USDA reimbursable expenses for MC Engineering and BLSMWC incurred through 2018 and estimated for 2019 have been updated and verified. It has been determined that our 2019 budget and cash flow will support (with manageable risk) holding off requesting any further USDA reimbursement of MC Engineering and BLSMWC expenses until January 2020. This will save approx. 27% in total interest on our interim loan. Based on this information, the LRPC recommended to the BOD that we submit only construction cost reimbursements until January 2020, and continue to monitor our financial position monthly as we progress through 2019. If circumstances change, we will have the option to claim a portion or all of the MC Engineering and BLSMWC expenses dating back to 2017.

The revised Asset Management Plan Proposal from MC Engineering was reviewed with BOD at our January 5th Meeting. As mentioned last month, the revised proposal included a new task for GIS Database Development which will augment the Asset Inventory. As presented to the board, the LRPC recommended continuing progression of the plan in phases, with the Asset Inventory Update and GIS Database Development Tasks included in Phase 1 at a not-to-exceed amount of \$20K. This approach was approved by the BOD. The LRPC has not yet received the completed product for Phase 1 from MC Engineering. Once Phase 1 is completed, a progress meeting will be held to thoroughly review these products as well as the scope in the remaining tasks. The LRPC recommended position will be presented to the BOD for approval prior to proceeding forward beyond Phase 1.

At the Dec. 7th LRPC Meeting, the Reserves Fund Policy and Reserves Fund Operating Procedure with final recommended changes incorporated were reviewed and approved by the committee. The final recommended changes were presented to the BOD at the Jan. 5th Meeting and accepted. The BOD voted to approve and formally implement both documents. The Policy and Operating Procedure include the following Reserve Funds:

Restricted Reserves

USDA Debt Reserve Fund

USDA Short Term Asset Reserve Fund

Emergency Reserve Fund

Capital Asset Reserves

Capital Asset Replacements/System Improvement Reserve Fund

Operating Reserves

Water Rate Stabilization/Revenue Shortage Reserve

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.

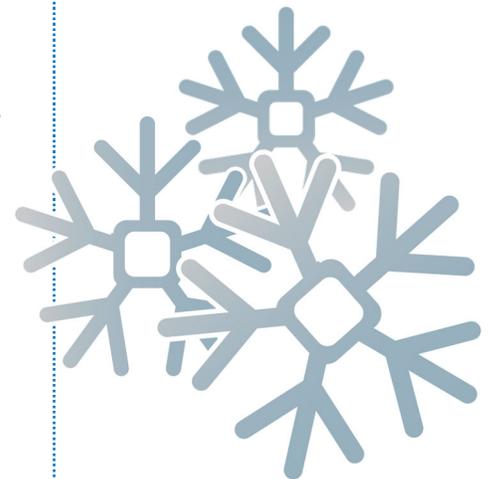
If you would like to submit an article or suggest ideas for improvement, please contact:

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PRESIDENT'S REPORT

First and foremost, Happy New Year and welcome to 2019.

The Board of Directors met January 5th and welcomed one new member, Mark Woltering. There was a fair amount of discussion over the Project, which has been in full swing for the past few months. At the moment the weather is the guiding force of the contractor's schedule. There has been little disruption as the process of installing new and larger pipe lines continues. Occasionally there is and will be some street/traffic flow disruption and if there is a way of laying pipe in the roadway without road closures, we will employ them.

Some homeowners called to our attention that they have noticed new fire hydrants on their respective streets. Several hydrants will be added as the Project progresses (Let your Hazard Insurance Co know that a new hi-flow hydrant has been put in your neighborhood. Insurance Companies are looking for ways to walk away....).

As the Project moves forward, we may discover something that would benefit our overall system design but was not included in the original bid. A number of items have arisen, and we are in the process of prioritizing them. Occasionally, we run across a section of pipe, or large valve, or something we didn't know about, that is no where to be found in any record and its presence causes us an issue. The USDA Loan contains a provision that we included which allows a financial set-aside for these kinds of "surprises". As mentioned earlier, we are prioritizing these surprises. Thus far we are very pleased with the contractor's work and overall effort.

Here are a couple of things the Water Company could use from you:

1. To ensure we have your correct phone number.
2. To ensure we have your correct billing address.
3. Send us your EMAIL ADDRESS!!!!

Occasionally, we hear: "No one told me about this Project." We are open to any means you have of contacting you and would love to do so.

REMEMBER: You can pay your Water Bill with a credit card. Why not ...? Get some Air-Miles Go visit kids, take a vacation, see somebody.

If you have any questions, comments, suggestions, ideas, or are just curious on the status of the Project, give us a call: 209-795-7025 and visit the website:

www.blsmwc.com

Another REMINDER: WINTERIZE!!!!

We are getting into the cold months and your pipes love ICE. If you are away from your residence for more than a few days drain the system. Shut off the water supply to the home.

Thanks,

Bob Maginnis

President, BLSMWC

