

THE BUBBLER

Blue Lake Springs Mutual Water Company Newsletter

November 2017

President's Report

The Water Company has been busy since the last Bubbler edition.

The Board of Directors has modified their meeting format from the standard practice of monthly meetings to selected months starting in November of 2017. The Board Meeting schedule starting in 2018: January, March, May, June, September and November. The shift to the revised schedule was driven by the ease of the electronic based meeting option and the use of staff time. All meetings, electronic or live, will be held in strict accord with the Open Meeting act of 2014.

The November meeting saw the 2018 Budget, which was approved but the discussion on any rate increase will be addressed in a week or so, as an electronic meeting is currently being scheduled.

At every meeting the General Manager reports out on the system's consumption or use rate and I am proud to say that our customers are continuing to conserve water use. CONGRATULATIONS to those who make that effort!!

There was a report from the Long Range Planning Committee (LRPC) that dealt with the future costs of the Company and what to expect financially in the coming years. This report is included in this edition of the Bubbler for your convenience.

The USDA (US Department of Agriculture) loan (Project) will be kicking off in mid-2018 and the initial loan payment will be due a year later. The Project requires an extensive audit of our financials. A specific company was chosen to handle the matter.

Mr. Jay Brethauer was appointed to the Board to fill the vacancy created by Tom Schneider. Jay's term will run until June 2019. Thank you, Tom, for your energy and time commitment to the Board and welcome to Jay. Tom has agreed to stay on as part of the LRPC, which in addition to three Board members carries two at-large members from the Arnold Community. Tom's move also created a Board Member spot on the LRPC and Andy Rich was appointed by the Board to fill that vacancy.

The November Board meeting was adjourned to a Town Hall Meeting that was held at Snowflake Lodge. The Town Hall was designed to inform the shareholders of the initial progress of the Project and there were about 200 in attendance.

As you recall Blue Lake Springs Water Company applied for a grant from USDA and was denied. The Board then sought a loan and that was approved. The \$12.23M loan is to cover the cost of improvements of the Water Company infrastructure, including the Water Treatment Facility, in-ground piping to vastly improve firefighting capabilities with new hi-volume fire hydrants; and, the movement of the 1960/70s era residential supply lines from rear property areas out to the utility right-of-way, at or in the roadside gutter.

This is all cost.

The Board agreed to move toward reimbursing our shareholders for the cost of relocating their service line. The precise details on how that program will work are still being examined.

There were two representatives of MC Engineering at the meeting who answered many questions. This is the company chosen via a competitive bidding process that will be overseeing the entire project. According to these representatives, John Pedri and Rich Relyea, the positioning of new pipelines, meter boxes, laterals (a lateral is a pipe hook-up that extends from the pipeline in the utility right-of-way onto the customer's property and into the meter-box) and meter placements have been identified to all properties. John and Rich emphasized that it is important to identify the placement on your property, which can be accomplished by seeking out the markers OR by calling 209-795-7025 or visiting the Water Company Office at 1011 Blagen Road. Some homeowners have concerns over the path chosen for their new, front service line as it pertains to trees, retaining walls, flower beds etc., and thus the placement of the lateral et al. Ease the pain by checking this out ahead of time.

In This Issue

Page 1: President's Report

Page 2: President's Report (continued)

Page 3: General Manager's Report

Page 3: Usage Chart

Page 4: Long Range Planning Committee Report



President's Report (continued)

You will see Water Company staff in your neighborhood. We will make every effort to let you know when we will be working at your site.

At the Town Hall Meeting, staff collected email addresses and questions on cards. We're still working on them. We STILL need your email if we don't have it.

One question that came up that deserves another answer was: "What is all this going to cost me?" The USDA loan is a 40-year obligation for \$12.23M at 1.875% annual interest. I am estimating that individual payments to the loan will not occur until late 2018, early 2019.

We are in the process of designing a new, more focused rate schedule. The new schedule will be made of two parts:

- A. A base rate that is designed to operate the company.
- B. A consumption or use rate that will be tier structured to charge customers for water.

Simply put: You only pay for what you use.

Once the base/use rates are calculated we will adjust the billing system and institute new billing cycles. Looking forward, I would see this new rate structure coming on board by early 2020. Any speculation as to the "how much" or "what's that gonna cost me" is guesswork at this point.

Stay informed on up-dates and progress of the Project by reading the Bubbler, and visiting our website www.blsmwc.com. We update frequently.

If you are curious about the Project, or how the Project will impact your property, or have ANY questions, call the BLSMWC office at 795-7025 or email admin@blsmwc.com.

The next Town Hall meeting will probably be at the 2018 Annual Meeting in June.

Enjoy the Holidays,

Bob Maginnis
President



General Managers Report

Shareholders:

I would like to thank you all for your attending the Town Hall Meeting on Saturday, November 11th. Your suggestions, questions, and input were appreciated. I hope that the Board, Staff, and Engineering firm were helpful and informative. If you have any questions regarding the meeting, please call the BLS-MWC office at: 795-7025, you can also read the minutes of the Meeting on our website: www.blsmwc.co

Today's message is WINTERIZE WINTERIZE !!

SUGGESTIONS FOR WINTERIZING YOUR CABIN

1. Insulate exposed water pipes under the cabin and any exposed service lines outside. A watertight box should cover outside insulation. (Wet insulation loses its insulating value.)
2. When closing the cabin, shut off the water at the CABIN shut off valve. (Please do not use the service box shut off valve.)
3. Turn off electricity to the hot water heater. Be sure heater is full of water before restoring energy.
4. Drain lines by opening the drain valve that should be at the lowest point in the system. (If you have no drain valve, you should install one.)
5. Open all inside faucets. (kitchen, bathroom, service room, etc. including shower riser)
6. Open all outside hose bibs and relieve all vacuum breakers if so equipped.
7. Flush toilets and add 1/4 cup of RV type non-toxic antifreeze to toilet bowls. Add 1/8 cup of RV type non-toxic antifreeze to water left in flush tanks and in all wastewater traps. CAUTION: ANTIFREEZE MAY AFFECT THE PROPER OPERATION OF YOUR SEPTIC TANK AND SHOULD BE USED IN MODERATION.
8. Please DO NOT let water run in order to prevent freezing since this not only wastes water, but will result in a penalty charge of \$100 for water loss on the first offense. The second offense will result in the water being shut off in addition to a penalty of \$200 and a charge for water loss. Both the penalty and water loss charge must be paid before service will be restored.

If you are having problems with your water service call:

BLSMWC office at 209-795-7025 Monday through Friday, 8-4

OR call 209-795-7030 and leave a message. The message will be electronically transferred to the person on call. If you observe leaks in the lines of the water system, please call us at once. Thank you!

The usage chart below shows a reduction in consumption for the month of October! Thank you for your conservation efforts! Keep up the good work.

Happy Thanksgiving!!

Dave Hicks

General Manager

BLSMWC/davehicks@goldrush.com

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.

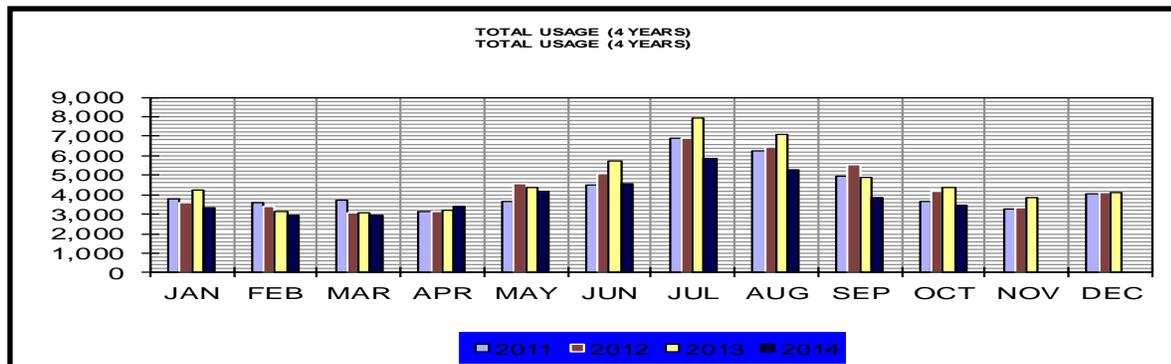
If you would like to submit an article or suggest ideas for improvement, please contact:

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

Visit us on the web at
www.blsmwc.com



LRPC Mission Statement, Charter, Goals and Tasks

LRPC Mission Statement

Provide a safe and reliable long range water supply at an effective and predictable cost for the Blue Lake Springs shareholders over the next 40 years

LRPC Charter

Serving as an advisory committee to the Blue Lake Springs Mutual Water Company Board of Directors, provide on-going recommendations to help implement financially acceptable and technically practical water supply and demand management strategies to ensure a long term, dependable, and high quality water supply for the shareholders. The three year plan will focus on capital projects to include infrastructure and water meter improvement, replacement, and maintenance; continuing water usage analysis, development of the annual rate structure; and support to other projects as requested by the Board of Directors

LRPC GOALS

*Rate Structure Goals

1. Select rate structure that yields revenue in a stable and predictable manner
2. Fund all our costs, including adequate reserves
3. Select rate structure that promotes Conservation
4. Maintain simplicity, while promoting shareholder fairness and equity

OPERATIONAL GOALS

1. Act as a Board resource when recommendations are requested on issues pertaining to the Long Range Plan
2. Meet at least quarterly to evaluate the priority list progress and review completed projects. Additional meetings will be scheduled as needed by the Chair
3. As condition may change over time, continue to stay abreast of all water source options (i.e., CCWD surface water purchase options versus existing ground water wells) and perform side by side cost benefit analysis
4. Plans will be periodically re-evaluated and adjusted as needed
5. Final water rates will be established when the LRPC and Board fully understand the expected outcomes (i.e., predictable usage levels and price elasticity of demand) and is able to explain it to the members

FINANCIAL GOALS

1. The economic well-being of our customers and our community depend upon our ability to ensure high quality and reliable water services at an acceptable financial cost
2. Budgetary projections will be based on cash needs and reviewed annually
3. Separate Operations and Maintenance budget plans from Capital and Infrastructure Improvements

COMMUNICATION GOALS

1. Treat our shareholders with respect while maintaining open "transparent" communications
2. Involve and engage shareholders as we define and evaluate our community's needs, identify and evaluate our options, and proceed to implement the approved strategies

LRPC TASKS

1. Perform Water Meter Usage Studies as required to analyze and validate percentage of users at determined tier levels and evaluate trends over time: Utilize findings in rate structure development
2. Coordinate development of annual shareholders rate structure in parallel with Treasurer's proposed annual budget
3. Recommend commercial rate structure for BLSHOA and SWCC
4. Assist staff in selection and recommendation to Board an accounting firm to complete USDA required annual audits
5. Provide recommendations on the USDA Infrastructure and Water Meter Capital Improvement Project as requested
6. In coordination with Treasurer's budgeting analysis, continue to update multi-year cash flow analysis as required
7. Recommend shareholder billing schedule
8. Recommend shareholder alternate billing payment options
9. Recommend Reserve Accounts needed and value in addition to USDA Debt Reserve & Short Term Asset Reserve
10. Validate current proposed value of Short Term Asset Reserve (may require a consultant's services to assist)
11. Undertake special long-range planning assignments as directed by the Board