

THE BUBBLER



Blue Lake Springs Mutual Water Company Newsletter

Flush Your System!!

ATTENTION:

IF A WATER METER HAS BEEN INSTALLED AT YOUR HOME IN BL'S, AND YOUR WATER SERVICE BOX HAS BEEN UPGRADED, YOU WILL NEED TO FLUSH YOUR WATER LINES BEFORE USING INSIDE WATER.

TO FLUSH THE LINES YOU SIMPLY NEED TO RUN AN EXTERIOR WATER FAUCET FOR A FEW MINUTES.

IF YOU NEED FURTHER ASSISTANCE, FEEL FREE TO CONTACT THE BLSMWC OFFICE AT (209)795-7025

THANK YOU!!

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CAUTION!! WORK IN PROGRESS!

Work in Blue Lake Springs Subdivision is progressing, and we ask that you use caution when driving in the Subdivision. Along with heavy equipment, there are workers on foot. Also watch for road closures, lane closures, and detours!!



Thank You



LRPC Report

Asset Management Plan

MC Engineering has progressed to 100% complete with the GIS mapping of assets and the asset inventory database for water mainline replacements (which includes the mainline pipes, house services, valves, PRV's, hydrants and air relief valves). MC Engineering is currently wrapping up the asset inventory database for the wells, water treatment plant, storage tanks, booster pumps, and individual PRV's, and plans to include the new water meters in the final report.

The next phase in completing the asset management plan will consist of discussions to decide on the reserve account cost output reports to establish (i.e., long term capital replacements, short term repair & maintenance, and meter replacements). We realize that effective management of our assets involves knowing and actually doing the most cost-effective maintenance, repair and replacement activity at the right time during the life cycle of each asset. In addition, our asset management plan should translate into long term financial planning which will help identify our priorities, what we can afford or not afford, and any challenges to meeting the desired level of service for each asset. To that end, the final plan will focus on and document our asset maintenance, repair and replacement strategy as well as our objectives, priorities and affordability plan.

Shareholder Service Line Replacement Program

In follow-up to the specifics described in the April Bubbler, a final proposed shareholder service line replacement zero interest loan program (limited to shareholders experiencing financial hardships) was presented to the Board of Directors at the May 11th Meeting and approved for implementation. Information on the loan agreement, application process and timing of the program will be made available to shareholders from the BLSMWC office staff very soon, and will also be discussed in the Annual Shareholder's Meeting June 8th to address any questions.

Additional USDA Scope Items

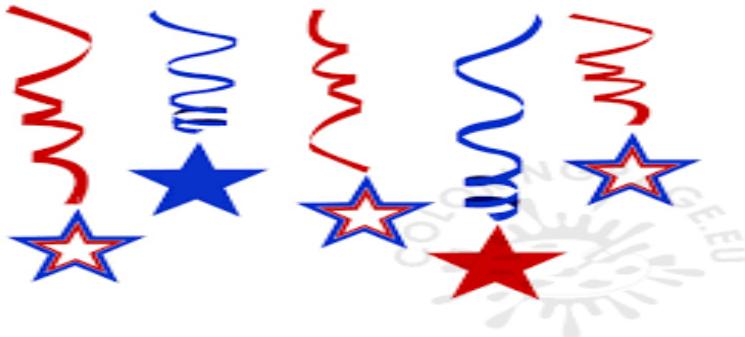
As mentioned in previous Bubbler issues, the BLSMWC staff has proposed that several high priority tasks be added to the USDA Construction Project. To evaluate these proposed tasks, and ensure that total expenditures will remain well below our USDA allocated budget with adequate reserves, MC Engineering has continued to work with Mozingo Construction, Inc. to obtain firmer cost quotes. The analysis also includes identifying the added schedule resulting from each additional work task, as this impacts our interim loan interest costs.

Based on the discussions to-date, a revised 3-phased approach and priority of the projects has been proposed to the LRPC and Board. It has been requested that the Phase 1 (highest priority tasks) be considered now, which will address improvements to increase fire flow and replace old damaged or failing parts of our water system that were not included in the initial scope of our USDA contract. The decision to proceed on tasks within Phases 2 and 3 will be delayed until specified dates downstream and approval will be based on the overall cost and schedule performance on the USDA contract at those points in time.

At the May 11th Board of Director's Meeting, a LRPC recommendation to move forward with the preparation of required MC Engineering drawings and sketches for five (5) Phase 1 tasks was approved by the Board. These drawings and sketches will allow Mozingo to generate firm price quotes for construction, at which time the Board will decide which tasks to approve and add to USDA Project Scope.

Bi-Monthly Billing and Payment Process

As mentioned in the April Bubbler President's Report, a plan to move forward with a new bi-monthly electronic billing and payment process starting in January 2020 is currently in the works. Each bi-monthly bill will segregate charges for the shareholder's base rate, consumptive charges based on metered usage above the base allotment, and a USDA loan repayment surcharge (which will start at the end of the USDA construction contract). The BLSMWC staff is currently receiving information from several companies on the billing and payment service options offered, along with the fees charged for each service. From the information reviewed thus far, it's become apparent that 3rd Party services for electronic payments (i.e., credit card conveyance fees and bank account ePayments) can vary substantially and have potentially significant annual cost impacts. Based on this information, analysis will be performed over the next couple months to determine which services or software products must be purchased and/or performed externally versus which may be more cost effective to perform internally. The goal will be to arrive at a solution that our office staff can reasonably maintain and is the most financially affordable for shareholders and BLSMWC.



GENERAL MANAGERS REPORT

Dear Shareholders,

Spring is here and our USDA Water System Improvement project is up and digging again. Water main has been installed on Russell Dr., David Lee, all of Moran, Dean Way, Marilynn, Dawn and Helen. Water service Boxes are being installed on Dean Way.

Please be careful driving in these work zones.

Letters will be sent to the homeowners who live in the Main Zone, (David Lee, Russell, parts of Moran Dean Way and Kuehn) to notify you that you have 6 months to connect to your new service box. This will happen when the pipe is sanitized and pressure tested probably in about a month.

March Usage

The water usage for March is higher than last March, and for the first 3 months of 2019, we are higher than previous years back to 2009.

We had some frozen pipe leaks in February and probably more people staying at their cabin with the good snowfall.

We would like to remind everyone to shut off and drain your cabin if you are going to be away for a while and to close your house shut off even if you are only gone a short time, you don't have to drain unless there are freezing temperatures in Arnold. Please use water wisely, as you have been.

March

2019 3,890,000 gallons

2018 3,598,000

2017 2,942,000

2016 2,488,000

2015 2,587,000

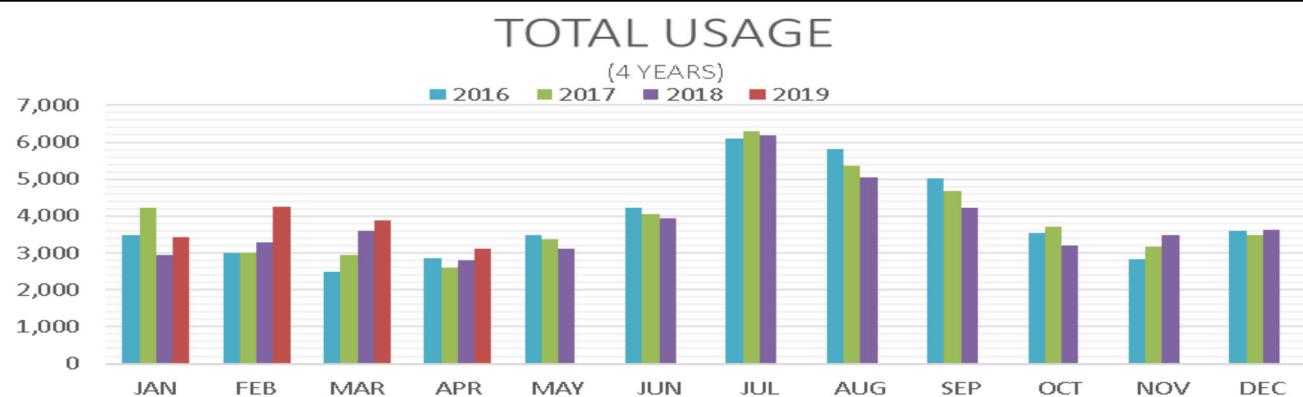
Water Pressure

Those cabins that have had their service boxes upgraded, have a new pressure regulator installed, and you may notice a difference in pressure. We will adjust your regulator if necessary, but after we do it becomes yours to maintain.

Thanks

Dave

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Presidents Report

While I thought the rain was finished, I forgot that it rains in May. More rain coming so enjoy the May wet weather. Speaking of water, everyone is reminded that it is still OK to CONSERVE water use. In the last few months, we have seen a noticeable up-tick in the consumption of water. Conservation or better the careful use of water now will insure future capacity. Rainy seasons come and go but drought periods last for several years.

Save now ---- use later.

I am sure you have noted that the construction activity has noticeably increased. The powder blue pipe and gravel you see in the neighborhoods is slowly disappearing as the installation into the utility right-of-way continues.

BLSMWC's Annual Meeting will be held on Saturday, June 8th at 9:00AM, at Snowflake Lodge. This will be an excellent opportunity to speak with the Project Manager and the Superintendent of the work crews as to the coming progress and impacts that construction will have in your neighborhood.

Everyone working on or involved with the Project realizes that there will be some disruptions. While the contractor strives to minimize these, a project of this magnitude cannot be completed without a few.

The good news is that these inconveniences will go away and will not occur for another 80-100 years!! That number is calculated based upon the expected life of the pipe.

We are looking into an eBilling or electronic billing system. The system goal is two-fold: to make it as easy as possible on the customer; and, to minimize our billing expenditures. Options to you the customer will include: selecting an auto-pay system through your bank, staying with the conventional mail process, or paying with eBilling.

The hope is that the new Billing system will begin in early March of 2020. This will be the first of six bi-monthly notices designed to reflect the customer's use or consumption during each 60-day period. The structure of the billing will include a Base Rate that by design will cover expenses associated with the operation of the Water Company and a Use Rate that charges the customer based upon a tiered schedule for consumption or use. Also incorporated into the future Base Rate will be an amount that will cover the cost of the USDA Loan that is currently funding the project, but for now we do not expect the Base Rate to increase to cover the loan.

The only perceived future Base Rate increase will be those established by the Board of Directors that will reflect the annual costs for the basic operation of the company, which is current practice.

Lots going on and you don't want to miss the meeting on the 8th.

Bring your questions: We'll bring answers!

Bob Maginnis
President



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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