

THE BUBBLER

Blue Lake Springs Mutual Water Company Newsletter

January, 2021

2021 RATES AND FEES

Shareholders: First and foremost, the staff at BLSMWC wishes you a Happy New Year!!!

As you know, the final billing for 2020 was sent out in December. The following rates and fees will pertain to your first billing cycle of 2021 which will come in February.

Rates are established in November each year after projecting the new year's expenses and income to determine the surplus or deficit, which is incorporated into the new budget. Shareholder invoices are mailed out in February, April, June, August, October, and December.

The base rate is billed at \$98 bi-monthly and a USDA loan is billed at \$38.50 bi-monthly. This rate includes a bi-monthly usage of 700 cubic feet of water. You will only be billed for metered water if you go over the 700 cubic feet.

Unimproved lots have a base rate of \$58 bi-monthly and a USDA loan is \$19.00 bi-monthly.

You may pay these fees by going to: www.blsmwc.com and clicking on the pay my bill tab. You may call (833)992-1258 to pay as well. We do not accept payments over the phone in the BLSMWC office.

If you have questions, feel free to contact Kathy Powell, Accounts Manager, BLSMWC.

In This Issue

Page 1: 2021 Rates and Fees

Page 2: LRPC Report

Page 3: Usage Chart

Page 3: General Manager's Report

Page 4: President's Report

****WINTERIZING IS STILL A GOOD IDEA!!!**

****CONSERVATION IS STILL A GOOD IDEA!!**

FOR INFORMATION ON THESE SUBJECTS AND MORE VISIT OUR WEBSITE: www.blsmwc.com



LRPC

Well, we are finally approaching the completion of our USDA contract, with Closeout estimated to occur on January 15, 2021. To give some perspective on the time and commitment this took, the USDA loan was approved December 27, 2016, Engineering & Design started in June 2017 and Construction in September 2018. In the end, a tremendous amount of hard work and coordination by all contractors, lenders, BLSMWC management and staff, board members and legal counsel, resulted in a successfully executed 4+ year project. As mentioned last month, the final construction completion and USDA project closeout dates were delayed by approximately 4-6 weeks in order to finish several extra project tasks requested by BLSMWC, remaining construction change orders, obtain final county approvals, and complete all required USDA documentation. Although the delays increased our total interim loan interest, overall we are very pleased with the beneficial added scope tasks we were able to complete within our total USDA allocation. A breakdown of the total final costs covered within our USDA allocation, are as follows:

MC Engineering (Engineering & Construction Management Services) - \$2,240,140
Mozingo Construction Inc. (Construction Contract) - \$9,049,852
BLSMWC Meter, Transmitter, PRV & Sample Station Purchases - \$603,127
Co-Bank Interim Loan Interest - \$332,881
Total USDA Costs Covered - \$12,226,000

As explained in previous Bubblers, during the 4+ year life of the USDA project, BLSMWC covered the cost for engineering, material purchases and interim loan interest from our operating budget reserves in order to reduce the interest payments required up to the end of construction. At this point, BLSMWC has been reimbursed \$1.243M of the engineering costs. At USDA closeout, BLSMWC will be reimbursed for the remaining engineering costs, as well as accumulated material purchases and interest costs, amounting to \$1.933M. The Board of Directors has approved that \$802,000 of the reimbursements be allocated to a restricted account for our Reserves Fund Policy. In addition, \$146K of our reimbursement dollars will be set aside and allocated to fund 5 USDA related tasks not able to be completed within the USDA timeframe or budget, as well as \$127K to pay off our office mortgage, which was a USDA requirement at close. The end result, as we conclude the USDA Project, our BLSMWC operating budget and reserves are financially very strong. Over the next few months, further analysis and planning of our long term Asset Management Plan funding will need to be factored into our reserves, and will be the Long Range Planning Committee focus.



General Manager's Report

Dear Shareholders,

2020 was a year none of us have experienced before, and I am looking forward to things getting back to normal in the next few months.

Our office is closed to the public but we are here and working. Just knock on the door and we will take care of you.

USAGE

Water usage for the year 2020 was much higher than it's been for the last 10 years.

Because of COVID-19 we saw huge increase in occupancy.

Here is a comparison of yearly usage.

2017 46,920,000 gallons for the year.

2018 45,463,000

2019 50,025,000

2020 57,671,000

As you can see water usage went up a lot last year. We ask that you use water wisely, and be aware of your usage. This winter has not produced much snow so far and we could be heading into another drought period. Our wells are in great shape to handle the increase but we don't want to forget about conservation.

NEW MAIN CONNECTION

The weather has been mild so far this winter so please make arrangements with a contractor to connect to the new mains installed last year. We still have about 50 residences that need to connect, and there are different deadlines for some areas. If you need help, please call our office. We have a list of contractors and we will supply a pressure regulator to you which will be installed at the time of connection.

The old water mains need to be disconnected as soon as everyone is hooked up.

Looking forward to a great year.

Dave Hicks

General Manager

BLSMWC

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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.

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:

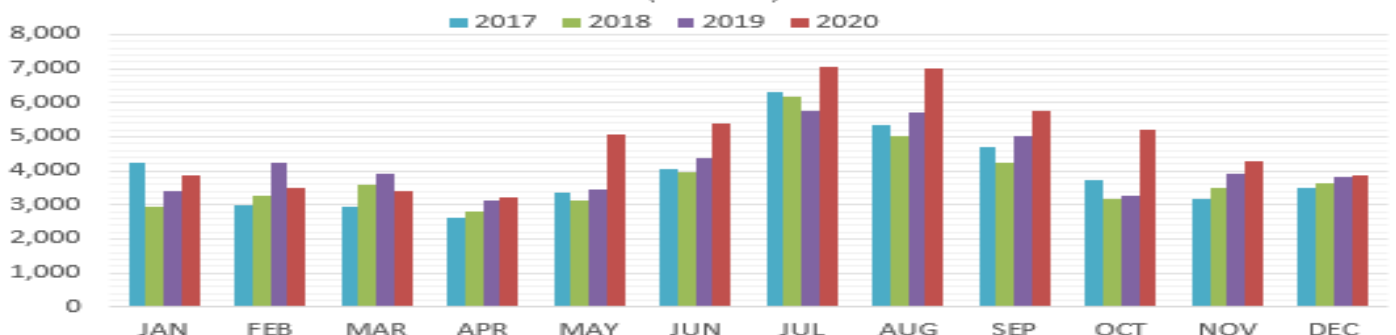
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TOTAL USAGE (4 YEARS)



PRESIDENT'S REPORT

First and foremost: Happy New Year!!

2021 will be a better year, if we give it a chance.

If you are wondering where are Mozingo's heavy trucks and construction equipment, they left in late December. The 12.2M dollar system improvement project is complete and, in a few days the remaining paperwork will be signed with the US Department of Agriculture.

Wanna take a moment and give a shout-out to USDA, as they were easy and very professional to work with. As I have said before another shout-out to our customers for their patience during the three-year project. Rest assured that there won't be another redo like this one for another 50-120 years! A third shout-out to the Water Company staff for their perseverance and commitment to insure all ran well.

Included in our revamping of the system was the installation of a Pressure Regulating Valve [PRV] that the Water Company provided to local plumbers and/or homeowners that were installing a water meter. I mention this as the Water Company receives calls regarding the lack of water pressure inside the home. The resolution maybe as simple as adjusting the PRV (which is the homeowner responsibility).

While we are all enjoying the rain and snow free weather, please remember that it is still OK to CONSERVE. Overall water demand has increased, the user population has increased and our water sources are handling the demand. Should the winter, wherever it is, fail to deliver a sufficient amount of nature's water supply, we will be headed back into a drought scenario. Working together; we can impact the water supply and save We all learned that focusing on the way we use water, that simple conservation works.

As the year progresses, you will be receiving a notice from the Water Company that there will be two openings on the Board of Directors and the annual election will be held. Please VOTE.

Finally, I wish all continued good health. Do the right things: Wear a mask, honor the social distancing rule and keep gatherings small. We all want 2021 to be a better year and it can be if we work on it.

Bob Maginnis

President

BLSMWC Board of Directors

