

THE BUBBLER

Blue Lake Springs Mutual Water Company Newsletter

November 2021

A Message From the Accounts Manager...Kathy Powell

Please remember to update your mailing address as needed. Call the office or download the form on our website: www.blsmwc.com under latest news. Click on Update Account Information.

Bank payments are still being sent to our old PO Box. Please check with your bank and correct it if necessary. Our mailing address is: Blue Lake Springs Mutual Water Company, PO Box 6015, Arnold, CA 95223.

If you are enrolled in autopay and sell your property, remember to log into the billing website and delete your account.

There will be no changes to the billing dates in 2022. You will receive bi-monthly statements in February, April, June, August, October and December.

Please call the office with any questions



Our crews are busy keeping your water flowing and your subdivision safe!! At left below is a blow off repair, right is a hydrant repair. Thanks to our amazing Watermasters!!!



November 2021

GENERAL MANAGER'S REPORT

Dear Shareholders,

For our total usage, we saved 46% from last year at this time. That's 2.4 million gallons of water, which is enough to fill more than 3.5 Olympic size swimming pools. We are on track to finish the year with a total of 47,000,000 gallons of water usage which would be about a 19% savings compared to last year. (57,671,000) On average we had 1,333,000 gallons of water available in our tanks.

Well Production: In October we pumped 74% more water than last year because Treatment Plant pipe was offline for Oct. 2020. Total water pumped in October 2021 was 1,007,000 gallons.

CCWD: Tank 4 brought in 1,768,000 gallons of CCWD water through the altitude valve. We sent 468,000 gallons of water to Tank 6 in October.

Well Levels and Drawdown: Our high recovery level for Well 3 was 147 feet of water above the pump. That is about 5 feet less than in 2020. Our low drawdown (when we are pumping) was 111 feet above the pump which is 19 feet lower than last year. Well 4 had a high recovery level of 587 feet and the low drawdown was 402 feet of water.

TOTAL USAGE

(4 YEARS)



Tyler Mayo
General Manager
Blue Lake Springs Mutual
Water Company



LRPC REPORT

The LRPC primary focus over the past couple months has been (1) developing 2022 rate structure recommendations for the board; (2) finalizing asset management plan database and funding updates; (3) assisting staff in forecasting the reserves budget against liens (including capital asset replacement costs); and (4) providing staff with recommendations in planning the 2022 operating budget.

The recommendation from the LRPC and agreed to by the board is to maintain status quo with the 2022 rate structure, continuing with a consumption allocation included in the base rate at 700 CF for each bi-monthly billing cycle and a flat (one tier) metered rate. The 2022 base rates and consumptive rates have been discussed but not yet fully approved. The LRPC is recommending a modest 2022 base rate increase consistent with inflation and providing income to meet total estimated expenses. As far as consumptive rates, ideally they should be at a level where the income generated from metered usage covers the BLSMWC cost of providing water as well as our estimated variable costs, which is \$1.90 per 100 CF. Since current consumptive rates are \$1.60 per 100 CF, the LRPC is recommending an increase which gets us closer to our cost. The rates will continue to be reviewed with the board over the next month or so to reach full approval.

The Asset Management Plan (AMP) database was recently updated to account for capital asset replacements completed in the final couple months of the USDA Project, corrections to inconsistencies found in the database, and limiting the application of added soft costs (i.e., planning, engineering & contingency) only to those capital replacements where required. The updated escalated replacement cost estimate over 40 years is \$6.7M. The most significant major replacement is the water distribution system in the Unit 13 Cypress Point area estimated in 2035 at ~\$1.8M. This section of our water mainline upgrades was not included in the USDA Project. Funding the AMP replacement costs over 40 years will require allocating ~\$167K annually to our reserves.

Total reserves at year-end 2021 are estimated at +\$2.2M. In the total reserves, an amount of ~\$956K is earmarked and set aside for our "Reserve Fund Policy", which includes a Capital Asset Reserve Fund target level of ~\$502K covering the replacement costs of all assets with a remaining useful life of 5 years or less. Existing reserves, together with the history of BLSMWC year-end "annual net income" financial records for the past 7+ years, indicates that we are in a strong position to cover our AMP 40-year funding plan. With that said, the AMP database and funding plan will continue to be reviewed and updated as needed on an annual basis.

Lastly, the LRPC has been assisting the BLSMWC management & staff in formulating the 2022 operating budget. As mentioned above, income recommendations have been provided in both the base rate and metered rate accounts. A few expense accounts are still under discussion as we await needed information, and we plan to reach agreement and approval on those within the next month.

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

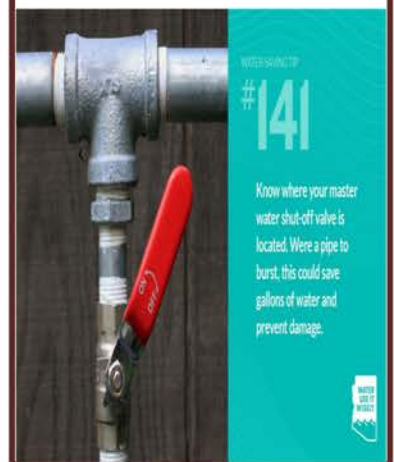
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**Or for answers, visit us
on the web:
www.blsmwc.com**



President's Report

Shareholders:

The Board met via zoom on November 13, 2021. Discussion topics included the report from the Long Range Strategic Planning Committee (LRPC), the damage from the October storm, as well as the budget for 2022.

Tom Schneider gave a thorough report for the LRPC including the 2022 rate structure, the Asset Management Plan database, forecasted reserves budget and reserves fund policy update, as well as the preliminary budget for the 2022 year. After 9 years as the LRPC chair, Tom will be stepping down in 2022. During this time, Tom has done an outstanding job in planning for and managing the financial needs of future projects and other efforts of the BLSMWC. We hope Tom will stay in an advisory position for the BLSMWC for the near future.

The LRPC is still reviewing the budget for 2022 and we plan to have an approved budget by the end of 2021.

Resulting from the storm last month, there were several areas that had washouts which removed the road base/gravel and potentially exposed our newly installed piping. As you are winterizing your homes, don't forget to remove any debris or items from the culvert on your property – anything that blocks the culvert diverts water to unintended areas potentially causing damage.

If you haven't done so already, please winterize your home and turn off any outdoor watering if you leave for an extended period of time. And please continue to conserve water.

Happy Holidays.

Sharon Tobias
Board President, BLSMWC

AVOID SURPRISE

WINTERIZE!