

Villa del Monte Mutual Water Company

Shareholder's Annual Meeting Minutes

This meeting was held via Zoom teleconference on Tuesday April 18, 2023 at 7:00 pm.

Introductions

Board Members

- Mike Miller
- John Overstreet
- Jim Culp
- Fred Eggers
- Pradeep Sanders

Key Sub-Contracted Personnel

- Jennifer LaForce
- Gary MacKenzie
- David Montion

Election of (2) Directors:

Pradeep Sanders and Jim Culp for (2) year terms as per Bylaws, Section 6.5: Election of board members shall be by majority of cast votes in person or by proxy at annual meetings. The directors were unanimously elected by the proxies sent in by mail and email; see proxy listing at the end of the minutes.

What a year

- A dry summer as the drought continued
- January rainstorms
- February rainstorms
- March snowfall and freezing temperatures
- March windstorms with 70 plus MPH
- Trees falling and limbs dropping
- Water damages
- Road closures
- Power outages and delayed propane deliveries

Mike shared some photos of storm damage, snow and the board members keeping the generator running in spite of obstacles.

Annual Operations Report

Item-1 Filter plant and pumping

The filter plant is still out of service. The controls contractor has had a difficult time with initializing the new VPN access and software modifications. Additionally, many control devices have been out of service for so long, we discovered some now need service and/or replacement. Parts are on order and will be ready soon. We are developing a startup plan as the upgraded controls will be completed in just a few weeks. The State Water Resources Control Board performed their 2022 Sanitary Survey of our system last April. They reviewed and approved our updated operating permit in October.

Item-2 Source water from Laurel Creek

Heavy rains eroded the access road which required supplemental base rock and gravel to restore access. The high winds caused a tree to fall on the PG&E power lines which pulled them loose from the service entrance and meter. PG&E will not restore power until we upgrade the old meter and service entrance! We should be able to begin using our creek water after these repairs and the filter plant comes online.

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Greg Illes asked if we thought that the creek would be dry by the time we could use it. Mike answered that, based on his past experience, he thought the creek would flow this year through the next rains.

Item-3 Supplemental source water from SJW company (Montevina pipeline)

We receive supplemental water from San Jose Mutual Water Company. The water runs from the treatment plant at Lexington Reservoir up Old Santa Cruz highway and down summit road. It passes through (3) pump stations owned and operated by SJW company and (1) pump station owned jointly by Villa Del Monte and Big Redwood Park. In 2017, SJW changed from chlorine disinfection to chloramine disinfection. This is significant because our VDM treatment plant was designed to disinfect our water with chlorine and the two methods are not compatible. Blindly blending chlorine treated water with chloramine treated water destabilizes the disinfection properties, and nullifies the ability for either method to work properly. This is what caused us to initiate an upgrade to our treatment plant to support combining water disinfected with the two methods.

Neil Wiley asked if there are any plans to increase pump size. Mike answered that the pipes are pretty good size and the more limiting issue was the pumps capability. Pradeep added it is an on-demand system.

Item-4 Distribution (Pipe conditions)

Our distribution piping is old and in need of repair. We have reviewed several grant options to help fund a large pipe replacement project, but we do not qualify because of our average income levels. Now that the tank project is finalized, we will be able to utilize the deferred reserve funds and begin some pipeline replacement projects. We have about 3 miles of pipe so this isn't something that we can do all at once.

Item-5 Cross connection control (CCC)

A field survey performed by the State Water Resources Control Board Division of Drinking Water noted our water system had not implemented a required Cross Connection Control Plan (CCCP). With the help from Backflow Prevention Specialist Inc., we developed and adopted a cross connection control plan for our system. You can find it here: <https://www.vdmwater.com/backflow-cross-connection-control>

In November 2020 we distributed the plan to our members and identified the two options to show compliance with Title-17 Code of Regulations. We are happy to report nearly all members have met the requirements for compliance by either providing a property survey by a certified cross control authorized company or have installed an appropriate backflow prevention device. A few members are working on final completions that had been delayed by the winter storms. We will be following up with those members soon.

Remember that annual testing is required for backflow prevention devices, and property surveys need to be updated every 5-years

Treasurer's report and presentation of the 2023 Projected Cash Flow

John presented the 2023 Cash Flow Projection report which includes typical operating income and expenses as well as asset related efforts. We have some lingering construction costs and storm damage repairs. We will be doing pipe replacement and crisis repairs with any reserves we have. John presented the current Balance Sheet showing assets and liabilities and equity. Lastly, John shared that we do annual financial reviews as required by California Senate Bill 240. These reviews are performed by Thielen & Associates and are available for review upon request.

Neil Wiley asked about the property where the old reservoir was. Could we sell it and bring income in? John answered that property is where the new storage tank is and we do use the reservoir for flushing and backwash.

Malcolm DeSouza asked what the item Undeposited Funds was on the Balance Sheet. Jennifer shared its a bookkeeping account for funds received from the customer but not yet into the bank.

Neil asked if we have enough capacity to sell water to others. Mike answered that we are only able to sell to households in our district. It is regulated by the State. Neil brought up selling water to the school, and Mike shared that he went to several meetings and he did a lot of work to show how it could be possible, but the school

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never followed up.

Questions and suggestions to the Board

Renata Harbison asked about the old temporary tank farm. What is the purpose and can we use the water in those tanks for a fire? Mike answered that they could be used in case of fire and that is about their only function. The Fire Department is pleased that we have that tank farm and the water supply available.

Greg Illes said that “We are barely short of awe-struck of the job that the board is doing.” He thanked the board whole-heartedly. Karin agreed. Renata Harbison also thanked the board. Jennifer said the board does amazing work. Malcolm added, “All the work to keep us up and watered during this winter was very much appreciated, thank you all!” John also commented on the good work of David Montion.

Closing

Please remember, we are a mutual water company and as such we all jointly own our water system. We operate by the support of five volunteer board members (your neighbors). And we are always open to member participation and available for tours or to answer questions.

Proxies

All mailed-in proxies that were sent in voted in favor of the 2 board members up for election: Almond, Arnaiz, Bauer, Bryant, Chen, Clarke, DeSouza, Donovan (Melba), Duncan, Drummond, Eldrige, Farin-Guin, Francy, Frank, Grimm, Hamilton, Harbison, Illes, Madrigal, Malmborg, Mix, Miller, Muller, Murphy, Nolan, Overstreet, Pairman, Perelli, Rappaport, Ramsay (Antje), Sanders (Susan), Sawyer, Seddon, Stiel, Stacy, Turner, Wiley, Yeates (38)

Attending

Mike Miller, Pradeep Sanders, Jim Culp, John Overstreet, Fred Eggers, John & Renata Harbison, Neil Wiley, Malcolm DeSouza, Jennifer LaForce, Greg Illes