

# Villa Del Monte Mutual Water Co.

## Shareholder's Annual Meeting Minutes

March 21, 2017

7:00P.M.

### Christ Child Church Community Room

#### **Determination of a quorum** – 1/3 of shareholders

Number of shareholders = 125

One third of shareholders/members, including proxies = 42

9 Shareholders/members present, 5 board members, 34 proxies = 48 total (quorum attained)

#### **Introductions**

Board Members: Mike Miller, John Overstreet, Jim Culp, Fred Eggers, Pradeep Sanders

Key Personel: Jennifer LaForce, Gary MacKenzie

#### **Two (2) Directors Elected**

Jim Culp and Pradeep Sanders both for (2) year terms

#### **Annual Operations Report and Long Range Needs for System Repair and Replacement:**

##### **Item-1 Source water from Laurel Creek**

- We replaced our uphill pump located in the pumping chamber at Laurel Creek it had failed and was beyond repair.
- Initial sand bagging and road drainage clearing helped the access road and infiltration gallery hold up to all of this years rain.
- As the winter storm aprocehed we shut down our treatment plant and went completely onto our alternate source, the Montevina pipeline (the heavy run off makes the water too dirty to process).
- The creek flow is still significant but is still too turbid to treat.

##### **Item-2 Supplemental source water from SJW (Montevina pipeline)**

- We continue to see applications from SJW to the PUC for rate increases. We will need to incorporate them if they are aproved.
- The winter storms interupted power and the control system to the pipeline. When power was restored we had to run the system manually while coordinating directly with SJ to keep our
- SJW is changing from chlorine disinfection to chloramine disinfection. This is significant because our VDM treatment plant uses chlorine and blending it with the newly treated chloraminated water destablizes the disinfection properties.

We need to develop a modification to our treatment system to allow them to be compatible. (See the tank replacement project below)

### **Item-3 Filter plant and pumping**

We continue to struggle with the PG&E 3-phase power in the neighborhood. It is often delivered to us with a voltage imbalance.

Unfortunately our emergency power transfer switch does not always recognize this and allows the dirty power into the plant. This causes a secondary power protector to turn off the pumps to protect them. But the controls keep operating trying to operate the system. After several attempts, the system shuts down leaving the uphill system without pressure.

### **Item-4 Tank condition**

The roof structure on our 50 plus year old water storage tank is failing! The tank walls are showing sign of rust along the upper water line. We are preparing to take the tank out of service. We have investigated tank repairs and new tank pricing options.

Mike presented water treatment and water storage issues (see incorporated document below). There was some discussion and several questions were answered.

### **Item-5 Distribution Pipe condition**

We are still repairing pipe leaks as they show up. We have reviewed several grant options but it does not look like we qualify because of our average income levels.

**Treasurer's report and presentation of the 2017 Budget; projected expenditures and financial needs of the company:** John Overstreet, Treasurer summarized the annual budget.

### **Questions and suggestions to the Board**

- Abandon water rights and purchase water only from San Jose Water
- Research alternative organizational options such as becoming a special district

The first suggestion was discussed. The pros are reduction in expected short-term costs and perhaps some reduction in costs of daily operations. The cons are loss of water rights, loss of water service in the case of a slide, earthquake, etc.

The second suggestion was discussed. Some members thought they might be able to create a committee that would research and investigate. Jennifer offered some assistance. Nothing was finalized.

### **Adjournment**

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## **Water treatment and water storage issues**

March 19, 2017

### **Water Treatment issues**

VDM's primary source water is from Laurel Creek using our own water treatment plant which uses chlorine disinfection treatment methods. Additionally, supplemental water is provided by SJW distributed through the Montevina pipeline.

SJW has switched from chlorinated disinfection to chloramine disinfection water treatment.

They initiated chloraminated water late last year and we immediately began to see issues with chlorine residual in our 300K gallon blended water storage tank. We shut down our plant switching solely to SJW purchased water.

We soon realized VDM had experienced partial nitrification in our 300K gallon water storage tank. A joint meeting was held at our site with San Jose Water personal, State Water Resources Control Board engineers, and our water operator. Together we reviewed Villa Del Monte's specific water quality concerns. SJW personal demonstrated methods to locally manipulate the tank to achieve the correct disinfection parameters.

As a result of this meeting it was agreed SJW would discontinue and postpone the initiation of their chloramine disinfection process giving other systems time to prepare for the change.

VDM is in early development of upgrades to our existing water treatment facility to treat and then generate chloraminated water compatible with SJW purchased water.

This would include replacement of the existing 300k gallon tank with two new smaller tanks. One tank 20k gallon would be used to treat Laurel creek water with chlorine as we do currently. The second 100k gallon tank would be used to store blended water from both sources. (SJW with its new chloramine treatment and VDM water properly treated to allow blending with the chloramine treated SJW water).

### **Water Storage**

The center support post of our 300,000-gallon water storage tank has failed.

We contracted Preferred Tank and Inspection company to come out and perform a complete tank inspection. In their report, they suggest the tank is beyond repair.





### Temporary Storage

We have developed a plan to create a temporary storage tank farm utilizing (6) 5,000-gallon poly storage tanks placed up by the reservoir. The County has reviewed and approved the plan and we are approximately 75% complete.

We expect the temporary tank farm to cost about \$50,000 and the cost will be covered by the reserve funds in our bank account.



## **Water storage solutions**

We have reached out to Preferred Tank who have completed their inspection and provided the following options: (The tank inspection report is 25 pages long and is available by request)

Preferred tank offered the following:

1. Provide a new bolted tank \$650k and 20-30 year life. This option requires county approval which involves additional engineering costs. Of concern is that the County has been reluctant to approve any new development since the 1989 earthquake.
2. Provide a new welded tank \$850k and unlimited life. This option also requires County approval which involves additional engineering costs. Of concern is that the county has been reluctant to approve any new development since the 1989 earthquake.
3. Repair current tank \$700k. This includes recoating outside, relining inside, removing roof and replacing with self-supporting aluminum dome, ring repair, overflow piping, protection, signage, code upgrades, ladders, etc. It would not require County approval nor additional engineering costs.

\*\*\*Would not have a warranty or any manufacturers anticipated life expectancy!

National Storage Tank provided the following option:

Corrugated tank with liner \$300k. This option also requires County approval which involves additional engineering costs. Of concern is that the County has been reluctant to approve any new development since the 1989 earthquake.

Our Board has concluded that we need to resolve both the water treatment issue and the water storage issue at the same time.

Instead of replacing the current 300k gallon tank with a tank of similar capacity, we will install two new smaller tanks. One tank would be 20k gallon and would be used to treat VDM creek water with chlorine as we do currently. The second tank would be 100k gallon and would be used to store blended water from both sources, SJW with its new chloramine treatment and VDM water properly treated to allow blending with the chloramine treated water.

This option would require a transfer pump, ammonia control system and new foundation. It also requires County approval and associated engineering costs.

If this is possible, it is a far more cost-effective solution.

Conceptual Budget is available for review.