

Sheep Creek Water Company
Regular Board of Directors Meeting
January 24, 2019 ~ 6:30 PM
Snowline Joint Unified School District ~ Board Room
4075 Nielson Road, Phelan, CA 92371

The Regular Board of Directors Meeting of January 24, 2019, was called to order by President Andy Zody at 6:31 PM. Bob Howard led in the Pledge of Allegiance. Dave Nilsen led in the Invocation. Mr. Zody reminded those present that all meetings are recorded, in order to obtain accurate meeting minutes.

Directors Present: Directors present were, President Andy Zody, Vice President Bob Howard. Directors David Nilsen and Luanne Uhl.

Guests Present: Among tonight's guests were Mike & Michelle Lewis, Dawn Butler, Michael Palecki, George Cardenas, Deborah Philips, Charlie Johnson, Skip Ewing, Nikki Ewing, Diane Hayball, Brian & Marilee Rydell, Dennis Thayer, Lora Steinmann, Jeanna Mills, Robert Walker and Barbara Wright.

Staff Present: Manager Chris Cummings, Administrative Secretary Dorothy Zody were present at tonight's meeting.

Consent Motion: *Minutes of December 20, 2018*

Bills of December 20, 2018 through January 24, 2019

Manager's Report- January 24, 2019

Bob Howard moved to accept the Consent Motions as presented. David Nilsen seconded the motion. Motion carried.

Open Forum: David Nilsen explained the new tiered rate structure. Tier 1 is water that comes from the canyon in Wrightwood and remains the same within your allotment. Tier 2 will be the water from additional wells throughout the District such as Well 11, it will give Shareholders an additional 150 cubic feet per share at a higher rate (\$3.46 per hcf) as we have to pay MWA replacement cost. Tier 3 is an average of \$6.32 per hcf will generate funds to pay for new wells we will be drilling. Tier 4 is if we need to purchase from the CSD.

Diane Hayball asked if we are able to issue new meters now. David explained that once we are able to show the State of California that we can supply the water the State will tell us how many meters we can issue but for now we cannot install new meters.

Lora Steinmann stated that she and her son have a 6 acre property that is next to the blue line stream and would like to offer it to Sheep Creek to drill a well. The board thanked her and will be taking it into consideration.

Skip Ewing asked what happens when the Shareholders get to the point where they have no more money to give to an assessment. Mr. Zody explained that once we can provide each shareholder with 1000cf per share we shouldn't have to keep having assessments. Mr. Nilsen further

explained that the shareholders vote on what they want to do and how they want to pay for the projects at the Annual Shareholders Meetings.

Old Business:

System Update: Manager Chris Cummings reported that static water levels have had slight increases due to lower pumping times and people cutting back on water due to colder weather. Water levels compared to 1 year ago are down between 2 and 18 feet. Current pumping capacity for January 2019 is 1,166 gpm with the Tunnel fluctuating between 107-116 gpm. Total pumping capacity compared to a year ago has increased 115 gpm due to Well 11. All the tanks have been cleaned. In December the divers had recommended recoating the interior and exterior of 2 tanks. 2 tanks will have liquid level indicator cables replaced along with weather stripping on the hatches. For the 2018 year we installed 5 new meter services, 2 of which were sold in 2006. 69 meters were upgraded and 7 services replaced, 31 system leaks were repaired. 7 fire hydrants installed or replaced. We installed 1,930 feet of 8" C900. A total of 3,620 feet of 4 & 6" line was replaced with 8" C900. Well 2A was rehabbed with new pumping equipment and the casing was brushed and cleaned. Well 11 was installed which has a production of 250 gpm. Total improvements and maintenance to the Sheep Creek System totaled \$331,000 and Well 11 cost \$870,000.

Chris reported that unfortunately this week we received a citation from the SWRCB due to our Lead and Copper sampling was a couple of weeks late and that was due to the push to get Well 11 online. 20 samples are taken at various customer homes and was completed in October rather than September. No lead was reported at any of the sites and resampling will be completed in June 2019. Lead & Copper sampling is completed every 3 years.

New Business:

Engineering Reports:

CRWA Preliminary Engineering Report- In 2016 Sheep Creek Water Company requested Technical Assistance from CRWA to help acquire Grant Funding for system improvements and additional water sources. Under the Grant Agreement of Proposition 1 an engineering report for the Sheep Creek system was completed. In the report there was 3 alternatives proposed.

Alternative 1- No Action. Which is something we can't do.

Alternative 2- Several recommendations for cost & upgrades including: 1). 3 new wells at the cost of \$3,749,000. This cost includes Pilot testing, well design, and construction, pipelines to connect wells, inspections and contingency. 2). Distribution System Deficiencies based off Fire Flow scenarios. CRWA recommends 25,000 feet of 4" lines be replaced with 8" including 5 Pressure Stations. The total cost of the 25,000 feet is \$2.8 million. Some of the 25,000 feet of 4" lines have already been replaced and the 5 Pressure Stations have already been upgraded or replaced. 3). Dead End Line Hydrants. Out of 110 dead end lines only 30 do not have a dedicated blow-off or hydrant. The report is calling for 30 fire hydrants to be installed at each dead end line. The cost would be \$195,000. Sheep Creek eliminated 3 dead end lines with the Smoketree project and as new replacement lines are completed, dead end lines are removed or fire hydrants are installed. 4). Replacement of Water Meters. CRWA recommends a complete system replacement with an automatic meter reading system. The cost would be \$377,295
Booster Pump Station. Install a 400 GPM Booster pump station at the Sunnyslope Tank site to

push water back up into higher zones in case of emergencies. This was a staff recommendation. The Booster would cost \$40,000. 6).Storage Tank Rehab or Replacement. Recoat, repair or replace tanks. Cost to rehab all storage tanks is just over \$1 million. 7). Storage Tank Mixers. Install mixers in all 7 storage tanks to keep the water mixed in the tanks. The cost for 7 mixers is \$315,000. 8). Communication & Control Infrastructure System (SCADA). This is also a staff recommendation. Install a SCADA system on all wells, storage reservoirs and 2 canyon PRV stations. This would cost \$96,000. 9). Rehabilitation of Existing Wells. This would include wells being videoed, brushed, bailed, surged and inspection of pumping equipment. The cost for 5 wells is \$320,000. Well 2A was rehabbed last February and Well 5 was 3 years ago. Included in these costs was Design, Environmental and Inspection costs which came out \$3.1 million. Total cost for Sheep Creek with all the recommendations under Alternative 2 would be just over \$12 million. Included in this cost is work that has already been completed.

Alternative 3- Consolidation. This would include the work for Alternative 2 to be completed plus additional costs for pipeline connections and a booster pump, design and inspection. The additional cost would be \$620,000. Barbara Wright asked who we would consolidate with and how stable is their water supply. Andy explained it would be with the PPHCSD and they have the capacity right now. Don Bartz agreed that was correct. Jeanna Mills asked Chris if alternative 3 for \$620,000 was in addition to the \$12 million in Alternative 2. Chris stated that yes it was the \$12 million plus another \$620,000.

IEC Feasibility Study: SCWC contracted with Infrastructure Engineering Corp. (IEC) to complete the required Feasibility Study. The report was required to have options to bring SCWC into compliance. IEC evaluated 2 options for SCWC to meet Source Capacity.

Alternative 1- SCWC to remain as a Private Water Purveyor. Based on the information of Well 11, SCWC will need to drill up to 4 wells. Estimated cost to drill and equip wells with pipework to connect to the existing water system will cost \$5.8 million.

Alternative 2- Consolidate with PPHCSD. 3 flow control facilities and pipework to connect the 2 water systems would be needed along with a new well, blow offs or hydrants at the remaining 27 dead end lines and replace all meters in the SCWC District with automatic Reading Devices. Estimated cost for consolidation with PPHCSD is \$3.3 million. There is Grant funding of up to \$5 million for consolidation.

Annual Meeting-We have the Annual Shareholders meeting scheduled for Saturday May 11, 2019 at Pinon Mesa Middle School @10:00 a.m. Luanne mad the motion to approve. Dave seconded the motion. Motion carried.

Water Main Replacement Project: During the December 2018 Board meetings the Board began discussing a new water main to be installed from Well 11 and continue south to pump water into Tank 8 at the Sunnyslope yard. The Board requested options for a pipeline alignment. Staff has put 2 alignment options together for the Board.

Alignment#1 would be approximately 9,000 feet of 6” transmission line with an inline booster pump at Well 11. The line will run south on Monte Vista Rd to be connected to the south side of Nielson Rd with the pressures matching the existing line and at that point water will be pushed into Tank 8 with an altitude valve. CEQA documents will be required as this is a new main and not a replacement line. The estimated cost would be \$286,531

Alignment #2 would consist of 8,400 feet of 6” & 8” replacement water main with the inline booster pump from Well 11. The line would connect at Riggins and Phelan Rd with the pressure to match the existing line. This will allow the water to be used by the customers and any excess

water will be pushed into Tank 8 which will be controlled with an altitude valve. Tom Dodson is in contact with the SWRCB regarding CEQA requirements for a replacement pipeline over 1 mile. Estimated cost would be \$324,000. Dave asked if with the way we have it set up right now can we utilize all 250 gallons into the system. Chris replied that it's hard to tell with winter time but thinks we can get most of the water from the well and should be able to get all of it in the summer time. Andy asked if we can combine all the CEQAs into one when we start the new well projects. Chris replied that if you know all your projects you can combine them into one.

Next Scheduled Meetings:

February 7, 2019- Board Workshop

February 21, 2019-Regular Board Meeting

Closed Session: Employee Evaluation

Adjournment: Andy Zody made the motion to adjourn. Dave Nilsen seconded the motion. Motion carried. The Regular Board of Directors meeting adjourned at 7:57 p.m.

Respectfully Submitted,

Bob Howard
Vice President
Sheep Creek Water Company-Board of Directors