

SHEEP CREEK WATER COMPANY
REGULAR BOARD OF DIRECTORS MEETING
September 20, 2018 ~ 6:30 PM
SNOWLINE SCHOOL DISTRICT - Board Room
4075 Nielson Rd., Phelan, CA 92371

AGENDA

- 1.) **Open Meeting- 6:30 PM**
 - a.) Flag Salute
 - b.) Invocation

- 2.) **Consent Motions**
 - a.) Minutes:
Annual Shareholders Meeting May 19, 2018
Special Meeting May 19, 2018
June 7, 2018; July 19, 2018; August 16, 2018; August 30, 2018
 - b.) Bills:
August 30, 2018 through September 20, 2018
 - c.) Managers Report: Included in Board Packet

- 3.) **Open Forum/Public Comment-** Under this item any member of the Board or Public may address the Board on any item relating to the district not listed on this agenda. However, the Board is prohibited under AB 240 from taking any action on an item not appearing on the agenda.

- 4.) **Old Business**
 - a.) System Update
 - b.) Well #11 Update
 - c.) Tiered Water Rate Structure- Well #11

- 5.) **New Business**
 - a.) SWRCB Compliance Order NO. 05-13-18R-002
 - 1.) Will Serve Letters
 - 2.) Feasibility Study

- 6.) **Next Scheduled Meetings**
 - a.) October 4, 2018 Board Workshop
 - b.) October 18, 2018 Regular Board Meeting

- 7.) **Closed Session**
 - a.) Employee Evaluation

- 8.) **Adjournment**

SHEEP CREEK WATER COMPANY
SPECIAL BOARD OF DIRECTORS MEETING

September 20, 2018

6:30 PM

Snowline Joint Unified School District- Board Room
4075 Nielson Road, Phelan, CA 92371

The Regular Board of Directors Meeting of September 20, 2018, was called to order at 6:31 PM by Board President Andy Zody. Chris Cumming's led in the Pledge of Allegiance and David Nilsen led in the Invocation. Mr. Zody welcomed everyone present and reminded guests that the meeting was being recorded for accuracy of the minutes. Mr. Zody thanked Snowline School District for the use of the Snowline School District facility for tonight's meeting.

Directors Present: Directors present at tonight's meeting were President Andy Zody, Secretary/Treasurer Kellie Nilsen, Director Luanne Uhl and Director David Nilsen.

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

Guests Present: A total of eleven people signed in as tonight's guests. Among the welcomed guests were, Terri Hill of the Mountaineer Progress, and Don Fish Jr. of the News Plus.

Consent Motions

Minutes – Annual Meeting Minutes May 19, 2018

Minutes - Special Meeting May 19, 2018

Minutes – Regular Meetings June 7, 2018, July 19, 2018, August 16 & 30, 2018

Bills – August 30, 2018 through September 20, 2018

Manager's Report – September 20, 2018

David Nilsen moved to accept the Consent Motions as presented. Luanne Uhl seconded the motion. Motion carried.

Old Business:

System Update – Chris reported that production in August was 69.69 acre feet including 16.9 acre feet received from PPHCSD. Consumption is showing a 41% decrease from 2013. Sheep Creek's total production is at 432 gallons per minute. We received 5.50 million gallons from PPHCSD, between, August 9th and August 31st. At this time, we are no longer purchasing water from the PPHCSD.

Well 2A – down 35 feet, Well 3A is down 4 feet. Well 4A is down 2 feet, and Well 5 pumping level is down 12 feet. The Tunnel, is currently flowing at 120 gallons per minute.

Well 11 Update – Layne completed the pump installation on Monday. They need to finish installing the transducer and the airline. Center Electric has completed the VFD panel and is working on the underground conduit. The concrete for the electric panels will be poured next week so the electric panel can be installed. The Smoke Tree line has 4900 feet of new line installed and flushed. An additional 660' of 8" line was installed on Valle Vista and Smoke Tree last week. There are three connections that need to be completed to connect the new system to the existing system. Title 22 sampling was completed and water quality appears to be good, with no Chromium 6 detected.

California Rural Water completed a drinking water source assessment to be submitted to the state. All the documentation has been submitted to the SWRCB for the permit amendment. Once the concrete is completed, fencing around the well will be installed. Kellie Williams asked

if we could temporarily use a generator for electricity. Chris said we would rent one until So Cal Edison can finish up the well's electric. Chris said that the new well will only be used on demand, when it is needed. He is working hard to get it on line. Mr. Nilsen thanked Mr. Cummings and the crew for all their hard work.

Mr. Nilsen encouraged everyone to call the office, or look to the Web Site for Sheep Creek Water. We do not have a social media page like Facebook. Everything that the Shareholders need to know, is on the website, including the link to the State's Compliance Order.

Tiered Water Rate Structure – Well #11

Tier 1 = **750** (First Share) / **150** (Remaining Shares) Wrightwood Well Site \$0.50 per hcf
Tier 2 = 150 cubic feet per share after Tier 1- Well 11 - \$3.46 hcf. (\$1.50 per c/ft. of this goes to Mojave Water Agency)

Tier 3 = **Overage** Cost Approx. **\$6.32** per hcf- all water over Tier 1 & 2 allotments
If water is purchase from CSD, the cost would be **\$7.45** per 100 c/ft.

David Nilsen moved to accept the Tiered Water Rate Structure as presented, and to start the Rate Structure starting in September 2018. Kellie Williams seconded the motion. Motion carried.

The question was asked as to what would happen if we ran out of water? What would be the next step? Mr. Nilsen answered that the State of California would be notified and they would have to mandate what we would do. We would not have any choice in the matter.

New Business:

SWRCB Compliance Order NO. 05-13-18R-002

Will Serve Letters - Chris reported that Sheep Creek Water Company had received a Compliance Order on August 30, 2018, citing "a source capacity violation". At this time, the company does not have sufficient production to supply the highest maximum day demand within the past ten years. Sheep Creek has several deadlines to comply with, which are being worked on right now. Sheep Creek is under a *Service Connection Moratorium* for new service connections that did not receive Building Permits before August 30, 2018. Letter have been sent out to the Shareholders stating that their Will Serve Letter is null and void.

Feasibility Study – The state is requiring a feasibility study, including options that Sheep Creek Water can find ways to meet maximum day to day demands. Included with these options, is to consolidate with a nearby water system. The study needs to include cost estimates for projects and maintenance and operations. Currently there are two engineers preparing proposals to do the Feasibility Study.

Next Scheduled Meetings

October 4, 2018 – Regular Board of Directors Meeting

October 18, 2018 – Regular Board of Directors Meeting

Closed Session – Employee Evaluation

Adjournment – David Nilsen moved to adjourn the meeting. Luanne Uhl seconded the motion. Motion carried. The Regular Board of Directors Meeting of September 20, 2018 was adjourned at 7:51 PM.

Respectfully Submitted,

Kellie Williams – Secretary/Treasurer
Sheep Creek Water Company Board of Directors