

**SHEEP CREEK WATER COMPANY**  
**REGULAR BOARD OF DIRECTORS MEETING**  
*September 21, 2017*  
**6:00 PM**  
*Sheep Creek Water Company- Board Room*  
*4200 Sunnyslope Road, Phelan, CA 92371*

**AGENDA**

- 1.) **Open Meeting- 6:00 PM**
  - a.) Flag Salute
  - b.) Invocation
  
- 2.) **Consent Motions**
  - a.) Minutes:  
Regular Board of Directors Meeting of *August 17, 2017*
  - b.) Bills:  
*August 17, 2017 through September 21, 2017*
  - 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 Phase #1- Update
  
- 5.) **New Business**
  - a.) Water Rates- **Discussion Only**
  
- 6.) **Next Scheduled Meetings**

October 5, 2017- Workshop  
October 19, 2017 Regular Meeting  
November 2, 2017- Workshop  
November 16, 2017- Regular Meeting
  
- 7.) **Closed Session**

Employee Evaluation
  
- 8.) **Adjournment**

***SHEEP CREEK WATER COMPANY  
REGULAR BOARD OF DIRECTORS MEETING  
MINUTES OF  
SEPTEMBER 21, 2017***

The meeting was called to order at 6:05PM by Vice President Bob Howard. Guest Amber Randolph led those present in the Pledge of Allegiance. Bob Howard gave the Invocation.

**Directors present:** President Andy Zody, Vice President Bob Howard, Secretary/Treasurer Kellie Williams, and Directors David Nilsen and Luanne Uhl

**Staff present:** General Manager Chris Cummings and Admin. Secretary Sandi Moseley

**Guests:** Brek Randolph and daughter Amber Randolph

**Consent Motion:** David Nilsen moved to approve the consent motion for the bills of August 17, 2017 through September 21, 2017 and the Managers Report. The minutes of August 17, 2017 will be presented at the next meeting. Kellie Williams seconded the motion. The motion carried.

**Open Forum:** Brek Randolph asked the question of why the allotment changed from being 1/8000<sup>th</sup> of the available water to 1000 for the first share and 350 for all additional shares. David Nilsen responded that due to the emergency situation and with the approval of our legal counsel and the Shareholders, the bylaws were amended to state that in times of emergency the allotment can be differentiated but the first share can be up to five times the allotment of all other shares. Bob Howard noted that about 500 meters out of the approximately 1200 meters own a single share and 350 cubic feet of water is not enough for a normal family to survive on without going into overage charges. Mr. Randolph noted that he feels that this has devalued the shares. He has been purchasing shares over the years in case of a drought and as an investment in the company. Mr. Randolph felt that it was not legal for one group of shareholders to deprive the rest of the shareholders their right for the water. David Nilsen stated that all shareholders are notified and have a voice. In order for any bylaw to be changed it must be approved by a majority of the shareholders. They can vote in person at the meeting or by giving their proxy to the Board or any person that can then vote their shares. Chris Cummings noted that only the Board of Directors can change the allotment but the shareholders approved the ratio for emergency situations. Mr. Randolph then noted that he feels that the Assessment is totally unfair due to the fact that the shares are currently unequal. All shares are being assessed the same amount. He stated that he feels that the first share should pay \$30 and all other shares pay \$10 due to the allocation per share. David Nilsen stated that the Assessment was approved by the shareholders at the annual meeting in May. This statement was something that will be thought about in the future. It was discussed by all for a while longer. His statements made all of the Directors think about his statements and questions. It was suggested that he come at budget time in December to see how the budget is planned.

**Old Business:**

**a.) System Update** – Chris Cummings stated that the August production was 75 AF which is 14% down from last year and 36% decrease from 2013. Usage was just under 70 AF which is a decrease of 15% from last year and a 30% decrease from 2013. Static well levels have all dropped about 10 to 15 ft. and over the summer the levels have dropped a total of 20 to 30 ft. Well 3A is pumping between 10 and 13 hours a day, mostly at night. Wells 5 and 8 are pumping between 13 to 18 hours a day. The total pumping capacity is currently 891 GPM which includes 137 GPM that the tunnel is flowing. Production has dropped 48 GPM in the last 2 weeks. Well 2A is still off line and Layne has been contacted to get some ideas on the well. David Nilsen noted that he really would like to be sure that Well 2A is back online by next summer. Chris stated that it was discussed with Mike that a smaller pump and motor should be installed to allow flow of 500gpm down to 100 GPM. Chris stated that with the current production the second share would be at 261 CF per share or 376 CF per share if all shares were equal. He suggest the allotment remain were it is through the winter.

**b.) Well 11 Phase 1** - Chris Cummings gave an update on the progress of the well. Nothing further to present. CEQA is still in progress and the County is discussing the project with the San Manuel Band of Mission Indians. Chris noted that the Assessment has been approximately 75% paid. It was noted to not have the Delinquent Stock Sale is on the same weekend as Phelan Phun Days.

### **New Business**

**a.) Water Rates – Discussion only** - David Nilsen brought up the rates. David had Chris looked at historical information on the rates. It is discussed to increasing the overage charges by 10% incrementally to give an added amount to use on maintenance and upgrades to the system. David Nilsen is suggesting paying off the shareholder loans but keeping the \$3 and \$6 fee on the base rate and paying those loans by Assessment of \$20 per share once a year for an extended period of time. It is also suggested at changing the usage rate to \$.50 HCF year round. There was discussion among the Directors. Andy suggests two Assessments of \$20 a year and go for a shorter period of years. The usage rate will be looked at to have to meet what we need at budget time. Bob Howard argued that the overage should be increased to deter usage. Luanne Uhl definitely likes the idea of keeping the usage rate the same all year long.

### **Scheduled meetings**

October 5<sup>th</sup> workshop, October 19<sup>th</sup> meeting, November 2<sup>nd</sup> workshop and November 16<sup>th</sup> meeting.

### **Closed Session – Employee Evaluation**

### **Adjournment**

Respectfully Submitted;

Kellie Williams  
Board of Directors Secretary /Treasurer