

**SHEEP CREEK WATER COMPANY**  
**Regular Board of Directors Meeting**  
**November 18, 2021 ~ 6:00pm**  
**Sheep Creek Water Company ~ Board Room via Zoom**  
**4200 Sunnyslope Road, Phelan, CA 92371**

The Regular Board of Director's Meeting of November 18, 2021, was called to order at 6:00 PM by Andy Zody. Luanne Uhl Led in the Pledge of Allegiance and David Nilsen led in the Invocation. Mr. Zody reminded everyone that the meeting was being recorded for accurate minutes.

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

**Staff Present:** Chris Cummings was present.

**Guests Present:** Shareholder, Richard Trower, was present via Zoom.

**Consent Motions**

**Minutes:** *Regular Board of Directors Meeting ~ October 20, 2021*

**Bills:** *October 20, 2021 through November 18, 2021*

**Manager's Report:** *November 18, 2021*

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

**Open Forum/Public Comment:** *Under this item, any member of the Board or Public may address the Board on any item relating to the company, 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. The Board President will call on each participant and at that time, you will have three (3) minutes to speak.*

**Old Business:**

**a.) System Update:** Static water levels over the past month have remained the same. There has been no recharge or decline at this time. Well levels continue to be monitored weekly and reported to the State Water Board along with weekly production. Wells 3A and Well 8 continue to run an average of 6.5 hours a day. Water usage has dropped and is averaging 475,000 thousand gallons per day. Total Pumping capacity is at 1,788 gallons per minute with the Tunnel flowing at 138 – 140 gallons per minute.

The Emergency Connection with Phelan Piñon Hills Community Service at Valle Vista and Snowline, in the upper Nilsen Tract has been completed. An additional standpipe was replaced with a fire hydrant and in line valves were installed.

Two Regulator Vaults have been replaced. There are two more vaults to replace. Due to consolidation, only projects that have been planned and maintenance projects, will be moving forward at this time.

**b.) PPHCSD Consolidation Update:** The Tunnel inspection was completed late last month by Burgex Mining Consultants. The shaft and ladder system will be in need of some repair due to hardware rusting away. The Tunnel itself, appeared to be in good condition. The water flow in the back of the Tunnel was low but was still flowing normal. There does not appear to be any blockage or loss of water. Mr. Cummings has a company scheduled to complete some minor maintenance and cleanup in the bottom of the shaft.

We met with Phelan Piñon Hills Community Service District earlier this month, to begin discussions for a consolidation agreement. PPHCSD management agreed with all but one item that was presented to them. It was agreed that money that is still remaining in all Sheep Creek Water Company checking accounts, should be used to pay any outstanding debt and should remain with the district since these are funds that were paid by the water users. PPHCSD staff are preparing the Consolidation Agreement based on Sheep Creek's proposal that was submitted and the samples that were sent by the project engineering.

PPHCSD has been working on a staff integration plan which will be needed to be included with the grant application. The PPHCSD Human Resource manager along with Sheep Creek Water manager Chris Cummings, met with each Sheep Creek employee individually to discuss employment and to determine staff positions within the PPHCSD district.

The water rights analyst is being updated before being sent to DFA for review. The report needs to show better that the water rights need to stay with the District and the harm that can be caused by selling off in portions. The water use in the report was not taking into consideration of the MDD but rather the current water use. If the State is requiring us to drill wells to meet our MDD then the water rights should reflect the same.

#### **New Business:**

**a.) 2022 Operating Budget:** Chris Cummings presented the Draft 2022 Operating Budget. The 2022 Operating Budget has been prepared with the assumption that consolidation with PPHCSD will be approved later in 2022. Water usage for 2021 had a slight increase over 2020 and similar usages are estimated for 2022. For the 2022 budget, the Tier 3 have been adjusted with \$0.63 per hcf to be used for operating expenses rather than raise rates at this time. Water rates will need to be raised with an updated Operating Budget if Consolidation is not approved. Funds will continue to be transferred to the various accounts as approved.

Estimated account transfers

Assessment 127,000 (Well 11 Loan)

Capital Improvement 83000

Well Maintenance & MWA 105000

System Upgrade 45000

Estimated 2022 Total Income- \$1,386,899

Estimated 2022 Operating expenses- \$1,375,304 which includes the account transfers.

Increased operating expenses include:

Electrical – 12,000

Insurance- 8,000

Meter Replacement- 5,000

Equipment- 9,000

Due to continuous increase in living cost a minimum of 2% COLA is included in the Budget, a 3-4% COLA is recommended.

Total operating expenses have increased \$46,000, with moving the \$0.63 per hcf from the Tier 3 there will be a surplus of \$11,000. Andy Zody suggested the Directors take the 2022 Draft Budget home to read over for approval at the next Regular Board of Directors Meeting of December 16, 2021.

#### **Next Scheduled Meetings:**

***December 16, 2021 via Zoom***

*January 20, 2022 via Zoom*

**Adjournment:** Andy Zody moved to adjourn the meeting to Closed Session. Luanne Uhl seconded the motion. Motion carried. The Regular Board of Directors Meeting of November 18, 2021, was adjourned at 6:29 PM.

**Closed Session:** Nothing to Report, Closed Session adjourned at 6:45pm.

**Respectfully Submitted,**

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