

SHEEP CREEK WATER COMPANY
Regular Board of Directors Meeting
December 16, 2021 ~ 6:00pm
Sheep Creek Water Company ~ Board Room via Zoom
4200 Sunnyslope Road, Phelan, CA 92371

The Regular Board of Directors Meeting of December 16, 2021, was called to order at 6:00pm by Andy Zody. Chris Cummings led in the Pledge of Allegiance and David Nilsen led in the Invocation. Mr. Zody reminded all present 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.

Consent Motions

Minutes: Regular Board of Directors Meeting ~ November 18, 2021

Bills: November 18, 2021 through December 16, 2021

Manager's Report: December 16, 2021

Luanne Uhl moved to accept the Consent Motions as presented. Kellie Williams 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. We are not seeing any recharge or decline at this time. Well levels continue to be monitored weekly and reported to the State Water Board. Wells 3A and 8 continue to run an average of 6.5 hours a day. Water Usage has dropped and is averaging 450,000 thousand gallons per day. The Tunnel is flowing at 140 gallons per minute with total pumping capacity at 1,807 gallons per minute. The year-end inventory and job work orders are being completed. We have scheduled for next month, some minor maintenance in the bottom of the Tunnel Shaft.

b.) *PPHCSD Consolidation Update:* Following our consolidation meeting with PPHCSD last month, they began drafting a Consolidation Agreement. Information has been sent to PPHCSD to be included into the agreement, such as, all outstanding uninstalled meter services. The agreement will be reviewed and edited by our Consolidation Committee, prior to being sent to both legal teams.

The Draft Water Rights Analyst was reviewed by DFA with comments presented at the December update meeting. The Report should detail the need for all the water rights, and needs to explain the ramp down of PPHCSD's water right to better justify the need to purchase all of Sheep Creeks Water Rights. All the questions from DFA is being addressed by the engineer and the water rights attorney. We will be completing several fire flows next week for the engineer to calibrate the computer model of the system.

New Business:

a.) **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 adjusted with \$0.63 per hundred cubic feet to be used for increased operating expenses rather than raise rates at this time. Water rates will need to be adjusted with an updated Operating Budget if Consolidation is not approved. Funds will continue to be transferred to other various accounts as approved.

Estimated Account Transfers

Assessment: \$127,000 (Well 11 Loan)

Capital Improvement: \$83,000

Well Maintenance & MWA: \$105,000

System Upgrade: \$45,000

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 hundred cubic feet from the Tier 3, there will be a surplus of \$11,000.

David Nilsen moved to accept the 2022 Annual Budget as presented by Chris Cummings. Luanne Uhl seconded the motion. Motion carried.

Next Scheduled Meetings:

January 20, 2022 via Zoom

February 17, 2022 via Zoom

Adjournment Kellie Williams moved to adjourn the meeting. David Nilsen seconded the motion. Motion carried. The Regular Board of Directors Meeting of December 16, 2021 was adjourned at 6:10 pm.

Respectfully Submitted,

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