

**SHEEP CREEK WATER COMPANY**  
**Regular Board of Directors Meeting**  
**March 12, 2020 ~ 6:30 PM**  
**Snowline School District ~ Board Room**  
**4200 Sunnyslope Road, Phelan, CA 92371**

The Regular Board of Directors Meeting of March 12, 2020, was called to order by President Andy Zody, at 6:32 PM. General Manager, Chris Cummings led in the Pledge of Allegiance. Invocation was led by Vice President Bob Howard. Mr. Zody reminded everyone present that the meeting was being recorded to insure accuracy of the minutes.

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

**Staff Present:** General Manager Chris Cummings and Administrative Secretary Dorothy Zody were present.

**Guests Present:** The guests that signed in at tonight's meeting were Michelle Hannon, Michael Palecki of the Mountaineer Progress, Board Members with PPHCSD Charlie Johnson and Deborah Philips, along Yasha Philips.

**Consent Motions:** Minutes of February 20, 2020  
Bills of February 20, 2020 through June 4, 2020  
Manager's Report

Luanne Uhl moved to accept the Consent Motions as presented. Bob Howard seconded the motion. Motion carried.

**Open Forum:** Mr. Zody explained that under this item any member of the Board or Public may address the Board on items not on the Agenda. However, under Ab 240 the Board is prohibited on taking any action on an item not appearing on the agenda. Mr. Zody also explained that those wishing to speak need to submit the Request to Speak form so we can have it on record. No forms were submitted.

**Old Business**

**a.) System Update:** General Manager Chris Cummings reported that static water levels have had an increase the past two weeks of 2-4 feet. The water levels compared to one year ago are up 14-21 feet. Well 3A is running daily, averaging 4-16 hours a day. Usage is averaging between .35 and .4 MGD. Current available pumping capacity is 1,849 GPM with the Tunnel averaging 122 GPM. Mr. Cummings also reported we have a project scheduled to install 4 fire hydrants and additional system isolation valves on Sunnyslope Rd. One of the hydrants being installed is to replace a stand pipe that cracked during the cold weather.

**b.) State Water Resource Control Board:** Mr. Cummings reported that we have not received an updated Compliance Order. He spoke with Hector from the SWRCB regarding the updated Compliance Order and Hector stated that a new Compliance Order is in the works. Hector stated that he has prepared 3 drafts. The current draft is with the State Attorney in Sacramento for review. The dates for the corrective action plan will be adjusted with the date of the updated Compliance Order. Currently we are continuing to follow verbal recommendations that Hector had in September to follow the submitted Corrective Action Plan.

**c.) Source Capacity Project:** At this time the CEQA documents are still on hold. Mr. Cummings is working with the property owner for the property that will be Well 13. The property owner has had a number of issues with the proposed purchase contract. This contract is similar to the Well 11 and proposed Well 12 contracts. Mr. Cummings stated that with many discussions with the property owner, they have not been able to come to an agreement. Mr. Cummings also said that he has discussed with him the possibility of purchasing the property upfront rather than continue to spend additional time and cost on a contract. Mr. Cummings believes our best option

will be to purchase the property as CEQA documents and property surveys have been completed for this property. If it is approved to purchase this property we will push for a quick escrow and as soon as that is completed CEQA documents will be filed.

**d) Annual Shareholders Meeting:** Mr. Cummings reported that at this time there is only one new business item to be added to the agenda which is the loan repayment options for the Source Capacity Project. The options have not changed at this time and are based on Sheep Creek borrowing the full \$4 million. Options are as follows:

- 1) Assessment-\$20 per Share 2 times per Year for 20 years
- 2) \$21 Base Rate Increase per month per meter service for 20 years
- 3) Water Rate Increase of \$1.85 per hcf for all Tiers for 20 Years
- 4) Split Assessment/Base Rate Increase- \$25 per Share per Year plus \$12 Monthly Base Rate Increase for 15 years.

Dave Nilsen made the Motion to approve the Agenda. Kellie Williams seconded the motion. Motion carried.

### ***New Business***

**a). Additional Well Site Property:** As discussed earlier Mr. Cummings has been working with the property owner for the proposed Well 13 for the Source Capacity Project. The property contract that was prepared is similar to the contract that was used for Well 11 and the proposed Well 12. The difference is that rather than purchasing the land there will be an agreement to sell 4 meter services for the property owners other properties. With CEQA documents completed Mr. Cummings has discussed the possibility of purchasing the property rather than continue with the contract. If there are issues and we can't drill the well on the property it can be resold. Mr. Cummings recommended that the Board purchase the property at the cost of \$30,000 which is less than the cost of the 4 meter services (\$41,000). The funds would come from the Capital Improvement Account. Once the escrow is completed the CEQA documents will be submitted. Luanne Uhl asked if it's a 2.5 acre lot. Chris stated that it is a 1 acre lot south of Phelan Rd. near Beekley. David Nilsen made the Motion to purchase the property. Bob Howard seconded the motion. Motion Carried

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

- a) April 16, 2020- Regular Board of Directors Meeting
- b) May 7, 2020- Regular Board of Directors Meeting
- c) May 16, 2020- Annual Shareholders Meeting

**Adjournment:** Vice President Bob Howard moved to adjourn. Kellie Williams seconded the motion. Motion carried. The Regular Board of Directors Meeting of March 12, 2020 adjourned at 6:48

**Closed Session:** The Board moved into closed session for an employee evaluation at 6:51 pm. Closed Session was adjourned at 7:03 pm.

***Respectfully Submitted,***

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