

SHEEP CREEK WATER COMPANY
Regular Board of Directors Meeting
July 16, 2020 ~ 6:30pm
Sheep Creek Water Company ~ Board Room via Zoom
4200 Sunnyslope Road, Phelan, CA 92371

The Regular Board of Directors Meeting of July 16, 2020, was called to order by Board President Andy Zody. Chris Cummings led in the Pledge of Allegiance. The Invocation was led by Vice President Bob Howard. Mr. Zody reminded everyone that the meeting was being recorded for the accuracy of the meeting minutes.

Directors Present: President Andy Zody, Vice President Bob Howard and Director Luanne Uhl were present with Secretary/Treasurer Kellie Williams, and Director David Nilsen present via Zoom Meeting.

Staff Present: General Manager Chris Cummings

Guests Present: Michael Palecki of the Mountaineer Progress, George Cardenas of the Phelan Pinon Hills Community Service District, and property owner Gary Van Dam, & Shareholder Diane Hayball and Kathy Everhart were present at tonight's meeting.

Consent Motions:

Minutes: *Regular Board of Directors Meeting ~ July 16, 2020*

Bills: *June 18, 2020 through July 16, 2020*

Manager's Report: Included in Directors Packets

Bob Howard made a motion to accept the Consent Motions as presented. David Nilsen seconded the motion. Motion carried.

Open Forum/Public:

Under this item any member of the Board of Public may address the Board on any item relating to the company that is not listed on this agenda. However, the Board is prohibited under AV240 from taking any action on an item not appearing on the agenda. The Board President will call on each participant and at that time they will have three (3) minutes to speak.

Mr. Zody asked everyone present at tonight's meeting if they had anything they needed to bring to the Board. No questions or concerns were brought up at this time.

Old Business

a.) **System Update:** Static water levels have had an average decrease of 0-5 feet. The water levels compared to 1 year ago are an average of 9-14 feet higher than last year. Well 5 & 8 are running daily, averaging 12 hours a day. Well 11 is averaging 10 hours per day. SCADA controls were added to well 11 allowing for remote operations of the well. Water usage is averaging 800,000 thousand gallons per day. The tunnel has slightly increased, averaging 134 GPM.

b.) **Source Capacity Project Update:** San Bernardino County circulated the Notice of Availability/Notice of Intent to adopt a Draft Initial Study/Mitigated Negative Declaration for the 30 day review period on July 2, 2020. Following the 30 day review period, the mitigation process will begin.

The line of credit has been completed and the funds are available for the Source Capacity Project. Along with the line of credit, the Shareholder Loans have been refinanced at an interest rate of 2.4% with a 4 year term.

c.) **SWRCB Updated Compliance) Order No. 05-13-18R-002A1**
Directive 2.a- Financial Review- SCWC is working with Matt Miller of Silva & Silva CPA to complete a financial review of the system as required by the Updated Compliance Order. The

engagement letter should be sent by the end of the week and the financial review will begin. At this time the estimated proposal is \$5,000.

Directive 2.b- Asset Management Plan- Proposal to have the asset management plan (AMP) is on New Business.

Directive 2.c- A Financial Assessment Questionnaire was completed this week and will be submitted to the CPA and the engineer for assistance as directed by the SWRCB.

d.) *Request for PPHCSD Water Service to APN# 3066-251-05 & 06*

Property owner Mr. Gary Van Dam is requesting water service from Phelan Pinon Hills CSD for two parcels he owns. Mr. Van Dam is working with the PPHCSD for easement on his properties for the Civic Center Project Park Expansion. With CSD moving forward on the Civic Center, traffic is expected to increase in the area and frontage and road improvements will also be completed. CSD is requesting easements from Mr. Van Dam due to moving the road access and turnaround areas for the park and maintain access to the elementary school. With having the road access on Sheep Creek Rd, Sahara Rd will be vacated which would run through the center of the proposed park. Moving this road will eliminate possible safety issues in the proposed park location. Mr. Van Dam is requesting a Water Letter that can be provided to the county. At this time, Sheep Creek Water Company is unable to fulfill this request due to the SWRCB Moratorium on new service connections and will serve letters. Per the last meeting, concerns regarding issues with LAFCO were expressed and George with PPHCSD requested information from LAFCO regarding these concerns. The response from LAFCO stated, "There would be no issues or LAFCO involvement since Sheep Creek is within the CSD's boundaries." There is a current agreement between districts in place.

It is recommended at this time the Board of Directors consider Mr. Van Dam's request to have permission to allow PPHCSD to service the two parcels in question. By the time Mr. Van Dam is ready for water service, the moratorium may be lifted and Sheep Creek will be able to supply water service at that time.

Dave Nilsen made a motion to approve Mr. Van Dam's request as presented to go along with the Phelan Pinon Hills Civic Center Project, only if the contract with Sheep Creek Water is agreed and signed. Kellie Williams seconded the motion. Motion carried

e.) *Annual Meeting:* Two ideas were presented to hold the Annual Shareholders Meeting. David Nilsen moved to postpone the 2020 Annual Shareholders Meeting until further notice due to Covid-19. He suggested writing a letter to the Shareholders, to update Sheep Creek's current situation and will notify when the restrictions have been lifted. Luanne Uhl seconded the motion. Motion carried.

New Business:

a.) *Asset Management Plan:* The SWRCB Updated Compliance Order, requires Sheep Creek to complete an asset management plan. The AMP must include an inventory of the System's infrastructure components. It should include a description of the components' condition, age, service history, and useful life, criteria to determine when to repair, rehabilitate or replace assets. Along with a prioritization of critical assets, long term funding strategies, and a timeline delineating the schedule for the System's asset management plan. Chris has contacted a couple of engineering firms. Availability has been limited due to Covid-19. Due to the large amount of time needed to complete this complex of a plan, a proposal has been received from Engineering Resources of Southern California in the amount, not to exceed \$123,000. The engineer has given a timeline of 6 months to have the plan completed.

Chris has recommended the Board to approve the proposal from ERSC for the completion of the Asset Management Plan not to exceed \$123,000. The 2020 Operating and Holding Budget has \$25,000 available for engineering and the remainder will come out of the Capital Improvement Account.

Kellie agreed that we needed more than one bid. Chris said that he may have another bid coming in a couple of days. Kellie asked if we could go forward with our project, and in the meantime, ask for an extension of time for the Asset Management Plan. The second bid may be coming in this week. Kellie asked if we could postpone until we have heard all bids.

David Nilsen agreed that we need an extension of time until we get the other bid to compare with the current bid. This issue will be tabled now. An emergency meeting may be called after the second bid.

Next Scheduled Meeting:

August 13, 2020

Adjournment: Andy Zody move to adjourn the meeting. Luanne Uhl seconded the motion. Motion carried. The Regular Board of Directors Meeting of July 16, 2020 adjourned at 7:00 PM

Respectfully Submitted,

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