

SHEEP CREEK WATER COMPANY
Regular Board of Directors Meeting
August 13, 2020 ~ 6:30pm
Sheep Creek Water Company ~ Board Room via Zoom
4200 Sunnyslope Road, Phelan, CA 92371

The Regular Board of Directors Meeting of August 13, 2020, was called to order by Board President Andy Zody. Chris Cummings led in the Pledge of Allegiance. The Invocation was led by Director David Nilsen. 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 were present with Secretary/Treasurer Kellie Williams, Director David Nilsen and Director Luanne Uhl present via Zoom Meeting.

Staff Present: General Manager Chris Cummings

Guests Present: Shareholder - Diane Hayball, Michael Palecki, with the Mountaineer Progress and Guest - Charlie Johnson, and Carmen were present at tonight's meeting, via Zoom.

Consent Motions:

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

Bills: *July 16, 2020 through August 13, 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 2-5 feet. The water levels compared to 1 year ago are an average of 5-14 feet higher than this time last year. Well 2A and 4A are running daily, averaging 8-12 hours a day along with Well 11 running periodically. Water usage is averaging 800,000 gallons per day. The Tunnel has slightly increased, averaging 135 gallons per minute.

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 review period which ended on August 2, 2020. There were no comments submitted. Tom Dodson will submit the Notice of Determination and Mitigation Monitoring & reporting Program to the Clerk of the Board.

c.) ***SWRCB Updated Compliance) Order No. 05-13-18R-002A1***

Directive 2.a- Financial Review- Chris has been working with Matt Miller with Silva & Silva CPA's. Matt is near complete with the Financial Review of the system as required by the Updated Compliance Order. The review has shown that the company has been increasing revenues by implementing the tiered water rate structure which is also increasing our reserve accounts.

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

New Business:

a.) ***Asset Management Plan:*** The SWRCB Updated Compliance Order, required Sheep Creek to complete an asset management plan. The AMP must include an inventory of the System's infrastructure components, a description of the components' condition, age, service history, and useful life, criteria to determine when to repair, rehabilitate or replace assets, a prioritization of critical assets, long term funding strategies and a timeline delineating the schedule for the System's asset management plan. Included in the plan will be engineering replacement cost alongside the cost of using Sheep Creek resources. The scope of work will be rather large due to limited reports of the system, maps/drawings, and records that are available but will be needed to complete the plan. Once it is complete, it will be an excellent resource for Sheep Creek moving forward with needed maintenance and replacement in the future. Two 2 bids were received for the completion of the Asset management Plan.

The first bid was submitted from ERSC with an amount not to exceed \$102,225. The bid is based on time and material.

The second bid was submitted from IEC with an amount not to exceed \$49,700. The bid is based on time and material.

Kellie Williams moved to accept the Asset Management Plan submitted from IEC as presented. Luanne Uhl seconded the motion. Motion carried.

Next Scheduled Meeting:

September 17, 2020

Adjournment: Bob Howard moved to adjourn the meeting. Kellie Williams seconded the motion. The Regular Board of Directors' meeting of August 13, 2020 was adjourned at 6:51 PM.

Respectfully Submitted,

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