**Lake Canyon Mutual Water Company**

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**BOARD MEETING MINUTES: August 12, 2015**

**Call to Order:**

Meeting called to order at 7:05PM by Bud Everts.

**Roll Call:**

Bud Everts, Rebecca Cabral, Kirk Epperly, Aaron Behman and Marco Casillas present.

Phil Abel, Barbara Abel and Stacey Johnson also present.

**Election of Officers:**

First order of business was the election of officer positions. Aaron Behman made a motion to nominate Rebecca Cabral as president. Bud Everts seconded the motion. The motion passed unanimously.

Kirk Epperly made a motion to nominate Aaron Behman as vice president. Bud Everts seconded the motion. The motion passed unanimously.

Stacey Johnson verbally tendered resignation as secretary. The Board commended Stacey for his years of service.

Rebecca Cabral made a motion to nominate Aaron Behman as secretary. Kirk Epperly seconded the motion. The motion passed unanimously.

Aaron Behman accepted the role of secretary and will not require $200/month compensation. He did state that he will need an alternate to support meetings he may not be able to attend and Marco Casillas agreed to act as an alternate.

Kirk Epperly made a motion to nominate Bud Everts as treasurer. Aaron Behman seconded the motion. The motion passed unanimously.

**Approval of Previous Minutes:**

Board reviewed the meeting minutes from the annual meeting on 7/26/15. Bud Everts made a motion to approve the minutes as is. Kirk Epperly seconded the motion. The motion passed unanimously.

The meeting minutes from the July meeting on 7/15/15 will be reviewed and approved in the September meeting as the board was unable to review those minutes in the meeting.

**Financial Reports:**

LCMWC still awaiting reimbursement from the state for the emergency tank (4999 gallon tank). Amount for reimbursement is $34,669.

The following documents were circulated and reviewed by the board:

* Financial statements (including profit and loss statement and balance sheet)
* Wells Fargo combined statement of accounts
* Capital improvement plan (that was reviewed and circulated at the annual meeting on 7/26/15)
* FY'15/16 budget

As LCMWC enters the new fiscal year with the accountant it is required to do a financial review and will need to revisit the chart of accounts and align the chart of accounts with business operations, e,g. water in and water out. As such the high-level chart of accounts will be organized across four (4) broad categories: 1) administrative; 2) water filtration; 3) tanks and distribution; and 4) roads and bridges. Relevant expense categories will be established below each of these categories.

Delinquencies were not reviewed in this meeting and will be reviewed in the next meeting.

The LCMWC bookkeeper has sent out the annual statements which includes charges for overages. A discount of 5% will be applied to those members who pay by check/bill pay (NOT PAYPAL) by 8/30/15.

Kirk Epperly asked if the budget can be posted to the LCMWC website so that LCMWC is in compliance with state requirements. Bud Everts will do this within the week.

Kirk Epperly made a motion to approve the financial reports as reviewed. Aaron Behman seconded the motion. The motion passed unanimously.

**Water Report:**

More than 80% of the membership is in compliance with the daily allotment of 100 gallons. There were only twelve (12) members/households, during the month of July 2015, which exceeded the baseline allotment and will receive overage bills.

Average consumption for the community was 71 gallons per day per meter.

LCMWC is losing approximately 697 gallons per day due to unidentified leaks; however, this is dramatically lower than the 3-week period ending May 28th when there was a leak of 3,343 gallons per day.

Overall the community is doing a very good job conserving. Kirk Epperly checked with SJ Water and was informed that Lake Ranch is at a higher level than this time last year (13.1 million gallons vs. 9.2 million gallons last year). All the water in the creek is natural watershed and not from any release from Lake Ranch.

As a result of this conservation LCMWC is reducing its dependence on SJ Water which saves the membership money and makes for a more self-sustaining operation.

The community is doing an amazing job conserving precious water resources and LCMWC commends the community for that diligence. Thank you.

**Project Reports:**

Maintenance: There is a small leak in the 70K gallon redwood tank. The tank liner vendor suggested dropping the water level to ensure the leak is not coming from over the top of the tank. The vendor has acknowledged there is a leak where the floor seam meets the wall seam. Once confirmed, the leak would be repaired under the five (5) year warranty. The expected lifetime for the liner is 25 years with two years in on the life of the tank liner. The repair will not happen until LCMWC is through the drought, but will fix the leak when the weather improves.

Road painting of fire lane stripes underway. Phil Abel asked if the LCMWC board is giving guidance to vendor (Newhall) on its requirements. Kirk is giving direction to Tom on fire lane painting.

**Communication & Correspondence:**

No communication and correspondence this month.

**Staff Reports:**

No staff reports at today’s meeting

**Old Business:**

1. Drought Billing: discussed during the meeting.
2. Capital Improvement Plan: Marco asked about the specificity in estimates that are being done for capital improvement projects and has asked to be involved in future estimates and bids.
3. Reserves: $5,000 is the expected surplus for this fiscal year. Reserves will be better accounted for as the new chart of accounts is established.
4. Budget: Budget was circulated to the board during the financial report section of the meeting.
5. Rates: 2015 – 2016; Usage Billing: Beginning January 2016, after LCMWCO transitions from a drought billing system, there will be a monthly usage fee that will either:
	* include a baseline allocation of XX gallons per day, at an amount to be determined, and over that standard allocation members will be charged $0.YY per gallon consumed over the XXgallon baseline (based on average daily consumption for the billing month),

 OR

* members will be charged per gallon consumed without a baseline allocation.

 This monthly usage fee is budgeted to average $10 per month per member.

 Drought billing remains in place now. The board will agree to a proposal by October.

**New Business:**

1. 6” water line: LCMWC tried to get 4 bids. Have received two bids: one from Fall Creek Engineering; and another from Waterworks Engineering. The bid from Fall Creek Engineering is less than Waterworks Engineering, but Waterworks Engineering is believed to have a better relationship with the State. The Waterworks Engineering bid is $3,000 more than the Fall Creek Engineering bid. Both vendors bids are below LCMWC’s budgeted amount for the engineering study. Maxicon has no bid and the fourth vendor never returned company calls.

To ensure the bids are in line with LCMWC requirements Marco and Kirk will establish a requirements document and work with the vendors to get their agreement and acknowledgement. Board’s goal is to have a vendor/proposal selected by Jan 1, 2016.

2. Roads and bridges: Tom Newhall and Kent Wozniak (Kent turned in paperwork to become a LCMWCO employee at a rate of $30/hour) are filling the cracks on Laurel Road, painting fire lanes, and installing bumps and the stop sign intersection. Laurel Road should be prioritized along with any other “hot spots” in anticipation of heavy rains this year.

3. LCCSD loan repayment: begin paying back the LCCSD at a rate of $100/month beginning July 2015. Each fiscal year the repayment amount will increment by $100 up to $500/month in 2019/2020.

4. Cross-connection policy: the State requires this policy be amended to the bylaws, the amendment that puts LCMWC in compliance with the State has been reviewed by counsel. Kirk Epperly to proceed with getting the policy amended to bylaws.

5. Additional unit policy: Topic skipped in tonight’s meeting.

6. Payment & Delinquency Policy: Recommendation to revise the $10/month late fee to instead refer to the current policy. Policy to be reviewed and approved by the board ahead of an amendment.

7.  Annual meeting will happen in May to set rates and review ten months of activity and then meet in September to review the entire prior fiscal year and elect new board members.

8. Community member data: over the last month a lot of discussion has occured with Stacy and the bookkeeper that all info is correct and consistent. Stacey Johnson would like another Excel file to do a final review. Stacey Johnson will contact the bookkeeper to do final review.

9. Escrow process: need to establish who will handle the process. Possibly bookkeeper could handle this. One of the holes is there is no formal document or record of what is communicated to the title/escrow companies.

10. Oktoberfest: Saturday, 9/26, reach out to Rebecca Cabral if anyone wants to help/participate.

11: Tree stump removal at property on 19521 Manzanita. Homeowner has indicated they will address the matter as soon as possible.

**Next Meeting & Adjournment:**

Aaron Behman made a motion to adjourn the meeting and reconvene on September 9, 2015 at 7:00PM at the Lake Canyon Mutual Water Company Filtration Plant. Bud Everts seconded the motion. The motion passed unanimously. The meeting adjourned.