**Palomar Mountain Mutual Water Company, Inc.**

**Regular meeting of the Board of Directors**

**December 11, 2021**

***The meeting was held electronically. It was set up by Glenn Borland on his WebEx account.***

**Members Present:** Joanne Marugg, Glenn Borland, John Lesac, Brett Michael Hauser, Brian Wagner, Diana Forero-Cook.

**Members Absent:**  Grayson Yeager

**Staff Present:** Mike Probert [Operator]

**Shareholders Present:** Tony Jaramillo

The meeting was called to order at 9:00AM

Minutes of the last meeting [11-13-21] were approved with a motion by Brian Wagner and seconded by Diana Foreno-Cook. The minutes were approved unanimously by the board.

**Operations: Mike Probert**

**Operator’s Report**

Well #3 is at 28.3 feet. Last Year it was at 24 feet.

Well #5 is at 33 feet. Last year it was at 24 feet.

The well levels are down significantly reflecting the drought situation. So far, the well levels are OK (producing sufficient water) despite the lower measurements.

Water testing is up to date. Rigorous testing has been done in compliance with title 22. The monetary cost was quite high.

Eleven meter readings were done. Three were for escrow. Eight were for monitoring high water usage.

No leaks were found and no repairs were made. This was unusual for this time of year.

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**Secretary’s report: John Lesac**

Meters in escrow:

Meter 104 on October 1

Meter 18 on October 22

Meter 200 (very recent)

**Treasurer’s report: Brett Michael Hauser**

**Income:**

Current 12 month income $27,652.87

Previous year income $25,971.02

**Expenses:**

Electricity: Greater than $4000 this year vs $2,360 last year

Milage: has gone up

Payroll taxes: have gone up

Outside services are a little higher

Software subscription and website expense have gone up

Testing expenses have gone up: $395 this year vs last year which was zero.

Operating loss was $10,433.80 this year vs $7,220.46 last year

Generally, similar expenses have gone up county wide. The recent increase in water meter rates should offset these rising operating costs.

A question was raised about the increase in electric costs. Two reasons were given:

Higher rates were in effect due to the loss of the agricultural status that gave the water company a lower electric rate. Also, the increase in water usage required the pumping of water at times that were not off-peak; hence higher electricity rates.

**New Business**

**Rules and regulations for water usage**:

There are 19 shareholders that exceed the 45,000 gallons per year threshold. 63,000 gallons per year is considered excessive use.

Letters were sent to the top five users warning them of excessive use. One shareholder did not accept the letter. Legal counsel was contacted to send a letter to this individual. This letter was also refused. The water company operator was then directed to hand deliver the warning letter. This person then contacted their own lawyer.

The water company lawyer suggested that the board of directors review the rules regarding water use and increase the restrictions (make them tighter). The intended effect of this action is to inform the top 15 water users that their rate of water consumption is not sustainable should all shareholders use water at comparable rates.

Question to be answered: Should water conservation be voluntary or mandatory? If mandatory, what numbers should be applied? One board member expressed a concern that citizens are being burdened with increasing government regulations and that the water company imposition of mandatory conservation would not be welcomed. The hope was expressed that the voluntary measure would be successful.

The counter argument: most shareholders voluntarily comply, but a few refuse.

Question: Should handheld watering with a hose be stricken from the current rules of water usage? This rule depends on the voluntary compliance of shareholders and not all shareholders have been seen to obey such rules.

Question: Should the meters of high-water users be read each month to ensure that water usage is kept within acceptable limits? This is a seasonal concern in that the winter months are low usage months even by the heavy users. Water storage is a factor in that the finite capacity of the water company tanks must be considered not only for the supply of water to shareholders but the safety of the community for fighting fires by supplying the fire department with necessary water. The system operator is currently reading the meters of the identified high-water users on a monthly basis. Monthly monitoring of water meters should begin in June and continue until September when the most water is used by the high-water users.

Question: How much of a decrease must be seen by the high-water users to avoid the next action which would the notification of a potential fine. The board agreed that 6000 gallons or less of water use per month would avoid the fine.

The wells can be pumped at a rate of 2000 gallons per hour. By restricting the pumping hours to the off-peak time when the power rates are the lowest, 12,000 gallons can be pumped per day. When water is pumped outside these hours (12 am to 6 am) the electric rates double and triple.

Rather than imposing explicit fines for high water use, a consideration to build the penalty into the rate structure was considered. The first tier would remain at 45,000 gallons. The rate should exponentially increase above 90,000 gallons.

Current rate structure:

Tier 1 is $6.50 per 1000 gallons up to 45,000 gallons

Tier 2 is $13 per 1000 gallons for amounts between 45,000 and 90,000 gallons.

Tier 3 is $26 per 1000 gallons for amounts above 90,000 gallons

Suggest raising the third tier to $52 per thousand gallons.

Suggest raising the second tier to $20 per thousand gallons.

The first tier will remain at $6.50 per thousand gallons.

New rates would take effect in June 2022.

A motion to approve this new rate structure was given by John Lesac. Brian Wagner seconded the motion. The board unanimously approved this motion.

**Meeting adjourned: 10:30 AM**

**Next Meeting will be held Saturday January 8 at 9:00 AM via electronic meeting**