

Diamond A Mutual Water Company

Annual Meeting

March 24, 2024

4:00 PM DA Rec Center

Agenda

Overview

- Welcome and Introductions
- Drought Relief Pipeline Replacement - Brelje & Race
- Operations Review
- Controls Update
- Financial Status
- Communications
- Governance
- Open Discussion
- Adjourn

Drought Relief Pipeline Replacement

Diamond A Mutual Water Company Annual Meeting

March 24, 2024

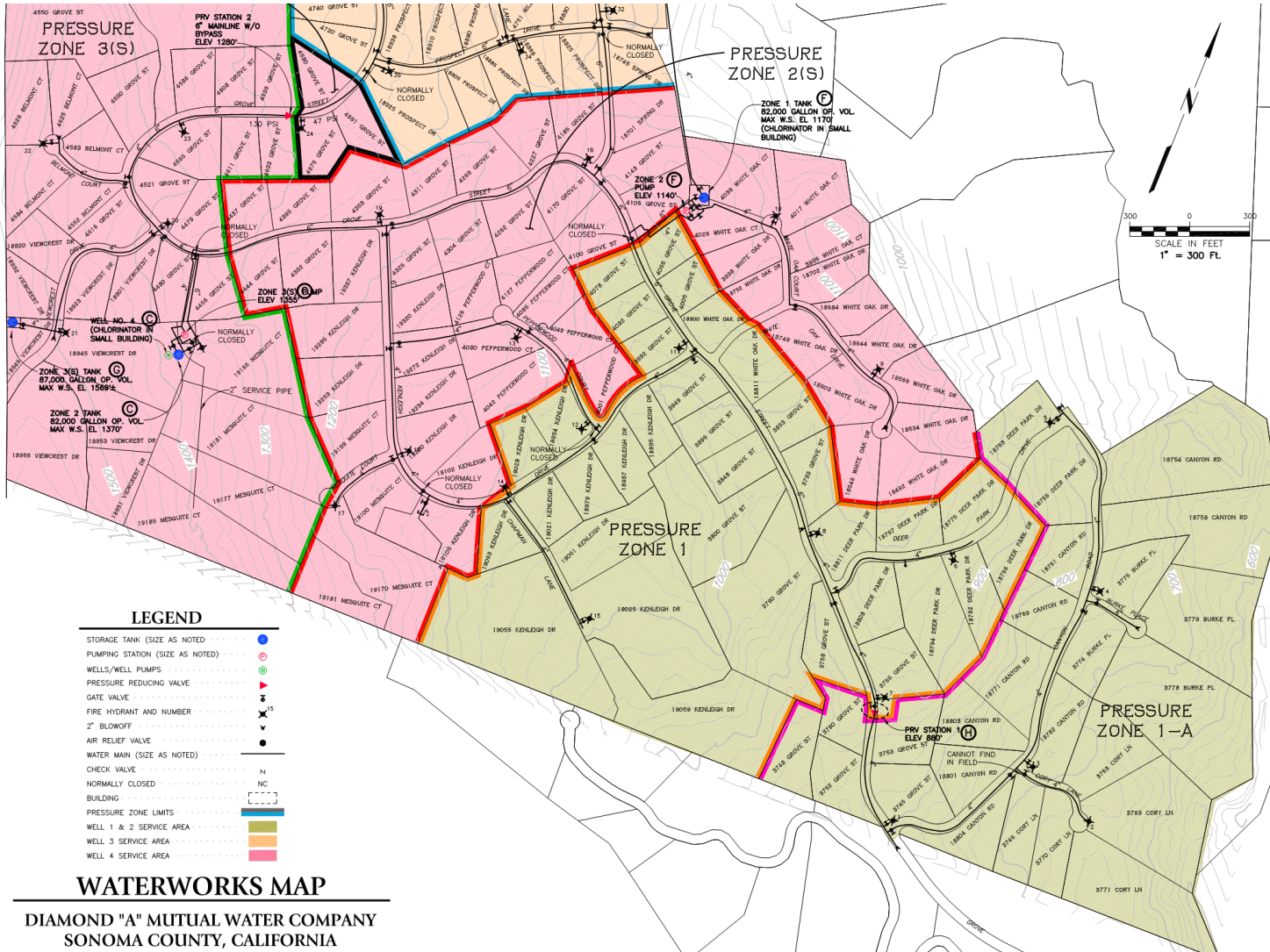
Department of Water Resources (DWR) Small Community Drought Relief Program

- \$2 Million Grant
- Design and construction of approximately one mile of water main replacement
- Agreement end date 12/31/24
– anticipated extension to 6/30/25



Project Goals

- Reduce water loss from breaks in aging mains
- Improve fire flows
- Reduce excessive service pressures



WATERWORKS MAP
 DIAMOND "A" MUTUAL WATER COMPANY
 SONOMA COUNTY, CALIFORNIA

Project Scope

Identified using previously developed system hydraulic model

- Replace 4-inch main from Viewcrest Tank, along Viewcrest Drive, and along Grove Street past Belmont Court
- Install pressure reducing valve (PRV) station on Kenleigh Drive
- Replace 4-inch main in Grove Street from north of Deer Park Drive through Canyon Road, and along Canyon Road

Viewcrest

- Replace aging main
- Increase pipe size to 6-inch to improve fire flows
- Abandon main beneath existing structure



Kenleigh

- Create pipe loop to allow water from PZ 2(S) to serve PZ 1 and 1-A
- Reduce friction losses during high demand periods to improve fire flows in PZ 1 and PZ 1-A
- Provide redundancy in case of any main breaks or other shutdown



Canyon

- Replace aging main
- Increase pipe size to 6-inch to improve fire flows
- Replace aging PRV station
- Replace through Cory Ln, bid additive to Burke PI



Anticipated Schedule

Date	Milestone
5/17/23	DWR Funding Agreement execution
2/16/24	Planning application to County to begin CEQA process
3/12/24	Encroachment permit application to County
Early May 2024	CEQA Notice of Exemption filed Encroachment permit review complete
Early June 2024	Bid Advertisement
Early July 2024	Bid Opening
Mid-August 2024	Notice to Proceed (130 working day contract)
Early May 2025*	Substantial Completion
Late May 2025*	Final Completion
6/30/25	Funding Agreement end date

*Or earlier, weather dependent

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Operations

- **2023 Overview**

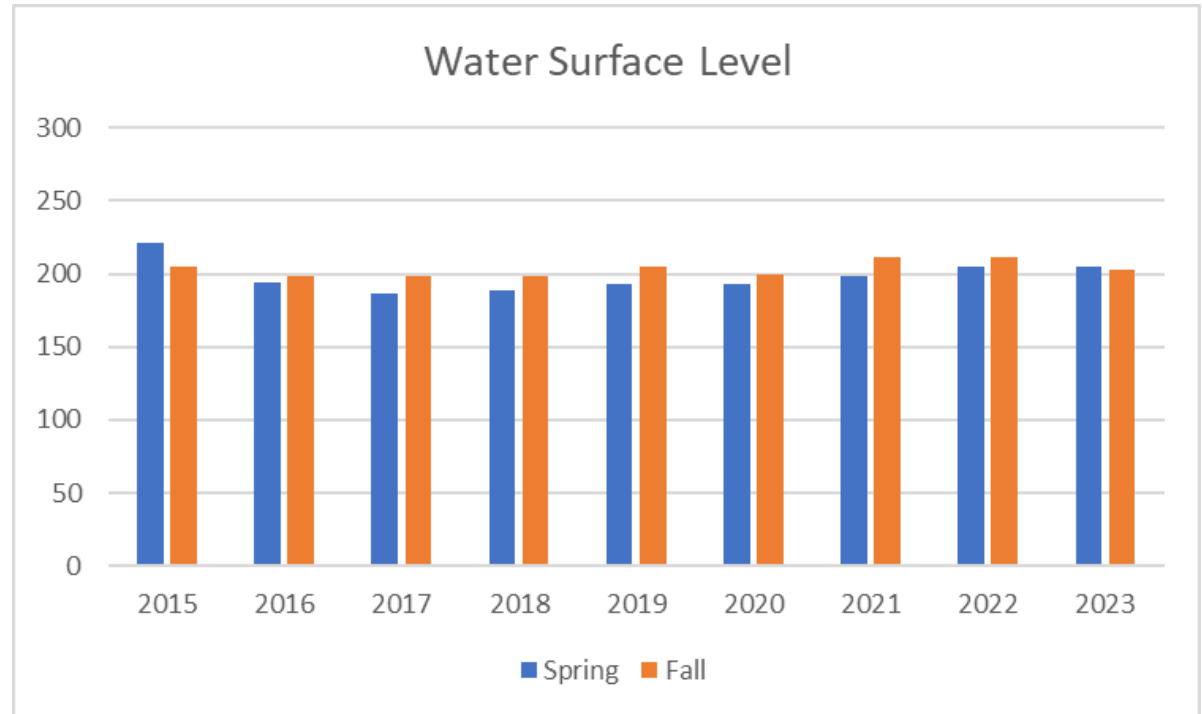
- Water quality (CCR)

- Continued favorable test results through the State water testing program
 - System operated in 2023 without any public safety incidents

- Water production

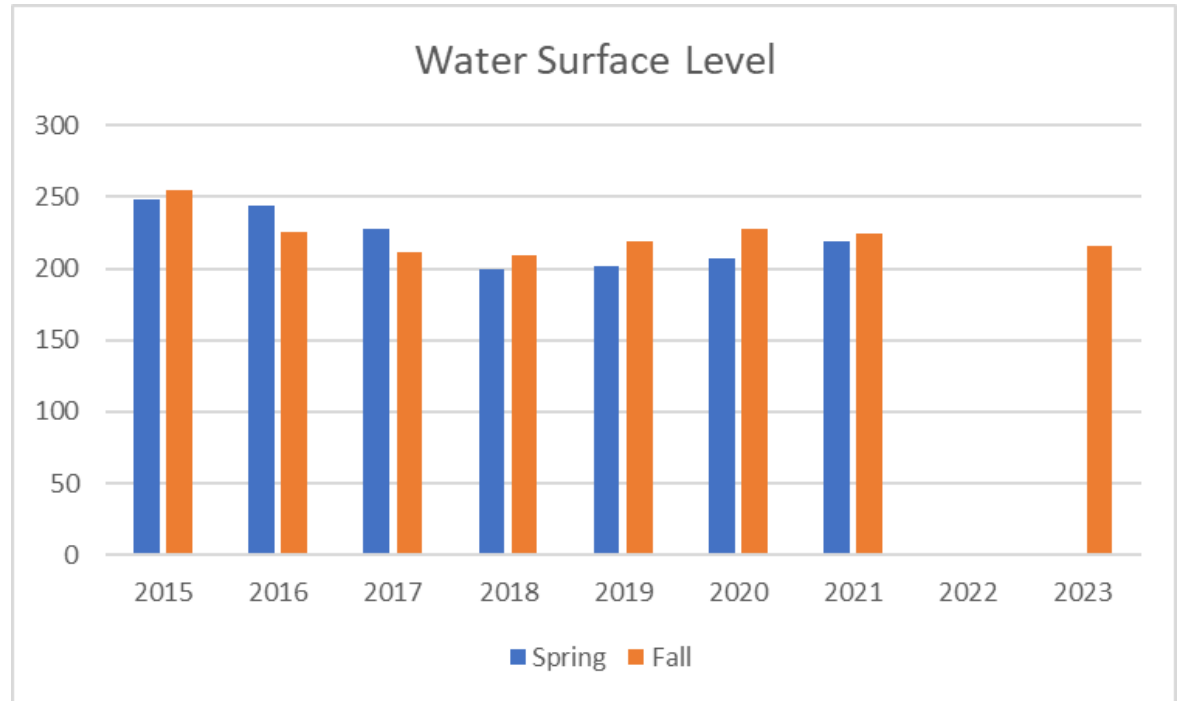
- Water production is stable, with proven capacity to consistently meet demand even during the drought years
 - Monitoring of well static levels continues
 - See following slides

WELL #1
(336')
Rec Center

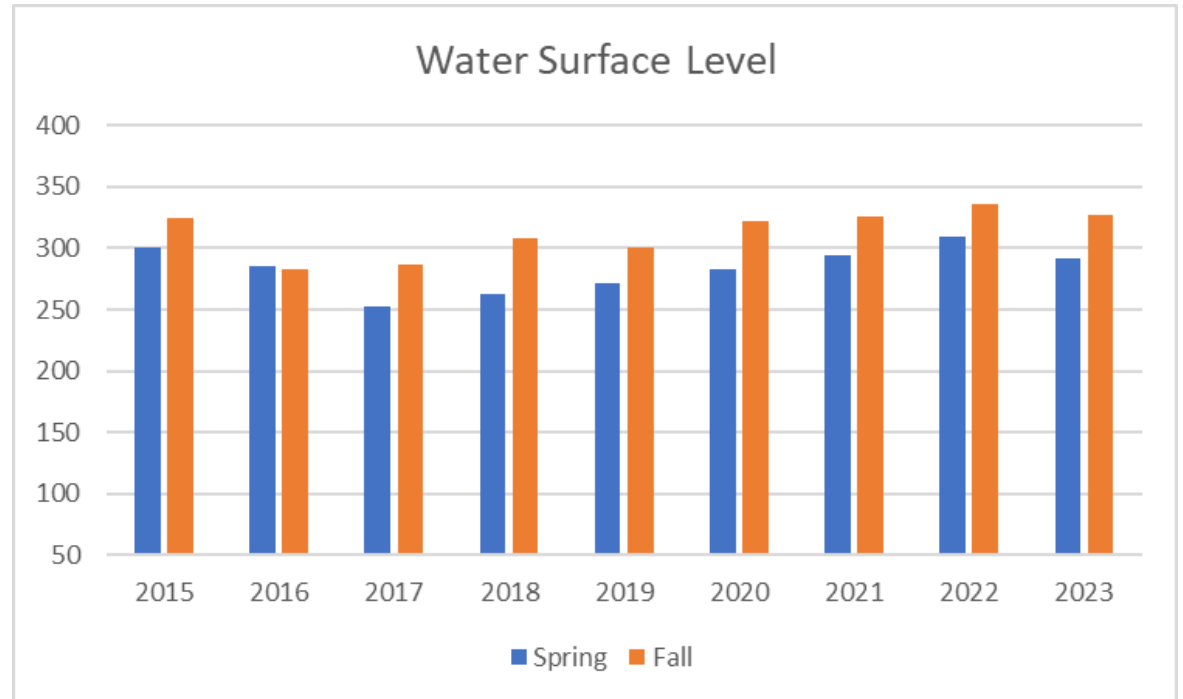


Air lines used to measure water levels were out of service at this well in 2022 and early 2023, so no updated Water Surface Level readings were available. Repairs have been made and readings resumed in late 2023.

WELL #2
(375')
Rec Center

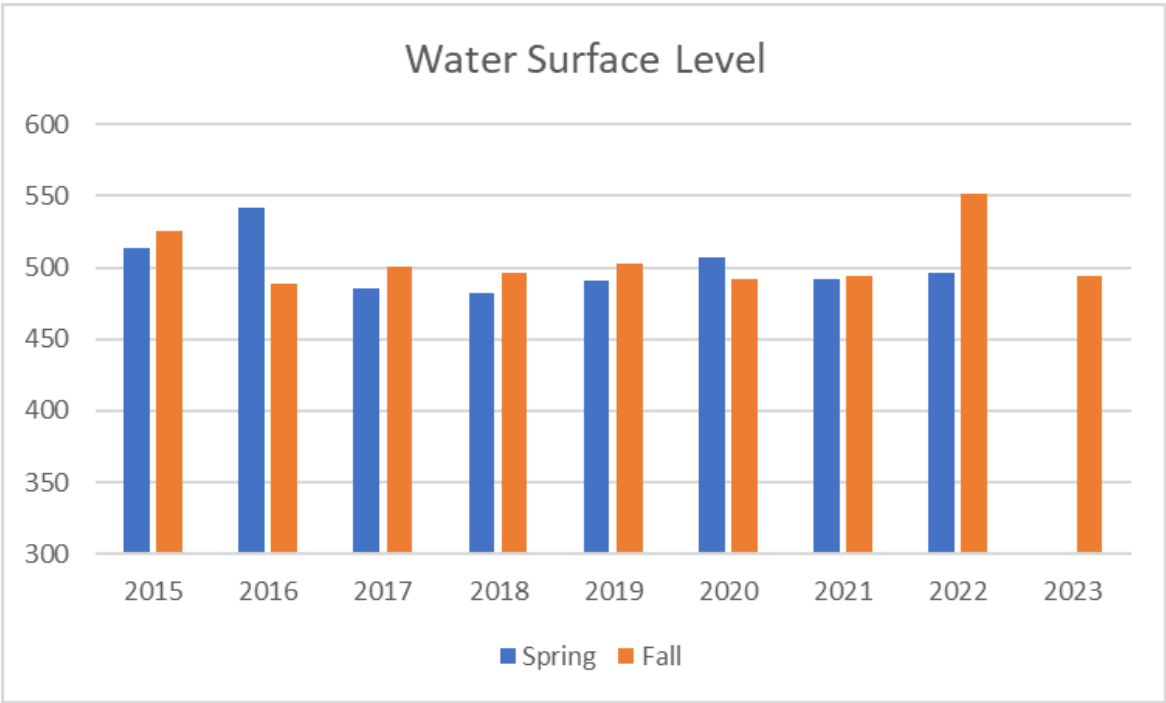


WELL #3
(462')
Sweet William



Air lines used to measure water levels were out of service at this well in early 2023, so no updated Water Surface Level readings were available. Repairs have been made and readings resumed in late 2023.

WELL #4
(657')
4700 Grove



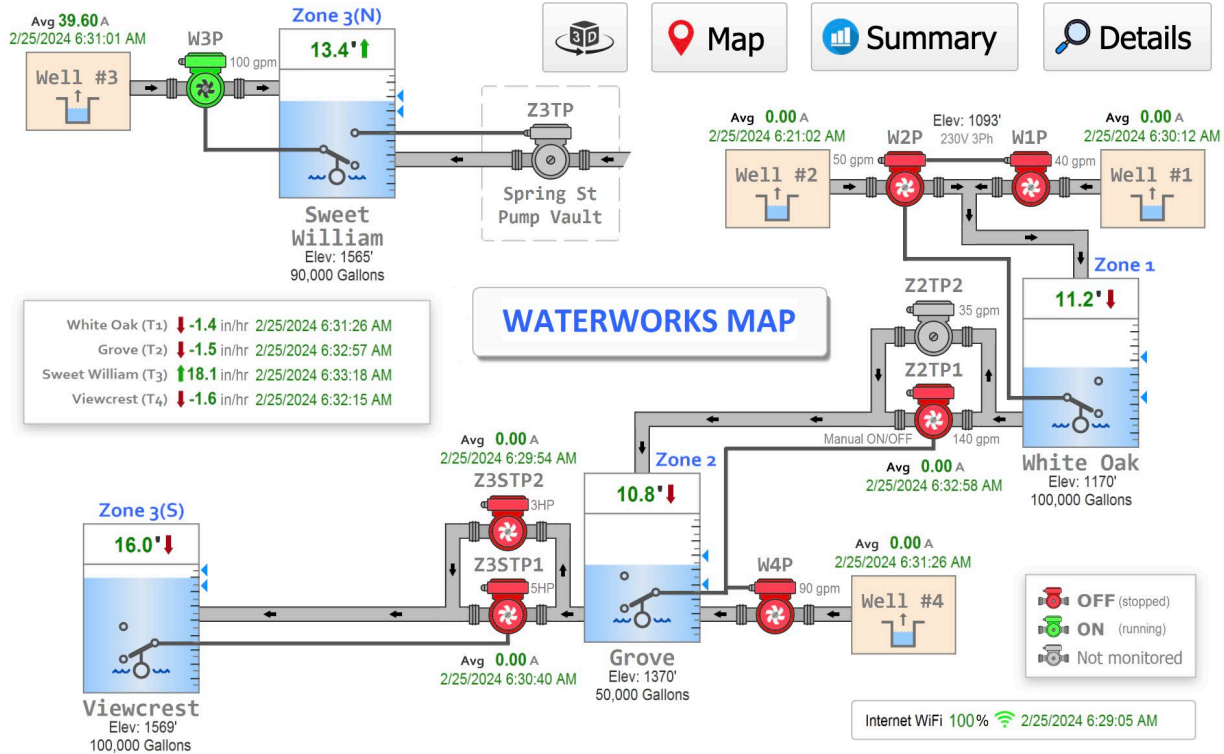
CONTROLS UPDATE



Progress with Iconia

Current status – Some Graphics Follow

- 1) Water Works
 - 2) Sensor view
 - 3) Graphics - Trends.
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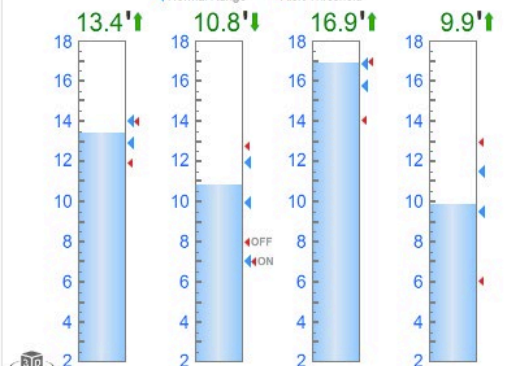


Low 9.9 High 16.9

Monitor | Sensor View | Diamond A Status



Normal Range Alert Threshold

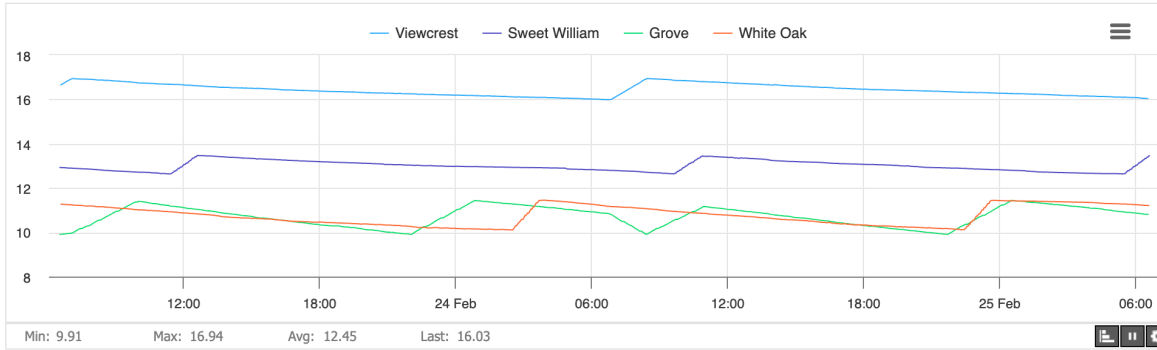


Sweet Wm.	White Oak	Viewcrest	Grove
12.82 V	12.43 V	5.61 V	12.30 V
39.31 A	0.00 A	18.14 A	27.18 A
-66 dB	-65 dB	-70 dB	-68 dB
-94 dB	-83 dB	-68 dB	-78 dB

Last Update:	3/14/2023 11:07:40 AM	Sweet William (T3)	9.8 in/hr
Peak (wo)	3/14/2023 11:08:51 AM	White Oak (T1)	-3.1 in/hr
OFF: 10pm-12pm	3/14/2023 11:04:35 AM	Viewcrest (T4)	7.6 in/hr
ON: 12pm-10pm	3/14/2023 11:07:00 AM	Grove (T2)	3.5 in/hr

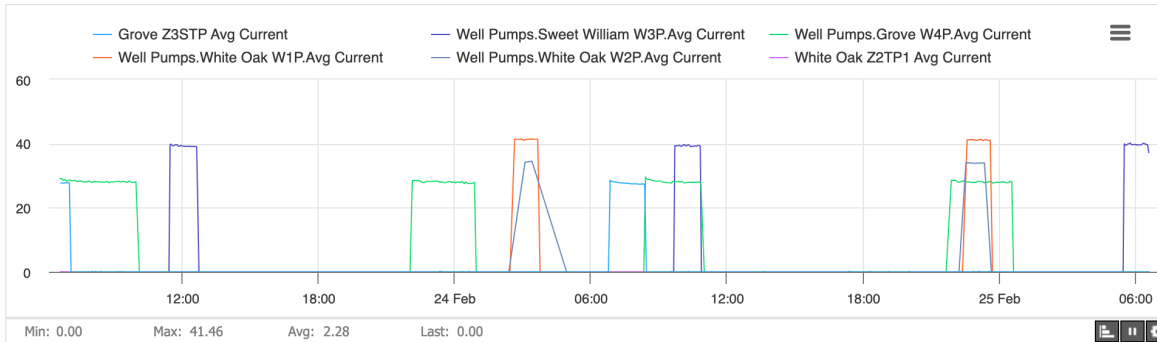
Map Flow Details

Diamond A.Sonoma.Water Tank Levels [feet]



Past 48 Hours

Diamond A.Sonoma [amps]



Current Status

- 1) Iconia radio communications at Well 1 and 2 upgraded and stable so we are monitoring the the power draw of well pumps 1 and 2.
 - 2) Support has been excellent and outages continue to be averted by using their systems.
 - 3) We have deferred transfer pump management. ATT upgraded phone lines from Well 4 to fill Zone 3(S) Tank at Viewcrest so should be good for years. They are in a position to manage this if needed.
 - 4) They are in a position to pick up well pump 1 and 2 controls should we ever need that.
 - 5) Excellent partner.
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Financial Status

- Annual CPA Reviewed Financial Statements in process and will be finalized and posted on the web site for members
- **Fiscal 2023 Year End Report (Internal):**
 - **Final Profit and Loss \$72K BETTER than Budget**
 - 2023 Budget was \$130k
 - 2023 Actual was \$202k
 - **Continue to Experience Significant Reduction in Water Usage since 2020, across all tiers**
 - Rate Increases taken in 2023 offset continued lower water consumption (Water Sales)

Financial Status

- **2023 Variances to Budget:**
 - Water Revenue was \$27k BETTER than Budget
 - M&I Revenue was \$13k BETTER than Budget
 - Repairs and Maintenance were \$22k UNDER Budget
 - Electricity was \$7k UNDER Budget

Financial Status

– Cap Ex \$43k Less than Budget

- DAMWCO continued to show good discipline in holding the line on Capital Spending
- Of the Cap Ex spend, \$43k related to the Pipeline Project for which State reimbursement has been subsequently received.
 - “True” Cap Ex were \$86k Less than Budget

– Ended 2023 with \$322k in Cash

- This is WELL ABOVE than our original projection of \$206k ending cash

Financial Status

- **2024 Plan**

- Budget is \$167k in Cash Flow, including M&I

- **Cap Ex budget includes**

- \$76k in general system maintenance (Operating Fund)

- **Budgeting to spend \$1.5mm on the Pipeline Project in 2024**

- **Will obtain \$900k Line of Credit**

- Enables us to pay pipeline contractors while awaiting State reimbursement

- Approved Term Sheet has already been received from 1 bank

Financial Status

- **2024 Year End Projection**

- Will use internal excess cash to help fund the Pipeline Project while pending State reimbursement

- **Projecting to drive down 2024 Ending Cash to \$71k**

- Projecting a loan balance of \$750k at year end, offset by \$1.1mm of reimbursement due from the State

- **Once the Pipeline Project is complete and all reimbursement is received, cash should exceed \$420k**

Reserve Analysis

- In 2020 the Finance Committee completed an evaluation to determine the adequacy of our current Reserves
 - The analysis gives us some good insight into which assets will need to be replaced over the next 5-10 years
 - The analysis is updated each year as part of the budgeting process
 - Replacement of underground pipelines are excluded from the analysis
 - Reserves are based on assets such as wells, pumps, motors, electrical panels, tanks, etc.

Reserve Analysis

- **Year End 2023:**

- Cash on hand is \$322k
- The Fully Funded Reserve target is \$671k
- **The Reserve Shortfall is \$349k**

- **Year End 2028 (Projected)**

- Cash on hand: \$890k
- The Fully Funded Reserve target: \$987k
 - The Reserve target increases over time as the system ages
- **The Reserve Shortfall will be reduced to \$97k**

Communications

- **Contingency Planning for System Disruptions**
 - Backup Power
 - » As done the last 4 years, continue to lease a generator during peak PSPS / Fire Season (Aug thru Oct)
 - » B&R has developed a detailed plan (e.g. quantity, size, type, location, compatibility with electrical requirements, etc.) to add permanent generator(s) in the DAMWCO system
 - » **Purchase of permanent generators is on hold until the Pipeline Project is complete**

Governance

- **Matters for approval by Members**
 - By Law Changes to be approved
 - Increase the number of Directors from 7 (Current) to 9
 - Directors to be elected
 1. **Ron Mattison**
 2. **Peter Hohorst**
 3. **Dave Martinelli**
 4. **Chris Coleman**

Governance

- **Board Action:**
 - Formalize Board Committees (to be done at the normal business meeting following the Annual Meeting)

Open Discussion

- Discussion with members on water company operations and management