

Diamond A Mutual Water Company

Joint Annual Meeting
and
Meeting of the Board

March 28, 2021

Agenda

Overview

- Welcome and Introductions
- Operations review
- Financial status
- Communications
- Governance
- Open discussion
- Adjourn

Operations

- Water quality (CCR)
- Water production
- Maintenance and repairs
- System controls
- Backup generators
- System leak evaluation
- Viewcrest Tank liner repair
- Storage shed installation

Operations (Cont'd)

Future

- Undergo a complete engineering analysis of the water system in order to identify efficiencies and to better respond to potential system failures and emergencies.
- Install a new backup transfer pump for Tank 3 (Sweet William) as backup for Well 3.
- Continue development of emergency backup generators
- Reroute a section of pipe that has high risk for leaks

Financial Status

- Annual CPA Reviewed Financial Statements are finalized and posted on the web site for members
- **Fiscal 2020 Year End Report:**
 - **Final Profit and Loss \$46K Better than Budget**
 - 2020 Budget was \$96k
 - 2020 Actual was \$142k
 - Revenue from Water Sales and M&I were \$53k higher than Budget
 - » \$24k due to Rate Changes for Q3 usage (Q4 billings)
 - » \$29k due to higher usage in drought year
 - Repairs and Maintenance were \$7k higher than budget
 - Electricity was \$6K higher than budget
 - Generator Related Costs (unbudgeted) were \$6k

Financial Status

- Cap Ex \$21k Less than Budget
- Ended 2019 with \$178k in Cash
 - Much higher than budget projection of \$116k ending cash

Financial Status

- **2021 Plan**

- Budget is \$130k Net Cash Flow with \$147k in Cap Ex
 - Electrical service at all well locations will be upgraded to easily accommodate a portable generator
- Will continue to amortize the final Westamerica tank loan with a \$51k principal reduction forecast for 2021
 - Final Tank loan will pay out in first half of 2022
- 2021 Ending Cash Projected to be \$161k

Financial Status

- **2021 Key Take-Aways**

- **Budgeting \$185k in Water Sales**

- Actual Water Sales were \$177k in 2020
 - Rate Increases will be realized in all 4 quarters of 2021 vs only 1 quarter in 2020
 - The \$185k in Water Sales is based on 2019 usage, multiplied by the current rates
 - If 2021 usage is the same as 2020, then Water Sales would end the year \$45k higher than budget

Financial Status

- **2021 Key Take-Aways**
 - **Budgeting \$65k in Repairs and Maintenance**

REPAIR AND MAINTENANCE HISTORY								
From Reviewed Financial Statements								
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	<i>BUDGET</i>
								<i>FY 2021</i>
TOTAL	25,255	27,912	25,604	44,689	52,055	75,225	58,048	65,000

Planning for Future Cap Ex

CAP EX BUDGET ITEMS DEFERRED TO LATER YEARS					<i>Estimated Cost</i>			
					2022	2023	2024	2025
	Replace Backup Transfer Pump at Grove to feed White Oak Tank				15,000			
	Transfer pump to feed Sweet William Tank from concrete vault on Spring near upper Grove				20,000			
	Purchase 50kw portable generator					60,000		
	Replace piping on DAMWCO lot at Kenleigh						40,000	
	B&R System Evaluation							50,000
					35,000	60,000	40,000	50,000

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
- **Our actual cash on hand is \$178k**
 - Our relatively low cash position has been driven by the need to replace or repair 4 failing redwood tanks since 2013

Reserve Analysis

- **Key Take Aways**

- **Excluding the Viewcrest Tank, we need \$325k in Reserves to be Fully Funded**
 - Not all of this would need to be in Cash—some could be financed
- **Ending Cash balances of \$313k are projected by the end of 2025**
- The Board will continue to monitor the adequacy of our Reserves on an annual basis going forward

Communications

- Emergency Response Planning
- Forecast drought conditions and water management

Governance

- Matters for approval by Members
 - Directors to be elected
 1. Richard Bryan
 2. Celia Schake
 3. Joe Lieber
 4. Patrick Treacy
- Election of Officers

Open Discussion

- Discussion with members on water company operations and management