

BRAZOS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION, INC.

2009 Annual Newsletter

! PLEASE READ ENTIRE LETTER !

You are invited to attend the annual meeting of the Brazos Mutual Domestic Water Consumers Association on **Saturday, May 23, at 1:00 p.m. at the Brazos Volunteer Fire Station.**

From May 2008 to May 2009 the Brazos Mutual Domestic Water Consumers Association (BMDWCA) Board of Directors (BOD) has continued its efforts to maintain and operate the water system, to ensure that every member has an uninterrupted supply of potable water and to operate in an improved business-like manner.

Over the past several years, both the physical state of the water system and the financial/record keeping associated with the system has improved. Details of these efforts are discussed within the body of this letter. A quick summary of the efforts of the BOD is listed below:

Water System Performance

- General Description
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- Water turn-on/off issues/policy
- Fire hydrant testing/water system flush
- Locating/isolating the old water system piping interconnections

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- New well expenses
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- Election of new BOD members
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- Business address/banking
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We are a small water system with limited water, personnel and financial resources. The BOD asks you to continue to practice water conservation in common-sense ways. The BOD also sincerely asks you to participate in your water system by attending meetings, suggesting topics for improvements, participating in the various work functions as they arrive—and we greatly

encourage members to run for election to the BOD. **This is your water system!** It enhances the enjoyment and value of your property in the Brazos.

As required by the Bylaws, the BOD elected new officers after last year's annual meeting. The following are the current BOD:

| Name | Position | Term expires |
|--------------------|-----------------|---------------------|
| Tom Petersen | President | May 2009 |
| Michael Valdez, MD | Vice-President | May 2011 |
| Deej Banister | Secretary | May 2009 |
| Rubel Martinez | Treasurer | May 2010 |
| Ron Stafford | BOD* | May 2011 |
| Rex Sewell | BOD** | May 2010 |
| T. J. Allard | BOD | May 2009 |
| Irv Lindemuth | BOD | May 2010 |
| Charlie Lawrence | BOD Nominated | May 2009 |

- * Certified water operator
- ** Trained water operator

The membership elected Bob Kinsey to the BOD last year. Bob immediately resigned his position in May 2008, due to a pending move from the area. Charlie Lawrence replaced Bob through a vote of the BOD. According to our Bylaws, the membership must elect someone to fill the remaining two years of Bob's term; therefore, we must elect four (4) board members this year—three (3) three-year terms and one (1) two-year term.

We would like to emphasize to everyone that the BOD voluntarily donate their personal time to manage the resources that provide you with a usable water supply. We encourage you to contact any of the Directors with any issue(s) or concern(s) of your water system.

We continue to have two (2) paid staff members to help with the operation of the system. They are doing an excellent job.

| Name | Position |
|-----------------|---------------------------------------|
| Levi Sandoval | Maintenance Operator (under contract) |
| Gretchen Denman | Bookkeeper (under contract) |

DETAILS OF THE CURRENT STATUS OF THE BMDWCA

Water System Performance

General Description: We continue to obtain our water from three sources: Two (2) wells (referred to as Well #1 and Well #3) and a surface-spring water collection (referred to as the Gallery). During the late summer months, the spring diminishes and unless we have significant rain, the Gallery is not productive. In the winter months, the Gallery freezes and all of our water must come from the two (2) wells. Levi Sandoval has ensured that appropriate

levels of chlorine and required filtration are introduced into the system at the Gallery collection point. We presently store water in two (2) tanks, which hold a total of 92,000 gallons.

Well #1 and Well #3 are essentially producing the quantities that they were last year for a total output of approximately 4,566 gallons per day. This total does not account for leaks. The National average of loss due to leaks is estimated at 10% to 15% of production.

We were fortunate in 2008 to have sufficient rain that kept the Gallery running longer than normal, thus we were able to refill the tanks in order to have adequate supply on the weekends. Based on the average household consumption of 80-120 gallons per day per person, our peak daily consumption continues to exceed the daily well production capability. Fortunately, we have been able to recover during the week from high weekend consumption.

The well production in the last two (2) years is a significant reduction from previous production (about 6,000 gallons per day) and is a continuing major concern, primarily due to the casing deterioration of Well #1. We believe this concern will be addressed by a new well.

New Well: We will have a new commercial-size well in production this year. Through the efforts of Ron Stafford, we have secured a \$160,000 grant to fund the new well. The driller has been selected and the well location behind the pump house at Well #1 has been set. We will utilize the existing pump house; however, we will have to fund the pump, the connection to our current distribution system and the required pumping and piping. This will have a financial impact on our assets. We feel it is absolutely necessary if we are going to have a reliable supply in the future. We have set aside reserves to cover these expenses in our budget. The cost estimate is about \$25,000.

Leak Detection: Last fall, at a cost of about \$2,500, we contracted with a company to perform leak detection of our system. Six (6) leaks were found. Half of these leaks were significant and the BOD worked with the responsible property owner(s) to have them repaired. The BOD feels this is a valuable service, and we are likely to continue this activity in the upcoming years.

Water Turn-On/Off issues/Policy: We have had several water turn-on/off issues this past year. If the BOD has turned off your water for any reason, e.g., leaks at your cabin site, delinquent fees, etc., you will be notified. You will need to contact a BOD member to have your water turned back on. The BOD asks you to contact us a few days prior to your arrival in the Brazos to make sure a member of the BOD is available. We will not turn on your water without you being at your cabin. We had a cabin turned on by the BOD this last winter and the cabin had severe frozen plumbing problems due to lack of proper winterization. If the water had been turned on without the property owner present, extensive damage to the cabin would have occurred. Therefore, it is not the policy of the BOD to turn on water without a property owner present to verify that the cabin does not have a leak issue. This is to protect the property owner(s) and the water system from leak damage. Also, the BOD will not turn water on after dark—this is a safety issue.

The BOD strongly encourages property owners to turn off the water to property that is likely to be unused over the winter. This should be done in an attempt to prevent possible extensive water damage should a cabin not be correctly winterized. The meter valve should not be the

only valve to control water to your cabin, you must have another functional stop and waste type valve on your property. The BOD can recommend a valve if needed. Our website has contact information available for BOD members, including the phone numbers of those with phones in the Brazos Canyon.

Fire Hydrant Testing/Water System Flush: Every year the Volunteer Fire Department and the BMDWCA Maintenance Operator team-up to flush the water lines and test the fire hydrants. In prior years testing the water resulted in discoloration due to the mineral sediments collecting over the year. We recommend that you gather drinking water for the day of testing. It is also recommended that you refrain from washing clothes during this period. As always, if you have any questions, do not hesitate to contact anyone on the BOD. Because of the catastrophic event that occurred with the Brazos Volunteer Fire Department’s fire station, the annual flushing of the water lines has not been scheduled. When the date is determined, we will notify you on our website, through our e-mail distribution and on the bulletin board across from the Cliffview Restaurant.

Locating/Isolating the Old Water System Piping Interconnections: The old water distribution system was not totally isolated/disconnected from the present distribution system. This continues to be a concern for the BMDWCA. This year we will try to discover the possible interconnections and isolate them. Reserve funds have been and will continue to be set aside for these efforts.

Financial Summary

Assets:

The BMDWCA has the following financial assets as of March 31, 2009:

| | |
|---------------------------------|------------------|
| Checking Account | \$ 54,901.47 |
| Citigroup Smith Barney | <u>62,105.47</u> |
| Total Checking and Smith Barney | \$117,006.94 |

The expected income for 2009-2010 will be approximately \$73,000.00:

| | |
|---------------|--------------|
| Assessments | \$ 10,433.00 |
| Non-User Fees | 2,640.00 |
| User Fees | 57,190.00 |
| Commercial | 750.00 |
| Interest | 1,600.00 |

Loans: BMDWCA has three (3) loans to pay off:

| <u>Loans</u> | <u>Annual Payment</u> | <u>Loan Balance</u> | <u>Pay Off</u> |
|--------------|-----------------------|---------------------|----------------|
| 1 | \$15,068.17 | \$ 45,204.53 | 2012 |
| 2 | 5,898.33 | 76,678.29 | 2021 |
| 3 | <u>1,684.91</u> | <u>28,641.81</u> | 2025 |
| Total | \$22,651.41 | \$150,524.63 | |

Monthly Expenses: Not including the loan payments, the average monthly expenses are approximately \$2000 for electrical power, insurance and other operating expenses. If we include the loan payments, our monthly operating expenses are approximately \$4000.

New Well Expenses: The BMDWCA expects to have about \$25,000 in expenses for pump, piping, valves and electrical work for the new well. This has been anticipated and we have budgeted for this expense.

Budget Performance: Last year, Ron Stafford established a budget for the BMDWCA. The budget has been projected out three (3) years and will be modified as appropriate each year.

Major expenses were planned for the new well this past year; however, due to Bureau of Reclamation (Governmental) planning, NEPA documentation and contractor selection, the well will not be drilled until this summer. Therefore, expenses will be incurred this FY.

Reserves: Reserves are being set aside for pump and well parts failure, inappropriate PVC replacement, disconnection of old lines, replacement of aging lines and Uranium/Arsenic removal.

Late Payment/Billing Actions: A great deal of time and effort of the BOD has gone into collecting delinquent annual dues and fees. This involved writing and sending registered letters along with other activities. Only a few of the BMDWCA members are late in their payments. The vast majority of you pay promptly—thank you. It is not fair to the prompt paying members to carry the late or non-paying members. Therefore, the BOD is being aggressive in following the policies in the Rules and Regulations and Bylaws to either receive payment or to pursue revoking the non-paying member’s membership in the BMDWCA. It is the strong desire of the BOD to have all members in good standing receive water and have the value of their property enhanced with a water system membership.

Assessment Installment: For most members this will be the last year for a \$100 Assessment installment payment. The Assessment was established in 1990 and many members chose to pay in twenty (20) installments. A few members will continue to have Assessment billings on their yearly invoices due to the date of their induction into the Assessment contract, non-payment of their bill and/or missed payments.

Operating Processes and Procedures

Election of New BOD Members:

This year we need to elect four (4) members for the BOD—three (3) for 3-year terms and one (1) for a 2-year term.

| Present BOD Member | Position Ending | End of Next Term |
|---------------------------|------------------------|-------------------------|
| Tom Petersen | May 2009 | May 2012 |
| T.J. Allard | May 2009 | May 2012 |
| Deej Banister | May 2009 | May 2012 |
| Charlie Lawrence | May 2009 | May 2011 |

Support Staff: We continue to have excellent service from our support staff. Gretchen keeps the books straight, and Levi keeps water in the pipes. We thank them for their continued support.

Rules and Regulations Changes: The BOD continues to review the Rules and Regulations. Any changes we make will be posted on the website for your review.

Business Address/Banking: The business address is a Chama address, which makes it easier to conduct business where the Association is located:

BMDWCA
HC 75 Box 178
Chama, NM 87520

Our banking is with Community Bank, which has offices in Chama, Espanola, Santa Fe, Los Alamos and Albuquerque. This allows us to access our assets and conduct business from Chama and Albuquerque. Our investment accounts are with Citigroup Smith Barney in Albuquerque.

BMDWCA Website: The BMDWCA website has important information for the entire membership. Through the website you can access topics of general information and frequently asked questions. The home page has a “news flash” section that captures immediate information. Other drop-down menus route you to contact information, monthly meeting schedules, meeting minutes and financial reports. We strive to provide efficient and effective communication to the members.

Web Site: www.brazoswaterinc.com

E-mail Addresses: We are asking the members to supply e-mail addresses as part of our annual billing. This will allow us to send out important notices about the BMDWCA and urgent bulletins. We will also have a sign-up sheet at the annual meeting. If you will not be at the annual meeting and if you have not returned your e-mail address with your annual payment, please send an e-mail message to irvl@att.net to be added to our list.

Thank you,



Tom Petersen
President

On behalf of the Brazos Mutual Domestic Water Consumers Association, Inc.

Please remember the annual meeting!!!!

Brazos Volunteer Fire Station

Saturday, May 23

1:00 p.m.