

Bailey Mutual Water Company Board Meeting

June 5 2026 - Gerber Cabin 33623 Ivy Trail/Bailey Meadow Road

Minutes

Present:

Laura Lorentzen - President

Robert Lopez - VP

Laurie Gerber - Secretary

Shane Kochon - Treasurer

Absent

Henry Castillo - Operations Manager

President Laura called meeting to order at 5:11pm

President's report: Laura may miss the annual shareholder meeting on Labor Day, Monday, September 7th due to a planned trip.

Rates for 2026-2027

Major cost components

- **Labor:** The board reviewed a preliminary list of tasks and roles that are unassigned. Would shareholders volunteer for these? A rough cost estimate was included if we need to hire people to fill the roles.
- **Insurance General Liability:** We received a quote for general liability insurance and Directors and Officers (D&O) insurance at a reasonable cost \$1,134.98. This coverage could be in lieu of our current D&O insurance or in addition to. Shane and Laurie will follow up and verify that the proposed coverage meets our needs.
- **Capital Improvements:** However, because we have extensive deferred maintenance on all parts of the system, we will be facing high capital improvement costs for the next 5 years. The board considered projections of our ability to cover capital improvements at various water rates.

Capital improvement costs: The board considered ways to adapt capital costs to our budget, such as slowing the pace of projects; increasing rates; getting a loan; and appealing to shareholders and the resort for funds.

Robert volunteered to coordinate capital improvement projects. Other than permitting.

Follow-up questions before finalizing rates:

1. **What are rates for other comparable systems?**
2. **What does the California Rural Water Association rate study suggest** (the study was not completed in time for the board meeting, but will also be based

on our capital improvement plan and operating expenses plus expected labor costs.)

The board will hold another discussion via Zoom once this information becomes available.

Laura moved that we provisionally adopt rates of: \$455 water fee. (Shane verified that this amount matches our per share cost of basic operating costs outside of capital improvements.); \$445 assessment for capital improvements, for a total of \$900 per year for active connections; Undeveloped water shares pay only the capital improvements fee. This represents a total increase of \$300 per year per share for active connections and was seen as a meaningful step toward covering our capital improvements that will not be an insurmountable hardship to shareholders. **Robert second; Passed 4-0-0**

Annual Mailing - to be sent before June 25

Laura will prepare a message for shareholders to encourage volunteer participation in running the water company with the fact that it will help control operating costs and water rates. She may couch this as a survey of willingness to participate as a volunteer.

Laurie will send out the annual mailing before she leaves for a 2-week trip on June 25th.

Annual mailing components:

- 1. President's message**
2. Water bill
- 3. Survey and volunteer solicitation**
4. Annual meeting announcement and proxy statement
5. Operations report
6. NEW: Disinfection and work party schedule
7. Contact information update request
8. Please Conserve Water card

USDA Grant update:

- Laurie will meet with the engineering firm to tour our system this month to help them propose a budget for the grant work.

Capital improvement project planned for 2026-2027

- Reconfigure uplink and upgrade well pump. This would bypass the transfer tank and pump directly from the well to the 25,000 gallon steel tank. It would address a citation on the transfer tank and leave us with just one pump to maintain.
- Related optional projects
 - Remove the old spring box and collapsed roof.
 - Pump shed - rebuild or move electrical to generator shed
 - Repipe to Anderson and Thompson
 - Retaining walls and safety rails

- Wes Bergman has visited to assess the job site and will provide quotes on the trenching and piping components of the project.

Materials - Schedule 80 or 40? Robert asked why we are considering Schedule 80 (heavier duty pipe), noting that breaks are usually at poorly-made joints. Laurie said because of the potential for freezing, and also because when we repair pipes, there are often scratches or other damage in the pipes themselves that weaken the line.

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Other:

- **Aquifer data** - Wes Bergman's family spring water business sells 80K gallons/day - 10-12 trucks. Has noticed only minor change in levels over time/seasonally. Spring water businesses overseen by Cal Dept of Public Health. The Bergman family wells are closer to Bailey Mutual than State Park which reported a water problem.
- **Strategy Committee?** Laurie wondered if shareholders would volunteer to consider BMWCo's future 5-10 years into the future.
- Laurie mentioned that the **First Saturday work parties can be a way to satisfy more state requirements for maintenance if we add a few items to each month's task list.** However, **we will need additional volunteers** to accomplish this. The First Saturday work parties are two hours per month 10am-noon on the first Saturday of every month. **Laurie will promote First Saturday work parties at the annual meeting.**
- **Become a non-profit?** Shane: We are currently paying tax on our shareholder payments. We could save money on taxes and qualify for better loan terms and more grant opportunities if we became a non-profit. Shane mentioned that it would involve more accounting services than we currently use and we don't pay all that much in taxes. Topic was tabled for the time being.

The board will hold a regular meeting July 17, 2026 at 5:00pm.

Meeting adjourned at 7:02pm

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