

Markleeville Water Company Annual Meeting

August 2, 2025

President's Report

1) Company Overview

- a) MWC is a Mutual Water Company – we are owned by our members.
- b) We have five elected, unpaid Board Members who meet monthly and make business management and administrative decisions.
 - i) Becky Thornburg – Vice President
 - ii) Kris Hartnett
 - iii) Mark Schwartz
 - iv) Rich Harvey
 - v) Mary Young
- c) We have three part time employees.
 - i) Joanne Oehlerking, secretary treasurer
 - (1) Handles billing and financial record keeping
 - (2) Prepares meeting agendas, Kris Hartnett is now taking meeting minutes
 - (3) Takes care of daily correspondence and monitoring e-mail account
 - (4) Many thanks to Joanne for cheerfully taking on her many duties.
 - ii) Buck McLelland, Sierra Water Operators LLC, Plant and Distributions Systems Licensed Operator.
 - (1) MWC now contracts for Buck's services through his company, Sierra Water Operators LLC. Buck brings a high level of professionalism and experience to MWC. We're very fortunate to have him.
 - (2) Buck continuously works to bring MWC the best possible water quality.
 - iii) Kris Hartnett, Operations under the supervision of the Licensed Operator.
 - (1) Works with Buck to help deliver high quality water.
 - (2) Is available locally to respond to water line breaks and other issues requiring immediate attention.
 - (3) Also serves on the board of directors.
 - (4) Thanks to Kris for the many hours he devotes to MWC.

2) Operations

- a) System is in compliance with State Water Quality Standards.
- b) Consumer Confidence Report is available on our web site and copies are available at this meeting.

3) 2024-2025 Issues and Achievements

- a) Bylaw Update
 - i) MWC finally completed our update bylaws. Many thanks to former Director, Steve Hibbs for doing the bulk of the work on this project.
 - ii) New bylaw will bring us into conformance with current law and regulations.
 - iii) The Proposed bylaws are on MWC's website.

Markleeville Water Company Annual Meeting

August 2, 2025

President's Report

- iv) Bylaws are on the agenda today for approval by the membership. Ballots will be mailed if there is not a quorum.
- b) Musser and Jarvis Watershed Restoration
 - i) The Musser and Jarvis watershed provides the surface water portion of our drinking water.
 - ii) MWC continues to work with Alpine Watershed Group to monitor restoration of our watershed.
 - iii) The Forest Health Community Working Group created a Musser and Jarvis Watershed Committee to review possible additional restoration work in the watershed. The Forest Service has some remaining Tamarack Fire restoration funds which could be used in Musser and Jarvis.
- c) Redistribution of Returned Shares (Memberships)
 - i) Shares in the Corporation are appurtenant to one parcel of land within the Corporation service area and entitle the owner of the parcel membership in the corporation and a three-quarter inch domestic water service connection. Shares cannot be sold and can only be returned to the corporation if water is no longer needed on the parcel. This general happens when lots are merged, or the owner buys the adjacent parcel.
 - ii) MWC had three such returned shares that we made available for purchase to property owners within the service area that did not have shares.
 - iii) One share was sold, and one offer is pending.
 - iv) Sale of shares benefits MWC and all its current shareholders as we now have more rate paying members.
- d) Cross Connection Control Plan and Handbook
 - i) As mandated by the State, MWC adopted a Cross Connection Control Plan, and the State issued Cross Connection Control Handbook.
 - ii) This Plan's purpose is to protect water users from contamination of the water in the distribution system due to connections with non-potable sources.
 - iii) Initial impact is that fire sprinkler system backflow preventors must be inspected annually by the building owner and MWC must track and report this information.
 - iv) Many thanks to Kris Hartnett for tracking down all the requirements for this additional regulation and getting MWC in compliance.
- e) SWRCB Grant for Water System Improvements
 - i) MWC's grant with California State Water Resources Control Board for construction of improvement to our water system was amended from \$5,884,095 to \$6,000,000.
 - ii) This Grant is paid for by Proposition 68 and the Safe and Affordable Funding for Equity and Resiliency (SAFER) Drinking Water Program.
 - iii) Design and construction management for the project performed by West Yost.
 - iv) Haen Constructors is the Contractor.
 - v) Bridge Loan

Markleeville Water Company Annual Meeting

August 2, 2025

President's Report

- (1) MWC Members approved bridge financing for the project in April
- (2) Bridge loan was approved, and first draw was taken in June.
- (3) Loan will help MWC pay the Contractor in a timelier basis
- (4) Interest and fees for loan to be paid for out of the grant.
- vi) Construction started in August 2024 and is ongoing. The following is completed:
 - (1) Water line in Hot Springs Road from Pleasant Valley Road to Montgomery Street (majority of this line is in service)
 - (2) Water line in Hot Springs Road from Pleasant Valley Road to the Water treatment plant (not yet in service).
 - (3) Pump Station (partially complete)
 - (4) Pressure Reducing Station (partially complete)
- vii) The following will start construction soon
 - (1) New power and pump station controls at the Pleasant Valley Tank to automate control of the new pump station.
 - (2) Demolition of the old pump station at the intersection of Pleasant Valley Road and Hot Springs Road
 - (3) Water line in Pleasant Valley Road from Oxbow to Pinon – construction of this pipeline is contingent on budget.
- viii) The project is behind schedule due to coordination issues on Hot Springs Road. Start of the project was also delayed due to when the Funding Agreement for Construction was approved and the need to re-bid the project due to irregularities.

ix) Grant Budget Status as of the end of July:

Grant Funded Project Budget Status	Funded Amount*	Billed	Percent	Remaining
Construction - Haen Constructors	\$ 4,382,326.00	\$ 2,594,815.00	59.2%	\$ 1,787,511.00
pre-purchased Material/Equipment	\$ -			
Real Property or Easement Acquisition	\$ -			
Change Order Contingency	\$ 438,346.00	\$ 423,713.91	96.7%	\$ 14,632.09
Force Account	\$ -			
Allowances (Soft Costs)	\$ 1,179,328.00	\$ 1,005,128.25	85.2%	\$ 174,199.75
Planning	\$ 9,095.00	\$ 9,095.00	100.0%	
Design	\$ 538,272.00	\$ 529,163.75	98.3%	
Construction Management	\$ 604,000.00	\$ 454,854.50	75.3%	
Administration	\$ 27,961.00	\$ 12,015.00	43.0%	
	\$ 6,000,000.00	\$ 4,023,657.16	67.1%	\$ 1,976,342.84

* Contract with Haen is for \$4,277,061. Increased funding amount has not be applied to the contract

4) Future Challenges

a) Water Conservation

- i) Please abide by the current water conservation standards. This document is on the board at the post office and is also on our web site.
- ii) Further cutback may be required later in the year depending on the weather and stream flow conditions.

Markleeville Water Company Annual Meeting

August 2, 2025

President's Report

- iii) Please pay attention to notices from MWC requiring additional conservation measures.
- b) Replacing Old Equipment at the Water Treatment Plant
 - i) Existing equipment is quite old – spare parts not available.
 - ii) The process controller needs to be replaced before it fails, and we have an emergency.
 - iii) SWRCB grant funds are no longer available for plant upgrades.
 - iv) MWC is looking into alternative sources for grant funding.
 - v) If other sources cannot be found MWC member may see a rate increase to pay for these improvements.
- 5) Budget for 2025-2026 is attached.

EXPENSE CATEGORY	DESCRIPTION	2024-2025 Budget Amount	2024-2025 Actual Amount	2024-2025 % of Budget	2025-2026 Budget Amount
202	FEDERAL WITHHOLDING				
203	EDD,UI,ETT,SDI @ 5.39%				
204	FICA				
205					
206					
501	SALARIES (1 ASSOCIATE OPERATOR, 1 SECRETARY - ALL PART TIME)	\$ 25,000.00	\$ 27,319.25	109%	\$ 28,000.00
502	UTILITIES	\$ 17,000.00	\$ 32,304.28	190%	\$ 35,000.00
503	WATER ANALYSIS	\$ 6,000.00	\$ 4,717.82	79%	\$ 5,000.00
504	OFFICE EXPENSE	\$ 2,000.00	\$ 2,426.88	121%	\$ 2,500.00
506	REPAIRS, MAINTENANCE & IMPROVEMENT	\$ 60,000.00	\$ 38,201.85	64%	\$ 40,000.00
507	OPERATING SUPPLIES	\$ 12,000.00	\$ 3,910.82	33%	\$ 6,000.00
508	FED X , USPS MAILINGS	\$ 2,000.00	\$ 1,602.08	80%	\$ 2,000.00
509	LICENSES, PERMITS, LIENS, FEES	\$ 4,000.00	\$ 4,925.41	123%	\$ 5,000.00
510	INSURANCE (LIABILITY,PROPERTY, E&O, WORKER COMP)	\$ 7,000.00	\$ 8,733.20	125%	\$ 9,000.00
511	TRAINING		\$ -		
512	REIMBURSEMENTS		\$ -		
513	TAX PREPARATION	\$ 4,000.00	\$ 3,654.00	91%	\$ 4,000.00
514	FRANCHISE TAX BOARD	\$ 800.00	\$ 2,506.00	313%	\$ 1,000.00
515	EFPTS (FEDERAL PAYROLL TAXES SS @6.2%, MC @ 1.45%)	\$ 6,000.00	\$ 6,581.43	110%	\$ 6,000.00
505	LEGAL FEES	\$ 6,000.00	\$ -	0%	\$ 4,000.00
518	Sierra Water Operators LLC	\$ 35,000.00	\$ 27,900.00	80%	\$ 35,000.00
522	TRAVEL & MILEAGE	\$ 800.00	\$ 704.64	88%	\$ 800.00
523	GRANT FUNDING COSTS*				
526	SUBMAIN PIPELINE PROJECT				
SUBTOTAL (expense categories line item1-22)		\$187,600.00	\$165,487.66	88%	\$183,300.00
CONTINGENCY @ 5%		\$9,400.00			\$9,200.00
TOTAL OPERATING EXPENSES		\$197,000.00	\$165,487.66		\$192,500.00
ANNUAL CAPITAL IMPROVEMENT FUND CONTRIBUTION		\$ 10,000.00	\$11,832.00		\$ 10,000.00
BUDGET TOTAL		\$207,000.00	\$177,319.66		\$202,500.00
INCOME			\$186,137.82		\$ 185,000.00