

PINON PINES MUTUAL WATER COMPANY

www.pinonpinesonline.com

1ST QUARTER UPDATE

January 1, 2018

MESSAGE FROM THE WATER SYSTEM MANAGER:

Fluoride Variance:

The State Water Resource Control Board is communicating with the agencies working to build necessary facilities to comply with the fluoride variance that we have applied for. Once we are approved for grant funding for the new facilities, design and construction can commence. After the new facilities are in place the state will grant the fluoride variance to Pinon Pines.

Well #5 Rehab:

Well #5 has been our most reliable well for many years. However, this means that we have gotten behind on its maintenance. We are currently in the process of cleaning the casing down the well by chemical and mechanical means. Once cleaned, we will install a new pump, motor and pipe to ensure that Well #5 continues to be reliable for many years to come.

Water Storage Tanks:

In July, our storage tanks were entered by a professional tank inspector/diver for the first time in 10 years. This inspection found significant buildup in the tanks that required them to be drained and cleaned. We have now completed this task and have also performed hydrant flushing, to clean the water mains. These tasks have hopefully improved the aesthetics of your water. If you have any concerns about odors or color in your water, contact us by calling (661) 245-4420.

Vehicles:

We replaced our old 2-wheel drive Ford Ranger with a used 2010 4-wheel drive Chevrolet Silverado, with low miles, as our maintenance vehicle.

Water Conservation:

We would also like to ask everyone to look at their water use practices and make sure that you are using your water efficiently. Our water comes from below our feet, and if over exhausted it can require costly measures to find a new source of safe drinking water.

Openings on the Board of Directors:

We will have two openings on the Board of Directors later this year, when current terms are completed. Please think about volunteering if you are interested in guiding the future of your water company.

YOUR WATER BOARD MEMBERS ARE:

Larry Borcharding, President	(661) 245-1408
Bruce Gendron, Vice President	(805) 573-9919
Brandon Grosh, Treasurer	(661) 755-2192
Brandon Zvara, Secretary	(559) 892-8833
John Everroad, At-Large	(661) 645-4831

**MEETINGS ARE HELD THE
4th MONDAY OF EACH
MONTH AT 6:30 p.m.
at the corner of Deer Trail and
Coldwater Drive**

Please contact any of the Water Board Members if you have any questions.

Austin Mielke, General Manager	(661) 245-4420	This is also the Maintenance number
Kelly Mielke, Bookkeeper	(661) 245-4003	This is also the Bookkeeping number

IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER

Este informe contiene información muy importante sobre su agua potable.
Tradúzcalo o hable con alguien que lo entienda bien.

Pinon Pines Mutual Water Company Has Levels of Fluoride Above the Drinking Water Standard

Our water system recently violated a drinking water standard. Although this is not an emergency, as our customers, you have a right to know what you should do, what happened, and what we are doing to correct this situation.

We routinely monitor for the presence of drinking water contaminants. Water sample results received on 10/20/2017 showed that *the drinking water provided by Pinon Pines Mutual Water Company has a fluoride concentration of 3.2 mg/L Running Annual Average*. This is above the standard, or maximum contaminant level (MCL), of 2.0 mg/L.

What should I do?

- **Children under the age of nine should use an alternative source of water that is low in fluoride.** You may also want to contact your dentist about proper use by young children of fluoride-containing products.
- *This is not an emergency. If it had been, you would have been notified immediately. Rather, this is an alert about your drinking water and a cosmetic dental problem that might affect children under nine years of age. At low levels, fluoride can help prevent cavities, but children drinking water containing more than 2 milligrams per liter (mg/L) of fluoride may develop cosmetic discoloration of their permanent teeth (dental fluorosis).*
- *Dental fluorosis may result in a brown staining and/or pitting of the permanent teeth. This problem occurs only in developing teeth, before they erupt from the gums. Children under nine should be provided with alternative sources of drinking water or water that has been treated to remove the fluoride to avoid the possibility of staining and pitting of their permanent teeth. You may also want to contact your dentist about proper use by young children of fluoride-containing products. Older children and adults may safely drink the water.*
- *Drinking water containing more than 4 mg/L of fluoride can increase your risk of developing bone disease. Although bone disease may develop in anyone exposed to years of drinking water containing more than 4 mg/L of fluoride, dental fluorosis can occur after a relatively short period of exposure (i.e. months) in children under the age of nine.*
- *For other health issues concerning the consumption of this water, you may wish to consult your doctor.*

Some home water treatment units are also available to remove fluoride from drinking water. To learn more about available home water treatment units, you may call the California Department of Public Health, Water Treatment Device Unit at (916) 449-5600 or visit the Department's website at:

http://www.waterboards.ca.gov/drinking_water/certlic/device/watertreatmentdevices.shtml

What happened? What is being done?

Fluoride contamination is rarely due to human activity. Fluoride occurs naturally in some areas and is found in high concentrations in our source water.

We are working with the California Department of Public Health on a funding project to install fluoride removal treatment to resolve the fluoride problem.

For more information, please call Austin Mielke of Pinon Pines Mutual Water Company, at (661) 245-4420. Please share this information with all the other people who drink this water, especially those who may not have received this notice directly.

Pinon Pines Estates Mutual Water Company

DATE: December 12, 2018
TO: Pinon Pines Shareholders
FROM: The Board of Directors
RE: 2018 Budget

With the approaching fiscal year end of the Pinon Pines Mutual Water Company, the management has undertaken a thorough review of the operating budget with the goal of providing for efficient operations and for funding adequate reserves to meet long-term requirements. As a result of this review, the management has determined that the current water rates are insufficient in order to maintain the financial integrity of your water company and to meet the ongoing maintenance costs. As such, your quarterly water assessment will be increasing by 8.3% in 2018. This increase was preceded by a 20% increase in 2017 and will likely be followed by another 10% increase in 2019. Starting January 1, 2018 the annual water rates will be as follows:

	2017	2018
Improved Lot	\$720.00	\$780.00
Partially Improved Lot	\$528.00	\$572.00
Unimproved Lot	\$312.00	\$338.00

Unfortunately, the Water Company does not have sufficient reserves to repair or replace the long term assets such as tanks, pumps houses or other infrastructure. Additionally, we may be required to install water meters in the near future and must save for this expense. Historically, the Water Company has charged the shareholders enough to cover the annual operating costs but have not set money aside for reserves. The increases that are described above are going to be allocated towards our reserve deficiencies. The management is also going to work diligently to minimize operating costs so that excess operating funds can also be transferred into reserves. The management is aware that this increase is significant but feels that it is in the best interest of the shareholders to have a healthy reserve fund.

Recently the Board submitted a request to the State of California for a variance to the fluoride problems that the community has faced for years. The State Water Resource Control Board has approved this variance conditionally on our ability to maintain our fluoride levels below 3.0 mg/L. In order to meet this goal, the management is working with a self-help organization that specialize in helping small water companies like ours to procure grant funding to build a blending facility.

Enclosed you will find the 2017 budget, the latest balance sheet and the income statement which shows how the shareholder funds have been spent over the last year. Additionally, you will see the recently adopted 2018 budget which shows how your funds will be spent next year.

The Board of Directors has changed their meeting day to the fourth Monday of every month at 6:30 p.m. at the Firehouse, which is located at 1001 Coldwater Drive. All are welcome and encouraged to attend!

Sincerely,
Pinon Pines Estates Mutual Water Company Board of Directors

Pinon Pines Estates Mutual Water Company

BUDGET INFORMATION				BALANCE SHEET - as of 11/30/2017	
	<u>Jan - Nov 17</u>	<u>2017 Budget</u>	<u>2018 Budget</u>		
Income				Assets	
Interest Income	21.60			Current Assets:	
Late Charges	1,153.58			Checking Account	111,748.71
Transfer Fees	2,705.00			Savings Account	100,102.96
Water Fees	199,845.94	200,880.00	217,672.00	Total Checking/Savings	211,851.67
Total Income	<u>203,726.12</u>	<u>200,880.00</u>	<u>217,672.00</u>	Fixed Assets:	
Expense				Autos and Trucks	10,681.21
Auto	2,667.23	3,500.00	4,500.00	Plant and Equipment	647,283.79
Bank Charges	12.00	50.00	50.00	Less Depreciation	(548,152.98)
Bookkeeping	8,550.00	9,000.00	9,600.00	Total Fixed Assets	109,812.02
Education	382.50	500.00	500.00	TOTAL ASSETS	
Insurance					<u>321,663.69</u>
Auto	534.24	1,500.00	800.00	Liabilities and Equity	
Liability	5,576.00	4,000.00	6,000.00	Opening Balance Equity	2,930.00
Medical	4,111.48		10,000.00	Paid in Capital	96,463.00
Workers Comp	69.10	5,000.00	5,150.00	Retained Earnings	139,434.67
Total Insurance	10,290.82	10,500.00	21,950.00	Net Income	82,836.02
Licenses	2,047.00	2,100.00	300.00	TOTAL LIABILITIES	
Maintenance	18,109.66	20,000.00	20,000.00	AND EQUITY	
Membership	962.50	500.00	1,050.00		<u>321,663.69</u>
Misc Expense	-	500.00	500.00		
Office Supplies	1,485.62	1,500.00	1,500.00		
Outside Labor	240.00	500.00	500.00		
Payroll Expenses	35,660.34	45,000.00	51,500.00		
Penalties	1,299.73				
Postage	754.60	1,000.00	1,000.00		
Professional Fees					
Accounting	-	1,500.00	1,500.00		
Engineering	-	6,000.00	1,500.00		
Legal	1,403.00	3,500.00	3,500.00		
Total Professional Fees	1,403.00	11,000.00	6,500.00		
Taxes					
Federal	9,722.00		10,000.00		
Property	127.83	250.00	150.00		
State	3,858.00	1,000.00	4,000.00		
Total Taxes	13,707.83	1,250.00	14,150.00		
Testing	2,653.50	3,500.00	2,000.00		
Utilities					
Electricity	17,934.14	23,000.00	23,000.00		
Firehouse	805.94	900.00	900.00		
Telephone	1,423.69	1,600.00	1,200.00		
Utilities - Other	500.00	-			
Total Utilities	20,663.77	25,500.00	25,100.00		
Reserve Contribution		64,980.00	56,972.00		
Total Expense	120,890.10	200,880.00	217,672.00		
Net Income	<u>82,836.02</u>	<u>-</u>	<u>-</u>		