

# Report to the Shareholders

## Annual Shareholders' Meeting ~ June 5, 2014



### Shareholders in Attendance

Jim and Susan Armstrong	9508 Sugar Babe Dr.
Tim and Rose Burke	10900 New Avenue
Dave Biasotti	2471 Bridle Path Dr.
Joe and Marilyn Cardinalli	2460 Bridle Path Dr.
Marie Camacho	2488 Howell Lane
Mike DiPietro	9547 Estates Drive
Alan and Janice Heinzen	2482 Howell Lane
Bill Hopkins	2975 Bannister Dr.
David and Karen Neunzig	10433 Duke Drive
Stefan and Christina Parker	10357 Duke Drive
Jae and Becky Schwartz	2525 Bridle Path Dr.
Chad and Kim Stickelts	9530 Estates Drive
Diane Veltkam	9559 Estates Drive
Keith and Dorothy Verble	9551 Estates Drive
Anca Voicu	2450 Bridle Path Dr.

The meeting was held at the residence of Alan and Janis Heinzen

### Order of Business

#### 1. Mike DiPietro: President

Introduction

Review of the agenda

#### 2. Finance: Jim Armstrong:

Fiscal Year 2013

Comparative Income Statements

Major Expenses

End-of-year Comparisons

#### 3. Compliance: Jae Schwartz:

Management and Legal requirements  
of Mutual Water Companies

AB54

#### 4. SCVWD Update: Dave Biasotti

Water extraction Costs

Drought

#### 5. Water Quality: Tim Burke

Monitoring Requirements

Water Quality

Consumer Confidence Report 2013

#### 5. Website: Joe Cardinalli

[newavemutualwater.com](http://newavemutualwater.com)

#### 6. Maintenance: Alan Heinzen

Overview

Well 3 Update,

Well 3 Costs, Water loss

#### 7. Election

#### 8. Questions and Discussion

#### 9. Adjournment

## Financial Report Fiscal Year 2013

Jim Armstrong

### Comparative Income Statement 2013

As of Fiscal year end Feb 28 2014

	FY08	FY09	FY10	FY11	FY12	FY13
Revenues	\$182,905	\$174,930	\$177,106	\$187,018	\$184,246	\$ 193,141
Expenses	\$155,556	\$161,283	\$149,877	\$186,548	\$182,722	\$ 165,919
Profit / Loss	\$31,259	\$15,141	\$27,228	\$469.00	\$ 1,524	\$ 27,222
Add Back Depreciation	\$2,896	\$2,737	\$2,577	\$7,449	\$ 2,802	\$ 3,178
Gain	\$34,155	\$17,878	\$29,805	\$ 7,918	\$ 4,326	\$ 30,400

### Comparative Major Expenses 2013

	FY08	FY09	FY10	FY11	FY12	FY13
Maintenance	\$14,499	\$23,535	\$18,496	\$42,276	\$ 49,536	\$ 28,322
Utilities	\$35,737	\$36,805	\$35,531	\$34,802	\$ 37,898	\$ 42,912
Well Tax	\$54,193	\$51,018	\$44,838	\$48,518	\$ 50,732	\$ 62,766
Insurance	\$3,984	\$3,863	\$4,438	\$4,593	\$ 5,026	\$ 4,393
Accounting	\$10,390	\$10,205	\$9,627	\$11,290	\$ 10,540	\$ 7,740
Corp Inc Tax	\$3,392	\$3,064	\$1,603	\$3,236	\$ 800	\$ 800
Property Tax	\$1,171	\$1,119	\$1,242	\$1,191	\$ 1,142	\$ 1,253
Miscellaneous	\$3,550	\$4,537	\$5,120	\$4,345	\$ 3,031	\$ 2,199
Cap Improve	\$18,900	\$18,100	\$18,000	\$18,405	-----	-----
Depreciation	\$2,896	\$2,737	\$2,577	\$7,449	\$ 2,802	\$ 3,178
Board Fees	\$3,900	\$5,000	\$6,400	\$8,300	\$ 10,800	\$ 10,500
Analysis/ Fees/ Permits	\$2,495	\$1,216	\$2,005	\$2,137	\$ 1,811	\$ 2,379
Total	\$155,107	161,199	\$149,877	\$186,542	\$182,718	\$ 165,912

### Comparative End of Year Cash 2013

As of Fiscal year end = Feb 28 2014

	FY08	FY09	FY10	FY11	FY12	FY13
Checking	\$93,858	\$128,491	\$114,909	\$132,464	\$117,752	\$56,521
Reserve	\$180,936	\$182,361	\$243,750	\$244,715	\$245,188	\$208,448
Totals	\$274,794	\$310,852	\$358,052	\$377,179	\$362,940	\$264,969



## AB 54: Board Training for Mutual Water Systems

Jae Schwartz

**Assembly Bill 54** amends the Corporate and Government code and adds to the Health and Safety Code relating to drinking water.

Mutual Water Company board members must undergo training (online) through the Rural Community Assistance Corporation. [www.rcac.org](http://www.rcac.org). Board member training

is enforced by the California Department of Public Health.

The purpose of the training is to help water systems provide clean drinking water that complies with the Federal Safe Drinking Water Act. Jae Schwartz is the first NAMWCo board member to take and complete this course.

The training is an overview of board responsibilities that include:

- Fiduciary duties
- Long-term management
- Maintenance of a financial reserve
- Establish a Capital Improvement Plan

## Santa Clara Valley Water District

Dave Biasotti

### Santa Clara Valley Water District Well Tax:

The south county zone rate has increased from \$108 per Acre Foot (325,850 gallons) in 1999 to \$305 per AF in 2014.

New Avenue Mutual Water Company paid \$62,766 in water extraction fees to the district in 2013. Effective July 1, the rate will be \$319/AF. The rates are projected to be \$500/AF by 2020.

In a notice dated February 21, 2014 the SCVWD said it would be investing \$1 billion in the next ten years on repairs and seismic retrofitting of dams, pump stations and pipelines.

### Severe drought conditions continue in California:

Rainfall is 44% of the average and water storage is 49% of the total capacity. SCVWD recommends a 20% reduction in water use throughout the district.

### The SCVWD district has water conservation projects available to the public:

High efficiency toilet and clothes washer rebate program, gray water landscaping and water-wise house call programs can be requested from the water district.

The Silicon Valley Advanced Water Purification Center (recycled water) was recently completed for delivery of treated recycled, non potable water for agriculture use.







## Web Site

Joe Cardinalli

**[newavenuemutualwater.com](http://newavenuemutualwater.com)**

The new web site developed by Joe Cardinalli has copies of the by-laws, minutes, board members, information sheets addresses and contact numbers for maintenance and bookkeeping. Email can also be sent from the site.



## Water Quality & Testing

Tim Burke

### 2013 Consumer Confidence Report (CCR) Summary

All monthly bacterial samples were clear.

- **Nitrates** are below maximum contaminate levels (MCLs).
- **Perchlorate** is Non Detect.
- Latest test requirement is for **Asbestos**.

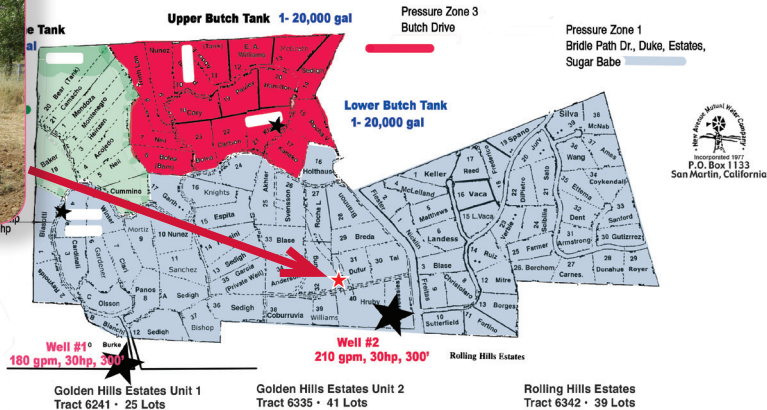
The CCR has been sent to all shareholders. Water samples are taken by our water treatment operator, Steve Keen and submitted to a state-certified lab. Samples are taken from each of the three pump-zones.

## Maintenance Well 3 Update

Alan Heinzen



ABOVE, Well 3 on Duke Drive before it was enclosed with fencing. RIGHT, Location of Well 3 on the water system map.



### WELL 3 Installation Completed (June 5, 2014)

All permits and inspections have been finalized and new Well 3 has been turned on. The well will be further tested to determine flow capacity, pressure and tank fill.

The total cost (to date) of the well, as reported by Jim Armstrong is \$221,455. The expected cost to complete is estimated to be \$245,000. The largest expenditures were to PG&E and Chappell Pump.

### Water loss


Based on information gathered over the last three years by Alan Heinzen, water loss (unpaid water use) is moving closer to 20%. The loss of water may be the result of water breaks, inaccurate meter readings, undetected system leaks, meter slippage and theft.

Water loss increases electrical costs and extraction fees which we all pay for. The board's goal, with the help of shareholders, is to reduce water loss to less than 15%.

### Three-year average of Water Pumped, Used and Lost

YEAR	WATER PUMPED	WATER USED	WATER LOST	%PERCENT LOST
2011	57,144,000	47,831,521	9,851,138	17.24
2012	56,945,700	46,487,200	10,458,498	18.37
2013	67,642,400	54,332,239	13,310,161	19.7





SHAREHOLDERS WHO DID NOT, OR WERE NOT ABLE TO VOTE AT THE ANNUAL SHAREHOLDERS' MEETING STILL HAVE TIME TO SUBMIT A BALLOT.

Use the ballot below .

Send the ballot in with your next water payment, give it to member of the board, or mail to:

New Avenue Mutual Water Company  
P.O. Box 1133  
San Martin, CA 95046

The board thanks all of our neighbors who attended and participated in the annual meeting  
We encourage interested shareholders to consider becoming a future member of the board.

A few extra copies of the bound presentation booklet given to attendees of the meeting are still available. If you would like one, send a request to :

[namwco@yahoo.com](mailto:namwco@yahoo.com)  
SUBJECT: ASM 2014 Booklet

## PROXY/BALLOT

Annual Shareholders' Meeting  
New Avenue Mutual Water Company  
P.O. BOX 1133 SAN MARTIN, CA 95046

June 5, 2014

I (WE) WILL NOT ATTEND THE ANNUAL SHAREHOLDERS' MEETING OF NEW AVENUE MUTUAL WATER COMPANY. I (WE) ASSIGN:

- ☐ THE BOARD OF DIRECTORS, OR  
☐ (NAME) \_\_\_\_\_  
\_\_\_\_\_

TO ACT AS OUR PROXY AND VOTE ON ALL MATTERS BROUGHT BEFORE THE SHAREHOLDERS AT THIS MEETING.

### Vote for Board Members, or, write in Board of Directors (Vote for 7)

- ☐ Jim Armstrong  
☐ Dave Biasotti  
☐ Mike DiPietro  
☐ Alan Heinzen  
☐ Joe Cardinalli  
☐ Tim Burke  
☐ Jae Schwartz

Write-ins

- ☐ \_\_\_\_\_  
☐ \_\_\_\_\_

THIS IS THE OFFICIAL PROXY BALLOT. PLEASE SIGN. MAIL-IN, or GIVE TO A BOARD MEMBER.

NAME , ADDRESS Lot(s) \_\_\_\_\_  
\_\_\_\_\_