



Water Words

2022 Newsletter Winter Edition

Happy New Year to our staff, fellow Board members and shareholders. I wish the best to all of you as we bid farewell to 2021. May this be a year of good health, renewed confidence and productivity.

On behalf of the Board, I would like to extend our sincere thanks and appreciation for the time Bradley Hagemann served as our general manager. Unfortunately, the amount of time needed from Brad to manage the Company's pending projects did not fit with his time limitations, especially with the arrival of his new grandchildren! Although Brad will no longer be working for the Company, I look forward to working with him in his role as manager of the Avila Beach Community Services District.

We are pleased to introduce and welcome Geoff English as the Company's new General Manager. Geoff has an extensive background in the public works field, working as the Deputy Public Works Director for the City of Atascadero and the Public Works Director for the City of Arroyo Grande. He also works currently as a Project Manager for the Eikhof Design Group, Inc., a local civil engineering firm. Geoff will be working on a half time basis for the Company.

The Company has several projects it will be working on in 2022. The highest priority is completing an updated analysis on our current and future water supplies and demands. With the decreased reliability on the State Water Project supplies and ever-increasing costs of these supplies, your Board has been reassessing the additional use of our available groundwater supplies. We are very pleased with the recently completed groundwater well drawdown pump tests. These tests have confirmed the productivity and reliability of our lower wells. We are looking at groundwater treatment that may be desirable to reduce the hardness in the groundwater produced from these wells. The ultimate goal is to reduce the amount of money the Company has been spending on SWP supplies it is not using, better our water supply reliability and substantially reduce the costs to our Shareholders.

Another significant matter the Company will be dealing with in the near future is the new regulatory requirements for our wastewater treatment system. We intend to initiate conversations with our neighbors in Avila to consider a joint wastewater treatment project in the event the cost of compliance with the new requirements are too burdensome. We will also be discussing with them and the Harbor District backstopping each other's respective water supplies for reliability, redundancy, and cost savings.

It has been a pleasure working with my fellow Board members. The Board has been working very well together in our endeavors to best serve our Shareholders. I sincerely appreciate the time each of the Board members have contributed.



Michael Nordstrom, Board President

Where does SMMWC get their water from?

SMMWC has two sources of drinking water supply, groundwater from three wells located in the Avila Valley sub-basin and State Water Project (SWP) water delivered through the Coastal Branch of the SWP via the Lopez Lake turnout.

The SWP consists of reservoirs, aqueducts, power plants and pumping stations extending more than 700 miles throughout the state. The SWP supplies water to 27 million people from northern California to southern California and irrigates about 750,000 acres of farmland. The SWP was designed to deliver nearly 4.2 million acre-feet of water per year (an acre foot of water is 325,851 gallons) to 29 long-term Water Supply Contractors (including San Luis Obispo County). San Luis Obispo County contracted with the SWP for 25,000 AF of water. SMMWC sub-contracted with the County for 275 AF of State Water in 1993 and started receiving deliveries in 1997.

State Water is intended to be a supplemental water supply since it is by contract, an interruptible supply due the highly variable seasonal rainfall and snowfall amounts. Over the last 20 years, annual delivery of State Water has ranged from 7% to 97% of the contract amount. The State estimates the long-term average delivery reliability of approximately 57% on the contracted amount of water.

The water demand for SMMWC customers in 2021 was approximately 163 acre-feet with an estimated total demand at built-out of approximately 240 AF per year. The SMMWC uses a combination of groundwater from existing wells and State Water to meet the current demand.

Capital Projects completed in 2021

In 2021, water projects included inspection and re-coating of two water tanks; inspection, painting and gauge replacement to the water tank at the Water Treatment Plant which is located across from Avila Village. Additionally, upgrades were made to the telemetry systems that provides data monitoring throughout the water delivery system. Improvements to the wastewater collection and treatment system included significant upgrades and pump replacements at the sewage lift stations. SMMWC also made improvements to the sanitary sewer system telemetry system for more accurate flow monitoring.

Capital Projects for 2022

Capital improvement projects approved by the Board of Directors for the wastewater conveyance and treatment system in 2022 include the replacement of aeration equipment at the wastewater treatment plant in Wild Cherry Canyon, the purchase of a “jetter trailer” for the purpose of cleaning sewer lines as well as continued upgrades to the telemetry/SCADA system. On the water side of the system, SMMWC will inspect, refurbish and paint water tank 100 located on the hill above the golf course club house, replacing aging water meters that are not functioning properly and replace one of the pumps at one of the booster stations.

New Rates for 2022

The Water minimum availability charge will remain the same at \$30.89 with a variable increase to the usage charge of 2% to 6% (*please review the chart below*). Based off this year's budgeted projections and ever-growing regulatory requirements, the Sewer availability rate charge will increase 8% to a monthly cost of \$46.61.

For 2022, the Board has decided that there will be a small increase to the Water Capital of 1.81% which brings it to \$27.00 a month per share. Due to the future of our Sewer/Wastewater needs the Board raised the Sewer Capital 9.35%, total dollar cost of \$29.00 per month per share.

	2021	2022	Increase
Water Monthly Availability Charge	\$30.89	\$30.89	0%
Water Usage 1,500-10,000 Per 100 gallons	\$1.16	\$1.18	2%
Water Usage 10,001- 50,000 Per 100 gallons	\$1.42	\$1.49	4%
Water Usage 50,001 & Over Per 100 gallons	\$1.54	\$1.63	6%
Sewer Monthly Availability Charge	\$43.16	\$46.61	8%
Water Capital	\$26.52	\$27.00	1.81% (\$0.48)
Sewer Capital	\$26.52	\$29.00	9.35% (\$2.48)

Our Location

For those of you who have not visited our office yet, we are located at **1561 Sparrow Street**, behind the Cal-Fire Station. Our mailing address has not changed. Customers can still save postage by placing their payments in our SMMWC drop box at the Lupine Canyon mailboxes across from Mallard Green or deliver their payments to our office. Our office also has a payment drop slot next to the front door for afterhours use.

SMMWC now offers Online Bill Pay

Please visit our web site at smmwc.com for information regarding the option to pay your bill online. This feature can be found on our homepage, just click on "Pay my Bill ". Please note that this option is through a secure third-party website, so a small fee will also be charged to your credit card.

SMMWC Auto Debit

Your Board of Directors strongly encourages you to use this safe and convenient service. SMMWC's **ACH auto debit payment program** *has no additional charge*. This method of payment allows SMMWC, through our Bank, to directly debit Customer payments through Customer checking accounts. SMMWC submits all ACH debits on the 15th of each month so there is no worry of getting a late charge from SMMWC. Please inquire at our office for more information. For those of our shareholders who use their own bank's "Bill Pay" process, please remember to schedule the delivery of your payment far enough in advance to allow for slower USPS deliveries during the Holidays and bad weather.

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SAN MIGUELITO
MUTUAL WATER COMPANY

