

Villa del Monte Mutual Water Company

Shareholder's Annual Meeting Minutes

This meeting was held via Zoom teleconference on Tuesday April 28, 2026 at 7:00 pm.

Introductions

Board Members

- Mike Miller
- Neil Perrelli
- Jim Culp
- Fred Eggers
- Pradeep Sanders

Active Member

- Isaac Zimberg

Key Sub-Contracted Personnel

- Jennifer LaForce
- Gary MacKenzie
- Bruce Carol
- David Montion

Election of (2) Directors:

Mike Miller, Neil Perrelli and Fred Eggers for (2) year terms as per Bylaws, Section 6.5: Election of board members shall be by majority of cast votes in person or by proxy at annual meetings. The directors were unanimously elected by the proxies sent in by mail and email; see proxy listing at the end of the minutes.

Annual Operations Report

Item-1 Filter plant and pumping

The Villa del Monte water filtration and treatment plant was taken out of service in 2017 due to: Failure of the primary water storage tank and incompatibility between chlorine and chloramine disinfection. After extensive Planning, Budgeting, Engineering, Permitting, Construction, Startup and Commissioning, the system is now fully operational. The State Water Resources Control Board reinstated our operating permit in February 2026.

Most of the water treatment infrastructure was upgraded in 2010 and funded by the State Revolving Fund loan (SRF assessment).

The new 178,000-gallon primary water storage tank was completed and put into service in Oct 2022 and funded through the Tank Project Loan (TPL assessment). The treatment system automated controls were upgraded, completed and put into service in Feb 2026 and they were also funded through the Tank Project Loan (TPL assessment).

We have a stand-by generator for those many PG&E outages, and two propane tanks for 1000 gallons of fuel available. But we still had some uphill pumping issues. The special emergency power transfer switch has worn out and the switch could not automatically transfer the power back from the generator. We received a new switch and it is scheduled to be installed in the next couple of weeks. Member Brian Stacy asked about the power switch type and volunteered to assist with our generator. Mike invited Brian to engage in some pre-planning with him and Jim.

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Item-2 Source water from Laurel Creek

Mike showed a series of creek photos, an inlet weir, normal flow and higher flow such as that caused by storm surges. During high turbidity, we have to rely on SJW supply.

Item-3 Supplemental source water from SJW company (Montevina pipeline)

We receive supplemental water from San Jose Mutual Water Company. Mike presented a map which showed our shared pipeline. The water runs from the treatment plant at Lexington Reservoir up Old Santa Cruz highway and down summit road. It passes through (3) pump stations owned and operated by SJW company and (1) pump station owned jointly by Villa del Monte and Big Redwood Park. In 2017, SJW changed from chlorine disinfection to chloramine disinfection. This is significant because our VDM treatment plant was designed to disinfect our water with chlorine and the two methods are not compatible. Blending chlorine treated water with chloramine treated water destabilizes the disinfection properties, and nullifies the ability for either method to work properly. This is what caused us to initiate an upgrade to our treatment plant to support combining water disinfected with the two methods.

Shark Tank Mixer and chemical feed system

Eliminates stratification and maintains proper Chloramine levels which allows us to use either water from our treatment plant or water from SJWC or blend it together as needed.

Item-4 Distribution (Pipe conditions)

Our distribution piping is old and in need of repair. We replaced 60 feet on lower Skyview and 160 feet on Del Monte Way. We have reviewed several grant options to help fund a large pipe replacement project, but we do not qualify because of our average income levels. We are looking forward to July 2030 when the last payment is due for the SRF loan (for the Plant Upgrade), we will be able to begin a more aggressive replacement schedule.

Mike presented the system map to show how many miles of pipeline we have and how difficult pipe replacement is in the Villa.

Item-5 Cross connection control (CCC)

The SWRCB required all public water systems to develop and maintain a Cross Connection Control Plan (CCCP). In November 2020 we distributed the plan to our members and identified the two options to show compliance with Title-17 Code of Regulations: Perform property inspections from CCC expert or install a physical backflow prevention device. Backflow prevention devices need to be tested annually and property surveys need to be re-surveyed every 5-years.

The tracking of these reports turned out to be very difficult. Some members took much longer than others to provide either a property survey or proof of the installation and test of a backflow device. This created staggered compliance dates for nearly everyone. Many members just could not get the required annual backflow testing completed causing us to follow up multiple times and on occasion threaten a disconnection.

Therefore, in 2024 and 2025, we managed the annual testing directly. We contracted with 4th of July Backflow and they agreed to give us a discounted testing rate by having all the tests scheduled as a group (\$110 per home instead of \$150 normal rate). The costs of the testing and any required repairs for each home's back flow was tracked and those costs were included in the next month's bill.

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In 2025, many members pushed back and wanted to schedule the test and repairs on their own, complaining that they didn't receive advanced notice. VDM Board member, Pradeep Sanders, organizes this complicated process and he is working with members who have issues and trying to come up with a procedure that makes everyone happy(er?).

Remember...

Property surveys need to be updated every 5-years

We feel these surveys are often personal and as such we will still require the home-owner to have these performed directly with the contractor of their choosing.

Then, last year, the State Water Resources Control Board updated the requirements again requiring us to update our CCCP!

We had the plan reviewed by Cross Connection Control Specialists and updated our plan that goes into effect this June. You can find it on our website VdMMWC Cross-Connection Resolution dated 2026-01-19

The good news is only a few of new requirement changes affected our system. Specifically, for those who have relied on a property inspection without a backflow device: All new and re-inspected property inspections need to be reviewed and approved by a certified cross connection control expert. (previously reviewed by a board member) AND any property with a well (in service or not) will need to install a backflow protection device.

Treasurer's report and presentation of the 2026 Projected Cash Flow

Inflation is worse!

Almost every cost category we track has experienced significant increases over the last couple of years.

- Purchased water from San Jose Water Company
- Insurance
- Operations labor

Here are the current rates:

Fixed monthly assessments		
VDM operations and maintenance assessment		\$180.00
San Jose Water use fees assessment		\$15.00
State Revolving Fund loan assessment		\$48.00
	Base monthly assessment	\$243.00
Tank Project Loan assessment (or \$0 if paid up front)		\$86.93
	Base monthly assessment (includes TPL)	\$329.93
Water use rates		
0 to 500 cubic feet	\$0.06	per cubic foot
501 to 1,000 cubic feet	\$0.15	per cubic foot
1,001 to 2,000 cubic feet	\$0.30	per cubic foot
2,001 to 4,000 cubic feet	\$0.60	per cubic foot
4,000 cubic feet	\$1.20	per cubic foot

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Summer / Winter Usage Comparison

❄️ March (Winter – Avg ≈ 613 CF, 61,330 CF total)

Tier	% of Customers	Typical Use	Paid Up Front (\$243 base)	With Loan (\$329.93 base)
Tier 1 (0–500)	~80%	400 CF	\$267	\$354
Tier 2 (501–1,000)	~15%	613 CF	\$290	\$377
Tier 3+ (>1,000)	~5%	1,200 CF	\$408	\$495

🌞 August (Summer – Avg ≈ 1,175 CF, 117,498 CF total)

Tier	% of Customers	Typical Use	Paid Up Front (\$243 base)	With Loan (\$329.93 base)
Tier 1 (0–500)	~38%	400 CF	\$267	\$354
Tier 2 (501–1,000)	~34%	750 CF	\$311	\$397
Tier 3 (1,001–2,000)	~20%	1,175 CF	\$401	\$487
Tier 4+ (>2,000)	~8%	2,500 CF	\$948	\$1,035

The Cash Flow Projection, the P&L Projection and the current Balance Sheet were presented and discussed at the meeting. They are also available for review upon request.

To comply with Senate Bill 240, the 2024 financials were reviewed by our third-party CPA with no adverse findings. The 2025 reports will be reviewed upon completion by our new tax CPA. Our third-party review CPA is: Jeremy Thielen, CPA, Thielen & Associates Inc. and our new tax CPA is: Patricia Beckwith, CPA.

There were no additional questions.

Closing

Please remember, we are a mutual water company and as such we all jointly own our water system. We operate by the support of five volunteer board members (your neighbors). And we are always open to member participation and available for tours or to answer questions.

Proxies

All of the proxies that were sent in by mail and email voted in favor of the 3 board members up for election: Chen, Drummond, Hagedorn, Hamilton, Muller, Perrelli, Rappaport, Rudge, Sanders (Susan & Jon), Vick, Trombetta, Whiteley, Clarke, Strohmeier, Donovan (Jack & Pat), Pairman, Grimm, Duncan, Moore, Turner, Illes/Buhler (21)

In person votes: Jennifer LaForce, Pradeep Sanders, Jim Culp, Neil Perrelli, Mike Miller, Isaac Zimberg & Sonia Siganporia Zimberg, Brian Stacy, Fred Eggers (7)

Attending

Mike Miller, Pradeep Sanders, Neil Perrelli, Jim Culp, Fred Eggers, Jennifer LaForce, Brian Stacy, Isaac Zimberg &

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Sonia Sigamporia Zimberg, Fred Eggers