

Bailey Mutual Quarterly Board Meeting

April 29, 2026 – via Zoom

Present:

Laura Lorentzen, President
Henry Castillo, Operations Manager
Laurie Gerber, Secretary

Absent:

Robert Lopez
Shane Kochon

Meeting called to order at 10:15 by president Laura Lorenzen

Quick recap

The main topics covered included progress on the state public water system permit, which requires completion of a cross-connection control program and recruiting a coordinator, as well as a Technical, Managerial, and Financial Capacity Assessment. The board discussed the need for more volunteers or paid contractors to handle operations, administrative and maintenance work, particularly given recent limited availability of Jack Weisgerber and Ken Ruth. They reviewed the status of a USDA grant application for engineering services and system improvements, including plans for repairing cited items and reconfiguring the pump system. The board also addressed insurance needs, particularly liability coverage, and how to involve shareholders in decision-making. Finally, they discussed scheduling their next board meeting around an upcoming community potluck and work party on June 6th.

Next steps

Henry

- Draw up a plan/diagram for the proposed reconfiguration of the pump/well system for state approval after we have a meeting between Henry, Robert, and Wes Bergman.

Laura.

- Reach out to Wes Bergman to gauge his interest in being an emergency backup person and/or helping with system projects, and share his contact information with Laurie.

- Offer to help draft/write training manual and Policy/Procedure documents for the water system using information provided by Laurie and others. Documents to be managed in Google Docs the Board's Google Drive

Laurie

- Find out from Cal Rurals the approximate amount of time needed to fulfill the Cross Connection Coordinator role.
- Document specific examples of tasks/duties for a potential emergency backup person and share with Laura for outreach to Wes Bergman.
- Work with Henry (and Jack) to clarify what components/roles are missing or open in running the water system, to present to shareholders.
- Get a current estimate on liability insurance for Bailey Mutual and research what would be covered, including the risk of not having insurance, and report back to the board.
- Continue outreach to the Christian camp and other local water systems to investigate reports of low water/aquifer issues and report findings to the community.
- Put out feelers to Shane and Robert about the possibility of moving the next board meeting to Friday June 5 or Sunday June 7 around the June 6th work party and afternoon potluck.
- Confirm with Shane about setting up a new Google account/email for Laura for access to the Bailey Mutual Google Drive.
- Coordinate with Henry, Robert, and Wes to schedule a site meeting to assess and plan the transfer tank bypass project.
- Research and report on who monitors bottled water companies' extraction of groundwater on the mountain - are those businesses seeing any depletion of the aquifer and would they be required to curtail extraction if they are?

Collaboration

- Shane and Robert: Work together to update and flesh out the capital improvement plan with more accurate cost estimates before the next board meeting when we will try to set rates for our July mailing and billing.
- Board needs to set policy on who will pay for backflow devices required and how to enforce follow-through.
- Shane and Laurie are looking at whether we can convert to a non-profit corporation.

Community member request:

Henry will help locate Julie Devaney's service valve during the work party this Saturday.

1. State Public Water System Permit application:

We are currently preparing to apply as a Transient Non-Community Water system. This means we would apply just as the Bailey Mutual water district without the resort and without trying to consolidate with Palomar Mountain Mutual. We have completed many of the required items already.

Missing items that need to be completed for our application.

1. **Cross Connection Control Program – we need someone in the coordinator role** to submit the application, make sure we address the items in the Hazard report, make sure that backflow devices are installed in the three locations they are deemed necessary (Gerber cabin, Bunkhouse, and at the connection to the resort). Board needs to develop a policy on financial responsibility for buying/installing backflow devices. The coordinator also needs to make sure the devices are tested every year by a certified backflow specialist. There is also some annual reporting to the state in a cross connection control program and it would be the coordinator's role to do that. We need to figure out if we can find a volunteer in the community or if we should plan to pay someone for this role. *Later information from California Rural Water Association showed that the coordinator role is probably about 1 week of work per year.*
2. **Technical Managerial and Financial Capacity (TMF) Assessment** – There are a few kinds of administrative capacity that Bailey Mutual has not developed: Training program; Structural organization scheme that shows lines of authority in our organization; Policy manual; Financial policy with budget controls that engage multiple people and documented guidelines for reserve accounts. **Laura volunteered to help develop and edit the Policy manual.**
3. **Approved plans for system components that have been cited as deficient** (two concrete water tanks, the overflow on the steel tank, and the cross connection with the resort). Approval is a two-step process – we need engineer-stamped plans to submit to the state water resources control board, which will review them for appropriateness for a water system. **We hope that the engineering firm engaged for the USDA Pre-Planning Grant (see next item) can provide engineer-stamped plans which we can submit to the state.**

2. USDA Grant Application

The grant offers up to \$60,000, which includes 25% (\$15,000) from Bailey Mutual. It would pay for a Preliminary Engineering Report (PER) from an engineering/engineering firm, plus plans to remedy cited deficiencies. Laurie found an engineering firm that is willing to work with us on a budget for the proposal and do the work if the grant is awarded. The application via the USDA website is complete except for the budget component. In addition to the application, we were required to get a unique ID from the federal website SAM.gov that verifies our status and makes it possible for us to be paid from the Government Accounting Office. **Once we apply for the grant, the USDA review process is 60-100 days. Laurie is working with engineer Chuck Houser at the engineering firm of SCSEngineers.com on the budget for the application.**

3. Preparing to set water rates for 2026-2027 and running Bailey Mutual

The main topic at our next meeting (originally June 3rd, but moved to Friday June 5th during the meeting) will be rate-setting for the next year, in anticipation of our July mailing.

Laurie will work with Robert and Shane on realistic capital improvement costs. Last September, Laurie learned at the Cal Mutuals conference that we should not charge an open-ended assessment for capital improvements. Assessments need to be derived from documented cost projections for specific projects and they need to be time-limited.

In addition to capital improvements, there are administrative costs that we may need to take on to run the system and maintain a state public water permit. That is, we may need to hire people for some jobs.

Laurie will develop a list of necessary activities that are being done and those that aren't so we can estimate the cost and see what we can cover with volunteer labor. We also need more physical help on the mountain, some of which we may have to hire.

The group discussed potential workers for mountain system maintenance activities: Some examples: Freddie who lives at the resort, Paul Nuciforo who does tree and handyman work, Wes Bergman and Tom Mendenhall. They determined that while Paul had good skills and reasonable rates (\$35/hour), he may not be suitable as an emergency contact due to periodic unavailability. The discussion concluded with a proposal to reach out to Wes Bergman about potentially having him or one of his employees serve as a responsible backup contact for maintenance tasks. Laurie requested documentation of specific examples of needed maintenance work to present to potential candidates, with plans to contact Wes after returning from travel on the 8th.

Laurie and Laura discussed challenges with undefined task lists and payment structures for contractors, agreeing that specific scopes and payment methods (hourly or per service) are

needed . The group decided to present options and gather shareholder input at an upcoming meeting, potentially using both mail and online surveys to ensure community engagement.

We will prepare questions for shareholders to involve them in decisions about the costs we take on and the extent to which we can continue as a “volunteer-run” water system.

4. Operator agreement and Insurance

We had hoped we could get liability coverage for our new operator Cynthia via a shared services agreement with Palomar Mountain Mutual (PMMWCo). The Technical Assistance company Moonshot Missions reached out to Renee, the general manager at PMMWCo, and found that PMMWCo’s insurance will only cover work on PMMWCo land and equipment.

A recent need to go onto shareholder property to flush lines following a disinfection revealed an owner’s concern about liability in case of an accident because they have no homeowner’s insurance.

The group agreed that we need to revisit the topic of liability insurance for our system. Laurie will follow up with a broker who handles insurance for drinking water systems. That broker was reluctant to provide insurance for just our operator when the system overall has so much liability exposure.

5. Water System Reconfiguration Project

The team discussed a water system reconfiguration project that involves bypassing the transfer tank and installing a more powerful pump that will send water directly to the steel tank at the top of the hill. **They agreed to involve Wes Bergman as a potential contractor to help assess and execute the work, which will require trenching and electrical upgrades. Henry offered to create technical drawings of the proposed plan, while the team acknowledged they need to coordinate with Cynthia, the drinking water operator, and obtain state approval before proceeding. The group decided to schedule a meeting with Robert, Wes, and Henry to finalize the technical approach and determine next steps for implementation.**

Aquifer concerns

Rosie recently reported that State Park had closed a campground due to water issues. Laurie has talked to Francisco at the Yoga Center/Store and the Christian Camp who haven’t had problems. *Later, Laurie talked to Wes Bergman who’s bottled water company has had no issues with water supply. They extract water from two surface springs.*

Meeting adjourned at 12:30.