

CONFORMED AGENDA

REGULAR MEETING

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS
6425 MAIN STREET, GEORGETOWN, CALIFORNIA

TUESDAY, JUNE 9, 2015
2:00 P.M.

MISSION STATEMENT

It is the purpose of the Georgetown Divide Public Utility District to:

- Provide reliable water supplies
 - Ensure high quality drinking water
 - Promote stewardship to protect community resources, public health and quality of life
 - Provide excellent and responsive customer services through dedicated and valued staff
 - Insure fiscal responsibility and accountability are observed by balancing immediate and long term needs
-

1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE – *The meeting was called to order at 2:00 PM. Directors present: Krizl, Hoelscher, Capraun, Hanschild, Uso. Staff Present: General manager Wendell Wall, Operations Manager Darrell Creeks, Assistant to GM Diana Michaelson. Legal Counsel: Barbara Brenner of Churchwell-White.*

2. ADOPTION OF AGENDA

A. Board Action –

Motion by Director Uso to amend and adopt the adopt agenda to hear Item 14 after Item 5, and to correct typo in Item 14 from \$10,000 to \$10,000,000, 2nd by Director Hoelscher.

Public Comment: None.

Vote: Motion carries.

Ayes: Krizl, Hoelscher, Capraun, Hanschild, Uso.

3. PUBLIC FORUM – Any member of the public may address the Board on any matter within the jurisdictional authority of the District. Public members desiring to provide comments must be recognized by the Board President, and speak from the podium. Comments must be directed only to the Board. The public should address the Board members during the public meetings as President, Vice President, or Director followed by the Board member's individual last name. The Board will hear communications on matters not on the agenda, but no action will be taken.

No disruptive conduct shall be permitted at any Board meeting. Persistence in disruptive conduct shall be grounds for summary termination, by the President, of that person's privilege of address.

Michelle Kringle, irrigation and treated water customer, commented that a 2:00 PM meeting for something this important is not right.

Johanna Friesen commented about how options for repayment of the \$10M loan have been presented by GDPUD directors and staff.

Erik Jacoby requested reimbursement of \$59.87 for use of his personal vehicle. He provided his opinion regarding job performance of GM Wall.

Rosemary Patrick commented on dialog that had occurred between her and Director Uso regarding a Facebook posting.

Jennifer Johnston commented that the minutes of a prior meeting were posted on the GDPUD website, but the audio was not posted. [Note: Said minutes were not posted on the web as approved minutes; they were part of the agenda packet (Item 4, Approval of Minutes) that was posted prior to the meeting.]

4. APPROVAL OF MINUTES

- A. Special Meeting of May 28, 2015.
- B. Board Action to approve and file minutes.

Motion by Director Uso to ask staff to correct the minutes to include the failed vote on the fixed rate, to reflect that Legal Counsel informed the Board that it was appropriate to take the vote, and to bring the corrected minutes back to the Board for approval at the next regular meeting; 2nd by Director Hanschild.

Public Comment: *There were comments from the public regarding what should be in the corrected portion of the minutes.*

Vote: Motion carries.

Ayes: Krizl, Hoelscher, Capraun, Hanschild, Uso.

5. FINANCIAL REPORTS:

- A. Accounts Payable for June 2015
- B. Expense Summary for April 2015
- C. Cash and Investment Reports for April 2015
- D. ALT Zone and CDS Summary
- E. Board Action to accept and adopt financial reports

Motion by Director Uso to approve the financial reports; 2nd by Director Hoelscher.

Public Comment: *Jennifer Johnson asked what the mileage charge is to the water board meetings and back. Director Capraun stated that it was about \$46.*

Vote: Motion carries.

Ayes: Krizl, Hoelscher, Capraun, Hanschild, Uso.

6. PRESIDENT’S REPORT

In the interest of time, Director Krizl had nothing pressing to report.

7. BOARD REPORTS

None of the Directors had anything to report.

8. GENERAL MANAGER’S REPORT

GM Wall reported that the District saw a 41% reduction in water production in May 2015 compared to May 2013. GM Wall further reported that Operations Manager Darrel Creeks did a recalculation of our water treatment plant production and submitted that to the State; as a result the District has been upgraded from a mandated 36% reduction to 32% reduction requirement. As far as water conservation and outreach goes, a sign has been placed outside the District office where the water level at Stumpy Meadows Reservoir is posted daily. Reservoir levels are posted weekly in the Mountain Democrat, and the King Fire info has been pulled from the website and water Stumpy water levels will be posted on the web, too. In addition, a postcard is being designed which will be mailed out to customers providing information about where we are, what we are doing, and how that impacts conservation. Director Krizl noted that we need to keep this information in front of the public on a regular basis.

GM Wall stated that K & W Backflow Services will begin the cross-connection hazard survey beginning June 8, 2015 as mandated by the California State Water Resources Control Board (SWRCB). Staff has been directed by SWRCB to first inspect 62 un-metered connections, 152 commercial connections, and 6 landscape connections for a total of 220 connection surveys to be completed by December 1, 2015. Twenty-five percent of residential cross-connection (722) surveys need to be completed by July 1, 2016. The remaining 75% of residential connections are to be completed at a rate of 25% per year for the next three years. The system survey is to be completed by July 1, 2019.

GM Wall then noted that staff will meet with the Finance Committee to pull together a budget and that a special meeting or workshop will be needed in two weeks in order to get the budget done by July 1. Director Uso said that he would like to see the workshop at 6:00 PM. There was some discussion and it was agreed that Wednesday, June 24 would be a good date. Director Capraun said that she will need to participate via teleconference.

Director Capraun requested that updates on the CABY grant be included in the GM report. GM Wall stated that there will be something to report in July.

**9. EL DORADO COUNTY LOCAL AGENCY FORMATION COMMISSION (LAFCO)
INSTANT RUNOFF ELECTION OF REGULAR SPECIAL DISTRICT
REPRESENTATIVE**

A. Discussion – LAFCO informed the District that an instant runoff election for the regular special district representative is necessary.

GM Wall clarified that the Board should indicate the ranking of the various nominees in order of preference.

- B. Possible Board Action** – Review information provided by LAFCO and provide direction to staff.

Motion by Director Uso to vote the slate of candidates as follows: #1 Tim Palmer, #2 Dale Coco, #3 Ken Humphreys, #4 Holly Morrison; 2nd by Director Capraun.

Public Comment: There were no public comments.

Vote: Motion carries.

Ayes: Krizl, Hoelscher, Capraun, Hanschild, Uso.

10. ESTABLISHMENT OF APPROPRIATIONS LIMIT FOR FY2015-16

- A. Discussion** – In November 1979, the voters of the State of California approved Proposition 4, more commonly known as the Gann Initiative. The proposition places limits on the amount of tax revenue that can be spent by all entities of government.

- B. Possible Board Action** – Adoption of Resolution 2015-06.

Motion by Director Capraun to adopt Resolution 2015-06; 2nd by Director Uso.

Public Comment: There were no public comments.

Vote: Motion carries.

Ayes: Krizl, Hoelscher, Capraun, Hanschild, Uso.

11. T-MOBILE ANTENNA INSTALLATION AT HOTKISS HILL

- A. Discussion** – T-Mobile has requested to install an antenna on the Verizon tower at Hotchkiss Hill.

- B. Possible Board Action** – Direct staff to enter into an agreement with T-Mobile for installation of an antenna on the Verizon tower at Hotchkiss Hill.

Motion by Director Uso to allow staff to negotiate with T-Mobile to install an antenna on the District's Verizon tower at Hotchkiss Hill for a \$1200 to \$1500 per month lease and to bring a contract back to the Board; 2nd by Director Capraun.

Public Comment: There were no public comments.

Vote: Motion carries.

Ayes: Krizl, Hoelscher, Capraun, Hanschild, Uso.

12. APPROVAL OF ANNUAL 2014 AUDIT

- A. Discussion** – The accounting firm of Moss, Levy & Hartzheim, LLP, Certified Public Accountants, has completed the Independent Auditor's Report for the District for the fiscal year that ended June 30, 2014.

- B. Possible Board Action** – Approve Annual Audit Report for the fiscal year ending June 30, 2014.

Motion by Director Hanschild to approve the annual audit for FY 2014; 2nd by Director Uso.

Public Comment: *There were no public comments.*

Vote: **Motion carries.**

Ayes: *Krizl, Hoelscher, Capraun, Hanschild, Uso.*

Director Uso commented that staff needs to set up a workshop to address the issues brought up in the auditor's management communication.

13. EXTEND CONTRACT WITH MOSS, LEVY & HARTZHEIM, LLP

A. Discussion – The accounting firm of Moss, Levy & Hartzheim, LLP, Certified Public Accountants, has been conducting the District's annual audit for the past several years. The firm is willing to extend the current contract for an additional year at \$15,000.

B. Possible Board Action – Approval one-year extension to the contract with the accounting firm of Moss, Levy & Hartzheim, LLP, in an amount not to exceed \$15,000.

Motion by Director Capraun to approve a one-year extension to the contract with Moss Levy in the amount not to exceed \$15,000; 2nd by Director Uso.

Public Comment: *There were no public comments.*

Vote: **Motion carries.**

Ayes: *Krizl, Hoelscher, Capraun, Hanschild, Uso.*

14. \$10M LOAN REPAYMENT OPTIONS

A. Discussion – At a Special Board Meeting held on May 28, 2015, the Board approved the loan amount of \$10,000,000 from the State for the construction of the ALT Treatment Plant. Various repayment options will be presented.

Ray Kringle gave a presentation on a proportional option, based on consumption, Plan #1. With this option, the base water rate would stay the same, and customers would see a surcharge on their bill that would be capped at 2¢ per cubic foot on all treated water. Based on water consumption projections, the Board of Directors would set the surcharge rate at the beginning of each fiscal year. This rate could be adjusted at every billing cycle if necessary, but would never exceed 2¢ per cubic foot.

Director Capraun gave a presentation on a repayment option based on the size of the meter connection. With this option, those with larger connections would pay more and those with smaller connections would pay less. If enough money is not collected, the tax revenue can be tapped to make up the difference.

General Manager Wall gave a presentation on a repayment option based on a flat rate charge to all customers. With this option each customer would pay \$15.03 per month

(\$30.06 each bi-monthly billing cycle) for the first 10 years of the loan and \$13.66 per month (\$27.32 each bi-monthly billing cycle) for the last 10 years of the loan.

Director Uso commented on the two separate Prop 218 processes: one for the treatment plant and one for all the other needs of the District. The flat rate repayment options is industry standard for capital improvement projects. The second 218 will be for operation and other costs in the District, and the increase in rates will be based on consumption. All the experts agree that for repayment of the loan a flat rate charge is the way to go.

Director Hoelscher commented that he would like to revisit the bifurcation issue and just do one 218 process for everything. He also raised the question of why the cost of the plant had escalated from \$8.3M to \$12M.

Director Hanschild talked about problems of meters and not being able to catch all the flow for the 2¢ per cubic foot and if the drought continues, customers will be saving more and more water, which could create a problem of guaranteeing a revenue source to repay the loan. The District needs to have a guarantee of repayment. He then asked Legal Counsel if the Board could change this down the road and change the rate. Barbara Brenner responded that whatever the Board adopts along with the result of the 218 will become part of the loan documents.

Director Capraun responded to Director Hoelscher's question saying that \$8.3M is for general construction, there are additional contractors' charges on top of that. The cost of the plant is \$11.8M. She continued, saying that it is too soon for everyone to make a decision. She proposed having an engineering study done in order to set a consumption rate and combine this capital improvement project with other projects for a capital improvement plan as part of an overall budget and just do one 218 process.

General Manager Wall stated that the District has been out of compliance with this plant since 2004 and no one is rushing this process.

B. Possible Board Action – Approve a repayment option.

Motion by Director Capraun proceed with the consumption charge based on usage as presented by Ray Kringle's Plan #1, with a consumption charge up to two cents per cubic foot, 2nd by Director Hoelscher.

Public Comment: Dennis asked about the reserve amount collected with the loan payments.

Johanna Friesen noted some potential problems with a flat rate charge and spoke in favor of a volumetric charge for repayment.

Someone from the audience stated that if the flat rate goes through, the Prop 218 will be voted down.

Ray Kringle spoke to the inequity of a flat rate charge and spoke about the amount of water available for drinking vs. the amount of water available for irrigation.

Jennifer Johnson spoke in support of Ray's Plan #1.

Dane Wadle commented that the flat rate is the industry standard, and expressed appreciation for Ray's good work. He noted that there is not a direct tie between a consumption charge and the ALT plant. He believes there is a greater exposure to the District legally because there is not a basis for the consumption rate. He

encouraged the Board to seek a higher purpose than self-interest and to support the fixed charge.

Erik Jacoby provided the phone number of a staff person at the State Water Resources Control Board (SWRCB).

Don Waltz, of Cool, provided a sample resolution taken from the SWRCB website.

Steve noted that two proposals had been given, the pros and cons had been heard and it was time to vote.

Another person from the audience stated that the consumption rate is fair, and everyone bears the cost, but in a more fair way, and that going with a flat rate means that the small customer subsidizes the golf course.

Someone from the audience commented that a flat rate to low income and elderly customers is taking money from other necessities in their budgets.

Johanna spoke regarding Ray's chart saying that the more volumetric is used, the smoother the curve.

Another person spoke in favor of the consumption base.

Ronald Olmfeld asked Legal Counsel if the loan would be in jeopardy if the District did not go with the flat rate. Ms. Brenner responded that either way is legal and that the flat rate for capital improvement is legal and is the industry standard.

GM Wall said that George Sanders, Darrel Creeks, and he had met with SWRCB staff and the folks who make the loan will not make a recommendation. However, they came away with the impression that a flat rate is more acceptable.

Someone else stated that the flat rate will not promote conservation.

Vote: Motion fails.

Ayes: Hoelscher, Capraun.

Noes: Krizl, Hanschild, Uso.

Motion by Director to Uso moved to go with a flat charge per the RCAC report, 2nd by Director Hanschild.

Public Comment:

Ray Kringle stated that with this vote the Board is raising the war drums.

Another member of the public asked how the protest vote works. Director Krizl responded that if this goes through, the Prop 218 process will be started, cards will be mailed out and if 50% plus one protest against the charge, it dies.

Another person asked how the general public is going to learn of what the details are of the 218 proposal.

Someone else asked how much an engineering report would cost.

Director Krizl stated that two reasons have been presented that would throw the consumption based plan into jeopardy: One, while it is legal, it would be harder to defend if it wasn't done correctly. The other, if we lose the \$10 million dollar loan,

then what do we do? We are trying to get something accomplished that is eleven years in the making and we have a path that we think is going to work. The other path has too many red flags.

Someone else proposed that the Board go with Ray's proposal and if it fails, start over again.

A number of people from the audience reiterated their opinions as to why they do not want the flat rate.

Vote: Motion carries.

Ayes: Krizl, Hanschild, Uso.

Noes: Hoelscher, Capraun

15. AUBURN LAKE TRAILS WATER TREATMENT PLANT

- A. Discussion** – Recap and extension of prior month report on progress towards plant replacement.

Engineering Consultant George Sanders reported that getting an environmental document approved at the state as well as at the federal level is what the District is concentrating on at this time.

B. Possible Board Action -

- 16. BOARD MEMBER COMMENTS, REQUESTS FOR ADDITIONS TO FUTURE MEETING AGENDAS AND REQUESTS FOR INFORMATION OR RESEARCH TO BE COMPLETED BY STAFF** - Opportunity for Board members to discuss matters of interest to them and provide input for future meetings as well as report on their District related meeting attendance.

Director Hanschild asked that staff look at fines for water theft and bring something back to the Board.

Director Krizl suggested that staff put something in the paper to publicize that taking water from hydrants is illegal.

Director Uso asked that something be brought to the next meeting to formalize the Finance Committee specifying how the Board would appoint the members and form a committee.

17. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL** – Board to consider the appointment, employment, evaluation of performance, discipline or dismissal of a public employee pursuant to Government Code Section 54957 (b)(1).
- B. CONFERENCE WITH LEGAL COUNSEL** – Pursuant to Government Code Section 54957.6 to consider employee negotiations with the Management and Confidential Employees Local No. 1. The representatives for the district are Director Lon Uso and General Manager Wendell B. Wall.

C. CONFERENCE WITH LEGAL COUNSEL – anticipated litigation.
Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Government Code Section 54956.9: (one potential case).

18. ADJOURN TO OPEN SESSION – Announcement of action taken in closed session


The Board returned to open session at 6:24 PM and Director Krizl announced that the Board had concluded negotiations with Confidential Employees Local #1 and had voted to adopt the MOU.

19. NEXT MEETING DATE AND ADJOURNMENT – Next regular meeting July 14, 2015 at 2:00 PM at the Georgetown Divide Public Utility District office.

Director Krizl noted that a Workshop would probably be held on June 24, 2015, at 6:00 PM.

The meeting adjourned at 6:26 PM.

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Wendell Wall by telephone at 530-333-4356 or by fax at 530-333-9442. Requests must be made as early as possible and at least one-full business day before the start of the meeting. In accordance with Government Code Section 54954.2(a), this agenda was posted on the District's bulletin board at the Georgetown Divide Public Utility District office, at 6425 Main Street, Georgetown, California, on June 4, 2015.

Signed 
Wendell B. Wall, General Manager

Date 8-11-2015