

**AGENDA**  
**REGULAR MEETING**  
**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS**  
**6425 MAIN STREET, GEORGETOWN, CALIFORNIA**

***Special Notation:***

***Director David Halpin will participate in this meeting from a satellite location via telephone.  
The Public may participate in all Open Session portions of this meeting from this location.  
The specifics of his location, while participating in this meeting, are as follows:  
21749 Ambassador Drive, Macomb, MI 48044***

**TUESDAY, JUNE 13, 2017**  
**2:00 P.M.**

**MISSION STATEMENT**

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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**

**2. ADOPTION OF AGENDA**

- 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.

**4. CONSENT CALENDAR**

**A. Approval of Minutes - Regular Meeting of May 8, 2017**

**B. Financial Reports**

1. June 2017 – Early Pays
2. April 2017 Month End Cash Disbursements Report
3. Month End Revenue and Expense Summary Report
4. Statement of Cash and Investment Balances

**Possible Board Action** – Approve Consent Calendar.

**5. INFORMATIONAL ITEMS**

- A. President's Report**
- B. Board Reports**
- C. General Manager's Report**
- D. Operation Manager's Report**
- E. ALT Treatment Plant Update**

**6. NEW BUSINESS**

**A. Review and Provide Direction on Draft Response to the Grand Jury Report**

**Possible Board Action** - Provide Staff direction on response to the Grand Jury Report from the Board of Directors.

**B. Review and Provide Direction on Draft Fiscal Year 2017-18 District Budget**

**Possible Board Action** – Receive General Manager's Draft Fiscal Year 2017-18 District Budget and provide direction on preparation of a final budget.

**C. Review and Provide Direction on Draft 5-Year Capital Improvement Plan**

**Possible Board Action** – Receive the draft 5-Year Capital Improvement Plan and provide direction on preparation of a final 5-Year Capital Improvement Plan.

**D. Consider Adoption of Resolution 2017-05 Regarding the Completion of Public Improvements for the Pilot Hill South Water Assessment District 1989-3**

**Possible Board Action** – Adopt Resolution 2017-05 declaring the redemption fund as surplus, ordering the disposition of surplus amounts in the amount of \$37,567.85, approving the assessment district closeout analysis and findings report prepared by NBS, and accepting the Notice of Completion of Public Improvements for Pilot Hill South Water Assessment District 1989-3.

**E. Consider Proposed Approval of Amendment 2 to the Professional Services Agreement with George Sanders Extending the Term and Increasing Compensation**

**Possible Board Action** – Approve Amendment to the Professional Services Agreement with George Sanders for Civil Engineering services, extending the term by one year and increasing the total compensation by \$76,800 to a total of \$228,600.

**F. Consider Adoption of Resolution 2017-06 Authoring the General Manager to Approve Change Orders Up to a Cumulative Total of \$150,000 for the Myers and Sons Construction Contract for the ALT Water Treatment Plant Construction Project to an Amount not to Exceed \$50,000**

**Possible Board Action:** Adopt Resolution 2017-06 authorizing the General Manager to approve and process Change Orders up to a cumulative amount of \$150,000 for the Myers & Sons Construction contract for the ALT Water Treatment Plant.

**7. PUBLIC HEARINGS**

**A. Consider Adoption of Resolution 2017-04 Adopting the Annual Appropriations Limit of \$2,507,976 for Fiscal Year 2017-2018.**

**Possible Board Action:** Adopt Resolution 2017-04 setting the Proposition 4 Appropriations Limit for the District.

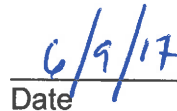
**8. BOARD MEMBER COMMENTS, REQUESTS FOR ADDITIONS TO FUTURE MEETING AGENDAS AND REQUESTS FOR INFORMATION OR RESEARCH TO BE COMPLETED BY STAFF** – Opportunity for Board members to discuss matters of interest to them and provide input for future meetings as well as report on their District-related meeting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

**9. NEXT MEETING DATE AND ADJOURNMENT** – Next regular meeting July 11, 2017, at 2:00 PM, at the Georgetown Divide Public Utility District office.

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 Steve Palmer 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 9, 2017.



\_\_\_\_\_  
Steven Palmer, PE, General Manager



\_\_\_\_\_  
Date

**CONFORMED AGENDA**  
**REGULAR MEETING**  
**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS**  
**6425 MAIN STREET, GEORGETOWN, CALIFORNIA**  
**MONDAY, MAY 8, 2017**  
**2:00 P.M.**

**MISSION STATEMENT**

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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.
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**1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE**

*The meeting was called to order at 2:00 pm. Directors present: David Halpin, Jesse Hanschild, Carl Hoelscher, Lon Uso and Dane Wadle. Staff present: General Manager Steve Palmer, Operations Manager Darrell Creeks, Office Manager Diane Schroeder, Engineering Consultant George Sanders, and Meeting Recorder Gloria Omania. Legal Counsel: Barbara Brenner of Churchwell White.*

**2. ADOPTION OF AGENDA**

***Motion by Director Hoelscher to approve the agenda. Second by Director Halpin.***

***The motion passed unanimously.***

- 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.

*No public comment.*

**4. CONSENT CALENDAR**

**A. Approval of Minutes** - Regular Meeting of April 11, 2017

**B. Financial Reports**

1. May 2017 – Early Pays
2. March 2017 Month End Cash Disbursements Report
3. Month End Revenue and Expense Summary Report
4. Statement of Cash and Investment Balances

**Possible Board Action** – Approve Consent Calendar.

***Motion by Director Hoelscher to approve the Consent Calendar. Second by Director Hanschild.***

***The motion passed unanimously.***

**5. INFORMATIONAL ITEMS**

**A. President's Report**

*Director Uso thanked everyone for the successful ground breaking ceremony at the Auburn Lake Trails Water Treatment Plant on April 25.*

**B. Board Reports**

*Director Hoelscher referred to a section on the California PUC Consumer Information website regarding notification requirements for utility shut-offs. He stated that the District did not provide enough notice for the recent water service shut-off.*

*General Manager Steve Palmer acknowledged that the District should have coordinated better with the affected businesses. Staff did meet with the concerned business owner who then agreed to shutting off the water on Monday. The District provided the minimum notification and followed all the rules and regulations as required, but will do a much better job next time.*

*Director Uso shared suggestions (i.e. email blast to ALT customers) to avoid miscommunication in the future. Staff explained the issues the District encountered and provided additional clarification about what occurred during this recent shut-off. Director Uso thanked Director Hoelscher for bringing this matter to the Board's and Staff's attention.*

*Director Wadle reported that SB 496 (Cannella) regarding indemnity clauses in public agency contracts was signed into law.*

*After some additional discussion about the types of indemnification clauses, Legal Counsel Barbara Brenner indicated she would review the language and inform the Board on how this legislation will affect District contracts moving forward.*

**C. General Manager's Report**

*Before summarizing his written report, Steve Palmer reported that he and a few members of the Board will be at the ACWA Conference for the rest of the week. He called attention to the following conference seminars and sessions that are applicable to what the District is going through: pension costs outlooks; ACWA-sponsored proposed legislation to allow for a lifeline rate for base usage; rate-setting challenges; and low-income assistance programs.*

*Mr. Palmer then summarized his written report, providing an update on the financing of new meters. Holman declined to fund the loan because they are predicting the District's debt service coverage ratio will fall to less than 1. Mr. Palmer reported that he has heard from iBank and they want the District to apply for a loan anyway. He described the timeline for the process. He indicated he would bring this back to the Board. Director Uso questioned the merits of submitting an application at this point.*

*The General Manager indicated he is still working on the Draft 2017-18 Operating Budget. He will first bring it to the Finance Committee, then bring the final budget to the Board in June.*

#### **D. Operation Manager's Report**

*The General Manager presented the Operation Manager's Report on behalf of Darrell Creeks who was in the field dealing with the shut-down and pipe replacement project.*

*The matter of the Notice of Violation from the Regional Water Control Board related to the Auburn Lake Trails On-site Wastewater Disposal system prompted questions from the Board and additional discussion about the related deadlines for the District. Director Uso asked about the cost of the extra work, the amount in reserves for that enterprise, and what needs to be done as far as rates.*

*Mr. Palmer stated that staff will prepare the necessary data and issue a Request for Proposals for a qualified consultant to do the required reports. Staff will bring this back to the Board for consideration.*

*Staff then presented a slide show of maintenance and repair activities in the field, and an update on the ALT Water Treatment Plant construction.*

#### **E. ALT Treatment Plant Update**

*Engineering Consultant George Sanders apologized that the wrong report was inadvertently included in the packet. This report was put together incorrectly so the information it contained is from April and not May. He then provided the following update:*

- About 90 submittals and 25 RFIs have been processed. Mr. Sanders is pleased with the working relationship between Myers and Psomas. There have not been any delays or disagreements over the submittals.*
- NEXGEN, the Construction Management consultant, is now on site at the ALT Water Treatment Plant, with Joe DiGorgio coming on Board as the permanent construction manager.*
- Youngdahl is still under contract for the material testing.*
- Foothill Associates is fading out of the storm water permitting and is now available to make sure we have everything in the CEQA document. They helped identify the CEQA-approved colors for the Filter Building and Raw Water Pump Station Building. Mr. Sanders stated the CEQA document has specific language requiring that colors must be earth colors and neutral tones and referred to the two colors on the Color Chart that meet the requirements of the Mitigation Measure – the Cypress Green and Surrey Beige.*

*Mr. Sanders presented Staff's recommendation that the roof be painted Cypress Green and the buildings Surrey Beige. Director Uso stated that a lighter color for the roof would help with the interior temperature of the building and received agreement from other Board members.*

*Acknowledging that the color of the building was important to the community and to the Board, Mr. Sanders stated that he now has clear direction from the Board to identify a lighter color for the roof; and if not, use the same color for the roof and the building.*

- Project expenses to date is \$422,170 for construction and \$33,827 for engineering, construction management, and environmental for a total of \$455,997 expended to date.*

*After asking about staff time and learning this is tracked, Director Wadle stated he appreciated the budget information.*

## **6. NEW BUSINESS**

### **A. Review and Provide Direction on Treated and Untreated Water Rate Study**

**Possible Board Action** – Provide Staff direction on methodology presented and with recommendations from Finance Committee.

*Steve Palmer and Jon Van den Bergh of RCAC provided a power point presentation on the Water Rate Study methodology.*

*During the presentation, the Board asked questions and engaged in an exchange of thoughts and ideas regarding a subsidy program for low-income customers, replacement costs, recapitalization costs/reserve needs, property tax allocation, and functional cost allocation.*

*Mr. Van den Bergh indicated he will run scenarios that are reasonable and make sense.*

*The lengthy presentation and discussion led to the following action by the Board:*

***Motion by Director Wadle to adopt the Finance Committee recommendation for the subsidy program; to change the recapitalization amount to not include costs less than \$5,000; to do a model that has 100% cash for under \$50K; 75% cash for \$50K to \$100K, 50% for \$100K to \$500K, and 25% cash for over \$500K, and exclude the Hydro revenue from the operating budget and rate calculation.***

***Second by Director Hanschild.***

***Public Comment: None***

***The motion passed unanimously.***

### **B. Position Letters on Newly Amended Conservation Bills**

**Possible Board Action** – Take official position of opposing AB1667, AB1668, and AB 1669.

*Steve Palmer provided a summary of the staff report.*

***Motion by Director Wadle to take official position opposing AB1667, AB1668, and AB1669. Second by Director Hoelscher.***

***No public comment.***

***The motion passed unanimously.***

7. **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.

*None.*

*The Board adjourned to closed session at 4:59 p.m.*

8. **ADJOURN TO CLOSED SESSION – EMPLOYEE EVALUATION**

Pursuant to Government Code 54957(b)(1), the Board adjourns to closed session for: **PUBLIC EMPLOYEE PERFORMANCE EVALUATION** to allow for a discussion of the General Manager's draft Work Plan.

TITLE: General Manager

The Board returned to open session at 5:48 PM with nothing to report from closed session.

9. **NEXT MEETING DATE AND ADJOURNMENT** – Next regular meeting June 12, 2017, at 2:00 PM, at the Georgetown Divide Public Utility District office.

The meeting was adjourned at 5:50 p.m.

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 Darrell Creeks 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 May 4, 2017.

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Steven Palmer, PE, General Manager

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Date



**GDPUD**  
**PO BOX 4240**  
**Georgetown, CA 95634**  
**(530) 333 4356**  
**Fax: (530) 333-9442**

# Memo

To: Board of Directors  
From: Christina Cross, Administrative Aide II  
Date: June 13, 2017  
Re: Early Accounts Payable for June 2017

Please take note that checks have been printed and mailed prior to June 13, 2017 for the following vendors to take advantage of early payment discounts or to comply with payment deadline.

Verizon Wireless

AARP  
ADT  
AT&T  
Blue Cross  
Blue Shield of CA  
California Rural Water Association  
Caltronics  
Corbin Willits  
De Lage Landen  
George Sanders  
Home Depot  
MES  
Mobile Mini  
PG&E  
Powernet  
Premier Access Dental  
Pro Line Cleaning Services  
Robinson Enterprise  
Santander

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT  
 Accounts Payable -June 2017 Early

Name Description	Amount	Account	Amount
<b>ADT - Monthly service cost</b>	<b>\$187.28</b>	<b>10-5380</b>	<b>\$39.89</b>
		<b>10-5680</b>	<b>\$147.39</b>
<b>AT&amp;T-Monthly Service</b>	<b>\$801.11</b>	<b>5344</b>	<b>\$227.02</b>
		<b>5544</b>	<b>\$216.61</b>
		<b>5644</b>	<b>\$190.77</b>
		<b>6744</b>	<b>\$99.82</b>
		<b>30-1226</b>	<b>\$66.89</b>
<b>California Rural Water Association</b>	<b>\$1,203.00</b>	<b>5689</b>	<b>\$1,203.00</b>
<b>Caltronics-Copier contract-copy charges</b>	<b>\$347.50</b>	<b>5640</b>	<b>\$347.50</b>
<b>Corbin Willits Service</b>	<b>\$2,208.20</b>	<b>5580</b>	<b>\$573.20</b>
		<b>5640</b>	<b>\$1,635.00</b>
<b>De Lang-Copier Lease</b>	<b>\$228.20</b>	<b>5640</b>	<b>\$228.20</b>
<b>De Lang-Formax Machine Lease</b>	<b>\$185.65</b>	<b>5640</b>	<b>\$185.65</b>
<i>Director Payments:</i>			
<i>Halpin, Dave-May 2017 Stipend</i>	<i>\$400.00</i>	<i>5670</i>	<i>\$400.00</i>
<i>Hanschid, Jesse-May 2017 Stipend</i>	<i>\$400.00</i>	<i>5670</i>	<i>\$400.00</i>
<i>Hoelscher, Carl- May 2017 Stipend</i>	<i>\$400.00</i>	<i>5670</i>	<i>\$400.00</i>
<i>Uso, Lon-May 2017 Stipend</i>	<i>\$400.00</i>	<i>5670</i>	<i>\$400.00</i>
<i>Wadle, Dane-May 2017 Stipend</i>	<i>\$400.00</i>	<i>5670</i>	<i>\$400.00</i>
<b>George Sanders</b>	<b>\$327.70</b>	<b>09-1650</b>	<b>\$327.70</b>
<b>Home Depot</b>	<b>\$2,247.96</b>	<b>6739</b>	<b>\$854.78</b>
		<b>1420</b>	<b>\$1,393.18</b>
<b>Medical Eye Services-June 2017</b>	<b>\$357.90</b>	<b>5118</b>	<b>\$18.74</b>
		<b>5218</b>	<b>\$56.22</b>
		<b>5318</b>	<b>\$18.74</b>
		<b>5418</b>	<b>\$37.48</b>
		<b>5518</b>	<b>\$18.74</b>
		<b>5618</b>	<b>\$198.61</b>
		<b>6718</b>	<b>\$9.37</b>
<b>Mobile Mini-Storage Rental</b>	<b>\$184.39</b>	<b>5639</b>	<b>\$184.39</b>
<b>PG&amp;E-Utilities Electric</b>	<b>\$1,657.51</b>	<b>5344</b>	
		<b>5444</b>	<b>\$389.13</b>
		<b>5644</b>	<b>\$601.68</b>
		<b>6744</b>	<b>\$666.70</b>
<b>Powernet Global</b>	<b>\$166.43</b>	<b>5644</b>	<b>\$166.43</b>
<b>Premier Access Dental</b>	<b>\$2,691.94</b>	<b>5118</b>	<b>\$111.56</b>
		<b>5218</b>	<b>\$278.90</b>
		<b>5318</b>	<b>\$55.78</b>
		<b>5418</b>	<b>\$167.34</b>
		<b>5518</b>	<b>\$111.56</b>
		<b>5618</b>	<b>\$1,855.24</b>
		<b>6718</b>	<b>\$111.56</b>
<b>Proline Cleaning Services, Inc</b>	<b>\$250.00</b>	<b>5676</b>	<b>\$250.00</b>
<b>Robinson Enterprise-Gasoline &amp; Diesel</b>	<b>\$1,875.34</b>	<b>5148</b>	<b>\$175.85</b>
		<b>5248</b>	<b>\$707.25</b>

		5348	\$167.37
		5448	\$734.25
		6748	\$90.62
Santander	\$1,230.88	2113	\$1,092.37
		5610	\$138.51
Verizon Wireless	\$382.28	5344	\$27.19
		5444	\$170.90
		5644	\$157.47
		6744	\$26.72
<b>Total General Fund</b>	<b>\$18,533.27</b>		<b>\$18,533.27</b>

<b>RETIREE FUND</b>			
AARP Medicare Rx - M. Davis	\$33.40	12-5668	\$33.40
Anthem Blue Cross-Retiree Insurance Prem. 6/1/17-8/31/17	\$550.35	12-1157	\$550.35
Anthem Blue Cross-Retiree Insurance Prem. 6/1/17-6/30/17	\$205.61	12-5668	\$205.61
Anthem Blue Cross-Retiree Insurance Prem. 6/1/17-6/30/17	\$265.19	12-5668	\$265.19
Anthem Blue Cross-Retiree Insurance Prem. 6/1/17-6/30/17	\$292.50	12-5668	\$292.50
Anthem Blue Cross-Retiree Insurance Prem. 6/1/17-6/30/17	\$265.19	12-5668	\$265.19
Anthem Blue Cross-Retiree Insurance Prem. 6/1/17-6/30/17	\$227.97	12-5668	\$227.97
Blue Shield of CA-J. St Dennis 6/1/17-6/30/17	\$169.00	12-5668	\$169.00
Blue Shield of CA - M. Davis 6/1/17-8/31/17	\$483.00	12-5668	\$483.00
<b>Total Retiree Fund</b>	<b>\$2,492.21</b>	<b>FUND #12</b>	<b>\$2,492.21</b>

<b>USDA REQUIRED RESERVE</b>			
Churchwell White		7125	
<b>TOTAL USDA REQUIRED RESERVE</b>	<b>\$0.00</b>	<b>FUND #24</b>	<b>\$0.00</b>

<b>STUMPY MEADOWS EMERGENCY RESERVE FUND (SMERF)</b>			
Wells Farge SRF		1115	
<b>Total SMERF Fund</b>	<b>\$0.00</b>	<b>FUND#29</b>	<b>\$0.00</b>

<b>ALT WTP RETROFIT PROJECT</b>			
George Sanders	\$7,967.90	7124	\$7,967.90
Myers & Sons Construction LP	\$648,085.25	5323	\$648,085.25
	\$656,053.15	FUND#35	\$656,053.15

<b>Capital Reserve Fund</b>			
Olympus & Associates, Inc	\$32,590.94	5323	\$32,590.94
<b>Total Capital Reserve Fund</b>	<b>\$32,590.94</b>	<b>Fund #43</b>	<b>\$32,590.94</b>

<b>TOTAL ALL FUNDS IN GENERAL ACCOUNT</b>	<b>\$709,669.57</b>		<b>\$709,669.57</b>
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Approved for Payment:

\_\_\_\_\_  
 Treasurer

\_\_\_\_\_  
 General Manager

Georgetown Divide PUD  
 Month End Cash Disbursements Report  
 Report for 05-17

Period	Check #	Check Date	Vendor # (Name)	Amount
17-May	27760	5/5/2017	HEL01 (BRYAN HELM)	629.88
	27761	5/5/2017	HEL01 (BRYAN HELM)	123.32
	27762	5/8/2017	ACW05 (ACWA/JPIA HEALTH)	45,289.20
	27763	5/8/2017	ALLO1 (ALLEN KRAUSE)	2,430.22
	27764	5/8/2017	AME08 (AMERICAN MESSAGING)	74
	27765	5/8/2017	AND01 (ANDERSON'S SIERRA PIPE CO)	406.86
	27766	5/8/2017	ARC02 (ARC )	48.13
	27767	5/8/2017	BJP01 (BJ PEST CONTROL)	300
	27768	5/8/2017	CAR08 (CSI )	59
	27769	5/8/2017	CCS01 (CCSINTERACTIVE)	69
	27770	5/8/2017	CHU02 (CHURCHWELL WHITE, LLP)	10,273.21
	27771	5/8/2017	CLS01 (CLS LABS)	423.36
	27772	5/8/2017	CRO01 (ROBIN CROWTON)	15,875.00
	27773	5/8/2017	DIA02 (DIAMOND WELL DRILLING COMPANY, INC)	530
	27774	5/8/2017	DIV05 (PLACERVILLE AUTO PARTS, INC)	88.46
	27775	5/8/2017	DWR01 (DEPT. OF WATER RESOURCES)	33,628.00
	27776	5/8/2017	ECO01 (ECORP CONSULTING, INC.)	7,315.36
	27777	5/8/2017	ELD16 (EL DORADO DISPOSAL)	310.74
	27778	5/8/2017	EN201 (EN2 RESOURCES, INC)	2,399.50
	27779	5/8/2017	FER02 (FERGUSON ENTERPRISES INC)	4,218.77
	27780	5/8/2017	FOO01 (FOOTHILL ASSOCIATES)	4,651.84
	27781	5/8/2017	G&O01 (G & O BODY SHOP)	105
	27782	5/8/2017	GEM01 (GEMPLER'S, INC.)	32.16
	27783	5/8/2017	GEO01 (GEORGETOWN ACE HDW)	519.01
	27784	5/8/2017	GEO04 (DIVIDE SUPPLY INC.)	691.08
	27785	5/8/2017	GEO05 (GEORGETOWN PRE-CAST, INC.)	870.87
	27786	5/8/2017	MCE01 (MC Engineering, Inc.)	5,128.62
	27787	5/8/2017	MJT01 (MJT ENTERPRISES, INC.)	11,427.60
	27788	5/8/2017	NBS01 (NBS )	12,500.00
	27789	5/8/2017	NOR03 (NORTH STATE TIRE CO,INC)	1,766.41
	27790	5/8/2017	PAC02 (PACIFIC GAS & ELECTRIC)	8,794.68
	27791	5/8/2017	PAL01 (STEVE PALMER)	62.61
	27792	5/8/2017	POL01 (POLLARD WATER)	1,038.23
	27793	5/8/2017	PSO01 (PSOMAS)	21,265.00
	27794	5/8/2017	ROB01 (DON ROBINSON)	1,037.21
	27795	5/8/2017	ROB02 (ROBINSON ENTERPRISES)	1,918.33
	27796	5/8/2017	SIE06 (SIERRA CHEMICAL CO.)	4,380.22
	27797	5/8/2017	SIE10 (SIERRA SAFETY)	479.41
	27798	5/8/2017	SWR01 (SWRCB ACCOUNTING OFFICE)	14,988.00
	27799	5/8/2017	TIM01 (TIMBERLINE ELECTRONICS)	250
	27800	5/8/2017	UNI06 (UNITEDHEALTHCARE INSURANCE CO)	145

27801	5/8/2017	USB05 (U.S. BANK CORPORATE PAYMENT SYSTEM)	249.1
27802	5/8/2017	VAU01 (VAUGHN JOHNSON)	1,500.00
27803	5/8/2017	WAL02 (WALKER'S OFFICE SUPPLY)	452.78
27804	5/8/2017	WEL02 (WELLS FARGO BANK, NA)	2,796.95
27805	5/8/2017	WHI02 (WHITE CAP CONST. SUPPLY)	752.52
27806	5/8/2017	\M002 (MUSSER, PAUL/THERESA )	119.11
27807	5/10/2017	AFL01 (AMERICAN FAMILY LIFE INS)	1,345.58
27808	5/10/2017	CAL18 (California State Disbursement Unit)	366.92
27809	5/10/2017	ICM02 (ICMA-R.T.-457 (ee))	1,179.75
27810	5/10/2017	IUO01 (IUOE, LOCAL 39)	335.67
27811	5/10/2017	IUO02 (PEU LOCAL #1)	97.4
27812	5/10/2017	PER01 (P.E.R.S)	8,057.70
27813	5/10/2017	PER01 (P.E.R.S)	34,049.53
27814	5/23/2017	CAL18 (California State Disbursement Unit)	366.92
27815	5/23/2017	ICM02 (ICMA-R.T.-457 (ee))	1,179.75
27816	5/23/2017	IUO01 (IUOE, LOCAL 39)	316.73
27817	5/23/2017	IUO02 (PEU LOCAL #1)	97.4
27818	5/23/2017	PER01 (P.E.R.S)	7,795.92
27819	5/23/2017	AAR01 (AARP MEDICARERX SAVER PLUS, PDP)	33.4
27820	5/23/2017	ADT01 (ADT SECURITY SERVICES)	187.28
27821	5/23/2017	ATT02 (AT&T )	801.11
27822	5/23/2017	BLU01 (ANTHEM BLUE CROSS)	1,806.81
27823	5/23/2017	BLU04 (BLUE SHIELD OF CALIFORNIA)	169
27824	5/23/2017	BLU06 (BLUE SHIELD OF CALIFORNIA)	483
27825	5/23/2017	CAL03 (CALIF RURAL WATER ASSN.)	1,203.00
27826	5/23/2017	CAL16 (CALTRONICS BUSINESS SYSTEMS CORP.)	347.5
27827	5/23/2017	CWS01 (CORBIN WILLITS SYS. INC.)	2,208.20
27828	5/23/2017	DEL05 (DELAGE LANDEN, INC)	413.85
27829	5/23/2017	GEO12 (GEORGE SANDERS)	8,295.60
27830	5/23/2017	MED01 (MEDICAL EYE SERVICES)	357.9
27831	5/23/2017	MOB01 (MOBILE MINI, LLC-CA)	184.39
27832	5/23/2017	MYE01 (Myers and Sons)	648,085.25
27833	5/23/2017	OLY02 (OLYMPUS AND ASSOCIATES, INC)	32,590.94
27834	5/23/2017	PAC02 (PACIFIC GAS & ELECTRIC)	1,657.51
27835	5/23/2017	PRE01 (PREMIER ACCESS INS CO)	2,691.94
27836	5/23/2017	PRO04 (PAUL FUNK)	250
27837	5/23/2017	ROB02 (ROBINSON ENTERPRISES)	1,875.34
27838	5/23/2017	SAN02 (Santander Leasing)	1,230.88
			-----
	Total		982,475.92

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**

**Revenue Summary\***

For the Months between

07/01/2016-04/30/2017

REVENUE CATEGORY	Budget 16-17	To Date 07/01/2016- 04/30/2017	Balance	% of Budget Earned	Notes
<b>Operating Revenue:</b>					
Residential Sales	\$1,285,000	1,099,926	185,074	85.60%	A
Commercial Sales	185,000	178,993	6,007	96.75%	A
Irrigation Sales	225,000	224,614	386	99.83%	B
Surcharge		218,909			
Wastewater	344,000	286,974	57,026	83.42%	C
Penalties	37,000	36,030	970	97.38%	D
Other		31,188	(31,188)		E
Installation Fees					
Other (primarily photo copies)					
Water Fund Material/Labor					
<b>Total Operating Revenue</b>	<b>\$2,076,000</b>	<b>2,076,633</b>	<b>218,275</b>	<b>100.03%</b>	
<b>Non-Operating Revenue:</b>					
Property Taxes-General	\$1,460,000	1,215,623	244,377	83.26%	F
SMUD	\$105,000				
Water Development		2,300			
Pipeline		2,400			
Capital Facility Charge		43,900			
Interest Income	40,000	45,539	(5,539)	113.85%	H
Water Agency Cost Share	45,000	0	45,000	0.00%	
Leases	70,000	54,929	15,071	78.47%	
Hydro	60,000	45,924	14,076	76.54%	
Other	1,587,847	45,593	1,542,254	2.87%	
<b>Total Nonoperating Revenue</b>	<b>\$3,367,847</b>	<b>1,456,208</b>	<b>\$1,855,239</b>	<b>43.24%</b>	
<b>Total Revenue Before Transfers In</b>	<b>\$5,443,847</b>	<b>3,532,841</b>	<b>2,073,514</b>	<b>64.90%</b>	
Transfers In	268,000		268,000	-	
<b>Total Revenue After Transfers In</b>	<b>\$5,711,847</b>	<b>3,532,841</b>	<b>2,341,514</b>	<b>61.85%</b>	

NOTES:

- A - Revenue accrued through 30-Apr-17
  - B - Represents irrigation revenue through 30-Apr-17
  - C - Revenue of 30-Apr-17
  - D - Penalties for 30-Apr-17
  - E - Primarily connection and installation fees
  - F - Property Taxes based on County Estimate
  - H - The interest revenue represents interest on checking, savings, money markets, time deposits, LAIF and Kelsey and Pilot Hill Assessment Receivable Contracts
- \*Subject to revision with actual audit.

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**

**Expense Summary\***

**For the Months Between: 07/01/2016 - 04/30/2017**

Acct#	EXPENSE CATEGORY	Budget 2016-2017	To Date 04/30/2017	Balance	% of Budget Spent
<b>Operating Expenses:</b>					
5010	Labor	1,153,108	981,093	172,015	85%
5019	Overtime	64,000	52,017	11,983	81%
5017	Standby	55,500	38,143	17,357	69%
5011	Temporary Labor	94,000	56,934	37,066	61%
5014	PERS Benefits	117,592	100,685	16,907	86%
5015	Deferred Compensation	0	894	(894)	-
5016	Payroll Taxes	106,633	88,030	18,603	83%
5018/5	Insurance: Health & Life Plans	271,950	302,592	(30,642)	111%
5020	Insurance: Worker's Comp.	94,069	40,606	53,463	43%
5027	Audit	22,000	16,640	5,360	76%
5028	Engineering-Studies, including Ecorp.	0	24,925	(24,925)	
5034	Insurance: General	67,695	51,875	15,820	77%
5036	Legal--General	121,000	91,032	29,968	75%
5038	Materials and Supplies	183,650	188,275	(4,625)	103%
5039	Rentals/ Outsourced Maintenance	27,200	53,095	(25,895)	195%
5040	Office Supplies	48,000	37,928	10,072	79%
5041	Staff Development	10,500	5,745	4,755	55%
5042	Travel--Conference	15,000	3,419	11,581	-
5044	Utilities	198,308	157,275	41,033	79%
5046	Vehicle & Equipment Maintenance	51,000	46,644	4,356	91%
5048	Vehicle Operations	50,200	34,103	16,097	68%
5060	Bank Fees & Payroll Services	5,000	4,853	147	97%
5068	Retiree Health Premiums	132,000	123,783	8,217	94%
5070	Director Stipends	24,000	20,031	3,969	83%
5076	Building Maintenance	9,500	5,978	3,522	63%
5080	Outside Service/Consultants	133,000	209,573	(76,573)	158%
5084	Govt. Regulation/Lab Fees	170,000	124,873	45,127	73%
5090	Other:	2,000	3,481	(1,481)	174%
5090	Other: Recruitment	0	6,250	(6,250)	
5090	Other: County Tax Admin. Fees	37,000	47,504	(10,504)	128%
5089	Other: Memberships	16,500	9,530	6,970	58%
5091	Other: Elections		6,816	(6,816)	-
5094	Depreciation	632,837	527,363	105,474	83%
	<b>Total Operating Expense</b>	<b>\$3,913,242</b>	<b>3,461,985</b>	<b>451,257</b>	<b>88%</b>
<b>Non-operating Expenses:</b>					
7010	Interest Expense	\$33,000	19,528	13,472	59%
7020	Preliminay Engineering		5,129		
7023	Construction Contract Water Treatment		422,171		
7024	Construction Eng Water Treatment		21,265		
7090	Other		19,232	(19,232)	
	<b>Total Non-operating Expenses</b>	<b>\$33,000</b>	<b>487,324</b>	<b>(454,324)</b>	<b>1477%</b>
	<b>Total Expenses Before Tranfers</b>	<b>\$3,946,242</b>	<b>3,949,310</b>	<b>(3,068)</b>	<b>100%</b>
	<b>Net Income (Loss)</b>	<b>\$217,800</b>	<b>(\$416,468)</b>		<b>-191%</b>

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT  
 STATEMENT OF CASH AND INVESTMENT BALANCES APRIL 30, 2017

	BEGINNING BALANCE	CASH RECEIPTS	CASH DIS- BURSEMENTS	TRANSFERS IN (OUT)	ENDING BALANCE
8 SMUD Fund	324,069.00				324,069.00
9 CABY Grant	(14,436.92)		(5,636.25)		(20,073.17)
10 General Fund	880,919.98	62,439.19	(272,412.90)		670,946.27
12 Retiree	529,412.68	2,122.46	(6,765.65)		524,769.49
14 Stewart Mine	24,458.52				24,458.52
25 Bayne Road & Other Assessment Districts	34,266.87				34,266.87
17 Water Development	399,752.88	2,300.00			402,052.88
19 Stumpy Meadows Emergency Reserve Fund (SMERF)	1,044,130.27				1,044,130.27
43 Capital Reserve Cash Clearing	946,992.91		(15,569.03)		931,423.88
53 Pilot Hill North	(7,480.80)				(7,480.80)
54 Pilot Hill South	50,136.46				50,136.46
51 Kelsey North	103,101.81				103,101.81
52 Kelsey South	190,533.41				190,533.41
29 State Revolving Fund	57,087.35	2,296.95	(2,296.95)		57,087.35
30 Small Hydro Fund	600,253.20	2,882.70	(66.89)		603,069.01
31 Pipeline Extension Holding Fund to 26	0.00				0.00
35 Environmental Protection Agency	315,097.95		(441,134.75)		(126,036.80)
37 Garden Valley Water Improvement District	71,574.34				71,574.34
39 Capital Facility Charges	1,679,821.74	16,100.00			1,695,921.74
24 ALT - WTP Capital Reserve	766,121.99				766,121.99
40 Auburn Lake Trails (ALT) Zone Fund	949,673.80	13,201.73	(14,333.98)		948,541.55
41 ALT Tank Replacement Loans & Repair Activity	33,791.15				33,791.15
42 ALT CDS Reserve Connection Fund	213,839.92				213,839.92
	9,193,118.51	101,343.03	(758,216.40)	0.00	8,536,245.14

Totals by Type of Account:

EI Dorado Savings Bank Checking	82,307.91	Rate Information:	0.03%
EI Dorado Savings Bank Savings	1,503,216.26		0.14%
Wells Fargo State Revolving Fund Debt Accounts	28,479.62		2.00%
Wells Fargo Brokered Time Deposits	6,922,241.35		0.28%
Local Agency Investment Fund			
Grand Total	<u>\$8,536,245.14</u>		



**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT  
 STATEMENT OF CASH AND INVESTMENT BALANCES APRIL 30, 2017**

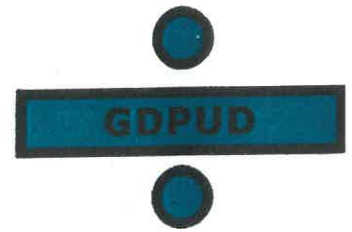
Accounting Basis Unrestricted, Designated and Restricted Funds Recap:  
 Unrestricted Undesignated Funds \$670,946.27  
*Designated Funds are in Italics* 4,173,510.47  
 Restricted Funds are Shaded 3,691,788.40  
\$8,536,245.14

District Designated Funds/Reserve Policy Funds Recap:	Estimated 2016-17 Budget	Calculated from 2014-15 Audited
Water - Operations	670,946	510,000
Water - Cash Flow		197,222
Water - Capital:		
Stumpy Meadows Emergency Reserve Fund	1,044,130	
Capital Facility Charges	1,695,922	
Replacement Reserve (required by USDA)	766,122	
Other reserves	651,586	7,871,516
<b>Sub Total - Water</b>	<b>4,828,707</b>	<b>8,578,738</b>
Debt Service	452,104	480,991
Retiree Health	524,769	421,765
Hydroelectric	603,069	461,219
Wastewater - Operations	948,542	45,978
Zone - Capital		5,000
Community Disposal System - Capital	247,631	250,211
<b>Sub Total - Wastewater/Zone</b>	<b>1,196,173</b>	<b>250,211</b>
	<u>7,604,821.26</u>	<u>10,243,902.00</u>

Actual total reserves as of June 30, 2015 \$9,162,818  
 Actual total reserves as of June 30, 2014 \$8,725,362  
 Actual total reserves as of June 30, 2013 \$8,427,421  
 Actual total reserves as of June 30, 2012 \$7,595,078

Approved: \_\_\_\_\_  
 Treasurer \_\_\_\_\_  
 General Manager \_\_\_\_\_

**REPORT TO THE BOARD OF DIRECTORS  
BOARD MEETING OF JUNE 13, 2017  
Agenda Item No. 5C**



**AGENDA SECTION: INFORMATIONAL ITEMS**

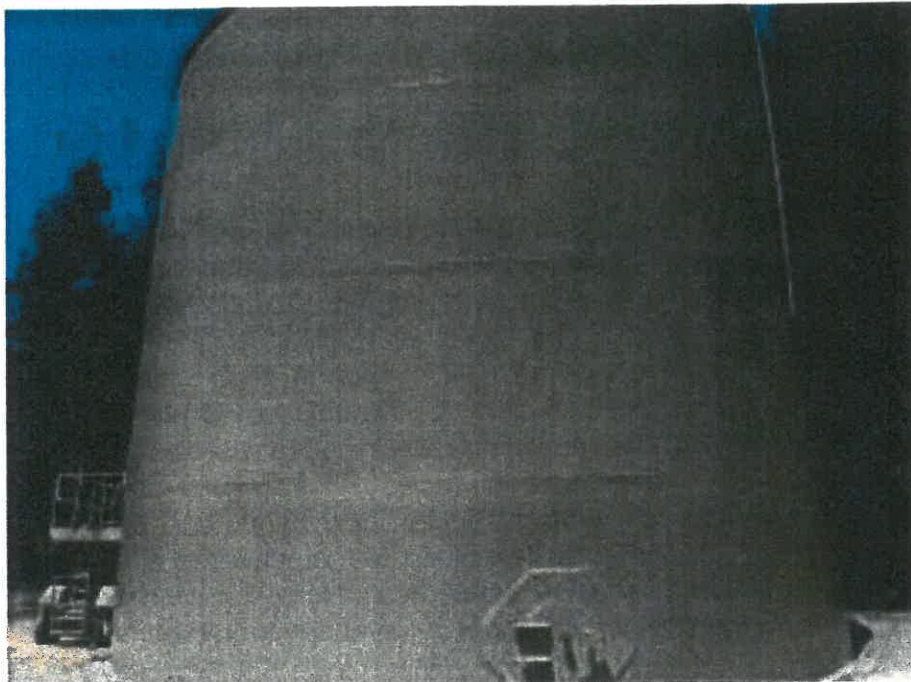
**SUBJECT: GENERAL MANAGER'S REPORT**

**PREPARED BY: Steven Palmer, PE, General Manager**

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**Walton Lake Treatment Plant Water Storage Tank 1 Recoating Project**

The work by Olympus and Associates is substantially complete and the tank is anticipated to be returned to service this week. Once work is complete, the Board will be asked to accept the project as complete and authorize recordation of the Notice of Completion for the Project. Two photos of the completed work are included below.





**ACWA Annual Conference**

Directors Uso, Halpin, and I attended the ACWA Annual Conference on May 9-12. I attended several seminars regarding rate studies and complying with Proposition 218, low income assistance programs, pensions, and a new low income rate assistance program that is being developed by the State. It was very informative to hear how other agencies deal with the same issues that affect the District.

I learned of one new state program that the District will need to follow closely, State AB 401, which directed the State Water Board to develop a statewide low income rate assistance program. The Water Board is developing program guidelines and a recommended funding mechanism for presentation to the Governor's office by January 2018. The current cost estimate for this program range from \$277 million to \$619 million, excluding administration costs. Public meetings are being held by the Water Board locally in Oakland on June 28, and in Sacramento on July 10. The public notice is included as Attachment 1.

I also learned of an ACWA sponsored State Constitution Amendment (SCA 4) which would revise the State Constitution to allow water rates to subsidize a low-income rate assistance program. Current laws do not allow water rates to subsidize other customers and low income rate assistance programs must be funded by revenue other than rates.

Attachment 2 includes presentations that I obtained at the Conference.

**State Water Resources Control Board**

**PUBLIC NOTICE**

The State Water Resources Control Board (State Water Board) will hold a second series of public meetings seeking input on program scenarios to provide affordable drinking water to low-income Californians as mandated by AB 401 (2015). The program scenarios and cost estimates are available on the Board's [website](#) under section 2017 Presentations: [UCLA 05/11/17](#).

Dates and locations of Public Meetings are listed below:

Public Workshop	Scheduled Date & Time	Location
<b>Riverside</b>	June 20, 2017 6:00-8:00 pm	<b>Reid Park- Ruth Lewis Center</b> Reid Multi-Purpose Room 701 Orange St Riverside, CA 92501
<b>Salinas</b>	June 27, 2017 6:00-8:00 pm	<b>Millennium Charter High School</b> Santa Lucia Room, 2 <sup>nd</sup> Fl 940 N Main Street Salinas, CA 93906
<b>Oakland</b>	June 28, 2017 6:00-8:00 pm	<b>Ira Jinkins Recreation Center</b> Meeting Room 9175 Edes Ave Oakland, CA 94603
<b>Los Angeles</b>	July 5, 2017 1:00-3:00 pm	<b>Los Angeles City Hall</b> 1070 Committee Room, 10 <sup>th</sup> Fl 200 N Spring St Los Angeles, CA 90012
<b>Sacramento</b>	July 10, 2017 4:30-6:30 pm	<b>CalEPA Building</b> Klamath Room 1001 I St Sacramento, CA 95814



**Background**

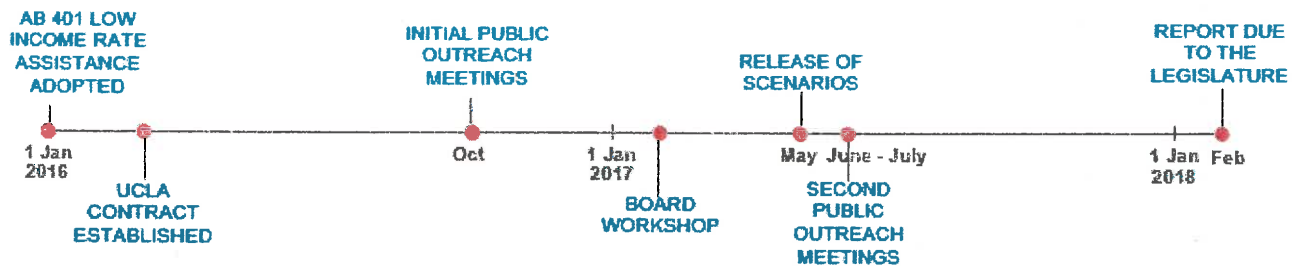
State law provides that every Californian has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. The State Water Resources Control Board is developing a plan for a statewide Low-Income Rate Assistance Program, which is required by A.B. 401 (2015, Dodd) to be released no later than February 1, 2018.



FELICIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR

1001 I Street, Sacramento, CA 95814 | Mailing Address: P.O. Box 100, Sacramento, CA 95812-0100 | [www.waterboards.ca.gov](http://www.waterboards.ca.gov)

## AB 401 Low Income Rate Assistance TIMELINE



### Topics for Comment

#### Topics for Comment at Public Meetings Summer 2017

1. Which of the four scenarios presented by UCLA do you prefer, and why?

See slides 9 through 17, posted at:

[http://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/assistance/docs/acwa\\_051117\\_by\\_ucla.pdf](http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/acwa_051117_by_ucla.pdf)

2. Are the estimated costs shown on slide 17 for these four scenarios reasonable and acceptable? Note that they do not include estimated administrative costs, which will depend on the structure of the program and other factors. Note also that slide 19 presents costs for existing LIRA programs.
3. Should additional scenarios be considered, such as those shown on slide 23 at the above link?
4. Should the LIRA program be available to non-metered households such as multi-family apartments and mobile home parks?
  - a. If so, how would the program be administered since rates are not paid directly by the low-income households?
5. What state agency (or agencies) should be responsible for administering the LIRA program?

Also, comments are still welcome on the questions posed at the first series of public meetings, held during Fall 2016.

See page 2 at:

[http://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/docs/ab401\\_public\\_notice.pdf](http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/docs/ab401_public_notice.pdf)

Comments already received are posted at:

[http://www.waterboards.ca.gov/water\\_issues/programs/conservation\\_portal/assistance/docs/summary\\_meetings\\_fall2016.pdf](http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/summary_meetings_fall2016.pdf)

### Submission of Comments

Please send written comments to Mary Yang at [Mary.Yang@waterboards.ca.gov](mailto:Mary.Yang@waterboards.ca.gov) or (916) 322-6507. Comments on these scenarios will be accepted until July 31, 2017.

# AB401 - STATE LOW INCOME RATE ASSISTANCE PROGRAM

## Need for Californian households

Designation	% of State Households
Below Federal Poverty Line	14%
Below 150% Federal Poverty Line	24%
Below 200% Federal Poverty Line	34%

- 200% of the Federal Poverty Line for a 4-person household is currently \$48,600

# AB401 - STATE LOW INCOME RATE ASSISTANCE PROGRAM

Many systems have large need and can't implement

County	Water System Name	% of Households Below 200% Federal Poverty Line
TULARE	CUTLER PUD	87%
FRESNO	MENDOTA, CITY OF	83%
TULARE	FARIMART PUD	81%
SUTTER	CITY OF YUBA CITY	81%
FRESNO	SAN JOAQUIN, CITY OF	81%
TULARE	PIXLEY PUBLIC UTIL DIST	81%
SAN BERNARDINO	CITY OF ADELANTO	80%
KERN	CITY OF MCFARLAND	77%
KERN	ARVIN COMMUNITY SERVICES DIST	76%
TULARE	TERRA BELLA IRRIGATION DISTRICT	76%
SANTA BARRBARA	GUARDALUPE WATER DEPARTMENT	75%

- In 22% of systems, which represents 10% of state population, more than half of households would be eligible

# AB401 - STATE LOW INCOME RATE ASSISTANCE PROGRAM

## Four Program Scenario Alternatives

- Scenario #1: All state households below 200% of the FPL are enrolled in a statewide program offering 20% discount
- Scenario #2: All state households below 200% of FPL and paying less than \$100 on their monthly water bill receive a 20% discount; households below 200% of FPL paying \$100 or more on their monthly water bill receive a 35% discount
- Scenario #3: All state households below 200% of FPL who are not served by a CPUC-regulated water system with an existing LIRA are enrolled in a separate, unified program offering 20% discount
- Scenario #4: All state households below 200% of FPL who are served by a water system not currently offering a compliant LIRA are enrolled in separate, unified program offering 20% discount



# AB401 - STATE LOW INCOME RATE ASSISTANCE PROGRAM

## Potential Cost of these designs

Program Scenario	% of state's households covered	% of households eligible within coverage definition	Estimated Annual New Program Cost
#1: Entire state program providing 20% discount	100%	34%	\$580 million
#2: Entire state program providing tiered (20-35%) discount	100%	34%	\$619 million
#3: Program excluding CPUC-regulated systems and providing 20% discount	86%	34%	\$488 million
#4: Program excluding all CWS with existing, compliant LRAs and providing 20% discount	54%	33%	\$277 million

## Program Financing: Options and Challenges

### Precedent:

- Unit-based consumption surcharge on non-participating households' drinking water bills (Prop 218)

### Prospective:

- Passage of a state-wide tax or fee (Prop 26)
- Annual state income tax rebate to eligible households financed by dedicated state fund

# AB401 - STATE LOW INCOME RATE ASSISTANCE PROGRAM

## Program Financing Options and Challenges

### Precedent:

- Unit-based consumption surcharge on non-participating households' drinking water bills (Prop 218)

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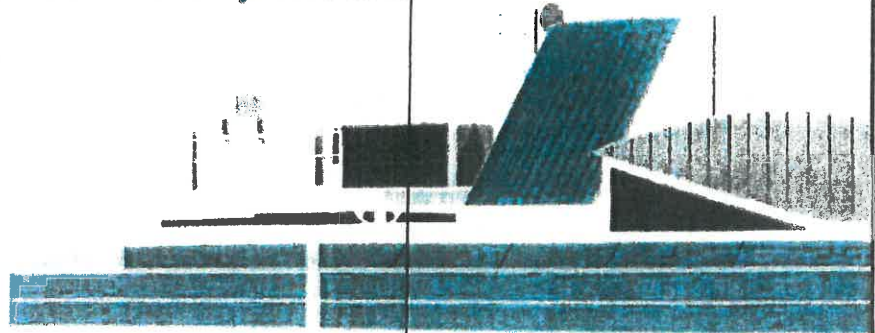


Long Beach Water

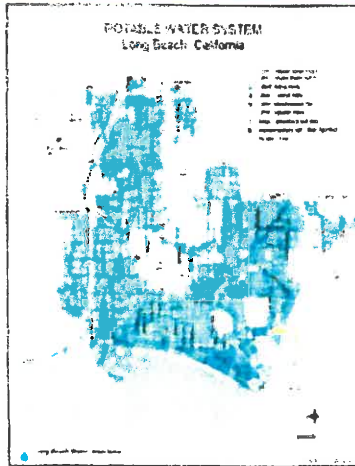
# Rate Design and Affordability: Long Beach Water's Experience

*B. Anatole Falagon*

*May 10, 2017*



## Long Beach Water At-a-Glance



- **Since 1911**
- **Serves City of Long Beach**
  - CA's 7<sup>th</sup> largest city
  - Almost 500,000 residents
  - About 89,000 accounts
- **Potable Water System**
  - 900 miles of water mains
  - About 53,000 af/yr potable demand
    - 60/40 split – groundwater/imported
  - Member: Metropolitan Water District



Water

## Existing Rates

- **Rate Structure since 1997**
  - **Three (3) Tier Residential**
    - **Inclining Block** – encourages conservation
  - **Uniform Non-Residential**
- **Cost of Service Study – 1996**
  - **Functionalized and distributed costs**
  - **Mathematical calculation of tier widths, proportions**
  - **Pre-dates Proposition 218**
- **Cost of Service Nexus – Proposition 218**
  - **Appropriate cost recovery by customer class**
  - **However, tier proportions lack nexus with cost categories**



## Challenges: Affordability

- **City of Long Beach – Disadvantaged Community Status**
  - **City discount program: Utility Users Tax Exemption**
    - **Currently provide discounted rates for water and sewer service.**
    - **Qualify through City administered process**
- **Outstanding conservation response since 2007**
  - **...and also since State mandates since 2015**
  - **De-link conservation response and rate increases**
- **Proposition 218 cost allocation**
  - **Avoid customer cross-subsidies**



## Opportunities

- **Long Beach Water's resource portfolio**
  - **Mix of several sources and costs**
    - Groundwater
    - Leased Groundwater
    - Imported Water
    - Recycled Water
    - Conservation – programs
  - **Revenues other than rates**
    - Property lease income
  - **City defined and administered process for discount programs**



## Proposed Rate Structure

- **Cost of Service Study**
  - **Three (3) Tier Residential rates, and uniform Non-Residential rate**
    - Tier widths and proportion – supply sources and conservation programs
- **Discount program**
  - **Qualify through City-administered Utility Users Exemption Program**
    - Discounted water in first tier, plus credit equivalent to previous sewer credit
    - Source of funds: Property lease revenues
- **For Residential customers who led conservation response**
  - **Median SFR Usage = 10 ccf**
    - Combined Water and Sewer bills equivalent to current bills
    - Savings on new bill if less



Water

## Proposed Residential Tier Definitions

Applied to All Residential Classes by Dwelling Unit

	Current Tiers	Proposed / Revised Tiers	Basis
<b>Tier 1</b>	Single Family: 0 – 5 ccf Duplex: 0 – 2.5 ccf Multi Family: 0 – 2.5 ccf	<b>0 – 6 ccf</b>	Groundwater Availability → 6 ccf per DU
<b>Tier 2</b>	Single Family: 6 – 15 ccf Duplex: 2.6 – 13 ccf Multi-Family: 2.6 – 9 ccf	<b>7 – 13 ccf</b>	Lakewood & MWD Tier 1 Availability → 7 ccf per DU
<b>Tier 3</b>	Above Tier 2	<b>Above 13 ccf</b>	Above Tier 2

 City of Lakewood Water

## Water Rates Justification

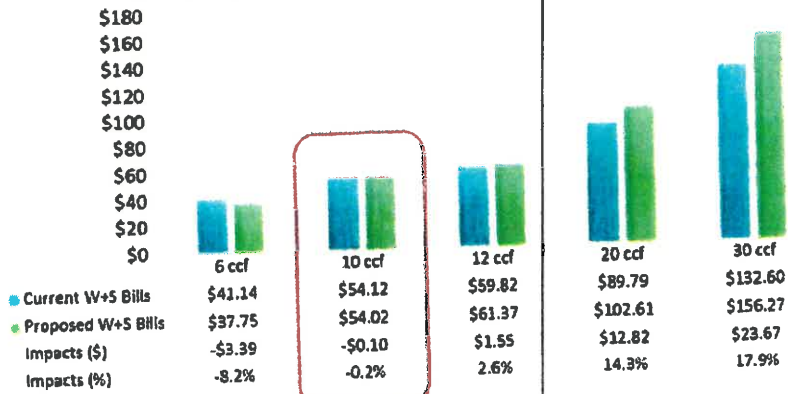
	Water Supply	Delivery	Peaking	Conservation	Revenue Offset
<b>Residential</b>					
Tier IA	Groundwater	x	x		xxx
Tier IB	Groundwater	x	x		x
Tier II	Blended LW + MWD Tier 1	x	xx		
Tier III	MWD Tier 2	x	xxx	xx	
<b>Non-Residential</b> (Irrigation, Industrial, Commercial)	Blended GW + LW + MWD	x	xxx	x	

 Water

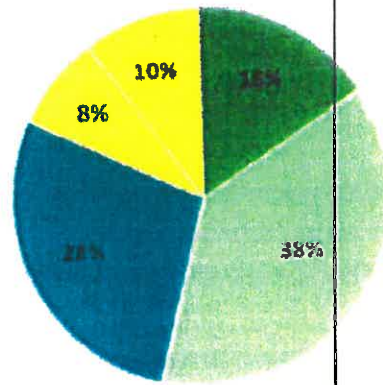
# Residential Water + Sewer Monthly Bill Impacts

## Sample Residential Water and Sewer Bills

5/8" x 3/4" Single Family meters w/o granted exemption for 30 days and 10 ccf Billed Sewer Flows



# Residential Water Customer Bill Impact

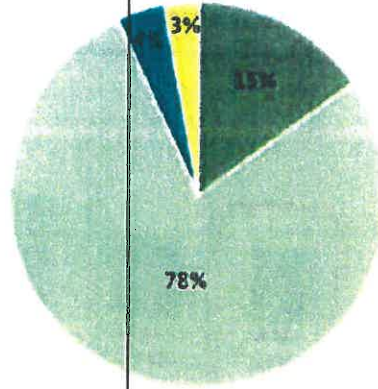


■ Bill Decrease more than \$5   
 ■ Bill Decrease \$5 to \$0   
 ■ Increase less than \$5  
■ Increase \$5 to \$10   
 ■ Increase \$10 to \$50





## Sewer Customer Bill Impact



• Bill Decrease more than \$2    • Bill Decrease \$2 to \$10  
• Increase less than \$5    • Increase greater than \$5



## Long Beach Water: Insights

- **Utility Rate Structure**
  - Transparent
  - Easy to follow
  - Methodical
- **Your water, your rates, your community**
  - Lower water usage and affordable costs
  - Each utility has unique cost structures and opportunities
- **Discount programs**
  - Leverage existing certification programs
    - Well understood by community



Water

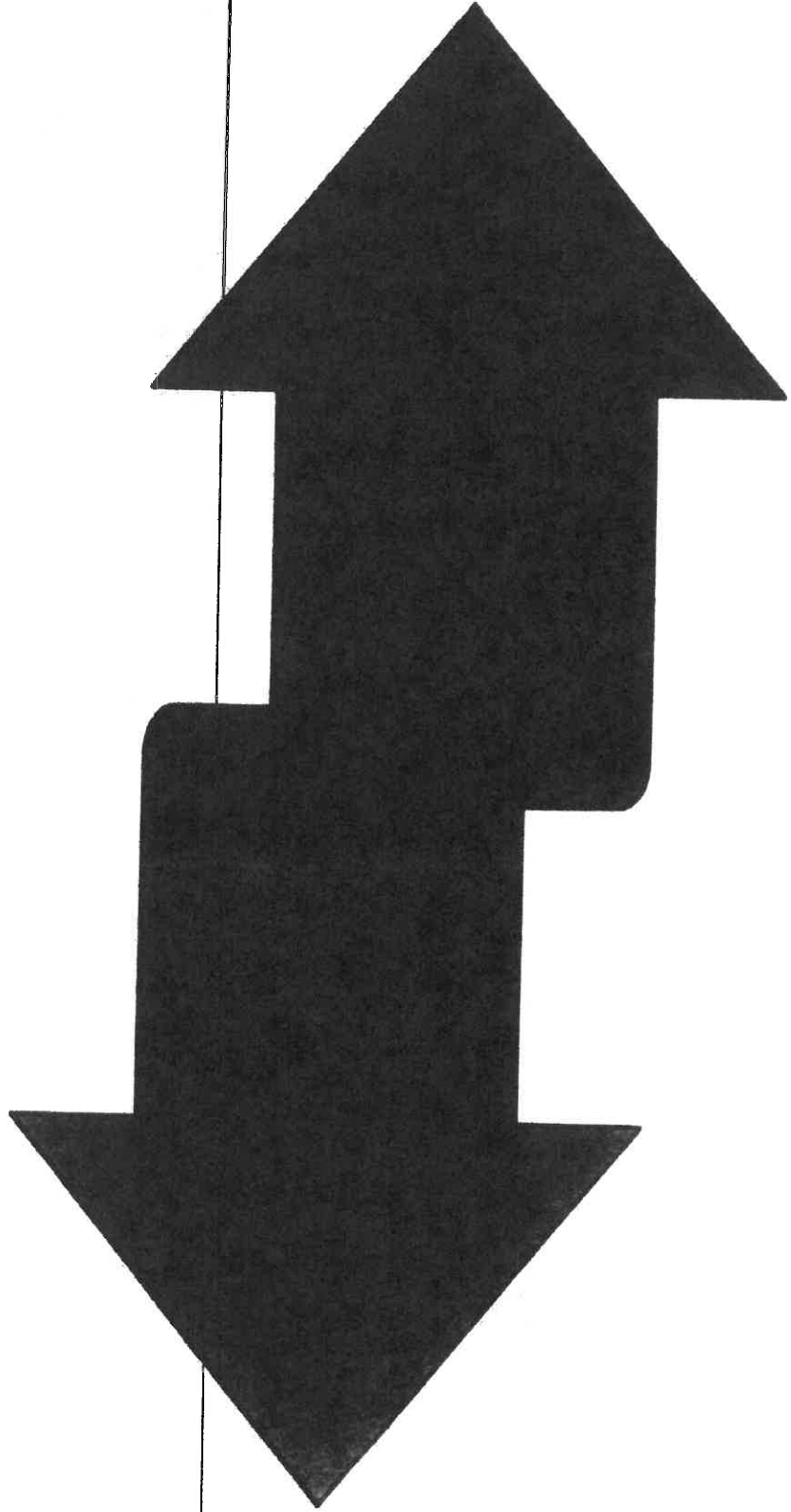
**DESIGNING THE APPROPRIATE  
AFFORDABILITY PROGRAM  
THAT MEETS PROP 218 AND YOUR COMMUNITY NEEDS**

**ACWA Spring**

**Monterey, CA / May 20, 2017**



WATER SYSTEM OCCUPANCY REQUIRE



# WATER SYSTEMS

# TYPE

**Fixed Costs  
are High**



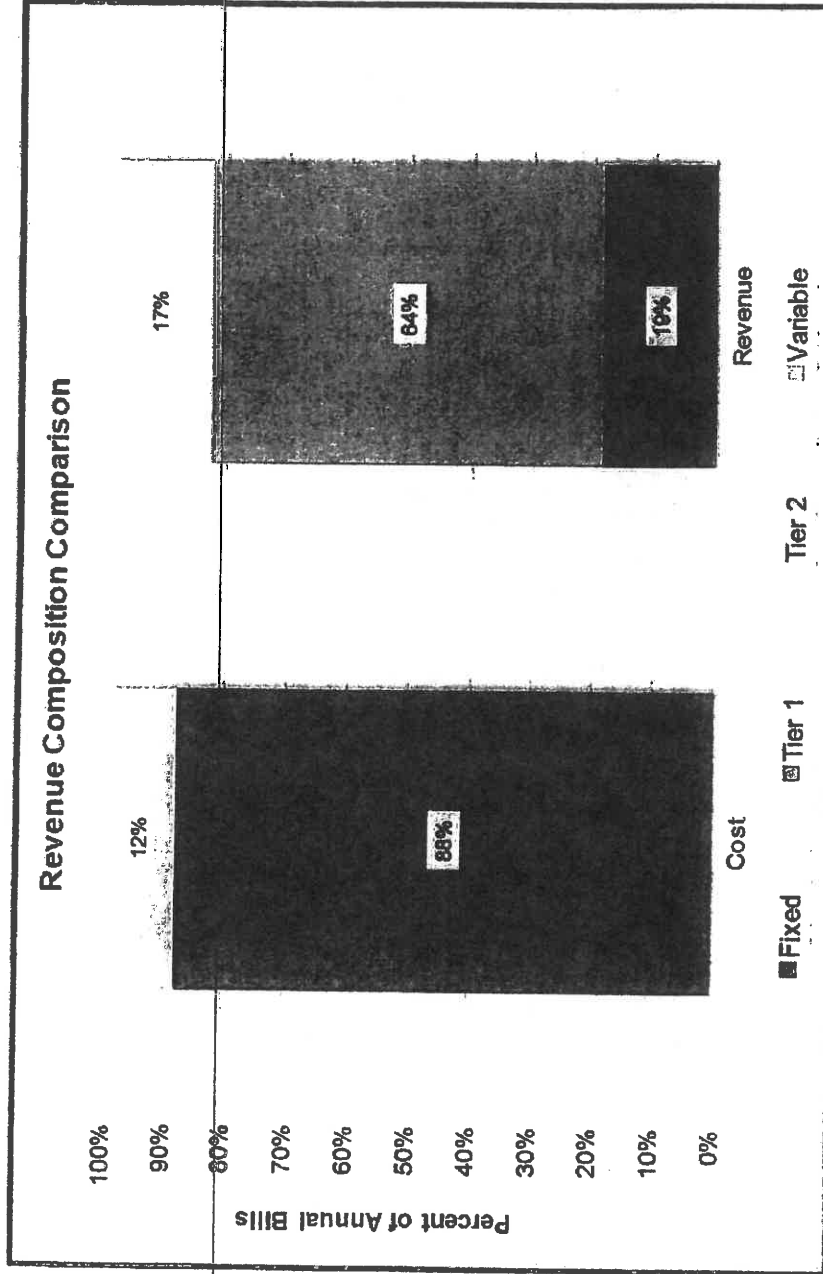
**80 TO 95%**  
of total annual costs

**Variable Costs  
are Low**



**5 TO 20%**  
of total annual costs

# WATER SYSTEM COST AND REVENUE IMPARITY



## FINANCIAL NATURAL GAS VARIABLE REVENUE CONTRACT

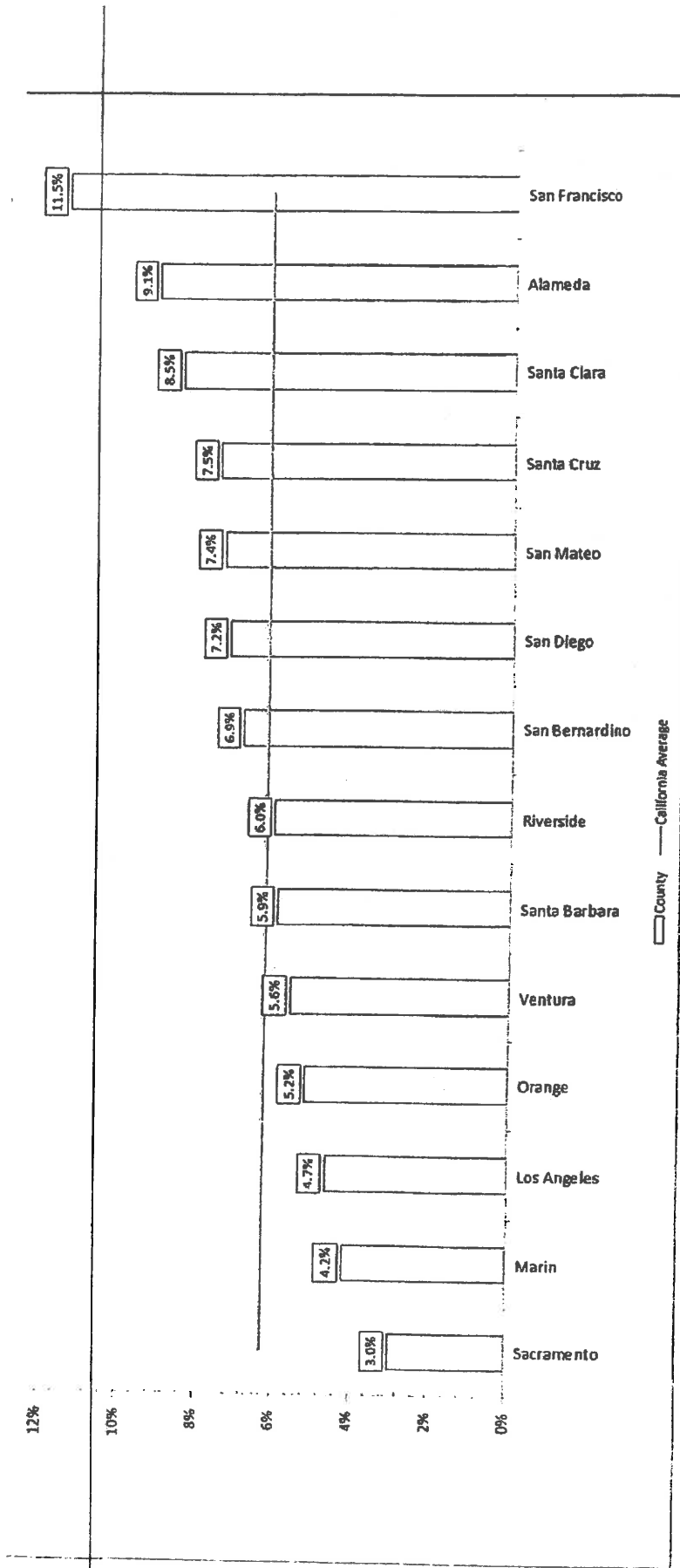
- » During increased water sales, cost are spread over more water molecules
  - › Lower pressure on rates
  - › “Behind the Curtain Era”: 1960’s to 1980’s

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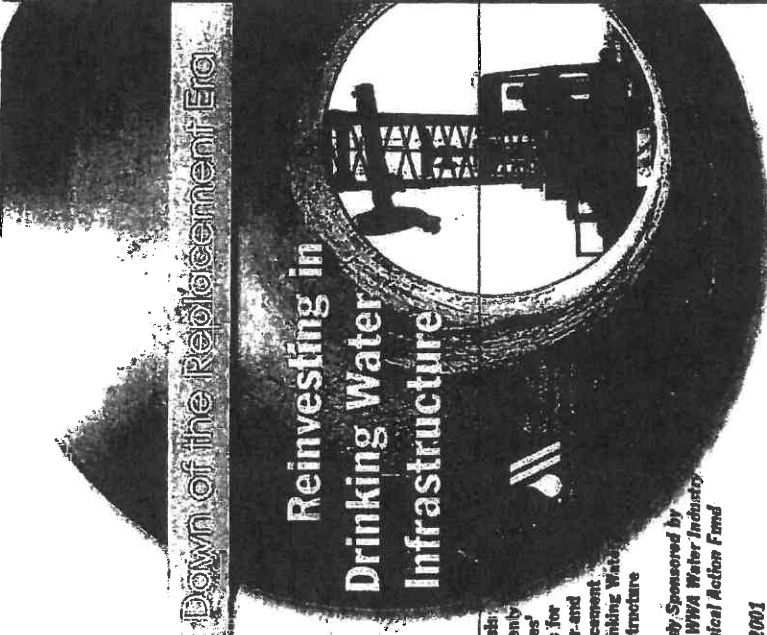
- » The reciprocal is true: Decreased water sales create pressure to increase rates
  - › “In the Spotlight Era”: 1990’s to present

**ANNUALIZED INCREASE IN MONTHLY BILLS  
SINGLE FAMILY FROM 2003 TO 2015  
(15 HCF BY COUNTY)**

Average water bill has increase by 125%  
while median incomes only increased 12%



# HISTORIC UNDERINVESTMENT LEAVES US WITH A GROWING CAPITAL REQUIREMENT



**Down of the Replacement Era**

## Reinvesting in Drinking Water Infrastructure

**An Analysis of Twenty Utilities' Needs for Repair and Replacement of Drinking Water Infrastructure**

**A Study Sponsored by The AWWA Water Industry Technical Action Fund**

**May 2001**

**Washington Office**  
American Water Works Association  
601 North 15th Street, Suite 400  
Washington, DC 20005  
(202) 745-2200, Fax: (202) 638-3648  
http://www.awwa.org

**Office of the Executive Director**  
American Water Works Association  
601 North 15th Street, Suite 400  
Washington, DC 20005  
(202) 745-2200, Fax: (202) 638-3648  
http://www.awwa.org



## **COST OF SERVICE REQUIREMENT**

- » Proposition 218 (Article XIII C and XIID of California Constitution)
  - » Proposition 26
- 
- » Both state that rates must reflect the cost of providing service
  - » Can not subsidize a certain group of customer based on social / economic factors

# APPROACHES TO MAINTAIN AFFORDABILITY

- » Option 1: Develop affordability rates for essential water use needs that still complies with Proposition 218
- » Option 2: Develop an affordability program that targets the key constituent and is funded appropriately

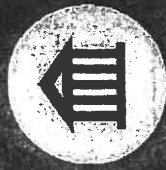
# PRICE RATIOS & JUSTIFICATIONS

## **Nexus between tier prices & cost of service:**

- » Cost of water supplies
- » Peaking cost of capital

---

- » Conservation program costs
- » Potential new sources of supply
- » Urban runoff



# CASE STUDY:

## LAS VIRGENES MWD

Commodity Charge (\$ / ccf)	Base Power	Water Supply	Delivery	Peaking	Conservation	Rev Offset
Tier 1	x	Blended MWD Tier 1 & Reservoir	x			x
Tier 2	x	Blended MWD Tier 1 & Reservoir	x	x		x
Tier 3	x	Blended MWD Tier 1 & Reservoir	x	xx	x	
Tier 4	x	MWD Tier 2	x	xxx	x	



# CASE STUDY: LAS VIRGENES MWD

Commodity	Base Power	Water Supply	Delivery	Peaking	Conservation	Rev Offset	Proposed
Tier 1	\$0.06	\$2.08	\$0.41	\$0.00	\$0.00	-\$0.13	\$2.42 /ccf
Tier 2	\$0.06	\$2.08	\$0.41	\$0.81	\$0.00	-\$0.13	\$3.23 /ccf
Tier 3	\$0.06	\$2.08	\$0.41	\$1.34	\$0.10	\$0.00	\$3.99 /ccf
Tier 4	\$0.06	\$2.60	\$0.41	\$1.83	\$0.10	\$0.00	\$5.00 /ccf

## **DESIGNING THE APPROPRIATE AFFORDABILITY PROGRAM**

- » Who should we target?
  - » How should it be administered?
  - » How should program be designed?
  - » How do we fund it?
-

## LOW INCOME ASSISTANCE DISCUSSION

- » Who should we target?
  - > Senior citizens
  - > Low income customers
  - > Disabled
  - > Or any combination
  
- » How should it be administered?
  - > Staff administers program, creating additional cost
  - > Piggyback on existing program administered by another utility
    - E.g. requiring customers to send in SCE bill with low income discount

# LOW INCOME ASSISTANCE DISCUSSION

- » How should program be designed?
  - > Reduce total bill?
  - > Reduce the fixed charge?
  - > Reduce the indoor needs portion of bill?
  
- » How do we fund it?
  - > General Fund
  - > Voter-approved tax
  - > Lease agreement
  - > Non-rate revenue (cell tower leases)
  - > Donation-based → No one has heard of a successful DONOR BASED PROGRAM
  - > Late payment revenue
  - > Lateral insurance programs

\* GENERAL AGENCY LOW PARTICIPATION (LONG BEACH - 1,000 CUSTOMERS) 87% IN ACCOUNT



# SOUTHERN CALIFORNIA EDISON & SOCAL GAS

Family Electric Rate Assistance (FERA) & CA Alternate Rates for Energy (CARE)

- » CARE/FERA guidelines established by CPUC
- » CARE applies to both electricity and gas. FERA is only for electricity.
- » CARE provides 30-35% discount. FERA provides 12% discount.

• Medi-Cal/Medicaid	• CalFresh/SNAP (Food Stamps)
• WIC	• CalWorks (TANF)/Tribal TANF
• LIHEAP	• Medi-Cal for Families (Healthy Families A&B)
• Supplemental Security Income (SSI)	• National School Lunch Program (NSLP)
• Bureau of Indian Affairs General Assistance	• Head Start Income Eligible (Tribal Only)

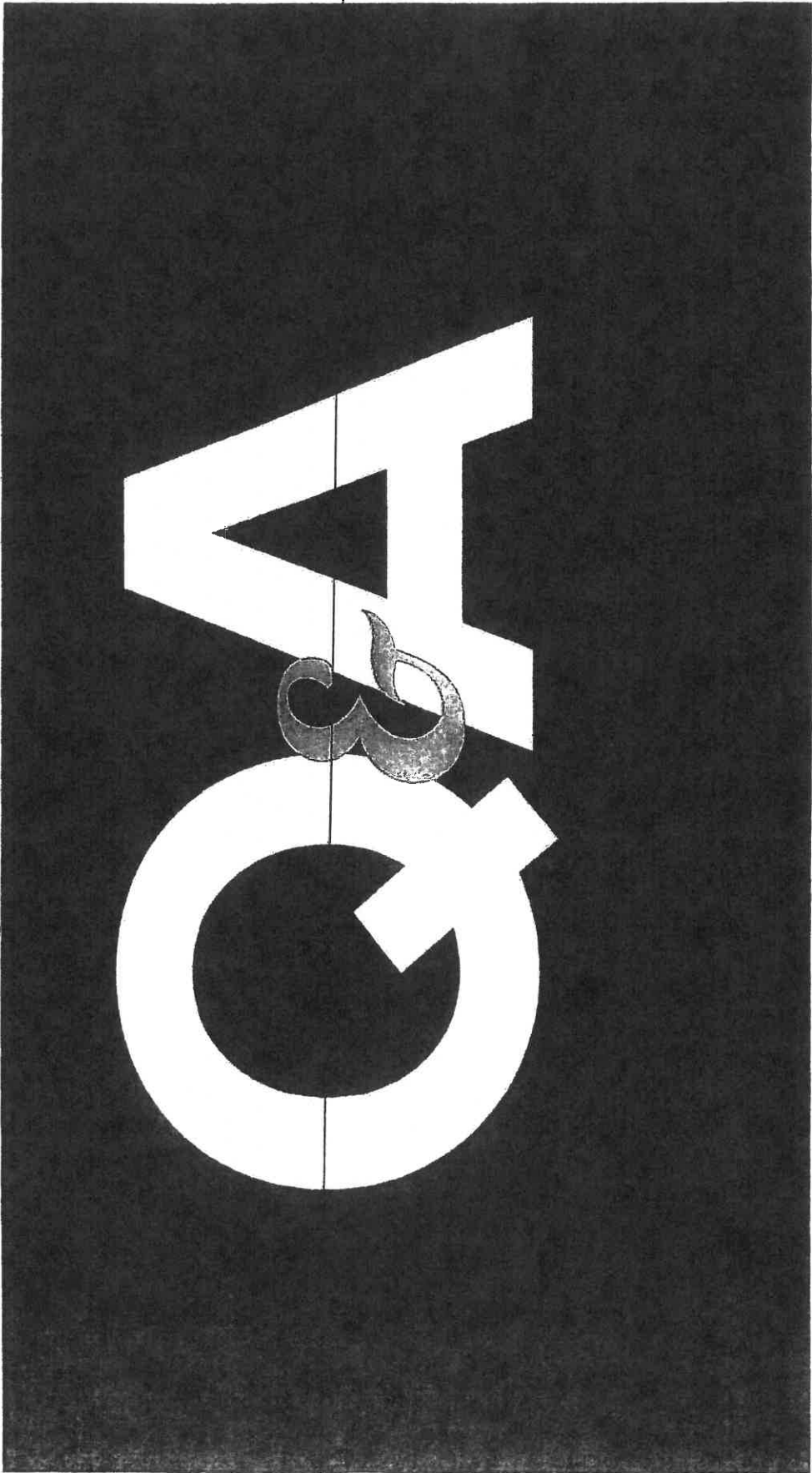
- » Or, if customer meets income guidelines

Number of Persons in Household	Total Combined Annual Income CARE	Total Combined Annual Income FERA
1 to 2	Up to \$32,040	Not Eligible
3	Up to \$40,320	\$40,321 - \$50,400
4	Up to \$48,600	\$48,601 - \$60,750

# CITY OF CAMARILLO EXAMPLE

## *“Qualifying Low Income Senior” Program*

- » **Funding**
    - › Voter approved tax
      - How is this implemented?
  
  - » **Criteria**
    - › Must be 62 or older
    - › Total household income less than \$18,800 for individual or \$21,250 for couple
    - › Must use 10 hcf or less per month
  
  - » **Benefit**
    - › 42% reduction for wastewater service
    - › Monthly meter charge waived (\$22.43 for  $\frac{3}{4}$ ” meter)
-





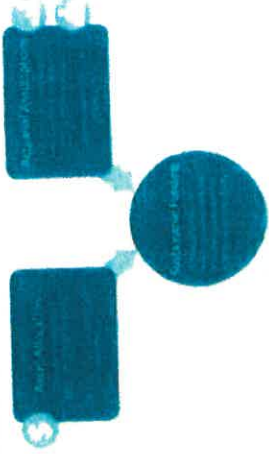
## Agenda

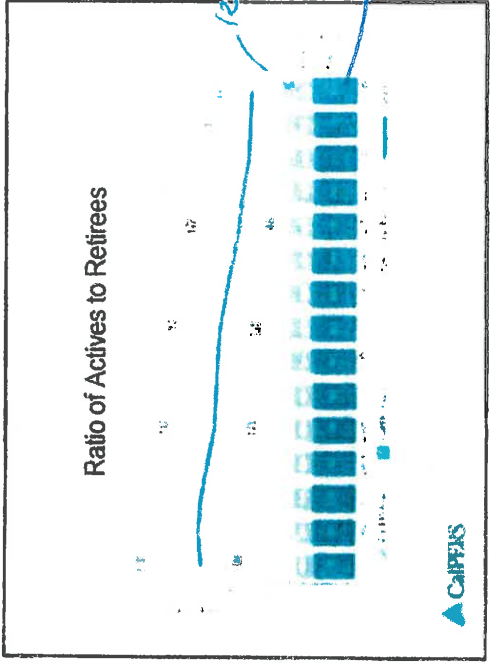
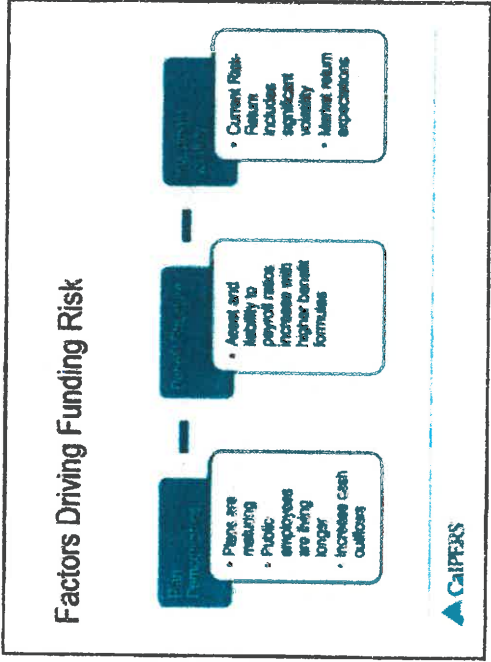
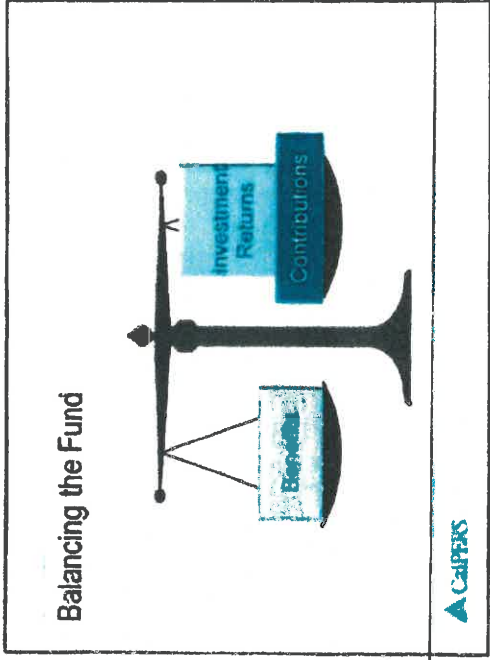
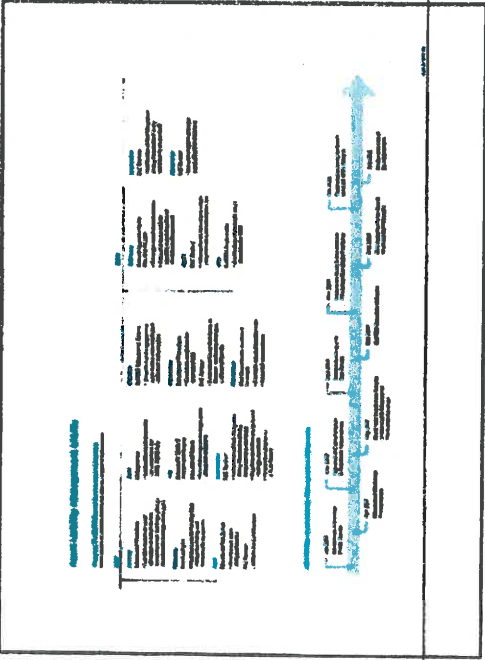
- What is coming up?
- In the news
- Where are employer contributions heading?



## Asset Liability Management Framework

- An integrated approach that considers assets, liability, and risk to ensure the sustainable funding of the system.





### What is Funding Risk Mitigation?

- Funding Risk Mitigation seeks to reduce funding risk over time
- Reducing funding risk should mitigate the impact of investment volatility on employer contribution rates and funding levels over time



### How Will Funding Risk Mitigation Work?

- When investment return exceeds the discount rate by a certain threshold, a Funding Risk Mitigation Event will trigger
- When a Funding Risk Mitigation Event is triggered, a portion of the investment return is used to pay for lowering the expected investment return and discount rate
- For example, a 11.5% investment return would reduce the expected investment and discount rate return five (5) basis points (0.05%)



### How Will Funding Risk Mitigation Work?

- Ultimately Risk Mitigation may reduce investment return assumption by around 100 basis points (1%)
  - E.g., 7.50% to 6.50%
- Will result in higher contributions from employers and members
- Financial impact expected to be very gradual
- Board approved temporary suspension due to discount rate changes



### Experience Study

- Review of all actuarial assumptions:
  - Mortality. move to new improvement scale MP2016
  - Inflation. capital markets trending lower than 2.75%
  - Salary growth. tied to inflation
  - Retirement. Termination and Disability Rates
- Analysis of past plan experience and trends
- Recommendations for future experience
- Impact on Accrued Liabilities and Normal Cost
- Board first reading December, 2017, adoption February, 2018




In the News  
Investment Return Assumption Discount Rate Change




### Investment Return (IR) Assumption

- Currently 7.50% for 6/30/15 valuation
- Board adopted 7.375% for 6/30/16 valuation
  - 7.25% for 6/30/17 valuation
  - 7.00% for 6/30/18 valuation
- Based on asset allocation and capital market assumptions
  - Expected returns, inflation
- Asset Liability Management workshop in November, 2017
  - full review of asset allocations, economic assumptions



### Investment Return (IR) Assumption


- Capital market assumptions have been volatile recently
- Wilshire report (June/16) projected 10 year return of 6.2%
  - Projected 10 year inflation of 1.6%
  - Long term expected returns are higher (7.8%)
- IR assumption for actuarial valuations blends short-term and long-term expectations for both returns and inflation



### Investment Return (IR) Assumption

- A lower IR assumption means:
  - Higher normal cost %'s
  - Higher accrued liabilities
  - Decreases to required payments toward existing unfunded liability
  - Overall increase to total employer contributions
- 5 Year Projections on Page 5 in 6/30/2015 actuarial valuations reflect current 7.50% assumption

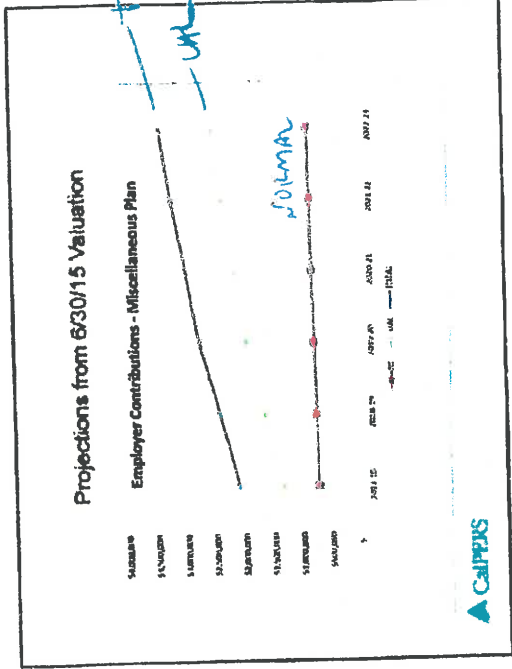
? how



### Back to the Future....

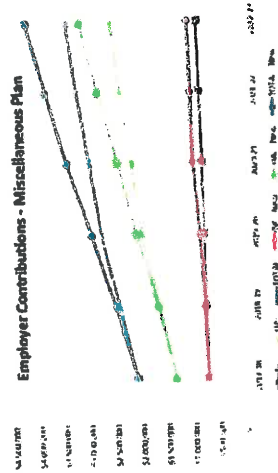
- Page 5 of your annual actuarial report at 6/30/15

Fiscal Year	Projected Future Employer Contributions	
	2015-16	2016-17
2015-16	2016-17	2017-18
9,272,000	9,817,000	10,362,000
8.2%	8.7%	9.2%
11,144,000	11,689,000	12,234,000
11.0%	11.5%	12.0%



### With Discount Rate Changes

#### Employer Contributions - Miscellaneous Plan



### How To Determine your Revised Contributions?

- Circular Letter 200-004-17 dated January 19, 2017

Valuation	Year End Rate	Rate	Rate	Rate	Rate	Rate
2015-16	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
2016-17	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
2017-18	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
2018-19	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%
2019-20	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%
2020-21	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%
2021-22	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
2022-23	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%
2023-24	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%
2024-25	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%
2025-26	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%
2026-27	13.7%	13.7%	13.7%	13.7%	13.7%	13.7%
2027-28	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%
2028-29	14.7%	14.7%	14.7%	14.7%	14.7%	14.7%
2029-30	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%
2030-31	15.7%	15.7%	15.7%	15.7%	15.7%	15.7%
2031-32	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%
2032-33	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%





### How to Determine Projected Contributions?

- Using Page 5 of your actuarial report at 6/30/15
- | Current Estimated Rate 7.75% | 2017-18    | 2018-19    | 2019-20    | 2020-21    | 2021-22    | 2022-23    | 2023-24    |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|
| MC Rate                      | 11.11%     | 10.76%     | 10.50%     | 10.30%     | 10.15%     | 10.03%     | 9.94%      |
| MC                           | \$ 483,000 | \$ 704,000 | \$ 774,000 | \$ 784,000 | \$ 764,000 | \$ 744,000 | \$ 714,000 |
| MC (10%)                     | \$ 48,300  | \$ 70,400  | \$ 77,400  | \$ 78,400  | \$ 76,400  | \$ 74,400  | \$ 71,400  |
| Projected Total              | \$ 531,300 | \$ 774,400 | \$ 851,400 | \$ 862,400 | \$ 840,400 | \$ 818,400 | \$ 785,400 |
- 
- With the Circular create the following table
- | Projected Rate  | 2017-18    | 2018-19    | 2019-20    | 2020-21    | 2021-22    | 2022-23    | 2023-24    |
|-----------------|------------|------------|------------|------------|------------|------------|------------|
| MC Rate         | 11.11%     | 10.76%     | 10.50%     | 10.30%     | 10.15%     | 10.03%     | 9.94%      |
| MC              | \$ 483,000 | \$ 704,000 | \$ 774,000 | \$ 784,000 | \$ 764,000 | \$ 744,000 | \$ 714,000 |
| Multi-rate      | \$ 1,000   | \$ 1,000   | \$ 1,000   | \$ 1,000   | \$ 1,000   | \$ 1,000   | \$ 1,000   |
| Total MC        | \$ 484,000 | \$ 705,000 | \$ 775,000 | \$ 785,000 | \$ 765,000 | \$ 745,000 | \$ 715,000 |
| Total MC (10%)  | \$ 48,400  | \$ 70,500  | \$ 77,500  | \$ 78,500  | \$ 76,500  | \$ 74,500  | \$ 71,500  |
| Projected Total | \$ 532,400 | \$ 775,500 | \$ 852,500 | \$ 863,500 | \$ 841,500 | \$ 819,500 | \$ 786,500 |
- 
- Full projections will be available in 6/30/16 report



### Discount Rate

- Combination of
  - Expected Inflation 2.75%
  - Real Rate of Return (above inflation) 4.75
  - Margin for Adverse Deviation 0.00
  - Total 7.50%
- Based on 2010 Capital Market Assumption study (updated in 2014)



### Discount Rate

- Expected Inflation 2.75% 2.75% 2.50%
- Real Rate of Ret. 4.75 4.25 4.50
- Margin 0.00 0.00 0.00
- Total 7.50% 7.00% 7.00%



Where are Employer Contributions Heading?

Investment Policy | Total Actuarial Assumptions | Compliance | Projections

### Amortization Policy

- Adopted by the CalPERS Board in April 2013
- Designed to pay down unfunded liability faster
- 5 year direct rate smoothing
  - 30 year closed amortization of experience gains/losses
  - 20 year closed amortization of assumption changes
  - Five year ramp up/down



### Amortization Policy

- Affected employer contributions for the first time in FY 2015-16
- No impact on normal cost
- Higher contributions short term
- Lower contributions long term (25+ years)
- Better funded status long term



### New Asset Allocation & Actuarial Assumptions

- Adopted by the Board in February 2014
- Changed economic and demographic assumptions
  - Projected 20 years of mortality improvement using Society of Actuaries Scale BB

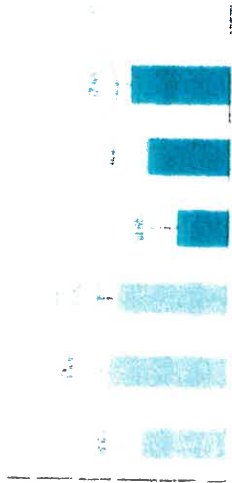


### New Asset Allocation & Actuarial Assumptions

- Affected public agency contribution rates for the first time in FY 2016-17
- Earlier implementation for State
- Generally higher normal cost
- Generally higher contributions



### Funded Status as of June 30, 2015



### Where can I see my future contributions?

- Page 5 of your annual actuarial report at 6/30/15

Period Year	Historical Contributions		Projected Future Employer Contributions			
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Amount (\$)	6,200,000	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000
Rate (%)	0.27%	0.31%	0.31%	0.31%	0.31%	0.31%




### Questions & Comments




### ACWA 2017 SPRING CONFERENCE

#### PENSION OUTLOOK

A Brief Look at "Vested Rights" Issues and Potentially Positive Legal Developments



Judy Boyette, Partner  
jboyette@hansonbridgett.com  
415-995-5115 Direct  
May 10, 2017



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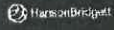
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#### What We Will Cover

- Why didn't California's pension reform fix all your financial problems?
- What is the major obstacle to design changes that will lower future pension contributions significantly?
- Could the current pension litigation in California make a difference in your planning options for future pension cost containment efforts?



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#### Pension Changes: Risky & Emotionally Charged



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**Past "Pension Reform" Has Focused On.....**

Major Focus of Pension Reform	Addressed by PERBA & GASB?
High Benefits	Yes
Out of Sync with Private Sector	Sort Of
Cost Reduction	Future Focused
Unfunded Liability	Future Focused
Improper Influence	Yes
Hidden Liabilities	Yes
Issues with Retiree Medical	Future Focused

HansonBridgett

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- Problems: Past "Pension Reform" Has Not Focused On...**
- Modern workforce needs/desires
  - Fierce competition for talent in California
  - Need for retention and training of replacements (saying good-bye to the Baby Boomers)
  - Value of total compensation package
- HansonBridgett

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- Problems: What is the major obstacle to making changes in your pension benefits to address increasing financial burden?**
- California's "vested rights" doctrine—developed in case law
  - Organized labor's concern about maintaining retirement benefits for members; generally will litigate changes under "vested rights" claim
- HansonBridgett

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### What Are "Vested Rights"?

- Retirement benefit promised during employment with public agency
- Accrues on acceptance of employment
  - Even if still forfeitable for years
  - For entire length of employment with agency
    - (*Kern v. City of Long Beach*, 29 Cal.2d 848 (1947); *Allen v. City of Long Beach*, 45 Cal.2d 128 (1955))
- No vested rights for new hires
- Limited ability to change for future service under current case law—but potential clarification before California Supreme Court soon

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### Basis For Vested Rights

- California (Art. 1, Section 9) & U.S. Constitution
- Cannot impair or interfere with contract
- Terms of contract determine what rights are "vested" and extent of "vesting"
  - What are the terms?
  - Do terms allow adverse change? (*Int'l Ass'n of Firefighters, Local 145 v. City of San Diego*, 34 Cal. 3d 282 (1983))

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### General Limits On Changes – Vested Rights in Pension

- "Must" keep a pension system "flexible" to meet "changing conditions" and "maintain the integrity" of the system
- "Must" be "reasonable"
- "Must" bear a material relation to the "theory of a pension system" and its "successful operation"
- "Should" have "comparable new advantages" (e.g. *Allen v. City of Long Beach*, 45 Cal.2d 128,131)
- Up until present – courts have not clearly differentiated between the "must" and "should" language

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**Current Challenges to "Vested Rights"—  
MAPE et. Al. v. Marin CERA et. Al.**

- Challenge to Marin CERA's implementation of PEPRA—required restrictions on what is included in "compensation earnable" for legacy members
- Trial court upheld Retirement Board's actions; no finding of unconstitutional impairment
- Limitations applied to post-1/1/13 time periods (but could affect amount of future benefits)

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**Current Challenge to "Vested Rights"—  
MAPE et. Al. v. Marin CERA et. Al. – Con't**

- Court of Appeals upheld and broadened holding as to what a "vested right" in a pension represents
- "Vested right" to a pension only extends to a "reasonable" pension and is not an entitlement to the most optimal benefit calculations
- Comparable new benefit merely "should", rather than "must" be provided if impairment found

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**Current Challenge to "Vested Rights"—  
MAPE et. Al. v. Marin CERA et. Al. – Con't**

- Implementation of legislation to curtail "pension spiking" did not qualify as a "substantial impairment" of the right to a "reasonable" and "substantial" pension
- "New benefit" was provided in any event because the newly excluded items applied to future time periods and would result in decreased contributions and thus more take home pay for affected members

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**Current Challenge to "Vested Rights"—  
MAPE et. Al. v. Marin CERA et. Al. – Con't**

- Court of Appeals found inherent implied authority of a legislature to make "reasonable" changes and modifications in retirement plans that result in "reducing or eliminating" certain aspects of a retirement benefit, so long as they apply to active and not retired or deferred members, and don't "destroy" the members' "anticipated pension"

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**Current Challenge to "Vested Rights"—  
MAPE et. Al. v. Marin CERA et. Al. – Con't**

- What's next?
  - California Supreme Court accepted review 11/22/16
  - Review will not occur until another Appeals Court hears similar arguments regarding PEPRA changes implemented by Alameda, Contra Costa, and Merced county systems or further order is issued
- If MAPE reasoning upheld—provides authority for other systems to implement further changes
  - If more take-home pay is a "comparable new benefit", then focusing on total compensation may be possible

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**Another Challenge to "Vested Rights"—  
Cal Fire Local 281 et al v. CalPERS**

- Challenge to CalPERS' and State's implementation of purchase of "airtime" by legacy members
- Court of Appeals relied on reasoning in Retired Employees Assn. of Orange County, Inc. v. County of Orange (2011) 52 Cal.4th 1171, 1189, that the plaintiffs "carry the heavy burden" of proving vested rights; should not be inferred without a clear basis in contract or convincing extrinsic evidence

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**Another Challenge to "Vested Rights"—  
Cal Fire Local 281 et al v. CalPERS-cont.**

- Court also found Legislature has broad authority to change benefits
- Also relied on MAPE reasoning that "should" is a recommendation, not a mandate
- What's next?
  - California Supreme Court accepted review 4/12/17
- If MAPE and Cal Fire reasoning upheld—provides authority to implement further changes based on "reasonable" retirement benefits and may allow greater focus on total compensation

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**"New" Theories Re Vested Rights**

- ERISA rule
  - Pension earned to date of change is vested
  - Future accruals can be reduced for current employees
  - Many felt would require a different reading of California court decisions—MAPE is raising that possibility

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**"New" Theories Re Vested Rights**

- Collective Bargaining rule
  - MOU established current benefits
  - New MOU can establish lower benefits
  - Collective bargaining is what establishes the "contract" for represented employees

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**Choice Between Formulas or Pension + DC Combo—Vested Rights Issue?**

- Strategy of choice – employees and unions like
- Any contract can be changed by mutual consent
- Limited choice in PERS Law; some under CERL; check terms for stand-alone plans
- Under MAPE: increased take-home pay from lower employee contribution cost may be a "comparable new benefit"

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**Choice Between Formulas or Pension + DC Combo—Tax Issue?**

- New employees – no tax issue if structured properly
- Current employees with tax "pick-ups" (i.e. IRC 414(h)(2) contributions) in place—potential tax issue
  - IRS – if choice available, then contributions not pre-tax—but can have after-tax member contributions
  - Current climate in Washington may be better one to get federal legislation or regulatory relief

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**Can your lawyer help you get out of the coming tidal wave of pension contributions?**

- What is the major obstacle to design changes that will lower future pension contributions significantly?

**Answer:** Fear of vested rights claims; expensive litigation costs with uncertain outcome in the past

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**Can your lawyer help you get out of the coming tidal wave of pension contributions?**

- Could the current pension litigation in California make a difference in your planning options for future pension cost containment efforts?

**Answer:** Yes, depending on outcome could allow focus on total compensation and use of retirement benefits that are more "flexible"



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# STATE CONSTITUTIONAL AMENDMENT 4

## Legal Problem Number 1

- Substantive provisions limit the ability of public agencies to establish *discounted rates for low-income customers*
- Cannot use ratepayer property-related water service fees to fund discounts
- Violates proportionality requirements
- Not all agencies have unrestricted revenues to fund discounts

# STATE CONSTITUTIONAL AMENDMENT 4

## Legal Problem Number 2

- Substantive provisions limit the ability of public agencies to structure water rates *designed to encourage water conservation and water use efficiency*
- Courts exercise their independent judgment, resulting in conflicting court decisions
- Not all agencies have multiple sources of supply



**REPORT TO THE BOARD OF DIRECTORS**

**BOARD MEETING OF June 13, 2017**

**Item No. 5D**



**GDPUD**

**AGENDA SECTION: INFORMATIONAL ITEMS**

**SUBJECT: OPERATIONS MANAGER'S REPORT**

**PREPARED BY: Darrell Creeks, Operations Manager**

**APPROVED BY: Steven Palmer, PE, General Manager**

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**Water Treatment (ALT & Walton)**

The Auburn Lake Trails Water Treatment Plant produced 25.411 million gallons of potable water for the month of May. This equates to an average of 819,709 gallons per day. This flow is an increase of 385,709 gallons per day from the month of April. The Walton Lake Water Treatment Plant produced 23.960 million gallons of potable water for the month of May. This equates to an average of 772,903 gallons per day. This flow is an increase of 284,645 gallons per day from the month of April.

As of July 2014, the District is required to report to the State the amount of total potable water produced through the two plants (ALT and Walton) monthly, and to compare that value with the demands of the prior year over the same reporting period. The table that follows shows the percentage increase (+) or decrease (-) for 2017 compared to 2016 and 2013.

Month	Total Prod. M.G. 2017	+/- % of 2016	+/- % of 2013	Month	Total Prod. M.G. 2017	+/- % of 2016	+/- % of 2013
Jan.	28.532	+1%	-8%	Jul.			
Feb.	23.775	-9%	-9%	Aug.			
Mar.	25.518	-7%	-22%	Sep.			
Apr.	28.590	-14%	-34%	Oct.			
May	49.371	-13%	-28%	Nov.			
Jun.				Dec.			

On April 26, 2017, the State Water Resources Control Board rescinded the water supply stress test requirements and mandatory conservation standards for urban water suppliers. Therefore, the District is no longer required to reduce water consumption by 29% compared to 2013. The State Water Resources Control Board kept in place the water use reporting requirements and prohibitions against water waste. Customers are still prohibited from outdoor watering during or within 48 hours of a rain event, washing sidewalks, and overwatering landscaping such that water runs off onto the sidewalk. The District is still required to reduce 20% by 2020 on a gallon per capita, per daily basis.

### **Water Quality**

The District conducted the required water quality monitoring at the treatment plants and in the distribution system and submitted the required water quality monitoring reports to the State

Water Resources Control Board (SWRCB). Under contract with the District, Becky Siren prepared the required reports and reviewed key elements of the same with District Staff prior to submittal.

The Treatment Plant reports showed compliance with all drinking water standards, with the exception of the Auburn Lake Trails Water Treatment Plant, which is currently under a compliance order from SWRCB for failure to meet the requirements of the Surface Water Treatment Rule.

The distribution system monitoring results showed all samples absent/negative of any bacteriological contamination and adequate levels of disinfection through the system.

A copy of the report, as submitted to the SWRCB, has not been included in this report due to the technical nature and overall size of the document.

### **Waste Water: Auburn Lake Trails**

As the General Manager reported at the May Board meeting, the District received a Notice of Violation (NOV) from the Regional Water Quality Control Board dated April 13, 2017, related to the Auburn Lake Trails On-Site Wastewater Disposal. The NOV was issued because the average monthly flow rate into the community disposal system (CDS) during the months of February and March 2017 exceeded the average monthly flow permitted by the Waste Discharge Requirements (Order R5-2002-0031). This flow violation is directly related to rainfall and storm water runoff infiltrating into the sewer collection system.

The District met the June 1, 2017, deadline for submitting documents required by the NOV. These documents included the existing Sanitary Sewer Maintenance Plan for the collection system, two years of maintenance and inspection records, and a description of work planned to locate or reduce infiltration and inflow.

Prior to August 1, 2017, the District must submit a Leach Field Capacity Report and a Water Balance Report to quantify the ability of the CDS to handle increased storm runoff, quantify the need to reduce infiltration and inflow, identify any necessary improvements, and develop a timeline for implementation. A Request for Proposals to select an engineering firm to prepare these reports was issued and three proposals were received on June 5, 2017. Staff will bring this RFP and related information, including costs, to the Board for review and consideration.

It is likely that the District will be required to make improvements to the sewer collection system to reduce I&I within the next year. Some improvements that can be made include lining sewer lines and manholes, sealing septic tanks, and replacing septic tanks. These options and others will be evaluated as we move forward with the engineering studies that are required by the Regional Water Board.

Average daily flows in the community disposal system were 51,702 gallons per day. This value does not exceed the limit of 71,800 gallons per day as identified in the Waste Discharge Requirements.

The District has, to date, completed all required laboratory monitoring of groundwater, surface water and wastewater effluent.

The District is currently up to date in the monitoring of waste water systems in the zone. It is anticipated the District will stay on schedule because of permanent staff dedicated to this effort.

**Stumpy Meadows Reservoir**

As of June 7, 2017, Stumpy Meadows Reservoir showed a reservoir elevation of 4,262 feet, representing storage of 20,000 acre-feet, or 100% of capacity. Stumpy continues to spill.

Current releases from Stumpy on this date, at the base of the dam were 30.0 CFS. Additional water flows out of Stumpy over the spillway. Flow into Stumpy on the day of this report was recorded at 23 CFS.

**Field Work Activities – Distribution and Maintenance**

Treated Water Distribution: The Distribution crew worked throughout the District distribution system repairing leaks, repairing meters, installation of new services, and adjusting altitude and pressure reducing valves. The Distribution crew completed all required water quality sampling and "USA" surveys.

Maintenance: The Maintenance crew is working on stopping leaks in the ditch while making sure customers are getting their water.

**RECOMMENDATION:** Receive and file this report.



**REPORT TO THE BOARD OF DIRECTORS  
BOARD MEETING OF JUNE 13, 2017  
Agenda Item No. 5E**



**AGENDA SECTION:** INFORMATIONAL ITEMS

**SUBJECT:** ALT WATER TREATMENT PLANT PROJECT UPDATE

**PREPARED BY:** George Sanders, Engineering Consultant

**APPROVED BY:** Steven Palmer, PE, General Manager

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This is a summary of the various work activities at the ALT Treatment Plant for the month of May. Attachment 1 is the first in a series of update flyers that will be posted on the District's website and Facebook.

In addition to the construction work performed by Myers & Sons, the District is also under contract with NEXGEN for construction management, PSOMAS for Engineering Support during Construction, Youngdahl Consulting Group for the material testing, and Foothill Associates for CEQA compliance.

*Myers & Sons Construction*

Construction activities during this reporting period have concentrated on work within the area of the Chlorine Contact Basin. Excavation for the Basin have resulted in the removal of approximately 2500 cubic yards of material – a cut of approximately 15 feet in depth over an area of 60 feet x 75 feet. Formwork was placed, as well as reinforcing steel (rebar) and the slab, consisting of 250 cubic yards of concrete, was poured on June 5.

As a requirement of the contract documents, the Contractor continues to prepare submittals, exceeding 100 in number, for review by the design engineer.

*PSOMAS*

This firm is under contract with the District to provide Engineering Support during construction. Primary functions consist of the review of contractor submittals, requests for information (RFI) and provide added clarity on various construction related matters. Psomas continues to provide Engineering Support.

*Youngdahl Consulting Group*

The material testing at the site has increased to include compaction testing of the earthen material, material testing of concrete (air entrainment, temperature, slump and compressive

strength). Samples have also been collected for analysis relating to the presence of Naturally Occurring Asbestos (NOA), as required by both the CEQA Document and permitting through the El Dorado County Air Quality Management District (AQMD). The results of NOA testing are currently not available.

*Foothill Associates*

This firm is under contract with the District to assist with CEQA compliance together with implementation of the Storm Water Pollution Prevention Plan (SWPPP). No work activities have been performed by Foothill Associates during this reporting period.

*NEXGEN*

This firm is under contract with the District to provide Construction Management services. The District has started transitioning construction management functions to NEXGEN and they are currently providing construction inspection at the site daily.

*Budget*

Project expenses since start of construction as compared to budget are summarized in the table below. At this point, projected expenditures are within the approved project budget.

<b>Phase</b>	<b>Expended to Date</b>	<b>Budget</b>
Construction	\$1,126,585	\$11,249,000
Construction Engineering, Construction Management, and Environmental	\$72,628	\$1,076,226
Total	\$1,199,213	\$12,325,226

*EPA Grant and State SRF Payment Requests*

The District submitted three payment requests for EPA Grant funds last month for a total of \$660,102.40 for ALT project construction and administrative costs. The EPA Grant balance of approximately \$70,000 should be exhausted with the submittal of a final payment request.

On June 1, 2017, the first Disbursement Request was submitted to the State Water Resources Control Board through the State Revolving Fund Loan Agreement. The total claimed with this first disbursement request is \$1,249,023 for construction costs incurred during the last period and administrative costs for Fiscal Year 2015-16 (or the District's 45% EPA matching grant).

Information contained in this report will be supplemented with project-related photos. This concludes the ALT update for the month of May. Staff remains available to answer questions.



**REPORT TO THE BOARD OF DIRECTORS  
BOARD MEETING OF JUNE 13, 2017  
Agenda Item No. 6A**



**AGENDA SECTION: NEW BUSINESS**

**SUBJECT: REVIEW AND PROVIDE DIRECTION ON DRAFT RESPONSE  
TO THE EL DORADO COUNTY GRAND JURY REPORT**

**PREPARED BY: Steven Palmer, PE, General Manager**

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**BACKGROUND**

The El Dorado County Grand Jury investigated actions by the Georgetown Divide Public Utility District (District) over the last six (6) years, and released a report of its findings titled "Positive Changes and Continuing Challenges, 2016-2017 El Dorado County Grand Jury Case No. GJ 2016-17-007," on May 17, 2017 (Report).

The Report requests a response from the Board of Directors as to all findings and recommendations. A response by the Board is required by Penal Code Section 933.05.

**DISCUSSION**

The Grand Jury Report provided recommendations on how the District can conquer the challenges of aging infrastructure, inadequate revenues, over-worked staff, and a lack of leadership. The Grand Jury Report is included as Attachment 1.

The Grand Jury Report notes four (4) main areas of concern: (1) prior Board infighting and indecision led to the cost of the ALT Treatment Plant Replacement Project increasing from \$8 million to \$12 million; (2) GDPUD infrastructure is aging and current meters and reading methods create inefficiency and missed revenue; (3) GDPUD revenue is insufficient to continue current service levels, and water rates are significantly lower than either El Dorado Irrigation District or Grizzly Flats PUD; and (4) prior Board majority focused on reductions in staff pay and benefits which resulted in a leadership vacuum, staff turmoil, and employee turnover between 2012 and 2016.

Below are the eight (8) findings from the Grand Jury Report:

- F1. The District water rates are insufficient to support current operations and infrastructure and maintenance.
- F2. Total revenues are not adequate to support operations and fund needed capital improvement reserves.
- F3. The District loses significant revenue due to outdated water meters.
- F4. The District also loses water and revenue due to leaks in the aging infrastructure.

F5. Employee compensation is too low for an agency this size, making recruitment and retention difficult.

F6. The current staffing levels are insufficient, which impairs the District's ability to operate efficiently.

F7. The District cannot depend on new hookups and ratepayers to supplement revenues as population growth has slowed on the Divide, necessitating the need for the District to look internally for revenue.

F8. The Jury found no evidence that either the District Board or staff is "preparing the ground" with their customers for what may be steep increases in their bills.

The five (5) recommendations from the Grand Jury Report are listed below:

R1. Once the water rate study is submitted to the Board, the District must initiate a voter-approved rate increase process as soon as possible.

R2. Along with replacing the aging water meters, the District must upgrade their aging infrastructure and prioritize maintenance and capital improvement projects.

R3. The District must offer competitive salaries to attract qualified professional staff.

R4. The District must review staffing levels and fill key positions with permanent staff to ensure continuity of operations.

R5. The District must undertake a public information program to inform its customers of impending changes in their water rates and consumption recording.

### **ANALYSIS**

A draft letter response for Board review and comment, approval, and signature by the Board President is included in Attachment 2. As required by Penal Code Section 933.05, the draft letter responds to each of the findings and recommendations included in the Grand Jury Report.

### **FISCAL IMPACT**

There is no fiscal impact associated with approving the letter response.

### **CEQA ASSESSMENT**

This is not a CEQA Project.

### **RECOMMENDED ACTION**

Staff recommends the Board of Directors provide Staff with direction in preparing the final response to the El Dorado County Grand Jury Report.

### **ATTACHMENTS**

1. El Dorado County Grand Jury Report, Case No. GJ 2016-17-007
2. Draft Letter Response from the Board

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**

**Positive Changes and Continuing Challenges**

**2016-2017 El Dorado County Grand Jury  
Case No. GJ 2016-17- 007**

**May 17, 2017**

## EL DORADO COUNTY 2016-2017 GRAND JURY

*Whiskey is for Drinkin' and Water is for Fightin'*

### **GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT: POSITIVE CHANGES AND CONTINUING CHALLENGES**

**Case GJ 2016-17-007**

#### **SUMMARY**

For the last 6 years, readers of the Mountain Democrat have read front page news stories regarding fightin', feudin' and fussin'. These stories were reporting on the actions taken by the Board of Directors of the Georgetown Divide Public Utility District. These stories have covered repeated fights, acrimony and dysfunction among the Board. This has led to key employees leaving and the District delaying key decisions, which has resulted in increased costs. The relevant Mountain Democrat stories are footnoted below.<sup>1</sup>

Over the last decade, the Georgetown Divide Public Utility District (District or GDPUD) has been challenged by a deteriorating water delivery infrastructure, aging water meters, revenue shortfalls, lack of qualified professional leadership, significant staff turnover and turmoil within its Board of Directors.

While water purity meets or exceeds all safety standards, the District is currently under a compliance order issued in 2004 by the State of California to upgrade their treatment process at the Auburn Lake Trails (ALT) water treatment plant. In 2016 the District made significant progress in resolving the ALT treatment plant issue and recently took actions to upgrade aging water meters, but other intertwined challenges remain to be addressed.

The Grand Jury recommendations focus on ways the District can increase revenues, upgrade and replace aging infrastructure and equipment, and hire permanent qualified leadership.

#### **BACKGROUND**

A number of newspaper articles have described apparent dysfunction on the Board of Directors of the Georgetown Divide Public Utilities District (District or GDPUD) and rapid turnover in executive and managerial positions. The byproducts of that dysfunction were reported to be increased costs to the District, citations by state agencies for regulatory issues and degradation

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<sup>1</sup> Lang, Roberta, "Georgetown Divide Water District Loses Key Employees", December 16, 2011; Hodson, Dawn (and all following articles), "Acrimony Over Upgrade at Georgetown Divide PUD Meeting", March 12, 2012; "File Wars Divide Georgetown PUD", June 15, 2012; "GDPUD GM Relieved to Leave", June 28, 2013; "GDPUD:Dysfunctional Board", January 6, 2014, "GDPUD GM Fired", August 5, 2016 and "ALT Project Starts a Fight", September 16, 2016.

of services provided to its customers. The Grand Jury sought to investigate and determined what the real state of this public water utility and its services was.

The District was formed as a public utility district In 1946, although its antecedents date back to 1852 and the Gold Rush. The District provides both potable treated water and untreated agricultural water to the northwest portion of El Dorado County (known as the Georgetown Divide) and supplies water to about thirty-five hundred (3500) treated (drinking) water customers and 375 agricultural customers. The District is a special district governed by an elected five-member Board of Directors (Board). The Board, with inputs from staff and professional contractors, adopts an annual budget to support staff and agency operations and authorizes hiring for necessary staff positions. The Board selects a General Manager to administer the day-to-day operations of the agency. The Board also recommends water and assessment fees which require voter approval.

Current GDPUD annual revenues are \$5.36 million which consist primarily (more than 90%) of water rates, paid by customers via a bi-monthly billing, and property tax collections. The District also obtains funding from grants, loans and fees paid by other agencies.

The District operates two water treatment plants to supply its customers with potable water- one at Walton Lake and the other at Auburn Lake Trails (ALT).

## **METHODOLOGY**

The Grand Jury conducted interviews of:

Members of the District's Board of Directors, District staff and District consultants.

The Grand Jury reviewed:

District Board Agenda and Meeting Minutes for: *December 13, 2011, June 12, 2012, February 12, 2013, February 9, May 10 & 31, June 14, July 12, Aug. 9 & 23, Sept. 13, Oct. 13, 2016 and January 10, 2017*, on the District Web Site at [www.gd-pud.org/](http://www.gd-pud.org/).

District independent audits for the years 2011, through 2015, conducted by *Moss, Levy & Hartzheim, LLP*, available on the District web site.

Bid process documents for ALT water treatment plant:<sup>2</sup>

The Board's Regular Meeting on 2-9-16 for approval of plans, specifications & permission to solicit bids, and the Board's Special Meeting on 8-23-16 to award bid at [www.gd-pud.org/](http://www.gd-pud.org/).

Notice to bidders at [www.gd-pud.org/](http://www.gd-pud.org/).

Published Water rates for District, El Dorado Irrigation District (EID) and Grizzly Flat

PUD.

The Grand Jury inspected the Auburn Lake Trails water treatment plant.

## **DISCUSSION**

GDPUD operates two water treatment plants to supply its customers with potable water. One is at Walton Lake and the other at Auburn Lake Trails (ALT). The Walton Lake plant is up to date and in compliance with all water quality and process regulations of the State and Federal agencies. The ALT treatment plant is a different story.

The plant was built in the 1970s by the developer of the Auburn Lake Trails subdivision. It is no longer capable of meeting mandated water processing requirements and has exceeded its

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<sup>2</sup> Email to Grand Jury from GDPUD Consulting Engineer George Sanders, 10-31-16.



operational lifespan. ALT was the subject of a compliance order issued by the State of California in 2004. The plant meets water quality standards but employs a filtration process no longer approved for use by the State of California.

The District spent over \$1 million in the last decade on consulting and design firm fees seeking recommendations on how to proceed with the replacement or retrofit of the ALT plant. This search for solutions yielded three different design plans submitted to the district in 2008, 2012 and 2015-16, respectively. The first approach considered was to construct an entirely new plant in Greenwood for \$8 million. However, that amount did not take into account the significant topography and repiping issues which were estimated to cost some \$20 million. The second plan foresaw a retrofit of the current ALT plant at a cost of some \$10 million. The final, and now adopted, design is for a new plant at the ALT site at a current cost of \$12 million. Over the ensuing twelve (12) years, due to Board infighting and indecision, the cost of the retrofit-replacement project has increased from \$8 million to \$12 million.

Anticipating a \$10 million loan from the California Water Resources Control Board (WRCB), the District obtained voter-approval in 2016 for a bi-monthly assessment of \$30.16, to provide funds to service the WRCB loan. This will be the primary funding source for the \$12 million treatment plant rebuilding project at ALT. The 20-year loan, at 1.6% interest, requires the District to maintain a \$600,000 annual reserve to ensure uninterrupted servicing of the loan. The loan was granted in December 2016, and the \$30.16 assessment began to appear on customer bills starting with the January-February 2017 billing period. The District will also supplement the loan monies with grants and reserves to meet the overall budgeted cost of \$12 million .

These consist of:

Fund 24 ALT Capital Reserve	\$763,500	Monies dedicated to ALT
Fund 39 Capital Facilities (portion)	\$240,000	15% of reserves earned by new connections
EPA Grant	\$740,000	A matching grant from EPA
Fund 35 EPA	\$315,000	Matched funding from EPA

Table 1: Current ALT Funding Sources<sup>3</sup>

In the spring and summer of 2016, the District conducted requests-for-proposal (RFP) bid processes to select a contractor to build the new plant. That contract has recently been awarded to Myers & Sons Construction. Major field work is not expected to begin until the end of the 2016-17 rainy season.

<sup>3</sup>Memorandum by George Sanders, August 4, 2016, "Auburn Lake Trails Water Treatment Plant", Georgetown Divide Public Utilities District. Also on GDPUD web site.

**DISTRICT WATER DELIVERY INFRASTRUCTURE**

As detailed in their July 2016 GDPUD Board Agenda and minutes, repairs are needed to their irrigation network of canals, ditches and piping. The District also needs to replace aging water meters, valves, pumps and implement other improvements to their infrastructure.

The District's old meters are a substantial contributing factor in the agency's revenue challenges. Most of the meters are more than 30 years old and create inefficiency and missed revenue. The current meters must be physically read at each customer's property. The readings are then manually recorded, entered and re-entered on paper ledgers until finally transcribed by office staff into the District's billing system. When the current meters need to be read, it is an "all hands on deck" effort, as office and treatment plant staff have to go into the field to read and record meter readings. This is costly and inefficient.

In addition this old meter system is significantly under reporting usage. The District is losing revenue up to 10 million gallons of water a month due to unmetered usage. Reports and tests have found that these old meters under-read water usage by as much as 30% due to the wear of their internal mechanisms. One such test described turning on a shower in a customer home and observing that the meter registered no flow or usage.

The Board recently issued an RFP for new meters. The new meters will be similar to ones used by the El Dorado Irrigation District (EID). EID now utilizes an Automated Meter Reading (AMR) system in their service area. AMR allows EID personnel to read customer meters remotely using radio communication technology without having to directly access the meter box. This allows for accurate and faster collection of water usage readings and eliminates transcription error.<sup>4</sup>

**REVENUE ISSUES**

The generation of revenues is an ongoing issue for the District. In reviewing the agency's annual outside audit for last five years, the following statement is repeated in each report: "The fiscal year was once again challenging from an economic perspective."<sup>5</sup>

This statement is descriptive of the District's struggles. These annual independent audits have found total revenue decreasing in 3 of the last 5 years. However, even the increased revenues in 2011 & 2013 "...did not reach the levels expected to continue current service levels."<sup>6</sup>

Compared to other water districts in El Dorado County, the Georgetown District water rates are significantly lower than either EID or Grizzly Flats PUD.

	District	EID	Grizzly Flats
Basic Water Charge	\$47.14	\$58.14	\$59.39

<sup>4</sup> El Dorado Irrigation District, "Are You Really Reading My Meter", 10/25/16, <http://www.eid.org/Home/Components/News/News/1582/26>.

<sup>5</sup>(Moss, et al, "Georgetown Divide Public Utilities District Basic Financial Statements", page 3, 2011, '12, '13, '14, '15, audits) [www.gd-pud.org/](http://www.gd-pud.org/)

<sup>6</sup> (Moss, et al, "Georgetown Divide Public Utilities District Basic Financial Statements", page 3, June 30, 2011 audit), *op. cit.*

Excess unit usage charges (per cubic feet)	0.01380	0.01412	0.01500
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Table 2: Water Rates Comparison Table

Neither Board members nor staff expect much new residential development in the District due to zoning, terrain and limited growth initiatives. Water conservation efforts are also hurting revenues as customers are using less water. Board members and staff agree that some level of water theft is occurring, and leaks within the system further reduce revenues.

While some of these factors are beyond the control of the Board, recommending rate increase for voter approval is within their control. During 2016, the Board initiated preliminary steps likely to lead to upward adjustment of water rates.

Prior to seeking voter approval for rate increases, a *Water Rate Study-Cost of Service Report* (Water Rate Study) must be conducted by the District. GDPUD has selected the Rural Community Assistance Corporation (RCAC) to perform the study.<sup>7</sup> The Water Rate Study consists of analyzing financial, operational and regulatory factors related to revenues and expenses and determining the true and current cost of providing water to customers. The factors include: fixed and variable costs of providing water to treated and nontreated customers; a multi-year Capital Improvement Plan (CIP); 5-year budget projections, skills and number of District staff required to carry out the functions of the agency; salaries and benefits of staff compared to similarly sized districts; the agency's long term need for reserves; and State required mandates and other factors.<sup>7</sup> The study is in progress.

At the October 2016 Board meeting, the process of replacing old water meters was begun with the discussion of a bid process to replace the meters and exploration of ways the purchase could be financed through a loan. District staff started researching possible financing alternatives. The bid process to replace the meters has been started as of February 2017. According to the bid process schedule released by the District, it is anticipated that new meters can be installed between spring and fall of 2017.

**DISTRICT LEADERSHIP AND STAFFING**

Between 2011 and 2014 a new Board majority set as its priority maintaining low water rates by focusing on reductions in staff and pay and benefits for employees. The operational impacts of these policies were not considered or addressed. As a result, the District experienced a leadership vacuum, staff turmoil and employee turnover between 2012 and 2016 while this majority held sway. In the last four years there have been five general managers. There have been reductions in total staffing levels and in key professional positions (particularly engineering and upper management). From 2002 to 2010, the authorized staffing level was 28; at the end of 2016, it was down to 21 positions<sup>8</sup>. Current staffing levels were reported to be low for a District this size.

<sup>7</sup> The District lacks staff qualified to conduct the Water Rate Study. At the July, and August, 2016, Board meetings the need to complete a Water Rate Study was discussed. The Rural Community Assistance Corporation (RCAC) is doing this study for free. The RCAC is a non-profit, independent, non-governmental agency. It is funded by grants (USDA, HUD) and contributions. Founded in 1978, RCAC provides training, technical and financial resources in 13 western states. RCAC works to support rural communities and their economic development. A focus area of the organization is the sustainability of rural community water, wastewater and solid waste systems. RCAC has a local office in West Sacramento.

<sup>8</sup> Adopted District organizational charts, (Exhibits 1 and 2).

Several employees are filling multiple positions and they have difficulty giving their assigned duties the attention they deserve. Two key professional positions, District Engineer and Business Manager, are currently filled by part-time consultants. Numerous employees have resigned due to a hostile work environment, vis-a-vis the 2011-14 GDPUD Board, and non-competitive pay<sup>9</sup>. The 2016 General manager annual salary of \$100,000 was noted by several witnesses to be low for a water district this size . After terminating their most recent General Manager last summer, the Board has hired a new General Manager, who has started as of March 2017. The Mountain Democrat reported on 2/19/17 that the General Manager annual salary is \$155,000.

Ratepayers will see significant increases in basic water rates in two ways. New meters will accurately reflect usage and lead significantly higher bills even with conservation. The Water Rate Study is likely to demonstrate that current rates are too low and insufficient to support the water systems and continued delivery of plentiful, safe drinking and agricultural water.

### **CONCLUSION**

The Georgetown Divide Public Utility District faces challenges arising from the intertwined issues of an aging infrastructure, inadequate revenues, over-worked staff and a lack of leadership. District Board members elected in 2014 and 2016 have taken steps to address these issues and have made real progress on the ALT plant project and the aging water meters. The District is to be commended for finally addressing these issues. Further significant progress is required to maintain services and water quality in the coming years. Effective, consistent leadership and increasing revenues are the keys to continuing positive change. Current employees are to be commended for continuing to provide safe water to their customers.

### **FINDINGS**

- F1. The District water rates are insufficient to support current operations and infrastructure and maintenance.
- F2. Total revenues are not adequate to support operations and fund needed capital improvement reserves.
- F3. The District loses significant revenue due to outdated water meters.
- F4. The District also loses water and revenue due to leaks in the aging infrastructure.
- F5. Employee compensation is too low for an agency this size, making recruitment and retention difficult.
- F6. The current staffing levels are insufficient, which impairs the District's ability to operate efficiently.
- F7. The District cannot depend on new hookups and ratepayers to supplement revenues as population growth has slowed on the Divide, necessitating the need for the District to look internally for revenue.
- F8. The Jury found no evidence that either the District Board or staff is "preparing the ground" with their customers for what may be steep increases in their bills.

### **RECOMMENDATIONS**

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<sup>9</sup> Roberta Lang, *G-town Water Loses Key Employees*, Mountain Democrat, 12-16-11

- R1. Once the water rate study is submitted to the Board, the District must initiate a voter-approved rate increase process as soon as possible.
- R2. Along with replacing the aging water meters, the District must upgrade their aging infrastructure and prioritize maintenance and capital improvement projects.
- R3. The District must offer competitive salaries to attract qualified professional staff.
- R4. The District must review staffing levels and fill key positions with permanent staff to ensure continuity of operations.
- R5. The District must undertake a public information program to inform its customers of impending changes in their water rates and consumption recording.

**REQUESTS FOR RESPONSES**

Pursuant to Penal Code section 933.05, the Grand Jury requests responses as follows:

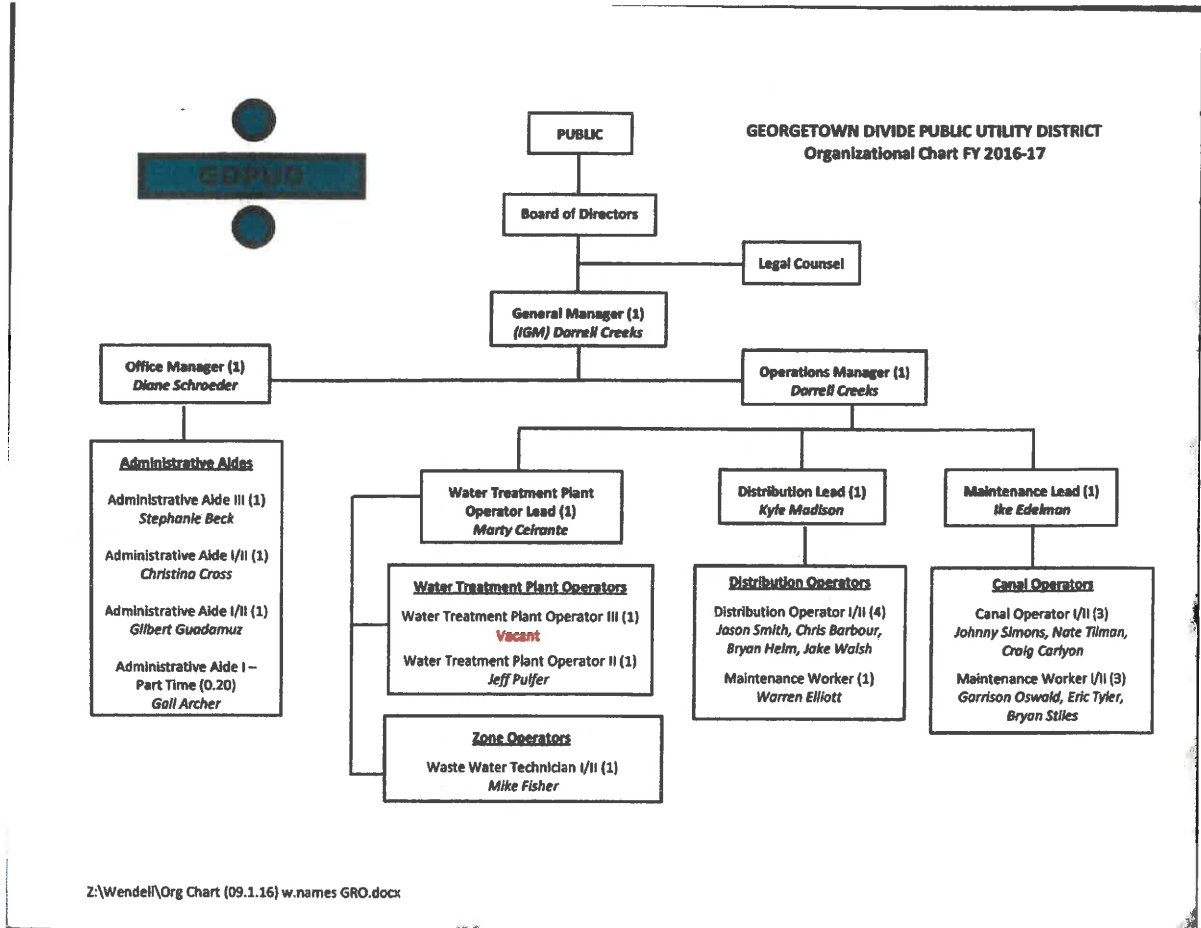
From the following individual:

\*Steven Palmer, General Manager, Georgetown Divide Public Utility District as to all Findings and Recommendations.

From the following governing body:

\*Board of directors, Georgetown Divide Public Utility District as to all Findings and Recommendations.

EXHIBIT ONE And TWO

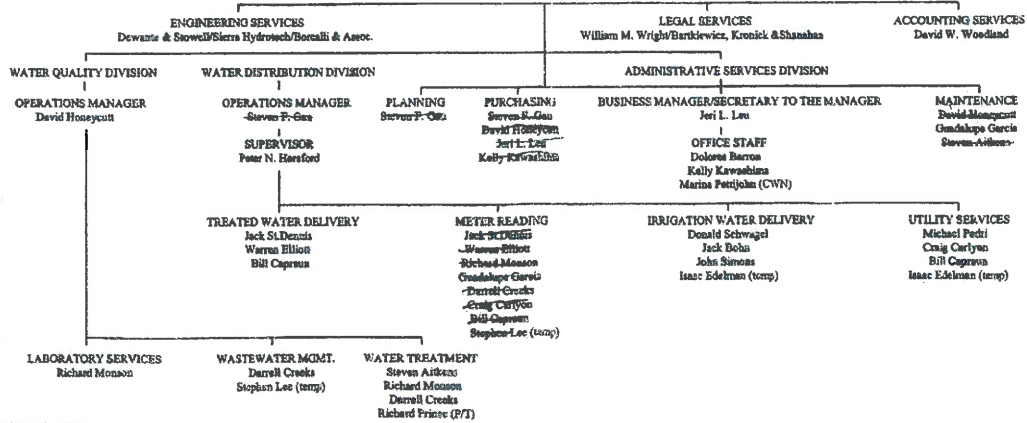


**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**

**BOARD OF DIRECTORS**  
 David E. Watkinson, President  
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 Robert E. Flynn  
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 CLERK OF THE BOARD  
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**ASSISTANT CLERK OF THE BOARD**  
 Steven F. Gas



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GEORGETOWN DIVIDE  
Public Utility District  
P.O. BOX 4240  
GEOGETOWN, CALIFORNIA 95634-4240  
PHONE (530) 333-4356  
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gd pud org

June 13, 2017

El Dorado County Grand Jury  
PO Box 472  
Placerville, California 95667

**RE: 2016-2017 El Dorado County Grand Jury Case No. GJ 2016-17-007**

Dear El Dorado County Grand Jury,

On May 17, 2017, the El Dorado County Grand Jury (Grand Jury) released a report summarizing its' review of actions by the Georgetown Divide Public Utility District (GDPUD) over the last six years. The report titled "Positive Changes and Continuing Challenges" listed eight (8) findings and provided five (5) recommendations on how GDPUD can conquer the challenges of aging infrastructure, inadequate revenues, over-worked staff, and a lack of leadership.

As required by California Penal Code Section 933, the GDPUD Board hereby submits its response to the findings and recommendations of the Grand Jury Report.

Below are the eight (8) findings from the Grand Jury Report, along with the Board response to each in italics:

F1. The District water rates are insufficient to support current operations and infrastructure and maintenance.

*The Board agrees with this finding.*

F2. Total revenues are not adequate to support operations and fund needed capital improvement reserves.

*The Board agrees with this finding.*

F3. The District loses significant revenue due to outdated water meters.

*The Board agrees that revenue is lost due to outdated water meters.*

F4. The District also loses water and revenue due to leaks in the aging infrastructure.

*The Board agrees with this finding.*

F5. Employee compensation is too low for an agency this size, making recruitment and retention difficult.

*The Board lacks sufficient information to form an opinion on this finding.*

F6. The current staffing levels are insufficient, which impairs the District's ability to operate efficiently.

*The Board agrees with this finding.*



F7. The District cannot depend on new hookups and ratepayers to supplement revenues as population growth has slowed on the Divide, necessitating the need for the District to look internally for revenue.

*The Board agrees that the District needs to thoroughly evaluate revenue sources, including those other than connection fees and rates. However, the rates need to be the primary mechanism by which the District funds operations and capital improvements.*

F8. The Jury found no evidence that either the District Board or staff is “preparing the ground” with their customers for what may be steep increases in their bills.

*The Board agrees that at the time the Grand Jury investigation was performed, minimal work had been done on a new rate study. Since that time, the District has accomplished the following related to a new rate study:*

- *Retained Rural Community Assistance Corporation (RCAC) to perform a rate study.*
- *Held two public meetings of the District Finance Committee meeting to review the methodology and policy questions for the rate study.*
- *Held one public Board meeting to review the methodology and policy questions for the rate study.*

The five (5) recommendations from the Grand Jury Report are listed below with the Board responses in italics.

R1. Once the water rate study is submitted to the Board, the District must initiate a voter-approved rate increase process as soon as possible.

*The Board agrees with this recommendation. A water rate study is underway, and the methodology has been presented in public meetings to the Finance Committee and the Board. Additional public meetings will be held to educate the public before any Proposition 218 hearing.*

R2. Along with replacing the aging water meters, the District must upgrade their aging infrastructure and prioritize maintenance and capital improvement projects.

*The Board agrees with this recommendation. The District has received construction bids to replace all water meters and upgrade from paper meter reading to electronic meter reading, however the District does not have sufficient reserves or revenue to be able to borrow funds to complete this project. Rates must be increased to fund or finance any infrastructure improvements.*

R3. The District must offer competitive salaries to attract qualified professional staff.

*The Board neither agrees nor disagrees with this recommendation. The Board does not have enough information at this time to make a determination of the appropriateness of current salaries. The District has limited reserves and revenue to fund personnel costs. To ensure sustainability of the District, rates must be increased to fund any additional personnel costs.*

R4. The District must review staffing levels and fill key positions with permanent staff to ensure continuity of operations.

*The Board agrees with this recommendation. The District has limited reserves and revenue to fund additional staff beyond the current level of staffing. To ensure sustainability of the District, rates must be increased to fund any additional personnel costs.*

R5. The District must undertake a public information program to inform its customers of impending changes in their water rates and consumption recording.

*The Board agrees with this recommendation. A water rate study is underway, and the methodology has been presented in public meetings to the Finance Committee and the Board. Additional public meetings will be held to educate the public before any Proposition 218 hearing.*

The current Board of Directors has made long term sustainability a key goal for the District. The Board appreciates the findings and recommendations of the Grand Jury, and makes it a priority of the Board to address the findings and incorporate the recommendations into the current Board's goals.

Sincerely,

Londres Uso  
President

**REPORT TO THE BOARD OF DIRECTORS**  
**BOARD MEETING OF JUNE 13, 2017**  
**Agenda Item No. 6B**



**AGENDA SECTION: NEW BUSINESS**

**SUBJECT: REVIEW AND PROVIDE DIRECTION ON DRAFT FISCAL YEAR 2017-18 BUDGET**

**PREPARED BY: Steven Palmer, PE, General Manager**

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**BACKGROUND**

Staff has prepared a Draft Fiscal Year 2017-2018 Budget for review and discussion by the District's Finance Committee and Board of Directors. On May 30, 2017, Staff presented the Draft Fiscal Year 2017-18 Budget to the District's Finance Committee for discussion and input.

The Finance Committee provided some corrections and suggestions which were incorporated into the attached draft budget. The Finance Committee was generally supportive of the draft budget, with the exception that they did not feel that they had enough information to support or oppose the staffing recommendations included in the draft budget. Consequently, the committee recommended presentation of the draft budget to the Board of Directors with only minor corrections and suggestions and did not take a position on the organization chart recommendations.

**DISCUSSION**

The Draft Fiscal Year 2017-18 Budget is included as Attachment 1. A summary of key points from the Draft Budget are presented below.

**District Organization and Staffing**

The Draft Budget includes a recommended organizational chart with an increase in the current staffing level. These changes are necessary to address several existing deficiencies in the organization structure and staffing. The following deficiencies have been identified by Staff and the General Manager:

1. Accounting and finance oversight and management
2. Contract administration
3. Human resources management
4. Drinking water quality oversight and reporting
5. Water rights monitoring, reporting, and permitting
6. Wastewater reporting and permitting
7. Storm water reporting and permitting
8. Capital project management
9. Prepare Five Year Capital Improvement Plan
10. Prepare infrastructure master plans
11. Infrastructure asset management
12. Records management
13. Succession planning

---

The above items are critical issues affecting the District's long term sustainability, and which are not be adequately addressed by current staffing. Many functions are either not being performed or are being performed by former employees and consultants with minimal oversight by District Staff. To address these deficiencies, the recommended organizational chart includes the following changes, as illustrated in Attachment 2:

1. Reclassify the existing vacant Office Manager position as Assistant General Manager. This position will have primary responsibility for accounting and finance oversight and management, human resources management, and information technology.
2. Create a Human Resources or Finance Manager position to support the Assistant General Manager. The scope of practice of the Assistant General Manager is very broad and there is an extremely low probability of locating an individual with all the skills and experience necessary to manage accounting, finance, human resources, and information technology without an increased level of support staff.
3. Create an Assistant/Analyst position to update the records retention policy, develop, implement, and manage a records management system, serve as the District's public information officer, manage contracts, and assist the General Manager in preparing Board packets. The District's records retention policy needs to be reviewed and updated, and there is a lack of a system for document storage and retrieval. The public information officer and Board meeting support functions are currently being provided by the General Manager and a retired part time temporary employee that is hired through a temporary employment agency and is limited to roughly 960 hours per year (20 hours per week). Contract administration is currently being shared by one full time administrative assistant and another temporary employee that is hired through a temporary employment agency.
4. Create an Engineering Manager position to manage capital improvement projects, and prepare and annually update the five-year capital improvement plan. The Engineering Manager would also manage drinking water quality oversight; wastewater permitting and reporting; storm water permitting and reporting; and water rights monitoring, reporting, and permitting. The General Manager is currently responsible for preparing the 5-Year Capital Improvement Plan and storm water permitting. The Operations Manager and Chief Water Treatment Plant Operator are currently responsible for drinking water quality oversight; wastewater permitting and reporting; and water rights monitoring, reporting, and permitting with support from two former employees/consultants. Capital improvement projects are currently being managed by a retired part time employee who is retained through a Professional Services Agreement and is limited to 960 hours per year (20 hours per week), and by the Chief Water Treatment Plant Operator.
5. Create a Water Quality Manager position to support the Engineering Manager. The Water Quality Manager would have primary responsibility for performing drinking water quality oversight; wastewater permitting and reporting; storm water permitting and reporting; and water rights monitoring, reporting, and permitting under supervision of the Engineering Manager.
6. Create an Office Assistant position to support the Engineering Manager in maintaining project files, writing staff reports, preparing and processing reimbursement requests, and preparing grant applications. These functions are currently performed by a retired part time temporary employee that is hired through a temporary employment agency and is limited to roughly 960 hours per year (17 hours per week). This is the same temporary employee that is serving as public information officer and providing Board meeting support.

7. Fill the vacant but unbudgeted Treatment Plant Operator position. The District currently employs two water treatment plant operators that are licensed and authorized to operate the two water treatment plants. Hiring an additional Treatment Plant Operator will allow the District more flexibility in staffing during emergency call-outs, holidays, vacations, and sick leave.
8. Reclassify the existing Lead Distribution Operator as a Field Superintendent to reflect the increased responsibility reflected in the current organizational chart. During Fiscal Year 2016-2017 the Lead Canal Operator position was eliminated and the Lead Distribution Operator began supervising the raw water (canal) operations.

These recommended changes result in an increase of 6 (six) full time employees which are partially offset by a reduction in contract staff and consultants. The recommended organizational structure will result in a District that is professional, sustainable in the long term, and provides for adequate succession planning.

Revenues

**TABLE 1 - GDPUD REVENUE BUDGET FOR OPERATING EXPENSES**

Description	FY 15-16 Budget	FY 15-16 Actual	FY 16-17 Adopted	FY 16-17 Estimated	FY 17-18 Proposed
<b>WATER OPERATING REVENUE</b>					
Residential Sales	\$ 1,120,000	\$ 1,244,193	\$ 1,285,000	\$ 1,319,911	\$ 1,319,000
Commercial Sales	162,750	177,031	185,000	214,792	214,000
Irrigation Sales	100,000	135,218	225,000	269,537	269,000
Penalties	36,060	39,885	37,000	43,236	37,000
Other (1)	1,550	16,540	-	30,505	-
<b>Sub-Total</b>	<b>\$ 1,420,360</b>	<b>\$ 1,612,867</b>	<b>\$ 1,732,000</b>	<b>\$ 1,878,664</b>	<b>\$ 1,839,000</b>
<b>WASTEWATER OPERATING REVENUE</b>					
Zone Charges	\$ 310,000	\$ 311,547	\$ 344,000	\$ 342,899	\$ 344,000
Escrow Fees (2)	30,000	33,600			
Septic Design Fees	1,000	1,200		5,400	3,000
Restricted Benefits Charges (3)					
Evaluations/Loans/Repairs					
Interest Income	1,000	3,175			
Other					
<b>Sub-Total</b>	<b>\$ 342,000</b>	<b>\$ 349,522</b>	<b>\$ 344,000</b>	<b>\$ 348,299</b>	<b>\$ 347,000</b>
<b>NON-OPERATING REVENUE</b>					
Property Taxes	\$ 1,349,360	\$ 1,447,381	\$ 1,460,000	\$ 1,500,000	\$ 1,569,000
SMUD	90,000	108,515	105,000	107,700	107,000
Interest Income	62,500	45,466	40,000	54,647	54,000
Water Agency Cost Share (4)			45,000	45,000	-
Leases			70,000	65,915	70,000
Hydro			60,000	54,712	60,000
<b>Sub-Total</b>	<b>\$ 1,501,860</b>	<b>\$ 1,601,362</b>	<b>\$ 1,780,000</b>	<b>\$ 1,827,973</b>	<b>\$ 1,860,000</b>
<b>TOTAL REVENUE</b>	<b>\$ 3,264,220</b>	<b>\$ 3,563,751</b>	<b>\$ 3,856,000</b>	<b>\$ 4,054,935</b>	<b>\$ 4,046,000</b>

Table 1 only includes revenues that could be used towards operating expenses. It does not include the supplemental charge for ALT Water Treatment Plant Construction loan, grant funds, or revenue restricted to assessment district purposes. The anticipated revenues for fiscal year 2017-18 that could be used towards operating expenses total \$4,046,000.

Operating Expenses Alternatives

*I. Recommended Organizational Chart*

The expenses associated with the recommended organizational structure and staffing are summarized in Table 2. These expenses exceed the anticipated revenues available for operating expenses in fiscal year 2017-2018.

TABLE 2 – GDPUD EXPENSES BUDGET FOR OPERATING EXPENSES

Account	Description	FY 15-16 Budget	FY 15-16 Actual	FY 16-17 Adopted	FY 16-17 Estimated	FY 17-18 Proposed
5010	Labor	1,100,000	\$1,091,378	\$1,153,108	1,177,354	\$1,859,160
5019	Overtime	58,500	58,401	64,000	62,439	75,525
5017	Standby	42,500	46,264	55,500	46,444	51,010
5011	Temporary Labor (not on payroll)	158,800	138,478	94,000	119,024	39,500
5014	PERS	115,000	105,294	117,592	120,854	167,710
5014	PERS Unfunded Accrued Liability		332,886	-	408,594	449,507
5015	Deferred Compensation	-	(19)	-	1,667	13,950
5016	Payroll Taxes	95,000	90,782	106,633	105,619	185,916
5018/71	Insurance: Health, Life, etc	260,000	268,675	271,950	363,094	483,337
5020	Insurance: Worker's Comp.	75,000	47,638	94,069	48,756	58,726
5024	Insurance: D/O	-	-	-	-	-
<i>Subtotal Personnel Related</i>		<b>\$1,904,800</b>	<b>\$2,179,777</b>	<b>\$1,956,852</b>	<b>2,453,845</b>	<b>\$3,384,341</b>
5027	Audit	15,000	15,000	22,000	16,640	16,640
5028	Engineering Studies	40,000	25,858	-	29,644	-
5030	Equip Maint	-	40	-	-	-
5034	Insurance: General	55,000	61,918	67,695	62,245	65,700
5036	Legal--General	80,000	125,651	121,000	109,238	110,000

<b>Account</b>	<b>Description</b>	<b>FY 15-16 Budget</b>	<b>FY 15-16 Actual</b>	<b>FY 16-17 Adopted</b>	<b>FY 16-17 Estimated</b>	<b>FY 17-18 Proposed</b>
5038	Materials and Supplies	155,000	200,890	183,650	174,691	<b>182,900</b>
5039	Rental/Durable	25,000	91,821	27,200	45,716	<b>25,000</b>
5040	Office Supplies	25,000	50,754	48,000	45,293	<b>61,250</b>
5041	Staff Development	6,000	8,891	10,500	7,220	<b>13,671</b>
5042	Travel--Conference	10,000	5,278	15,000	4,532	<b>10,625</b>
5044	Utilities	175,000	183,728	198,308	188,757	<b>207,925</b>
5046	Vehicle & Equipment Maintenance	47,000	46,713	51,000	43,500	<b>6,000</b>
5048	Vehicle Operations	52,000	39,369	50,200	40,954	<b>39,500</b>
5060	Bank Fees & Payroll Services	4,000	5,573	5,000	5,824	<b>5,600</b>
12-5068	Retiree Health Premium	120,000	137,714	132,000	135,929	<b>136,000</b>
5070	Director Stipends	24,000	23,200	24,000	24,000	<b>24,000</b>
5076	Building Maintenance	6,000	6,281	9,500	7,174	<b>9,500</b>
5080	Outside Service/Consultants	160,000	167,747	133,000	184,798	<b>160,336</b>
5084	Govt. Reg./Lab Fees	110,000	128,904	170,000	149,102	<b>119,750</b>
5090	Other: Cost of recruitment etc.	6,000	215	2,000	10,896	<b>6,000</b>
5090	Other: County Tax Admin. Fees	22,000	54,723	37,000	47,504	<b>48,000</b>
5089	Other: Memberships	16,500	12,112	-	-	<b>25,085</b>
5091	Other: Elections	-	-	-	6,816	-
<i>Subtotal Services</i>		<b>\$1,153,500</b>	<b>\$ 1,392,380</b>	<b>\$ 1,307,053</b>	<b>\$ 1,340,472</b>	<b>\$ 1,273,482</b>
<b>Total Operating Expense</b>		<b>\$ 3,058,300</b>	<b>\$ 3,572,157</b>	<b>\$ 3,263,905</b>	<b>\$ 3,794,317</b>	<b>\$ 4,657,823</b>

The projected expenses for the recommended organizational structure are \$4,657,823, which is \$611,823 more than the anticipated revenues available for operating expenses of \$4,046,000.

**II. Minimum Staffing Level**

The District cannot continue to function at the current staffing level with the current organizational chart. The changes outlined in the recommended organizational chart are necessary for long term sustainability of the District. Since the expenses associated with the recommended organizational exceed annual revenue by approximately \$600,000, Staff has prepared an alternative budget with a minimal staffing level that is the initial phase of implementing the recommended organizational chart.

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Attachment 3 shows the recommended organizational chart with only the minimal staffing positions filled. The following assumptions were made:

- A. Reclassify the existing vacant Office Manager position as Assistant General Manager. This position will have primary responsibility for accounting and finance oversight and management, with oversight of human resources management, and information technology. It is very unlikely that the District will be successful in locating an individual with all the skill sets needed, and the focus will be identifying someone with a strong background in local government finance and
- B. Create a Water Quality Manager position with primary responsibility for performing drinking water quality oversight; wastewater permitting and reporting; storm water permitting and reporting; and water rights monitoring, reporting, and permitting under supervision of the General Manager.
- C. Reclassify the existing Lead Distribution Operator as a Field Superintendent to reflect the increased responsibility reflected in the current organizational chart. During Fiscal Year 2016-2017 the Lead Canal Operator position was eliminated and the Lead Distribution Operator began supervising the raw water (canal) operations.
- D. Existing vacant Administrative Aide (counter) is filled with a full-time employee instead of the current full time temporary employee.
- E. Other existing part time contract staff responsible for engineering project management and Board support continue in their current roles.
- F. Budget for services by Siren Consulting is reduced by 50% to allow for overlap when transitioning from contract to permanent Staff.

The projected expenses for the minimal staffing level are \$4,308,159, which is \$262,159 more than the anticipated revenues available for operating expenses of \$4,046,000.

### **ANALYSIS**

Both the recommended and minimal staffing levels require using reserves to fund operating expenses. As a comparison, Staff also analyzed the current staffing level (Attachment 4), assuming that two existing vacant positions are filled; and one vacant position remains unfilled. The following assumptions were made:

- A. Existing Office Manager Position remains vacant and is removed from the budget.
- B. Existing vacant Administrative Aide (counter) is filled with a full-time employee instead of the current full time temporary employee.
- C. Existing vacant Distribution Operator position is filled.
- D. Remaining part time contract and consultant staff continue in their current roles.

The fiscal year 2017-2018 expenses associated with the current organizational structure and staffing are \$4,113,730, which is \$67,730 more than the anticipated revenues available for operating expenses in fiscal year 2017-2018.

The District currently has a wastewater fund balance of \$948,542 which can be used to offset \$15,274 of the shortfall; and an unrestricted reserve fund balance of \$2,886,967 that can be used for water operating expenses. This equates to roughly 7 months of operating expenses for the recommended organizational chart (61% of annual operating expenses.) Unrestricted reserve fund balances are listed in Table 3 below.



**TABLE 3 – UNRESTRICTED FUND BALANCES**

FUND	ESTIMATED BALANCE 6/30/2017	BUDGET REVENUE 2017- 2018	BUDGET EXPENSES 2017-2018	PROJECTED BALANCE 6/30/2018
8 - SMUD FUND	324,069	-	-	324,069
10 - GENERAL FUND	670,946	TBD	TBD	\$670,946
19 - STUMPY MEADOWS RESERVE	1,044,130	-	-	1,044,130
43 - CAPITAL RESERVE	749,047	-	541,000	208,047
30 - SMALL HYDRO FUND	603,069	-	-	603,069
24 - ALT WTP CAPITAL RESERVE	766,122	-	729,416	36,706
<i>Total Unrestricted Reserve Funds</i>	<i>\$ 4,157,383</i>	<i>\$-</i>	<i>\$ 1,270,416</i>	<i>\$ 2,886,967</i>

The budget impacts of the alternatives analyzed are listed below.

Alternative	Budget Impact	Wastewater Contribution (Fund 40)	Projected Unrestricted Reserve Fund Balance (6/30/2018)
Recommended	(\$611,823)	\$ 15,274	\$ 2,290,418
Minimum	(\$262,159)	\$ 15,274	\$ 2,640,082
Current	(\$ 67,730)	\$ 15,274	\$ 2,834,511

Reserve guidance from the Board Resolution 2005-05, District Finance Committee from December 2015, and Government Finance Officers Association (GFOA) are listed in Table 4.

**TABLE 4 –RESERVE GUIDANCE**

FUND	BOARD RESOLUTION 2005-05	FINANCE COMMITTEE DECEMBER 2015	GFOA
8 - SMUD FUND	NA	0	NA
10 - GENERAL FUND	776,304 (2 MO)	1,552,608 (4 MO)	791,830 (17%) 1,148,500 (90 DAYS)
19 - STUMPY MEADOWS RESERVE	NA	1,000,000	NA
43 - CAPITAL RESERVE	5,300,000	NA	NA
30 - SMALL HYDRO FUND	NA	0	NA
24 - ALT WTP CAPITAL RESERVE	NA	NA	NA
<i>Unrestricted Reserve Funds</i>	<i>\$ 6,076,304</i>	<i>\$ 2,552,608</i>	<i>\$ 1,148,500</i>

**FISCAL IMPACT**

The Draft Fiscal Year 2017-18 Budget impact will require using reserve funds to balance operating expenses, ranging from \$67,730 to \$611,823, depending on direction from the Board. The resulting Projected Unrestricted Reserve Fund Balance at the end of Fiscal Year 2017-2018 will range between \$2,290,418 to \$2,834,511. The Fiscal Year 2017-2018 projected unrestricted reserve fund balance for all three alternatives meet the recommendations of the Board, Finance Committee, and GFOA for operating and emergency reserves. The District is not currently meeting Board Financial

Reserve Policy goal of \$5,300,000 for capital reserves. This goal will be evaluated and discussed further during the current rate study update.

**CEQA ASSESSMENT**

This is not a CEQA Project.

**RECOMMENDED ACTION**

Staff recommends the Board of Directors provide Staff with direction in preparing the final budget for adoption at a future meeting.

**ATTACHMENTS**

1. Draft Fiscal Year 2017-18 Budget
2. Recommended Organizational Chart
3. Recommended Organizational Chart with Minimal Staff
4. Existing Organizational Chart

GDPUD REVENUE BUDGET					
Description	FY 15-16 Budget	FY 15-16 Actual	FY 16-17 Adopted	FY 16-17 Estimated	FY 17-18 Proposed
<b>WATER OPERATING REVENUE</b>					
Water Sales					
Residential Sales	\$ 1,120,000	\$ 1,244,193	\$ 1,285,000	\$ 1,319,911	\$ 1,319,000
Commercial Sales	162,750	177,031	185,000	214,792	214,000
Irrigation Sales	100,000	135,218	225,000	269,537	269,000
Penalties	36,060	39,885	37,000	43,236	37,000
Other (2)	1,550	16,540	-	31,188	
<b>Sub-Total</b>	<b>\$ 1,420,360</b>	<b>\$ 1,612,867</b>	<b>\$ 1,732,000</b>	<b>\$ 1,878,664</b>	<b>\$ 1,839,000</b>
<b>NON OPERATING REVENUE</b>					
Property Taxes	\$ 1,349,360	\$ 1,447,381	\$ 1,460,000	\$ 1,500,000	\$ 1,569,000
SMUD	90,000	108,515	105,000	107,700	107,000
Tax Revenue - Debt Service					
Restricted Benefit Charges	10,000	19,103			
Interest Income	62,500	45,466	40,000	54,647	54,000
Water Agency Cost Share (3)			45,000	45,000	-
Leases			70,000	65,915	70,000
Hydro			60,000	54,712	60,000
Grant Revenue (3)	1,000	341,133			
Other (3)	142,500	114,920	1,587,847		
<b>Sub-total Non-Operating</b>	<b>\$ 1,655,360</b>	<b>\$ 2,076,518</b>	<b>\$ 3,367,847</b>	<b>\$ 1,827,973</b>	<b>\$ 1,860,000</b>
Supplemental Charge (1)	-	-	-	219,123	648,923
<b>Total Water Revenue</b>	<b>3,075,720</b>	<b>3,689,385</b>	<b>5,099,847</b>	<b>3,925,760</b>	<b>4,347,923</b>
<b>WASTEWATER OPERATING REVENUE</b>					
Zone Charges	\$ 310,000	\$ 311,547	\$ 344,000	\$ 342,899	\$ 344,000
Escrow Fees	30,000	33,600			
Septic Design Fees	1,000	1,200		5,400	3,000
Restricted Benefits Charges					
Soil Evaluations/Loans/Repairs					
Interest Income	1,000	3,175			
Other					
<b>Total Wastewater Revenue</b>	<b>\$ 342,000</b>	<b>\$ 349,522</b>	<b>\$ 344,000</b>	<b>\$ 348,299</b>	<b>\$ 347,000</b>
<b>TOTAL REVENUE</b>	<b>\$ 3,417,720</b>	<b>\$ 4,038,907</b>	<b>\$ 5,443,847</b>	<b>\$ 4,274,058</b>	<b>\$ 4,694,923</b>

## Notes:

- (1) - Supplemental Charge revenue can only be used to fund State Revolving Fund Loan  
(2) - Other revenue are connection fees  
(3) - Grant Revenue and other revenues restricted to capital projects are shown in the Restricted Funds

**GDPUD FUND SUMMARY**  
**Fiscal Year 2017-2018**

FUND	ESTIMATED BALANCE 6/30/2017	BUDGET REVENUE 2017- 2018	BUDGET EXPENSES 2017-2018	PROJECTED BALANCE 6/30/2018
<b>10 - GENERAL FUND</b>				
<b>REVENUE</b>				
Water Operating Revenue		\$ 1,839,000		
Non-Operating Revenue		\$ 1,860,000		
Supplemental Charge		\$ 648,923		
<i>Total Revenue</i>		\$ 4,347,923		
<b>EXPENSES</b>				
5100			\$ 350,815	
5200			537,155	
5300			774,550	
5400			738,293	
5500			300,802	
5600			1,144,426	
PERS UAL			449,507	
<i>Total Expenses</i>			4,295,549	
<b>TRANSFERS</b>				
Transfer Supplemental Charge to SRF Fund 29			648,923	
Transfer from SMUD Fund		324,069		
Transfer from Small Hydro Fund		331,500		
<i>Total Transfers</i>		655,569	648,923	
<b>Subtotal General Fund</b>	\$ 670,946	\$ 5,003,492	\$ 4,944,472	\$ 729,965
<b>40 - ALT ZONE FUND</b>				
<b>REVENUE</b>				
Wastewater Operating		\$ 347,000		
<i>Total Revenue</i>		\$ 347,000		
<b>EXPENSES</b>				
6700			362,274	
<i>Total Expenses</i>			362,274	
<b>TRANSFERS</b>				
Transfer from ALT Zone Fund 40 Balance		15,274	15,274	
<b>Subtotal ALT Zone Fund</b>	948,542	362,274	377,548	933,268
<b>Grand Total Revenues &amp; Expenses</b>		5,365,766	5,322,020	
<b>UNRESTRICTED RESERVE FUNDS</b>				
8 - SMUD FUND	324,069	-	324,069	-
19 - STUMPY MEADOWS RESERVE	1,044,130	-	-	1,044,130
43 - CAPITAL RESERVE	749,047	-	541,000	208,047
30 - SMALL HYDRO FUND	603,069	-	331,500	271,569
24 - ALT WTP CAPITAL RESERVE	766,122	-	729,416	36,706
<b>Total Unrestricted Reserve Funds</b>	3,486,437	-	1,925,985	1,560,452
<b>RESTRICTED FUNDS (4)</b>				
9 - CABY GRANT	-	845,894	845,894	-
14 - STEWART MINE	24,458	14,200	14,200	24,458
25 - BAYNE ROAD & OTHER AD	34,267	3,000	37,267	-
17 - WATER DEVELOPMENT	402,053	-	-	402,053
53 - PILOT HILL NORTH	(7,480)	-	-	(7,480)
54 - PILOT HILL SOUTH	50,136	-	-	50,136
51 - KELSEY NORTH	103,102	9,480	33,535	79,047
52 - KELSEY SOUTH	190,533	2,580	44,080	149,033
29 - STATE REVOLVING FUND (5) (6)	57,087	10,176,475	10,176,475	57,087
35 - EPA GRANT	-	-	-	-
37 - GARDEN VALLEY WATER IMPROVEMENT DISTRI	71,574	-	2,400	69,174
39 - CAPITAL FACILITY CHARGES	1,695,922	-	10,000	1,685,922
40 - ALT ZONE FUND (CAPITAL)	948,542	-	-	948,542
41 - ALT TANK REPLACEMENT LOANS & REPAIR	33,791	-	-	33,791
42 - ALT CDS RESERVE CONNECTION	213,840	-	-	213,840
<b>Total Restricted Funds</b>	\$ 3,817,825	\$ 11,051,629	\$ 11,163,851	\$ 3,705,603

Notes:

(4)-Retiree Fund (12) is not shown to avoid duplicate budget

(5)-State Revolving Fund Fund (29) includes revenues from Supplemental Charge

(6)-State Revolving Fund Fund (29) expenses include \$2,296 per month for existing SRF Loan for Walton WTP

**GDPUD OPERATING BUDGET EXPENSE**

(FUNDS 10, 12, 40)

Account Description	FY 15-16 Budget	FY 15-16 Actual	FY 16-17 Adopted	FY 16-17 Estimated	FY 17-18 Proposed
5010 Labor	1,100,000	\$1,091,378	\$1,153,108	1,177,354	\$1,859,160
5019 Overtime	58,500	58,401	64,000	62,439	75,525
5017 Standby	42,500	46,264	55,500	46,444	51,010
5011 Temporary Labor (not on payroll)	158,800	138,478	94,000	119,024	39,500
5014 PERS	115,000	105,294	117,592	120,854	167,710
5014 PERS Unfunded Accrued Liability		332,886	-	408,594	449,507
5015 Deferred Compensation	-	(19)	-	1,667	13,950
5016 Payroll Taxes	95,000	90,782	106,633	105,619	185,916
5018/71 Insurance: Health, Life, etc	260,000	268,675	271,950	363,094	483,387
5020 Insurance: Worker's Comp.	75,000	47,638	94,069	48,756	58,726
5024 Insurance: D/O	-	-	-	-	-
<i>Subtotal Personnel Related</i>	<i>\$1,904,800</i>	<i>\$2,179,777</i>	<i>\$1,956,852</i>	<i>2,453,845</i>	<i>\$3,384,341</i>
5027 Audit	\$ 15,000	\$ 15,000	\$ 22,000	\$ 16,640	\$ 16,640
5028 Engineering Studies	40,000	25,858	\$ -	\$ 29,644	-
5030 Water Fund Equip Maint T&D Treated Wtr	-	40	-	-	-
5034 Insurance: General	55,000	61,918	\$ 67,695	62,245	65,700
5036 Legal-General	80,000	125,651	\$ 121,000	109,238	110,000
5038 Materials and Supplies	155,000	200,890	\$ 183,650	174,691	182,900
5039 Rental/Durable	25,000	91,821	\$ 27,200	\$ 45,716	25,000
5040 Office Supplies	25,000	50,754	\$ 48,000	\$ 45,293	61,250
5041 Staff Development	6,000	8,891	\$ 10,500	7,220	13,671
5042 Travel-Conference	10,000	5,278	\$ 15,000	4,532	10,625
5044 Utilities	175,000	183,728	\$ 198,308	188,757	207,925
5046 Vehicle & Equipment Maintenance	47,000	46,713	\$ 51,000	43,500	6,000
5048 Vehicle Operations	52,000	39,369	\$ 50,200	40,954	39,500
5060 Bank Fees & Payroll Services	4,000	5,573	\$ 5,000	5,824	5,600
12-5068 Retiree Health Premium	120,000	137,714	\$ 132,000	135,929	136,000
5070 Director Stipends	24,000	23,200	\$ 24,000	24,000	24,000
5076 Building Maintenance	6,000	6,281	\$ 9,500	7,174	9,500
5080 Outside Service/Consultants	160,000	167,747	\$ 133,000	184,798	160,336
5084 Govt. Reg./Lab Fees	110,000	128,904	\$ 170,000	149,102	119,750
5090 Other: Cost of recruitment etc.	6,000	215	\$ 2,000	10,896	6,000
5090 Other: County Tax Admin. Fees	22,000	54,723	\$ 37,000	47,504	48,000
5089 Other: Memberships	16,500	12,112	\$ -	-	25,085
5091 Other: Elections	-	-	-	6,816	-
	-	-	-	-	-
<i>Subtotal Services</i>	<i>\$ 1,153,500</i>	<i>\$ 1,392,380</i>	<i>\$ 1,307,053</i>	<i>1,340,472</i>	<i>\$ 1,273,482</i>
<b>Total Operating Expense</b>	<b>\$ 3,058,300</b>	<b>\$ 3,572,157</b>	<b>\$ 3,263,905</b>	<b>\$ 3,794,317</b>	<b>\$ 4,657,823</b>

**SOURCE OF SUPPLY  
(FUNDS 10,12 DEPARTMENT 5100)  
BUDGET**

Account	Description	FY 15-16 Budget	FY 15-16 Actual	FY 16-17 Adopted	FY 16-17 Estimated	FY 17-18 Proposed
5010	Labor	82,000	114,997	124,845	83,900	145,727
5019	Overtime	4,000	5,555	4,000	3,800	5,920
5017	Standby	3,000	4,500	3,500	5,000	6,530
5011	Temporary Labor (not on payroll)	-	-	-	-	-
5014	PERS	23,000	42,128	18,727	8,800	13,146
5015	Deferred Compensation	-	-	-	-	-
5016	Payroll Taxes	8,000	9,391	9,926	7,500	14,573
5018/71	Insurance: Health, Life, etc	21,000	35,594	42,447	31,100	37,886
5020	Insurance: Worker's Comp.	6,000	14,259	7,941	7,200	4,603
5024	Insurance: D/O	-	-	-	-	-
<i>Subtotal Personnel Related</i>		<i>\$ 147,000</i>	<i>\$ 226,424</i>	<i>\$ 211,386</i>	<i>\$ 147,300</i>	<i>\$ 228,384</i>
5027	Audit	-	-	-	\$ -	\$ -
5028	Engineering Studies	15,000	25,858	-	28,400	-
5030	Building Maintenance	-	-	-	-	-
5034	Insurance: General	2,000	3,356	3,400	4,100	4,000
5036	Legal--General	-	-	-	-	-
5038	Materials and Supplies	10,000	4,015	10,000	5,900	12,700
5039	Rental/Durable	1,000	9,251	1,000	-	5,000
5040	Office Supplies	-	-	-	-	-
5041	Staff Development	-	-	-	200	1,000
5042	Travel--Conference	-	-	-	-	-
5044	Utilities	1,000	2,160	1,000	3,400	9,015
5046	Vehicle & Equipment Maintenance	5,000	4,131	5,000	3,400	1,000
5048	Vehicle Operations	8,000	4,104	5,000	4,000	4,000
5060	Bank Fees & Payroll Services	-	-	-	-	-
12-5068	Retiree Health Premium	-	-	-	-	-
5070	Director Stipends	-	-	-	-	-
5076	Building Maintenance	-	-	-	-	-
5080	Outside Service/Consultants	3,000	21,094	6,000	22,800	36,800
5084	Govt. Reg./Lab Fees	35,000	51,254	35,000	46,000	34,300
5090	Other: Cost of recruitment etc.	-	-	-	500	-
5090	Other: County Tax Admin. Fees	-	214	15,000	-	14,000
5089	Other: Memberships	-	-	-	-	616
5091	Other: Elections	-	-	-	\$ -	\$ -
<i>Subtotal Services</i>		<i>\$ 80,000</i>	<i>\$ 125,437</i>	<i>\$ 81,400</i>	<i>\$ 118,700</i>	<i>\$ 122,431</i>
<b>Grand Total 10-5100</b>		<b>\$ 227,000</b>	<b>\$ 351,861</b>	<b>\$ 292,786</b>	<b>\$ 266,000</b>	<b>\$ 350,815</b>

**TRANSMISSION & DISTRIBUTION RAW WATER  
(FUNDS 10,12 DEPARTMENT 5200)  
BUDGET**

Account	Description	FY 15-16 Budget	FY 15-16 Actual	FY 16-17 Adopted	FY 16-17 Estimated	FY 17-18 Proposed
5010	Labor	283,000	\$ 193,801	\$ 226,008	\$ 245,099	\$ 269,671
5019	Overtime	23,000	19,331	15,000	13,064	10,955
5017	Standby	16,000	10,024	10,000	9,780	13,060
5011	Temporary Labor (not on payroll)	18,000	41,501	32,000	32,000	39,500
5014	PERS	75,000	68,094	24,599	25,015	24,326
5015	Deferred Compensation	0	-	-	-	-
5016	Payroll Taxes	28,000	15,837	20,332	21,857	26,967
5018/71	Insurance: Health, Life, etc	76,000	52,927	54,242	83,028	70,108
5020	Insurance: Worker's Comp.	22,000	18,600	33,741	18,812	8,518
5024	Insurance: D/O					
<i>Subtotal Personnel Related</i>		<i>\$ 541,000</i>	<i>\$ 420,115</i>	<i>\$ 415,922</i>	<i>\$ 448,656</i>	<i>463,105</i>
5027	Audit		\$ -	\$ -	\$ -	-
5028	Engineering Studies		-	-	-	-
5030	Building Maintenance		-	-	-	-
5034	Insurance: General	\$ 14,000	14,147	15,000	16,823	15,000
5036	Legal--General	\$ 5,000	36,191	6,000	-	-
5038	Materials and Supplies	\$ 10,000	45,692	20,000	16,188	23,700
5039	Rental/Durable	\$ 15,000	41,456	5,000	10,172	15,000
5040	Office Supplies	\$ -	125	-	68	1,600
5041	Staff Development	\$ -	90	-	600	1,000
5042	Travel--Conference	\$ -	-	-	-	-
5044	Utilities	\$ 1,000	1,380	1,000	260	750
5046	Vehicle & Equipment Maintenance	\$ 10,000	12,110	10,000	16,074	2,000
5048	Vehicle Operations	\$ 25,000	14,658	12,000	12,626	15,000
5060	Bank Fees & Payroll Services	\$ -	-	-	-	-
12-5068	Retiree Health Premium	\$ -	-	-	-	-
5070	Director Stipends	\$ -	-	-	-	-
5076	Building Maintenance	\$ -	-	-	-	-
5080	Outside Service/Consultants	\$ 10,000	6,012	12,000	2,179	-
5084	Govt. Reg./Lab Fees	\$ 1,000	1,408	1,000	204	-
5090	Other: Cost of recruitment etc.	\$ -	-	2,000	1,028	-
5090	Other: County Tax Admin. Fees	\$ -	428	-	-	-
5089	Other: Memberships		-	-	-	-
5091	Other: Elections		-	-	-	-
<i>Subtotal Services</i>		<i>\$ 91,000</i>	<i>\$ 173,697</i>	<i>\$ 84,000</i>	<i>\$ 76,224</i>	<i>\$ 74,050</i>
<b>Grand Total 10-5200</b>		<b>\$ 632,000</b>	<b>\$ 593,812</b>	<b>\$ 499,922</b>	<b>\$ 524,880</b>	<b>\$ 537,155</b>

**WATER TREATMENT  
(FUNDS 10,12 DEPARTMENT 5300)  
BUDGET**

Account	Description	FY 15-16 Budget	FY 15-16 Actual	FY 16-17 Adopted	FY 16-17 Estimated	FY 17-18 Proposed
5010	Labor	146,000	\$ 128,698	\$ 115,525	\$ 117,084	\$ 316,327
5019	Overtime	22,000	12,884	25,000	21,838	12,850
5017	Standby	24,000	15,910	16,000	16,000	15,710
5011	Temporary Labor (not on payroll)	0	-	-	517	-
5014	PERS	31,000	55,038	17,000	14,714	28,535
5015	Deferred Compensation	0	-	-	-	-
5016	Payroll Taxes	16,000	11,897	11,739	12,883	31,633
5018/71	Insurance: Health, Life, etc	39,000	39,898	27,726	49,403	82,238
5020	Insurance: Worker's Comp.	7,000	6,214	9,392	4,582	9,992
5024	Insurance: D/O	-	-	-	-	-
<i>Subtotal Personnel Related</i>		<i>\$ 285,000</i>	<i>\$ 270,539</i>	<i>\$ 222,382</i>	<i>\$ 237,021</i>	<i>\$ 497,284</i>
5027	Audit	-	\$ -	\$ -	\$ -	\$ -
5028	Engineering Studies	-	-	-	760	-
5030	Building Maintenance	-	-	-	-	-
5034	Insurance: General	\$ 14,000	11,214	12,000	10,878	12,000
5036	Legal--General	\$ 1,000	-	-	-	-
5038	Materials and Supplies	\$ 77,000	61,706	70,000	73,061	76,700
5039	Rental/Durable	\$ 2,000	8,913	6,000	3,374	-
5040	Office Supplies	\$ 1,000	1,276	1,000	199	1,800
5041	Staff Development	\$ 2,000	90	2,000	-	1,000
5042	Travel--Conference	\$ -	-	-	-	1,000
5044	Utilities	\$ 190,000	133,006	150,000	131,884	141,650
5046	Vehicle & Equipment Maintenance	\$ 13,000	5,131	4,500	5,834	1,000
5048	Vehicle Operations	\$ 5,000	5,508	5,000	4,826	5,500
5060	Bank Fees & Payroll Services	\$ -	-	-	-	-
12-5068	Retiree Health Premium	\$ -	-	-	-	-
5070	Director Stipends	\$ -	-	-	-	-
5076	Building Maintenance	\$ 1,000	-	1,000	-	1,000
5080	Outside Service/Consultants	\$ 10,000	8,796	5,000	15,379	-
5084	Govt. Reg./Lab Fees	\$ 35,000	39,834	34,000	52,730	35,000
5090	Other: Cost of recruitment etc.	\$ -	-	-	97	-
5090	Other: County Tax Admin. Fees	\$ -	106	-	-	-
5089	Other: Memberships	-	-	-	-	616
5091	Other: Elections	-	-	-	-	-
	0	\$ -	-	-	-	-
<i>Subtotal Services</i>		<i>\$ 351,000</i>	<i>\$ 275,580</i>	<i>\$ 290,500</i>	<i>\$ 299,023</i>	<i>\$ 277,266</i>
<b>Grand Total 10-5300</b>		<b>\$ 636,000</b>	<b>\$ 546,119</b>	<b>\$ 512,882</b>	<b>\$ 536,044</b>	<b>\$ 774,550</b>



**TRANSMISSION & DISTRIBUTION TREATED WATER  
(FUNDS 10,12 DEPARTMENT 5400)  
BUDGET**

<b>Account</b>	<b>Description</b>	<b>FY 15-16 Budget</b>	<b>FY 15-16 Actual</b>	<b>FY 16-17 Adopted</b>	<b>FY 16-17 Estimated</b>	<b>FY 17-18 Proposed</b>
5010	Labor	\$ 227,000	\$ 285,950	\$ 250,705	\$ 330,053	\$ 383,227
5019	Overtime	7,000	19,177	20,000	22,127	15,568
5017	Standby	14,000	15,830	16,000	15,300	15,710
5011	Temporary Labor (not on payroll)	-	-	-	-	-
5014	PERS	54,000	112,014	30,085	34,417	34,570
5015	Deferred Compensation	-	-	-	-	-
5016	Payroll Taxes	21,000	24,008	21,503	29,664	38,323
5018/71	Insurance: Health, Life, etc	61,000	84,039	60,169	111,692	99,630
5020	Insurance: Worker's Comp.	11,000	16,489	17,202	13,060	12,105
5024	Insurance: D/O	1,000	-	-	-	-
<b>Subtotal Personnel Related</b>		<b>\$ 396,000</b>	<b>\$ 557,507</b>	<b>\$ 415,664</b>	<b>\$ 556,313</b>	<b>\$ 599,132</b>
5027	Audit	\$ -	\$ -	\$ -	\$ -	\$ -
5028	Engineering Studies	-	-	-	484	-
5030	Building Maintenance	-	40	-	-	-
5034	Insurance: General	12,000	13,359	13,600	16,560	13,000
5036	Legal--General	7,000	-	-	-	-
5038	Materials and Supplies	32,000	79,441	70,000	70,000	63,000
5039	Rental/Durable	3,000	33,837	10,000	28,728	5,000
5040	Office Supplies	1,000	295	10,000	412	300
5041	Staff Development	-	270	-	3,034	1,000
5042	Travel--Conference	-	400	-	-	1,000
5044	Utilities	6,000	10,515	6,000	12,925	19,645
5046	Vehicle & Equipment Maintenance	8,000	8,392	8,000	4,988	1,000
5048	Vehicle Operations	14,000	10,272	14,000	17,171	11,000
5060	Bank Fees & Payroll Services	-	-	-	-	-
12-5068	Retiree Health Premium	-	-	-	-	-
5070	Director Stipends	-	-	-	-	-
5076	Building Maintenance	-	-	-	-	-
5080	Outside Service/Consultants	12,000	7,195	5,000	31,808	12,000
5084	Govt. Reg./Lab Fees	-	6,510	-	8,684	11,600
5090	Other: Cost of recruitment etc.	-	-	-	242	-
5090	Other: County Tax Admin. Fees	-	114	-	-	-
5089	Other: Memberships	-	163	-	-	516
5091	Other: Elections	-	-	-	-	\$ -
<b>Subtotal Services</b>		<b>\$ 95,000</b>	<b>\$ 170,803</b>	<b>\$ 136,600</b>	<b>\$ 195,036</b>	<b>\$ 139,161</b>
<b>Grand Total 10-5400</b>		<b>\$ 491,000</b>	<b>\$ 728,310</b>	<b>\$ 552,264</b>	<b>\$ 751,349</b>	<b>\$ 738,293</b>

**CUSTOMER SERVICE  
(FUNDS 10,12 DEPARTMENT 5500)  
BUDGET**

Account	Description	FY 15-16 Budget	FY 15-16 Actual	FY 16-17 Adopted	FY 16-17 Estimated	FY 17-18 Proposed
5010	Labor	\$ 191,000	\$ 81,552	\$ 101,500	\$ 98,804	\$ 174,358
5019	Overtime	\$ 5,000	473		166	7,083
5017	Standby	\$ 4,000			-	-
5011	Temporary Labor (not on payroll)	\$ -	80,321	62,000	45,739	-
5014	PERS	\$ 59,000	24,783	3,806	9,697	15,728
5015	Deferred Compensation	\$ -			-	-
5016	Payroll Taxes	\$ 17,000	6,232	15,225	8,294	17,436
5018/71	Insurance: Health, Life, etc	\$ 47,000	19,774	24,360	37,366	45,329
5020	Insurance: Worker's Comp.	\$ 5,000	3,276	7,613	966	5,507
5024	Insurance: D/O	\$ 5,000			-	-
<i>Subtotal Personnel Related</i>		<i>\$ 333,000</i>	<i>\$ 216,411</i>	<i>\$ 214,504</i>	<i>\$ 201,032</i>	<i>\$ 265,441</i>
5027	Audit		\$ -	\$ -	\$ -	\$ -
5028	Engineering Studies					
5030	Building Maintenance					
5034	Insurance: General	\$ 6,000	8,364	10,115	6,236	9,200
5036	Legal--General	\$ -			-	-
5038	Materials and Supplies	\$ -	286	650	590	-
5039	Rental/Durable	\$ 1,000			-	-
5040	Office Supplies	\$ 13,000	15,769	12,000	14,348	15,800
5041	Staff Development	\$ -			-	4,531
5042	Travel--Conference	\$ -	18		-	-
5044	Utilities	\$ 3,000	3,239	3,000	3,313	5,830
5046	Vehicle & Equipment Maintenance	\$ 2,000	4,895	5,000	1,660	-
5048	Vehicle Operations	\$ -			-	-
5060	Bank Fees & Payroll Services	\$ -			180	-
12-5068	Retiree Health Premium	\$ -			-	-
5070	Director Stipends	\$ -			-	-
5076	Building Maintenance	\$ -			-	-
5080	Outside Service/Consultants	\$ -			2,223	-
5084	Govt. Reg./Lab Fees		656		-	-
5090	Other: Cost of recruitment etc.				161	-
5090	Other: County Tax Admin. Fees		385		-	-
5089	Other: Memberships				-	-
5091	Other: Elections				-	-
<i>Subtotal Services</i>		<i>\$ 25,000</i>	<i>\$ 33,612</i>	<i>\$ 30,765</i>	<i>\$ 28,712</i>	<i>\$ 35,361</i>
<b>Grand Total 10-5500</b>		<b>\$ 358,000</b>	<b>\$ 250,023</b>	<b>\$ 245,269</b>	<b>\$ 229,744</b>	<b>\$ 300,802</b>

**ADMINISTRATION  
(FUNDS 10,12 DEPARTMENT 5600)  
BUDGET**

Account	Description	FY 15-16 Budget	FY 15-16 Actual	FY 16-17 Adopted	FY 16-17 Estimated	FY 17-18 Proposed
5010	Labor	169,000	\$ 241,478	\$ 238,525	\$ 232,356	\$ 414,963
5019	Overtime	2,000	189		1,428	16,857
5017	Standby	0			-	-
5011	Temporary Labor (not on payroll)	0	16,656		40,768	-
5014	PERS	60,000	123,862	23,375	22,279	37,433
5015	Deferred Compensation	0			1,667	-
5016	Payroll Taxes	15,000	19,329	20,036	19,739	41,496
5018/71	Insurance: Health, Life, etc	38,000	26,581	57,246	28,572	107,880
5020	Insurance: Worker's Comp.	2,000	5,470	9,541	1,068	13,108
5024	Insurance: D/O	6,000			-	-
<i>Subtotal Personnel Related</i>		<i>\$ 292,000</i>	<i>\$ 433,565</i>	<i>\$ 348,723</i>	<i>\$ 347,877</i>	<i>\$ 631,737</i>
5027	Audit	\$ 10,000	\$ 13,800	\$ 20,000	\$ 16,640	\$ 16,640
5028	Engineering Studies	\$ -			-	-
5030	Building Maintenance	-	-		-	-
5034	Insurance: General	\$ 11,000	7,935	8,500	5,160	8,500
5036	Legal--General	\$ 50,000	79,692	85,000	93,740	110,000
5038	Materials and Supplies	\$ -	3,913		5,021	-
5039	Rental/Durable	\$ 2,000	2,263	5,200	2,617	-
5040	Office Supplies	\$ 11,000	30,791	20,000	28,116	38,150
5041	Staff Development	\$ 1,000	12,843	8,500	3,186	4,140
5042	Travel--Conference	\$ 3,000	4,860	15,000	4,532	8,625
5044	Utilities	\$ 1,700	23,192	17,000	24,448	19,835
5046	Vehicle & Equipment Maintenance	\$ 5,000	9,009	8,500	2,682	-
5048	Vehicle Operations	\$ 5,000	530	1,200	150	-
5060	Bank Fees & Payroll Services	\$ 4,000		5,000	5,644	5,600
12-5068	Retiree Health Premium	\$ 130,000	135,841	132,000	135,929	136,000
5070	Director Stipends	\$ 24,000	23,200	24,000	24,000	24,000
5076	Building Maintenance	\$ 9,000	6,281	8,500	7,174	8,500
5080	Outside Service/Consultants	\$ 25,000	123,259	75,000	77,209	52,828
5084	Govt. Reg./Lab Fees	\$ 10,000	5,600		6,252	3,300
5090	Other: Cost of recruitment etc.	\$ 2,000	-		8,752	6,000
5090	Other: County Tax Admin. Fees	\$ 39,000	30,646	22,000	47,504	34,000
5090	other:		7,336		-	-
5089	Other: Memberships	\$ 15,000	11,949	16,500	11,436	22,621
5091	Other: Elections	\$ 26,000			6,816	-
<i>Subtotal Services</i>		<i>\$ 373,700</i>	<i>\$ 519,140</i>	<i>\$ 451,900</i>	<i>\$ 500,367</i>	<i>\$ 482,099</i>
<b>Grand Total 10-5600</b>		<b>\$ 675,700</b>	<b>\$ 966,505</b>	<b>\$ 820,623</b>	<b>\$ 864,883</b>	<b>\$ 1,130,476</b>

**ALT WASTEWATER ZONE  
(FUND 40, DEPARTMENT 6700)  
BUDGET**

Account	Description	FY 15-16 Budget	FY 15-16 Actual	FY 16-17 Adopted	FY 16-17 Estimated	FY 17-18 Proposed
5010	Labor	\$ 132,000	\$ 51,187	\$ 96,000	\$ 70,058	\$ 154,887
5019	Overtime	\$ -			17	6,292
5017	Standby	\$ -		10,000	364	-
5011	Temporary Labor (not on payroll)	\$ -			-	-
5014	PERS	\$ 39,000	12,261		5,930	13,972
5015	Deferred Compensation	\$ -			-	-
5016	Payroll Taxes	\$ 11,000	3,996	7,872	5,682	15,489
5018/71	Insurance: Health, Life, etc	\$ 34,000	18,302	5,760	21,934	40,267
5020	Insurance: Worker's Comp.	\$ 4,000	3,579	8,639	3,068	4,892
5024	Insurance: D/O	\$ 1,000			\$ -	\$ -
<i>Subtotal Personnel Related</i>		<i>\$ 221,000</i>	<i>\$ 89,325</i>	<i>\$ 128,271</i>	<i>\$ 107,053</i>	<i>\$ 235,800</i>
5027	Audit		\$ 1,200	\$ 2,000	\$ -	\$ -
5028	Engineering Studies	\$ 1,000			-	-
5030	Building Maintenance	-			-	-
5034	Insurance: General	\$ 6,000	3,542	5,080	2,488	4,000
5036	Legal--General	\$ 4,000	9,768	30,000	15,498	-
5038	Materials and Supplies	\$ 4,000	5,827	13,000	3,931	6,800
5039	Rental/Durable	\$ 2,000	1,410	-	824	-
5040	Office Supplies	\$ 3,000	2,059	5,000	2,149	3,600
5041	Staff Development	\$ 1,000	-		200	1,000
5042	Travel--Conference	\$ 1,000	-		-	-
5044	Utilities	\$ 9,000	10,236	20,308	12,527	11,200
5046	Vehicle & Equipment Maintenance	\$ 4,000	3,045	10,000	8,862	1,000
5048	Vehicle Operations	\$ 6,000	4,297	13,000	2,180	4,000
5060	Bank Fees & Payroll Services				-	-
12-5068	Retiree Health Premium				-	-
5070	Director Stipends				-	-
5076	Building Maintenance				-	-
5080	Outside Service/Consultants	\$ 6,000	18,298	30,000	33,200	58,708
5084	Govt. Reg./Lab Fees	\$ 43,000	34,574	100,000	35,231	35,550
5090	Other: Cost of recruitment etc.				116	-
5090	Other: County Tax Admin. Fees		215		-	-
5089	Other: Memberships				-	616
5091	Other: Elections				-	-
<i>Subtotal Services</i>		<i>\$ 90,000</i>	<i>\$ 94,471</i>	<i>\$ 228,388</i>	<i>\$ 117,206</i>	<i>\$ 126,474</i>
<b>Grand Total 40-6700</b>		<b>\$ 311,000</b>	<b>\$ 183,796</b>	<b>\$ 356,659</b>	<b>\$ 224,259</b>	<b>\$ 362,274</b>

EXPENSE DETAIL

Description	Account				Department				Total Budgeted
	10-5100	10-5200	10-5300	10-5400	10-5500	10-5600	40-6700		
<b>Materials and Supplies</b>									
Misc. Supplies (Ace Hardware/Divide Supply)	\$ 1,700	\$ 4,700	\$ 700	\$ 3,000			\$ 1,200	\$	11,300
Pipe & tools (Ferguson & Andersons Sierra Pipe)	\$ 500	\$ 3,000		\$ 48,000			\$ 600	\$	52,100
Water Chemicals (Sierra Chemical & NTU Tech)			\$ 51,000						51,000
Metering equipment (Hach)			\$ 10,000						10,000
Gravel backfill (Teichert)	\$ 500			\$ 3,000					3,500
Chainsaw & Brushcutter (Allen Krouse)	\$ 1,500	\$ 2,500	\$ 1,000	\$ 2,000			\$ 1,000	\$	8,000
Pipe & fittings (HD Supply & Grainger)		\$ 5,000		\$ 4,000			\$ 1,000	\$	10,000
Tools & Supplies (USA Bluebook)			\$ 3,000	\$ 3,000			\$ 1,000	\$	7,000
Misc. Supplies	\$ 8,500	\$ 8,500	\$ 11,000				\$ 2,000	\$	30,000
<b>TOTAL - Materials and Supplies</b>	<b>\$ 12,700</b>	<b>\$ 23,700</b>	<b>\$ 76,700</b>	<b>\$ 63,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,800</b>	<b>\$</b>	<b>182,900</b>
<b>Office Supplies</b>									
Furniture (3 offices, 5 chairs)							\$ 6,250	\$	6,250
Copy Machine Lease & Service							\$ 6,000	\$	6,000
Folding Machine Lease							\$ 2,400	\$	2,400
Misc Office (Paper, postage, etc)		\$ 100	\$ 300	\$ 300	\$ 15,800		\$ 22,000	\$ 2,100	40,600
Computer (Shop, WLT, WW, Office)		\$ 1,500	\$ 1,500				\$ 1,500	\$ 1,500	6,000
<b>TOTAL - Office Supplies</b>	<b>\$ -</b>	<b>\$ 1,600</b>	<b>\$ 1,800</b>	<b>\$ 300</b>	<b>\$ 15,800</b>	<b>\$ 300</b>	<b>\$ 38,150</b>	<b>\$ 3,600</b>	<b>61,250</b>
<b>Staff Development (Training)</b>									
Board Clerk					\$ 4,531		\$ 1,290	\$	5,821
Finance Manager							\$ 925	\$	925
Human Resources							\$ 925	\$	925
AWWA (distribution and treatment classes)	\$ 500	\$ 500	\$ 500	\$ 500	\$		\$ 500	\$ 500	3,000
Safety Training	\$ 500	\$ 500	\$ 500	\$ 500	\$		\$ 500	\$ 500	3,000
<b>TOTAL - Staff Development</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 4,531</b>	<b>\$ 4,140</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>13,671</b>
<b>Travel Conference</b>									
Conference (ACWA or CSDA) (3)							\$ 4,740	\$	4,740
Government Finance Office Conference							\$ 1,420	\$	1,420
CSDA General Manager Leadership Summit							\$ 1,465	\$	1,465
CRWA Conference (Ops Mgr, 2 Leads)			\$ 1,000	\$ 1,000	\$		\$ 1,000	\$	3,000
<b>TOTAL - Travel-Conference</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ -</b>	<b>\$ 8,625</b>	<b>\$ -</b>	<b>\$ -</b>	<b>10,625</b>

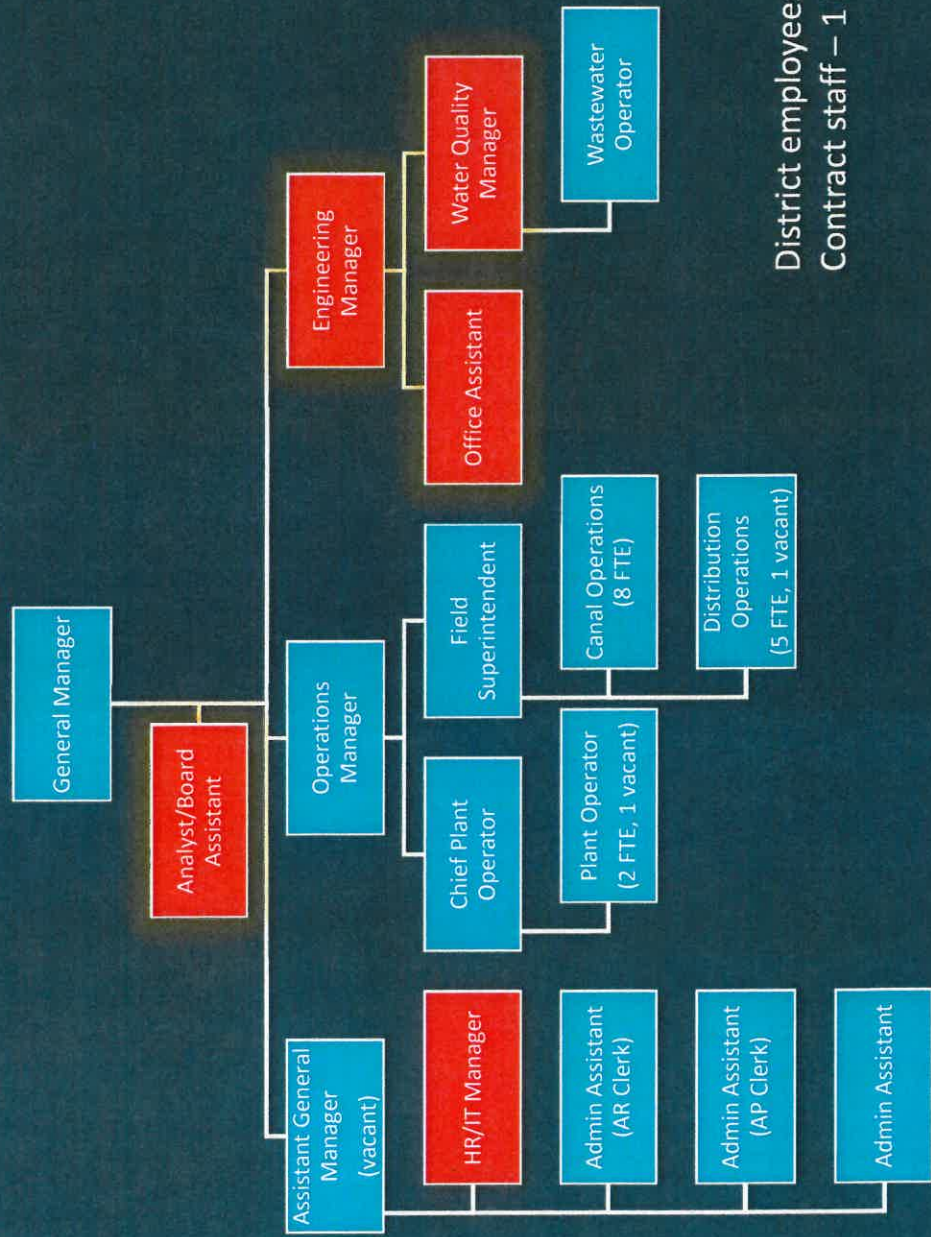
EXPENSE DETAIL

Description	Account						Department						Total Budgeted		
	5044	10-5100	10-5200	10-5300	10-5400	10-5500	10-5600	40-6700	10-5100	10-5200	10-5300	10-5400		10-5500	10-5600
<b>Utilities</b>															
Pagers (American Messaging)		\$ 170	\$ 750	\$ 400	\$ 375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500
Water Flow Measuring (Picovale)		\$ 8,820	\$ -	\$ 3,340	\$ 9,670										\$ 21,830
Trash (El Dorado & Sierra Disposal)		\$ 25		\$ 8,110		\$ 4,275									\$ 12,410
Telephone (AT&T)				\$ 6,270		\$ 5,830	\$ 6,560	\$ 1,200							\$ 19,860
Telephone (Verizon)				\$ 1,230				\$ 500							\$ 1,730
Electricity (PG&E)		\$ -	\$ -	\$ 122,300	\$ 9,600	\$ -	\$ 9,000	\$ 8,000							\$ 148,900
<b>TOTAL - Utilities</b>	<b>5044</b>	<b>\$ 9,015</b>	<b>\$ 750</b>	<b>\$ 141,650</b>	<b>\$ 19,645</b>	<b>\$ 5,830</b>	<b>\$ 19,835</b>	<b>\$ 11,200</b>							<b>\$ 207,925</b>
<b>Vehicle &amp; Equipment Maintenance</b>	<b>5046</b>	<b>10-5100</b>	<b>10-5200</b>	<b>10-5300</b>	<b>10-5400</b>	<b>10-5500</b>	<b>10-5600</b>	<b>40-6700</b>							
<b>TOTAL - Vehicle &amp; Equipment Maintenance</b>	<b>5046</b>	<b>\$ 1,000</b>	<b>\$ 2,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,000</b>							<b>\$ 6,000</b>
<b>Vehicle Operations</b>	<b>5048</b>	<b>10-5100</b>	<b>10-5200</b>	<b>10-5300</b>	<b>10-5400</b>	<b>10-5500</b>	<b>10-5600</b>	<b>40-6700</b>							
<b>TOTAL - Vehicle Operations (Fuel)</b>	<b>5048</b>	<b>\$ 4,000</b>	<b>\$ 15,000</b>	<b>\$ 5,500</b>	<b>\$ 11,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,000</b>							<b>\$ 39,500</b>
<b>Outside Service/Consultants</b>	<b>5080</b>	<b>10-5100</b>	<b>10-5200</b>	<b>10-5300</b>	<b>10-5400</b>	<b>10-5500</b>	<b>10-5600</b>	<b>40-6700</b>							
Accounting/Finance (Vaughn Johnson & VTD)							\$ 20,000								\$ 20,000
IT/Computer Service (Carmahan)							\$ 6,000								\$ 6,000
GIS Support (Paul Watkins)							\$ 6,000								\$ 6,000
Records Management							\$ 20,000								\$ 20,000
Website Hosting (CCSI)							\$ 828	\$ 708							\$ 1,536
Water Rights Reporting (Ecorps)		\$ 27,500													\$ 27,500
Dam Monitoring (GEI)		\$ 7,500													\$ 7,500
Dam Surveying (Hanser & Associates)		\$ 1,800													\$ 1,800
Wastewater Testing (Holdrege & Kull)								\$ 8,000							\$ 8,000
Backflow Testing (K & W Backflow)					\$ 12,000										\$ 12,000
Wastewater Disposal System Analysis								\$ 50,000							\$ 50,000
<b>TOTAL - Outside Service/Consultants</b>	<b>5080</b>	<b>\$ 36,800</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,000</b>	<b>\$ -</b>	<b>\$ 52,828</b>	<b>\$ 58,708</b>							<b>\$ 160,336</b>

EXPENSE DETAIL

Description	Account						Department				Total Budgeted	
	5084	10-5100	10-5200	10-5300	10-5400	10-5500	10-5600	40-6700				
<b>Govt Reg/Lab Fees</b>												
State Division of Safety of Dams		\$ 24,000		\$ 6,000								\$ 30,000
State Division of Drinking Water				\$ 20,000								\$ 20,000
Regional Water Board (stormwater)					\$ 500			\$ 17,000				\$ 17,500
Regional Water Board (wastewater)												\$ 14,100
Water Rights Fees		\$ 9,000			\$ 5,100		\$ 3,300					\$ 3,300
LAFCO												\$ 33,100
Laboratory Testing		\$ 1,300		\$ 7,800	\$ 6,000			\$ 18,000				\$ 33,100
Air Quality Eldorado County		\$ -		\$ 1,200				\$ 550				\$ 1,750
<b>TOTAL - Govt Reg/Lab Fees</b>	<b>5084</b>	<b>\$ 34,300</b>	<b>\$ -</b>	<b>\$ 35,000</b>	<b>\$ 11,600</b>	<b>\$ -</b>	<b>\$ 3,300</b>	<b>\$ 35,550</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 119,750</b>
<b>Other: Memberships</b>	<b>5089</b>	<b>10-5100</b>	<b>10-5200</b>	<b>10-5300</b>	<b>10-5400</b>	<b>10-5500</b>	<b>10-5600</b>	<b>40-6700</b>	<b></b>	<b></b>	<b></b>	<b></b>
CRWA		\$ 301		\$ 301	\$ 301			\$ 301				\$ 1,204
AWWA		\$ 315		\$ 315	\$ 315			\$ 315				\$ 1,260
Mountain Counties							\$ 4,125					\$ 4,125
CSDA							\$ 6,026					\$ 6,026
ACWA							\$ 12,470					\$ 12,470
<b>TOTAL - Other: Memberships</b>	<b>5089</b>	<b>\$ 616</b>	<b>\$ -</b>	<b>\$ 616</b>	<b>\$ 616</b>	<b>\$ -</b>	<b>\$ 22,621</b>	<b>\$ 616</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 616</b>	<b>\$ 25,085</b>

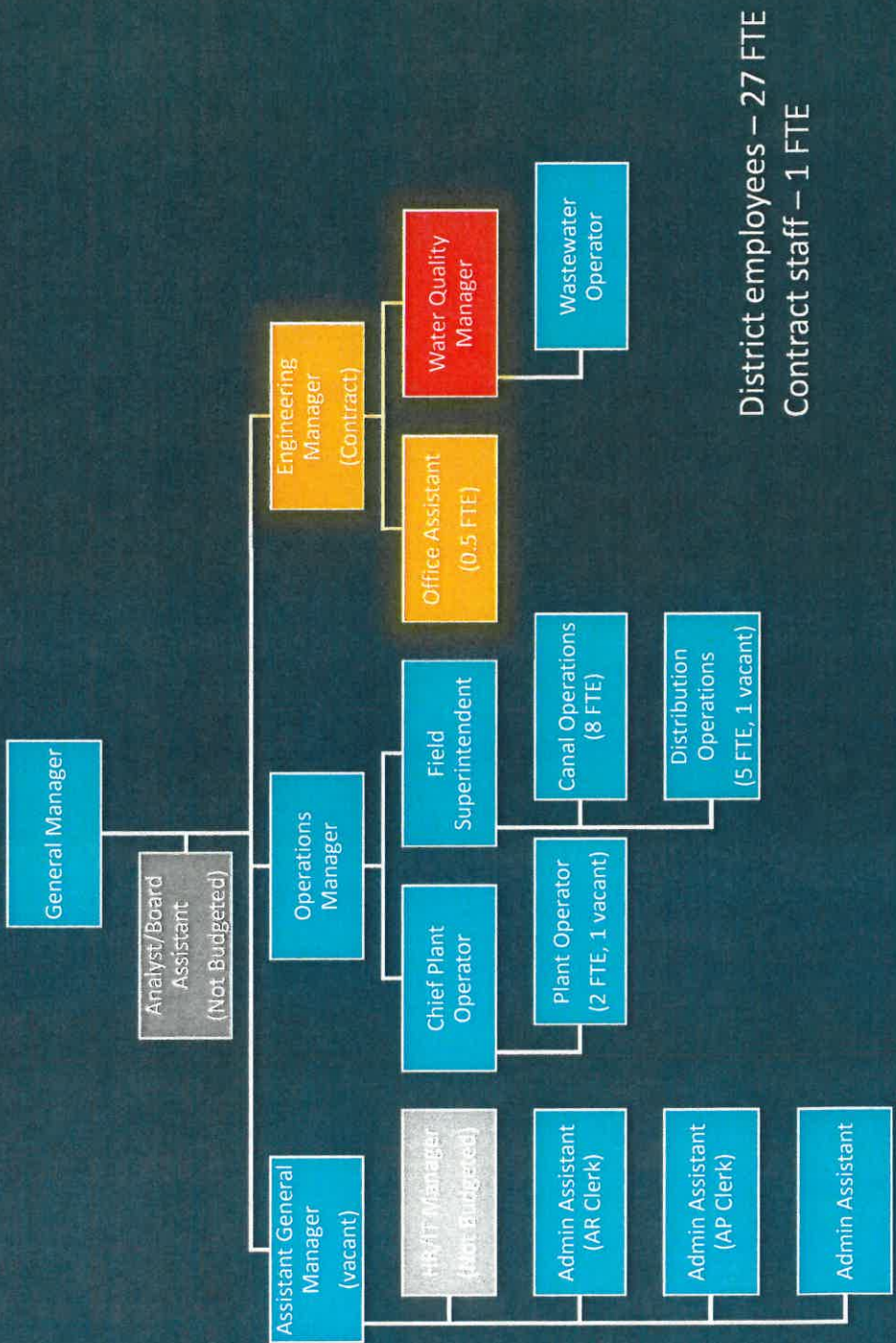
# Recommended Organizational Chart



District employees – 29 FTE  
 Contract staff – 1 FTE



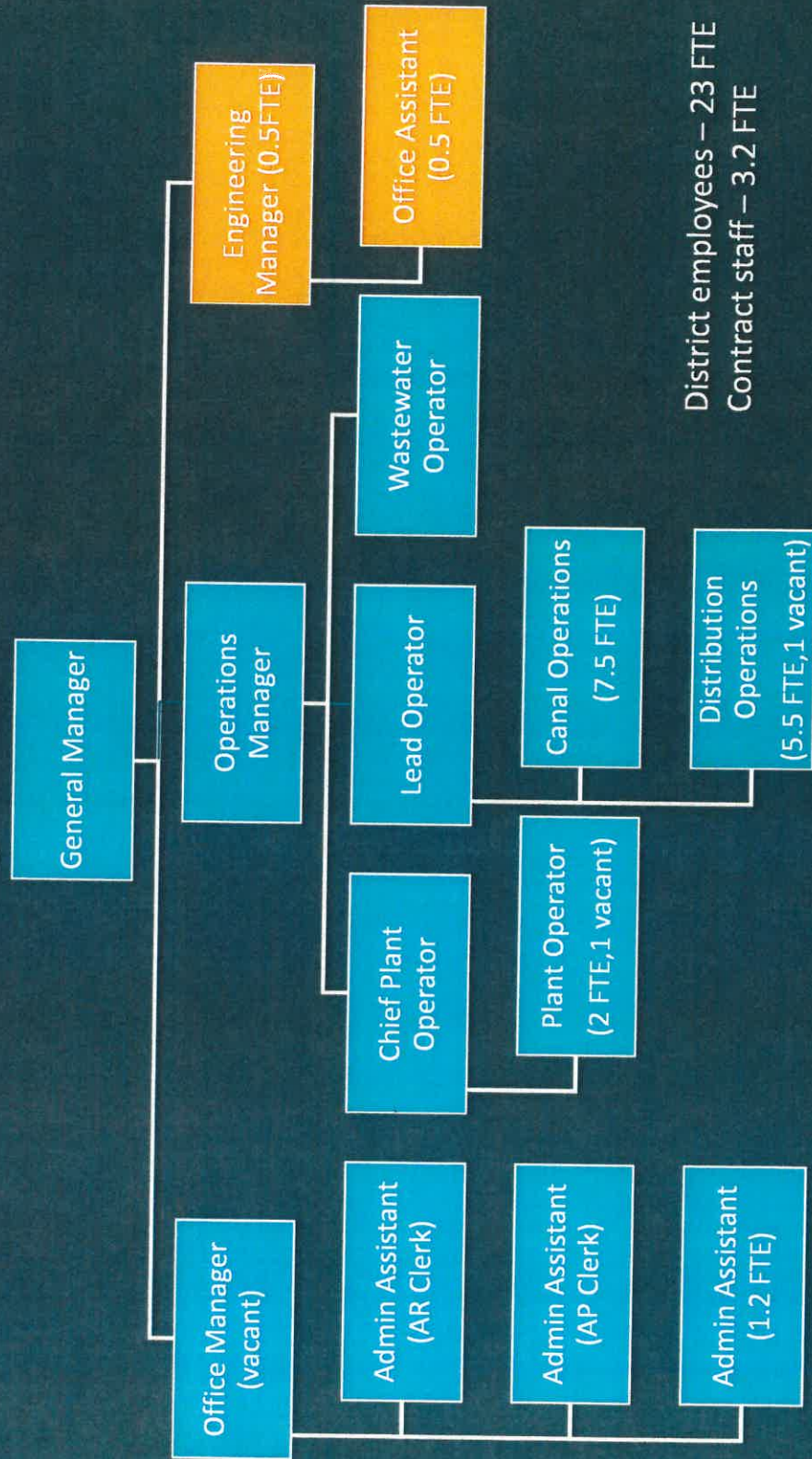
# Recommended Organizational Chart Minimal Staff



District employees – 27 FTE  
Contract staff – 1 FTE



# Current Organizational Chart



**REPORT TO THE BOARD OF DIRECTORS  
BOARD MEETING OF JUNE 13, 2017  
Agenda Item No. 6C**



**AGENDA SECTION: NEW BUSINESS**

**SUBJECT: REVIEW AND PROVIDE DIRECTION ON DRAFT FIVE YEAR CAPITAL IMPROVEMENT PLAN**

**PREPARED BY: Steven Palmer, PE, General Manager**

**BACKGROUND**

Staff has prepared a Draft Five-Year Capital Improvement Plan (CIP) for review and discussion by the District's Finance Committee and Board of Directors. On May 30, 2017, Staff presented the Draft Five-Year Capital Improvement Plan to the District's Finance Committee for discussion and input.

The Finance Committee was supportive of the Draft CIP and its inclusion in the draft budget.

**DISCUSSION**

The Draft CIP is a five-year planning tool that identifies anticipated capital improvements and their funding sources from fiscal year 2017-2018 through 2021-2022 (Attachment 1). The CIP does not appropriate funds, but rather, it functions as a budgeting and planning tool which supports actual appropriations that are made through adoption of the budget. The revenues and expenditures included in the first fiscal year of this Draft CIP are incorporated into the Draft Fiscal Year 2017-2018 Budget. The subsequent four years are subject to change due to more detailed engineering analysis, Board direction of project priorities, updates to revenues, and changes in project costs. This is why the five-year CIP is updated annually. Table 1 summarizes the CIP projects and expenditures by fiscal year, and Table 2 summarizes the funding by fiscal year.

Table 1 – CIP Project List

Project	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	TOTAL 2017-2022
ALT Water Treatment Plant	\$10,229,416	--	--	--	--	\$10,229,416
2017 Pavement Repair	\$ 75,000	--	--	--	--	\$ 75,000
Annual Tank Recoating	\$ 200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$ 1,000,000
Meter Replacement	\$ 1,775,744	--	--	--	--	\$ 1,745,744
2016 Canal Lining	\$ 1,081,894	--	--	--	--	\$ 1,081,894
Annual Canal Lining	--	\$100,000	\$100,000	\$100,000	\$100,000	\$ 400,000
Repair Safety Walkways	\$ 30,000	--	--	--	--	\$ 30,000
2017 Manhole Sealing	\$ 10,000	--	--	--	--	\$ 10,000
Wastewater Lift Station Upgrade	--	--	\$120,000	--	--	\$ 120,000
Total	\$13,372,054	\$300,000	\$420,000	\$300,000	\$300,000	\$14,692,054

Table 2 – Funding Source

Fund	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	TOTAL 2017-2022
Capital Reserve	\$ 541,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,741,000
CABY Grant	\$ 845,894	--	--	--	--	\$ 845,894
ALT Zone Fund	--	--	\$120,000	--	--	\$120,000
Capital Facility Charge	\$ 10,000	--	--	--	--	\$ 10,000
ALT WTP Reserve	\$ 729,416	--	--	--	--	\$ 729,416
SRF Loan	\$9,500,000	--	--	--	--	\$9,500,000
Unfunded	\$1,745,744	--	--	--	--	\$1,745,744
Total	\$13,372,054	\$300,000	\$420,000	\$300,000	\$300,000	\$14,692,054

**FISCAL IMPACT**

The Draft CIP consists of 9 projects, totaling approximately \$14.7 million and constrained against \$13.0 million of available funding over the next five years. CIP costs for fiscal year 2017-2018 are included in the Draft Fiscal Year 2017-2018 Budget. All expenditures and revenues identified beyond fiscal year 2017-2018 have no direct fiscal impact at this time because the CIP is not a financial commitment by the Board, but rather a planning and forecasting tool.

**CEQA ASSESSMENT**

This is not a CEQA Project. Each individual project is subject to a separate CEQA review and assessment.

**RECOMMENDED ACTION**

Staff recommends the Board of Directors provide Staff with direction in preparing the Final CIP for adoption at a future meeting.

**ATTACHMENTS**

1. Draft Five-Year Capital Improvement Plan



# DRAFT 2017/2018 TO 2021/2022 CAPITAL IMPROVEMENT PLAN

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

June 13, 2017

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## I. Introduction

Georgetown Divide Public Utility District's (District) five-year Capital Improvement Plan (CIP) is a multi-year planning instrument to guide the construction of new facilities/infrastructure; and for the expansion, rehabilitation or replacement of existing District assets. The five-year CIP is developed by Staff and adopted by the Board of Directors, then becomes the guiding document for the prioritization of projects.

The information included in the CIP is based on the current information available and updated regularly to reflect changing priorities, funding availability and project completion. A new five-year CIP will be submitted to the Board annually with recommended adjustments to project budgets, funding sources, descriptions, and/or schedules. Inclusion of a project in the CIP does not commit the District to specific expenditures or appropriations for any particular project.

The CIP includes all projects and programs expected to be undertaken during the next five fiscal years. Specific projects and related schedules are selected based upon:

- Availability of funding
- Minimizing disruptions associated with construction activity
- Board direction

Approximately \$14.7 million CIP programs and projects over the next five years have been identified.

## II. Infrastructure

District infrastructure includes the water and wastewater physical structures, systems, and facilities needed to provide services to customers and for the functioning of a community and its economy. Infrastructure impacts public health, safety, and the quality of life for District customers and residents. Decisions made regarding infrastructure projects are very important because they are generally large and expensive, and the assets created will require decades of public use.

The District is responsible for maintaining the following infrastructure:

- Over 70 miles of canals
- Over 200 miles of water pipeline
- Two (2) water treatment plants
- Ten (10) water storage tanks
- Five (5) pumping stations
- Three (3) reservoirs
- Two (2) State regulated dams
- Two (2) miles of sewer pipelines
- Five (5) community wastewater disposal fields



- Corporation yard and office building

Providing ongoing maintenance and repair, such as repairing or replacing water and wastewater piping, is vital for maintaining the condition of assets. When maintenance and repair is not fully funded, deferred maintenance and capital improvement costs increase significantly. The District has not fully funded maintenance and repair due to tight budgetary constraints and competing priorities for several years. As a result the District now has a multi-million dollar backlog in deferred maintenance of water treatment and distribution system, wastewater collection and disposal system, and District buildings and facilities. Without adequate investment, these deferred maintenance costs will increase significantly over time.

Compounding the problem, as assets continue to deteriorate, the cost of repair exponentially increases and can result in peripheral damage. For example, deferring roof replacement could later result in needing to replace the roof structural members, walls, and floor of a building.

### III. Funding Sources

The Five-Year CIP is funded by various unrestricted and restricted funds. Unrestricted funds are free from external restrictions and can be used for any purpose, as directed by the Board. For example, the District's General Fund is an unrestricted fund. The General Fund is primarily made up of funding from water sales, and property tax revenue. Restricted funds are legally required to be used for a specific purpose. For example, ALT Zone Funds can only be used to fund activities within the wastewater zone. Other examples of restricted funding sources include local, state, and federal grants; and capital facility charges. A detailed description of the various funding sources is presented in the following table.

Funding Source	Description and Restrictions
Capital Reserve	<b>Description:</b>
	These are funds set aside at Board direction to fund capital improvements to the water system. The original source of these funds is water sales, property tax, and other General Fund revenues.
Capital Reserve	<b>Restrictions:</b>
	These funds are not legally restricted, however they have been designated by the Board to be used to fund capital improvements to the water system.
ALT WTP Capital Reserve	<b>Description:</b>
	These are funds set aside at Board direction to fund construction of the new ALT Water Treatment Plant. The original source of these funds is water sales, property tax, and other General Fund revenues.

Funding Source	Description and Restrictions
	<p><b>Restrictions:</b></p> <p>These funds are not legally restricted, however they have been designated by the Board to be used to fund construction of the new ALT Water Treatment Plant.</p>
Grant and Loan Funding	<p><b>Description:</b></p> <p>Some projects are entirely or partially funded by grants, reimbursements, or loans from the State and federal government, as well as other agencies.</p> <p><b>Restrictions:</b></p> <p>Funding restrictions related to grant and loan funding can vary greatly, and each grant will have specific project restrictions related to the funding source.</p>
Capital Facility Charge	<p><b>Description:</b></p> <p>In 2005, the District retained Stantec to prepare a Capital Facility Charge Study, analyzing the impact of development on certain capital facilities and to calculate impact fees based on that analysis. The methods used to calculate impact fees in the study were intended to satisfy all legal requirements.</p> <p><b>Restrictions:</b></p> <p>By Law impact fees can only be collected to cover the impact of new development on existing infrastructure. Impact fees cannot be used to correct "existing deficiencies". This fund is used to accumulate funds from new or proposed development to pay for Water System Capital Improvements needed to support new development.</p>
ALT Zone	<p><b>Description:</b></p> <p>These funds are collected from properties within the wastewater zone at Auburn Lake Trails subdivision.</p> <p><b>Restrictions:</b></p> <p>Funds collected in this fund can only be used to operate and maintain the wastewater collection and disposal system.</p>

#### IV. Project Summary

The CIP includes Projects that support the treatment and delivery of water throughout the District, upgrading infrastructure and improvements to existing water system; as well as collection and disposal of wastewater within the Auburn Lake Trails subdivision. The District complies with all applicable local, state and federal regulations related to water

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2017/2018 to 2021/2022 CAPITAL IMPROVEMENT PLAN

and wastewater. Funding for water projects is from water rates, property taxes bonds, grants, and development impact fees. Funding for wastewater projects is from fees collected from properties within the wastewater zone at Auburn Lake Trails subdivision. The table below summarizes the funding source for projects by fiscal year.

Fund	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	TOTAL 2017-2022
Capital Reserve	\$ 541,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,741,000
CABY Grant	\$ 845,894	--	--	--	--	\$ 845,894
ALT Zone Fund	--	--	\$120,000	--	--	\$120,000
Capital Facility Charge	\$ 10,000	--	--	--	--	\$ 10,000
ALT WTP Reserve	\$ 729,416	--	--	--	--	\$ 729,416
SRF Loan	\$9,500,000	--	--	--	--	\$9,500,000
Unfunded	\$1,745,744	--	--	--	--	\$1,745,744
Total	\$13,372,054	\$300,000	\$420,000	\$300,000	\$300,000	\$14,692,054

Capital improvement projects programmed in the 2017/2018 to 2021/2022 Capital Improvement Plan are listed below. A project is only listed if there is funding programmed during Fiscal Year 2017/18 through Fiscal Year 2021/22. Detailed project costs estimates with expenditure plans for each project listed below are included in Appendix A.

Project	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	TOTAL 2017-2022
ALT Water Treatment Plant	\$10,229,416	--	--	--	--	\$10,229,416
2017 Pavement Repair	\$ 75,000	--	--	--	--	\$ 75,000
Annual Tank Recoating	\$ 200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$ 1,000,000
Meter Replacement	\$ 1,775,744	--	--	--	--	\$ 1,745,744
2016 Canal Lining	\$ 1,081,894	--	--	--	--	\$ 1,081,894
Annual Canal Lining	--	\$100,000	\$100,000	\$100,000	\$100,000	\$ 400,000
Repair Safety Walkways	\$ 30,000	--	--	--	--	\$ 30,000
2017 Manhole Sealing	\$ 10,000	--	--	--	--	\$ 10,000
Wastewater Lift Station Upgrade	--	--	\$120,000	--	--	\$ 120,000
Total	\$13,372,054	\$300,000	\$420,000	\$300,000	\$300,000	\$14,692,054

# APPENDIX A

## PROJECT DETAILS





**Project Name:** Walton Treatment Plant Tank 1 Recoating  
**Project Number:**  
**Project Description:** Recoat interior and exterior of water storage tank  
**Funding Sources:**

Sources	Prior Years	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	Future Years	Total
CABY Grant (9)								0
Capital Reserve (43)		182,377						182,377
Prior Reimbursements Received (35)								0
Capital Facility Charge (39)								0
ALT WTP Capital Reserve (24)								0
ALT Zone Fund (40)								0
ALT Tank Replacement Loans & Repair (41)								0
ALT CDS Reserve Connection (42)								0
Grants (EPA)								0
SRF Loan								0
General Fund (10)								0
Other								0
Unfunded								0
<b>Total</b>	0	182,377	0	0	0	0	0	182,377

**Project Cost Estimate:**

Elements	Prior Years	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	Future Years	Total
Preliminary Engineering								0
Environmental								0
Land/ROW Acquisition								0
Construction Engineering								0
Construction Contract		165,797						165,797
Other CIP Costs								0
Other - TBD								0
<b>Total</b>	0	165,797	0	0	0	0	0	165,797

**Project Name:** 2017 Pavement Repair  
**Project Number:**  
**Project Description:** Permanent repair of various temporary asphalt patches  
**Funding Sources:**

Sources	Prior Years	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Future Years	Total
CABY Grant (9)								0
Capital Reserve (43)		75,000						75,000
Prior Reimbursements Received (35)								0
Capital Facility Charge (39)								0
ALT WTP Capital Reserve (24)								0
ALT Zone Fund (40)								0
ALT Tank Replacement Loans & Repair (41)								0
ALT CDS Reserve Connection (42)								0
Grants (EPA)								0
SRF Loan								0
General Fund (10)								0
Other								0
Unfunded								0
<b>Total</b>	0	75,000	0	0	0	0	0	75,000

**Project Cost Estimate:**

Elements	Prior Years	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Future Years	Total
Preliminary Engineering		5,000						5,000
Environmental								0
Land/ROW Acquisition								0
Construction Engineering		5,000						5,000
Construction Contract		65,000						65,000
Other CIP Costs								0
Other - TBD								0
<b>Total</b>	0	75,000	0	0	0	0	0	75,000

**Project Name:** Annual Tank Recoating  
**Project Number:**  
**Project Description:** Recoat interior and exterior of water storage tank  
**Funding Sources:**

Sources	Prior Years	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Future Years	Total
CABY Grant (9)								0
Capital Reserve (43)		200,000	200,000	200,000	200,000	200,000		1,000,000
Prior Reimbursements Received (35)								0
Capital Facility Charge (39)								0
ALT WTP Capital Reserve (24)								0
ALT Zone Fund (40)								0
ALT Tank Replacement Loans & Repair (41)								0
ALT CDS Reserve Connection (42)								0
Grants (EPA)								0
SRF Loan								0
General Fund (10)								0
Other								0
Unfunded								0
<b>Total</b>	0	200,000	200,000	200,000	200,000	200,000	0	1,000,000

**Project Cost Estimate:**

Elements	Prior Years	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Future Years	Total
Preliminary Engineering		15,000	15,000	15,000	15,000	15,000		75,000
Environmental								0
Land/ROW Acquisition								0
Construction Engineering		15,000	15,000	15,000	15,000	15,000		75,000
Construction Contract		170,000	170,000	170,000	170,000	170,000		850,000
Other CIP Costs								0
Other - TBD								0
<b>Total</b>	0	200,000	200,000	200,000	200,000	200,000	0	1,000,000





**Project Name:** Annual Canal Lining  
**Project Number:**  
**Project Description:** Prioritized repair and lining of canals and ditches  
**Funding Sources:**

Sources	Prior Years	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Future Years	Total
CABY Grant (9)								0
Capital Reserve (43)		0	100,000	100,000	100,000	100,000		400,000
Prior Reimbursements Received (35)								0
Capital Facility Charge (39)								0
ALT WTP Capital Reserve (24)								0
ALT Zone Fund (40)								0
ALT Tank Replacement Loans & Repair (41)								0
ALT CDS Reserve Connection (42)								0
Grants (EPA)								0
SRF Loan								0
General Fund (10)								0
Other								0
Unfunded								0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>400,000</b>

**Project Cost Estimate:**

Elements	Prior Years	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Future Years	Total
Preliminary Engineering								0
Environmental								0
Land/ROW Acquisition								0
Construction Engineering								0
Construction Contract								0
Other CIP Costs		100,000	100,000	100,000	100,000	100,000		500,000
Other - TBD								0
<b>Total</b>	<b>0</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>500,000</b>



**Project Name:** Repair Safety Walkways  
**Project Number:**  
**Project Description:** Repair and replace prioritized safety walkways thought District  
**Funding Sources:**

Sources	Prior Years	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Future Years	Total
CABY Grant (9)								0
Capital Reserve (43)		30,000						30,000
Prior Reimbursements Received (35)								0
Capital Facility Charge (39)								0
ALT WTP Capital Reserve (24)								0
ALT Zone Fund (40)								0
ALT Tank Replacement Loans & Repair (41)								0
ALT CDS Reserve Connection (42)								0
Grants (EPA)								0
SRF Loan								0
General Fund (10)								0
Other								0
Unfunded								0
<b>Total</b>	0	30,000	0	0	0	0	0	30,000

**Project Cost Estimate:**

Elements	Prior Years	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Future Years	Total
Preliminary Engineering								0
Environmental								0
Land/ROW Acquisition								0
Construction Engineering								0
Construction Contract								0
Other CIP Costs		30,000						30,000
Other - TBD								0
<b>Total</b>	0	30,000	0	0	0	0	0	30,000



**Project Name:** Wastewater Lift Station Upgrade

**Project Number:**

**Project Description:** Upgrade wastewater lift station by replacing worn out components & structure

**Funding Sources:**

Sources	Prior Years	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Future Years	Total
CABY Grant (9)								0
Capital Reserve (43)								0
Prior Reimbursements Received (35)								0
Capital Facility Charge (39)								0
ALT WTP Capital Reserve (24)								0
ALT Zone Fund (40)				120,000				120,000
ALT Tank Replacement Loans & Repair (41)								0
ALT CDS Reserve Connection (42)								0
Grants (EPA)								0
SRF Loan								0
General Fund (10)								0
Other								0
Unfunded								0
<b>Total</b>	0	0	0	120,000	0	0	0	120,000

**Project Cost Estimate:**

Elements	Prior Years	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Future Years	Total
Preliminary Engineering				12,000				12,000
Environmental								0
Land/ROW Acquisition								0
Construction Engineering				6,000				6,000
Construction Contract				102,000				102,000
Other CIP Costs								0
Other - TBD								0
<b>Total</b>	0	0	0	120,000	0	0	0	120,000

**REPORT TO THE BOARD OF DIRECTORS  
BOARD MEETING OF JUNE 13, 2017  
Agenda Item No. 6D**



**AGENDA SECTION: NEW BUSINESS**

**SUBJECT: PILOT HILL SOUTH WATER ASSESSMENT DISTRICT  
NO. 1989-3 CLOSEOUT, NOTICE OF COMPLETION, AND  
DISPOSITION OF SURPLUS IN THE AMOUNT OF \$37,567.85**

**PREPARED BY: Steven Palmer, PE, General Manager**

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**BACKGROUND**

Pilot Hill South Water Assessment District No. 1989-3 (AD 1989-3) was established in 1990 by the Georgetown Divide Public Utility District to fund water improvements that serve parcels within AD 1989-3. The improvements included 16,400 feet of 6" pipe, 8" pipe, and related appurtenances (valves, services, and one pressure reducing station); and purchase of capacity in the Auburn Lake Trails Water Treatment Plant to serve one single family unit for each of the parcels assessed.

The improvements were funded by a loan in the amount of \$263,550 by the California Department of Water Resources (DWR) which was scheduled to mature in October 2022.

**DISCUSSION**

The District contracts with NBS to provide annual reporting and administration services for AD 1989-3. In April 2016, the District contracted with NBS to perform a closeout analysis and prepare a District Closeout Analysis and Findings Report for AD 1989-3. This Closeout Report is included as Attachment 2 and it summarizes the recommendations for the disposition of the remaining funds in accordance with the applicable laws and documents for the loan.

The loan for AD 1989-3 was paid in full in June 2015, and the final parcel assessment was in Fiscal Year 2014/15. A surplus balance remained in the Redemption Fund after the retirement of all debt. As of January 1, the surplus balance is \$50,067.85. An analysis of any remaining delinquencies was performed. El Dorado County's records show there is one parcel, owned by County of El Dorado General Services, with a delinquent direct bill charge. Funds collected from delinquent parcels will be transferred to the General Fund of the GDPUD to be used in the same manner as the surplus funds per the Closeout Report

Pursuant to Section 8784 of California Streets and Highways Code, a surplus in the Redemption Fund that remains after the retirement of all outstanding bonds "shall first be applied to repayment to the city of any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) less its recovery on the sale or redemption of the properties assessed, and also of any costs incurred by it under this division. The remainder shall be repaid in accordance with the provisions of Section 8783 to persons paying supplemental assessments, if any, and the balance may be proportionately credited upon the final installments due upon the

assessments securing the bonds and repaid to those persons whose assessments have been previously paid or may be transferred to the general fund of the city.”

The District has not levied any special taxes pursuant to Part 13 of the Code, and no property owners have paid supplemental assessments. NBS has reviewed the formation documents for AD 1989-3 and has determined that there are no additional instructions for, or limitations upon, the disposition of the Redemption Fund surplus. Since the final annual levy was performed in Fiscal Year 2014/15, NBS recommends the GDPUD transfer the remaining funds held in the Redemption Fund, less any closeout fees and administrative expenses, to its General Fund for use in accordance with the Code. The net amount to be transferred to the General Fund is \$37,567.85.

The GDPUD has determined the best use of remaining funds in accordance with the applicable laws and formation documents. This Closeout Report summarizes the determinations for the disposition of the remaining funds. The GDPUD has chosen to dispose of the remaining funds pursuant to Section 8784 of the Code.

**FISCAL IMPACT**

The action will result in a transfer of \$37,567.85 to the General Fund.

**CEQA ASSESSMENT**

This is not a CEQA Project.

**RECOMMENDED ACTION**

Staff recommends the Board of Directors adopt the attached resolution declaring the redemption fund as surplus, ordering the disposition of surplus amounts in the amount of \$37,567.85, approving the assessment district closeout analysis and findings report prepared by NBS, and accepting the Notice of Completion of Public Improvements for Pilot Hill South Water Assessment District 1989-3.

**ALTERNATIVE**

The alternative is to analyze the apportionments, revise the report, and refund each parcel's proportionate share of the surplus based upon their original lien. This additional work would be completed by NBS and funded by the Pilot Hill South Assessment District. The cost of this additional work will range from \$1,725 to \$3,725 depending on how many apportionments and children parcels are identified during the initial analysis by NBS.

**ATTACHMENTS**

1. Resolution
2. Assessment District No. 1989-3 (Pilot Hill South) District Closeout Analysis and Findings



**RESOLUTION NO. 2017-05**

**RESOLUTION DECLARING THE REDEMPTION FUND AS SURPLUS, ORDERING THE DISPOSITION OF SURPLUS AMOUNTS, APPROVING THE ASSESSMENT DISTRICT CLOSEOUT ANALYSIS AND FINDINGS REPORT PREPARED BY NBS, AND ACCEPTING THE NOTICE OF COMPLETION OF PUBLIC IMPROVEMENTS FOR PILOT HILL SOUTH WATER ASSESSMENT DISTRICT NO. 1989-3**

**WHEREAS**, the Board of Directors of the Georgetown Divide Public Utility District (the "GDPUD") has, by previous resolution and related actions, undertaken proceedings pursuant to the Municipal Improvement Act of 1913 to form and confirm assessments in the special assessment district known and designated as Assessment District No. 1989-3 (the "Assessment District"); and,

**WHEREAS**, the Department of Water Resources held a loan for funds advanced to the GDPUD for the completion of the improvements authorized by the Assessment District; and,

**WHEREAS**, the payment of all principal and interest due on the loan has been satisfied and surplus funds exist in the following amount:

<b>Assessment District Fund</b>	<b>Fund Balance, as of January 1, 2017</b>
Redemption Fund	\$50,067.85

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**Section 1.** The above recitals are true and correct.

**Section 2.** The GDPUD Board of Directors hereby declares the fund balance of the Assessment District to be surplus.

**Section 3.** The GDPUD Board of Directors hereby approves the Assessment District Closeout Analysis and Findings Report prepared for the Assessment District by NBS.

**Section 4.** The GDPUD Board of Directors hereby orders the disposition of said surplus funds, less closeout fees and GDPUD administrative expenses, according to Sections 8784 and 8885 of the California Streets and Highways Code, and in the manner described in the Assessment District Closeout Analysis and Findings Report prepared by NBS.

**Section 5.** The GDPUD authorizes the closeout of Pilot Hill South Water Assessment District No. 1989-3.

**PASSED AND ADOPTED** on this 13th day of June, 2017, by the following vote:

AYES:

NOES:

ABSENT:

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Londres Uso, President  
Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

ATTEST:

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Steven Palmer, Clerk and Ex officio  
Secretary, Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

#### CERTIFICATION

I hereby certify that the foregoing is a full, true and correct copy of Resolution 2017-05 duly and regularly adopted by the Board of Directors of the Georgetown Divide Public Utility District, County of El Dorado, State of California, on the 13<sup>th</sup> day of June 2017.

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Steven Palmer, Clerk and Ex officio  
Secretary, Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

# GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Assessment District No. 1989-3  
(Pilot Hill South)

District Closeout Analysis and Findings

March 2017

## OFFICE LOCATIONS:

**Temecula – Corporate Headquarters**  
32605 Temecula Parkway, Suite 100  
Temecula, CA 92592

**San Francisco – Regional Office**  
870 Market Street, Suite 1223  
San Francisco, CA 94102

**California Satellite Offices**  
Atascadero, Davis  
Huntington Beach,  
Joshua Tree, Riverside  
Sacramento, San Jose

[www.nbsgov.com](http://www.nbsgov.com)

Prepared by:



# **Georgetown Divide Public Utility District**

**6425 Main Street  
Georgetown, CA 95634  
(530) 333-4356**

---

## **District Board**

Lon Uso, President

Jesse Hanschild, Vice President

Carl Hoelscher, Director

David Halpin, Treasurer

Dane Wadle Director

## **District Staff**

Steven Palmer, General Manager

Vaughn Johnson, Accountant

## **NBS**

Danielle Wood, Client Services Director

Adina McCargo, Senior Consultant

Andrew Kraus, Financial Analyst

## EXECUTIVE SUMMARY

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Pilot Hill South Water Assessment District No. 1989-3 (the "Assessment District") was established in 1990 by the Georgetown Divide Public Utility District (the "GDPUD"). The improvement project, funded by a loan in the amount of \$263,550, consisted of the construction of a commercial and domestic water system to serve the lots and parcels of land within the Assessment District. The project included 16,400 feet of 6" and 8" pipe, and related appurtenances, including valves, services, and one pressure reducing station. The project also involved purchasing sufficient capacity in the Auburn Lake Trails Water Treatment Plant to serve one SFU for each of the parcels assessed.

The loan for the project was originally scheduled to mature in October 2022 and was held by the California Department of Water Resources (the "DWR").

The GDPUD has retained NBS to perform a closeout analysis and prepare a District Closeout Analysis and Findings Report (the "Closeout Report") for the Assessment District. This Closeout Report summarizes the recommendations for the disposition of the remaining funds in accordance with the applicable laws and documents for the loan.

The final levy was in Fiscal Year 2014/15, as there were sufficient funds to make the regular debt service payment and retire the remaining balance of the loan in June 2015. A surplus balance remained in the Redemption Fund after the retirement of all debt.

The fund balances provided within this report are as of January 1, 2017.

An analysis of any remaining delinquencies was performed. El Dorado County's records show there is one parcel, owned by County of El Dorado General Services, with a delinquent direct bill charge. Funds collected from delinquent parcels will be transferred to the General Fund of the GDPUD to be used in the same manner as the surplus funds per this Closeout Report.

As less than \$5 million in tax-exempt debt was issued by GDPUD, this loan is exempt from arbitrage rebate requirements.

The GDPUD has determined the best use of remaining funds in accordance with the applicable laws and formation documents. This Closeout Report summarizes the determinations for the disposition of the remaining funds. The GDPUD has chosen to dispose of the remaining funds pursuant to Section 8784 of the Code.

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## Section 1. FUNDS ANALYSIS

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The following page shows the funds analysis prepared for the Assessment District. The analysis reflects all fund balances associated with the Assessment District.

**Georgetown Divide Public Utility District  
Pilot Hill South Water Assessment District No. 1989-3  
District Closeout Funds Analysis**

<b>Improvement Fund</b>	
<b>Pursuant to Section 10427 of the Code</b>	
<hr/>	
Improvement Fund Balance as of 1/1/2017	\$0.00
Less amount to be transferred to the General Fund	<u>0.00</u>
 <b>Ending Balance</b>	 <b>\$0.00</b>
<b>Redemption Fund</b>	
<b>Pursuant to Section 8784 of the Code</b>	
<hr/>	
Redemption Fund Balance as of 1/1/2017	\$50,067.85
Less Previously Unrecovered City Administrative Fees	0.00
Less City fees and costs for closeout and refund processing	0.00
Less Legal Counsel fees	0.00
Less Consultant Closeout Analysis Fees	12,500.00
Less amount to be transferred to the General Fund	<u>37,567.85</u>
 <b>Ending Balance</b>	 <b>\$0.00</b>
<b>Total amount to be transferred to the General Fund</b>	<b>\$37,567.85</b>



## Section 2. DISPOSITION OF FUNDS

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### 2.1. IMPROVEMENT FUND

All money in the Improvement Fund was expended, as the improvements are complete and the Improvement Fund was closed.

### 2.2. REDEMPTION FUND

Pursuant to Section 8784 of California Streets and Highways Code (the "Code"), a surplus in the Redemption Fund that remains after the retirement of all outstanding bonds *"shall first be applied to repayment to the city of any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) less its recovery on the sale or redemption of the properties assessed, and also of any costs incurred by it under this division. The remainder shall be repaid in accordance with the provisions of Section 8783 to persons paying supplemental assessments, if any, and the balance may be proportionately credited upon the final installments due upon the assessments securing the bonds and repaid to those persons whose assessments have been previously paid or may be transferred to the general fund of the city."*

The GDPUD has not levied any special taxes pursuant to Part 13 of the Code, and no property owners have paid supplemental assessments. NBS has reviewed the formation documents for the Assessment District and has determined that there are no additional instructions for, or limitations upon the disposition of the Redemption Fund surplus. Since the final annual levy was performed in Fiscal Year 2014/15, NBS recommends the GDPUD transfer the remaining funds held in the Redemption Fund, less any closeout fees and administrative expenses, to its General Fund for use in accordance with the Code.

# Section 3. NOTICE OF COMPLETION

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The following page contains the Notice of Completion of Acquisitions to be signed by the General Manager of the GDPUD.



# NOTICE OF COMPLETION OF PUBLIC IMPROVEMENTS

## Georgetown Divide Public Utility District Pilot Hill South Water Assessment District No. 1989-3

Notice is hereby given that rights of use in certain facilities to be constructed through the Pilot Hill South Water Assessment District No. 1989-3 of the Georgetown Divide Public Utility District as fully described in the Engineer's Report for said Assessment District dated November 14, 1990 have been constructed.

The following is an excerpt from the Engineer's Report for the Assessment District dated November 14, 1990:

*The Project shall consist of the construction of a commercial and domestic water system to serve the lots and parcels of land within Assessment District No. 1989-3. The area to be served by the Pilot Hill South Water Project contains approximately 93 assessable separate parcels, covering approximately 2,150 acres in the general vicinity north of Pilot Hill.*

*Water for the project will be obtained from the existing Auburn Lake Trails facilities, which include a 1.8 mgd water treatment plant and two storage tanks with a total capacity of 750,000 gallons.*

*The Pilot Hill South Water Project shall consist of 16,400 feet of 6" and 8" pipe, and related appurtenances, including valves, services, and one pressure reducing station. Also included would be a proportional share of an expansion of storage capacity.*

*The project also involves purchasing sufficient capacity in the existing or expanded Auburn Lake Trails Water Treatment Plant to serve one SFU or equivalent (plus any additional SFU capacity represented by an increase in service connection size requested by property owners) for each of the parcels being assessed under these proceedings.*

Reference is made to the original Engineer's Report dated November 14, 1990 for a complete description of improvements constructed.

The General Manager for the Georgetown Divide Public Utility District certifies that, to best of his knowledge, the above recitals are true and correct.

---

Steven Palmer  
General Manager  
Georgetown Divide Public Utility District

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Date

## Section 4. RESOLUTION

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The following pages contain the Resolution Declaring Surplus, Ordering Disposition of the Surplus, Approving this Closeout Report, and accepting the Notice of Completion to be passed by the GDPUD General Manager and Board of Directors.

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION DECLARING THE REDEMPTION FUND AS SURPLUS, ORDERING THE DISPOSITION OF SURPLUS AMOUNTS, APPROVING THE ASSESSMENT DISTRICT CLOSEOUT ANALYSIS AND FINDINGS REPORT PREPARED BY NBS, AND ACCEPTING THE NOTICE OF COMPLETION OF PUBLIC IMPROVEMENTS FOR PILOT HILL SOUTH WATER ASSESSMENT DISTRICT NO. 1989-3**

**WHEREAS**, the Board of Directors of the Georgetown Divide Public Utility District (the "GDPUD") has, by previous resolution and related actions, undertaken proceedings pursuant to the Municipal Improvement Act of 1913 to form and confirm assessments in the special assessment district known and designated as Assessment District No. 1989-3 (the "Assessment District"); and,

**WHEREAS**, the Department of Water Resources held a loan for funds advanced to the GDPUD for the completion of the improvements authorized by the Assessment District; and,

**WHEREAS**, the payment of all principal and interest due on the loan has been satisfied and surplus funds exist in the following amount:

<b>Assessment District Fund</b>	<b>Fund Balance, as of January 1, 2017</b>
Redemption Fund	\$50,067.85

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**Section 1.** The above recitals are true and correct.

**Section 2.** The GDPUD Board of Directors hereby declares the fund balance of the Assessment District to be surplus.

**Section 3.** The GDPUD Board of Directors hereby approves the Assessment District Closeout Analysis and Findings Report prepared for the Assessment District by NBS.

**Section 4.** The GDPUD Board of Directors hereby orders the disposition of said surplus funds, less closeout fees and GDPUD administrative expenses, according to Sections 8784 and 8885 of the California Streets and Highways Code, and in the manner described in the Assessment District Closeout Analysis and Findings Report prepared by NBS.

**Section 5.** The GDPUD authorizes the closeout of Pilot Hill South Water Assessment District No. 1989-3.

PASSED AND ADOPTED on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by the following vote:

AYES:

NOES:

ABSENT:

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Steven Palmer  
General Manger  
Georgetown Divide Public Utility District

ATTEST:

---

District Clerk  
Georgetown Divide Public Utility District

APPROVED AS TO FORM:

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District Attorney  
Georgetown Divide Public Utility District

## Section 5. **LEVY AND COLLECTION SUMMARY**

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The following pages show a summary of the levies and collections for the Assessment District.

**Georgetown Divide Public Utility District**  
**Delinquency Summary Report**  
As of: 01/01/2017

District	Due Date	Billed Amount	Paid Amount	Delinquent Amount	Delinquent Amount %	Billed Installments	Paid Installments	Delinquent Installments	Delinquent Installments %
<b>Pilot Hill So.</b>									
<b>08/01/2005 Billing:</b>									
	12/10/2005	\$9,696.55	\$9,696.55	\$0.00	0.00%	85	85	0	0.00%
	04/10/2006	\$9,696.55	\$9,696.55	\$0.00	0.00%	85	85	0	0.00%
	<b>Subtotal:</b>	<b>\$19,393.10</b>	<b>\$19,393.10</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>170</b>	<b>170</b>	<b>0</b>	<b>0.00%</b>
<b>08/01/2006 Billing:</b>									
	12/10/2006	\$9,699.10	\$9,699.10	\$0.00	0.00%	85	85	0	0.00%
	04/10/2007	\$9,699.10	\$9,699.10	\$0.00	0.00%	85	85	0	0.00%
	<b>Subtotal:</b>	<b>\$19,398.20</b>	<b>\$19,398.20</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>170</b>	<b>170</b>	<b>0</b>	<b>0.00%</b>
<b>08/01/2007 Billing:</b>									
	12/10/2007	\$9,715.92	\$9,715.92	\$0.00	0.00%	86	86	0	0.00%
	04/10/2008	\$9,715.92	\$9,715.92	\$0.00	0.00%	86	86	0	0.00%
	<b>Subtotal:</b>	<b>\$19,431.84</b>	<b>\$19,431.84</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>172</b>	<b>172</b>	<b>0</b>	<b>0.00%</b>
<b>08/01/2008 Billing:</b>									
	12/10/2008	\$9,718.44	\$9,718.44	\$0.00	0.00%	86	86	0	0.00%
	04/10/2009	\$9,718.44	\$9,718.44	\$0.00	0.00%	86	86	0	0.00%
	<b>Subtotal:</b>	<b>\$19,436.88</b>	<b>\$19,436.88</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>172</b>	<b>172</b>	<b>0</b>	<b>0.00%</b>
<b>08/01/2009 Billing:</b>									
	12/10/2009	\$9,535.16	\$9,535.16	\$0.00	0.00%	84	84	0	0.00%
	04/10/2010	\$9,535.16	\$9,535.16	\$0.00	0.00%	84	84	0	0.00%
	<b>Subtotal:</b>	<b>\$19,070.32</b>	<b>\$19,070.32</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>168</b>	<b>168</b>	<b>0</b>	<b>0.00%</b>
<b>08/01/2010 Billing:</b>									
	12/10/2010	\$9,529.15	\$9,529.15	\$0.00	0.00%	84	84	0	0.00%
	04/10/2011	\$9,529.15	\$9,529.15	\$0.00	0.00%	84	84	0	0.00%
	<b>Subtotal:</b>	<b>\$19,058.30</b>	<b>\$19,058.30</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>168</b>	<b>168</b>	<b>0</b>	<b>0.00%</b>
<b>08/01/2011 Billing:</b>									
	12/10/2011	\$9,548.15	\$9,548.15	\$0.00	0.00%	84	84	0	0.00%
	04/10/2012	\$9,548.15	\$9,548.15	\$0.00	0.00%	84	84	0	0.00%
	<b>Subtotal:</b>	<b>\$19,096.30</b>	<b>\$19,096.30</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>168</b>	<b>168</b>	<b>0</b>	<b>0.00%</b>



**Georgetown Divide Public Utility District**  
**Delinquency Summary Report**  
As of: 01/01/2017

District	Due Date	Billed Amount	Paid Amount	Delinquent Amount	Delinquent Amount %	Billed Installments	Paid Installments	Delinquent Installments	Delinquent Installments %
<b>Pilot Hill So.</b>									
	<b>08/01/2012 Billing:</b>								
	12/10/2012	\$9,568.53	\$9,568.53	\$0.00	0.00%	84	84	0	0.00%
	04/10/2013	\$9,568.53	\$9,568.53	\$0.00	0.00%	84	84	0	0.00%
	<b>Subtotal:</b>	<b>\$19,137.06</b>	<b>\$19,137.06</b>	<b>\$0.00</b>	<b>0.00%</b>	<b>168</b>	<b>168</b>	<b>0</b>	<b>0.00%</b>
	<b>08/01/2013 Billing:</b>								
	12/10/2013	\$9,582.50	\$9,465.29	\$117.21	1.22%	84	83	1	1.19%
	04/10/2014	\$9,582.50	\$9,465.29	\$117.21	1.22%	84	83	1	1.19%
	<b>Subtotal:</b>	<b>\$19,165.00</b>	<b>\$18,930.58</b>	<b>\$234.42</b>	<b>1.22%</b>	<b>168</b>	<b>166</b>	<b>2</b>	<b>1.19%</b>
	<b>08/01/2014 Billing:</b>								
	12/10/2014	\$9,597.90	\$9,597.90	\$0.00	0.00%	84	84	0	0.00%
	04/10/2015	\$9,597.90	\$9,480.50	\$117.40	1.22%	84	83	1	1.19%
	<b>Subtotal:</b>	<b>\$19,195.80</b>	<b>\$19,078.40</b>	<b>\$117.40</b>	<b>0.61%</b>	<b>168</b>	<b>167</b>	<b>1</b>	<b>0.60%</b>
<b>Pilot Hill So.</b>	<b>Total:</b>	<b>\$192,382.80</b>	<b>\$192,030.98</b>	<b>\$351.82</b>	<b>0.18 %</b>	<b>1,692</b>	<b>1,689</b>	<b>3</b>	<b>0.18 %</b>
<b>Agency Grand Total:</b>		<b>\$192,382.80</b>	<b>\$192,030.98</b>	<b>\$351.82</b>	<b>0.18%</b>	<b>1,692</b>	<b>1,689</b>	<b>3</b>	<b>0.18%</b>

## Section 6. FINAL DEBT SERVICE SCHEDULE

---

The following page contains the closing debt service schedule, which shows the final payment made on September 2, 2015.

**Georgetown Divide Public Utility District  
Assessment District No. 1989-3 (Pilot Hill South)**

**Current Debt Service Schedule**

Bonds Dated: 07/24/1991

Bonds Issued: \$339,210.88

Payment Date	CUSIP	Interest Rate	Balance	Principal	Interest	Payment Total	Annual Total	Call Premium	Status
03/02/1992		.0000%	\$339,210.88	\$0.00	\$7,433.50	\$7,433.50	\$0.00	0.0000%	Paid
09/02/1992		4.4958	339,210.88	6,390.83	6,137.75	12,528.58	19,962.08	0.0000	Paid
03/02/1993		0.0000	332,820.05	.00	5,994.09	5,994.09	.00	0.0000	Paid
09/02/1993		3.6020	332,820.05	6,625.28	5,994.09	12,619.37	18,613.46	0.0000	Paid
03/02/1994		0.0000	326,194.77	.00	5,874.77	5,874.77	.00	0.0000	Paid
09/02/1994		3.6020	326,194.77	6,868.32	5,874.77	12,743.09	18,617.86	0.0000	Paid
03/02/1995		0.0000	319,326.45	.00	5,751.07	5,751.07	.00	0.0000	Paid
09/02/1995		3.6020	319,326.45	7,120.29	5,751.07	12,871.36	18,622.43	0.0000	Paid
03/02/1996		0.0000	312,206.16	.00	5,622.83	5,622.83	.00	0.0000	Paid
09/02/1996		3.6020	312,206.16	7,381.49	5,622.83	13,004.32	18,627.15	0.0000	Paid
03/02/1997		0.0000	304,824.67	.00	5,489.89	5,489.89	.00	0.0000	Paid
09/02/1997		3.6020	304,824.67	7,652.28	5,489.89	13,142.17	18,632.06	0.0000	Paid
03/02/1998		0.0000	297,172.39	.00	5,352.07	5,352.07	.00	0.0000	Paid
09/02/1998		3.6020	297,172.39	7,933.00	5,352.07	13,285.07	18,637.14	0.0000	Paid
03/02/1999		0.0000	289,239.39	.00	5,209.20	5,209.20	.00	0.0000	Paid
09/02/1999		3.6020	289,239.39	8,224.02	5,209.20	13,433.22	18,642.42	0.0000	Paid
03/02/2000		0.0000	281,015.37	.00	5,061.09	5,061.09	.00	0.0000	Paid
09/02/2000		3.6020	281,015.37	8,525.72	5,061.09	13,586.81	18,647.90	0.0000	Paid
03/02/2001		0.0000	272,489.65	.00	4,907.54	4,907.54	.00	0.0000	Paid
09/02/2001		3.6020	272,489.65	8,838.48	4,907.54	13,746.02	18,653.56	0.0000	Paid
03/02/2002		0.0000	263,651.17	.00	4,748.36	4,748.36	.00	0.0000	Paid
09/02/2002		3.6020	263,651.17	9,162.72	4,748.36	13,911.08	18,659.44	0.0000	Paid
03/02/2003		0.0000	254,488.45	.00	4,583.34	4,583.34	.00	0.0000	Paid
09/02/2003		3.6020	254,488.45	9,498.85	4,583.34	14,082.19	18,665.53	0.0000	Paid
03/02/2004		0.0000	244,989.60	.00	4,412.26	4,412.26	.00	0.0000	Paid
09/02/2004		3.6020	244,989.60	9,847.32	4,412.26	14,259.58	18,671.84	0.0000	Paid
03/02/2005		0.0000	235,142.28	.00	4,234.91	4,234.91	.00	0.0000	Paid
09/02/2005		3.6020	235,142.28	10,208.56	4,234.91	14,443.47	18,678.38	0.0000	Paid
03/02/2006		0.0000	224,933.72	.00	4,051.06	4,051.06	.00	0.0000	Paid
09/02/2006		3.6020	224,933.72	10,583.06	4,051.06	14,634.12	18,685.18	0.0000	Paid
03/02/2007		0.0000	214,350.66	.00	3,860.46	3,860.46	.00	0.0000	Paid
09/02/2007		3.6020	214,350.66	10,971.30	3,860.46	14,831.76	18,692.22	0.0000	Paid
03/02/2008		0.0000	203,379.36	.00	3,662.86	3,662.86	.00	0.0000	Paid
09/02/2008		3.6020	203,379.36	11,373.78	3,662.86	15,036.64	18,699.50	0.0000	Paid
03/02/2009		0.0000	192,005.58	.00	3,458.02	3,458.02	.00	0.0000	Paid
09/02/2009		3.6020	192,005.58	11,791.02	3,458.02	15,249.04	18,707.06	0.0000	Paid
03/02/2010		0.0000	180,214.56	.00	3,245.66	3,245.66	.00	0.0000	Paid
09/02/2010		3.6020	180,214.56	12,223.57	3,245.66	15,469.23	18,714.89	0.0000	Paid
03/02/2011		0.0000	167,990.99	.00	3,025.52	3,025.52	.00	0.0000	Paid
09/02/2011		3.6020	167,990.99	12,671.99	3,025.52	15,697.51	18,723.03	0.0000	Paid
03/02/2012		0.0000	155,319.00	.00	2,797.30	2,797.30	.00	0.0000	Paid
09/02/2012		3.6020	155,319.00	13,136.86	2,797.30	15,934.16	18,731.46	0.0000	Paid
03/02/2013		0.0000	142,182.14	.00	2,560.70	2,560.70	.00	0.0000	Paid
09/02/2013		3.6020	142,182.14	13,618.78	2,560.70	16,179.48	18,740.18	0.0000	Paid
03/02/2014		0.0000	128,563.36	.00	2,315.43	2,315.43	.00	0.0000	Paid
09/02/2014		3.6020	128,563.36	14,118.39	2,315.43	16,433.82	18,749.25	0.0000	Paid

**Georgetown Divide Public Utility District  
Assessment District No. 1989-3 (Pilot Hill South)  
Current Debt Service Schedule**

Bonds Dated: 07/24/1991

Bonds Issued: \$339,210.88

Payment Date	CUSIP	Interest Rate	Balance	Principal	Interest	Payment Total	Annual Total	Call Premium	Status
03/02/2015		0.0000	114,444.97	.00	2,061.15	2,061.15	.00	0.0000	Paid
09/02/2015		3.6020	114,444.97	14,636.31	2,061.15	16,697.46	.00	0.0000	Paid
09/02/2015		0.0000	99,808.66	99,808.66	.00	99,808.66	118,567.27	0.0000	Bond Call
03/02/2016		0.0000	.00	.00	.00	.00	.00	0.0000	
09/02/2016		3.6020	.00	.00	.00	.00	.00	0.0000	
03/02/2017		0.0000	.00	.00	.00	.00	.00	0.0000	
09/02/2017		3.6020	.00	.00	.00	.00	.00	0.0000	
03/02/2018		0.0000	.00	.00	.00	.00	.00	0.0000	
09/02/2018		3.6020	.00	.00	.00	.00	.00	0.0000	
03/02/2019		0.0000	.00	.00	.00	.00	.00	0.0000	
09/02/2019		3.6020	.00	.00	.00	.00	.00	0.0000	
03/02/2020		0.0000	.00	.00	.00	.00	.00	0.0000	
09/02/2020		3.6020	.00	.00	.00	.00	.00	0.0000	
03/02/2021		0.0000	.00	.00	.00	.00	.00	0.0000	
09/02/2021		3.6020	.00	.00	.00	.00	.00	0.0000	
<b>Grand Total:</b>				<b>\$339,210.88</b>	<b>\$210,130.41</b>	<b>\$549,341.29</b>	<b>\$549,341.29</b>		

## Georgetown Divide PUD ALT WTP CM and Inspection *Topic: Progress Report No 1*

PREPARED FOR: George Sanders, P.E.  
COPIES: Gloria Omania  
PREPARED BY: Dan Rich, P.E.  
DATE: June 1, 2017

The following work was completed through Professional Services Agreement with the District for *Construction Management and Inspection Services for the Auburn Lakes Trail WTP*. The Agreement was executed on May 1, 2017 for \$649,980.

This invoice covers work completed in through May of 2017.

Work completed this pay period includes:

- Set up project records management system
- Provided onsite construction inspection and management for the days shown on the attached invoice.

<b>Task</b>	<b>Budget</b>	<b>This Pay Period</b>	<b>Previously Billed</b>	<b>Invoice No.</b>
Construction Management and Inspection	\$ 649,980	\$ 15,435	\$ -	1785

Invoice 1785 attached.



**NEXGEN Utility Management**

4010 Lennane Drive  
Sacramento, CA 95834

**Invoice**

**Invoice #:** 1785  
**Invoice Date:** 5/30/2017  
**Due Date:** 6/14/2017  
**Terms** Net 15  
**P.O. Number:**

**Bill To:**  
Georgetown Divide Public Utility District  
P.O. Box 4240  
6425 Main Street  
Georgetown, CA 95634

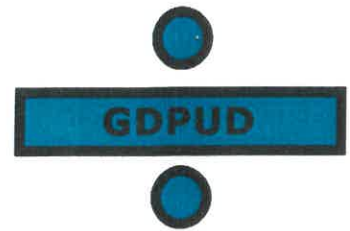
Item	Description	Hours/Qty	Rate	Class	Serviced	Amount
UM - Principal		2	190.00	UM	4/25/2017	380.00
UM - Principal		4	190.00	UM	4/27/2017	760.00
UM - Principal		1	190.00	UM	5/1/2017	190.00
UM - Principal		2	190.00	UM	5/3/2017	380.00
UM - Inspector		4	130.00		5/5/2017	520.00
UM - Associate Engineer		3	160.00	UM	5/5/2017	480.00
UM - Principal		2	190.00	UM	5/5/2017	380.00
UM - Inspector		5	130.00		5/8/2017	650.00
UM - Inspector		4	130.00		5/9/2017	520.00
UM - Inspector		5	130.00		5/10/2017	650.00
UM - Principal		2	190.00	UM	5/10/2017	380.00
UM - Inspector		3.5	130.00		5/11/2017	455.00
UM - Inspector		2	130.00		5/12/2017	260.00
UM - Principal		2	190.00	UM	5/12/2017	380.00
UM - Inspector		4	130.00		5/15/2017	520.00
UM - Inspector		4	130.00		5/16/2017	520.00
UM - Inspector		4	130.00		5/17/2017	520.00
UM - Inspector		3	130.00		5/18/2017	390.00
UM - Principal		2	190.00	UM	5/22/2017	380.00
UM - Inspector		4	130.00		5/22/2017	520.00
UM - Construction Man...		8	170.00	UM	5/23/2017	1,360.00T
UM - Construction Man...		8	170.00	UM	5/24/2017	1,360.00T
UM - Principal		2	190.00	UM	5/25/2017	380.00
UM - Construction Man...		8	170.00	UM	5/25/2017	1,360.00T
UM - Principal		2	190.00	UM	5/26/2017	380.00
UM - Construction Man...		8	170.00	UM	5/26/2017	1,360.00T
	No Sales Tax		0.00%	UM		0.00

Direct Deposit: Bank of America Routing: 121000358 Account: 07031 41840  
Send remittances to: vyee@nexgenum.com.

<b>Total</b>	<b>\$15,435.00</b>
<b>Payments/Credits</b>	<b>\$0.00</b>
<b>Balance Due</b>	<b>\$15,435.00</b>

<b>Phone #</b>	<b>E-Mail</b>
916.564.8000	vyee@nexgenam.com

**REPORT TO THE BOARD OF DIRECTORS  
BOARD MEETING OF JUNE 13, 2017  
AGENDA ITEM NO. 6E**



**AGENDA SECTION: NEW BUSINESS**

**SUBJECT: CONSIDERATION AND PROPOSED APPROVAL OF AMENDMENT 2 TO THE PROFESSIONAL SERVICES AGREEMENT WITH GEORGE SANDERS, EXTENDING THE TERM TO JUNE 30, 2018 AND INCREASING THE AMOUNT BY \$76,800 TO A TOTAL OF \$228,600**

**PREPARED BY:** Gloria Omania, Board Assistant

**APPROVED BY:** Steven Palmer, PE, General Manager

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**BACKGROUND**

The District executed a Professional Services Agreement with George W. Sanders for Civil Engineering Services commencing on September 8, 2015, and ended June 30, 2016. The original contract is included as Attachment 1. On June 14, 2016, the Board of Directors approved Amendment 1 (Attachment 2) extending the Agreement through June 30, 2017.

The Consultant's work activities under this Agreement focus on, but are not limited to, project-related activities associated with the Auburn Lake Trails Water Treatment Plant Project (ALTWTPP) and the Consumnes American Bear Yuba Integrated Regional Water Management Plant (CABY) grant.

The Consultant receives compensation under a CalPers retirement. A condition of that retirement is that the retiree not work more than 960 hours (1/2 time) during a Fiscal Year (July 1 through June 30).

**DISCUSSION**

George Sanders has provided excellent leadership as Project Manager for the ALTWTPP. The construction began in March and is on course for completion in December 2018. Mr. Sanders' services is important to the successful completion of the project.

Amendment 2 to the Professional Services Agreement is included with this report as Attachment 3. With this Amendment, the Consultant agrees to compensation at the rate of \$80.00 per hour for a total number of hours not to exceed 960, beginning July 1, 2017 and ending June 30, 2018.

**FISCAL IMPACT**

This action results in an expenditure for Civil Engineering Services not to exceed \$76,800 for the period July 1, 2017 through June 30, 2018, plus mileage at \$.56/mile or the Federal rate. This expenditure is included in the ALT Water Treatment Plant Project Budget and the Draft Fiscal Year 2017-2018 Budget.



**CEQA ASSESSMENT**

This is not a CEQA Project.

**RECOMMENDED ACTION**

Staff recommends the Board of Directors of the Georgetown Divide Public Utility District approve Amendment 2 to the Professional Services Agreement with George Sanders for Civil Engineering Services, extending the term to June 30, 2018, and increasing the total contract amount by \$76,800 to a total amount of \$228,600.

**ALTERNATIVES**

Successful management and completion of the ALTWTPP is critical to the sustainability and success of the District. A dedicated Project Manager is necessary for successful completion of the ALTWTPP. If the Board elects not to authorize Amendment 2 with George Sanders, then the District will need to either hire a new employee to serve as Project Manager or enter an agreement with another consultant for project management services.

**ATTACHMENTS**

1. Original Professional Services Agreement – George Sanders
2. Amendment 1
3. Amendment 2

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**

**PROFESSIONAL SERVICES AGREEMENT**

With

**George W. Sanders, Civil Engineer**

For

**PROFESSIONAL ENGINEERING SERVICES**

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement"), made and entered into this 8day of September, 2015 ("Effective Date") by and between GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT ("District") and George W. Sanders, Civil Engineer, ("Consultant"). District and Consultant may each be referred to individually as "Party" or collectively as "Parties" in this Agreement. There are no other parties to this Agreement.

**RECITALS**

A. District seeks to hire an independent contractor to assist the District in a variety of civil engineering design and construction needs. Consultant's work activities, under this Agreement, will focus on, but not be limited to, project related activities associated with the Auburn Lake Trails Water Treatment Plant Project ("ALT Treatment Plant") and the Cosumnes American Bear Yuba Integrated Regional Water Management Plan grant ("CABY Grant") (collectively, "Services"); and

B. Consultant represents that he is duly licensed as a Civil Engineer, in the State of California, with experience in the design and construction fields; and

C. Consultant previously worked for District in a number of positions including Interim General Manager, and that previous work in addition to Consultants other work experience provides Consultant with the skills and knowledge necessary to do the required work; and

D. District shall retain Consultant's Services subject to the restrictions set forth in this Agreement and those established under Government Code section 7522.56, providing guidelines for retired annuitants to continue working for a California Public Employees' Retirement System ("CalPERS") contracting agency such as the District.

**NOW THEREFORE**, District and Consultant, for the consideration hereinafter set forth, agree as follows:

SECTION 1- RECITALS

The recitals set forth above ("Recitals") are true and correct and are hereby incorporated into and made part of this Agreement by this reference. In the event of any inconsistency between the Recitals and Sections 1 through 18 of this Agreement, Sections 1 through 18 shall prevail.

SECTION 2 - SCOPE OF WORK

Consultant agrees to provide the Services, as directed by the General Manager, relating to as needed engineering design and construction activities.

SECTION 3 - TERM

District and Consultant agree that this contract shall be in effect for a one-year period beginning September 8, 2015 and ending June 30, 2016 ("Term"). Consultant shall not exceed Nine Hundred Sixty (960) working hours for the District during the CalPERS fiscal year of July 1, 2015 through June 30, 2016.

SECTION 4 - COMPENSATION

A. District agrees to pay and Consultant agrees to accept on a time and materials basis an amount not to exceed \$75,000, for completion of the Services identified in the Scope of Work (Section 2). The Services shall be compensated at a rate of \$80.00 per hour plus mileage at \$0.56/mile or the Federal rate. The total amount is not to exceed \$75,000 unless amended by both parties in writing.

B. The Consultant shall submit billing invoices to the District identifying number of hours and the specific services provided.

C. The granting of any payment by District, or the receipt thereof by Consultant, or any inspection, review, approval or oral statement by any representative of District, or State certification, shall not, in any way, waive, limit, or replace any certification or approval procedures normally required or lessen the liability of Consultant to re-perform or replace unsatisfactory Service, including but not limited to cases where the unsatisfactory character of such Service may not have been apparent or detected at the time of such payment, inspection, review or approval.

D. Nothing in this Agreement shall constitute a waiver or limitation of any right or remedy, whether in equity or at law, which District may have pursuant to this

Agreement or any applicable law. All rights and remedies of District, whether under this Agreement or applicable law, shall be cumulative.

#### SECTION 5 - TERMINATION OF CONTRACT

Either Party may terminate this Agreement or any part thereof at any time upon ten (10) days written notice to the Consultant. In the event of any such termination, the Consultant is to be fairly compensated for all work performed to the date of termination, and the District shall be entitled to all work performed.

If the District fails to pay the Consultant within sixty (60) days of the date provided for any payments hereunder, the District agrees that the Consultant shall have the right to consider such default a breach of this Agreement, and Consultant may terminate its duties under this Agreement upon ten (10) days written notice.

#### SECTION 6 - NOTICE OF DETRIMENTAL INFORMATION

The Consultant shall promptly notify the District of the discovery of any information that could be detrimental to the successful completion of the Services. The Consultant shall provide in writing to the District said detrimental information within 24 hours of the time of discovery. The District shall then promptly review such detrimental information and notify the Consultant to proceed with or terminate the remainder of the Services to be performed.

#### SECTION 7 - MISCELLANEOUS PROVISIONS

A. Consulting Standard: The Consultant represents and warrants to the District that it is fully experienced and properly qualified to perform Services called for herein. Consultant further agrees that he/she will follow the current, prevailing, generally accepted practice of the consulting profession to make findings, render opinions, prepare factual presentations, and provide professional advice and recommendations regarding the Services rendered under this Agreement.

B. Consultant is Independent Contractor: The Consultant shall finance its own operations hereunder, with the exception of District provided office space, shall operate as an independent contractor and not as an agent or employee of the District, and nothing in this Agreement shall be construed to be inconsistent with this relationship or status. The District shall provide the Consultant with office space, located within the District office, located at 6425 Wentworth Springs Road, Georgetown, CA 95634, dedicated for the sole purpose of conducting District business.

C. Consultant's Records: The Consultant shall maintain and make available for inspection by the District and its auditors accurate records of its costs,

disbursements, and receipts with respect to any Services under this Agreement that is to be compensated for on the basis of the Consultant's costs. Such inspections may be made during regular office hours at any time until six (6) months after the final payment under this Agreement is made to the Consultant.

D. Ownership of Data and Reports: All reports and all data compiled and used in the performance of this Agreement shall be the property of the District.

E. Responsibility for Changes in Work: If the District makes any changes in the work performed by the Consultant hereunder which affect the Consultant's Services, District shall waive any and all liability arising out of such changes as against the Consultant, and the District shall assume full responsibility for such changes, unless the District has given the Consultant prior notice and has received from the Consultant written consent for such changes.

F. Arbitration: All questions between the Parties as to their rights and obligations under this Agreement are subject to arbitration if agreed to by both Parties. In case of any dispute, either Party may request arbitration by submitting a written request for arbitration to the other Party. If the other Party agrees to arbitration, the disputed matter shall be referred to and decided by two competent persons who are experts in the subject matter of the dispute, one to be selected by the District and the other by the Consultant. In case these two experts cannot agree, they shall select a third arbitrator and the decision of any two of them shall be binding on both Parties.

G. Assignment: This contract shall be binding upon the heirs, successors, executors, administrators and assigns of the Parties; however, no assignment or subcontract by one Party shall be valid without the prior written consent of the other Party.

H. Invalidity of Contract Provisions: Should any provision of this contract be found or deemed to be invalid, this Agreement shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end, the provisions of this contract are declared to be severable.

I. Place of Making and Performance of Contract: This contract shall be deemed to have been made in El Dorado County, California and the Services required to be performed in El Dorado County, California.

J. Financial Disclosure: The Consultant shall make all disclosures required by the District's conflict of interest code in accordance with the Consultant category designated by the District, unless the District's General Manager determines in writing that the Consultant's duties are more limited in scope than is warranted by the

Consultant category and that a narrower disclosure category should apply. The Consultant also agrees to make disclosure in compliance with the District's conflict of interest code if, at any time after the execution of this Agreement, Consultant's duties under this Agreement warrant greater disclosure by the Consultant than was originally contemplated. The Consultant shall make disclosures in the time, place and manner set forth in the District's conflict of interest code and as directed by the District.

K. Retired Annuitant Requirements: By signing this Agreement, Consultant certifies that there has been a One Hundred Eighty (180) gap day between the date of retirement and the Effective Date. Consultant also certifies that he/she has not received any unemployment insurance payment from any public employer within the twelve (12) months prior to the Effective Date of this Agreement.

#### SECTION 8 - CONFORMITY WITH LAW AND SAFETY

Consultant shall observe and comply with all applicable laws, ordinances, codes and regulations of governmental agencies, including federal, state, municipal and local governing bodies having jurisdiction over any or all of the scope of Services, including all provisions of the Occupational Safety and Health Act of 1979 as amended, all California Occupational Safety and Health Regulations, the California Building Code, the American with Disabilities Act, any copyright, patent or trademark law and all other applicable federal, state, municipal and local safety regulations, appropriate trade association safety standards, and appropriate equipment manufacturer instructions. All Services performed by Consultant must be in accordance with these laws, ordinances, codes and regulations. Consultant's failure to comply with any laws, ordinances, codes or regulations applicable to the performance of the Services hereunder may constitute a breach of contract. Should the District discover a violation of any of the applicable laws, ordinances, codes or regulations referred to herein, the District shall give written notice of such violation to Consultant, and Consultant shall have a reasonable time to cure such violation. In cases where standards conflict, the standard providing the highest degree of protection shall prevail.

If a death, serious personal injury or substantial property damage occurs in connection with the performance of this Agreement, Consultant shall immediately notify the District's General Manager by telephone. If any accident occurs in connection with this Agreement, Consultant shall promptly submit a written report to District, in such form as the District may require. This report shall include the following information: (a) name and address of the injured or deceased person(s); (b) name and address of Consultant's subcontractor, if any; (c) name and address of Consultant's liability insurance carrier; and (d) a detailed description of the accident, including whether any of District's equipment, tools or materials were involved.

SECTION 9 - INDEMNIFICATION BY CONSULTANT

Consultant agrees to indemnify the District and its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives from any and all claims, costs, and liability for claims of damage, for any property damage or personal injury, including death, which may arise as a result of any negligent or grossly negligent acts or omissions by Consultant or Consultant's contractors, subcontractors, agents, or employees in connection with the Agreement.

SECTION 10 - NOTICES

Any notices required to be given pursuant to this Agreement shall be deemed to have been given by their deposit, postage prepaid, in the United States Postal Service, addressed to the parties as follows:

To District: Wendell B. Wall M.P.A.  
General Manager  
GDPUD  
P.O. Box 4240  
6425 Main Street  
Georgetown, CA 95634

With a courtesy copy to: Barbara A. Brenner, Esq.  
Churchwell White LLP  
1414 K Street, 3rd Floor  
Sacramento, CA 95814

To Consultant: George W. Sanders  
Civil Engineer  
P.O. Box 1937  
Placerville, CA 95667

Nothing hereinabove shall prevent either District or Consultant from personally delivering any such notices to the other.

SECTION 11 - JURISDICTION

Except as otherwise specifically provided, this Agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be in California. In the event of a dispute, venue in any court action shall be the County of El Dorado.

#### SECTION 12 - INTEGRATION

This agreement, together with its specific references, attachments and exhibits constitutes the entire Agreement of District and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by both Parties.

#### SECTION 13 - NON-DISCRIMINATION

In connection with the performance of Consultant pursuant to this Agreement, Consultant will not willfully discriminate against any employee or applicant for employment because of race, color, religion, gender, sexual orientation, sex, age, disability, genetic information, marital status, amnesty, ancestry, national origin, or status as a covered veteran in accordance with applicable federal or state statutes. Consultant will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, gender, sexual orientation, sex, age, disability, genetic information, marital status, amnesty, ancestry, national origin, or status as a covered veteran. Such action shall include, but not be limited to, the following: employment, upgrading or promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship.

#### SECTION 14 - WAIVER

No covenant, term, or condition or the breach thereof shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition.

#### SECTION 15 - AUTHORITY

All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states or firms and that all former requirements necessary or required by the state or federal law in order to enter into the Agreement have been fully complied with. Further, by entering into this Agreement, either Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.



SECTION 16 - DRAFTING AND AMBIGUITIES

Each Party acknowledges that it has reviewed this Agreement with its own legal counsel, and based upon the advice of that counsel, freely entered into this Agreement. Each Party has participated fully in the review and revision of this Agreement. Any rule of construction that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement.

SECTION 17 - COUNTERPARTS

This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

SECTION 18 - ATTORNEY'S FEES AND COSTS

If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

IN WITNESS WHEREOF, the Parties hereto have executed and entered into this Agreement the day and year first above written.

District:

Consultant:

By: Wendell B. Wall  
Wendell B. Wall M.P.A.  
General Manager

By: George W. Sanders  
George W. Sanders  
Civil Engineer

Date: 9-10-2015

Date: 9/9/2015

By: Norm Krizl  
Norm Krizl  
President

Date: 9-14-2015

**AMENDMENT NUMBER 1**  
**GEORGETOWN DIVIDE PUBLIC UTILITIES DISTRICT**  
**PROFESSIONAL SERVICES AGREEMENT**  
(Effective Date of July 1, 2016)  
With  
**George W. Sanders, Civil Engineer**  
For  
**PROFESSIONAL ENGINEERING SERVICES**

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This **AMENDMENT NUMBER 1** is limited to two sections of the Agreement. Those effected sections are **SECTION 3 – TERM** and **SECTION 4 – COMPENSATION**.

Under this action, **SECTION 3 – TERM** is hereby amended to read as follows:

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT (“District”) and GEORGE W. SANDERS, CIVIL ENGINEER (“Consultant”) agree that the term of this Professional Services Agreement (“Contract”) shall be extended for one additional year. Under the current Contract the (“Term”) begins on September 8, 2015 and ends on June 30, 2016. Under this amendment the “Term” will be extended from July 1, 2016 through June 30, 2017. Consultant shall not exceed Nine Hundred Sixty (960) working hours for the District during the CalPERS fiscal year from July 1, 2016 through June 30, 2017.

Under this action, **SECTION 4 – COMPENSATION** is hereby amended to read as follows:

District and Consultant agree that the total compensation shall be increased to match the extended “Term”. District agrees to pay and Consultant agrees to accept on a time and materials basis an additional amount not to exceed \$76,800, for completion of the Services identified in the Scope of Work (Section 2). The Services shall be compensated at the same rate as prior to this amendment at \$80.00 per hour plus mileage at \$0.56/mile or the Federal rate.

This concludes the changes under this AMENDMENT.

---

IN WITNESS WHEREOF, the Parties hereto have executed and entered into this AMENDMENT 1 the day and year identified below.

**District:**

**Consultant:**

By:   
Wendell B. Wall M.P.A., General Manager

By:   
George W. Sanders, Civil Engineer

Date: 6-15-2016

Date: 6/16/16

By:   
Norman A. Krizl, President

Date: 6-15-16

**AMENDMENT NUMBER 2**  
**GEORGETOWN DIVIDE PUBLIC UTILITIES DISTRICT**  
**PROFESSIONAL SERVICES AGREEMENT**  
(Effective Date of July 1, 2017)  
with  
**George W. Sanders, Civil Engineer**  
for  
**PROFESSIONAL ENGINEERING SERVICES**

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This **AMENDMENT NUMBER 2** is limited to two sections of the Agreement. Those effected sections are **SECTION 3 – TERM** and **SECTION 4 – COMPENSATION**.

Under this action, **SECTION 3 – TERM** is hereby amended to read as follows:

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT (“District”) and GEORGE W. SANDERS, CIVIL ENGINEER (“Consultant”) agree that the term of this Professional Services Agreement (“Contract”) shall be extended for one additional year. Under the current Contract the (“Term”) begins on September 8, 2015 and ends on June 30, 2016. Under this amendment the “Term” will be extended from July 1, 2017 through June 30, 2018. Consultant shall not exceed Nine Hundred Sixty (960) working hours for the District during the CalPERS fiscal year from July 1, 2017 through June 30, 2018.

Under this action, **SECTION 4 – COMPENSATION** is hereby amended to read as follows:

District and Consultant agree that the total compensation shall be increased to match the extended “Term”. District agrees to pay and Consultant agrees to accept on a time and materials basis an additional amount not to exceed \$76,800, for completion of the Services identified in the Scope of Work (Section 2). The Services shall be compensated at the same rate as prior to this amendment at \$80.00 per hour plus mileage at \$0.56/mile or the Federal rate.

This concludes the changes under this AMENDMENT.

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IN WITNESS WHEREOF, the Parties hereto have executed and entered into this AMENDMENT 1 the day and year identified below.

**District:**

**Consultant:**

By: \_\_\_\_\_  
Steven Palmer, PE, General Manager

By: \_\_\_\_\_  
George W. Sanders, Civil Engineer

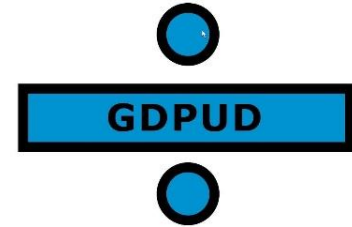
Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Londres Uso, President

Date: \_\_\_\_\_

**REPORT TO THE BOARD OF DIRECTORS  
BOARD MEETING OF JUNE 13, 2017  
AGENDA ITEM NO. 6F**



**AGENDA SECTION: NEW BUSINESS**

**SUBJECT: CONSIDER ADOPTION OF RESOLUTION 2017-06 AUTHORIZING THE GENERAL MANAGER TO APPROVE CHANGE ORDERS UP TO A CUMULATIVE TOTAL OF \$150,000 FOR THE MYERS AND SONS CONSTRUCTION CONTRACT FOR THE ALT WATER TREATMENT PLANT CONSTRUCTION PROJECT**

**PREPARED BY:** Gloria Omania, Board Assistant

**APPROVED BY:** Steven Palmer, PE, General Manager

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**BACKGROUND**

On December 13, 2016, the Board authorized the execution of a contract with Myers and Sons Construction for the construction of the Auburn Lake Trails Water Treatment Plant Project for an award amount of \$10,249,000.

On February 14, 2017, the Board authorized the General Manager to approve and process individual change orders on the construction contract with Myers and Sons for an amount not to exceed \$10,000.

A Notice to Proceed with the construction was issued to Myers and Sons on March 13, 2017, and the project is at approximately 11% of completion.

**DISCUSSION**

Construction contract change order authority is issued to the General Manager to respond quickly to field conditions and address construction issue, thereby minimizing delays that could increase costs and expose the District to potential liability from delay claims from the contractor. Change orders typically arise when field conditions differ from those expected and described by the owner, and when the owner directs the Contractor to perform work that is substantially different than described in the Bid Documents. The current General Manager authority of \$10,000 per change order does not provide Staff with enough flexibility to respond to field conditions, does not provide the Board with control over the cumulative change order amount, and is inconsistent with common practice in local government.

It is common practice for local agencies to authorize the responsible department head or agency manager with authority to approve construction contract change orders up to a cumulative amount of 10% of the construction costs. A quick survey of local water agencies (El Dorado Irrigation District, Placer County Water Agency, and Nevada Irrigation District) indicates that General Manager signing authority varies widely from \$100,000 to \$300,000. Based on the size and complexity of this Project, and the current practice of these local water agencies, Staff recommends

that the Board authorize the General Manager to approve change orders for this Project up to a cumulative amount of \$150,000.

Staff will continue to report to the Board monthly on the Project status and budget (including all change orders approved by the General Manager), and continue to prepare weekly Project updates for the public. If it becomes apparent that the cumulative total of all change orders approved by the General Manager may exceed \$150,000, Staff will request Board approval of either the pending change orders, or request increased cumulative total change order approval authority for the General Manager.

**FISCAL IMPACT**

This action could result in avoidance of increased costs due to delay claims by the Contractor. This level of construction contract change order authority will not affect the Project budget. The current Project budget already includes a 10% construction cost contingency, and this action by the Board does not increase the Project budget. The General Manager will not approve change orders that exceed the Project budget without Board action to increase the Project budget. The current Project expenditures and budget are summarized below.

<b>Phase</b>	<b>Expended to Date</b>	<b>Budget</b>
Construction	\$1,126,585	\$11,249,000
Construction Engineering, Construction Management, and Environmental	\$72,628	\$1,076,226
Total	\$1,199,213	\$12,325,226

**CEQA ASSESSMENT**

This action of approving change order authority is not a CEQA Project.

**RECOMMENDED ACTION**

Staff recommends the Board of Directors of the Georgetown Divide Public Utility District adopt the attached Resolution authorizing the General Manager to approve change orders to the Myers and Sons construction contract up to a cumulative total amount not to exceed \$150,000.

**ALTERNATIVES**

- a) Request substantive changes to the Resolution for staff to implement;
- b) Reject the Resolution. In this case, Board action will be required to approve every change order that exceeds \$10,000.

**ATTACHMENTS**

- 1. Resolution

**RESOLUTION NO. 2017-06**

**RESOLUTION AUTHORIZING THE GENERAL MANAGER TO APPROVE CHANGE ORDERS TO THE MYERS AND SONS CONSTRUCTION CONTRACT FOR THE ALT WATER TREATMENT PLANT CONSTRUCTION PROJECT UP TO A CUMULATIVE TOTAL OF \$150,000**

**WHEREAS**, the Board of Directors of the Georgetown Divide Public Utility District (the "Board") adopted Resolution 2016-21 on December 13, 2016, authorizing the execution of a contract with Myers and Sons Construction, LP, to construct the Auburn Lake Trails Water Treatment Plant (ALTWTP) for an award amount of \$10,249,000; and

**WHEREAS**, at its meeting of February 14, 2017, the Board acknowledged that (1) the Board conducts regular meetings monthly; (2) the District Staff will address changes during construction; and (3) elements of the project are expected to move rapidly during construction and efforts should be made to reduce delays that could increase costs and expose the District to potential liability; and

**WHEREAS**, the Board, on February 14, 2017, authorized the General Manager to approve and process single change orders on the ALTWTP construction project for an amount not to exceed \$10,000; and

**WHEREAS**, it is a common practice within local government agencies for a General Manager to have authority to approve and process Change Orders for up to 10% of the construction cost; and

**WHEREAS**, Project conditions and local practice support General Manager cumulative total change order authority ranging between \$100,000 and \$300,000.

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

1. The General Manager is authorized to approve and process Change Orders on the ALTWTP project, with Myers & Sons Construction, for a cumulative total amount not to exceed \$150,000;
2. All Change Orders approved by the General Manager will be reported to the Board during regular meetings; and
3. Board approval will be required for all changes once the cumulative total amount of change orders approved by the General Manager reaches \$150,000.

**PASSED AND ADOPTED** on this 13th day of June, 2017, by the following vote:

AYES:

NOES:

ABSENT:

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Londres Uso, President  
Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

ATTEST:

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Steven Palmer, Clerk and Ex officio  
Secretary, Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

CERTIFICATION

I hereby certify that the foregoing is a full, true and correct copy of Resolution 2017-05 duly and regularly adopted by the Board of Directors of the Georgetown Divide Public Utility District, County of El Dorado, State of California, on the 13<sup>th</sup> day of June 2017.

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Steven Palmer, Clerk and Ex officio  
Secretary, Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**REPORT TO THE BOARD OF DIRECTORS  
BOARD MEETING OF JUNE 13, 2017  
AGENDA ITEM NO. 7**



**AGENDA SECTION: PUBLIC HEARING**

**SUBJECT: PROPOSITION 4, APPROPRIATION LIMIT – RESOLUTION 2014-04**

**APPROVED BY: Steven Palmer, PE, General Manager**

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**BACKGROUND**

In November of 1979, the voters of the State of California approved Proposition 4, more commonly known as the (Paul) Gann Initiative. The proposition places limits on the amount of tax revenue that can be spent by all entities of government. The District is a local government and therefore must comply with the proposition. The proposition became effective for the 1980-81 fiscal year, but the formula for calculating the limits began with the 1978-79 “base year” tax revenues. Since that time, the District has been setting a public hearing annually to establish its appropriation limit (maximum general tax revenue that can be spent), which is derived from information received from the State Department of Finance during May. The change factor is based on the per capita personal income change for the year and population change for unincorporated areas of El Dorado County.

As required by law, local governments must hold a public hearing to establish the appropriations limit for the upcoming fiscal year. Today’s hearing provides the opportunity for the public to comment. This hearing was noticed in the Georgetown Gazette on June 1. A copy of the Proof of Publication is included with this report as Attachment 1.

**DISCUSSION**

The limit for FY 2017-18 is calculated to be \$2,507,976. The District is in compliance with the appropriate limit because the estimated general tax revenue for FY 2017-18 is \$1,560,000 which is considerably less than the limit.

A copy of Resolution 2017-04 is included as Attachment 2.

**FISCAL IMPACT**

Establishing the Proposition 4 Appropriation Limit (Gann Limit) is necessary to comply with Article XIII B of the State Constitution and allows the District to spend the property tax revenue. The District cannot legally spend property tax revenue without establishing this Appropriation Limit.



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**CEQA ASSESSMENT**

This is not a CEQA Project.

**RECOMMENDED ACTION**

Staff recommends the Board of Directors of the Georgetown Divide Public Utility District (GDPUD) adopt the attached Resolution 2017-04 setting the Proposition 4 Appropriation Limit for the District.

**ATTACHMENTS**

1. Proof of Publication
2. Resolution 2017-04

**RESOLUTION NO. 2017-04**  
**OF THE BOARD OF DIRECTORS OF**  
**THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**  
**SETTING THE FISCAL YEAR 2017-18 PROPOSITION 4**  
**APPROPRIATIONS LIMITATION**

**WHEREAS**, the Board of Directors of GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT conducted a hearing on the appropriations limitation for GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT on the 13<sup>th</sup> day of June, 2017; and

**WHEREAS**, the hearing was advertised and noticed as required by law; and

**WHEREAS**, the Board received testimony and other evidence regarding the appropriations limitation to be established for the GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT,

**NOW, THEREFORE**, be it resolved by the Board of Directors of the GEORGETOWN DIVIDE PUBLIC UTILITY that:

The GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT appropriations limit for the 2016-17 Fiscal Year, as described in Article XIII B of the State Constitution and implemented by Chapter 1205, Statutes of 1980 is the sum of \$2,407,811 computed as follows:

$$\frac{\$2,407,811}{(2016-17 \text{ Appropriation Limit})} \times 1.0416 = \frac{\$2,507,976}{(2017-18 \text{ Appropriation Limit})}$$

PASSED AND ADOPTED at a regularly held meeting of the Board of Directors of the GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT this 13<sup>th</sup> day of June, 2017.

AYES:

NOES:

ABSENT/ABSTAIN:

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Lon Uso, President  
Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

ATTEST:

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Steven Palmer, Clerk and ex officio  
Secretary, Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT  
GDPUD Resolution 2017-04

**CERTIFICATION**

I hereby certify that the foregoing is a full, true and correct copy of **Resolution 2017-04** duly and regularly adopted by the Board of Directors of THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT, County of El Dorado, State of California, on the 13<sup>th</sup> day of June 2017.

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Steven Palmer, Clerk and ex officio  
Secretary, Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**GEORGETOWN**  
**GAZETTE**  
PROOF OF PUBLICATION  
(2015.5 C.C.P.)

**Proof of Publication of:  
NOTICE OF PUBLIC HEARING**

STATE OF CALIFORNIA  
County of El Dorado

I am a citizen of the United States and a resident of the County aforesaid; I'm over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am a principal agent of and/or the publisher of the El Dorado Gazette, Georgetown Gazette & Town Crier, a newspaper of general circulation printed and published once each week in the town of Georgetown, Ponderosa Judicial District, County of El Dorado, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court to the County of El Dorado, State of California, under the date of April 3, 1970, Case Number 18589; that the notice, of which the attached is a printed copy (set in type no smaller than non-pareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

06/01

All in the year 2017

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated at Placerville, California, this 1<sup>ST</sup>  
day of JUNE, 2017



Signature

**NOTICE OF PUBLIC HEARING  
GEORGETOWN DIVIDE  
PUBLIC UTILITY DISTRICT  
ESTABLISHMENT OF  
APPROPRIATIONS LIMIT**

NOTICE IS HEREBY GIVEN that a Public Hearing will be held on Tuesday, June 13, 2017, at 2:00 PM, in the Board Room of Georgetown Divide Public Utility District, 8425 Main Street, Georgetown, California, to establish, by Resolution No. 2017-4, the Appropriations Limit for the 2017-18 fiscal year for the Georgetown Divide Public Utility District, as described in Article XIII B of the State Constitution.

The proposed appropriations limit is \$2,507,976 as determined by applying a factor of 1.0416 to the 2016-17 appropriations limit. The District's property tax receipts for the 2017-18 fiscal year are anticipated to be \$1,460,000, which is well below the limit bringing the District in compliance with the Appropriations Limit.

At said hearing, the Georgetown Divide Public Utility District Board of Directors will consider all comments by interested persons.

Date: May 24, 2017

STEVEN PALMER, PE  
General Manager  
GEORGETOWN DIVIDE PUBLIC UTILITY  
DISTRICT  
8/1 000287