

**CONFORMED AGENDA
REGULAR MEETING
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS
6425 MAIN STREET, GEORGETOWN, CALIFORNIA 95634**

**TUESDAY, DECEMBER 11, 2018
2:00 P.M.**

MISSION STATEMENT

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

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

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

The meeting was called to order at 2:00 P.M. Director Halpin led in the Pledge of Allegiance.

Directors Present: David Halpin, Jesse Hanschild, Lon Uso, David Souza, Dane Wadle.

Staff Present: General Manager Steven Palmer; Operations Manager Darrell Creeks; Board Assistant Diana Michaelson. Legal Counsel: Kerry Fuller, Churchwell White, LLP.

2. ADOPTION OF AGENDA

Motion by Director Wadle to adopt the agenda. Second by Director Souza.

Public Comment: *Stephen Dowd and Cherie Carlyon commented regarding the timing of the seating of elected directors.*

Vote: The motion passed unanimously.

3. BOARD REORGANIZATION

A. Adoption of Resolution 2018-55 Accepting and Declaring the Results from the El Dorado Registrar of Voters for the November 6, 2018 Election of the Georgetown Divide Public Utility District Board of Directors.

Possible Board Action: Adopt Resolution 2018-55.

Motion by Director Halpin to adopt Resolution 2018-55. Second by Director Wadle.

Public Comment: *There was no public comment.*

Vote: *The motion passed unanimously.*

B. Oath of Office of Elected Directors, Administered by Legal Counsel

- ❖ Cynthia Garcia
- ❖ Michael Saunders
- ❖ David Souza

The Oath of Office was administered to the newly elected directors by Kerry Fuller of Churchwell White. After signing their Certificates of Election and Oath of Office, the new directors were seated.

C. Election of Officers for Calendar Year 2019 (President, Vice-President, and Treasurer)

Dave Souza nominated Dane Wadle as President. Dave Halpin seconded the nomination.

Michael Saunders commented that he would like to see either the President or Vice-President positions held by a continuing Board member and the other held by a newly elected Board member to provide different perspectives. Cindy Garcia concurred.

Roll call vote was taken, and the vote was as follows:

Garcia: Aye
Halpin: Aye
Saunders: Aye
Souza: Aye
Wadle: Aye

The motion carried unanimously.

Cindy Garcia then nominated Michael Saunders as Vice-President. There was no second.

Dave Souza then nominated Dave Halpin as Vice-President. Dane Wadle seconded the nomination.

Mr. Saunders stated that he would be fine with meetings being run by old members as long as agenda items put on by new members would not be removed. Ms. Garcia commented that she would like to see the offices of President and Vice-President shared between previous and new Board members, further noting that both she and Director Saunders have experience in running meetings.

There were two motions on the floor. A roll call vote was taken for the first motion nominating Michael Saunders for Vice-President, and the vote was as follows:

Garcia: Aye

Halpin: No
Saunders: Aye
Souza: No
Wadle: No

The motion failed.

A roll call vote was taken for the second motion nominating Dave Halpin as Vice-President, and the vote was as follows:

Garcia: No
Halpin: Aye
Saunders: No
Souza: Aye
Wadle: Aye

The motion carried.

Dave Souza then nominated Michael Saunders as Treasurer. The nomination was seconded by Dave Halpin.

A roll call vote was taken, and the vote was as follows:

Garcia: Aye
Halpin: Aye
Saunders: Aye
Souza: Aye
Wadle: Aye

The motion carried unanimously.

The new officers are:

- *President: Dane Wadle*
- *Vice-President: Dave Halpin*
- *Treasurer: Michael Saunders*

D. Presentation of Commendations to Outgoing Directors for Distinguished Service to the District

The General Manager presented resolutions to outgoing Directors Jesse Hanschild and Lon Uso.

Nick Chiappe from Senator Ted Gaines' office presented resolutions from Senator Gaines and Assemblyman Frank Bigelow to Directors Hanschild and Uso.

- 4. 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.

Steven Proe expressed desire for all Board members to act together.

Cherie Carlyon distributed a handout (included as Attachment 1 to these Minutes) and asked if the Board would look at the VTD contract at the next meeting. She further commented regarding transparency and Public Records Request response time. She also requested that the Board freeze the water rates.

Susan Rayburn asked legal counsel what source of parliamentary authority is used at the meetings. Ms. Fuller responded that a modified version of Rosenthal's Rules guide the meetings.

Unidentified member of the audience commented regarding irrigation water rates.

Maria Capraun read a statement, which is included with these Minutes as Attachment 2.

Dr. Richard Boylan of Diamond Springs urged the Board to recommit to public service.

Carolyn O'Conner commented regarding transparency.

Stephen Dowd asked the Board to cut the water rates in half.

Phyllis Polito commented that the community sent a message with the election and asked that the Board listen to the community.

Karen Bartholomew asked that 1000 cubic feet (of treated water) could be provided in the base rate.

5. PROCLAMATIONS AND PRESENTATIONS

A. Brown Act Training – Churchwell White, LLP

Kerry Fuller, of Churchwell White, presented Brown Act training for the Board. A handout was provided to Board members at the close of the training and was made available to the public. A copy of the handout is included as Attachment 3 to these Minutes.

6. CONSENT CALENDAR

Before taking up the Consent Calendar, Director Wadle made the following comments. 1) Consent items are generally administrative items that are non-controversial and can be moved on a one voice vote to help expedite the meetings. 2) Because the agenda is posted 72 hours in advance of regular meetings, anyone in the public may contact a Board member to request that an item be pulled from consent. He asked how the other Board members felt about it. Director Halpin agreed, and no one disagreed.

Motion by Director Halpin to approve the Consent Calendar. Second by Director Souza.

Discussion: Director Garcia asked to pull item 6.C. First Quarter Budget Comparison.

Director Halpin amended his motion to remove Item 6.C. from the Consent Calendar. Director Souza seconded the amended motion.

Vote: The motion passed unanimously.

Ms. Carlyon requested that Items 6.B.1 and B.2 also be pulled. There was some discussion.

Director Halpin amended his motion to remove Items 6.B.1, 6.B.2, and 6.C. from the Consent Calendar. Director Souza seconded the amended motion.

Vote: The motion to approve Item 6.A. passed unanimously.

A. Approval of Minutes

1. Regular Meeting of October 9, 2018
2. Regular Meeting of November 13, 2018

B. Financial Reports

1. Statement of Cash Balances

Mr. Palmer introduced the two items.

Director Garcia commented on Item 6.B.1. She noted there is no information about what the amounts were spent on and that they are grouped by fund, but within the fund there is no additional information on what the funds are spent on.

Ms. Carlyon also spoke on 6.B.1. regarding the payroll entry. Kristen West, Finance Consultant, explained the report. Mr. Proe questioned where the numbers come from. Ms. West responded that they come from the General Ledger.

Director Garcia asked if the payroll is listed as gross or net. Ms. West responded that it is net.

2. Month-End Cash Disbursements Report

Director Garcia asked if the District is providing 1099s for Churchwell White. Ms. West responded that the tax forms are provided. Director Garcia then asked if the accounting software used by the District accounts for the different timeframes when payroll and tax forms are based on calendar year and the District is operating on a fiscal year. Ms. West responded that the accounting is on an accrual basis.

Ms. Carlyon asked for information on specific checks.

Motion by Director Souza to approve Items 6.B.1 and 6.B.2. Second by Director Saunders.

Vote: The motion passed unanimously.

C. First Quarter Budget Comparison

Possible Board Action: Receive and file.

Mr. Palmer presented the staff report.

Director Saunders asked if this budget includes the rate increase. Mr. Palmer responded that it does.

Director Garcia commented that wastewater operating fund revenues look high and should be watched. She then asked for definitions of current actuals and year to date (YTD) actuals. Mr. Palmer said that YTD refers to July through September, and current refers to the month of September.

Public Comment: *There was no public comment.*

Motion by Director Souza to accept Item 6.C. Second by Director Garcia.

Vote: *The motion passed unanimously.*

7. INFORMATIONAL ITEMS

A. President's Report

Director Wadle reported that there are scholarships available for training provided by California Special Districts Association. He encouraged Board members and staff to take advantage of scholarships and training opportunities.

B. Board Reports

Director Saunders reported on the recent Town Hall community meeting. He provided a list of questions that came up at the meeting. The General Manager will provide answers to Director Saunders prior to the next Town Hall meeting. The list is included as Attachment 4 to these Minutes. Directors Garcia and Saunders plan to hold these community meetings every month and report back to the full Board at Regular Board Meetings. If other Directors want to participate, they will swap out from one month to another so that there are never more than two Directors at the meeting, and all Directors who want to participate will be able to do so. The purpose of the meetings is to get community input and bring that input to the Board with the idea to promote transparency and open communication between the Board and the public. He then thanked the community for its support, noting that he had personally thanked departing Directors Uso and Hanschild for their public service.

He also reported that he and Director Garcia attended the LAFCO (Local Agency Formation Commission) ethics training and would provide their certificates to the General Manager.

Director Garcia reported that the ethics training was thorough and professional. She noted that the Town Halls that she and Director Saunders would be hosting will be at various locations throughout the District. These meetings will be recorded and posted on You Tube.

She also thanked the community for its support and noted that she had also thanked outgoing Directors Uso and Hanschild for their service to the District.

C. General Manager's Report

Mr. Palmer reported that construction is complete for the Water Conservation, Supply Reliability, and Environmental Protection Project funded by CABY. The Treated Water Line Replacement and Main Canal Reliability Projects are moving forward rapidly. The Wastewater Fee Review public workshop will be held on January 16 at 6:00 PM in Auburn Lake Trails at the Barn Loft. He then noted that he is working with Mathis Consulting Group to schedule another goal setting workshop for the Board in February.

D. Operation Manager's Report

Operations Manager Darrell Creeks reported that operations are going well. The treatment plants are making good water, and everything is in compliance. The lake level is coming up, and currently at 77%. All crews have been busy. Irrigation crews have been spending all their time cleaning canals and grizzlies. Distribution didn't have very many breaks last month – three service leaks and one water main on Sliger Mine Road. Turning to the Zone, he reported that inspections have been completed for the year.

E. ALT Treatment Plant Update

Engineering Consultant George Sanders reported on November activities at the ALT Water Treatment Plant. Substantial completion is still expected in January, and water delivery expected by March. Now that we are in the final stages of completion, the schedule will be evaluated continually. Director Saunders asked what projects are coming up. Mr. Sanders said finishing up electrical, continuing to work on the SCADA component, having the filters operational, and working with PSOMAS to get the tracer study started are the big items on his radar.

F. Finance Committee Report

Committee Chair Rick Gillespie reported that the Finance Committee did not meet in November due to the Thanksgiving holiday. The Committee is looking for two new members. Interested applicants should send a letter and résumé to the Board President.

8. NEW BUSINESS

A. Appointment of Representative to Joint Powers Insurance Agency

Possible Board Action: Adopt Resolution 2018-58.

Mr. Palmer presented the staff report. The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), which is governed by the Board of Directors, composed of one representative from each Member. As a Member of the ACWA JPIA Board, the GDPUD Board of Directors must appoint one of its Directors as a representative to JPIA. In addition, it must appoint at

least one alternate who must be an officer, member, or employee of the GDPUD Board.

Public Comment: There was no public comment.

Motion by Director Garcia to adopt Resolution 2018-58 appointing Dave Souza as representative to ACWA JPIA and Mike Saunders as alternate. Second by Director Halpin.

Vote:

Garcia: Aye
Halpin: Aye
Saunders: Aye
Souza: Aye
Wadle: Aye

The motion passed unanimously.

B. Nomination of General Manager to Serve on ACWA Region 3 Board

Possible Board Action: Adopt Resolution 2018-59.

Mr. Palmer presented the staff report. The Association of California Water Agencies (ACWA) is a statewide coalition of more than 430 public water agencies. ACWA is governed by a 37-member Board of Directors. The membership is divided into ten regions, each with a 7-member governing board. GDPUD belongs to Region 3, which has an opening. The GM is interested in becoming a Region 3 Board Member. He has the requisite experience, and the District would receive the benefits of a larger role and increased representation in state water issues, as well as input into ACWA related issues that concern the District. Adoption of Resolution 2018-59 would support the nomination of the GM and include him in a pool of applicants seeking the ACWA Region 3 Board position.

Ms. Garcia inquired about an attachment referenced in Mr. Palmer's application that was not included. Directors Halpin, Saunders, and Garcia spoke in favor of nominating the GM to the ACWA Region 3 Board of Directors.

Public Comment: Ms. Carlyon clarified that this is just a nomination and not an appointment. There was some discussion relating to where the meetings are held; in the past they've been held in either Northern California, Central California, or Southern California.

Motion by Director Halpin to adopt Resolution 2018-59. Second by Director Garcia.

Vote:

Garcia: Aye
Halpin: Aye
Saunders: Aye

Souza: Aye
Wadle: Aye

The motion passed unanimously.

C. Approval of Contract Agreement with PACE Supply

Possible Board Action: Adopt Resolution 2018-60.

Mr. Creeks presented the staff report. The District needs parts on the shelf, enabling repairs to be made the same day. In accordance with the District's Procurement Policy and Procedures, a request for bids was issued on October 12, 2018. Three bids were received and were opened on November 9, 2018. Comparing prices for equal parts it was determined that PACE Supply was the vendor with the lowest total bid amount. The total costs for the parts and supplies is expected to be less than \$65,000 for the rest of this fiscal year. According to the District's Procurement Policy and Procedures, purchases over \$45,000 require Board authorization.

Director Garcia had some questions regarding the bid analysis process and the length of the contract.

Public Comment: *Ms. Carlyon asked why a resolution is required. Mr. Creeks explained that it is because expenditures of more than \$45,000 require Board approval.*

Motion by Director Halpin to adopt Resolution 2018-60. Second by Director Saunders.

Vote:

Garcia: Aye
Halpin: Aye
Saunders: Aye
Souza: Aye
Wadle: Aye

The motion passed unanimously.

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

Director Saunders asked that a discussion regarding rates be put on the agenda at the soonest possible. He also asked for a discussion on the "road map" of items on the yearly calendar, as well as further discussion on the District's reserve policy.

Director Garcia reiterated Mr. Saunders' request for a discussion on rates as soon as possible. She proposed that the mission statement on the agenda be revised. She also

asked that the structure, volunteerism, and function of the Finance Committee be discussed. In the future, she would like to see a discussion about using more ad hoc committees.

Director Wadle then took comments from the public. Responding to some questions from the floor, the General Manager explained the process of how the agenda is set.

Ms. Polito reminded the Directors that the Board works for the public and that the recent election sent a message that the issue of rates should be a priority for the Board.

Mr. Proe inquired about the duties and powers of Board Officers. Mr. Palmer said that the policies would be posted to the GDPUD website.

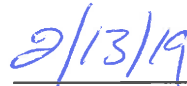
10. NEXT MEETING DATE AND ADJOURNMENT – Next Regular Meeting is January 8, 2019, at 2:00 P.M. at the Georgetown Divide Public Utility District, 6425 Main Street, Georgetown, California 95634.

The Board adjourned at 4:53 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 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 December 7, 2018.



Steven Palmer, PE, General Manager



Date

GDPUD'S contract with VTD

8-8-17 contract amount \$ 89,100 FY17/18 (\$88,257 total was paid to VTD in FY17/18)
1-9-18 contract increase \$ 53,760 for a temp Admin Aide, which wasn't hired per Steve Palmer.
total contract \$142,860 FY17/18

11-13-18 contract increase \$ 50,000 FY18/19
total contract \$192,860

Christina's report to the board stated the ending total to be \$201,960, which is \$9,100 over the board approvals.

My question is why the \$53,760 is included in the contract, when it was never used

What is the \$9,100 amount?

Why are we still spending \$140 a hour for a VTD Supervising Manager to train someone for a whole year. The Management anylyst should be trained by now.

Why can't you hire an independent CPA to do the required financial duties? The last CPA was paid \$75 per hour. Why are you continuing to pay \$140 per hour?

VTD'S E and O insurance expired on 1-1-18 when the 1-9-18 contract increased was approved.

No insurance certificate was included in the 11-13-18 contract increase, as the liability insurance expired on 5-1-18.

REPORT TO THE BOARD OF DIRECTORS
BOARD MEETING OF November 13, 2018
AGENDA ITEM NO. 5D

EXHIBIT

AGENDA SECTION: CONSENT

SUBJECT: Amended Professional Services Agreement with Vavrinek,
Trine, Day & Co., LLP

PREPARED BY: Christina Cross, Management Analyst *CC*

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

BACKGROUND

On August 8, 2017, Georgetown Divide Public Utility District ("District") contracted for finance management professional services with Vavrinek, Trine, Day & Co., LLP ("VTD"). The current scope of services includes financial and accounting oversight. The current amended agreement was for a total amount of \$151,960 for the term ending June 30, 2018. By reducing the number of hours used by VTD that contract term is only just now being reached. An amended agreement is required to extend the term and increase the amount.

DISCUSSION

The District is currently underway with our annual audit working closely with VTD staff. Additional work is needed from VTD to continue providing financial and accounting oversight through the end of Fiscal Year 2018/2019. VTD employs professional staff trained at all experience levels and currently has availability to meet the District's needs. District Staff currently estimates that VTD support will be needed 8-10 hours per week on average for the remainder of Fiscal Year 2018/2019. Based on VTD billing rates and the Fiscal Year 2018/2019 budget, an amended professional services agreement has been prepared for an additional \$50,000, with a total not to exceed amount of \$201,960.

FISCAL IMPACT

The Fiscal Year 2018/2019 budget includes an estimate of \$50,000 from Account 10-5080-5600 for finance and accounting services and a budget adjustment is not needed at this time.

CEQA ASSESSMENT

Not a CEQA project.

RECOMMENDED ACTION

Staff recommends the Board of Directors of the Georgetown Divide Public Utility District (GDPUD) adopt the attached Resolution authorizing the General Manager to execute the Amended Professional Services Agreement with Vavrinek, Trine, Day & Co., LLP.

Georgetown Divide PUD Board members,

December 11, 2018

I am a former Board member, and long time meeting attendee. Chuck Geru was GM at my first meeting, then Marie Davis, Henry White, Wendell Wall and now my first meeting with Steve Palmer.

I have not been a happy camper with prior Board member statements to the public on social media sites and I am amazed at the lack of understanding of the District. The public has been left with lack of ability to actually see and understand the District's finances. The Board is elected to represent the PUBLIC in the oversight of the District's finances. You provide the GM with an approved budget to carry out the District's mission statement. The public has spoken based on the election results that they are not happy.

The recently approved Organizational Chart shows a change from Public to Customers at the top of the chart. The District Board members are elected by the Public and not just the customers. This is a Public Utility District and receives funds from the collection of the Public's property taxes not just the customers. Yet, not one of the Board members questioned this.

The one thing that is important to the Public at Large from this District is FIRE PROTECTION. That is the only service that every tax payers relies on and expects through fire hydrants and ditch system. You increased the cost of raw water and lost customers that could be helping save us from fire danger. You should have used more tax revenue for raw water. And you unfairly altered raw water costs but I am only going to address treated water due to time.

As I had told the Board, I was going to review the recent rate increase with a fine tooth comb. Well, the comb found a lot of knots.

The recent RCAC Report used to justify the new rate imposed by the Board on its customers used false information to over inflate the needed revenue for Capital Replacement Program. I understand the need for additional revenue to run the District but not falsely created information to justify a want for cash. It would seem that Staff decided on a figure and worked the documents to justify it.

Nowhere in the report is this CRP revenue dedicated to CIP, these funds are being placed in to fund 10, the General Water Fund, which is one of the capital funds. In the RCAC report Exhibit 2T and 3T you state NET CASH FLOW (Contribution to Reserves). Yet, there was no guarantee that any of the revenue would be used for CRP found in the report or resolution. As of today you should have collected over one million in the Capital Replacement revenue for items listed in the report. No increase to any of the reserve funds for capital improves are found in your financial reports. While projects may be done at this time there is no guarantee CIP work will continue and the revenue will not just be dedicated to staffing, due to over hiring. Creating the need for another 218.

The finance committee was original set up to assist the Board over these issues and work at the Boards direction but it was turned over to the GM cutting out a double check of the District's finances.

As I stated, there is a justifiable need to additional revenue but not as it was presented. All of which I have just said it a failing of the prior Board, not the General Manager. No oversight in financial issues.

In reviewing the rate increase I found the RCAC Report adjusted dates and original costs of some items on the asset list used for the CRP. Then, using an inflation calculation to increase the final cost to replace items, while costs do increase over time, creating false value is not legal.

On the Capital Replacement list items that are no longer service or have already been replaced on list were still being used.

The Budget shows water revenue for 2017 of \$2,753,457.25 on Exhibit 2T and \$2,676,332.82 on Exhibit 3T. The new rate did not start until 2018 and you show a full year of revenue for 2017. Not to mention the difference in revenue with no explanation.

The RCAC Report under Capital Replacement Program - Treated Water Exhibit 1T.

Estimated Historic Costs – The gray is original cost. This report was hard to read and understand.

1992 Lake Walton Plant Replacement was never done but original cost was \$7,681,481. Walton Lake WTP was put into service around 1975 but did have a facility expansion in 1992, the cost was \$554,786.28. The total amount shown in the 2015 asset list for the Walton Lake Treatment Plant was \$3,332,741.38. Stating a 7.6 million original cost then using an inflation rate for 25 years is presenting false information to the public. Amount for CRP revenue for this asset is \$154,431 as listed in the report.

6100 • Lake Walton WTP					
1	Lake Walton Plant Replacement (60)	1992	\$7,681,481	C	\$7,681,481
1	Raw Water Expans (1)	1975	\$554,786	C	\$554,786

1974 all Water Tanks are listed as being placed into service. This is false. Just Pilot Hill Tank was installed in 1992 not 1974, is still on the list and was removed from rolls in 2015 by Board action, at value of \$360,230. Using a replacement cost of \$730,006. Revenue to be collected yearly is \$135,648 for all tanks.

T & D TREATED WATER (MSD) (3)					
1	Angel Cone Tank (0.5 MG)	1974	\$774,802	C	\$125,777
1	Clear House Tank (0.25 MG)	1974	\$303,901	C	\$182,898
1	Pilot Hill Tank (0.47 MG)	1974	\$730,006	C	\$360,230
1	Clear House Round Tank (0.05 MG)	1974	\$93,182	C	\$52,583
1	Highland Hill Tank (0.05 MG)	1974	\$93,182	C	\$52,583
1	Specialty Dry Storage Tank (0.2 MG)	1971	\$310,541	C	\$122,847
1	White Oak Water Tank (0.1 MG)	1974	\$360,230	C	\$195,405
1	Carroll Park Tank (0.2 MG)	1974	\$310,541	C	\$153,511
1	Walton Tank (0.2 MG)	1974	\$302,586	C	\$159,428
1	Highland Hill Tank (0.05 MG)	1974	\$93,182	C	\$52,583

1974 all pipelines are listed as being installed and placed into service in the District, every inch at a cost of \$15,553,972. The District did not have these assets in service at the time stated. Some areas of pipe were installed as late as 1998. Furthermore, there is no document that can justify that in 1974, 15 1/2 million dollars was invested into the District. No revenue source or invoice. As listed in the RCAC report on 5 lines totaling amount to be collect for CRP of \$653,880 per year. Half the amount shown for needed revenue to be collected in the report each year for CRP.

1	1974	1987		1987	1987	1987
1 4-inch Pipes (42,150 AC, 50,771 PVC [I])	1974	\$3,437,337	C	\$1,441,627	60	43
1 6-inch Pipes (175,142 AC, 3,981 DI, 235,540 PVC [I])	1974	\$16,908,624	C	\$8,351,462	60	43
1 8-inch Pipes (42,068 AC, 65,384 PVC [I])	1974	\$7,382,796	C	\$3,101,201	60	43
1 10-inch Pipelines (35,484 AC, 10,359 PVC [I])	1974	\$2,951,109	C	\$1,237,900	60	43
1 12-inch Pipelines (42,548 AC [I])	1974	\$3,388,480	C	\$1,421,432	60	43

1987 all values including fire hydrants are listed as being put into service in the District at a value of \$3,682,140. CRP to be collected, \$120,809 per year.

38 Pressure Reducing Valves	1987	\$2,455	H	\$91,276	40	30
172 Air Relief Valves	1987	\$709	H	\$12,370	40	30
422 Isolation Valves	1987	\$2,291	H	\$95,816	40	30
247 Check Valves	1987	\$2,218	H	\$488,518	40	30
581 Hydrants	1987	\$5,273	H	\$1,001,558	60	30
20 Pressure Reducing Valves	2017	\$1,500	C	\$101,000	40	0

The report is stating all pipes were put into service in 1974 and all valves and fire hydrants were installed in 1987. Piping, valves and fire Hydrants are put in at the same time for those of you that are not familiar with the water distribution system.

There are many more errors within the report. What I have presented adds up to \$1,064,768 in CRP revenue. While there is value in each of the items describe it is not at the value of original costs at the time listed and presented within the RCAC report. This could have been avoided with common sense and more questions from the Board. Did anyone review this report before presenting it to be published? A general review of some items does not show you the errors due to the small print. The print for the ratepayers must be magnified to read it. I spotted these errors once I used a magnify glass. No one learned anything from Mechenburg? Or did they?

I double check to see if my finding were valid with Howard Jarvis taxpayers. Their response was:

"Thank you for your inquiry regarding the use of inflated assets to justify a higher than necessary water rate increase. If I understand your email, you believe the District artificially inflated the value of assets that have a limited useful life to justify increasing current rates more than necessary to fund the future replacement of those assets. You asked if this is legal."

Article 13D, section 6(b)(1) of the California Constitution provides that "the fee or charge shall not exceed the funds required to provide the property related service." A fee based on artificially inflated future replacement costs would obviously exceed the "funds required" and would therefore be illegal. "

You have all the pieces to redo this horribly done rate increase. To solve this issue all you needed to do is include Depreciation in your budget as you should and it would be resolved. You are presently wasting District funds over a lawsuit on this one issue. Fix it and save the Public's money. No one needs another Leow suit, \$500,000 plus for something that could have been settled for \$30,000.

The Public relies on you, the Board elected by the Public to oversee the Finances and General Manager, not just rubber stamp anything presented to you. It is your responsibility to read the packet prior to the meeting and not just open it at the meeting. If you have a question and not enough documentation, be

brave, ask management to provide you with more clear information to make an informed opinion to vote in the Public's best interest. There is nothing wrong in not understanding the information that is presented by the staff and asking a question to clarify it. What is best for the Public is what is best for the District and not always best for the GM.

Transparency needs to be an action not just a word.

The present structure of this Board is hopeful to oversee the Public's District with integrity and honesty. Just a little guidance and training to your GM will improve this District immensely.

Maria Capraun

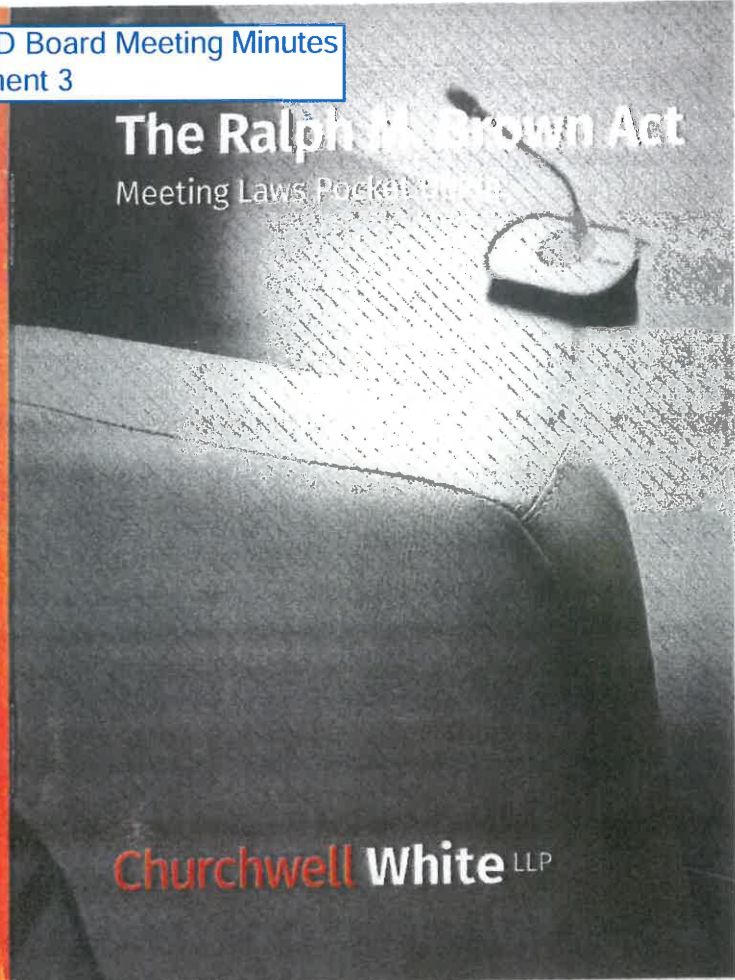
Firm

Churchwell White LLP is a law firm with deep roots in California. Based in the state's capital, we have a particular focus on sound public policy. Our lawyers and lobbyists work in the areas of government relations, regulatory matters, public law, political issues, ethics and conflicts of interest, real estate and land use, environmental and natural resources, water, litigation and more.

churchwellwhite.com

1414 K Street, 3rd Floor
Sacramento 95814
T 916.468.0950 | F 916.468.0951

Churchwell White LLP



Contents

What is the Brown Act? 2

Who is Covered by the Brown Act? 4

What is a Meeting? 5

What are Not Meetings? 6

Rules for Public Meetings 7

Agenda Requirements 8

Notice Requirements 9

Closed Session 12

What is the Brown Act?

The Ralph M. Brown Act ("Act"), set forth in California Government Code ("GC") §§ 54950 through 54963, requires that meetings of public bodies be "open and public." The goal of the Act is to increase government transparency.

Violations of the Act

Violations may result in an invalidation of the action. Individual members of the legislative body who violate the Act may be charged with a misdemeanor if: (1) the member intends to deprive the public of information, and (2) the public is entitled to that information. (GC §§ 54950.1, 54959)

Key Terms

Local Public Agency – includes counties, cities, schools, and special districts

Legislative Body – a local agency's governing body (e.g., city council) and "covered boards" (permanent and temporary boards, commissions, task forces, or other advisory bodies created by the local agency)

Quorum – the number of members needed to take valid action (usually a majority of members of the legislative body or other group covered under the Act)

Regular Meeting – meetings at the dates, times, and location set by resolution, by-law, or other formal action by the legislative body

Special Meeting – meetings called by the presiding officer or majority of the legislative body to discuss specific items on the agenda

Emergency Meeting – meetings called by the majority of the legislative body during an emergency (crippling activity, strikes, public health, public safety impairments)

Dire Emergency Meeting – meetings called by the majority of the legislative body during a dire emergency (crippling disasters, terrorism, public health or safety threats)

Adjourned Meeting – regular or special meetings adjourned or re-adjourned to a time and place specified in the order of adjournment

Closed Session – private sessions held during meetings for limited purposes

Who is Covered by the Brown Act?

Covered

Local public agencies (GC § 54951)

Legislative bodies and covered boards of local public agencies (GC § 54952)

Standing committees of a covered board, regardless of number of members (GC § 54952)

Governing bodies of any private organization meeting certain requirements (GC § 54952)

Not Covered

Ad hoc advisory committees with less than a quorum of the covered board (GC § 54952)

Most other non-profit corporations

All other government agencies (e.g., state agencies) are covered under the Bagley-Keene Open Meeting Act (GC §§ 11120-11132)

What is a Meeting? (GC § 54952.2)

Any gathering of a majority of the members of a legislative body at the same time and location (including those who are teleconferencing in) to hear, discuss, deliberate, or take action on any matter under the local public agency's jurisdiction (Example: 3 of 5 councilmembers meet to discuss an ordinance)

Serial Meeting

Definition

A series of individual contacts, which results in information regarding members' thoughts on agency matters communicated to a quorum of legislative body members, is a meeting. Serial meetings are prohibited.

Examples

(1) Daisy Chain Meeting: "A" talks to "B" who talks to "C," who then talks to "D."

(2) Spoke and Wheel Meeting: A third person "X" is at the center of the communication. The members never talk to each other; they all talk individually to "X."

What are NOT Meetings? (GC §§ 54952.2, 54953.1)

Briefings regarding public agency business, if the content is informative and does not involve communicating the position or comments of any other legislative body member

Conversations between legislative body members not regarding public agency business

Conferences open to the public involving issues of interest to the legislative body

Other public meetings (e.g., an organization hosts an open and publicized meeting on a topic of local community concern)

Meetings of other bodies of the public agency (e.g., councilmembers attending a planning commission meeting)

Social or ceremonial occasions

Public meetings of a public agency's standing committee, if the legislative body members, who are not members of the standing committee, attend only as observers

Legislative body members may testify in private before a grand jury

The Legislative Body May

Prohibit public recordings or broadcasts if the noise, illumination, or obstruction of view is persistently disruptive (GC §§ 54953.5-54953.6)

Set reasonable limits on public testimony (GC § 54954.3)

Clear the meeting room, except for press or news media, if individuals willfully interrupt the meeting in a way that order cannot be restored by removing the disruptive individuals (GC § 54957.9)

Agenda Requirements (GC § 54954.2)

Basic Requirements

Brief description of items to be discussed

Time and location of meeting

Procedure for obtaining disability-related modifications or accommodations

Rules for Public Meetings

Meetings Must

Be open and public (including teleconferenced meetings) (GC § 54953)

Comply with the Americans with Disabilities Act (GC § 54953.2)

Permit the public to audio or video record the meeting (GC § 54953.5)

Permit broadcasting of the meeting (GC § 54953.6)

Permit criticism of public policies, procedures, programs, or services, and the legislative body's acts (GC § 54954.3)

Permit public testimony and inspection (GC § 54954.3)

Pertain only to agenda items (GC § 54954.2)

Meetings Must Not

Be held in any facility with discriminatory policies (GC § 54961)

Require the public to give personal information, answer questions, or fulfill any condition to participate in meetings (GC § 54953.3)

Notice Requirements

Basic Requirements

Provide agenda to all whom request it and in an appropriate format

Mail when posted or when distributed to majority of the legislative body

Post in location freely accessible to public and on agency's website

Generally (GC § 54953)

No secret ballots

Publicly report all actions, votes, and abstentions

Regular (GC §§ 54954-54954.2) Notice: 72 hrs. before

Must hold in public agency's jurisdiction, with exceptions

Special (GC § 54945) Notice: 24 hrs. before

No business may be considered except that for which the meeting is called

Closed session permitted

Cannot use for discussion of salaries, salary schedules, compensation through fringe benefits, or local agency executive

Must hold in public agency's jurisdiction, with exceptions

Emergency (GC §§ 54954, 54954.2, 54956.5) *Notice: The Defeat*

Closed session requires 2/3 vote of body, unanimous if less than 2/3 of body is present

Certain reports required at future meetings

Hold elsewhere if unsafe to meet at set location

Dire Emergency *Notice: depends**

*When members are notified or ASAP if phones are down

Requirements are the same as those under "Emergency"

Continued (GC § 54955.1) *Notice: none***

**For items continued from prior meeting set not more than 5 days prior to date action taken on item

Closed Session (GC §§ 54954.5, 54956.7-54957.2, 54957.6-54957.8, 54957.10)

Notice Requirement

Requires agenda notice, pre-closed session announcement, and post-closed session report of action taken

May only hold closed session on a particular topic if Act explicitly permits it

May only hold on a particular topic if explicitly permitted

Act provides safe-harbor language for 17 closed session items, to be used in legislative body agendas

Closed sessions on employment matters include additional notice and hearing rules

Confidential information acquired in closed session cannot be disclosed unless the legislative body authorizes disclosure of the information

Adjourned (GC § 54955)

Notice Requirement

Post order of adjournment at place meeting was held within 24 hours of the time of adjournment

Teleconference (GC § 54953)

Notice Requirement

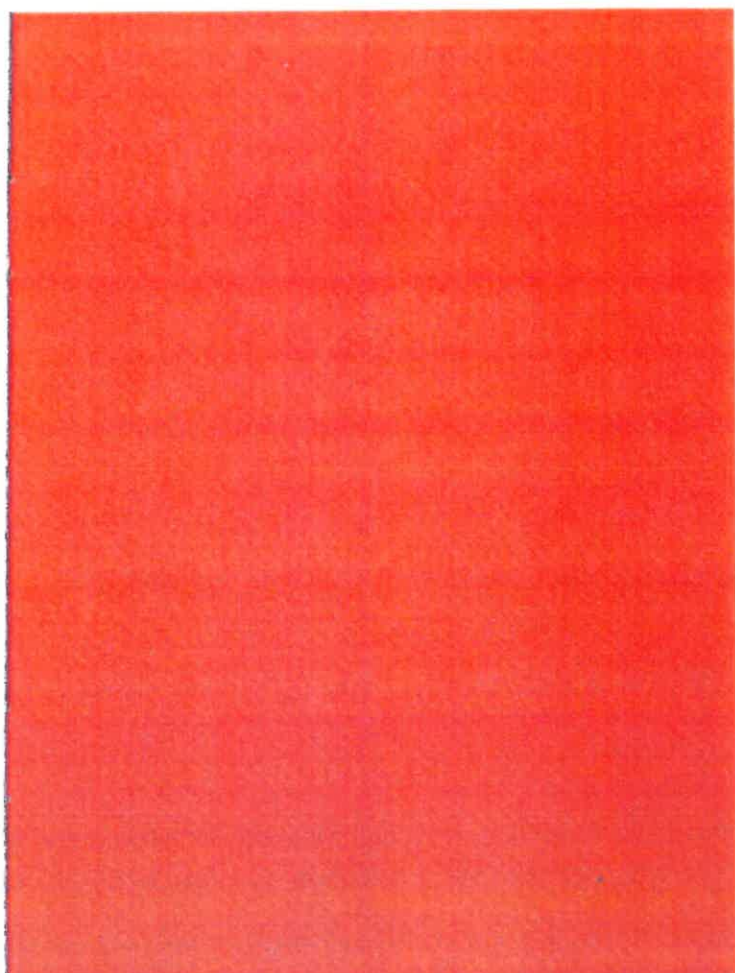
Post agenda at all teleconference locations

Notice and agenda must identify teleconference location

Must conduct in manner which protects statutory and constitutional rights of parties or public appearing before the legislative body

Votes taken by roll call

Requires quorum of the legislative body to be in public agency jurisdiction





Community Questions - November 2018

1. When will the new ALT drinking water treatment plant be finished and in use?
2. Why does the water district need to hire an engineer if the general manager is a professional engineer?
3. What are you going to do to run the district better?
4. What does 218 stand for?
5. What benefits does the community get from the 218 rate increases and the ALT plant?
6. How many people can be on the finance committee?
7. Why lease the land that the ALT drinking water treatment plant sits on?
8. What kind of state requirements are on our irrigation water? How much water has to go down the American River for fish?
9. What can be done to keep irrigation water on the divide since it benefits all in the area?
10. Has it been determined that the 218 on irrigation water was legal?
11. How do we preserve irrigation water for customers who gave up their minors inches?
12. Why am I not getting the irrigation volume that I'm paying for? Why isn't there enough pressure in my irrigation pipe?
13. Why isn't there a search feature on the water district website?
14. Why hasn't the in accurate billing with the rate change ever been credited back to the customers?
15. Can certain positions within the district have salary caps?
16. Do you have a plan for developing good job descriptions? Can we trim some positions or combine skill sets?
17. To what degree does the board get involved in hiring?
18. Does the GM bring back hire/positions to the board for oversight and approval?
19. Why were the customers taken off the org chart?



20. Why re-create documents and policies? Why not use policy that is similar to other similar sized water district?
21. Can Training be done online to save travel expenses?
22. How can board members talk to community without brown after violations?
23. Why doesn't the board consist of folks from different areas or districts?
24. Can the community ask to have a topic placed on the agenda?
25. Is there a Facebook Page set up to share community input and feedback from water district staff?
26. Can't correspondence be added to the board packets?