

MINUTES

SPECIAL MEETING

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS
6425 MAIN STREET, GEORGETOWN, CALIFORNIA 95634**

**JANUARY 28, 2021
4PM**

Michael Saunders, President
Cynthia Garcia, Vice President
Mike Thornbrough, Treasurer
Mitch MacDonald, Director
Vacant, Director

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.
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Out of respect for the meeting and others in attendance, please turn off all cell phones or put in the silent mode.

Pursuant to the Government Code Section 54954.3 (The Brown Act), members of the public shall be afforded the opportunity to speak on any agenda item, provided they are first recognized by the presiding officer. The Board President will call for public comment on each agenda item. Those wishing to address the Board on a matter that is not on the agenda and within the jurisdictional authority of the District may do so during the Public Forum portion of the agenda. Please be aware of the following procedures for speaking during Public Forum or public comment sessions:

1. When called on to speak by the Board President, please approach and speak from the podium.
2. Comments are to be directed only to the Board.
3. The Board will not entertain outbursts from the audience.
4. There is a three-minute time limit per speaker.

5. The Board is not permitted to take action on items addressed under Public Forum.
6. Disruptive conduct shall not be permitted.
7. Persistence in disruptive conduct shall be grounds for removal of that person's privilege of address.

The Board President is responsible for maintaining an orderly meeting.

Director Saunders called the Special Meeting to order at 4:02 PM

1) CALL TO ORDER, AND ROLL CALL

PRESENT: DIRECTORS MACDONALD, THORNBROUGH, GARCIA, SAUNDERS

ABSENT:

OTHERS Barbara Brenner, Legal Counsel, Jeff

PRESENT: Nelson, Interim GM

Director Garcia led in the flag salute.

2) ADOPTION OF AGENDA

Director Garcia motioned to approve 2) ADOPTION OF AGENDA. Director Thornbrough seconded the motion.

The agenda was adopted by acclamation.

3) PUBLIC FORUM (ONLY ITEMS THAT ARE NOT ON THE AGENDA)

Director Garcia stated she received a text message from Cherie Carylton who was having difficulty joining the zoom meeting. Director Garcia read the following text from Ms. Carylton:

\$146,000 was FY 19/20, \$220,00 was for FY 20/21 in Account 5080 Outside Services for Department 5600; not enough for Interwest's billings at his time. Salaries in Administration FY 19/20 \$395,000, \$449,143 for FY 20/21 and that includes the front office position and raises so it looks like the full GM salary is in Admin Salaries instead of Outside Services, can this be explained?

Director Saunders stated financial details will be discussed during the latter part of the meeting.

There were no other public comments.

ANNOUNCE CLOSED SESSION AND ADJOURN OPEN SESSION TO CLOSED SESSION

Director Saunders announced the item for closed session and invited public comments on this issue. No public comments were received.

Director Saunders then adjourned the meeting to Closed Session at 4:08 PM.

4) ADJOURN TO CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL**A. Existing Litigation (Gov. Code S54956.9)**

Name of Case: Georgetown Divide Taxpayers Association v. Georgetown Divide Public Utility District (El Dorado Superior Court Case Number PC20180211, Third Appellate District Case Number C091664)

ADJOURN CLOSED SESSION AND OPEN SPECIAL SESSION

The meeting was called to Open Session by Director Saunders at 4:25 PM.

REPORT OUT OF CLOSED SESSION

Director Saunders asked Legal Counsel to report out from closed session. Barbara Brenner reported that the litigation with the Georgetown Divide Taxpayers' Association litigation against the District has been resolved through settlement. The District has agreed to pay a portion of the Taxpayers Association's legal fees and costs in the amount of \$28,000. There are no other terms or conditions. The case will be dismissed early next week once we get the Settlement Agreement in writing. Ms. Brenner offered to answer any questions from the Board and the public and received none.

Director Garcia reported that some people are having trouble logging into the meeting and others acknowledged it could be internet issues from the storm.

5) NEW BUSINESS**A. Consideration of Rate Freeze**

The General Manager summarized his staff report with the following points on the financial impact of a rate freeze to the District:

- *Treated Water: The FY 2020-21 budget was based on a 5% rate increase for treated water that became effective July 1, 2020. It did not include an additional 5% increase called for by the Rate Study to begin January 1, 2021. While that additional increase will not impact the overall budget estimate, it*

will result in approximately \$67,000 of lost revenue for the remainder of this fiscal year.

- Irrigation Water: The FY 2020-21 Budget includes a 10% rate increase for irrigated water starting with the 2021 irrigation season, a five-month season which begins in May. The rates for irrigation water customers did not go up at the beginning of this fiscal year which was the end of the 2020 irrigation season, but the budget does include a 10% increase for the two months of the beginning of the 2021 season (May & June) in the amount of \$17,000 which is included in the budget.
- SRF Loan Application for Water Meter Replacement Project: The SRF Loan Application submitted to the State assumed a 5% rate increase for treated water customers at the beginning of this year. If the Board decides to freeze rates, the District would be required to submit a supplement or amendment to the financials submitted with the loan application with an explanation of the financial implications to the District. It is not known whether that would be a tipping point for approval.

Director Thornbrough stated he did not see the \$67,000 as a loss because it represents funds that is not included in the budget. He further clarified that the Board is not taking away the 5% increase that went into effect in July 2020. The Board is considering freezing the rate to that level and not imposing the additional 5% that was to go into effect in January 2021. Since that additional amount is not included in the current budget, it should not be considered a loss of revenue.

General Manager Nelson pointed out that if the District followed the Rate Increase Schedule which provides for an additional 5% increase in January, it would result in additional revenue of \$67,000 for the remainder of the fiscal year.

The discussion resulted in the clarification that the \$67,000 referenced in the staff report can be considered a loss in "projected" revenue.

The discussion then turned to irrigation rates with Director Thornbrough expressing his understanding that the amount of irrigation fees that will be lost in the FY 2020-21 budget is about \$17,000 for the two months (May and June) of the 2021 irrigation season.

Director MacDonald inquired about the amount transferred to Capital Improvements from Reserves. Christina Cross subsequently provided the following information:

FY 2017-18: No transfer to Capital Projects; however, \$50,000 was transferred from reserves to another account.

FY 2018-19: \$652,932.

FY 2018-20: \$616,434.

Director Saunders explained he prepared the worksheet to ascertain the financial state of the District to consider the rate freeze. He stated he lifted the data from the actuals in the LSL Audit Reports, explaining Staff was unable to provide the actuals in time for this meeting.

Director Saunders stated the Board should look at operating reserves to ensure the District does not have cash flow problems. Both Directors Saunders and Garcia expressed concern about the extraordinary time presented by COVID and the financial struggles faced by customers.

A lengthy exchange of comments, questions and answers followed regarding the District's finances, the impact of a rate freeze, and the need for detailed financial information in considering the freeze, as well as the upcoming budget process. Director MacDonald also requested an explanation of increase in expenses that began in FY 2017-18 and is holding steady.

Director Garcia informed the Board that she was receiving messages from customers asking why the worksheet was not previously provided. General Manager Nelson stated this was all public information. Legal Counsel Barbara Brenner commented on the importance of ensuring the worksheet is provided to the public and made accessible through the website. Ms. Brenner added that if this Board meeting had been in person, Director Saunders would simply pass out the worksheet.

*Director Saunders said he was submitting the worksheet to include with the minutes. (**Attachment 1** of the minutes is the Worksheet submitted by Director Saunders.)*

Director Garcia asked when the budget process is scheduled to begin. Director Saunders responded that this would be addressed during the upcoming Strategic Planning Workshop.

Director Garcia stated she appreciated that President Saunders put this worksheet together and is comforted to know that the District is in pretty good financial health.

Director Thornbrough motioned to freeze rates at the current level through the end of 2021 unless there is a need to make a change. Director MacDonald seconded the motion.

ROLL CALL VOTE:

AYE: MACDONALD, THORNBROUGH, GARCIA, SAUNDERS

NAY: None

ABSTAIN: None

The motion CARRIED.

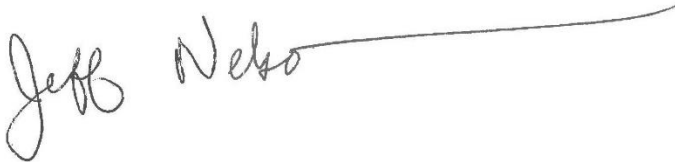
- 6. NEXT MEETING DATE AND ADJOURNMENT** – The next Regular Meeting will be on January 12, 2021 at 2:00PM via teleconference.

Director Garcia announced to the community and the Board that she will be joining the next meeting from outside the area as she will be caring a family member. She stated she will provide Director Saunders with the address of her location.

Director MacDonald motioned to adjourn the meeting 2) Director Garcia seconded the motion.

The motion passed by acclamation.

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 via teleconference, please contact Jeff Nelson 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).



Jeff Nelson, Interim General Manager

February 9, 2021
Date