



MINUTES

FINANCE COMMITTEE

Regular Meeting
Thursday, May 25, 2023
3:30 P.M.

Georgetown Divide Public Utility District Board Of Directors
6425 Main Street, Georgetown, California 95634

Finance Committee

Steve Miller, Chairman M. Martha Helak
Andy Fisher, Vice Chairman William Gorenc
Vacant, Secretary

Board of Directors Liaison

Mitch MacDonald
Robert Stovall

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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1. CALL TO ORDER-ROLL CALL-PLEDGE OF ALLEGIANCE

Chairman Miller called the meeting to order at 3:31 PM and led the Pledge of Allegiance. Roll call was taken.

Present: Steve Miller, Andy Fisher, M. Martha Helak, and William Gorenc Jr.

Absent: None

2. ADOPTION OF AGENDA

Vice Chair Andy Fisher motioned to approve the agenda. Member M. Martha Helak seconded the motion. The motion passed **unanimously**.

3. PUBLIC FORUM:

Bonnie Neely shared that she follows the packets and postings on the website closely. She urged the committee members to explore and learn about the District focusing on the unique qualities of each region. She shared that each town and area has its own personality. Throughout the District, people use the water for different needs. It would be of service to the District, its customers, and new committee members to drive around and learn about the areas as it would serve the public and

committee discussions having the knowledge garnered. She encouraged the committee to become familiar with PG&E. She shared that all of the District accounts many with PG&E electricity are funded by electricity generated and provided by Pioneer Community Energy. Even if PG&E raises its rates 43% it will have no effect on GDPUD because Pioneer does not raise their generation rates. Pioneer is only in El Dorado and Placer counties so Bennet Engineering and other engineers from out of the area will not be aware of Pioneer Community Energy. She urged everyone to subscribe to The Georgetown Gazette as currently, only 900 people a week receive the publication. This means that there are 3100 customers who are unaware of the legal notices which are published in The Georgetown Gazette.

4. APPROVAL OF MINUTES – Meeting April 27, 2023

Member William Gorenc Jr. shared that there is a typo on page 7 in the first paragraph Vice Chair Andy Fisher's name is misspelled.

Liaison Stovall asked for clarification on the reference to a pump to nowhere in the minutes. The General Manager Nicholas Schneider shared that this was in relation to the De Fazio Water. The District has the ability to utilize a facility down by the confluence. The ability to use the De Fazio is based on a demonstrated need. There is a building built for The District though it has not paid towards the facility. There is the ability to move the water from the river into either Pilot Hill or Cool. At one point there was discussion of a large development in Cool which is when the pump was installed, though ultimately the housing development was not built and that is the meaning behind "the pump to nowhere". The District still has the facility for possible utilization in the future. It is located at the old dam site and there is a pipeline which runs under the river.

Public Comment:

Stephen Dowd inquired if The District still retains the De Fazio water rights. The General Manager answered that yes, the water rights are retained. Once The District pays between circa \$1-3 million dollars that water would be accessible. This is part of the Capital Improvement Project (CIP) as a long-term project. Though The District must have a demonstrated need in order to utilize the water. There are ideas being worked on to access utilization of this water without the outlay of infrastructure costs.

Member William Gorenc Jr. motioned to approve the minutes with the name correction amended. Member M. Martha Helak seconded the motion.

Ayes: Steve Miller, Andy Fisher, M. Martha Helak, and William Gorenc Jr.

Noes: None

The motion passed **unanimously**.

5. INFORMATIONAL ITEMS

A. Grant Update-General Manager

The General Manager Nicholas Schneider shared that this update is being given though he had been hoping to have more information regarding the CalFIRE grant. The District anticipates hearing back on the status of this grant any day now. The FEMA Hazard Mitigation Assistance Grant (HPMG) grant is still in process. This grant is about 12 months out from hearing back on the application, the funds would be utilized for the Upcountry pipeline project. The Appropriations Bill from both the Senate and the House is being held

up by the current debt limit issue. This is a big argument from both sides and is currently delaying the appropriations talks. The District won't know if the funds are awarded until after the debt limit talks are held. Once those talks take place there will be a better understanding as to the possible outcome. At the moment everything is hanging in the balance. The District is working with The United States Bureau of Reclamation (USBR) for canal lining. Mr. Schneider shared a new product to which he was recently introduced which shows promise for the canal lining projects it would be cheaper at getting more lining for less cost. It is a geotextile concrete which is applied dry and then when moistened creates a canal liner. This is a product that was displayed at the ACWA conference and has the potential to save a considerable amount of money.

Chairman Miller inquired if the geotextile would be used to start a new lining or repair older lined sections. The General Manager, Mr. Schneider, shared that initially this product would be used to create new linings.

Vice Chairman Andy Fisher inquired about the status of environmental review requirements regarding the installation of canal lining. The General Manager shared that environmental review was done of linings a negative impact declaration was given and verified by the environmental consultant. No other concerns have been raised by a lawsuit or other actions and that is what would trigger further action and investigation.

Public Comment:

Stephen Dowd asked whether the District had heard back from Senator Feinstein regarding inclusion on her list for the appropriations funds requests. The General Manager shared that the request was accepted by Senator Feinstein and The District is now on a dual track. This is a favorable position for District requests to be met in the middle during the consideration of both bills the process is now more streamlined.

B. Election of Finance Committee Officers

The General Manager shared an update on the state of the committee. Unfortunately, one member is absent and may not be returning. There is one additional candidate looking to join the committee. This has been put on a September timeline and once a matter of litigation in which he is involved is cleared then the Board of Directors will accept that candidate interview to remove any conflicts of interest. It was shared that the election of officers could either be tabled until the member numbers were solidified or proceed as the committee stands at the moment.

Chairman Steve Miller asked the committee if there was opposition to moving forward with the process of officer selection during this meeting. There was no opposition expressed from the committee. Chairman Miller shared that he had been the committee Chair over a period of four years, sometimes through difficult times. He expressed that it would be healthy to see another member serving as the committee Chair. His hope was that one or more members would consider serving in the role. He offered that the position was open to any who would consider.

The General Manager shared that the election of officers was on the agenda as an informational item, not an action item. This meant that the committee may discuss their decisions and the actions would then be finalized at the next committee meeting.

Chairman Miller shared that if he were to nominate a member to Chair it would be member Andy Fisher. Vice Chairman Andy Fisher shared that he appreciates the committee though would need to take into consideration the requirements of reporting

back to the Board of Directors as he has a work schedule to consider. He shared that with support delivering the reports to the Board, then he would contemplate being Chairman. The General Manager shared that committee members were more than welcome to utilize Zoom for Board meeting attendance, or officers may delegate the reporting requirements as needed either option is acceptable. Member William Gorenc Jr. extended an offer of support with the reporting task.

Liaison Stovall remembered a similar situation and raised the question regarding the Secretary's position, role, and duties and asked for information regarding that office.

The committee reviewed Resolution 2017-25 which governs the Finance Committee and its roles and responsibilities. The General Manager shared that the secretary could work and coordinate with the Executive Assistant and the General Manager if there is still a desire to fill that position. Liaison McDonald shared that the previous Board had a secretary. The position at the time required much effort, without staff support in place it was a lot of work. The current level of staff support lessens the workload and burden.

After an inquiry from the committee about his interest in the Vice Chair position, member William Gorenc Jr. expressed that he is open to filling the position should Andy Fisher assume the office of committee Chair. Member M. Martha Helak expressed interest in taking the office of Secretary and offered to assist staff with the minutes and other duties.

The General Manager reviewed the next step now that the committee decisions are in place, the staff will prepare a resolution accepting those nominations to be voted on at the next meeting.

6. ACTION ITEMS

A. Review FY 2023-2024 Budget

The General Manager Nicholas Schneider shared that a few minor changes had been made to the Budget since the last committee meeting though it remains the same information as was presented to The Board of Directors on May 16th. He offered an invitation for comments to incorporate into the development of the budget packet. The packet will be available on June 1, which will allow for a week of review before the budget workshop. The workshop will utilize a roundtable format for discussion and final revisions. The end goal being seeking a committee recommendation for a final budget presentation to The Board of Directors.

The biggest change was in the amount allocated for a rate study. That amount was reduced from \$70,000 to \$50,000. There are entities that all do rate studies and are experienced at working with those numbers. Included within that cost will be the public workshops and Proposition 218 hearings. They handle all those dynamics alleviating the need for staff to argue the case to the public. That is why we went higher than we will potentially need for that cost. Vice Chair Fisher shared that his observations in watching the process at a distance last time it seemed the controversy had to do with the asset valuation and replacement cost. Future consultants used need to have discretion and an established background. It will be key in selection, ensuring the consultant has a finger on the pulse of asset valuation. The General Manager shared that Vice Chairman Fisher had hit the nail on the head with his observations. The District has a unique system in terms of infrastructure. Dams are expensive to maintain, and the permitting requirements are ever-changing. All of those pieces are parts of the whole when looking at how to best maintain the District. Mr. Schneider shared that the District needs an experienced professional to assist with the rate study in order to avoid the pitfalls of not addressing or analyzing things diligently. Should the public hear from such a knowledgeable professional it will strengthen their understanding of the circumstances, someone to deliver the backstory and the reasons to the community.

Account 5100 deals with source of supply. Mr. Schneider commented that budget cuts could come from the bottom section non-labor expenses, the top section reflects labor costs that can't be cut. The increases in costs are caused by increased prices for materials and supplies. A 50% increase in materials and supplies is anticipated moving into the next year. This one account reflects major fire cleanup impacts and expenses and will for the next one to five years. There is potential for reimbursement through litigation.

Committee Discussion:

Member Gorenc inquired about the overtime pay in this department. The General Manager explained that much of the overtime (OT) from this department was to cover a flume repair. The repair was done over a weekend. Eight workers welded and installed the cover in a necessary window before adverse weather moved into the area. There was no other time that would have worked for this particular project. The OT calculated in this budget proposal is set aside though the District doesn't anticipate having to actually use all of the funds.

Member Helak pointed out that the last categories had not been included in previous budgets. Mr. Schneider shared that yes there are items that have been broken out and listed as they are important to include. The Personal Protection Equipment (PPE) is part of the IIPP and Union contract and was previously included in materials others it was broken out to show the compliance and need.

Chairman Miller inquired about professional services costs having increased. He wanted to know what new service needs have been identified. Mr. Schneider shared that the engineering costs have been shared with many departments per the contract. He is currently assessing to see if that much funding is needed. The contracts which were put into place were not previously budgeted before creating a preexisting issue of the budget being over in certain places.

Public Comment:

Cherie Carlyon shared that adding the materials to two categories there is \$27,000 more than the current budget. She inquired as to why the increase in government regulation fees had been included in the budget. Finance/Office Manager Jessica Buckle explained that the Government Regulation fees will be going up 8% this approaching year per a letter the District has received. This fee request often arrives in August or September. This can require that there is a journal entry looking backward. The General Manager shared that the materials and supplies amounts are higher. There was previously no rental equipment budget that was needed during the emergency.

Cherie Carlyon asked if some of the professional services are spent in the CIP budget rather than operating. The General Manager shared that this is correct. They are initially paid for out of the operating budget and then if it is determined it is a CIP project then it will roll over.

Account 5200 encompasses the transmission and distribution of raw water, irrigation. The General Manager shared that additional categories were added to this account. This includes PPE and capital expenses. The PPE costs are changing as the District is working with a new company which offers higher visibility safety gear.

Committee Discussion:

Member Helak inquired as to the reasoning behind the fact that the salary expenses dropped. The General Manager shared that there was some staff turnover.

Chairman Miller shared his budget examination approach for those who weren't in attendance at the last meeting. He stated that when examining the budget, he has a tendency to look at

the fiscal year 2021-22 and fiscal year 2023-24 and ignore 2022-23 given the fire's impact on last year's expenses. He takes into mind a two-year growth and then examines the numbers looking for items which then draw attention. This approach helps to give a good handle on normal costs and needs accounting for suitable increases as nothing gets cheaper.

Public Comment:

Cherie Carlyon asked if the 45% had been calculated or taken from a report. The General Manager shared that it was taken from an industry layout.

The 5300 account is for water treatment operations. Mr. Schneider reviewed this account. Utility needs and costs are higher in the treated water account than in others. There are some capital expenses included. There is a Variable Frequency Drive Pump (VFD) that needs repairing. In terms of security, the District is looking to install automatic gates to secure facilities while employees are present. There is also a need for a confined space air sensor. Those account for the larger costs which were not included in the past. Most categories' costs remain close to those of the last two years.

Committee Discussion:

Chairman Miller had noticed that the professional services costs were sky-high when compared to other departments. The General Manager shared that the District's contracted engineer works primarily with this department. He is looking to examine this contract and differentiate which of the Engineer's work actually belongs to CIP.

Member Gorence Jr. inquired about the utilities costs decreasing. Mr. Schneider explained that the items had been moved. The generator service used to be under the utilities. The Geographical Information System (GIS) was a fringe utility, so it was moved out to professional services.

Public Comment:

Cherie Carlyon inquired about a water audit item. Jessica Buckle the Office/Finance Manager shared that this is part of reporting for annual certification for the District to move raw water.

The 5400 account is for the transmission and distribution of treated water. The big increase in this department is for materials and supplies. Those material costs are all going up thus much of the increase in this account. Utilizing the Cartegraph program has allowed for a greater understanding of costs in this department, which is good for asset management and study. We are now seeing how much it costs to operate the system. In terms of the capital expenses, there are some needs. The District needs another confined space sensor, safety equipment, and a hydraulic jackhammer. There is an increase in costs for materials other. The District's Vactor trailer went down twice this year requiring a rental. This is a piece of equipment that helps maintain the lines avoiding shut-offs, boil notices, and disinfecting the entire system. The trailer keeps the water flowing and sucks the water out of the hole as it leaks. It removes water faster than it comes into the system.

The 5500 account has been removed and combined within 5600. This account is for costs associated with administration and customer service. This account also has additional categories. The General Manager shared that there are two areas of note highlighted in yellow. Board training and travel is a new category that was added this year. Having this account allows the District to secure and book events for the Board members and work to get cheaper group rates for conferences and events. The reduced payroll processing fees are a result of working with a new company. Cancellation of the SOCRATA service is being considered. The reports that were promised by the program require that the staff upload data daily. It isn't working out to offer the service for which the public was hoping. The MOM

software must either be paid for the next four years or conduct a forensic audit. The question becomes which is cheaper \$28,000 or a forensic audit. In terms of professional services, there are a variety of different contracts which were not available last year and required inclusion.

The 6100 account has to do with the Auburn Lake Trails (ALT) Zone. There is a salary increase. Staff identified a budgeting error that occurred when data was transferred into the Tyler system. One of the salaries had not been included. Otherwise, costs remain relatively flat in this account.

Member Gorence remarked that the professional services reflected a significant increase. The General Manager shared that there is a rate study and Waste Discharge Requirement (WDR) update included.

There was a committee discussion around the WDR requirements and the future of the District's involvement. The General Manager shared that the initial refusal received from the county was expected. Chairman Miller asked if the county would pay the District to conduct the Wastewater program or will they take it over. The General Manager shared that he doesn't want to be paid to run the program it is preferable for the county to take over. The county is hands-off, they simply utilize their regulations and only get called out if there is a spill. At the moment the District has an escrow process in which staff must go out and give a report and conduct the assessment. In the rest of the county that is a homeowner-to-homeowner agreement in the selling process. The current arrangement has the District in the middle of the escrow process. Chairman Miller inquired as to what happens in other county areas outside of ALT is anybody providing services or charging them, do they maintain their own systems? The General Manager shared that yes others maintain their own systems. The only charges should be for those connected to a Community Discharge System (CDS) system, as that is a maintainable system piece. Liaison MacDonald asked about how this would impact the mounded systems. Mr. Schneider that mounded systems require special permits and the owners do have annual charges for inspections.

The overtime (OT) and standby pay items were reviewed. OT is not a guarantee it is simply used as needed. There will always be some OT to meet the system needs, for instance fixing leaks at night or fires though the goal is to not hit the budgeted number.

There was a committee discussion around the items. Vice Chair Andy Fisher inquired if \$66,000 a year is the amount that covers the District having staff on standby 24 hours a day 7 days a week. It was verified that this was correct during certain seasons there may be more than one staff member on standby. Member Gorence inquired if the District had done a study on utilization. The General Manager shared that will be part of the salary survey. Member Gorence shared that there are alternatives to standby pay such as call-in pay. The General Manager shared that when staff are on call the District is paying an inconvenience fee, as staff must stay close. Liaison Stovall inquired if the OT funds are not used can they be reused, or is it a fixed cost? It was shared that the funds remain with the goal of not exceeding the budgeted amount. Vice Chair Andy Fisher asked how many of these positions are non-classified, management. It was shared that only the Operations Manager, occasionally, the rest are scheduled staff.

Public Comment:

Cherie Carlyon asked if the Operations Manager was paid standby pay as well. It was shared that is a salaried position and most likely not though would need to refer to the contract for verification. She also requested that the Salary Schedule document on the District website be updated to share the Cost-of-Living Adjustments (COLA) percentages as a listed amount. It was shared that this addition can be made to the document.

B. Review of CIP Budget

The General Manager shared that Vice Chair Andy Fisher had made a comment which had stuck with him and been the subject of much thought. Mr. Fisher had inquired after The District's ability to complete the CIP projects with the staff on hand. Mr. Schneider shared this had inspired a need to develop a project priority list. The reason being that when grant money has been outlaid those projects need to take precedence. There is also the need to ensure the necessary work around the district is completed. This is far less than the main portion in the past because several grants are out. The Operations Manager Adam Brown secured Federal Emergency Management Agency (FEMA) funding to address erosion, road slides, and needed dredging work. There is also a submission for grant funding in the amount of \$285,000 for fire remediation work throughout the District.

The FEMA grant requires that The District spend \$240,000 in order to get the \$80,000. The state appropriations decisions happen in October. The federal funding decisions are on hold while the debt ceiling issue is pending. The Hazard Mitigation Program (HMPG) grant could take 6-24 months before word on the decisions is issued. These amounts are included to account for the funds should they be awarded. The District is looking to develop two alternative water sources, Onion, and Otter Creeks. With Onion Creek The District is hoping to get its pre-1914 rights restored. This would help with to avoid rate increases for the residents as this water could be utilized in water transfers.

The General Manager shared that there were some future CIPs included. One being to address the pump to nowhere with the Canyon Creek project. There is a project to install a Hydroelectric operation at Stumpy Meadows and to install an electric leader into Georgetown. This would help the community when the PG&E electricity goes down. This is trying to get extra help for the community as a need has been identified. There are also potential to pursue the Loon Lake water rights for reuse and expanding The District.

Board Discussion:

Liaison Stovall shared that predictions of El Nino for the region leave the potential for the area to be resource-rich. He emphasized that we look at the long range of being water resource-rich and invest for the next generation. It was shared that building additional water supplies may cost in the beginning, but the return on investment (ROI) is great as a valuable commodity. The additional sources can be utilized for water transfers throughout the state and allow for the operation of the Stumpy Meadows Reservoir without restrictions. The District has a unique history and situation regarding water rights in that it can be resource-rich.

The Revenue budget was reviewed. It was shared that staff had utilized Chairman Miller's technique of examining and comparing sets of years when analyzing budgets. The Water sales for fiscal year (FY) 2022-23 were proposed at \$2.2 million. The proposed numbers for this budget are closer to FY 2021-22. The revenue was over budgeted as to what was actually generated last year.

Chairman Fisher asked if 982 residents are no longer paying for septic systems is that loss of revenue. The General Manager shared that yes, that revenue would decrease but the expenses would also be less. There would be an offset.

Public Comment:

Stephen Dowd inquired if the delay in fund awards was because other agencies had requested the funds as well. Mr. Schneider shared that FEMA money is the most expensive money you will ever get. Staff time, initial outlay, and paperwork mean it is a time-consuming endeavor to document everything to procure the funds.

Bonnie Neely inquired about Onion and Otter Creeks; do they flow into The Stumpy Meadows Reservoir? Mr. Schneider shared that one flows into The Stumpy Meadows Reservoir, and one flows into to South fork of the American River. This is a result of The King Fire; containment lines were bulldozed altering the flow into the American River. Ms. Neely also asked if the federal appropriations money had been confirmed. How long would it generally take? Mr. Schneider shared that nothing happens until October 1st, which is when the fiscal year for the federal government begins. The District should know by mid-August if the funds were awarded.

The Operating expenses were reviewed. This is approximately \$700,000 higher than budgeted for last year. Much of this is attributed to salaries and professional services contracts which were not accounted for previously. Mr. Schneider opened the room for questions, receiving none, he shared that this budget continues to be a work in progress.

7. FINANCE COMMITTEE MEMBER COMMITTEE COMMENTS AND REPORTS

Chairman Miller shared that the process this year is better than those experienced previously. He shared that the staff is making great efforts. In the past from a committee standpoint, we were just parked in the audience, and this is much improved in terms of information provided, reviewed, acceptance of the change, and action taken.

Liaison Stovall mentioned the good work in grant acquisition. He made a spreadsheet and looked at grants beginning in FY 2017-18 and there were no grants awarded for four years and then \$119,000 awarded in FY 2021-22. In comparison this year \$3.2 million is potentially being granted. This helps the ratepayers of the District. There is a tangible ROI from the Federal Advocacy lobbying and grant writing. The ratepayers are the big winners.

8. AGENDA ITEMS FOR THE NEXT FINANCE COMMITTEE MEETING

Member Gorenc called back to the discussion surrounding a District tour and also a salary survey. The General Manager shared that the initial salary survey received was a bit high and needed additional work. He shared that there is a potential plan to rent a van and take a tour.

9. NEXT MEETING DATE AND ADJOURNMENT –The Finance Committee set the last Thursday of each month at 3:30 PM for regular committee meetings.

Vice Chairman Andy Fisher motioned to adjourn the meeting. William Gorence Jr. seconded the motion. The motion passed by acclamation. The meeting adjourned at 5:40 PM.

Nicholas Schneider, General Manager

Date

Attachments:

- 1) Public Comment Cherie Carlyon

GDPUD Board Meeting
Tuesday, May 16, 2023
Public Comments by Cherie Carlyon

Resubmitted GDPUD
at the Finance
Committee
meeting
5-25-2023

Item 8A—FY 23-24 Budget review

A one million dollar increase in District expenses is outrageous. The GM Schneider's proposed budget in February was \$700,000, then in April it was \$1,100,000 million and now it is \$1,000,000 over last year's budget.

This feels like a bait and switch technique used by a typical used car salesman. This board's main duty to the rate payers is the financial health of the District. Since February 14, the GM Schneider has presented 3 different proposed budgets to this board and once to the Finance committee which included large increases each time and not one board member or committee member questioned the budget increases.

This budget doesn't have a consolidated expense section that would show a total of each department's expenses. Last year the budget included this section. The layout of this budget is very difficult to read compared to the past budgets, especially with Department 5600.

This budget shows \$835,308 less in revenue than the approved FY 22/23 budget. Why is that? Part of the decrease is from the continuing loss of irrigation revenue which is \$162,000 less than FY 21/22, but that still leaves \$770,308 deficit. \$770,308 less in revenue and the proposed budget is a million dollars more?

The salary chart shows proposed total salaries of \$2,025,692.59, which is 14% higher than the current approved budget. Social Security recipients received 8.7%. The salary chart neglects to show us the additional employee taxes and benefits, which are probably an additional \$2,000,000. Why are we not receiving this information, like we have received in the previous year's budgets?

Why has the Unfunded CalPERS liability for Dept 5600 gone from \$190,000 to a proposed \$296,000?

The FY 22/23 project column on the Revenue Budget page appears to be incomplete with the total of only \$548,846.

Dept. 5600 detail section Durable Goods/Rentals shows \$2000 and the proposed budget shows \$1000.

The Power Point was added yesterday to the district website meeting page and the public was not notified of the addition. The public should get an email notification when anything is added or revised concerning the meeting documents. El dorado county follows this procedure very exactly.

The 2018 rate increase brought in about \$1,500,000 in new revenue and increase rates dramatically. What will a \$1,000,000 increase in expenses do to the rates when a new rate study is completed.

Those who are too trusting are the ones most likely to be bitten if they have not done their responsibility and exercised due diligence.

