

**MINUTES
REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**

6425 Main Street,
Georgetown, California 95634

**THURSDAY, APRIL 4, 2024
2:00 P. M.**

BOARD OF DIRECTORS

Mitch MacDonald, President
Donna Seaman, Vice President Mike Thornbrough, Treasurer
Michael Saunders, Director Robert Stovall, Director

PRESENTING STAFF

Nicholas Schneider, General Manager Jessica Buckle, Office/Finance Manager
Adam Brown, Operations Manager Alexis Elliott, Water Resource Manager
Frank Splendorio, Legal Counsel

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.

A full record of this meeting is available on the District channel:

<https://youtube.com/live/9AH1TtyXPgg>

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

President MacDonald called the meeting to order at 2:03 p.m.

Roll Call:

Present: Saunders, Stovall, Seaman, Thornbrough, and MacDonald

Absent: None

Director Saunders led the Pledge of Allegiance.

2. ADOPTION OF AGENDA

Public Comment:

No comments were received.

Director Saunders motioned to adopt the agenda. Director Stovall seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, Stovall, Thornbrough, Seaman, and MacDonald

Nays: None

The motion passed **unanimously.**

3. PUBLIC FORUM

David Jordan
Cherie Carlyon

4. CONSENT CALENDAR

A. Approval of Minutes

- March 7, 2024 Regular Meeting
- March 7, 2024 Special Meeting
- March 13, 2024 Special Meeting

B. Consider MOU Approval of District Participation in the Georgetown Divide Rotary Fishing Derby

C. Consider Approval of Update to District Investment Policy

D. Consider Update to District Surplus List

E. Consider Applications for Irrigation Season

F. Consider Adoption of Policy 4105 Filing of Vacancies on the Board

Public Comment:

No comments were received.

Director Stovall requested items 4.C. and 4. E. be pulled for discussion.

Director Thornbrough motioned to approve the consent calendar items A, B, D, and F. Director Stovall seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, Stovall, Thornbrough, Seaman, and MacDonald

Nays: None

The motion passed **unanimously**.

4. C. Investment Policy

The discussion involved an examination of the safekeeping provisions and third-party custodian designations as written currently these fall under the Board Treasurer's purview. There was a proposal that the policy language be amended to reflect safekeeping as a responsibility held by the entire Board of Directors. It was determined that this item should undergo legal review and return to the Board once the Treasurer's fiduciary duties have been investigated and corresponding government codes and laws reviewed with the potential to update the policy at a later meeting.

Director Stovall motioned to approve the current amendments/adjustments and bring back the policy for further review of the Treasurer and Board responsibilities at a later meeting. Director Saunders seconded the motion with direction to staff to bring the policy back before the Board of Directors for review at a future meeting.

4. E. Consider Irrigation Applications

Board Discussion involved the examination of language in the staff report which stated that irrigation water deliveries will begin on May 1st. The Board of Directors had yet to determine a season start date. Director Saunders provided staff direction for language utilization of a time frame range in the staff report item in future years to provide for the Board of Directors' determination of season dates.

Public Comment:

Ben Scott
Steven Dowd

Director Stovall motioned to approve the applications for the 2024 irrigation season. Director Thornbrough seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, Stovall, Thornbrough, Seaman, and MacDonald

Nays: None

The motion passed **unanimously**.

5. OFFICE/FINANCE MANAGER'S REPORT

- Fiscal Year 2024-25 Budget Review Presentation

Office Finance Manager Jessica Buckle fielded Board and public inquiries regarding the financial reports. General Manager Nicholas Schneider delivered the Fiscal Year 2024-25 Operating Budget proposal presentation.

Public Comment:

Cherie Carlyon

Steve Dowd

6. INFORMATIONAL ITEMS

A. Board Reports

Director Stovall shared his appreciation for the quality of the participation and inquiries posed by the members of the Finance Committee.

Director Seaman participated in her role as Liaison with the Irrigation Committee.

President MacDonald will be attending the approaching JPIA/ACWA conference.

Director Saunders discussed the approaching ACWA meeting which will review support decisions regarding legislation. The Director will provide those determinations for District review once established.

Public Comment:

Steve Dowd

B. Legislative Liaison Report

Director Saunders reiterated his intent to present established ACWA recommendations to the Board at a future meeting.

C. Operation Manager's Report

- Monthly Water Demand Assessment

Operations Manager Adam Brown delivered his report. Stumpy Meadows Reservoir is at full capacity. Production numbers are on average for this time of year. District sampling met all requirements. Work accomplished over the past month was reviewed.

D. Water Resources Manager's Report

Water Resource Manager Alexis Elliott reviewed her report. There were 5 routine inspections and 7 escrow inspections. A ten-year review of spills has been completed.

E. General Manager's Report

- Federal Appropriations Update
- State Appropriations Update
- Emrgy Letter of Intent
- CSDA District Awards

The General Manager Nicholas Schnieder delivered his report reviewing highlights. Federal Appropriations requests were submitted to Senators Padilla, Kiely, and Buttler requesting a hydroelectric facility at the Edson Dam for \$5,000,000. A State appropriations request was submitted for the Onion Creek diversion restoration project. Emergy is a company specializing in waterwheels for energy generation, a letter of intent was signed to begin project assessment utilizing wheels in District ditches.

Public Comment:

Steven Dowd

Recess was taken from 3:05-3:09 p.m. due to internet signal loss.

7. COMMITTEES

A. Irrigation Committee – Ray Griffiths, Chairman – Next Meeting April 16, 2024

- **Board Liaisons:** Directors Seaman and Thornbrough

Director Seaman updated the Board on regarding the March committee meeting. Information dispersal options to reduce District costs and staff direction to utilize a zoned approach in communications was given. The Committee recommended an irrigation season start of May 15th and end date of October 15th.

B. Finance Committee – Andy Fisher, Chairman - Next Meeting April 25, 2024

- **Board Liaisons:** Directors MacDonald and Stovall

Director Stovall shared the impressive, professional, and hardworking commitment of the committee members. They serve as an asset to both the Board and District. President MacDonald shared that members provide screening and clarification of information, assisting the Board in attaining elevated information and recommendations.

Public Comment:

Steven Dowd

C. Ad-Hoc Committee for Policy Manual – Meetings Held as Necessary

- **Board Liaisons:** Directors Saunders, Seaman

Director Saunders shared the committee will be taking a break soon and is finishing policies which are in progress before their recess.

D. Ad-Hoc Grant Writing Committee – Next Meeting June 5, 2024

- **Board Liaisons:** Directors Saunders and Stovall

The committee has not met and there is no update available.

E. AD-Hoc Labor Negotiations Committee- Meetings Held as Necessary

- **Board Liaisons:** Directors Thornbrough and MacDonald

The committee is working intermittently. No meetings are scheduled.

Public Comment:

No comments were received.

8. ACTION ITEMS

A. Consider Analysis of Cost of Lab Services

General Manager Nicholas Schneider introduced the item. This was A director requested agenda item. Available labs were solicited for bids within a 50-mile radius of the District. Three responses were received. California Lab Services (CLS) was

the closest and lowest bidder. The test performed most often by the District (Bac-T) was bid lowest by CLS. Staff recommends utilizing CLS labs moving forward. Operations Manager Adam Brown added that CLS and the District have a positive working relationship.

Public Comment:

Cherie Carlyon

Director Seaman motioned to maintain working with California Lab Services (CLS). Director Thornbrough seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, Stovall, Thornbrough, Seaman, and MacDonald

Nays: None

The motion passed **unanimously**.

B. Consider Approval of Extension of Professional Services Agreement with ECORP in an amount not to exceed \$225,000.

General Manager Nicholas Schneider Introduced the item. This is necessary to cover additional task work for grant associated projects. This was previously budgeted for under the CIP projects and requires Board authorization.

Public Comment:

Cherie Carlyon

Director Seaman motioned to authorize the General Manager to execute an amended Professional Services Agreement with ECORP in an amount not to exceed \$225,000. Director Stovall seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, Stovall, Thornbrough, Seaman, and MacDonald

Nays: None

The motion passed **unanimously**.

C. Consider Adoption of 2024 Water Year Declaration and Projections

Nicholas Schneider introduced the item. A normal water season with no restrictions is the current District assessment. Historically irrigation season has start has occurred on May 1st. Last season saw a June 1st start date. Public comments and the irrigation committee recommendations have been taken into consideration. The Irrigation Committee recommends a May 15th start date.

Public Comment:

No comments were received.

Director Thornborough motioned to approve a May 15th Irrigation Season start date with an October 15th end for the 2024 irrigation season. Director Saunders seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, Stovall, Thornbrough, Seaman, and MacDonald

Nays: None

The motion passed **unanimously**.

D. Consider Approval of Professional Services Agreement with Western Hydraulics in amount not to Exceed \$172,000.

General Manager Nicholas Schneider introduced the item. Western hydraulics is a company with which the District has worked over many years. This contract extension is recommended as the company holds knowledge and understanding of the District infrastructure and water system. Operations Manager Adam Brown shared that Western Hydraulics has been performing the water rights reporting and gaging for several years. They are able to perform tasks in adverse weather conditions all reports submitted to the State have been accurate and they bring value with their knowledge of District operations.

Public Comment:

Steven Dowd

Director Saunders motioned to authorize the General Manager to execute an amended Professional Services Agreement with Western Hydraulics in an amount not to exceed \$172,000. Director Stovall seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, Stovall, Thornbrough, Seaman, and MacDonald

Nays: None

The motion passed **unanimously**.

E. Consider Authorizing Professional Services Agreement with Bennett Engineering for Upper Canal utilizing USDA Grant Award in an Amount not to Exceed \$795,000.

General Manager Schneider and Operations Manager Adam Brown presented the Bennett Engineering proposal. This will allow the District to be shovel ready in the fall for projects related to the USDA grant awards. This is an important piece to move forward regarding projects to meet grant requirements and address deficiencies in the District. Dave Harden the District Engineer answered inquiries. Bennett Engineering employs a tank expert which is needed for the Federal Appropriations awarded project.

Public Comment:

Cherie Carlyon

Director Saunders motioned to authorize the General Manager to execute a Professional Services Agreement with Bennett Engineering in an amount not to exceed \$675,000. Director Thornbrough seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, Stovall, Thornbrough, Seaman, and MacDonald

Nays: None

The motion passed **unanimously**.

F. Consider Amendment to Professional Services Agreement with LSL in an Amount not to Exceed \$160,000.

General Manger Nicholas Schneider shared that LSL serves as the District CPA and works to ensure accounts and amounts are correct. The change in contract is due to the fact that the previous service contract covered a six month period starting at the end of 2022. LSL has rebid for a 12-month contract. This is to rectify and clarify the original contract. Office Finance Manager Jessica Buckle assisted with background and answers regarding the request. This item is to fix the July 2022 oversight and continue services.

Public Comment:

Cherie Carlyon

Director Saunders motioned to authorize the General Manager to execute a Professional Services Agreement with LSL in an amount not to exceed \$160,000. Director Thornbrough seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, Stovall, Thornbrough, Seaman, and MacDonald

Nays: None

The motion passed **unanimously**.

G. Consider Adoption of Amended Policy 2225 Financial Reserve

General Manager Nicholas Schneider shared that this is an amended policy which codifies the reserve amount to guarantee the District is liquid at all times ensuring uninterrupted operations.

Director Stovall motioned to adopt amended Policy 2225 Financial Reserve.

Director Saunders seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, Stovall, Thornbrough, Seaman, and MacDonald

Nays: None

The motion passed **unanimously**.

H. Consider Adoption of Memorandum of Understanding (MOU) with the International Union of Operating Engineers, Stationary Engineers Local 39

General Manger Nicholas Schneider shared that this is to adopt the MOU with Local 39. Financial calculations are included in the staff report to illustrate impacts to the District. Staff recommends that the Board of Directors adopt the MOU.

Public Comment:

Steven Dowd

Cherie Carlyon

Director Stovall motioned to adopt the of Memorandum of Understanding (MOU) with the International Union of Operating Engineers, Stationary Engineers Local 39. Director Saunders seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, and Stovall,

Nays: Thornbrough, Seaman and MacDonald

The motion **failed**.

I. Consider Nomination of President MacDonald to the California Water Insurance Fund (CWIF) Board of Directors

General Manager Nicholas Schneider introduced the benefits of this representation for the District. This item is contingent upon three support nominations from other agencies. Director Sanders shared that President MacDonald is knowledgeable of the insurance and fund.

Public Comment:

No public comments were received.

Director Saunders motioned to nominate President MacDonald to the California

Water Insurance Fund (CWIF) Board of Directors. Director Stovall seconded the motion.

President MacDonald called for the vote:

Ayes: Saunders, Stovall, Thornbrough, Seaman, and MacDonald

Nays: None

The motion passed **unanimously**.

Public Comment for Closed Session:

Cherie Carlyon

Steven Dowd

President MacDonald Adjourned the meeting to a closed session at 5:22 p.m.

9. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION (Gov. Code § 54956.9(d)(1))

Name of Case: GDPUD v. PG&E

B. CONFERENCE WITH LABOR NEGOTIATORS (Gov. Code § 54957.6)

Agency Designated Representative: General Manager Schneider

Employee Organizations: Local 1

C. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Significant exposure to litigation (Gov. Code § 54956.9(d)(2)): 1 case

President MacDonald adjourned the Closed Session and transitioned the meeting to an open session at 6:27 p.m. There was no report out of the Closed Session delivered.

10. BOARD MEMBER REQUESTS FOR ADDITIONS TO FUTURE MEETING AGENDAS

A. Opportunity for Board members to discuss and provide input for future meetings.

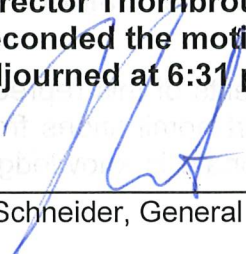
Director Seaman requested a report regarding I&I into the CDS leach field and develop recommendations to reduce the I&I. The Director also requested a report of proposed action numbers regarding CDS pumping high flows into the leach field.

President MacDonald requested an expedited Proposition 218 process.

11. NEXT MEETING DATE AND ADJOURNMENT

A. The next Regular Meeting will be May 2, 2024, at 2:00 PM., at the Georgetown Divide Public Utility District, 6425 Main Street, Georgetown, California 95634.

Director Thornbrough motioned to adjourn the meeting. Director Saunders seconded the motion. The motion passed by acclamation. The meeting was adjourned at 6:31 p.m.



Nicholas Schneider, General Manager



Date

Attachment:

Statement of Director Thornbrough

Statement by
Mike Thornbrough
April 4 2024

The following is my opinion which is the basis for the position I am going to take with this Agenda Item and this MOU. I apologize for having to read this prepared statement to all of you but I'm old and this will help keep my train of thought more focused and the time it takes a lot shorter.

First of all, this MOU is only one of two MOUs that we are currently negotiating. The costs stated for this MOU is for Local 39 only and does not include the costs for Local 1, which is currently intended to be presented to all of you later.

Secondly, as most of us know, several decades ago the Voters in our State passed Proposition 218. Prop 218 is currently State Law and it comes with requirements that must be followed by any Agency, such as our Water District, before a Rate Increase can be implemented. One of the requirements is that our District must disclose to the Public what the revenue from the Rate Increase will be used for, and the District cannot use that revenue for something other than what was disclosed to the Public. And the main benefit of Prop 218 is that the Rate Payers, or more accurately, our Customers, can protest, and actually refuse, a Rate Increase if they don't agree with what the Rate Increase revenue is going to be used for, hence the disclosure requirement.

The main focus of the last Prop 218 Rate Increase, implemented in 2018, that was very strongly emphasized, was the lack of funds to maintain, repair, or replace the District's aging infrastructure, including vehicles and supporting equipment. Also, the Board stated that because our Rates had not been raised for a long time, Costs of Service had risen to the point of jeopardizing continued operation of the District.

However, during the process of that 218, and the many obvious irregularities that were observed, many concerns were expressed by many Customers, and in fact so many Customers protested the Rate Increase that it came very very close to being defeated. Almost half of all the Customers of our Water District protested that increase! But it survived and was implemented

Now, though I have a couple of issues with this particular MOU, the main issue I have is that it is not proposed to be funded in a manner that I consider to be legal under Prop 218. In fact, at the very least, it doesn't even follow Prop 218's purpose and intent of providing a binding choice for the Customers of whether or not their Water Rates should be used for this increased compensation package and here's why.

The amount of any Rate Increase is determined by calculating the actual Cost of Service, which includes employee compensation increases per the current MOUs and projected increases should an existing MOU expire during the 5-year term of a Prop 218 Rate Increase. This MOU is way above and beyond any previous projections and is at a level that should be part of a disclosure

made for use of revenue for any Prop 218 Rate Increase. And since it was not figured in, or disclosed to the Customers, under the last Rate Increase, revenue from that Rate Increase cannot be used to fund either of these new MOUs.

The goals, stated to the Public by the Board at the time, for the 2018 Rate Increase were to cover Cost of Service and to put one million dollars per year into Capital Improvement Projects, or CIP. At the end of the first year of the Rate Increase, the annual audit showed that we way exceeded having the ability to accomplish those goals. So much so that the Board at the time surprisingly chose to freeze the next years scheduled Rate Increase since it was not needed to continue achieving the stated goals of the Rate Increase. The next years audit showed the same results, so the next scheduled annual Rate Increase was also frozen. I believe it was the next year that there was a delay in receiving the annual audit. So, the Board decided to issue a temporary 6 month freeze on the annual increase pending the receipt of the audit. When the audit continued to be delayed the temporary freeze lapsed and the Rates were increased by 5% for Treated Water Customers. And once the audit was finally received, annual rate increases were once again frozen. So, during the duration of the 5-year Prop 218 increase schedule, rates only went up a total of 5% above the initial increase instead of the 20% planned.

My point being, the costs incurred for both of these MOUs, which is very significant, was not calculated, or projected, or disclosed as part of the Cost of Service used as justification for the last Rate Increase and therefore none of the revenue proceeds from that Rate Increase can be used to fund either of the two new MOUs no matter how much revenue we've received. And to do so would not only require diverting and utilizing funds that were previously designated to be put towards CIP, but more importantly it will intentionally circumvent our Customer's right, under the law, to agree or disagree with this use of their funding.

As pretty much everyone knows, costs for everything has climbed an insane amount during the past few years. So naturally our Cost of Service has also, and continues to, climb. So we are currently working on another Prop 218 Rate Increase, which is a continuing process that occurs every 5 years in pretty much all water districts, and is unfortunately now a "way of life". It is my position that due to the significant cost of both these MOUs, they should be part of the upcoming Prop 218, and fully disclosed as such, therefore properly, and legally, allowing all Customers to exercise their right, under State Law, to weigh in on this use of their funding.

Now, since I was elected to this "Seat", a few of my so-called friends have insulted me by calling me a Politian. I am not, nor will I ever be, a Politician in that unlike typical politicians I mean everything I say during my election campaign. And I will always adhere to the statements and promises I made during my campaign! During my campaign I promised that I would ensure our Board operates with total honesty, integrity, accountability, and especially transparency. Contrary to what I have witnessed from our past Boards, our current Board is actually doing all of that. In fact, I'm actually proud to be part of this Board and very pleased with the performance and attitude of every member of our current Board. Though occasionally we may "butt heads" with varying opinions, that's the way it should be and actually needs to be. And this just might be another one of those times.

Every single one of us, affiliated with our Water District, including every single employee, every manager, and every Board Member, has a job to do. And right now, by taking the position I am, I am not only doing the job I was elected by our community to do, but also I'm doing the job my required training, which came directly from our State's FPPC, says each of our Board Members must do!

The bottom line is that this MOU, as well as the other MOU, must be included, and disclosed, as part of the upcoming Prop 218 Rate Increase, and pass, before we can consider approving either of the new MOUs. These MOUs represent a significant benefit to all of our employees and as such I would think there shouldn't be any objection to doing it properly and "by the book" and simply waiting for a few months for these MOUs to be approved. And I haven't heard one single legitimate reason why this MOU has to be approved today.

And further more, I think that both MOUs should be approved at the same time so the Board, our Customers, and the Public will know the total cost for these compensation increases for all employees in the District.

All of this being said, my position with this Agenda Item is that I will not support approving this MOU at this time. I am however open to agreeing to both MOUs being contingent on the passage and implementation of this next Prop 218 Rate Increase. And in the event that successful implementation of this next Rate Increase occurs beyond July 1, 2024 I would further be open to making all provisions in the MOUs retroactive to July 1, 2024

And finally, I sincerely hope that every other Board Member here will also do their job, for which they were elected to do, and required to do, and to two particular members here I hope you also fulfil your similar campaign promises that I have personally witnessed you making.

Thank you for your time.