

CONFORMED AGENDA

REGULAR MEETING

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

TUESDAY, JULY 12, 2016
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
 - Insure fiscal responsibility and accountability are observed by balancing immediate and long term needs
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1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

The meeting was called to order at 2:00 PM. Directors present: Capraun, Hanschild, Hoelscher, Krizl, Uso. Staff present: General Manager Wendell Wall, Operations Manager Darrell Creeks, Meeting Recorder Gloria Omania. Legal Counsel: Barbara Brenner of Churchwell White.

2. ADOPTION OF AGENDA – Board action to adopt Agenda.

Motion by Director Capraun to adopt the Agenda; second by Director Hanschild.

Public Comment: None.

Vote: Passed unanimously.

3. PUBLIC FORUM – Any member of the public may address the Board on any matter within the jurisdictional authority of the District. Public members desiring to provide comments must be recognized by the Board President, and speak from the podium. Comments must be directed only to the Board. The public should address the Board members during the public meetings as President, Vice President, or Director followed by the Board member's individual last name. The Board will hear communications on matters not on the agenda, but no action will be taken.

No disruptive conduct shall be permitted at any Board meeting. Persistence in disruptive conduct shall be grounds for summary termination, by the President, of that person's privilege of address.

There was no public comment.

4. APPROVAL OF CONSENT CALENDAR – Board Action to approve the Consent Calendar.

These items are expected to be routine and non-controversial. Action by the Board will be taken at one time without discussion. A Board member may request an item be removed from the Consent Calendar for discussion and possible action. Any member of the public may ask to address an item on the Consent Calendar prior to Board action.

Director Capraun requested that all items be pulled from the Consent Calendar and action taken on each individually.

A. APPROVE MINUTES – SPECIAL MEETING OF MAY 31, 2016.

Motion by Director Uso to approve the minutes; second by Director Hanschild.

Public Comment: None.

Vote: Passed unanimously.

- B. QUARTERLY FINANCIALS** – Historically, the District financial reports have been presented to the Board of Directors on a quarterly basis. This practice changed two years ago, and staff has been presenting all the financial reports each month since that time. At a recent Board meeting, it was suggested by a Board Member that some of the financials could be reported on a quarterly basis.

With the Board's agreement, the following reports would be presented on a quarterly basis: Statement of Cash and Investments, Revenue and Expense Summaries for Operations and the Zone, and the Balance Sheet. Staff would continue to present the Accounts Payable (Early and Final Pays), and the Cash Disbursements on a monthly basis.

Director Capraun stated that she felt it would be in the best interest of the public to continue with monthly reporting.

Motion by Director Hoelscher to not accept staff's recommendation and to continue monthly financial reporting without any change; second by Director Capraun.

GM Wall stated that there have been several different conversations about this item and there seemed to be an understanding that monthly reporting of Accounts Payable and Cash Disbursements is required by law, but the other reports are not required to be provided monthly.

Director Krizl indicated that, aside from Accounts Payable reports, he was inclined to support quarterly reporting, because the minimal benefit of seeing monthly reports is not worth the cost of producing them.

Public Comment: Ray Kringel stated that as a member of the Finance Committee he found it useful to have monthly reporting and felt it would be helpful in managing the budget.

Vote: Failed.

Ayes: Directors Capraun and Hoelscher.

Noes: Directors Hanschild, Krizl and Uso.

- C. UPDATE 2011 COST OF SERVICES REPORT – CONTRACT WITH DENNIS GOODENOW** – The need for the District to identify the costs associated with providing service for both treated and raw water customers has been discussed at recent Board meetings. Staff has limited resources to update the 2011 report. Dennis Goodenow has agreed to update the report, at a cost not to exceed \$2,500. His knowledge of the subject matter and approach to providing possible updates were well displayed in his presentation at the June 14, 2016 Board meeting.

GM Wall presented the staff report. There was some discussion regarding bringing in Rural Community Assistance Corporation (RCAC) to update the 2011 report versus having staff – or the Finance Committee assisted by staff – update the report.

Director Krizl said that if going with RCAC translates into a very lengthy process and further delays, he would be much more inclined to support a study done internally.

After ascertaining from Legal Counsel that a motion was not necessary, the Board directed staff to work with the Finance Committee to update the 2011 Cost of Services Report, and to contact RCAC to determine what role, if any, they might be willing to play in this process.

- D. REVIEW OF DISTRICT’S CONFLICT OF INTEREST CODE FOR 2016** – Every other year, the County Recorder-Clerk-Registrar of Voters requests that the District review its Conflict of Interest Code and amend the Code, if needed. Staff has reviewed the 2016 Biennial Notice sent by El Dorado County Recorder Office and found that no revision to the District’s Code is necessary.

GM Wall presented the staff report, noting that no revision to the District’s Code is necessary.

Motion by Director Capraun to approve the District’s Conflict of Interest Code for 2016. Second by Director Hoelscher.

Public Comment: None.

Vote: Passed unanimously.

- E. CONTRACT AGREEMENT WITH CAL.NET – TOWER AND USE AGREEMENT** – The District received a request from Cal.net, an Internet and phone provider, to allow the placement of an antenna tower at the Angel Camp water storage tank site of Auburn Lake Trails. Staff is requesting Board approval to draft a contract with Cal.net for the placement and use of an antenna tower at the water storage tank site.

Mark Hurd, a Cal.net representative, provided information and answered questions. Cal.net has received a grant to provide Internet services to the unserved areas of the county and is requesting approval to install an antenna tower at the water storage tank site.

Director Uso, with the other Board members nodding in agreement, stated, “Of course we are going to support something that will benefit the community” and provide some revenue for the District.

The Board then directed staff to work with Legal Counsel and Cal.net on a contract for the Board’s review and action at the next Board meeting.

5. FINANCIAL REPORTS

- A.** Accounts Payable for July 2016, and Disbursements for May 2016
- B.** Revenue and Expense Summary for May 2016
- C.** Balance Sheet for May 2016
- D.** Cash and Investment Reports for May 2016

E. ALT Zone and CDS Summary for May 2016

GM Wall presented the reports. There was some discussion regarding reimbursements for conferences, in particular, the ACWA conference.

Director Krizl stated if the Board wanted to set up guidelines for conferences, that can be brought up at another time.

Continuing with the Financial Reports, GM Wall indicated that the District was at 92% of the budget at the end of the fiscal year with 99.58% of the revenues already received.

Director Hoelscher noted that the amount in the reserves for the Zone is excessive and the customers should benefit from this. There was agreement that the Board needs to deal with this, and that it should be part of the Cost of Services study of the whole system.

Motion by Director Uso to accept and file the Financial Reports; second by Director Hoelscher.

Public Comment: None.

Vote: Passed.

Ayes: Directors Hanschild, Hoelscher, Krizl and Uso.

Abstain: Director Capraun.

6. PRESIDENT'S REPORT

Director Krizl shared his experience during a recent boat trip to the upper end of the lake and his amazement at the increase in the amount of water coming in now that the trees are gone. He was pleased to see that the lake looks good, adding that water clarity is fantastic.

He brought up the matter of the SMUD payments and the need to discuss what should be done with these funds. He pointed out that this presents a tremendous opportunity to consider projects to fund with the payments of \$90K or more per year, and how it can be leveraged. He added that it is good that these funds are in a separate account that is being tracked separately.

After others weighed in, the Board directed staff to come back with suggestions on how to leverage these payments and to develop a list of projects that could be funded by these payments.

7. BOARD REPORTS

Director Hanschild commented that he agreed with the suggestion that the new meter program be considered for funding with SMUD payments.

Director Uso reported that he attended the Mountain Counties water meeting where he met a gentleman who provided him with valuable information regarding well systems. He indicated that he set up a meeting outside of the GDPUD to share this information with the public. He said that he emphasized at the meeting that the District has nothing to do with wells. Director Uso reported that the meeting focused on ways neighbors could work together cooperatively, and ways to monitor their well's performance to ensure they know the most efficient and effective ways to use their well. The meeting was attended by around 40 people.

He also added that he hoped staff would come back with replacing meters as one capital improvement project for the SMUD payments.

There were no other reports from Board members.

8. OPERATIONS MANAGER'S REPORT

Operations Manager Darrell Creeks reported on the Trailhead fire and described how staff is working with CalFire and the US Forest Service. CalFire staff contacted the District about installing meters to keep track of its water usage to fight the fire, offering to pay the District for approximately 100,000 cubic feet of water used thus far. CalFire staff also kept track of water pulled from the lake and will pay the District for that usage as well.

Mr. Creeks reported that he received a call from the California Rural Fire Association offering to help the District in any way with issues resulting from the fire. George Sanders commented that it is important for the community to know that these entities are being cooperative and paying for the demands they're placing on the District's system, adding that this is all very positive.

Mr. Creeks went on to inform the Board that there was a flume failure over the weekend. The crew repaired it, but it needs to be completely replaced this fall with steel beams. The Board discussed the need to look at replacing all wooden flumes with metal flumes and to include this as part of the Capital Improvement Plan.

9. GENERAL MANAGER'S REPORT

GM Wall presented the General Manager's Report noting the following:

Three permanent positions have now been filled for Administrative Aide I (Christina Cross), Maintenance Worker I (Eric Tyler), and Office Manager (Diane Schroeder). Gloria Omania, an extra help employee through Blue Ribbon, continues to provide assistance, filling the vacancy that will be left by Diana Michaelson.

The District is currently under contract with the consulting firm of EN2 to perform the environmental permitting and design. District staff continues to work with EN2 on the project.

The El Dorado County Water Agency Board approved funding for two GDPUD projects consisting of a 50% reimbursement through the El Dorado County Water Agency's Cost Sharing Program.

The current Personnel Policy was last updated in 2000. Counsel has assisted the District in the review of the current policy and has recommended a series of updates. Staff is currently working on incorporating these updates.

10. FINANCE COMMITTEE REPORT

Mr. Goodenow reported on the regular Finance Committee meeting of June 21, 2016 on behalf of Committee Chair Rick Gillespie. The committee focused on the Operations Budget and the Board's request to update the Cost of Service Study.

Mr. Goodenow indicated that Mr. Sanders attended as a member of the public. Mr. Sanders alerted the Finance Committee about the need for revolving funds to handle the cash flow related to the ALT

Project in that vendors will want to be paid before loan funds from the State become available. Mr. Goodenow stated that the accounting of this process should be fairly simple and transparent.

The Finance Committee gave final suggestions to staff pertinent to the Operations Budget, adding that some Board members were uncomfortable about not receiving the budget last month. Staff turnover complicated the delivery of the budget on time.

Mr. Goodenow reported that the Finance Committee members were under the impression that the Board had directed staff to update the 2011 Cost of Service report, with the Finance Committee playing an advisory role. However, none of the committee members felt they had the time to make this commitment. They felt they could best help the District by reviewing the staff proposal and providing feedback.

Director Uso stated that the revolving fund for the ALT project would likely come from one or more of the District's reserves. He suggested that it would be a good idea to consider which account would be most appropriate to borrow from. Legal Counsel Brenner commented that this would need to be documented and transparent.

Mr. Goodenow continued his report by stating that Ray Gillespie's two-year term is expiring, but he has agreed to make himself available to some degree until the position can be filled. The Board acknowledged Mr. Gillespie for his hard work on the committee. The General Manager reported that staff recently advertised for the open positions on the Finance Committee, but has not received any applications at this point.

11. FISCAL YEAR 2016-17 OPERATING BUDGET

- A. Discussion** – District staff, working with the Finance Committee, has developed a proposed Fiscal Year 2016-17 Operating Budget. The Budget outlines the past year's accomplishments and describes some of the challenges faced in recent years.

GM Wall presented the Operations Budget. There was some discussion.

GM Wall referenced an Operations Budget workshop conducted by the District's former office manager, noting that information from that workshop was used for updating the Operations Budget being presented to the Board.

- B. Possible Board Action** – Staff recommends the Board of Directors approve and adopt the Fiscal Year 2016-2017 Operating Budget.

Motion by Director Uso to approve the Operations Budget as a spending plan; second by Director Hanschild.

Public Comment: *Director Capraun stated that she has no confidence in the Budget.*

Mr. Goodenow asked the Board to keep in mind that the Budget is a spending plan that authorizes the District to keep the operation going.

Director Uso stated that the District needs to put together a "real world" report that accurately shows, in an understandable manner, the actual financial status of the District so the public is not misguided in any way.

Kevin McLaron called the Board's attention to the recent District newsletter that contained a graphic and narrative showing the District's budget.

Vote: Passed.

Ayes: Directors Hanschild, Hoelscher, Krizl and Uso.

No: Director Capraun.

12. ORDINANCE 2016-02 – REDUCTION OF WATER CONNECTION FEE FOR SECOND SERVICE

A. Discussion – This is the second reading of **Ordinance 2016-02** amending Article 5 of Ordinance 07-01 to allow for the reduction of the water connection fee for a second service on a residential parcel to 50% of the value of the connection fee charged for connecting to the District’s treated water system.

B. Possible Board Action – Staff recommends the Board of Directors adopt **Ordinance 2016-02** setting the connection fee for the second 5/8-3/4 meter at 50% of the current rate.

Motion by Director Capraun to wave reading the full text of Ordinance 2016-02; second by Director Uso.

Public Comment: None.

Vote: Passed unanimously.

Project Manager George Sanders read a summary of the Ordinance.

Motion by Director Uso to adopt Ordinance 2016-02; second by Director Hoelscher.

Public Comment: Ray Kringel commented that the provisions of this Ordinance are profitable from a business point of view.

Vote: Passed unanimously.

13. ORDINANCE 2016-03 - DIRECT CHARGES – FEES AND ASSESSMENTS FOR FY 2016-17

A. Discussion – Annually, the District brings an ordinance and related documents required by the County to place District-related charges on the County’s secured property tax bills. **Ordinance 2016-03** is to lien the property of customers with delinquent balances as of June 30, 2016 and to place the annual charges for the District’s assessment districts.

General Manager Wall presented this item as required annually by the County.

B. Possible Board Action – Staff recommends the Board of Directors adopt **Ordinance 2016-03** authorizing the General Manager or his designee to execute any documents needed by the County for the direct charges for each of the assessment districts and the unpaid balance charges.

Motion by Director Hoelscher to adopt Ordinance 2016-03 as recommended by staff; second by Director Hoelscher.

Public Comment: None.

Vote: Passed unanimously.

14. ALT TREATMENT PLANT UPDATE

A. Discussion – Recap and extension of prior month report on progress towards plant replacement.

Project Manager George Sanders provided a brief summary of his report, and then focused his presentation on the Installment Sales Agreement. He indicated that his goal is to move forward with the contract in August. He expressed his appreciation that Legal Counsel is willing to work with him to achieve this goal.

Mr. Sanders stated that the District needs to have a reserve account that is equal to one year of the loan payments in order to finalize the agreement. Mr. Sanders strongly encouraged the Board, based on the recent progress made, to consider collecting the Prop 218 supplemental charge for operating capital.

Mr. Sanders described the timeframe for awarding the contract and said that the State will have to approve the award of the contract before he is able to bring it to the Board of Directors for approval.

B. Possible Board Action –

Mr. Sanders asked Ms. Brenner if official Board action was required in order to begin collecting the supplemental charge. Ms. Brenner indicated she would have to review the specific language in the Prop 218 resolution.

The Board directed staff to bring this back to the Board at its next meeting.

Director Krizl commended Mr. Sanders for his excellent work and acknowledged the amount of work ahead to move this project forward. He offered the support of the Board, to which Mr. Sanders expressed his gratitude. Director Krizl also recognized the excellent work of the District's Counsel.

15. BOARD MEMBER AND STAFF 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 Capraun asked that the General Manager's performance review be added to the August agenda.

16. CLOSED SESSION - *The Board adjourned to closed session at 5:06 PM.*

A. CONFERENCE WITH LEGAL COUNSEL – Anticipated Litigation. Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Government Code Section 54956.9 (one potential case).

17. ADJOURN TO OPEN SESSION – Announcement of action taken in closed session.

The Board returned to open session at 5:08 PM.

18. NEXT MEETING DATE AND ADJOURNMENT – The next regular meeting will be August 9, 2016, at 2:00 PM at the Georgetown Divide Public Utility District office.

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Wendell Wall 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 July 8, 2016.

Signed: 
Norman A. Krizl, President

Date: 8-9-16