

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

***Special Notation:***

***Director David Halpin will participate in this meeting from a satellite location via telephone. The Public may participate in all Open Session portions of this meeting from this location. The specifics of his location, while participating in the meeting, are as follows:  
140 Valam Drive, Van Wert, Ohio 45891***

**TUESDAY, JANUARY 8, 2019  
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 2:22 P.M.*

*Directors Present: Cynthia Garcia, David Halpin (via telephone), Michael Saunders, David Souza, Dane Wadle.*

*The Pledge of Allegiance was led by Director Saunders.*

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

**2. ADOPTION OF AGENDA**

***Motion by Director Saunders to adopt the agenda. Second by Director Garcia.***

***Public Comment: There was no public comment.***

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

***Garcia: Aye***

***Halpin: Aye***

***Saunders: Aye***

**Souza:**     **Aye**

**Wadle:**     **Aye**

***The motion 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. Comments shall be limited to three minutes per person, or such other time limit as may be imposed by the President, to enable the Board to complete its agenda within a reasonable timeframe.

*Dennis Smith requested an update on the opportunity that was presented to the Board about 20 years ago regarding the installation of floating toilets at Stumpy Meadows. The General Manager stated that he would have the Operations Manager follow up.*

*Cherie Carlyon spoke regarding the FY 2017-2018 budget and submitted a document to the Board which is included as **Attachment 1** to these minutes.*

*Stephen Dowd commented regarding fire hydrants and fire insurance rates in Auburn Lake Trails. He also commented regarding a comment made by Director Souza at a meeting in Coloma last spring.*

#### **4. PROCLAMATIONS AND PRESENTATIONS**

*There were no proclamations or presentations.*

- 5. CONSENT CALENDAR** – Any member of the public may contact a Board member prior to the meeting to request that an item be pulled from the Consent Calendar.

*Director Wadle stated that he had received a request to pull Item 5.B from Consent. The item was pulled.*

*Director Garcia asked that all items be pulled from consent.*

#### **A. Approval of Minutes**

1. Regular Meeting of December 11, 2018

*Director Saunders stated that Item 3.C. should be corrected to show that the roll call vote for President was 3-2. Director Wadle stated that the Minutes accurately reflect the action at the Board meeting. Director Garcia vehemently disagreed stating that because the recording was not on the website, it couldn't be verified. Diana Michaelson said that she would listen to the recording to verify.*

*Director Garcia referred to Item 3.C. stating that there was a discussion about agendas being developed, presented, and topics being added, and that it was mentioned that*

*the President controls the agenda. Director Wadle noted that the discussion is included in the Minutes on Page 9, Item 9. He read from the Minutes noting that the Minutes did reflect that discussion. Director Garcia disagreed.*

*Director Garcia requested that Item 8.B. reflect her comment regarding an attachment to the General Manager's application to ACWA.*

*Director Garcia turned to Item 8.C. asking that the discussion be documented where she asked for clarification on why staff was doing a contract and not just a purchase as well as other questions regarding pricing of parts.*

## **B. Financial Reports**

1. Statement of Cash Balances
2. Month-End Cash Disbursements Report

*The General Manager presented the staff report.*

*Director Garcia requested that the Wells Fargo account be included.*

*Director Garcia commented about the Water Fund beginning and ending fund balance. She asked that descriptions be put back in the Month-end Disbursements Report and then asked about specific checks.*

*Director Wadle requested that these types of questions be addressed outside the meeting rather than take up meeting time.*

**Public Comment:** *Ms. Carlyon asked that the descriptions be put back in. She then requested that the agenda be posted early.*

*Steven Proe commented regarding the posting of agendas.*

**Motion by Director Souza to accept the Financial Reports. Second by Director Garcia.**

**Vote:**

<b>Garcia:</b>	<b>Aye</b>
<b>Halpin:</b>	<b>Aye</b>
<b>Saunders:</b>	<b>Aye</b>
<b>Souza:</b>	<b>Aye</b>
<b>Wadle:</b>	<b>Aye</b>

***The motion passed unanimously.***

## **C. AB 1600 Development Impact Fee Annual Report**

**Possible Board Action:** Adopt Resolution 2019-01.

*The General Manager presented the staff report.*

*Director Saunders commented that the report shows the money set apart for the District's Capital Improvement Plan and that the funds will be used for infrastructure.*

*Director Garcia commented regarding the Stantec report and exhibits. There was some discussion. Ms. Garcia requested that whenever a document is referenced, that it be included in the packet.*

**Public Comment:** *Mr. Proe commented regarding information in the KASL Report from several years ago.*

*Ms. Carlyon commented regarding Capital Reserves.*

**Motion by Director Garcia to adopt Resolution 2019-01. Second by Director Saunders.**

**Vote:**

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

***The motion passed unanimously.***

#### **D. Assessment Districts Closeout**

**Possible Board Action:** Adopt the following Resolutions: 2019-02, 2019-03, 2019-04, 2019-05, 2019-06, and 2019-07.

*The General Manager presented the staff report.*

*Director Garcia had questions regarding the remaining monies in the accounts.*

*Director Saunders commented regarding Spanish Dry Diggins Water Improvement District.*

**Public Comment:** *Ms. Carlyon, Mr. Proe, and Bill Johnson commented regarding remaining funds.*

**Motion by Director Souza to adopt Resolutions 2019-02, 2019-03, 2019-04, 2019-05, 2019-06, and 2019-07. Second by Director Garcia.**

**Vote:**

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

***The motion passed unanimously.***

## **E. Change of Bank Signatory Authority**

**Possible Board Action:** Adopt Resolution 2019-08.

*The General Manager presented the staff report.*

*Director Garcia commented regarding obligations and expectations of signers.*

**Public Comment:** *There was no public comment.*

**Motion by Director Garcia to table the item until the next Regular Meeting to allow time for Director Garcia to get her questions answered regarding expectations of her as a Board member. Second by Director Saunders.**

**Vote:**

<b>Garcia:</b>	<b>Aye</b>
<b>Halpin:</b>	<b>No</b>
<b>Saunders:</b>	<b>Aye</b>
<b>Souza:</b>	<b>No</b>
<b>Wadle:</b>	<b>No</b>

**The motion failed.**

**Motion by Director Saunders to adopt Resolution 2019-08 without Director Garcia as a signatory. Second by Director Souza.**

**Vote:**

<b>Garcia:</b>	<b>Aye</b>
<b>Halpin:</b>	<b>Aye</b>
<b>Saunders:</b>	<b>Aye</b>
<b>Souza:</b>	<b>Aye</b>
<b>Wadle:</b>	<b>Aye</b>

**The motion passed unanimously.**

## **6. INFORMATIONAL ITEMS**

### **A. Board Reports**

*Director Garcia announced that she and Director Saunders would host a Town Hall meeting on January 12 at the Garden Valley Grange Hall from 1:00 to 4:00 P.M. She then reported that she will be attending the CSDA Gold Country Finances for Special Districts workshop. She also reported that she has signed the Form 700 and that she submitted a signatory page to El Dorado Savings Bank.*

*Director Saunders gave a short talk regarding civility. He then reported that he had turned in his Form 700.*

*Director Wadle reported that he would be attending the CSDA workshop on January 30 in his capacity as a CSDA employee. He further noted that there are numerous*

*scholarships available for Board members and staff to attend different CSDA events and encourage Directors and staff to take advantage of the scholarships while the money is available.*

## **B. General Manager's Report**

*Mr. Palmer provided updates on various projects in the District and listed upcoming items for future Board meetings.*

*Directors Garcia and Saunders asked for clarification on some of the projects.*

*Director Wadle asked about the new website. Mr. Palmer reported that the website is up. He then recognized Management Analyst Christina Cross for her hard work in bringing this project to fruition.*

*Ms. Carlyon commented regarding the audit process.*

*Someone in the audience spoke against the need for a communications consultant.*

*Mr. Proe commented regarding the website and the CABY project.*

## **C. Operation Manager's Report**

*Operations Manager Darrell Creeks reported that Stumpy is at 80% and should fill quickly. Everything else is going well.*

*Director Garcia commented regarding the ALT Zone report and labor details. She also inquired regarding meter replacement.*

*Mr. Johnson commented regarding crews and trucks.*

*Someone in the audience inquired about GPS on the trucks.*

*Karen Bartholomew inquired regarding the source of funds to pay for new meters.*

## **D. ALT Treatment Plant Update**

*Engineering Consultant George Sanders gave a brief status report of the work done at the plant in December and provided a slide show of recent photos. He reported on the status of the latest payments from the State Water Board.*

*Director Saunders inquired about touring the facility. Mr. Sanders stated that he is always available to take any Board member around the plant upon request.*

## **E. Finance Committee Report**

*Finance Committee Chair Rick Gillespie reported that there had been a lot of community participation and discussion at the recent special Finance Committee meeting. Minutes for the October 31 and June 5 meetings were approved and will be on the District website. Thomas Crawford will be the temporary Vice Chair. Director Saunders, the Board liaison, will prepare the Minutes until there are new members. A*

*few resumes have been submitted from interested persons. Mr. Gillespie responded to a question from the audience regarding deadline for submission of resumes stating that there is no deadline, and resumes are accepted on an on-going basis.*

*Director Wadle noted that he had submitted five or six questions to be posed to applicants for the General Manager, Director Saunders, and Mr. Gillespie to review and comment on.*

*Mr. Gillespie responded to a question from the audience regarding minimum qualifications stating that the Committee is interested in hearing what applicants think they can bring that would help the District.*

## **7. NEW BUSINESS**

### **A. Nomination of GDPUD Representative to Local Agency Formation Commission (LAFCO)**

**Possible Board Action:** Adopt Resolution 2019-09.

*Mr. Palmer presented the staff report. Director Wadle thanked him for bringing this to the Board saying that it is an important and powerful regional body and that commissioners represent all the special districts in El Dorado County. Director Garcia commented that it is a good opportunity and that the smaller districts are underrepresented. Director Saunders commented that the commission deals with water, fire, sewer and other issues.*

**Public Comment:** *Ms. Carlyon wondered if GDPUD had ever had representation on LAFCO.*

**Motion by Director Garcia to nominate Director Sanders as a candidate to LAFCO.**

*Director Wadle commented that he would lean more toward nominating Director Souza, due to his experience on the Fire Board and his knowledge of the players. Director Souza acknowledged that he knows all the LAFCO players well and that it is very important to be on LAFCO.*

*Director Halpin agreed that it's a very important position and that Director Souza is the best qualified candidate, and although he could support either nomination, Director Souza might have a leg up due to his experience.*

*Director Saunders noted that Director Souza is already a representative to ACWA.*

**Second by Director Halpin.**

**Vote:**

<b>Garcia:</b>	<b>Aye</b>
<b>Halpin:</b>	<b>Aye</b>
<b>Saunders:</b>	<b>Aye</b>
<b>Souza:</b>	<b>Aye</b>

**Wadle: Aye**

***The motion passed unanimously.***

**B. Discuss and Provide Direction on Freezing Treated and Irrigation Water Rates at the Calendar Year 2018 Rates.**

**Possible Board Action:** Provide direction on freezing treated and irrigation water rates at the Calendar Year 2018 Rates.

*Mr. Palmer presented the staff report. He provided a brief background on the process used by the District to update its treated and irrigation water rates, summarizing the three main reasons this process was begun as 1) lack of resources, 2) more legal requirements, and 3) the need to comply with state mandates. He further noted that the 15-month process included two public workshops and seven meetings of either the Board or the Finance Committee and summarized each of those meetings. His presentation included detailed information about the new rates and how freezing the rates would affect the District's ability to operate and to provide water to its customers. He stated that loss of revenue resulting from freezing the rates would result in reduced funding for capital replacements, reduced maintenance, the inability to meet operating responsibilities, increased cost of capital replacement, and Grand Jury scrutiny. His report concluded with staff's recommendation that the Board not take action to freeze rates and to allow the already adopted rate increase to take effect.*

*At 4:48 P.M. Director Wadle called a short break. The Board returned at 4:56 P.M.*

*Mr. Gillespie reported on the Special Finance Committee meeting that was held on January 11 as it relates to the rate freeze issue. Referring to the slide which graphically depicted the loss of revenue over the period 2018 through 2022, he noted that once you get on the slippery slope, it continues, and the Committee was concerned that once the rates freeze, it's hard to get them back up again. He made the point that the new rates were the result of the RCAC study and actually lower than what was recommended by RCAC. He said that the Finance Committee had voted 2-1 to recommend not freezing the rates.*

*As Finance Committee liaison, Director Saunders reported on public input at the Finance Committee meeting. The general consensus from the public was that increased irrigation rates would result in less water being used, which would have the two-fold effect of reducing revenue to the District and increased fire risk from dry fields. Many felt that rates have been raised too much.*

*Director Souza asked if these people had offered any suggestions. Director Saunders said that the suggestions were basically that there should be an independent CPA audit or forensic audit and that the rates should be frozen.*

*Director Garcia asked the General Manager why the information presented did not include 2018 actuals. Mr. Palmer responded that the numbers were not available at the time his report was prepared and were only available now, and he then provided the 2018 actuals. Director Garcia then explained and provided a handout that was*



*prepared by a member of the public (**Attachment 2** to these Minutes). She continued, noting that the voters in the recent election sent a resounding message that they expected the Board to take another look at the rates, concluding that the Board should freeze the rates and take another look to see how much they could be lowered.*

*Director Wadle inquired regarding the impacts noticed by staff when rates were previously not keeping up with the costs of the District.*

*Staff spoke to the issue. There followed some discussion among Board members about the fiduciary responsibility of Board members, addressing problems in the now rather than leaving them to some future Board to deal with, and the desire for a more detailed look at the impacts of reducing revenue as well as the data that led to new rates.*

*Director Wadle asked Ms. Brenner to provide a brief overview of the current law suit. There was some discussion within the Board regarding whether to wait until the current law suit is settled before deciding whether to freeze rates. Some from the audience added their perspective as well and spoke to how the new rates affect irrigation use.*

*There was more Board discussion around freezing the rates for no more than one year while staff and Finance Committee look at other options. One of the issues is that irrigation customers need to know what the rates are before they decide how many miners inches to request before the March 1 deadline.*

**Public Comment:** *A number of people from the audience spoke, including Steve Proe, Cherie Carlyon, Karen Bartholomew, Phyllis Polito, Mike Thornbrough, and several unidentified persons, reiterating previous comments and questioning the validity of the information provided to RCAC in arriving at the recommended rates. A handout recommending a rate freeze was provided. It is included as **Attachment 3** to these Minutes.*

*Director Wadle brought the discussion back to the Board for further comments.*

*Director Souza commented that if a forensic report needs to be done to satisfy the people, find a way to do it.*

*Director Halpin commented that the Board could direct staff to revisit the improvement plan and reiterated his view that the Board should hold off taking any action on the rates until after the court decision.*

*Director Garcia said she would like staff and the Finance Committee see what it would cost to do a forensic audit and to look at the method of calculation that produced the new rates and have them bring back options for adjusting the rates. She later spoke to providing relief to customers before the court case is decided.*

*Director Wadle commented that this is what has been done in the past, analyzing and reanalyzing data, and that is why it took 14 years to get the treatment plant built. The rate study was based on good information, reasonable, and honest.*

*Director Saunders agreed that the rate study was valid, but the irrigation side needs adjustment to help alleviate what is being lost on that side.*

***Motion by Director Garcia to temporarily freeze the rate increase direct the General Manager and his staff, along with assistance of the Finance Committee, and possibly an ad hoc community committee to evaluate and review and make recommendations on the method of calculation for the rate increase and possibly provide options for rate adjustments.***

*Director Saunders requested an amendment to the motion to add a time limit to the freeze.*

***Director Garcia amended the motion to add “not to exceed 12 months.”***

***Seconded by Director Saunders with the amendment.***

*There was some discussion among Board members. Director Garcia withdrew her motion and made a new motion.*

***Motion by Director Garcia to temporarily freeze the rate increases for no more than 12 months and direct the General Manager, his staff, and Finance Committee members to scope out what it would take and what it would cost to do a forensic audit and to bring back recommendations to the Board for possible rate adjustments. Seconded by Director Saunders.***

***Vote:***

<b><i>Garcia:</i></b>	<b><i>Aye</i></b>
<b><i>Halpin:</i></b>	<b><i>Aye</i></b>
<b><i>Saunders:</i></b>	<b><i>Aye</i></b>
<b><i>Souza:</i></b>	<b><i>Aye</i></b>
<b><i>Wadle:</i></b>	<b><i>No</i></b>

***The motion passed 4-1.***

- 8. 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 requested the following:*

- 1. Any Board member interested in attending a Finance Committee meeting send an email to himself and the General Manager.*
- 2. Staff provide a draft agenda to Board members 10-12 days in advance of the meeting.*
- 3. Staff inform Board members if an item they requested is not going to appear on the agenda.*

*He requested that the next agenda, or one soon after, include discussion of*

1. Which reports to include in the Financial Reports.
2. Whether check disbursements could be reviewed at the Finance Committee rather than at Board meetings.

Director Garcia asked that rather than cash flow and checks on the monthly report, show all transactions for the month with descriptions before the Board meeting, the way it was shown in August. She then asked what the process is to determine what gets on the agenda. Director Wadle explained what considerations go into creating the agenda. She asked that draft agendas be provided to Board members sooner.

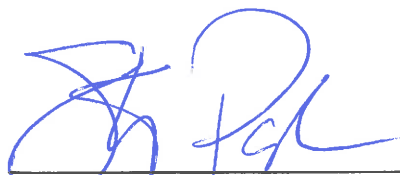
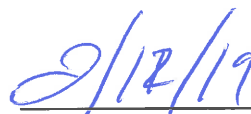
She requested that the next agenda include discussion of

1. Finance Committee.
2. Billing dates.

**9. NEXT MEETING DATE AND ADJOURNMENT** – The next Regular Meeting will be February 12, 2019, at 2:00 P.M. at the Georgetown Divide Public Utility District, 6425 Main Street, Georgetown, California 95634.

*The meeting adjourned at 6:48 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 January 4, 2019.

  
\_\_\_\_\_  
Steven Palmer, PE, General Manager  
\_\_\_\_\_  
Date

Please make this part of The Record.

GDPUD Board of Directors, Regular Meeting January 8, 2019, 2pm

For your information:

Legal Fees FY 2017-2018 paid to Churchwell- White, the District's Attorneys

Month	Date Rec.	Amount	Date Paid	Accum. Total
Jul 17	08-10-17	\$11,565.64	08-16-17	\$ 11,565.64
Aug 17	09-26-17	\$ 7,059.39	09-26-17	\$ 18,625.03
Sep 17	10-19-17	\$11,685.93	11-09-17	\$ 30,310.96
Oct 17	11-22-17	\$23,109.20	12-12-17	\$ 53,420.16
Nov 17	12-14-17	\$15,540.99	12-20-17	\$ 68,961.15
Dec 17	01-22-18	\$17,138.72	02-13-18	\$ 86,099.87
Jan 18	02-14-18	\$24,033.18	03-14-18	\$110,133.05 over budget as of 3-14-18
Feb 18	03-19-18	\$21,090.95	03-27-18	\$131,224.00
Mar 18	04-13-18	\$11,437.06	05-21-18	\$142,661.06
Apr 18	05-21-18	\$ 8,986.09	06-06-18	\$151,647.15
May 18	06-15-18	\$18,237.96	07-10-18	\$169,885.11
Jun 18	07-12-18	\$16,417.95	07-19-18	\$186,303.06

The annual FY17/18 legal budget was \$110,000.

In addition, there was \$14,080.45 for the Leow case, for a total of \$200,383.51 in legal fees. The legal account was over budget \$90,383.51. There were 48 other accounts that were also over budget for the year.

On January 9th, 2018, I specifically asked the board if the GM could go over budget and I was told emphatically no, he could not. As you can see, the legal account exceeded budget on 3-14-18. No budget amendment has been requested of the board.

So, my question to the board is: Why did we pay VTD \$90,000.00 last year to provide accounting and financial services including "assist in preparation of budget amendments," when it appears these services were not rendered? Adherence to the budget is one of the Board's primary responsibilities to the voters of the district. I hope that this new board starts paying closer attention.

Thank You, Cherie Carlyon

# Comparison of Base Rate and Commodity Charge with Reported Revenue from the 2017 RCAC Report.

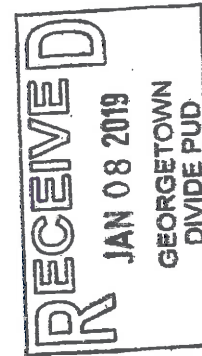
Base rate /bi-monthly	Bi-Monthly Usage	Bi-Monthly Base Rate	# Active Accounts	Bi-Monthly Revenue	Annual Revenue
5/8"		\$58.81	3,117	\$ 183,311	\$ 1,099,865
3/4"		\$58.81	421	\$ 24,759	\$ 148,554
1"		\$58.81	198	\$ 11,644	\$ 69,866
1 1/2"		\$196.04	28	\$ 5,489	\$ 32,935
2"		\$313.66	10	\$ 3,137	\$ 18,820
		\$980.18	4	\$ 3,921	\$ 23,524
<b>Total Base Rate Revenue</b>			<b>3,778</b>	<b>\$ 232,261</b>	<b>\$ 1,393,564</b>
<b>Commodity Charge</b>	<b>Bi-Monthly Usage</b>	<b>Commodity Charge</b>	<b>Unit</b>	<b>Bi-Monthly Revenue</b>	<b>Annual Revenue</b>
<b>Total Commodity Charges</b>	10,944,096	\$ 0.0255		\$ 279,074	\$ 1,674,447
<b>Total Revenue</b>				\$ 511,335	\$ 3,068,010
<b>Total Estimated Annual Revenue shown in the 2017 RCAC Exhibit 3T Report</b>					
	\$ 2,672,332	\$ 2,838,742	\$3,010,238	\$ 3,176,352	\$ 3,335,081

## Facts shown in RCAC Report

Customers 3778  
 Charge per cubic foot 0.0255

Volume of water treated in acre feet 1708  
 Water Loss for treated -200  
**Volume of Treated Water Sold 1508**  
 1508 acre feet converted to Cubic Feet 65,664,574  
 Bi-Monthly Usage 10,944,096

Revenue Reported in Exhibit 3T \$2,672,332  
 Total Revenue from Commodity & Base Rate \$ 3,068,010  
**Amount of Revenue Under Reported \$395,678**





# Were the numbers used for the 2018 Rate Hike Accurate?

A Temporary Rate Freeze will give us the time to find out.

GDPUD Board Mtg. of 01/08/2019  
AGENDA ITEM 5.A.1.  
Attachment 3  
Page 1 of 1

Some obvious problems are:

1. The Capital Replacement Program (CRP) shows 2017 water revenue of \$2,753,457.25 when the new rate hike did not take effect until 2018. The FY17-18 budget shows the water revenue at \$1,839,000.
2. Lake Walton water treatment plant started service in 1975 and cost \$7,681,481. It had a facility expansion in 1992 that cost \$554,786.28. The total amount shown in the 2015 asset list was \$3,332,741.38. CRP used the inflated value of \$7,681,448, and then used this inflated value over 25 years to achieve an annual reserve requirement of \$154,431. Lake Walton water treatment plant will not be replaced; it will be repaired and maintained, not replaced.
3. The Capital Replacement Program shows all water tanks being placed into service in a 1974 which is incorrect. The Pilot Hill tank was installed in 1992 and it was removed in 2015 by Board Action at a value of \$360,230. The Capital Replacement Program shows a replacement value of \$730,006 calculated over a 40-year lifespan is \$18,023. This translates to an annual reserve requirement for a tank the district no longer owns.
4. At the time the rate study was completed in December 2017, The Auburn Lake Trails Water Treatment Plant was not-operational. The automated meter reading and meter replacement project equipment had not yet been purchased. Therefore, the \$12,728,909 and \$1,745,800 for the replacement projects should not be included in the rate study. Customers should not be charged to replace equipment that was not yet providing service to their properties [per article 13D section 6(b)(1) of the California constitution - the fee or charge shall not exceed the funds required to provide the property related service.] *NOTE – In December 2017, the District had expended \$2,410,219 on the new plant and was using the old Auburn Lake Trails Water Treatment Plant to meet water demands, but the old plant cost was not included in the rate study.*
5. The Capital Replacement Program shows all pipe lines being installed in 1974 at a cost of \$15,553,972. The District did not have these assets in-service in 1974. Some pipes were installed as late as 1998, and there is no documentation (invoices or source of funds) that support in 1974 the District invested \$15,553,972 into its pipelines.
6. The Capital Replacement Program shows that all the valves, including fire hydrants, were put into service in 1987, at a cost of \$3,682,140. The Program further shows that all pipes were put into service in 1974, however, valves and fire hydrants are put in at the same time. Inaccurate dates and calculated lifespans raise the annual revenue amounts required.
7. The total assets for items listed in 1974 in the Capital Replacement Program were \$25 million. Where is the proof for that number of items and that cost from 1974?

**Are we being overcharged? We want proof that we are not!**

A Volunteer Citizens' Audit Committee, or an Outside Auditor, should examine the records and tell us.