

**AGENDA**  
**SPECIAL MEETING – PUBLIC WORKSHOP**  
**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS**  
**6425 MAIN STREET, GEORGETOWN, CALIFORNIA**

**TUESDAY, MAY 31, 2016**  
**4:00 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
- 

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

**2. ADOPTION OF AGENDA**

A. Board action to adopt Agenda.

- 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.

**5. WATER RATE STUDY-COST OF SERVICES REPORT**

a. **Discussion** – Open dialogue with the Georgetown Divide Public Utility District Board of Directors, and the public concerning component parts, roles and responsibilities, and schedule for the Water Rate Study–Cost of Services Report and related issues to developing a Request for Proposals to guide the completion of the Report.

b. **Possible Board Action** -

- 6. NEXT MEETING DATE AND ADJOURNMENT** – The next regular meeting will be June 14, 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 May 26, 2016.

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**  
**WATER RATE STUDY–COST OF SERVICES REPORT**  
**PUBLIC WORKSHOP – DRAFT STAFF PROPOSAL**  
**MAY 2016**

**BACKGROUND**

On May 10, 2016, the Georgetown Divide Public Utility District staff (staff) presented a Water Rate Study – Cost of Services Report (Report) Discussion Paper to the Georgetown Divide Public Utility District Board of Directors (Board) aimed at opening a dialogue with the Board and the public concerning the component parts, roles and responsibilities, and schedule for the much needed Report. The Board directed staff at this meeting to convene a public workshop in late May or early June to discuss further the issues related to developing a Request for Proposal (RFP) to guide the completion of the Report. The Board also hoped the District Finance Committee members would be present at the public workshop.

**WORKSHOP FORMAT**

The staff has prepared this Draft Workshop Staff Proposal as a point-of-departure paper listing and presenting a possible proposal for the items and issues needed to be included in the RFP to solicit contractors and aid in the preparation of the Report. Staff will also offer a slide presentation at the workshop to help walk the Board and the public through the issues to be discussed. As always, staff hopes the public will participate in the workshop and make known their concerns and ask questions related to the development of this most important Report.

**ISSUES TO BE DISCUSSED**

At the May 10, 2016, Board meeting, the Board, staff, and members of the public identified issues to be resolved to ensure a timely and useful Report be developed. The main issues identified included both policy considerations and technical issues that will need to be addressed by the cost of services report. These concerns and issues are:

*Policy Considerations*

**Levels of Services**

Although there were several possible levels of services identified at the May 10, 2016, Board Meeting, the Board felt that a level of services similar to that now provided offered

the best chance to move the District forward at this time. That is not to say that other levels of services would not be considered at the workshop or be actively pursued at a later date.

This level of services is focused on the approximately 3,500 treated water customers and the 375, or so, raw water customers.

Staff is proposing that the RFP include those fixed and variable costs associated with this level of services.

### **Capital Improvement Plan**

To better determine the actual costs of providing the current level of services, a multi-year capital improvement plan (CIP) needs to be developed. This CIP should be for enough years that the contractors responding to the RFP can predict annual costs associated with the desired level of services.

Staff proposes that a three-year CIP be developed by staff and included in the RFP. Staff proposes that this CIP include those improvements that favor a pro-active approach to infrastructural stability and not be limited to those improvement projects that can only be implemented with the existing staff. Those projects that are based on engineering standards also need to be completed within the next three years.

### **Staff Requirements**

Over the past few years, some on the Board and the public have been concerned that the number of staff and the skill level currently at the District may not be appropriate for the level of services currently provided. The RFP to be developed should include a staffing component to answer any questions related to staff positions.

Staff proposes that the RFP include a staffing and skills assessment to identify the required skills and number of appropriate staff to adequately carry out the functions of the District at the current level of services and identify the salary and wages of other similarly sized districts to be considered by the Board for future action.

### **Reserve Program**

An important part of any cost of services report is to determine the amount of money to be set aside each year to provide seed money for loans or grants to make long term improvements to the infrastructure and to fund smaller capital projects as time goes on. The RFP for the Report should address this issue and provide guidance to the selected contractor of the expected reserves the District expects on an annual basis.

Staff proposes that the RFP require the selected contractor to evaluate the District's long term needs for reserves and based on sound accounting and investment standards identify appropriate reserve moneys for the next ten years.

## **Conservation Measures**

With the expected long term mandates from the State to require conservation measures that affect both the raw and treated water customers, the District will need to better understand the costs of improvements to the District's infrastructure and the lost revenue resulting from potential conservation measures. The RFP should request these issues be identified in the final Report.

*Staff proposes the RFP identify the State required and expected conservation measures and estimate the costs and losses in revenue resulting from these measures.*

## **Ad Valorem Tax**

The District currently uses ad valorem taxes collected from those property owners that reside within the boundaries of the District to subsidize the raw water and the treated water rates for its customers. Some in the community think these funds could be better spent to make improvements to the infrastructure, enhance water rights, or expand service to those in the community not now served by the District. As these funds offset the real cost of services, the RFP should include this issue for the contractors' information.

*Staff proposes that the RFP include an assessment of the current use of the ad valorem tax money and identify a strategy for reducing and equalizing the use of these funds to support future District activities and reduce the use of these funds to subsidize the raw water and treated water rates.*

## *Technical Issues*

### **Fixed Costs**

Some of the costs associated with running the District are fixed and should be levied against all water use that is part and parcel to those fixed costs. Some of these fixed costs are solely aligned with the raw water use and others are solely aligned with the treated water customers. However, some of the fixed costs are shared by both the raw water and treated water customers. All the fixed costs, regardless of customer base, need to be identified; and those fixed costs that are shared need to be proportioned to each customer type based on appropriate engineering and fiscal standards.

*Staff recommends that the RFP include a requirement that the fixed costs be identified and apportioned based on engineering and fiscal standards consistent with the industry expectations.*

### **Variable Costs**

In addition to the fixed costs of running the District, there are also variable costs that are more dependent on the water use pattern of the various customers. These variable costs

also need to be determined, and a means of allocating these costs to the various customers should be addressed.

Staff proposes that the RFP include a requirement that the contractor identify the various costs and propose a methodology of allocating these variable costs to all appropriate customers. These recommendations also need to be consistent with State law and should be consistent with any proposals related to conservation measures.

### **Service Fees**

The District currently charges service fees for treated water but not for raw water. The use of service fees is intended to allocate the fixed costs for each customer type. However, some in the community think these service fees are inconsistent with equity sharing, especially for the low water users.

Staff proposes that the RFP include an analysis and propose appropriate cost sharing of the fixed costs to customers in ways that address the equity issue and are consistent with State law. A fee structure that includes both a service fee and meter fee should be included.

### **Commodity Fees**

In addition to the service fees charged the treated water customers, those customers that exceed the water use limit are charged, by tiers, for such excess water use. Because of meter issues in the District, some in the community think that the current commodity fees are under performing and the commodity fee should be replaced with a better form of measuring consumption (meter size) or that the meters should be replaced and evaluated for compliance on a time determined basis.

Staff proposes that the RFP include an assessment of the existing commodity fee structure and make recommendation for appropriate alternatives or a cost structure associated with a meter replacement policy.

### **Raw Water Service Fees**

Currently, the District does not charge raw water customers any fees other than those associated with the volume of the service connection. If there are fixed and variable costs associated with servicing the raw water customers that are in addition to the volume of water received, these costs should be recovered.

Staff proposes that the RFP include a discussion of this issue and that the contractor explore any associated fees in addition to the water volume costs and include these costs in a fee form to recover those District costs.