

CONFORMED AGENDA

REGULAR MEETING

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

TUESDAY, JUNE 14, 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 2:01 PM. Directors present: Capraun, Hanschild, Hoelscher, Krizl, Uso. Staff present: General Manager Wendell Wall, Operations Manager Darrell Creeks, Meeting Recorder Gloria Omania. Legal Counsel: Robin Baral of Churchwell White.

2. ADOPTION OF AGENDA

A. Board action to adopt Agenda.

Motion by Director Hoelscher to adopt the Agenda; second by Director Uso.

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.

Director Capraun read a prepared statement in response to a question posed to her about the April 28, 2016 special meeting regarding Mr. Brent Stone's irrigation water.

Director Krizl noted that the Board had already held a public hearing on Mr. Stone's appeal, and that the matter has been concluded.

4. PUBLIC HEARING – ADOPTION OF THE 2015 UPDATE TO THE GDPUD URBAN WATER MANAGEMENT PLAN– RESOLUTION 2016-11

A. Public comment on the 2015 Urban Water Management Plan.

Becky Siren, the District's consultant, provided an overview of the process for developing the Urban Water Management Plan (UWMP), which she stated is required because the District serves more than 3,000 customers.

Ms. Siren indicated that the UWMP was initially required as a planning document by the State to ensure districts looked at long term reliability and the ability to supply water during dry seasons. But after 2009-2010, it became more of a regulatory document requiring an update every five years and including the Water Shortage Contingency Plan, a stand-alone document that can be pulled out of the UWMP to be updated and changed by the District at any time.

Ms. Siren said that the State also requires the District to implement water conservation measures. This year the State reduced the foundational programs for conservation from 14 to 5: (1) water waste prevention; (2) metering; (3) conservation pricing; (4) public education and outreach; and (5) program staffing and funding.

One of the big pieces of the UWMP is to set a target of 20% conservation in 2015 with a long-term target of 20% by 2020. The District far exceeded the 2015 target and is trying to maintain that level of conservation during the next five years to sustain and meet the long-term target. Also, the State has added as leverage the ability to withhold funding if requirements are not met. While unable to implement everything intended, the District far exceeded its goal over the last five years.

Another requirement, stated Ms. Siren, is that the District is now required to conduct a water audit using the American Waterworks' Association software. She worked with staff, and the District was able to complete the audit, and will be prepared to conduct it every year.

Director Uso asked whether the annual water audit will be used as a tool to set the District's conservation goals. Ms. Siren responded that that is not the case, because compliance with the UWMP and compliance with emergency regulations are calculated differently. Ms. Siren further explained that compliance is measured on water production, not on sales, so unaccounted water becomes very important. For 2015, the District had 27% of unaccounted water. This was a big red flag for the District since this previously ranged from 5%-10%.

The discussion turned to public outreach and education, with most of the Board members in agreement with Ms. Siren, who stated that the District should reinstate the school education program and host information booths at community special events (such as Founder's Day, Kids Expo, and any community event that draws significant public attendance). This offers the District an opportunity to inform the public about its services and to promote water conservation through the distribution of conservation kits, leak detection pills, and other such items. General Manager Wall stated, and Ms. Siren agreed, that the costs associated with these outreach efforts should be budgeted.

Director Uso stated that the District's discussion about a new meter program could positively impact water per capita reporting. Ms. Siren pointed out that the California Urban Water Conservation Council estimates a 25% reduction in water use with new meters because customers become more aware of their water usage, and the District is able to register more accurate flows. Ms. Siren indicated that the Plan included a calculation of water reduction through new meters.

- B.** Consideration of Resolution 2016-11 adopting the Urban Water Management Plan and Water Shortage Contingency Plan.

Director Capraun acknowledged Ms. Siren's excellent work, and the other Directors also expressed their appreciation.

C. Possible Board Action –

Motion by Director Uso to adopt Resolution 2016-11; second by Director Hoelscher.

Public Comment: None.

Vote: Passed unanimously.

- 5. 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.

ACTION:

A. APPROVE MINUTES

- 1) Regular Meeting of April 12, 2016

This item was approved on the Consent Calendar.

- 2) Special Meeting of April 28, 2016

Director Uso requested that the minutes of the April 28, 2016 meeting be pulled for corrections. He requested that the following additions and corrections be made to the minutes:

- 1. Include a comment made by Director Uso toward the end of the April 28 meeting that it was Mr. Stone who brought this entire issue to the District.*
- 2. Correct the minutes to reflect that it was Mr. Stone's employee who opened the weir for water, and not Mr. Stone himself.*
- 3. Include a statement in the minutes regarding the appropriateness of Director Hoelscher's sharing in public a statement that had been made in closed session.*

Motion by Director Uso to approve the minutes of April 28, 2016 as corrected; second by Director Hanschild.

Public Comment: None

Vote: Passed.

Ayes: Directors Hanschild, Hoelscher, Krizl, Uso.

Abstain: Director Capraun.

- 3) Regular Meeting of May 10, 2016

This item was approved on the Consent Calendar.

B. PUBLIC HEARING – PROP 4 APPROPRIATION LIMIT – RESOLUTION 2016-12

This item was approved on the Consent Calendar.

C. PROFESSIONAL SERVICES AGREEMENT WITH GEORGE SANDERS – EXTEND TERM

This item was approved on the Consent Calendar.

Motion by Director Uso to approve items A1, A3, B, and C on the Consent Calendar; second by Director Hoelscher.

Public Comment: None.

Vote: Passed.

Ayes: Directors Hanschild, Hoelscher, Krizl, Uso.

Abstain: Director Capraun.

6. FINANCIAL REPORTS

A. Accounts Payable for June 2016, and Disbursements for May 2016

B. Revenue and Expense Summary for April 2016

C. Balance Sheet for April 2016

D. Cash and Investment Reports for April 2016

E. ALT Zone and CDS Summary for April 2016

Before commenting on the financial reports, GM Wall explained that, due to recent staffing changes, the reports were not completed in time to be included in the Board packet.

Motion by Director Uso to accept and file the financial reports; second by Director Hoelscher.

Public Comment: None.

Vote: Passed.

Ayes: Hanschild, Krizl, Uso.

Abstain: Hoelscher, Capraun.

Director Uso asked for consideration of Dennis Goodenow's suggestion that financial reports be done quarterly. Director Krizl indicated that he favored quarterly reporting for at least some of the reports.

7. PRESIDENT'S REPORT – *There was no report.*

8. BOARD REPORTS – *There were no reports from Directors.*

9. OPERATIONS MANAGER'S REPORT

Operations Manager Darrell Creeks reported that the GIS Program will help the field crew and will result in savings for the District; that divers were hired to do specialized work; that vehicles were auctioned off, which essentially paid for the divers; and that no bad samples were found in water quality.

10. GENERAL MANAGER'S REPORT

General Manager Wall provided a staffing update and announced the creation of the District newsletter for the first time in several years. GM Wall added that going forward, staff will be including the newsletter with the customer billing.

GM Wall distributed an invitation from Brenda Bailey, Assistant to County Supervisor Michael Ranalli, to an event honoring Gene Chappie, who was instrumental in protecting water rights for the Divide. GM Wall indicated that Director Uso will be speaking and urged other interested Board members to attend.

11. FINANCE COMMITTEE REPORT

Mr. Goodenow presented the report from the Finance Committee. He indicated that the committee is very close to finalizing the Operations Budget, and the Capital Improvement Plan is almost ready. He informed the Board that the Finance Committee intended to have a joint meeting with the Board, but this was no longer feasible for June.

Mr. Goodenow reported that two Finance Committee members are potentially opting not to continue on the committee after their terms expire at the end of June. This offers an opportunity for others to serve. Director Uso reported that in light of the staff transition, Chairperson Rick Gillespie has agreed to remain on the committee for two to three more months.

Director Uso added that the District should be recruiting interested persons now, in anticipation of the terms ending. He asked that staff get the notice out so the Board can be ready to vet some people at next meeting. General Manager Wall indicated he would post the notice as soon as possible.

Director Capraun expressed her concern that a budget will not be adopted by July 1.

12. REQUEST FOR PROPOSAL FOR CERTIFIED PUBLIC ACCOUNTANT SERVICES

A. Discussion – Recent staff changes have created an opportunity to reassess our staffing structure and the process for creating financial reports. Financial reporting, office management, and human resources, has been the responsibility of the Office Manager. Contracting out for CPA services for financial reporting will provide for greater efficiency and create important checks and balances to this important process.

GM Wall provided some background on the need for CPA services. He indicated that with the departure of the office manager, the financial reports are being prepared by Vaughn Johnson.

There was discussion regarding the pros and cons of having the financials done in-house, once an office manager is hired, versus having them done by an outside CPA firm.

B. Possible Board Action – Staff recommends the Board of Directors approve the issuance of the Request for Proposal for Certified Public Accountant Services.

Motion by Director Capraun to approve the issuance of an RFP for CPA Services; second by Director Hoelscher.

Public Comment: None.

Vote: Passed unanimously.

13. SELECT FIRM TO CONDUCT ANNUAL AUDIT – FISCAL YEAR 2015-16

- A. Discussion** – On February 12, 2016, the District mailed requests for proposals to five firms with a response deadline of May 31, 2016. In addition, Board members also notified some contractors of the pending RFP. At the suggestion of the Finance Committee, staff posted the RFP to the District web page. The District developed an objective criteria-based score sheet to evaluate the responses. Five responses were received by the due date.

GM Wall provided some background on the five firms who submitted proposals to conduct the annual audit for FY 2015-16. He explained that the rating process revealed all proposers are qualified to perform the audit. It is up to the Board to select the firm.

Director Uso indicated his preference to select the firm based on the lowest bid, since all respondents are qualified.

Director Capraun stated that the lowest bidder is Fletcher & Company from Sacramento. She added that it is beneficial to have a new auditor who may see things that have not been seen before.

- B. Possible Board Action** – Staff recommends the Board of Directors consider all the facts, documentation, and appropriate additional information and select a company for next year's audit.

Motion by Director Hoelscher to select Fletcher & Company; second by Director Capraun.

Public Comment: Mr. Goodenow stated that technical evaluations were done based on the RFP's objective criteria and three individuals rated the proposals, without regard to cost.

Discussion followed.

Vote: Passed unanimously.

14. ORDINANCE 2016-02 – FIRST READING

- A. Discussion** – This is the first reading of **Ordinance 2016-02** amending Article 5 of Ordinance 07-01 to set the connection fee for the second 5/8-3/4 meter at 60% of the current rate.

Project Manager George Sanders provided background for the discussion. He explained that water usage by properties with second meters ranged between 45% and 67%. The average was 58.1%, which he rounded up to 60% to determine the proposed rate.

Comments followed relative to the 60% rate determination. Director Krizl stated that it is difficult to deviate from the 60% rate, if that is the average second meter consumption average. Mr. Sanders pointed out that the math is being drawn from a small pool of customers with second meters (only 1% of the 3500 total customers served by the District).

District Counsel clarified that the connection fee has to be reasonably proportionate to the cost of service.

Director Uso indicated that he would make a motion to set the connection fee at 60%. Director Hoelscher referred to the decision by the Board at its March meeting to set a second meter for

a customer at 50%.

When asked, Operations Manager Darrell Creeks indicated that he personally likes the 50% rate because it is reasonable and he prefers to round down to help people out, but the decision is the Board's. After the additional discussion, Director Uso withdrew his motion.

- B. Possible Board Action** – Staff recommends the Board introduce for first reading **Ordinance 2016-02** setting the connection fee for the second 5/8-3/4 meter at 60% of the current rate. Staff further recommends the Board vote to read a *summary* of the Ordinance in lieu of reading the full text of the Ordinance.

Motion by Director Capraun to waive reading the entire Ordinance and to adopt Ordinance 2016-02 with the modification to set the connection fee for the second meter at 50%; second by Director Hoelscher.

Public Comment: None.

Vote: Passed.

Ayes: Directors Capraun, Hanschild, Hoelscher, Uso.

No: Director Krizl.

15. WATER RATE – COST OF SERVICE STUDY – NEXT STEPS

- A. Discussion** – At a regular Board meeting on May 10, 2016, staff proposed that a consultant be hired to complete the Water Rate Study/Cost of Services report. At the public workshop, which was held on May 31, Board members and staff discussed and clarified the scope of the RFP. Because the Board desires to move forward posthaste, a second alternative was offered for consideration, and that is to simply update the existing 2010 Cost of Service report. Staff was instructed to investigate that possibility and report back to the Board at the June 14 meeting. Staff sees two options for the Board to consider: 1) Hire an outside consultant to complete a current Rate Study/Cost of Services Report; and 2) Update the 2010 Report internally.

General Manager Wall presented the staff report on the Water Rate/Cost of Service Study.

Director Krizl commented on the general options of updating the 2011 Cost of Service Report internally or hiring an outside consultant.

Director Capraun distributed information and made a presentation on the Cost of Service Study done in October 2014.

This was followed by a lengthy discussion regarding the usefulness of the 2014 Cost of Services Report, along with the two options to be considered, as outlined by Director Krizl.

Director Uso emphasized the need to start a process that doesn't take the District more than two to three months to get sufficient rates in place to run the District properly.

Mr. Goodenow stated that he doesn't believe it would take a substantial amount of work to update the 2011 study and suggested that the Finance Committee could do this using numbers gathered from normal years. Mr. Baral stated that the District should look at 2011 as a typical year with a full staff and no drought to provide justifiable numbers.

- B.** Staff recommends the Board of Directors discuss the two options and provide direction to staff.

Motion by Director Uso to direct staff and the Finance Committee to update the 2011 Cost of Service Study and use it toward a Prop 218 rate increase; second by Director Hanschild.

Public Comment: None.

Vote: Passed.

Ayes: Directors Hanschild, Hoelscher, Krizl and Uso.

No: Director Capraun.

16. SALARY EVALUATION AND INCREASE – CERTAIN FIELD PERSONNEL

- A. Discussion** – This agenda item is included at the request of Director Hoelscher. The item relates to a proposed salary increase for a total of three different positions within the District. These positions are the Water Treatment Plant Operator II, the Distribution Operator II, and the Distribution Operator Lead.

Director Hoelscher said he felt it was necessary to bring staff salaries with the same certification to a more equitable basis.

Director Uso agreed, adding that the District needs to make sure salaries are commensurate with industry standards.

GM Wall stated that there should be a review of all staff salaries. Director Capraun stated that each position needs a desk audit of tasks and time to complete those tasks.

- B. Possible Board Action** – Staff remains neutral on this agenda item and is prepared to follow the direction of this Board.

Motion by Director Capraun to accept the salary evaluation increases as presented; second by Director Hoelscher.

Public Comment: Director Uso indicated his strong support for these increases.

Mr. Goodenow commented that the District should establish a systematic process for reviewing salary increase requests.

Vote: Passed unanimously.

17. ALT TREATMENT PLANT UPDATE

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

Project Manager George Sanders presented the staff report noting that Foothill Associates completed the environmental material that was needed to complete the loan application, and the State has confirmed receipt of the packet. Foothill Associates agreed not to charge the District anything additional since they were able to include this in the budget.

Mr. Sanders stated that additional financial information, as well as environmental material, had been provided to the State, and receipt had been confirmed.

The District received ten bids from contractors, which will be reviewed by Legal Counsel. Mr. Sanders said he is unable to confirm at this time, but it appears the submittals are complete. The apparent low bidder is Meyers & Sons with a bid amount of \$10,249,000. Request for

Proposals for Construction Management is getting to a critical stage, and the RFP is something that needs to be completed.

B. Possible Board Action – *Informational item only; no action required or taken.*

- 18. 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.

No additional Board comments.

- 19. CLOSED SESSION** – *The Board adjourned to closed session at 5:49 PM.*

A. CONFERENCE WITH LEGAL COUNSEL – Existing Litigation. Pursuant to Paragraph (1) of subdivision (d) of Section 54956.9. Name of case: Jacoby v GDPUD.

- 20. ADJOURN TO OPEN SESSION** – Announcement of action taken in closed session.

The Board returned to open session at 5:55 PM and reported that no action was taken in closed session.

- 21. NEXT MEETING DATE AND ADJOURNMENT** – The next regular meeting will be July 12, 2016, at 2:00 PM, at the Georgetown Divide Public Utility District office.

The meeting adjourned at 5:58 PM.

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 June 10, 2016.

Signed: _____


Norman A. Krizl, President

Date: _____

8-9-16