

CONFORMED AGENDA

REGULAR MEETING

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

TUESDAY, JULY 14, 2015
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: Krizl, Capraun, Hanschild, Uso. Staff Present: General Manager Wendell Wall, Operations Manager Darrell Creeks, Office Manager Victoria Knoll. Legal Counsel: Robin Baral of Churchwell White. Director Krizl noted that Director Hoelscher was absent.

2. ADOPTION OF AGENDA

A. Board Action –

Motion by Director Uso to amend and adopt the agenda so that Item #9 Quintette Presentation, will be heard after Item #4 Approval of Minutes, and Item #5 Financial Reports; second by Director Capraun.

Public Comment: None.

Vote: Motion carries.

Ayes: Krizl, Capraun, Hanschild, Uso.

- #### 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.

Pat Snelling commented on the difference between the financial aspect and the operational aspect of the District.

Jere Copeland, Local 1 Business Manager, thanked the Board for the MOU with the District's administrative employees, noting that it is the first full MOU this group has had in three years. Director Uso thanked the Union for working with the District to get the MOU completed.

4. APPROVAL OF MINUTES

- A. Special Meeting of May 28, 2015; Regular Meeting of May 12, 2015; Special Meeting of April 27, 2015; Special Meeting of April 9, 2015: Special Meeting of April 8, 2015.
- B. Board Action to approve and file minutes.

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

Public Comment: Ray Kringle noted that his name is misspelled in some places.

Vote: Motion carries.

Ayes: Krizl, Capraun, Hanschild, Uso.

5. FINANCIAL REPORTS:

- A. Accounts Payable for July 2015
- B. Expense Summary for May 2015
- C. Cash and Investment Reports for May 2015
- D. ALT Zone and CDS Summary for May 2015
- E. Board Action to accept and adopt financial reports

Motion by Director Uso to accept and adopt the financial reports; second by Director Hanschild.

Public Comment: None.

Vote: Motion carries.

Ayes: Krizl, Capraun, Hanschild, Uso.

6. PRESIDENT'S REPORT

Director Krizl mentioned a handout that was sent by SMUD.

7. BOARD REPORTS

Director Capraun reported that the El Dorado Water Agency is moving forward with taking ownership of the Fazio water, 7,500 acre feet.

John Duarte asked if GDPUD could offset its releases from Stumpy. Director Krizl noted that it is something that could be brought up at the Water Agency.

Pat Snelling requested that someone ask the Water Agency if GDPUD could sell that water for \$400 an acre foot.

8. GENERAL MANAGER'S REPORT

GM Wall asked Operations Manager Darrell Creeks to provide an update on water production at ALT and Walton. Mr. Creeks reported that the District achieved a 39% reduction from the same period in 2013, in excess of the 32% reduction required by the State. He further noted that everything was in compliance last month, and that as of July 7 the lake level was at 10,460 acre feet, or 52% of capacity. Current releases from Stumpy on this date were measured at 32 CFS. Flow into Stumpy on this date was recorded at 3.5 CFS.

GM Wall continued with a report on the CABY Grant. The grant, through the Department of Water Resources (DWR), is one of multiple grants coordinated through the Nevada Irrigation District (NID). GDPUD will be working directly with NID in the administration of the funding and project submittals. NID is currently scheduling a CABY Grant kick-off meeting for July 21. GDPUD staff will be in attendance. The meeting will concentrate on the review of DWR grant requirements together with the review of individual project sponsor agreements. GM Wall read a letter from Nysa King, who will be administering the grant on behalf of NID, addressing grant requirements and compliance. GM Wall emphasized that in addition to matching funds, the District will need to provide bridge funds, because grant funds are disbursed in arrears, after the work has been completed.

Activities have recently begun on updating the website. Staff met with CCS Interactive the first week in July to discuss website design. Their designer has begun to design the website and will be consulting with staff going forward. Staff will keep the Board updated as work progresses. In the meantime, in order to keep the community informed of District and water issues, GDPUD will be launching an informational Facebook page as a public relations tool.

The District received a request from the Office of Congressman Tom McClintock to arrange space for the Congressman to speak to the community on matters relating to current legislation. In addition, the Congressman will dedicate time to answering questions from constituents on topics of their choice. The Georgetown Community Center has been reserved for this event on August 4. Members of the community are encouraged to attend.

GM Wall introduced the new Office Manager, Victoria Knoll, who started on June 29. Ms. Knoll stated that she moved to the area three years ago to be near her family. She has 25 years experience as a senior officer in various for-profit and not-for-profit organizations, both large and small.

9. QUINTETTE SERVICE CORPORATION (QSC) PRESENTATION

A. Discussion – Quintette Service District is a small, non-profit mutual water company in the community of Quintette. QSC has a sole source water supply which is a spring. Fred Heltzel, QSC Board President, and Stacy Snowman, QSC Board Member, will be discussing the current situation that Quintette is facing today and what they would be proposing for the future.

Fred Heltzel provided a PowerPoint presentation regarding the Quintette Service District. Stacy Snowman gave a summary of where the Service District currently is and requested that GDPUD enter into talks with QSC regarding consolidation of the two districts.

Director Capraun suggested that QSC consult with the El Dorado County Water Agency.

- B. Possible Board Action** – This presentation by Quintette Service Corporation is for information only.

The Board directed staff to put together a Letter of Intent to work with QSC to meet the QSC timeline as much as possible.

John Duarte, from the audience, expressed concern regarding the word “intent” which might be construed to be a commitment to help, and suggested using the word “engagement” instead. Director Krizle stated that it is not a commitment of water or resources.

10. ADOPTION OF BUDGET FOR FISCAL YEAR 2015-16

- A. Discussion** – Discussion of proposed FY 2015-16 Budget. Some issues of concern are revenue shortfalls due to drought, deferred maintenance, and regulatory compliance issues that must be corrected.

The materials contained within the budget packet closely follow the FY 2015-16 Budget Workshop that the District conducted on June 24, 2015 at the Pilot Hill Grange. Staff worked with the Finance Committee to discuss and to propose this budget. At the workshop staff presented a proposed balanced budget. Based on the current drought conditions, sales revenues are estimated to be reduced by the following: Residential – 5%; Commercial – 15%, and Irrigation – 46%. Ad Valorem property tax revenues are expected to be \$1,349,360 for the year.

Issues surrounding the budget for this year will be very challenging due to the fourth year of California drought conditions as well as previously deferred maintenance and compliance issues. Staff recommends the following:

- 1) The \$268,500 carried forward from FY 2014-15 Budget be utilized to clean and restore two water storage tanks: Walton #1 and Walton #2 to comply with Water Resources Control Board (WRCB) directives to correct a variety of issues after WRCB performed an inspection of District facilities.*
- 2) Utilize the \$196,340 from the Capital Improvement Plan to purchase a vacuum trailer for \$42,000 for compliance and maintenance cost reduction purposes. This will enable the District to be in compliance with new State requirements as well as increase safety and reduce time spent in cleaning up leaks.*

Director Uso requested that staff provide a cost-benefit analysis of any large item purchases.

- 3) Purchase a Dodge 4500 or 5500 service truck for \$62,000 which will be utilized to transport the required materials and supplies needed for field repairs as well as to tow the vacuum trailer.*

Director Uso requested that staff provide a procurement policy for the Board to look at going forward.

- 4) *Purchase ten 2-inch pressure reducing valves at \$2,228 each (\$22,280) plus \$7,500 labor and materials to install, and ten 4-inch pressure reducing valves at \$3,000 (\$30,000) plus \$7,500 labor and materials to install.*
- 5) *A security assessment of general office, shop and yard, and the Walton Treatment Plant areas, the security and surveillance monitoring equipment, and equipment installation for \$25,000.*

Director Uso asked that staff obtain an actual cost estimate and assessment and bring a report and cost back to the Board.

GM Wall drew attention to the budget highlights noting that revenues are down and that the CalPERS assessment is having a big impact on the budget. He then referred the Board to the Budget document in the agenda packet noting a correction on the Irrigation Revenue: where it is listed as \$100,000, it should actually be \$104,500, which would increase the total operating revenue by \$4,500. Staff recommends utilizing the \$268,500 carry-over from FY 2014-15 Capital Improvement to balance the FY 2015-16 Budget.

Director Capraun took issue with how the \$268,500 was shown on the budget. There was discussion regarding depreciation, reserves, capital expenditures, and operational expenses.

B. Possible Board Action – Approve and adopt FY 2015-16 Budget.

Motion by Director Uso to adopt an operating budget of \$3,397,300 and change Resolution 2015-09 to reflect the same; second by Director Hanschild.

Public Comment: *Johanna Friesen asked for clarification regarding the \$268,500 and \$196,340. John Duarte thanked the Board for persisting until they understood the documents they were looking at.*

Vote: Motion carries.

Ayes: Krizl, Capraun, Hanschild, Uso.

11. ADOPTION OF RESOLUTION 2015-07 PROVIDING PROTEST PROCEDURES UNDER PROPOSITION 218 IN OPPOSITION TO FEES OR CHARGES FOR PROPERTY-RELATED SERVICES

- A. Discussion –** To set a date and location for Prop 218 Protest Hearing and to provide protest procedures in opposition to charges.

GM Wall gave a very brief background of California's Proposition 218 and summarized recent actions of the GDPUD Board as follows: Proposition 218 was passed by California voters in 1996 and significantly changed financing for local special districts. In general, the intent of Proposition 218 is to ensure that charges on property owners are subject to voter approval. Prior to enacting a property-related charge, a service agency such as the Georgetown Divide Public Utility District must hold a protest hearing of the record owners of the property.

On December 17, 2014, the District held a public workshop to discuss possible changes to rates under Proposition 218. A supplemental charge is being proposed to all treated water customers in order to fund a new water treatment plant.

At a regular Board meeting on January 13, 2015, the Board discussed the need for a rate increase to repay a low-interest loan which would fund the bulk of the replacement costs.

At a regular Board meeting on May 12, 2015 the Board discussed the amount of loan that the District would apply for, but required more information before coming to a decision.

A special meeting was held on May 28, 2015 to determine the amount of the loan. At this meeting, Mary Fleming of Rural Community Assistance Corporation (RCAC) provided a PowerPoint presentation illustrating the borrowing of \$9.0M, \$9.5M, and \$10.0M, how each amount would affect reserves, and what the repayment of each option would look like. The Board voted to apply for a \$10M loan.

At a regular Board meeting on June 9, 2015, the Board discussed three possible repayment options: a proportional option, based on consumption, a repayment option based on the size of the meter connection, and a flat rate option. The Board voted to go with the flat rate option in order to guarantee a funding source adequate to repay the loan. That charge would not exceed \$15.08 per month per customer and is subject to a protest hearing pursuant to the requirements of Proposition 218.

Proposition 218 requires the District to prepare a Notice of Hearing to be mailed to the impacted customers for their consideration. A draft notice is contained within this agenda item for review by the Board of Directors. Approval of this notice and direction to send the notice to customers served by the District will start the Proposition 218 process. Also contained within this agenda item is Resolution 2015-07 which provides the protest procedures in opposition to charges.

Director Capraun indicated a desire to make known to the public the exact number of protest votes that would be required to halt the 218 process. She also asked for clarification regarding exactly who would receive the notice and who would be eligible to vote. Mr. Baral responded that if this policy is adopted, in cases where the customer is not the parcel owner, both the customer as well as the parcel owner would be noticed, but only one vote per parcel would count, per Prop 218 requirement.

- B. Possible Board Action** – Adopt Resolution 2015-07 and direct staff to mail the appropriate notice to the record owners of properties affected by the supplemental charge.

Motion by Director Uso to approve Resolution 2015-07; second by Director Hanschild.

Director Krizl read comments from an email sent by Director Hoelscher as follows: 1) establish the number of negative votes required to stop the 218, 2) use an insert similar to one used by San Diego, 3) obtain a post office box to receive negative returns, 4) have the Auditor or Legal Counsel be the only one who can pick up the negative votes and bring them to the count.

Director Uso asked Legal Counsel if any of these things are commonly done. Legal Counsel responded that those things are not standard and, further, that normally the protest votes are sent to the Clerk of the Board, but that his office would be happy to

receive and hold the votes on behalf of the Clerk to provide a level of comfort. There was discussion regarding the content of the notice and the resolution. Legal Counsel indicated that both documents followed legal requirements of Prop 218 and recommended keeping the content closely aligned with Prop 218 requirements and that these documents do follow those requirements.

Motion amended by Director Uso to modify and adopt Resolution 2015-07 and the Notice so that protests votes will go to Churchwell White; second by Director Hanschild.

Public Comment: Unidentified woman wanted to know who exactly would get the notice in the mail, because she is a renter, and the owner of the property lives in another town. After some discussion it was determined that the notices will be sent to both record owners as well as customers.

Motion amended by Director Uso to modify and adopt Resolution 2015-07 and the Notice so that the Notice will be mailed to both the customer and the property owner and that protests votes will go to Churchwell White; second by Director Hanschild.

Pat Snelling commented that in 2008 the total number of protest votes required was changed and that the persons counting the vote went into a back room and asked if that is going to happen at this 218 hearing. Director Uso responded that the normal procedure is that staff and board will be counting the vote and there is a provision that some representatives from the community can observe the counting. Legal Counsel noted that this provision is already included in the Resolution. Director Krizl noted that the Board would provide a firm number.

Ray Kringle asked about the close to 200 inactive accounts. Director Uso responded that per a conversation with Legal Counsel, it has been determined that those who are not billed are not eligible to vote.

Dennis Goodenow spoke in favor of sending the notice to both customer and the owner of record, but pointed out a potential drawback to having the protest votes delivered to Legal Counsel rather than the District office.

John Duarte spoke in favor of sending the protest votes to the Post Office.

Vote: Motion carries.

Ayes: Krizl, Capraun, Hanschild, Uso.

12. DIRECT CHARGES – FEES AND ASSESSMENTS FOR FY 2015-16

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 2015-01 is to lien the property of customers with delinquent balances as of June 30, 2015 and to place the annual charges for the District's assessment districts.

B. Possible Board Action – Adoption of Ordinance 2015-01.

Motion by Director Capraun to adopt Ordinance 2015-01; second by Director Uso.

Public Comment: None.

Vote: **Motion carries.**

Ayes: Krizl, Capraun, Hanschild, Uso.

13. FORMALIZE CURRENT FINANCE COMMITTEE

- A. Discussion** – The District currently does not have a policy in place which explains the rules and responsibilities of the Finance Committee.

GM Wall noted that the District currently does not have a policy in place which explains the role and the responsibilities of the Finance Committee. At the April 14, 2015 Regular Board Meeting, Legal Counsel suggested that the Board formalize the current standing Finance Committee.

He referred to Resolution 2015-08, which sets forth the composition of the Committee, the policy for selecting members of the Committee, the rules of the Committee, and other matters pertaining to the Committee.

Possible Board Action – Adopt a policy that explains the function of the committee and the vetting process.

Motion by Director Uso to adopt Resolution 2015-08 and Selection Committee will consist of Directors Uso and Capraun; 2nd by Director Hanschild.

Directors Uso and Capraun volunteered to be on the selection committee

Public Comment: *John Duarte expressed his opinion that each Board member should be able to appoint a member of the Finance Committee. There was some discussion on the method of appointment to the Finance Committee.*

Ray Kringle commented on how the work of the Committee has evolved over time and recommended that the focus of the Committee should be more conceptual and leave details to the staff and that the Committee should report to the Board and not to the General Manager.

Pat Snelling commented regarding the Budget Committee and the Finance Committee.

Dennis Goodenow stated that staff needs manpower to help accomplish fiscal tasks and the Board needs independent assessment of what staff does. Director Krizl noted that the Committee is selected by the Board and makes recommendations to the Board, facilitated by staff.

Robin Baral noted that the Board giving directives to a committee outside of public meetings is problematic. Therefore, the discussion on the role of staff is instrumental, because the Board makes its deliberations and talks about District business in the open under the Brown Act. There has to be that link between staff working with the committee and then the committee presenting to the Board in public meeting that is transparent.

Vote: **Motion carries.**

Ayes: Krizl, Capraun, Hanschild, Uso

At this point, Director Krizl announced that the Board would take a five-minute break.

14. AUBURN LAKE TRAILS WATER TREATMENT PLANT

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

Engineering Consultant George Sanders referred Board members to the staff report for this item in the Agenda Packet, and provided some specific updates that had occurred since the packet was published, as follows:

In the first paragraph of the staff report regarding CEQA documents, GDPUD is now working directly with Peter Eriksen, US Fish and Wildlife. The 2014 site plan was not definitive and some detail has been added to the description.

Regarding funding, the loan figure of \$8M to \$8.5M should be revised to \$10M. The Prop 50 grant funding is no longer available to the District. The EPA grant is confirmed. The amount of District reserves to be tapped needs to be looked at in light of a higher loan amount, and potentially less should be required to come from reserves. Bid documents have been completed by Psomas, they have to be reviewed by the District, but they are pretty much ready to go. Under the heading "Other," all the items listed - Construction Management, Construction Staking, Soils Testing, Wildlife Biologist –will have to be contracted out, but they are not holding up the bidding process.

In addition, Mr. Sanders stated that he is going to contact Legal Counsel to see if a previous qualified bidders list can be utilized without having to create a new list.

Director Capraun commented that the bidders list is good, and those contractors can be solicited, but the District can solicit through the State's contractor bid site as well.

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

15. CABY GRANT – BRIDGE FUNDS

- A. Discussion** – General Manager Wall will provide an update on the status of the CABY grant, including how grant funds are disbursed to grantees. Bridge funding will be required.

GM Wall referred the Board to the staff report and noted that the work schedule looks very tight and that work will have to proceed very quickly. The District needs to hire a coordinator to manage the process. He then spoke to the need for bridge financing while waiting for grant funds to be disbursed, as well as the matching funds that are required. There followed some discussion regarding which fund or funds to take the money from and how to track or account for any funds moved or borrowed.

- B. Possible Board Action** – Authorize source of bridge funding.

Motion by Director Uso take the matching funds from the General Fund and the bridge funds from the Stumpy Fund; second by Director Hanschild.

Public Comment: *Dennis Goodenow recommended that staff bring a presentation of what the finances are, what the accounting system is, what the budgetary process is,*

what the accounts mean, where the money comes from and where it goes, how much is in reserves, how much should and should not be in reserves. A full, experienced fiscal staff is needed, not just one person.

Vote: Motion carries.

Ayes: Krizl, Capraun, Hanschild, Uso

16. 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.

17. CLOSED SESSION

- 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: (three potential cases).
- B. CONFERENCE WITH LEGAL COUNSEL – Existing Litigation (Government Code Section 54956.9(d)(1) (Mecklenberg v GDPUD).
- C. CONFERENCE WITH LEGAL COUNSEL – Board to consider the appointment, employment, evaluation of performance, discipline or dismissal of a public employee pursuant to Government Code Section 54957 (b)(1).

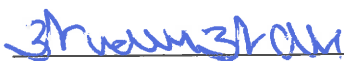
18. ADJOURN TO OPEN SESSION – Announcement of action taken in closed session.

The Board returned to open session at 6:35 PM and reported that no action was taken in closed session.

19. NEXT MEETING DATE AND ADJOURNMENT – The next regular meeting will take place on August 11, 2015 at 2:00 PM at the Georgetown Divide Public Utility District office.

Meeting adjourned at 6:35 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 July 9, 2015.

Signed 
Wendell B. Wall, General Manager

Date 9-8-15