

**Grizzly Flats Community Services District
Minutes of the Regular Meeting of the Board
June 12, 2015**

A. CALL TO ORDER

The regular meeting of the Grizzly Flats CSD Board of Directors was called to order at 9:01 AM by Director Legrand.

ROLL CALL OF THE BOARD

Present: Directors Ball, Legrand, MacDonald, Sullivan and Updike

Absent: None

Others: Kim Gustafson, Mel Kelley, Jodi Lauther and Leo Rainwater

SALUTE TO THE FLAG was led by Director Legrand.

B. APPROVAL OF THE AGENDA- Director Ball made a motion to approve the agenda as presented. Director MacDonald 2nd the motion. There was no further discussion. Director Legrand called for a vote. The motion passed with all directors present voting aye.

C. PUBLIC COMMENT – There were no public comments.

D. CONSENT CALENDAR- These items are expected to be routine business not normally requiring discussion. Action by the Board was taken at one time with one motion.

1. **Approval of the minutes of the regular meeting on May 8, 2015.**
2. **Approval of the minutes of the special meeting on May 13, 2015.**
3. **Approval of the minutes of the Hydrant Policy & Procedure Review meeting on May 22, 2015.**

Director Ball made a motion to approve the Consent Calendar as amended. Director Sullivan 2nd the motion. There was no further discussion. Director Legrand called for a vote. The motion passed with all directors present voting aye.

E. 2015/2016 BUDGET SESSION –

1. **CLOSED SESSION** – The Board entered into closed session at 9:12 AM to discuss:
CONFERENCE WITH LABOR NEGOTIATORS Pursuant to Section 54957.6 (a). Closed sessions with the local agency's designated representative Jodi Lauther regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits may include discussion of an agency's available funds and funding priorities, but only insofar as these discussions relate to providing instructions to the local agency's designated representative. Closed sessions held pursuant to this section shall not include final action on the proposed compensation of one or more unrepresented employees.

Unrepresented employees include the General Manager, Water System Manager, Water System Operator 2, Maintenance Technician, and Office Facilitator.

2. **REPORT FROM CLOSED SESSION** - The Board returned to open session at 9:47 AM. Director Legrand reported the following: There was nothing to report.
3. **Discuss the proposed budget for the 2015/2016 fiscal year for:**
 - a. **Operation and Maintenance (O&M)**
 - b. **Asset Management Program**
 - c. **Capital Improvement Projects (CIP)**

The proposed budget has been reviewed twice by the Budget and Finance Committee (Mel Kelley, Director Ball, Director Legrand and Jodi Lauther) who met in May and June to give input into the budget. The Board will be asked to review the proposed budget and consider adopting it at our next regular

meeting scheduled for July 10, 2015 (discussion)

Jodi Lauther presented the Operations & Maintenance (O&M) income on page 1 and said that the District's water rate has been at \$60.37 since 2011, and that there are approximately 585 customers for the 2015/2016 fiscal year. She said that the District will be undergoing a Cost of Services Study next year, for which the El Dorado County Water Agency will share half the costs (approximately \$15,000). Director Updike said that the Board should provide some basic information to the person analyzing the District's rates to let them know we are a lower income community. Jodi said that we don't budget for penalties or lien fees, and that the "Other Income" item consists of cost sharing, office services, raw water sales, O&M pooled interest, new meter installation fees and Grizzly Pond t-shirt sales. She also mentioned that she is proposing an increase to the Office Facilitator's hours for the next fiscal year, and that she is recommending an increase to the Health Reimbursement Account (HRA) benefits for District staff to increase the monthly benefit amount to \$650 (from \$600) and the accrual time to three (3) years (currently at two years.) Jodi went on to say that Worker's compensation costs have been reduced to \$11,000, and that the District will have lower water testing costs next year. She also mentioned that the District may have to pay election costs, and that the District is looking into the possibility of joining two new memberships: American Water Works Association (AWWA) and the Association of California Water Agencies (ACWA). AWWA offers many benefits including operator training discounts on courses and books. The Board recommended including membership costs to join the AWWA into the 2015/2016 FY budget. Alternately, it does not appear as if the ACWA membership will actually provide new benefits to the District at this time, so it was recommended that staff remove the membership costs for this agency from the budget. Jodi anticipates a small income increase for the O&M budget next year. Director MacDonald requested that second sentence under "O&M Budget Summary" on page 5 be updated to read "Our personnel budget will increase..." (instead of "Our personnel expenses will increase..."). Overall, the net income for the O&M budget is expected to be in the red approximately \$18,000. Jodi then went on to discuss the reserve accounts listed on page 6. She said that Director MacDonald had recommended offering the option of e-billing to District customers. Upon further investigation, it was discovered that the cost to provide e-bill service through Continental Utility Solutions, Inc. (CUSI) had dropped from \$10,000 to add the module to the billing system, to a one-time fee of \$1,000. It was decided that costs for providing this service would be added to the 2015/2016 budget. Additionally, Jodi said that a new "Hydrant Repair & Replacement" reserve account will be created to cover replacing, painting and raising some of the District's fire hydrants. She said that isolation valves will need to be installed at each fire hydrant, so the replacement cost per hydrant is approximately \$7,000. In result, \$1,000 a month will be put into the "Hydrant Repair & Replacement" reserve account.

Jodi then went on to present the Asset Management budget on page 15. She said that this account stabilizes the District's O&M budget. She said that \$5,600 was proposed to complete Phase 3 (Filter Basin) portion of the Treatment Plant 1 Rehabilitation Project. She then said that the Clearwell tank will need to be cleaned and inspected for a cost of approximately \$1,000. Additionally, \$3,500 was budgeted to replace the carpeting in the District office and boardroom. Finally, staff plans to replace two turbidimeters for a cost of \$6,000. Jodi then went on to present the Asset Management Programs Five (5) Year Budget Plan listed on page 16. She said that painting the District buildings (Office, Treatment Plant, lower shop & Tyler) have been pushed out to the 2016/2017 budget year. Overall, the Asset Management Program estimates \$16,000 in purchases for projects in the 2015/2016 fiscal year. The Board requested that Jodi contact Joe McCaslin (of the Municipal Consulting Group) to see if the El Dorado County Water Agency can share costs for the hydrant replacements. Additionally, Director Legrand will check with Mark Almer (Chair, Grizzly Flats Fire Safe Council) to see if they would be able to share in some of the hydrant replacement costs as well.

The Capital Improvement Projects (CIP) summary is listed on page 17, wherein the standby charge of \$48 per parcel per year pays off the District's debt service (United States Department of Agriculture (USDA) loan.) Currently, the total debt service for the District is \$41,615. The current balance of the loan is \$913,500, and the expected payoff date is October 2053. The new project proposed for 2015/2016 is a Cost of Services Study, to review the Districts basic water rates, tiered rates and standby charges. They will use actual customer water usage information to develop a basic, fixed rate and a commodity rate so the District's water charges are in line with its expenses. Jodi then mentioned that the new stairs will be carried

over from this year to the 2015/2016 fiscal year, and that the plan is to move the stairway to the left and use prefabricated stairs. New projects proposed for the 2015/2016 fiscal year include the Proposition 84 – 2014 Drought Measures Infrastructure Project (DMIP) components including installation of Air Release Valves on Eagle Ditch, the installation of a new Backwash Tank, Cathodic Protection System installation at the Clearwell, Winding Way and Forest View tanks, a Leak Detection Program and 300 Meter Replacements (the Supervisory Control and Data Acquisition (SCADA) System and Conservation Program were dropped from the project due to funding constraints.) Jodi then referred the Board to Page 20 of the budget packet, upon which the CIP Reserves were listed. The Districts CIP Dedicated Reserve is currently at \$79,057.10, for which the target balance is \$140,000 (the Board authorized a \$35,000 increase each year for this reserve account until the total target balance is achieved.) The District's CIP Restricted Reserve is currently at \$250,000, which is the target balance for this reserve account. She mentioned that depreciation will also affect the budget, as it is a bookkeeping figure which must be included in the District's expenses. Finally, Jodi referred the Board to the Capital Improvement Projects (CIP) Five (5) Year Budget Plan listed on page 22 of the packet. She said that future projects include a portable valve exerciser, a new truck to replace the Ford F350, and a streaming current controller for Treatment Plant 1. Following a brief discussion, the Board decided to expedite the purchase of a portable valve exerciser to the 2015/2016 fiscal year, as it will offer immediate benefits to the Operations staff.

F. OFFICE & FINANCE / Jodi Lauther, General Manager

Monthly review of Office Operations

- 1. Report from the Special District Risk Management Authority Safety/Claims Education Day on March 24, 2015 -** Leo Rainwater said that he attended a course on reporting issues for Workers Compensation, wherein they recommended that employers and employees utilize their "Company Nurse" telephone system which is available 24 hours a day.
- 2. Report from the visit with Joe McCaslin of the El Dorado County Water Agency on June 3, 2015 –** Jodi Lauther said that she received an e-mail on the morning of June 3, 2015, wherein Joe McCaslin of the Municipal Consulting Group said that he would not be able to visit the District that day after all, due to illness.
- 3. Review letter from El Dorado County Board of Supervisors dated May 26, 2015 regarding Rescue Fire Protection District's request to change their regular election date from odd years to even years –** Kim Gustafson said that staff received a letter from the El Dorado County Board of Supervisors, relative to Rescue Fire Protection District's request to change their regular election date from odd years to even years. She wanted the Board to be aware of the fact that this could have a budget impact for the District, as we currently share election costs with other participating agencies. It was decided that Kim should send a letter to the Board of Supervisors, to let them know that this change may result in additional election costs for our District.
- 4. Form the Ad Hoc Committee, "Fire Hydrant Policy & Procedure Review Committee" –** Kim Gustafson said that the Board should form the "Fire Hydrant Policy & Procedure Review Committee". Following a brief discussion, it was decided that this topic will be merged under the Water Operations Committee purview, and that a new committee would not be needed at this time.
- 5. Voting for Special District Risk Management Authority's (SDRMA's) 2015 Board of Directors Election –** Kim Gustafson said that the Board should select three candidates for Special District Risk Management Authority's (SDRMA's) 2015 Board of Directors.

Director Updike made a motion to vote for Robert Swan, Ed Gray and Sandy Seifert-Raffelson, and to approve Resolution 2015-06 as presented. Director MacDonald 2nd the motion. There was no further discussion. Director Legrand called for a vote. The motion passed with all directors present voting aye.

Monthly review of Financial Operations

- 6. Review and approve the annual Property/Liability Package Program and Worker's Compensation Program invoices from Special District Risk Management Authority (SDRMA) for the 2015-2016 Program Year -** Jodi Lauther said that the Special District Risk Management Authority (SDRMA) worked hard to not raise rates for the

sixth year in a row. In result, the District's Property/Liability program cost for 2015-2016 will be \$11,050.85, and the Worker's Compensation program cost for the 2015-2016 year will be \$10,945.55.

Director Sullivan made a motion to approve the Property/Liability Program and Worker's Compensation Program invoices from SDRMA for program year 2015-16 as presented. Director Updike 2nd the motion. There was no further discussion. Director Legrand called for a vote. The motion passed with all directors present voting aye.

7. **Review and approve annual membership dues invoice for Mountain Counties Water Resources Association (MCWRA), for the period of July 1, 2015 to June 30, 2016** – Jodi Lauther referred the Board to pages 26 and 27 of the Board packet for the annual membership dues invoice from Mountain Counties Water Resources Association (MCWRA). She said that there has been no change to the District's annual membership cost of \$1,000.

Director Ball made a motion to approve MCWRA's Annual Membership Dues Invoice as presented. Director MacDonald 2nd the motion. There was no further discussion. Director Legrand called for a vote. The motion passed with all directors present voting aye.

8. **Present the financial reports & spending issued for May 2015** - Jodi Lauther referred the Board to the District's Profit & Loss – O&M sheet listed on page 28 of the packet, where it showed that the District received some miscellaneous income in May; a \$1,000 SDRMA safety reimbursement, \$250 for the sale of the District's 1991 Ford F150 red truck, approximately \$500 for a settlement resulting from a class action lawsuit against Office Depot and additional miscellaneous income from notaries, faxes and copies. Staff also spent money on Hangtown Fire's extinguisher demonstration class, recharging the District's fire extinguishers, purchasing a new 20# fire extinguisher for the carport, water treatment items and work on the District's outbuildings (such as insulation at the Winding Way tank site). Overall, the net O&M income was \$7,656.87 in May 2015. Jodi then referred the Board to the Profit & Loss – CIP page 30, and noted that she received the April report from the County of El Dorado. The net income for the Capital Improvement Project account was \$11,350.37 in May, 2015. Jodi then referred the Board to page 36 of the packet, where it showed that we are approximately 92% through the fiscal year, and that overall expenses amount to approximately 79%.

Director MacDonald made a motion to approve the financial reports, spending and purchase orders issued for May 2015 as presented. Director Sullivan 2nd the motion. There was no further discussion. Director Legrand called for a vote. The motion passed with all directors present voting aye.

***Lunch from 12:04 PM to 12:38 PM**

G. OPERATIONS / Leo Rainwater, Water System Manager

Monthly review of plant and field operations

1. **Reminder about generator training** - Leo Rainwater reminded the Board about the upcoming generator training scheduled for 9:00 AM at the District office on Monday, June 29, 2015.
2. **Present the GFCSD System Report for May 2015** – Leo Rainwater said that due to topping off chemicals one more time than usual last month, chemical usage was up to 46.35 gallons of 13.18% average concentration Sodium Hypochlorite from 34.38 gallons of 13.33% in April, 2015, and 3.0 gallons of 8809 from 2.0 gallons in April, 2015. He then went on to say that North Canyon's diversion started out and stayed at 7.3" of water going into the pipe. Big Canyon's water level started out at 5.1" of water going into the pipe, and gradually dropped throughout the month to 4.2" of water going into the pipe. The butterfly valve at the reservoir remains open at one notch, and the reservoir is continuing to spill. Leo said that both treatment plants ran well last month and staff is seeing more algae forming within the reservoir. He mentioned that the plants are running 20 hours between backwashes for the project, leaving one plant backwashing every 10 hours. Last month, EID donated two chlorine meters to the District. One is a Hach CL17 Chlorine Analyzer, and the other is a Wallace & Tiernan Depolox 3 Plus Residual Analyzer. Leo said that one of these chlorine meters will be used while the Clearwell is being bypassed during the Cathodic Protection Installation Project, when treated

water will flow directly into the system. There were a total of two leaks in May, both of which were located on the customers' side of the meter. One was a leaky toilet and the other one was a broken service line. Additionally, District staff continues to monitor the leak on Wood View Court where there has been a slight increase in the amount of water surfacing through the pavement. Because a hydraulic line broke on the backhoe, excavation was postponed until the equipment could be repaired. The parts were ordered, and repairs were made to the backhoe on 6/8/15, so it is now back in service. Staff checked the Grizzly Pond site two to three times a week in May, which is now being used more due to the warmer weather. During their visits, staff completed weed eating and spread wood chips at the site. A total of 1.38" of rain was received in May, bringing our fiscal year total to 32.48". The daily production average for May was 79,897 gallons. Leo mentioned that the diversion data for May had not been received in time to incorporate it into the system report. Kim Gustafson then presented the administration report to the Board. She mentioned that 587 bills were mailed out in May, and that 87 penalties were assessed, with two shut-offs. The Operations staff was busy completing 26 work orders in May, and a total of 36 payments were made through the Official Payments system.

3. **Report from the Fire Hydrant Maintenance Policy & Procedure Meeting on May 22, 2015** – Director Legrand said that the meeting went well on May 22, 2015, and that other than adding items to the budget for hydrant replacement and maintenance, there was nothing new to report to the Board.
4. **Update on the solar panel relocation for the District's stream gages** – Leo Rainwater said that the cost to relocate the solar panels will be somewhere between \$400 to \$500. He has placed calls into three local tree fellers, and is awaiting their responses.

***Break from 12:58 PM – 1:00 PM**

*** Due to the fact that a 1:00 PM telephone conference had been scheduled for the closed session with Ryan Bezerra, items M and N were moved up on the agenda.**

- M. CLOSED SESSION (1:00 PM)** – The Board entered into closed session at 1:00 PM to discuss:
Conference with Legal Counsel – Anticipated Litigation; significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9 (one case) in connection to the District's Pre-1914 water rights. *Ryan Bezerra (Bartkiewicz, Kronick & Shanahan Law Firm) will be on the phone to discuss this matter with the Board of Directors and General Manager.
- N. REPORT FROM CLOSED SESSION** - The Board returned to open session at 1:30 PM. Director Legrand reported the following: There was nothing to report.

GENERAL BUSINESS ITEMS

H. DROUGHT MEASURES INFRASTRUCTURE PROJECT

1. **Update on the progress of the Prop 84 Drought Grant from DWR and project components / Lauther (discussion)**
 - a. **Backwash Tank Replacement, Cathodic Protection System Installation, Supervisory Control and Data Acquisition (SCADA), Meter Replacements, Air Release Valves (ARVs), Leak Detection Program and Conservation Program** – Jodi Lauther said that the pre-construction meeting for the Backwash Tank Replacement Project has been scheduled to take place at the District office starting at 10:30 AM on Wednesday, June 17, 2015, and that submittals are currently going back and forth between Domenichelli & Associates and Farr Construction. She referred the Board to page 48 of the packet, where the project schedule was listed. Directors Updike and Ball expressed interest in participating in the pre-construction meeting for this project. Jodi then went on to update the Board on the current status of the Cathodic Protection System Installation Project, for which the contract with Corpro, Inc. has now been executed. She said that staff is in the process of scheduling the project with the contracting firm. Additionally, she said that Nevada Irrigation District had finally received the grant

contracts from the Department of Water Resources, and that they are currently in the process of executing them.

I. WATER SUPPLY, DROUGHT AND CONSERVATION

1. **Discuss condition of the District's water supply, water demand, drought conditions and related communications** – Jodi Lauther said the new mandatory conservation requirements went into effect on June 1, 2015, and that customers have been notified of the fact that they can now only water two days per week; Wednesdays and Saturdays for addresses ending in an even number, and Thursdays and Sundays for addresses ending in an odd number. She said that staff is attempting to educate customers on additional conservation methods, and that customer usage was down in May, yielding a 23% conservation rate for the District. Lower usage in May is partly attributed to cooler temps and the various thunderstorms yielding light rain showers. Director Updike pointed out that the June 2015 newsletter incorrectly listed the watering days for addresses ending in an odd number as Tuesdays & Sundays, when it should have stated that they can water on Thursdays and Sundays. Staff said that they will ensure that all future correspondence and postings will be updated to list the correct watering days.
2. **Update on options for additional water storage** – Director Ball said that he has no updates for this item.

J. COMMITTEE REPORTS

1. **Finance & Budget Committee (Ball, Kelley (Treasurer), Lauther & Legrand)**
 - a. **Review the committee's recommendation for new Auditor Services** – Jodi said that the committee reviewed the five proposals received for new Auditor Services, and that she called references for the various firms. She said that the committee is recommending that the Board go with Larry Bain of El Dorado Hills, who had good rates and great references.

Director Updike made a motion to accept the proposal for Auditor Services as recommended by the committee and authorize the General Manager to execute an agreement for services for next three years (years ending June 30, 2015, 2016 and 2017) with Larry Bain. Director MacDonald 2nd the motion. There was no further discussion. Director Legrand called for a vote. The motion passed with all directors present voting aye.
 - b. **Review the committee's recommendation for new General Legal Counsel Services** – Jodi Lauther said that the committee reviewed the seven proposals received for new General Legal Counsel Services, and that she called references for two top contenders. After reviewing the references, the committee's recommendation was that the Board proceed to execute a contract with Churchwell White LLP.

Director Sullivan made a motion to accept the proposal for General Legal Counsel Services as recommended by the committee and authorize the General Manager to execute an agreement for services with Churchwell White LLP. Director MacDonald 2nd the motion. There was no further discussion. Director Legrand called for a vote. The motion passed with all directors present voting aye.
2. **Mountain Counties Water Resources Association**
 - a. **Report from the Mountain Counties Water Resources Association's (MCWRA's) water purveyor member workshop event held at the Calaveras County Water District on May 18, 2015** – Jodi Lauther said that the water purveyor member workshop on May 18, 2015 was a great meeting, wherein the various agencies discussed methods to meet the requirements of the mandated conservation measures. It was decided that the participants would pool materials to save time and money. She said that Twainheart CSD had to reduce their water usage by 50% last year, and by 30% this year. One of the programs they implemented for their District was a customer showerhead exchange program. The afternoon was spent discussing existing and possible curtailments issued by the State Water Resources Control Board (SWRCB).

K. EL DORADO COUNTY WATER AGENCY (EDCWA)

1. **Update from the El Dorado County Water Agency meetings held on May 13, 2015 and June 10, 2015** - Director Ball said that during the El Dorado County Water Agency on May 13, 2015, they approved the budget, discussed temporary job assignments, extended two employee contracts through the end of the year and discussed the Pre-1914 water rights curtailment issue. He then recommended that staff submit our fire hydrant replacement costs into the El Dorado County Water Agency for cost share assistance.

L. ANNOUNCEMENTS / DIRECTORS COMMENTS

1. **Discuss a proposed "GFCSO Meeting Facility" at the Grizzly Pond site** – Director Updike mentioned the possibility for the formation of a 501(c)3 corporation which could raise funds to construct a new meeting facility at or near the Grizzly Pond site. Following some discussion, it was decided that the Board would table this item to the July 10, 2015 regular Board meeting so that they could consult with the District's new general counsel as to whether or not an Ad Hoc Committee could be formed to investigate this option further.
2. **Director MacDonald's resignation from the Board, effective December 4, 2015** – Director MacDonald said that he will be resigning from the Board, effective December 4, 2015.

***Director MacDonald left the meeting at 2:45 PM**

Director Ball told the Board that he recently received a solicitation notice for the California Department of Fish and Wildlife's Proposition 1 Grant Program. He said that they will be hosting a public meeting to discuss the program from 10:00 AM to 12:00 PM on June 26, 2015. Jodi Lauther said that she will be calling into the meeting to participate, as did Director Updike. Director Legrand asked how the grant would apply to the watershed on the United States Department of Agriculture Forest Service land which feeds our diversions.

Director Ball said that the District will need an additional back-up to participate in the El Dorado County Water Agency and Mountain Counties Water Resources Association meetings, in light of Director MacDonald's impending resignation. Director Updike said that he would provide back-up as needed.

- O. ADJORNMENT- Director Updike made a motion to adjourn. Director Ball 2nd the motion. Director Legrand called for a vote. The motion passed with all directors present voting aye. The meeting was adjourned at 2:55 PM.** The next regular meeting will be at 9:00 am on Friday, July 10, 2015 at The Grizzly Flats CSD office.

Minutes submitted by:

Kim Gustafson, Board Secretary

Approved by:

GFCSO Board Chair

Date:
