

**Grizzly Flats Community Services District
Minutes of the Regular Meeting of the Board
April 8, 2016**

A. CALL TO ORDER

The regular meeting of the Grizzly Flats CSD Board of Directors was called to order at the Grizzly Flats CSD Office (4765 Sciaroni Rd., Grizzly Flats, CA) at 9:00 AM by Director Legrand.

ROLL CALL OF THE BOARD

Present: Directors Legrand, McLaughlin, Sullivan, Sutton and Updike

Absent: None

Others: Steve Bias, Kim Gustafson, Jodi Lauther, Steve Palmberg, Leo Rainwater, Frank Showers & Coleen Walker

SALUTE TO THE FLAG was led by Director Legrand.

B. APPROVAL OF THE AGENDA- Director Updike made a motion to approve the agenda 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.

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 March 11, 2016** – Director Legrand said that on page 4, item 1 should be updated to say that “11.33 acre-feet went into the reservoir” (not 11.33 acre-feet were returned to the reservoir).
2. **Approval of the minutes of the special meeting on March 23, 2016.**
3. **Approval of the minutes of the Public Workshop held on March 28, 2016.**

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

E. OFFICE & FINANCE / Jodi Lauther, General Manager

Monthly review of Office Operations

1. **Review and revise existing Reserve Policy to reflect Hydrant Replacement Reserve and consider a target balance for the Asset Management Reserve account** – Jodi Lauther referred the Board to page 9 of the packet, and said that the “Asset Management” reserve account is used for large expenses or replacements and stabilizes the budget for the District’s customers. She said that a 5 Year Plan for Asset Management was developed in 2013, and that the “Asset Management” reserve account funds that plan. Currently, \$1,800 per month is being transferred to this account from the Operations and Maintenance (O&M) account. Her recommendation was that the Board set the target balance for the “Asset Management” reserve account at \$75,000. She went on to recommend that the Board add a “Hydrant Repair and Replacement Reserve” account to the District’s policy. Due to the District’s aging infrastructure, the Board had approved to replace three hydrants a year starting in the 2016/2017 fiscal year. Jodi recommended that the target balance for the “Hydrant Repair and Replacement Reserve” account be set at \$25,000, which would cover three hydrant replacements plus some repairs. Finally, Jodi said that she would like to add wording for the “CIP Dedicated Reserve” account to say “Per Board Policy, the Target Balance is to increase \$35,000 per year until it funds the 5 year plan”. She said that the Board had already approved the change, but that the wording had not yet been added to the policy.

Director Sutton made a motion to approve the recommended changes to the Reserve Policy. 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.

Monthly review of Financial Operations

2. **Approve annual membership renewal costs for California Rural Water Association (CRWA)** – Kim Gustafson said that the District’s Operations staff and General Manager benefit from membership with California Rural Water Association (CRWA), from which they receive training toward their treatment license renewals.

Director Updike made a motion to approve the membership renewal costs for California Rural Water Association (CRWA) as presented. Director McLaughlin 2nd the motion. There was no further discussion. Director Legrand called for a vote. The motion passed with all directors present voting aye.

3. **Present the financial reports, spending and purchase orders issued for March 2016** - Jodi Lauther said that there were no purchase orders issued in March. She then referred the Board to page 14 of the packet, where the “Profit & Loss, O&M” sheet was. She said that expenses in March included two payrolls, quarterly payments, regular expenses such as AT&T and laboratory testing, gutters and supplies for the office overhang, two months of gage maintenance and reporting by ECORP Consulting, Inc., quarterly computer maintenance by the Computer Guy, and a forced software upgrade to QuickBooks. Overall, there was a net income for March in the amount of \$5,594.27. Director Legrand requested that Jodi Lauther revise the format of the “Profit & Loss – O&M sheet” to add a breakdown of which reserves the income is allocated to. The “Profit & Loss CIP” sheet on page 16 showed that the District received \$1,296 in standby charges, that the year-to-date total for the Cost of Services Study is \$9,528.93 (for which the El Dorado County Water Agency has a 50% cost share), that the valve exerciser was purchased, and the monthly depreciation amount as was set by the Auditor. She said that the “Balance Sheet” on page 19 showed a breakdown of the accounts receivable, including current billings and lien balances as requested by the Auditor. On page 21, the “Budget vs. Actual – O&M” showed the District’s spending at 68% and the income at 77%, 75% through the year. She said that the top of the “Five (5) Year Budget Plan – Capital Improvement Projects (CIP)” sheet on page 24 showed a breakdown of the Proposition 84 Grant project funding, that the middle of the page listed the District’s current projects, and the bottom of the page showed the future year projects. Jodi went on to say that the new reservoir stairs should be received any day now. She then referred the Board to page 25 of the packet, for the “Five (5) Year Budget Plan – Asset Management Program”.

Director Sutton made a motion to approve the financial reports and spending for March 2016 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.

4. **Annual budget process starting soon – Finance & Budget Committee (Robert Ball (Treasurer), Jodi Lauther (GM), Directors Legrand and Updike) will meet to review proposed budget and Five Year Plans starting in May. A final budget must be adopted by the Board of Directors before September 1st** – Jodi Lauther said that this item was put on the agenda to remind everyone that the District’s annual budget process will begin soon, and that a Finance & Budget Committee meeting including Robert Ball (Treasurer), herself, Director Legrand and Director Updike will be scheduled for some time in May.

F. OPERATIONS / Leo Rainwater, Water System Manager

Monthly review of plant and field operations

1. **Present the GFCSD System Report for March 2016** – Leo Rainwater said that due to the rainfall and weaker chemical concentration in March, Sodium Hypochlorite usage was up to 39.5 gallons of 14.22% average concentration from 37.94 gallons of 14.41% in February, 2016. 8809 usage was up to 2 gallons from 1.5 gallons in February, 2016. He then said that all sample results were normal, that backwash time was extended to 65 hours last month, and Treatment Plant 1 remained offline for Phase 3 of the Rehabilitation Process in March. He said that although Treatment Plant 2 ran fairly well last month, rain caused some temporary spikes in the raw water turbidity. The result was an increase of 8809 dosage, and a reduction in backwash time to 58 hours. The dosage then returned to normal after a few days. There were a total of four leak investigations in March; two were from the rains where there was a lot of runoff from the drainages and hillsides, one was

located in a broken gate valve on the District's side of the meter where staff was able to dig it up and make the repair without incident, and one was located within the customer's service line somewhere between the house and the meter box. This leak was discovered after a customer called to report that he had no water pressure to his house. Staff completed a leak investigation on the customer's property, and was unable to find the leak although it resulted in approximately 80,000 gallons of lost water. The small leak surfacing through the pavement on Pine Ridge Drive is still being monitored, and has not increased in water flow. Staff plans to repair this leak in late April, if time allows. The daily average last month was 69,871 gallons, and 37,341 gallons of water was returned to the reservoir from the backwash tank (this number was down due to the increased time between backwashes). 13.38" of rain was received in March 2016, bringing the total rainfall to 47.89". Water conservation was at 17% last month, yielding total conservation in the amount of 24%. Leo then reported that 77.17 acre-feet of water was diverted in February 2016, and that 19.69 acre-feet went into the reservoir, leaving 57.48 acre-feet unaccounted for. He also said that the diversion flows at Big Canyon dropped .25" and North Canyon's flows increased .17" in March. Additionally, he mentioned that the butterfly valve at the reservoir is currently open to one notch. Kim Gustafson then presented the administration portion of the system report. She said that 596 bills were mailed out in March, that two liens were released and that there were a total of two shut-offs. Also, she said that there were 85 penalties last month, and the Operations staff completed 26 work orders. 68 online payments were made through the Official Payments system in March, and the total number of customers signed up for e-billing is up to 53.

2. **Update on solar panel relocation, approval of related costs and budget account designation** – Leo Rainwater said Hilltop Tree Service has completed the solar panel relocations for the District's diversion gages. The solar panel at Big Canyon is now 140' up in the tree canopy, and the North Canyon panel is 160' up. Both solar panels were upgraded to 24 volt. Jodi Lauther said that although the Board had already approved proceeding with this project, they never officially designated an account to pull the funding from. Her recommendation was to either use the Asset Management account which is dedicated to cover expenditures that have the possibility of significantly impacting the annual O&M Budget and to stabilize costs for the rate payers, or to use the Eagle Ditch Maintenance account which was developed to cover only the cost of the diversion gage maintenance, monitoring and reporting. She said that she is requesting approval for \$2,000, which covers the work completed by Hilltop Tree Service in the amount of \$1,250, and the materials.

Director Updike made a motion to approve spending not more than \$2,000 from the Asset Management Account for relocating the diversion gage solar panels higher into the tree canopies. 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.

GENERAL BUSINESS ITEMS

G. DROUGHT MEASURES INFRASTRUCTURE PROJECT

1. **Update on the Prop 84 Drought Grant project progress** – Jodi Lauther said that there has not been much activity on the project, as staff has until 2019 to complete the pending projects. Staff will be purchasing the Air Release Valves (ARV's) for Eagle Ditch soon. Additionally, staff will purchase the new water meters as soon as they have received confirmation on the appropriate register type. Leo Rainwater said that the Water Operations Committee met on March 23, 2016 to discuss the quote from Resource Development Company (RDC) to reline the Clearwell Tank. The committee also discussed other options related to the Clearwell tank. It was mentioned that cleaning the tank will accelerate deterioration. In result, the tank cleaning will be postponed to a later date. Leo said that he may schedule another committee meeting so that the members can talk with Superior Tank about lining options, as the bolted tank will need to be lined with an isomeric coating which is more flexible than epoxy, and would allow the tank can flex without damaging the liner. Leo went on to say that the rusted bolts may be an issue which affects the relining. Staff submitted an application into the El Dorado County Water Agency to share costs for CSI Services to inspect the Clearwell tank and perform an ultrasound on the most corroded areas within the tank.

H. WATER SUPPLY, DROUGHT AND CONSERVATION

1. **Discuss the letters written by various water purveyors to the State Water Resources Control Board about lifting their drought emergency declarations due to normal water supply conditions, and the current state of the District's water supply** – Jodi Lauther said that the state conservation mandate is still in place, as it was extended through October 2016. She said that several local agencies have recently lifted their own emergency stages, while writing letters to the State Water Resources Control Board (SWRCB) to let them know they have an adequate water supply and to prompt the state to rescind their emergency conservation mandate. The SWRCB is scheduled to meet at the end of the month to discuss this issue, but take no action. The Board recommended that staff submit a letter to the State Water Resources Control Board as well, signed by Director Legrand, requesting that they lift their current mandate. Additionally, it was requested that staff distribute a "Water Log" e-mail to our customers, explaining that we never went into our own emergency conservation stages during the recent drought.

I. COST OF SERVICES STUDY

1. **Report from the Public Workshop held on Monday, March 28, 2016** – Jodi Lauther said that there was a great turnout for the public workshop, with approximately 35 attendees. The Board requested that next time Bartle Wells Associates makes a presentation to the public, that there be two representatives from their firm, preferably including Michael DeGroot or another "numbers" person. Jodi Lauther will recommend that the Capital Improvement Projects (CIP) information be removed from the presentations to avoid confusion. She went on to say that customer feedback is being collected through April 18, 2016, and that a special meeting should be scheduled in late April or early May. Once a rate structure has been selected, the Proposition 218 notice will be mailed out, starting the 45 day period.
2. **Report from the Proposition 218 Committee meeting held on April 5, 2016 / Mel Kelley (member of the public), Jodi Lauther (GM), Doug MacDonald (member of the public), Directors Sullivan and Updike** – Director Updike said that the committee met to discuss the pros and cons of each rate structure scenario, and to review the public comments which had been submitted prior to April 4, 2016. The committee wanted to know how other district's rate structures are set up (allotment vs. no allotment), so Jodi volunteered to perform an informal public survey. She put the inquiry out to the members of the California Special Districts Association (CSDA) "ListServ" e-mail exchange, and received twelve responses back. Twain Harte CSD was one of the responding Districts, and is similar to Grizzly Flats CSD in fixed and variable rates, as well as in number of vacation homes. Of the responding twelve districts, nine did not include any allotment within their rate structures. Also, six of the twelve responders had just completed or are currently in the process of going through the Proposition 218 process. Jodi said that there is some concern about what is legal, so the Board authorized her to contact the District's legal counsel (Barbara Brenner with Churchwell White) to get her opinion on the issue of whether the District should or should not include an allotment within its new rate structure.
3. **Review public comments on the various rate structure options which were received prior to April 4, 2016**
Public comments are being accepted until April 18th - Kim Gustafson referred the Board to page to page 51 of the packet for customer comments received through April 4, 2016. There were some customer comments which will be included upon the "GFCSO Customer Comments on Rate Structure Scenarios" sheet. Director Legrand said that staff distributed a newsletter and extended the customer response period in hopes of allowing more public participation in the rate structure selection process. Jodi Lauther said that the Proposition 218 Committee is tentatively scheduled to meet at 9:00 AM on April 20, 2016. Following a brief discussion, the Board scheduled a special meeting to select a rate structure alternative at 2:00 PM on April 20, 2016. Frank Showers said that one thing which should be mentioned to customers is that the presence of our water distribution system and the availability of water for fire protection yields a fire rating of class 5 for the community, effectively lowering their homeowner's insurance costs. Frank was told that the community's fire rating would go up to class 9 if there was no water available and that our area would then be unable to acquire homeowner's insurance.

J. EL DORADO COUNTY WATER AGENCY (EDCWA)

1. **Next El Dorado County Water Agency meeting is scheduled for April 13, 2016** - Doug Updike said that the next El Dorado County Water Agency meeting is set for April 13, 2016, and that he will do his report at the next regularly scheduled Board meeting on May 13, 2016.
2. **Update on the cost sharing application for 2016/2017 fiscal year** - Kim Gustafson said that on March 23, 2016, staff submitted six items into the El Dorado County Water Agency for consideration of cost sharing during the 2016/2017 fiscal year. Those items included "Defense of Water Rights, Legal Fees" at 70% cost sharing, "Stream Gage Monitoring & Water Rights Reporting" at 70% cost sharing, "Small Water System Annual Permit Fees" at 50% cost sharing, "Cost of Services Study" (overlapping costs) at 50% cost sharing, the "Clearwell Tank Coating Evaluation" at 50% cost sharing and the "Water Supply and Demand Update" at 50% cost sharing. Altogether, staff requested cost sharing assistance in the amount of \$31,147 from the El Dorado County Water Agency. The District's portion would be \$18,827, including in-kind funding.
3. **Update from the El Dorado County-Wide Water Use Efficiency Strategic Plan meeting held on March 18, 2016, and the request for District information** – Jodi Lauther referred the Board to page 56 of the packet, and said that this project is the El Dorado County Water Agency's county-wide conservation program for which ECORP Consulting is developing a coordinated approach. Water purveyors and planners participating in this program include the El Dorado County Water Agency, City of Placerville, El Dorado County Community Development and Long Range Planning Division, El Dorado Irrigation District, Georgetown Divide Public Utility District, Grizzly Flats Community Services District and South Tahoe Public Utility District. She went on to say that staff is working on providing ECORP Consulting Inc. with historical District information, dating back to the 1990's.

K. ANNOUNCEMENTS / DIRECTORS COMMENTS

Kim Gustafson said that students from Walt Tyler Elementary School are scheduled to come to the District office for a tour of the reservoir, a camera demonstration and the treatment plants on April 13, 2016.

Director Legrand requested that locations with no water usage during the next meter read cycle be checked to verify that the houses are not currently occupied.

Jodi Lauther said that Brian Mullen of the Community Development Agency, Transportation Division confirmed that Old Mine Road is not a county maintained thoroughfare. It was mentioned that this item would be sent to the Water Operations Committee for future discussion on what steps can be taken to reduce risk of damage to the water lines contained within this roadway.

- L. ADJORNMENT- Director Updike made a motion to adjourn. Director Sutton 2nd the motion. Director Legrand called for a vote. The motion passed with all directors present voting aye. The meeting was adjourned at 11:21 AM.** The next regular meeting will be at 9:00 am on Friday, May 13, 2016 at The Grizzly Flats CSD office.

Minutes submitted by:

Kim Gustafson, Board Secretary

Approved by:

Andre' Legrand, Board Chair

Date:
