

Grizzly Flats Community Services District



Caldor Fire Recovery

- ▶ **Financial and operational impact to the District's infrastructure was catastrophic.**
 - ▶ The water system in Grizzly sustained extensive damage to the Caldor Fire including our raw water supply lines, reservoir liner, pump stations, tanks, service and main lines, fire hydrants, and the complete de-watering of our system. We lost 395 homes with active water connections, leaving only 218 remaining.
- ▶ Initial estimates to repair damaged facilities are approx. \$15 million.
- ▶ We are pursuing every funding opportunity available to us to ensure our system is ready to serve our community for years to come.
 - ▶ Good planning meant we had reserves in the bank to operate with.
 - ▶ We approached El Dorado County, Cal OES, and FEMA asking for expedited financial assistance and were denied.
 - ▶ We received a grant from the El Dorado Water Agency for \$79,000 for public outreach and work related to finding grant funding, and another small grant from The Sierra Fund for \$2,500. We also received labor and parts from El Dorado Irrigation District.
 - ▶ We've spent over \$400,000 since August on Caldor recovery. Last week (March 21), we received our 1st reimbursement for approx. \$30,000.

Caldor Recovery – FEMA & Cal OES

- ▶ Federal Emergency Management Agency (FEMA)
 - ▶ GFCSD has been approved for Public Assistance
 - ▶ FEMA's program focuses on putting GFCSD back to where it was the day before the fire.
 - ▶ FEMA will normally reimburse 75% of "obligated" projects. In the last week, that was increased to 90% for the Caldor Fire Disaster.
 - ▶ The program is "reimbursement" only (unless alternative funding is used). GFCSD must spend the funds necessary then request reimbursement.
 - ▶ Funds can only be used for infrastructure repair and replacement, not for O&M.
 - ▶ There are no guarantees of reimbursement until FEMA "obligates" each project.
 - ▶ The District should qualify for additional hazard mitigation funding from FEMA. This will help us harden our system to survive a fire in the future.
- ▶ California Office of Emergency Services (Cal OES)
 - ▶ Works in conjunction with FEMA.
 - ▶ Also works on a reimbursement basis.
 - ▶ Normally reimbursements are 18.75%. With the increased FEMA share, they will likely cover 8%, leaving the GFCSD to cover 2% of total project costs.



Other Financial Assistance

- ▶ American Rescue Plan Act (ARPA) of 2021
 - ▶ GFCSD was awarded \$2.8 million for a project to replace our Clearwell tank, upgrades to the water treatment system, and a project related to our reservoir.
 - ▶ El Dorado County Board of Supervisors were tasked with distributing these federal funds to approved projects within El Dorado County.
 - ▶ Cannot be used for O&M expenses or anything related to the Caldor Fire.
- ▶ USDA – Rural Development
 - ▶ We are working with USDA-RD on a grant for \$1 million for hazard tree removal along Eagle Ditch.
 - ▶ The Caldor Fire left an estimated 6000 dead or dying trees that are threatening our infrastructure and limiting safe access for our staff.
- ▶ Drinking Water State Revolving Fund (Prop 1 funding)
 - ▶ We have submitted a request under the Technical Assistance Funding Program.
 - ▶ The Office of Sustainable Water Solutions (OSWS) administers the Technical Assistance (TA) Funding Program. TA is available to help small, disadvantaged communities (DACs) develop, fund, and implement eligible needs.
 - ▶ O&M expenses are not eligible.
 - ▶ Project description includes improvements to water lines and new fire hydrants on Old Mine Road, intersection of Sciaroni Rd and Grizzly Flat Rd and an area near Forest View Drive.
- ▶ US Bureau of Reclamation, WaterSMART Environmental Water Resources Projects
 - ▶ We submitted a “Notice of Interest (NOI)” for a grant for watershed restoration near our water intake diversions.
 - ▶ We are also working with the County’s Resource Conservation District who is planning watershed restoration projects in the Grizzly Flats area.
- ▶ Other Miscellaneous Grants
 - ▶ We are working closely with El Dorado Water Agency and Stantec Engineering on other grants and funding that may become available to us including:
 - ▶ Community Development Block Grants
 - ▶ Building Resilient Infrastructure and Communities (BRIC) grants

Operation and Maintenance (O&M)

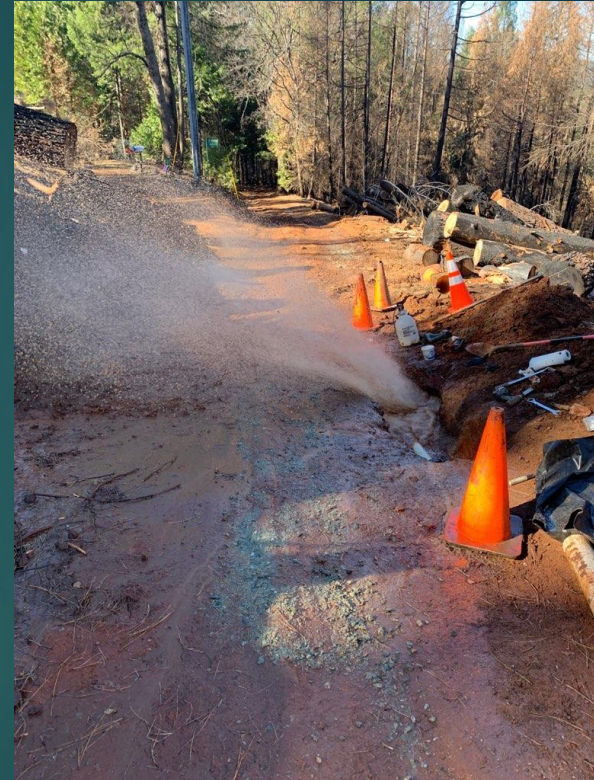
The District operates every day to make sure our community has a water district it can rely on. Our staff, board members, water system operators and engineering support from H2O Urban Solutions has been invaluable. Faced with never-ending challenges, they have gone above and beyond to ensure our community continues to have a viable water district.

In addition to Caldor Fire recovery challenges, we have O&M expenses. These are our day-to-day costs to “keep the lights on”. Water rates are collected to pay for these expenses.

► Who pays water rates and how are they calculated?

- The District's Ordinance 88-1, Section 5-1 states:

*Following Proposition 218 requirements (California Constitution articles XIII C and XIII D); the Board of Directors shall establish residential and commercial water rates. Those rates will be determined by a Cost of Services Study. The water service rate will include both a base rate and a volumetric rate. **The base rate is charged to all customers who have a service connection and is determined by the District's fixed costs.** The volumetric rate is the charge for the actual amount of water used and is determined by the District's variable costs.*



Overview of the District's Current Rates and Fees

Table 2 Summary Grizzly Flats CSD Schedule of Charges [1]	
Description	Fees and Charges
Residential Customer Rate	Base rate of \$68.97, plus a volumetric charge of \$1.20 per hundred cubic feet (748 gallons)
Voluntary Disconnect	Done as a courtesy, although the basic monthly rate continues as long as the meter is installed.
New Capital Connection Fee	\$6,030.60
Water Stand-By Assessment	\$4.00/parcel/month (i.e., \$48.00/parcel/year)
Raw Water Sales	\$3.75 per 1,000 gallons

[1] – Effective July 1, 2020

- ▶ Proposition 218 requires a water utility to establish cost-based and proportional rates for the services provided.
- ▶ The District cannot simply “raise their rates” to produce additional revenue or add another category of customer to our schedule of charges .
- ▶ Requires a Cost of Services study be performed for any increase or implementation of a “new” rate.
- ▶ Requires the District to provide a notice to property owners at least 45 days prior to adoption of any new or revised rates.

**Table and information from HDR's presentation on March 10, 2022*

Additional revenue facts

- ▶ We do not receive tax revenue.
- ▶ There are no grants or other funding sources available to us for O&M expenses.
- ▶ We have not billed the 395 homes that were lost in our District to the Caldor Fire since August. That has resulted in a revenue loss of \$30,000 per month or \$333,600 per year.
- ▶ The loss of revenue from customers is not covered by insurance (specifically written out of policies due to previous wildfires).
- ▶ Capital Connection Fee is a fee paid by a property owner for a new service connection and is related to capital infrastructure improvements. Revenues may not be applied to O&M expenses per Ordinance 88-1.
- ▶ Water Stand-by Assessment (\$4 per parcel/per year)
 - ▶ Established pursuant to the Uniform Standby Charge Procedures Act.
 - ▶ Dedicated to capital improvements that improve system reliability for all users. Cannot be used for O&M expenses unless the District undergoes a Prop 218 process, performs a Cost of Services Study and modifies Ordinance 88-1.
 - ▶ Assessment is collected on the property tax bill and hasn't changed since 1991.



Other O&M Facts

- ▶ 96% of our expenses are fixed, which means they don't change based on the amount of water we produce for customers.
 - ▶ This includes things like personnel costs, most utilities, vehicle costs, parts and repairs, equipment replacement, water quality monitoring and testing, reporting requirements, water rights, audits and other regulatory requirements.
- ▶ We are seeing an increase in O&M expenses due to:
 - ▶ Increased customer service calls for assistance.
 - ▶ Increased administrative work.
 - ▶ Difficulties operating a system that is "temporary" (such as the pressure system's pump station. It's up and running but not as reliable as the permanent system).
 - ▶ Supply chain issues for repair parts means delays or having to send staff to Sacramento to pick up parts.
 - ▶ Increased costs for fuel, water treatment chemicals and supplies, repair parts and equipment, and increasing water quality regulations.

Is it legal for GFCSD to charge customers who lost their home to the Caldor Fire?

From the District's Legal Counsel:

- ▶ The District may charge all parcels in the District the base rate, provided that the District can currently provide service to all of the parcels being charged the base rate.
- ▶ The District is authorized to both: (a) establish rates or other charges for services and facilities that the District provides and (b) provide for the collection and enforcement of those rates or other charges by ordinance or resolution. The District adopted Ordinance 88-1, which provides that the District charges residential and commercial water rates and establishes the system for the administration and enforcement of providing water services.
- ▶ The base rate is charged to all customers who have a service connection and exists to address the District's operation and maintenance costs to provide service to its customers. Customers who are connected to the District's water system and the District can provide water service, are subject to paying the base rate of \$68.97 per month.

Ordinance 88-1 defines a "service connection" as:

- ▶ "Service Connection shall mean the junction of water supply system and the customer's supply line consisting of a water flow meter, pressure regulator, gate valve and associated fittings, all contained within a meter box. The customer's responsibility starts on the customer's side of the meter."
- ▶ Many meters and meter boxes were melted or destroyed by the Caldor Fire. When a property owner calls and requests a water service restoral for personal use or in connection to a temporary housing permit, GFCSD has been modifying the "meter box" set up where a meter was melted in order to provide temporary access to water service. We do this in an effort to get that customer water as soon as possible. A "meter" or "meter box" is not physically required to provide water.

Board Action – The Board will be asked to give direction on this item. Either operate under existing policy or modify Ordinance 88-1 to redefine a "service connection".

Why is the District considering resuming billing properties with a service connection?

- ▶ As a public agency, we are guided by GFCSD's Ordinance 88-1 and California Government Codes and laws that govern how we operate.
- ▶ It is expected that we charge our customers an appropriate rate to maintain the District. GFCSD is left with few options due to the laws that govern water rates and the lack of funding assistance for O&M.
- ▶ It is a benefit to a property owner to have a water service connection, whether you plan to rebuild or to sell your property.
- ▶ Property values are higher because there is a public water supply available to your property.

Will the District remove my meter for non-payment?

- ▶ No. GFCSD does not remove meters unless they were damaged by the Caldor Fire or its aftermath (such as damaged by debris crews or tree crews) and it is necessary to stop a leak or secure the water system.
 - ▶ Meters and meter boxes damaged by the Caldor Fire will be replaced using FEMA/Cal OES funding.
- ▶ The meter is the property of the District and therefore, the customer cannot remove the meter themselves. The District has a \$1,000 meter tampering fine and will press charges for anyone found purposefully causing damage to the water system.



Can customers choose to “disconnect” from the system if they wish to avoid paying any ongoing fees or charges?

- ▶ Currently, GFCSD policy states that all properties with a service connection are charged the monthly base rate. They are subject to the “Disconnection” policy if their account is delinquent by sixty (60) days or more.
 - ▶ This process includes late fees (\$21), shut off notices and fees (\$145) and a property lien (\$230) for the balance due plus 1.5% monthly interest is filed with El Dorado County. This ensures when the property is sold that all outstanding fees are paid to the District out of escrow. The District also has the option to collect past due charges on the property tax roll.
 - ▶ The District is connected to the property and not people, so the property lien doesn't affect personal credit.
 - ▶ The base rate is not charged after a service is disconnected. A lock is placed on the meter and is not removed until the account is paid in full.
- ▶ Legal Counsel: The Board may consider a policy change for those individuals who would prefer to avoid paying the District's rates and may seek to remove their water system connection. Where that is the case, the District may enter into an agreement with the customer to remove the water connection that specifically stipulates that any future development on that parcel would be required to pay the then current rates to reconnect to the District's water system, including the Capital Connection Fee, the New Service Installation Fee, and the Hookup Fee.

Board Action – The Board will be asked to consider the impacts of a change to district policy that allows for the removal of meters and the development of this agreement.