

**BOARD OF DIRECTORS
ANDERSON SPRINGS COMMUNITY SERVICE DISTRICT
Official Minutes of the Special Meeting Held February 2, 2021**

1. **CALL TO ORDER.** The Special Meeting of the ASCSD Board of Directors was called to order at 10:00 a.m., February 2, 2021. Present: Chairwoman Rebecca Davis, Vice Chair Carol McDowell, Director Donna Taylor, Director Caroline Ohsiek, Director Weber, and GM Roy were present.

The purpose of the meeting is to discuss, consider, and take possible action on the following items, public input will be accepted on each agenda item, and any person may speak for five (5) minutes on any agenda item; however, total public input per item is not to exceed 20 minutes unless extended by the Board of Directors:

2. **CLOSED SESSION:** Pursuant to applicable Government Codes, the Board of Directors may consider certain matters in Closed Session. The Board will re-convene into Open Session to take any action on a Closed Session item.

2.1 License/Permits Govt. Code section 54956.7

3. **OPEN SESSION:** Discussion/Possible Action: GM Roy directed to pay \$1,000 bill to Water Diversion/Use Division of State Water Resources Board.

4. RATE STUDY: Draft #2

- *Other Charges and Fees:* EG prices vary among neighboring districts. GM Roy recommends Auggie Santana automatically install customer shut-off valve installing a new meter for new service rather than charge extra, to protect our system. Other districts include it as standard.
- *Late charges:* ASCSD historically hasn't charged for late payments; consensus to keep status quo.
- *Bad checks:* Charge \$35.
- *Turn-on/Turn-off fees and Reconnect lines:* Separate from meter installation fee. Charge \$150 fee for turn-on/turnoff/reconnection, and OMIT Reconnect line
- *After Hours Call Out:* REMOVE THE LINE.
- *Transfer fee/escrow fee.* Keep \$75 fee
- *Cut-Lock Fee and Damages combined lines:* minimum 1 hour labor plus actual costs
- *Installation 5/8 and Installation 3/4:* Same fee regardless of size. 1 Meter costs \$300 + labor. REMOVE 5/8" line.

Note: We have been paying the cost of the actual meter. METER AND CUSTOMER SHUTOFF VALVE INSTALLATION = \$525.00. Normally Auggie charges \$40 to install with all meters due to Callayomi's practice. We must cover our costs and overhead because no overhead % figured included. *Add new line item: Customer Shut-Off Valve Existing Customer = \$75 (cost of labor + parts).*

- *Inspection and Consultation Fees.* Review of plans charges and Water Manager/Operator time - \$200 flat fee
- *Bulk Water Sales* per 1k gal: \$13 for now.
- *Name/Address Change* = No charge; leave on rate sheet
- *Account set up* = No charge
- *Connection fee* - include as part of \$525 fee with new meter installation + labor charge.

- *Operator's Time/Hour (\$50/hour) and Operator's Time After Hours lines:* Pertains to customer problems (leak) on their property side and want Water Manager to inspect/determine - Charge \$100 plus \$75/hour labor for after hours.
- *Reconnect fee:* OMIT LINE
- *and Flow Test:* Charge operator's time.
- *Meter install/reinstall labor* - included with \$525 fee.
- *Expansion fee/new connections fee (expands the system)* charge \$7500 for the right to connect only. We have the Inspection Fee to determine that it was done correctly. This fee doesn't go to Operations.
- *Housekeeping:* annual net revenue - 2017 - 2020; \$36/month customer bill/month.

Summary of Water Revenue Requirements Ideal/Notes:

Training/Apprentice Pay/ Hours: 2d draft shows \$15,000/yr, and recommended allowing 5 hours/month for about 1 year for training/apprenticeship to document water system. Water Manager is the only District employee who knows the entire system.

Vehicle costs - A 4 wheel drive truck can be rented in Lakeport for \$126/day with insurance so GM Roy proposed/budgeted 2 days rather than 3 days in 2d draft. The business rate is higher. We don't carry comprehensive and collision now. For a personal use vehicle, the reimbursement rate for the 150 miles/month is 56 cents per mile.

Regarding maps and system - GM Roy recommends system mapping project be undertaken after Rate Increase project because lots/ownership has changed since the Valley Fire. Unknown if current maps reflect current state of ownership.

Large Upcoming Costs can affect rate amount/revenue requirements - Ideal budget v. Reserves at 50%: District should charge our costs v. cutting reserves 50%; more in line with what neighboring districts charge.

Suggested Rate Amount/Upcoming Large Costs: -Forecasting: System is old and repairs/replacement costs will be in present/future dollars. Example: Today's \$17,000 estimate to eradicate the roots at the Spring. If Reserves at a 50% reduction only saves \$11,000 toward that type of work. for only putting away \$11k for that kind of work. Repair costs over the last couple of years have been high.

Which Summary? Ideal (Fully Funded) or Reserves at 50%?

- We have Less than 1/2 the customers before the Valley Fire
- Fixed costs will increase over time
- Operating at a significant annual deficit since the Valley Fire
- We have to cover our actual costs and plan for the future.
- Greatest cost is wages.
- Consider actual costs of getting water to each house whether ASCSD or Callayomi or Cobb. Impact of not raising rates: possible loss of control over our district's water and continue deficit spending.

Low Income Customer: GM Roy again suggests considering low income rates similar to PG&E's program (20% decrease for qualified low income customers). ASCSD needs \$142,000 (Ideal) annually to run the District. If the rate is lowered for some district customers, rates would have to be raised on other district customers. Many Anderson Springs customers are on fixed incomes. Currently, ASCSD has 106 customers.

Water usage overage fee: \$3.25/1k gal. Per State of CA: 55 gals/person/day usage

Fully Funded Rates/Funding Reserves (Ideal) v. Reserves at 50%: If ASCSD has a if large repair/replacement, the District may have to apply for a loan. If fully funded (Ideal), the District appears fiscally responsible but if Reserves at 50%, the District won't have enough to cover big expenditures. Examples: Roots in pipes at Spring: estimate today is \$17,000 but if District selects the 50% CIP, the District is only saving \$11,000 for big expenditures such as this. Also, the USDA requires the District to maintain an \$11,621 balance in TriCounties Bank account, and District should have 3 months' operations and emergency reserves as well. May be difficult to get a loan if needed.

Motion for GM Roy to finalize rate study and determine next steps in process. Moved: Director Weber; 2d Director McDowell. Vote not taken; GM Roy: requests Board to provide a rate increase amount. Discussion continues.

Currently 105 customers and GM Roy estimates based on adding 5 customers/year. If \$110/month rate (assuming 111 customers) is too high, District has to cut costs but none to realistically cut. GM Roy concerned that if rate too high, the rate increase won't pass. At the \$110/month rate increase, based on 116 customers, District would be deficit spending for 2 years; break even in year 3; profit gain in years 4 & 5.. District has been subsidizing customers over the last 5 years due to no rate increase.

At the \$113/month rate, assuming 111 customers (currently 105), costs are better met over the 5-year period.

Motion: GM Roy to finalize rate study at rate of \$113/month and determine next steps.

Moved: Director Weber, 2d Director McDowell, 4 aye, 1 no, 0 abstain.

Per GM Roy, the \$110/month rate is easier to sell to District customers because it shows flexibility on our part and the District is counting on an increased number of customers. Discussion about changing votes after Motion passed ; question to amend Discussion concluded without amending Motion.

Next Regular Meeting Feb 10 at 10 a.m.

Motion to Adjourn at 1:15 p.m.: CW, 2d CO; 5 ayes.