

BOARD OF DIRECTORS
ANDERSON SPRINGS COMMUNITY SERVICE DISTRICT
Official Minutes of the Special Meeting Held January 27, 2021

CALL TO ORDER. The Special Meeting of the ASCSD Board of Directors was called to order at 11:00 a.m., January 27, 2021: 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:

1. **Approve the ASCSD Board of Directors' Regular Meeting Minutes of January 13, 2021.:** *Motion:* Director Oshiek; *2d:* Director Taylor; *Ayes:* 5; *No:* 0; *Abstain:* 0
2. **Review and Discuss Proposed ASCSD Water Rate Study.** GM Roy provided Draft Water Rate Study and led the discussion. The first section details the purpose and overview of the water rate study. Usage figures were extrapolated from 106 customers to derive future water rates. Key financial assumptions include Reserve Targets: Operating and Maintenance Reserve (90 days' O&M expenses), Emergency Reserve (for large unexpected costs), and Capital Rehabilitation and Replacement Reserve Fund.

Section 2 - Water Rate Study. What we collect from volume over-usage is small. The State of CA wants to penalize overuse of water to encourage conservation. During the last drought here, before the Valley Fire, usage was cut back 25%. It was voluntary on former GM Medrano's recommendation to show our good faith to the State despite an applicable exemption.

Water Utility Revenue - We run a \$66,000 annual deficit from 2017-2020. Debt Rserve for the USDA loan, we are required to maintain a \$11,621.00 balance in our account at Tri-County Bank; current balance is \$3,000. *Bulk water sales* - although a subject to discuss at a later time, it is a way to make money for ASCSD but not included with this Rate Study.

Small fees we charge are not included in this Rate Study. The graphs show monthly rate comparisons based on an average bill, monthly bill at 25th percentile, and monthly bill at 75th percentile. DM Roy commits to improve explanations and graphs in the next draft.

Low Income Customer: GM Roy suggests considering low income rates similar to PG&E's program (20% decrease for qualified low income customers). ASCSD needs \$126,000 annually to run the District. If the rate is lowered for some customers, rates would have to be raised on other customers. Many Anderson Springs customers are on fixed incomes. Currently, ASCSD has 106 customers.

Summary of Water Revenue Requirements - Budget: GM Roy recommends setting a rate that's good for 5 years. *Vehicle & Maintenance:* Currently a blank line so no amount so not calculated in the total. Options: Rent? Lease? Buy? Borrow personal vehicles? Replacement truck? Meter reading: 3- person job once a month for 3 hours plus bookkeeping time.

Reimbursement rate: Determine cost to rent a 4-wheel drive to go to Spring and meter reading at 150 miles/month plus IRS reimbursement rate. Right now reading meters 4 times/year. GM Roy will obtain figures and plug into next draft.

Currently ASCSD has a \$17,000 estimate to fix Spring due to roots in pipes; address sooner than 6 months.

The *Summary of Reserve Funds* are projected balances to aid in computing interest income. The Capital Rehabilitation and Replacement Reserve Fund information provided by Auggie and James. Meter Replacement - life of a meter is 20 years.

Illustration of Possible Rates gives an idea as to what monthly rates customers might pay, based on current rate structure + 20 cents/gal overage. Current base rate \$350 annual rate x 106 customers = \$37,100.

Annual allotment = 240,000 gallons before charging for water usage overage. Neighboring water districts rates costs their customers more than our customers would pay. If \$126K/year are ASCSD operating costs, the District will be losing money for the first two years despite rate increase. We have to meet our operating costs.

The budget doesn't reflect training someone to succeed Auggie Santana. All jobs in ASCSD are part-time with no employee benefits.

Items to be Addressed in next Draft:

- *Water operator wages:* suggest hourly rate be \$15,000/year for a water operator to apprentice with Auggie to learn the ASCSD system but number of training hours is currently unknown and doesn't have to track Auggie's hours. Decide number or training hours, length of time, be able to lift 60 lbs.
- Annual USDA loan payment must be included.
- Vehicle costs
- Raise excess use fee
- Shut-off valve fee
- Haven't raised water rates in more than 10 years and District lost half of customers since 2015.

Voting - if only 20 ppl vote = 51% of those who vote determine the outcome. They're property owners not just customers. Next steps - get property owner's list from the County. Decision not to do tiers at this time but keep it simple/current state: flat rate plus overage fee because fastest for billing process and works best for customers. Consider raising excess use fee, shut-off valve fee.

No further business was conducted. The next Special Meeting will be Tuesday, February 2, 2021 at 10:00 a.m.

Adjournment at 1:42pm Motion: Director Weber; 2d: Director Ohsiek; Ayes: 5; 0 No; 0 Abstain.