

CENTERVILLE COMMUNITY SERVICES DISTRICT
REGULAR BOARD OF DIRECTORS MEETING

Directors Present: President Woodstrom, Vice President Oliver, Director Richison,
Director Whitehead and Director Hopson
Absent: None
Others Present: Roger Ankeny, Keith Myers, Matt Tasch, Mike Todzak, Collin
Bogener, Paul Reuter, Tina Teuscher and Chris Muehlbacher

PRELIMINARY BUSINESS:

- I Call to Order: President Woodstrom called the meeting to order at 7:06 pm.
- II Public Comment Period: President Woodstrom opened the public comment period. Mr. Ankeny stated that he had mentioned to Mr. Muehlbacher that a cost-of-service analysis was required by law. He hopes the Board spends the money to have a cost-of-service analysis completed. No other comments were received, the public comment period was closed.
- III Approval of the Minutes: Director Whitehead moved to adopt the minutes from the Regular Board Meeting held May 19, 2021. Director Richison seconded. President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.
- IV Authorize Payment of Bills for Current Expenses: Director Richison moved to pay the bills. Director Oliver seconded. Mr. Muehlbacher stated that the payment to Aqua Metric is for the repair of the handheld. The payment to Industrial Electric Motor is for the Zone A motor 1 repair. The J&J Pump payment is for service completed today for repair on the A1 Pump Station Pump 1. Schneider Electric payment is for the annual SCADA support. The SnL Group is a 95% payment for the Middletown Park PRV project.
- President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.
- V Status of the Budget Report: Mr. Muehlbacher stated that the O&M revenues were \$1,316,094 verses expenses of \$1,166,314. He stated that water sales continue to trend higher than the budget, except for Zone A1. He mentioned that on the expense side, the miscellaneous expenses continue to be higher than what was budgeted due to the EDD payments.

Mr. Muehlbacher stated that the Capital revenue was \$438,746 verses expenses of \$172,153. He mentioned that there were taxes received this month. Regarding expenses, the service truck replacement was within budget.

Reserve Fund Status Sheet: There is a total reserve of \$1,265,296.73. The O&M Reserve increased by \$40,061. This was a combination of the WTP and RFS Fees for both March and April, along with a New Water Purchase fee. The

Capacity Fee Reserve increased by \$17,422 due to the sale of a new meter on Silver King. Both the DWR Redemption Fund and the Texas Springs Water Project increased from the tax assessments that were collected.

President Woodstrom asked that Mr. Muehlbacher schedule a Finance Committee meeting to discuss the remaining Carr Fire Reserves.

NEW BUSINESS:

- I Review and Adoption of Resolution 2021-02 – Establishing the Tax Appropriation Limitation for Fiscal Year 2021-22: This is a house keeping item that is done each year. Mr. Muehlbacher stated that the State Department of Finance provides an annual percentage and population factor which is used to calculate the District's Appropriation limit. This is the maximum amount of taxes the District can collect per the State.

Director Whitehead moved to adopt Resolution 2021-02 Establishing the Tax Appropriation Limitation for Fiscal Year 2021-22. Director Oliver seconded. President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.

- II Review and Discuss Water Allocation and Water Supply for Water Year 2021-22: Mr. Muehlbacher stated that the initial M&I allocation was 55%, then it was reduced down to 25% on June 1st. He stated that he was able to reallocate the District's Exchange Water which has now put us in a good position. Leading into this year, water was trending higher than budgeted; however, June is on schedule with what was forecast. He mentioned that he will review the trends weekly. He recommends that we remain in Stage 0 and continue to encourage conservation.

Director Whitehead asked if the total water available to us was 1,796 acre-feet. Mr. Muehlbacher stated yes. He stated that the Bureau did a complete reset and gave the District 131 acre-feet of Project Water from June 1st through the remainder of the water year. He has rescheduled the McConnell water and the Exchange water. He mentioned that if usage begins to trend higher than budgeted, he would then recommend moving into Stage 1.

- III Review and Adoption of the Preliminary O&M Budget for Fiscal Year 2021-22: Mr. Muehlbacher stated that the Finance Committee met three times to discuss the budget. No increases are recommended for the base or consumption rates of the O&M budget. A rate increase is proposed for both the A and A1 zones due to higher costs associated with power and repairs and maintenance. Mr. Muehlbacher stated that a COLA was approved for July 1, 2021 which is reflected in the salary figures. He also mentioned that there is a projected cost savings to the health insurance beginning January 1, 2022. This line item should decrease by approximately \$10,000 for the fiscal year. The total budget is \$1,433,920.

President Woodstrom stated that there could be a change in purchasing water for the new water year 2022-23; however, we will not know that until next February or March.

Director Hopson moved to accept the preliminary O&M Budget. Vice President Oliver seconded. President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.

Director Richison moved to set the public hearing on July 29, 2021 at 7 pm to adopt the final budget. Vice President Oliver seconded. President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.

IV Discussion of Ordinance 2021-01, Amending Ordinance 96-1, Section 6, (I) Pump Surcharge Fee: Mr. Muehlbacher stated that both zones are under budgeted. The rate increases are recommended to bring them into alignment with their expenses and reserve requirements. Zone A increases are as follows: \$2.00 on the Base Surcharge and \$.031 on the Consumption Surcharge. Zone A1 increases are as follows: \$2.00 on the Base Surcharge and \$.09 on the Consumption Surcharge.

President Woodstrom asked how many customers were in the zone. Mr. Muehlbacher stated that there are approximately 160 customers.

Director Hopson asked if he would need to abstain from the vote since he is personally affected. The District's Attorney Mr. Bogener stated no.

Vice President Oliver moved to set the public hearing for July 29, 2021. Director Hopson seconded. President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.

V Discussion of Ordinance 2021-02, Amending Ordinance 96-1 Section 7, Water Rates, (c) Grant School: Mr. Muehlbacher stated that because Grant School is a public school a cost-of-service analysis was necessary. He worked with Mr. Reuter and Mr. Bogener to complete the cost-of-service analysis.

Mr. Ankeny asked if the cost-of-service analysis would be included with the Rate Increase Notification. President Woodstrom stated that the Cost-of-Service analysis would be a public record.

Director Whitehead moved to set the public hearing on July 29, 2021. Director Richison seconded. President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.

VI Discussion of Ordinance 2021-03, Establishing a Drought Surcharge: Mr. Muehlbacher stated that there is a proposed .08 cent drought surcharge on consumption. It is recommended that this be charged from August 1, 2021 through June 30 2022. He mentioned that the goal is to recover half of the cost for the McConnell water purchased to provide enough water to our customers during this year's drought.

Vice President Oliver moved to set the public hearing on July 29, 2021 to adopt the drought surcharge. Director Hopson seconded. President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.

VII Review and Adoption of Resolution 2021-03 – Adopting the Capital Budget for FY 2021-22: Mr. Muehlbacher stated that the proposed budget includes the Tank Coating Project as well as the Meeting Room Conversion Project. President Woodstrom stated that adopting this budget means that we are adopting the funding for the projects once they are approved.

Vice President Oliver moved to adopt the Capital budget for FY 2021-22. Director Hopson seconded. President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.

VIII Review and Authorize Agreement for Tank Coating Program: Mr. Muehlbacher stated that this has been a lengthy and vetted program. He stated that a Request for Qualifications and Proposals for the water storage tank services program was sent out. Three of the four respondents were interviewed. During the interview phase it was determined that there were a few adjustments that were desired to be included in the final agreement. A zinc primer with wedges was added to the project as well as a vent to each tank. It is recommended that the Board award the project to Superior Tank Solutions. They were evaluated and determined to be the most qualified for this project. This project is being funded by the Capital Improvement Reserve.

Keith Myers, Project Manager with Superior Tank Solutions, stated that a performance bond will be provided each year for the projects being done that year. He mentioned that you cannot bond for future work and they are carrying most of cost for the work performed until it is completed.

Mr. Bogener reassured the Board that there were many other types of protection as well in place for the District, such as insurance, workman's comp, as well as errors and omissions coverage.

President Woodstrom asked that the project be approved, and then the agreement be presented at a later date and for approval. He stated that he has some thoughts and suggestions for the agreement.

Matt Tasch, Director of Operations, with Superior Tank Solutions stated that he wanted the payment terms in the contract to be revised to a quarterly payment plan as well.

Director Richison moved to authorize the project to Superior Tank Solutions, subject to finalizing the agreement. Vice President Oliver seconded. President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.

- IX Review and Discuss Public Meeting Participation: President Woodstrom stated that this item was placed on the agenda to see if there was a desire to going back to regular meetings.

Director Hopson moved to begin open meetings once again. Director Richison seconded. Mr. Muehlbacher stated that although the state is opening back up on June 15th, the District will need to follow CalOSHA's rules regarding wearing masks if you are not vaccinated.

President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.

OLD BUSINESS:

- I Accept Middletown PRV Improvement Project: Mr. Muehlbacher stated that the project was advertised and awarded to SnL Group, Inc. The project's total costs came in at \$53,000. The project is complete and a 95% payment was paid this evening. Mr. Muehlbacher stated that field operator Mr. Peters inspected the project. Both the inspection and the administration were completed by staff saving the District \$19,000. Once the Board approves the project, a Notice of Completion will be completed and recorded. Next month the 5% retention will be paid.

Director Whitehead moved to accept the Middletown PRV Improvement Project. Director Richison seconded. President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Hopson – yes, Director Richison – yes, Vice President Oliver – yes and President Woodstrom – yes. Motion carried.

- II Update on the Mainline Extension in Diggins Way: Mr. Muehlbacher stated that developer Rob Wright completed the mainline extension and installed three new connections. He is currently completing the as-built drawings as well as putting together the costs involved with the project so the Reimbursement Agreement can be drafted.

GENERAL BUSINESS:

- I Correspondence: None.
- II President's Report: President Woodstrom thanked Collin, Paul and Chris for all their efforts putting together the information for the Board packets.
- III Manager's Report: Mr. Muehlbacher stated that there were no leak repairs this month. The stand-by generator has been ordered for the Zone A1 Pump Station which is being paid using the JPIA grant.

He mentioned that a new service was purchased and that the field staff had hot tapped Lot 7 on Silver King. He also stated that an easement was being prepared for Lot 3 in Silver King.

He stated that the EDD program will be ending either before or on June 30th.

IV Committee Reports: Committee Notes were included with the packet.

V Announcements: The next scheduled Regular Board Meeting will be July 21st.

CLOSED SESSION:

I Conference with Legal Counsel – Existing Litigation (§54956.9)

Name of Case: (Ankeny v. Centerville Community Services District, Case No. 21CL0031): President Woodstrom stated that the Board went into Closed Session at 8:56 pm and came out at 9:17 pm. No reportable action was taken.

GENERAL BUSINESS CONTINUED:

VI Adjournment: The meeting adjourned at 9:17 pm.