

CENTURYCITY



COMMUNITY SERVICES DISTRICT

Regular Board Meeting of the Board of Directors
Wednesday, August 16, 2023

7:00 PM

AGENDA

TO ADDRESS THE BOARD DURING OPEN TIME OR NOTICED PUBLIC HEARINGS: pursuant to the Brown Act (Government Code Section 54950 et seq.) action or Board discussion can not be taken on open time matters other than to receive the comments, and if deemed necessary, to refer the subject matter to the District Manager for follow up and/or to schedule the matter on a subsequent Board agenda.

ITEM

FUNCTION

PRELIMINARY BUSINESS

1. Call to Order
2. Public Comment Period – Open Time – This time is set for members of the public to address the Board on matters not on the agenda. If your comments concern an item noted on the regular agenda, please address the Board after that item is open for public comments. By law, the Board of Directors cannot discuss or make decisions on matters that are not on the agenda. The Board will customarily refer these matters to the District Manager's Office. Each speaker is allocated (5) minutes to speak for a maximum of 20 minutes on each subject. Speakers may not cede their time. Comments should be limited to matters within the jurisdiction of the District. After receiving recognition from the Board President, please state your name, residence, and comments.
3. Authorize Payment of Bills for Current Expenses (Action)
4. Status of the Budget Report (Information)

CONSENT AGENDA

Consent agenda items are expected to be routine and non-controversial. They will be acted upon by the Board at one time without discussion. Any member of the public or the Board may request that an item be removed from the Consent Agenda for separate discussion.

1. Approval of the minutes of:
July 19, 2023 Regular Board Meeting (Action)

NEW BUSINESS

1. Public Hearing for the Board to Consider Adopting a Final O&M Budget for FY 2023-24 as included in Resolution 2023-09 and Adopting a Capital Budget as included in Resolution 2023-10 (Action)

2. Review and Adopt Resolution 2023-11 Determining a Surplus and Ordering a Fund Transfer for Water Assessment 1995-1 (Action)
3. Discussion of Setting a Board Workshop for Review and Prioritization of Capital Projects including the AC Pipe (Action)

OLD BUSINESS

1. Tank Coating Program update (Information)
2. Muletown Pump Station Generator Project update (Information)
3. Carr Fire Recovery Project update (Information)

CLOSED SESSION

1. Conference with Legal Counsel – Anticipated Litigation
 - Significant exposure to litigation pursuant to § 54956.9(b): (One case)
2. Real Property Negotiations (§ 54956.8)
 - Property: Water Treatment Plant
 - Agency Negotiation: Chris Muehlbacher
 - Negotiating Parties: Paul Kelley
 - Under Negotiation: Terms for Water Treatment Plant

GENERAL BUSINESS

1. Correspondence (Information)
2. Director’s Report (Information)
3. Manager’s Report (Information)
4. Committee Reports (Information)
 - a. Resource & Planning – Aug. 2nd
 - b. Finance – Aug. 9th
5. Announcements
6. Adjournment

Next Scheduled Board Meeting
September 20, 2023 @ 7:00 P.M.

“This is an equal opportunity provider”

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July 19, 2023

CENTERVILLE COMMUNITY SERVICES DISTRICT
REGULAR BOARD OF DIRECTORS MEETING

Directors Present: President Whitehead, Vice President Richison, Director Oliver and Director Woodstrom
Absent: Director Hopson
Others Present: Tina Teuscher and Chris Muehlbacher

PRELIMINARY BUSINESS:

- I Call to Order: President Whitehead called the meeting to order at 7:00 pm.
- II Public Comment Period: President Whitehead opened the public comment period. No comments were received; the public comment period was closed.
- III Authorize Payment of Bills for Current Expenses: Director Woodstrom moved to pay the bills. Vice President Richison seconded. Mr. Muehlbacher stated that the payment to ACWA JPIA is for property insurance. The CalPERS payment is the unfunded liability as well as the additional payment of \$6,100.00. The Foothill Fire Protection payment is for the annual maintenance on the fire extinguishers. The LAFCO payment is for the annual dues. Schneider Electric is for support for SCADA, and World Telecom is for the replacement phone system. The vote was unanimous. Motion carried.
- IV Status of the Budget Report: Mr. Muehlbacher stated that the O&M revenues were \$1,098,922.81 versus expenses of \$1,300,985.26. He stated that June's consumption is beginning to normalize towards budget. Both Zone A and A1 are exceeding what was budgeted.
- Mr. Muehlbacher stated that the Capital revenue was \$268,981.60 versus expenses of \$336,022.84. Mr. Muehlbacher stated that there were no notable changes.
- Reserve Fund Status Sheet: The total reserve is \$1,126,223.76. He mentioned that the O&M decreased slightly as well as the CIR due to capital payments.

CONSENT AGENDA:

- I Approval of the minutes of June 21, 2023 Regular Board Meeting: Director Woodstrom moved to approve the minutes. Vice President Whitehead seconded. The vote was unanimous. Motion carried.

NEW BUSINESS:

None

OLD BUSINESS:

- I Tank Coating Program Update: Mr. Muehlbacher stated that the tanks are back in service. Both tank repairs were inspected to the satisfaction of PACE Engineering. He stated that the C Tank will be taken off service at the end of July to be cleaned. The tank will only be out of service for one day.

- II Update on the Muletown Pump Station Generator Project: Mr. Muehlbacher stated that the time extension has been approved. He is hopeful of obtaining a response to the budget increase request in the near future.
- III Update on the Carr Fire Recovery Project Status: Mr. Muehlbacher stated that he spoke with the FEMA consultant. She has requested a few more receipts which will be provided to her this coming week.

CLOSED SESSION:

- I Annual Review of District Manager's Performance: President Whitehead stated that the Board went into Closed Session at 8:03 pm and returned at 8:30 pm. The Board unanimously authorized a performance bonus of \$5,000 for the Manager.

GENERAL BUSINESS:

- I Correspondence: LAFCO provided notice of vacancies.
- II President's Report: None.
- III Manager's Report: Mr. Muehlbacher stated that he is waiting to hear back from the county regarding the joint use agreement. Director Woodstrom asked that each Director be sent a copy of the draft agreement.

Mr. Muehlbacher stated that the operators replaced three service lines and repaired a blow off.

- IV Committee Reports: Resource and Planning: President Whitehead stated that the Resource and Planning Committee met to discuss the AC Pipe. He stated that the AC Pipe was installed when the District was formed approximately 50 years ago. He stated that a few years ago, the District hired a firm to test the AC pipe. It was concluded that the larger pipe had a longer remaining life. He stated that there are miles of 4" AC Pipe in the District. These are the areas that need attention. Most of these areas do not meet fire flows.

Director Woodstrom stated that he recalled the study estimating the life expectancy for the smaller pipes to be greater than 40 years and that it was discussed that this would be tabled until a much later date. He mentioned that the District is aware of the fire flow issue.

President Whitehead stated that over the last five years, there have been some repairs made to the 4" AC Pipe. It is not an emergency that these 4" lines be replaced; however, the Committee does not want it to become an emergency. To replace the lines, the cost is \$7M.

Mr. Muehlbacher stated that to replace the fire flow issue lines is \$8M and \$16M to replace all of the small diameter AC pipe. Director Woodstrom stated that he recalled the high replacement cost being previously discussed and that Mr. Reuter had previously stated that it is not unusual for Districts to have fire flow constraints within their District.

RESOURCE & PLANNING COMMITTEE

August 2, 2023 – DRAFT

CENTERVILLE COMMUNITY SERVICES DISTRICT
RESOURCE & PLANNING COMMITTEE MEETING NOTES

Committee Present: President Whitehead and Director Hobson

Absent: None

Others Present: Collin Bogener, and Chris Muehlbacher

RESOURCE & PLANNING COMMITTEE AGENDA

1 Open Session

No public comment was received.

2 Review and discussion of the AC Pipe Replacement Plan

The Committee discussed the subject with the Manager and Attorney Bogener. The use of a force account was confirmed to be limited to \$60k per project as a result of the District adopting the California Uniform Public Construction Cost Accounting Act (CUPPCA); otherwise, it would be limited to \$25k based upon the Public Contracting Code (PCC). Also, a project cannot be broken into smaller projects to stay within the limitations of the CUPPCA and the PCC. Due to this being a complicated issue, the Committee needed further direction from the Board. It was directed that it be placed on the next agenda so that the Board can consider authorizing a workshop. Notable issues include: urgency of moving forward; force account versus competitive bid; financing options (self-fund versus loan); and loan options.

3 Adjournment

CENTERVILLE COMMUNITY SERVICES DISTRICT
FINANCE COMMITTEE MEETING NOTES

Committee Present: Director Woodstrom and Director Oliver
Absent: None
Others Present: Chris Muehlbacher

FINANCE COMMITTEE AGENDA

- 1 Open Session – No comments were received.
- 2 Review and Discussion of the Capital Budget for FY 2023-24
The Committee reviewed the budget and made comment for the final version; also concurred with the recommendation to present it for Board consideration.
- 3 Review and Discussion of Water Assessment District 1995-1 Reserve
The Committee reviewed the remaining reserve funds and considered the O&M and Capital Improvement Reserves. The Committee makes recommendation that the Board allocate the remaining funds to the O&M Reserve.
4. Review and Discussion of Various Financial Practices
The Committee discussed this subject and made some comments for staff to consider.
- 5 Adjournment

Centerville Community Services District
Budget vs. Actual - O&M Budget
 July 2023

	Jul 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
41000 · WATER SALES				
41100 · Base Rate	45,244.00	45,100.00	144.00	100.3%
41200 · Consumption Rate	85,130.20	86,500.00	-1,369.80	98.4%
41210 · Late Fees	1,073.88	1,300.00	-226.12	82.6%
41400 · Pump Zone A (Base Rate)	1,137.75	1,100.00	37.75	103.4%
41450 · Pump Zone A (Power Comp)	2,769.68	2,100.00	669.68	131.9%
41500 · Pump Zone A-1 (Base Rate)	403.00	400.00	3.00	100.8%
41550 · Pump Zone A-1(Power Comp)	804.35	700.00	104.35	114.9%
Total 41000 · WATER SALES	136,562.86	137,200.00	-637.14	99.5%
41600 · RESERVE FUNDS				
41605 · Consumption Surcharge	3,137.72	3,200.00	-62.28	98.1%
41700 · Water Treatment Plant Fee	6,201.78	6,400.00	-198.22	96.9%
41800 · Rate Stabilization Fee	9,301.61	9,600.00	-298.39	96.9%
56250 · Transfer Reserve Funds	-18,641.11	-19,200.00	558.89	97.1%
Total 41600 · RESERVE FUNDS	0.00	0.00	0.00	0.0%
43000 · INTEREST				
43001 · LAIF	8,126.66	6,300.00	1,826.66	129.0%
43002 · Other Interest	0.25	0.00	0.25	100.0%
Total 43000 · INTEREST	8,126.91	6,300.00	1,826.91	129.0%
45000 · OTHER OPER. REVENUE				
45850 · Backflow Prevention Testing	232.75	250.00	-17.25	93.1%
Total 45000 · OTHER OPER. REVENUE	232.75	250.00	-17.25	93.1%
Total Income	144,922.52	143,750.00	1,172.52	100.8%
Gross Profit	144,922.52	143,750.00	1,172.52	100.8%
Expense				
51000 · WATER COSTS				
51325 · WINN Act Lawsuit	92.19	400.00	-307.81	23.0%
Total 51000 · WATER COSTS	92.19	400.00	-307.81	23.0%

**Centerville Community Services District
Budget vs. Actual - O&M Budget
July 2023**

1:25 PM
08/11/23
Accrual Basis

	Jul 23	Budget	\$ Over Budget	% of Budget
52000 · TRANSMISSION & DISTRIB.				
52100 · General Repair & Maint.	6,201.39	6,000.00	201.39	103.4%
52200 · Operating Supplies & Expense	420.69	1,900.00	-1,479.31	22.1%
52400 · Utilities - General Plant	65.02	80.00	-14.98	81.3%
52425 · Elect., Muletown Pump Station	341.83	500.00	-158.17	68.4%
52450 · Elect., Towerview Pump Station	292.96	200.00	92.96	146.5%
52500 · Utilities Pump Zone A	4,926.61	2,600.00	2,326.61	189.5%
52600 · Utilities Pump Zone A-1	788.35	600.00	188.35	131.4%
Total 52000 · TRANSMISSION & DISTRIB.	13,036.85	11,880.00	1,156.85	109.7%
54000 · ADMINISTRATIVE				
54100 · Liability Insurance - District	10,108.66	10,000.00	108.66	101.1%
54150 · Utilities-District Office	1,066.81	700.00	366.81	152.4%
54200 · Telephone - District Office	1,388.83	900.00	488.83	154.3%
54325 · Employee Recognition	0.00	100.00	-100.00	0.0%
54375 · LAFCO	3,727.94	3,400.00	327.94	109.6%
54500 · Engineering - District Engineer	0.00	800.00	-800.00	0.0%
54550 · Legal-Dist. Attorney	0.00	750.00	-750.00	0.0%
54625 · Meals	0.00	50.00	-50.00	0.0%
54630 · Construction Meals	0.00	50.00	-50.00	0.0%
54650 · Office Supplies	0.00	700.00	-700.00	0.0%
54680 · Merchant Fees	74.35	80.00	-5.65	92.9%
54700 · Postage	0.00	1,000.00	-1,000.00	0.0%
54750 · Office Equipment (Small)	798.51	1,600.00	-801.49	49.9%
54800 · Office Building - R&M	773.32	400.00	373.32	193.3%
54850 · Directors Compensation	350.00	450.00	-100.00	77.8%
54900 · Subscription & Licenses	1,317.50	1,500.00	-182.50	87.8%
Total 54000 · ADMINISTRATIVE	19,605.92	22,480.00	-2,874.08	87.2%
55000 · WAGES & BENEFITS				
55100 · Salaries	36,070.72	30,500.00	5,570.72	118.3%
55110 · Salaries - Standby	425.00	400.00	25.00	106.3%
55120 · Overtime	482.60	600.00	-117.40	80.4%
55200 · Salaries - Part Time Employees	1,266.72	1,500.00	-233.28	84.4%
55300 · Pension - Retirement	49,145.18	49,500.00	-354.82	99.3%
55400 · Insurance - Emp. Health&Dental	16,346.52	16,500.00	-153.48	99.1%
55600 · F.I.C.A.	2,346.95	2,400.00	-53.05	97.8%
55700 · Medicare Tax	548.89	600.00	-51.11	91.5%
Total 55000 · WAGES & BENEFITS	106,632.58	102,000.00	4,632.58	104.5%
Total Expense	139,367.54	136,760.00	2,607.54	101.9%
Net Ordinary Income	5,554.98	6,990.00	-1,435.02	79.5%
Net Income	5,554.98	6,990.00	-1,435.02	79.5%

**Centerville Community Services District
Profit & Loss Budget vs. Actual - The Capital Budget
July 2023**

	Jul 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
43000 · INTEREST	75.21	80.00	-4.79	94.0%
43003 · Shasta Co 422 Interest				
Total 43000 · INTEREST	75.21	80.00	-4.79	94.0%
44100 · General Property Tax-422				
44125 · Current Secured Taxes-0&M	3,872.41	4,000.00	-127.59	96.8%
44127 · Current Unitary Taxes	20.75	50.00	-29.25	41.5%
44130 · Curr Sec Adv Teeter	5,267.95	5,300.00	-32.05	99.4%
44135 · Supp Taxes Current	1,371.22	1,400.00	-28.78	97.9%
44140 · Curr Unsecured Taxes	-136.23	0.00	-136.23	100.0%
44145 · Supp Taxes Prior	2.27	0.00	2.27	100.0%
44150 · Prior Year Unsecured Taxes	27.91	50.00	-22.09	55.8%
Total 44100 · General Property Tax-422	10,426.28	10,800.00	-373.72	96.5%
46000 · CAPITAL FUNDS				
46100 · Capacity Fees	768.75	800.00	-31.25	96.1%
Total 46000 · CAPITAL FUNDS	768.75	800.00	-31.25	96.1%
49000 · TAXES & ASSESSMENTS				
49350 · Sp./Asst Texas Springs 2001-1	1,995.87	2,000.00	-4.13	99.8%
Total 49000 · TAXES & ASSESSMENTS	1,995.87	2,000.00	-4.13	99.8%
49500 · OTHER CAPITAL REVENUE				
49505 · Other Interest	0.82	0.00	0.82	100.0%
Total 49500 · OTHER CAPITAL REVENUE	0.82	0.00	0.82	100.0%
Total Income	13,266.93	13,680.00	-413.07	97.0%
Gross Profit	13,266.93	13,680.00	-413.07	97.0%
Expense				
57000 · DISTRIBUTION SYSTEM IMPROVE.	38,862.50	39,000.00	-137.50	99.6%
57090 · Tank Coating Program				
Total 57000 · DISTRIBUTION SYSTEM IMPROVE.	38,862.50	39,000.00	-137.50	99.6%
Total Expense	38,862.50	39,000.00	-137.50	99.6%
Net Ordinary Income	-25,595.57	-25,320.00	-275.57	101.1%
Net Income	-25,595.57	-25,320.00	-275.57	101.1%

CENTERVILLE COMMUNITY SERVICES DISTRICT RESERVE FUND STATUS

July 31, 2023

DESCRIPTION	Balance as of 7-1-2022	Balance as of 7-1-2023	Balance as of Last Month	Current Balance	Projected Balance As of 7-1-2024	Goal Range
DESIGNATED RESERVES:						
Operation & Maintenance	\$139,167.32	\$204,925.15	\$204,925.15	\$235,466.66	\$301,000.00	\$480k - \$720k (3)
Water Treatment Plant	\$106,997.81	\$142,309.81	\$142,309.81	\$154,517.78	\$186,000.00	\$170k - \$250k (4)
Carr Fire Funds	\$141,541.24	\$144,040.80	\$144,040.80	\$145,177.09	\$0.00	
Pump Sta. Rep. & Rep. (Zones A & A1)	\$16,359.22	\$17,909.81	\$17,909.81	\$18,051.09	\$24,000.00	
Capital Improvement Reserve	\$523,116.69	\$434,276.16	\$434,276.16	\$396,923.04	\$403,000.00	
Subtotal	\$927,182.28	\$943,461.73	\$943,461.73	\$950,135.66	\$914,000.00	
OBLIGATED RESERVES:						
Capacity Charge	\$80,645.81	\$86,704.43	\$86,704.43	\$88,157.16	\$178,000.00	
Subtotal	\$80,645.81	\$86,704.43	\$86,704.43	\$88,157.16	\$178,000.00	
RESTRICTED RESERVES;						
						Maturity Date
1 1995-1 Redemption Fund	\$53,826.31	\$52,605.70	\$52,605.70	\$52,606.15	\$0.00	
2 Texas Springs Assessment	\$39,339.93	\$43,451.90	\$43,451.90	\$43,452.27	\$33,000.00	
Subtotal	\$93,166.24	\$96,057.60	\$96,057.60	\$96,058.42	\$33,000.00	
Total Reserve Balance	\$1,100,994.33	\$1,126,223.76	\$1,126,223.76	\$1,134,351.24	\$1,125,000.00	

1 DWR / 1995-1	This Assessment District was formed for improvements to the water distribution and treatment system; which includes the Zone C Pump Station and Tank, matures in 2021.
2 Texas Springs Assessment	This Assessment District was formed for the water distribution system within the Texas Springs area, matures in 2041.
3 O&M Goal Range	Goal Range is projected to achieve the Reserve Policy range within 2.7 - 6.4 years using the Rate Stabilization Fee.
4 WTP Goal Range	Goal Range is projected to achieve the Reserve Policy range within 1.5 - 3 years using the Water Treatment Plant Fee.

CENTERVILLE



COMMUNITY SERVICES DISTRICT

MEMORANDUM

Date: August 10, 2023
To: Board of Directors
From: Chris Muehlbacher
Subject: **New Business No. 1 – Public Hearing for the Board to Consider Adopting a Final O&M Budget for FY 2023-23 as included in Resolution 2023-09 and Adopting a Capital Budget as included in Resolution 2023-10**

Recommendation

Action (Roll-Call Vote) – it is recommended that the Board do the following:

1. Open a **public hearing** providing the public opportunity to comment.
2. Consider Resolution 2023-09 Adopting a Final O&M Budget for Fiscal Year 2023-24.
3. Consider Resolution 2023-10 Adopting a Capital Budget for Fiscal Year 2023-24.

Discussion

General Procedure

As required by Government Code 61110, the District adopted a preliminary O&M budget before July 1st and had set a public hearing to be held on, or before, September 1st where any person may appear and be heard regarding the budget or regarding the addition of other items. Following the public hearing, the Board of Directors shall then adopt a final O&M budget on, or before, September 1st. Pursuant to Government Code 6061 public notice has been provided in the newspaper two weeks prior to the public hearing.

Item 2. Consider Resolution 2023-09 Adopting a Final O&M Budget

Preliminary O&M Budget & Rate Adjustment

The preliminary O&M Budget for Fiscal Year (FY) 2023-24 was approved at the April 19th regular Board meeting. The Board also authorized providing the Proposition 218 notice and set the Public Hearing for June 21st. As required by California Constitution Article XIII D, Section 6 – Property Related Fees and Charges paragraph (1) the notice shall include: “The parcels upon which a fee or charge is proposed shall be identified. The amount of the fee or charge proposed to be imposed upon each parcel shall be calculated.”

The agency shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition, the amount of the fee or charge proposed to be imposed upon each, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge.” At that public hearing, the Board considered a total of three (3) written protest letters. Following the public hearing and discussion the Board of Directors adopted the rate adjustments

Final O&M Budget

Attached is the O&M Budget Report which remains unchanged from the preliminary O&M Budget. Below is a summary of the significant assumptions:

1. Consumption will increase modestly for the remainder of this water year ending February 2024 and will increase incrementally more moving forward. As in past droughts it is anticipated that it will take years to recover to pre-drought consumption levels. As a result of many customers repairing leaks the overall impact to consumption is unknown at this time.
2. Salaries have been adjusted by an 8.15% COLA per policy for all exempt and non-exempt employees as approved by the Board of Directors. The salary budget also includes funding for one Lead Operator and two Operator II positions. This is an improvement to the operations department by providing adequate funds for more experienced and knowledgeable future employees as well as advancement opportunities for current staff.
3. The CalPERS Unfunded Accrued Liability (UAL) has improved from the previous fiscal year. The PEPRA class improved so much that there is no longer a UAL. The Classic class also improved significantly. The final O&M budget includes a \$6,100 additional discretionary contribution to eliminate the UAL over a forecasted 10-year period.

The final O&M Budget includes the following rate adjustments:

All customers

1. Base Rate is increased by \$1.00 for all meters.
2. Consumption Rate is increased by 3-cents to be \$1.133 per hcf.

Zone A (approximately 130 customers)

1. Base Rate Surcharge is increased by \$1.00.
2. Consumption Rate Surcharge is increased by 1-cent per hcf.

Zone A1 (approximately 28 customers)

1. Base Rate Surcharge has increased by \$3.50.
2. Consumption Rate Surcharge is increased by 2-cents per hcf.

Item 3. Consider Resolution 2023-10 Adopting a Capital Budget

Attached is the Capital Budget as reviewed by the Finance Committee. Below is a summary of the significant assumptions:

Income

- Taxes will be directed to the Capital Improvement Reserve.
- Capacity Charges – assumes four meters will be sold. The projected value includes the Skiles progress payments.

Expense

The Capital Budget includes the following payments:

- WTP Recycled Project – \$4.4k annual payment to Clear Creek CSD.
- Tank Coating Program – \$180k budget which includes the quarterly payments to Superior Tank Solutions and funds for PACE Engineering to assist with the Tank A1 project.
- Texas Springs Assessment District – P&I and Admin – \$29k payments.

The Capital Budget will also fund the following projects using reserves:

Server Replacement Project – Budget: \$24k

The current server dates back to 2012 and is rapidly approaching the end of its remaining useful service life. As of October 10, 2023, the Windows Server 2012 operating system will no longer be supported meaning that it will no longer receive security updates, non-security updates, bug fixes, technical support or online technical content updates thus making it more vulnerable to cyber-attacks.

In reviewing this project, the Resource & Planning Committee directed staff to obtain competitive bids prior to it being funded by the Board. A total of two bids were received: Computer Logistics (\$21,427.67) and Obsidian IT (\$26,385.05). The budget includes a contingency fund.

Telemetry Replacement Program – \$85k

This project was originally included in the FY 2022-23 budget but was not completed. PACE Engineering is currently at the 90% design and anticipates that it will be completed in approximately three weeks. The overall budget has increased to account for inflation.

Fiscal Impact

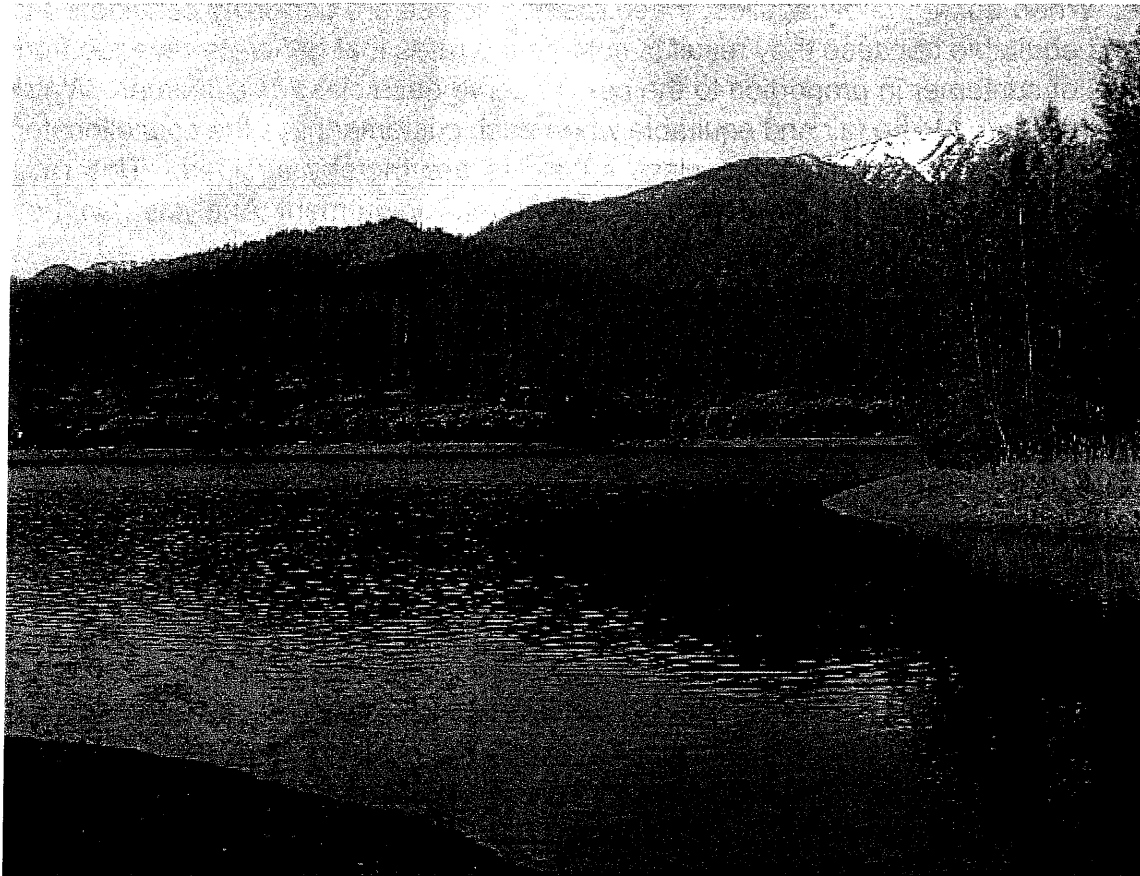
As proposed, the capital budget included taxes received, capital-related progress payments and projects that are fully funded by the Capital Improvement Reserve. Adequate reserve funds are available. It is recommended that the Board adopt the budget.

Attachment(s)

- O&M Budget Report for FY 2023-24
- Resolution 2023-09 – O&M Budget
- Capital Budget
- Resolution 2023-10 – Capital Budget

**CENTERVILLE COMMUNITY SERVICES
DISTRICT**

O&M Budget Report – FY 2023-24



April 2022

Cost-Based Water Utility Rate-Making

Establishing cost-based rates, fees and charges is an important component in a well-managed and operated water district. Cost-based rates provide it sufficient funding which allows it to build, operate, maintain and to reinvest into the water system that provides a safe and reliable water supply for public health and safety. The methods and analyses used to establish a cost-based rates, fees and charges has a long history within the water utility industry. Establishing a cost-based and equitable rates is a technically challenging process which requires knowledge and understanding of finance, accounting, budgeting, engineering, system design and operations, customer service, public outreach and communication as well as the legal requirements as they relate to setting rates, fees and charges. When appropriately applied, these methodologies are generally considered to be fair and equitable because they result in cost-based rates that generate revenue from each class of customer in proportion to the cost to serve each class of customer. Water rates are considered to be fair and equitable when each customer pays the cost allocated to the class and consequently cross-class subsidies are thereby avoided. This rate-making process includes an evaluation of: Revenue Requirement Analysis; Cost-of-Service Analysis; and Rate-Design Analysis.

Revenue Requirements Analysis

The purpose of a revenue requirement analysis is to determine the adequate and appropriate level of funding for the District. The revenue requirements are determined to be the summation of the operations, maintenance and capital costs that the District must recover during the time period for which the rates will be in place. There are generally two accepted approaches that are accepted: the cash-needs approach and the utility-basis approach.

The development of the District's revenue requirements is the first analytical step of a comprehensive rate-setting process. The determination and establishment of revenue requirements is the basis for setting the overall level for rates, while also providing the District with adequate and sustainable funding levels for operating and maintaining the water system and its related capital costs. In providing adequate water service to its customers, the District must receive sufficient total revenue to ensure proper operation and maintenance (O&M), development and sustainability of the water system, and the preservation of the District's financial integrity. The District's total revenue requirements are primary financed from revenues derived from selling water to its customers.

The two generally accepted and practiced approaches for projecting total revenue requirements are: the cash-needs approach, and the utility-based approach.

The objective of the cash-needs approach is to provide sufficient revenues to recover total cash requirements for a given time period. Generally, this approach is used by government-owned utilities (except for those which require use of the utility-basis approach). As it pertains to rate-making, the cash-needs should not be confused with the cash-basis accounting method of revenue and expense recognition. From a rate-making

perspective, cash needs refer to the total revenues required by the District to meet its annual cash expenditures; whereas, in terms of accounting, cash basis refers to the revenues being recognized as earned when cash is received and expenses charges when cash is disbursed. The basic revenue requirement components of the cash-needs approach include: O&M expenses, taxes or transfer payments, debt-service payments, contributions to specified reserves, and the cost of capital expenditures that are not debt financed or contributed (i.e., capital improvements funded directly from rate revenues). It is common practice for utilities to finance a portion of its capital improvement program from annual revenues (sometimes referred to as pay-as-you-go, or PAYGO, capital funding. This includes normal annual replacements, extensions and improvements (such as meters, services, vehicles, smaller mains and similar items that occur on a regular basis each year). Depreciation is not included within the cash-needs revenue requirement.

The utility-basis approach is typically mandated for investor-owned water utilities as well as for government-owned utilities which have required it. This approach for determining revenue requirements consists of the O&M expenses, taxes or transfer payments, depreciation expense and a "fair" return on the rate base investment.

The District uses the cash-needs approach for determining its revenue requirements.

Length of Projection

Revenue projections can be made for any length of time depending upon the purpose of the projection. From a strategic financial planning or revenue-adequacy standpoint, projections beyond 10 years are generally quite speculative and have limited value. Accordingly, a projection period of approximately five years is generally considered adequate for near-term financial planning. This time frame provides a reasonable forecast of anticipated future revenue needs which then aids management, the Board of Directors and the public to foresee potential shortfalls and to better avoid surprises in the future. For O&M budgetary purposes, the District projects only one year ahead at this time. While the District does project its capital needs for a twenty-year period, it primarily focuses upon the near-term five-year period for budgetary planning since projections beyond that period are generally more speculative.

Test Year

Test Years are an important starting point for establishing revenue requirements. It may represent a specific 12-month period of time or it may be an annualization of a rate-design period of more, or less, than a year period. Generally, there are three types of Test Year: historical, projected (future), or pro forma. Pro forma has the advantage of using a combination of historical and projected data in establishing a Test Year. For budgeting purposes, the District utilizes a pro forma approach which requires projection based upon historical data to develop a future test year in evaluating the adequacy of revenues under proposed rates and charges.

Cost-of-Service Analysis / Rate Design Analysis

This Cost-of-Service Analysis (COSA) presents the results of the review and analysis of the District's current water rates. The review was conducted to determine if the current rate structures can provide revenues needed to allow the District to recover the total costs of the water system from existing customers. Historical revenues and operating expenditures were reviewed to conduct this analysis. Operating expenditures that were reviewed included the cost of operation and maintenance (O&M), debt service, normal additions and replacement to the systems, administrative costs, and capital replacement needs. The District strives to develop rate structures to be equitable such that, as nearly as practical, each customer pays their fair share of the costs of providing the services received.

The District utilizes recommendations set forth in American Water Works Association (AWWA) Manual M1 – Principals of Water Rates, Fees, and Charges for determining its rate structures. As such, the District's water rates are established based on the "Cash-Needs" approach, as defined in AWWA Manual M1. Similar to most public agencies throughout California, the District's water rates contain a base (fixed) charge and a uniform consumption charge, based on the amount of water consumed. The base rates are designed to collect the revenue needed to cover the District's fixed expenses.

When establishing water rates, the District strives to adhere to the following principals:

- Water rates should be easy to understand and implement.
- Water rates should promote efficient use of the resources, i.e. conservation minded.
- Water rates should be equitable and non-discriminating, i.e. cost-based.
- There should be continuity in the rate making philosophy over time.
- Water rates should consider all aspects of the utility usage, including planning for the future.
- Water rates should provide month-to-month and year-to-year revenue stability within the District.
- Water rates should recover adequate revenue to fund the following:
 - Day-to-day O&M expenses, including reserves intended to replace short-lived assets, such as pumps, instrumentation, controls, computers, etc.
 - Debt service obligations for long-term capital improvement loans, including required reserves by funding agencies.
 - Capital replacement project costs.

Percentage of Fixed versus Variable Revenue

The District's Base Rate is the most significant contributor to the District's fixed income. At present, the fixed portion of all income is approximately 46% with the remaining 54% subject to the variability of consumption. In relation to the fixed expenses, the Base Rate alone addresses approximately 71% of the fixed expenses. In this manner it aids in the fiscal stability of the District on an annual basis. In times when consumption

is lower and the consumption income does not fully address O&M expenses, the District maintains an O&M Reserve for many purposes which includes cash flow stability. This reserve is primarily funded by the Rate Stabilization Fee which is based upon consumption.

Below is a summary of the relative fixed versus variable incomes and expenses:

FY 2023-24	Fixed	Variable
Income	46%	54%
Expense	62%	38%

Regarding fixed income, there are various industry accepted approaches for use by agencies. AWWA uses meter factors which are proportionally based upon their hydraulic capacity. Alternatively, the California Water Conservation Council developed a memorandum of understanding (MOU) in 2010 which established a goal for public agencies to collect 30% of its revenues from base rates while the remaining 70% would be derived from consumption rates.

The District utilizes a hybrid of industry approaches based upon the historical use of the District which provides an adequate income relative to its fixed expenses.

The remaining variable incomes and expenses are commensurate with actual consumption in that higher consumption derives higher income which is then offset by the higher costs of water-related costs.

Review of the O&M Budget for FY 2022-23

In review of the O&M Budget as projected through June, FY 2022-23 is trending toward an overall projected net loss of approximately \$79k. Contributing to this projected loss is a dramatic decrease in consumption coupled with increased material cost and higher O&M treatment costs related to the Clear Creek CSD Water Treatment Plant. During this period the Rate Stabilization Fee is anticipated to generate approximately \$60k for the O&M Reserve.

During this fiscal year, California was in its third year of a significant drought cycle which included the worst drought on record. As a result of this drought and the limited water supply allocation, the customer water consumption continued to be impacted which reduced consumption revenue. In late February 2022, the District received notice that it would only receive a water allocation based upon public health and safety (PHS) for Water Year 2022 starting March 1st. As a result of the District having 900 AF of Exchange Water (for its pre-1914 water rights), it did not receive a M&I Contract allocation from Reclamation since the Exchange Water Contract exceeded the PHS allocation amount. This resulted in the District only having 1,050 AF at the beginning of the water year which included a purchase of 150 AF from the McConnell Foundation. Due to the limited water supply, the District declared a water shortage emergency and entered into Stage III of the Drought Contingency Plan requiring a mandatory 50% reduction based upon the plan. Following this the District acquired supplemental water from the City of Redding which permitted the District to move into voluntary conservation without any overage penalties. Despite the improved water supplies, water conservation continued which impacted the consumption revenue.

At present, no change has occurred to the Clear Creek O&M Adjustment factor (51310) during the fiscal year. Clear Creek has been chronically late in completing their annual audits which includes the subsequent annual review and adjustment to both the Administration and O&M factors included in the Dedicated Capacity contract. While the 2020 audit was eventually adopted by their Board in July 2021 no annual adjustment ever occurred between agencies. A contributor for this delinquency is the significant staff turnover. More recently, Clear Creek hired a new accountant to complete their 2021 & 2022 audits as well as a General Manager. With new staff it remains optimistic that the adjustments would be completed in a timely manner.

The reduced water consumption also impacted the overall amount collected for the Rate Stabilization Fee, the Water Treatment Plant Fee and the consumption amount intended for the O&M and the Capital Improvement Reserves respectively. This decline will simply delay obtaining the funding goals consistent with the Reserve Policy.

Further contributors and impacts to the net deficit includes:

- Consumption Rate (41200) – continued conservation is reflected with an approximate \$179k loss compared to budget.
- O&M – Clear Creek (51300) – this shows an improvement to budget with their increased use of purchased water resulting in a shared expense of the water treatment plant.
- Administration – Clear Creek (51305) – the \$14k savings reflects the continued conservation.
- Repair & Maintenance (52100) – approximately \$22k higher than budget due to an increase in service line replacements requiring use of a rented vac trailer.
- Legal – District Attorney (54550) – approximately \$10k over budget as a result of updating numerous policies.

Proposed O&M Budget for FY 2023-24

In preparing the preliminary O&M Budget for FY 2023-24 there are multiple conditions affecting items that significantly impact the overall budget. Recently, the Bureau of Reclamation has increased the M&I allocation from 75% to 100%. This provides an unrestrained water supply to the District. Despite having no consumption restrictions, it is anticipated that the impacts from the drought and related stage 3 overage penalties will have lasting impacts which will take years to recover from in comparison to previous consumption patterns. As such, this budget projects a gradual increase for consumption.

Below is a discussion of the various budgetary assumptions as well as the proposed rate adjustments:

Income

The preliminary O&M Budget assumes that water consumption will recover over time. It is important to note that the stage 3 drought plan overage penalties also prompted customers to repair leaks which will impact the overall consumption recovery.

In order to maintain the current level of service while also properly funding reserves, the District proposed to adjust the following rates:

To mitigate for the projected net loss, the District can either increase the income with a rate adjustment or lower expenses. Having reviewed and mitigated various expenses, the District is proposing adjustments to:

All customers

1. Base Rate is increased by \$1.00 for all meters – projected income \$15,000.
2. Consumption Rate is increased by 3-cents to be \$1.133 per hcf – projected income \$17,000.

Zone A (approximately 130 customers)

1. Base Rate Surcharge is increased by \$1.00.
2. Consumption Rate Surcharge is increased by 1-cent per hcf.

Zone A1 (approximately 28 customers)

1. Base Rate Surcharge is increased by \$3.50.
2. Consumption Rate Surcharge is increased by 2-cents per hcf.

Expenses

Below is information related to the various expenses:

51100 – Raw Water Charge – this reflects Reclamation's 100% allocation.

51300 – Clear Creek Water Treatment Plant (WTP) O&M – this item reflects a net improvement due to Clear Creek using more surface water.

Electric Power – all PGE electric accounts are projected to include a PGE increase of 3%.

54550 – Legal District Attorney – indicated a decrease in use of legal services.

55100 – Salaries – the preliminary budget includes the Board-approved 8.15% COLA for all employees. It also provides funding for two operator II positions.

55300 – Pension CalPERS Retirement – the budget includes the District's proportionate share as well as the unfunded liability payments of \$40,518 (which is a \$3k decline from the previous year) for the Classic plan as well as a \$6k discretionary prepayment for the unfunded liability for the Classic plan (based upon a 10-year pre-payment plan). It is important to note that the PEPPRA plan is now fully funded. It is important to note that the unfunded liability payments are predominately driven by current retirees.

Zone A & A1 Pressure Zones

Zone A and A1 pressure zones are located within areas in the District that relies completely upon pumps for water supply. Below is a summary for each pump zones income versus expense performance which includes each pump zone's ability to adequately fund the Pump Station Repair and Replacement Reserve in preparation for future extraordinary expenses:

Zone A		
Income	FY 2022-23	FY 2023-24
Base Surcharge	12,000	12,000
Consumption Surcharge	14,600	16,000
Total	\$26,600	\$28,000
Expense		
52500 – Utility Cost	22,000	24,000
52130 – Repairs & Maintenance	1,600	1,600
Extraordinary Expense – new pump / repair motor *	0 *	0 *
PSRR Reserve	3,700	3,700
Total	\$27,300	\$29,300
Net (loss) / gain *	(\$700) *	(\$1,300) *
*Not including any reserve-funded expenses		

Zone A1		
Income	FY 2022-23	FY 2023-24
Base Surcharge	3,600	3,600
Consumption Surcharge	4,800	5,200
Total	\$8,400	\$8,800
Expense		
52600 – Utility Cost	4,700	5,800
52140 – Repairs & Maintenance	1,600	1,600
Extraordinary Expense –*	2,000 *	0 *
PSRR Reserve	2,700	2,700
Total	\$9,000	\$10,100
Net (loss) / gain *	(\$600) *	(\$1,300) *
*Not including any reserve funded expense		

At present, the Pump Station Repair and Replacement Reserve is funded directly by the rate payers located within Zone A and A1 pressure zones. The current reserve goal for annual contribution is \$6,400 annually (\$3,700 Zone A and \$2,700 Zone A1). Based upon the projected loss the following rate adjustments are recommended:

Rate Adjustment: Unit Increase Options	Projected Revenue per Unit Increase	Proposed Adjustment	Projected Revenue
Zone A (approximately 130 customers)			
Base Surcharge: \$0.25 increase	\$300	\$1.00	\$1,200
Consumption Surcharge: \$0.01 increase	\$600	\$0.01	\$600
		TOTAL	\$1,800
	Current	Proposed	
Base Rate Surcharge	\$8.25	\$9.25	
Consumption Rate Surcharge	\$0.272	\$0.282	

Rate Adjustment: Unit Increase Options	Projected Revenue per Unit Increase	Proposed Adjustment	Projected Revenue
Zone A1 (approximately 28 customers)			
Base Surcharge: \$0.25 increase	\$75	\$3.50	\$1,100
Consumption Surcharge: \$0.01 increase	\$100	\$0.02	\$200
		TOTAL	\$1,300
	Current	Proposed	
Base Rate Surcharge	\$12.005	\$15.50	
Consumption Rate Surcharge	\$0.537	\$0.557	

Final O&M Budget (August 10, 2023)

FY 2023-24

Budget

Income

41000 · WATER SALES	
41100 · Base Rate	541,000
41200 · Consumption Rate	610,000
41210 · Late Fees	8,700
41300 · Water Sales-Temp Const	500
41400 · Pump Zone A (Base Rate)	13,400
41450 · Pump Zone A (Power Comp)	16,400
41500 · Pump Zone A-1 (Base Rate)	4,600
41550 · Pump Zone A-1(Power Comp)	5,500
41900 · Drought Surcharge	0
Total 41000 · WATER SALES	1,200,100
41600 · RESERVE FUNDS	
41605 · Consumption Surcharge	22,000
41700 · Water Treatment Plant Fee	44,000
41800 · Rate Stabilization Fee	66,000
56250 · Transer Reserve Funds	(132,000)
42000 · SERVICE INSTALLATION - METERS	
42100 · Connection Charges	400
Total 42000 · SERVICE INSTALLATION	400
43000 · INTEREST	
43001 · LAIF	25,000
43002 · Other Interest	65
43003 · Shasta Co 422 Interest	65
Total 43000 · INTEREST	25,130
44100 · GENERAL PROPERTY TAX	
44840 · Cent. Admin Fee TSWAD 01-1	2,500
Total 44100 · General Property Tax-422	2,500
45000 · OTHER OPER. REVENUE	
45100 · Inspection Fees	0
45300 · Returned Check Charge	0
45400 · Misc. Revenue	500
45850 · Backflow Prevention Testing	3,900
45900 · Will Serve - Engineering	0
45950 · Will Serve - Legal	0
45955 · Will Serve - Admin	0
49715 · Water Sales	0
Total 45000 · OTHER OPER. REVENUE	4,400
TOTAL INCOME	1,232,530

Final O&M Budget (August 10, 2023)

FY 2023-24

Budget

Expense

51000 · WATER COSTS

51100 · Raw Water Charge	17,000
51300 · Oper. & Maint. - Clear Creek	103,000
51305 · Administration - Clear Creek	46,000
51310 · O & M Adjustment - Clear Creek	10,000
51315 · Restoration Fee	12,000
51316 · Trinity PUD Bureau Charges	80
51317 · SWRCB - Water Rights Fee	4,000
51319 · McConnell Water Transfer	0
City of Redding Water Transfer	0
51325 · WINN Act Lawsuit	5,000

Total 51000 · WATER COSTS 197,080

52000 · TRANSMISSION & DISTRIB.

52100 · Rep. & Maint.	72,000
52130 Zone A PS Repairs & Maint.	1,600
52140 Zone A1 PS Repairs & Maint.	1,600
52200 · Operating Supplies & Expense	22,000
52300 · Lease Payment - BLM Tank Site	0
52400 · Utilities - General Plant	1,100
52425 - Elect., Muletown Pump Station	6,000
52450 - Elect., Towerview Pump Station	2,500
52500 · Utilities - Pump Zone A	24,000
52600 · Utilities - Pump Zone A-1	5,500
52700 - Diggins Generator Propane	100
52850 · Backflow Prevention Testing	3,900

140,300

53000 · EQUIPMENT

53100 · Equipment Repairs & Maint.	9,000
53200 · Gasoline	11,000

Total 53000 · EQUIPMENT 20,000

54000 · ADMINISTRATIVE

54100 · Liability Insurance - District	25,000
54150 · Utilities-District Office	9,000
54200 · Telephone - District Office	11,000
54250 · SWRCB Fees	4,000
54300 · Travel & Training	6,000
54325 · Employee Recognition	1,400
54350 · Elections	0
54375 · LAFCO	3,400
54400 · Miscellaneous	500
54500 · Engineering - District Engineer	5,000
54550 · Legal-Dist. Attorney	15,000
54600 · Accounting-Audit & Consult	20,000
54625 - Meals	500
54630 - Construction Meals	500

Final O&M Budget (August 10, 2023)

FY 2023-24

	Budget
54650 · Office Supplies	8,500
54675 · Bank Charges	50
54680 · Merchant Fees	1,000
54700 · Postage	10,000
54750 · Office Equipment (Small)	19,000
54800 · Office Building - R&M	5,000
54850 · Directors Compensation	5,500
54900 · Subscription & Licenses	29,000
Total 54000 · ADMINISTRATIVE	179,350
55000 · WAGES & BENEFITS	
55100 · Salaries	424,000
55110 · Salaries - Standby	7,000
55120 · Overtime	7,000
55200 · Salaries - Part Time Employees	18,000
55210 · Salaries - Temporary Employees	0
55300 · Pension - Retirement	80,600
55400 · Insurance - Emp. Health&Dental	102,000
55500 · Workman's Comp. Insurance	18,400
55600 · F.I.C.A.	26,300
55700 · Medicare Tax	6,100
Total 55000 · WAGES & BENEFITS	689,400
Sub-Total Expense	1,226,130
Other Expenses	
57110 - Transfer to Pump Station Res.	6,400
Reserves	
Drought Surcharge	
Total 57102 - OTHER OPER EXPENSES	6,400
TOTAL - Expenses/Transfers	1,232,530.00
NET INCOME / (LOSS)	0

RESOLUTION 2023-09

**A RESOLUTION ADOPTING THE O&M BUDGET
FOR THE 2023-24 FISCAL YEAR**

WHEREAS, the District's Finance Committee met to review and discuss the District's preliminary O&M Budget and make recommendation to the Board of Directors, and

WHEREAS, the Finance Committee and District Manager recommended that the Board adopt the preliminary O&M budget in the amount of \$1,232,530 for fiscal year 2023-24.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Centerville Community Services District does hereby adopt the final O&M Budget in the amount of \$1,232,530 for fiscal year 2023-24 as presented.

PASSED AND ADOPTED THIS 16th day of August, 2023.

Larry Whitehead, President
Centerville Community Services District
Board of Directors

AYES:
NOES:
ABSTAINING:
ABSENT:

ATTEST:

Tina Teuscher
Secretary to the Board

2023-24 Capital Budget - 08-09-2023

FY 2023-24

FY 2022-23

	Budget	Actual thru June	Actual vs Budget	PROPOSED Budget
Income				
44100 · GENERAL PROPERTY TAX				
44125 - Current Secured Taxes	194,000	203,324.93	9,325	205,000
44127 - Current Unitary Taxes	6,500	8,671.58	2,172	7,000
44130 - Current Secured - Adv Teeter	2,800	3,306.46	506	3,300
44131 - Current Supp Teeter	400	594.51	195	500
44135 - Supp Taxes Current	3,500	4,471.99	972	3,000
44140 - Curr Unsecured Taxes	10,000	10,542.27	542	10,000
44145 - Supp Taxes Prior	50	9.50	-41	50
44150 - Prior Year Unsecured Taxes	100	197.28	97	100
44155 - Homeowner's Exemption - 422	2,200	2,615.48	415	2,500
Total 44100 · GENERAL PROPERTY TAX	219,550	233,734.00	14,184	231,450
46000 · CAPITAL FUNDS				
46100 · Capacity Charges	73,800	5,381.15	-68,419	91,500
Total 46000 · CAPITAL FUNDS	73,800	5,381.15	-68,419	91,500
49000 · TAXES & ASSESSMENTS				
49350 · Sp./Asst. Texas Springs 2001-1	35,000	33,041.69	-1,958	35,000
Total 49000 · TAXES & ASSESSMENTS	35,000	33,041.69	-1,958	35,000
OTHER CAPITAL REVENUE				
56251 - Consumption Surcharge	19,000	19,122.28	122	22,000
49505 · Other Interest	50	19.43	-31	50
49550 - New Water Purchase Fee	2,400	600.00	-1,800	2,400
Total 49500 · OTHER CAPITAL REVENUE	21,450	19,742	-1,708	24,450
TOTAL INCOME	349,800	291,898.55	-57,901	382,400
Expense				
51000 WATER TREATMENT PLANT				
51255 - WTP Recycled Project Payment	4,400	0.00	-4,400	4,400
Total 51000 Water Treatment Plant	4,400	0.00	-4,400	4,400
56000 - GENERAL PLANT IMPROVEMENTS				
56360 - Diggins Standby Generator	9,000	15,240.96	6,241	0
Total 56000 · GENERAL PLANT IMP.	9,000	15,240.96	6,241	0

	Budget	Actual thru June	Actual vs Budget	PROPOSED Budget
57000 - DISTRIBUTION SYSTEM IMPROVEMENTS				
Telemetry Replacement Program	68,000	0.00	-68,000	85,000
58075 - SCADA Replacement Program	18,000	17,881.72	-118	0
57090 - Tank Coating Program	192,000	172,220.36	-19,780	180,000
Total 57000 - DISTRIBUTION SYSTEM IMP.	278,000	172,220.36	-87,898	265,000
57400 - PRINCIPAL EXPENSE				
57406 - Sp./Asst Txs Sprng 2001-1 Prin.	9,600	9,100.00	-500	9,600
Total 57400 - PRINCIPAL EXPENSE	9,600	9,100.00	-500	9,600
57506 - Sp./Asst. Txs Sprng 2001-1 Int.	12,500	12,674.25	174	12,300
Total 57500 - INTEREST EXPENSE	12,500	12,674.25	174	12,300
57800 - BOND ADMIN. FEE				
57801 - NBS Admin Fee	0	1,233.65	1,234	0
57806 - NBS Admin. Fee TSWAD 2001-1	4,500	4,616.40	116	4,800
57840 - Cent. Admin. Fee TSWAD 01-1	2,500	2,500.00	0	2,500
Total 57800 - BOND ADMIN. FEE	7,000	7,116.40	1,350	7,300
58000 OTHER CAPITAL EXPENSES				
58065 - Conference Room Remodel	93,000	100,436.98	7,437	0
Server Replacement				24,000
Muletown Generator	0		0	0
Total 58000 - OTHER CAPITAL EXPENSES	93,000	100,437	7,437	24,000
TOTAL EXPENSES	413,500	316,789		322,600
Net Difference (Income vs Expenses)	-63,700	-24,890.40		59,800

Outgoing Budget Transfers into Reserves

58105 - To O&M Reserve (1)	2,400			2,450
58110 - To Capital Imp. Reserve (2)	238,600			253,450
58504 - To Capacity Reserve (3)	73,800			91,500
58506 - Net to Texas Springs Fund (4)	5,900			5,800
Total 58000 - TOTAL OTHER CAPITAL EXP.	320,700			353,200

Incoming Budget Transfers from Reserves

45501 - From O&M Reserve	0			
49501 - From Capital Imp. Reserve (5)	384,400			293,400
49504 - From Capacity Fee Res.	0			
Net Total Difference	0			0

Notes

- (1) This transfers the New Water Purchase Fee.
- (2) Transfers all Property Tax and the dedicated Consumption Surcharge.
- (3) Assumes 4 meters sold.
- (4) Net remaining for Texas Springs AD.
- (5) Capital Improvement Reserve Funds encumbered during FY.

RESOLUTION 2023-10

**A RESOLUTION ADOPTING THE CAPITAL BUDGET
FOR THE 2023-24 FISCAL YEAR**

WHEREAS, the District's Finance Committee met on August 9, 2023 to review and discuss the District's proposed Capital Budget and make recommendation to the Board of Directors, and

WHEREAS, the Finance Committee and District Manager recommend that the Board adopt the Capital budget in the amount of \$322,600 for fiscal year 2023-24.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Centerville Community Services District does hereby adopt the Capital Budget in the amount of \$322,600 for the 2023-24 fiscal year as presented.

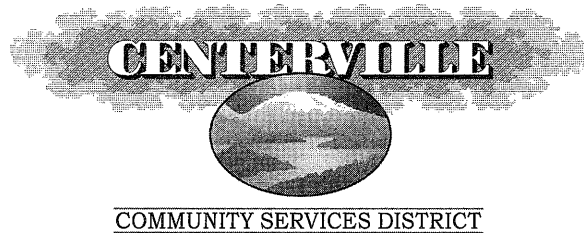
PASSED AND ADOPTED THIS 16th day of August, 2023.

Larry Whitehead, President
Centerville Community Services District
Board of Directors

AYES:
NOES:
ABSTAINING:
ABSENT:

ATTEST:

Tina Teuscher
Secretary to the Board



MEMORANDUM

DATE: August 9, 2023
TO: Board of Directors
FROM: Chris Muehlbacher
SUBJECT: **New Business No. 2 – Review and Adopt Resolution 2023-11 Determining a Surplus and Ordering a Fund Transfer for Water Assessment District 1995-1**

Recommendation

Action (Roll-Call Vote) – It is recommended that the Board adopt Resolution 2023-11 determining a surplus and ordering a fund transfer for Water Assessment District 1995-1 to the general fund for deposit into the O&M Reserve.

Discussion

Assessment District (AD) 1995-1 is paid in full; with the recording of the Notice of Release of Assessment, the District can now reallocate those remaining reserve funds. At present, there remains approximately \$54k in the AD 1995-1 Redemption Fund. The Finance Committee has reviewed this subject and makes a recommendation that the reserve funds be transferred to the general fund for deposit into the O&M Reserve.

Pursuant to Section 8784 of California Streets and Highways Code, a surplus in the Redemption Fund that remains after the retirement of all outstanding bonds “shall first be applied to repayment to the city of any special taxes levied by it for the purpose of advancing funds under Part 13 (commencing with Section 8800) less its recovery on the sale or redemption of the properties assessed, and also of any costs incurred by it under this division. The remainder shall be repaid in accordance with the provisions of Section 8783 to persons paying supplemental assessments, if any, and the balance may be proportionately credited upon the final installments due upon the assessments securing the bonds and repaid to those persons whose assessments have been previously paid **or may be transferred to the general fund of the city.**”

In considering the surplus, the District evaluated the following options: 1) Providing a proportional credit, and 2) Transferring the remaining funds into the general fund. In reviewing those options, it was recommended that the District transfer the remaining funds to the general fund since it was estimated that the costly analysis would consume a significant amount of the

reserve funds which would then result in a nominal credit of less than \$30 being issued to each property.

Below are options that were considered for the remaining redemption funds:

1. **O&M Reserve** – This reserve is funded by the Rate Stabilization Fee (RSF). This fee is consumption based and is projected to generate \$66k during the current fiscal year (based upon \$0.12 per hundred cubic-feet). Below is a summary of this reserve:
 - Current reserve balance is approximately \$235k.
 - Projected balance as of June 30, 2024 is \$301k.
 - Reserve Policy Goal Range is \$480k-\$720k.
 - Based upon the current RSF, the reserve is estimated to be within policy range within 2.7 to 6.4 years.

2. **Capital Improvement Reserve (CIR)** – The current balance is approximately \$434k. This reserve is funded by property taxes and a dedicated 4-cents from the Consumption Charge. It is important to note that there are numerous short-term and long-term projects which have not yet been identified for future funding years in the Capital Improvement Reserve Program which will impact the overall future fund balance. Most notable include:
 - AMI Meter Program (paid partially by County ARPA funds)
 - Shop Building Mezzanine Retrofit
 - PLC Replacement Program
 - Generators for Zone C PS & the Record Lane PS (per SB 552)
 - Fire Flow Improvements (per SB 552)
 - Vac Trailer (potential candidate for the JPIA grant)

Fiscal Impact

The remaining reserve fund accrued as a result of property taxes received for Water Assessment No. 1995-1. There is no fiscal impact from the reallocation of the remaining funds.

Attachment(s)

- Resolution No. 2023-11

RESOLUTION NO. 2023-11

**A RESOLUTION OF THE CENTERVILLE COMMUNITY SERVICES DISTRICT
DETERMINING A SURPLUS AND ORDERING A FUND TRANSFER**

WHEREAS, the Centerville Community Services District (“District”) is a Community Services District formed pursuant to Government Code section 61000, et seq.; and

WHEREAS, on May 3, 1995, the District Board of Directors created Water Assessment District No. 95-1 through a Resolution of Intention pursuant to the authority provided under the Municipal Improvement Act of 1913 wherein a lien was upon properties located on the map entitled “Proposed Boundaries of Water Assessment District No. 95-1, Centerville Community Services District, Shasta County, California” which were to be specially benefitted by improvements to those properties; and

WHEREAS, the improvements to the properties, as set forth in Resolution No. 95-11, were “Payment of obligation to Clear Creek Community Services District for water filtration and/or treatment improvements; acquisition of real property for pump station site; construction and installation of storage facilities, water main and pump station facilities; together with appurtenant work and improvements and financing of the incidental cost and expenses of project reports, project design, project construction management and inspection, legal proceedings, bond issuance, and assessment lien administration;” and

WHEREAS, a Notice of Assessment was recorded in the Shasta County Recorder’s Office on June 20, 1996, Document No. 21379 imposing a special assessment on the properties referenced in the map entitled “Proposed Boundaries of Water Assessment District No. 95-1, Centerville Community Services District, Shasta County, California” which would be used to pay off the lien created by Water Assessment District No. 95-1; and

WHEREAS, on March 31, 2005, a Notice of Amended Assessment was recorded in the Shasta County Recorder’s Office, Document No. 2005-0017841, which included an Amended Assessment Diagram; and

WHEREAS, on December 22, 2022, the District recorded a Notice of Release of Assessment lien with the Shasta County Recorder’s Office fully discharging those liens created by Water Assessment District No. 95-1; and

WHEREAS, it appears that a surplus amount of \$54,007.53 remains in the bond fund and it is in the public interest that the amount of said surplus be transferred to the General Fund of the District, as provided by Section 8784 of the Streets and Highway Code.

NOW, THEREFORE, BE IT RESOLVED that the District does hereby resolve, determine and order as follows:

1. That the unencumbered balance remaining in the account for AD 95-1 is a surplus.
2. That the full amount is hereby ordered transferred from the AD 95-1 account to the General Fund pursuant to Section 8784 of the Streets and Highway Code.

PASSED AND ADOPTED by the Board of Directors of the Centerville Community Services District this 16th day of August, 2023 by the following vote:

AYES:

NOES:

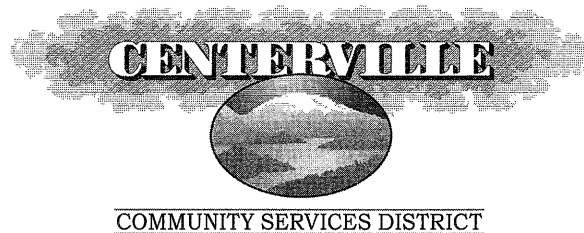
ABSENT:

ABSTAIN:

Larry Whitehead, Board President

ATTEST:

Tina Teuscher, Board Secretary



MEMORANDUM

Date: August 9, 2023

To: Board of Directors

From: Chris Muehlbacher

Subject: **New Business No. 3 – Discussion of Setting a Board Workshop for Review and Prioritization of Capital Projects Including the AC Pipe**

Recommendation

Action – It is recommended that the Board of Directors authorize the Manager to schedule a Board workshop to discuss capital improvements and replacements.

Discussion

It is desired that a Board Workshop be scheduled so that the directors can review, discuss, and prioritize the near-term, intermediate, and long-term capital planning needs of the District. Over the past several months the Resource & Planning Committee has been reviewing the AC pipe replacement projects in order to assess each project in order to develop a replacement plan. Due to the complicated nature of this subject, Resource & Planning now requests that the Board consider setting up a workshop to further discuss the planning for future AC pipe replacement. On a related subject, it is also desirable to review the Capital Improvement Reserve Program concurrently with the AC pipe replacement so that all capital projects can be considered and prioritized which includes potential funding options. Notable capital projects also needing prioritization include:

- AMI Meter Program (paid partially by County ARPA funds)
- Shop Building Mezzanine Retrofit
- PLC Replacement Program
- Generators for Zone C PS & the Record Lane PS (per SB 552)
- Fire Flow Improvements (per SB 552)
- Vac Trailer (potential candidate for a JPIA grant)

Attachment(s) – None



COMMUNITY SERVICES DISTRICT

MEMORANDUM

Date: August 10, 2023
To: Board of Directors
From: Chris Muehlbacher
Subject: Old Business No. 1: Tank Coating Program Update

Recommendation

Information – This is a program update.

Discussion

At present, all of the services included in the second year of the ten-year agreement with Superior Tank Solutions (STS) have been completed. The contracted services include a complete recoating and construction of safety improvements for all of the five tanks as well as yearly maintenance for all of the tanks.

During this second year the following activities were completed:

- Tank B full rehabilitation.
- Tank A warranty work.
- Visual inspections of Tanks A, A1 and C1.
- Washout inspection of Tank C2.

Tank C2

Attached for your information is the washout inspection report for Tank C2. The report indicates that the exterior and interior coatings are in poor condition. The exterior coating system was found to be heavily worn and degraded. The interior has rusting, staining, corrosion, some old poorly applied repairs and metal loss along the floor weld seam.

At present, staff has requested the advice of STS regarding the timing of Tank A1 and C2 in order to confirm which is more of a priority. Per schedule, the complete rehabilitation of Tank A1 is included in year 3 of the 10-year agreement.

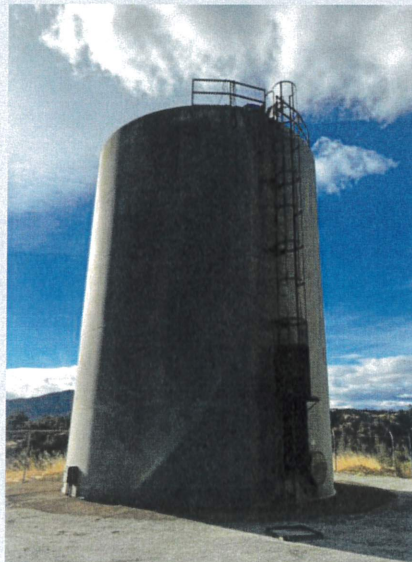
Attachment(s):

- Washout Completion Report – Tank C2



Washout Completion Report

Centerville CSD, CA



TANK C2 – 150,000 GALLONS

Washout Inspection Completed July 2023

Anthony Castruita
(707) 860-3303

ACastruita@superiortanksolutions.com

PROJECT INSPECTION REPORT

CENTERVILLE CSD, CA

PROJECT OVERVIEW

Superior Tank Solutions, Inc. conducted a WASHOUT as part of the 10 year tank maintenance program. The purpose of the washout was to determine the condition of the *interior and exterior coating systems* along with the extent of corrosion and the severity of degradation. The tank *structure* was evaluated in reference to the original “as built” design criteria and the applicable AWWA D.100 construction standard. Regulatory compliancy assessments were conducted in accordance with *sanitary* (Department of Environmental Quality), *safety* requirements (Federal OSHA 29 CFR 1910 & 1926 and OSHA) and *security* guidelines (US Dept of Homeland Security & AWWA Security Recommendations).

TANK INFORMATION	
Visual Inspection Date	July 27, 2023
Tank Location	Centerville, CA
Year Built	1967
Tank Size (gallons)	150,000 Gallon Welded Steel Tank
Tank Dimensions (feet)	28'D x 35'H
Design Standard	AWWA D 100 and D 102
Tank Style	Welded Steel GST

PROJECT OVERVIEW

	Tank A	Tank A1	Tank B	Tank C2	Tank C1
Year 1: 2021-2022	Full Renovation	Visual Inspection	Leak Repair / Wash Out	Visual Inspection	Washout Inspection
Year 2: 2022-2023	Visual Inspection	Visual Inspection	Full Renovation	Washout Inspection	Visual Inspection
Year 3: 2023- 2024	Visual Inspection	Full Renovation	Visual Inspection	Visual Inspection	Visual Inspection
Year 4: 2024-2025	Washout Inspection	Visual Inspection	Visual Inspection	Visual Inspection	Visual Inspection

GENERAL RECOMMENDATION:

	Recommendation	Comments
Maintain		
Repair		
Renovate	X	Tank C2 is scheduled for full renovation in the sixth year of the contract term, 2026. The full renovation will include renovating the tank interior, overcoating the tank exterior and upgrades to the safety, sanitary, and security aspects of the tank.
Replace		

INSPECTION INFORMATION

INSPECTION DETAILS:

The visual inspection is a routine assessment designed to identify non-compliance and document the tanks condition. It involves the tank remaining in service and the inspection taking place from the ground and by climbing the tank. The interior will be assessed through the roof hatch by means of camera. The inspection shall be accompanied with a report including narrative and photographic documentation. The visual inspection includes the following:

- **Coatings:** The interior and exterior coatings will be inspected for signs of coatings deterioration and failures. Coating thickness readings and adhesion tests will be performed to determine overcoat viability for the exterior and the interior coating integrity.
- **Structural Inspections:** The assessment will identify obvious structural deficiencies such as deformation or deterioration of plates, rafters, earthquake rods, fasteners, and connation bolts. Foundation anomalies such as gravel washout, obvious concrete cracking or spalling, and floor undercutting will also be noted.
- **Instrumentation Inspections:** Inspect liquid level indicators, floats and miscellaneous mechanical equipment to verify they are functioning properly. Visual assessment of cathodic protection anodes.
- **Site Security Inspections:** Inspect the site perimeter and tank for evidence of unauthorized access. Inspect the tank side shell and roof for evidence of vandalism. Verify access hatches are locked with tamper-proof lock assemblies and the ladder gate assembly is uncompromised.
- **Sanitary Inspections:** Sanitary inspection includes visual observation to identify any; oil and grease accumulation on the interior walls, graffiti, rust streaking and discoloration and water stains. Tank vents, flap gate or rubber check valves, and the grating or overflow screen (if applicable) at the end of the overflow / drain pipes and other openings.
- **Safety Inspections:** Inspect all ladders and railings at the facility for noticeable metal loss, severe corrosion, and missing or loose bolts and nuts. These may include; tank interior and exterior access ladders, and extension safety posts on ladders, platforms, and railings. Inspect safety cages, cables, and fall protection devices and connections on the tank ladders and roof. Verify non-compliance of tank configuration with OSHA 29 CFR 1910 and CFR 1926 requirements.
- **Housekeeping Inspections:** Inspect for debris and trash found on-site, including any trash found at the end of the tank overflow piping. Note any small diameter rocks, trash, or debris found on the tank roof.

SCOPE OF WORK

Overview:

The following work scope addresses methods and procedures for the washing, cleaning, inspecting and disinfection of interior surfaces of the carbon steel potable water storage tank.

Pre-Cleaning Requirements:

Prior to initiating the wash-out / clean-out operation the following activities must be completed in a regulatory compliant manner.

- The Owner is responsible for de-watering the tank to the lowest possible level and performing a lock-out tag-out procedure on all inlet valves.
- The removal of remaining residual water shall be performed as part of the wash-out operation.
- Residual water removal/disposal shall be accomplished through the use of an Owner designated disposal area.

Confined Space Entry and Lock Out / Tag Out:

- Prior to entry into the tank, the specific site conditions and confined space conditions shall be evaluated in accordance with OSHA 29 CFR 1910.146.
- Prior to starting work or entering the tank, energy sources will be reviewed with District.

Contractual Scope:

- The District will drain the tank as much as possible through the tanks plumbing.
- Confined space procedures will be implemented.
- Water remaining on-site will be pumped out by STS and disposed of on-site.
- The tank interior walls from 8' down will be pressure washed with min. 3,000 psi cold water.
- Any deposits and remaining water in the tank will be removed and disposed of on-site.
- The floor and lower 8' of the shell will be pressure washed with fresh water.
- Final rinse water will be removed from the tanks and disposed of on-site.
- Additional inspection of the interior areas will be performed, including an ultrasound inspection of the tank floor.
- Limited touchups were performed on the floor and lower shell.
- The tank interior will be disinfected per AWWA C.652 Method 2

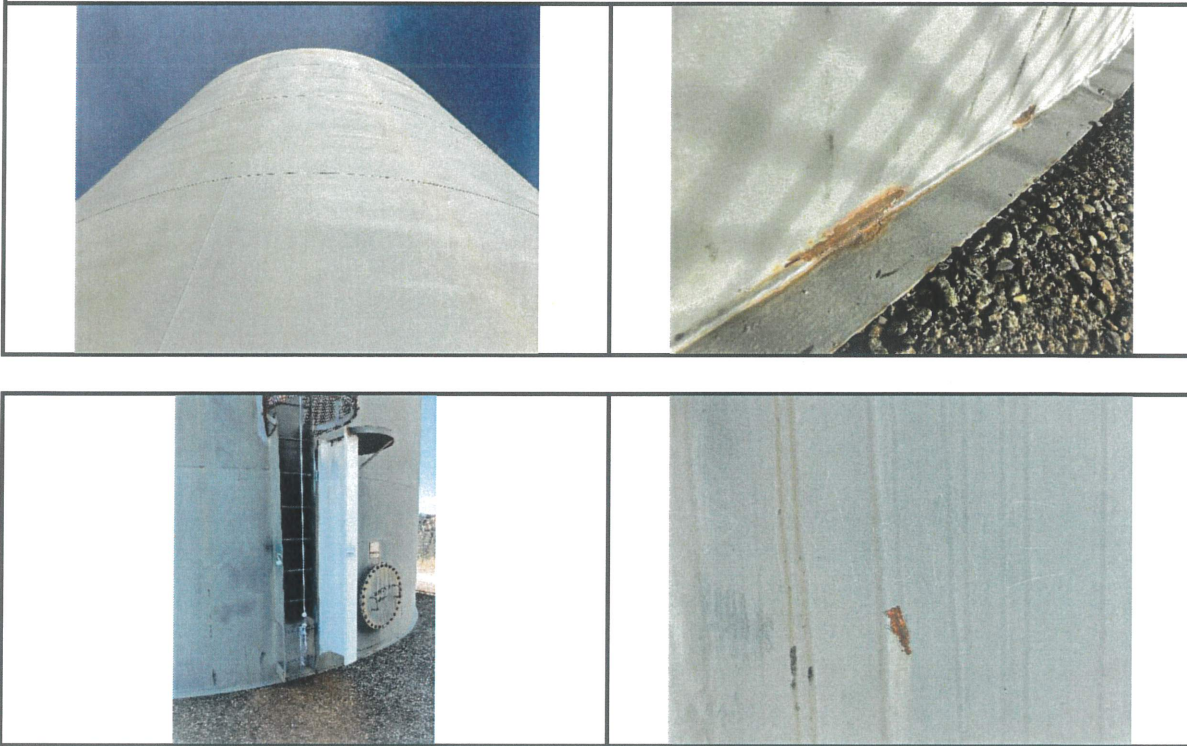
COATINGS, DEFICIENCIES, AND CONCERNS

EXTERIOR COATINGS

The exterior coating is in poor condition. Visual inspection has found the exterior coating system to be heavily worn and degraded due to old life, weather conditions and exposure to the elements. The tank surface is chalked and has localized sections of chipped coating showing underlying surface rust. Inspection also found graffiti on the lower exterior shell.

It is recommended to test the exterior coating for lead and perform a full exterior removal/or wash and re-coat with approved coating system.

Exterior Example Photos:



INTERIOR COATINGS

The interior epoxy coating system is in poor condition. Rusting and corrosion are present across all interior weld seams. The interior lining system also has dissimilar coatings. The floor roof and shell are lined with a epoxy coating and the roof appears to be a coal tar epoxy. The damaged interior lining ranges from generalized pinhole rusting and staining on the shell on floor, old poorly applied repairs and un-repaired damaged discrepancies. Numerous pinhole rust sites are present across the tank shell.

The most concerning discrepancy found during the washout was located during STS attempts to repair newly found coating discrepancies. During surface preparation STS found metal loss along the floor weld seam. Because of the number of discrepancies found during the washout more metal loss can be expected.

It is recommended to blast and recoat the interior of the tank in the near future.

Interior Example Photos:



STRUCTURAL OBSERVATIONS AND COMMENTS

1. Top Corrosion:

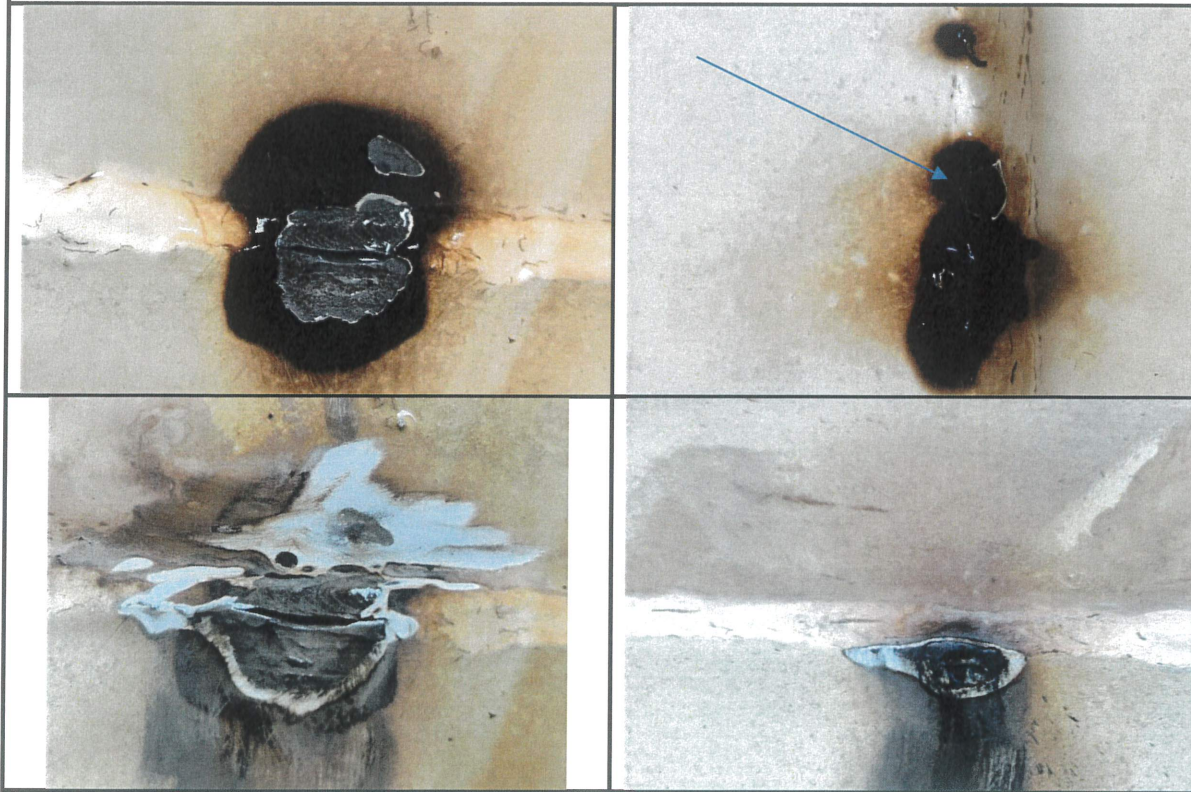
- a. The corrosion on the upper sections of the tank is dark and aggressive above the water line (Vapor Space). Generalized pin hole rust cells have also been located throughout the lining system.
- b. The roof has a dissimilar coating than the rest of the tank interior. Rust cells have also been found on the roof weld seams.

2. Bottom Corrosion:

- a. The coating on the bottom and lower section of the tank is failing and past underwater dive repairs had limited success.
- b. Corrosion and metal loss along the main floor weld was aggressive in localized areas.
- c. It is recommended to plan for some welding repairs on the floor during the renovation.

**the structural observations and recommendations are based on the limited information present and not intended or qualified as a re-certification or fit-for-service evaluation.*

Deficiency Example Photos:



REPAIRS PERFORMED

The below repairs were performed during the washout as part of the Tank Program.

- Spot coating repairs were made across the floor and lower shell.
 - Areas of corrosion or coating failure were hand or tool prepared per SSPC-SP 2 or 3.
 - The spots were wiped clean and dried.
 - A coat of 100% solids epoxy, Aquatapoxy A6, was applied by brush.

DEFICIENCIES

Minor deficiencies were previously addressed as parts of the Tank Program, this included:

- Replacing the roof vent gasket
- Installing a gasket on the roof hatch
- Installing a self closing gate at the roof access
- Installing a fall arrest system on the exterior ladder

The more extensive upgrades and repairs will be performed during the full tank renovation in Year 6 of the Program.

RECOMMENDATIONS

The tank will be ready for renovation in Year 6 of the Program. The interior coatings are failing across the immersion zone.

All possible upgrades and repairs to the safety and sanitary components were performed and are in good condition. The remaining upgrades and repairs will be performed during the coating renovation in a few years.

The metal loss on the floor weld from corrosion will require repair when the tank is renovated in a few years.

PROJECT PHOTOS



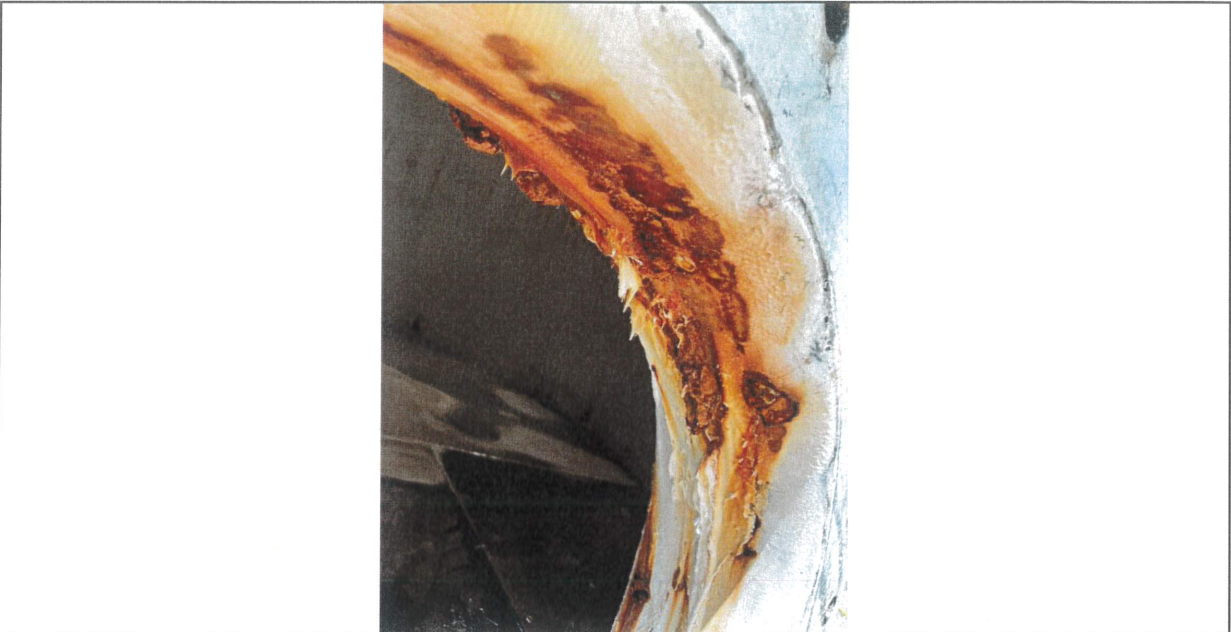
Pre-Cleaning

Light layer of sediment coverings the immersion area.



Pre-Cleaning

Light layer of sediment coverings the immersion area.



Pre-Cleaning

Failed section of coating on manway



Pre-Cleaning

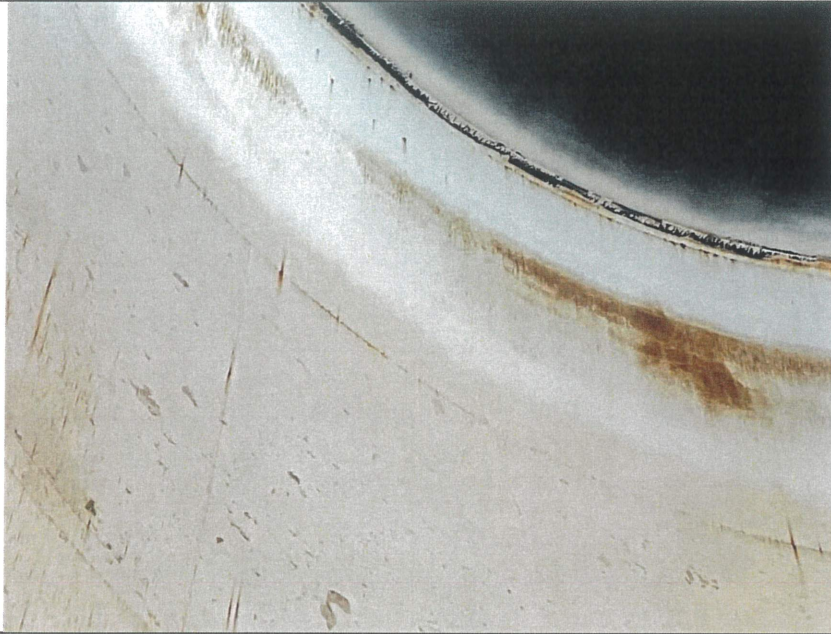
Old repair on lower shell



BEFORE	Overall view of internal shell with generalized coating failures
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AFTER	Zoomed image of coating failures.
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BEFORE

Overall view of upper shell with generalized coating failures



During

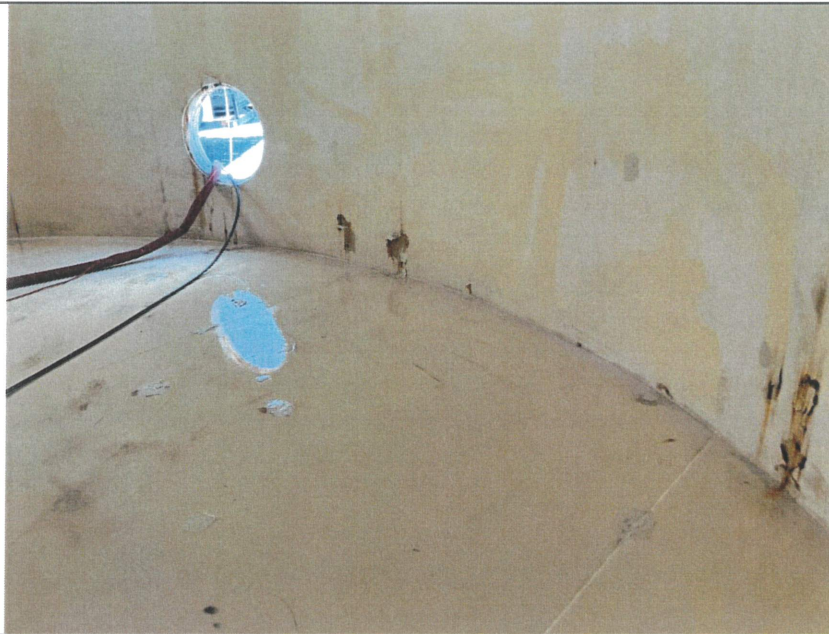
Cleaning operations



AFTER	Completed Wash
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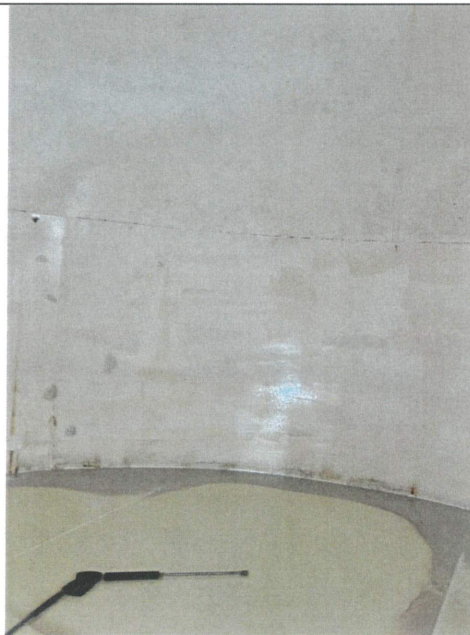


AFTER	Completed Wash
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AFTER

Completed Wash



AFTER

Completed Wash



AFTER	Completed Wash
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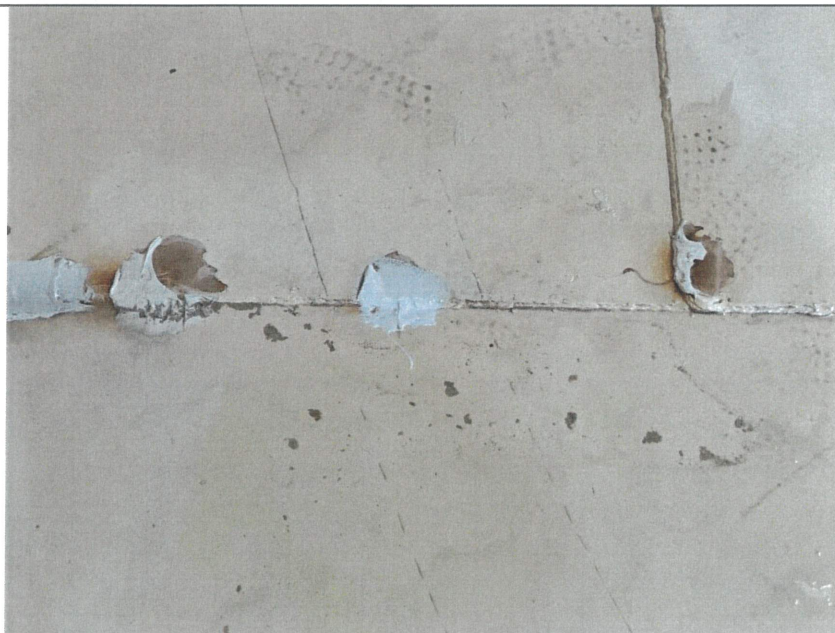


AFTER	Surface preparation on repair areas
--------------	-------------------------------------



AFTER

Completed coating repair



AFTER

Completed coating repair



AFTER	Completed coating repair
--------------	--------------------------



AFTER	Completed coating repair
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CENTERVILLE



COMMUNITY SERVICES DISTRICT

MEMORANDUM

Date: August 10, 2023
To: Board of Directors
From: Chris Muehlbacher
Subject: Old Business No. 2 – Muletown Pump Station Generator Project Update

Recommendation

Information – This provides updated information related to the project.

Discussion

Two letters have been sent to CalOES requesting both a budget increase and time extension. The time extension has already been approved by FEMA earlier in 2023. More recently, the District received notice that the budget modification was awarded on July 27th and is pending signature. While the signature process could take some time, it is anticipated that the engineering design contract will be presented to the Board for consideration at the September meeting.

Attachment(s) – None



MEMORANDUM

Date: August 11, 2023
To: Board of Directors
From: Chris Muehlbacher
Subject: **Old Business No. 3 – Carr Fire Recovery Project Update**

Recommendation

Information – This is a project update.

Discussion

At present the CalOES consultant continues to validate expenses for final close-out. No further update is available at this time.

Fiscal Impact

It is anticipated that the remaining reserve funds will be retained by the District. It has been reaffirmed by the consultant that part of the close-out process is to confirm that the projects were completed, the expenses are valid, and that there were no additional funding sources such as an insurance claim.

In summary, FEMA awarded a total of seven (7) projects totaling \$347k for the benefit of this District as a result of Carr Fire impacts. At present, there remains approximately \$141k in reserve which was not used in completing the approved projects.

Attachment(s)

None

Manager's Report

8/11/2023

Administration

1. Joint Use Agreement Draft provided to Cal Fire for review.
2. JPIA Risk Transfer Grant Reviewing for potential projects
3. ARPA Funds Agreements being reviewed by counsel. With transition of a new CEO and counsel there have been delays.

Committee Meetings

R&P Committee

Future Meeting: Aug/Sept
AC pipe - small diameter review and prioritize
Draft RFQP for AMI Metering System
Capital Improvement Program Review
JPIA Risk Transfer Grant Review

Personnel Committee

Future Meeting: TBD

Ordinance Committee

Future Meeting: TBD

Finance Committee

Future Meeting: TBD
Carr Fire Funds reallocation

Public Info. Committee

Future Meeting: TBD

- over -

Operations

1. Leaks

	Current	FYTD
<u>Mainline Leaks - Repaired</u>	1	1
Glendive Bridge		
<u>Service Leaks - Repaired</u>	0	0
<u>Service Lines - Replaced</u>	1	1
Plateau Circle		

2. New Meters - Installed

This past month:	0	Fiscal Year TOTAL:	0
sold to:		Annual Projection:	4
		WAC Total	0

3. Misc Activities

Inventory	Completed for audit.
AV Program	Completing maintenance on Avs
Telemetry Project	PACE conducted site inventory. Plans & specs are at 90% Anticipate design completed in approx. 3 weeks.
Flushing	Conducting dead-end flushing
Leak Planning	Secluded Valley