

January 15, 2020

As Amended

CM 2/25/20

CENTERVILLE COMMUNITY SERVICES DISTRICT
REGULAR BOARD OF DIRECTORS MEETING

Directors Present: President Richison, Vice President Woodstrom, Director Oliver,
Director Willis and Director Whitehead
Absent: None
Others Present: Tina Teuscher and Chris Muehlbacher

PRELIMINARY BUSINESS:

- I Call to Order: President Richison called the meeting to order at 7:00 pm.
- II Public Comment Period – Open Time: President Richison opened the public comment period. No comments were received. The public comment period was closed.
- III Approval of the Minutes: Director Oliver moved to adopt the minutes from the Regular Board Meeting held December 18, 2019. Director Willis seconded. The vote was unanimous. Motion carried.
- IV Authorize Payment of Bills for Current Expenses: Director Willis moved to pay the bills. Vice President Woodstrom seconded. Mr. Muehlbacher stated that the payment to A Plus Safety is for a training received in 2019; however, they forgot to invoice us. The payment to J&J Pumps was for their help with assessing the issues with the Zone C Pump. The payments to NBS are the District's Quarter Admin fees for both the 1995-1 and Texas Springs Assessments. The payment to North Valley Builders is the second installment on the Office Conversion Project. The payment to Northwood Backflow is for the annual backflow device testing throughout the District. The vote was unanimous. Motion carried.
- V Status of the Budget Report: Mr. Muehlbacher stated that the O&M revenues were \$681,744 versus expenses of \$671,710. He stated that the next transfer to LAIF for the Consumption Surcharge will be made in January and will be reflected on next month's Reserve Fund Status Sheet. He mentioned that Line Item 42100 - Connection Charges reflects funds from Mr. Schmitt for his Lot Line Adjustment which created an additional parcel. He mentioned that line item 53100 – Equipment Repair and Maintenance is over budget due to the repair on Truck #502.

The Capital Budget's revenue is \$269,585 versus expenses of \$349,558. Mr. Muehlbacher stated that line item 4570 – Annexation Fee is also from Mr. Schmitt for the additional parcel. He also mentioned that Line Item 14406 – 24" Line in Placer includes the refund from Sunrise Excavating. Vice President Woodstrom asked what happens to the monies deposited from Mr. Schmitt. Mr. Muehlbacher stated that he will look into the fees to verify what the intent was for the fees.

The Reserve Fund Status sheet shows a total reserve of \$662,348. Mr. Muehlbacher stated that there were very few changes since last month.

NEW BUSINESS:

- I Annual Report of Active Will Serve Letters: Mr. Muehlbacher stated that there was one Will Serve Letter issued last year. There are currently 360 lots for development left in the District. The District continues to have 3,800 acre-feet of water supply. He mentioned that if the District was at full capacity with the additional 360 lots we would still have an adequate water supply.

- II Review and Adopt Resolution No. 2020-01 – Establishing a Reserve Policy: Mr. Muehlbacher stated that this has been a long-standing effort with the Resource and Planning Committee as well as the Finance Committee. Vice President Woodstrom stated that they used input from other agencies, and tried to keep the policy simple. He mentioned that they moved the current Water Rights Reserve funds into the Operation and Maintenance Reserve and renamed the General Facilities Improvement Reserve to the Capital Improvements Reserve.

Vice President Woodstrom stated that the funds in the Operation and Maintenance Reserve will address significant O&M Extraordinary Expenses, including the Water Treatment Plant and the Muletown Conduit, as well as future water purchases and water rights.

He stated that the Pump Station Repair and Replacement Reserve will continue to be funded by the monies collected from the A and A1 surcharges.

The Capital Improvement Reserve is for maintaining, rehabilitating and replacing significant Capital Infrastructure in excel of \$25,000 or having a useful life greater than 20 years. This is for the distribution system, miscellaneous facilities and rolling stock assets.

Director Whitehead stated that he did not want the Water Rights Reserve funds going into the O&M Reserves. He stated those monies were collected from the New Water Purchase Fees and should be designated to purchasing water rights. Vice President Woodstrom explained that the new O&M reserves could be used to purchase water rights as well. He stated that the current water rights reserve has no methodology as to what is adequate or not adequate. He mentioned that the District has looked into available water rights, but there is no support for having a specific water rights reserve to the extent that we have. If we had a plan to purchase water and we had an idea of how much it was going to cost, we could set up a reserve for that purchase. But at this time, there is nothing. He suggested that we move forward with adopting the Reserve Policy and if at a future date the District is planning to purchase water, they could create a reserve at that time.

Vice President Woodstrom moved to adopt Resolution 2020-01 – Establishing a Reserve Policy. Director Oliver seconded. President Richison called for a roll call vote. Director Whitehead – no; Director Willis – yes; Director Oliver – yes; Vice President Woodstrom – yes and President Richison – yes. Motion carried.

- III Review and Discussion of WINN Act Contract Process, Associated Construction Cost Repayment, and Draft Contract: Mr. Muehlbacher stated that as directed by the Board last month, he provided history of the WINN Act process as well as minutes from prior meetings regarding the WINN Act. He stated that there was also discussion of paying the outstanding construction costs. He stated that in talking with Rich Robertson from the Bureau it is his recommendation that the we make it part of the new contract process. Paying it now would only confuse the process of the discounts.

The draft contract is currently being reviewed by the District's Attorney and will be presented to the Resource and Planning Committee for its review and discussion prior to making recommendation to the Board.

OLD BUSINESS:

- I Board of Director's Annual Re-organization Session for the 2020 Calendar Year: President Richison stated that he had not heard from anyone wanting to change Committees, so they are staying the same. Director Willis will continue to sit on the Centerville Education Foundation Committee as well.
- II Update on Office Conversion Project – CIP 14409: Mr. Muehlbacher that in reviewing the furniture needs for the new office space, it was discovered that we need an additional \$1,000 to cover the cost of the furniture. It is requested that the Board increase the \$4,000 for furniture to \$5,000. He explained that this will permit the purchase of lockable cabinets as well as more usable space which was not initially included in the previous estimate. Vice President Woodstrom moved to approve an additional \$1,000 for office furniture. Director Whitehead seconded. Motion carried.
- III Update on District Building Joint Use Agreement: Mr. Muehlbacher stated that the District's Attorney has provided a draft agreement. It will be presented to the Resource and Planning Committee for review and comment in late January/early February.
- IV Update on the Carr Fire Recovery Projects: Mr. Muehlbacher stated that all of the Cal OES funding had been received. He stated that the new table shows the cost of the project, the District's share of the cost, Cal OES's funding, the total expenses for the project and the remaining funds. He mentioned that he needs to call EDD to possibly obtain free labor to clear brush on the pipeline easement project. He also mentioned that the he is going to look into how the current expenses were paid and reimburse those accounts.
- V Update on Income Survey: Mr. Muehlbacher stated that the first introductory letter for the Income Survey will go out tomorrow. The first survey will be mailed out on January 23rd and the second will go out on February 13th. Fifteen days later, the door to door survey will take place. He stated that they only need a 13% response rate which means only 162 households need to respond.

GENERAL BUSINESS:

- I Correspondence: None
- II President's Report: None

III Manager's Report: Mr. Muehlbacher went through the attached Manager's Report. He stated that he will be scheduling committee meetings soon.

President Richison asked what was going on with the PG&E claim. Mr. Muehlbacher stated that they are refusing to pay for the damage their sub-contractor made to our mainline on Potosi. Mr. Muehlbacher stated that PG&E had put in a USA to have the water lines marked. The District's Field Operators went out and marked the area. PG&E's sub-contractor took pictures of the supposed mismarked USA, thus causing their contractor to put a lightning rod through our pipe. The USA ticket has been deleted off the USA system and PGE is stating that there is no proof that it was their contractor who put the lightning rod there. He stated that they have denied the claim; however, District staff will continue to pursue the claim.

Regarding the AC Pipe samples, Mr. Muehlbacher stated that they have three more sites to retain samples and then the results should be back by spring.

The District's Field Staff has installed 36 new IPERLS since the last meeting. We are currently at 79% of completion of this project.

V Announcements: The next Regular Board Meeting will be held February 19, 2020.

VI Adjournment: The meeting adjourned at 8:21 pm.