

# Herlong Public Utility District



## Workshop/Special Meeting July 26, 2023

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**CALL TO ORDER:** Director Everett called the meeting to order at 10:00 AM.

**FLAG SALUTE:** Director Everett led the pledge of allegiance.

**ROLL CALL:** Director Everett, Director Harris, Director Swistowicz and Director Flores were present, Director Johnson was absent.

**APPROVAL OF AGENDA:** Director Swistowicz made a motion to approve the agenda. Director Harris seconded. Aye votes: Everett, Harris, Swistowicz, Flores. Nay votes: None. Absent: Johnson.

**PUBLIC COMMENT:** Director Flores stated he was representing the Karbo's; and that they had asked him why Mtn. View was not getting paved. He quoted them as saying, "It was a paved and complete road. Why are we just patching it? When they (Rapid Construction) cut in front of the house they only used a jackhammer. When it rains will it fail quickly and undermine it?" The GM let the Board know this would be brought up and discussed with Q&D during the next construction meeting.

**2022 AUDIT - WORKSHOP:** General Manager Sandy Seifert-Raffelson addressed the Board and explained as a Special District HPUD does not file taxes. Instead, HPUD is required to have an audit annually and submit the audited figures to the State of California, State Controller's Office. This year the audit contains the financial figures, which were approved by the Board in draft form in March 2023 year-end Financials' then finalized in April.

Director Flores said the president should go first. Director Everett said he had no questions or comments and reiterated that the numbers presented in the audit had already been submitted and approved. Director Swistowicz asked if the auditor received HPUD's Financial Statement Quarterly. The GM let the Board know that it is an annual review. Rick Wood, CPA with CSDA is who does HPUD quarterly reviews of those statements. The auditor reviews all financial records and presents his findings to the State. This process provides accountability to the State.

Director Swistowicz stated according to the documents from the auditor, the Fire Department fund had approximately \$125,000. He wanted to know where that was reflected in HPUD's financial Statement. The GM showed him and reminded the Board they had asked for a simplified spreadsheet following the Financial Workshop held in March. He then asked what restricted funds meant and the GM mentioned this question had been asked and an answer was provided via email in April. Director Swistowicz wanted to know what the plans for those monies are. When the GM discussed the future intent to refurbish the fire garage and turn it into a training center, Director Swistowicz said he was told by former GM Williams that it was not permissible given the terms of the bond. GM stated that was not her understanding, but she would research and present the findings to the Board at the next meeting. She reminded the Board this meeting was solely to discuss the 2022 Audit.

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Director Harris sought clarification on one of Director Swistowicz's points about how information was presented. He wanted to know if the issue was the packet being unreadable or if it was not understood. Director Harris gave his opinion that the language of finances can be overwhelming and difficult to wrap your head around. Director Swistowicz said he just wanted to know how much money HPUD has. The GM went on to review and breakdown those figures. She also advised that the bond information is available on the District website. After some discussion she shared she would again speak with the lawyer to seek clarification. Director Everett asked that the topic be placed on the August agenda.

Director Flores wanted to speak to funds, or enterprises as he chooses to refer to them. He said it was the responsibility of the Board to be interested in how overhead for each enterprise is characterized. The GM explained HPUD uses a percentage split and has for years, typically it is 56/39/4/1; though that breakdown depends on the customer, service. Fire tax billing is attributed solely to fire while envelopes for monthly billings are split amongst wastewater and water. Director Flores asked how time is allocated per enterprise per employee and asked for additional charts showing percentages after receipts. The GM informed the Financial Statement has all those including gross and net. She told the Board what has historically been presented, at their request, is what was in front of them. The documentation has allocations for each fund, revenue is also reflected. Director Flores said his goal is to find out the monthly overhead. The GM showed him where the information was in the packet. A long discussion ensued. It was concluded that the Finance Manager would provide another spreadsheet, one page per fund not including Lighting and Parks, breaking down expenditures and revenue with bills itemized.

Director Flores asked for an explanation of banks and their benefits. The GM listed off what accounts are currently open:

Plumas Bank-Checking (for cash deposits) and Savings (for USDA loan payment)

Five Star-Checking, Sweep, Money Market Savings

She went on to explain how the Five Star checking is kept at a \$75,000 balance. The Sweep account is a passthrough with funds to maintain the checking being pulled from the Money Market where an approximately 4% yield is earned. All monies were transitioned to Five Star accounts as they were the only bank to offer a bridge loan to secure funding enabling the district to start the WPV Project. She emphasized how helpful and supportive their staff has been, and how we pay nothing in fees. Bank of the West was costing HPUD a minimum of \$300 quarterly. HPUD spends far less than it takes in. The move to Five Star has allowed higher returns on revenue just sitting in the bank. Five Star donates \$10,000 to CSDA\SDLF each year, offering scholarships for classes and trainings, which HPUD Board members have taken advantage of in past years.

California Class- Savings

This account is an Asset Management savings account where over half a million dollars earns at least \$2,000 monthly.

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Director Swistowicz asked if we could lose money in this account. GM explained that the Board approved this change last year for higher rates of returns and is in accordance with the HPUD's investment policy. If a financial crisis were to happen we could lose monies, though the account will never go below zero. Cal Class is a safe and steady fund management organization with CSDA approval, used by most special districts in the state.

Director Flores stated he spoke with Plumas Bank and wanted to know why there are seven signers on the account. He also asked why the General Manager would be a signer. He claimed past GMs did not sign checks, that she was the first. She reminded him that policy allows for her to be an authorized signer and referenced all former general managers who had signing authority. She underscored how she will only sign for low amounts and never a check for a vendor with which she is involved to maintain a clear separation of duties. Following this he stated he had no more questions.

GM asked if the Board was ready to move and accept the 2022 Audit. Director made a motion to approve with Director Flores seconding. Aye votes: Everett, Harris, Swistowicz, Flores. Nay votes: None. Absent: Johnson.

Director Flores requested the GM find out who the signers on the California Class as he wants to know who is controlling it. He also asked to have a conversation with the GM outside of the meeting regarding the discussion with the lawyer, stating he needs to amend his motion. She advised after speaking with counsel extensively, it was decided picking and choosing who receives facility charges opens the district up to lawsuits. We need to charge on a specific basis across the board. Our terms have been conveyed, once new customers in the area in question have signed up for service, we are allotting 120 days to connect. If they do not adhere to the contract a lien can be placed on their property.

Director Flores asked if the GM had a meeting and decided for herself. She brought up the email, sent to all Directors explaining her conversation with the lawyer and stressing the deadline, and how it ended with, "I plan to move forward with this letter tomorrow, unless I hear otherwise." Only Directors Everett and Johnson replied, offering consent. The timeframe and planned services dates were discussed, as well as the proposed equipment installation and who had already been in to fill out a service application. She let the Board know she had 3 scheduled meeting Friday, July 28 for additional potential customers.

Director Flores inferred that a particular person would be getting two installs for the price of one. The GM informed this too had been reviewed with the lawyer and his belief was Director Flores should recuse himself as he had rented his home in the past, to which he stated he did not. He said his amendment would be one meter per person, not per lot. The GM informed him, as had been discussed during last week's monthly board meeting, that HPUD is being reimbursed by the state for each new metered customer. We will gain \$5,000 (for each hookup) over the course of five years, plus the revenue from services rendered. She advised the board that the contractor cost is now \$6,000 per meter/install so the ordinance will have to be revisited. Director Everett reiterated that this was in fact discussed. He believes this is a win/win for the District when you consider growing the business and the payments to be received.

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Director Flores asked that this be placed on the August agenda. He asked if his monthly service charge is \$84. The GM answered yes and explained these were agreed upon amount set as conditions with the USDA loan and agreed to by GM Williams and the acting Board of Directors. She said we will have to do a cost study in the near future as the figures were based on the 2010 census. In the meantime, we will monitor usage.

Customer Patty Krupa, who was present for the meeting, asked if the meter was in. She said the man told her the screws would be tightened once it was running. The GM informed her she would inquire at Thursday's construction meeting.


Director Everett said the facility charge is \$84.03, water usage is \$2 per thousand gallons used, then there is a \$40 increase sewer charge.

Director Flores said the amount to be received by the state was 8 million dollars. The GM corrected, stating that figure was when the project was initiated and that the Board had voted to hold off on a price increase until projection completion, hence the new rates going into effect October 2023. She also told them these figures are in the posted/mailed newsletter, available on the website as well.

**ADJOURNMENT:** Director Swistowicz made a point of order, followed by a motion to adjourn the meeting. Director Harris seconded. Director Everett called the meeting to a close at 11:29 PM. Aye votes: Everett, Harris, Swistowicz, Flores. Nay votes: None. Absent: Johnson.

  
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John Everett, President

ATTEST TO:

  
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Tammy Jacobs, District Clerk