

Herlong Public Utility District



Regular Board Meeting August 8, 2023

THIS MEETING IS HELD PURSUANT TO EXECUTIVE ORDER N-29-20
ISSUED BY GOVERNOR GAVIN NEWSOM ON
MARCH 17, 2020
PUBLIC PARTICIPATION

If you wish to make a general public comment or to comment on a specific agenda item, the following methods are available:

READ INTO THE RECORD AT THE MEETING: Submit your comment via email or drop box prior to the start of the meeting, provided that the reading shall not exceed three (3) minutes. Please state in your email that you would like this "read into the record". In those cases where the meeting author requests that the email be read aloud as though it were being delivered orally at the meeting, the email will be read aloud by the Board Clerk up to a maximum of three minutes. Comments received after the meeting has begun, will be placed into the record, and distributed appropriately. sandy@herlongpud.com

CALL TO ORDER: Director Everett called the meeting to order at 5:32 PM.

FLAG SALUTE: Director Everett led the pledge of allegiance.

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

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

PUBLIC COMMENT: Director Everett told the Board over 30 customers have approached him regarding the rate increase. He wanted to remind the group it was approved by previous president Cindy Wheeler and GM Pat Williams in 2019; that fortunately the data used to determine the rates was from the 2010 census when the median household income was \$50,000. As of the 2020 census the amount was \$80,000, meaning the prices could have been much higher. It was Director Everett and GM Sandy Seifert-Raffelson who pushed to have the increase postponed until project completion. Director Swistowicz asked how much the state requires to be put away. Then followed up with questioning if there is any other way to approach this, stating a large portion of the community is retired on a fixed income, the increase will create a hardship. The GM answered 1.5% of the median household income is the amount that the State recommends and insists HPUD charges and the Board has agreed upon these terms to receive the monies to do this project. The increase was part of the contracted terms to secure funding. The public had been made aware and the Board voted to approve. The new West Patton Village rates are posted on the website. Per Resolution 2019-03 and Resolution 2019-04, the facility charge will increase to \$84.03 for water and \$65.62 for wastewater.

MINUTES: Director Everett changed the Minutes from July 18th Special Board Meeting; agenda item SDRMA Election Ballot, which had Director Swistowicz as absent when he had in fact abstained from the vote. Director Flores asked that his name be removed from the minutes agenda item stating he was irritated by the arrival of Officer Becker. He wanted to be clear he had said nothing to indicate his feelings. Director Swistowicz and customer/attendee Theresa Turek recalled this to be accurate. She said only Director Swistowicz had questioned the officer's presence. Director Flores asked to review the recording to confirm this. The GM said she would change the minutes to reflect what Director Flores wanted. Director Everett asked for a resolution to change. Director Swistowicz corrected him saying a motion was needed. Director Flores made

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a motion to correct and approve the minutes. Director Johnson seconded. Aye votes: Everett, Harris, Swistowicz, Flores and Johnson. Nay votes: None. Absent: None.

The GM requested a motion to approve the minutes from the 7/26/23 Audit Workshop minutes. Director Harris made a motion to approve. Director Flores seconded. Aye votes: Everett, Harris, and Flores. Nay votes: Director Swistowicz stated he opposed. Absent: None. Director Johnson abstained as she was not present.

FINANCIALS: A first quarter review of the financials was performed by CPA Rick Wood with CSDA. Director Flores asked if this was the first year HPUD had an outside agent go over the books, why a CSDA employee was chosen and how much the service cost the District. GM advised the Board had requested and unanimously approved it nearly two years ago, before a Finance Manager had been hired. With staffing at the time there was not a separation of duties as suggested by the auditor. After attempting to contract with local professionals, to no avail, CSDA was a safe and reliable choice. We pay around \$500 annually for Rick to perform the review. Director Flores requested backup confirming cost. GM will provide in the September board packet.

Director Swistowicz asked if the vehicle given to the GM is taxable income and who pays for fuel. GM explained she was never gifted a vehicle. She has use of the company vehicle and a company credit card for fuel costs. She informed the Board the previous GM Pat Williams had been given \$600 monthly, which is taxable, and had use of a company card for fuel. Director Flores wanted to know who stole the HPUD placard from the Equinox. GM said it had come off late last year. Director Flores requested a replacement be ordered and placed on the car ASAP.

Director Everett went over the checks needing to be approved: Rapid Construction-\$785,653.33 (\$181,346.78 sewer, \$604,306.55 water) and Shaw Engineering-\$65,000 (\$32,142.50 sewer, \$32,857.50 water). Director Flores made a motion to approve and pay. Director Harris seconded. Aye votes: Everett, Harris, Swistowicz, Flores and Johnson. Nay votes: None. Absent: None.

Customer/attendee Patty Krupa asked who would be financially responsible for the extra work being done following installation of incorrect meters. GM answered Engineer Paul Winkelman would be assuming part of the costs. A change order will be submitted allowing for the grant to cover the remaining amount.

CORRESPONDENCE: None this month.

FIRE DEPARTMENT: GM reviewed calls, schedule, and trainings. There are three potential volunteers, still waiting on applications. She brought to attention the requested letter from counsel regarding the Measure A monies. One suggestion is renovations to the existing fire barn. The Board discussed the creation of and need for a Volunteer Fire Department. Director Swistowicz did not see how the bond language clearly spelled out the option to spend funds on construction

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and disagreed with the lawyer's opinion. He pointed out the language in the special measure does not match what the lawyer wrote and also questioned why there was not additional backup documentation for this item. He requested a second opinion be sought out from Lassen County counsel. Director Swistowicz asked the Board to schedule a Fire Department Workshop in the coming months to review funds, discuss capital improvements and grants. Director Everett reminded this group this was a talking point only with nothing be voted on at this meeting. He determined a workshop will be held in November. The date and time will be decided during September's Board Meeting.

Director Flores brought up the Fire Tax cost, asking if Sirco pays the same rates. GM explained that area has a contract in place and is zoned for duplexes, so the cost is by lot, even though there are multiple dwellings on each. Director Flores commented that the rest of the community is picking up the slack. GM informed him their portions actually contributed to nearly half of the Fire Tax revenue. The price for the remaining customer base is \$62.83 for an unimproved lot, \$132.56 for an improved lot. One positive to come out of HPUD consolidation is the ISO rating. HPUD is expecting a low score again, meaning insurance rates may not increase for property owners.

The General Manager brought up, as an item for discussion, possibly paying volunteers a stipend. A few ideas were contributed, including a monthly rate or an amount based on certification. It was agreed that this would be talked about during the Fire Department Workshop.

WPV PROJECT: In the absence of the engineer the GM went over the status of construction. As of Tuesday, 8/8 there were limited outages on Tamarack where tie-ins are being completed. Otherwise, all systems are live, with the old systems being abandoned as of 2:30 PM. Q&D will be here the week of the 14th for inspections and to start road work. They will be doing one side at a time to keep patrial access. Work will be done in segments: concrete in yards near meters and curbs being poured in August then back through to pave roads in September. Grass will be replaced at the end.

Director Johnson mentioned children are once again playing on the rock pile and near equipment. She wanted to know who was liable. GM informed Rapid is responsible, and they have been made aware on multiple occasions. They opted out of enclosing the area.

Resolution 2019-03: The GM advised this had passed in 2019. It was put together to satisfy grant requirements and we could not have moved forward with the project unless it was agreed to. A cost increase was put on pause for four years. While the District lost out on a million dollars, it ensured the project was under West Patton Village rates with infrastructure improvements being credited to HPUD. During postponement the district was able to secure total funding, none of which would need to be paid back. She repeated the new rates going into effect in October: facility charges will increase to \$84.03 for water (with usage at \$2 per thousand gallons); and \$65.62 for wastewater.

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Director Flores asked what the game plan was. He wants all money not going toward running the business in a bank account yielding high returns. The GM explained how we are already in a fiscal position with ample funds to replace a major system, should one go down. That is how the state requires districts to operate and we adhere accordingly while actually having a savings account larger than comparable districts. She spoke to existing accounts and their balances and went on to explain if it wasn't a rate increase, customers would be paying a debt service. Those totals are nearly the same.

Director Swistowicz asked how much we have to put away each year. The GM informed the group there is no direct stipulation. The State recommends 1.5%, to which the Board agreed. Some Board voiced disagreement with the rate increase. The GM advised she could conduct a rate study that would cost anywhere from \$25,000 to \$50,000. This does not guarantee a decrease, it could cause rates to go even higher. She reminded the group the 2019 Board approved the Resolution. HPUD signed contracts and received money. We are tied into these terms.

The Board again discussed finances. Director Flores wants a plan for the future where HPUD builds up and invests. The GM went over current money market accounts and the amounts we are earning on banked money. A previous Board ensured savings for each fund by approving Investment Policies. Some money must just sit in an account per the USDA loan terms, \$136,000 and \$180,000, enough to cover one year's loan repayments is in a savings account. The rest of what does not go toward operations is invested.

GM REPORT: GM spoke about the interest from Black Rock in leasing land and/or our tower. Staff has reviewed the proposal and while the length of lease requirement isn't ideal, this is potential revenue. She asked if the Board was interested in pursuing communications. The Board would like to move forward once more information is available. She added Q&D will be here next week to video sewer lines uptown per state requirement. Finally, Lead Operator Royce Shields is celebrating his 6th anniversary with HPUD. GM spoke highly of his contributions to the District, noting we are lucky to have such an asset.

The Finance Manager is looking into energy assistance programs to offer customers when rates increase. Director Flores said Janice will also help with this.

DIRECTOR'S UPDATES:

Director Everett: No comment.

Director Harris: No comment.

Director Swistowicz: No comment.

Director Flores: Spoke about requested training. When looking at hotel rooms he determined the costs too high and would instead like to attend online courses. The GM said she will work with SDLF to have the 4 training modules offered via Zoom at future dates.


Director Johnson: No comment.

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ADJOURNMENT: Director Everett asked for a motion to adjourn. Director Swistowicz made a motion to adjourn the meeting at 7:30 PM. Director Harris seconded the motion. Aye votes: Everett, Harris, Swistowicz, Flores and Johnson. Nay votes: None. Absent: None.


John Everett, President

ATTEST TO:


Tammy Jacobs, District Clerk