

CENTERVILLE COMMUNITY SERVICES DISTRICT
SPECIAL BOARD OF DIRECTORS MEETING

Directors Present: Vice President Woodstrom, Director Oliver, Director Willis (Present for a portion of the meeting) and Director Whitehead
Absent: President Richison
Others Present: Leonard Moty, Roger Ankeny, Eugene Campbell, Lauri Childress, Robert Swendiman, Keith Arionus, Paul Reuter, Rachel McVean (District Counsel), Tina Teuscher and Chris Muehlbacher

PRELIMINARY BUSINESS:

- I Call to Order: Vice President Woodstrom called the meeting to order at 7:00 pm.
- II Public Comment Period – Open Time: Vice President Woodstrom opened the public comment period.

Mr. Roger Ankeny stated that he has lived in the District for 40 years and has noticed a significant increase in his water bill, although he has cut back watering by 50% over the last few years.

He mentioned that he was previously given copies of the budget for the last three years and noticed that the pension and health care costs have increased significantly. He stated that he had provided a report to the Board along with a few suggestions as to where the District could save money.

Vice President Woodstrom thanked Mr. Ankeny for his comments. He explained that the District has more employees now with families than they have in the past. He also stated that the District does not provide medical to its retirees.

Mrs. Lauri Childress stated that she believes there should be a better way to handle the District's cash flow as opposed to always asking for increased rates when a need arises.

Mr. Robert Swendiman stated that he was at the meeting last year when the increase was 12-15%. He was surprised to see such a high increase again this year. He stated that he is concerned about the low-end users and how this increase will affect them. Mr. Swendiman stated that the goal to get the reserves up to half-a-million seems like an extremely fast move and puts a burden on the constituents. He mentioned that last year they were talking about cleaning and recoating the water tanks, and he sees this as an ongoing expense.

Mr. Swendiman stated that he is not looking to go after the employee's salaries; however, he does not believe that the rates would ever go back down once the desired level of reserves has been reached.

Mr. Keith Arionus stated that a 12% or higher increase over the last two years is unconscionable. He believes that there are many low interest rates out there that the District could use to cover the expenses as opposed to raising rates. He

mentioned that he would like to hear details of what the District is doing to bridge the shortfall.

Vice President Woodstrom thanked everyone for their comments and encouraged them to attend the Committee meetings when the budget and projects are being presented. He mentioned that there will be additional time to speak under each item.

No other comments were received, the public comment period was closed.

NEW BUSINESS:

- I Review and Adopt Resolution 2020-10; Ordering Board of Director's Election; Consolidation of Elections; and Specifications of the Election Order: Mr. Muehlbacher stated that there were two director seats up for re-election, both President Richison and Vice President Woodstrom. He explained that the District directs the County Registrar of Voters to publish the Notice of Election in the newspaper and reimburses the County for actual costs incurred resulting from the election. All candidates will be responsible for paying their estimated candidate statement costs.

Director Whitehead moved to adopt Resolution 2020-10, ordering the Board of Director's Election; Consolidation of Elections; and Specifications of the Election Order. Director Willis seconded. Vice President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Willis – yes; Director Oliver – yes and Vice President Woodstrom – yes. President Richison – absent. Motion carried.

OLD BUSINESS:

- I Public Hearing/Adoption of Ordinance 2020-03, Amending Ordinance 96-1, Section 2, Plant Capacity Fees: Vice President Woodstrom explained that this fee is for when a new meter is sold, then opened the public hearing. Mr. Ankeny asked how many meters were sold in the last two years. Mr. Muehlbacher stated that this year they have sold two (2) meters and last year it was a total of four (4). Mr. Ankeny stated that it would be better to charge the developer of the lots a smaller fee such as \$7,000 then charge them a monthly Base Rate. Mr. Muehlbacher stated that the Water Master Plan developed by PACE Engineering determines the Capacity Fee, which is then adjusted for inflation. No other comments were received. The public hearing was closed.

Director Whitehead moved to adopt Ordinance 2020-03, amending Ordinance 96-1, Section 2, Plant Capacity Fees. Director Willis seconded. Vice President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Willis – yes; Director Oliver – yes and Vice President Woodstrom – yes. President Richison – absent. Motion carried.

- II Public Hearing/Adoption of Ordinance 2020-04, Amending Ordinance 96-1 Section 7, Water Rates, (a) Residential, (b) Commercial, Industrial & Institutional, (c) Grant School: Vice President Woodstrom opened the public hearing. Mr. Ankeny asked why Grant School was getting an adjusted rate when most of the students that attend Grant School are from out of the area. He stated that Grant Schools water usage during the summer is more than 25 residents put together.

Mr. Leonard Moty stated that he agrees with Mr. Ankeny's earlier comment that the District's health insurance costs are very high. He suggested that the Board shop around for a less expensive plan. He also commented that 65% of Grant School's students are from out of the area and the residents of the District are subsidizing the school's lower water rate. He mentioned that with the new PEPPRA rules the District is able to negotiate new rates with the employees. Regarding the reserves, Mr. Moty suggested that the Board put off the Rate Stabilization Fee at this time because the rate increase is significant. He stated that over the last two years the District has increased rates by approximately 40%. Although he is able financially to handle that type of increase, many in the District may not be. He also agrees that if the rates continue to increase, people will begin conserving water and the rate increase will not have the effect intended. He understands the Water Treatment Plant fee; however, he feels as if the Board is trying to accomplish everything in this rate increase. He suggests that if the Board needs additional money for a project, they should borrow it.

Mr. Robert Swendiman suggested that the Board borrow the money if it is needed. He stated the rates were low.

Mr. Muehlbacher stated that the Base Rate is proposed to increase by \$1.50, the Consumption Rate is proposed to increase by \$0.042. He stated that the reason they went with both the Base Rate and the Consumption increase is because it gives them guaranteed revenue on the Base Rate and the Consumption Rate increase would be equitable based upon actual use. Regarding the Water Treatment Plant Fee, the District is responsible for 25% of all costs associated with the Treatment Plant. Clear Creek CSD has been doing many replacements to the aging Treatment Plant. Over the last two years, the District has paid approximately \$106,000 in adjustments and expenses.

Regarding the unfunded liability, this is driven by the number of retirees the District currently has. He stated that the District participates in two separate retirement plans. Both are CalPERS. The first is the Classic plan which has two members the second is the PEPPRA plan which has three members.

He mentioned that the Rate Stabilization Fee was based on consumption. And the Water Treatment Plant Fee was proposed at \$0.08 per billing unit to build the reserve to cover future repair and maintenance items at the Treatment Plant.

Mr. Moty stated that the District is trying to increase their O&M Reserves while trying to take care of capital improvements. He suggested that the District borrow the money for the improvements.

Mr. Ankeny stated that the District should do away with CalPERS and go to a 401K plan where the employees would be responsible for how much they wanted to contribute. Vice President Woodstrom stated that the District continues with CalPERS because that is what surrounding agencies use as well. In order to obtain and secure good employees, the District needs to be competitive with its benefit package.

Mr. Swendiman stated that the District not only provides CalPERS, it also provides Social Security. Mr. Muehlbacher explained that at the time the District chose to go with CalPERS, they had the option to eliminate Social Security, but they chose to keep it. Now it is too late and the District can not get out of it. No other comments were received. The public hearing was closed.

During this time, Director Willis lost connection and was unable to reconnect.

Director Whitehead moved to adopt Resolution 2020-04, adjusting the Rate Stabilization Fee down to \$0.05. There was no second.

Director Oliver moved to adopt Resolution 2020-04 as presented and recommended by the Finance Committee with the Rate Stabilization Fee at \$0.11. There was no second.

After some discussion among the three remaining Board Members attending and the apparent stalemate on the Resolution, Vice President Woodstrom suggested that either a new motion be presented, or that the meeting be recessed until such time as Director Willis could rejoin the meeting, and Director Richison could also attend. He asked District Counsel Rachel McVean if a motion needed to be made. She stated no, he only needed to continue the meeting and set the date for the continuation. Director Whitehead stated that he did not want to continue the meeting. He would prefer to come to an agreement. Director Oliver agreed. Discussion continued as to a potential "middle ground" fee.

After much discussion the Board reconciled on lowering the Rate Stabilization Fee to \$0.08 per 100 cubic-feet from the original \$0.11 as presented. All other aspects of Resolution 2020-04 remained as presented.

Director Oliver moved to adopt Ordinance 2020-04, amending Ordinance 96-1 Section 7, Water Rates, (a) Residential, (b) Commercial, Industrial & Institutional, and (c) Grant School, as amended with the Rate Stabilization Fee adjusted to \$0.08 as amended. Director Whitehead seconded. Vice President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Oliver – yes; Director Willis – absent; Director Richison – absent; Vice President Woodstrom – yes. Motion carried.

III Public Hearing/Adoption of Ordinance 2020-05, Amending Ordinance 96-1, Section 6, (p) Water Availability Charge (WAC): Vice President Woodstrom opened the public hearing. No comments were received. The public hearing was closed. He stated that this fee was the same as the Base Rate and is charged to those customers who gave their meter back at the formation of the District and have paid a monthly water fee instead of paying the current capacity fees.

Director Whitehead moved to adopt Ordinance 2020-05, amending Ordinance 96-1, Section 6, (p) Water Availability Charge (WAC). Director Oliver seconded. Vice President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Oliver – yes; Director Willis – absent; Director Richison – absent; Vice President Woodstrom – yes. Motion carried.

- IV Public Hearing/Adoption of Ordinance 2020-06, Amending Ordinance 96-1, Section 6, (I) Pump Surcharge Fee: Vice President Woodstrom stated that this fee is related to Zone A. He opened the public comment period. No comments were received. The public comment period was closed.

Director Oliver moved to adopt Ordinance 2020-06, amending Ordinance 96-1, Section 6, (I) Surcharge Fee. Director Whitehead seconded. Vice President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Oliver – yes; Director Willis – absent; Director Richison – absent; Vice President Woodstrom – yes. Motion carried.

- V Public Hearing/Adoption of Ordinance 2020-07, Amending Ordinance 96-1, Section 6, Miscellaneous Fees (B) Turn-on Fee: Vice President Woodstrom stated that this fee is imposed once the water service has been turned off. The initial Turn-On Fee is proposed at \$50.00 the After-Hours Fee is proposed at \$100.00. He then opened the public hearing. No comments were received. The public hearing was closed.

Director Whitehead asked if these fees were in line with what the actual cost was. Mr. Muehlbacher stated that operators are paid a 2-hour minimum for after-hour call outs; as well as paid for their mileage. The \$100.00 After-Hour Fee would typically cover their cost.

Director Oliver moved to adopt Ordinance 2020-07, amending Ordinance 96-1, Section 6 Miscellaneous Fees (B) Turn-on Fees. Director Whitehead seconded. Vice President Woodstrom called for a roll call vote: Director Whitehead – yes; Director Oliver – yes; Director Willis – absent; Director Richison – absent; Vice President Woodstrom – yes. Motion carried.

GENERAL BUSINESS:

- I Announcements: The next scheduled Board Meeting is July 15, 2020.
- II Adjournment: The meeting adjourned at 9:10 pm.