



BOARD OF DIRECTOR'S MEETING
ESPARTO COMMUNITY SERVICES DISTRICT
ESPARTO, CA

REGULAR MEETING
DECEMBER 5, 2012
MINUTES

(1) CALL TO ORDER

Chair Melissa Jordan called the meeting to order at 7:07 pm.

(2) PLEDGE OF ALLEGIANCE

All residents and members in attendance recited the pledge

(3) ROLL CALL

Present:

- Directors: Melissa Jordan, Steve Knightley, Colleen Fescenmeyer, Charles Schaupp
- District Counsel: Not present
- General Manager: Mel Smith
- Board Clerk: Mel Smith

Absent:

- Director Anna Girk

Public: Public present

(4) APPROVAL OF AGENDA

Chair Melissa Jordan entertained a motion to approve the agenda.

Motion by: Director Colleen Fescenmeyer to approve the agenda as presented

Second by: Director Steve Knightley

Discussion: Chair Melissa Jordan asked the General Manger to expand on Item 9 on the agenda to include a time line so the community would have a better understanding of what was being done. General Manager responded that Item 9 was changed to an action item proposing new rates to be circulated throughout the community.

Question: Was this a change from the original prior guidance? Chair Melissa Jordan Indicated, no, and stated when she reviewed the draft she asked the General Manager to expand on Item 9 on the agenda so anyone viewing it would be able to see a time line of what the district intended to do.

Being no further discussion, Chair Melissa Jordan called for the vote.

Vote: Ayes: 3 No: 1 (Jordan) Abstain: 0 Motion: Passed

(5) **PUBLIC COMMENTS**

Chair Melissa Jordan opened public comments – no public present

(6) **CORRESPONDENCE**

General Manager indicated there was no correspondence to report. He also noted the answer to the litigation was filed on time.

(7) **APPROVAL OF MINUTES**

Chair Melissa Jordan entertained a motion to approve the minutes of November 7, 2012 and November 21, 2012

November 7, 2012

Motion by: Director Steve Knightley to approve the minutes as presented

Second by: Director Colleen Fescenmeyer

Discussion: None

Vote: Ayes: 3 No: 0 Abstain: 1 (Schaupp) Motion: Passed

November 21, 2012

Chair Melissa Jordan indicated there is not a quorum of directors present this evening who were in attendance at this meeting, therefore the adoption of these minutes will be postponed to another meeting.

(8) **CLAIMS: FUND 466-0 REGULAR MONTHLY**

Chair Melissa Jordan entertained a motion to approve the claims

Motion by: Director Steve Knightley to approve the claims as presented

Second by: Director Colleen Fescenmeyer

Discussion: Question: What is the CDPH Water System annual fee? General Manager explained this was the yearly license for the California Department of Public Health.

Chair Melissa Jordan asked to see a recap of the running totals for expenses on Well 4 to be sure we have not exceeded our budget. She also questioned why there was no monthly budget update in the packet. General Manager indicated both of these items will be prepared for the next meeting.

Being no further discussion, Chair Melissa Jordan called for the vote.

Vote: Ayes: 3 No: 1 (Jordan) Abstain: 0 Motion: Passed

(9) RESOLUTION PROPOSING METERED RATES FOR ALL WATER SERVICE CUSTOMERS

Chair Melissa Jordan entertained a motion to approve the resolution

Motion by: Director Colleen Fescenmeyer to approve the resolution

Second by: Director Steve Knightley

Discussion: Director Schaupp questioned if these rate changes had gone out to the general public.

Chair Melissa Jordan indicated no, and explained the process, the board approves it, public workshops are held and a 218 vote is taken before it can be adopted.

General Manager: no time limit to adopt resolution, process takes a minimum of 45 days between public notice and adoption. This project has come to the board at least six times in different formats, District required by California law to have a metered rate pricing structure. USDA contract signed by district in 2006 required an immediate study to put a metered rate pricing structure in place.

Director Schaupp: concern that no one has seen it

General Manager: Agenda published in library; agendas indicate every time the item is being discussed by the Board.

Chair Melissa Jordan: the board has to approve a working pricing structure, goal is to restructure it so it's more appropriate and fair, commercial customers paying more; everyone needs to pay their fair share, does not change the bottom line. If we adopt a resolution to accept this, then we move forward.

General Manager: public votes only to oppose; need 50%+1 to stop the proposed rates; then we have to start over.

Chair Melissa Jordan: with the new base rate, if there is a meter, does meter have a charged associated with it.

General Manager: only if meter is turned on, explained briefly operating policy to connect and disconnect water service.

Director Steve Knightley: questioned existing adopted rates on vacant property.

General Manager: vacant lots with no residents that want water are charged the unoccupied lot rate. New rate structure charges the base rate plus the amount of water usage.

Director Knightley: concern that the resolution does not indicate what the base rate is.

General Manager: all water services come with a base rate, it's like a stand by fee, water use is charged in addition.

Director Knightley: then the base rate includes no standing units of water.

General Manager: correct, every unit of water is in addition to the base rate.

Different scenarios were looked at along the way, consensus was, do not penalize people for using more water, cost gets cheaper with usage, quantity break.

Chair Melissa Jordan indicates she had three concerns:

1. To many unanswered questioned by the board to move forward with the resolution. It tells me we are not ready, and we should be totally comfortable with the metered rate structure before presenting this to the public.
2. Would like to have a budget recap. Would like a one full clean year knowing exactly what our accounting of revenue and expenses are.
3. There is a webinar education on Prop. 218, rate setting and structure to be presented on March 26. Would be good for entire board to view, get a better understanding of how rates are structured.

My concern with passing this rate study, does it fit, are we ready for it and would we be doing a better job for our community if we take an additional three months before passing the resolution.

General Manager: timing is important, 60 days in the public review, another 30 days in taking the vote, then providing a sample bill for at least 6 months before new rates are actually activated.

Chair Melissa Jordan: if already voted on, 218 vote either passed or failed, metered rates take effect immediately. I understood sample bills would be presented prior to vote, and be part of the workshop with the public.

General Manager: the question is, what months do we want to distribute the sample bills.

Chair Melissa Jordan: not comfortable at this point. Wants rate structure to meet operational needs of district and benefit rate payers. Not there yet.

General Manager: Board instructed me to bring back a resolution in December in order for sample billing to take place over the summer and activate new rates in fall.

Director Charles Schaupp: as a new board member, I'm concerned this has not been out to the public; can the proposed resolution be sent out for public review?

Questioned some rates being higher, some lower, increase to single family homes.

General Manager: rate payers are aware, they want new structure completed.

Director Charles Schaupp: questioned the rates on single family residents. Need to get public input.

Director Colleen Fescenmeyer: people with increase are using 41 units or more for free, felt \$10.00 increase warranted

Director Knightley: questioned the \$60,000 balance at end. Three more months further into this year's budget could provide better information. Questioned exactly what is being voted on this evening?

Chair Melissa Jordan: voting on the rate structure before us so we can move forward

General Manager: no guarantee new rate structure will leave district in neutral position. If we error on high side board can reduce rates in a 15 day time frame.

Chair Melissa Jordan: Mercy housing is not factored in. Questioned conservation percentages.

General Manager: varying levels of conservation are factored in.

Director Steve Knightley: need to add time line to resolution. This has been before the public for months; new board has established more trust with the community.

Director Charles Schaupp: sees as a take or leave scenario.

Director Steve Knightley: is there a problem with posting new rate structure on the web site?

General Manager: does not advise placing on web site prior to Board approval.

Director Colleen Fescenmeyer: Too many people involved when put out to public, too much input causes confusion.

Director Charles Schaupp: comparing to the school department, does not feel we have enough people upset to come up with a 50%+1 vote, concerned if we approve it and it gets out prior to public view we could have a problem.

Chair Melissa Jordan: referenced four pages of single family residences have a decrease, they will be for it; eight pages have an increase, those people we have to educate.

Director Colleen Fescenmeyer: can a sewer increase be included on this 218?

General Manager: yes we can also add cost of living but the new metered rate system is a big move. Prefer to do the increase one step at a time.

General Manager: commented on where the increase and decreases would take place. Commercial customers getting a small roll back. Most cities that go to metered rates tie the water and sewer together.

Director Charles Schaupp: concern if we vote this into law, responsibility on us. Therefore I'm not comfortable voting on this.

Chair Melissa Jordan: not 50/50, multifamily homes and duplexes all go up.

Director Charles Schaupp: indicated our fiduciary responsibility to inform the public before we vote.

Chair Melissa Jordan: referenced her large email distribution list, this notice was sent to all the people on that list and no one is here tonight, neither are the people you referenced.

General Manager: indicated, you're the board, I work at your will, I will do what ever the Board decides.

Director Steve Knightley: indicated he likes what is here before us this evening, would like to see this put on the web site with a note on next month bills to view the the new proposed rates on the web site.

Director Colleen Fescenmeyer: indicated we could reduce the base rate by \$2.50 for duplexes and single family homes, would take about \$2500 out of the budget.

General Manager: referred to feedback from community, why do duplexes get a cheaper rate.

Chair Melissa Jordan: referenced the number of people living in one home, number of families in one resident using the water.

General Manager: duplex customers, it is warranted for them to get a slight increase, they are heavy users, should not pay the same base rate as the Mobil Home Park.

Director Charles Schaupp: but this gets corrected with the new rates because we will now be charging per unit.

General Manager: base rate is less for duplexes.

Director Charles Schaupp: questioned why single families pay more if we charge by unit, district cost to maintain meters is so much per month, huge family lots or single apartment will pay stand by rate plus every unit of water, questioned why one person should pay a higher stand by rate than another if they will be paying by unit anyway.

Chair Melissa Jordan: explained duplexes were paying a lower rate in the old Structure; almost \$20.00 per month less than a single family home.

8:31 pm – Director Colleen Fescenmeyer indicated she has to leave the meeting and questioned if she has to rescind her motion?

8:31 pm – Chair Melissa Jordan noted Director Colleen Fescenmeyer was leaving the meeting; item was already moved and seconded, not necessary to rescind, discussion will continue.

Chair Melissa Jordan: question on multi-family rates in comparison to duplexes. Rate should be the same.

General Manager: referenced the affordable housing element of the district's new rate structure. Most utilities have some sort of affordable housing element in their rate structure to account for discounts to low income families and individuals. Our new rate structure has this element included.

Chair Melissa Jordan: question the rates listed in the three categories being discussed. Need to be the same.

General Manager: explained the senior Mobile Home Park and the Multi-family housing have a cheaper base rate. Base rate has balance and equity.

Director Charles Schaupp: knows the community, multi-millionaires living in mobile home park, they don't qualify for reduced government housing, suggest we implement a program that provides a 50% discount off base rate if they qualify under Section 8 or any other government program for reduced rates, must come in and apply.

Director Steve Knightley: stated that is a difficult wild card for the district to factor in, we are too small.

General Manager: the district is way too small to adopt that type of complex structure. It would be almost impossible to verify the income per household that would qualify for a reduction on their bill. Can't rewrite state law, every county is required to have an affordable housing element.

Chair Melissa Jordan: questioned commercial rate payers subsidizing single family high users should both be paying the same for the same usage.

Director Charles Schaupp: agrees, charge for square foot of water for ¾ valve pays the same, pays stand by charge for valve.

Director Steve Knightley: referenced the rates stated on the resolution, agrees with the factor being discussed.

General Manager: is it reasonable that commercial customers have the same base rate as single family.

Director Charles Schaupp: same valve pays same fees

General Manager: commercial users are not on the same playing field as seniors.

Chair Melissa Jordan: indicated she would like to encourage commercial development and we need to be sure our monthly base rate is not a hardship on commercial entities. Encourage commercial development by making commercial water rates attractive.

Director Charles Schaupp: go with stand by rate based on valve and every square foot of water used after that is charged. However the fair housing element must also be taken into consideration.

Chair Melissa Jordan: does not want commercial customers penalized, she went over rates listed in each category being discussed.

General Manager: can give commercial customers a bigger reduction but need to make it up elsewhere so as not to reduce bottom line.

Chair Melissa Jordan: wants equity and parity in what the charges are, may need to lower single family and increase somewhere else.

Director Steve Knightley: good points, base cost on valve size. Put back on spread sheet to see how it comes out, everyone pays same cost per unit of water.

General Manager: noted biggest challenge is to not increase senior home park and the people who conserve water and the people on low fixed incomes.

Chair Melissa Jordan: stated we do not have to subsidize someone's hobby. Everyone should pay the same amount for the same amount of water.

General Manager: based on the affordable housing element, low income and people in the senior Mobile Home Park have to pay less.

Chair Melissa Jordan: requested information on the requirements for the affordable housing element.

General Manager: asked for clarification on what the board is comfortable with, is it the flat rate and all residential being the same; or ¾ inch pipes on single family housing paying all the same; or all ¾ inch users paying the same rate. Not an argument, want to reach a point where this is defensible to the public.

Director Steve Knightley: Board responsible to do what is right from the beginning.

General Manager: Board has a legal responsibility to follow California state law, and to provide safe drinking water and sanitary waste water disposal. The district is required to enact a metered rate system.

Chair Melissa Jordan: requested General Manager to provide written documentation to the Board on the affordable housing element at the next meeting. Wants equity in rate structure, essentially people using same amount of water paying same rate.

Director Steve Knightley: can't change cost per unit, each tier everyone pays the same. Can look to base rate and how it would impact the system to factor in new idea. Go over entire rate structure to see if we can still come out with the projected \$60,000 in revenue. Reviewing would allow us to make adjustments as necessary.

General Manager: will research and retrieve the statute as it pertains to a utility agency. Referred to the Yolo County General Plan and how the housing element had to fit in.

Chair Melissa Jordan: questioning how the housing element applies to district, do we have to allow for a percentage?

Director Steve Knightley: bring back spread sheet, project on wall, play with the monthly base rates and the first tier rates.

Director Charles Schaupp: suggested wording change from monthly base rate to stand by rate, have monthly rate based on valve size.

Director Steve Knightley: question on request meter change for commercial customers who would prefer a smaller valve.

General Manager: would be charged the cost of a new meter, we would be obligated to change.

Chair Melissa Jordan: indicated if they know what their usage is and they want to cut, can they provide same service with smaller meter.

Director Charles Schaupp: question cost to meeting halls and church.

Chair Melissa Jordan: can the spread sheet be reorganized by delivery line size?

General Manager: yes

Chair Melissa Jordan: can we leave existing rate schedule as is and do another one

adding a column for pipe size. Would allow for us to resort the data as needed.

General Manager: not a problem

Director Charles Schaupp: reference lines at VFW hall

General Manager: indicated in commercial the need for a bigger meter is to accommodate those toilets that “Whoosh”.

Chair Melissa Jordan: recapped the evening discussion; we as the Board want to look for a more equitable rate structure, General Manager to bring back information, is there an affordable utility rate that applies to low income people, also look into how Section 8 is paid.

General Manager: indicated Section 8 paid as multi-family rate, same as Mercy Housing. Gave a brief explanation of cost and process.

Chair Melissa Jordan: questioned if multi-family should have one rate. Rate structure shows different rates. Does each unit have its own meter.

General Manager: explained all are individual only the 15 unit listed at the bottom has one meter.

Chair Melissa Jordan: questioned the multi-family unit with the one in brackets, is this the cost for one unit.

General Manager: indicated both have the same service ID, the one and the 15 in brackets, the one in brackets could be removed, same service ID in their twice.

Chair Melissa Jordan: requested General Manager to check on this.

Chair Melissa Jordan: government housing gets charged one rate

General Manager: same rate as an apartment complex owned by individual landlord.

Director Charles Schaupp: referenced, 2 inch valve pays 2 inch rate plus number of square feet of water used.

General Manager: complexes pay family rate, impact fees based on dwelling units commercial property consider as 2 dwelling units, apartment complex with 40 units pays impact fees on 40 units.

Director Steve Knightley: do we charge a multi-family rate for every unit on size of line that is installed? Example: 3/4 inch line multi-family would pay same rate as an individual house. Referenced 2 inch line on an 8 unit multi-family, rate \$32.00 times 8 units.

General Manager: 2 inch meter divided by 8. Multi-family could be broke apart into two lines, one line with 15 units, one line with only one

Director Steve Knightley: does the same logic apply to unoccupied lots.

General Manager: if there is a building it does not qualify as an unoccupied lot.

Director Steve Knightley: understands variable concept, need to revisit spread sheet and work backward from the resolution. Questioned are we ready to vote on this

Chair Melissa Jordan: acknowledge yes and called for the vote.

Vote: Ayes: 0 No: 3 Abstain: 0 Motion: Failed

(10) MANAGERS REPORT

- a) Well No. 4 Progress – power on today, pumping clear water through to clean up, taking samples to check for chemicals left over from retrofit, formed up and ready to pour concrete slab, most of the switching installed, fence needs to be repaired and then everything painted.

Chair Melissa Jordan: suggested information be document in order for board members to reference if asked about the project.

Director Steve Knightley: main goal no sand, clean water and it can cycle with all the others

General Manager: have 3 functioning wells, fourth one not on line yet, others running about 10 hrs. per day.

- b) Holiday Party Planning – article in Valley Voice, flyers distributed, sign up sheet here in office. VFW bar will not be open. Director Anna Girk requested to sign up at end so she can add what is needed. Event starts at 7:00 pm, meeting starts at 6:00pm. Refer residents to General Manager or suggest they attend a board meeting. Social event.

Chair Melissa Jordan: referenced the flooding and the ditches not being maintained. Took a lot of pictures of the problem.

- c) Discuss employee cost of living increase for 2013 - General Manager indicated he would bring forward a resolution to give the district employees a cost of living increase in 2013, this excludes the General Manager.

Chair Melissa Jordan: referenced the increases already given in the past years. Wants to see this charted out. District policy does provide at what point the increases are to be given. Reference made to past adjustment without board approval under past management.

General Manager: Believes the board authorized a cost of living increase for a three year period.

Chair Melissa Jordan: requested the General Manager to bring this back with an accounting of what has transpired over the last five years.

(11) FUTURE AGENDA ITEMS

- a) Solar Bee
- b) Errors & Omissions
- c) MOU w/Madison
- d) CSA Roles
- e) Job Description Policy
- f) Research Impact Fees
- g) Discussion on Manager's compensation
- h) Board education on sewer system (1/2013)

(12) ADJOURNMENT

Chair Melissa Jordan entertained a motion to adjourn the meeting

Motion by: Director Charles Schaupp to adjourn the meeting

Second by: Director Steve Knightley

Vote: Ayes: 3 No: 0 Abstain: 0 Motion: Passed

Meeting adjourned at 10:00 pm.

Melissa Jordan – Chair of the Board

Date: _____

Mel Smith - Board Clerk

Date: _____