



NOTICE

OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF ALLEGHANY COUNTY WATER DISTRICT

Date: Tuesday September 10, 2019 Time: 6:00 pm
Location: Alleghany Firehouse 105 Plaza Ct. Alleghany

Website: alleghanywater.org phone: 530-287-3204

This agenda has been prepared and posted at least 72 hours prior to the regular meeting of the Board of Directors in accordance with the Ralph M. Brown Act. Agenda items are numbered for identification purposes only and will not necessarily be considered in the indicated order. Details and supporting materials concerning agenda items are available for public reference in the box at the Post Office at the time of agenda posting or on the district's website: alleghanywater.org

1. Call to Order & Establish a Quorum
2. Consent Calendar
 - a) Approval of the agenda
 - b) Reading and approval of the minutes for the regular meeting dated August 13, 2019.
 - c) Ratification of Treasury Report and bill payments for the month of August 2019
3. Public Response Time: The public may be heard before or during the consideration of any agenda item to be considered by the board, subject to reasonable time limitations for each speaker. Members of the public may address matters under the jurisdiction of the Board of Directors, and not on the posted agenda, provided that no action shall be taken by the board unless the matter is deemed urgent by a 2/3 vote.
4. Information/Discussion Items:
 - a) Correspondence
 - b) SRF Projects Update – written report in packets
 - c) Board Member or Special Committee Reports
 - d) Staff Reports – Chief Water Operator (CWO) & General Manager (GM) written report provided
 - e) Historical Church/Library Report -
 - f) Park Report – Request from GM to form Park Committee to work on “master plan”
5. Unfinished Business (Discussion & Possible Action Items):
 - a) Customer Accounts/Billings/Disconnects. Two ten-day notices were issued in August and both accounts were paid.
 - b) Ordinances, Policies & Procedures and Bylaws: Proposed revision to Policy 600 Construction Works included in packets.
6. New Business (Discussion & Possible Action Items):
 - a) Funds transfer to contingency fund (see GM report)
 - b) Discussion of website options (related to budget adoption below)
 - c) Discussion of wages to be paid for weedeating services (related to budget adoption below) & consideration of paying a higher hourly rate for state funded projects ONLY.
 - d) Final budget adoption
 - e) Approval of audit engagement letter for fiscal year 19/20
7. Next meeting date, Items for next Agenda & Adjournment.

Next regular meeting, October 10, 2019 6:00 pm at the Alleghany Firehouse Next meeting agenda items:
Adopt employee handbook and code of conduct for board meetings.

Upon request, Agendas will be made available in alternative formats to accommodate persons with disabilities. Please make your request to District Secretary, P.O. Box 860, Alleghany CA 95910 specifying your disability and the format in which you would like to receive this Agenda and future Agendas as well.

**Minutes of the Regular Meeting of the Alleghany County Water District Board of Directors
Tuesday August 13, 2019 Alleghany Firehouse, 105 Plaza Court Alleghany**

1. Call to Order & Establish a Quorum The meeting was called to order by President Mehrmann at 6:14 pm. Directors present: Nancey Finney, Tobyn Mehrmann and Coral Spencer; Secretary Amber Mehrmann; Gus Tenney, and Robbin DeWeese were absent. Public Present: Jan Sticha and Vicky Tenney

There was a moment of silence held in honor of the passing of Donna Hauck.

2. Consent Calendar:

a.) A motion made to approve consent calendar by Nancy Finney and Coral Spencer 2nd **Ayes: Mehrmann, Finney and Spencer Nays:0 Absent: Tenney and Deweese Abstain: 0 Motion Carried**

3. Public Response Time: None

4. Information/Discussion Items:

a) **Correspondence: None**

b) **SRF Projects Update:** Written report provided. There was a question about how big the shelter needs to be to house the pressure switch.

c) **Board Member or Special Committee Reports: None**

d) **Staff Reports:** G.M. report written report provided.

There was a discussion on spending \$300 for the district website. It was decided to postpone any decisions until the September meeting. Nancey Finney made a motion to put it on the Sept. agenda and Coral Spencer 2nd **Ayes: Mehrmann, Finney and Spencer Nays:0 Absent: Tenney and Deweese Abstain: 0 Motion Carried**

CWO Report: Was not present to give a report.

e) **Historical Church/Library Report:** None.

f) **Park Report:** None.

5. Unfinished Business

a) **Customer Accounts/Billings/Disconnects:** Two ten day notices were sent out and paid.

6. New Business

a). None

7. Next meeting Date, Items for next Agenda and Adjournment.

Next regular meeting scheduled for September 10, 2019 at 6:00 P.M. at the Alleghany Fire House. Next agenda items: discussion about the payment for the website and the contingency fund.

There being no further business before the Board, the meeting was adjourned at: 6:37 p.m.

Minutes respectfully submitted:

Amber Mehrmann, Secretary

Allegheny County Water District

Treasurer's Report

August 2019

MAIN ACCOUNT

Beginning Balance \$ 20,533.55

Deposits

Date	From:	For:	Amount
8/20			\$ 13,655.00
		Planning Project Payment	\$ 1,909.00
		Tank Project Payment	\$ 11,326.00
		Water Sales	\$ 420.00
8/21	Non-Enterprise	Reimburse for park weedeating	\$ 200.00
8/22	Customers	Water Sales	\$ 1,241.96

Deposits Total \$ 15,096.96

Expenditures

Ck #	Date	To:	For:	Amount
5406	8/1	BRCO	Two plastic tanks - final payment	\$ 1,250.00
5407	8/2	Bruce Coons	CWO July Payroll - Gross \$536.42	\$ 457.49
			CWO Contract	\$ 300.00
			Other Labor	\$ 150.00
			Mileage	\$ 86.42
5408	8/2	Chris Coons	Weedeating - Gross \$150	\$ 137.02
5409	8/2	Edda Snyder	Bookkeeper July Payroll - Gross \$150	\$ 137.03
5410	8/2	Edward Snyder	WDO July Payroll - Gross \$156	\$ 142.51
EFT	8/8	Tri-Counties Credit Card	Replacement pump and domain registration	\$ 161.27
EFT	8/14	Tri-Counties Credit Card	Late fee	\$ 37.00
5411	8/22	Altec Engineering	Tank Engineering	\$ 8,786.00
5412	8/22	Aqua Sierra	Tank Project	\$ 3,421.71
5413	8/22	Rae Bell Arbogast	March & April State Projects	\$ 840.00
5414	8/22	AT&T		\$ 39.29
5415	8/22	B&C	Supplies & Maintenance	\$ 70.23
5416	8/22	Cranmer	Water Tests	\$ 148.00
5417	8/22	HACH	Chemicals	\$ 219.03

Expenditures Total \$ 15,846.58

Ending Main Account Balance \$ 19,783.93
 Less Contingency Fund Balance \$ (4,500.00)
 Plus Undeposited Funds \$ 1,569.66
 Available Funds \$ 16,853.59

NON-ENTERPRISE ACCOUNT (Historical Church & Park)

Beginning Balance \$ 8,897.84

Deposits

Date	From:	For:	Amount
			Deposits Total \$ -

Expenditures

Ck #	Date	To:	For:	Amount
EFT	8/21	Main Account	Weedeating	\$ 200.00
			Expenditures Total \$ 200.00	

Report Prepared by Edda Snyder

Verified against Bank Statement

Ending Non-enterprise Account Balance \$ 8,697.84

x
Print

Rae Bell Arbogast
Rae Bell Arbogast 7/5/19

Historical Church Balance	\$ 7,649.75
Park Balance	\$ 1,048.09

State Revolving Fund (SRF) Projects Update:
For ACWD BOD Meeting Date: 9/10/19 Prepared by Rae Bell

Planning Project

Budget Up to \$500,000 amount billed through 5/31/19 \$357,300 Budget remaining: \$142,700

Kip found another environmental firm in Burney: Spring Rivers Environmental and we had a phone conference on 8/26/19 to go over the tasks and what needs to be done. The provided a quote for \$9,540 but that may increase slightly based on current conversations. The contract should be signed soon and they are planning a site visit on either the 16th or 17th of this month.

Our State Funding Division Rep: Gary Chan is preparing time-extensions for **specific tasks** but the deadline for final completion will remain 3/1/2020. Our goal is to have the project done by then.

After that we will be applying for funding for the related construction project.

Tank Project

Budget: Up to \$900,000 amount billed through 6/30/19 \$811,249 The two change orders below combined = \$51,804 which will bring the billed amount to \$863,053 leaving approx \$36,900 to cover the remaining engineering work/administration plus the small shelter for the pressure switch at the water tank. Barring any unforeseen circumstances, we should be able to finish on time and under budget.

- The vents and leak repair Scheduled to start on Monday 9/9/19
- Control Panel The parts have been ordered but we don't have an installation date yet.
- Shelter for pressure switch at tank site: Since the last ACWD Board meeting, we decided to have Kip design something simple that Bruce and Edward can install. Kip provided plans for a pre-fabricated steel roof structure that will house a small Rubbermaid shed. The footprint of the steel frame is 3' by 8' and the shed that goes under it is 3 x 6. Kip has a welder in mind to fabricate the steel structure and he will bring it to the site. We will line-up the county to help unload it and put it in place when it is scheduled to arrive, as it will be HEAVY. Kip estimates about \$5,000 to \$6,000 total.

Disclaimer "Funding for these projects has been provided in full or in part through an agreement with the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

Alleghany County Water District General Manager (GM) Report September 2019

***Where is the money from the rate increase that went into effect on June 1, 2016?
Where is the savings now that the USDA loan is paid off?***

The questions above are on many people's minds and rightly so. Here are the answers:

First we need to look at the income side of things.

- Regarding the 2016 rate increase: the recommended rates for Alleghany based on a rate analysis conducted in 2015 by a branch of California Rural Water Association (CRWA) was \$58.61 per month with actual usage billed on top of that! That recommendation was not even considered by the ACWD board of directors.
- After explaining that our residents could not afford such a large rate increase CRWA REMOVED long-term savings for equipment replacement from the formula. (Also known as depreciation expense and/or a Capital improvement fund). They then came back with a recommendation of \$40.55 per month with usage billed on top of that.
- To make a long story short, after two public hearings we settled on \$40 per month for ALL customers with up to 8,000 gallons of water included in the flat rate and all gallons over 8,000 gallons billed at .003 per gallon (\$3.00 per thousand gallons).

The rate change DID generate additional flat-rate revenue of about \$2,000 per year; but that was offset by less overage income. Bottom line: it was not adequate to cover the district's expenses. However; a few things were in the works that made me optimistic that the district would be OK in the long-run:

- The 40-year USDA loan was scheduled to be paid off in December of 2017
- The district had been awarded a planning grant for long-term sustainability and tank replacement.
- The district's accounting procedures had been brought into compliance with generally accepted accounting procedures enabling better fiscal management and increased transparency.

One good thing accomplished with the 2016 rate change is that the district went from having FIVE different rate schedules to having ONE rate schedule for ALL customers.

Another thing that is currently having a positive impact on our income is the State Funded Projects. The district is billing some overhead and other expenses (as much as possible) to the projects.

Factors that are having a negative impact on our income and/or that have the potential to do so:

- Loss of customers: the town is shrinking. This has been the case for over 80 years. Approximately 20% of the active accounts are for properties that have had NO water use for over 10 years. Those accounts are in fact subsidizing the others and if the district loses even half of them it will be very bad.
- Declining property values, recently, property values have gone down in Alleghany, this should lower the district's tax income (currently about \$5,000 per year).
- Water loss: according to the State it is common for water systems to lose an average of 20% of their water production via leaks, unauthorized and authorized fire hydrant use etc. An analysis that I conducted in 2016 revealed a 25% average water loss. The district borrowed leak detection equipment from the State on two occasions but never located the leak(s). One leak was later found on Kanaka Creek Rd. and it was apparent that it had been going for a long-time. The goal should be to get this figure to 10%. I have not found the time to do another analysis but it is on "the list". This is an issue that we need to continue to work on.
- Less pot growing when more people were growing larger crops it was having a positive impact on the district's income. (We were getting a LOT more overage income than we are now).

***Where is the money from the rate increase that went into effect on June 1, 2016?
Where is the savings now that the USDA loan is paid off? Continued:***

On the expense side of things there are both positives and negatives. I will start with the negatives:

- Increased state regulations and water testing requirements. The amount of time and money spent on regulatory compliance is almost always INCREASING (see exception below). Time = labor, a lot of which is currently being donated for administration but this may not always be the case. The cost of our annual audit is part of this category, currently \$2,800 per year. For many years the district's books were not audited as required by law.
- Inflation it is a fact of life: our insurance rates, utility rates and other rates should be expected to continue to increase over time.

Positives on the expense side:

- The fact that we accomplished the goal of having our water re-classified as ground water is HUGE. This is already saving time and money on the regulatory end of things. Our consumer confidence report and annual usage report are both easier to fill out now.
- No treatment plant also related to the water reclassification above, should save money over the long-term. The district has seen a decrease in utilities expense and equipment repair expenses in the last two years.
- The SCADA System When we do finally get this component dialed in it should save both time and money. Currently we are still having problems with it but it is being fixed as part of our water tank construction project.
- The Future construction project related to the planning project includes new meters for all of our residential customers for increased billing accuracy, valves and meters on three spurs off the main-line which will help with both leak detection and isolation and other infrastructure changes that should save money.

Until all of the changes above have been in place for a period of time it will be difficult to quantify the savings and even then, it may be difficult. I've probably forgotten a thing or two but this is what I can think of for an "off the cuff" analysis of our income and expenses. For further information please read the Management's Discussion and Analysis (MD&A) that is part of our audit report every year. At the end of the MD&A an actual-to-budget analysis is done for any categories that show a 10% or more difference. All of the recent MD&A's can be found on the district's website under financial information.

THE CONTINGENCY FUND

In November of 2015 the district had to borrow \$3,000 from the non-enterprise account (park and historical church \$) to cover operating expenses. That money was paid back on 2/19/18. Since then the district has put an additional \$4,500 into a contingency fund. This represents \$7,500 that has been "put aside" in less than two years. Remember we started with a deficit!

We are now at the end of our accounting cycle and the good news is that we finally have been reimbursed for the money we were floating for the state funded projects. I recommend putting another \$5,500 into the contingency fund bringing the balance to \$10,000. This leaves \$9,986.95 in the general fund at 9/6/19 to cover anticipated expenses such as: the cost of the temporary shelter at the tank approx. \$5,000 (to be reimbursed) audit \$2,800 and monthly payments of \$1,000 to three project vendors (also to be reimbursed). We just paid our Worker's Compensation Insurance and the big insurance premium isn't due until February.

Alleghany County Water District (ACWD) Policies & Procedures

Policy #600 Construction Work and Projects

With the adoption of Resolution 105 on May 2, 2017, ACWD opted to become subject to the California Uniform Public Construction Cost Accounting Act. It is the Policy of ACWD to comply with the act as it relates to construction work and projects performed by public agencies.

Procedure 600.1 Informal Bid Procedures.

Public projects, as defined by the Act and in accordance with the limits listed in Section 22032 of the Public Contract Code, may be let to contract by informal procedures as set forth in Section 22032, et seq., of the Public Contract Code.

Procedure 600.2 Contractors **Informal Bidder's List.**

ACWD shall comply with the requirements of Public Contract Code Section 22034 and shall maintain a list of approved contractors ~~(exhibit A).~~ **opts to NOT maintain an informal bidder's list.**

Procedure 600.3 Notice Inviting Informal Bids.

Where a public project is to be performed which is subject to the provisions of this Ordinance, **Policy** a notice inviting informal bids shall be circulated using ~~one or both~~ of the following alternatives:

~~1. Notices inviting informal bids may be mailed, faxed, or emailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section 22034 of the Public Contract Code.~~

2. 1. Notices inviting informal bids ~~may~~ **will** be mailed to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified at the discretion of the district. ~~, provided however:~~

- ~~a) If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.~~
- ~~b) If there is no list of qualified contractors maintained by ACWD for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission~~

Procedure 600.4 Award of Contracts

Contracts shall be awarded by the Alleghany County Board of Directors or designee.