

ACWD General Manager (GM) Report February 2022

Prepared by Rae Bell Arbogast

Correspondence (since last meeting)

Incoming: Letter of “no significant findings” regarding the Fiscal Year 20/21 audit from Boden Klein & Sneesby

Outgoing: Standard “representation” letters sent to Boden Klein & Sneesby CPAs, Special Districts Financial Transactions report filed by the auditors, cover letter signed by the GM and submitted electronically, Notice to all customers included in the January bills about the water supply problem, notice to all customers included in the February bills about payment plans and financial assistance availability (this was REQUIRED by the State water board)

- **SRF PROJECT AUDIT** The State is conducting a routine audit of both the Planning Project and the Water Tank Construction Project. They provided a HUGE list of documents that I am supposed to produce by the 14th. I did explain to them that I am a volunteer. If there is a silver lining, it is that it is happening now and not 10 years from now. We are required to retain the project documentation for 40 years!
- **WATER TANK LEAKS** The Technical Assistance Request was approved and we had the “kick off” meeting on Jan 20th. A workplan with dollar figures is in the works. I guess they are waiting for an estimate for the tank inspection. Thompson tank (the subcontractor who built the tank) sent somebody on Jan 12th and he came back on the 14th to collect more samples of the tank material. I followed-up last week and they said that the tank manufacturer had sent the samples to a lab and they should have the lab results within two weeks.
- **RATE ANALYSIS** The ACWD Board needs to decide what can be done to increase revenues and/or decrease expenses. Once again, the district is just scraping by with little to no money available for reserve funds. There are some reserves now, but if something doesn’t change, we should expect those funds to begin to diminish in the near future.

The State is considering sending a representative to Allegheny to discuss the recent rate analysis and legal issues with the board. As has been explained before: State Law (prop 218) dictates that ALL customers must be charged the same rate per gallon unless there is a way to show that it costs a different amount to supply water to specific customers. The only rate structure that I am aware of that accomplished this, is a flat rate PLUS a per gallon rate. Again, I am not saying that I personally prefer this, I am only sharing information. (Don’t shoot the messenger)

However, something came up this month that made me realize another reason why that type of rate structure might be better: a customer recently asked if the water district was going to issue a credit for the days when there was a lapse in water service. Considering that we are talking about a total of less than 4 hours without water (and not that long for all customers), even if we did try to “pro-rate” a credit, it would be miniscule. BUT if there was a longer period without water, customers might have a legitimate argument for a credit. This would not be the case with a rate structure that charges a flat rate that does not include gallons plus a per gallon rate. (The customer would not be charged for gallons they did not use) This could become very important considering that the district’s expenses are HIGHER not LOWER when there is a leak or other problem. Decreasing district income by issuing a credit to customers would further exacerbate the cost of the problem. Most utility companies do charge a minimum flat rate plus a usage rate. (phone & power)