

# *ACWD General Manager (GM) Report July 2021*

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- Moratorium on water shut-offs: Somehow we missed the memo on this. Evidently the State put a moratorium on water shut-offs because of COVID. ACWD has not shut-off any water services for non-payment in over a year and our 48-hour notice already does provide payment options as required by the COVID rules. We have modified the shut-off notices further to comply with the rule which is scheduled to be lifted on 9/30/2021.
- The Brown Act is also scheduled to return to normal on 9/30/2021. This means that we will no longer be allowed to hold remote meetings after that date. (Unless things change between now and then)
- Preliminary budget: we all missed something! There was a note on the budget detail sheet from last year (that got carried over to this year's worksheet) that we need to set aside \$500 per year to cover the tank inspection that must be done every five years by an outside firm. This was not included in the preliminary budget adopted last month. It can be fixed with the final budget adoption in September. I have added the tank inspection to the master calendar as well. It will be due in 2024. (We had an inspection done in 2019 as a part of the construction contract. That is when we found out about the rusty bolts.)

**Water Rate analysis:** As mentioned on the SRF project report, Bruce and I attended a meeting with Sarah Bixler of RCAC on June 28<sup>th</sup>. The meeting was over an hour long. Sarah explained RCAC's method of coming up with a rate recommendation including how they meet the requirements of Proposition 218.

The rate analysis that was done for ACWD in 2015 was done by a different firm. You may recall that we found some inconsistencies with the recommended rate structure and proposition 218. It should be noted that proposition 218 spells out certain rules for water rates but does NOT explain HOW to comply with those rules. As a result, a series of lawsuits ensued that have set precedent for interpreting the law. Specifically, proposition 218 states that a water system must be able to show how rates are arrived at to justify them. If more than one rate is charged, the water system must be able to show that the corresponding cost of water production is different. [paraphrased]

This requirement to justify different water prices applies not only to different classes of customers but also to usage tiers. As an example: charging a different rate for water use over 8,000 gallons would only comply with proposition 218 if it could be shown that all gallons over the 8,000 gallon threshold cost a different amount to produce. [Can't do it]

For the capital improvement (long-term equipment replacement) portion (CIP) of their rate calculation RCAC does allow for grants to be factored in. You may recall that in 2015 the CIP was simply thrown out because the rate that included it was beyond affordable.

RCAC's rate structure recommendation will be in the format of a flat rate to cover fixed costs (costs that do not change regardless of the amount of water produced, example: insurance) and a per gallon charge to cover variable costs (those costs that fluctuate with water production, example: electricity) This type of rate structure results in all customers paying the same price for each gallon of water that is actually used. Affordability also must be factored in. The new rate recommendation should be ready sometime later this month or next month.

Correspondence (since May meeting)

Incoming: Lease extension for historical church library, notice from State Water Resources Control Board of impending water unavailability with a certification request to identify essential use permits

Outgoing: The Consumer Confidence Report was made available to all ACWD customers and both the report and certification of completion were submitted to the State Division of Drinking Water, certification to State Water Resources Control Board that Cumberland is non-essential but provided a cross-reference to Ram Spring water right explaining that its use is essential for health and safety.