

Ponderosa Community Services District

Minutes of meeting

February 14 postponed to February 21, 2013

Present:

Directors: D. Doty, C. Marchaunt, M. Moroney, Barbara Dolmovic

Absent: B. Benton

Staff: D. Robertson, J. Robertson, M. Towfiq, T. Griesbach

Volunteer: J. Parminter

Guests: none

The meeting was called to order at 12:35 p.m. followed by the flag salute.

Comments from the Public

None

Communication

Received

From County Board of Supervisors a regarding a resolution submitted to the Supervisors for approval from the Terra Bella Veteran's Memorial district to move governing Board positions currently scheduled for election in Nov of odd years t even numbered years beginning in 2014 and thereafter...requested input from other districts prior to March 1, 2013.

From Health&Humans Services – reminder notice for 2010 Consumer Confidence Reports

From Progressive Insurance – PCSD named as additional insured by High Sierra Snow Removal
From S. Witherow received via regular mail a letter asserting the water manager's distribution license had expired and asks what the board intends to do about it. (Please note, the secretary was not emailed a copy of this letter and therefore has no copy to include in the agenda packet – information was communicated via telephone to General Manager for reply)

From S. Witherow received via email on 1/29/13 letter dated 1/25/13 claiming the district is in error regarding water manager certification – *the board thanks Mr. Witherow for communicating his interpretation and the matter is now resolved.*

From R. Smith – via email on 1/26/13 Mr. Smith asks if the district has sufficient revenues to make both a loan payment and set aside a reserve fund as required by the USDA – is another 218 hearing required to increase rates – is another 218 hearing required if the project deviates significantly from the current PER – is a multiyear budget required – can one be presented at this meeting – *see discussion in secretary's report*

President Comments

There will be discussion on Mr. Witherow's and Mr. Smith's letters under secretary report

Has PCSD insurance contact information been given to GM – *yes*

Status on WM certification – *personal check has been cashed, certification is renewed and in effect. Further comment under water manager's report*

Minutes from previous meeting(s)

It was moved, seconded and passed to accept the minutes of the January 10, 2013 regular meeting as written

Secretary Report

Water rate schedule – this is the final year of the phased in \$100 increase approved in 2009.

The base tier and flat rate water amount will increase \$10.00 from 740.42 to 750.42

For reference the annual inflator clause on the water schedule allows an increase equal to the Bureau of Labor Stats CPI ending Dec 31 – this year would have been 1.7%

Snow rate schedule – any increase to snow removal rates cannot be determined until June 1.

IRS has increased the mileage reimbursement amount to 56.5 cents per mile

Does the board wish to increase the mileage reimbursement?

Following a brief discussion, the it was moved, seconded and passed to increase the mileage reimbursement rate to 56.5 cents/mile to match the current amount allowed by the IRS for 2013.

There will be 3 (full 4 year) board positions up for election this year in Nov 2013

Moroney

Benton

Marchaunt

Staff Report on letter from Mr. Smith.

Mr. Smith asserts that the reserve account is a *depreciation reserve*.

There is nothing in the resolution (2012-65-A) that Mr. Witherow quotes that says the reserve account is a depreciation reserve as asserted by Mr. Smith.

Mr. Smith further asserts that the reserve account must accrue funds annually for the “life of the project”. Resolution 2012-65-A, quoted by Mr. Witherow, states that funds be deposited in a reserve account until the balance reaches \$212,040.00. Basic math proves that \$1767.00 multiplied by 12 months equates to \$21,204. Therefore the required balance will be reached in 10 years. There is no reference in the resolution that refers to the ‘the life of the project’, nor does Mr. Smith define his interpretation of the “life of the project”.

Mr. Smith inquires if the board believes there are sufficient revenues to make a loan payment and accrue depreciation reserves. The term depreciation reserve is incorrect based on the information quoted via Mr. Witherow – therefore it is unclear how to answer this question.

Mr. Smith inquires if another 218 hearing is necessary before proceeding with the project.

NO – Prop 218 hearings are very specifically for the sole purpose of seeking rate or tax increases depending on the type of utility. If the board were seeking to raise water rates (prior to the start of construction or anytime), then a 218 hearing would be required. Since the board is not seeking a water rate increase, a 218 hearing is not required.

Mr. Smith also inquires that if the board significantly alters the project from the PER presented at the 218 hearing is the board required to hold a new 218 hearing.

First, to clarify, the board is not seeking to significantly alter the currently proposed water system improvement project

Second, NO - A 218 hearing is only for the purpose of approving/not approving utility rates or utility related tax increases, a 218 hearing is not required to approve any project or changes to a project. Additionally the PER was not the subject of the August 2011 Prop 218 hearing, the requested rate increase for which to pay operational expenses and repay the USDA loan was – not the project itself..

Finally Mr. Smith feels a detailed multi-year budget is required. No Governing entity (State of CA, Tulare Board of Supervisors, USDA) has required the PCSD to complete a multi-year budget. The board does not have any current plans to begin formulation of multi-year budgets.

Additional comments on assertions by Mr. Witherow and quoted as an attachment by Mr. Smith: Resolution 2012-65-A quoted by Mr. Witherow, does not provide an amount for the loan payment because until the loan actually closes, we do not know the interest rate. We do know that it will not exceed 2.5%, but it very well could be less, resulting in a smaller loan payment. The difference may not be significant, but Mr. Witherow is calculating a loan payment based on the highest possible rate.

Mr. Witherow also fails to take into consideration the, as yet undetermined, operational savings the proposed improvements will provide. Reduced operational costs should result in a greater general fund balance with which to make a loan payment.

Additionally, the language of resolution 2012-65-A (section 3, d) says “*With prior written approval of the Government, funds may be withdrawn and used for such things as loan installment...*” Should the PCSD find that at the time a loan payment is due there are insufficient revenues in the general fund to make said payment, the board may request that the remaining funds be drawn from the reserve account. Obviously this would lengthen the amount of time necessary to reach the required balance of \$212,040.00.

The board does not feel it has enough information at this time to correctly answer Mr. Smith’s question regarding the reserve account as outlined in the aforementioned resolution versus a depreciation reserve account as referenced by Mr. Smith – further clarification is needed from the USDA as to how to set up and label the reserve account(s).

Reports

- Treasurer

Please see Financial Executive Monthly Summary (posted to website)

The cash balances have been updated to reflect yearend figures from the annual audit

There has been additional income deposited

A refund from Workman’s comp insurance

Director fees have been paid to date

It was moved, seconded and passed to accept the treasurer’s report as presented.

- Financial Coordinator
Time to review employee compensation, President direct Mr. Moroney to work up a proposal to present in March
- General Manager

NOT YET APPROVED

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2 more forms to be completed for FEMA book

- Water Manager

28th found leak on Ponderosa, shut off, dug up valve and meter. Owner responsibility – shut off at street – this leak resulted in complete loss of water in Summit tank

Karen Dr frozen – both cabins have no water. Need to look at installing either a fire hydrant or bleeder valve on this street

There were 2 cabins frozen on Tamarack – freed on their own

The Summit tank overfilled and the water froze – it has been melted

Holby 1 pump burnt out – dead short, fried electrical panel, replace in spring

Have attached results of recent water tests, additional tests have been sent to Fruit Growers Lab – waiting for results – all water tests now caught up...there are a couple more tests scheduled for later this calendar year

Regarding WM state certification – The water manager receives a water distribution certificate from the state of California. The certificate is not tied to his employment at the PCSD. The PCSD is not responsible for or the issuer of Mr. Robertson's certification. Mr. Robertson maintains that his certificate was not expired, despite Mr. Witherow's allegation to the contrary. If the certificate had expired, Mr. Robertson would have been required to retake the certification exam – he was not. There was a State error in the original paperwork regarding the fee due resulting in an overpayment being submitted. Because it was the State's error, the State returned the personal check and asked for a new one and extended the due date for payment – yes, Mr. Robertson was late in submitting payment the original renewal fee and yes, he had to pay the late fee. The fees were paid by Mr. Robertson personally, not the PCSD – therefore there was no additional expense to the PCSD as Mr. Witherow alleges. The PCSD reimburses mileage and pays additional time hours for the WM taking continuing education courses as required to keep his license current. It was determined that the district would continue to pay these expenses as a perk of employment, however the WM will continue to pay the recertification fees personally since it is his certificate.

- Water Coordinator

Not present – J. Parminter reported on behalf of Mr. Benton

Recommend the board research a new pump similar to Fawn well for Holby, possible reduce 3 phase to single phase. Holby 1 well should be pulled as soon as possible in the spring

Seek permission from board for WM and J Parminter to hire diggers, use arc welder to heat pipe and unfreeze PCSD building –after a brief discussion and no objection, board gave permission.

- Snow Monitor

Last storm 8 inches

Prior storm 14 inches

Total snow to date 7 ft 4 in – average snowfall 24 ft 10 in

Snow Coordinator

Nothing to add

- PPOA/PCSD Liaison

Nothing to report

- Committees

Nothing to report

Director Comments

None

Unfinished Business

Ongoing items

- PCSD building maintenance
 1. Replace portions of fascia boards
 2. Paint building
 3. New roof—with additional roof over fire truck door – request for plans
- Update water ordinance 99W

- **Status on water system improvement project**

The proposed bid is at USDA for approval

New Business

- Report on feasibility of cell service within Ponderosa community – micro cell technology
Carried forward

Meeting adjourned at 2:40 pm

The date for the next regular Board meeting will be **Thursday March 14, 2013 at 12:30 p.m.** in the District Building.