

Rebecca and Kirk jointly call meeting to order at 7:10pm

In attendance from LCWMC: Casey Farrand (via phone), Jim DiZoglio, Mindi Porebski, Rebecca Cabral, Susan Ady

Link to Presentation

Upcoming expenses this year 2020:

Dosing tank replacement is the biggest upcoming expense. The tank has rolled a few degrees and so it is not working properly. Trying to move it back in place is difficult as it is fiberglass and easily damaged. Recommendation is to replace the single fiberglass tank with two smaller concrete tanks. Estimate for tank replacement: 46k (Note - this was not the most expensive option)

Replacement of the main pump station control panel is the next most significant expense. It is past its life expectancy, and they would like to replace the panel before failure to maintain service. Estimated cost of the new parts and labor is 4k (Note - this was not the most expensive option, as there were more 'smart' and connected options available.)

Generator - Residences Connections upgrade is the final upcoming expense. PG&E's outages brought to the attention of the board that some of the hookups are not correct. There are 20 pump stations that need to be inspected, tested, repaired, and installations done where required. Estimated cost: 6k parts and labor. Note this is not the cheapest option considered, based on the patchwork system and problems with previous cheap labor. Therefore, they are looking to use a more experienced and higher quality company to get a better system than what we have gotten in the past.

Total costs 56k

Full Capital Funding Plan:

In 2018, the CSD contracted to get a 40-page review of the company and the funding plan. The contractor recommendation is ideally get to 100% reserves but more conservatively, get to 70% reserves to be 'low risk' but they were assessed at only 45.8% reserves, which is an average deficit per house is \$2831. Recommendation was to increase funding by 30k per year to get to a safer level.

Discussion / questions / clarification points in report

- Clarification that any increase triggers prop 218, not just an increase greater than 20%.
- Clarification that this report does represent a typical year.

- Confirmation that county takes a significant portion of the county taxes for admin fees, etc.
- County tax assessments only increase or decrease as developed properties come online or are removed or if an issue is fixed - e.g if it is discovered an undeveloped property was paying the fee.
- 28k new service application fee in the most current cycle is for hook-in.
- Current finances are above 70% but with the planned expenses would be at 56%

Recommendation:

Option to pay back \$8000 a year, equivalent to just over \$12 per month per household or \$148 per year per household. Alternatively, consider to pay back \$10,000 a year, equivalent to just over \$15 per month per household. Request that whatever is agreed needs to hold for the next board.

Considerations: What are the upcoming critical projects for the water company that may require monetary reserves. The water pipeline project is big but may be able to wait (e.g. 2 years). We have 20+ years for the big tank replacement, and that will be irrelevant if water pipeline hookup to San Jose is complete. One bridge may need some attention in the future: Previous bridge work were 60k, this work is significantly smaller.

Water board is currently making 5k/month or 60k/year - so this would bring down to 52k/year, or ~12% decrease.

Underlying goal is to collectively leave septic rates where they are, but this payment is being entertained 1) to pay back loan and 2) delay increase in septic tank tax. Ideally, increase in septic costs for the community comes when decrease in the water board goes down because we get hooked into San Jose water

A promissory note would have prevented a lot of this. We should also include details for emergency or under reserve considerations in the note

Decision:

Susan makes a motion to write a note that both boards will sign repay the CSD board 8000 a year until the loan is repaid, beginning next fiscal year. Jim seconds the motion. Four in favor. Motion Passes.

Rebecca moves to adjourn the LCMWC portion of the meeting at 8:13p

These meeting minutes approved at the Wednesday, March 17th, 2021 board meeting