



Minutes

**Waterworks District (WWD) 42 (Alluvial/Fancher)
Citizens Advisory Committee (CAC) Meeting
April 23, 2019**

CAC Member Present: Carl Kassabian, Art Gilbert, Bob Brown, Pamela Brown, Philip Jones, Virginia Hall.

County Staff: Meng Moua and Daniel Vang

Agenda Item 1: Call to order, introductions, determination of quorum

1. Per WWD 42's bylaws, quorum consist of at least 3 CAC members.

Agenda Item 2: Public comments

1. The City of Clovis plans to annex the area north of WWD 42.
 - a. Carl Kassabian: I would not be surprise if, within the year, the area is annexed into Clovis.
 - b. Kathleen Lynam: At the last meeting, LAFCO informed the district that the area will be used for a business campus.
 - i. Carl Kassabian: The campus will receive surface water through a trade with the International Water District via the Enterprise Canal.
 - c. Bill Lynam: If we spent money for upgrades to our water system and there is an annexation, will we be paid back for the investment?
 - i. Carl Kassabian: I don't think there will be any payback. The City of Clovis does not want WWD 42.
 - ii. Daniel Vang: If annexation occurs, the district would have to be favorable to the annexation. Typically, any outstanding bond will have to be paid off. As part of the annexation process, the City would have to pay off the bond.
 - iii. Marc Black: LAFCO has a report regarding the annexation online. There is a line in the report that states, "The City, as a water provider, would be able to assist WWD No. 42 as a possible successor agency in the future." I think they are looking down that road to annexation since they put that sentence in the report.

Agenda Item 3: Review and approve November 8, 2018 and January 31, 2019 minutes.

1. Art Gilbert motion to approved November 8, 2018 minutes. Virginia Hall second the motion. All approve.
2. January 31, 2019 Minutes: Page 3, Agenda Item 3, # 10, changed the following sentence "Now LAFCO is looking at the possibility of extending the City's SOI to the **north side** of Nees" to "Now LAFCO is looking at the possibility of extending the City's SOI to the **centerline** of Nees".

- a. Carl Kassabian: There is always a conflict between the County and the City regarding half-street maintenance. Does the County and City have an agreement regarding half-street maintenance?
 - i. Daniel Vang: Honestly, I don't know. At the April 23, 2019, County of Fresno Board meeting, the County discussed having better communication with the City of Fresno regarding the shared roads. The meeting was regarding Fresno specifically. I do not know if they are having the same conversation with the City of Clovis. Our Director use to work for the City of Clovis. I imagine those communications are going on as well.
3. Why wasn't anything sent out regarding the 01/31/2019 meeting?
- a. Meng Moua: For the January meeting, we did not send any mailers. It was my mistake. We did send emails. The meetings before, we did send out mailers. For future meetings, we will send mailers with the bimonthly billing if it coincides with the meeting date.
4. At the last meeting, the County was going to contact the residents that were non-responsive. Was that ever done?
- a. Meng Moua: We made multiple attempts to contact the non-responsive residents. We did receive enough surveys to conclude that if we were to pursue the bond, there would be enough residents in favor of the bond. The results were shared with the CAC and direction was given to not pursued further.
 - i. Note: The survey results were not provided during the meeting but included here for reference.
 - ii. 90 out of 104 surveys received, 53 for the bond, 37 against the bond, 14 unresponsive.
 - b. For the parcels not receiving water but is part of the district, if they do not participate in the bond process, do they have the ability to connect in the future?
 - i. Daniel Vang: If the district moves down the bonding path and the unconnected parcels decides to connect, there may be a buy-in cost. What that cost is we do not know. It will be up to the engineer to determine the cost. There is a potential that they will pay more than what the bond would cost per parcels.
 - ii. Phil Jones: If the buy-in cost is \$15,000 per plot, decided by the engineer, I would wait until the infrastructure is all done, then get an engineer to determine that the buy in cost is \$15,000 and pay the buy-in cost and connect to the district. If we can set a price for the unconnected parcel to join the district before they have to join, then we at least have a number to play around with.
 - iii. Daniel Vang: Typically, there is a negotiation process. There are multiple ways the district can address a request to connect. Not saying this is how it will play out, but one thought process was to determine the original bond amount paid with inflation, the improvements made, and the current cash balance. An engineer will use this information to determine the buy-in amount. During negotiating, we may ask for more than just the buy-in cost. We may ask the requestor to improve the water system. We don't know how the exact scenario will play out, but if there is a request to connect, we will reach out to the district and let you know. The district will let us know how you feel.

- iv. Carl Kassabian: Phase 1 of WWD 42 was the five wells, paid by the bond. Phase 2 was the addition of Sanders. When Phase 2 came into being, the bond did not increase. Phase 1 folks get to enjoy all the improvement made during Phase 2. How things progressed historically, if Wathens decides to develop and puts in a well, then he would be able to join the district. We can't diminish the amount of gallons per connection.
- 5. Art Gilbert motion to approved January 31, 2019 minutes. Phil Jones second the motion. All approve.

Agenda Item 4: Equipment and Infrastructure Status

- 1. The valve at wellsite # 3 was fixed on March 12, 2019.
- 2. On March 26, 2019 staff turned off the water so they can T-off a section of the pipe.
 - a. Carl Kassabian: This was on Highland Ave. The pressure vessel was tied into the system even though the pump was gone. The vessel sprung a leak and Fresno Plumbing was called out. A hole was dug and the valves were shut down. This was when I was alerted. I did not have any water and thought the electrical was down. This wasn't the case. What they did was they shut off the valves so they can take the "T" out, replaced it with a PVC pipe and a few connectors. Afterwards they filled the hole back up.
 - b. Keith Young: One of the issues Fresno Plumbing found was that the valves were stuck because they have not been exercise. They couldn't complete the work because there was no way to isolate the circuit. Is there a maintenance schedule to exercise the valves?
 - i. Daniel Vang: At one point we did. We are very short staff. We were down four staff members last month. Since then we filled one position and is in the process of filling three position. Our staff are spread thin and the valve exercising program and some of the preventative maintenance stuff have been halted.
 - c. Bob Brown: The problem is we are still paying the same rate for County services and are having to pay for repairs as a consequence for not having maintenance. So why are we stuck with the bills?
 - i. Daniel Vang: The district only pays for staff's time when they are out performing services. If no services are performed, the district is not being charged. There is no flat fee that the district pays. I also see your point, if we are not doing preventative maintenance and these backlogged tasks lead to a malfunction, it may potentially cost the district more. These are some of the battles we are faced with because we are short staff. We are doing our best to hire more field staff. Last June, the County adjusted the pay to make it more competitive. The County also requires dual certification for water and wastewater, which makes it more difficult to find candidates. Unfortunately, there are some preventative maintenance services that we can't get to. If you would like for the County to put together a preventative maintenance schedule, we can put together some cost estimates and dedicate staff to the services. However, it will cos the district more money. These services can also be subcontracted. More work will be done but it may potentially cos the district more money.

- b. Art Gilbert: Is it going to cost us more to do preventative maintenance or to fix things once in a while?
 - i. Bob Brown: That's the real question. We don't have the numbers to know either way. Similar, if we are going to have problems, are they going to occur at times where we can't stand having problems.
 - c. Carl Kassabian: Who exercise the fire hydrant?
 - i. Daniel Vang: It would be the technicians that exercises the fire hydrant.
 - d. Is it a political problem as much as it is a staff problem? Do we need to go to the Supervisor in our area to address the issue?
 - i. Daniel Vang: We can't control when people leave. In the past two months we had four staff members leave. For a long time we carried two vacancies because we couldn't find enough people to fill these positions. Last June we increased the pay and was able to fill the vacancies for two weeks before a staff left. We do our best to fill the vacancies but there aren't enough qualified people to run the facilities.
 - e. Does the district receive any other revenue stream such as property taxes?
 - i. Meng Moua: I will look into this and provide it to the district.
 - ii. Note: Meng looked into this. The district's only source of revenue is from the bimonthly fees and interested received from the fund balance.
3. Meng Moua: April 22, 2019, Kevin Olsen informed me the district was experiencing pressure issues. A faulty snubber valve was to blame. The valve was replaced and the pressure should be back to normal.
 4. Meng Moua: Carl reported seeing a lot of water on Highland Ave. Our field staff inspected the area and drove throughout the district for possible leaks but did not notice anything out of the ordinary. The fighter department was out on April 13, 2019, testing the output, which may be the reason for the water.
 5. Art Gilbert: At the last meeting the fire department were supposed to let us know hydrant's GPM. Did we get any updates?
 - a. Meng Moua: I did receive the results and sent it via emails to the community. There were questions regarding the results. The hydrants have a higher GPM than what the system can currently produce. This can be attributed to the initial pressure in the water main. The fire department only test the hydrant for 5 minutes. To get an accurate result, the test will need to run the hydrant long enough for the initial pressure to dissipate. This will take a long time and waste a lot of water. To accurately test the hydrant, the fire department also needs to turn on two hydrants. One will be the test hydrant and the other will be the flow hydrant.
 - b. Carl Kassabian: The point is this, the pumps put out 730 GPM but it is against the backpressure of 50 PSI in the water main. If you open the hydrant and leave it on long enough you get more water. There are too many variables involved and I don't think we will get an answer we will all agreed on. Let's no longer pursue this.
 - c. Note: Note included in the minutes but included here for reference:
 - i. Well 3: 161 GPM, Well 4: 305 GPM, Well 5: 270 GPM, Total: 736 GPM

- ii. Highland Hydrant: 1087 GPM, Nees Hydrant: 1126 GPM.

Agenda Item 5: Fire Hydrant area maintenance

1. Who's responsible for maintaining the grass area around the fire hydrants?
 - a. Carl Kassabian: Why were the hydrants placed in the middle of the bridal path? If they intended it to be bollards, then they should have put bollards around them? They can very well get knocked down. Can the County maintain the area?
 - b. Daniel Vang: The fire hydrant itself is the County's responsibility. As for the area around it, if the district wants us to maintain it, we can. We do not have the manpower to do it but will contract it out. This would be an added cost to the district.
 - c. Bob Brown: Individual homeowners own the bridal path but there is an easement to prevent them from fencing it off. It is the responsibility of the individual homeowners to maintain the bridal path. Can the County include something in the next bill to remind homeowners to maintain the bridal path?

Agenda Item 6: High water use residence(s) in Jan/Feb 2019 billing period

1. Carl Kassabian: (Refer to the Hi-Lows Bimonthly Water Meter Reads). The highest water user is 451,000 for January-February and it has been raining. We don't know who that is but the County should talk to the high water user.
2. Art Gilbert: Between the top five high water users, they use over one million gallons of water. The average water users use an average 26,000 gallons.
3. Bob Brown: The problem is the top 5 users use an exorbitant amount of water. When the County looks at our water consumption, they look at us as a district. If they look at the volume being drawn, it makes us more of a target.
 - a. Meng Moua: The County can send a letter but there is no real repercussion unless we do a rate change with a variable fee.
4. Bob Brown: For those that are willing to pay for it, they will continue to do it. It still makes us a target. Can we have find out who are the high users?
 - a. Meng Moua: I will have to talk to County Counsel to see if we can divulge this information. But I rather not give it out because I do not want a situation where the community gangs up on one resident.
 - b. Art Gilbert: That's not something we need to know.
 - c. Carl Kassabian: If you observe your neighbors, you can tell to some degree who is watering during a rainstorm. If you can isolate who is using an exorbitant amount of water, you can ask them to check for leaks. This puts them on notice that the County knows how much they are using.
5. Bob Brown: Those folks that are using a lot of water needs to know that they are on the radar.
 - a. Phil Jones: Can we ask the County to write to the 5 highest users annually and ask them if they have problems with leaks. It's a friendly gesture and it will show them that we know who they are.
6. Art Gilbert: We need to change the rate structure. Didn't Carl propose something but we haven't move forward?

- a. Phil Jones: I don't think \$0.42 per 1,000 gallons is going to change people's usage.
 - b. Carl Kassabian: We need to do a Prop 218 process.
 - c. Meng Moua: One of the proposed methodology is to have a flat rate with a variable rate of \$0.42 per 1,000 gallons. We can add tiers too so that as you use more, the rate per 1,000 increases to something like \$0.80 to discourage high water usage.
 - d. Carl Kassabian: We already talked about tiers. I do not want to a quadratic scale. We want a linear scale.
7. Phil Jones: I agree. But we have to start from a decent place. It puts the \$0.42 per 1,000 gallons into perspective. The highest user for January-February, if he pays for all 450,000 gallons at \$0.42 per 1,000 gallons, that puts him at \$189 dollars.
- a. Carl Kassabian: That's just for the water. On top of that he will pay for the flat fee and be looking at a water bill of over \$300.
 - b. Phil Jones: I understand that but everybody will also pay on top of that as well. We will be looking at a \$200 water bill. If anything \$0.42 per 1,000 gallons will make me use more water. I looked at the Clovis model and they proposed a base rate of \$0.86 per gallons.
 - c. Carl Kassabian: What is this based on? It's double based on my calculation of \$0.42.
 - d. Phil Jones: Clovis's model is also tier and it does satisfied the people. You also have to think about drought payment as well. The \$0.42 won't be sufficient to run the district when the consumption goes down.
 - e. Carl Kassabian: Yes it will. The \$0.42 is based on energy consumption. Everything else is included in the base rate.
 - f. Phil Jones: I agreed but when you see that you can get half a million gallons for \$200, it's not a big deal is it.
 - g. Carl Kassabian: It is if you are paying it every two months.
 - h. Bob Brown: It depends what gain you get for using that water. If you are selling the water or using it for a valuable crop, it may be worth it.
 - i. Carl Kassabian: I thought we are of a common mind here. Now the CAC is coming up with new ideas. We need to have an in-house discussion. We have been talking about this concept for 2 to 4 years now. We all agreed to it and said it would not be punitive. We would pay for what we use. Now we are talking about punishing people for using a little more than the average.
8. Marc Black: Is it possible that the same five residents are having leaks?
- a. Art Gilbert: We also don't know if it's the same five residents.
 - b. The County will look to see if the top five users are the same residents from month to month. The County will send a letter to the top five users.
9. Bill Lynam: Will the variable portion be in addition to what we pay right now?
- a. Carl Kassabian: The rate structure was going to be set up with three components. The first was to increase capital reserve. The second was for administrative and fix cost the County charges. The third was water consumption which is based on usage. We spend

so many dollars on electricity. Using simple math we can calculate how much it cost to pump so many gallons of water. The first two components will be the same for everybody. The third piece will be based on how much water you use based on your meter read.

10. Kathleen Lynam: Is there a deterrent to limit water usage? I don't think the top five users will change. I want to see us save some water. Our biggest issue is if we run out of water.
 - a. Carl Kassabian: Our water table is pretty level at 70-75 feet. We are first in line. We have a good water table. As the area to the north develop in the next 30-40 years. All the new developments will use surface water. Whatever water percolate downs will add to our water supply. The main thing we want to do is to not continue eating our reserve.
11. Marc Black: The 1,000 acres is not going to be grassland. It is going to be concrete.
 - a. Carl Kassabian: There will be some lost water percolation lost but not a lot. All the storm water will be concentrated to a specific area.
 - b. Marc Black: The other caveat that we have some poison wells. By putting a development in, there will be more leaching into the well of non-water element like oil. Karl has been living here since the beginning. How long did it took before the wells were poison.
 - c. Carl Kassabian: The nitrates in the well, I suspect it comes from decades of over-fertilization of the Harlan Ranch oranges.

Agenda Item 7: Update and go forward plan on formation of assessment district

1. Refer to the attached *Waterworks District 42 Bond Timeline* packet.
2. Meng Moua: Before I dive into the presentation I want to let you know beforehand that in speaking with Auditor and County Counsel, they informed me that will cost the district \$475,000 to put together a packet to present to the Debit Advisory Committee (DAC). They want to make sure we get all our ducks in a row before we submit the proposal to DAC. It's not as simple as asking the DAC for a bond. We need Sebastian Artal to design the plans and specifications, bond counsel, County staff, and municipal advisory. Everybody has to do their part and contribute to the proposal just to ask the DAC for the bond. The district currently has \$430,000 in the reserves. The \$475k is not an upfront cost. As staff and others spend time on the proposal, costs will incurred. Some cost can be recouped as part of the bond but not all of it. Does the district still want to proceed down this path?
3. Carl Kassabian: What the CAC needs to do is meet in-house. We can provide you a yes or no answer at this time.
4. Phil Jones: We need to know what the \$475k is going to get us.
5. **Slide 3**
 - a. Meng Moua: First thing we have to do is drill the pilot hole to determine if there is water at a cost of \$50k.
 - b. Kathleen Lynam: So every hole we drill is going to cost \$50k?
 - c. Meng Moua: The hope is that the initial hole has water and the district will not have to drill more holes.

- d. Carl Kassabian: We have a couple of property owners that agreed to let us drill pilot holes on their properties. They are far enough from the existing wells that the impact will be minimal.
- e. Kathleen Lynam: What if the first hole does not have any water. Will we be drilling additional holes at a cost of \$50k?
- f. Meng Moua: It will be up to the district to determine how many holes they want to test.
- g. Bob Brown: If I remember correctly the \$50k included land acquisition. If the homeowners are willing to donate their land then we are looking at less than \$50k.
 - i. Note: Meng checked the pilot-hole estimate. It does not include land acquisition. To drill a pilot-hole the initial pilot-hole would cost \$50k (\$5k for agreement preparation). Each subsequent hole would be in the \$45k range. The attached Exhibit A is a breakdown of the pilot-hole cost.

6. Slide 4

- a. Carl Kassabian: I want to add that the \$450k (\$300k+150K) estimate are high-ball numbers.

7. Slide 6

- a. Carl Kassabian: What's the rate change?
- b. Meng Moua: The thought process is to create the assessment district and have the rate change with the variable rate done at the same time.
- c. Carl Kassabian: We can't wait on the rate change. We can't let our reserves drop down to zero. We may have to do the rate change sooner.
- d. Meng Moua: We can do the rate change first and the assessment district later if this is the district's prefer path.

8. Slide 7:

- a. Daniel Vang: Keep in mind we are anticipating one community meeting only. However if discussion continues we may need a second or third community meeting.
- b. Phil Jones: How much is the percentage of the underwriter's cost?
- c. Meng Moua: From what I've seen it's 2-4%. But we can't say for sure until we actually hire the underwriter.
- d. Carl Kassabian: When we did it with the City it was 2%.

9. Slide 9

- a. Meng Moua: The January 2021 date and June 2022 date can fluctuate by as much as 6-12 months. Keep in mind these dates are based on us preparing to apply for the bond now (4/23/19). The longer we wait, the longer further back we will have to move these date.

10. Slide 10

- a. The second bullet point originally read "District has to paid ~\$440k upfront". This is incorrect and has been changed to "~\$440k to prepare the bond application. Cost will occur as staff time and other expenses accrue"

- b. Kathleen Lynham: How are you increasing the \$430k cash on hand?
- c. Carl Kassabian: That's why we have to modify the rate structure and add to the capital reserve.
- d. Bob Brown: We are falling into the hole as it is. This seems to be the minimum of what we have to do.
- e. Carl Kassabian: We spoke about adding \$40/month to the bill. This will give us about \$50k to our reserve a year.
- f. Art Gilbert: The \$430k is going to get eaten up as other expense come on.
- g. Carl Kassabian: We are eating about \$15k to \$20k of expense a year right now.
- h. Meng Moua: The estimated construction amount was \$900k but the bond amount will have to be about \$1.2 million. This will cover construction cost and some of the soft cost to procure the bond.
- i. Carl Kassabian: Should there be any bond money left over from the bond, it will go to the district.

11. Refer to the *Amortization Schedule* document

- a. Meng Moua: The average bond interest is 2.6%. If a homeowner elects to pay their portion of the bond upfront instead of paying it over 20 years, it would cost them about ~\$12,000. Property owners can expect to pay \$747 over a period of 20 years for the bond. This is on top of your property taxes.
 - i. Bob Brown: Realistically, in this market, can we do 2.6%?
 - ii. Meng Moua: This is the average over the last 20 years. Some of the bonds I seen are at 3%.
- b. Phil Jones: I think you should look at what a 20 year CD would produce and put 1% on top of that. If people want to invest in a 20 year period they would want more than what a CD would produce.
 - i. Meng Moua: I have the live spreadsheet here to so we can change the rate and see how it plays out. At 5%, the annual rate is \$926 instead of \$747.
- c. So we are talking about \$15,000 at \$747 for the life of the bond vs paying \$12,000 upfront.

12. Refer to the *Fee Increase* document

- a. Meng Moua: This is how option 1 from the first survey will play out. It gives the district another option to gather funds without having to spend money to procure a bond.
 - i. Option 1: Fees increase by \$150/month during years 1 through 4. Starting year 5 the \$150/month increase decreases to \$40/month.
- b. Meng Moua: The bimonthly fee of \$475 shows the base rate only. The actual amount each resident pays will be higher and will include the variable rate. The reason I excluded here is because we want to look at the fixed revenue and fix cost only. The variable rate revenue and variable utilities cost would offset each other. If we start in 2020, by 2022 we would have sufficient reserve to start the project.

- c. Based on the timeline on slide 9, if we don't have the money until 2022, it will take an additional 1-2 years to start the process. We won't have a well until 2024. With the assessment district (bond) we will have a well about 2 years sooner.
 - i. Meng Moua: With the assessment district, you will have a well sooner. But you will need to decide whether its worth it to spend \$475k to have a well 2 years sooner.

13. Refer to the *Comparison* document

- a. Meng Moua: The sheet is comparing Option 1 and Option 2 of the survey.
 - i. Option 1: Fees increase by \$150/month during years 1 through 4. Starting year 5 the \$150/month increase decreases to \$40/month.
 - ii. Option 2: Bond plus increasing the base by \$40/month.
- b. Meng Moua: With option 1, we have a base bi-monthly bill of \$475. This amounts to \$2,850 for the year. In year 5, the base rate decrease to \$255 and the annual cost is \$1,530. For option 2, we have a base rate of \$255. The annual cost which includes \$1,530 for the base rate plus the assessment district amount of \$747 (assuming a \$1.2 million bond at a rate of 2.6%). When comparing option 1 and 2, we see that option 1 is more costly for the first 2 years. Starting at year 5, it is less than option 2. Option 2 would cost users a minimum of \$2,277 for at least 20 years. This comparison is based on the two options in the survey. We can also explore different options based on what the district prefers.
 - i. Art Gilbert: How do we get to the \$475 from the \$175?
 - ii. Meng Moua: Option 1 was to increase the base rate by \$150/month. The CAC and previous staff members decided on this number.
- c. Art Gilbert: How do we change our rate to \$475?
 - i. Daniel Vang: It will be through a Prop 218 process. If the district wants to change this figure to something, we can do that as well.
 - ii. Do all 104 parcels have to pick option 1 or 2?
 - iii. Meng Moua: Just the majority. It does not necessary have to be these two options only. We will do whatever fits the community's need.
- d. Kathleen Lyman: Where was the \$12,000 upfront payment?
 - i. Meng Moua: The comparison document is assuming the average user will opt to pay the bond over a period of 20 years. As such they would have a annual assessment of \$747 plus the base bimonthly rate of \$255. If you elected to pay the bond upfront, you would not have to pay the annual assessment of \$747 and only pay the base amount of \$255.
- e. The \$475 might be less because the current rate of \$175 includes utilities. If we remove utilities from the base rate and charge it as a variable rate, the base rate of \$175 would decrease slightly. Our actual base rate might be smaller than \$475.
 - i. Daniel Vang: We can decrease the amount to any amount the district wants. But keep in mind that will change the rate you accumulate funds. Instead of having the funds in year 3, it might take year 4 or 5 now.

- ii. I just wanted to point all of this out so that the district can see the whole picture. We are going to have to make a decision quickly because no matter what we do, we are going to have to build up our reserves. The longer we take, the further out we will have to push back the well.
 - iii. Bob Brown: We had hope to do the Prop 218 and bond in one process. The way things are we can't do that anymore. We are going to have to do the Prop 218 first.
 - iv. If we are going to sell it to 104 residents, we are going to have to break it down to let them know what it's going to cost.
- f. Daniel Vang: Today was just an abbreviated version to inform you guys to let you know what the bond is going to cost. The \$475 was an alternative option. It was a starting point. The rate study would tell us what that base bimonthly would be.
- i. Art Gilbert: How long does it take to get a rate change.
 - ii. Daniel Vang: We will have to talk to upper management. They wanted us to hire an engineer to conduct the rate study.
 - iii. Carl Kassabian: The engineer is going to do the same thing I did.
 - iv. Daniel Vang: We will share what Carl did and will need County Counsel approval to see if it meets all the legal parameters. If it does, we may not have to hire an engineer. It will take 6-12 months for a rate change. Right now County Counsel is short staffed which may take more time. It takes 3 months just for the Board of Supervisor process. At a minimum it will take 6 months but no more than a year. It could be shorter but we don't want to give you an unrealistic timeframe and be held to that timeframe.
- g. The City seems to have eternal latitude to adjust their rate. Is this a County thing?
- i. Daniel Vang: The City's rate study can take longer than the County. The problem with the County is that we have 104 people to vote either yes or no. With a City, there are potentially 300,000 residents. The odds of getting 150,000 people to submit protest letter is a lot lower than the County. If we move down the Prop 218 process, I want to make sure it pass. This is also why we did the survey. I want to make sure it pass the first time. We don't want to have multiple Prop 218 hearing to get a rate change. This will cost the district money.
- h. Bob Brown: One thing every household have to look at is what is their expectation on their property. If they only have 5, 10, 15 years left. The bond is the cheaper route.
- i. Daniel Vang: The only thing with the bond is if you sell your home you will have to disclose it.
- i. Art Gilbert: The problem with the bond is we don't have the money to pay for it.
- i. Bob Brown: We will need to do the Prop 218 first. If we go with option 1, how many people can afford that cost? Some people will end up paying for the well without seeing any benefit. We might displace some people because they can't afford the payment.
 - ii. If somebody buys a house in our neighborhood today, it's a pretty good deal since they only have to pay \$175 for unlimited water. If they buy it after the fees

goes to \$475 it might not be a good deal and may cause a drop in property value. Some people may not be able to afford the \$475.

- j. Art Gilbert: If we do the rate increase. Would we need to wait until we have sufficient funds before we start the bond process? Can we start both concurrently?
 - i. Bob Brown: We can back it up by a year after the rate increase. We would have the money to pay the \$440K.
 - ii. Carl Kassabian: Under option 1, if we implemented the \$475, at the end of year 1, we would have \$653k. The \$440k they would need would still leave us with over \$200k.
- k. Meng Moua: I do want to reiterate that it is not a guarantee that a bond is going to occur. The proposal is to ask the DAC to consider/support the proposal only.
 - i. Art Gilbert: Even if the bond didn't occur, with the rate increase, at the end of five years, we would be able to drill a well anyways.
- l. Meng Moua: We can do rate increase. There is still going to be a lead-time for the bond. What this will do is build the reserve. The bond process is not going to deplete the reserve immediately, only as expense occurs.
 - i. Daniel Vang: Keep in mind that option 2 only brings your bimonthly bill to \$255. If you want to go the bond route and increase the rate by \$475, which is an option, the amount you pay is going to change.
 - ii. Meng Moua: Instead of \$475 (option 1) or \$255+\$747 (option 2), it is going to be \$475+\$747, which is more than either option 1 or 2.
 - iii. Philip Jones: Please remember the \$747 is based on 2.6%. At 5% it is \$926.
- m. Daniel Vang: When we do a Prop 218, there will be one option only. The community will have to decide what option they want on the ballot.
- n. Art Gilbert: The \$475 does not include the variable rate.
- o. Meng Moua: The \$475 is the minimum rate you can expect to pay. Your actual bill will be more than this.
- p. Daniel Vang: We are assuming the variable rate is going to cover the PGE cost.
- q. Bob Brown: As far as the number we used before to calculate PGE, we either need to have an escalator clause or raise that number because we know what PGE is going to do to rates given their wildfire problems.
- r. Daniel Vang: We can present more information and will meet with the community before we go down that route.

Agenda Item 8: Items not listed on agenda for discussion.

None.

Agenda Item 9: Adjournment

07/23/19 @ 7:00PM Clovis PD Community Room