



Auburn Valley Community Service

District

P.O. Box 8138 Auburn, California 95604

Jim Leidigh (530)-269-1668

Gerald Sherburne (530-269)-1938

Bob Mantz (530-269-1802

John Imrie (530)-269-1831

Dale Kuehne (916) 549-6531

Minutes

BOARD OF DIRECTORS MEETING AND PUBLIC HEARING

Saturday, December 12, 2020

Meeting Held By Webex

Meeting called to order at 9:06 a.m.

Roll Call: All Directors were present

Established a quorum.

Approval of the December 12, 2020 meeting agenda (5-0)

Reports From Directors:

Treasurer's Report - Dale Kuehne

Status of accounts as of November 30, 2020

Money Market Account (Restricted for Bonds)	\$174,403.27
Operations and Maintenance	\$404,684.05

Receivables as of November 30, 2020

Bond receivables	\$25,059.12
Operations and Maintenance receivables	\$37,078.57
Total receivables for November	\$62,137.69

All bills are paid current.

Financial transaction reports for special districts were sent to the State Controller, as required by the state, to report on AVCSD bonds. The auditor has returned AVCSD financial records for 20219/2020.

The Management's Discussion and Analysis for fiscal year July 1, 2019 - June 30, 2020 were sent to the auditor. This report is a required component of the audit report. (The report is attached at the close of these minutes.)

The fiscal year 2018/2019 audit is complete and available if any community member would like to review the audit.

President's Report - Jim Leidigh

The contracts with All Inclusive (operates the waste water treatment plant) and 49er Water (water system) were refreshed and approved for 2021. All Inclusive had proposed an increase to their fees that Dale Kuehne and Bob Mantz successfully re-negotiated. There was no proposed increase to the fees for the 49er Water contract.

The required paperwork regarding the AVCSD Board of Directors elections were submitted to Placer County Elections Department and the Secretary of State.

Vice President Report - John Imrie (no report)

Technical Director Report - Bob Mantz

The Waste Water Treatment Plant is having a 10 HP pump removed and repaired. If the pump is not repairable, the pump will be replaced.

There is broken concrete at the entrance to the Auburn Valley Golf Clubhouse parking lot. The broken concrete is above AVCSD owned valves and piping and needs to be repaired. AVCSD received a bid to do the repair work from Livingston Paving & Grading. AVCSD reached out to Par 5 to see if they would cooperate with AVCSD by extending the section of the repair for the area owned by Par 5 that needs work. Par 5 was to receive their portion of the repair bid from Livingston next week.

Homeowners are reminded to call a AVCSD Board member first before turning "OFF" the water at the meter. Many of the CSD-owned meters/valves in the Auburn Valley community are old and brittle and can break if not handled correctly. If the homeowner (or their plumber, landscape contractor or neighbor) turns "OFF" the water at the meter, and the valve/piping breaks, the homeowner will be charged for the subsequent repair and collateral damage. This cost could be several hundreds of dollars.

Delinquencies/Volunteer Committee - Gerald Sherburne

Seven (7) 30-day notices to terminate service and/or lien their property were mailed.

A request for a late fee forgiveness was requested by a homeowner that had previously been granted a late fee forgiveness. Per AVCSD's policy, only one (1) forgiveness fee is granted per homeowner. The request was denied. (4 against, 1 in favor)

Homeowners are reminded that AVCSD statements are to be paid in full each quarter. This includes any fees that have been assessed. Not paying the statement in full could result in additional fees being assessed and the possibility of water being terminated and/or a lien filed against your property.

Consent Item

The October 10, 2020 AVCSD Board of Directors meeting minutes were approved as amended. (5-0)

New Business - Elections

Bob Mantz and Gerald Sherburne were appointed to the AVCSD Board of Directors by Placer County Board of Supervisors as they ran unopposed in the 2020 Placer County elections. Both read the Oath of Office and were sworn into office by AVCSD Board President, Jim Leidigh, for their four (4) year term.

Due to an error by the Placer County Election Department, both John Imrie and Dale Kuehne were listed for the one AVCSD Board vacancy on the official Placer County November 2020 ballot. John Imrie won the election. John read the Oath of Office for his two (2) year term and was sworn in by Jim Leidigh.

The remaining vacancy for the AVCSD Board of Directors was posted throughout the Auburn Valley community. Dale Kuehne was the only community member interested in the position. A motion was made and approved (4-0) to appoint Dale Kuehne to the two (2) year vacancy on the AVCSD Board of Directors. Dale read the Oath of Office and was sworn in by Jim Leidigh.

Administration - Diane Peterson

Salinity Agreements have been mailed to the new homeowners at 6403 Caddie Court and 9510 Upper Valley Road.

Public Comments

A homeowner inquired about whether a new well will be built and was advised there is no immediate need at this time.

Adjournment - there being no further business before the board, the meeting was adjourned at 9:44 a.m.

Next Board Meeting:
January 9, 2021
10:00 a.m

Respectfully Submitted,
Diane Peterson
Recording Secretary

(see one (1) attachment below)

Auburn Valley Community Service District
P.O. Box 8138 Auburn, California 95604

Directors

John Imrie (530) 269-1831	Gerald Sherburne (530) 269-1938
Bob Mantz (530) 269-1802	Dale Kuehne (916) 549-6531
Jim Leidigh (530) 269-1668	

December 12, 2020
Management's Discussion and Analysis
For Fiscal Year July 1, 2019 – June 30, 2020

The Auburn Valley Community Services District (the "District") Management Discussion and Analysis and its financial performance provide an overview of the District's financial activities, prepared by its management for the year ended June 30, 2020. This Management Discussion and Analysis supplements the District's audited financial statements and accompanying footnotes which are contained with this document.

Background

The Auburn Valley Community Services District (the "District") was formed in 1998 under the community services district law of the State of California (California Government Code #61000 et seq.) as a California community services district. The District is located approximately six miles north of the City of Auburn and provides water and wastewater services, subject to various governmental regulatory agencies, to the lots, homes, and Auburn Valley Golf Club located within its boundaries. The District officially commenced operations on September 30, 2000 and assumed the obligations of the Auburn Valley Service Corporation. The District's financial and administrative functions are governed by a volunteer five-member Board of Directors. The District has no employees. The District has contracts with independent companies to provide necessary services.

Financial Summary

Fiscal year 2019 – 2020 operating revenues: \$660,108
Fiscal year 2019 – 2020 operating expenses: \$567,214 (including depreciation expense of \$156,222 which results in an operating loss of \$92,894)
Net property assets at July 1, 2020: \$1,483,346
Net assets at June 30, 2020: \$2,138,782

District's Rate Structure for Water and Wastewater Services:

Sewer operation and maintenance fee: \$115.00 per month

Water operation and maintenance fee: \$40.00 per month

Water usage fee: Single-Tier system based on water usage, as mandated by a State Supreme Court ruling on Proposition 218.

Board Member Turnover

On May 9, 2020, Dave Christensen resigned after serving seven and a half years on the AVCSD Board of Directors as the Treasurer. Dale Kuehne was appointed to replace Mr. Christensen.

Facilities Management

Potable Water:

Each year, we experience some water quality and capacity challenges to varying degrees.

In response to our potential water capacity issues, in 2013 the Board approved the formation of a Water Resources Committee to investigate solutions to Auburn Valley's long-term potable water needs. The Committee has identified and continues to explore multiple solutions and financing options, including the development of an additional well. Any such new well would be subject to engineering studies, approval by various regulatory agencies and possibly obtaining appropriate easements. The ultimate outcome of this process and possible production capacity is uncertain at this time.

During the current year and prior years, the Board issued guidance for increased water conservation measures. The guidance has resulted in an overall reduction in usage.

As a result of PG&E's Public Safety Power Shutoff Program during wildfire season, the District has procured a back-up generator for well #2 to provide the ability to pump water into the water system storage tanks during extended power outages that may last for several days. Also, fencing was placed around well #2 to protect the assets.

Wastewater:

The disposal of inorganic products into the waste water system has been an ongoing issue, periodically causing blockages and damage to the system. The Board addressed the problem by issuing notices to the community on several occasions requesting that they refrain from disposing of products other than toilet tissue into the wastewater system. In 2013 the Board passed Ordinance 2013-01 establishing fines for the disposal of inorganic products into the wastewater system.

In the 2007/2008 fiscal year, the California Regional Quality Control Board (the "RWQCB") issued notices of violations to the District for effluent discharge to subsurface disposal fields that did not meet the plant's waste discharge requirements (due to heavy rain). At June of 2011, the violations had been cured; however, the RWQCB has not released the notices of violations. The District continues to work with the RWQCB to resolve this matter.

Current Economic Situation

Accounts Receivable are current with few property owners (other than the owner of the Golf Course) in arrears and no properties currently in foreclosure. Accounts Payable remained current throughout the year.

During the year, contracts with our major O&M contractors were renewed. Currently, the O & M account is adequate; however, the potentially high costs associated with repairs or replacement of a well may exceed the reserve funds of the District.

On July 14, 2020, the District entered into an Amortization Agreement with Par 5, the owner of the golf course, to repay the unpaid accounts receivable. The total accounts receivable as of July 14, 2020 was \$88,022.18 with \$50,098.58 allocated to the Operation and Maintenance account and \$37,923.60 allocated to the Bond account. Payments are due monthly starting on August 1, 2020 and ending on July 1, 2021. The monthly payment for the Operation and Maintenance account is \$4,451.20 and the monthly payment for the Bond account is \$3,369.47. As of December 12, 2020, all payments have been timely. Also, Par 5 has remained current on its quarterly bills.

As a result of a review of our Bond reserves, we determined that our planned bond collections were adequate for the current year. Subsequent years will be reviewed on an annual basis.

Requests for Information

Interested persons may direct their inquiries regarding the information contained in this report to:

Dale Kuehne, Treasurer — (916) 549-6531