

*Del Rey Community Services District*

**Minutes of the  
Board of Directors  
Special Board Meeting  
January 7, 2021  
6:00p.m.**

Vice President Garza called the Special Board Meeting to Order at 6:12p.m.

**Directors present:** Stephanie Garza, Joaquin Nunez, Daniel Ramirez, Rumaldo Reyna, Rolando Sanchez.

**Directors absent:** N/A

**B. PUBLIC HEARINGS (DISCUSSION AND ACTION ITEMS):**

B1 Election of President of the Board, and if necessary, election of Vice-President.

Chaffin explains the position and term of the board. Discussion. Reyna made a motion to nominate Stephanie Garza as President. Nunez second the motion. All in favor; five ayes: Nunez, Ramirez, Reyna, Sanchez, Garza. 5-0 vote. Motion passed. Ramirez made a motion to nominate Joaquin Nunez as Vice President. Reyna second the motion. All in favor; five ayes: Nunez, Ramirez, Reyna, Sanchez, Garza. 5-0 vote. Motion passed.

B2 Consideration Regarding Initiation of the Proposition 218 Process by Adoption of A Resolution Of The Board Of Directors Of The Del Rey Community Services To (A) Accept Findings Of The 2020 Water And Solid Waste Rate Study Report; (B) Direct Staff To Mail Out Notices Of The Proposed Water And Refuse Rate Increases For A Majority Protest Process In Accordance With Proposition 218 And Setting A Hearing Therefor On February 18, 2021, And (C) Adopt The "Guidelines For The Submission And Tabulation Of Protests" Attached Hereto. (Continued from 12/17/20)

LC Chaffin explains the Staff Report and the options. Option 1: initiate process for 2020 study- adjustments for water and trash rate increases. Option 2: "Do Nothing Approach"-status quo. After the last meeting, they went back through resolutions. Usually, district adopts updated rates every year based on 5-year study. District already upped the rates automatically. However, due to the 2018 study having the wrong chart, trash already plateaued out, so trash would not increase, only water would increase by \$0.75. Option 3: figure out a way to offset or subsidize- ways for district to save money, in regards TCP funds, other items available, etc., and use those savings from funds to subsidize rate increase. Option 4: other action. Chaffin emphasizes current status- no reserves, not meeting annual capital replacement cost, running at a loss of -\$117,000 per year (approx. \$88,000 water and \$29,000 trash) combined per 2020 study. Discussion. Reitz reviews chart that gives an analysis of using TCP Funds to pay off sewer bonds as a means to subsidize residential rate payers- to lower rate increase. Discussion. Chaffin presents Reitz's spreadsheet on operations with TCP Fund. Discussion. Reitz explains analysis for treatment 1) without grant- spend part of \$9 million for construction. Capital cost for treatment systems for Wells 4, 5, 7 is \$5.4 million for 1 year, add on Well 6 add another \$500,000. Total Capital Cost almost \$6 million in 2 years. Operational cost per year: Well 4 is \$55,306, Wells 5&6 \$79,009, Well 7 \$75,778. Present worth of Operational & Maintenance for 40 years of treatment at 1.5% interest rate would need \$6,285,061 in bank currently, for 30 years- \$5,045,521 and 20 years- \$3,715,948. Capital cost plus present worth numbers stated, 40 years \$12 million today, 30 years \$10 million 20 years \$9 million. 2)With grant (4.5 million capital grant do not have to pay back) estimate of capital and operational maintenance cost for treatment of TCP at wells 4,5, and 7 \$540,600 (paid by grant funds) treatment for Well 6 (future) \$500,000 (future district funds required). Total capital cost \$5,906,000 (\$500,000 District Funds required). Discussion. Nunez states the four-Dictos, Reitz, Reyna, and Chaffin- getting together to discuss the numbers would be beneficial. Garza states she believes rates will have to be increased but is unsure about the current numbers in the rate study. LC Chaffin advises the longer this item is postponed, the more money the district loses by not making financial adjustments and professional costs. States the professional who prepares rate study, in this case Reitz, is responsible for making final call if rate study is accurate. Advises board to read rate study, get comments to Mark by next Monday so everyone can be on the same page and get the plan going forward. Reitz asked CPA to go over numbers in the study with the Auditor to make sure they are accurate and dispersed correctly. Discussion. Reyna made a motion to table item B2 to the next Regular Board Meeting. All in favor; four ayes: Reyna, Sanchez, Garza, Nunez. All oppose; one opposed: Ramirez. Motion passed.

C. **ADJOURNMENT:**

Garza made a motion to adjourn the meeting. Reyna second the motion. All in favor; five ayes: Garza, Reyna, Ramirez, Sanchez, Nunez.

With no further business the meeting was adjourned at 8:21p.m.

Respectfully Submitted,

*Eileen Hernandez*

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