

*Del Rey Community Services District*

**Minutes of the  
Board of Directors  
Regular Board Meeting  
March 18, 2021  
7:00p.m.**

President Garza called the Regular Board Meeting to Order at 7:05p.m.

**Directors present:** Stephanie Garza, Joaquin Nunez, Daniel Ramirez  
\*\*Rumaldo Reyna and Rolando Sanchez arrived at 7:32p.m.

**Directors absent:**

A2 In absence of the American Flag, the Board skips the Pledge of Allegiance.

A3 Approval of Agenda: Joaquin Nunez made a motion to approve the agenda. Ramirez second the motion. All in favor; three ayes: Garza, Nunez, Ramirez. All absent; two absent: Reyna, Sanchez.

**B. Public Comment (limit of three minutes):**  
**None Scheduled.**  
**Unscheduled – Open to the public for discussion.**

No members of the public present.

**C. CONSENT CALENDAR:**

C1 Approve payments for vendors for West America Bank – February 2021, a Total Amount of \$155,472.69

C2 Approve payments for vendors for West America Bank – March 15, 2021, a Total Amount of \$43,161.13

DM Arias clarified the expense of \$3,600 from the last payroll in February as being unpaid benefits to an employee separating from the district. Nunez made a motion to approve items C1 and C2. Ramirez second the motion. All in favor; three ayes: Garza, Nunez, Ramirez. All absent; two absent: Reyna, Sanchez.

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

D1 Presentation of the financial statements as of June 30, 2020.

CPA Jerry Legoluso reports the financial results from fiscal year ending June 30, 2020. There were two sources that aided in the positive result for the year- first, was the increase in industrial sewer revenues from outside source, and second, interest income which is significant to overall operation. Financial resources- cash receivables and current assets were about \$393,000, which was slightly down from one year ago, which was \$429,000. Restricted cash assets- GCP project at about \$9 million roughly. Have other designated restricted items, maintenance, and connection fees at about \$9.3 million of total restricted cash. Capital assets at a net \$4.1 million. Other pension and bond cost at about \$234,000. Total assets are \$14 million, which is consistent with one year ago. Liabilities (accounts payable) at \$144,000 for regular operations is down a little compared to last year of \$167,000 which is a positive note. Long-term debt continuing to go down as regular payments made on time. Sewer bonds down to \$573,000. State water loan down to \$89,000. Item that is growing is post-employment benefits liability OPEP up to \$611,000, which is up about \$50,000 from the year before (liability to provide future health and other benefits to our current and former employees). Total (along with other liabilities, including pension) is \$1.5 million. Restricted equity areas in net position (restricted for capital assets) \$3.4 million. Restricted for TCP Project \$8.6 million. Small items- water, sewer, lighting \$180,000, debt service \$50,000. Total restriction \$12 million and equity position. Unrestricted is \$254,000 which is significantly increased from prior year, which is a big improvement. One year ago, almost at zero unrestricted equity position. Now at about \$250,000. Significant and positive change. Income Statement Total revenue about \$1.1 million for the year about \$100,000 over from a year ago, which was right at \$1 million. Costs barely increased overall. Saw decrease in utilities, decrease in water testing offsets increase in employee cost and general increases in other categories which is normal due to some inflation numbers. Interest expense declining slightly at \$26,000 versus \$27,000 a year ago, but significant number is interest income at \$193,000 this year versus \$110,000 a year ago. Increase in interest along with increase in revenue primarily driven by extra industrial sewer revenues leaves district with operating net income before depreciation of about \$225,000; after depreciation slight loss of about \$2,000. Cash flow standpoint, at a positive, which is significant in terms of financial and management position. Opened to public for comment. Discussion. Sequoia Pumping and interest from TCP settlement currently aiding the district. Ramirez made a motion to pass the financial statements as of June 30, 2020. Reyna second the motion. All in favor; five ayes: Garza, Nunez, Reyna, Ramirez, Sanchez. Motion passed.

D2 Resolution to approve the submittal of grant application for the development of the parcel located on Jefferson (Behind the school). Chaffin explains Reitz seeking authority to apply for grants to amend sphere of influence. Resolution provided, vote to approve resolution. Reitz explains Council of Governments has a grant program from State. All over the State there are funds available, this particular instance there's money available to

Fresno County. Fresno county is lead agency since Del Rey is not a city, thus has to join with Fresno county- they stated they have already gone to board and this round of funding already spoken for. Next round of funding, need resolution, application submitted to board of supervisors-seeking funds of \$150,000 to do planning work to enlarge the district. One of the areas, includes property by Fresno Housing Development, west of school. Includes 20 acres vineyard parcel, which would relieve the district of tax burden, by not having to pay property tax on 20 acres vineyard parcel. Dictos states it would save the district about \$4,400 per year. Chaffin states this is the first step to bring in more housing and business to the area. Discussion. Sanchez made motion to approve the resolution. Reyna second the motion. Roll Call; all in favor: five ayes- Garza, Nunez, Reyna, Ramirez, Sanchez. Motion passed.

D3 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 May 20, 2021, And (C) Adopt The “Guidelines For The Submission And Tabulation Of Protests” Attached Hereto. (Continued from 02/18/2021). Chaffin states this discussion has gone on for 5-6 months and suggests a cap of 30-45min on the discussion. Chaffin explains new news received last Friday- Carlos and Tod Robbins had meeting with the State with regards to the grant funding to allow for TCP infrastructure to be built using State grant funds. State decided new policy, if implemented, have to use TCP settlement money to fund TCP facilities. Not enough money to maintain operation and maintenance. Planned originally relying on State grants to build TCP, and to use settlement funds for 10-15 years in order to offset rates for the community. Money may not be available to pay off sewer bond or any other bond and still be able to maintain enough money to build the TCP infrastructure mandated to build this year. For example, the district would not have enough funds to do both- build and pay off bonds. According to the rate study, the district is \$23/person short/month; losing \$9,000/month, approx. \$109,000 per year. May no longer be able to rely on TCP interest or Sequoia Pumping funds. Based on rate study, in order to maintain fiscal stability, start process of approving resolution and raise rates eventually. Approval starts process and sets cap of the process; doesn’t establish rates, and it will take quarter of the year before rates raised. Discussion. Total rate increased for water and trash combined \$23.07/month for first year, and it adjusts for inflation moving forward. Total for water at end of 5 years would increase \$5 and trash would increase by \$4, which would be about \$1/year. Residential rates starting 2021; water-\$33.97, eventual \$39.23. Thus, \$5.24 raise in 5 years, so \$1.20/year water would raise. Discussion. One vote submitted for household- if any member of household votes “No”, it’s a “No” for the entire parcel. Ballot must be turned in by 7:00 date of the hearing. Clarifies, it provides input from the homeowner and tenants of the property. Need 51% for majority protest. Trying to provide full disclosure- more transparency as board allowing all tenants to voice their opinion to community as a whole, not just the property owners. Resolution states ballot requires total number of parcel subject to fee. If any tenant protests, it counts as full protest for parcel. Discussion. Hit 30-minute mark. Ramirez made a motion to approve item D3. Nunez second the motion. Roll Call. All in favor; three ayes: Garza, Nunez, Ramirez. All opposed; one opposed: Sanchez. All abstain; one abstained: Reyna. Motion Passed.

D4 Board members code of conduct. Sanchez recommends working as a team and take all votes into consideration. Garza states she does not appreciate criticizing and name-calling and hopes to conduct themselves as adults, and it is okay to agree to disagree at times. Nunez states to treat each other with dignity and respect. All Agree. Reopened. Discussion. LC Chaffin advises Ramirez to add agenda item “Board Member Conduct and Expectations.” Sanchez second the motion to add the item to the next agenda. DM Arias noted to add to agenda.

D5 Training for board members. Chaffin discusses the outline on how board members should conduct meetings in quick and efficient manner with his aide in streamlining. 1) Come prepared- review material. Any questions, ask Carlos before meeting if possible. Let staff know ASAP and make notes for more complex items. Provide quorum-3 members. Call meeting to order- can call it late, but never early. Follow agenda- can rearrange items, but cannot add new items. Trick on individual items- for example- “Call Agenda Item D5” rather than reading whole item description. Allow public to ask question, jot them down, then once all asked, answer the questions all together. Debate an issue, do not argue. Speak on two-time rule: present reason/stance on issue and to supplement or to provide information.

D6 Authorization to increase AECOM budget for up to \$30,000.00. Reitz states letter in packet identifies four items: 1) Preparing design plans and specifications for two of the recharge projects for GSA reimbursement: connection at Carmel and Avila storm drain basin tying into pipeline that belongs to consolidated, and connection at wastewater treatment plant. Funds needed for plans, survey, put out bins, supervise, etc. 2) Grant Application to LAFCO. 3) Other related to TCP Fund- well work, repairs, rehab. 4) Additional work on water rate study- revisions of figures/reports, presentation to board. Half of budget cap is from TCP Fund. Reyna made a motion to approve. Ramirez second the motion. Roll Call: All in favor; five ayes: Garza, Nunez, Reyna, Ramirez, Sanchez. Motion Approved.

**E. DIRECTOR COMMUNICATIONS / AGENDA ITEMS:**

Director Ramirez speaks on board members code of conduct- addressed \$5000 Chaffin donated to district and says Reyna asked board for approval of \$2000 for park area near his house, but instead used the whole \$5000. Also used heavy equipment without insurance or liability, and if injured, would have cost the district. He also states District Manager wanted to quit due to board members' disrespect. Item D4 reopened. Discussion.

**F. DISTRICT ADMINISTRATOR REPORTS:**

- F-1 Report of District Engineer (Report by AECOM). Reitz gives update on wells 4 and 5 rehab- similar to last month- pumps on order and should arrive April. Rehabbed well 5 and fixed hole. Well 4- moving in to try to remove screen and flat valve stuck in well in the next week then rehab that well and finish the rest of the work- such as, installing new pumps to get both wells back online. Letter of State's current position on grant/loan- expecting a case for more grant than offering. Water and solid waste rate study, moving ahead with prop 218 hearing. South Kings Project- submitted plans to irrigation district, select contractor to do work, run by district to get approval on bids from contractors.
- F-2 Report of District Manager (Report by Carlos Arias) SoCal Fire played softball in field free of charge- had convo to pay to use park frequently, they paid \$200, and hopes to create income for park. Oil leak at generator of plant. Another leak at industrial water: Cost-U Less plumbing coming to fix it. Aerator came and will be installed at plant in a couple of weeks. Last, Elyssa will not be returning, so will take applications to fill position- needs someone to do minutes of meetings.
- F-3 Report of District Counsel (Report by Shannon Chaffin) No items to report.
- F-4 Report of District Accountant (Report by Paul Dictos) Dictos reviews Statement Report, which he claims is more important- 8 months of Operations for all three divisions. Dictos states auditor gave access to work papers and covers everything detailed, and auditor agreed and approved allocation rates. Feb- 8th month of fiscal year: user fees \$616,000- \$210,000 water, \$324,000 sewer, \$81,000 solid waste. Sequoia Pumping separate because not a source every year. Water meters \$1,600, property taxes: \$52,000- break down between water and sewer and lighting \$9,000, caustic soda \$4,030 (not on monthly basis). Total income on cash basis \$812,000- salaries \$135,000 broken down in formula: \$32,000 water, \$90,000 sewer, \$4,000 solid waste. Employee benefits and payroll taxes \$65,000, director fees \$5,221, professional fees- engineer \$35,000 professional fees-\$23,000 professional fees- accountant \$1,200/month \$10,800. Office expense \$14,000, auditing \$26,500. Utilities, repairs, maintenance, water testing, chemicals and supplies, insurance, contract solid waste (Caglia), interest expense \$12,912. Fuel and oil \$65,423. Licenses and permits (once a year out of county maintenance account) we have \$714,000 in cash expenses. Net profit operating income \$97,000 (allocated between water \$45,000, sewer \$75,000, loss for solid waste, loss for recreation, and loss for lighting). Interest \$84,000- not operating revenue, it is a financial revenue. Interest there today, may not be there tomorrow. Claims should clean up equipment- what is usable, not useable. Collect tax every year for lighting fund- \$41,000 of that Carlos pulls out \$6000-\$7000 to reimburse district for street lighting.

**G. PUBLIC COMMENTS:**

No members of the public present.

**H. ADJOURNMENT:**

With no further business the meeting was adjourned at 9:15 pm

Respectfully Submitted,

*Eileen Hernandez*

Eileen Hernandez  
Del Rey Community Services District