

COMMUNITY ISSUES COMMITTEE MEETING
APPROVED MINUTES

February 2, 2009

DIRECTORS PRESENT: Ron Treabess, Judy Friedman – Committee members
Lou Reinkens - Guest

STAFF PRESENT: Cindy Gustafson, General Manager
Jim Dykstra, Treasurer/Director of Acct. & Employee Services
Tony Laliotis, Director of Utilities
Matt Homolka, District Engineer
Ginger Charlton, District Clerk

The meeting was called to order at 3:00 p.m.

1. PUBLIC FORUM

There was no comment.

2. LAKE FOREST IMPROVEMENT DISTRICT UPDATE

Mr. Harry updated the Committee on the history of the Lake Forest Improvement District and said that today's goal is to have the Committee give staff direction as it relates to the preparation of specific recommendations that will be taken to the full Board on the following issues:

- Straw poll vs. moving forward with proposition 218 election
- Funding concepts/assumptions
- Acquisition cost concepts
- Rate structures for customers paying separate assessments for improvements

He said that approximately \$90,000 has been spent so far on this item and reviewed the areas where District funds have been expended. He also noted that since the interruptible water supply was instituted in 2003, the District has been paid \$180,155.23 from Lake Forest Water Company. He recommended that when the Board looks at the money that has been expended to date on the Lake Forest project, that they also keep a close eye on the monies that have been received as income from the individuals that live within and pay for water in the LFW service area.

Regarding the PUC, he informed the Committee that we have not received any new information from the administrative law judge. Rick Dewante has provided the judge with a list of conditions that he would be willing to adhere to if the ownership was transferred into his name. One of those conditions was that he would meet with the District and the PUC mediation staff to discuss the sale of the company to the District within 60 days of the transfer. He noted that in August of 2008, the Board directed staff to make a formal offer to purchase the water system from Mr. Dewante. A letter was sent and he has never responded to the District. Mr. Harry said that the Board had some discussion in regards to the use of the money paid in taxes by sewer-only customers. He asked for formal direction from the Board on whether those monies could be tapped into for the acquisition or reconstruction of this system.

Mr. Harry led a discussion on funding sources including grant monies, Proposition 50 funds, RDA funds, and possibly a portion of the money that was set-aside from West Shore property taxes. Ms. Gustafson said that District policy is to use state and federal funding before any local tax money for projects. If we are able to secure state funds, those would offset the costs first.

Mr. Harry said that at previous meetings there have been discussions of doing a straw poll of the Lake Forest Service area property owners. He said that it is staff's recommendation to not go in that direction because we have expended a tremendous amount of time on this project and we need to know formally what the property owners would like us to do before we continue. He said that if we had a 218 ballot now that showed that the assessment for residential and commercial property owners would be the one that is included in the engineers report, it is staff's belief that it would fail. Staff would recommend that the ballot be prepared showing that the formation of the assessment district would be conditioned upon the district receiving \$1.5 million of funding from outside sources.

Mr. Harry then led a discussion on the rate structure for newly acquired water systems and said that staff, the Committee, and the full Board need to discuss the options for rates and then give staff final direction. Ms. Gustafson added that whatever the Board does for LTWC needs to be based on the policy that we are setting for the overall District because other community members from private water companies are contacting the District for the same thing and we need to be fair and equitable.

Director Treabess said that as we bring in additional customers, our per capita cost of operations is going to go down and it will be a better deal for everyone in the District. He added that his advice would be to recommend to the Board that we put forward a 218 vote for this and that the proposition lists all of the potential funding sources. He said that it should say that the cost will not be greater than a certain amount instead of saying that \$1.5 million would be supplied by outside funding because they would need an idea of what their rates would be. Ms. Gustafson added that the election would need to take place after the rate protest hearing so that the rates would be known.

Mr. Harry said that the following is what he believes the Committee wants:

- Recommend to the full Board a Prop 218 election.
- The conditions within the ballot will be that we are contingent upon the 1.5 million.
- We have historically not charged the customers within a private water company for the acquisition costs included and he would recommend that we follow history.

Ms. Gustafson said that there is a rationale that hasn't been presented yet. It is a business model where depending on what rate structure you bring the customers in at, their rates pay off the acquisition in 5 – 10 years.

Director Reinkens said that he will be leaving on a vacation so if this needs to take place soon, it needs to happen before March 8th.

4. SBC REQUEST; CELL TOWER ON DISTRICT PROPERTY

Mr. Laliotis said that the District has been approached by SBA, who is representing AT&T, to install a new cell tower somewhere along the West Shore. After discussion, a parcel of ours at the end of Grouse Drive was selected. Lease terms are being discussed to see if we are on common ground. He said that it is a good parcel for them to use but it has some residential impact. The Coast Guard was also directed to us for a communication tower. Both companies could use the same cell tower which would have a public health and safety factor. He said that we would receive revenue for this project. Ms. Gustafson said that there is a little bit of noise from the tower which would have to be controlled.

Mr. Laliotis asked if the Committee wanted to give direction to continue dealing with this issue. The Committee asked him to continue working with this with the caveat that they are going through the proper processes. Ms. Gustafson said that we need to do outreach to property owners that would be affected before too much is invested in it.

3. COMMUNITY OUTREACH; PROPOSED WATER AND SEWER RATE INCREASES

Ms. Gustafson said that there is misinformation being circulated in the community that has gone to almost everyone. People are signing protests under false pretenses because they don't have the true facts. She said that a Board member asked if we should do a mass mailing ourselves to address the misinformation. The Committee discussed costs and the particulars of a letter that could be written by the President of the Board. It was also noted that many people would be outraged if the District spent \$4,000 on this mailing. Ms. Gustafson said that if a letter doesn't go out now, we'll need to do something with the April 1st billing to help with reparation. Director Freidman said that she believes that the Board members each need to send out the facts and some comments to 40 people in their address books and that Director Henrikson needs to do an article on behalf of the Board. The Committee discussed having a special board meeting on the 6th to discuss this issue further.

ADJOURNMENT

The meeting adjourned at 5:05 p.m.

Ginger Charlton, District Clerk

Prepared by Ginger Charlton