

OAKWOOD LAKE WATER DISTRICT
REGULAR MEETING MINUTES OF JUNE 22, 2021
HELD REMOTELY VIA ZOOM¹

A Regular Meeting of the Oakwood Lake Water District was held remotely, via Zoom, on Tuesday, June 22, 2021 at 7:00 p.m.

1. CALL TO ORDER; ROLL CALL. The meeting was brought to order at 7:00 p.m. by President Gene Oliver. Secretary Knight took roll and the following Directors and staff were remotely present:

Gene Oliver, President
Steve Marino, Vice President
Tim Smith, Director
Nelson Bahler, Director
Glen Campi, Director
Jean Knight, District Secretary
Doug Coty, Legal Counsel
Bert Michalczyk, District Engineer

Others Present Were:

Andrew Hernandez, Homeowner

2. PUBLIC COMMENT
 - a. Audience members may address the Board on any item pertaining to Oakwood Lake Water District's jurisdiction not appearing on the agenda. Please limit each presentation to five minutes. No public comment.
 - b. Written correspondence received via District email. No written correspondence received.
3. CONSENT ITEMS:
The following items can be acted on in one consolidated motion as recommended or may be removed from Consent and separately considered at the request of any Director.
 - a. Approve Minutes for Regular Meeting of May 25, 2021
 - b. Accept Financial Reports for May 2021
 - c. Receive Capital Projects Status Report for May 2021
 - d. Receive Fiscal Year Goals Status Report for May 2021
 - e. Infrastructure Finance and Construction Agreement Status Report for May 2021
 - f. Time Schedule Order Status Report for May 2021

¹ Pursuant to Governor Newsom's Executive Order N-29-20, N-33-20 and subsequent orders, Directors will participate in this meeting remotely. No physical meeting location will be provided in order to comply with Shelter in Place Order and closure of the Oakwood Shores Association Clubhouse.

- g. Approve an Agreement with Croce, Sanguinetti & Vender Veen for preparation of the FYE 2021 Audit and the Financial Transaction Report and As-Needed Consultation Services with a Combined Upper Limit of \$14,350
- h. Receive Annual Reports for Write-off of Uncollectable Customer Accounts, Leak Adjustments and Late Fee Waivers

It was moved/seconded (S. Marino/T. Smith), roll call² by Secretary Knight was responded to as follows: Gene Oliver; Aye; Steve Marino; Aye, Nelson Bahler; Aye, Tim Smith; Aye; Glen Campi, Aye, and unanimously carried by the Board of Directors of the Oakwood Lake Water District that a. The minutes for the Regular Meeting of May 25, 2021 were approved; b. The Financial Reports for May 2021 were accepted; c. The Capital Projects Status Report for May 2021 was received; d. The Fiscal Year Goals Status Report for May 2021 was received; e. The Infrastructure Finance and Construction Agreement Status Report for May 2021 was accepted; f. The Time Schedule Order Status Report for May 2021 was accepted; g The Agreement with Croce, Sanguinetti & Vander Veen for preparation of the FEY 2121 Audit and the Financial Transaction Report and As-Needed Consultation Services with a Combined Upper Limit of \$14,350 was approved; and h. The Annual Reports for Write-off of Uncollectable Customer Accounts, Leak Adjustments and Late Fee Waivers was received.

4. ACTION/ ITEMS:

- a. Approve Budget for Fiscal Year Ending June 30, 2022

Bert Michalczyk presented this item and reported that it was very easy to prepare and understand as it is a continuation of the budget for 2020-21. He stated when Oakwood Lake Water District goes with the City of Manteca for its wastewater services, this will significantly reduce costs. His estimation is that this will occur near the end of October 2021. It will be business as usual going forward until that time and at that time there will be a better sense of the needed rate structure going from that point forward. Mr. Michalczyk also stated in the staff report that this budget assumes the rate structure which became effective on October 1, 2018 (and subsequent rate adjustments on July 1, 2019 and 2020) will remain in place and current operations will be maintained for the entire fiscal year.

Engineer Michalczyk reported on two projects in process at this time that could have budget implications. Those are:

² All actions taken at this meeting will require a roll call vote. The Secretary will perform all roll calls.

1. Wastewater Collection System Master Plan
2. Water Reservoir Facility Plan and Predesign.

He stated in the staff report that he had hoped that these projects would be further along before the preparation of the budget to allow the recommended costs to be include in it. However, he noted that they are not yet sufficiently complete to do so and when these projects are complete, the impacts of FYE 2022 expenditures will be evaluated and budget amendments may be proposed.

Engineer Michalczyk also said that for the Manteca Facilities Startup, revised budget actions will be presented to the Board once further clarifications regarding timing and exact dollar amounts related to Manteca wastewater services and the cost of facilities to enable such services, are known.

For further details of the proposed budget, the staff report consists of a detailed explanation of the budget. See pages 41 through 60 of the staff report.

Several items specifically addressed at the meeting related to:

1. New water reservoir in the future. This project is currently in the facility planning phase and at the moment it is not known whether it will be 1 or 2 reservoirs.
2. The budget is fairly straight forward. It is identical to last year. There is a \$13,000 increase in revenue and that is related to 5% more homes occupied and a 5% reduction in water use due to anticipated water conservation.
3. On the expense side, the operating budget is 6% less than last year which is because of the resolution of the Beck lawsuit.
4. There will be no board elections (District is moving to even years for elections) so that will save the District a few thousand dollars this upcoming fiscal year.
5. The budgets for the key vendors – Valley Operators, Bert Michalczyk (engineer), Kleinfelder, R First Accounting, Croce Sanguinetti and Vander Veen (CSV) were set at the levels of their contracts approved by the Board last month.
6. The Capital and Project Expense budget is included as Attachment 3 of the Staff report. Each project is described in Attachment 4.
7. The overall capital and project expense budget is significantly less than it was FYE 2021 (\$572,760) as the decrease is related to the completion and closeout of the Castellina Water Main Replacement project.

Engineer Michalczyk reported that the District has sufficient reserves to handle the projects presented.

8. Mr. Michalczyk also reported on the continuation of the replacement of the catch basins – last year 12 were replaced and he is budgeting 12 for this fiscal year.
9. Also noted were various periodic infrastructure inspections: every 5th year. For example, the District must send a diver into the reservoir to inspect that facility from the inside. This was last done in 2016, so this next fiscal year this will have to be done.

Mr. Michalczyk also reported that approximately \$250,600 of the total amount (wastewater related) will be reimbursable from Oakwood Ventures and the District is projected to receive approximately \$220,300 in water system capacity fees which can be used for capital projects in the water enterprise.

As stated above, the above are just highlights of the discussion at the meeting and for a full report, please refer to pages 41 to 60 of the staff report.

After the presentation, it was asked if the Directors had any questions and the response was no. The public present also did not have any comments or questions.

Therefore,

It was moved/seconded (G. Campi/G. Oliver), roll call³ by Secretary Knight was responded to as follows: Gene Oliver; Aye; Steve Marino; Aye, Nelson Bahler; Aye, Tim Smith; Aye; Glen Campi, Aye, and unanimously carried by the Board of Directors of the Oakwood Lake Water District that 1. The FYE 2022 Revenue, Operating Expense and Capital and Project Expense budgets per Attachments 1 through 4 be approved; 2. That the budget be managed in accordance with the adopted Budget Accountability Policy; 3. That there be a 25% / 75% split of general expenses between water and wastewater respectively for FYE 2022; and 4. That the Fiscal Year Annual Goals identified in the agenda materials and set out below be established:

1. Commence wastewater service to the City of Manteca
2. Properly administer the infrastructure Financing and Construction Agreement as amended to ensure that the obligations of all the parties are met;
3. Properly administer the Manteca Wastewater Services Agreement as amended to ensure that the obligations of all the parties are met;

³ All actions taken at this meeting will require a roll call vote. The Secretary will perform all roll calls.

4. Meet all obligations set by the Central Valley Regional Water Quality Control Board in its Time Schedule Order for service to Manteca;
 5. Assuming October 2021 commencement of pumping to Manteca, have the new “post-Manteca” rate structure adopted and effective no later than on July 1, 2022;
 6. Operate within the approved budget as the budget may be modified from time to time in accordance with the adopted Budget Accountability Policy;
 7. Maintain fund balances in conformance with the adopted Financial Reserves Policy;
 8. Make appropriate progress toward the completion of the listed projects scheduled for FYE 2022;
 9. Meet all regulatory requirements of the water and wastewater systems;
 10. Maintain residential delinquent customer accounts receivable (after adjustments for payment plans) less than \$20,000 with no delinquencies exceeding \$1,000 and no more than approximately 4% of accounts (15 accounts) more than 60 days past due;
 11. Develop a formal Late Fee Waiver policy and Property Use policy; and
 12. Review and update as appropriate 25% of the adopted Board policies.
5. STAFF REPORTS:
- a. Director Reports – Glen Campi reported that this will be his last meeting. He and his wife will be moving to Angels Camp. They had a successful offer on their house in Oakwood Shores and expect to close escrow in Mid-July.
 - b. Staff Reports

Engineer Michalczyk reported that things are going pretty slow right now on the Manteca facilities. There are supply chain issues in getting materials to the job site. He thinks the work will be very light through the end of July. The project is still scheduled to be completed by the end of October.

Attorney Coty reported on the drought and has been communicating with the counties – a County Ag Task Force. He said, much like in the past, the District is going to be affected and there could be mandatory restrictions and some cutbacks but at this time everything is strictly voluntary. Much like in the past, the District will be affected by State and County actions.

Mr. Coty reported that the Governor announced that renter’s past due amounts may be paid for by the state using Federal monies.

As the State gradually reopens, the District’s ability to have virtual meetings will likely expire on September 30th. The District may need to have its October meeting in person at the Clubhouse.

Mr. Coty also complimented Glen Campi on his excellent job on the Board. He said at the July meeting, he will be bringing materials for the appointment process. A closing date will need to be established and the District has 60 days from that date.

As far as Director compensation, he has information and Water Code 20200 addresses this matter. He will be bringing information to the July meeting. He also mentioned another idea as the increases set out in the code only relate to regular and special meetings and instead of increasing the rate, there could be a consideration of increasing opportunities – such as other events that could merit pay.

c. Committee Report (Ad-Hoc Chiavari Landscape Replacement Water Committee)

Bert Michalczyk reported there had been no further Ad Hoc meetings. He is working with an engineer on a potable water system to the landscaping. He also spoke with Crystal at the HOA and asked about the status with Lafferty. Lafferty had promised to give some financial assistance but currently, they are remaining silent. A letter has been received by the HOA from Lafferty related to a Lafferty contribution but he speculates that until the units on Woodward are approved there may be no action on Lafferty's part.

Nelson Bahler asked if there was any change in status of Lafferty's past due amount. Mr. Michalczyk referred the Board to page 30 of 60 in staff reports. At end of May, Lafferty was \$236,000 in arrears but they have stated that they are only disputing \$20,000 of that amount. A partial payment was received in early June. However, Mr. Michalczyk speculates that they will be making no further payments in June. If that is the case they will be back to over \$200,000 in arrears at month end.

At 7:32 p.m. the meeting adjourned to a Closed Session and all public left the meeting.

6. CLOSED SESSIONS:

- a. Conference with Legal Counsel – Consider Initiation of Litigation – as authorized pursuant to Paragraph 4 of Subdivision (d) of Government Code Section 54956.9: APN 241-260-050 owned by R E L M Properties Inc. (*Condemnation for Easement*)
- b. Conference with Legal Counsel – Consider Initiation of Litigation – as authorized pursuant to Paragraph 4 of Subdivision (d) of Government Code Section 54956.9: (*Potential Case*)

A Closed session was held on the above items. Return to open session and there was no reportable action.

7. ADJOURN - The meeting was adjourned at 7:40 p.m.

The Agenda for this meeting was posted in a sign board in front of the Oakwood Shores Clubhouse, 1699 Bella Lago Way, Manteca, CA at least 72 hours preceding the meeting.

Respectfully Submitted,



JEAN L. KNIGHT
District Secretary