

MAJESTIC PINE COMMUNITY SERVICES DISTRICT (MPCSD)
PO BOX 266, JULIAN, CA 92036

REGULAR BOARD OF DIRECTORS MEETING
WEDNESDAY, MARCH 16, 2022
MPCSD Office

MEMBERS PRESENT:

Gary Darnell, John Jones, Robert Markart, Mark Taylor, Patti Thornburgh

NON-BOARD PRESENT:

Mark McNall, MPCSD Manager

David Shenk, Operations Manager

MEETING CALLED TO ORDER AT 3:29 PM

1. All Board members present and no guests.

2. PUBLIC COMMENT

Mark McNall reported that the Board had received a letter, from an MPCSD customer, regarding late fees and penalties. This letter was in response to the COVID-19 related State of California moratorium on termination of water service to residential customers which expired on December 31, 2021.

Notifications by both letter and door hangers were sent out to 19 MPCSD customers, who had delinquent accounts of more than \$200.00, notifying them of water shut-offs if accounts were not brought current. One customer responded asking that the late fees and penalties be waived due to continued economic hardship.

After much consideration it was decided that the request would be denied. However, the Board voted unanimously in favor of an accommodation, which would allow the fees and penalties to be paid off in monthly installments, if the customer agreed to enter into a promissory note arrangement with the District. This agreement would be separate from the standard billing agreement and would require the customer to keep current on the normal account as well as the promissory note. Delinquency on either account would make both accounts due and payable to avoid termination of service. Mark M. will contact the customer and inform them of the Board's decision.

3. AGENDA ITEMS

- Profit/loss report discussion

Continued from previous Board Meetings was a discussion regarding the Board's desire to gain a fuller understanding of the District's financial condition. Mark M. provided clarification on several line items found in the "Profit & Loss Previous Year Comparisons" statements for CY2020 and 2021. He also provided detailed reports on several of the line items that showed vendors, type of expense and the cost. Board members will work with office staff on further questions regarding expenses.

Also, discussed was the change in the amount of amount of depreciation that was being taken between CY2020 and 2021. In 2020 total depreciation was \$146,286.00 which increased to \$206,466.12 in 2021. Mark M. reported that the difference is due to a change in the accounting method being used by the District's new auditor. The Board determined that further explanation of the changes are needed.

- USDA Loan discussion

Continued from previous Board Meetings, regarding payoff of the USDA loan. As of January 31, 2022 the loan amount is \$312,379.03. The annual payments are \$18,000.00 in principal and,

currently, \$16,517.52 in interest for a total of \$34,517.52. Funds that could be used to pay off the loan include \$127,000.00 in the “Funds to Repay USDA Loan” and \$36,280.98 in the “Restricted Savings USDA” account for a total of \$163,280.98. Use of these funds would leave a loan balance of \$149,098.98.

Other funds being considered for the payoff include \$120,239.73 in the “Emergency Contingency” fund and \$111,045.99 in the “Reserve Savings” fund. Due to current economic uncertainties and the necessity to maintain sufficient funds to address emergencies the Board decided to revisit the payoff issue later this year.

Mark M. informed the Board that due to the expense of the recent Gambrel well replacement the normal 10% of total bi-monthly billing revenues were not transferred to the “Funds To Repay USDA” account. If the 10% had been transferred the “Operating Account” would have been seriously depleted. Mark stated that in hindsight the Gambrel expenses should have been taken out of the “Emergency Contingency” account. In the future if the 10% of billing revenues is not able to be transferred the Board will be informed.

- Facilities Improvement plan

The MPCSD “Facilities Improvement Plan” that was submitted to the Board last month by Mark M. was discussed. He stated that some of the items had already been completed and the plan needs to be updated. The Board asked Mark M. to also prioritize and assign costs to the projects.

Mark M. stated that some of the projects are on hold due inflation and the rapid rising costs of gasoline and electricity. There is also an immediate need to buy necessary materials and equipment due to supply chain issues and increasing costs.

- SDG&E Underground (SUG) Project

An update on the subject project was received from Jim Hitchcock, Program Manager – NV5. “At this time there is no construction schedule nor has a contractor been chosen.” Mr. Hitchcock was also going to check on the status of the Clark Land request for THE SDG&E easement at the Gambrel Well site.

Regarding the SDG&E easement request, Mark M. stated the he wanted to take the lead on the negotiations with Clark Land Resources to “get the ball rolling” and make sure the District gets “proper value” if an easement is approved.

4. **CONSENT CALENDAR**

Minutes for February 16, 2022 meeting were presented. Motion for approval of February minutes was made by Robert Markart and seconded by John Jones. All in favor. Motion passed.

5. **BOARD PRESIDENT’S REPORT**

Patti Thornburgh thanked everyone (Staff and Board members) for doing a great job.

7. **GENERAL MANAGER’S REPORT**

-Bacteria report for February looks good.

-Meter readings were completed and billing went out on time.

-Well water levels are a “mixed bag”. Kentwood is doing well. With the recent cooler weather demand has been down. But comparatively water levels are down from previous years.

-Currently, staff has been monitoring well levels on a monthly basis. Starting now will be monitoring on a bi-weekly basis to get a better idea of the aquifer status.

- Gambrel Treatment Plant is back online and doing well. Currently, tweaking system for maximum performance.
- Costs continue to rise. District is implementing cost cutting measures by controlling electrical costs, driving less and wherever else possible. All non-critical improvements are on hold. Purchasing critical inventory components to avoid paying higher costs in the future.
- There is an urgent need for more fire hydrants. Only one spare hydrant at this time. Will order two more hydrants. Board to look for potential grant opportunities.
- Mark M. is meeting with local CalFire Chief to discuss potential locations for "helitanks". Will discuss grant opportunities with the Chief.
- Shutoffs for nonpayment of water bills has resumed. Notifications were sent out on March 10th with a lock-off date of March 21st. With the new State guidelines it is going to be difficult to track and document shutoffs.
- CalFire will be conducting fire flow tests on three hydrants in order to update the District's ISO fire risk rating. District personnel will be present during the tests.

8. MPCSD WATER OPERATOR REPORT

- Water production is down by 6.6% as compared to 2021.
- Generator's at Whispering Pines, Kentwood and the Booster Station are being exercised twice monthly.
- Hydrant maintenance is up to date. Hydrants in the Whispering Pines location were exercised this month.

9. OLD BUSINESS

- Discussion about the sexual harassment training. David will resolve training access issue.

10. NEW BUSINESS

- None

Next meeting will be held at 3:30 PM on April 20, 2022 at the MPCSD office.

Meeting Adjourned at 6:09 PM.