Welcome and Updates:

New person—Steve Casilla from Yettem.

Approval of meeting notes from: March 5, 2016 meeting notes approved with some changes.

Public Input: No public comments were made

Leadership: Governance

Financial Capacity of the Systems

RCAC presented current financial information available for each system and the combined revenue and expenditures of each system.

Highpoints:

Electricity: The combined annual electricity cost for the 6 utilities is estimated at $202,000. In order to estimate the reduced electrical costs once the surface water is in operation, RCAC needs to know which wells the utilities plan to keep using for back up and emergencies or other. The regional surface water treatment plant electrical cost is estimated at $200,000 which is very comparable to the current costs of operating the wells. However, in the future both sources, ground water wells and the plant will be utilizing electricity. The actual cost of both these source of water needs to be trued up to produce better utility cost estimates.

Labor — It is estimated that the cost of labor needed for operating the wells probably would be reduced. RCAC is working with the state to get a final answer on sampling plan could be reduced since they will be used rarely.

Depreciation. None of the systems maintains a reserve account for depreciation. Without depreciation considered as expense (unfunded), most systems have a positive bottom line at the end of the year but if you consider depreciation, most systems are in the red.

Reserve Funds, It is recommended that all the systems set up a reserve policy and plan small incremental increases to be able to cover reserve accounts especially in an emergency.

Cost for Operating the Surface Water Treatment Plant. In order to come up with the cost of operating the Surface Treatment Plant in addition to the existing utility expenses, RCAC added the costs projected in the feasibility study for the surface water treatment plant to the actual expenses for each of the utilities. The estimated costs yield an estimate which is almost double to what the utilities currently report and affordability is a concern for the members of the Working Group.
RCAC offered to work with the systems on where redundancies can be eliminated and costs can be combined.

**Cost Revisions:**

Scenarios were presented where the project construction might include a loan percentage for the construction of the treatment plant and the distribution system. The scenarios demonstrate how the rates will be affected based on the amount of loan.

*Operating and maintenance (O&M) costs of the pipeline* connecting the systems from the surface treatment plant is not yet included in the numbers presented to the group because how the pipeline O & M costs are split up has not been finalized.

**Preliminary Discussion as to how to allocate costs among the parties to the JPA and owners of the project facilities:**

The report recommends proportional costs among the parties but that might make this project unfeasible for some of the systems so equal costs might not be what folks see as “fair” but might be needed to keep some of the communities as a part of this project and make the project affordable to all. The community decision will be do we have a project that benefits all and we all pay equally for it or do we risk not having the project build.

That key decision must be made. Further financial information will be provided at the next meeting. The group preliminarily discussed whether the outlying communities pay more for pipelines (like a train ticket) or pipelines costs are shared like treatment plant costs so no matter where you live you pay the same unit rate for water (like a postage stamp). But no decision was made.

**Review of Rate Studies.** RCAC needs to meet with each of the Boards staff and/or board members to clarify the financial information and verify number of connections to finalize the rate studies. RCAC offered to assist with implementation, as needed. Cutler made the appointment to meet with RCAC on April 26, 2016. Mary Fleming will be setting up other meetings

**JPA Sections Reviewed**

**Section 4. ORGANIZATION, BOARD AND OFFICERS.**

County would need to be a part of the JPA to represent Yettem/Seville but community member of those communities would be the board representative and the county or the new JPA board could appoint the community member(s) to be on the board. Yettem and Seville need to part of the JPA, they can apply for grant funds towards the project. However, we need to create an exit strategy for the county for when the systems become independent, the county can leave the JPA. The JPA should have provisions for entities to be added or subtracted.

Alta does not need to be a part of the board or even a participating agency. They would just have a contractual obligation. Alta can be there in an advisory capacity as needed.

Most of this section 4 should be moved to Bylaws.

Board is for the benefit of all of the water customers, not one system or another

-7 members? 5 members?
Option: 5 member board: 1 county representing Yettem and Seville, 1 Monson/Sultana combined, 1 Cutler, 1 Orosi, 1 East Orosi. Equal vote.

Option: 7 member board: 1 county for Yettem/Seville, 1 Sultana/Monson, 2 Cutler, 2 Orosi, 1 E. Orosi. Cutler and Orosi have to vote. It will be majority with 4 votes.

Each community should have an alternate board member

Compensation: Yes or no? Also reimbursable costs only is an option. Should leave as JPA board will not compensate but each individual board can compensate for being on this board if they desire—up to them.

Set quorum at majority. Add a supermajority for critical decisions.

Technical Committee-- Duties and selection will be determined in the bylaws at the board’s discretion and board can convene as needed

Changes to the bylaws should be a super majority

Section 9: Each existing entity likely has its own rules so this section heavily relies on lawyers and legal review but working group would like to again see/understand what all these government codes mean.

Section 10: edits made and may be still be further edits by the legal team.

Drinking Water Source and Infrastructure – No discussion at this meeting

Communications

Website:

(http://www.rcac.org/environmental/regionalization/ntc-water-alliance/)

Community Outreach Efforts: Scheduling

Seville/Yettem: 4/26/16 scheduled at Stone Coral School

Monson/Sultana with regular board meeting: 5/5/16

Ryan to work with Cutler and Orosi boards to set up individual community meetings

Community polling: how is it going to be done?

✓ Orosi: Envelope (can put in the existing bill)
✓ Culter: Post card
✓ Sultana: Envelope
✓ East Orosi: Post card
✓ Seville/Yettem: Monthly Post card
✓ Monson: Separate mailing or door to door
✓ Materials are all bilingual—need to include a fact sheet on project proposal and pros and cons
✓ May not need return postage but may have a ballot box etc.

Action Items, Assignments & Working Groups

For the next meeting:
April 30: Financial Analysis Focus along a Project Process Map and update on Legal review with Tulare County legal assistance

May: JPA Legal Review & review of Interagency Agreement

June: All Stakeholder Summit to present draft proposal to communities

July – Aug: Community Polling

Aug – Oct: Submit final JPA?

Nov – Dec: Transition authority for any property, financing, and planning to new JPA, submit funding application for construction (application takes ~6 months)

Questions:

a) Where will initial operating budget for the JPA come from? A bridge loan? Seed funding from participating entities?

b) Mid 2017: Include possibility for opt-out to communities after funding application is approved in case grant funding does not materialize and the recurring costs (including loan repayments) will be too much for community to bear?

c) The JPA may be eligible to do prop 218 on a certain cost and the parties need to do it on another cost. More discussion is needed

d) The Project has different phases: Planning, Design, Construction, Operations and Maintenance. Each has a cost and each needs funding. Where is the funding coming from and how are we going to allocate costs.

Proposed Timeline:

e) Nov 2016: Formation of the Agency

f) Sept - Oct 2016 LAFCO process

g) Aug 2016: Complete Community Polling

h) June 2016: All stakeholders summit

Next Sessions:

April 30th
May 21st
June 28th
July 9th
August 13th

List of Participants in this session:

1. Alex Marroquín, Orosi PUD
2. Anthony Rubalcaba, Orosi PUD
3. Argelia Flores, Seville
4. Armando Porras, Cutler PUD
5. Chad Widman, Orosi
6. Charlie Davidian, Yettem
7. David Gonzales, East Orosi
8. Fernie Rubalcaba, Cutler PUD
9. Javier Hernandez, Cutler
10. Johnny Sandoval, Orosi PUD
11. Jose F. Guerrero, Cutler PUD
12. Kari Quintana, Sultana
13. Michael Prado Sr., Sultana CSD
14. Robert Rodriguez, Cutler PUD
15. Ronnie Castillo, Orosi PUD
16. Rubén Becerra, Seville
17. Servando Quintanilla and
18. Servando Quintanilla Jr., Monson/Cutler
19. Steve Cascia, Yettem

From Agencies:
Denise England, Tulare County
Lorri Silva, State Water Resources Control Board (SWRCB)
Paul Boyer, Self Help Enterprises
Chris Kapheim, AID

Facilitators:
Blanca Surgeon, RCAC
Sarah Buck, RCAC
Olga Morales, RCAC
Mary Fleming, RCAC
David Okita, Community Water Center
Ryan Jensen, Community Water Center

Attachments:
• JPA Draft #1 April 8 Edited