



Q & A

Could critical infrastructure needs be financed through a bond?

11/24/20 - Critical infrastructure can be financed. But this has not occurred yet. We can only base our rate study projections on known financials. Staff will certainly be researching the possibility of bonds in the future.

11/25/20 – It may also be important to note that bonds will still result in a cost to the homeowners. Typically bond payments are collected via your tax bill.

What's the impact of small frequent earthquakes in our area on the infrastructure?

11/24/20 - It is hard to gather evidence on mini-tremors. Operators are aware of the lessening of equipment useful life and know of only have a few potential culprits.

11/25/20 – Inflow and Infiltration of sewer lines, service line leaks, mainline lines are all impacts of small frequent earthquakes. It is difficult, however, to prove that earthquakes cause this damage, thus making it difficult for grant funding eligibility.

If more than 50% of customers object to the rate increase, what plans does CSD have

11/24/20 - This proposal is all or nothing, if it doesn't pass the District will have to conduct another rate study and 218 process.

11/25/20 – HVLCSD is heavily regulated when it comes to rate structure. Simply changing the rates now is not an option. The rate structure currently proposed is the product of two previous rate studies. One previous rate study had no infrastructure improvements, and one previous rate study had all needed infrastructure improvements. The current proposed rate structure is the product of 18 months of development. Rates are much lower than previously proposed.

On one chart, it looks like you're 100% reimbursed, yet the total appears that you're not?

11/25/20 - In the presentation, the "Disaster Reimbursements" chart is on page 37. At the bottom of the chart there are three projects that have not yet been reimbursed (Reimbursed? = 0%). Staff continues to work towards complete reimbursement of all projects.

Why has it become an emergency? Why wasn't it maintained all along?

11/24/20 - Only in the last five years have we been forced to face so many natural disasters in a short amount of time. This has depleted our reserves. Previous GM and Boards faced difference challenges including the recession in 2007-2010.

What cost saving measures has CSD considered?

11/24/20 - Grant funding has offset costs
We have purchased equipment instead of renting
We have reduced utility costs with solar



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Our operators perform most repairs, instead of outsourcing

11/25/20 – The District has also become more involved in regional organizations (CalWARN, IRWM) that offer mutual aid and sometimes grant opportunities. When hiring from within, we have achieved costs savings in salary as well as training costs. When hiring from the outside, positions are typically entry level, and start at an entry-level wage.

Will this rate increase provide all the needed reserves to fund the red colored projects?

11/24/20 - Unfortunately not. This rate increase extends 5 years, and we will need more time to complete all "Red" projects.

11/25/20 – In addition to time, the District would need additional funding for the "Red" projects.

Is this video going to be made publicly available?

11/24/20 - Yes, we have recorded this presentation, and will be posting on our website tomorrow end of business.

You're the only agency in the state that shows a decrease in labor costs. How come--what are you doing that no one else is doing?

11/24/20 - We have been promoting from within, which represents a costs savings. Our staff is very talented and wear many hats to get the job done.

Can the presentation made by Mr. Dennis White be put on the CSD web page?

11/24/20 - Yes, this meeting is being recorded. It will appear on the website tomorrow.

What portion of the new monies generated by increased rates are being spent on infrastructure maintenance and upgrades? What portion on salary increases and other budget items?

11/24/20 - 8% of expenses to capital improvement projects (instead of 0% in the past)
46% to salaries & benefits (well below 2014/2015 figures).

I only got a total of 54% on the new monies. What are the rest of the new monies going toward?

11/24/20 - We will be happy to provide the presentation on the hvlcsl.org website tomorrow, which might help clarify total expenditures.

11/25/20 – One slide in particular provides an illustration of total expenditures for fiscal year 20/21. Hopefully page (or slide) #10 of the presentation helps explain total expenditures. We also want to clarify that the 46% is a percentage of total expenditures, not a percentage of increase. You may also



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notice on page (slide) #10, that this 46% represents a decrease in total expenditures from 5 years ago (56%).

I heard Mr. White say that 8% of the new monies generated by the rate increases was going to infrastructure upgrades and 46% was going toward salary increases. What about the other 46%. (Did my audio cut out?)

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