



# Inverness Public Utility District

Fire Department ~ Water System

50 Inverness Way No., P.O. Box 469, Inverness CA 94937 ~ (415) 669-1414

**Board of Directors  
Minutes, Regular Meeting  
Wednesday, June 24, 2020, 9:00 a.m.  
Teleconference**

## 1. Call to Order

President Emanuels called the meeting to order on Teleconference at 9:03 a.m.

### Attendance Report

Directors Present: Kenneth J. Emanuels, Dakota Whitney, Kathryn Donohue, Brent Johnson, David Press

Directors Absent: None

Staff Present: Shelley Redding, Clerk and Administrator; Jim Fox, Chief of Operations; Wade Holland, Customer Services Manager

## 2. Public Expression

None.

## 3. Approval of Minutes

- **Regular Meeting of May 27, 2020:** *M/S Donohue/Johnson to approve the minutes of the Regular Meeting of May 27, 2020, as submitted. Roll Call Taken AYES 5 NOES 0*

## 4. Management Report

- **May 2020 Financial Reports:** Administrator Redding presented the financial reports for May, noting that upon a review of expenses with staff, some corrections to expenses booked to the wrong accounts were made and the reports now reflect actual expenditures by account. President Emanuels asked about the Water System's water usage revenue; staff will review for accuracy. President Emanuels also asked about the lack of expenditures from the West Marin Emergency Services fund; staff noted that personal protective equipment for the volunteers will be purchased before the end of the fiscal year.
- **New Service Connection Fee:** The new service connection fee for 2020 is calculated to be \$7,700.00, as shown on the Certificate included in the meeting packet.
- **Tenney Tank Project Update:** A status report on the Tenney Tank project was summarized by Administrator Redding and Superintendent Fox, including the results of a meeting with Tom & Sherry Baty to address their concerns relating to the Tenney

BOARD OF DIRECTORS: **KENNETH J. EMANUELS**, PRESIDENT • **DAKOTA WHITNEY**, VICE PRESIDENT  
**KATHRYN DONOHUE**, TREASURER • **BRENT JOHNSON** • **DAVID PRESS**



**SHELLEY REDDING**, ADMINISTRATOR • **JAMES K. FOX**, CHIEF OF OPERATIONS

Tank Project and repair and maintenance of the Trossach roadway. Staff will make a recommendation to the Board regarding a committed fund to be established for potential damage repair to the roadway as a result of construction, once the final financing agreement has been issued by the State Water Resources Control Board.

- **West Marin Mutual Aid:** Administrator Redding reported that Superintendent Fox contacted North Marin Water about their interest in participating in a semi-formal mutual aid organization with the Inverness, Bolinas, and Stinson Beach water systems to support each other in the event of a major event; North Marin would be pleased to participate, but nothing has been formalized yet.
5. **Water System Report, May 2020:** Superintendent Fox reported on the likely necessity to declare a Water Shortage Emergency as early as July. He has submitted a request to Water Boards to utilize Well 5 at the Third Valley treatment plant, which well was established in 1982 but has never been used due to aesthetic issues. It now appears to be running clean and could be used. Director Donohue requested clarification on the water report and the 27% increase in production and in general how leaks are detected. Superintendent Fox described the process of anticipation and repairs, noting that at times citizens report leaks (but there are also natural springs that are reported frequently as system leaks).
  6. **Fire Department Report, May 2020:** Chief Fox will provide the May report at the July meeting. He did report on the ongoing activity of the Marin Wildfire Prevention Authority (MWPA) and their initial efforts to address fuel reduction projects in Marin County.
  7. **Resolution 253-2020 Setting the District's Appropriations Limit for FY 2020/21 (public hearing):** President Emanuels opened the public hearing. No one asked to be heard. President Emanuels closed the public hearing. *M/S Whitney/Johnson to adopt Resolution 253-2020. Roll Call Taken AYES 5, Noes 0*
  8. **Resolution 254-2020 Setting Reserve Fund Balances; Setting 2019/2020 Beginning Fund Balances; Designating Interfund Allocations:** Customer Services Manager Holland recounted financial reporting issues that have come to light over the past 20 months, including discovery of redundant accounts on the chart of accounts, what appears to have been a misunderstanding in 2011 about GASB 54 in setting up reserved-fund accounts, and the use for a number of years of a financial reporting format that obscured that the water system began accumulating operating losses as far back as 2014-2015. One area of concern is that force account expenditures for capital projects do not appear to have been tracked or recorded on the District's books. Principally affected capital projects include the Stockstill Tanks replacement project, the Camino del Mar main replacement project, and the planning and engineering phases of the Tenney Tanks replacement project. The audit for June 30, 2019, shows the deficit at \$648,781. Staff has been identifying and addressing these problems since November 2018, and in response on June 19, 2019, the Board adopted a set of "accounting guideposts," and on February 26, 2020, the Board adopted Resolution 247-2020 addressing the tank replacement fund and Resolution 250-2020 reclassifying fund categories for compliance with GASB 54. In addition, the Board accepted the legal opinion provided by counsel (Ragghianti Freitas LLP) clarifying the use of the District's general fund. Accordingly, staff is providing two options for addressing and resolving the so-called "Interfund accounts" anomaly on the District's books. The portion of the draft

of Resolution 254-2020 marked as "Option A" would stretch out the write-down of the deficit over 3-4 years, while the portion marked as "Option B" would write down the entire deficit as of June 30, 2020. These two scenarios are driven by the Board's decision on declaring the beginning fund balances as of July 1, 2019, the date on which the District converted from two-fund accounting (Fire and Water) to three-fund accounting (General, Fire, and Water). Board members considered the two options at length. *M/S Whitney/Johnson to accept and approve Resolution 254-2020 with the Option B language.* **Roll Call Taken AYES 5, NOES 0**

- 9. Capital Project for Rebuild of High Intake D4:** Administrator Redding explained that the storm-damage repair work at the D4 high intake was undertaken initially as maintenance expenditures on the operating budget, but it has become apparent that the work is more appropriate to be considered a capital improvement project that substantially increases the value and useful life of the facilities. *M/S Whitney/Donohue to approve a capital project for the rebuild of High Intake D4 at a total project cost of \$23,000, and to authorize expenditure of the full amount budgeted for the project.* **Roll Call Taken AYES 5, NOES 0**
- 10. Capital Project for Purchase of Water System Utility Vehicle:** Superintendent Fox summarized the opportunity to acquire a 2015 GMC diesel truck with an appropriate utility body, 4-wheel drive, and towing capability. He noted a correction in the staff report: the vehicle being replaced is a 1976 Ford F250 (not a 1986 Ford F350). *M/S Donohue/Johnson to approve a capital project for purchase for the Water System of a 2015 GMC utility vehicle at a total project cost of \$40,000, and to authorize expenditure of the full amount budgeted for the project.* **Roll Call Taken AYES 5, NOES 0**
- 11. Approval of Amendments to FY2019/20 Operating Budget:** Administrator Redding reported that two major categories of expenditures had been typographically omitted when the current year's operating budget was originally presented and approved, so these amendments put those items back into the budget. *M/S Johnson/Press to approve the amended FY2019/20 operating budgets as presented.* **Roll Call Taken AYES 5, NOES 0**
- 12. Extension of 2019/20 Operating Budget into FY2020/21:** Administrator Redding requested an extension of the current year's operating budget in order to continue the District's operations into the new fiscal year. This is because of uncertainties about next year's revenue in two significant areas, ERAF revenues, which the State is proposing to withhold, and TOT revenues, which are already being impacted heavily by the COVID-10 pandemic. There are also potential changes in District staffing that need to be given further consideration. President Emanuels said he would like to have a budget proposal available by the July meeting. *M/S Donohue/Press to approve extension of the District's operations on the basis of the 2019/20 operating budget for 60 days of the 2020/21 fiscal year.* **Roll Call Taken AYES 5, NOES 0**
- 13. Approval of Expenditures and Credit Card Charges:** Administrator Redding presented the expenditures ledger and the credit card statements from May 2020. *M/S Donohue/Whitney to approve the listed expenditures for May 2020 and credit card charges invoiced in May 2020.* **Roll Call Taken AYES 5, NOES 0**
- 14. Committee Meetings/Reports:** President Emanuels requested that the Personnel

Committee conduct the annual performance review of Administrator Redding and have a recommendation to present to the Board at its next meeting. Administrator Redding requested a meeting with the Personnel Committee to discuss personnel staffing.

- 15. Announcements, Next Meeting, Adjournment:** The next regular meeting is scheduled for July 22, 2020, at 9 a.m. via Teleconference/Video.

**President Emanuels adjourned the meeting at 10:18 a.m.**

These minutes were approved by the Board of Directors at the regular meeting on July 22, 2020.

Attest: /s/ \_\_\_\_\_ Date: 7/22/2020  
Shelley Redding, Clerk of the Board