

6/30/18

- Our tanks were inspected in 2016 and were determined to have reached the end of their useful life. Replacement cost will increase yearly.
- The plant control panel needs to be replaced.
- The JPUD has been operating in deficit spending since 2012 and cannot continue to do so and remain sustainable.
- Estimated cost to replace Control Panel is \$46,000.00 and tank replacement estimated cost is \$500,000.00.
- The JPUD will need to get a loan to replace tanks. To do this the JPUD will need to design a financial statement. They will also need to develop an environmental report. The JPUD will also have to prove itself financially stable, have positive cash flow, and have a reserve.
- A PER report will be completed by Bastian Engineering, who was hired by JPUD for this project.
- Public involvement is needed and questions can be directed to Board and answered in our newsletter.
- Costs to maintain and operate the JPUD will continue to increase and at the current rate our reserves will be depleted in 8.6 years.
- A three-year rate increase plan will increase JPUD water rates 25% a year for a period of three years. A table for fee increases totals for each year is included in the report.

The Chair commented that the District needs to carry a reserve and develop policies to bring that forward. He also stated that we are a nonprofit organization and that the Board recognizes that a rate increase will affect all the homeowners and ratepayers. It is important that the Board continue to communicate with the community.

Director LaTourrette continued his findings.

- The JPUD needs to stop operating losses and develop and implement a formula to maintain a safe financial level.
- Replenish through rates. Monies taken from reserves for Capital Improvement Projects will be replenished by rates and returned to the reserves.
- A formula to replenish and maintain the JPUD funds would require a reserve of three times our current operating costs for the preceding year.
- The mission of the JPUD includes providing quality water and fire protection to customers at all times, setting and funding budgets, audits, and operate in an environmentally sound manner. The JPUD must comply with all State and Federal laws and requirements.
- If approved the three-year rate increase will be on 2018/19 Plumas County Property Tax bill.