

Grizzly Flats Community Services District

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August 24, 2023

Honorable Vicki Ashworth
Presiding Judge of the El Dorado County Superior Court
459 Main Street
Placerville, CA 95667

Re: Response to Grizzly Flats CSD Grand Jury Report, Case #22-23GJ04

To Whom It May Concern,

Please find outlined below my response to the findings and recommendations listed in the report referenced above.

RESPONSE TO FINDINGS

Finding: F1 The absence of a contingency plan resulted in delays in communication between GFCSD, and EDC, state and federal agencies, which delayed emergency funding.

Response: Respondent disagrees partially with this finding. Our General Manager at the time contacted all Board members the day after the fire devastated our community to let us know she was in contact with our engineer at the State, and that she and our contracted Engineers would be attending the Operations meetings at the fairgrounds with CalFire Incident Command. The essential staff members were granted permission to go into Grizzly Flats a day or two later to begin assessing damage. Damage assessment reports were then shared with CalOES and FEMA. Staff remained in contact with these two agencies for many months afterward. CalOES and FEMA representatives met with District staff in the field in Grizzly Flats to inspect and verify damage. District staff submitted a request to El Dorado County for \$180,000 in emergency funding on September 17, 2021, but that was denied.

Finding: F2 GFCSD is notified of a change in ownership of a parcel every six months.

Response: Respondent disagrees partially with this finding. There is no consistency of any type of notification about a parcel's change of ownership. Sometimes we are notified by the County, sometimes by the title company, and occasionally by the new owner. However, the vast majority of the time, we are not notified at all.

Finding: F3 A tax lien is placed on the parcel if the water bill goes unpaid.

Response: Respondent partially agrees with this finding. After a period of late notices with no response, a services lien is filed with the county Recorder Clerk's office. If the lien balance remains unpaid the following July, staff will transfer the outstanding balance to the annual tax roll for collection.

Finding: F4 Every parcel with a water connection, as defined within the GFCSD Ordinance 88-1 will be billed for water service.

Response: Respondent agrees with this finding.

Grizzly Flats CSD is an equal opportunity provider and employer.

Finding: F5 With the loss of two-thirds of GFCSD structures, the existing water service rates are inadequate to meet the current revenue needs of the GFCSD.

Response: Respondent disagrees partially with this finding. This is just a matter of expressing the finding to correctly describe the situation. The GFCSD supplied water to 615 customers prior to the fire. After the fire, 221 homes survived. It wasn't a loss of District structures, just to be clear, it was a loss of homes with water connections.

Finding: F6. Without an increase in revenue, the GFCSD will face insolvency by August 2027.

Response: Respondent disagrees with this finding. Based off revenue loss assumptions projected by Stantec Consulting for the El Dorado Water Agency, it was estimated that GFCSD would face insolvency by August 2027 if the District's financial situation did not change. However, staff have been able to resume billing to 95% of the current accounts by restoring damaged service connections and income has doubled in the past fiscal year.

Finding: F7 Damage to water lines by the local utility by undergrounding electrical lines could have been minimized if an up-to-date subdivision parcel map of the water infrastructure existed.

Response: Respondent disagrees partially with finding. The utility company did not file a CEQA as required by the El Dorado County Department of Transportation's Encroachment Permit process before starting their undergrounding work. A CEQA filing would have alerted the District, by bringing us in the loop in regard to the locations of undergrounding work so that staff could properly mark the location of District infrastructure. The utility company was provided a copy of the existing as-built maps for the distribution system which do not 100% accurately identify the location of water mains, but clearly depict locations for individual service connections and water meter stubs. Our water system was installed in the 1960's, and clear records were not originally kept. However, as we have worked on areas within our district, we have been updating the information. The utility crew could have minimized water system damage by using the maps, but they chose to ignore the locations of water lines and caused up to six leaks per day, 7 days per week which took our attention from fire recovery to system repair at our own cost.

Finding: F8 The GFCSD lacked the resources to pursue available funding sources.

Response: Respondent disagrees partially with finding. Firstly, yes, we only have three actual directly employed staff members, the General Manager, the Office Administrator, and one Water System Operator/Maintenance person. Therefore, available time immediately after the fire and still at this current time, is quite limited. However, the current and former General Managers both spent lots of additional time searching for grants, financial assistance, and speaking with members of El Dorado County, as well as state officials from agencies such as CalOES, the CA Department of Water Resources, the State Water Resources Control Board, and many others.

Secondly, I know I, as Board Chair, and at least one or two other members of the Board of Directors also did some research in regard to additional funding sources. The GFCSD was able to secure a \$998,250 grant from the US Department of Agriculture to assist with the cost of felling between 2,000 and 5,000 burned trees on USFS land along our water diversions and pipelines to ensure they remain safe and viable for water delivery to our system. We also worked with Senator Maria Alvarado-Gil to acquire \$450,000 funding to supplement Operations & Maintenance income shortfalls and to replenish the District's reserves. Staff also requested \$100,000 grant funding from El Dorado Community Foundation, but has not yet received a response from their Board.

Finding F9: There is no published contingency plan in the event the GFCSD becomes insolvent.

Response: Respondent agrees with this finding.

RESPONSE TO RECOMMENDATIONS

Recommendation R1: The GFCSD Board should develop a post Caldor Fire contingency plan to facilitate coordination and communication with the EDC Board of Supervisors, the El Dorado Water Agency, FEMA, CalOES, and other agencies as needed. This should be accomplished by December 31, 2023.

Response R1: Recommendation has not been implemented but will be implemented within the suggested timeframe.

Recommendation R2: GFCSD Board should request the Assessor's office provide an update on sales of Grizzly Flats parcels to GFCSD quarterly. This should be accomplished. By December 31, 2023.

Response R2: Recommendation has been implemented.

Recommendation R3: In order to avoid insolvency, the GFCSD should pursue a new rate structure and approve it pursuant to Proposition 218 process. This should be accomplished by June 30, 2024.

Response R3: Recommendation has been implemented.

Recommendation R4: Once the Proposition 218 process is complete, the GFCSD should hire a licensed civil engineering firm to create an accurate water service infrastructure map. This should be accomplished by June 30, 2024.

Response R4: Recommendation has been implemented.

Sincerely,



Lynn M. Hannblom
Chair, Board of Directors
Grizzly Flats Community Services District