



Heather Glen Community Services District Special Meeting Minutes - April 24, 2025

Applegate Civic Center
18014 Applegate Road
Applegate, CA 95703

1. MEETING CALL TO ORDER @ 4:02 PM. & PLEDGE OF ALLEGIANCE Those present included: *Board Members, Charles Williams, Marc Krupin, Cheryl Madden, Gary Bundesen, and Stephen Adams. General Manager/Board Secretary, Rachel Rose. Bookkeeper, Chris Locken. Special Guest, Jerry Legg from California Bank of Commerce. Also present were 5 homeowners from Heather Glen CSD.*

2. APPROVAL OF MINUTES

a. Review & Approval of Minutes of Meeting for March 27th

Motion to approve all minutes made by Marc Krupin. Seconded by Steve Adams.

Votes in favor (5)

Against (0)

MOTION PASSED to Approve Minutes

3. OLD BUSINESS

a. **Finance Committee Report** - Cheryl Madden

i. Update from last meeting:

1. Moving forward with new bookkeeper
2. Making efforts with Rick Wood (CRWA), have Jerry Legg here from our new bank, California Bank of Commerce
3. Feedback on new invoice: Those in attendance & board like the new format.

ii. Invoicing - Options on (billing) payments

1. Process Updates and Water Billing Goals

- a. Updating the Meter Reading to Invoicing Process: provided a field tablet (gifted to district) for meter reading and working to automate most of the admin process.
- b. Investigating options on meter reading and billing and going to review how we move forward. (Monthly vs

Quarterly meter reading? Monthly vs Quarterly or Annual billing via a flat fee? Combo approach - bi-annual flat rate billing and monthly readings?

- c. Marc Krupin asked if the district should look into electronic meters as an option? Charlie Williams suggested that since PCWA is going to update the meters anyway, it could be a waste of money right now.

iii. Finance Breakdown

1. The District currently has 2 BMO accounts - for a credit card and incidentals
 - a. BMO charges us \$3 per paper statement.
2. Placer County wants the District to move BMO funds to their accounts.
3. Finance Committee has been working with Rick Wood (CFO for CDSA) using his Special Districts expertise to better understand our options.
 - a. Suggested and introduced us to Jerry Legg from California Bank of Commerce as new bank partner

iv. Special Guest, Jerry Legg, from California Bank of Commerce (CBC)

1. Intro: BoC is a statewide bank, \$4.5B in size. Jerry with 30 yrs experience in Cal State finance. Believes that Special Districts should get their money, and not be treated like a normal account (like how BMO does). CBC are platinum members with CSDA.
2. Provided the board with a flier which includes a list of features that come free with their accounts.
3. They have set up 1 Checking Account and 1 Money Market account for the District for when/if we are ready to move banks.
4. Insights & Suggestions
 - a. When the county sends out payments, they often go out late. Whereas, CBC supports electronic payments removing the delay in payments.
 - b. CBC offers a 4.31% money market account - means our money will be making interest!
 - c. The District is looking to have more automation as to reduce time and therefore cost.
 - d. If looking at platform options for invoicing process, Jerry has connections with ACUA and RGM who use

Sequoia software (~\$1,300/yr). These softwares do billing and accounting, and include cloud storage.

- i. Placer County would charge \$13k per yr for accounting services and **wouldn't include customer billing**. Sequoia software does it all and includes customer service, monthly and annual reports, and cloud data backup. It's online billing managed by software.
 - ii. Another suggestion is that a property mgmt company could manage our invoicing.
 - e. The District is currently using Quickbooks Online for \$40/mth. Could look at upgrading to Sequoia?
- v. County Accounts vs (Individual) Bank Accounts
1. **CON** - County reports are "slush funds"
 - a. They divide all of our funds (aka budgets) into 3, making it impossible to see separation for budgeting within their reports
 2. **PRO** - CBC and software book management allow us to manage money reports
 3. **CON** - County only accepts paper checks, which is very time consuming
 - a. County cares about checks being deposited
 4. **PRO** - CBC offers a check machine for processing paper checks in bulk upload, and allows for online banking options
 5. **CON** - County not ready to offer accounting support until July 1st
 6. **PRO** - County will safety cover funds
 7. **ANSWER** - The District is considering doing the same setup we currently have of using the County and individual bank accounts for now
- vi. Audit
1. LSL is going to do our 5-year audit in the second week of June. Chris Locken is already connected with their team. The District already paid \$1,800 Julie Gordon (previous bookkeeper) to prepare audit paperwork.
 2. District will be paying \$5k for this audit from County because they already quoted us this amount before increases were made.
 3. We will need to budget \$22,500 every 5 years for audits moving forward.
- vii. Questions:

1. If we go with a software like Sequoia instead of the County, will the software take the place of government accounting and/or Quickbooks?
 - a. This answer will need to be investigated.
 2. When PCWA takes over the water service, will all that be a moot point?
 - a. The timeline is still a while away. PCWA is still doing their rate study. Gerry LaBudde (Hydros) is actively working on the project.
 - b. Even after HGCSO doesn't offer water service, HGE will still receive invoicing for other services (sewer, road, operations).
 3. Would technology reduce the cost of the audit?
 - a. Unfortunately, no. Technology will reduce the cost to prep for the audit as it will save time.
 4. Can we move to paperless bills?
 - a. YES! We just need customers to provide their emails and opt in. This is actively being looked into right now.
 - b. Also working on online bill pay! This previously would have required an additional cost to the customer in order to implement, but should be a feature with CBC we'll be utilizing in the near future.
- viii. Decisions to be made / investigated
1. Bank: CBC vs BMO
 2. Accounting: Placer County vs Software vs Quickbooks/Bookkeeper
 3. Software: Sequoia vs Quickbooks vs other
- ix. Water Usage Costs
1. Charge water usage by a Flat Fee?
 - a. Monthly Base Units + 3 Units (avg usage across customers) + \$10 (cushion) = Customer Monthly Water Use Expense. The District would then reconcile on the 13th month.
 - i. ~\$161 cost of flat rate
 - ii. Have to look into the District carrying the balance for the customer (reserve fund?)
 2. Question: Does it help if there is automation and/or does it help fixed income customers?
 - a. It creates options for the customers
 - b. Automation could save time in processing invoices, and therefore reduce operations costs

3. Question: Does Sequoia have a solution for meter reading?
There are 2.7k Special Districts in California, has someone else figured it out already?
 - a. Jerry Legg has contact info for Sequoia, who we can ask. We can also ask Rick Wood.
- x. Thoughts on adding a checkbox to poll moving forward with a flat fee payment option -
 1. Concerned that giving the option would actually create more work. For instance, half of HGE didn't answer for fiber polling, so we would most likely not receive answers.
 2. Audience suggests that the board just makes the decision
 3. Goal is to simplify the process and save where we can
 4. Suggest to not have annual true-up but instead a bi-annual one to prevent shocking residents
 5. Shift to flat rate and review in 6 months
 - a. Question: Can the board make a change like this?
Answer: Yes.
 6. Before moving forward, Board to provide warning to customers about increase
 - a. Letter of explanation - flat fee
 - b. Require contact info
 7. Can we bill individual avg vs general avg?
 8. PG&E does quarterly, can we do that instead?

Motion to allow Finance Committee to send out letter on June 1st giving 30 day notice of bi-annual flat rate fee invoice made by Cheryl Madden. Seconded by Steve Adams.

Votes in favor (5)

Against (0)

MOTION PASSED

- xi. Expenditures - future projected maintenance expenses & strategies to reduce monthly costs
 1. Admin/Operations fees
 - a. Ops fees (\$20/mth) + Mgmt fee (\$2/mth) → want to combine and include to add memberships/liability insurance costs
 - b. We have a gap between our expenditures and income and can't cover it. Need to increase our fees.
 2. Road Fee Increase
 - a. Need to plan for slurry fees
 3. Sewer Fee Increase

- a. Should be paying Railroad lease, weeding on Pacific Railroad land, Root-X within the (correct) Sewer budget.
4. Addtl Reasons for Fee Increases
 - a. Haven't increased in a long time - overdue
 - b. Been pulling money from other budgets
 - c. Note that there will not be an increase to the water fees (would require water rate studies, etc) - this includes water plant fees.
5. Cross check occurred - the Road Committee reviewed the budget numbers and were separately very close to what the Finance Committee presented. Came to the same conclusion (separately) that an increase would be required.
6. Could increase 50% now and 50% later or move forward?
 - a. Board and audience interest in just including now
 - b. Increase includes a little padding for budgets in case of incidentals / non-payment.
7. Should we do the service increases and flat rate billing at same time? Would provide 30 day notice of increase and flat rate billing.
 - a. Move forward with service increases and wait on Flat Rate billing.

Motion to take Finance Committee recommendation and implement all fee increases made by Marc Krupin. Seconded by Steve Adams.

Votes in favor (5)

Against (0)

MOTION PASSED

- xii. County vs Bank - Cheryl Madden
 1. Find out the min balance allowed in County accounts
 2. County interested in District's decision on keeping Placer County as Treasurer and managing all the District's accounting
 3. The board will rely on the Finance Committee to navigate all options

Motion to transfer BMO account funds (~\$50k) to California Bank of Commerce made by Cheryl Madden. Seconded by Steve Adams.

Votes in favor (5)

Against (0)

MOTION PASSED

TABLED Motion to decide on County as Treasurer until Finance Committee provides more info.

4. NEW BUSINESS

a. Addtl Committee Updates (as needed):

- i. **Roads / General Maintenance** - Marc Krupin / Gary Bundesen
 1. Road will have a recommendation by June
- ii. **Water / Sewer** - Marc Krupin
 1. Root-X on 8am Saturday (4/26) - Gary Bundesen, Charlie Williams, Steve Adams, plus volunteers
- iii. **Fire Protection** - Cheryl Madden
 1. Samuel Rogers inmate crew - want them to come more often (paying for the toilet). Can work everyday the first week of May.
 - a. Yes, we want them to come.
 2. In Kind → When a check is written to CalFire, it doesn't go to the crew. Instead, give In Kind list of chains, gas, etc to provide what they need.

Motion to rent Ben Toilet Rental for the month of May made by Cheryl Madden. Seconded by Gary Bundesen.

Votes in favor (5)
Against (0)
MOTION PASSED
- iv. **Utilities** - Steve Adams
 1. Steve going around to get emails from customers interested in fiber.
 2. Suggestion to connect with Scott Stanfield (Seirra Mountain Internet) to confirm who already contacted him.

5. ADJOURNMENT - 5:51 PM.

- a. *Motion to Adjourn made by Steve Adams; Seconded by Cheryl Madden.*

Votes in favor (5)
Against (0)
ADJOURNED

The next Regular Meeting of the HGCSB Board will be held on Thursday, June 26, 2025 at 4PM. Meeting to be held at the Applegate Civic Center.