



MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS
OF THE PICO WATER DISTRICT

A special meeting of the Board of Directors of the Pico Water District was held at the Pico Park Community Center located at 9528 Beverly Blvd., Pico Rivera, California, on Thursday, February 15, 2024 at 5:30 p.m.

President Raymond Rodriguez called the meeting to order at 5:36 p.m. The District's General Manager, Joe D. Basulto proceeded with the roll call of the attending Board members. Present from the beginning of the meeting was, Director David Angelo, Director David Gonzales, Director Pete Ramirez, Vice President Victor Caballero, President Raymond Rodriguez, and Mr. Jim Ciampa, Legal Counsel for the District.

President Raymond Rodriguez led everyone in the Pledge of Allegiance and General Manager, Joe D. Basulto gave the invocation.

President Raymond Rodriguez proceeded to the next item of the Agenda, Public Hearing regarding proposed adjustments to Pico Water District rates and charges and possible adoption of Ordinance No.65 increasing water rates and meter charges for water service by 35% on March 01, 2024, 20% on January 01, 2025 and 12% on each of January 01, 2026, January 01, 2027, and January 01, 2028. District Legal Counsel, Jim Ciampa, addressed the public and reviewed the rules of the Public Hearing Process. Mr. Sanjay Gaur of Water Resources Economics, water rate consultant, and District General Manager Joe D. Basulto made a presentation reviewing District financial information and documentation demonstrating the need to increase rates and charges. General Manager Joe D. Basulto gave a brief intro history of the District. He also briefly discussed the challenges the District faces with PFAS, the steps that have been taken to address PFAS through construction of treatment facilities and related grant funding provided by the Water Replenishment District and the quarterly notification sent out to customers. He discussed how the previous rate increase has proven to be inadequate in light of reduced demands for water, increasing costs and unanticipated capital expenditures. The inadequacy of operating revenues has resulted in the District drawing down its reserves to inadequate levels. He went over the PFAS treatment facility operating and upkeep costs, including the treatment materials, which are not funded through grant funds. He discussed the rate increase and the necessity for it and also discussed the District's recent approval of implementing a low-income household water assistance program to assist rate payers.

The General Manager Joe D. Basulto introduced Mr. Sanjay Gaur, who briefly discussed the importance of understanding the water business and the infrastructure to maintain the system to make sure the vital resource of water is available to homes in the District's service area. The challenge is that the District's has maintained low water rates, the lowest in the area. Those low

rates have had a negative impact financially with rates so low the District cannot cover all of its costs. He then reviewed the projected revenues and expenses the District faces for the next five years, including the need to fund operating costs to pay for PFAS and to pay for capital improvement projects. Those revenue requirements drive the extent of the proposed increases, including the need to replenish the District's reserves. He stated the increase is mainly associated with the District's infrastructure needs and the capital improvement projects to meet those needs. Mr. Gaur concluded his presentation stating that the City of Pico Rivera has \$10 million in its reserves and the District is proposing to grow its reserves to \$5 million, significantly lower than the City of Pico Rivera.

The meeting proceeded to the next item on the agenda, item 4D, Board member questions and comments. Each board member thanked those in attendance for attending the public hearing and gave a brief reasoning as to why the rates were being increased.

Next item on agenda was public comments, the following public comments were made:

- Questioned why expend funds to drill a new well where there is contamination in the groundwater;
- Concerned with PFAS in the water and ingesting it through showers;
- Opposed to the proposed rate increase and stated the Proposition 218 notice was confusing and not clear;
- City of Pico Rivera stated there is a better way to address the District's revenue needs, the methodology for determining appropriate reserve levels could be improved and there is a concern over the proposed amount of the emergency reserve;
- Stated her disillusionment with the District and suggested a lower percentage initial increase in rates;
- Stated his daughter has cancer and it may be from the water;
- Stated the increases are too high and happening too fast and people will have difficulty paying the increased bills;
- Stated the residents should be able to vote on the increase;
- Stated people do not trust politicians and is concerned with the contaminated water; and
- Stated the proposed increase will impact those on Social Security, who receive only minimal annual increases and suggested the District begin with lower percentage increases and have higher percentage increases in the later years.

Further Board discussion occurred regarding the need for the increase, with Director David Angelo stating his opposition to the increase. Legal Counsel Ciampa then called for the final submission of any written protests and a recess occurred for any final written protests to be submitted and the written protests to be calculated at the front table. The meeting then reconvened after approximately five minutes and Legal Counsel Ciampa reported there were 67 written protests submitted, including the 52 City of Pico Rivera service connections, and the threshold for majority protest is 2686. Mr. Ciampa stated no majority protest existed and the Board could proceed to consider adopting the proposed rate and charge increases.

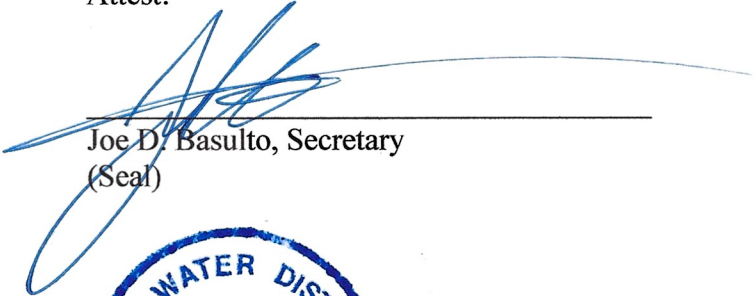
President Raymond Rodriguez also requested the Board of Directors consider lowering the rate increase for the first year from 35% to 25%, with the understanding that the Board could opt in later years to not proceed with full approved increase for any particular year. President Rodriguez then moved, and Vice President Victor Caballero seconded, to adopt Ordinance No. 65, as presented, but with the lowering of the first-year rate increase to take effect on March 01, 2024 to 25%, with 20% increase to take effect January 01, 2025, and 12% increases to take effect on January 01 of the next three years. The Board of Directors approved Ordinance 65, as modified, by a roll call vote of: 3 Ayes by President Raymond Rodriguez, Vice President Victor Caballero and Director Pete Ramirez, 1 no by Director David Angelo, and 1 abstention by Director David Gonzales.

There being no further business to come before the Board, the Board meeting adjourned at 7:42 p.m. Next Regular Board Meeting to be held on February 21, 2024 at 5:30 pm.



Raymond Rodriguez, President

Attest:



Joe D. Basulto, Secretary
(Seal)

