

North Davis Meadows  
County Service Area #10 Advisory Committee  
Meeting Minutes  
February 19, 2019

Meeting attendees include: Advisory Committee members Kathy Greenhalgh, Francesca Johnson, Yashavant Kulkarni; and Yolo County Supervisor Don Saylor, Deputy to Supervisors Saylor Tara Thronson, CSA Manager Beth Gabor and Yolo County Chief Financial Officer Chad Rinde

1. The meeting was called to order by Kathy Greenhalgh at 7:05pm.
2. The County Team and Advisory Committee were introduced.
3. Francisca moved that the minutes from July 31, 2018 be approved. The motion passed unanimously.
4. Supervisor Saylor shared that the main purpose of the meeting was to update neighbors on the status of CSA operational expenses. He shared that NDM's expenses for water, landscaping, street lights and drainage are higher than revenue. A handout was provided and is available on the community's website at [www.YoloCounty.org/North-Davis-Meadows/CSA](http://www.YoloCounty.org/North-Davis-Meadows/CSA). NDM is experiencing an ongoing deficit that is compounded by the uncertainty around the water project. This deficit is growing, as the water fee being collected doesn't cover expenses, which now include those for litigation and interest on loans. The connection to Davis will resolve the deficit.

The cost of litigation is estimated to be \$50,000. NDM will incur \$8,300 in interest on the money the county has loaned for engineering, this fiscal year. It is expected that interest for 2019-20 will be \$12,000. The operational deficit without the interest or litigation costs included, for 2018-19 is expected to be \$55,075.

NDM's application for a low interest loan to fund the Davis connection for water has been stopped. The state will not process the loan until the litigation is resolved. Even once the litigation is resolved, the loan is at risk. The state is concerned about NDM's growing operational deficit and is concerned about loaning money to a community that litigates, as this means they can't count on repayment.

5. Chad shared that the 1.9% state loan can't be beat. Without a low interest state loan, a project of a similar scope would expect loan rates between 5-7%. The current rate is 5.25%. The cost for the Davis connection, if construction costs don't change, would be \$5,400 annually at 5% (\$6,700 at 7%), versus the current cap of \$4,157 with the low interest state loan. Chad shared that the litigation needs to be resolved to acquire any loan.

6. NDM's wells are failing. They frequently have to be connected to a back up system.
7. Government code restricts CSAs from borrowing money from the County for more than four years. County loans are made with the intention that they are short term, in nature. Currently, NDM owes the County \$639,338 for engineering costs.
8. The County does not have to provide services that are not being paid for. It will have to consider eliminating services if fees are not raised. At the end of this fiscal year (June 2019), there will have to be decision points. Any costs associated with a CSA have to be paid for by the CSA. This includes the cost of litigation.
9. There are timing concerns for the current water project. The construction estimate has about a six month shelf life and may or may not be valid, when the litigation is resolved. If NDM is not viewed by the state as proceeding in reasonable faith to resolve its water problem, the community will incur fines.
10. A period of public comment was held.
11. The meeting was adjourned at 8:45pm by Kathy Greenhalgh

Minutes submitted by Kathy Greenhalgh.