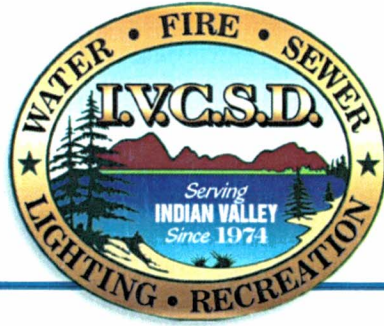


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M * E * M * O * R * A * N * D * U * M

Date:	December 15, 2021
To:	Indian Valley Community Services District Customers
From:	IVCSD Board of Directors and Ted Cassidy, General Manager
Subject:	Fire Loss and Billing explanation

At the regular meeting of November 8, 2021, the IVCSD Board met to discuss the financial situation of the district as a result of the Dixie Fire and to make difficult decisions regarding customer billings. Our customers have a right to know the condition of the district and the reasoning behind continuing billing as follows:

July has been billed as usual. Customers will not receive a bill for the month of August. For September billing customers will see a discount on their billing. Starting in November normal charges will continue.

In 2012, the District faced a financial crisis after the loss of approximately \$1 million. The Dixie Fire has cost us about 13 times that amount. Let that sink in...

Why do customers who lost their homes still have to pay water and sewer bills?

As a customer, you are an owner of the District. There are no private investors or anyone taking a profit. The owners, through their Board of Directors (all volunteers), have invested in water lines, sewer lines, tanks, and pump stations to provide water and sewer service to residents. All of these systems are currently functioning and will be available when you rebuild.

Should I abandon my service?

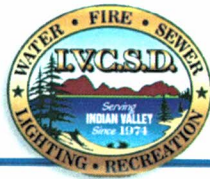
This depends on when you plan to rebuild or sell your lot. If you abandon your service, you will be required to pay a connection fee when you rebuild or the buyer will have to pay the connection fee. The connection fee is currently \$6,574.06. The monthly water and sewer rate for a 5/8" meter is \$78.90. Therefore, if you plan to rebuild within 6 years and 11 months, it would be more economical to continue to pay your monthly bills.

Did the District have Loss-of-Income insurance?

Yes. However loss of income insurance only covers the period when the District is unable to serve the customers due to damage to the District's facilities. It does not cover loss of income due to loss of the customers' buildings.

Doesn't the Federal or State governments have grants and loans to help?

The Federal Emergency Management Agency (FEMA), the State Office of Emergency Services (Cal-OES) and many other departments have grants and loans available to help IVCSD rebuild infrastructure lost to the fire. IVCSD has been in contact with State and Federal politicians and other cities that have suffered similar losses. *There are no grants or assistance programs that cover loss of income.* Help for loss of income could come from special legislation. IVCSD met with our State Senator, Senator Dahle, who will do everything possible to get assistance from



the State. Unfortunately, the State budget is not adopted until June at the earliest. We are on our own until then.

What is the District going to do with the insurance money?

The Dixie Fire destroyed the water treatment plant, two sewer pump stations, the ballfield and the Greenville Fire Station. The total damages exceed the insurance coverage for these structures. FEMA and CAL-OES will help make up the difference in costs to replace them and have the District fully functional for the entire community. FEMA requires the insurance money to be applied towards infrastructure losses. IVCSD cannot use insurance money to lower rates, as the FEMA and CAL-OES contributions will not increase.

The insurance money is already committed as follows:

1. Sewer Lift Station -	\$450,000
2. Raw Water Line to WTP -	\$520,000
3. Street Lights -	\$100,000
4. Emergency Operations -	\$200,000
5. Parks and Ballfield -	<u>\$169,000</u>
	\$1,439,000

This includes no money for replacing our water treatment plant.

How much money does the District have and how much would it cost the District to give a discount?

Excluding the insurance money that is set aside for infrastructure, the District had approximately \$200,000 as of November 30, 2021. The District's expenses have gone up due to the fire. Last year's income from customer accounts that were destroyed by the fire was approximately \$460,000. The Board considered giving a 50% discount to those accounts, but the District would run out of money within less than a year. It is not ethical to make decisions which would bankrupt the District and have no funds left to rebuild infrastructure so individuals can rebuild their homes. As of now, our State Senator is basically saying, "I can't promise you anything but I'll try to get you something a year from now."

Our balance as of November 30 in Plumas Bank was \$1,276,697. This includes the \$1,408,297 payout from the insurance on the Water Treatment Plant and the sewer lift stations. We have already dipped into our insurance by \$131,600.

The District also has LAIF (reserve investment account) balance of \$331,889.

FEMA/OES will expect us to spend all of our insurance monies on disaster recovery. They only cover the difference between damages to infrastructure and insurance. *Loss of income from loss of customers does not count.*

Since we have not sent out August through October bills and have extra expenses due to the fire, our monthly expenses have been exceeding our monthly income. Hopefully, that will end soon.

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