

CLEAR CREEK COMMUNITY SERVICES DISTRICT

Board of Directors, Johanna Trenerry – Chairwoman,
Irwin Fust – Vice-Chairman, Virginia Bassham – Director,
Mark Engel – Director, Doug Evans – Director
5880 Oak Street, Happy Valley, CA 96007
Phone: (530) 357-2121 Fax: (530) 357-3723

REGULAR MEETING

Wednesday, November 20, 2019 at 9:00 AM
District Office - 5880 Oak Street Anderson, CA 96007

MINUTES

DIRECTORS: Johanna Trenerry, Irwin Fust, Doug Evans, Virginia Bassham and Mark Engel

STAFF: Kurt Born and Christy Roberts

AUDIENCE: Delbert Strait, Scott McVay, Mark Clausen, Sandy Winters and Jonathan Bank

CALL TO ORDER: The meeting was called to order at 9:02 AM

PLEDGE OF ALLEGIANCE: Director Bassham led the Pledge of Allegiance

OPEN TIME: General Manager Born stated that before we get started he wanted the Board to review the invoice he put in front of them for the latest leak we had on Cloverdale. An invoice for \$10,850.00 just for the equipment used, which didn't include the shoring or employees time they spent out there. Mr. Born stated we had to shut down the entire Valley and fortunately the residual pressure was able to keep water flowing for most customers at a reduced pressure, but it was still a complete mess. General Manager Born stated that the 144+50 where the drain is that we've been wanting to fix; well now the conduit is exposed. Audience Scott McVay asked the Board Members if any of them have reached out to any of our local politicians for help with any of the issues such and grant money, specifically to Megan Dahle or Doug LaMalfa? General Manager Born stated that right now we are in the process of seeking Prop 1 funds to help with restoration of the District. Mr. Born stated he is currently working on a 'wish list' to provide to RCAC; who is doing the Prop 218 and they will also aid us in getting the Prop 1 funding. Mr. Born stated he has been in contact with Doug LaMalfa's office and his local representative, Brenda Hanes and she is up to speed with the Prop 218, the repairs that need to be done to the District and also the issues we are having with FEMA.

CONSENT/AGENDA: A motion was made by Vice Chairman Fust and seconded by Director Bassham to approve the minutes from October 16, 2019, paid bills from 10/25/19, 10/31/19 and 11/8/19 totaling \$131,632.72 and the October 2019 Financial Statement.

Motion was voted on and unanimously approved.

OLD BUSINESS:

None

NEW BUSINESS:

WIIN Act Exhibit C, ATP Study, Construction Costs Repayment: General Manager Born stated that the biggest change in the Exhibit C contract is the language, 'Commercial' and in discussion with John Bader, Mr. Born asked him what the definition of the word 'Commercial' means as far as the Bureau of Reclamation is concerned? Mr. Bader said that we shouldn't ask that yet and open that door at this point. Vice Chairman Fust stated that he thinks we should press them for a definition of the word Commercial because they can change their definition at any time, unless it's put down in writing and its typical of the Bureau of Reclamation to do this. Mr. Born stated that it was suggested by our attorney to not press them for a definition because it opens the door for tighter restrictions. Mr. Fust stated that he knows our attorney John Kenny and he wants to know his motivation is behind not making them define the word Commercial? Mr. Born stated that he would find out. Mr. Born stated there is no date set for further negotiations and that the impression he got from the last negotiation session was that there would not be any more negotiations and the next step would be the completed contract ready for review and signatures. Mr. Born stated that to explain more about the ATP Study and why Mr. Bader thinks the odds of us being successful are not in our favor; are if we didn't do the WIIN Act then you would want to do the ATP Study. In going with the WIIN Act, your're paying your construction costs, then that component of the customers bill goes away and if that component goes away, so does the subsidized rate and then we pay the full rate, which brings it a couple dollars over the M&I rate (per acre foot). All of this is confusing, messy and sloppy but you wouldn't want to do the ATP Study if your going with the WIIN Act, all it's doing is it's wasting money because the WIIN Act is removing that component anyway. Director Engel asked where the \$800,000.00 is coming from to pay for the WIIN Act and how are we going to pay it back? Mr. Born stated that there is a loan agency out of San Francisco and they are trying to get a pool of contractors together because the more money they can borrow, the better rate they will get and we would have 3 years to pay it back. Mr. Born stated that there would be certain criteria all Districts would have to meet to qualify for this and they will expect a certain payment method in showing how your going to pay it back. Director Engel asked Mr. Born if he had a rough number as far as the rate payers and the \$800,000.00 over the 3 years would be? Mr. Born stated that he did not and that is just one of the components he is working on and having to make multiple projects work along with the Prop 218 rate study and RCAC. Vice

Chairman Fust stated that it's pretty apparent that the customers are not going to be able to come up with \$800,000.00 in three years, so we are looking at a long-term loan. Mr. Born agreed and stated that it is still a component that must be figured into the Prop 218 because the customers are responsible for it. Audience Sandy Winters stated she had a question and read in last months newsletter that the District is going to pay \$40,000.00 for the ATP Study for the Ag rates? Mr. Born stated that for one, if we do the ATP Study there is no guarantee that it will be successful and number two, if we go with the WIIN Act there is no reason to do the ATP Study because it offsets the construction costs for the Ag customers. If you do the WIIN Act you pay for all those construction costs upfront so that component goes away. If we do the ATP Study, we are doing it alone because Bella Vista is not going to participate. In the past Bella Vista has participated and paid \$20,000.00 which is half the cost. Bella Vista is done and not doing the ATP Study anymore which leaves us to pay the entire \$40,000.00. Audience Mark Clausen asked what the Ability to Pay Study is? Mr. Born stated the ATP Study determines whether or not your customers qualify for the Federally subsidized reduced Agricultural water rate. Mr. Born stated that 99% of the Bureau of Reclamations customers are Ag Districts; there are 2 Districts in the State of California that have both Ag and M&I and those are us, Clear Creek and Bella Vista. We have a lot of smaller parcels compared to other Districts with customers that have thousands of acres, so when the Bureau of Reclamation looks at us, they do not see the commercial businesses because there's not enough property to produce enough and we not use enough water. Mr. Born stated that we have fought that for a very long time and the Ag rate will remain even after the WIIN Act but the Ag rates will cost more than the M&I rate and that's the price that the Bureau of Reclamation has given us. On top of all that you add the cost of the water treatment, distribution and maintenance processes that all drive the price of the water up. Mr. Born stated we are considered micro-farmers and Ag is going away and there is no way an Ag customer is going to pay more for water if they can get it for less with the M&I rate. Mr. Clausen asked if that would get rid of the crop reporting and would it jeopardize any future Agricultural rate? Mr. Born stated yes, it would get rid of reporting but they cannot take our Ag away because it's in our contract and if we go with the WIIN Act our contract goes on in perpetuity. Mr. Clausen asked if we got into this situation because we haven't been charging enough for the water all along? Mr. Born stated, no, the WIIN Act is something that has been on the horizon for the last few years and it has nothing to do with the financial condition of the District. Vice Chairman Fust stated that's what we are talking about here is Ag and Commercial and what the definition of Commercial is as far as the Bureau of Reclamation is concerned and they don't have one and that's the problem unless they put it down in writing. We need to do whatever it is to try and keep the rate down and keep pushing these people and ask them what Commercial means because that can affect the people out here. Director Engel stated that what he takes away from all this is that it seems that Congress and the Federal Government is pressing for this WIIN Act and standardize it and get everyone on board and people like Mr. Fust are thinking that we are losing something here and we want to know what it is. So this Board is analyzing the situation that is being presented and pressed upon us and how

it's all going to end, we don't know yet. This is how the Bureau of Reclamation negotiates and it's all headed in the same direction and the point that Mr. Fust is making is that we need to get the best deal for the customers that we can out of all this because that's what we are going to end up with and that's what it all comes down to. We would love to have a firmer outline of what that is going to be but that doesn't exist yet. Mr. Engel stated that he believes there is some flexibility in there and generally there is but this is a process and we are a very, very small part of this picture.

CARB – Update on Dump Truck Status: General Manager Born stated that we are still waiting. Mr. Born stated that he sent them another email yesterday and we are on the top of their list. We have already paid for this and we want it right. Mr. Born stated that in his meeting with RCAC they will finance a new dump truck for us if its used. So that's another thing that's being looked at.

FEMA Backwash Pond Repair: General Manager Born stated that he has a new program manager, which is now his fourth manager. Mr. Born stated that FEMA tried closing this out and having him sign off on it but Mr. Born stated that he refused and told them that he is not signing anything to close this claim until he sees a check in his hand. So they are taking a different approach to make this happen.

Water Storage Reservoir Inspections: General Manager Born stated that he included the inspection reports from Liquid Engineering in the Board packets so you could see the results. The million-gallon tank at the Filter Plant is showing some corrosion and at some point in the future will need to be addressed, it's suggested they come back in 3-5 years for another inspection. Also inspected were the ¼ million tank at Clear Creek and Cloverdale and the 360k tank at the South Booster station and they both had good results. Vice Chairman Fust asked how we deal with corrosion in the tanks? Mr. Born stated that a diver goes in without draining it and does some type of a sandblasting that treats it with special type of an epoxy coating and it's all done underwater, which we've already had done on the 4-million gallon tank a few years back.

2019 Crop Report Data: General Manager Born stated he wonders why he is even doing these because if the WIIN Act comes into play it becomes a mute-point but we have to complete these annually by contract with the Bureau of Reclamation in order to stay in compliance. Mr. Born stated approximately 20% had to be returned to the customers because of various reasons.

OPERATIONS & ADMINISTRATION

STAFF REPORTS: General Manager Born stated that he and Cary met with our representative from RCAC last week and he wished he had more information for the Board but our rate structure is very complex and with RCAC and the Prop 218, the cost has to be spread evenly among all customers regardless of the type of service they have. RCAC suggested that we get rid of Agriculture rates and Mr. Born stated that he told them no, he had a simpler way and he would like to include zone billing. Certain customers should be responsible for the pumping costs to get the water to them. So that is something that is being looked at. Mr. Born stated that their next meeting is scheduled for December 10, 2019 and he hopes to have some bottom-line numbers by then. Its very in-depth and it is super detailed. A lot of information goes into this rate study. Vice Chairman Fust asked if with the zone billing will some rates go up and some go down? Mr. Born stated, no, the rates will not go down. Pumping costs will not affect the people down here because it's gravity fed. It currently costs the District money to pump it up to the Veterans Cemetery, the Dump, the Igo/Ono School and a handful of other services. Zone billing is a normal process in the water utility world and right now the District is absorbing those costs.

STANDING COMMITTEE REPORTS: Vice Chairman Fust stated that the only thing he had to report is the next LAFCO meeting is December 5, 2019. Mr. Fust stated that the Citizens Patrol chili feed was very successful and there were a lot of people in attendance and it was a good event that helped them raise some money. Director Evans stated that he is announcing his resignation from the Board. Twists and turns in life have led him going back to school. All Board members thanked Director Evans for his services to the Clear Creek Community Services District. Director Engel asked when this is effective? Director Evans stated that he would attend one more meeting then turn in a letter of resignation. Chairwoman Trenerry wished everyone a Happy Thanksgiving and a Merry Christmas!

QUESTIONS and/or PUBLIC COMMENTS: Audience Mark Clausen stated that during the Cloverdale blow-out this week, he was out of water and he called in afterwards because he had air in the lines and the service guys got out there within 15-20 minutes and figured out it was because they were at a high point. It took 30-45 minutes to get the air out, but they were out there right away, they were very nice to him and his wife and he really appreciated them. He just wanted to compliment the guys. Audience Sandy Winter stated that Supervisor Leonard Moty was successful in the Defensible Space Ordinance that passed on October 1, 2019.

ADJOURNMENT: 10:07AM

Submitted by,

Christy Roberts

Johanna Trenerry, Chairwoman

Irwin Fust, Vice Chairman

Virginia Bassham, Director

Mark Engel, Director

Doug Evans, Director

ATTEST: _____
Kurt Born, General Manager