

CLEAR CREEK COMMUNITY SERVICES DISTRICT

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

REGULAR MEETING

Wednesday, July 17, 2019 at 9:00 AM
District Office - 5880 Oak Street Anderson, CA 96007

MINUTES

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

STAFF: Kurt Born, Christy Roberts

AUDIENCE: Carl Franklin, Dennis Possehn and Maurice Grandquist

CALL TO ORDER: The meeting was called to order at 9:01 AM

PLEDGE OF ALLEGIANCE: Director Engel led the Pledge of Allegiance

OPEN TIME: None

CONSENT/AGENDA: A motion was made by Director Evans and seconded by Director Bassham to approve the minutes from June 19, 2019, paid bills from 6/25/19, 6/28/19 and 7/10/19 totaling \$134,052.73 and the June 2019 Financial Statements. Director Engel stated he did not get the financial statement and he will abstain. Motion was voted on and unanimously approved.

OLD BUSINESS:

None

NEW BUSINESS:

CCI/Rates – Ordinance 2019-04 Rate's and Fee's: General Manager Born stated this is the typical annual CCI increase, which was 2.3% this year and does not keep up with the cost of doing business. Most people don't realize that we've done these since 2008 because they are so insignificant. Director Engel stated that it's a concern that it is perceived we are doing double increases and that is not a healthy perception. Director Engel stated if the state takes over, we will not be discussing the rates we will be hearing what the new rates are. Mr. Born stated the increase is 2.3% across the

board, so the Domestic/Ag rate, it adds .46¢ to the monthly minimum and each tier after that adds .02¢. Director Bassham asked if the programming that implements the increase would be adding additional charges to the increase, Mr. Born stated, no. The programming to put in an increase was done years ago. Mr. Born stated with this, it also includes the Backwash Recycle Project at .38¢ per customer, that programming did cost some money but it was already done because we knew this was coming. Mr. Born stated that as of now we don't know where we are going with the WIIN Act, so the customers are not going to pay that fee yet.

Director Evans made a motion and Director Bassham seconded. The motion was voted on and unanimously approved.

Formation of Volunteer Ad-Hoc Committee – Dennis Possehn: Chairwoman Trenerry asked Dennis Possehn to come to the podium to speak. Mr. Possehn asked the Board Members, where do we go from here to make improvements to the budget for the District? Mr. Possehn stated it would be advisable to appoint a Financial Committee of volunteer professionals. This Committee would only be temporary to make formal suggestions to the Board ranging from budgets, insurance and operations. Mr. Possehn asked the Board Members to make a motion to form a Committee. General Manager Born advised Dennis that since their last conversation, he has been in contact with a Rural Development Specialist, who provides rural communities with technical assistance in the areas of Financial Management and Board training. He specializes in rate studies for small utilities as well as implementing rate increases with the Prop 218 process. He has more than 25 years' experience in the industry as a Contractor, Manager, Board Member, Operator, has an MBA in Finance and is a Project Management Professional. He has both D2 and T2 licensing and is a Certified Clerk of the Board. He works for RCAC and he has agreed to help the District. We have applied for Prop One funding to pay for this very 'in depth' rate study and the financial analysis of the District. Mr. Born stated through these Prop One funds we are also seeking funding for the 10" line replacement. There is approximately 35,000 feet of 10" line that we need to replace, which will all be paid for by this Prop One funding if everything goes as planned. Director Bassham asked how much it would cost for his services? Mr. Born stated there would be no cost, it would be Prop One funded which means the State will pay for the analysis to be done; otherwise it would cost between \$30,000-\$60,000. Director Bassham asked Mr. Born if Prop One was a grant? Mr. Born stated, yes, it's a 100% grant and if he is successful with this, it would cost the customers and the District zero dollars. Mr. Born stated he has already submitted for the grant to the State and is waiting to hear back. Director Engel asked Mr. Born if everything is on track at this point and Mr. Born stated, yes. Director Engel stated to Mr. Possehn that forming a Financial Committee is fine and if the citizens/rate payers want to get involved and do some review, that is fine but he doesn't believe that it needs Board approval, they can do that as a rate payers. Mr. Born stated to Mr. Possehn that this review of the District would cover all liabilities associated with the District, including liability insurance and

health care coverage. Director Engel stated that these are issues that are coming up because of the significance of the rate increase. Director Engel thanked Mr. Possehn and said he appreciated all the comments of the public as well. General Manager Born stated that the level of service we have received from the JPIA throughout the Creek and Carr fires have been exceptional, as well as the amount of training and certifications provided. Mr. Born advised, there are a lot of benefits of the JPIA programs but there are other companies out there and he wouldn't mind researching them. Director Engel agreed with Mr. Born and stated the JPIA was right there during both fires and he is very happy with the level of service we have received from them. Director Engel stated he hesitates to commit staff time on this Ad-Hoc Committee; as we are very short-handed and understaffed right now, which is likely to get worse and everyone has a whole lot on their plates. General Manager Born stated that an Ad-Hoc Committee would really need to have an understanding of how a District functions and all the Regulatory demands and laws associated with running a District. There is a lot to running a District that people don't understand and an education in this for an Ad-Hoc Committee would be absolutely critical and also very time consuming. Director Bassham stated to Mr. Possehn that this was a great suggestion and she feels that for now our best bet is to go with the gentleman at the RCAC especially getting the funding and with the State's help to get us financially healthy again. Director Bassham stated that it was good to see that people cared at the meeting and that Mr. Possehn is an asset to this District and always has been. Director Engel stated that the end result of that meeting was that we could have passed the rate increase but the reason it wasn't passed is because this Board is an advocate for the rate payers and we are elected to serve you and the legitimate concerns from public; one of which were they wanted a professional review. Our job is oversight and we want the job done right and we want the increase to be palatable and ensure that this District survives.

WB-TA/Proposition One Grant Funding for Rate Study: General Manager Born stated this subject was talked about in the Ad-Hoc Committee discussion and in the Board Members packet is a copy of what he has applied for; the 35,000 feet of 10" line he wants to replace. Director Bassham asked Mr. Born where is the majority of the 10" line? Mr. Born stated that it is on Olinda Road, China Gulch, Lassen and Flowers. Mr. Born stated we had 2 leaks on Flowers that happened within 300 feet of each other a month ago.

Safe Drinking Water Solution: General Manager Born stated the State was going to make us collect this by charging our customers a water tax, then give what we had collected back to the State. The JPIA advocated against it; it was thankfully defeated and they found another solution to provide funding for the disadvantaged communities of California and it is no longer a concern. Director Engel stated this was also a topic at the ACWA conference and so again this is the mass application that you get with the ACWA/JPIA and this was a big win and the taxpayers should know about it.

California Air Resources Board: General Manager Born stated that both of our recent submissions to the McConnell Foundation and Win River were rejected for the funding of the dump truck. In light of these events I wrote a letter in protest to Mary Nichols requesting to sit on their Board so I can let them know how I feel about this and we cannot afford a new truck. I was contacted by the person heading up the CARB Committee and he said that I made the list, so I will be going to Sacramento to sit on their Board and be a voice letting them know if they want this, they need to pay for it.

WIIN Act: General Manager Born stated that we are required to complete an Ability to Pay Study to determine whether or not our agricultural customers can afford to pay full contract price, or if they can receive the Federally subsidized lower rate. They have to qualify us for those agricultural rates. In the WIIN Act the TMR document states that if you are able to pay for your construction costs and pay this off, they consider us as also being able to pay full price for the agricultural water and what that means is the agricultural rate is taken away. Mr. Born asked if this is their way of eliminating Ag and it costing the farmer more, which means the store pays more and so on making rising costs across the board? This is a tough spot we are in because if we go with the WIIN Act they say we get water in perpetuity and all these benefits but then your giving up Ag rates. Director Engel asked if the cost of the water will be 5 times as much? Mr. Born stated yes. Director Bassham asked if they are trying to shut us down and try and control everything? Mr. Born stated that this raises a lot of other questions. Chairwoman Trenerry interjected and stated this is the 5th draft revision she's received so far. Chairwoman Trenerry stated that on page 16 it states M&I allows for 2,000-acre feet of water per year and the contractor shall implement the best management practice by a certain time frame. Mr. Born stated they want to implement more Regulatory Regulations after the 2,000-acre feet. Director Engel stated its going to continue to get worse and the State of California intends to know where every drop of water in the State is, where it's coming from and where it's going. They are going to control the water. Chairwoman Trenerry stated they have also added verbiage in the contract stating that any participating contractor is required to keep a reserve fund for use by the United States Government. Chairwoman Trenerry stated one positive note is they are getting rid of the tiered pricing. Mr. Born stated that the biggest point is, what do we want to do with the WIIN Act? There is more on the table here than there was a month ago. Mr. Born stated to the Board Members that there is so much more to the WIIN Act and it's critical that the Board realizes how it will have a direct affect our customers and especially agricultural customers. There are things we will gain going with the WIIN Act such as water in perpetuity and no more contracts but you're getting rid of Ag, in which this District was formed. Director Bassham stated that they don't care and they don't care where you came from, it's about where it's going. Mr. Born stated another concern is the WIIN Act has been on the books for a very long time and it's only been mentioned recently for the last year and a half. Now all the sudden it must to be done by December. Yet we've just received a 5th revision, how are we supposed to make an informed decision? We are being forced into this and making a decision by a certain time. Chairwoman Trenerry asked Mr. Born to send the contract to

the Board Members so they can read it.

OPERATIONS & ADMINISTRATION

STAFF REPORTS: General Manager Born stated the Filter Plant is running fine. Turbidity is running about a 1.5 and finished water is running at about .02. The algae is pretty much settled out and gone away. We are pushing about 10 million gallons or so per day. Everything is running well. We did have 2 blow-outs on Flowers Ln. Mr. Born stated that the next challenge is when winter comes again because typically the second year is the worst after the fire. Director Bassham stated that last winter wasn't as bad as we thought, so maybe it won't be so bad. Mr. Born stated that Roger Schreiber is currently in the hospital and in heart surgery and recovery time will take him beyond his official retirement day, so he will not be back.

STANDING COMMITTEE REPORTS:

QUESTIONS and/or PUBLIC COMMENTS: Chairwoman Trenerry stated that the liquid disposal event that the County was supposed to hold in August is canceled until next year. The Happy Valley Pride Community clean-up starts in September and goes for 2 months. Mr. Born stated that we have already received the vouchers. Chairwoman Trenerry stated she got a call from someone at the County requesting to put in an insert for hazardous waste disposal in with our bills.

Chairwoman Trenerry thanked the audience for their attendance and asked them to come again.

ADJOURNMENT: 10:12 AM

Submitted by,

Christy Roberts

Johanna Trenerry, Chairwoman

Irwin Fust, Vice Chairman

Doug Evans, Director

Virginia Bassham, Director

Mark Engel, Director

ATTEST: _____
Kurt Born, General Manager