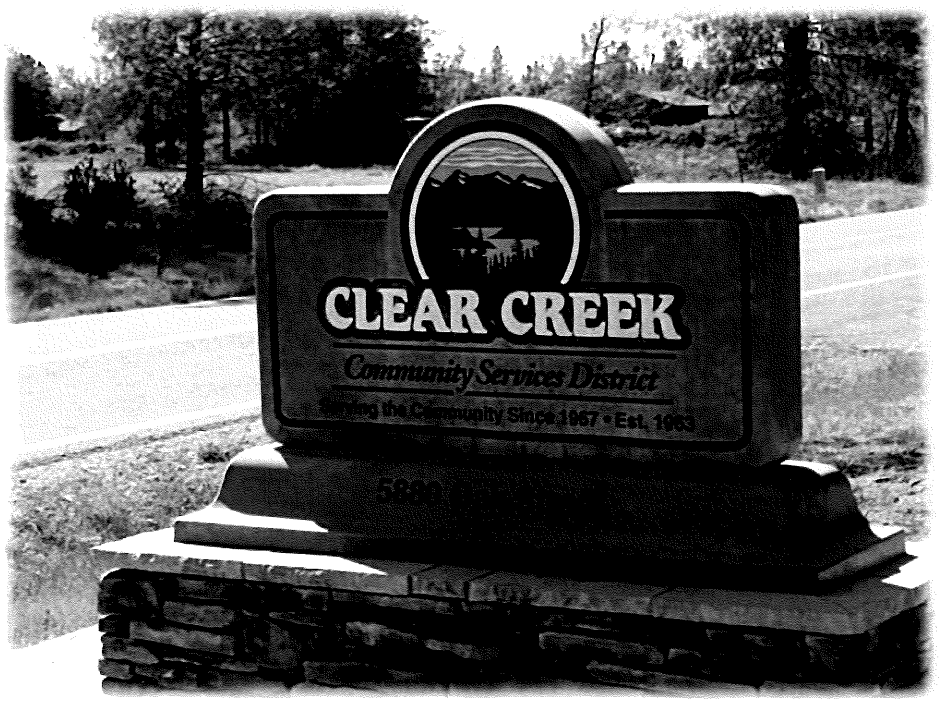
CLEAR CREEK CSD



7/9/2021

Rate Increase Proposal Rationale

Developed by the Community Advisory Committee in consultation with the General Manager and Clear Creek CSD Legal Counsel

Clear Creek CSD

RATE INCREASE PROPOSAL RATIONALE

CLEAR CREEK CSD OVERVIEW

Clear Creek is a Community Services District tasked with providing water to residents in an area within Shasta County that covers approximately 21,000 acres of land south of the Whiskeytown-Shasta-Trinity National Recreation Area. It is in southwestern Shasta County in a rural development area west of Anderson, California also known as the Happy Valley-Olinda area. The Clear Creek Community Services District was created through a Bureau of Reclamation project during the 1900's with the intent of providing Agricultural water supplies to the District which had historically been an area of Agricultural production. The District infrastructure has grown incrementally and episodically in an "as needed basis" to meet the growth in the size of the District as well as the number of metered customers. This growth pattern has led to a diverse mix of parcel sizes, water use habits, and household incomes within the District.

THE FINANCIAL CONDITION OF THE DISTRICT

The task of providing water service to customers has many challenges. First, the District was founded as an Agricultural District with a residential component. All water deliveries, both Agricultural and Residential water, are delivered through the same water pipes and tanks. Early water deliveries were only required to be filtered minimally with no additional treatment requirements. This allowed Agricultural water to be delivered at low costs. As the State water quality standards for residential (M&I) water increased the District had to invest in filtration and chemical treatment technology to meet those standards. Currently, all the water delivered in the District is treated to a residential standard which involves an increase of costs. Additionally, the cost of maintaining an aging water supply system has exceeded generated revenue. In the last ten years the District has experienced consecutive drought years in 2014, 2015, 2016 & 2017. Another factor affecting the financial status of the District is the lack of growth in meter hookups. Such growth has been relatively stagnate. While growth has remained stagnate, wages have not. During the years 2013 – 2018 the District salary costs increased from $535,973 to $886,374 - a 65% increase in 6 years[1]. Other cost increases include the water received from the Bureau of Reclamation (Ag practically doubled in cost ($0.10 to $0.19/HCF - but that cost was absorbed by the District), increased regulatory expenses, increased District insurance premiums, the increased cost of materials for District maintenance, loan payments, repairs to an aging distribution system, etc.

Another area to consider is the cost of Agricultural water. The District monthly financial Activity Report does not indicate the quantity or cost of the monthly water purchases from the Bureau of Reclamation, but instead reports revenue from Agriculture and M&I water sales with an undisclosed quantity and cost of water. Using Exhibit B, Clear Creek Community Services District 2020 charges per Acre foot for contract 14-06-200-489-A-P; irrigation water is bought at $86.59/acre foot ($0.1987/HCF) and M&I (Domestic) is bought at $43.05/acre foot or ($.0988/HCF), which means buying Irrigation AG water costs the District 100% more

[1] See **Appendix 1** for a document entitled, "Reports for the Years 2009 to 2019 on Employment Compensation for the Clear Creek CSD".

per unit than purchasing M&I water. Because the District must treat every gallon of water to a domestic use standard, it does not appear advantageous from a financial perspective for the District to continue to buy Irrigation water from the Bureau. The cost of putting one hundred cubic foot (HCF) of M&I water in the water lines for delivery to any one District customer is $0.3735/HCF based on the 2019-2020 fiscal year financial data (June 2020 Activity Report) and the 2020 water rate schedule from the Bureau. The cost charged for "Agricultural" water in fiscal year 2019-2020 was approximately $0.108/HCF - a loss of $0.265/HCF. Using the 2020 comprehensive water use spreadsheet *CCCSD Customer Data.xls (12-5-2020)* the total loss attributable to AG water sales was approximately $152,413.11 for fiscal year 2020.

The fixed costs of delivering the first gallon of water to a parcel is represented by the total District Expenses less the purchase cost (unreported in the Activity Report) and treatment of water ($377,304). For the fiscal year 2019-2020 the cost of distribution and all other administrative and regulatory costs were $1,757,150. There are 2,710 District customers, which means the fixed costs if proportionally distributed to each customer is $54.03/month. Domestic customers are currently paying $20.94/month with a $0.71/HCF water rate and AG customers are paying on a formula that with a residence is approximately $60/month with a $0.108/HCF water rate. All Agricultural customers are currently causing a loss in revenue to the District with higher AG water users causing a larger monthly deficit to the District due to the negative revenue realized from each HCF sold at the AG rates.

Taken together the increase in District expenses and a water rate schedule that generates low to negative revenue has resulted in an income stream that does not adequately meet the needs of the District. Due to a lack of funds, the District has dipped into reserves to continue operation to the point where they need replenishment. Overall, more income is needed to have a functioning water system that can sustain itself in the present and plan to address deferred issues with the water system in the near future.

A NEED FOR A COLLABORATIVELY DEVELOPED RATE INCREASE

The District has attempted two previous rate increase proposals. Those rate increase proposals have had significant opposition. The opposition to both rate proposals, arguably, was the result of a lack of public engagement and collaboration with the rate increase process. For example, the Happy Valley Community Committee spearheaded the recently defeated RCAC rate proposal with a 75% veto response rate during the Prop 218 notice period. The Happy Valley Community Committee requested, along with two Directors of the Clear Creek CSD, that the Board of Directors form a Community Advisory Committee to work on an acceptable rate proposal. The Community Advisory Committee (CAC) was approved by the Board of Directors at the November 2020 board meeting. The committee consists of two directors who serve as Chair (Irwin Fust) and Vice Chair (Murray Miller) and three community members nominated by the Happy Valley Community Committee and approved by the Board. The CAC has met regularly since December of 2020, and has solicited feedback from the community, management, the Board of Directors, and legal counsel. The result of the CAC's work has produced this rate increase proposal and rationale. And even this proposal is open to feedback, so please do not hesitate to share your thoughts, concerns, or questions.

Evidence of Cuts to Expenses

Before we address the rate increase proposal, it should be noted that a best practice before initiating any rate increase process is to include evidence of cost-saving measures.[2] Such measures have taken place throughout the years.[3] As District budgetary distress increased, management has forgone activities that would otherwise have improved the overall function of the District including: not filling staff vacancies,[4] utilizing substandard equipment (using sub-standard devices to drain leak areas after a break, renting a dump truck instead of replacing it, etc.), deferring maintenance (at least $250K is needed for Water Treatment Plant upgrades, and about $800,000 is needed for system upgrades[5]), developing temporary fixes for components that need to be overhauled (the three most recent repairs as of this writing have an initial estimated cost to the District of $45,276.80 along with water loss costs that occurred), along with deferring repayment of the WIIN (Water Infrastructure Improvements for the Nation) Act amount of around $800,000, and an estimated reduction in the budget of about $15,000 for office related expenses. Overall, the staff of the District continues to do what they can to keep our water system functioning, though reduction in staff has been a cost saving measure, but they need our financial support to get the District budget in order and address the activities forgone during the last 9 years and ensure that the CCCSD is a reliable asset for the community.

Rate Rationale

The Community Advisory Committee has considered the RCAC rate proposal that relied on a base rate dependent upon meter size. The RCAC meter rate schedule used exorbitant high values for existing meters >5/8" in size that either did not reflect the historical water use demand of District customers and/or an actual value that could be derived from having a larger meter. The RCAC rate proposal relied on customers changing to a smaller meter size to avoid the exorbitantly high meter rates, but that strategy would have only resulted in customers having smaller meters, and thus not resolve the fundamental failures of the Districts' current rate schedule. Another major objection raised by those that vetoed the RCAC rate proposal (approximately 75% of District customers) was that those with larger meters were going to be billed significantly (hundreds of dollars) more than customers with smaller meters. This disparity in District cost allocation belied the fact that the highest value and cost of the District water service, regardless of meter size, is the value of the first gallon of water delivered to a residence. In other words, it is the infrastructure and costs to get the water service to that parcel which holds the greatest value since it is that connection to a functioning water treatment and delivery system that is essential for the delivery of the first unit of water. The subsequent sale of water volumes to a customer, after the first unit of water, no matter how large the meter, is irrelevant if the water sold is done in a way that sustains the District.

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[2] See page 12 of the document entitled, "Formulate Great Rates: The Guide to Conducting a Rate Study for a Water System" which is available online at: https://www.rcac.org/wp-content/uploads/2014/12/RCAP-Formulate-Great-Rates.pdf.

[3] One example is in 2006 when the 2004/2005 audit was being presented to the BOD for approval. The minutes state that "Staff was able to make needed adjustments with less funding by being conservative and instituting cost cutting measures". See **Appendix 2** for the highlighted portion.

[4] See **Appendix 3** for a State Controller's Office report for 2020/2021. The highlighted portion indicates positions that have not been filled indicating a reduction of $178,047 in staff wages if these positions remain vacant.

[5] See the RCAC report Exhibit 1 for the capital replacement program list.

The CAC also saw having base rate charges dependent upon meter size as a direct contradiction to what the RCAC report stated on page 4: "Water rates should be fair to all ratepayers. No single ratepayer or group of ratepayers should be singled out for different rates". Therefore, the rates proposed by the CAC do not make any distinction between meter size. The CAC developed two rates that reflect the disparate demographics relating to income, parcel size, water consumption behavior, and the costs of the District to provide water to customers on a per hundred cubic foot (HCF) basis. The Community Advisory Committee deliberated many hours regarding whether a rate proposal could have two different base rates and still remain fair. It was clear that that it would be simpler to rationalize a single base rate and water rate, but this belies the fact that the Districts' customers are diverse in many categories. Over the decades of its existence the District has supported a wide variety of building densities, from trailer park customers, to 1acre, 5 acre, 10acre, and larger parcels and a wide range of water consumption habits from minimal domestic use to high Agricultural use. In addition, due to the historically low cost of real estate and a historically low cost of water service, the District also has a wide range of mean household incomes, including a large segment of customers whose income averages below 80% of the Californian median household income occupying a variety of different sized parcels. (https://calafco.org/calafco_duc/) (https://www.census.gov/quickfacts/fact/map/CA/INC110219). This means that on one end of the District customer demographic there are households with higher water consumption habits on varying sized parcels and on the other there are households with low income on varying sized parcels with variable water consumption habits. A single high base rate with lower water rate may be feasible for a customer with higher income or an Agricultural business but not a lower income individual unless adjustments are made to their personal budgets.

Given the disparate demographics within the District customer base, the goal of the CAC was to create a rate schedule that was acceptable by the majority of District customers, gave time for low-income residents to adjust to the new rates, supported Agriculture (to the extent feasible), and raised enough revenue for the District to cover its operating costs plus approximately 10 percent for reserves.

Developing the Proposed Rates

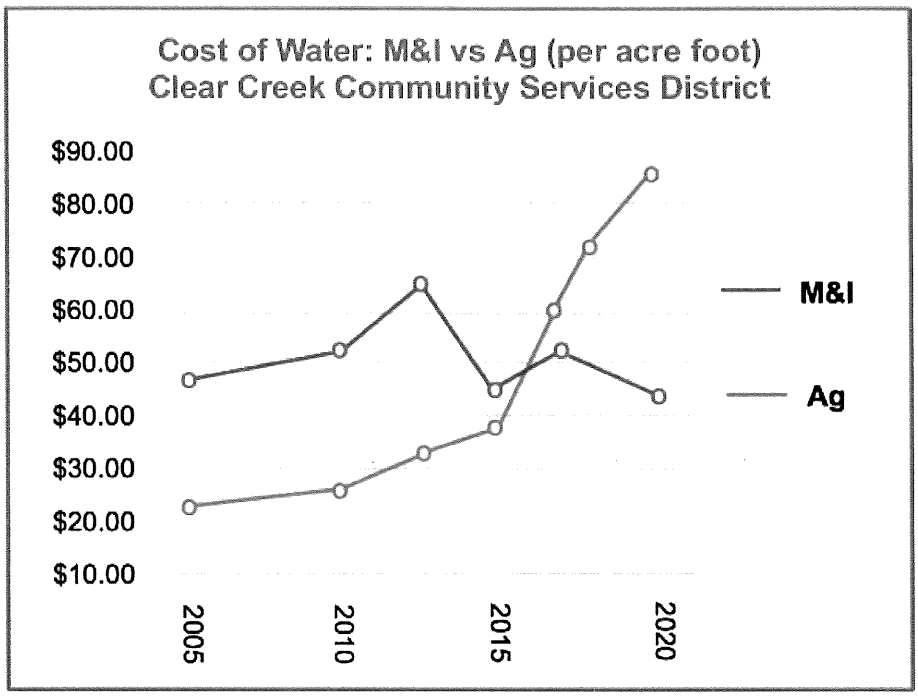
The rate schedule that was developed relied on the Activity Report of June, 2020 and the fiscal year totals from 2019-2020. The calculations also utilized the comprehensive water use spreadsheet *CCCSD Customer Data.xls (12-5-2020)*, which reports the monthly water use for each of the customer description classes from fiscal year 2019-2020. A customer description class is the category the District segregates and collates customers into based on meter size, parcel size and domestic versus agriculture. While this is a single year of revenue it reflects the most recent District costs and water consumption behavior from a "normal" water year and thus is considered most appropriate to use.

The first step in developing a rate schedule was to determine what it cost the District to put 1 Hundred Cubic Feet (HCF) into the distribution pipes at the filter plant storage tank. This minimum cost of water value incorporates the cheapest rate of water the District can purchase from the Bureau, which counter intuitively is "M&I" (Domestic), not "Irrigation" (Agricultural) water, and all the associated treatment costs (labor, chemicals, etc.). The value of $0.31/HCF is the minimum cost of water that the District can provide a District customer. If the District chooses to supply customers with Ag/Irrigation water from the Bureau, then $0.43/HCF is the minimum cost of that water. To provide additional revenue for re-establishing the necessary infrastructure reserve accounts and infrastructure maintenance, each of the above minimum water cost were increased 4.1% to $0.32/HCF (Domestic) and $0.45/HCF (Agricultural) respectively, which amounts to an estimated total annual revenue reserve of $44,726/year.

Having determined the minimum cost of providing one HCF to the water tank at the filtration plant the base rate for covering the fixed costs of the District could be calculated. The fixed costs of delivering the first gallon of water to a parcel is represented by the total District expenses less the water purchase cost (unreported in the Activity Report) and treatment of water ($377,000.00). For the fiscal year 2019-2020 the cost of distribution, and all other administrative and regulatory costs were $1,757,150.00. There are 2,710 District customers, which means the fixed costs to each customer is $54.03/month. These fixed costs represent 69% of the total expenses of the District. The proposed rate is based upon the fixed costs of providing water to all customers in the District, divided by the total number of connections to which the District provides that water plus 1.8% extra for infrastructure reserve accounts, which amounts to an estimated total annual revenue reserve of $32,520/year. This rate study also complies with the State's constitutional requirement that the District cannot charge more for water than the cost to provide the water. However, this cost can include what is needed for operations, repairs, and reserves.

Together these values were used for Rate Plan A (Domestic) which is intended to provide stability to District finances by requiring a base rate to each customer that reflects the costs of delivering water to their meter throughout the year and a water rate that covers the costs of purchasing and treating the water from the Bureau of Reclamation. Rate Plan A (Domestic): **$55/month base rate and $0.32/HCF water rate** (plus $.05 estimated CVP Restoration fee that is determined annually). Added to this base rate are reserves of $1.88/per month per customer for the WIIN Act CVP repayment and $1.00/per month per customer for loan/grant opportunities with the State.

A second rate with the AG moniker has also been considered by the CAC. The issue with providing an AG rate is that those customer classes cannot segregate their water use at their meter and more importantly this rate implies the purchase of "Irrigation" water from the Bureau. The issue with purchasing "Irrigation" water is that it is 2.6 times more expensive than "M&I" water even with the reduced Restoration fee ($0.025/HCF compared to $0.05/HCF) associated with "Irrigation" water. Therefore, the cost of providing a Plan AG that utilized "Irrigation" water would requires a water rate of $0.45/HCF to cover the additional $0.125/HCF cost of purchasing "Irrigation" water and treating it, as all water must in the Clear Creek Community Services District. The District could provide an AG customer with the same usage rate as Plan A, but the District would have to only buy "M&I" water for that plan and not "Irrigation" water. The figure below shows the rising costs associated with purchasing irrigation water.

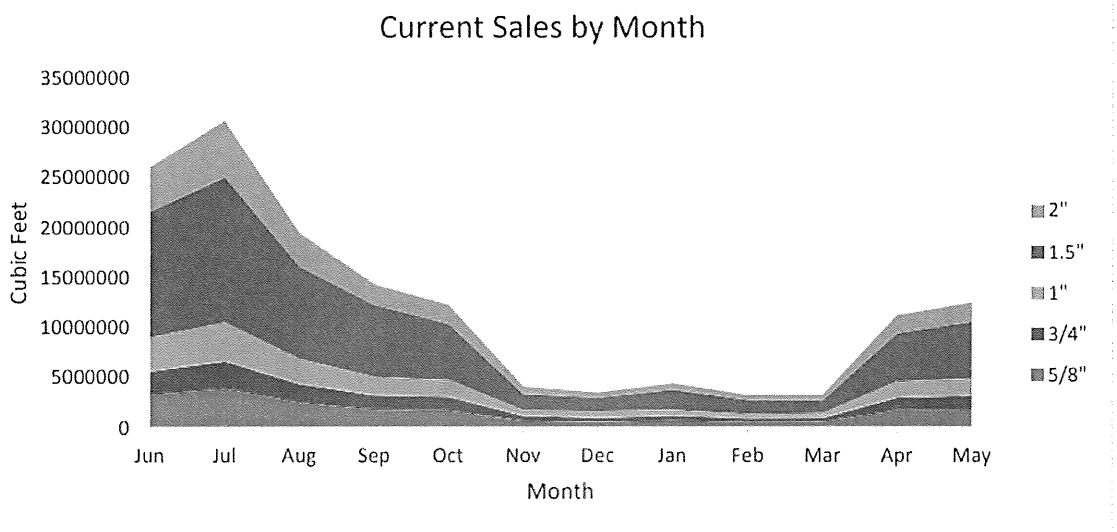


A third rate proposal was developed with a goal of reducing the monthly base rate in an equitable way. This Rate Plan B attempted to accomplish this by taking the total Transmission Conduit, Transmission/Distribution, and Customer Accounts totaling $ 671,290.25 and shifting it to the water rate by dividing that total by the amount of water used by the District in fiscal year 2019-2020. This resulted in an additional water rate cost of $0.46/HCF which if added to the minimum value of one filtered HCF of $0.37 equals $0.83/HCF. Shifting the $671,290.25 fixed costs to the water rate leaves all other administrative and regulatory costs of $1,245,060.89. There are 2,710 District customers, which means the fixed costs to each customer for this scenario would be $38.29 /month. This base rate represents 43% of the total expenses of the District. This Rate Plan B would be equitable if most customers selecting this plan consumed enough water at the higher rate of 0.83/HCF to make up the difference in the monthly base rate. The necessary quantity of water to be consumed at $0.83/HCF is 289 HCF per year to make up the difference in revenue of a lower cost base rate. The *CCCSD Customer Data.xls (12-5-2020)* was analyzed to determine how many customers used less than 289 HCF annually and there were 1019 customers, which is 37% of the Districts total customer base. This means that providing a base rate of $40/month; $24/month less than the amount necessary to cover the fixed costs of the District, will result in negative revenue coming from a significant number of customers. For this reason, the Rate Plan B was rejected.

As one can see from the figure below, the District's major water consumption months are June, July, and August. Just because water sales decline in winter months, this does not mean District fixed expenses decline. Therefore, a base rate that takes into consideration the year-round fixed expenses is needed to ensure a stable source of revenue to offset District expenses. This financial consideration is provided for in Plan A. Rate Plan A requires customers to support their proportionate share of the Districts fixed expenses equally. This least expensive water rate will allow each customer to enjoy the qualities of consuming additional water - albeit not at the fiscally negative rates previously provide to AG customers and a

significant number of Domestic customers. A significant challenge for having District customers accept any rate proposal is the result of at least a decade of the District providing a water rate schedule (Domestic and Agriculture) that did not cover either the Districts fixed costs, water treatment costs or both. This has caused customers to have an unrealistic view of what it costs to provide water service to an individual meter and therefore these rate proposals will necessitate adjustments by customers which may take time to accomplish.

Current Production & Consumption



The uncertainty regarding how Rate Plan A (Domestic) and AG will meet the financial requirements of the District will be dependent on how customers segregate themselves between the two plans. The CAC did "game" several scenarios to determine if these rate plans were likely to achieve the goal of the CAC to cover the 2019-2020 District expenses plus approximately 10% for reserves. Each scenario used the actual water use amounts for the description classes provide in the spreadsheet CCCSD Customer Data.xls (12-5-2020). It should be noted that the largest change may be the general reduction of water consumption in the AG description classes. As with any water rate plan there are uncertainties relating to customer behaviors so the fiscal impact will need to be monitored. The size of this impact will need to be assessed and monitored in the Activity Report. It is suggested that the Activity Report needs to add the volume of M&I ad Irrigation (AG) water purchased as a line item.

Summary of the Base Rate, Water Usage Rate and Other Fees

This rate study also complies with the requirement that the District cannot charge more for water than the cost to provide the water. These costs include: operations, repairs, reserves, and all other costs related to the production, treatment, and distribution of potable water now and in the foreseeable future. Therefore, we have decided to utilize a base rate (a fixed monthly charge plus 1.8%) and a water usage fee plus 4.1%, to allow for reserve funds above those estimated "break-even" costs plus other costs noted below. In summary, here are the proposed rate that are needed to make the Clear Creek Community Services District more financially sound:

The Base Rate – Includes the operations, repairs, reserves, and all other costs related to the production, treatment, and distribution of water. This is a monthly rate. What are some items that should be noted in this rate increase? First, approximately 10% of projected annual revenue will go into reserves to replenish them or at times to be used for urgent repairs – but repairs should not exceed half of the reserves generated in any given year. Overall, it is being proposed to raise the base rate from the current charge of $20.55 / month (which includes 2 units of water or 200 CF) to **$55/month** in year 1 (with no included units) and an increase of the base rate by 1.9% per year in years 2 to 5.

Water Usage Rate – This is a charge for a unit of water (100 Cubic Feet (HCF) that covers the cost of water (a charge from the Bureau of Reclamation) plus treatment and labor expenses in getting the water to the tank at the filter plant. For the Domestic Rate (which was referred to as Plan A in previous renditions), the water rate will be **$0.32/(HCF) plus the estimated CVP Restoration Fee of $.05/(HCF) for a total of $.37/(HCF).** Plan AG will be the same water cost as Domestic unless the District buys "irrigation" water from the Bureau to serve Plan AG customers instead of using "M&I". If the District buys "Irrigation" water, then the rate Plan AG will be **$0.45/HCF plus $.025 CVP Restoration Fee for a total of $.47(HCF)** to cover the additional cost of purchasing this water. It is recommended that the District only purchase "M&I" water because it is 2.6 times cheaper than "Irrigation" water.

Also, during a drought year where the District's water allocation is reduced by the Bureau, the usage rate will increase depending on actual costs incurred by the District to provide water during a drought. *Appendix 5* gives an illustrated scenario of what those costs could be and is based upon previous drought year data coupled with current estimated costs. The chart on page 6 pointed out the reality of the rising cost of Agricultural water in our District.

NOTE: Water usage rates will be set annually using the most current Bureau of Reclamation (BOR) water rate schedule and calculated using the "Normal Year Water Usage Rate Formula" found in *Appendix 6*. The usage rates will therefore directly reflect the current BOR water rate schedule for all applicable M&I and Irrigation (AG) water categories sold the District along with their corresponding CVP restoration fees. The formula, and the illustrated scenario of these calculations using an estimate of future BOR water rates, is included in *Appendix 6*. Changes to the Usage Rate (rate per HCF) will be based on additional costs incurred by the District and will be changed with a 30-day notice.

Additional Monthly Fees – These are current debt obligations incurred by the District. They **total $10.81 per month** and include:

- **Filter Plant Loan** - $7.55 per month per customer.
- **Backwash Recycling Project** - $.38 per month per customer
- **WIIN Act Repayment Reserves– $1.88 per month per customer. The District is in process for two items that will also be added to the additional monthly fees: the WIIN Act Loan Repayment Reserve, and the State Grant Loan Reserve. The WIIN Act Loan Repayment is an obligation that the District has coming due by 2030. On November 17, 2020 the District signed a contract for conversion to accelerate the payment of the balance due the Bureau of Reclamation. In consideration of this early contract payment, and as allowed by the WIIN Act, the execution and fulfillment of this contract will secure the District's 15,300 acre-foot water allocation in perpetuity. The first payment of that**

contract obligation was due December 1, 2020. However, no payment has been made due to a lack of District revenue available. Approval of this rate increase will facilitate the fulfillment of this contract. The total amount for this item is $800,000 plus interest. This amount distributed amongst our 2,710 customers comes to **$1.88/month** in estimated costs if the loan is paid off in 15 years.

- **State Loan Repayment Reserves** - $1.00 per month per customer. This monthly fee is the Grant/Loan that the District is in the process of securing from the State for upgrades to our system and the Water Treatment Plant (WTP). This will be covered by having a State Grant Loan Reserve to pay for costs associated with a loan/grant from the State Water Resource Control Board. Final estimates are yet to be determined, but preliminary estimates require a $1.00/month per customer reserve payment. These reserve payments will be included as additional monthly fees on each customers bill.

An additional fee that must be considered is the Central Valley Project (CVP) Restoration Fee from the Bureau of Reclamation (BOR). The CVP Restoration Fee is $.05 per 100 CF on M&I water, and $.025 per 100 CF for AG water. This amount varies from year to year and will be adjusted in the Rates when it is adjusted by the BOR via a 30-day notification process.

Will the revenue generated by the base rate, water usage rate and additional fees balance the budget? It is believed that it will. However, an analysis should be completed annually by the Finance Committee and Board to determine if our financial needs are being met. In year 3, a process to adjust the rates could be commenced. Overall, the expenses incurred during a previous year (2019) were analyzed to get a total of projected annual expenses ($2,800,000). Additional expenses that are currently incurred or under contract to be incurred soon were added to this amount. This brought the Total Annual Expenses (TAE) to $3,214,194. The projected revenue was subtracted from this amount to see if our budget would balance and was based on the assumption that practically all customers would choose the M&I rate. Below is a table developed by the Community Advisory Committee that endeavors to show the rate structure and its result of producing a balanced budget.

Table 1: *Rate Sheet with Evidence of Meeting Expenses for the Proposed Rates*

CLEAR CREEK CSD
PROPOSED RATES 2021:
ALL CUSTOMERS:

Revised 3/15/2021 FINAL
Approved at the March 15, 2021 CAC Meeting

Calculations used the data in the "Revised" column of the June 2020 Activity Report $7.55 + $0.38 C*G (E*12)*B C*D K+L

RATE SCHEDULE	TOTAL # OF METERS	Estimated ANNUAL TOTAL Water Use HCF	PROPOSED WATER RATE excluding Bureau Restoration fee	MONTHLY DOMESTIC BASE RATE	MONTHLY FILTER Replacement LOAN	MONTHLY Recycle/ Backwash Loan	ANNUAL Restoration fee/HCF This fee is set annually by the Bureau and may vary year to year	ANNUAL Restoration fee revenue	Estimated cost @3% Int. MONTHLY WIIN ACT Loan Repayment Reserves	Estimated FUTURE MONTHLY State Grant Loan Reserves	DISTRICT ANNUAL BASE FEES	DISTRICT ANNUAL WATER Sales	BASE & WATER DISTRICT GRAND TOTAL
AG	1	1	$0.450	$55.00	$7.55	$0.38	$0.025	$0.03	$1.88	$1.00	$660	$0	$660
Plan A Domestic	2709	1457834	$0.32	$55.00	$7.55	$0.38	$0.05	$72,891.70	$1.88	$1.00	$1,787,940	$466,507	$2,254,447
Total:	2710	1,457,835			$245,526	$12,358		$72,892	$61,138	$32,520	$1,788,600	$466,507	$2,255,107
		3,347 Ac. Ft.											

		20-21 adopted budget		21-22 Proposed budget
Revenue Centerville Admin/O&M & Capacity Charges (2020 Activity Report)			$259,000	
TOTAL OPERATING SALES:	(2020-2021 Budget) = $1,484,435)	2,625,950	2,514,107	2,546,360
Filter Plant Loan ($7.55/mo.) + Backwash Recycle Project ($0.38/mo.) @ 2,710 monthly payments:			$257,884	
CVP Restortion Fee ($0.05 per HCF on M&I water).			$72,892	
WIIN Act Loan Repayment Reserves ($1.88/mo.):			$61,138	
State Grant Loan Reserve: $1/mo. per customer			$32,520	
TOTAL RATES AND FEES (Domestic & Ag):			$2,938,540	
Revenue from Taxes:			$350,000	
TOTAL PROJECTED ANNUAL REVENUE:			$3,288,540	

***Rate A and Rate AG each provide 4.1% profit/HCF

ANNUAL REVENUE REQUIRED BY PROPOSED RATES:

Total Projected Annual Expensses:	$2,800,000		Starting Point: Current annual expenses.
Expenses plus 10%:		$3,080,000	Expenses plus 10% (buffer)
Winn Act Contract Reserves:		$61,138	This amount will be adjusted when it is known exactly what it is.
Backwash Pond Repair, etc. Reserves:		$32,520	Pond repair, pipeline replacement, 400 new meters.
Total Annual Expense:		$3,173,658	Future annual expenses.

Total Annual Expenses/ Revenue Required:	$3,173,658	Future annual expenses.
Less Revenue From Water Services: (2020 Activity Report):	-$259,000	Includes revenue from Centerville and other fee collections.
Less Filter Plant Loan, Recycle Backwash Fees:	-$257,884	Existing filter plant loan repayment.
Less CVP Restoration Fee:	-$72,892	The rate of $0.025 is the current exact cost. This fee will be dropped when WIIN Act is paid.
Less Winn Act Loan Repayment Reserves:	-$61,138	The rate will need to be adjusted when the exact WIIN Act loan cost is known.
Less State Grant Reserves:	-$32,520	Pond repair, pipeline replacement, 400 new meters.
Less Non-Operatng Revenue: (2021 Budget):	-$350,000	State Tax revenue returned to the District.
Revenue Required From "Annual Water Sales" alone.	$2,140,225 *	Base Rate + Water Rate only
Annual Water Sales - proposed rates - spreadsheet:	$2,255,107 *	Upper Right-hand column.

* The bottom most figure must be equal or exceed the figure above it!

Drought Water Rate Formula

There is also uncertainty related to how these rates will perform during a drought year[6] since customer water consumption will be curtailed due to the availability and/or cost of water. During a drought the water quantity allocated to the District from the Bureau of Reclamation is reduced, sometimes severely. For example, during a typical water year the District customers will consume approximately 3,400 acre feet of water. The Bureau of Reclamation this year allocated only 425 acre feet of M&I water to the District and 0 acre feet of Ag water. When the Bureau of Reclamation reduces the District's water allocation below its normal consumption quantity the District needs to either purchase water from another source or pump ground water from the District's wells. Bureau of Reclamation water is much cheaper than water from other sources. To account for the higher cost of water from either pumping water via District wells or buying water from the McConnell Foundation or another source, the District developed a Rate Plan D (Drought). To provide water during a Drought, when the District's supply of water from the Bureau of Reclamation is drastically reduced and is therefore not available to customers at the cost from the Bureau, the District water supply must be supplemented by either: 1) water purchased from other sources at a much higher cost; or 2) water pumped from the District's wells at a significantly higher cost due to the electricity charges involved in doing so.

Rate plan D uses the same base rate but the water rate will be calculated during the water year in which it occurs, based on the actual costs to the District of supplying water during a drought. The drought rate therefore will be different from one drought year to the next because the water sources available to, and secured by the District, will change both in quantity and cost. In addition, the District may also adjust the drought rate more than once during a water year. This is because the Bureau of Reclamation has the authority to reduce the amount of surface water available to the District from month to month. For example, in March 2021 the Bureau of Reclamation initially established the District allocation at 1898 acre feet, and then in May 2021 the Bureau of Reclamation reduced the District allocation to only 425 acre feet. The financial implications of this change are significant because the Bureau of Reclamation water is the least expensive water source available to the District. For example, Bureau of Reclamation M&I water for 2020-2021 costs $0.32/HCF to get it in the pipes ready for distribution, however District well water costs $0.93/HCF to extract, treat and pump through the distribution lines. For the 2021 water year if there were 1,898 acre feet available and the difference of 2,376 acre feet is pumped from the District wells to complete the water year at the end of February 2022, then the weighted cost of providing water is calculated to be $0.66/HCF. If the District's allocation is reduced to 425 acre feet, then with the needed quantity of water pumped from the District wells the cost of water would be $0.84/HCF because there is less inexpensive water available. Furthermore, in our current water year the District will have to rely solely on District well water because there was a lack of conservation by some District customers and the 425 acre feet allocated to the District was used up by June 23, 2021. This means that the Drought rate for the remainder of the 2021 and until February 28, 2022 is calculated to be $0.93/HCF. Having a static drought rate leaves the District vulnerable to running significant deficits if it were to meet customer needs during a drought without

[6] The last two drought year expenses were 2014-2015 and 2015-2016. The total acre feet (AF) that were pumped using our wells was 758 AF. Current estimated costs average $340.88 / AF ($373.04 during peak). Multiply the average historical usage (758 AF) by current pumping estimated costs and get a total cost over a 5-year period of $258, 387.04 if similar amounts were used today. One other cost that was associated with the water utilized during the drought years of 2014-2015 was the purchase of 800 AF of water from the McConnell foundation at $250/AF (see **Appendix 4**). This means that the District needs to develop a water usage rate that reflects the higher unit costs for providing water from either of those sources.

making proportionate adjustments to the water rate that directly reflect the cost and availability of various water sources.

During the next 5 years, that this rate schedule is in effect, the drought rate will be calculated and implemented in any water year that the Bureau of Reclamation declares a drought and curtails the Districts' allocation below the Districts' typical water consumption during a normal water year, excluding District water sale should they occur in the future. As explained in the preceding paragraph it may be necessary to make additional rate changes as available Bureau water is curtailed or other sources of water secured.

The strength of this method for addressing the cost of water during a drought is that it allows the District to adjust to the variable quantities and costs of water that the District must acquire to meet the District customers' needs during a drought in a manner that directly reflects the actual costs incurred by the District during that water year.

The drought water rate will be calculated using the different quantities and costs associated with acquiring water from the various sources available to the District (during the current water year) as a weighted average cost of water (See *Appendix 5*). This method of establishing the water rate, concurrently with the conditions unique to that drought year will allow the quantity and cost of water available from the Bureau of Reclamation, purchase contracts (such as McConnell Foundation or other water sources), and a conservative forecast of water from the District's wells to be reflected in the drought rate, allow the District to respond to those unique cost conditions in a responsible manner, and will alleviate the threat of the District running a deficit because it requires customers to pay rates that directly reflect drought-related water costs. This allows the District to adjust revenue according to the actual costs incurred and not attempt to forecast the revenue deficits caused by droughts nor predict the frequency of those events. Overall, the actual cost will be determined at the time the District incurs drought related expenses. For this water year, *Appendix 5* shows the input values for our current water allocation the drought rate formulas and the resulting water rate of $0.93/HCF for AG and Domestic based on the Bureau's rate schedule and the cost of producing water from the District Wells.[7] This rate is based upon the assumption that the estimated usage (2,376 acre-feet) from the District wells will not be exceeded. An exceedance in well usage will cause an ever-increasing deficit in revenue for the District. To avoid such a scenario the beginning estimate for the amount of well water pumped should large enough so that an exceedance is unlikely.

Using the actual cost of water during the drought years provides a responsible mechanism for the District to pass on District costs to the customers on a per unit of water basis. The Rate Plan D water rate will use the equation provided in *Appendix 5* and reflect the actual water costs that the District will incur during that unique water year and any future year while this rate schedule is in effect. **This drought rate methodology and formula will go into effect when the appropriate stage of the drought policy and subsequent drought restrictions are enacted by ordinance of the Board of Directors. For this water year, when the Board enacts this provision, the drought water rate be $0.93/HCF to cover additional expenses incurred by the District to provide water from our wells and other sources. For the formula used to calculate this rate, please see *Appendix 5*.**

[7] See **Appendix 5** for the Drought Water Rate data chart.

Replenishment of Reserves

The previous spreadsheet highlights a goal of covering annual expenses plus approximately 10% for reserves. This component is the beginning steps in a journey to replenish our reserves. The RCAC report cited on page 11 some possible reserve targets. They also noted that policies must be in place to clarify investment terms, what the funds can be used for, who can access the funds and what the procedure is to access those funds. Such concerns are the purview of management and the BOD - and are not addressed here. However, it should be noted that the target amounts by RCAC could be a goal that could put us in the place to secure grants and other financial resources. Specifically, the RCAC amounts were:

Reserve Targets	Amount	First Year Reserve Addition	Excess funds to be transferred to CIP	Goal
Debt Reserve	$260,905	-$11,004	$11,004	As per lending agreement(s)
Operating Reserve	$230,719	$65,617	$0	45 days of expenses
Emergency Reserve	$500,000	$92,598	$0	Critical equipment replacement cost
Capital Reserve	$136,004			

Overall, part of the additional 10% ($280,000) would replenish these reserves and provide some funds for capital improvement projects (CIP referred to above). It is suggested that at least half of the $280,000 be put into the reserve accounts. The possible status after five years is shown below if at least half of the $280,000 (the 10% beyond the Total Annual Expenses that was referred to in *Exhibit 1*) or $140,000 per year is used for replenishing our reserve accounts. **Please note: the WIIN Act Loan Repayment Reserve ($800,000) and the State Grant Loan Reserve ($TBD) are not listed due to these items being finalized but are included in the base rate since these are existing obligations of the District.**

The $140,000 amount is suggested to be allocated as follows: $15,000 per year into Debt Reserve (besides any normal fund streams), $40,000 per year into the Operating Reserve, $65,000 per year into the Emergency Reserve, and $20,000 per year into the Capital Reserve. If this were done, the new reserve target sheet would look like:

Reserve Accounts	Current Balance[8]	Reserve Targets	Possible Status after 5 Years	Ongoing Goal
Debt Reserve	It appears that we have several reserves that total more than $250,000	$250,000	$325,000	Keep at $250,000 for lending purposes
Operating Reserve	$21,004.37	$230,719	$221,004.37	45 days of expenses

[8] As of the February 28, 2021 Activity Report.

Emergency Reserve	$37,121.47	$500,000	$362,121.47	Critical equipment replacement costs
Capital Reserve	7,000	$136,004	$107,000	Cash on hand

Sales Adjustments

Higher water rates may cause a reduction in the quantity of water sales as customers adjust their consumption to the new rates. RCAC noted the following:

Sales adjustment over base year	Year 1	Year 2	Year 3	Year 4	Year 5
Conservation Factor	-3.0%	-2.0%	-1.0%	0%	0%
Community Growth Factor	0%	0%	0%	0%	0%
Total Sales Adjustment	-3.0%	-2.0%	-1%	0%	0%

Though these amounts are possible, this rate proposal settled on adjusting the rates 1.9% per year for the Construction Cost Index for inflation. Overall, the RCAC report suggested 6% increase in five years to offset the reduction in sales, whereas this proposal recommends **7.6%** (1.9% per year for inflation starting in year 2) and should suffice to meet this sales adjustment need as well as some of the inflation of costs experienced by the District.

Summary of Proposed Rates

The rates proposed for the next 5 years are exhibited below[9]:

Rate Plan	Year 1: By September 1, 2021	Year 2: By July 1,2022	Year 3: By July 1, 2023	Year 4: By July 1, 2024	Year 5: By July 1, 2025
Ag	**Monthly Base Rate:** $55 **Usage Rate[10]:** $.47/Unit (HCF)	**Monthly Base Rate:** $56.05 **Usage Rate:** $.48/Unit (HCF) + TBD Bureau Costs[11]	**Monthly Base Rate:** $57.11 **Usage Rate:** $.49/Unit (HCF) + TBD Bureau Costs	**Monthly Base Rate:** $58.20 **Usage Rate:** $.50/Unit (HCF) + TBD Bureau Costs	**Monthly Base Rate:** $59.31 **Usage Rate:** $.51/Unit (HCF) + TBD Bureau Costs
Domestic	**Monthly Base Rate:** $55 **Usage Rate:**	**Monthly Base Rate:** $56.05 **Usage Rate:**	**Monthly Base Rate:** $57.11 **Usage Rate:**	**Monthly Base Rate:** $58.20 **Usage Rate:**	**Monthly Base Rate:** $59.31 **Usage Rate:**

[9] Starting in Year 2, there will be a 1.9% increase in the Monthly Base Rate, the Water Usage Rate.
[10] Includes the CVP Restoration Fee ($.05 per 100 CF on M&I water; AG water is $.025/HCF) which is determined annually.
[11] The Normal Year Water Usage Rate will be calculated annually to directly reflect the current Bureau of Reclamation water rate schedule for all costs associated with applicable M&I and Irrigation water categories along with their corresponding CVP Restoration fees. The rates indicated are estimates. The formula that will be used to calculate the costs at the time is shown in Appendix 6. Rates will be adjusted with a 30-day notification.

	$.37/Unit (HCF)	$.38/Unit (HCF) + TBD Bureau Costs	$.39/Unit (HCF) + TBD Bureau Costs	$.40/Unit (HCF) + TBD Bureau Costs	$.41/Unit (HCF) + TBD Bureau Costs
Drought	**Usage Rate:** $.93/HCF +TBD actual additional costs incurred by the District per HCF with a 30-day notice.	**Usage Rate:** Actual additional cost incurred by the District per HCF with a 30-day notice.	**Usage Rate:** Actual additional cost incurred by the District per HCF with a 30-day notice.	**Usage Rate:** Actual additional cost incurred by the District per HCF with a 30-day notice.	**Usage Rate:** Actual additional cost incurred by the District per HCF with a 30-day notice.
Other Monthly Fees and Charges	**$7.55 –** Filter Plant Loan **$.38 –** Backwash Recycle **$1.88** – WIIN Act Repayment Reserves **$1.00 –** State Loan Repayment Reserves **Total: $10.81** Per Month	**$7.55 –** Filter Plant Loan **$.38 –** Backwash Recycle **$1.88** – WIIN Act Repayment Reserves **$1.00 –** State Loan Repayment Reserves **Total: $10.81** Per Month	**$7.55 –** Filter Plant Loan **$.38 –** Backwash Recycle **$1.88** – WIIN Act Repayment Reserves **$1.00 –** State Loan Repayment Reserves **Total: $10.81** Per Month	**$7.55 –** Filter Plant Loan **$.38 –** Backwash Recycle **$1.88** – WIIN Act Repayment Reserves **$1.00 –** State Loan Repayment Reserves **Total: $10.81** Per Month	**$7.55 –** Filter Plant Loan **$.38 –** Backwash Recycle **$1.88** – WIIN Act Repayment Reserves **$1.00 –** State Loan Repayment Reserves **Total: $10.81** Per Month

Estimated Monthly Bill(s)[12]

Rate Plan	**Year 1:** By September 1, 2021	**Year 2:** By July 1,2022	**Year 3:** By July 1, 2023	**Year 4:** By July 1, 2024	**Year 5:** By July 1, 2025
Ag	**Monthly Base Rate:** $55 **Usage Rate:** $.47/Unit	**Monthly Base Rate:** $56.05 **Usage Rate[14]:**	**Monthly Base Rate:** $57.11 **Usage Rate:**	**Monthly Base Rate:** $58.20 **Usage Rate:**	**Monthly Base Rate:** $59.31 **Usage Rate:**

[12] Based upon 8 units (HCF) of water consumption. Actual costs will vary depending on customer use. This is for illustrative purposes and should not be construed to suggest there are free units of water being supplied to customers. The usage rate in this illustration also includes the 2020 CVP Restoration Fee ($.05 per 100 CF on M&I water; AG water is $.025/HCF). This is a normal water year estimate not a drought year estimate.

[14] The Normal Water Year Usage Rate will be calculated annually using the current Bureau of Reclamation Water Rate Schedule for all applicable M&I and Irrigation water categories, their corresponding CVP Restoration fees, and current water treatment chemical costs. The values in this table are for illustrative purposes. The Normal Year Water Rate formula is shown in *Appendix 6*.

	(HCF) x 8 Units = $3.76 **Additional Fees**[13]: $10.81 **Total Estimated Monthly Bill:** $69.57	$.48/Unit (HCF) x 8 Units = $3.84 **Additional Fees:** $10.81 **Total Estimated Monthly Bill:** $70.70	$.49/Unit (HCF) x 8 Units = $3.92 **Additional Fees:** $10.81 **Total Estimated Monthly Bill:** $71.84	$.50/Unit (HCF) x 8 Units = $4.00 **Additional Fees:** $10.81 **Total Estimated Monthly Bill:** $73.01	$.51/Unit (HCF) x 8 Units = $4.08 **Additional Fees:** $10.81 **Total Estimated Monthly Bill:** $74.20
Domestic	**Monthly Base Rate:** $55 **Usage Rate:** $.37/Unit (HCF) x 8 units = $2.96 **Additional Fees:** $10.81 **Total Estimated Monthly Bill:** $68.77	**Monthly Base Rate:** $56.05 **Usage Rate:** $.38/Unit (HCF) x 8 units = $3.04 **Additional Fees:** $10.81 **Total Estimated Monthly Bill:** $69.90	**Monthly Base Rate:** $57.11 **Usage Rate:** $.39/Unit (HCF) x 8 units = $3.12 **Additional Fees:** $10.81 **Total Estimated Monthly Bill:** $71.04	**Monthly Base Rate:** $58.20 **Usage Rate:** $.40/Unit (HCF) x 8 units = $3.20 **Additional Fees:** $10.81 **Total Estimated Monthly Bill:** $72.21	**Monthly Base Rate:** $59.31 **Usage Rate:** $.41/Unit (HCF) x 8 units = $3.28 **Additional Fees:** $10.81 **Total Estimated Monthly Bill:** $73.40
Drought	**Usage Rate:** $.93/HCF	**Usage Rate:** Actual additional cost incurred by the District per unit with a 30-day notice.	**Usage Rate:** Actual additional cost incurred by the District per unit with a 30-day notice.	**Usage Rate:** Actual additional cost incurred by the District per unit with a 30-day notice.	**Usage Rate:** Actual additional cost incurred by the District per unit with a 30-day notice.

Is This Rate Schedule Affordable?

Though affordability can be felt in different ways based on the individual customer's perception of the rate increase proposed, there are metrics available to measure affordability. The RCAC study cited the Median Household Income (MHI) metric of affordability and this rate proposal overall would pass that affordability metric. Specifically, RCAC cited the MHI of our area as $35, 656.00 and that any monthly base rate that falls below 4% is considered "affordable" while any number below 1.5% is "considered too low and any replacement project may not be eligible for certain funding" (see page 19 of the RCAC report).

[13] See the "Other Monthly Fees and Charges" category in the preceding table.

4% of $35,656.00 is $1,426.24 per year costs for water. Divide $1,426.24 by 12 months and a monthly base amount should not exceed $118.85. The estimated monthly bill(s) section above indicates that this rate proposal will fall below the 4% threshold. But does it fall below the 1.5% threshold for loans/grants, etc.? No, in fact the rate would have to be around $44.57 to be at 1.5% of MHI. **Though there are deficiencies in this method, the water rates proposed in this document fall below this threshold for a monthly charge (even if the estimated monthly bill was based upon a water usage of eight units) but not so low to disqualify CCCSD for grants or other funding opportunities.**

Other alternatives to metrics of affordability could also be considered.[15] The Public Utilities Commission of California has issued a decision on metrics and identified the following three possible alternatives to measuring affordability of water rates. [16] At the present, one of these can apply to this current rate proposal:

> **Hours at Minimum Wage (HM)** – This metric "describes essential water service bills in terms of worked hours at minimum wage required to pay for them," - usually 8 hours at a minimum wage job. The rationale is that monthly water costs should not exceed what someone on minimum wage makes for 1 eight-hour workday. California minimum wage is between $13-14/hour depending on the number of employees an entity has.[17] With this in mind, eight hours at a minimum wage job would be between $104 to $112. If the estimated monthly bill(s) illustration above is compared to this range, then the proposed rates fall below this metric.

There are two other interesting metrics of affordability to note, but without in-depth study these are not able to be applied to the present rate proposal. These may be good for future consideration:

> **Socioeconomic Vulnerability Index (SEVI)** – This describes the "relative socioeconomic characteristics of communities – in terms of poverty, unemployment, educational attainment, linguistic isolation, and percent of income spent on housing – to quantify how the same rate impact may affect one community's ability to pay more than another's". Community characteristics have yet to be determined for the CCCSD customer base and cannot be applied without in-depth analysis which this rate proposal does not claim to do.
>
> **Affordability Ratio (AR)** – This describes the "impact an essential water service bill has on a representative household's budget; that is, the percent of income that is spent on essential water service after housing and the remaining essential services (electricity, natural gas, and communications) are considered". This is also referred to as Disposable Household Income (DHI). The lack of availability of household-level customer data does not make this analysis possible either.

Overall, this rate proposal does seem a viable option when it comes to MHI and HM metrics of measuring affordability.

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[15] For an abstract of an American Water Works Association article on this issue, please visit: https://awwa.onlinelibrary.wiley.com/doi/full/10.5942/jawwa.2018.110.0002. Accessed on 4/19/21.
[16] See the decision on metrics here: https://www.cpuc.ca.gov/affordability/water.aspx.
[17] See rate table and schedule for compliance here: https://www.dir.ca.gov/dlse/FAQ_MinimumWage.htm.

Next Steps

Pre-Prop 218 Process

1. Continue the process by approving this document and the proposed rate structure for distribution to the community.
2. Schedule an information meeting and provide access to Rate Increase Proposal Rationale document.
3. Host an information meeting PRIOR to the Board of Directors initiating the proposition 218 process.
4. Amend rate structure (if applicable)

Prop 218 Process

Clear Creek CSD must follow Proposition 218 in implementing the water rates. The board must have a hearing and pass a resolution that includes:

1. The selected rates.

2. Approval of the wording of the Prop 218 Notice (see the sample provided below).

3. Set a date for the Notice to be mailed to all the property owners and renters within the Clear Creek CSD. (Notices must be sent to all "property owners of record," – a list of which can be obtained from the County Assessor-Recorder. Notices must also be mailed to owners of vacant parcels.)

4. Set the effective date of the rate increase and schedule a public hearing.

5. Set a due date for the protest votes to be received - at least 45 days after the notices are mailed.

6. At the public hearing, the Board must plan to allow public comment. Prior to this public hearing, the Board may want to set multiple hearing dates or "educational meetings" to explain the rate increases to the District customers.

7. Set an effective date for the proposed rates and fees.

The Hearing and Afterwards

At the due date for the protest votes, tally the protest votes. If more than half of the parcels protest (one vote per property, either by the renter or the owner); then the Board cannot adopt the rates proposed in step 1, but must:

• Keep the rates unchanged.

• Or repeat the process starting with step 1 If less than half of the property owners protest, the Board can adopt the rates and fees. At that time in the process, the Board can only accept or reject the proposed rates and fees—they cannot change them (unless steps 1-7 are repeated).

Sample Schedule

6/16/21	Board of Directors (BOD) votes to approve Rate Proposal Rationale for community distribution and

	input. Approve schedule below including Informational Meeting and Public Hearing dates.
6/17/21	Notice of Informational Meeting in customer bills, in newsletter, on website.
6/21/21	The Rate Increase Proposal Rationale is posted on the District website. Emailed to interested customers and a hardcopy is posted for those who wish to stop by the office.
6/21/21 to 6/29/21	Continue to promote the Informational Meeting
6/29/21 @ 6:30pm	Hold an **evening Information Meeting**
6/30/21 to 7/6/21	Revise Rate Increase Proposal Rationale document and have final legal counsel review.
7/12/21 @ 6:30pm	BOD votes to start the Prop 218 process, have one more Information Meeting and place discussion of the rate increase on their 8/18/21 agenda.
7/15/2021	Staff mails the notice to all parcel owners beginning the **45-day** process.
8/10/21 @ 6:30pm	Board meeting for final explanation of the rates prior to the public hearing.
8/30/21 @ 6:30pm	**Public Hearing**: Protest letters are due. Final BOD resolution to adopt the rates.
9/1/21	Implementation of new rates.

NOTICE OF PUBLIC HEARING

ON PROPOSED DRINKING WATER RATES

FOR THE CLEAR CREEK COMMUNITY SERVICES DISTRICT

Public Hearing, August 30, 2021, at 6:30 PM at the Happy Valley Elementary School (17480 Palm Avenue)

WHY ARE YOU RECEIVING THIS NOTICE?

This notice is being furnished to you by The Clear Creek Community Services District [CCCSD] pursuant to the California Constitution Article XIII Section D, Section 6(a) (also known as "Proposition 218"). Under terms of Proposition 218, the District is required to notify property owners of proposed changes to property related fees such as water services. This letter serves as notice that the CCCSD will hold a public hearing to consider changes to its current water rates.

WHAT DO WATER RATES FUND?

The CCCSD provides water services to 2,170 connections. These services must be financially self-sufficient. Monthly rates paid by users of the system are the primary sources of revenue. All revenue generated from your utility bill is used to maintain and operate the water system. These revenues must meet all costs, such as electricity, chemicals, maintenance, licensing, fees, repairs, staff salaries, and build up reserves for emergency repairs and future replacement of the system when it is time to be replaced. The CCCSD is committed to responsible financial management of our public water system.

WHY ARE RATE CHANGES REQUIRED?

A complete budget review and analysis has been done by the Community Advisory Committee in conjunction with District staff to develop a Rate Increase Proposal Rationale document. This analysis examined the cost to provide water services with the objective of striking a better balance between fixed and variable revenues while continuing to promote a fair and equitable structure that was as affordable as possible to all utility customers. Rates need to be adequate to recover the expenses while ensuring that costs are equitably allocated so that rates are fair and in proportion to the services received by each user. The CCCSD also recently completed an analysis of the capital replacement requirements. All the capital assets of the CCCSD were reviewed and an estimated replacement timeframe and cost were assigned. These replacements will be funded with grants and the proposed rate adjustments.

HOW ARE RATES CALCULATED?

The proposed rate structure for water service fees has two components: (1) a fixed monthly **base** charge; and (2) a variable (water consumption-based) **usage** rate. The first component is a fixed amount calculated to recover CCCSD's fixed costs of operating and maintaining the water system and is based on these costs divided by the total number of customers/connections served by the District. The variable component of the rate structure is based on water consumption. **The variable usage rate will be charged from the first 100 cubic feet (748 gallons) of water used. This means the first 2 Units (200 CF) will no longer be included with the base rate.** Also, Ag water costs the District an estimated $.125/more per unit if Bureau of Reclamation water is purchased. **In drought years, District costs have been higher historically because**

Bureau water allocation reductions cause the District to acquire more expensive sources of water to cover the difference. This proposal will establish water rates during a drought based on the actual cost of those alternate sources of water during the next 5 years.

NEW RATES

Water rates will adjust over a five-year period and will be evaluated annually for their effectiveness. Over a five-year period, the CCCSD will become more financially sustainable with revenue that covers the expenses and begins to replenish required reserves. Year 1 will have s base rate of $55. Year two will have a $55 base rate plus 1.9% and a water usage rate increase of 1.9%. Years 3 to 5 will see an increase of 1.9% in both the base rate and usage rates. Water rates will also be adjusted over a five-year period based on the Bureau of Reclamation water rate schedule and the cost of chemicals and labor to treat the water during that current water year. The base rate does not include additional fees. Those are included in the table below and more information about them can be found in the *Rate Increase Proposal and Rationale* document available on the District website or at the District office. PLEASE NOTE: A drought usage rate will go into effect when the appropriate stage of the drought policy and subsequent drought restrictions are enacted by ordinance of the Board of Directors. When the Board enacts this provision, the water usage rate will increase to cover additional expenses incurred by the District to provide water from our wells and other sources. For the formula used to calculate this rate, please see *Appendix 5* of the *Rate Increase Rationale and Proposal* document. After year 1 this usage rate will be subject to a 1.9% increase for inflation.

Rate Plan	**Year 1:** By September 1, 2021	**Year 2:** By July 1,2022	**Year 3:** By July 1, 2023	**Year 4:** By July 1, 2024	**Year 5:** By July 1, 2025
Ag	**Monthly Base Rate:** $55 **Usage Rate**[18]**:** $.47/Unit (HCF)	**Monthly Base Rate:** $56.05 **Usage Rate:** $.48/Unit (HCF) + TBD Bureau Costs[19]	**Monthly Base Rate:** $57.11 **Usage Rate:** $.49/Unit (HCF) + TBD Bureau Costs	**Monthly Base Rate:** $58.20 **Usage Rate:** $.50/Unit (HCF) + TBD Bureau Costs	**Monthly Base Rate:** $59.31 **Usage Rate:** $.51/Unit (HCF) + TBD Bureau Costs
Domestic	**Monthly Base Rate:** $55 **Usage Rate:** $.37/Unit (HCF)	**Monthly Base Rate:** $56.05 **Usage Rate:** $.38/Unit (HCF) + TBD Bureau Costs	**Monthly Base Rate:** $57.11 **Usage Rate:** $.39/Unit (HCF) + TBD Bureau Costs	**Monthly Base Rate:** $58.20 **Usage Rate:** $.40/Unit (HCF) + TBD Bureau Costs	**Monthly Base Rate:** $59.31 **Usage Rate:** $.41/Unit (HCF) + TBD Bureau Costs
Drought	**Usage Rate:** $.93/HCF +TBD actual	**Usage Rate:** Actual additional cost	**Usage Rate:** Actual additional cost	**Usage Rate:** Actual additional cost	**Usage Rate:** Actual additional cost

[18] Includes the CVP Restoration Fee ($.05 per 100 CF on M&I water; AG water is $.025/HCF) which is determined annually.

[19] The Normal Year Water Usage Rate will be calculated annually to directly reflect the current Bureau of Reclamation water rate schedule for all costs associated with applicable M&I and Irrigation water categories along with their corresponding CVP Restoration fees. The rates indicated are estimates. The formula that will be used to calculate the costs at the time is shown in Appendix 6. Rates will be adjusted with a 30-day notification.

	additional costs incurred by the District per HCF with a 30-day notice.	incurred by the District per HCF with a 30-day notice.	incurred by the District per HCF with a 30-day notice.	incurred by the District per HCF with a 30-day notice.	incurred by the District per HCF with a 30-day notice.
Other Monthly Fees and Charges	**$7.55 –** Filter Plant Loan **$.38 –** Backwash Recycle **$1.88** – WIIN Act Repayment Reserves **$1.00 –** State Loan Repayment Reserves **Total: $10.81** Per Month	**$7.55 –** Filter Plant Loan **$.38 –** Backwash Recycle **$1.88** – WIIN Act Repayment Reserves **$1.00 –** State Loan Repayment Reserves **Total: $10.81** Per Month	**$7.55 –** Filter Plant Loan **$.38 –** Backwash Recycle **$1.88** – WIIN Act Repayment Reserves **$1.00 –** State Loan Repayment Reserves **Total: $10.81** Per Month	**$7.55 –** Filter Plant Loan **$.38 –** Backwash Recycle **$1.88** – WIIN Act Repayment Reserves **$1.00 –** State Loan Repayment Reserves **Total: $10.81** Per Month	**$7.55 –** Filter Plant Loan **$.38 –** Backwash Recycle **$1.88** – WIIN Act Repayment Reserves **$1.00 –** State Loan Repayment Reserves **Total: $10.81** Per Month

*** Base Rate includes $55/month of fixed costs/basic reserves plus $1.88/month estimated costs for the WIIN Act Loan Reserve and $1/month estimated costs for the State Bond Loan for system upgrades.**
**The usage rate includes the CVP Restoration Fee ($.05 per 100 CF on M&I and $.025/HCF for AG water).

MEETING & PROTEST

The purpose of the public hearing is for the CCCSD Board of Directors to consider all comments about the rate adjustments to be imposed on parcels within the District. As the record owner or renter of a parcel identified to be subject to the imposition of the proposed rate adjustments, you may submit a **written** protest against the proposed rate adjustments. Provided, however, **if the identified parcel has more than one record owner or renter, only one written protest will be counted**. Each protest must (1) be in writing, (2) state that you are against the proposed water rates, (3) provide the parcel APN or CCCSD account number, and (4) include the **original signature of the record owner or renter submitting the protest**. Protests submitted by e-mail, fax, or other electronic means will not be accepted.

Written protests must be submitted by mail to CCCSD, District Office, 5880 Oak St, Anderson, CA 96007, or in person at the public hearing on August 30, 2021, so long as they are received **prior to the start of the public hearing**. CCCSD staff will **not accept** protest letters at the office as they all must be mailed to the address above or delivered in person at the August 30, 2021, public hearing before 6:30 PM. Please identify on the front of the envelope of any protest, whether mailed or submitted in person, that the enclosed letter is for the Proposed Adjustments of the Water Rates. **A sample written protest is included with this letter.**

During the August 30, 2021, public hearing the written protests will be tallied by an impartial person. At the conclusion of the public hearing on August 30, 2021, the CCCSD Board of Directors will consider adopting the proposed rate changes. **Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest and delivered as stated above**. If, at the beginning of the August 30, 2021, public hearing, written protests against the rate adjustments are not presented, as outlined above, by a majority (over 50%) of the owners or renters of the identified parcels upon which the new rates are proposed to be imposed, the CCCSD Board of Directors will be authorized to impose the rate adjustments as presented here.

The CCCSD Directors and staff encourages questions regarding this proposal, and appointments will be accepted to review estimated future monthly water bills for concerned customers (**these individual calculations cannot be done at the public hearing**). Questions or comments can be directed to Cary Brown at 530-357-2121.

Reminder:

> **Public Hearing, August 30, 2021, at 6:30 PM at the Happy Valley Elementary School (17480 Palm Avenue)**

Thank you,

Clear Creek Community Services District

Sample Protest Ballot

Please provide address information, sign, and return this page below the dotted line if you choose to protest. You may protest on a separate ballot. If so, please include the information and signature requested. **Submit protests by August 30, 2021.**

Address: _____

_____

_____

Or APN: _____(if multiple addresses, please list separately)

If you are a property owner or the person responsible for paying for water service at this address and you object to the proposed change in District water rates, you may sign this form and mail it to:

CCCSD, 5880 Oak Street, Anderson, CA 96007

or hand deliver it to the District Office at:

5880 Oak Street, Anderson, CA 96007

For this form to be counted as a valid protest against the proposed rate change, the form must be signed and delivered no later than the end of the public hearing to be held on August 30, 2021 @ 6:30pm at the Happy Valley Elementary School (17480 Palm Avenue). Only one protest is permitted per parcel.

☐ I protest the proposed rate increase to fund the operation, maintenance, and capital improvement costs relative to providing water service. (Check to indicate your objection to the proposed rate increase.)

I declare that I am either the owner of the above listed property, the authorized representative of the owner of the above listed property, or the person responsible for paying for water service at the address shown above.

Please sign here: _____

Please print here: _____

(Name of property owner if different than name of the person signing this protest.)

APPENDIX

Appendix 1

Reports for the Years 2009 to 2019 on Employment Compensation for the Clear Creek CSD[20]

Report Year: 2009

Total Number of Employees: 23

Total Wages: $512, 574

Total Retirement & Health Contributions: $198,190

Employee List:

Position	Special District	Department	Total Wages	Total Retirement & Health Contribution
CEO/CFO	Clear Creek Community Services District (Shasta)	Admin	**$103,123**	$27,075
Superintendent	Clear Creek Community Services District (Shasta)	Distribution	**$58,357**	$19,637
Manager	Clear Creek Community Services District (Shasta)	Admin	**$57,777**	$20,523
Administrative Assistant	Clear Creek Community Services District (Shasta)	Admin	**$39,501**	$18,198
Maintenance Worker 1	Clear Creek Community Services District (Shasta)	Distribution	**$38,739**	$18,225
Maintenance Worker 1	Clear Creek Community Services District (Shasta)	Distribution	**$38,443**	$12,390
Maintenance Worker 1	Clear Creek Community Services District (Shasta)	Distribution	**$36,056**	$13,844
Filter Plant Supervisor Part Time	Clear Creek Community Services District (Shasta)	Filtration	**$35,547**	$3,936
Clerk II	Clear Creek Community Services District (Shasta)	Admin	**$33,761**	$17,323
Maintenance Worker 1 Temp	Clear Creek Community Services District (Shasta)	Distribution	**$23,072**	$0

[20] Source accessed on 4/20/21 at the following website link: https://publicpay.ca.gov/Reports/SpecialDistricts/SpecialDistrict.aspx?entityid=1066&year=2009&rpt=0.

Maintenance Worker 1 Temp	Clear Creek Community Services District (Shasta)	Distribution	**$5,937**	$0
Agriculture Technican	Clear Creek Community Services District (Shasta)	Distribution	**$4,767**	$0
Director	Clear Creek Community Services District (Shasta)	Board Member	**$1,125**	$0
Director	Clear Creek Community Services District (Shasta)	Board Member	**$1,075**	$0
Director	Clear Creek Community Services District (Shasta)	Board Member	**$1,000**	$0
Maintenance Worker II	Clear Creek Community Services District (Shasta)	Distribution	**$875**	$0
Director	Clear Creek Community Services District (Shasta)	Board Member	**$800**	$0
Director	Clear Creek Community Services District (Shasta)	Board Member	**$650**	$0
Treatment V	Clear Creek Community Services District (Shasta)	Filtration	**$0**	$20,632
Field Supervisor	Clear Creek Community Services District (Shasta)	Distribution	**$0**	$19,004

21	Employees	**$514,268**	Total Wages
		$188,641	Total Retirement & Health Contribution

Position	Special District	Department	Total Wages	Total Retirement & Health Contribution
CEO/CFO	Clear Creek Community Services District (Shasta)	Admin	**$105,476**	$28,377
Manager	Clear Creek Community Services District (Shasta)	Admin	**$58,824**	$19,727
Superintendent	Clear Creek Community Services District (Shasta)	Distribution	**$58,570**	$19,457
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$41,273**	$14,604
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$40,570**	$10,803
Administrative Asst	Clear Creek Community Services District (Shasta)	Admin	**$40,398**	$17,907
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$39,510**	$18,950
Field Plant Supervisor PT	Clear Creek Community Services District (Shasta)	Filtration	**$36,401**	$4,945
Secretary	Clear Creek Community Services District (Shasta)	Admin	**$34,524**	$17,297
Maintenance Worker I Temp	Clear Creek Community Services District (Shasta)	Distribution	**$15,737**	$0
Technician	Clear Creek Community Services District (Shasta)	Filtration	**$11,250**	$0
Maintenance Worker I Temp	Clear Creek Community Services District (Shasta)	Distribution	**$9,643**	$0

Maintenance Worker I Temp	Clear Creek Community Services District (Shasta)	Distribution	**$9,045**	$0
Maintenance Worker I Temp	Clear Creek Community Services District (Shasta)	Distribution	**$8,997**	$0
Director	Clear Creek Community Services District (Shasta)	Board	**$900**	$0
Director	Clear Creek Community Services District (Shasta)	Board	**$900**	$0
Director	Clear Creek Community Services District (Shasta)	Board	**$900**	$0
Director	Clear Creek Community Services District (Shasta)	Board	**$750**	$0
Director	Clear Creek Community Services District (Shasta)	Board	**$600**	$0
Field Supervisor	Clear Creek Community Services District (Shasta)	Distribution	**$0**	$22,918
Treatment V	Clear Creek Community Services District (Shasta)	Filtration	**$0**	$13,656

19	Employees	**$515,948**	Total Wages
		$348,614	Total Retirement & Health Contribution

Position	Special District	Department	Total Wages	Total Retirement & Health Contribution
Chief Executive Officer	Clear Creek Community Services District (Shasta)	Administration	**$104,707**	$82,610
General Manager	Clear Creek Community Services District (Shasta)	Administration	**$68,282**	$34,415
Superintendent	Clear Creek Community Services District (Shasta)	Administration	**$61,449**	$32,240
Treatment Operator II	Clear Creek Community Services District (Shasta)	Treatment	**$42,871**	$22,131
Administrative Assistant	Clear Creek Community Services District (Shasta)	Administration	**$40,262**	$26,659
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$38,489**	$37,532
Treatment Supervisor	Clear Creek Community Services District (Shasta)	Treatment	**$36,603**	$4,056
Secretary	Clear Creek Community Services District (Shasta)	Administration	**$34,244**	$40,706
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$30,745**	$9,361
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$25,514**	$0
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$22,507**	$0
Technician	Clear Creek Community Services District (Shasta)	Treatment	**$2,450**	$0

Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,725**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,700**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,675**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,550**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,175**	$0
Treatment Operator V	Clear Creek Community Services District (Shasta)	Treatment	**$0**	$25,673
Field Maintenance Supervisor	Clear Creek Community Services District (Shasta)	Distribution	**$0**	$33,231

20	Employees	**$551,850**	Total Wages
		$363,160	Total Retirement & Health Contribution

Position	Special District	Department	Total Wages	Total Retirement & Health Contribution
General Manager	Clear Creek Community Services District (Shasta)	Administration	**$76,995**	$37,919
Assistant Manager	Clear Creek Community Services District (Shasta)	Administration	**$67,666**	$44,940
Administrative Assistant	Clear Creek Community Services District (Shasta)	Administration	**$57,326**	$25,128
Cfo	Clear Creek Community Services District (Shasta)	Administration	**$55,787**	$29,990
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$46,842**	$24,750
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$42,620**	$31,728
Treatment Operator II	Clear Creek Community Services District (Shasta)	Treatment	**$42,604**	$26,604
Superintendent	Clear Creek Community Services District (Shasta)	Distribution	**$41,485**	$28,348
Treatment Supervisor	Clear Creek Community Services District (Shasta)	Treatment	**$37,251**	$3,504
Secretary	Clear Creek Community Services District (Shasta)	Administration	**$36,204**	$26,629
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$27,841**	$13,756
Clerk	Clear Creek Community Services District (Shasta)	Administration	**$10,179**	$7,453

Technician	Clear Creek Community Services District (Shasta)	Treatment	**$3,750**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,450**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,300**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,225**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$875**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$450**	$0
Treatment Operator V	Clear Creek Community Services District (Shasta)	Treatment	**$0**	$27,123
Field Maintenance Supervisor	Clear Creek Community Services District (Shasta)	Distribution	**$0**	$35,288

Showing 1 to 20 of 20 entries

19	Employees	**$535,973**	Total Wages
		$366,237	Total Retirement & Health Contribution

Position	Special District	Department	Total Wages	Total Retirement & Health Contribution
General Manager	Clear Creek Community Services District (Shasta)	Administrative	**$85,986**	$48,587
Assistant Manager	Clear Creek Community Services District (Shasta)	Administrative	**$70,190**	$41,173
Superintendent	Clear Creek Community Services District (Shasta)	Distribution	**$58,556**	$29,196
Treatment Operator III	Clear Creek Community Services District (Shasta)	Filtration	**$48,524**	$28,571
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$43,376**	$30,969
Administrative Assistant	Clear Creek Community Services District (Shasta)	Customer Accounts	**$40,866**	$31,479
Treatment Supervisor	Clear Creek Community Services District (Shasta)	Filtration	**$38,299**	$3,504
Cfo	Clear Creek Community Services District (Shasta)	Administrative	**$37,691**	$6,517
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$37,672**	$14,944
Maintenance Worker II	Clear Creek Community Services District (Shasta)	Distribution	**$34,934**	$26,206
Clerk	Clear Creek Community Services District (Shasta)	Customer Accounts	**$28,079**	$14,484
Technician	Clear Creek Community Services District (Shasta)	Filtration	**$5,550**	$0

Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,400**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,350**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,250**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,200**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,050**	$0
Treatment Operator V	Clear Creek Community Services District (Shasta)	Filtration	**$0**	$50,798
Field Maintenance Supervisor	Clear Creek Community Services District (Shasta)	Distribution	**$0**	$39,809

Showing 1 to 19 of 19 entries

19	Employees	**$606,026**	Total Wages
		$304,629	Total Retirement & Health Contribution

Position	Special District	Department	Total Wages	Total Retirement & Health Contribution
General Manager	Clear Creek Community Services District (Shasta)	Administrative	**$94,491**	$36,010
Assistant Manager	Clear Creek Community Services District (Shasta)	Administrative	**$75,787**	$32,214
Superintendent	Clear Creek Community Services District (Shasta)	Distribution	**$61,180**	$26,307
Treatment Operator III	Clear Creek Community Services District (Shasta)	Filtration	**$53,993**	$25,668
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$51,117**	$25,461
Administrative Assistant	Clear Creek Community Services District (Shasta)	Customer Accounts	**$42,517**	$25,292
Maintenance Worker II	Clear Creek Community Services District (Shasta)	Distribution	**$42,507**	$23,725
Cfo	Clear Creek Community Services District (Shasta)	Administrative	**$41,124**	$9,152
Treatment Supervisor	Clear Creek Community Services District (Shasta)	Filtration	**$38,256**	$17,847
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$37,296**	$16,419
Clerk	Clear Creek Community Services District (Shasta)	Customer Accounts	**$29,320**	$14,312

Field Maintenance Supervisor	Clear Creek Community Services District (Shasta)	Distribution	**$19,065**	$28,172
Technician	Clear Creek Community Services District (Shasta)	Filtration	**$11,500**	$0
Director	Clear Creek Community Services District (Shasta)	Board	**$1,425**	$0
Director	Clear Creek Community Services District (Shasta)	Board	**$1,375**	$0
Treatment Operator V	Clear Creek Community Services District (Shasta)	Filtration	**$1,373**	$24,050
Director	Clear Creek Community Services District (Shasta)	Board	**$1,250**	$0
Director	Clear Creek Community Services District (Shasta)	Board	**$1,250**	$0
Director	Clear Creek Community Services District (Shasta)	Board	**$1,200**	$0

Showing 1 to 19 of 19 entries

19	Employees	**$605,630**	Total Wages
		$281,243	Total Retirement & Health Contribution

Position	Special District	Department	Total Wages	Total Retirement & Health Contribution
General Manager	Clear Creek Community Services District (Shasta)	Administrative	**$98,146**	$35,261
Assistant Manager	Clear Creek Community Services District (Shasta)	Administrative	**$76,587**	$25,921
Superintendent	Clear Creek Community Services District (Shasta)	Distribution	**$63,433**	$27,080
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$56,955**	$27,562
Treatment Operator III	Clear Creek Community Services District (Shasta)	Filtration	**$55,164**	$22,004
Administrative Assistant	Clear Creek Community Services District (Shasta)	Customer Accounts	**$45,526**	$25,545
Maintenance Worker II	Clear Creek Community Services District (Shasta)	Distribution	**$45,506**	$25,532
Cfo	Clear Creek Community Services District (Shasta)	Administrative	**$42,832**	$8,871
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$35,902**	$11,074
Clerk	Clear Creek Community Services District (Shasta)	Customer Accounts	**$29,964**	$12,307
Treatment Supervisor	Clear Creek Community Services District (Shasta)	Filtration	**$22,261**	$2,044

Field Maintenance Supervisor	Clear Creek Community Services District (Shasta)	Distribution	**$13,658**	$33,471
Technician	Clear Creek Community Services District (Shasta)	Filtration	**$11,600**	$0
Treatment Operator V	Clear Creek Community Services District (Shasta)	Filtration	**$1,771**	$24,571
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,450**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,425**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,425**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,275**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$750**	$0

Showing 1 to 19 of 19 entries

19	Employees	**$776,349**	Total Wages
		$374,583	Total Retirement & Health Contribution

Position	Special District	Department	Total Wages	Total Retirement & Health Contribution
General Manager	Clear Creek Community Services District (Shasta)	Administrative	**$117,166**	$42,848
Assistant Manager	Clear Creek Community Services District (Shasta)	Administrative	**$80,423**	$34,090
Treatment Operator V	Clear Creek Community Services District (Shasta)	Filtration	**$80,069**	$28,102
Superintendent	Clear Creek Community Services District (Shasta)	Distribution	**$71,516**	$36,865
Field Maintenance Supervisor	Clear Creek Community Services District (Shasta)	Distribution	**$65,662**	$39,370
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$62,309**	$33,464
Treatment Operator IV	Clear Creek Community Services District (Shasta)	Filtration	**$58,409**	$28,085
Maintenance Worker II	Clear Creek Community Services District (Shasta)	Distribution	**$52,200**	$34,461
Administrative Assistant	Clear Creek Community Services District (Shasta)	Customer Accounts	**$51,127**	$31,608
Chief Financial Officer	Clear Creek Community Services District (Shasta)	Administrative	**$45,487**	$15,010
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$36,186**	$33,431
Secretary	Clear Creek Community Services District (Shasta)	Customer Accounts	**$36,120**	$17,249

Technician	Clear Creek Community Services District (Shasta)	Filtration	**$10,400**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$2,050**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,800**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,625**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,525**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$1,525**	$0
Director	Clear Creek Community Services District (Shasta)	Board of Directors	**$750**	$0

Showing 1 to 19 of 19 entries

19	Employees	**$962,875**	Total Wages
		$406,570	Total Retirement & Health Contribution

Position	Special District	Department	Total Wages	Total Retirement & Health Contribution
General Manager	Clear Creek Community Services District (Shasta)	Administrative	**$142,142**	$44,956
Assistant Manager	Clear Creek Community Services District (Shasta)	Administrative	**$95,720**	$33,985
Treatment Operator V	Clear Creek Community Services District (Shasta)	Filtration	**$89,762**	$28,672
Superintendent	Clear Creek Community Services District (Shasta)	Distribution	**$82,564**	$32,107
Treatment Operator IV	Clear Creek Community Services District (Shasta)	Filtration	**$70,353**	$29,814
Field Maintenance Supervisor	Clear Creek Community Services District (Shasta)	Distribution	**$69,725**	$37,880
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$69,038**	$33,530
Treatment Operator IV/V	Clear Creek Community Services District (Shasta)	Filtration	**$65,205**	$31,102
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$62,101**	$30,054
Administrative Assistant	Clear Creek Community Services District (Shasta)	Customer Accounts	**$60,301**	$34,654
Maintenance Worker II	Clear Creek Community Services District (Shasta)	Distribution	**$58,987**	$30,231
Secretary	Clear Creek Community Services District (Shasta)	Customer Accounts	**$44,176**	$29,657

Cfo	Clear Creek Community Services District (Shasta)	Administrative	**$35,851**	$9,928
Technician	Clear Creek Community Services District (Shasta)	Filtration	**$10,150**	$0
Board Member	Clear Creek Community Services District (Shasta)	Board Member	**$1,400**	$0
Board Member	Clear Creek Community Services District (Shasta)	Board Member	**$1,400**	$0
Board Member	Clear Creek Community Services District (Shasta)	Board Member	**$1,350**	$0
Board Member	Clear Creek Community Services District (Shasta)	Board Member	**$1,350**	$0
Board Member	Clear Creek Community Services District (Shasta)	Board Member	**$1,300**	$0

Showing 1 to 19 of 19 entries

18	Employees	**$886,374**	Total Wages
		$348,868	Total Retirement & Health Contribution

Position	Special District	Department	Total Wages	Total Retirement & Health Contribution
General Manager	Clear Creek Community Services District (Shasta)	Administrative	**$161,304**	$41,892
Water Treatment IV	Clear Creek Community Services District (Shasta)	Filtration	**$89,710**	$24,837
Assistant Manager	Clear Creek Community Services District (Shasta)	Administrative	**$83,044**	$29,484
Wtp Supervisor	Clear Creek Community Services District (Shasta)	Filtration	**$82,637**	$37,070
Superintendent	Clear Creek Community Services District (Shasta)	Distribution	**$76,807**	$24,355
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$70,805**	$22,561
Water Treatment IV	Clear Creek Community Services District (Shasta)	Filtration	**$64,943**	$24,993
Field Supervisor	Clear Creek Community Services District (Shasta)	Distribution	**$63,856**	$22,392
Maintenance Worker I/It	Clear Creek Community Services District (Shasta)	Distribution	**$48,659**	$26,104
Administrative Assistant	Clear Creek Community Services District (Shasta)	Administrative	**$48,593**	$30,680
Office Manager/Hr	Clear Creek Community Services District (Shasta)	Administrative	**$48,104**	$23,643
Accountant	Clear Creek Community Services District (Shasta)	Administrative	**$31,603**	$20,866

Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$9,109**	$19,991
Chair	Clear Creek Community Services District (Shasta)	Board Member	**$1,500**	$0
Director	Clear Creek Community Services District (Shasta)	Board Member	**$1,500**	$0
Director	Clear Creek Community Services District (Shasta)	Board Member	**$1,500**	$0
Chair	Clear Creek Community Services District (Shasta)	Board Member	**$1,350**	$0
Director	Clear Creek Community Services District (Shasta)	Board Member	**$1,350**	$0

Showing 1 to 18 of 18 entries

21	Employees	**$859,372**	Total Wages
		$334,942	Total Retirement & Health Contribution

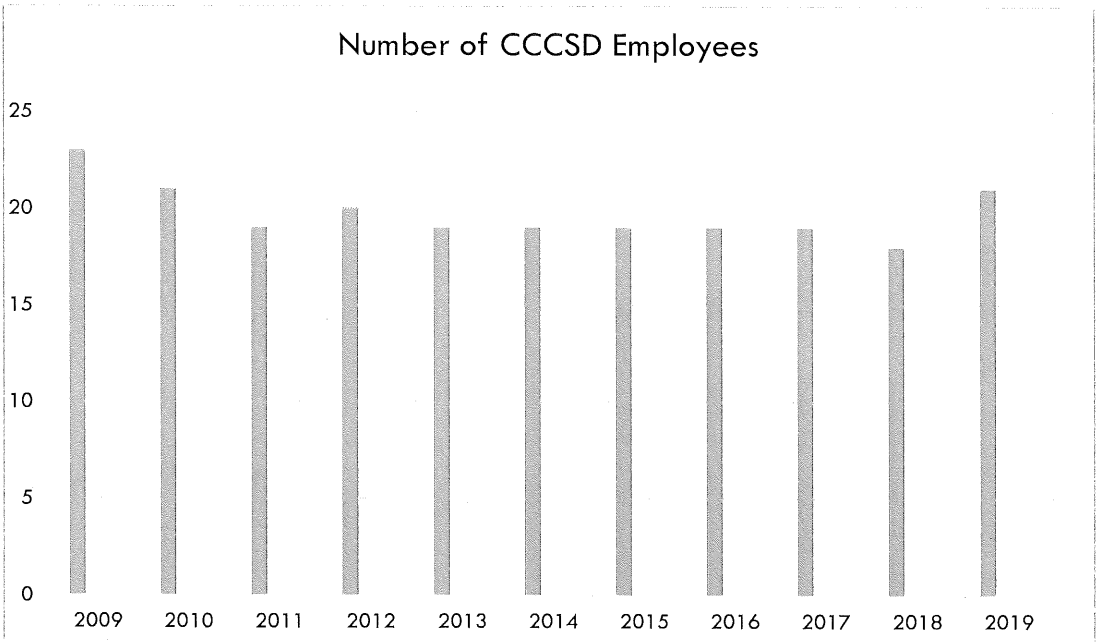
Position	Special District	Department	Total Wages	Total Retirement & Health Contribution
General Manager	Clear Creek Community Services District (Shasta)	Administrative	**$157,738**	$39,768
Water Treatment V	Clear Creek Community Services District (Shasta)	Filtration	**$95,129**	$22,371
Office Manager	Clear Creek Community Services District (Shasta)	Administrative	**$77,577**	$21,944
Field Supervisor	Clear Creek Community Services District (Shasta)	Distribution	**$77,127**	$20,969
Water Treatment III	Clear Creek Community Services District (Shasta)	Filtration	**$77,061**	$20,203
Assistant Manager	Clear Creek Community Services District (Shasta)	Administrative	**$59,436**	$26,182
Accountant	Clear Creek Community Services District (Shasta)	Administrative	**$55,013**	$17,837
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$53,054**	$17,189
Wtp Supervisor	Clear Creek Community Services District (Shasta)	Filtration	**$52,859**	$35,190
Superintendent	Clear Creek Community Services District (Shasta)	Distribution	**$37,421**	$21,817
Maintenance Worker I	Clear Creek Community Services District (Shasta)	Distribution	**$28,767**	$18,929
Water Treatment IV	Clear Creek Community Services District (Shasta)	Filtration	**$22,405**	$22,075

Maintenance Worker I/It	Clear Creek Community Services District (Shasta)	Distribution	**$17,647**	$23,090
P/T Maintenance Worker I	Clear Creek Community Services District (Shasta)	Part-Time Distribution	**$17,554**	$0
Administrative Assistant	Clear Creek Community Services District (Shasta)	Administrative	**$16,086**	$27,378
P/T Office Assistant	Clear Creek Community Services District (Shasta)	Part-Time Administrative	**$8,098**	$0
Chairwoman	Clear Creek Community Services District (Shasta)	Board Member	**$1,550**	$0
Director	Clear Creek Community Services District (Shasta)	Board Member	**$1,500**	$0
Chairman	Clear Creek Community Services District (Shasta)	Board Member	**$1,200**	$0
Director	Clear Creek Community Services District (Shasta)	Board Member	**$1,100**	$0
Director	Clear Creek Community Services District (Shasta)	Board Member	**$1,050**	$0

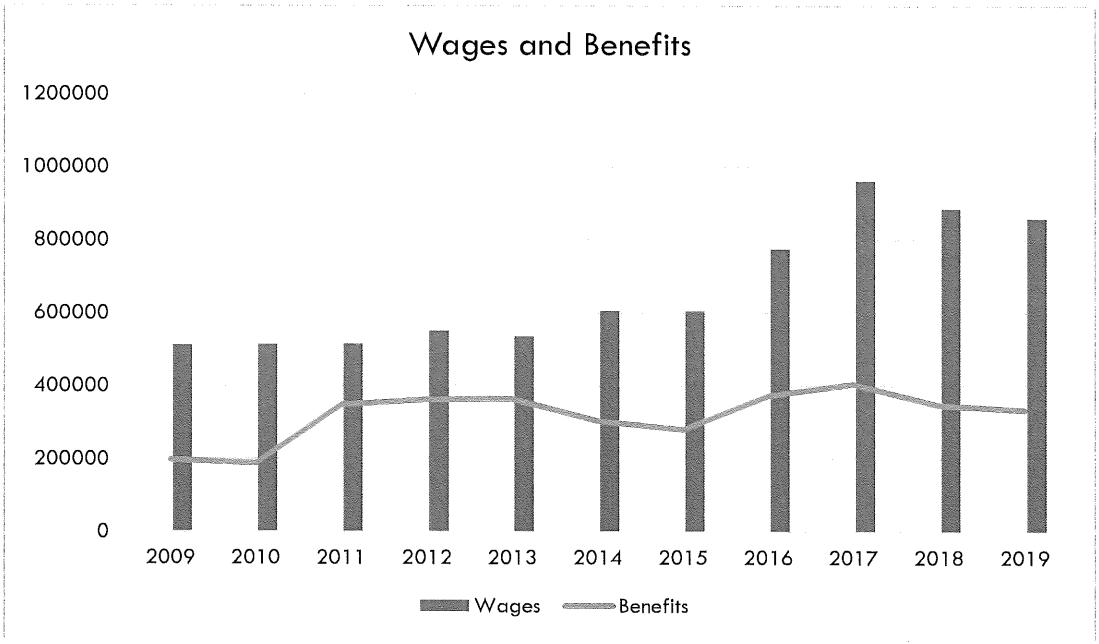
Showing 1 to 21 of 21 entries

Observations and Conclusions

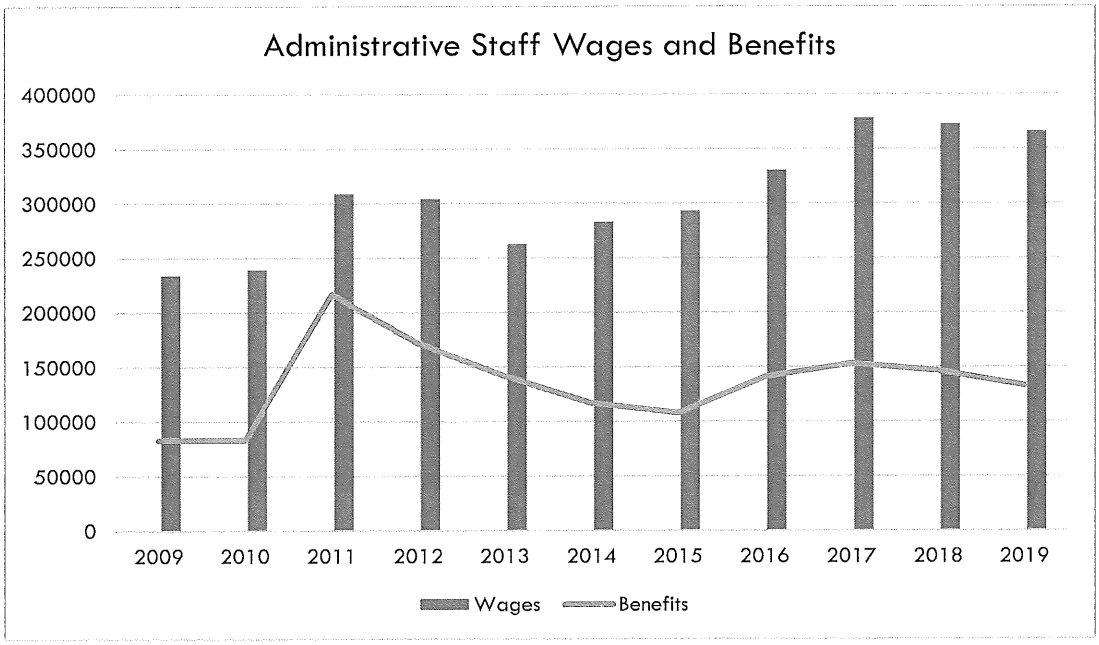
1. **Observation #1** - The number of employees decreased from 23 in 2009 to 21 in 2019. The following chart illustrates this:



2. **Observation #2:** The total wages increased as did the total retirement and health care contributions. The following chart illustrates this:



3. **Observation #3:** The cost of management / administrative wages and benefits has increased significantly since 2009 and more specifically since 2016.[21]



4. **Observation #4** – It should be noted that a Treatment plant staff funding has increased as well.

Conclusion: Though the number of employees has fluctuated but overall has remained steady, the wages and benefits has not. In fact, the total for wages and benefits for all employees / staff has increased significantly at least since 2016. The purpose of this brief analysis is not to point to solutions or adjustments, but just to state that increases in wages and benefits is well documented. Please see **Appendix 3** for the State Controller's Office report for 2020/2021 which highlights that staff positions have been reduced to 9 since 2019.

[21] For the purposes of this study, Administrative staff include those positions designated as "Admin" in the report and include, but are not limited to: CEO / General Manager, CFO, Assistant Manager, Administrative Assistant, Clerk, Secretary, etc.

Appendix 2: Minutes from January 25, 2006 BOD Meeting.

CLEAR CREEK COMMUNITY SERVICES DISTRICT

5880 Oak Street, Happy Valley

REGULAR MEETING

Wednesday, January 25, 2006; 8:00 AM

MINUTES

ATTENDEES: Chairman Larry Russell, Vice Chair Johanna Trenerry, Directors Coleen Wogoman, Robert Logan, and Irwin Fust, CEO/CFO Char Workman-Flowers, Valene Day, Kurt Born, Anne Christie, David Roberts, Harlen Petrie, Dennis Possehn.

CALL TO ORDER/PLEDGE OF ALLEGIANCE: Chairman Larry Russell called the meeting to order at 8:02 a.m.; Pledge of Allegiance was led by Director Irwin Fust.

CONSENT AGENDA: The Consent Agenda items were reviewed. A motion was made by Director Trenerry and seconded by Director Logan to approve the minutes of the regular meeting of 12/21/05, paid bills dated 12/20/05; 12/29/05 & 1/10/06 totaling $112,521.24 and the December/2005 financial statement. Motion voted and unanimously approved.

OLD BUSINESS:

A. Adoption of Fiscal Year 04/05 Audit/Management Letter: Chairman Russell explained the duties of the Financial Committee are to review and make a recommendation to the Board of Directors. The committee meets with the manager and reviews the audit/financial statements line by line. Directors Logan and Wogoman said they were both pleased to report they were happy with the audit. The staff was able to make needed adjustments with less funding by being conservative and instituting cost cutting measures. Director Logan made a motion to adopt the 04/05 FY Audit & Management Letter. Motion seconded by Director Trenerry. Motion voted and unanimously approved.

NEW BUSINESS:

A. *Draft* Ordinance 2006-01 - Revising Water Rates and Service Rates: Char stated that in 2003 the Board of Directors established a basis for indexing the rates

annually based on the Construction Cost Index (CCI). The proposed rate adjustment is based on the CCI for 2005 which was 4.6%. The property tax seizure by the state was taken from the O&M budget. Due to the loss of those taxes hiring was postponed and expenditures were curtailed. Tax dollars should be returned in December. The CCI of 4.6% is exactly what is calculated into the proposed rates. Director Fust asked when the last rate adjustment was? Char told him last January. Chairman Russell opened the public hearing for comments or questions. He commented that indexing is done annually in order to stay up with the cost of doing business.

Dennis Possehn asked how much money the state was returning? He was told that the District is not recovering any funds, we will just start receiving what property tax is due us again. He then asked what the dollar amount was seized by the state? He was told approximately $400,000 over a period of two years.

Chairman Russell said he still feels doubtful about receiving tax money this year. Director Fust said that even if we start receiving the money again, the state can still borrow the property tax revenue if they are in dire straits. Char said that the district has lost approximately $65,000 a year in property tax revenue since 1993. Also, in the past five to six years, the district has begun paying about $50,000 a year just in permitting fees to various state and local agencies.

Director Trenerry and Director Fust are meeting with elected officials on Feb. 3rd regarding the property tax issue.

After discussion, the public hearing was closed.

Ordinance 2006-01 will be brought back next month for a vote.

B. Adoption of Amended Budget - Fiscal Year 05/06: Char said there are no significant amendments to the budget. The financial committee met with her to review the revisions. The biggest difference is more revenue due in large part to the capacity charges for the Veterans' Cemetery. We also have a reimbursement agreement in place with North Fork Ranch for associated expenditures. The projected additional funds have been rolled into the appropriated reserves account.

Based on the recommendation of the financial committee, a motion was made by Director Trenerry and seconded by Director Logan to adopt the amended budget for FY 05-06. Motion voted and unanimously approved.

C. Award of Contract - Valve Replacement Project - $19,000 - Sunrise Excavation: Char said the bid was to replace four 14" butterfly valves at the one million gallon tank. The plan was to replace the valves at the same time the conduit was shut down this winter for the ongoing retrofit program. Three bids were received and the lowest was Sunrise Excavation. There have been problems with well #1, which in turn caused cancellation on the conduit project. Char said the contract can be effective one year, with possible change orders. Costs will be going up and Char recommends awarding the contract, and authorization to sign on behalf of the District. Director Fust asked if Sunrise was okay with this contract? Char told him yes. Director Trenerry asked if the problem was still going on with well #1? Skip told her staff is still working on it. Even the pump people are "shaking their heads" at the problem and came up voluntarily at no charge to take a look. It's possible the pump needs to run more hours. A motion was made by Director Trenerry and seconded by Director Logan to award the Valve Replacement Project Contract ($19,000) to Sunrise Excavation and authorize Char to sign on behalf of the District. Motion voted and unanimously approved.

OPERATIONS & ADMINISTRATION:

A. STAFF REPORT: Char said staff is continuing to make progress gathering information for the Master Water Plan Update. This update is requiring a lot of staff time, she is thankful for the reimbursement agreement with North Fork Ranch.

Char has been in contact with Walt McNeill. After several years at $140/hr he will be raising his rate to Clear Creek to $160/hr. He bills his time to other clients @ $250/hr.

Char has been in contact with Bella Vista Water District - neither they or Clear Creek has heard anything on the status of the Ability to Pay Study. Char has a call into the Bureau to inquire.

Char also discussed with Walt, Part B of the O&M contract. He asked if "we're not at impasse, are we in the twilight zone?" Char asked him to forward the information on major points that, in his legal opinion need to be addressed. Char would like to see the information forwarded to the Bureau, specifically the new area manager, to bring him up to speed.

Director Fust asked what the next step is? Chairman Russell said that what is at issue is all environmental and it won't be resolved unless the Bureau backs off on these issues. Char said she would like to find another contractor in a similar situation and look at

Approved and Adopted this 15th day of February, 2006:

Larry Russell, Chairman

Johanna Trenerry, Vice Chair

Robert Logan, Director

Coleen Wogoman, Director

Irwin Fust, Director

ATTEST:

Char Workman-Flowers, CEO/CFO & Secretary
to the Board of Directors, Clear Creek CSD

= VACANT STAFF POSITIONS

Current staffing - 2020/21

As reported to State Controllers office and required by law

Chairwoman	Johanna Trenerry	1,650						
Chairman	Irwin Fust	1,650						
Director	Murray Miller	900						
Director	Virginia Bassham	1,650						
Director	Mark Engel	1,650						
Administrative	General Manager	122,782	38,067	0	2.7%@55	9,912	16,812	21,936
Administrative	Office Manager	86,054	17,970	0	2%@60		7,285	16,354
Administrative	Accountant	67,561	240		2%@62		4,978	16,354
Administrative	Field Supervisor	85,737	14,738		2%@60		6,287	16,354
Distribution	Maintenance Worker II/IT	55,381	2,252		2%@62		4,063	16,354
Distribution	Maintenance Worker I	56,264	5,867		2%@62		4,125	11,071
Part-time Distribution(went fu	P/T Maintenance Worker I	35,850	548		2%@62		631	0
Filtration	Water Treatment V	94,232	12,184		2%@62		7,941	16,354
Filtration	Water Treatment III	76,091	14,917		2%@62		5,534	16,354
Administrative (most of year p	Administrative Assistant	17,018	98				334	320
Regulatory/Compliance	Regulatory/Compliance Officer	9,600			2%@60		844	2,086
Filtration	Water Treatment V/Chief	90,261	1,296		2.7%@55	7,208	12,152	11,602
Part Time Administrative	Administrative Assistant	3,841						
Distribution	Maintenance Worker/Part Time	6,784	498					

REPORT YEAR:2020

STAFFING: 9 (LESS DIRECTORS)

TOTAL WAGES LESS VACANT POSITIONS	Staff wages	629,409	Benefits	115,097
	less directors pay		minus	30,042
	Reductions	178,047		
			Total benefits today	85,055

REPORT YEAR: 2019

STAFFING: 16 (LESS DIRECTORS)

TOTAL REPORTED WAGES IN 2019	Staff wages	$859,372
TOTAL REPORTED RETIREMENT		$334,932

Appendix 4: Ordinance showing McConnel Foundation water costs for 2014-2015

CLEAR CREEK COMMUNITY SERVICES DISTRICT

ORDINANCE 2014-04

AN ORDINANCE BY THE BOARD OF DIRECTORS OF THE CLEAR CREEK COMMUNITY SERVICES DISTRICT RESCINDING THE ALERT STAGE OF ORDINANCE 2014-03 AND DECLARING STAGE V HEALTH AND SAFETY OF THE DROUGHT PLANNING AND WATER SHORTAGE POLICY.

WHEREAS, the Clear Creek Community Services District has a valid contract with the Department of Interior, Bureau of Reclamation, hereinafter referred to as Bureau, for an annual surface water supply from the Central Valley Project, hereinafter referred to as CVP, in the amount of 15,300 acre feet; subject to shortage provisions; and,

WHEREAS, the district adopted Ordinance 2014-03 which enacted the Alert Stage of the district's Drought Planning and Water Shortage Policy; and,

WHEREAS, the Bureau notified Clear Creek Community Services District on February 21, 2014 that the allocation for Clear Creek, beginning April 16, 2014 is 50% of M&I supply and 0% of agricultural supply allowing a total of 1,079 acre feet of CVP surface water allocation during the 2014 water year; and,

WHEREAS, the District has entered into a transfer agreement with the McConnell Foundation for 800 acre feet of water at a cost of $250.00 per acre foot to supplement the limited contract supply available; and,

WHEREAS, the Board of Directors has determined that even with voluntary conservation measures the available supply will not be adequate to accommodate the demand without depleting the water supply to the extent that there would be insufficient water for human consumption, sanitation and fire protection; and,

NOW, THEREFORE, BE IT ORDAINED and hereby declared by the Board of Directors of the Clear Creek Community Services District that there is a water shortage emergency and the following plan to manage the state of emergency shall be enacted and read as follows;

A. PURPOSE

i. The purpose of this ordinance is to establish a clearly defined method of equitably distributing available water to the District's customers and to ensure an adequate supply for human consumption, sanitation, and fire protection. This ordinance is adopted pursuant to Water Code Sections 350-359 and Sections 375-378; and,

Appendix 5: Drought Water Rate Formula[22]

Drought Water Rate Formula

	A - Source	B - Cost/AC Foot excluding Bureau restoration fee, which is a separate per HCF charge on customers bill.	C - Forecast Volume acre feet	D - Cost/HCF = B/435 (HCF/ac.ft)	E - Additional Treatment costs/HCF for Bureau and McConnel Water***	F - Profit (4.1%) for reserve accounts = (E*.041)	G - Total Water Costs /HCF =D+E+F ***	H - Volume HCF = (C/.00229569)	I =SUMPRODUCT (G1:G4,H1:H4)	J - Plan A- Weighted average cost/ HCF *(applied to all water because of the requirement of mixing sources to ensure fire flow).* = I / Sum(E1..E3)
1	Bureau M&I	$21.23	0.00	0.05	0.26	0.01	0.32	0.000	1058050.754	$ 1.02
2	Bureau Irrigation	$75.68	0.00	0.17	0.26	0.02	0.45	0.000		
3	Other	$462.38	500.00	1.06	0.26	0.05	1.38	217799.442		
4	McConnell Foundation	$250.00	0.00	0.57	0.26	0.03	0.87	0.000		
5	District Wells	$373.00	1876.00	0.86	0.03	0.04	0.93	817183.50		
			2376.00							

100 cf = .00229569 acre ft

The reason for having to forecast the use of water from each supply source and develop a weighted average price for the year, is because all the water will essentially have to be mixed into deliveries to have water at the filtration plant available to meet fire flows.

Treatment Materials - note that the costs should reflect the previous years' average cost		0.108
Labor treatment Standby - note that the costs should reflect the previous years' costs		0.150
	Total Bureau and McConnel	0.259
Treatment Materials for the District Well water -(Chlorine at $5.70/gallon)	Total well water treatment	0.034

***These costs are from the June 2020 activity report. Future costs should reflect the most recent years expenses.

[22] Actual monthly costs will vary based on the price of water and quantity that is utilized to the District (from the various sources). This formula is for illustrative purposes.

Appendix 6: Normal Water Year Usage Rate Formula[23]

Normal Water Year Usage Rate Formula

	A - Source	B - Cost/AC Foot excluding Bureau restoration fee, which is a separate per HCF charge on customers bill.	C - Forecast Volume acre feet	D - Cost/HCF = B/435 (HCF/ac.ft)	E - Additional Treatment costs/HCF for Bureau and McConnel Water***	F - Profit (4.1%) for reserve accounts = (E*.041)	G - **Total Water Costs** /HCF =D+E+F ***	H - Trinity PUD fee / AF	I - PUD fee / HCF	J - Restoration fee / AF	K- Restoration fee / HCF	L - **Total cost of water by source with Restoration fee**
1	Bureau M&I (Rate A)	34.49	3600.00	0.08	0.26	0.01	**0.35**	0.15	0.0003	22.23	0.05	**0.40**
2	Bureau Irrigation (Rate AG)	73.19	0.00	0.17	0.26	0.02	**0.44**	0.15	0.0003	11.11	0.03	**0.47**

100 cf = .00229569 acre ft

The reason to recalculate the water rate for the current year is that water rates from the Bureau of Reclamation change, as do the costs for materials and labor.

Treatment Materials - note that the costs should reflect the previous years' average cost	------->	0.108
Labor treatment Standby - note that the costs should reflect the previous years' costs	------->	0.150
Total treatmetn for Bureau and McConnel	------->	**0.259**
Total well water treatment	------->	**0.034**

Treatment Materials for the District Well water -(Chlorine at $5.70/gallon)

*** These costs are from the June 2020 activity report and estimated future Bureau of Reclamation water rates, however these will undoubtly change during the next 5 years.

*** Future costs will reflect the most recent years expenses, water costs, and fees.

[23] Normal Year Water Rates will vary based on the price of the various water categories sold to the District from the Bureau of Reclamation and the cost of treatment chemicals necessary to meet State Health and Safety Standards. This formula is for illustrative purposes.