



5880 Oak Street, Anderson, CA 96007
Phone: (530) 357-2121

Board of Directors: Terry Lincoln - Chair
Scott McVay, Vice Chair
Directors – Pam Beaver, Beverly Fickes, Logan Johnston

General Manager: Paul Kelley

REGULAR MEETING: December 18th 2024 at 6:00PM: District Office Board Room

MINUTES

- 1. CALL TO ORDER** – *Chair Lincoln at 6pm*
- 2. PLEDGE OF ALLEGIANCE** – *Led by Director Beaver*
- 3. ROLL CALL** – *Directors: Chair Lincoln, Vice-Chair McVay, Directors Beaver, Fickes, Johnston late arrival at 6:22pm). GM Paul Kelley, Admin Assistant Amity Valdez, WTP Chief Operator Bill Palmaymesa and 3 in audience.*
- 4. OPEN TIME/PUBLIC COMMENT:** *No Public Comment*

5. CONSENT AGENDA (Action)

The following items are expected to be routine. Any interested party may comment or request an item be removed from the consent agenda for separate discussion/action.

- a. Minutes from Meetings – Regular meeting 11/20/24, Finance Committee 12/10/24
- b. Paid Bills: 11/14/24 – 12/14/24
- c. Payroll: 11-7-24, 11-21-24.
- d. Activity P&L Report: (N/A) – In Progress

GM Kelley requested the board approve the 11/20/24 Regular meeting minutes & 12/10/24 Finance Committee meeting minutes with the following amendments –

11/20/24 Regular meeting minutes -

- *Clarification on “Community Alliance for Family Farms” (CAFF) - Open Public Comment Section*
- *Correction from “can” to “cannot” regarding overworked crew – Section 6 Old business/New business*
- *Removal of confusing December updates – Section 6d*
- *Revise wording for a JPIA risk grant for a walk-behind concrete saw – Section 7 GM’s report*
- *Correction of “to” to “two” – Section 8 Operations Report*

12/10/24 Finance Committee minutes –

- *Section 5a. 5.a "... calling Buckingham Park Water." and the "10 day opt out*

ADA Related Disabilities:

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Motion to approve Consent Agenda, with amendments to Regular & Finance Meeting minutes – Director Fickes; 2nd Director Beaver; 4-0-1

6. OLD BUSINESS/NEW BUSINESS (Discussion/Action)

- a. O.B. – USBR Account Reconciliation - (Discussion) – Nothing new to report.
- b. District Audit RFP Selection – (Discussion/Action)

GM Kelley went over the Audit RFPs for auditing services. RFPs sent to over 30 CPA firms with only two responses. However, one firm did respond to inform us that many firms are no longer conducting government audits, some have capacity issues, and that a five-year proposal may have deterred some proposers. Most CPA's firms are only looking for three-year contracts. The two CPA firms that responded were Harshwal & Company and Richardson & Company, LLP (RTN CPA). GM Kelley provided a Qualified Candidate Proposal Spreadsheet provided to us by the Bookkeeper with a copy of each proposal for review then explained why the Finance Committee is recommending Harshwal & Company as the new Auditor. Director Fickes also explained that even though their proposal was more; Harshwal & Company would be good for the following reasons -

- *Harshwal & Company provided a schedule of costs broken down by year.*
- *Agreed to commence in January 2025*
- *They provided a good timeline*
- *Experience & Number of employees.*

Director Fickes asked if the status of the financials would affect the timeline for the CPA and in turn cost the District more?

GM Kelley reassured the board that the CPA has resolved/completed many of the issues with the financials and is confident that we will not have an issue with the timeline. The CPA is in contract with us until June of 2025 so they will continue to work on them. GM Kelley also asked the board to authorize him to sign the Letter of Engagement from Harshwal & Company after outlining the fees of \$20,000 for FY23, \$21,000 for FY24 & \$22,050 for FY25 as well as noting the Termination clause which allows either party to terminate with 10 days' written notice.

Director Beaver noted that we do not want to pay more than the quoted amount.

Motion to accept the RFP submitted by Harshwal & Company and authorize GM Kelley to sign the Letter of Engagement – Vice-Chair McVay; 2nd – Chair Lincoln, 4-0-1

- c. Water Treatment Plant Improvement Report from Pace Engineering and Treatment Division Update – CPO Bill Palmaymesa – (Discussion/Action)

Chief Plant Operator (CPO) Bill Palmaymesa – provided an update and overview of the details in the Pace Engineering report – Sanitary Survey 2022.

- *Introduction and history of the treatment plant provided.*
- *Overview of existing treatment facilities.*
- *Two 40-inch butterfly valves noted.*

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- Discussion on filter types: 8 by 40s and 10 by 50s.
- Two 8 by 40 filters from 1976; one from 1984; others from 1996.
- Filter performance requirement: 0.1 NTU.
- Improved alternate technology in line filtration.

Recommended Improvements

- Three alternatives for filter configurations.
- Alternative 1: Replace trains 1 and 2 with 8 by 50 filters - Old piping and valves need replacement.
- Alternative 2: Remove filters 1, 3, and 4; add three more units.
- Alternative 3: Addresses tight filter performance standard of 0.1 NTU.
- Approved alternative technology allows for a standard of 0.3 NTU.

Advantages:

- Improved water quality.
- Attacks organics and lowers disinfectant byproducts.
- Easier to meet turbidity standards, especially when the lake is dirty.
- Meeting standards were tough after the fire

Alternative Comparisons:

Alternative One: Major difference is changing the first four filters from 8 by 40s to 8 by 50s. Filters would run independently, allowing for future plant expansion.

Alternative Three: Recommended along with Alternative One. Each has its pros and cons.

Equipment Condition:

1976 equipment vs. 1996 equipment:

1976 equipment would be completely gutted, not rehabbed.

1996 equipment would retain piping and shells but get new components.

Electrical issues:

Motor Control Center is obsolete and has caused problems.

Vice-Chair, McVay, made an inquiry regarding the electrical panel and what is the most important part of the project that needs to be prioritized. Voiced concern about the risks associated with an outdated electrical panel.

CPO Palmaymesa explained that the risks associated with the outdated electrical panel are - Potential fire hazards and flooding risks. Previous issues include burning smells and rodent presence.

Vice-Chair McVay encouraged the priority being of electrical upgrades noting electrical needs should be addressed immediately, fire hazard makes it a priority over other repairs.

Funding and Timeline:

Director Fickes – May need to look for grants or bonds to address electrical issues. Previous delays in project timelines noted.

CPO Bill Palmaymesa explained the following:

- Train 6 has reduced capacities this summer.
- Issues with filters:

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- Train 4 is not in good shape.
- Filter 1 of train 1 is also not in good shape.
- Overall, the plant has exceeded its life expectancy.

GM Kelley explained the Engineering Report Goals:

- Aim to restore the plant to design capacity.
- Need for phased priorities such as focusing on electrical and rehabilitation of trains.
- Possible self-funding for electrical work over the next year and a half.

CPO Bill Palmaymesa - Operational Challenges:

Electrical panel failures are more manageable than filter failures.

Recent incidents:

- Pipe broke, causing flooding and potential damage.
- Corrosion was found in another pipeline needing replacement.

Director Beaver asked what CPO Bill Palmaymesa would suggest out of all the options, CPO Palmaymesa – Consider (Option 1) rehabbing train six and train four as a phase one. This may allow for better quality by replacing the first four filters. Future capacity enhancements may not be needed for 20-30 years.

Director McVay noted that the current loan network is about 18 months from payoff.

Further general discussion and recommendations:

- Replace four filters and run them independently, this helps with water quality and operations.
- Suggest prioritizing a few high-priority projects to complete in the next 18 months.
- Package the remaining projects for grant or loan applications.

Director Beaver inquired how much to rehab two trains.

CPO Palmaymesa explained - Cost to rehab two trains (six and four) is approximately: Filter six: \$426,000, Filter four: \$561,000. Alternative one and two costs are similar. The scope of work differs for each train.

GM suggested a meeting with Pace to figure out what is most important to get done first and come up with a plan. May need to get a State Revolving Fund. He then asked the board for recommendations.

CPO Bill Palmaymesa noted that it would likely take approximately two months to fix train 6 depending on what's inside. The repairs should not be done in the summer months, it's best to do all maintenance in the winter months because we need the plant to be running through the summer months. There will be significant down time for repairs. We will have to do all the repairs in phases. Centerville relies on the plant as well. Just for the 24" pipe welding alone the plant will likely be down approximately 2-3 weeks. Keeping the plant in production is the highest priority. This will take time and will need to be planned out.

Director Johnston inquired if Centerville's GM and Board members are aware of the situation.

GM Kelley explained that he had told the GM for Centerville that Pace was in the process of preparing the report but wanted to wait until it was complete to do anything further. There are issues that need addressed; like billing, usage, admin fees, CPI and the old rate of 25%. We will bill them for the interest on loan for ponds.

Director McVay – Are we getting reimbursed for unforeseen costs?

CPO Bill Palmaymesa explained the contract specifics – we don't re-coup funds until yearly audit – should be quarterly.

Director Fickes motioned for staff to discuss with Pace Engineering and get further clarification on what is priority to move forward and moving forward on looking for grants. 2nd - Director Johnston; 5-0

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Public comment – maybe we can ask the McConnell Foundation, Sierra Pacific or the tribe for funding.

Director Fickes suggested that we invite our County Supervisor to the next board meeting. GM Kelley agreed that it might be good to give him an option to meet with us or attend the January board meeting.

d. Leaks and Repairs Report and Options – (Discussion/Action)

GM Kelley discussed leak list – 12 emergency leak repairs & line repair list from 11/7/2024 – 12/5/2024. We have started tracking how many customers are affected in the spreadsheet provided. All reports will be listed on the website as well.

We will begin working on repairs and replacement. A Plan of Study was provided in January 2021 Distribution Improvement Project has report of leaks/ruptures – 19 2020 10” AC pipe/ 6,000 ft 10” pipe, 20 valves/meter heads/ 404 water meters – 2021 cost estimate was 4.2 million. CPO Bill Palmaymesa added that the status of disadvantaged community proposition 1 funding 3 zones – China Gulch, Flowers and Olinda a portion of each/ roadside ditches.

We’ve hit a roadblock with the state due to them running out of funds. There are time limits on these reports, usually about 3-5 years.

GM Kelley said we will keep working on the Distribution Improvement grant that was submitted to the State in 2021/2022.

Director Beaver – would it be possible to find out the length of pipe down flowers to canyon to get replacement costs then borrow from a loan to take care of one of our problem areas? So much line was replaced on Olinda to where we didn’t have a lot of issues this year on Olinda. GM Kelley explained that we need to work with Pace to ensure the report is current as of 2025 so we can go to state. We are unable to use RCAC note because that is for WTP not for Distribution. If we have an amount & special project, then we can get a note.

Director Beaver inquired about the bills for the hydrant repairs and if we billed the Tree company that backed into the hydrant or if CalFire paid.

GM Kelley explained that we sent an invoice with a letter to the Tree company as well as letters to CalFire and Happy Valley Fire department regarding leaks and causes with a breakdown of costs associated with the incorrect use of the hydrant. We also requested they get training in proper hydrant operations and provide a letter of agreement.

e. Ordinance 2024-10 Reserve Policy – (Discussion/Action)

Reserve policy amendment – it should be 2024-12. GM Kelley went over details of the policy and suggested we look at every two years instead of every sixteen, last time the policy was updated was 2008 with a revision in 2012. The policy is ready for board approval with amendment to ordinance number.

Director Beaver motioned to approve 2024-12; 2nd – Johnston; 5-0

7. GENERAL MANAGERS REPORT

GM Kelley discussed and updated the board on status of ponds project and provided pictures. Quarterly ARPA report has been submitted. Transponders are being installed and the Distribution Supervisor, Morgan

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Rau has created a form to complete when transponders are replaced so office staff can input information into CUSI. GM Kelley went over highlights from ACWA JPIA conference - updates to liability rates and workers compensation rates, cyber security risks and the importance of paying for cyber security and firewalls. GM Kelley also mentioned the upcoming Water Conference at end of January 2025 and the need for everyone that's going to sign up by the end of the month.

Director Fickes suggested that if we have the funding then CPO Bill Palmaymesa should go as well if he is able.

8. OPERATIONS REPORT

GM Kelley touched on the WTP & Distribution Ops reports with key points such as CPO Bill Palmaymesa provided a punch list to the contractor regarding the pond projects.

Director Fickes inquired why the Accounts Receivables were high

GM Kelley explained that it is due to the timing of when the report was ran on the 12th and payments aren't due until the 20th.

9. STANDING COMMITTEE REPORT –

- a. Agriculture – Dennis Possehn and Olive growers Co-Op – Director Beaver – A lot of Olive Growers on Scout that don't know about the Co-Op, Director McVay – there have been calls and letters that went out.
- b. Finance – Met December 10th. – Was on this Agenda
- c. Planning/Steering – GM reminded board that in January 2025 we will need to select Chair Assignment for standing committee Ad Hoc for Centerville to re-negotiate contract.

10. BOARD MEMBER ITEMS –

Director McVay asked about WTP tour

Director Johnston agreed after 1st of the year – Out of town January 17-20th

CPO Bill Palmaymesa suggested we will make it happen on a clear day.

Director McVay informed Director Johnston that they must go to the Shasta County Elections office for affidavit for Oath of Office – need to get notarized.

Director Fickes noted that the Cleark Creek CSD logo on letterhead still includes a fax number, we no longer have a fax number.

GM Kelley and Admin Assist Amity noted and will correct templates for future.

11. CLOSED SESSION ANNOUNCEMENT: - None

12. ADJOURN THE MEETING – 7:55pm

Approved: 01/15/2025 Meeting



Signed:

Secretary of the Board
General Manager: Paul Kelley

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