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Board of Directors: Beverly Fickes - Chair,
Vacant, Vice Chair
Directors – Irwin Fust, Terry Lincoln, Scott McVay

General Manager: Paul Kelley

REGULAR MEETING: March 15th 2023 at 6:00PM : District Office Board Room

MINUTES

- 1. CALL TO ORDER – by Chair Fickes @ 6pm**
- 2. PLEDGE OF ALLEGIANCE- led by Chair Fickes**
- 3. ROLL CALL- Director Lincoln, Director Mcvay, Director Fust, Chair Fickes, General Manager Paul Kelley, Administrative Assistant Kayla Faulks, Bookkeeper Melissa Tenney.**
- 4. OPEN TIME/PUBLIC COMMENT: **It was noted that the recorder was not recording during the call to order, pledge of allegiance, and roll call.**
 - i. Sandy Winters made the public aware that Thursday, the 23rd the Fire Wise training is happening. Aaron Hathaway from Cal-fire will be there as a speaker.
 - ii. Joanne Blomquist asked if there was any update or answers on when the Boil Water Advisory will be lifted and why did it take so long to notify the customers? Paul Kelley explained that after the snowstorm on March 9th caused a significant power outage caused one of the valves to stay open and about 5,000 gallons of raw water entered the system before it was shut off. They pumped that 5,000 gallons of water or as much as they could back into the back wash ponds to trying and treat the raw water. They notified the state and the state spent pretty much all-night Thursday night and most of Friday analyzing the situation and they are the ones that decided to put out the boil water advisory. Paul stated that Bill calculated 1 week for the raw water to get through our system based on historical usage for March. He also mentioned that Bill came up with his own water sample testing system showing that everything is fine, but the state told him that they haven't come up with their own testing method. Director Fust asked if the water was raw or chlorinated. Paul Kelley said no it was not chlorinated. Director Fust then asked Joanne how she received the alert. Joanne stated she received the alert by text message and email. She also asked if there was a chance that raw water made it in the system before being notified. Paul Kelley said

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there was a zero chance and that the potential raw water wouldn't have made it to the district until Saturday or Sunday according to the testing and calculations by the state. Chair Fickes expressed concern with the news channel mentioning people would be notified in writing. And if they were incorrect, how are we going to fix that? And she asked if Shascom can do a reverse 911? Paul Kelley stated that we did inquire with the State asking if they will be sending out the written notification or are we supposed to send out a written notification and have not heard back from them yet. And a follow-up with the news channel will happen. Director Fust explained that back when the first system was put in, he remembered he had to run the faucet a few seconds to flush the line because brown water would come out. Times have changed and we want clean water. We pay for clean water, so he understood the frustration in the community about the alerts and thinks that the reverse 911 is a good thing to look into. Paul Kelley reiterated that the District hasn't had a boil water notice since 2021 and considering that majority of the staff are new, and what this does is points out that we need to take a look at our communication methods, coordinate with Centerville on protocols and how to get the message out, as well as answering the implied question the State didn't think about when they developed the boil water notice. Community member, Katherine asked if there was any way that the customers can get an update text alert regarding any new information or a date on possibility of the lift of the advisory.

Joanne Blomquist spoke about a front-page article in the Record Searchlight about a per and poly substances in water and you need to start testing for those substances. She asked if we have been testing for those. Chair Fickes and Paul Kelley advised that Bill would be the one to answer. Paul said he would confirm with Bill and let everyone know if we were testing for those.

5. CONSENT AGENDA

- a. Minutes from Board: 2-8-23, 2-15-22. Committee: Finance 2-8-23
 - i. There were suggested fixes to the meeting minutes for last month. Paul Kelley acknowledged that we received an email from Chair Fickes with suggested fixes and those fixes were made.
- b. Paid Bills: 2/11/23 – 3/10/23
 - i. Paul Kelley mentioned that Chair Fickes had questioned the Water Rights charge. He stated that the Bureau may require that the District pay for the water the District is scheduled to receive ahead of time. So, in the District's case, March 1st a payment was due for the water the District will get in March and April. The District has to supply a schedule to the Bureau. Paul then referenced to the packet the schedule and rate sheet that explained what was used and what was projected to use.
 - ii. Paul Kelley mentioned the approved compacity charge refund payment.
 - iii. Paul Kelley mentioned the WIIN Act payment on 12/22 payment was recorded as paid in the paid bills.

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- c. Payroll: 2-16-23, 3-2-23
 - i. Paul Kelley mentioned that 3/2/2023 payroll will be available for the next meeting. The EDD payroll line item was questioned. And Paul Kelley clarified it was the state taxes for payroll liabilities.
- d. Activity Reports : July – December 2022
 - i. Director Fust- on the profit and loss activity report he didn't see a line for property tax. Paul answered that it was because property taxes were because we didn't receive a Property Tax from the county until January 2023. Melissa Tenney added that the property tax payment is not showing because the transaction didn't take place in the period of time the activity reports were captured for the meeting. Paul Kelley stated that he will see it in the next activity report for the Q3 Fiscal Year.
 - ii. Paul mentioned that item E on the activity report is a lump sum in one area currently and it will be broken out eventually.

Director McVay motioned to accept the consent agenda items as amended. Director Lincoln made the 2nd to the motion. Motion carried with a 4-0 vote.

6. OLD BUSINESS/NEW BUSINESS

- a. **O.B.** - USBR Account Reconciliation
 - i. Paul stated there was nothing to report on this item. Director Fust did question how much the bill was for the reconciliation. Paul Kelley said it was \$26,000 and some odd dollars.
- b. **O.B.** - Water Use Restrictions
 - i. Paul mentioned this item is somewhat not necessary if in the next item gets approved. But it was decided that since this item was a "discussion/action" item, an action would be made in regard to waiving penalties for month of February.
Director Fust made a motion to remove penalties for February. Director McVay 2nd the motion. Motion carried with a 4-0 vote.
- c. **6:30PM – Public Hearing** – Ordinance 2023-04 – Water Shortage / Drought Ordinance
 - i. Paul Kelley mentioned this was reviewed during the special meeting last week and after that meeting some final adjustments and edits have been made and now reflected in the document attached to the packet. Paul Kelley then talked about the ordinance and noted there are no penalties in the new ordinance. This ordinance states we are in a stage 2 drought restriction. He mentioned that the allocation restrictions in stage 2 is voluntary conservation of usage. Fickes pointed out that in the past in previous ordinance it stated that no new Ag Applications would be accepted. **Paul Kelley asked Chair Fickes, before moving further into this item to bang the gavel and state "the public hearing is now open"**. Chair Fickes opened this item as a public hearing. Director McVay went over the Bureau of Reclamation letter and the allocation and stated that the District did approve at the special meeting to enter into

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the agreement with the McConnell Foundation to purchase 500 acre feet of water as an insurance policy just in case the Bureau decides to take back the allocation that was given. Paul Kelley mentioned the Bureau letter stated that the preliminary amount of water made available for 2023 is 35% of Irrigation Water and 75% of Historical use for M&I. He explained the Bureau's historic use policy is the last 3 years of unconstrained M&I deliveries. And for the District that would be for 2017, 2018, and 2019. He then broke down the calculation, which is $2,265AF \times 75\% = 1,699AF$. And for Irrigation the calculation is $13,035AF \times 35\% = 4,563AF$.

He continued to explain that in the Bureau's letter, there are some contingencies about how solid this preliminary allocation number is. The letter mentioned a few caveats in the letter related to hydrology, pending court decisions related to the Interim Operations Plan and temperature management plans. Paul explained that at a recent meeting with other Shasta County water managers on March 1st, the Bureau was non-committal about how solid these early allocations are and mentioned that some felt there are likely reductions in the coming months. Others felt the scheduled/forecasted rains may keep the allocations near these preliminary numbers. Director Fust- expressed confusion about use restrictions. He read from the proposed ordinance, "Stage 2 declaration calls for the Stage 1 voluntary reductions of 10% for all customers in the District and 15% for agricultural/irrigation customers in the District." He asked if the 2,199 is subject to voluntary 10% reduction by customer and 15% for irrigation? Paul said no. Paul agreed that it was confusing. Fust mentioned that since we have a total of 4,563AF why do we have to reduce to voluntary reduced consumption? Chair Fickes added that we are required by state law to show in some way we are trying to conserve water. Suggested an announcement in the newsletter that asks for voluntary reduced consumption. Chair Fickes opened this item up to the public for comment or questions. Sandy Winters asked what it will cost per acre-foot for the customers. Chair Fickes stated that the public will find out in the next item of the agenda. Public hearing closed.

Director McVay motioned to rescind 2022-01 and accept 2023-04. 2nd by Director Lincoln. 4-0.

- d. Ordinance 2023-05 – Drought and Water Rates ordinance
 - i. Paul introduced this item. He explained that as per the District's rates ordinance 2021-05 approved on August 30, 2021, adopting a new rate structure in conformance with statutory requirements- in included a Drought Usage Rate – calculated on the actual costs to the District of providing water- upon a 30 day notice. He stated that the ordinance must be considered at a public meeting, if approved, the rates will be effective in 30 days from the date of the meeting. He continued that based on the Bureau's initial allocation of 75% of Historical M&I usage, and 35% for Irrigation, the Board declared a Stage 2 drought condition. He mentioned that the Board updated the rate sheet for Irrigation, M&I and the Drought Rate based on the current costs of

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water purchased or used and the treatment costs to deliver the water to customers. He explained that in the new ordinance the Drought Rate will be \$0.87/Unit (HCF) for the 2023-24 year.

Director McVay mentioned that the chart in the ordinance is difficult to understand for the Board and Public. He asked if there was a different way to design the chart for easier understanding. He requested that he would like to see 2 columns added. He mentioned he would like to see an unanticipated expense column and percentage loss of water.

Director Fust stated that the rate sheet was used as a spreadsheet for prop 218 and didn't think the formula needed to change. Paul acknowledged that both Directors had valid points. He recommended using this calculation for the ordinance so the District could get the \$1.04 reduced.

Chair Fickes asked for clarification on the restoration fee. She wanted to know if it was included or a separate fee. Paul clarified that the CVP Restoration Fee is included in the usage rate, but not for TPUD. The calculations and breakdown for the rates were discussed and explained. Chair Fickes expressed some concerns with the calculations for the McConnell water and wanted to make sure that if the calculations do in fact turn out to be incorrect can we come back and correct it if this item got approved. General Manager Paul Kelley suggested moving forward with the rates presented and then come back and look again. Kaitlyn Patrick said that it was a great workshop during the meeting and thought that they should move forward with the rates now and revisit with better understanding of calculations.

Director Fust motioned to accept drought and water rate ordinance.

Director McVay 2nd the motion. Approved with 4-0 vote.

e. Mid-Year (6 Month) Budget Review

- i. Paul presented a background on what the District staff has been doing to get the Mid-Year Budget Review before the Board. The District started using Quickbooks for accounting July 1, 2022. General Manager Paul Kelley stated the mid-year budget is still a work in progress and needs refinement, but it's getting closer to providing a more accurate picture of the District's finances. Operational receivables and operational expenses. General Manager Paul Kelley pointed out that the budget column is 6 months budgeted amount in the Budget vs Actual report that was presented to the Board. He went on to explain that in the Income section, the base rate and water sales for July- Dec 2022 totals were a little more than the budgeted column and that was because that Actual column included a couple once a year items in September and October of revenue. He also noted that July and August had not yet been completely reconciled so the numbers are not exactly accurate yet. He pointed out that the total revenue for base rate and water sales equated to 82% of budgeted revenue for base rate and water sales for the year. He mentioned that the Centerville revenue is pretty close to being accurate. He clarified that on the old budget there

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was another revenue line item that was under operational revenue, and he stated that should not be identified under operational revenue and that it should be identified as designated revenue instead. He explained that in the water purchase expense section identified the McConnell Water purchased and later in the year the Bureau water will be in that section as well. Chair Fickes asked Melissa to clarify cents in the WIIN Act Repayment when the repayment amount is \$1.00 for customers. Melissa explained that she is unsure as to why that is happening, and it would take an audit of the system to figure out why it is doing that. Paul explained that the Water Treatment Plant is under budget for budgeted expenses. And the Distribution Department is extremely over budget in the repair & maintenance category on the report. He explained there were a few large breaks that we used supplies for and needed to replace those supplies used. He mentioned that some of the items categorized in that line needed to be moved to inventory. Administration section shows that we are over budget for utilities, but he mentioned that the Answering Service expense needed to be moved out and the budget needed to probably be adjusted to a higher amount due to costs of PG&E. Director Fust questioned the Bank Service fees and asked for clarification. Melissa responded saying that they were bank charges, and some are credit card charges. Paul explained the suspense account consisted of bills paid in the Bucs system there the contracted bookkeeper before Melissa didn't know where to categorize them, so she just stuck them in that suspense account. Paul added that there is still more months to be reconciled. Pam Beaver wondered if we can get Sally back on delinquent accounts now that the crop reports are done. General Manager Paul Kelley responded with the plan is to get a volunteer back in the office since Sally has taken a step back. Director McVay asked if there was a need for volunteers. General Manager Paul Kelley mentioned that there is already a volunteer who will be working on updating policies and procedures and helping get caught up on minutes.

- f. Review and Reconfirm auditor engagement letter with Horton, McNulty & Saeteurn for Audits: FY21 through FY25
 - i. General Manager Paul Kelley gave the background on this item. He explained that Chair Fickes had noted at a meeting in February that in reading the minutes of the meeting that approved the engagement of Horton, McNulty and Saeteurn, it wasn't clear if the contract was for just one year FY 2021, or for the years in their proposal, or other. He continued to explain that the management at the time was not clear on what years the audits were to occur, it was originally thought to cover 5 years starting in FY 2021 and an RFP was issued for those years. Then there was discussion of keeping the previous auditor for FY 2021. At the time, the Board added FY 2021 to the Horton Contract and voted to proceed. Based on the Minutes, it is not clear if it was to be for just FY 2021 or adding FY 2021 to the FY 2022-FY 2025 proposal. The Interim District Manager informed Horton that the proposal was approved starting FY 2021 signed an agreement for the FY 2021-FY 2025 audits as based on the auditor's

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proposal and the Auditor completed FY 2021 and is already working on FY 2022. Chair Fickes mentioned that her recollection was they were not even going to approve it. But wanted it very clear on the record that all 5 years were approved.

- g. Accept Director Chuck Jones Resignation, Public Notice of Vacancy and Open applications for Vacant Directors seat.
 - i. General Manager Paul Kelley explained that the District received Director Chuck Jones had submitted his resignation. He confirmed that the County had officially received the resignation on March 3, 2023. He reported that next steps (pursuant to the government code §1780), the notice of vacancy will be posted for 15 days in 3 conspicuous locations in the District from March 16, 2023 to April 7, 2023 as well as on the Clear Creek website. He announced that applications would be available at the Clear Creek Community Services District office. It was then decided that the District would be accepting applications for the vacant position until April 12, 2023 by 5pm. It was suggested by the Board that the District is requiring applicants for the vacant position to be present at the meeting when the decision is made. Director Lincoln asked if it is mentioned on the application that the applicant has to be a resident of the District. General Manager confirmed that it mentions that the applicant must be a registered voter in the District.

7. GENERAL MANAGERS REPORT

- a. General Manager Paul Kelley reported the following information:
 - i. Most of the past few weeks had been working with Bureau to understand their allocation and rate sheet. Also, to confirm thinking about future changes to the allocations. Even with improved water conditions, Trinity Lake is still below 50%, and the Bureau may have regulatory conditions that could change the allocations.
 - ii. The Bureau also informed him they are still looking at the reconciliations, and that the WIIN Act bills needed to be reviewed and kept up to date, they also are planning to meet to deal with the Districts WIIN act requirements related to dates and timing.
 - iii. He mentioned he attended the WRMS lunch (Water Resource Managers in Shasta County) – and discuss with some of our Bureau representatives about allocations, weather conditions, risks, transfers, and billings.
 - iv. Implementation of the new MOU – all employees received a copy of MOU and a copy of their individual job description, signed on receipt. They also received notice of pay rate and other benefits.
 - v. Provided copies to the State and all had been posted on the District website – Wages/Pay rates, and the MOU with Job Descriptions, and the General Manager’s employment agreement.
 - vi. Interaction with PACE engineering and the State on implementing the Emergency electrical repairs/SCADA grant project.
 - vii. Our new IT company had installed new workstations and started the update of licenses and systems.

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- viii. The District's T3/D3 resigned. The District had a new Distribution Operator 1 start, and another starting near the end of March. A new Account Clerk started in Mid-March.
- ix. Thanks to our Volunteer Sally – we submitted our crop report.
- x. The Finance and Planning and steering committee held meetings.
- xi. Multiple discussions with other districts on what stages they were looking at for “water shortage/drought conditions.”
- xii. Drafted a few ordinances for initial review for March 8th and all the other Special meeting documents.
- xiii. Continued to work on bookkeeping to get the reports as accurate as possible.
- xiv. He also mentioned that his performance evaluation is due at the April 19, 2023 meeting in closed session. Director McVay asked if interviews with the staff for the General Manager's evaluation are appropriate in the public sector? General Manager Paul Kelley responded and answered no.

8. OPERATIONS REPORT

- a. Administration: General Manager Paul Kelley reported on the number of delinquent accounts and the overuse penalties. Director Fust asked about the 90 day delinquent accounts and what they consist of. General Manager Paul Kelley asked Administrative Assistant to answer the question. The Administrative Assistant Kayla Faulks mentioned that the staff are trying to figure out why the billing software is applying payments made to most current amounts due rather than past due amounts. General Manager Paul Kelley also added that the workload recently has prevented us from doing the forensics of the delinquent accounts and it is on our list to start looking in to. Director Fust asked about the overuse penalty charges if it was money collected or just the amount billed. General Manager Paul Kelley responded saying it was the billed amount not the collected.
- b. WTP Operations: General Manager Paul Kelley mentioned that Bill reported 79af of surface water was used and 0af of well water production. He also mentioned that the staff is working on the Consumer Confidence Report for 2022.
- c. Distribution Operations: General Manager Paul Kelley mentioned that Roberto was out the week prior, and he filled in most of the information for Roberto in this section. There were a couple repairs taking place near Olinda and Happy Valley Road. He stated that after interviews the District had hired a new employee. And he added that an effective way to hire is to not replace the D3 that left with another D3, rather hire a D1 so there is opportunity to move up. Director McVay asked if the vacant T3 position will need to be replaced with another T3? General Manager Paul Kelley said yes that the Water Treatment Plant Department operates but we do have a Part-Time T4 that helps relieve the obligation for that requirement. Chair Fickes asked the General Manager to report on the Olinda project. General Manager Paul Kelley reported that they had to bring Axner in to help do the repair of a 14” valve and ran into some difficulties doing so with the snowy weather, concrete to break through to get to the repair.

9. STANDING COMMITTEE REPORT –

- a. Finance- Director McVay reported that the Finance Committee gave direction to staff regarding activity reports and said he and Chair Fickes have workshopped a couple times on ideas and drought rates. It was requested of a second half year P&L vs Actual because it will be more transparent. General Manager Paul Kelley said that the staff will work on getting that done and there is still a lot to

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be caught up and reconciled. Director McVay then asked for the Planning and Steering Committee to direct the Finance Committee on the rates workshop.

- b. Personnel- nothing reported.
- c. Agriculture- nothing reported.
- d. Planning/Steering- Director Fust reported that the Planning and Steering Committee discussed the Administrative Policy and Compensation Policy and made suggestions. Talked about the Reserve Policy and requested the General Manager to bring it back to the committee at a later meeting. The community mentioned some other policies that need to be looked at such as Vehicle Operation Policy, Personnel Policy, Petty Cash Policy, Competitive Bidding Policy. Also talked about at the Planning and Steering Committee meeting, the Capital Improvement Plan. Lastly, Director Fust mentioned that he created a memo for that meeting of things that we need to look to the future and start thinking about. Chair Fickes questioned when she can ask about what was discussed at the Planning and Steering Committee meeting. General Manager Paul Kelley said that it could be done at this meeting. Chair Fickes continued that she didn't feel it is a good plan to get rid of the Personnel Committee and suggested combining it with the Finance Committee. Chair Fickes also expressed some concerns with the discussion about the Reserves.

10. BOARD MEMBER ITEMS

- a. Director McVay acknowledged Fust's hard work in getting the EAGSA off the ground because of the requirements of the state. He reported that they are in round 2 of grants and hoping we can try to get monies to mitigate our expenses for EAGSA. We have requested \$5M-\$6m of the \$200M available. Decisions will be made in June about who they will fund.
- b. Chair Fickes asked if there was an issue with the backwash pond project going forward. General Manager Paul Kelley answered that FEMA, CalOES and the State are still talking back and forth and that is really the only hold up. He reported he talked to Pace Engineering, and they are all ready to go. FEMA wants to do another environmental review for the improvement.
- c. Director McVay asked for an update on the FEMA money for the cleanup from Carr Fire. General Manager Paul Kelley said he didn't have any update on that.

11. CLOSED SESSION ANNOUNCEMENT: - NONE

12. ADJOURN THE MEETING- @ 9:12pm

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