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

General Manager: Paul Kelley

REGULAR MEETING: May 17th 2023 at 6:00PM: District Office Board Room

MINUTES

- 1. CALL TO ORDER- By Chair Fickes at 6pm**
- 2. PLEDGE OF ALLEGIANCE- Led by Director Fust**
- 3. ROLL CALL- Director Lincoln, Director McVay, Director Beaver, Director Fust, Chair Fickes, General Manager Paul Kelley, Bookkeeper Accountant Melissa Tenney, and Administrative Assistant Kayla Faulks.**
- 4. OPEN TIME/PUBLIC COMMENT:** Community Member Sandy Winters announced that Fire Wise was accredited thanks to the work of Dennis, Linda, and Debbie. She also announced that the next meeting will be a week from Thursday at the Community Center at 6pm. She also wanted to inquire about a check for \$78,000 for a used dump truck that was brought in to Skips office to be signed while she was in there. She stated she was unsure if they ever actually paid for it with that check or with a grant. She mentioned it would be interesting to find out what happened with that check. Director McVay added that the reason he wanted her to bring this up is because the RCAC loan was to go out a get a truck and a trailer, so if the check was cut, he would like to know where it went. Bookkeeper Accountant Melissa Tenney asked Sandy to clarify a timeframe in which she thinks this incident had occurred so she could look further into it to see what she could find in regard to that check. Community Member Sandy Winters responded saying that she was not completely sure, but it was some time in 2021 she thought. Chair Fickes corrected her saying it was in 2020.
- 5. CONSENT AGENDA (Action)**
 - a. Minutes from Board: 3-15-23– Regular Meetings
 - i. Director McVay asked for corrections to item 9 line 2, change “him” to “he”. Director Fust questioned substances mentioned in the open time where Joanne was asking about testing for a specific substance. General Manager Paul Kelley said it was supposed to be Perchlorate (PFAS) and we would fix the spelling. Director Fust also said there was a correction in the ordinance 2023-05 it should say “it” included a drought rate. Chair Fickes mentioned a few

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other minor corrections but said she would bring her notes in on a few grammar corrections that were minor.

b. Paid Bills: 4/15/23 – 5/12/23

- i. Director McVay said that he would like to discuss and give direction to the General Manager and staff to have copies of the invoices/bills left out for the public and Board to look at if needed to provide more transparency because the details are on the invoices, not the list of company names and the total amounts. General Manager Paul Kelley mentioned that those hard copies are available to the check signers as they are signing the checks, but yes, copies can be made available to those that are interested in seeing them. Community Member Emily Rankin suggested that little flags be given to the check signers and if their questions don't get answered at the time of signing checks, they can mark them with a flag and the staff and General Manager will know that they had questions about those items. Director McVay said he would like that idea. Director Lincoln asked who Harold Beck & Sons was for. Director McVay mentioned it was where the actuators for the treatment plant were bought from. Chair Fickes asked about the \$7,500 to the Shasta County Registrar for the election costs. General Manager Paul Kelley confirmed she was correct.

c. Payroll: 4-13-23, 4-27-23- no comments or concerns with the payroll.

d. Activity Reports: April 2023

- i. Director Fust had a question on the activity report for April, at the end, it said the payroll expenses, salary and wages. He asked if the \$59,500 included the taxes as well. Bookkeeper Accountant Melissa Tenney confirmed that it did. Director Fust pointed out that was why there's a difference between the payroll \$42,000 total and the payroll in the activity reports. Chair Fickes questioned why the PG&E bills were not adding up. She said the total of the bills was not adding up to the check register. General Manager Paul Kelley said that the check registers have checks from April and May, not just April. Chair Fickes also asked about the vehicle maintenance and expense on the 2019 RAM Truck and what the \$500 expense was. General Manager Paul Kelley responded saying that it was tires. Director McVay asked if we can do something about the \$800-\$900/month for the AT&T bill. He wants to see if there is something that can be done about the bill and being a disadvantaged community until the SCADA repairs are completed and that bill goes away. General Manager Paul Kelley said that we will contact them and see what can be done. Chair Fickes asked about the \$1,298 in safety equipment was for. The Bookkeeper Accountant responded saying it was for the new hip waders, safety vests, boots, hard hats, and gloves.

Director Fust made the motion to approve the consent agenda items with amendments to the minutes. Director McVay 2nd the motion. Motion carried with a 5-0 vote.

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

a. **O.B.** - USBR Account Reconciliation (Discussion)

- i. Don Bader from the Bureau of Reclamation attended the meeting to provide some information and answer a few questions. General Manager Paul Kelley introduced Don Bader and thanked him for coming to give a little update on what's been happening

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with this water year and answer some questions. He reported that he went to the Trinity County Board of Supervisors meeting and explained why the Trinity Reservoir is still less than half full. He and Mike Dixon, the Executive Director of the Trinity Restoration Program explained the Trinity Reservoir's in-flow is 1.1 million acre feet so it does not refill in a year like Shasta Reservoir and others do. He also explained that the purpose of the Trinity River Division Reclamation was not for flood control. Shasta was built for flood control through the Central Valley. Trinity was built to divert water to the CVP site. He continued that because of the 3 worsts year droughts on Trinity and followed by a dry winter this year is the reason for it still being low, especially this year. He also mentioned that Trinity is a big dam with a small drainage basin compared to other which is also why it is not full. Don Bader explained that the Districts allocation is predominately based on how full Shasta is. He added that it looks like the District will probably have 100% allocation for next year. Director Fust asked if he anticipated that Trinity would rise more this year. Don Bader responded saying yes, at the end of September, they're going to be about 50% full compared to last year they were about less than 30% full. Director McVay asked if Trinity was mainly filled by snowpack. Don Bader confirmed that 90% filled by snowpack. Director McVay also asked Don to explain why there are pulse flows coming down Clear Creek. Don Bader responded it was for the fish. Director McVay mentioned that it was part of the salmon restoration project, but having watched the pulse flows, it scours out the gravel beds where they might spawn and after pulse flows, we see dead salmon in the river. Don Bader explained that the pulse flow scours out all of the silt that is bad for spawning beds. Director McVay stated that from the community's standpoint on 3 pulse flows of 3000af each go past, and we were given 0 allocation, it was a bitter pill to swallow. Don Bader responded saying that yes, he has always advocated that as they do pulse flows out of Whiskeytown, they should subtract it out of Keswick, and he hasn't had much success with that. He said he totally agreed with what Director McVay said but there is still a biological opinion and its federal law. Director McVay had a question about the 256 irrigation customers and their M&I water usage which is not included in the allocation amount. He asked if there was a way of getting that put into the three-year average so that we can boost that up. Don Bader said he would like him to provide his data to Paul and he could find out because he didn't know how to answer that question. Director McVay also asked if any water we purchase through McConnell or other agencies should be added to that figure for that year. So, our allocation is 2265 acre feet. This year we purchased 500-acre feet and we were granted a gift of 168 acre feet. So, this year potentially M&I water being about 2930+ acre feet. So, if we were having to do a three-year average, he would hope to see that number boosted for us because when there is a drought, it would cut to 75%, 60%, or 50% and we would be able to boost that number to where we can survive a little better. Don Bader responded saying that

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this question would also need to be given to Paul and he could get the information from someone who could answer the question. General Manager Paul Kelley added that he had already spoken to Jake about that, and he did say that it would be considered M&I water. Director McVay asked if Don knew any agencies south of the District that would be interested in a water transfer. Don Bader replied that would be a question for Jake, but TCC would be the best bet. Director Fust went back to the pulse flow subject and asked if the biological opinion was going to be updated soon and can public be involved in commenting on the matter. Don Bader answered saying that yes, the whole thing will be reconsidered later this year and public commenting could probably happen this summer. Chair Fickes asked if the District's water comes from Trinity Lake and into Whiskeytown then why does it matter if Shasta Lake is full. Don Bader responded saying that the District's allocation is based off Shasta's water storage even though the plumbing is coming from Trinity. General Manager Paul Kelley added that we are a Central Valley project contractor and yes, our water comes from the Trinity Division, but ultimately all the allocations are determined more as it relates to how much water is available to those who are south of the District such as Oroville and Orland for example. He continued to explain that we are all a part of the same pool. Chair Fickes stated that she listened in on the TMC meeting last month and they talked about an advisory committee made-up of 10 different areas and it's not formed yet, and she wanted to know how to go about getting a seat at that table since we get our water from Trinity Lake. Don Bader responded saying that he would take to his restoration team in Weaverville and let them know this group is interested in being involved in that advisory committee. Chair Fickes asked why in the past have we always been a 3 year average of ag but this year is different. General Manager Paul answered that this year was a little different because normally if we hadn't had all those storms, it would be historic M&I and historic Ag, 3-year average. Chair Fickes opened up the opportunity for the community to ask questions. Community Member Dennis Possehn mentioned that in his opinion the reason they were letting more water down the river is because the Trinity Management Council had a policy that when there was above average rainfall it was to be let out down the river. Don Bader agreed with Dennis and said he was right. He said that currently, regardless of the reservoir level the pulse flows still happen, He said he didn't necessarily agree with it, but that the federal law. He explained that it is going to change from a 5-year plan by next spring.

- ii. General Manager Paul Kelley reported no progress on the reconciliation side of things.

b. LAFCO MSR Draft Review (Discussion/Action)

- i. General Manager Paul Kelley reported that he made a significant number of changes to some items and also provided the board with a red line version to review. He suggested to the Board that they let him know if there are any questions or any other

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updates that he needs to do and then he would get it to LAFCO. He said he did confirm that the first version was from another water district which is why some information was completely wrong. Director McVay mentioned that he felt the numbers for water sales and others on page 14 were off because they were all the same numbers each year in the chart. General Manager Paul Kelley stated he found the budgets for 2019, 2020, and 2021 and all the numbers were the same, so that was why. Director McVay asked why actuals were not being used for the chart. General Manager Paul Kelley said that the chart called for budget numbers not actuals. Director Fust asked Paul to double-check the population number listed at 6,900 as he thought that the population was always recorded as 9,500. Director McVay agreed that the 6,900 seemed rather low and that he read somewhere that it was a little over 8,000. Director Fust suggested on page 6 that the paragraph about the Districts fire protection is serviced by CSA-1 be changed to say "Fire Protection services and emergency medical services are provided by the Happy Valley Fire Protection District boom. That higher the Happy Valley Fire Protection District operates 2 fire stations within the boundaries of CCSD, One on Farm Ave. And one on Cloverdale Rd. The outer areas and Soi areas that have been stolen, areas of this district are serviced by Shasta County Fire, CSA one. Happy Valley Fire Protection District has neutral and automatic aid agreements with Cal Fire, Shasta County Fire, CSA one and the Anderson Fire Protection District." Community Member Sarah asked that on page 19 the paragraph about no disadvantage communities are within the SOI. General Manger Paul Kelley clarified that the paragraph was referring to the area between our District boundaries and the SOI, but he did see how it could be confusing and he will get it updated. Director Fust asked to make sure that the Muletown Conduit get removed from the District assets because we don't own it, the Bureau owns it. Chair Fickes asked for a number of edits to be made as well. Some being; updating Paul's email address, removing the mention of storage tanks at the wells since there are no storage tanks at the wells, better clarification of the WIIN Act repayment that gets charged to all active and inactive accounts also including properties with more than one dwelling, and a concern on page 19 with the overlap of the SOI with City of Anderson. General Manager Paul Kelley said he would get the changes made to all her edits and he also mentioned that he would leave it up to LAFCO to make decision if we are giving up the overlap or keeping the overlap with City of Anderson.

Director Fust made a motion to approve the MSR as amended and submit it to LAFCO.

Director McVay 2nd the Motion. Motion carried with a 5-0 vote.

- c. General Administrative Policies – Update (Discussion/Action)
 - i. General Manager Paul Kelley thanked Volunteer Emily Rankin for all her hard work to update and draft the policies that were taken to the Board at a Special Meeting for Planning and Steering. Director McVay acknowledged the record retention section and mentioned that he understood the legal obligations. He asked that the Finance

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Committee be provided with a list of current and past mortgages, notes and leases so they have a better picture and understanding of what's going on with things. General Manager Paul Kelley stated that would be a good thing for the Finance Committee to review. Volunteer Emily Rankin expressed concern with the retention schedule of insurance policies. She said in her opinion she thought it should be permanent. Chair Fickes agreed with that. Chair Fickes then went over her questions and concerns with the policy. She said she had a concern with emergency contacts not being listed as information kept in the personnel files. Bookkeeper Melissa Tenney stated that emergency contacts are kept in the personnel files on a sheet of paper with other details, with Kayla at her desk, and also kept on the payroll software. Chair Fickes requested that all staff changes be reported to the Board so they can be notified and can understand based on what has happened in the past. General Manager Paul Kelley stated that staff changes will be reported in the General Manager's report. Chair Fickes asked why our pay periods run from Friday through Thursday for a two-week period and is paid on the following Thursday. The Bookkeeper Accountant answered saying she would love for it to be the 1st and the 15th of every month, but unfortunately it is in the MOU as that schedule and it's what we are stuck with until we can make amendments. Chair Fickes mentioned that she was leaning towards not approving this policy until after the Grand Jury report is published as there are some things in there that probably need to be added to the Administrative Policy. She also mentioned that she is not sure she wants to get rid of the Personnel Committee.

The approval of the Administrative Policy was tabled until the June or July meeting.

- d. Vehicle Policy – Update (Discussion/Action)
 - i. Director Lincoln asked who will be reviewing the vehicle maintenance records and daily mileage logs. Chair Fickes added that she thought it was odd that those records were going to the Bookkeeper and not the Supervisors. Director Lincoln asked if there was a chance that the Board could look at those reports periodically. General Manager Paul Kelley agreed that these reports should go to the Department Supervisors and then after that into a binder so that if the Board wants to look at them, they will all be in the binder. Director Lincoln asked when they were going to start doing that. General Manager Paul Kelley responded saying that they were already completing the logs that they fill out daily, then turn in weekly. Director McVay asked if the deferred maintenance, oil changes, and other things was a routine thing that is being done. General Manager Paul Kelley stated that each employee is assigned a vehicle and is responsible for scheduling routine services and repairs as well as weekly mileage reporting. He continued to explain that it may have not been getting done in the past, but it is now. Chair Fickes asked if the testing requirements and physical exam for a commercial license holder is a state requirement. Community Member Kaitlin Patrick responded saying it was a federal requirement. Chair Fickes then asked

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Paul why driving record results would not go to him instead of the Administrative Assistant. General Manager Paul Kelley answered saying that because the District is small and we do not have a Human Resources Director, the Administrative Assistant handles a lot of the routine HR. He added that the Administrative Assistant will let the General Manager know information if needed, but the Administrative Assistant is the main point of contact for that. Chair Fickes mentioned that it was overkill to have to report to 3 people that they were in an accident. She added that the employee should notify their Direct Supervisor and the Supervisor will then report to other people.

Director McVay made the motion to approve the Vehicle Policy as amended. Director Lincoln 2nd the motion. Motion carried with a 5-0 vote.

A 5-minute break was taken at 8:39pm.

e. Water Theft Policy – Update (Discussion/Action)

- i. General Manager Paul Kelley stated that this policy will probably need to be revisited later as the violation rates seemed a little low. Director Lincoln suggested a change to a misspelled word. Director McVay said he agreed with the General Manager that the violation rates should probably be increased. Chair Fickes said that the policy calls to be reviewed on a biennial schedule so it's probably to update the rates. Director Fust asked if the employees should report findings to their supervisor before going straight to the General Manager. Chair Fickes stated she thinks it should go directly to the General Manager, so it doesn't take too much time to put a stop to it.

Director Fust made the motion to approve the Water Theft Policy with one amendment needed. Director Beaver 2nd the motion. Motion carried with a 5-0 vote.

f. Fraud Prevention Policy – Update (Discussion/Action)

- i. General Manager Paul Kelley mentioned that unlike other policies, this policy has an ordinance to be approved along with it. Chair Fickes recommended that the Board of Directors be responsible for appointing an investigator in the case of the General Manager being the subject of possible fraud. She also identified a few misspelled words that needed correcting. She requested that the reporting of potential fraud to the Board Members would need to be done during a closed session as it would alert the subject if it was done in a public setting. Chair Fickes mentioned that the policy should state that the investigator should have access to all pertinent employees to complete their investigation.

Director McVay made the motion to approve the Fraud Policy as amended and the ordinance 2023-07. Director Beaver 2nd the motion. Motion carried with a 5-0 vote.

g. Preliminary 2023-24 Budget – (Discussion)

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- i. General Manager Paul Kelley announced that this is the preliminary 2023-24 budget and that his plan is to get some feedback and then at the June 21st Regular Meeting there would be a public hearing to approve the budget. He reported that the Bookkeeper Accountant has got some more reconciling done and it was discovered that some reconciling of the ACH payments from the merchant account still needed to be done. He mentioned that he will have the 9-month activity reports with more real numbers versus the amended budget for the Finance Committee to review in a couple of weeks. General Manager Paul Kelley gave the following recommendations to the Board for the budget revenue: updated revenue projections for base rate calculation – 2577 accounts at \$57.11 and 122 accounts at \$10.81, water usage revenue, other revenue (water service for Centerville and property taxes), designated revenue (NOT included in Operating Revenue) All the designated accounts that make up the \$10.81. Director McVay mentioned that the water sales are currently sitting at 88% not 90% and he wanted to give directions to the General Manager to come up with a plan to get those water sales up to 95%-96%. He continued to explain that he wanted the General Manager to come up with 2 to 3 scenarios and gave an example of moving the part-time employee to full-time and have that employee dedicate at least 3 of the 4 additional days a month to strictly delinquent accounts. General Manager Paul Kelley stated that the staff have already been coming up with ideas on what that would look like. And the cost of moving the current employee to full-time would be more beneficial than hiring another part-time employee. General Manager Paul Kelley then gave the following recommendations to the board for the expenses: Supply costs (US Bureau 2300af of mix M&I and IRR, McConnell 500af at \$250, and WIIN Act payments), moving the salary/overtime/standby from each division and putting in all in one payroll expense section, Water Treatment Plant (utilities expense will increase because of updated PG&E rates, chemical costs have increased, added line items for supplies, and added a project support line item), Distribution & Transmission (added utilities and some safety equipment expenses for tracking purposes, repair O&M expenses increased to what actuals were for 22-23 FY, and meter replacement), Wells and booster station (Emergency Electrical Repairs/SCADA update project/grant support, added chemicals for tracking), Administration General will now show regulatory division, customer accounts and billing, employee benefits, updated the utilities and supplies expenses for administration, IT will be broken out in professional services, increased budget for legal, and lastly payroll expenses will be broken out by division. Director McVay expressed a concern with the water treatment utilities and chemicals. He asked if they were not already included in the water rate so are we double dipping. General Manager Paul Kelley stated that the water rates are on the revenue side, and these are expenses. Director Lincoln stated he doesn't understand the "projects" and asked if it is for salaries. General Manager Paul Kelley stated those line items are used to track certain projects in the District so

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we can get reimbursed. Director Lincoln said it still did not make sense to him since salaries and engineering costs were being tracked in other places in the budget. He continued to explain that it seemed like a “slush fund” and we were double dipping. General Manager Paul Kelley reiterated that it is there so that specific project expenses can be tracked separately. Chair Fickes expressed concern and explained that with overestimating expenses, if it is available, people will try to spend it. Director McVay asked if there is money going into reserves somewhere in the budget. General Manager Paul Kelley stated that there has never been a budgetary item for that, but suggests we add a section that has our expenses and revenue that go into the reserves. Director McVay stated that the last prop 218 had the water rates and it had a 4.1% that was supposed to be dedicated towards reserves. Chair Fickes requested to have the profit and loss for July 1, 2022-May 31, 2023 before the June meeting to compare and drop some of the numbers on the expenses she thought were too high on the purposed budget. General Manager Paul Kelley suggested to the Chair that she should ask the non-finance committee members to provide their input. Director Lincoln asked if we could have the next Finance Committee meeting as a Special Meeting instead so all board members can participate in the discussion. General Manager Paul Kelley asked if June 7th at 6pm would work for everyone.

7. GENERAL MANAGERS REPORT

- a. General Manager Paul Kelley reported that we have two new hires that are projected to start soon. He also mentioned he did attend the JPIA Conference. He stated it was very informative with details about the importance of cyber liability insurance, workers comp, water year, new CARB rules on fleet, and state board activities. He also mentioned that he has scheduled a meeting with the Tehama-Colusa Canal to discuss water transfer.

8. OPERATIONS REPORT

- a. General Manager Paul Kelley mentioned that the delinquent accounts need to get attacked and get more of them paid. He also reported that we didn't use our wells and did send out our consumer confidence report. He continued to report that the staff is looking at outsourcing the bill mailing process and we are comparing the costs of the mail houses and the time and expenses of doing it in-house.

9. STANDING COMMITTEE REPORT –

- a. Finance- nothing reported at this meeting.
- b. Personnel- nothing reported at this meeting.
- c. Agriculture- nothing was reported at this meeting.
- d. Planning/Steering- nothing reported at this meeting.

10. BOARD MEMBER ITEMS

- a. Director Beaver asked where we are in the process of a new billing system. General Manager Paul Kelley said that we have gotten 3 proposals and Melissa has done pretty good analysis of those and next is for us to visit neighboring districts that are using some of the new software we are looking at.

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11. CLOSED SESSION ANNOUNCEMENT: - None This Meeting

12. ADJOURN THE MEETING- Meeting adjourned at 10:16pm

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