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

**General Manager: Paul Kelley**

**REGULAR MEETING: February 15<sup>th</sup> 2023 at 6:00PM : District Office Board Room**

**MEETING MINUTES**

- 1. CALL TO ORDER-** by Chair Fickes @ 6pm
- 2. PLEDGE OF ALLEGIANCE – Director McVay**
- 3. ROLL CALL-** Chair Fickes, Director Lincoln, Director McVay, Director Fust, General Manager Paul Kelley, and Administrative Assistant Kayla Faulks were present. Vice Chair Jones- absent.
- 4. OPEN TIME/PUBLIC COMMENT:** Sandy Winters- mentions there is a fire wise committee meeting a week from 2/16/2023 at 6pm and encourage the public to attend.
- 5. CONSENT AGENDA**
  - a. Minutes from Board:1-18-22. Committee: None
    - i. Section 3a. needs to be corrected, to Fust “declined” that position.
    - ii. Section 6b. needs correction that Director McVay “dissent” from that decision.
    - iii. In the general manager’s report that Director Fust reported that there is a new MSR at April meeting for LAFCO.
  - b. Paid Bills: 1/20/2023-2/07/23
    - i. Director Fust questions the voided check for employee lunch. General Manager Paul Kelley clarifies that it is not a District cost and didn’t need to be a reimbursement to the employee as the CCEA funds were used instead. Chair Fickes asks for clarifications on the reimbursement that is listed for Bill if that’s the case. General Manager, Paul Kelley, then clarifies that Bill purchased the repair for the front door lock and an employee lunch in December on his personal card which is why it was reimbursed to him. Paul Kelley also noted that Director Fickes had asked about the Health Premium Reimbursement expense item, and he wanted to clarify that it was the OPEB retiree’s premiums that we reimburse them. They pay the bill and the District reimburses the retiree. Chair Fickes asks about First National Bank Omaha accounts. Paul Kelley mentions it is 2 cards that the district has that is mainly used for office supplies and subscriptions like Microsoft, etc. Director McVay commented that there were two late fees and

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interest charges that the District incurred and wanted to make it aware that these types of things the District can't afford. He acknowledged there was a mess to clean up and its taking some time, but wants to try to avoid the late fees. General Manager, Paul Kelley mentions the large amount for Badger Meters is what was already approved by the board, but it is showing now because they do not bill until the material is shipped. Chair Fickes questions the audit charge and thought that it was already paid for up front. General Manager, Paul Kelley, mentions there may have been some confusion on what that previous charge was. It was for the actuarial reporting, not the audit.

- c. Payroll: 1-19-23, 2-2-23- no questions or concerns.
- d. Activity Reports : Developing for March meeting & Mid-Year budget review- noted no activity reports for review at this time.

**Director Lincoln made a motion accept the consent agenda. Director McVay 2<sup>nd</sup> the motion. All in favor 4-0 vote. Chair Fickes wanted it noted that she accepts the consent agenda except the Reese, Smally & Wiseman bill.**

- 6. OLD BUSINESS/NEW BUSINESS-** Fust requests to address Item 6E first for old business/new business as there are members of the community in the audience who came to discuss this item. All agreed. General Manager, reported that all of the protests that were on the last meeting agenda in January have been addressed and followed up with the customers.
- a. **O.B.** - USBR Account Reconciliation- General Manager reports that there is still no update from last meeting. Preliminary rates and charges were received yesterday, and he will be bringing those to the Finance committee meeting.
  - b. **O.B.** - Water Use Restrictions- Director Fust wants to know if we have heard from Bureau about what our next allocation will be for the next water year. General Manager, Paul Kelley, states that no update has been given by the Bureau. Director Fust also asks if we have heard from McConnell to put in place the possibility of getting water from them. We received a letter from McConnell very similar to the one we received previously mid-January last year that says there will be water available if needed. No specific price for the water was specifically mentioned yet. Paul acknowledges that the McConnell Water agreement is supposed to be decided and agreed upon quickly, but it has been identified that the District may need more time as the Bureau hasn't got back to us on the next water year allocation. Chair Fickes mentions that we will need a drought ordinance again so she asked that the HVCC take a look at the current drought ordinance in effect and come up with some ideas and suggestions of what needs to change or be added to make it. Director McVay mentions that the NOAA will come out with the next month's weather predictions and what might remain of the raining season. Community member Dennis Possehn mentions that yesterday the quality control board came out with a draft of changes to their water report. General Manager Paul Kelley mentions there is a regulatory drought and there are elements that force

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us to be in a drought. Jackie Longcrier notes she has an insight on the DWR and mentions that there is a “horrendous” water/snowpack according to their reports.

- c. Grant project – Emergency SCADA/ELECTRICAL REPAIRS project grant with State Board, funding agreement D211815. Ordinances to sign funding agreement and sign agreement with Pace Engineering to do the project. Paul Kelley mentions that the state had sent a draft funding agreement last month and it appears about a year ago, thanks to Bill, he had gone to the state to talk about some grant opportunities to fix some repairs for this particular area/project. The District knows that when we are heavily dependent upon our wells, it takes a lot of work and they have to be manually started. The wells cannot operate multiple at one time currently, so this would fix that. There was expectation that this project was started in August of 2022 and be completed by end of 2023. We met with Pace and wanted to make sure the electrical design is done correctly. Also, met with a local electrician who would be doing the majority of the work on this project. As well as looked into what work can be done by the District staff so we can get reimbursed for some of the work with the grant money. This project was identified as CEQA exempt because it is an emergency repair event. Also noted that there is no need to be a bidding process. He also mentions he had the District Lawyer review and make necessary edits to the agreement. What the state needs is a ordinance to authorize to enter into the funding agreement and another ordinance which is signing the agreement with Pace and to move on with the project. The specific directive the state is that the project is funded by the Drinking Water Fund and it cannot go over the cost they have allocated, but recognize the inflation in cost and will only allow 2%-3% above allocated cost they predicted. Pace is aware of the strict budget for this project. Director McVay asks Bill if these improvements will increase the compacity of the wells. Bill says it would certainly increase the compacity and that is what spurred this project idea. Director Lincoln wants to clarify the designee would be Bill to sign the agreement if General Manager couldn't sign the agreement. Paul confirms, yes it would be Bill. Director Fust asks what the ALTA survey was that was mentioned in the agreement. Paul notes it doesn't particularly apply to this project and this is a general template of an agreement.

**Director Fust motion to approve 2023-02 Ordinance. Director McVay 2<sup>nd</sup> the motion. All in favor with a 4-0 vote.**

**Director McVay motion to approve 2023-03 Ordinance. Director Lincoln 2<sup>nd</sup> the motion. All in favor with a 4-0 vote.**

- d. IT upgrades and modernization – Computer Logistics – General Manager, Paul Kelley- It has been identified there has been a need for IT upgrades for quite some time. There are a few computer systems in the office still running Windows 7 software. 3 free assessments/quotes were requested from 3 different local IT companies, and all identified there is a huge security risk. They also identified other elements that could be a potential risk such as not having regular cloud backups, and identified that the Frey Software is a potential challenge. One of

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the companies (Apex) recommended all new everything which was proposed \$40k in upgrades and replacements. The other one (Computer Logistics) gave a more budget friendly quote/proposal. Recommended starting with upgrading 4 of the workstations, switch to Microsoft Office for email and Microsoft apps, update the SCADA equipment at the treatment plant, they identified our current internet service may not support the initial back up so potential look into getting a backup internet service. With this proposal, there would be \$2,000 left over in the budget for these upgrades. At first, they recommend \$500/month for cloud backups and monitoring services. Director McVay mentions it came to the finance committee meeting to look at the potential savings this will have. He questioned if the \$1,000/month is strictly for monitoring? Paul confirms, yes mostly monitoring. But notes, that we are currently paying \$800/month for on-call IT services. He mentions there will be some capital costs as well later down the road as well. Director Fust asks about a capital improvement plan and if we plan to get one? Also, what is the security of a cloud back up? Paul acknowledges that is why it is important to have these IT services because there will be a firewall and they will constantly monitor so no one can hack into our systems. It's identified that this will improve our compliance with JPIA Cyber Security Insurance Policy.

**Director McVay made motion to approve the General Manager to sign the proposal and move forward with Computer Logistics for IT services and replacing workstations. Director Fust 2<sup>nd</sup> the motion. All in favor with a 4-0 vote.**

- e. Protests for Board Consideration – General Manager Paul Kelley give background information in regard to the request for refund. Original capacity charges were made by the previous owner of the property owner in 2016. In 2021 it looked as though the previous General Manager, Kurt Born, wrote a letter stating they would need to documentation to take to the board that shows the fee being previously paid. The new property owner stated that the meter doesn't meet their needs and decided they are going to be using other sources for water. General Manager, Paul Kelley, notes that the capacity charges stays with APN. Director McVay asks to clarify there are two APNs listed in the documents provided and wants to know if it got transferred from one APN to another. Jim Deptuch, the current owner of the property then explains that he purchased the property from previous owner, Barbara Springer and in doing so it was identified that the capacity fees had been paid. They then reached out to Roberto to confirm the meter would suffice for fire sprinkler code. He mentioned that Roberto responded and said it would. So, they went ahead and accepted the offer to purchase the property with the capacity charge. Jim then stated that they reached out to the previous fire chief at the time for Happy Valley Fire and got a second opinion and he stated that he needed to go do some calculations because the capacity would not meet the needs to pass a fire inspection for fire sprinklers. Director McVay asked Jim if they explored the options to put in a storage tank with a booster pump. Jim acknowledged that yes, they did, but not the best practice is what they were told. Director Fust asked if there ever was a meter for this or

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the other APN. Jim Deptuch confirmed that no there was never a meter installed. Chair Fickes asked if the District has expended any funds previously for this charge. General Manager, Paul Kelley, confirms that no refunds have been given specific to this capacity charge.

**Director Fust motioned to refund the capacity charge of \$11,054.00 with the stipulation that no prior payment was made previously. Director McVay 2<sup>nd</sup> the motion. Motion carried with a 4-0 vote.**

Emily Rankin requested that previous meeting minutes be reviewed to confirm this was not already refunded to previous owner.

- f. LAFCO Special District Member Seat 2 Ballot – Paul Kelley provided a letter from Mr. Williamson, Executive Officer with a ballot for the board to vote for a candidate for LAFCO Seat 2. A decision to make a vote needs to be made. Chair Fickes suggested she wants to see another person besides a water district. Director McVay agreed bringing possibly a fire department member in. Director Fust proposed to take a look at Patricia Clark as a potential vote. Director Fickes mentioned she liked Josh Mack because his Ag background. Director McVay leaned towards newer member to have a fresh look. Director Lincoln agreed with Josh Mack.

**Director McVay made motion to vote for Josh Mack with Millville Fire Department. Director Lincoln 2<sup>nd</sup> the motion. All in favor with a 4-0 vote.**

- g. Signer on Accounts/Check signer – It is important to have another signer for the checks to fill in when the two current directors that are authorized may not be available.

**Director Fust motioned to appoint Chair Fickes as an additional signer for checks. McVay 2<sup>nd</sup> the motion. All in favor with a 4-0 vote.**

7. **GENERAL MANAGERS REPORT-** Paul states we are currently waiting for the Bureau to let us know what our allocation is going to be for the next water year. Most of what he planned to report in this section was already addressed earlier in the meeting. The new MOU was approved at the special meeting on 2/8/2023. Paul reported the Administrative Assistant helped get our employment practices up to speed. Employees received a letter from him along with job descriptions to sign. Paul also mentioned that we have a new distribution employee. Sandy Winters asked how many employees the District has now. Paul reported there are 10 employees. Kaitlyn Patrick asks if it is possible to move the General Manager report to sooner on the agenda. Paul says he is open to it.

## 8. OPERATIONS REPORT

- a. Admin- 23 accounts had penalties. Chair Fickes asked if these are repeat offenders. Paul Kelley says that most of them, yes. 234 accounts with past due balances 90+ days.

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- b. Operations- From Bill we used 67af of surface water in January. Well water production was 11af in January. McVay asked if we are strictly using surface water and are we going to use all of the acre feet purchased from Shasta Lake? Bill confirms, yes just using surface water. And mentions we have used about 38af so far this month and yes we will most likely use the 30 acre feet we purchased last month. Director Fust asks that during the process of this upgrade, will we be able to pump from the wells when the work takes place. Bill mentions we are completely offline during electrical work. Chair Fickes asks when the monitoring wells were put in? Bill says they were put in summer of 2020. Fickes mentions that the report on water quality is good to refer too. Director Fust says it gives a very comprehensive review of the District. Director McVay mentions the extra 4m gal tank. Bill says yes, that is correct for additional storage. Look for grants to pay for that additional tank. Director McVay questions the 2022 dates on the system efficiency reports and where we are at with those. Bill addresses all the items listed as issues needing attention.

## **9. STANDING COMMITTEE REPORT –**

- a. Finance- Director McVay reports on the finance committee meeting last week. Thanks the staff for hard work to get caught up. Notes bank statements were looked at. Were able to see the draft of the mid-year budget. Fust asks how much we still owe for the WIIN Act? Paul says \$467k and change. The Bureau says it's a slightly higher number. Emily Rankin addresses the fact that looking at a checking account balance says absolutely nothing when you don't look at the other side of the equation. Kaitlyn Patrick asks if we have an update on the lawsuit (WIIN Act). Paul Kelley says no but timely to find out.
- b. Personnel
- c. Agriculture
- d. Planning/Steering

## **10. BOARD MEMBER ITEMS-**

- a. Director Lincoln- 2 people on light duty. Can he get a time to take a tour of the District with one of them. Paul says yes, that is possible. He also mentions he plans to try to coordinate a District open house.
- b. Director McVay- nothing to report.
- c. Director Fust- nothing to report.
- d. Chair Fickes- Does not recall 5-year audit and that the approval was for 2021 only. She requests that the approval for the remaining years be on the March agenda. She reports that she watched the video from that meeting and it did in fact only approve the 2021 audit only. Paul says yes we can bring it back for approval.

## **11. CLOSED SESSION ANNOUNCEMENT: NO CLOSED SESSION**

## **12. ADJOURN THE MEETING- @ 8:19pm**

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