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Board of Directors

Directors - Beverly Fickes, Committee Chair: Scott McVay

General Manager: Paul Kelley

FINANCE COMMITTEE

March 12th 2024 at 4PM: District Office Board Room

Committee Responsibility

The Board's standing Financial Committee shall be concerned with the financial management of the Clear Creek CSD including the preparation and oversight of an annual budget, and oversight of reserve accounts and major expenditures.

MINUTES/NOTES

1. CALL TO ORDER – 4:01PM by *Committee Chair McVay*

2. PLEDGE OF ALLEGIANCE – *Led by Chair McVay*

3. ROLL CALL – *Directors: McVay and Fickes*
Staff – CPO – Palmaymesa and GM Kelley

4. OPEN TIME/PUBLIC COMMENT: *NONE*

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

a. **Water Year 2024-25 Usage Rates Ordinance** – Discussion

GM Kelley reviewed the items before the board for discussion.

The Bureau Allocation Letter- 100% Historic M&I and then 75% Irrigation

*This calculates out to: Current Historic M&I is 2265 (This will change) Minus the Contract amount, then 75% of that. Or $15,300 - 2265 = 13,035 * 75\% = 9,776$. 2265AF M&I plus 9,776AF Ag/Irr.*

GM Kelley related the issues of keeping M&I at reasonable rates because the Historic M&I calculations are a one way ratchet – “Average of Last 3 years of Unencumbered years M&I” Currently the District had 2017,2018,2019 as unencumbered years, 2017 will be replaced with 2023-24 – an that final number will be less than 2017, so the Districts historic M&I number will go down.

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The Bureau Rate Sheet – This year’s rate sheet now includes folsom safety of dams and the Trinity PUD moved into Cost of Service. The District paid it’s WIIN act and shouldn’t see any charges in the middle section and then has at the bottom the “Restoration Fund Payments”

Total for Irrigation: \$43.95/AF and for M&I \$52.87/AF

GM Kelley then reviewed the Current Rate calculation sheet for the current usage rates of \$.51/AF – Ag/Irrigation and \$.52/AF – M&I(Domestic).

Also reviewed that the “Costs of Treatment” in the current usage rate was based on schedule of 3000+AF. The actual delivery was 229 IAF – The current schedule submitted for the Bureau for 2025 water year is 2500. Therefor the increasing costs for Treatment spread over a smaller amount through the treatment plant will equate to a higher cost per acre-foot.

GM Kelley then reviewed three scenarios of rate calculations – and reviewed the costs of Treatment. CPO Palmymesa – reviewed all the Treatment costs – Chlorine – going up slightly, but mostly going up on a per acre foot basis with smaller volume. PAC and Polymer used for turbidity primarily are similar to last year, but more costs in PAC and a little less in Polymer. Utilities slightly higher – PGE has put in a rate hike, plans on three more in the coming year – and this will need to be tracked The Labor will stay the same and the O&M needs to be adjusted up. Bill then reviewed all the O&M needed for the coming year – approximately \$95K. Bill then reviewed the other larger repairs needed because of limited O&M – mainly that Train 6 is not working and an estimate of \$300K work. Director Fickes asked if the Treatment costs take into account CenterVille obligation. – Bill Said Yes.

Then a longer conversation about how to deal with the cost of larger O&M repairs.

Discussion about the 2021 Rate study and Prop 218 process. The report approved by the board that implemented the current base rate schedule and the usage rates – was not as clear on the usage rates. The rates are to be the cost of water (bureau) plus cost of Treatment – Labor and Materials. Bill has enhanced the costs of treatment on the spreadsheet – to include chemicals – all the different ones used, utilities, labor and o&m.

Director Fickes expressed concern about the amount and how to apply it. Asked about the “reserved” accounts that were for 4.1% of Usage and 1.8% of Base rate – GM Kelley related that the district was making those reserve deposits and that the Board could direct the GM to use the Usage reserves to help with major maintenance or other aspects of the Treatment plant.... Reality is that 2cents per HCF will not fund the major repairs, but could help...

Director McVay – discussed the need for routine maintenance and enhanced routine maintenance. A discussion also had about “water loss” – how is the district dealing with it? Is it 10% or 15% or? If we schedule 2500AF and process 2500, but there is water loss prior to meter, we aren’t funding the costs. GM Kelley suggested the board discuss and provide direction. There is currently not a water loss component. There could be a per hcf amount added for water loss or take the scheduled water, minus the water loss and that number gets divided into costs for a per HCF expense – a more accurate estimate of revenue derived for the costs.

Discussion on all the options and ranges of costs and how they impact the HCF.

Discussion on “do we need a public hearing” – GM – The drought ordinances need a published public hearing. The Usage rate ordinance is at a public meeting, and the rates are effective in 30 days. All

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the usage rate ordinances passed by the board in the past say “effective date of rates 30days”..... and it’s the plan to have the March 20th meeting adopt the usage rate ordinance.

The general discussion proceeded over next steps and what should be done with the rate ordinance – and generally felt it best not to use the repairs but add some to the O&M that would get treatment started on engineering and prepping to bid for the Train 6 major repair. This moves the O&M from \$38/AF to \$48. There was some discussion that should be \$58.

The document will be for the Boards decision March 20th...

b. Bank Account Balances & Loans report – Discussion

Gm Kelley reviewed the current account balances.

Discussion on the WIIN act account could be used to help with General Fund – Gm Kelley said that the current budget called for using \$50K of WIIN act funds to repay the GF, and that has already been done. The fact that there is more than projected has much to do with the Account clerk getting so much LIHWAP help and delinquent payments....

Discussion of CIP, Next Rate 218 process (2026?) The Fees that might be used for CIP

Also discussion about the RCAC loan to help facilitate the BackWash Pond project. And that board will review “resolution” to borrow.

c. Next items: 24-25 Budget, Reserve Policy – Schedule / Discussion

GM Kelley mentioned we need to start reviewing the Reserve Policy for updating

Also that we should have a preliminary review of the 3Q Budget to Actuals and Start making a budget for 2025FY...

Next meeting set April 9th – 4pm

6. ADJOURN THE MEETING – 5:50PM

Approved: 03/20/24 Meeting



Signed:

**Secretary of the Board
General Manager: Paul Kelley**

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