

CLEAR CREEK COMMUNITY SERVICES DISTRICT

Board of Directors, Johanna Trenerry – Chairwoman, Irwin Fust – Vice-Chairman,
Virginia Bassham – Director, Mark Engel – Director, Murray Miller – Director
5880 Oak Street, Happy Valley, CA 96007
Phone: (530) 357-2121 Fax: (530) 357-3723

REGULAR MEETING

Wednesday, September 16, 2020 at 9:00 AM
District Office - 5880 Oak Street Anderson, CA 96007

Due to COVID-19 the Board of Directors meeting will be held via Zoom (video) or telephone conference and will be available for the public to attend. We have established an entry point for log in and attendance. In your web browser type in <https://zoom.us/> and in the upper right of the screen click on “join a meeting”. When the next page opens enter the meeting ID number 309 792 2136 in the field meeting ID. Click the blue box below the meeting ID after entering the ID number.

The next screen will allow the user to enter the password. That password is 5zY2c1. It is case sensitive. The next prompt will have you wait for the host to bring you into the meeting. For those who would rather place a telephone call the dial in number is 415-762-9988, password: 892752# and follow the prompts to join the meeting.

MINUTES

DIRECTORS: Johanna Trenerry, Irwin Fust, Virginia Bassham, Mark Engel and Murray Miller

STAFF: Kurt Born and Christy Roberts

AUDIENCE: Ben Swim, Beverly Fickes, James Rankin, Kyle German, Ed Moran, Scott McVay, Kris Wilder, Rusty Simmons, Shawna Welch and Sandy Winters

CALL TO ORDER: The meeting was called to order at 9:06 AM

PLEDGE OF ALLEGIANCE: Chairwoman Trenerry led the Pledge of Allegiance

OPEN TIME: Chairwoman Trenerry asked the Secretary if anyone has asked to speak about items that are not on the agenda? Christy Roberts stated that audience Ben Swim would like to talk during the Prop 218 discussion. General Manager Born stated that this item is on the agenda but he wanted the opportunity to let Mr. Swim speak to the Board regarding the Prop 218 process and present the Board with his research.

CONSENT/AGENDA: A motion was made by Director Bassham and seconded by Vice Chairman Fust to approve the minutes from August 19, 2020, paid bills dated 8/19/20, 8/25/20, 8/28/20, 9/1/20 and 9/14/20 totaling \$280,518.90. Director Miller stated he did

not see the financials but other than that, he approves. Motion was voted on and approved.

OLD BUSINESS:

None

NEW BUSINESS:

WIIN Act Final Contract - Signature: Chairwoman Trenerry asked the people in attendance to please not interfere with the meeting process until she has opened the meeting to the people. General Manager Born stated that the WIIN Act is something we've been working on for some time now. It allows the District to pay the CVP construction cost off and it allows our water service contract in perpetuity and saves on monetary costs relating to further contract negotiations. There are many benefits to this. In the year 2030 this becomes due anyway and in doing it this way, it allows us a discount of \$27,903.00 or we break it into 4 equal payments, due once a year of \$200,903.00. One way or the other, this comes due in 2030 and if we wait until 2030, the cost is even more and more interest. My suggestion is to adopt this. We are being represented by Attorney John Kenny and his recommendation is also to follow through with this. Director Engel stated as he understands (inaudible). If we do this in one payment, we can finance the full amount with a low interest rate that will be fixed, correct? Mr. Born stated that is correct. Mr. Born stated they are gathering a pool of agencies to get a total amount of money they want to borrow against this project. Director Miller asked what is the amount we are borrowing? Mr. Born stated \$793,092.00 and we are trying to work with an agency that does this lending and building a pool to get rates even lower. Right now, the rate is 2% and I need to review the email again because it just came in this morning to find out what the term is. Vice Chairman Fust stated that when we first started discussing the WIIN Act the best part was that it would secure our contract in perpetuity. As it stands right now, our contract comes up for renewal in about 10 years and that means it would jeopardize our ability to retain our water that we have now; which is a total of 15,300 acre feet and is guaranteed to us, by contract, under normal conditions. The WIIN Act would put that in perpetuity here and on forward. The bad part of the contract is we have to give up our Ag rate, which we no longer have. The Ag rate has gone up considerably in recent past. If we go with the WIIN Act we have to keep the current Ag rate, which is higher. If we do the ATP study, we may be able to get that subsidized rate again. Is that correct Skip? Mr. Born stated that once the obligation to pay back the CVP, those Agricultural rates will drop again. Right now, we are paying full cost. If we do this contract, it will bring those rates lower than what they are today but will still be a little higher than they were prior to all this coming about and those adjustments will be made as soon as the Bureau of Reclamation makes the adjustments to us. Vice Chairman Fust stated that it has been recommended to us that in the ATP study, if we were to take one, that we would not be successful, correct? Mr. Born stated that is correct. Vice Chairman Fust stated (inaudible). Mr. Born stated that if they start the process now then it should be done by December and that's what they are anticipating at this point. Director Miller

asked to explain the Ability to Pay study a little bit more? Mr. Born stated (inaudible) it determines if the customers in the District qualify for a subsidized Ag rate and he would supply Director Miller with a copy. Director Bassham stated I know we don't have the \$800,000 to pay it full, right Skip? Mr. Born stated no we don't but we are being given a couple options. There are several agencies going with Cal-Muni that allows them to pool resources to lower their rate. Director Bassham asked and that interest rate is 2%? Mr. Born stated correct, it's around 2%. Director Bassham asked for how many years? Mr. Born stated that the email just came in this morning and he needs to review it properly. Director Miller asked if we could table this until next month to get all the details worked out? Chairwoman Trenerry stated okay if that's the action of the Board? Director Miller made a motion to table this until we get details. Vice Chairman Fust seconded. Motion was voted on and all Board members agreed to table Ordinance 2020-12 until next month.

RCAC Rate Increase Proposal: Chairwoman Trenerry stated that the customers need to remember that they asked for an independent study, which we did. We have done everything they have asked of us. They asked us to talk to our lawyer and a CPA and so I think the staff has been taking a lot of anger and lies from people and it's unacceptable. I ask that if you have a question, please come in and ask. I have had several people ask me about their rates and I think they felt pretty good after they talked to me about it. I'm going to let Skip explain what's going on and we will have a discussion, then I will open it up to the community. General Manager Born stated Ben Swim is the only customer in this District that has come to me and asked if he could offer an alternative to what is being proposed. Mr. Born stated it's critical and important to have an alternative. Mr. Born stated that he doesn't think people understand that this is coming anyway. We are a Federal Contractor and I posed the question; if we are a Federal Contractor then why do we have to abide by the State as well? According to our Federal contact, the guy says yes, because you are in the State of California, you must abide my State and Federal rules and guidelines. California says everybody will be metered and their base bills will be by meter size. That is the standard developed by AWWA and is something the State is also following. Mr. Born stated that Mr. Swim has an alternative and asked Mr. Swim to speak about the data he has. Mr. Swim stated that this is just a starting point for a solution to work together. Many people in the Community are on board with stopping this RCAC rate increase, especially for people like me who have a 2" water meter. It is flat-out unaffordable. Mr. Swim stated he put together a spreadsheet with base rates. I started off with rates from other Districts, I went to a community meeting and asked several people for input and I went and sat down with Skip and Cary asking if these numbers were even feasible? I tried to come up with something that is still reasonable, a base plate to start. I think this has to be a multi-forum approach to keep rates affordable and get the Water District back to where it needs to be and we don't have lines blowing several times a month and have the appropriate equipment to get these repairs done. I understand with the RCAC study, we are looking to get a grant and that would be very helpful but I think in addition to the grant, getting a bond measure that will help support the District. This will limit some of

increase in cost to the customers. The spreadsheet I created is based on a Domestic rate of about .80¢ per unit and an Ag rate of about .25¢ per unit. Originally, I had the Ag rate at .17¢. I know the State of California is moving towards a water meter size base charge and it's a hard thing for me and other members of the Community to get over. In addition to talking with Skip, Cary and the Community meeting, I spoke with Mr. DeBerry at the Public Utility Commission and he confirmed that is the standard for California and moving to water meter base sizes, so that is not something we can't get away from. I also understand that by 2025 every residence will require a water meter. The base rate I have for a 5/8" meter is \$35.00 and I increased that by 10% for each meter size until the 1-1/2", 3/4" is \$38.50, 1" is \$42.35, 1-1/2" is \$46.59, 2" is \$55.00 and from the 2" meter up, I increased it by \$20.00 and again this is just some numbers I put together. Water prices will increase, there is no way around that. I included for the first 2 years, a .02¢ per unit increase. My goal was to keep the Ag rates at, or just above cost; so we could keep Agriculture alive out here and all the stuff we love about Happy Valley. So this is the rate increase approach. In regard to the bond and grant, I ran some numbers for the bond to get an idea of the cost. I used a \$20 million dollar base to work from but the bond needs to be the appropriate amount to get us back to where we need to be and not over-burden the Community members. A \$20 million dollar bond at 3% over 20-years is about \$110,000 per month or about \$41.00 per customer, based on 2,700 customers and we would pay about \$6.6 million in interest over the course of those 20-years. If we did a \$10 million dollar bond at 3% for 20-years is about \$55,000 per month or about \$21.00 per customer and we would pay about \$3.3 million in interest over the course of those 20-years. Skip and I went back and forth on this and he said he didn't want to pay for something that wasn't going to be good at the end of those 20-years. Then we discussed the longevity of the 10" pipe and is, from my understanding, good for 100-years. This is a bond we could have paid off in 20 or 30 years and still have a long lifespan left on these repairs that need to be done. Now, this would be a payment either added to everyone's water bill or a payment added to their property tax bill. Either way this must be voted on by the Community. The last part of my plan, we need to have more direct accountability into how these funds are spent. I will send my spreadsheets to Skip. Vice Chairman Fust thanked Mr. Swim for his efforts and said this is the kind of thing we like to see coming from our Community because the Board and the people in the office don't have all the answers. Mr. Fust asked Mr. Swim what the bond will be used for? Mr. Swim stated that primarily it would be used for replacing and improvement of old systems that are failing. The isolation valves that we can't use, need to be replaced, the old pipe that keeps blowing needs to be replaced and in addition to that, is to replace the funds in the reserve accounts that should be there when you have emergencies. We must have that emergency fund. Mr. Fust stated that is a good point. Under the RCAC program, it anticipates a grant to replace the pipes in the ground and I think we should do that no matter what. The bond idea is good for Capital Improvements. Mr. Fust stated if the Board decided to go with a bond on the ballot, it's going to take a 2/3 vote in order for it to pass and that is a tough hurdle. If a bond issue were to come from the initiative of the people in the District, it would only need a 50% +1 vote to pass, so I just wanted

to put that out there as a situation to consider. Director Miller asked how are we making sure that this is fair to everybody? Mr. Swim stated that is where I have to rely on all of you. I gathered all my information from other Districts, adding percentages and flat rates, so whether or not that complies with Prop 218, I don't know, I have to rely on you guys for that. Director Miller stated that the unaffordability part of this RCAC study, we need to come up with some other possibilities and a bond is something I didn't think of. I'm especially concerned if unaffordability becomes an issue, we could be encouraged to consolidate and I'm not sure that's the direction the District wants to go. I am in favor of considering solutions that are generated by our customers. As far as the feasibility of them, we will have to figure that out. Mr. Born thanked Mr. Swim for his input and appreciates everything he has done. It is nice to see someone produce something that is workable for the District and the customers. Chairwoman Trenerry stated that it's important for people to take a look at how they use their land and the size of their meter. In talking to people who have 2" and 1-1/2" meters on 5 acres of land, it's learning to be conservative with the water. Mr. Born stated that he would like to keep working with Mr. Swim and look into (inaudible) lower income and disadvantage in our community, make sure we find some kind of medium and make sure everything fits together. Mr. Swim stated he would be happy to work more with Beverly, members of the Community and find some sort of subsidy for that. Vice Chairman Fust stated this is a good direction to go in. Mr. Swim has sort of given us a roadmap. What we are looking at with the RCAC study is raising the rates, raising the base charge and getting a grant. What we are looking at with Ben's suggestion is increasing the rates, increasing the base charge, doing a bond and a grant. Which spreads it over a longer period of time and makes it more affordable because the rate from RCAC is not affordable. Director Miller stated that in the future maybe we should get feedback from the customers first? Mr. Born stated (inaudible) we have had several conversations during several Board meetings where we've discussed the Prop 218 process; where we were, what was going on and the timeline. That information has been available through the newsletter and through the public meeting. The information is out there for the last year and a half. I don't believe it's a matter of us not getting the information out there, it's a matter of people not really reading about what we've been doing. A year ago during this Prop 218 process, the people asked for a rate study and the Board instructed the staff to do and we did (inaudible). We can try and do better. Director Bassham stated that she would like to take a better look at what Mr. Swim talked about. We have been talking about this for a very long time, it's not something we just decided to put on the agenda. Mrs. Bassham thanked Mr. Swim for what he did and she looks forward to reviewing this more and discuss as a Board together. Director Engel stated we have done our best to get this information out there and unfortunately, it's not until you've sent out the rate increase that you get the feedback from the Community. I want to point out that a year ago we could have passed the last rate increase and we didn't do it, primarily because of the concerns that were brought up. It is this Board's intention to do the best we can, that includes when you turn on the faucet, water comes out. Mr. Engle thanked Mr. Swim for bringing his creative thinking to the Board. State compliance is a complicated issue and in the last 5 years has only

gotten worse. Any where you go there are infrastructure assessments that are or can be imposed. We were in a good financial spot prior to the latest financial meltdown or the 2007/2008 recession and basically development in Happy Valley halted. Our masterplan, which is something most Districts do, was waiting for that development to come back and it never did and we kept putting it off and the last couple years trying to come up with a workable solution. My concern here is because of the financial situation of this District at this time, we may need to look at an emergency rate increase, if that is even possible. The number one job in my book is keeping the District alive and it's my fiduciary responsibility to the Board. Is it fair or affordable? At the same time we need to address the reality of this situation. Without water we all might as well pack up and leave. When I first came on this Board 5 years ago the first thing the General Manager told me was, we have an aging infrastructure and it needs to be replaced and we still haven't done it. We need to get this done. Mr. Born stated (inaudible) we have to find that point where everything meets in the middle and I cannot do that by myself. I need everyone's input and help. Mr. Born stated to Director Miller that he came in during a difficult time and there is a lot going on here. It's a lot to learn at once. Chairwoman Trenerry stated that some have too big of a meter and farmers need to conserve. We are going to be forced into this whether we like it or not. Chairwoman Trenerry opened the meeting to public comments (see public comments below) and asked people to state their full name before speaking and you will be limited to 2 minutes.

Request for Qualifications – Select Engineering Firm for Distribution System

Renovation: Chairwoman Trenerry asked if there are any comments from the Board? Director Engel stated he would like to make a motion to approve our local engineering firm, Pace Engineering. Vice Chairman Fust seconded. Motion was voted on and approved.

Ayes: 5

Nayes: 0

Abstain: 0

Absent: 0

Water Efficiency – State Mandated Guidelines: General Manager Born stated that this has been in the works for a couple years now and is finally coming forward. Senate Bill 606 and AB 1668 are the adoption of water efficiency standards that the State will be imposing on this District as well as all water Districts in California. It also falls in line with base meter charges and it has to do with cutting water availability. By the year 2022, according to this new bill, you will have to cut your water usage down to 55 gallons per person, per day, in the house. This is a State mandated program that is coming to fruition. This will have a direct effect on what we do in the future and is another component we will have to add into this mess. Vice Chairman Fust stated that you can't live on 55 gallons per day, per person. Mr. Born stated that there is another point to this, that by the year 2030 the gallons per day, drops to 50 gallons. There is language in these bills that state it depends upon where you live, the climate and are other factors that are included. They are talking about indoor use, not outside at this point and to me this is unacceptable. Mr. Fust stated that we need to look into this

further because this is unrealistic. Chairwoman Trenerry stated that they are making the water agencies enforce this. Mr. Born stated yes, they are going to force us to be 'water policemen' to enforce their rules, regulations and control the customers use of water and I don't agree with that at all, it's wrong. They need to send their own people out to enforce it, we don't have the staff to do that. Chairwoman Trenerry stated it is time to go see our representatives again and Mr. Fust agreed. Director Miller stated seems like another piece of a puzzle here and is a mandate that should be challenged. Is our meter system even set up for this per gallon system? Mr. Born stated yes because everyone has a meter. The only way we would know is if we did a census to determine how much water your 'allowed' to use but I'm not going to be a census taker, I don't have time for that. I don't know how they are going to enforce this, aside from them putting it in our lap. There's the State for you and another mess to deal with because of stupid Legislation they are putting into place. Mr. Fust stated that he suggests we employ our Legislative Committee and Senator and find out what the deal is. Director Miller stated do we really want to be getting grant money from a group like this? Mr. Born stated that is a good question and with having another potential remedy, thanks to Mr. Swim. Mr. Fust stated Murray is right, with every grant comes conditions. Mr. Born stated yes, with every form of grant there is always a concession and we are going have to give something to get something. Mr. Swim stated that one thing to remember is that this 55-gallons is Statewide and we should be able to pull support, not just from our little Community and bring up to our Representatives. Skip and I talked briefly about this and someone like Kyle German, who now has to have 2 meters, if were going to monitor this now with the water District having to be 'water police' each residence needs a meter and goes back to unaffordability again. Again, we need to look at this but can we look at this like a 'cell phone' with an 'add a line' charge and pay \$10 per month as opposed to the full meter base charge. I'm not sure this will work but it's something I came up with and we are complying but yet is still affordable.

ACWA/JPIA Annual Meeting – Report from Director Engel: Director Engel stated that there was a JPIA Directors meeting on July 27th he gave a detailed report on 4 different categories, which are Liability, Property, Worker's Comp and Employee benefits programs. Highlights of the programs are available to anyone who requests it.

OPERATIONS & ADMINISTRATION

STAFF REPORTS: Nothing to report

STANDING COMMITTEE REPORTS: Chairwoman Trenerry stated that they will be picking up the roadsides on October 10, 2020. The roads are very messy, please come to the Community Center and we will give you a road to pick up.

Director Miller asked if we were still doing an information meeting with RCAC on October 3, 2020? Mr. Born stated that RCAC scheduled that meeting and a lot goes into scheduling one of these meetings. I need to contact RCAC and confirm that this meeting is in fact still moving forward.

Chairwoman Trenerry thanked everyone for their input and attendance.

QUESTIONS and/or PUBLIC COMMENTS: Audience Beverly Fickes stated that it is frustrating because she didn't feel enough information was given out ahead of time. We didn't know the RCAC report was available. Nothing was really explicit. I only have a 1" meter on 15 acres and we stopped watering our lawns back in the drought and starting again after that. We stopped watering our olive trees because there is no money in it. Most of us in the Community are conserving and are aware of the water rates. We are just concerned. I don't want people to get rid of their 2" meters if they don't want to.

Audience James Rankin when we moved out here in 1981 the District gladly gave us an 1-1/2" meter and an Ag rate. We developed our home and our single largest investment around that. The District has since then, taken our Ag rate away and now it looks like I'll have to end up downsizing my meter. I have an 1-1/2" fire hydrant and I guess I will no longer be able to use that. Because of that hydrant, I was able to keep my fire insurance costs to only a \$1,000 increase last year. Now I don't know if I can even insure my place. In addition to downsizing, it de-values my property. I understand the need but all these larger meters are only being kept for fire protection and now we are going to lose that throughout the Valley. Those are the comments I wanted to make.

Audience Kyle German stated that his question is with this bond, no one would have to downsize, correct? Mr. Swim stated either way no one has to downsize, it's the cost that is forcing people to downsize. Mr. Born stated that downsizing is something the State is pushing for but in this proposal. It is not forced thing, you can keep your meter, it's just the base rate costs. Mr. German stated that he pays for 2 meters because he has 2 houses on his property. So if we were to downsize my concern is that with 2 houses we won't be able to use the water at the same time. Mr. German stated going with the bond seems more viable then going with the RCAC proposal. That is forcing people to downsize because of the price and that is our best option being brought forward.

Audience Ed Moran stated that in the first meeting he brought up bonds and grants to achieve our goal. Another thing to consider is that in Ben's calculations are for the emergency fund, why can't we just get a line of credit and not activate any funds or

money until we need it? Another thing is that it is a really bad idea to go from someone else's idea based off of meter size. Mr. Born stated that meter sizing is something the State is going to enforce one way or the other. As unfair as it seems, there is nothing we can do about it. What you would have to do is take it up with the State of California. Mr. Moran stated that he doesn't understand if we are buying water on the Federal side, why is the State even involved? Why can't we be an independent community.

Audience Scott McVay stated that with the water rates, I think we need to be considering the WIIN Act and its impacts in conjunction with the rates we ultimately decide to do. I would like to see a committee of Ben, Murray, anyone else on the Board and Skip, sit down and work out the biggest aspects so we can come to the Community with a solution that encompasses all these different things and is affordable for everybody. Vice Chairman Fust stated that is a good idea and he volunteers to be the second Board member on the committee. Mr. McVay stated he would like to see the Board expand the October 12th vote on RCAC since it's not affordable and work towards resolving this.

Audience Kris Wilder stated that she recently bought property out here. I've always wanted to live out here and after 45-years, I finally bought my property and now this happens. I am seriously disappointed in the RCAC proposal. I think it's an easy way out and an easy way to get an audit for free. That's why RCAC has so many other people. Once you get the money from them, they own you and tell you how to run things. I cannot pay those rates by RCAC, I will have to leave the area back to Southern California where it is more affordable.

Audience Rusty Simmons stated that he is trying to figure out the Ag rates and why is the Water Company not promoting the Ag rates? We are talking about conserving water and we are being told you either use it or you lose it. As a District we should be promoting people to use the water. Can you tell me about that? Mr. Born stated that is a double-edge sword because we are forced to imposing conservation measures even though we have this huge contract amount. We have to comply with both the State and Feds as far as conservation measures but that water is there for you to use and you don't pay any fees associated with overages. We are kind of in the middle and that's basically what it is. It's a tough spot to be in and I understand what you are saying. Mr. Simmons stated I have a 2" meter with 25 acres and I planned on irrigating and putting livestock on it but I'm not going to be able to do that at \$521 per month or with a 1" meter.

Chairwoman Trenerry stated that she is an Ag user for many years and she has tried to develop, talk to farmers, organize and make our own product and put Happy Valley's name on it, couldn't do it. I went to Redding to find out if they would process at their plant, no success. I started the Farm Trail trying to get the interest of other farmers to come and join us and be able to sell directly to the customers and I gave up on that. It exploded in the beginning then year after year the people of the Community were not supporting it. Last year I sent the Farm Trail map to everyone in Happy Valley and I

checked with people and they said that nobody ever called them, so the Community didn't support it. I have tried repeatedly doing different things to promote Agriculture and have people come and buy product. I even tried to start a farm weekend at the school and that didn't go through. So I feel I have done my best in promoting Agriculture in Happy Valley.

Vice Chairman Fust stated that we still have this meeting coming up on the 12th of October and people are talking about how we can possibly postpone that and I don't know whether we can legally, but in talking with other people it is a little confusing on what is required. The letter states written protests must be submitted by mail to CCCSD, District Office or in person at the public hearing. Well this public hearing is by Zoom so how are we going to have people do that? Protests can be dropped in the drop-box until 6pm the day of the meeting, October 12th 2020. Mr. Fust stated that he suggests to put a notice of that on the website and in the newsletter.

Audience Shawna Welch thanked everyone and Mr. Swim for all his hard work. We are Ag customers but we don't currently have an Ag rate due to being in the first phase of drought. We do run cattle on 68 acres and was hoping to grow. We have a very large meter and that is why we bought the property. This place used to look like Churn Creek Bottom and that was something we were hoping to achieve and irrigate some of our acreage. We just purchased thousands of dollars' worth of irrigation equipment. We just put in fire hose adapters to be able to protect it. I am not opposed to an increase but I ask that you consider some people want to keep their big meters. I also wanted to bring up that we are getting ready to plant fruit trees and we are interested in the Farm Trail but we have had to replace things from the fires. This was a shock.

ADJOURNMENT: 11:25 AM

Submitted by,

Christy Roberts

Johanna Trenerry, Chairwoman

Irwin Fust, Vice Chairman

Virginia Bassham, Director

Mark Engel, Director

Murray Miller, Director

ATTEST: _____
Kurt Born, General Manager