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

General Manager: Paul Kelley

REGULAR MEETING: October 16th 2024 at 6:00PM: District Office Board Room

MINUTES

- 1. CALL TO ORDER** – 6pm by Chair Lincoln
- 2. PLEDGE OF ALLEGIANCE** – Led by Director McVay
- 3. ROLL CALL** – All Present: Chair Lincoln, Vice-Chair McVay, Directors Beaver, Fickes, Johnston

GM – Paul Kelley, Admin Assistant – Amity Valdez

- 4. OPEN TIME/PUBLIC COMMENT:** Customer Richard Gordon (Flowers Lane):
High water pressure following recent leak repairs, reaching 140 psi in his house. Concerns about pressure regulators breaking and yellow rings in toilets potentially linked to the Filtration plant:
D. Fickes: Explained the high pressure is due to the gravity-fed system.
D. Beaver: Suggested issues might stem from air not being bled from lines before water is turned on and improper packing of lines with rocks and dirt instead of sand.
GM Kelley: Acknowledged the concerns, noted ongoing replacement of aged pressure valves, and mentioned that the Distribution Supervisor will meet with Mr. Gordon to discuss further.
Customer Joanne Bloomquist (China Gulch):
Lack of notification about weekend water shut-offs due to leaks and unclear Robocall messages.
GM Kelley: Explained the current inability to send alerts on weekends and acknowledged the need for clearer Robocall messages, thanking Mrs. Bloomquist for her feedback.
D. Beaver: Highlighted past maintenance issues and ongoing efforts to correct them.
New Distribution Supervisor: Keeping detailed records of issues encountered during repairs.

- 5. CONSENT AGENDA (Action)**

The following items are expected to be routine. Any interested party may comment or request an item be removed from the consent agenda for separate discussion/action.

GM Kelley reviewed the Consent Calendar items and mentioned that item d was for information only, the expenses for the quarter from QuickBooks (un-reconciled), the revenue from CUSI and estimated and un-reconciled. The bookkeeper

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is working with CPA to get caught up for the November meeting. And asked that when approving the Consent, only do items 5a – 5c.

D. McVay: Asked when the financials would be completed to schedule the Finance Committee meeting.

D. Fickes: Requested clarification on the minutes of section 8 – Operations Report, emphasizing the need for accurate minutes of discussions.

D. McVay: Sought an explanation for the Pace Supply Invoice.

GM Kelley: Explained the purchase of a transceiver kit for meter readers to accommodate both ME and CE transponders.

D. Beaver: Inquired about the utilization of meter readers.

GM Kelley: Detailed that staff in different vehicles use both readers to enhance efficiency, reducing the reading time from 5 days or more to 4 days. However, many manual reads still require physical reading due to the absence of transponders.

D. McVay: Asked if there was a priority list for installing transponders on manual meters to improve efficiency.

GM Kelley: Noted that the Distribution Supervisor is addressing meter reading issues and aims to reduce the number of routes from eleven to four or five. The Supervisor will report at the November meeting.

D. McVay: Inquired about the availability of chemical totes at the Water Treatment Plant (WTP) for public purchase.

GM Kelley: Informed that the supply company had picked up the stored chemicals for free to clear the yard, with future availability possible if needed. (currently 2 totes available)

D. Fickes: Requested more detailed explanations in the memo lines of accounts payable transactions.

GM Kelley: Agreed to work with the Bookkeeper to improve memo line clarity, noting that QuickBooks does not include memo lines for combined invoices.

D. McVay: Asked if the “Account Services” line item included the CPA retainer and if the “CalPERS Funded Liability” was part of last year’s budget.

GM Kelley: Confirmed that “Account Services” includes the initial payment, retainer, and additional CPA bills. The “CalPERS Funded Liability” covers three months at \$15,000 per month for this year.

D. McVay: Expressed concern about an anticipated shortage of \$50,000-\$80,000.

GM Kelley: Reminded the board of the \$150,000 Unfunded PEPRA for retirees discussed in July, indicating a need to update the budget accordingly. Explained that recent CalPERS rate changes mean more funds are directed to the actuary fund rather than employee benefits.

- a. Minutes from Meetings – Regular meeting 9/18/24
- b. Paid Bills: 9/14/24 – 10/11/24
- c. Payroll: 9-12-24, 9-26-24.
- d. Activity P&L Report: ~~July and August and September~~ (N/A)
FY25Q1 P&L Activity Report – Preliminary/Un-Reconciled & for Information only

Motion to approve 5a-5c consent: Fickes, 2nd – McVay: Unanimous (5-0)

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

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

GM Kelley: Informed that USBR is hosting a WIIN Act informational meeting and will be auditing 201 agencies that paid the WIIN Act. Our agency does not owe anything. He will meet with colleagues next week to discuss

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the State's push for natural flow, which could impact ACID and require water contributions for healthy rivers and voluntary agreements being discussed by the State water board.

b. Resolution 2024-10 Authorizing Retiree (Tony Thomasy) for Interim Part-Time Distribution Supervisor (May – July 2024) (Discussion/Action)

GM Kelley: Explained the need for a Board Resolution per CalPERS statute 2122h for appointing Tony Thomasy as Interim Part-Time Distribution Supervisor. The previous Distribution Supervisor resigned on May 1, 2024. Tony Thomasy, a CalPERS retiree and former Water Supervisor at Shasta Lake City, was contracted through Water Talent from May 28th – July 26th. CalPERS required Water Talent task orders, a letter, and a board-approved resolution.

D. Fickes: Noted that when Morgan joined on July 8th, Tony Thomasy became a Consultant, which does not require a resolution.

GM Kelley: Confirmed D. Fickes' statement. And that the original Task 1 expired on July 3rd 2024 for Thomasy as Interim Distribution Supervisor and the Task 2 started as "Consultant".

Motion to approve Resolution as amended: McVay, 2nd – Beaver: Unanimous (5-0)

c. RFP for Audit Services FY23 – FY27 (Discussion/Action)

GM Kelley: Notified the board of the auditor's response to our letter, included in the Agenda packet, which triggered a 10-day notice to end the service contract. The auditor cited a lack of resources to meet the required schedule. A draft RFP for Auditing Services was presented for board consideration, aiming to get current on audits. Many water districts face similar challenges.

McVay: Asked if firms could present proposals in person before the finance committee.

D. Beaver: Suggested adding page numbers to the RFP and inquired about payments to the previous auditor.

GM Kelley: Confirmed the auditor was paid.

D. McVay: Inquired about the number of companies to send the RFP to.

GM Kelley: Aimed to send the RFP to at least 20 companies and receive at least three proposals. Noted that out-of-town firms could present via web.

D. Fickes: Questioned the requirement for three hard copies.

GM Kelley: Explained it was a standard practice in previous RFPs. And had added they can submit with a PDF instead.

Motion to approve RFP: McVay, 2nd – Johnston: Unanimous (5-0)

7. GENERAL MANAGERS REPORT

Election of Board Members:

GM Kelley: Announced that the County clerk sent notice that the Shasta County Board of Supervisors has approved the qualified submitted candidates to be appointed to the office in-lieu of a ballot. Directors Logan Johnston, Pam Beaver, and Scott McVay are listed and will not need to be on the ballot. They will be officially take office with the new term the first week of December and sworn in at the December meeting.

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CalPERS Changes:

GM Kelley: Reiterated the upcoming changes to CalPERS, noting that medical insurance costs are increasing. Other agencies have also expressed concerns about the unsustainable prices for small districts.

Infrastructure and Maintenance Updates:

GM Kelley: Acknowledged ongoing issues with water pressure and outdated valves following leaks on Bohn, China Gulch, and Flowers. Informed the board that the recently repaired vibrator plate broke again during a leak, and Sunrise Excavating is handling follow-up repairs.

D. Beaver: Emphasized the need for new policies and procedures to ensure all work is put out to bid and inquired if bids were received from Sunrise.

GM Kelley: Confirmed that the Distribution Supervisor obtained informal quotes from three different companies.

D. Beaver: Stressed the importance of maintaining detailed documentation and ensuring warranties for the work.

Backwash Ponds Project:

GM Kelley: Reported that the first backwash pond should be completed by the end of November, after which it will undergo required testing.

D. McVay: Suggested posting progress pictures on the District website.

GM Kelley: Agreed to update the website with progress pictures.

Additional Updates:

GM Kelley: Informed the board that the surplus generator was sold for \$1,500 and that the website now includes links to Board Meeting videos.

D. McVay: Inquired about the funds in the SWEEP account.

GM Kelley: Stated that the bank advised keeping \$150,000 in the checking account, with the remaining funds going into the SWEEP account.

8. OPERATIONS REPORT

GM Kelley:

Distribution Supervisor Update: The Distribution Supervisor will attend the November meeting to provide updates and answer questions.

Infrastructure Issues: Confirmed that sections on Flowers Lane consist of dirt and rock instead of sand, complicating maintenance efforts.

Well Testing: Ongoing well testing and tracking to minimize PG&E bills.

Water Treatment Plant: Highlighted a recent water pipe burst and its temporary fix.

Board Member Inquiries:

D. McVay: Asked if PACE was contacted regarding the tank and Filter.

GM Kelley: Confirmed that PACE conducted a walkthrough and will provide a draft report on the Filters/Trains 4 and 6 etc as well as the States Survey request in November, aiming for board review in December. The Tank Inspections and report will require emptying the 1-million-gallon tank and the Water Treatment Plant (WTP).

D. Beaver: Noted improvements in office grounds and asked about the slurry seal quotes, emphasizing the priority of WTP.

D. Fickes: Inquired about the budget for slurry seal.

GM Kelley: Explained that quotes are needed to budget accurately.

D. Fickes: Suggested creating a priority list, including leak management and schedules for minor leak repairs.

Administrative Updates:

Admin Assistant Valdez: Reported progress in reducing the aging accounts receivable (A/R) and addressing outstanding customer accounts. Highlighted that eighty-two shut-off notices were issued, but only ten services were discontinued as most customers paid or made payment arrangements.

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9. STANDING COMMITTEE REPORT –

- a. *Agriculture – Meeting December 10th or 11th D, McVay stated we are working to finalize. The March meeting will be regarding the Farmers Market. Last Farmers Market for this year is Saturday, October 26th*
- b. *Finance – Expect to have meeting 1st or 2nd week in November*
- c. *Planning/Steering – We will review water shortage policy, extra operations repair and spreadsheet, we will have meeting December to follow up the previous meeting.*

10. BOARD MEMBER ITEMS

Customer Complaints:

D. McVay: Addressed complaints about employees using District vehicles for personal use and inquired if mileage is being documented. A customer reported staff using vehicles for repairs and then for personal use. GM Kelley: Mentioned that mileage logs are in each of the trucks and Expressed concern about the allegations and requested specific dates to investigate. He emphasized the importance of reminding staff that the community recognizes District vehicles and will report misuse. And also mentioned there had been reports previously and when investigated, the vehicles in question were parked at the Districts yard – and the report had been regarding a service vehicle for a private company or other – that looked similar to a District vehicle.

Staffing and Budget Concerns:

D. Fickes: Spoke about having four Distribution Operators on staff and questioned when to stop at a complement or what defines full staffing. Emphasized the need to save money. She also suggested updating the Director's Handbook, there are only three operators on it. Noted discrepancies in the organization chart and outdated contact information in section 7 of the Handbook.

D. Beaver: Agreed with the need to discuss budget tightening at the next meeting. Highlighted that while a larger crew is desirable, the district's income has not increased, and costs have risen due to deferred maintenance, such as repairs needed for the WTP train.

D. McVay: Supported building reserves to address both known and unforeseen issues. Stressed the importance of having Budget to Actuals to guide financial decisions and suggested making budget adjustments in December or January.

D. Fickes: Suggested identifying where to allocate a \$300,000 budget cut.

D. Beaver: Added the need to prioritize infrastructure repairs and manage spending carefully.

Additional Points:

D. Fickes: Noted the necessity of acquiring a Vac truck.

D. Beaver: Emphasized the importance of fixing infrastructure and closely monitoring expenditures.

11. **CLOSED SESSION ANNOUNCEMENT:** - Board adjourned to Closed Session: 7:20PM

The Board will adjourn to Closed Session to discuss the following item:

- a. **Public Employee, to consider performance evaluation of General Manager pursuant to GC §54957(b)(1),**

Board returned to open session at 8:20pm – Reported: Board met on the posted item, no action taken, if action results it will be on the Regular agenda in November.

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12. ADJOURN THE MEETING – 8:21PM

Approved: 11/20/24 Meeting



Signed:

Secretary of the Board

General Manager: Paul Kelley

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