



RESOLUTION NO. 2024-47
RESOLUTION NO. PFA-01
ORDINANCE NO. 2024-01

AGENDA

OUR MISSION

Protect, enhance, and develop Calaveras County's water resources and watersheds to provide safe, reliable, and cost-effective services to our communities.

2021-2026 Strategic Plan, Adopted April 28, 2021, and can be viewed at this [link](#)

Regular Board Meeting
Wednesday, July 24, 2024
1:00 p.m.

[Calaveras County Water District](#)
120 Toma Court
San Andreas, California 95249

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at 209-754-3028. Notification in advance of the meeting will enable CCWD to make reasonable arrangements to ensure accessibility to this meeting. Any documents that are made available to the Board before or at the meeting, not privileged or otherwise protected from disclosure, and related to agenda items, will be made available at CCWD for review by the public.

District Board Meetings are open to in-person attendance by the public and are conducted virtually. The public may participate in the District's Board meeting with the link below. Members of the public who participate in the meeting via teleconference or web conference will be given the opportunity to speak and address the Board, and their comments will be included in the recording of the meeting.

While the District makes efforts to facilitate remote participation, please be aware that remote Teams involvement is offered solely for convenience. In the event of a technological malfunction, the Board can only guarantee the receipt of live comments through in-person attendance. With the exception of a noticed teleconference meeting, the Board retains the right to proceed with the meeting without remote access in case of a malfunction.

Microsoft Teams meeting

Join on your computer, mobile app or room device

[Click here to join the meeting](#)

Meeting ID: 224 605 927 844

Passcode: qDtDHA

[Download Teams](#) | [Join on the web](#)

Or call in (audio only)

[+1 323-647-8603,409112649#](#)

Phone Conference ID: 409 112 649#

BOARD OF DIRECTORS

Russ Thomas, President
Cindy Secada, Director

Bertha Underhill, Vice President
Scott Ratterman, Director

Jeff Davidson, Director

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. ROLL CALL

2. PUBLIC COMMENT

At this time, members of the public may address the Board on any non-agendized item. The public is encouraged to work through staff to place items on the agenda for Board consideration. No action can be taken on matters not listed on the agenda. Comments are limited to three minutes per person.

3. CONSENT AGENDA

The following items are expected to be routine/non-controversial. Items will be acted upon by the Board at one time without discussion. Any Board member may request that any item be removed for later discussion.

3a Approval of Minutes for the Board Meeting of June 12, 2024
(Rebecca Hitchcock, Clerk to the Board)

3b Report on the Monthly Investment Transactions for June 2024
(Jeffrey Meyer, Director of Administrative Services)

3c Consideration of Amendment to the District's Conflict of Interest Code
(Rebecca Hitchcock, Clerk to the Board)

RES 2024-_____

4. NEW BUSINESS

4a Discussion/Action regarding the Annual Resolution to Place Delinquent Charges on County Tax Rolls
(Jeffrey Meyer, Director of Administrative Services)

RES 2024-_____

4b Discussion regarding the 2023-2024 Calaveras County Civil Grand Jury Report
(Michael Minkler, General Manager)

5. REPORTS

5a General Manager's Report
(Michael Minkler)

6.* BOARD REPORTS / INFORMATION / FUTURE AGENDA ITEMS

7. NEXT BOARD MEETINGS

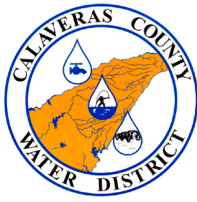
- Wednesday, August 14, 2024, 1:00 p.m., Regular Board Meeting
- Wednesday, August 28, 2024, 1:00 p.m., Regular Board Meeting

8. CLOSED SESSION

8a Conference with Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to subdivision (d)(2) of Government Code section 54956.9. - two potential case

9. REPORTABLE ACTION FROM CLOSED SESSION

10. ADJOURNMENT



CALAVERAS COUNTY WATER DISTRICT

Board of Directors

District 1 Scott Ratterman
District 2 Cindy Secada
District 3 Bertha Underhill
District 4 Russ Thomas
District 5 Jeff Davidson

Financial Services

Umpqua Bank
US Bank
Wells Fargo Bank

CCWD Committees

*Engineering Committee
*Finance Committee
*Legal Affairs Committee
*External Relations Committee
Real Estate Review Committee (ad hoc)

Joint Power Authorities

ACWA / JPIA
CCWD Public Financing Authority
Calaveras-Amador Mokelumne River Authority (CAMRA)
Calaveras Public Power Agency (CPPA)
Eastern San Joaquin Groundwater Authority
Tuolumne-Stanislaus Integrated Regional Water
Management Joint Powers Authority (T-Stan JPA)
Upper Mokelumne River Watershed Authority (UMRWA)

Other Regional Organizations of Note

Calaveras County Parks and Recreation
Committee
Mountain Counties Water Resources
Association (MCWRA)
Mokelumne River Association (MRA)
Tuolumne-Stanislaus Integrated Regional Water
Mgt. Watershed Advisory Committee to the JPA (WAC)
Eastern San Joaquin Groundwater Authority-Technical
Advisory Committee

Legal Counsel

Matthew Weber, Esq.
Downey Brand, LLP

Auditor

Richardson & Company, LLP

Membership**

Thomas / Davidson (alt. Secada)
Secada / Underhill (alt. Thomas)
Ratterman / Davidson (alt. Thomas)
Thomas / Secada (alt. Underhill)
Thomas / Ratterman

Ratterman (alt. Michael Minkler)
All Board Members
Ratterman / Secada (alt. Michael Minkler)
Michael Minkler (alt. Damon Wyckoff)
Thomas
Underhill (alt. Thomas)

Davidson (alt. Ratterman)

Thomas (alt. Ratterman)

All Board Members

All Board Members
Kelly Gerkenmeyer (alt. Juan Maya)

Mark Rincon-Ibarra (alt. Sam Singh)

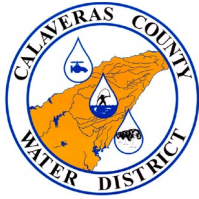
* Standing committees, meetings of which require agendas & public notice 72 hours in advance of meeting.

** The 1st name listed is the committee chairperson.

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MINUTES

CALAVERAS COUNTY WATER DISTRICT REGULAR BOARD MEETING

JUNE 26, 2024

Directors Present: Russ Thomas President
Bertha Underhill, Vice-President
Scott Ratterman, Director
Cindy Secada, Director
Jeff Davidson, Director

Staff Present: Damon Wyckoff, Director of Operations
Rebecca Hitchcock, Clerk to the Board
John Coleman, Water Resources Manager
Jeffrey Meyer, Director of Administrative Services
Kelly Gerkenmeyer, External Affairs Manager
Pat Burkhardt, Construction & Maintenance Manager
Stacey Lollar, Human Resources Manager
Kate Jesus, Human Resources Technician*
Mark Rincon-Ibarra, District Engineer*
Kevin Williams, Senior Civil Engineer*
Juan Maya, Civil Engineer
Haley Airola, Engineering Coordinator*
Dylan Smith, IT Administrator*
Tiffany Burke, Operations Administrative Technician*
Quentine Smith, IT Technician*
Corinne Skrbina, Customer Service*
Michael Bear, Accountant*
Kelly Soulier-Doyle, Accounting Technician*
Bana Rouson-Gedese, Water Resources Specialist*

Others Present: Ralph Copeland
Roger Burton, Govinvest*
Francisco de la Cruz*
Michael Rodgers*

*Attended Virtually

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. ROLL CALL

President Thomas called the Regular Board Meeting to order at 1:00 p.m. and led the Pledge of Allegiance. All Directors were present.

2. PUBLIC COMMENT

No public comment was heard.

3. **CONSENT AGENDA**

3a Report on the Monthly Investment Transactions for May 2024
(Michael Minkler, General Manager)

3b Adoption of Fiscal Year 2024/2025 District Pay Schedule for CalPERS Compliance
(Stacey Lollar, Human Resources Manager) **RES 2024-37**

MOTION: Director Davidson/Underhill Moved to approve the Consent Agenda Items 3a and 3b as presented

AYES: Directors Davidson, Underhill, Secada, Ratterman, and Thomas

NOES: None

ABSTAIN: None

ABSENT: None

President Thomas opened the Public Hearing at 1:02 p.m.

4. **PUBLIC HEARING**

Annual Standby Assessment Fees
(Jeffrey Meyer, Director of Administrative Services)

DISCUSSION: Mr. Meyer explained each of the areas being assessed with standby fees including the history and fees.

- Indian Rock Vineyards Subdivision (Sewer) **RES 2024-38**

MOTION: Directors Davidson/Ratterman Moved to Adopt Resolution No. 2024-38 Approving Annual Standby Assessment Fee for Indian Rock Vineyards Subdivision (Sewer)

AYES: Directors Davidson, Ratterman, Secada, Underhill, and Thomas

NOES: None

ABSTAIN: None

ABSENT: None

- West Point Improvement District 3 (Water) **RES 2024-39**

MOTION: Directors Davidson/Secada Moved to Adopt Resolution No. 2024-39 Approving Annual Standby Assessment Fee for West Point Improvement District 3 (Water)

AYES: Directors Davidson, Secada, Ratterman, Underhill, and Thomas

NOES: None

ABSTAIN: None

ABSENT: None

- Ebbetts Pass Improvement District 5 (Water) **RES 2024-40**

MOTION: Directors Davidson/Underhill Moved to Adopt Resolution No. 2024-40 Approving Annual Standby Assessment Fee for Ebbetts Pass Improvement District 5 (Water)

AYES: Directors Davidson, Underhill, Ratterman, Secada, and Thomas
NOES: None
ABSTAIN: None
ABSENT: None

- Jenny Lind Improvement District 6, Copper Cove Improvement District 7 (including Copperopolis Townsite) (Water) **RES 2024-41**

MOTION: Directors Davidson/Underhill Moved to Adopt Resolution No. 2024-41 Approving Annual Standby Assessment Fee for Jenny Lind Improvement District 6, Copper Cove Improvement District 7 (including Copperopolis Townsite) (Water)

AYES: Directors Davidson, Underhill, Ratterman, Secada, and Thomas
NOES: None
ABSTAIN: None
ABSENT: None

- Saddle Creek Subdivision Improvement District 7 (Water) **RES 2024-42**

MOTION: Directors Davidson/Secada Moved to Adopt Resolution No. 2024-42 Approving Annual Standby Assessment Fee for Saddle Creek Subdivision Improvement District 7 (Water)

AYES: Directors Davidson, Secada, Ratterman, Underhill, and Thomas
NOES: None
ABSTAIN: None
ABSENT: None

- Copper Cove/La Contenta Improvement District 8S (Sewer) **RES 2024-43**

MOTION: Directors Davidson/Underhill Moved to Adopt Resolution No. 2024-43 Approving Annual Standby Assessment Fee for Copper Cove/La Contenta Improvement District 8S (Sewer)

AYES: Directors Davidson, Underhill, Ratterman, Secada, and Thomas
NOES: None
ABSTAIN: None
ABSENT: None

President Thomas closed the Public Hearing at 1:11 p.m.

PUBLIC COMMENT: Public comment was given by Francisco de la Cruz.

5. **NEW BUSINESS**

- 5a [Presentation of GASB 75 Disclosures for FY Ending June 30, 2024](#)
(Jeffrey Meyer, Director of Administrative Services)

DISCUSSION: Mr. Meyer presented the GASB 75 disclosures for the Fiscal Year ending June 30, 2024, based on the OPEB valuation as of June 30, 2023. He responded to questions from the Board.

PUBLIC COMMENT: Public comment was given by Ralph Copeland.

- 5b [Aero Fire Update](#)
(Damon Wyckoff, Director of Operations)

DISCUSSION: Mr. Wyckoff briefed the Board on the Aero Fire focusing on staff efforts and District infrastructure. He responded to questions from the Board.

PUBLIC COMMENT: Public comment was given by Ralph Copeland and Francisco de la Cruz.

- 5c [Updated District Website Presentation](#)
(Kelly Gerkenmeyer, External Affairs Manager)

DISCUSSION: Mr. Gerkenmeyer presented the highlights of the new District website. He responded to questions from the Board.

PUBLIC COMMENT: Public comment was given by Ralph Copeland and Francisco de la Cruz.

Director Thomas left the meeting at 2:40 p.m.

6. **REPORTS**

- 6a General Manager's Report
(Michael Minkler)

There was no General Manager Report.

7. **BOARD REPORTS / INFORMATION / FUTURE AGENDA ITEMS**

Director Secada thanked Damon Wyckoff and field staff for their efforts during the Aero Fire.

Director Davidson had nothing to report.

Director Ratterman reported on the Real Estate Ad hoc Committee meeting.

Director Underhill reported the Fire Department in Ebbetts Pass is prepared for fire season.

8. **NEXT BOARD MEETINGS**

- Wednesday, July 10, 2024, 1:00 p.m., Regular Board Meeting
- Wednesday, July 24, 2024, 1:00 p.m., Regular Board Meeting

9. **ADJOURNMENT**

With no further business, the meeting adjourned at approximately 2:57 p.m.

By:

ATTEST:

Michael Minkler
General Manager

Rebecca Hitchcock
Clerk to the Board

3b

A G E N D A
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3b

Agenda Item

DATE: July 24, 2024

TO: Michael Minkler, General Manager

FROM: Jeffrey Meyer, Director of Administrative Services

SUBJECT: Report on the Monthly Investment Transactions for June 2024

RECOMMENDED ACTION:

For information only.

SUMMARY:

Per the District's Investment Policy, staff will report on the monthly investment activity for the preceding month. In May the District moved the proceeds of the 2022 Water and Sewer CIP Loans from Chandler Asset Management to U.S. Bank to invest in Demand Deposit State and Local Government Series, or commonly known as SLG's, which allowed the District to reduce its arbitrage tax liability. During June, the following investment transactions occurred:

MONTHLY ACTIVITY				
Investment Trustee:	Local Agency Investment Fund Activity:	Chandler	U.S. Bank	U.S. Bank
Asset Management Activity:	General	General	Water CIP Loan	Sewer CIP Loan
Book Value at 5/31/2024	7,799,278.40	20,408,370.93	20,097,949.63	7,569,328.41
Security Purchases		1,325,745.67	33,782.01	14,420.54
Interest				
Security Sales		(1,236,490.27)		
Change in Cash, Payables, Receivables		(13,119.22)		
Principal Paydown		(33,717.09)		
Money Market Fund Withdrawals				
Amortization/Accretion		2,269.47		
Gain/Loss on Dispositions		(24,559.40)		
Withdrawals, Operating Cash				
Book Value at 6/30/2024	7,799,278.40	20,428,500.09	20,131,731.64	7,583,748.95

LAIF (Local Agency Investment Fund) daily interest rates are 4.52% as of June 30, 2024.

CALAVERAS COUNTY WATER DISTRICT
INVESTMENT ACTIVITY
FOR THE MONTH ENDED June 30, 2024

INVESTMENT TRUSTEE	TYPE OF FUNDS/Availability	MARKET VALUE	INVESTMENT COST			DATE INVST	CM INTEREST AND DIVIDEND RECVD
			BOOK	PAR (PRINC)	CPN RATE		
Local Agency Investment Fund	Restricted for Reserves/Special Projects	7,799,278.40	7,799,278.40	7,799,278.40	4.520%	ongoing	-
Chandler Asset Management	Restricted/Reserves/Expansion/AD/CIP	19,848,621.81	20,428,500.10	20,541,098.32	2.900%	ongoing	20,129.16
U.S. Bank - CIP Water Loan	Committed to Specific CIP Projects	20,131,731.64	20,131,731.64	20,131,731.64	4.200%	ongoing	33,782.01
U.S. Bank - CIP Sewer Loan	Committed to Specific CIP Projects	7,583,748.95	7,583,748.95	7,583,748.95	4.200%	ongoing	14,420.54
Totals		55,363,380.80	55,943,259.09	56,055,857.31			68,331.71

MONTHLY ACTIVITY

Investment Trustee:	Local Agency Investment Fund Activity:	Chandler	U.S. Bank	U.S. Bank
Asset Management Activity:	General	General	Water CIP Loan	Sewer CIP Loan
Book Value at 5/31/2024	7,799,278.40	20,408,370.93	20,097,949.63	7,569,328.41
Security Purchases		1,325,745.67	33,782.01	14,420.54
Interest				
Security Sales		(1,236,490.27)		
Change in Cash, Payables, Receivables		(13,119.22)		
Principal Paydown		(33,717.09)		
Money Market Fund Withdrawals				
Amortization/Accretion		2,269.47		
Gain/Loss on Dispositions		(24,559.40)		
Withdrawals, Operating Cash				
Book Value at 6/30/2024	7,799,278.40	20,428,500.09	20,131,731.64	7,583,748.95

**CALAVERAS COUNTY WATER DISTRICT
CHANDLER ASSET MANAGEMENT (General)**

FOR THE MONTH ENDED June 30, 2024

INVESTMENT TRUSTEE/TYPE	MARKET VALUE	INVESTMENT COST			Dividends Earned	Interest Earned
		BOOK	PAR Value/Units	CPN RATE		
Asset Backed Security	807,908.38	812,403.20	812,476.83	4.13%		2,176.50
Agency Securities	4,129,426.32	4,192,377.03	4,200,000.00	3.32%		11,466.32
Agency CMBS	1,288,684.67	1,313,379.80	1,337,992.25	3.75%		4,167.48
Corporate Securities	5,277,683.99	5,375,531.19	5,390,000.00	3.70%		15,510.52
Money Market Fund (Cash)	30,629.24	30,629.24	30,629.24	3.75%	28,596.91	
Municipal Bonds	205,220.00	202,793.18	200,000.00	5.12%		862.71
Supranational Securities	1,077,114.13	1,119,433.13	1,120,000.00	0.64%		605.78
US Treasury	7,031,955.08	7,381,953.33	7,450,000.00	2.03%		(2,806.22)
Totals	19,848,621.81	20,428,500.10	20,541,098.32	2.69%	28,596.91	31,983.09

3c

A G E N D A
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3c

Agenda Item

DATE: July 24, 2024

TO: Board of Directors

FROM: Rebecca Hitchcock, Clerk to the Board

SUBJECT: Consideration of Amendment to the District's Conflict of Interest Code

RECOMMENDED ACTION:

Motion: _____ / _____ adopting Resolution No. 2024-____ amending Policy No 5070 Conflict of Interest Code, and Appendix "A", the designation of employees and their disclosure categories.

SUMMARY:

The District adopted its original Conflict of Interest Code in 1996 by Resolution No. 96-146. The Political Reform Act requires each local government agency to review its conflict of interest code biennially and make amendments as necessary to meet the requirements of the law.

Staff recommends updating its Conflict of Interest Code by amending Appendix "A" to add the designated position of Business Services Manager, which was approved by the Board April 12, 2023. The External Affairs Manager classification allows needs to be corrected to revert to one single level classification as approved by the Board April 12, 2023.

STRATEGIC PLAN INITIATIVES:

FR-08 Communicate the District's fiscal obligations and accountability to our customers through transparency and effective public outreach.

PI-10 Maintain up-to-date District Policies

FINANCIAL CONSIDERATIONS:

None.

*Attachments: Redlined Policy No. 5070, Conflict of Interest Code
Resolution No. 2024-__ Approving Policy No. 5070, Conflict of Interest Code*

Conflict of Interest Code

5070.10 Policy Purpose

The purpose of this policy is to establish procedures developed in compliance with the terms of the Political Reform Act and related regulations concerning the adoption of Conflict of Interest Codes in the state of California.

5070.20 Policy Statement

The Political Reform Act, Government Code Section 81000, *et seq.* requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission (FPPC) has adopted a regulation, 2 California Code of Regulations, Section 18730, which contains the terms of a standard Conflict of Interest Code, which may be incorporated by reference and which may be amended by the FPPC to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18370 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference as the Conflict of Interest Code of the Calaveras County Water District (District). The Standard Conflict of Interest Code requires a list of District positions subject to its provisions, and Appendix A attached hereto and incorporated herein, defines designated employees and disclosure categories.

5070.30 Policy Implementation

The requirements of when and where to file Statements of Economic Interests are as provided in Title 2 Section 18754, which is incorporated herein by reference. All designated employees and District Board and Joint Powers Agency members shall file Statements of Economic Interests, on forms required by the FPPC, with the Clerk to Board of the District or respective Joint Powers Agency, no later than April 1 of each calendar year. Members of the District's designated positions shall file such statements also upon assuming office and leaving office.

The Clerk to the Board of the District shall be responsible to ensure Statements of Economic Interests are completed and filed as required. Individuals holding designated positions shall file Statements of Economic Interests with the District's Clerk to the Board, and shall have available and annually review the current provisions of Title 2, California Code of Regulations Section 18370 to ensure District compliance with its requirements.

5070.40 Policy Review

In accordance with Government Code 87306.5, the Conflict of Interest Code of the District is reviewed in even-numbered years and Appendix A is updated, if necessary. A completed notice of review will be filed with the Clerk of the Calaveras County Board of Supervisors. Revisions to the District's Conflict of Interest Code or its Appendix A, approved by the District Board of Directors will be forwarded to the Clerk of the Calaveras County Board of Supervisors.

5070.50 Related Policies

Members of the Board of Directors are directed to Board Policy 4010, Ethics, which incorporates conflict of interest concerns directly related to Board member responsibilities.

Conflict of Interest Code

5070.60 Appendix A

Disclosure Categories

1. A person in this category must report investments, interests in real property or income affected by actions and activity of District decisions, and whether he/she owns or has interests in business entities in which he/she is a director, officer, partner, trustee, employee, or holds any position of management or fiscal oversight which may be affected by actions and activities of the District.
2. A person who makes or participates in making decisions which may foreseeably have a material financial effect on any financial interest of the District must report as in 1., above.

Note: Consultants are included in the list of designated employees, and shall disclose pursuant to Category 1 subject to the following limitation:

The General Manager may make a determination, in writing, that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements. Such written determination shall include a description of the consultant/legal counsel’s duties, and, based upon that description, a statement of the extent of disclosure requirements. The General Manager’s determination is a public record and shall be retained for public inspection.

Designated Employees:

Position	Disclosure Category
1. Board Members	1
2. General Manager	1
3. District Engineer	2
4. Director of Administrative Services	1
5. Information Systems Administrator	2
6. District Counsel (Consultant, see above note)	1
7. Manager of Water Resources	2
8. Construction and Maintenance Manager	2
9. Plant Operations Manager	2
10. Director of Operations	1
11. Human Resources Manager	1
12. External Affairs Manager III	1
13. Business Services Manager	2
14. Purchasing Agent	2
15. Legislative Consultant	2

RESOLUTION NO. 2024-

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CALAVERAS COUNTY WATER DISTRICT**

AMENDING THE DISTRICT’S CONFLICT OF INTEREST CODE

WHEREAS, on December 18, 1996, the Board of Directors of the Calaveras County Water District (District) adopted a Conflict of Interest Code by Resolution No. 96-146 and amendments thereafter; and

WHEREAS, pursuant to the terms of the California Political Reform Act the District must undertake a biennial review of its Conflict of Interest Code, and thereafter adopt necessary amendment(s); and

WHEREAS, that the Board of Directors does hereby rescind in its entirety the Conflict of Interest Code adopted by Resolution No. 2020-60, on August 12, 2020 and any subsequent resolutions or amendments thereto; and

WHEREAS, since last amending Appendix “A”, changes in staffing have occurred necessitating the addition of the position of Business Services Manager.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors does hereby approve and adopt Board Policy 5070 as the District’s Conflict of Interest Code, including its Appendix “A”, Designated Employees, and their disclosure categories.

PASSED AND ADOPTED this 24h day of July 2024 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CALAVERAS COUNTY WATER DISTRICT

Russ Thomas, President
Board of Directors

ATTEST:

Rebecca Hitchcock
Clerk to the Board

4a



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Agenda Item

DATE: July 24, 2024

TO: Michael Minkler, General Manager

FROM: Jeffrey Meyer, Director of Administrative Services

SUBJECT: Discussion/Action regarding the Annual Resolution to Place Delinquent Charges on County Tax Rolls

RECOMMENDED ACTION:

Motion: _____ / _____ adopting Resolution No. 2024- _____ Requesting Delinquent Charges be Placed on Calaveras County Tax Rolls.

SUMMARY:

Staff requests the Board of Directors approve the attached list of delinquent utility service accounts for submission to the Calaveras County Tax Collector to be placed on the tax rolls. This is an annual resolution, which aids the District in the collection of these delinquent accounts when other collection efforts have been unsuccessful.

Although the number of delinquent accounts decreased slightly from FY 2023-24, the total dollar amount of delinquencies increased. There are 395 delinquent accounts this fiscal year as compared to 402 in FY 2023-24. The total amount owed increased by \$57,357 compared to the prior year total of \$358,475.

Customer Service started calling customers in addition to sending reminder notices in conjunction with our standard bi-monthly bills. Wastewater service to these properties has not been cut off for public health reasons. Placing the accounts on the tax rolls is an effective and efficient collection procedure. As the District is on the "Teeter" program, payment for delinquencies placed on the tax rolls is guaranteed by the County.

FINANCIAL CONSIDERATIONS:

Placement of the specified delinquent balances on the County tax rolls ensures collection of approximately \$415,832 and avoids the need for subsequent bad-debt write-offs.

*Attachments: Resolution 24-_____ Requesting Delinquent Charges Be Placed on Calaveras County Tax Rolls
Attachment A – Calaveras County Water District FY 2024-25 County Tax List*

RESOLUTION NO. 2024-

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CALAVERAS COUNTY WATER DISTRICT**

**REQUESTING DELINQUENT CHARGES BE PLACED ON
CALAVERAS COUNTY TAX ROLLS**

WHEREAS, there are delinquent and unpaid charges due the Calaveras County Water District; and

WHEREAS, Section 31701e of the California Water Code provides for the collection of such delinquencies on the County Tax Rolls.

NOW, THEREFORE, the Board of Directors of the CALAVERAS COUNTY WATER DISTRICT requests the Calaveras County Board of Supervisors and Auditor to include those delinquencies as referenced on Schedule A, attached hereto and made a part hereof, on the 2024-2025 Calaveras County Tax Bills.

PASSED AND ADOPTED this 24th day of July, 2024 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CALAVERAS COUNTY WATER DISTRICT

Russ Thomas, President
Board of Directors

ATTEST:

Rebecca Hitchcock
Clerk to the Board

CALAVERAS COUNTY WATER DISTRICT
 DELINQUENCIES TO PLACE ON THE COUNTY TAX ROLLS - FY 2024-25
 PRELIMINARY AS OF 07/18/2024
 ATTACHMENT A

Customer Account	APN	Submitted Amount
110-00236-00	010030001000	1,676.38
110-00242-00	010030006000	1,694.74
110-00262-00	010030018000	1,720.80
110-05231-01	010030012000	1,728.13
110-12130-00	010019045000	529.95
210-00021-00	054013048000	609.60
210-00026-01	054012005000	632.50
210-06837-00	054013051000	609.60
210-12379-00	054011044000	932.81
210-14287-01	054006036000	1,316.60
210-14288-01	054006036000	3,005.71
210-14290-01	054006036000	3,331.44
210-14291-01	054006036000	3,061.23
210-14293-01	054006036000	4,072.96
210-14294-01	054006036000	7,156.09
210-14295-01	054006036000	311.82
210-14401-01	054015008000	241.01
310-00052-00	008015007000	1,850.24
310-00083-01	008019010000	944.65
310-00087-01	008019010000	936.44
310-00096-00	008022015000	974.11
310-00104-02	008022063000	1,776.50
310-00105-01	008022011000	854.49
310-00110-00	008020012000	1,863.32
310-00113-01	008022030000	1,675.82
310-00128-00	008017008000	1,679.86
310-00155-00	008023025000	1,525.04
310-00161-04	008023035000	168.51
310-00172-03	008029006000	609.60
310-00181-02	008031010000	622.08
310-00215-02	008025060000	609.60
310-05327-02	004027021000	251.29
310-05359-01	004029009000	250.84
310-05454-01	008025075000	737.33
310-05628-00	008022006000	1,694.99
310-05994-01	004029008000	609.60
310-06254-00	008011005000	610.17
310-06672-00	008026009000	646.95
310-07444-05	008028030000	609.60
310-08160-01	004028019000	609.60
310-08487-00	004030007000	248.55
310-09919-00	008013018000	612.87
310-10365-06	008022036000	1,760.23
310-12480-03	008022083000	1,725.04
310-14486-00	008014053000	1,774.53
310-14940-01	008016011000	3,072.86
310-14941-02	008016011000	1,569.62
310-14942-01	008016011000	609.62
320-04163-00	010012048000	175.74

CALAVERAS COUNTY WATER DISTRICT
 DELINQUENCIES TO PLACE ON THE COUNTY TAX ROLLS - FY 2024-25
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Customer Account	APN	Submitted Amount
320-07508-02	010014059000	1,233.24
320-08539-01	010011016000	2,438.12
320-08641-01	010013047000	694.87
320-09653-02	010012028000	778.11
320-12230-01	010011016000	220.94
320-12321-01	010014031000	140.71
320-14362-00	012017006000	535.18
410-00280-05	036018004000	617.43
410-00288-01	036017019000	142.07
410-00292-02	036022005000	625.29
510-00312-00	023034001000	127.94
510-00357-01	023050020000	622.77
510-00358-01	023050019000	379.44
510-00415-00	023042016000	160.15
510-04500-01	023039009000	140.11
510-06163-00	023034017000	540.79
510-09731-00	023032027000	617.43
510-11354-01	023040028000	144.66
510-11602-01	023032022000	139.11
511-02281-02	025016047000	521.44
511-06155-01	023062046000	952.28
512-04466-01	023005031000	400.53
513-00629-00	023020026000	270.34
513-00655-00	025017034000	254.37
513-00707-01	025016017000	135.83
513-02603-00	025017011000	625.50
513-06706-00	025016013000	256.62
520-05846-01	026022021000	136.22
520-05863-00	026025033000	136.42
520-05871-00	026024027000	220.52
520-05915-02	026024028000	478.77
520-05924-00	026025041000	270.40
530-00840-00	028008029000	708.63
530-02540-00	028006040000	619.65
530-11112-01	028052003000	734.11
531-00938-00	028010026000	300.00
532-00946-00	028009008000	222.08
532-00967-05	026026009000	1,677.35
532-00968-00	026026010000	2,378.72
532-02289-00	028009021000	461.15
532-02676-01	030037019000	261.42
532-14025-01	030029014000	617.43
539-08819-02	026070028000	193.48
540-00722-01	026028025000	1,739.07
540-00755-01	026028003000	959.67
540-00760-01	026028022000	373.98
540-01007-03	026019063000	1,677.35
540-01061-02	028037001000	2,744.98
540-01062-02	028037001000	3,947.05

CALAVERAS COUNTY WATER DISTRICT
 DELINQUENCIES TO PLACE ON THE COUNTY TAX ROLLS - FY 2024-25
 PRELIMINARY AS OF 07/18/2024
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Customer Account	APN	Submitted Amount
540-01063-02	028037001000	2,748.15
540-01065-02	028037001000	1,727.72
540-01067-02	028037011000	2,380.98
540-05066-00	025004038000	1,165.31
540-05067-02	028037010000	617.43
540-07069-02	028037001000	1,831.75
540-11652-00	025004038000	921.78
540-13351-01	028049001000	517.43
541-01125-01	028029013000	617.43
541-09815-00	032006009000	670.13
542-01240-00	032019026000	258.27
542-04358-00	032011051000	627.94
543-01370-00	028022006000	1,884.27
543-05076-00	028028021000	875.84
543-05399-00	028028013000	138.11
544-01417-00	028031024000	822.30
544-01464-01	028048008000	146.58
544-01465-01	028047013000	632.95
544-04166-00	028043011000	179.30
544-04235-00	028041020000	617.77
545-01530-00	028020002000	1,407.74
545-01549-02	028036026000	618.71
545-01585-02	028001026000	8,720.13
545-06027-01	028020001000	508.16
550-03187-01	034035042000	920.86
550-05448-01	032022011000	500.81
550-05512-00	030019008000	683.16
550-14357-01	032024026000	153.12
551-08419-05	057014031000	1,077.72
551-09181-01	057013006000	867.09
551-09311-02	057013010000	1,077.72
551-09855-04	057014023000	1,077.72
560-07608-00	024019008000	742.30
560-07611-00	024019015000	1,907.19
560-07744-00	030017035000	210.37
560-14611-01	024030021000	139.16
570-01715-01	030013029000	618.98
570-01737-00	030012007000	146.26
570-01859-00	034016002000	683.81
570-01868-03	034015020000	410.01
570-01900-01	034006004000	1,308.66
570-14044-01	030013011000	586.49
571-08176-02	066019028000	377.72
571-08187-00	066019018000	1,077.72
571-08198-04	066014012000	1,077.72
571-08204-00	066020019000	445.83
571-08237-05	066018021000	1,077.72
571-08240-04	066017011000	2,155.44
571-08254-03	066025041000	1,077.72

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 DELINQUENCIES TO PLACE ON THE COUNTY TAX ROLLS - FY 2024-25
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Customer Account	APN	Submitted Amount
571-10699-05	066026017000	1,077.72
574-01885-05	034040018000	617.43
575-01757-00	030010006000	528.03
575-01795-02	030006011000	909.97
575-04288-01	030007007000	656.89
575-04349-01	030010037000	618.43
575-13973-02	030007030000	713.55
575-14909-01	030010037000	667.45
580-02331-01	034075002000	2,081.22
580-04187-01	034048030000	374.11
580-08849-00	034079004000	1,284.55
580-12865-00	034064004000	1,731.76
580-13794-06	034076004000	1,364.17
590-01923-06	066038007000	445.83
590-01926-04	066037012000	1,077.72
590-01929-00	066036002000	477.72
590-02362-00	066042009000	1,077.72
590-02369-05	066041018000	1,077.72
590-03012-00	066042006000	879.49
590-03158-04	066037004000	1,077.72
590-03174-01	066041006000	235.20
590-03177-05	066043013000	1,077.72
605-14826-00	048073003000	1,065.44
610-00905-00	071011010000	849.60
610-03117-02	071024004000	718.60
610-03682-00	070004014000	859.38
610-03736-02	071007009000	141.22
610-05137-00	071009022000	507.33
610-05981-00	072033004000	768.14
610-06089-00	070004007000	102.97
610-06418-01	072033017000	395.06
610-06503-01	071010008000	690.40
610-06747-01	072007021000	558.55
610-12276-00	072037003000	736.15
610-12305-01	071017018000	745.61
610-12517-01	072035005000	581.01
610-12716-01	072022004000	740.42
610-12856-00	071017037000	448.97
610-12857-01	072020007000	669.06
610-13266-01	071009004000	414.78
611-02464-01	073026035000	317.40
611-02574-00	071005004000	694.22
611-02614-00	070011014000	609.60
611-02764-01	073027028000	142.11
611-02944-00	073039006000	1,239.98
611-03270-00	073026006000	713.30
611-04184-01	073035019000	131.43
611-04880-00	073039028000	1,047.79
611-05193-01	072030012000	138.00

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 DELINQUENCIES TO PLACE ON THE COUNTY TAX ROLLS - FY 2024-25
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Customer Account	APN	Submitted Amount
611-06260-01	073038001000	1,316.09
611-06840-02	073037004000	634.82
611-08308-01	070006010000	1,019.12
611-09294-00	070003023000	663.08
611-09502-01	071007001000	609.71
611-10208-01	072029002000	287.61
611-11673-02	073024013000	1,002.89
611-11738-00	073036016000	332.05
611-11849-02	071003005000	805.75
611-11957-00	073027051000	814.76
611-12081-01	073026027000	677.18
611-12420-00	073027044000	684.07
611-12442-00	072024011000	797.91
611-13565-00	073036005000	2,476.17
611-13908-02	072041007000	752.80
611-14051-06	072041012000	409.60
611-14892-01	073029030000	139.00
612-01546-01	073012008000	554.89
612-02022-01	070009030000	669.38
612-02060-01	070027035000	774.30
612-02504-00	073022005000	734.35
612-02567-00	070011001000	697.04
612-02694-01	070018020000	133.49
612-02765-00	070011026000	622.23
612-04364-01	070013011000	559.45
612-07051-01	073015016000	541.97
612-07086-01	070016022000	689.91
612-08309-01	070013010000	809.56
612-09242-01	070028021000	634.01
612-10620-00	070025010000	272.98
612-11037-01	070018037000	696.74
612-11998-01	070020015000	232.74
612-12653-01	070015026000	1,080.01
612-12694-00	070020013000	1,056.89
612-13341-01	070011029000	839.20
612-13834-01	070030026000	903.86
613-02075-00	073038026000	400.00
613-02125-00	070042007000	651.69
613-02392-00	070024005000	725.28
613-02450-00	07000303100	3,574.14
613-02782-01	070037009000	870.80
613-03106-00	073038027000	177.92
613-03753-00	070036003000	170.61
613-04080-00	073002013000	417.23
613-04542-00	070030056000	203.37
613-05030-00	073019006000	679.67
613-06462-02	073013002000	147.49
613-06618-00	070042001000	965.76
613-07513-00	073015001000	784.92

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Customer Account	APN	Submitted Amount
613-07800-02	073003007000	146.22
613-09399-00	070026013000	648.89
613-09486-00	050010040000	800.58
613-10205-02	073001005000	155.10
613-11852-04	070031048000	609.60
613-11933-00	070024013000	622.41
613-11945-00	070042015000	861.34
613-12035-01	070033024000	692.27
613-12227-00	070003030000	1,187.68
613-13006-01	070037034000	191.48
613-13309-00	073040016000	135.91
614-03488-03	074020011000	1,915.11
614-03537-01	074005010000	2,617.02
614-03556-02	074026019000	1,048.39
614-03672-01	074008014000	1,911.81
614-03758-00	074011022000	751.41
614-03866-02	074025001000	1,857.24
614-04037-01	074010014000	161.00
614-05725-01	074005002000	1,756.99
614-06524-00	074029001000	1,795.32
614-06528-02	074002037000	1,043.23
614-06536-01	074027040000	156.50
614-06693-03	074011013000	1,717.56
614-07064-01	074006035000	1,735.21
614-07276-02	074002007000	512.02
614-07391-00	074013013000	586.91
614-08043-00	074006040000	401.47
614-08144-01	074013008000	1,232.09
614-08170-02	074012006000	1,765.00
614-08987-00	074004026000	1,354.50
614-11382-00	074007007000	1,937.46
614-11838-00	074032003000	1,546.15
614-12551-00	074032015000	1,812.20
614-13132-02	074008032000	1,902.19
614-13521-02	074025013000	1,702.20
614-13541-01	074030024000	1,716.31
614-13833-01	074010013000	717.63
620-04156-05	050014014000	609.60
620-15022-00	050012051000	1,758.72
620-15023-00	050013002000	637.18
625-12814-02	073051023000	1,969.38
625-12815-02	073051026000	500.36
625-12841-00	073053003000	1,881.63
625-12952-01	073052027000	394.54
625-12990-00	073053021000	1,483.43
625-13062-02	073051004000	1,769.31
625-13647-02	073055008000	1,968.04
625-13649-02	073054025000	1,992.48
625-13651-01	073054027000	117.20

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Customer Account	APN	Submitted Amount
625-14304-00	073054037000	2,334.58
625-14317-01	073051022000	406.46
630-09586-00	073045002000	1,105.69
630-09808-00	046036047000	1,682.61
630-10942-02	073046009000	1,232.35
630-10991-00	046016055000	2,128.63
630-12367-02	073046022000	681.32
630-14838-01	073058001000	1,706.38
631-14487-03	048066015000	1,797.69
631-14520-01	048019036000	3,660.10
631-14536-03	048019054000	1,065.44
711-02143-04	061031023000	3,310.06
711-02149-04	061031020000	1,592.32
711-02322-01	061028003000	1,720.14
711-02950-05	061031025000	1,675.04
711-02962-06	061030014000	1,483.60
711-04068-01	061032010000	1,089.31
711-04454-00	061029005000	1,675.04
711-04465-04	061029013000	1,013.08
711-04617-00	061032009000	1,023.68
711-04703-01	061038003000	1,340.12
711-04917-04	061033011000	1,683.37
711-05306-01	061031013000	2,616.03
711-05331-00	061032022000	1,697.56
711-06419-01	061027012000	1,685.31
711-06800-01	061039008000	1,190.13
711-08151-00	061043005000	1,949.39
711-08438-00	061031030000	1,734.25
711-08496-01	061037004000	436.01
711-08587-02	061036014000	1,809.44
711-08695-01	061042008000	1,782.41
711-08738-01	061042011000	866.10
711-08761-02	061036014000	1,655.01
711-08786-02	061036014000	1,664.32
711-08953-01	061042001000	778.72
711-09006-03	061041011000	292.57
711-09246-01	061043012000	1,748.12
711-09430-03	061031005000	1,950.68
711-10680-01	061029002000	995.34
711-11967-00	061025023000	724.36
711-13120-01	061065023000	1,152.51
711-13679-01	061067004000	581.98
711-13685-02	061067029000	383.39
711-13692-00	061067005000	1,721.31
711-13783-01	061069007000	1,527.43
711-13980-01	061069010000	747.00
711-14074-03	061068007000	541.81
711-14079-02	061068002000	1,811.95
711-15051-01	061076009000	1,034.79

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Customer Account	APN	Submitted Amount
712-01662-04	055046018000	518.14
712-02183-00	055021007000	958.23
712-03293-00	061001020000	723.35
712-03451-00	061007014000	1,164.30
712-03596-01	061013013000	1,041.41
712-04160-01	055020007000	423.15
712-05401-00	055045023000	3,320.16
712-05442-01	055030002000	764.54
712-06970-02	061001019000	128.31
712-07470-02	055046039000	583.33
712-07802-00	061005006000	615.29
712-07845-01	055023005000	700.17
712-08952-01	055021004000	610.91
712-09115-02	065023005000	2,797.36
712-09437-00	061011001000	678.13
712-10064-00	061004010000	684.82
712-10413-00	055045004000	771.63
712-11654-00	055046028000	285.54
712-12511-01	055037017000	655.57
713-12635-01	055076007000	1,881.69
713-15192-00	055074011000	245.50
715-02205-00	065016006000	1,635.24
715-04907-00	067004020000	3,286.36
715-05533-01	067010007000	351.13
715-05599-04	067001013000	828.89
715-05702-01	067025003000	1,733.79
715-06113-01	065021005000	1,685.27
715-07563-01	067002001000	1,162.26
715-09321-01	055043012000	1,777.32
715-10443-01	065017008000	1,727.06
715-11746-02	055041005000	710.75
715-11761-01	055025012000	719.19
715-11894-01	065026004000	1,680.19
715-12195-00	065013009000	1,722.27
715-13916-01	067001004000	1,253.23
715-14172-02	067029007000	751.14
715-15113-00	065009012000	1,675.04
720-02553-02	064038003000	1,715.25
720-03459-03	098022003000	1,676.40
720-04189-00	064039007000	150.37
720-04764-01	098021007000	640.53
720-07499-00	098053013000	629.04
720-08412-01	098017011000	1,818.42
720-09991-00	098018008000	1,706.76
720-11437-01	098002011000	1,697.48
720-13183-00	098020014000	352.15
720-13616-01	098030009000	366.77
720-14315-02	064037009000	2,028.95
720-14592-01	064029017000	5,326.91

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Customer Account	APN	Submitted Amount
730-12590-02	061054011000	1,376.92
731-13401-00	061060013000	1,755.19
731-14000-00	061062004000	1,393.16
Total Accounts: 395		415,831.55

4b

A G E N D A
I T E M

4b

Agenda Item

DATE: July 24, 2024

TO: Board of Directors

FROM: Michael Minkler, General Manager

SUBJECT: Discussion regarding the 2023-2024 Calaveras County Civil Grand Jury Report

SUMMARY:

The 2023-2024 Calaveras County Civil Grand Jury conducted an investigation into various aspects of CCWD's operations, as it does periodically. The Grand Jury's report on the CCWD investigation, entitled "Still Waters Run Deep," was released to the public this week. The CCWD Board of Directors is required to respond to the findings and recommendations in the Report within 90 days. A copy of the Report is included in Attachment A.

CCWD appreciates the members of the Civil Grand Jury for their hard work and their dedication to Calaveras County. The Civil Grand Jury plays an important role in the County and we owe a debt of gratitude to those who choose to serve. As a public agency committed to transparency, CCWD views a grand jury investigation as an opportunity for us identify ways we can better serve Calaveras County.

The Report is primarily focused on the rate study that CCWD completed in September 2023. The report also investigated CCWD's vehicle lease program, IT infrastructure, workplace culture, and employee turnover. Unfortunately, many of the facts underlying the Report's findings are incorrect. CCWD is a complex organization, so it is understandable that there are misunderstandings in the Report. CCWD staff address some of the key inaccuracies, below, but we offer this as clarifying information and not as a criticism of the Grand Jury.

CCWD's Five Year Rate Plan

The Grand Jury looked into the procedural requirements for the rate study process and then turned to the cost allocation among meter sizes and cost allocation among consumptive tiers.

Proposition 218 Process:

The Grand Jury responded to complaints that CCWD violated the Proposition 218 process when it adopted a new 5-year rate schedule. CCWD received similar complaints during the process and made a significant effort to respond to each complaint and address the issue in public presentations, press releases, social media, and CCWD's website.

The Grand Jury Report does not make any formal findings regarding compliance with the Prop 218 process, but the Report states, "CCWD did follow the procedural requirements of Proposition 218 for a utility fee rate increase." CCWD agrees with this conclusion.

Cost Allocation Among Meter Sizes and Consumptive Tiers:

CCWD's 2023 rate study did more than identify the need to raise additional revenue. The study also reassessed the cost allocation across different meter sizes, customer classes and the number of tiers for consumptive use charges. As required by Prop 218, the study included a detailed assessment of the cost to serve different sized meters to ensure a fair allocation of costs. The result was an adjustment of the cost allocation among meter sizes and the elimination of one of the tiers for consumptive charges. This was explained in detail in the Cost of Service study and in CCWD's public presentations.

The Grand Jury Report identifies the redistribution of consumptive costs among different meter sizes, but it does not address the basis for those changes. The Report concludes that "the published rate tables do not reflect *appropriate cost allocation based on meter size*" (emphasis in original). The Report provides no basis for this conclusion other than the fact that increases weren't applied evenly to each meter size, which would have been a violation of Prop 218 because it would not have been based on the cost of service.

The Report similarly concludes that it was inequitable to eliminate a tier in the consumptive rate structure and apply different increases across residential and commercial customers. The Report does not base this conclusion on an analysis of the cost to serve different classes of customers and it does not point to any flaws in CCWD's analysis of the cost to serve. The Report simply identifies the changes made to the rate structure and then reaches the conclusion that it must be inequitable because a uniform rate increase was not applied to each class of customer.

CCWD changed the rate structure to ensure that the charges to each class of customer accurately reflected the cost of service. We did not give a "discount" to commercial customers, as the Report alleges, and we cannot arbitrarily decide to charge residential customers less than their fair share of consumptive costs compared to commercial customers, even if that might seem more equitable to some. Prop 218 requires CCWD

to evaluate the cost of delivering service and then allocate that cost to the appropriate customer class based on actual water use characteristics, which is what we did.

CCWD's decisions to change the rate structure and the basis for the differential rate increases are supported by the information in the Cost of Service study. CCWD also included detailed discussions of these issues in numerous CCWD Board meetings and in town hall presentations. More information regarding this issue is included in Attachment B and on CCWD's website.

Vehicle Lease Program

CCWD understands how the Grand Jury would consider the described benefits of the Enterprise Fleet Management Program (Program) as "incongruous" and "somewhat contradictory" when viewed through the lens of a conventional vehicle lease program. This Program, however, is not a conventional vehicle lease to own program. There are several key facts that need to be clarified, including:

- There is no requirement to return the vehicle at the end of the lease term.
- Once the balance of the vehicle is paid, CCWD has options:
 - Own the vehicle outright at no additional cost
 - Sell the vehicle and keep the proceeds from the sale
 - Sell the vehicle and roll the proceeds into paying down other vehicles within the Enterprise Program
 - There are no mileage restrictions
 - There are no penalties for vehicle condition
- CCWD and Enterprise meet routinely to determine how the program is working in order to optimize the program to provide the greatest benefit to the District

In 2019 CCWD implemented the program to leverage Enterprise's considerable automotive industry experience and expertise to identify replacement vehicles for its aged fleet. CCWD's fleet was aging, and vehicles were failing at a rate that exceeded the District's ability to cost effectively purchase replacements. As noted in the report, CCWD was able to procure 10 new vehicles in 2019, replacing the oldest and most problematic vehicles in the fleet. The first-year cost of \$83,000 is about the same as the purchase price for one service truck and CCWD retains the equity invested in these vehicles.

The 2019 purchases allowed the District to provide staff with safe, reliable vehicles and provided the opportunity for the District to surplus 10 obsolete vehicles. The example of cost saving improvements referenced in the slide in the Grand Jury Report illustrates the benefit provided by the program in that 10 unreliable, inefficient, and potentially unsafe District trucks were replaced at an annual cost similar or equal to that of a purchase of one service truck. Considering the additional fact that time and reliability are money savings for the District, this benefit becomes even more valuable. The 2019 vehicles will be paid off this year, at which point the District will own them outright.

From 2019-2022 the District was able to obtain 19 service trucks and two dump trucks. Prior to that time, CCWD purchased 31 service trucks in the previous 20 years. Only 7 trucks were purchased between 2008 and 2016. As of 2022 CCWD still had 27 trucks 15 years old or older and 6 trucks that were over 20 years old. Current vehicle emissions requirements don't even allow trucks manufactured in 2003 or before to be operated more than 1,000 miles per year in Calaveras County. They can't be operated at all in many Counties in the State. The District's fleet was deteriorating prior to 2019 and it would have been difficult to conduct reliable and compliant work for its 6 water and 13 wastewater systems reliably and cost-effectively without implementing this program.

Vehicle unreliability results in system unreliability. If staff cannot respond to system issues in a timely manner, water supply reliability and sewer system integrity are reduced. Public health and safety are of utmost importance and a priority to CCWD. Vehicle reliability is a huge component of that. This fact is not unique to CCWD, which is why many water and wastewater Districts and other public agencies utilize the Enterprise Program to reduce the age of their fleets and increase reliability. Some examples include Amador Water Agency, Calaveras County, Stanislaus County, Kern County, Yuba County, Yuba City, The Lower Tule River Irrigation District, and Glenn-Colusa Irrigation District.

Currently, CCWD has 35 leased vehicles in its fleet of over 70. This year the first 10 vehicles leased in 2019 will be owned by CCWD and sold back to Enterprise. The equity from the sale of these vehicles will be reinvested into the program and 10 more vehicles will be leased. This will bring the District close to a fleet comprised of a majority of trucks five years old or newer. This is important considering that in 2027 all District heavy-duty purchases must be electric. During this uncertain transition, CCWD needs to have as strong a gas and diesel powered fleet as possible so that it can continue to provide safe, reliable, and cost-effective water and wastewater services for our communities for years to come.

Enterprise Resource Planning Software Migration

Calaveras County Water District (CCWD) implemented the Tyler Technologies CIS Software, Incode (Utilities Pro) in September 2021.

Before selecting a specific platform and subsequent implementation process, an internal committee of CCWD employees was formed to discuss and explore the best option based on the district's operational needs. Alternative options were considered to the existing software since the vendor could not offer a viable upgrade that met the district's needs. All employees within the committee were encouraged to actively participate in the selection process and although a couple members of the committee voiced concerns about the Tyler Technologies option, the entire group ultimately decided that Tyler Incode was the best option available to CCWD. CCWD delayed the selection of new software for several months to ensure the committee had time to evaluate options

and voice their concerns. During this time, CCWD also reached out to several other water agencies to confirm the applicability of Tyler Incode for CCWD's operations.

Once the District settled on Tyler Incode, the implementation process began. In hindsight, there are several decisions regarding the implementation that CCWD management staff has been transparent in confirming could have been addressed and processed differently at that time that may have had a more positive impact on the result of the software rollout, including:

- The implementation of the Utility Billing (UB) module after the successful implementation of the core financial and payroll modules.
- The simultaneous implementation of the UB module and the district's AMI meter implementation.

While there has been staff time spent over the past three years to optimize and build processes within the Tyler platform, and much progress has been made to better integrate into the UB module, further modifications will be needed as the district moves forward with the core financial and payroll implementation. Some progress to note includes:

- The reduction in office staff hours needed to process regular billing each month (from approx. 20-40 hours to 5-10 hours).
- The completion of the next phase of the implementation which includes core financials, payroll, and personnel management.

CCWD has contracted with a consulting firm to assist with a successful implementation of the financial and payroll/HR modules and to advise and participate in the analysis of the UB module to ensure the system is constructed effectively and that all processes are optimized. CCWD retained the consultant last March and the process is scheduled to be complete by the end of 2024.

CCWD staff is engaged with a team from Tyler to implement the core financials and payroll/HR modules, and a timeline for the rollout will be presented to CCWD within the next 1-2 weeks. Furthermore, CCWD is working with an outside consultant to participate in the implementation and assist in optimizing the UB module. At this time, CCWD anticipates successful transition and integration into the Tyler ERP system by the end of December 2024 with only minor ancillary modules needing roll out within January & February 2025. A detailed update on the Tyler implementation is scheduled for the District's next Finance Committee meeting on August 20.

Employee Turnover and Workplace Culture

CCWD is fortunate to have a highly skilled and incredibly dedicated workforce. The District provides water or wastewater service to a majority of the residents of Calaveras County. We must attract and retain workers with the skills and certifications needed to maintain safe and reliable services 24/7/365, in addition to compliance with stringent regulatory requirements. The water industry is an increasingly competitive labor market and CCWD competes with agencies throughout our region, not just within Calaveras County.

CCWD has indeed experienced a lot of employee turnover in recent years, although the Grand Jury Report mischaracterizes the reasons for that, 17 employees have retired from the District in the last 5 years. Almost all of them left after long, successful careers with CCWD and shared positive feedback upon leaving.

Since August 2021, 23 employees have voluntarily left the District, including 9 retirements. Of the 14 who resigned, all but two were eligible for the previous retiree health benefit that the District replaced with a new program in 2021 and no one has reported the benefit change as a factor in their decision leave the District. In fact, several employees who were eligible for the previous benefit specifically said that keeping that benefit was not a significant incentive for them to stay. The vast majority of these employees left for understandable reasons, such as relocating for family reasons or accepting better opportunities with other employers.

CCWD strongly encourages open communication at all levels. Every employee should be able to share their opinions and concerns without fear of retaliation. This aligns with California Labor Code Section 1102.5, which protects employees from retaliation for expressing their views. We are committed to maintaining a transparent and supportive environment where all voices are heard. Our team members' feedback is crucial to our success, and we urge everyone to communicate openly and constructively.

The Grand Jury Report seems to have taken a negative portrayal of the workplace culture at CCWD from a small sample size that is not necessarily reflective of most employees' experience. Nonetheless, CCWD takes the statements in the Report seriously and will follow up to ensure a safe and positive workplace exists at CCWD. Our commitment to providing a positive work environment and supporting professional growth remains strong. We strive for excellence and aim to ensure that our team feels valued and motivated to continue delivering essential services.

FINANCIAL CONSIDERATIONS:

None at this time.

*Attachments: A) 2023/2024 Calaveras County Grand Jury Report
 B) Additional detail on Cost Allocation Among Meter Sizes and Consumptive Tiers*

Calaveras County Civil Grand Jury

Calaveras County Water District

Still Waters Run Deep

June 30, 2024



Photo courtesy of Victor Tarango

SUMMARY

The Calaveras County Civil Grand Jury received over 170 written complaints related to the five-year water and wastewater rate increase proposal from Calaveras County Water District. In general, the complaints centered around the amount of the proposed rate increase, non-compliance with California Proposition 218 (state mandated process for seeking a rate increase), and the perception that employee salaries are exorbitant for the water/wastewater utility industry. It should be noted that complaints were also widespread on social media sites.

Given the volume of complaints, the Calaveras County Civil Grand Jury felt compelled to pursue an investigation into the rate increase proposal. The original inquiry led to the discovery of other areas in need of investigation, such as their vehicle lease program, information technology infrastructure, workplace culture, and employee turnover.

This report is by no means an exhaustive analysis of the operations of Calaveras County Water District, but the content will clarify community concerns related to the rate increase proposal and make recommendations to improve operational deficiencies discovered during the investigation.

GLOSSARY

AMI – Advanced Metering Infrastructure

BOD – Board of Directors

CCCGJ – Calaveras County Civil Grand Jury

CCWD – Calaveras County Water District (The District)

COLA – Cost of Living Adjustment

ERP – Enterprise Resource Planning

LAFCo – Local Agency Formation Commission

MCU – Management and Confidential Unit

MOU – Memorandum of Understanding

SEIU – Service Employees International Union

METHODOLOGY

Calaveras County Civil Grand Jury (CCCGJ) conducted interviews and reviewed online documentation available from numerous sources including but not limited to Calaveras County Water District (CCWD), California Legislative Information, California Special Districts Association, California Secretary of State, and the Calaveras Local Agency Formation Commission (LAFCo).

BACKGROUND

CCWD was formed on August 30, 1946, as an independent special District. CCWD has approximately 13,400 water connections and 5,200 wastewater connections. Nearly all of the wastewater customers are also water customers. CCWD also has two hydroelectric power projects.

As stated on the CCWD website, “The District is a not-for-profit public agency. As a California special District, CCWD’s jurisdiction includes provision of public water service, water supply development and planning, wastewater treatment, and disposal and recycling.

“The District has broad general jurisdiction over the use of water within its boundaries, including the right of eminent domain, authority to acquire, control, distribute, store, spread, sink, treat, purify, reclaim, process and salvage any water for beneficial use, to provide sewer service, to sell treated or untreated water, to acquire or construct hydroelectric facilities and sell the power and energy produced to public agencies or public utilities engaged in the distribution of power, to contract with the United States, other political subdivisions, public subdivisions, public utilities, or other persons, and – subject to Article XIII A of the State constitution – to levy taxes and improvements.”

DISCUSSION

CCWD Proposed Five-Year Rate Plan

CCWD is a local public agency that provides water and wastewater services to customers in portions of Calaveras County. CCWD must collect sufficient revenues to pay the costs to operate and maintain each of its two utilities, water, and wastewater.

California voters approved Proposition 218, also known as the “Right to Vote on Taxes Act” in 1996. This action added Article XIII C and Article XIII D to the California Constitution, restricting the imposition of local taxes or assessments without voter approval. The written complaints received by CCCGJ asserted that CCWD had not followed the required legal process detailed within the California Constitution and associated Government Codes for requesting a service rate increase. CCCGJ came to a similar conclusion after its initial review of the claims made within the written complaints.

CCCGJ would later learn that there is a special exception from the voter approval requirement within Article XIII D, Section 6(c) for fees charged for sewer, water, and refuse collection services and that there is a distinction between a *fee* and an *assessment* in Section 2.

An assessment is a charge levied on property to pay for a public improvement or service that benefits property (e.g., water facilities, sewer facilities, undergrounding of utilities, or landscape improvements) or services (e.g., maintenance of storm water facilities, landscape improvements, or street lighting improvements). An assessment requires a majority affirmative ballot vote of the property owners residing in the affected area.

A fee is a charge imposed on an individual or business for a service or facility provided directly to an individual or business. The amount of the fee may not exceed the cost to provide the service.

CCWD did follow the procedural requirements of Proposition 218 for a utility fee rate increase. These requirements include:

1. Noticing Requirement – The District must mail a notice of the proposed rate increases to all affected property owners or ratepayers. The notice must specify the amount of the fee, the basis upon which it was calculated, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted. In addition, CCWD held three community workshops in 2023 at Ebbetts Pass on August 14th, Copperopolis on August 16th, and Jenny Lind/Valley Springs on August 17th.

- Public Hearing – The District must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed. At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners or ratepayers submit written protests against the proposed rate increases, the increases cannot be adopted.

Proposition 218 established substantive requirements that apply to water and wastewater rates and charges, including:

- Cost of Service – Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the “cost of service.”
- Intended Purpose – Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
- Proportional Cost Recovery – The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.

The following is from CCWD’s website page for the 2023 Cost of Service Study:

“The base rate is calculated to ensure appropriate cost allocation based on meter size so that those accounts necessitating a larger capacity due to larger meter size are not subsidized by accounts with smaller meters that require a smaller capacity of water from the system.”

At closer inspection, the published rate tables do not reflect *appropriate cost allocation based on meter size*. In the first year of the new rate tables, the 1” meter increases by a mere 65¢, while all meters 1 ½” through 8” decrease in price.

Table 1
Bi-Monthly Water Base Rate Charges by Meter Size

Meter Size	Bi-Monthly Base Rate Charge					Total Fixed Meter Charges (\$/Bi-Month)					
	Jul 16, 2018	Jul 16, 2019	Jul 16, 2020	Jul 16, 2021	Jul 16, 2022	Revenue Adjustment:	12.0%	13.0%	7.0%	7.0%	
5/8"	\$112.28	\$114.23	\$116.22	\$118.26	\$120.35	5/8"	\$136.03	\$152.36	\$172.17	\$184.23	\$197.13
3/4"	\$168.43	\$171.34	\$174.33	\$177.39	\$180.53	3/4"	\$191.20	\$214.15	\$241.99	\$258.93	\$277.06
1"	\$280.71	\$285.57	\$290.55	\$295.65	\$300.89	1"	\$301.54	\$337.73	\$381.64	\$408.36	\$436.95
1.5"	\$561.43	\$571.14	\$581.10	\$591.31	\$601.77	1 1/2"	\$577.39	\$646.68	\$730.75	\$781.91	\$836.65
2"	\$898.28	\$913.83	\$929.76	\$946.09	\$962.83	2"	\$908.41	\$1,017.42	\$1,149.69	\$1,230.17	\$1,316.29
3"	\$1,796.57	\$1,827.66	\$1,859.52	\$1,892.19	\$1,925.66	3"	\$1,791.13	\$2,006.07	\$2,266.86	\$2,425.55	\$2,595.34
4"	\$2,807.14	\$2,855.71	\$2,905.50	\$2,956.54	\$3,008.85	4"	\$2,784.19	\$3,118.30	\$3,523.68	\$3,770.34	\$4,034.27
6"	\$5,614.00	\$5,711.50	\$5,811.00	\$5,913.00	\$6,017.50	6"	\$5,542.69	\$6,207.82	\$7,014.84	\$7,505.88	\$8,031.30
8"	\$8,982.40	\$9,138.40	\$9,297.60	\$9,460.80	\$9,628.00	8"	\$8,852.89	\$9,915.24	\$11,204.23	\$11,988.53	\$12,827.73

Note: Current rates on CCWD’s website do not include the 4” through 8” meters, thus the chart for current rates was taken from the Final Cost of Service Study.

The same inequity appears in the consumption rate charges. Previously there were four tiers of usage rates for Residential customers. In the new five-year rate plan, there are three tiers of usage charges. The first-tier range increased by 50% (a positive for customers), but the second-tier range decreased by 50% (a negative impact on large households/heavy users). At the end of the five-year rate increase period, Residential customers will have experienced a 158% increase at the first-tier usage rate when compared to the rate prior to October 16, 2023. During the same period, Non-Residential customer usage rates will increase by 113% and Irrigation/Landscape accounts by 74%, neither of which are subject to tiered pricing.

BI-MONTHLY WATER CONSUMPTION RATES			
\$ PER 100 CF			
Residential	Water Use (cf)		Increase
October 15, 2023	0-1,000	\$1.57	
July 16, 2027	0-1500	\$3.02	158%
Non-Residential	Flat Rate		
October 15, 2023		\$1.57	
July 16, 2027		\$3.34	113%
Irrigation/Landscape/Other	Flat Rate		
October 15, 2023		\$1.91	
July 16, 2027		\$3.32	74%

Residential customers are paying more than their fair share of the five-year rate plan increase. It defies logic for CCWD to apply a discount, to what are typically commercial accounts, and at the same time tell their customers, "We need a generational investment in our water and wastewater infrastructure, and we ask for your understanding."

Complaints were raised because tenants with CCWD services were not allowed to submit protest letters. Article XIII D, Section 2(g) stipulates, "Property ownership' shall be deemed to include tenancies of real property where tenants are personally liable to pay the assessment, fee, or charge in question." CCWD holds the parcel owner financially liable for default on the account; therefore, tenants with CCWD services are unable to protest the rate increase proposal since they are not *personally liable*.

The greater portion of the rate increase is based on capital improvement projects and an increase in operating expenses. These facts have to be accepted in good faith, as there is no way for customers of CCWD or this body to verify the stated financial figures or urgency of the capital improvement projects. Interviewees did express skepticism about the ability to complete the slated projects, given the engineering, design, and regulatory hurdles required to reach a shovel-ready status. A contractor capable of this specialized construction must also be available.

A rate proposal Public Hearing was held by the CCWD Board of Directors (BOD) on September 13, 2023, at 5 P.M. at the CCWD Boardroom, 120 Toma Court, San Andreas. There was a large community effort to collect enough protest letters to stop the rate increase, but it fell short.

Vehicle Lease Program

In an effort to justify and rationalize the need for rate increases for its customers, CCWD offered a written and slide presentation titled CALAVERAS COUNTY WATER DISTRICT PROPOSED FIVE-YEAR RATE PLAN. Within that presentation, under the heading of COST SAVING

IMPROVEMENTS AND EFFICIENCIES, was a reference to a VEHICLE LEASE-TO-OWN PROGRAM that was implemented in 2019.



A few comments from the presentation referencing that program caught the attention of CCCGJ.

1. “Since 2019 CCWD lease-to-own program has resulted in the purchase of 28 vehicles in a very cost-effective program.”
2. “This program allows the District to improve the reliability, fuel economy, safety and efficiency of the fleet while spreading the purchase expense out over a five-year period.”
3. “The above slide illustrates the expense in year one (2019) of the lease-to-own program, when the District received ten service trucks to replace the oldest trucks in the fleet for less than the cost of purchasing one new service truck outright.”
4. An \$83,000/year figure was also stated, suggesting that figure was the annual cost to own ten new vehicles vs. purchasing two new vehicles.

CCCGJ found these statements to be incongruous and somewhat contradictory. We chose to attempt to qualify these statements and determine what lease program existed and whether it was a “cost-effective” approach to procuring the District’s vehicles. Based on our inquiry and that the information that we received was confirmed by sources deemed accurate and reliable, we have concluded the following:

A vehicle lease is a contractual arrangement by which a company (Lessee) can rent vehicles from a leasing firm (Lessor) for a specific term, when upon expiration, the vehicles are returned. The vehicles remain the property of the lessor while the lessee assumes no ownership stake but pays for the right to use the vehicles for a predetermined length of time.

Within a lease document, such as a Lease-To-Own, there may be options to purchase or continue to lease a vehicle thereafter, but not without further financial obligations, which may include, but are not limited to, a form of down payment, monthly lease charges, or an amortization of the full purchase costs. A lease-to-own program may be considered a misnomer as the lessee never owns the vehicle at the expiration of the initial term. Also included in commercial leases are excess mileage charges and the responsibility to return the vehicle in proper acceptable condition. Leasing

to own is always a more expensive alternative to a financed or outright purchase and is often an option when a down payment isn't available.

It is apparent that CCWD has committed to modified Open-End Leases, which consists of rental terms of five years, an excessive mileage surcharge, responsibility for return condition, and additional cost of contracted maintenance, but with the possibility of a small percentage of an equity share. The potential equity is based on the performance of a predetermined residual amount and is granted only if the vehicles were purchased or a new lease was generated after having been rented for five years, but there is no guaranteed or implied accrued ownership.

CCCGJ contends that the program assertions by CCWD in their public RATE PLAN presentation were inaccurately expressed and could easily be misconstrued. CCWD's choice of wording in their presentation, intermingling the terms "lease" and "purchase," did not accurately describe a financial arrangement in which a vehicle is leased (rented) for five years, then somehow becomes a purchased asset of the company without further contractual or financial obligations. The inference that the "lease-to-own program has resulted in the purchase of 28 vehicles in a very cost-effective program" may be misrepresented as is the claim of "spreading the purchase expense out over a five-year period."

CCWD has leased 28 vehicles, ten of which have either expired or soon will expire and be returned, presumably to be replaced with ten more new leased vehicles. Neither the ten replaced trucks, nor the ten replacement trucks, will result in any substantial equity to the District because no purchase has ensued and therefore no equity ownership has been gained.

CCWD received ten leased service trucks to replace the oldest trucks in the fleet, but not at the cost of purchasing one or two new service trucks outright. What the District received was the temporary use of ten leased (rented) trucks for one year at the unaudited expense of \$ 83,000.00, which would have been adequate to purchase or finance at least one new vehicle.

What wasn't stated was that had the trucks been financed to purchase at a slightly higher cost per month for a similar term, they could have been utilized by CCWD for more than five years, become assets of the District, and continued to perform indefinitely without monthly finance or lease or mileage charges after the loans had been satisfied. Since the vehicles would have then become company owned assets, they could have later been sold to the benefit of the District whenever and by whatever parameters they deemed appropriate. The useful lifespan of a commercial vehicle is rarely considered to be concluded at five years. Some municipalities expect to utilize their vehicles for 10 to 25 years.

The options that were available to CCWD at the expiration of their initial five-year lease term were:

- to return the trucks and replace them with new, leased vehicles at an even greater expense while understanding that this strategy will never culminate in the ownership of any of them.
- to continue leasing the same vehicles indefinitely at similar or higher expense, again continuing without any ultimate ownership of any vehicles.

- to purchase the trucks from the lessor, either paying a full residual cash price or financing, resulting in the trucks becoming company assets, although they already incurred rental costs for the vehicles over the prior five years.

CCCGJ proposes that none of these options were, or now are, the most cost effective or advantageous manner to procure vehicles for the operations of CCWD. It is not apparent that any vehicle has ever become owned by CCWD, nor has any equity ever been gained in any vehicle as a result of the current leasing program.

If a company is to operate a commercial vehicle for an anticipated period of five years or more, employs mechanics, has a maintenance facility, utilizes specialized (upfit) equipment, accrues moderate to high mileage, and has a staff member that can assist in the sale of an asset at the end of its most useful life, it is always an economic advantage to purchase that vehicle. CCWD's operations satisfies all the aforementioned criteria.

CCCGJ further questioned the necessity of assigning leased or owned company vehicles to management personnel since there is no apparent need to do so in their job descriptions. These vehicles are being used for commuting to and from their homes, some of which are outside the county, but are seemingly not being used in any significant manner in the daily performance of their employment responsibilities. The use of company vehicles in this inefficient manner obligates the District to monthly lease payments, adds to return condition responsibility and excess mileage surcharges, possible theft, or damage, but most crucially, it exposes CCWD to added legal liability. It is uncertain if these vehicle benefits are being accurately described by the District or are appropriately being declared as income by the employee. It is evident that the practice of providing exclusive personal use of vehicles to some employees and not others, contributes to perceived compensation inequities and an "us versus them" mindset.

Enterprise Resource Planning Software Migration

The CCCGJ inquiry brought to light internal concerns with the financial expense and operational deficiency of CCWD's Enterprise Resource Planning (ERP) software platform. ERP is a software system that integrates a corporation's management of essential business processes, e.g., accounting, billing, payroll, and operations.

CCWD was operating with an older software version from their existing ERP solution provider, designated here as Vendor A. An internal committee was formed to research the option to update with their existing vendor and also evaluate solutions from competitive ERP providers. Under consideration were the integration of the ERP solution with a project to expand their advanced metering infrastructure (AMI) from a few accounts to all customers and collecting real-time metrics for operations and required statistical reporting by California regulators.

During the committee's exploratory process, a second vendor, designated here as Vendor B, became the favored solution provider by a majority of the committee members. However, strong concerns were raised by some of the stakeholders in the committee who believed that Vendor B's application would not meet the requirements to perform daily operational duties. Discussion ensued about the complexity of implementing an entirely new ERP platform versus upgrading the

existing system. Despite their objections, the dissenting committee members were not given sufficient opportunity to express their views, and the decision to move forward with Vendor B's platform passed.

What ensued were decisions that led to a flawed transition to the Vendor B platform:

1. Vendor B recommended that financial services should be implemented first, and after a successful trial period, follow with migrating the billing process. CCWD's management team, however, decided to lead with the billing process migration instead. Their decision was driven in part by installation and financial deadlines related to the AMI project.
2. Billing and AMI, two major business functions, were implemented during the same time period.
3. Vendor B offers several versions of their ERP software, which allows them to provide business sector specific solutions. CCWD staff members, current and former, have expressed concern that the Vendor B software suite selected and installed at CCWD may not be the best fit for a utility provider business.

In the autumn of 2021, the Vendor B application went into operation, resulting in a significant negative impact on CCWD's labor and fiscal operations.

1. The usage data from the automated metering system and the Vendor B billing module have not been successfully integrated. In order to complete a billing cycle, an estimated 40 to 80 labor hours are required each month to reconcile data from the two systems.
2. Neither financial services, nor any other business function at CCWD, have migrated to the Vendor B platform. This defeats the goal of managing the corporation with an integrated business solution. In addition, other business services like payroll and outside plant work orders are hosted on unique software applications and should be migrated to the ERP platform.
3. CCWD financial services are still hosted on the Vendor A platform; therefore, there is not an integrated connection between the billing and accounting processes.
4. CCWD has incurred the additional expense of paying two ERP vendors for over two and one-half years.
5. The implementation expense of Vendor B's solution is approximately 50% higher than a similar solution from Vendor A.
6. Issues from the initial implementation of the Vendor B platform have yet to be resolved.
7. Vendor B requires their customers to use a specific credit card processing vendor; therefore, CCWD cannot shop for a more economical solution. The 3.9% processing fee is passed on to the CCWD customer.
8. Delinquent payment notifications and fees were suspended by California emergency State mandate during the COVID crisis. Although the mandate was lifted on June 30, 2021, late fees are not being collected by CCWD due to the ongoing billing issues.

The CCWD BOD received an update in November 2021 on a plan to improve customer service. This plan included the creation of a new management position and was dependent on the migration of finance and payroll to the Vendor B platform. This "phase two" of the data migration was stated to be in progress. The position was created and filled, but to date finance is still running on the Vendor A platform and payroll is still being processed by a third-party vendor.

CCWD Employee Turnover and Workplace Culture

Initially, the premise regarding what might be the cause of the reportedly high CCWD employee turnover rate was pursuit of a higher salary and/or the termination of retiree health benefits (vested employees are still eligible for retiree health benefits). In interviews with current and former employees, these issues were cited but not as top of mind. Negative workplace culture was frequently stated first as the reason for the high employee turnover rate at CCWD.

Interviewees repeatedly stated that a company's workplace culture begins at the top. In examining the top, what immediately stands out is that CCWD has had 14 or more General Managers since the year 2000. The high turnover rate at the General Manager level seems to have set the tone for the rest of the organization. It was suggested that CCWD's General Manager position has been a springboard into upper management at other agencies. The same occurrence plays out with the Service Employees International Union (SEIU) employees who apparently stay with CCWD long enough to get a few certifications before they begin to apply elsewhere, which raises the question of what prompted them to look around for options while they were completing certifications and gaining experience at CCWD.

In general, the top reasons cited for leaving CCWD were:

- The negative workplace culture.
- Poor employee management
- Seeking a higher salary
- The termination of retiree health benefits

Looking at the commonalities of responses from interviewees, it became clear that rank-and-file employees fear retaliation for expressing their opinion about any aspect of operations to CCWD managers. Also, the perception exists that direct communication from any employees to CCWD's BOD was not only discouraged, but there would be repercussions, forcing employees to take drastic measures in order to communicate with a BOD member. This violates California labor code section 1102.5 and CCWD Board Resolution number 2003-67 Policy of Open Communication Between Board Members and Staff.

With the exception of the General Manager position, all employees at CCWD are represented by a bargaining unit. The managers are represented by the Management & Confidential Unit (MCU), and the office staff and field employees are represented by the SEIU. A separate Memorandum of Understanding (MOU) exists for both bargaining units and they are both effective July 1, 2021, through June 30, 2026.

Productive employees are disheartened by the lack of performance accountability at all levels. In general, MCU and SEIU members do not receive regular performance evaluations, with a possible exception during an employee's probationary period. A few interviewees shared that they had not received a performance evaluation in a number of years. Both bargaining units negotiate fixed income steps per job title and cost of living adjustments (COLA), which contributes to the complacency of performing employee evaluations. This compensation structure offers a limited

merit increase component, but without an evaluation, an employee merit increase cannot be justified. Without regular employee evaluations, documentation does not exist for recognition, setting goals and objectives, confidential feedback, or disciplinary action. This has led to a workplace perception that some employees get away with doing the minimum—or less. It should be noted that the SEIU MOU references an employee evaluation policy, however, there is no reference to employee evaluations within the MCU MOU.

During the COVID crisis, employees were allowed to work from home if their job function could be performed remotely. Post-COVID, this practice is still being utilized by MCU and SEIU office employees on a limited basis. The majority of CCWD employees work in the field and are therefore ineligible to work from home. The SEIU office and field employees have the perception that employees working from home are not being monitored for productivity, hence contributing to the perception of a lack of accountability for non-performers.

Given the ratio of field versus office staff employees, there is a perception of a “top-heavy” management structure by the employees performing the operational functions of CCWD and the SEIU office staff. This situation contributes to what has come to light as an “us versus them” workplace culture, with some not feeling as valued as others. The lack of respect is palpable and creates a generalized fear of retaliation. In addition, there is a perception of a management clique, implying that those members receive special privileges.

Positions held by MCU members have a nine-step wage increase structure, as opposed to the five-step structure of SEIU members. The classification of job titles to either MCU or SEIU can be arbitrary. Also, the reclassification of job titles from SEIU to MCU has been exercised as a retention and/or promotion tool. These are more actions that feed the us versus them workplace culture perception.

CCWD provides its employees with one of the highest compensation packages within Calaveras County. The wage and salary schedules at CCWD are within the range of the regional water and wastewater industry. With the exception of limited local opportunities within the East Bay Municipal Utility District, there are few local options to pursue a higher income. CCWD employees are faced with relocation or long commutes if they seek higher income within their industry specialty. For this reason, income is not the top reason for leaving employment with CCWD.

The elimination of retiree health benefits for life has provided substantial savings to CCWD. This benefit and high compensation had contributed to employee longevity—for better or worse. The loss of this benefit has contributed to the employee turnover rate and a loss of institutional knowledge. The effect of this benefit change will be felt until the last vested employee retires.

FINDINGS, RECOMMENDATIONS, RESPONDENTS

Pursuant to Penal Code §933 and §933.05, the Calaveras Civil Grand Jury requires responses within 60 days from elected county official(s), and within 90 days from governing bodies. In order to be included and published in the next CCCGJ report, invited responses must be received within

90 days. After conducting interviews and reviewing reference documents the CCCGJ findings and recommendations are as follows:

F1. The five-year rate increase is disproportionately spread by meter size and usage, which has caused the 5/8" and 3/4" meter customers to bear a greater percentage of the overall rate increase.

R1. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, Calaveras County Water District follow their own policy and recalculate the base and usage rates so that the smaller meter customers are not subsidizing the larger meter customers.

Required Response

Calaveras County Water District Board of Directors

Invited Response

None.

R1a. Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD's internal control system to determine the adequacy of CCWD's controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to "audit any local agency for purposes of determining whether the agency's internal controls are adequate to detect and prevent financial errors and fraud."

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Board of Supervisors

F2. The Lease-To-Own Program has not resulted in the purchase ownership of any vehicles, despite what was stated in Calaveras County Water District's community presentations.

R2. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, Calaveras County Water District publish a correction to the statement made in their community presentations.

Required Response

Calaveras County Water District Board of Directors

Invited Response

None.

R2a. Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD’s internal control system to determine the adequacy of CCWD’s controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to “audit any local agency for purposes of determining whether the agency’s internal controls are adequate to detect and prevent financial errors and fraud.”

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Board of Supervisors

F3. Vehicle Lease-To-Own programs are not always the most effective use of funds.

R3. Calaveras County Civil Grand Jury recommends that the management of Calaveras County Water District, by December 31, 2024, re-evaluate the effectiveness of the Lease To-Own Program by initiating a study that compares the cost of leasing and subsequently returning vehicles, versus the ownership of vehicles throughout a reasonably expected useful lifespan.

Required Response

Calaveras County Water District Board of Directors

Invited Response

None.

R3a. Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD’s internal control system to determine the adequacy of CCWD’s controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to “audit any local agency for purposes of determining whether the agency’s internal controls are adequate to detect and prevent financial errors and fraud.”

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Director of Operations
Calaveras County Board of Supervisors

F4. The practice of assigning district vehicles to management personnel is unnecessary to operations and creates additional expense and liability.

R4. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, all Calaveras County Water District vehicles be used by personnel only within the scope of their job descriptions during business hours with exceptions of after-hours by on-call and emergency response personnel.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Board of Supervisors

R4a. Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD’s internal control system to determine the adequacy of CCWD’s controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds. Government Code Section 12422.5 authorizes the State Controller to “audit any local agency for purposes of determining whether the agency’s internal controls are adequate to detect and prevent financial errors and fraud.”

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Board of Supervisors

F5. The Enterprise Resource Planning software integration issues cause unnecessary inefficiencies in day-to-day operations.

R5. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, Calaveras County Water District contract with an information technology firm that has the expertise to identify and provide an action plan to resolve the current system integration issues.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Business Services Manager
Calaveras County Water District General Manager
Calaveras County Board of Supervisors

R5a. Calaveras County Civil Grand Jury recommends that the Calaveras County Board of Supervisors request that the California State Controller conduct a review of CCWD’s internal control system to determine the adequacy of CCWD’s controls for conducting its operations, preparing financial reports, safeguarding of assets, and ensuring proper use of public funds.

Government Code Section 12422.5 authorizes the State Controller to “audit any local agency for purposes of determining whether the agency’s internal controls are adequate to detect and prevent financial errors and fraud.”

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Business Services Manager
Calaveras County Water District General Manager
Calaveras County Board of Supervisors

R5b. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, a process and timeline be created for the migration of other standalone applications at Calaveras County Water District into their Enterprise Resource Planning platform.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Business Services Manager
Calaveras County Water District General Manager

F6. Given the fear of retaliation, rank and file employees at Calaveras County Water District do not feel they can express their concerns to their superiors.

R6. Calaveras County Grand Jury recommends that, by December 31, 2024, an outside human resource consultant be contracted to address the root of workplace culture issues with all Calaveras County Water District management and employees.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Human Resources Manager

F7. Regularly scheduled employee performance reviews are not being completed in a timely or consistent manner, causing a lack of accountability at all levels of the workforce.

R7a. Calaveras County Grand Jury recommends that all employees in a supervisory level position review the District employee performance evaluation policy and comply with that policy by December 31, 2024.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Human Resources Manager

Calaveras County Water District General Manager

R7b. Calaveras County Civil Grand Jury recommends that, by December 31, 2024, the Calaveras County Water District Human Resources Department document and enforce the execution of regularly scheduled employee performance reviews.

Required Response

Calaveras County Water District Board of Directors

Invited Response

Calaveras County Water District Human Resources Manager

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code §929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.

REFERENCE SOURCES

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Bi-Monthly Water Base Rate Charges by Meter Size effective in 2018 -2022

<https://ccwd.org/wp-content/uploads/2020/01/CCWD-Water-and-Wastewater-Rates-Approved-May-2018.pdf>

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Bi-Monthly Water Base rate Charges by Meter Size effective 2023-2027

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Calaveras County Water District – 2023 Cost-of-Service Study pg6

Posted on 9-25-23

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Vines, Joan & Sharara, Norma – Taxation of Employees' Personal Use of Company Vehicles –
11/11/2021 BDO USA

Toni Hoy – Fiduciary Responsibility: A Complete Guide with Examples – March 21, 2023

California Constitution Article XIII C & D

California Government Codes 53755, 53756

California Labor Code 1102.5

Calaveras County Board Resolution 2003-67

Various Agendas, Agenda Packages, and Minutes from past Calaveras County Water District Board Meetings

A Cost-of-Service rate study is an exhaustive and detailed analysis of the District’s water systems, its customers, customer types and water use characteristics. It is intended to:

- Establish the total projected cost for each system over a five-year period.
- Allocate those costs among customers in a way that ensures that each customer pays its fair share of those costs in compliance with Prop 218.

When allocating costs the study looks at recent and representative water use, such as winter, summer, and peak usage, across all customers classes – residential, non-residential and irrigation. The use of current data is important as water use trends change over time, whether it is due to new customers, or reduced water use as a result of drought or water conservation, or better data detailing consumption trends. The allocations are not arbitrary, nor are they based on past cost of service studies.

The same applies to establishing the five-year cost projections for the District’s water and sewer systems, both operating and capital programs. The cost of operating such a complex and geographically diverse system has changed significantly since the last Cost of Service rate study was performed in 2018. Cost increases across the board, aging infrastructure, and increased regulatory burdens were reflected in the five-year budget projections, or revenue requirements, for operations and capital.

After the revenue requirements are calculated, they are allocated to the three customer classes, then delineated by meter size, and finally into fixed and variable (consumptive) charges, which also have a tiered component.

The fixed meter charge includes two parts:

- Account services:
 - A base charge to an active account spread over all customer classes uniformly.
- Meter capacity:
 - The base meter size and most common meter the District uses is a 5/8” meter. A larger meter passes more water through it and at a faster rate. As such, a larger meter will be charged a higher rate based on the capacity the customer is taking from the water system. As noted below, the base 5/8” rate is then multiplied by an industry standard capacity ratio to determine the meter capacity charge.

Meter Size	Capacity Ratio	Meters	Account Services	Meter Capacity	FY 2024 Proposed Bi-Monthly Base Fixed Charge
5/8"	1.00	13,231	\$25.69	\$110.34	\$136.03
3/4"	1.50	3	\$25.69	\$165.51	\$191.20
1"	2.50	79	\$25.69	\$275.85	\$301.54
1 1/2"	5.00	23	\$25.69	\$551.70	\$577.39
2"	8.00	21	\$25.69	\$882.72	\$908.41
3"	16.00	2	\$25.69	\$1,765.44	\$1,791.13

Attachment B

The fixed rate component is not determined by a percentage increase over the prior rates and should not be viewed as such. To do so would violate Prop 218. The rates are based on current revenue requirements and current water use characteristics. Not those identified in the 2018 Cost of Service rate study. Trying to make a connection to prior rates, other than for comparative purposes, is flawed.

In addition to the fixed rate there is also a variable rate that accounts for the water used by the customer. The variable rate varies by tier and are made up of two components:

- Delivery – A fixed amount spread across all three tiers, and all customer types (residential, non-residential and irrigation).
- Peaking – Accounts for water usage within the three tiers by customer type. It is based on water usage characteristics during summer peak demand periods and how the water was used during the peak time period within the different tiers. These costs are then allocated to the tiers based on the demand they are putting on the District’s water system during peak time.

The three tiers were not created arbitrarily but are based on actual water use characteristics. Tier 1 is based on average winter-time usage, Tier 2 is based on average summer-time usage, and Tier 3 is usage above average summer-time usage. The new tier structure has one less tier than the prior rate structure. The three tiers have clear break point points – winter, summer, and peak usage, and provides more water (5 HCF) in the first and cheapest tier than the previous Tier 1. The following table shows the delivery, peaking and total variable rates by tier for residential, non-residential, and irrigation customers:

Customer Class & Tier	Tier Definitions (HCF)	Delivery	Peaking	FY 2024 Proposed Variable Rate
Residential				
Tier 1	0 - 15	\$1.35	\$0.72	\$2.07
Tier 2	16 - 30	\$1.35	\$0.90	\$2.25
Tier 3	>30	\$1.35	\$1.14	\$2.49
Non-Residential	Uniform	\$1.35	\$0.94	\$2.29
Irrigation	Uniform	\$1.35	\$0.92	\$2.27

The same logic stated above for the fixed rate component above also applies to the variable component of the water rate. The variable is not determined by a percentage increase over the prior rates and should not be viewed as such. To do so would violate Prop 218. The rates are based on current revenue requirements, and current water use characteristics. Not those identified in the 2018 Cost of Service rate study. And trying to make a connection to prior rates, other than for comparative purposes, is faulty.