



MINUTES

CALAVERAS COUNTY WATER DISTRICT SPECIAL BOARD MEETING

SEPTEMBER 6, 2023

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

Staff Present: Michael Minkler, General Manager
Matt Weber Esq, General Counsel
Rebecca Hitchcock, Clerk to the Board
Damon Wyckoff, Director of Operations
Jeff Meyer, Director of Administrative Services
Mark Rincon-Ibarra, District Engineer
Stacey Lollar, Human Resources Manager
Brad Arnold, Water Resources Manager
Jesse Hampton, Plant Operations Manager
Pat Burkhardt, Construction and Maintenance Manager
Kelly Richards, Business Services Manager
Kelly Gerkenmeyer, Water Resources Specialist
Kate Jesus, Human Resources Technician
Kate Darby, Customer Service Representative
Jared Gravette, Construction Inspector
Jason Knick, Construction Inspector
Catherine Eastburn, Accountant
Kelly Soulier-Doyle, Accounting Technician
Dylan Smith, IT Technician
Tiffany Burke, Administrative Technician
Mike DuBurg, Distribution Worker
Jared Devich, Electrician
Doug Turner, Distribution Worker

Others Present:

Habib Isaac, IB Consulting	Roberta Corso
Francisco de la Cruz	Jorge Gonzalez
Jaclyn Hifai	Paula Gonzalez
Jay Hinnell	Penny and James Sheridan
Patrick Roy	Lynn Thompson
Stephanie Hawkins	Approx 70 members of the public online
Marti Crane	
Michael Rodgers	

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. ROLL CALL

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

2. PUBLIC COMMENT

Mark from Arnold asked the Board about how the rate increase affects Blue Lake Springs customers.

3. NEW BUSINESS

- 3a Discussion Regarding CCWD Salaries and Benefits
(Stacey Lollar, Human Resources Manager)

DISCUSSION: Stacey Lollar reviewed the company salaries and benefits. She stated there was an extensive salary survey of comparator agencies done in 2018. In 2021, the District updated the results for use in the negotiations with the employee bargaining units contracts. The salary increase included in the Cost to Serve Study is five percent to cover any staff that qualify for a step increase and the pre-approved COLAs in the contracts. She addressed comments from the public about the General Manager and Director compensation. She stated the General Manager contract is approved in open session at a Board meeting and currently has no increases in his contract. The Board of Directors do not receive a monthly salary. They receive \$120.00 per meeting, up to 6 meetings per month, plus mileage. The Board also receives medical benefits that terminate when they are no longer on the Board.

Mr. Minkler added some clarification about the two unions the District negotiates with. He mentioned that the salary survey was included in the agenda packet.

PUBLIC COMMENT:

Francisco de la Cruz addressed the Board regarding the comparators used in the salary survey. He also asked when a new salary survey would be done.

Mike Rodgers addressed the Board regarding the comparators in the salary survey. He acknowledged that it is difficult to find comparators in the county and how unique the District is compared to the density of the population.

Mr. Minkler added that the complexity of the systems the District workforce operates are comparable to the agencies in the salary survey. The training requirements are comparable to the workforce of the District and many operators are certified in water and wastewater treatment, which is unusual.

Patrick Roy asked what criteria was used in choosing the comparators.

Stacey Lollar listed the criteria used when the comparators were chosen back in 2018.

- Organization structure
- Similarity of population
- Staff and operational budgets
- Scope of services
- Geographic location

Marty Crane commented on the sound in the room.

Mark Pocatelli asked the Board about the expectation of losing employees versus the goal of retention.

Mr. Minkler responded that turnover has been substantial, losing four employees in the last few months to other agencies. He also stated the District Engineer was finally filled after a yearlong recruitment.

Bruce Miller commented on the 100% medical coverage for employees and employee salaries.

Stacey Lollar responded that the District participates in CalPERS and offers a Cash in Lieu option.

Mr. Minkler added that the District must stay competitive in the labor market or run the risk of interruptions in service or degradation of service which cannot happen with water or wastewater service. The District has spent the last few years with small rate increases absorbing significant cost increases that are outside the District's control by efficiencies, cost cutting and budget reductions.

Ray Gillam from Angels Camp protested the rate increase and was told CCWD does not serve Angels Camp.

Sophia from Arnold addressed the Board regarding the salaries of District employees.

3b Update/Discussion Regarding the Cost-of-Service Study
(Jeffrey Meyer, Director of Administrative Services)

DISCUSSION: Jeffrey Meyer reviewed the August 23, 2023, Board meeting, where staff provided an update on the rate study and the District's public outreach efforts. The Board requested that staff research options that could decrease the proposed water and wastewater rate increases. Staff reviewed the key components of the five-year water and wastewater financial models, including the Operating Budget and the five-year Capital Improvement Program (CIP) component, with the objective of targeting cost components that impact rates.

He added that during development of the FY 2023-24 Operating Budget staff went through a comprehensive process to minimize costs in the budget. After multiple iterations and presentations of a preliminary budget to the Finance Committee and the Board, staff reduced the proposed Services and Supplies budget by another \$492,182 and Capital Outlay by \$510,261 in its effort to present a lean and balanced budget. Furthermore, staff prepared a list of Capital Outlay and Services and Supplies budget items that are on hold until the results of the Prop 218 hearing are known. These items were not cut outright from the budget because they create operational efficiencies that help reduce overall costs, but the expenditures are on hold. Other items, such as the Ozone Generator for Copperopolis water treatment, were deemed too urgent to delay.

He reviewed the work staff did on the Five-Year CIP used in the financial models. This original plan totaled \$200.6 million, which included \$107.6 million in water projects and \$93.0 million in wastewater projects. While all the projects are considered high priority critical infrastructure projects, staff continued to revise the CIP because of the impact such a large CIP program would have on rates. Operations and Engineering Departments reviewed the risks associated with each project, including the risk of deferral, and made the difficult decisions on which projects would be deferred to years 6–10 and beyond. This effort reduced the Five-Year CIP by \$115.3 million to \$85.3 million, thus reducing the required water and wastewater rates increases. The rate model has \$51,172,825 in water projects and \$34,163,038 in wastewater projects.

In evaluating further cuts to the CIP program with the goal of minimizing rate increases, there are some crucial considerations to consider. First, some of the remaining projects are funded by grants, loans, or restricted reserves, such as expansion funds. Cutting projects that draw from these sources of funds will have little or no impact on rates. The remaining projects that are funded at least in part by rate revenue include some that are a local cost share, so the District would have to reject other sources of funds that help cover the costs of these projects. Other projects that are fully funded by rate revenue are high-priority projects. Staff will continue to seek other sources of funds for these projects, which could decrease rates in the later years of the rate schedule, but they were deemed too critical to leave unfunded at the time the financial plan was completed.

Director Secada asked if grant income was included in the budget. Mr. Meyer responded that any awarded grant funding has been included but no potential grants have been included since they are not guaranteed. If grant monies are awarded in the future, it would reduce the project costs of the projects on the list.

Director Davidson stated the public needs to understand that the CIP is project driven. The projects need to be done and the plan will get things fixed before they run to failure.

Mr. Meyer reviewed the amended CIP list for water. He stated staff made hard decisions and moved projects out, further reducing the CIP budget by \$56,870,000. Those projects do not go away as they are simply deferred. He then reviewed the amended CIP list for wastewater. After an exhaustive review, staff deferred projects for a final reduction to the CIP Budget by \$58,995,000.

Michael Minkler highlighted the projects listed in yellow that give the District flexibility to reduce rates because they are funded by rate revenue.

Total Five-Year CIP Budget		Draft Budget
Water Projects		
Wallace Tanks	11083W	1,500,000
West Point Backup Water Filter / MAC IRWMP	11106	530,000
West Point Regulator Repair/Tule Removal	TBDWPT	100,000
Ebbetts Pass Sawmill Tank	11083S	3,000,000
Hunters Raw Water Pumps (Hazard Mitigation)	11103	2,000,000
Big Trees Pump Stations 4&5 Replacement	11108	2,100,000
White Pines Tule Removal/Spillway	11109	96,715
Ebbetts Pass Larkspur Pump Station Rehab / Electrical	11115	1,500,000
Copper Cove Tank B / Clearwell (11079/11080)	11083C	8,000,000
Lake Tulloch Submerged Water Line Crossing	11104	7,800,000
Copper Cove Zone B-C Trans Pipeline & Pump Stations	11122	10,000,000
Jenny Lind Clearwell #2 / Repair & Paint-TANKS PROJECT	11083J	350,000
Jenny Lind Tank A-B Transmission Line	11088	13,136,110
Jenny Lind Tanks A, B, E & F Rehabilitation	11119	5,000,000
Jenny Lind WTP - Rehab Filters 1 & 2	11131	1,020,000
Tank Rehab Program		6,000,000
O'Byrne's Ferry Water Line Extension	TBDCC	110,000
Jenny Lind Tank C Replacement	11121	1,000,000
Middle Fork Pump Station & Intake Replacement	11124	5,000,000
Middle Fork Pump Station Transmission Line Replacement	11123	5,000,000
Jenny Lind Intake Structure Replacement		10,000,000
Sheep Ranch Water Distribution System Replacement		6,000,000
Sheep Ranch Raw Water Diversion, Pumping/Conveyance		11,000,000
CC WTP Raw Water Pump Station Rehabilitation		5,000,000
Sheep Ranch Water Treatment Plant Replacement		2,800,000
Subtotal		108,042,825

Total Five-Year CIP Budget		Draft Budget	Final Budget	Variance
Water Projects				
Wallace Tanks	11083W	1,500,000	1,500,000	-
West Point Backup Water Filter / MAC IRWMP	11106	530,000	530,000	-
West Point Regulator Repair/Tule Removal	TBDWPT	100,000	200,000	100,000
Ebbetts Pass Sawmill Tank	11083S	3,000,000	3,000,000	-
Hunters Raw Water Pumps (Hazard Mitigation)	11103	2,000,000	2,000,000	-
Big Trees Pump Stations 4&5 Replacement	11108	2,100,000	2,100,000	-
White Pines Tule Removal/Spillway	11109	96,715	96,715	-
Ebbetts Pass Larkspur Pump Station Rehab / Electrical	11115	1,500,000	1,500,000	-
Copper Cove Tank B / Clearwell (11079/11080)	11083C	8,000,000	8,000,000	-
Lake Tulloch Submerged Water Line Crossing	11104	7,800,000	750,000	(7,050,000)
Copper Cove Zone B-C Trans Pipeline & Pump Stations	11122	10,000,000	10,000,000	-
Jenny Lind Clearwell #2 / Repair & Paint-TANKS PROJECT	11083J	350,000	350,000	-
Jenny Lind Tank A-B Transmission Line	11088	13,136,110	13,136,110	-
Jenny Lind Tanks A, B, E & F Rehabilitation	11119	5,000,000	1,500,000	(3,500,000)
Jenny Lind WTP - Rehab Filters 1 & 2	11131	1,020,000	510,000	(510,000)
Tank Rehab Program		6,000,000	6,000,000	-
O'Byrne's Ferry Water Line Extension	TBDCC	110,000	-	(110,000)
Jenny Lind Tank C Replacement	11121	1,000,000	-	(1,000,000)
Middle Fork Pump Station & Intake Replacement	11124	5,000,000	-	(5,000,000)
Middle Fork Pump Station Transmission Line Replacement	11123	5,000,000	-	(5,000,000)
Jenny Lind Intake Structure Replacement		10,000,000	-	(10,000,000)
Sheep Ranch Water Distribution System Replacement		6,000,000	-	(6,000,000)
Sheep Ranch Raw Water Diversion, Pumping/Conveyance		11,000,000	-	(11,000,000)
CC WTP Raw Water Pump Station Rehabilitation		5,000,000	-	(5,000,000)
Sheep Ranch Water Treatment Plant Replacement		2,800,000	-	(2,800,000)
Subtotal		108,042,825	51,172,825	(56,870,000)

Total Five-Year CIP Budget		Draft Budget
Wastewater Projects		
LC Biolac, Clarifier & UV Improvements	15097	19,090,000
Huckleberry Lift Station Improvements		1,123,038
West Point / Wilseyville Consolidation Project	15091	5,000,000
Arnold Secondary Clarifier & WWTP Improvements	15095	10,500,000
FM UV Disinfection System Replacement	15106	300,000
Arnold Lift Station 2 & 3 Rehabilitation	TBD	5,000,000
CC Lift Station 6, 8 & Force Main Bypass	15076	3,000,000
CC Lift Station 15 & 18 Rehab/Replacement	15080	3,100,000
CC Tertiary, DAF & UV Improvements	15094	9,500,000
CC Pond 6 Dam Raise	15112	11,000,000
CC Lower & Upper X-Country Gravity Sewer & Force Main		5,000,000
Collection System Rehab and I&I Mitigation	15109	1,800,000
Vallecito WWTP System Improvements	15111	100,000
Wallace Treatment Plant Renovations	15087	75,000
La Contenta Spray Fields	15101	1,200,000
Copper Cove Lift Station Rehabilitation	TBD	2,500,000
CC Secondary Bio., Clarification and Solids Handling	15094-S	13,780,000
CC Wastewater Ponds - Solids Removal and Disposal		1,000,000
Subtotal		93,068,038

Total	201,110,863
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Total Five-Year CIP Budget		Draft Budget	Final Budget	Variance
Wastewater Projects				
LC Biolac, Clarifier & UV Improvements	15097	19,090,000	5,500,000	(13,590,000)
Huckleberry Lift Station Improvements		1,123,038	1,123,038	-
West Point / Wilseyville Consolidation Project	15091	5,000,000	5,000,000	-
Arnold Secondary Clarifier & WWTP Improvements	15095	10,500,000	7,850,000	(2,650,000)
FM UV Disinfection System Replacement	15106	300,000	300,000	-
Arnold Lift Station 2 & 3 Rehabilitation	TBD	5,000,000	500,000	(4,500,000)
CC Lift Station 6, 8 & Force Main Bypass	15076	3,000,000	3,000,000	-
CC Lift Station 15 & 18 Rehab/Replacement	15080	3,100,000	3,100,000	-
CC Tertiary, DAF & UV Improvements	15094	9,500,000	1,746,190	(7,753,810)
CC Pond 6 Dam Raise	15112	11,000,000	4,343,810	(6,656,190)
CC Lower & Upper X-Country Gravity Sewer & Force Main		5,000,000	1,000,000	(4,000,000)
Collection System Rehab and I&I Mitigation	15109	1,800,000	700,000	(1,100,000)
Vallecito WWTP System Improvements	15111	100,000	-	(100,000)
Wallace Treatment Plant Renovations	15087	75,000	-	(75,000)
La Contenta Spray Fields	15101	1,200,000	-	(1,200,000)
Copper Cove Lift Station Rehabilitation	TBD	2,500,000	-	(2,500,000)
CC Secondary Bio., Clarification and Solids Handling	15094-S	13,780,000	-	(13,780,000)
CC Wastewater Ponds - Solids Removal and Disposal		1,000,000	-	(1,000,000)
Subtotal		93,068,038	34,163,038	(58,905,000)

Total	201,110,863	85,335,863	(115,775,000)
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Director Davidson asked about the current capacity of the La Contenta Wastewater system. Damon Wyckoff addressed the needs of the facility.

Damon Wyckoff reviewed each of the projects in detail and the risk of deferring each of them. He detailed the Wallace Tanks project and the Big Trees Pump Stations 4 & 5 Replacement.

RECESS was called at 2:42 p.m. **SESSION RESUMED** at 2:51 p.m.

Damon Wyckoff continued with detailing the Jenny Lind A, B, E, & F Rehabilitation Project.

There was significant discussion between staff and the Board regarding the impact of deferring the projects on the list. He then discussed the La Contenta Clarifier & UV Improvements and the Huckelberry Lift Station Improvements on the wastewater CIP.

Habib Isaac presented the impact of deferring the projects on the list on the rate increase percentages.

Revenue Adjustments: Water

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Proposed	22%	18%	16%	16%	15%
Adjusted	22%	12%	13%	13%	13%

Revenue Adjustments: Wastewater

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Proposed	14%	14%	14%	14%	3%
Adjusted	12%	12%	12%	12%	5%

Director Secada asked about other items besides projects that were cut from the budget.

Director Thomas asked about adding grants to the projections to lower the rate adjustments and the possibility of adopting only three years instead of five. Mr. Isaac stated grants should not be added to the plan as they are not guaranteed and recommended adopting all five years. He stated each year at the time of adopting the new rates, the Board can re-evaluate and possibly adopt less.

Mr. Minkler added that whatever rates are adopted at the hearing next week would be the maximum rate increase and the Board could adopt less each year without going through the Proposition 218 process again. He mentioned that the CCWD Board has done that in past years.

The Board asked Habib Issac about the annual updates offered by IB Consulting and he described the work effort and cost of an annual update if needed. He also explained that after the Cost-of-Service Study, the District now owns the rate model and District staff can update annually as well.

Director Secada stated she would like to see spending freezes at the District if these rates are implemented. She addressed items she thought could be reduced to help lower the budget.

Mr. Minkler pointed out that the District has absorbed cost increases over the last few years by cutting the budgets and finding cost savings wherever possible.

Director Thomas said he thinks the cost of construction is going back down and hopes the projects listed will not end up costing as much as planned. He wants to ensure if there are cost savings, they can be used to lower rates and not be used to fund other repairs. Mr. Minkler stated that a cost and benefit analysis would have to be done at the time to determine the best use of the funds.

PUBLIC COMMENT:

Marty Crane addressed the Board regarding the proposed rates, gave kudos to the hard work of staff, and addressed the growth in Valley Springs.

Francisco de la Cruz addressed the Board regarding the need for performance metrics at the District.

Pat Roy stated ratepayers understand the need for a rate increase, but everyone is dealing with so many increases such as fire insurance, gas, groceries, and PG&E. He also asked about the process of counting the Prop 218 protest letters.

Stephanie from Valley Springs asked about the District's reserve accounts.

A member of the public asked about cutting office staff wages.

Mark from Arnold asked if projects are done with internal staff or contractors, purchasing leverage, and District culture.

Robbin Danfelt asked about adding potential grant funds into the rate study.

Ralph Copeland stated his concern that Copper Cove Transmission line Zone B & C is for future growth without any financial impact to the developer.

Hillary from Copperopolis asked about the California Air Resources Board Clean Fleet rule and what members of the public can do to help.

Bruce Miller addressed the Board regarding debt service, water usage, and his belief that if grant funding is acquired, projects would be moved forward in the CIP list before lowering rates.

Mr. Minker and Director Ratterman addressed the transparency of the process of counting the protest letters. There is a list available of all the letters received and counted which includes any invalid letters with reasons why they are invalid. The letters that come in at the rate hearing will be counted in the boardroom up until the end of the Public Hearing.

A member of the public asked about the rate comparisons and how many customers are on fixed incomes.

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

Director Secada asked for an update on the CAP Program, Scholarship Program, Blue Lake Springs, Metrics, a Dashboard, and projected grant income scenarios.

Director Thomas responded to a public comment stating that growth is good for the County.

Director Davidson stated the PowerPoint presented by the District at the Town Hall meetings is very well done and has all the information everyone needs to understand the "why" of the rate increase.

Director Underhill stated she is also a ratepayer and takes this decision very seriously.

Director Ratterman thanked everyone for the decorum at this meeting.

5. **NEXT BOARD MEETINGS**

- **Wednesday, September 13, 2023, 5:30 p.m., Public Hearing**
- Wednesday, September 27, 2023, 1:00 p.m., Regular Board Meeting

6. **ADJOURNMENT**

With no further business, the meeting adjourned at approximately 5:22 p.m.

By:



Michael Minkler
General Manager

ATTEST:



Rebecca Hitchcock
Clerk to the Board