

**RESOLUTION NO. 2024-56**  
**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, September 25, 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.

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## 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#

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### 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 September 11, 2024  
(Rebecca Hitchcock, Clerk to the Board)

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

4. NEW BUSINESS

4a Discussion/Action regarding USBR WaterSMART Grant Application  
(Kevin Williams, Senior Civil Engineer) RES 2024-\_\_\_\_\_

4b\* Discussion regarding CCWD's water treatment processes and water quality  
(Damon Wyckoff, Director of Operations)

4c Discussion/Direction regarding CCWD's Response to the Calaveras County 2023-24 Grand Jury Report  
(Michael Minkler, General Manager)

5. REPORTS

5a\* External Affairs Report  
(Kelly Gerkenmeyer, External Affairs Manager)

5b\* General Manager's Report  
(Michael Minkler)

6.\* BOARD REPORTS / INFORMATION / FUTURE AGENDA ITEMS

7. NEXT BOARD MEETINGS

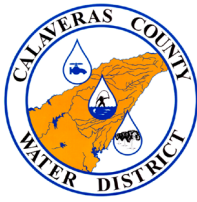
- Wednesday, October 9, 2024, 1:00 p.m., Regular Board Meeting
- Wednesday, October 23, 2024, 1:00 p.m., Regular Board Meeting

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 cases
- 8b Conference with Legal Counsel – Pending Litigation. Government Code section 54956.9(d)(5) In re: *Aqueous Film-Forming Foams Products Liability Litigation (S.D. South Carolina, MDL No. 2: 18-mn-2873-RMG)*; (6)

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)

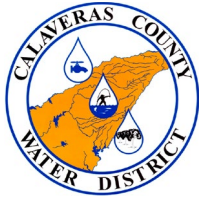
\* Standing committees, meetings of which require agendas & public notice 72 hours in advance of meeting.

\*\* The 1<sup>st</sup> name listed is the committee chairperson.

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## MINUTES

### CALAVERAS COUNTY WATER DISTRICT REGULAR BOARD MEETING

SEPTEMBER 11, 2024

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

Directors Absent: Scott Ratterman, Director

Staff Present: Michael Minkler, General Manager  
Matt Weber Esq, General Counsel\*  
Rebecca Hitchcock, Clerk to the Board  
Damon Wyckoff, Director of Operations  
Pat Burkhardt, Construction and Maintenance Manager  
John Coleman, Water Resources Manager  
Jeffrey Meyer, Director of Administrative Services  
Kelly Gerkensmeyer, External Affairs Manager  
Jesse Hampton, Plant Operations Manager  
Kevin Williams, Senior Civil Engineer  
Mark Rincon-Ibarra, District Engineer  
Juan Maya, Civil Engineer  
Kate Jesus, Human Resources Technician\*  
Haley Airola, Engineering Coordinator\*  
Corinne Skrbina, Customer Service\*  
Robin Patolo, Customer Service\*  
Bana Rouson-Gedese, Water Resources Specialist\*  
Tiffany Burke, Operations Administrative Technician\*  
Kelly Soulier-Doyle, Accounting Technician\*  
Kylie Muetterties, Accountant\*  
Jared Gravette, Construction Inspector\*

Others Present: Francisco de la Cruz\*  
Patrick Roy\*  
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. Director Ratterman was absent.

2. **PUBLIC COMMENT**

Public comment was given by Francisco de la Cruz and Pat Roy.

3. **CONSENT AGENDA**

- 3a Approval of Minutes for the Board Meeting of August 28, 2024  
(Rebecca Hitchcock, Clerk to the Board)
- 3b Review Board of Directors Monthly Time Sheets for August 2024  
(Rebecca Hitchcock, Clerk to the Board)
- 3c Ratify Claim Summary #630 Secretarial Fund in the Amount of \$3,641,444.48 for  
August 2024  
(Jeffrey Meyer, Director of Administrative Services) **RES 2024-53**
- 3d Approval of Credit Adjustment for APN 023-051-013  
(Kelly Richards, Business Services Manager) **RES 2024-54**

**MOTION:** Director Secada/Davidson Moved to approve the Consent Agenda Items  
3a, 3b, 3c, and 3d as presented

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

4. **NEW BUSINESS**

- 4a [Discussion/Action regarding an Amendment for Blackwater Engineering for Design of  
New Water Storage Tank in Wallace CIP#11083W](#)  
(Kevin Williams, Senior Civil Engineer) **RES 2024-55**

**MOTION:** Directors Davidson/Underhill– Moved to approve Resolution No. 2024-  
55, Approving the Amendment to the Blackwater Engineering Contract  
to Include Engineering for Design of New Water Storage Tank in  
Wallace CIP#11083W as amended

**DISCUSSION:** Kevin Williams presented the proposed amendment to the Blackwater Contract  
including the change in the cost from what was included in the agenda package. The total cost of  
the project changed from \$365,063 to \$341,947.

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

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

5. **REPORTS**

- 5a [Report on the August 2024 Operations Department](#)  
(Damon Wyckoff, Director of Operations)

**DISCUSSION:** Damon Wyckoff presented the August 2024 Monthly Operations report. He reviewed items of interest and answered questions from the Board.

**PUBLIC COMMENT:** Public comment was given by Pat Roy.

5b [General Manager's Report](#)  
(Michael Minkler)

Mr. Minkler reported on the following activities: 1) the Engineering Committee meeting; 2) two lift stations are starting up in Copperopolis; 3) and the West Point Wilseyville Wastewater Treatment Consolidation project is wrapping up; 4) the Tyler software implementation; 5) the External Relations Committee meeting; 6) a meeting with Tyler Mayo at Blue Lake Springs; 7) the North Fork presentation at Union Public Utility District (UPUD); 8) discussions regarding an emergency intertie between CCWD and UPUD; 9) the NCPA negotiations; and 10) the Groundwater Sustainability Plan Update is now available for public comment.

## **6. BOARD REPORTS / INFORMATION / FUTURE AGENDA ITEMS**

Director Underhill reported on an event she attended in Coulterville.

Director Davidson reported on a meeting he attended with SEIU and a recent social media post regarding CCWD's water quality.

Director Secada asked for quarterly grants updates to be presented to the Board.

Director Thomas reported on the misinformation contained in social media posts.

**PUBLIC COMMENT:** Public comment was given by Francisco de la Cruz and Pat Roy.

## **7. NEXT BOARD MEETINGS**

- Wednesday, September 25, 2024, 1:00 p.m., Regular Board Meeting
- Wednesday, October 9, 2024, 1:00 p.m., Regular Board Meeting

## **8. CLOSED SESSION**

The meeting adjourned into Closed Session at approximately 2:21 p.m. Those present were Board Members: Cindy Secada, Russ Thomas, Bertha Underhill, and Jeff Davidson; staff member Michael Minkler, General Manager; and General Counsel Matt Weber.

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

## **9. REPORTABLE ACTION FROM CLOSED SESSION**

The Board reconvened into Open Session at approximately 3:27 p.m. There was no reportable action.



**10. ADJOURNMENT**

With no further business, the meeting adjourned at approximately 3:27 p.m.

By:

ATTEST:

\_\_\_\_\_  
Michael Minkler  
General Manager

\_\_\_\_\_  
Rebecca Hitchcock  
Clerk to the Board

DRAFT

3b

A G E N D A  
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3b

# Agenda Item

DATE: September 25, 2024  
TO: Michael Minkler, General Manager  
FROM: Jeffrey Meyer, Director of Administrative Services  
SUBJECT: Report on the Monthly Investment Transactions for August 2024

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## 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 July the District moved \$3.0 million from LAIF to the District's Operating Account at Umpqua Bank to fund CIP expenditures. These funds were restored in August via a withdrawal from the U.S. Bank's 2022 Water and Sewer CIP Loan accounts. During August, 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
<b>Book Value at 6/30/2024</b>	<b>4,887,277.45</b>	<b>20,450,459.76</b>	<b>20,194,928.86</b>	<b>7,607,555.74</b>
Security Purchases		472,866.64	-	
Interest			74293.8	27,986.94
Security Sales		(227,432.98)		
Change in Cash, Payables, Receivables		(7,726.19)		
Principal Paydown		(28,564.23)		
Money Market Fund Withdrawals				
Amortization/Accretion		2,319.27		
Gain/Loss on Dispositions				
Withdrawals, Operating Cash	3,000,000.00	(145,000.00)	(4,179,989.48)	(1,856,799.61)
<b>Book Value at 7/31/2024</b>	<b>7,887,277.45</b>	<b>20,516,922.27</b>	<b>16,089,233.18</b>	<b>5,778,743.07</b>

LAIF (Local Agency Investment Fund) daily interest rates are 4.53% as of August 31, 2024.

**CALAVERAS COUNTY WATER DISTRICT**  
**INVESTMENT ACTIVITY**  
**FOR THE MONTH ENDED August 31, 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	7,887,277.45	7,887,277.45	7,887,277.45	4.530%	ongoing	-
Chandler Asset Management	Restricted/Reserves/Expansion/AD/CIP	20,352,211.85	20,516,922.27	20,625,386.28	3.040%	ongoing	66,462.51
U.S. Bank - CIP Water Loan	Committed to Specific CIP Projects	16,089,233.18	16,089,233.18	16,089,233.18	4.200%	ongoing	74,293.80
U.S. Bank - CIP Sewer Loan	Committed to Specific CIP Projects	5,778,743.07	5,778,743.07	5,778,743.07	4.200%	ongoing	27,986.94
<b>Totals</b>		<b>50,107,465.55</b>	<b>50,272,175.97</b>	<b>50,380,639.98</b>			<b>168,743.25</b>

**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
<b>Book Value at 6/30/2024</b>	<b>4,887,277.45</b>	<b>20,450,459.76</b>	<b>20,194,928.86</b>	<b>7,607,555.74</b>
Security Purchases		472,866.64	-	
Interest			74293.8	27,986.94
Security Sales		(227,432.98)		
Change in Cash, Payables, Receivables		(7,726.19)		
Principal Paydown		(28,564.23)		
Money Market Fund Withdrawals				
Amortization/Accretion		2,319.27		
Gain/Loss on Dispositions				
Withdrawals, Operating Cash	3,000,000.00	(145,000.00)	(4,179,989.48)	(1,856,799.61)
<b>Book Value at 7/31/2024</b>	<b>7,887,277.45</b>	<b>20,516,922.27</b>	<b>16,089,233.18</b>	<b>5,778,743.07</b>

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

FOR THE MONTH ENDED August 31, 2024

INVESTMENT TRUSTEE/TYPE	MARKET VALUE	INVESTMENT COST			Dividends Earned	Interest Earned
		BOOK	PAR Value/Units	CPN RATE		
Asset Backed Security	887,691.52	881,596.57	881,684.91	4.34%		2,678.11
Agency Securities	4,218,300.24	4,192,737.97	4,200,000.00	3.33%		750.00
Agency CMBS	1,306,749.62	1,302,350.98	1,326,504.89	3.79%		3,913.71
Corporate Securities	5,530,178.78	5,510,366.54	5,525,000.00	3.83%		41,461.53
Money Market Fund (Cash)	37,196.48	37,196.48	37,196.48	4.89%	-	-
Municipal Bonds	209,694.00	202,681.67	200,000.00	5.12%		-
Supranational Securities	776,502.78	804,291.53	805,000.00	0.69%		-
US Treasury	7,385,898.44	7,585,700.54	7,650,000.00	2.18%		-
<b>Totals</b>	<b>20,352,211.86</b>	<b>20,516,922.28</b>	<b>20,625,386.28</b>	<b>3.04%</b>	-	<b>48,803.35</b>

4a



A G E N D A  
I T E M

4a

# Agenda Item

DATE: September 25, 2024

TO: Board of Directors, Calaveras County Water District  
Michael Minkler, General Manager

FROM: Kevin Williams, Senior Civil Engineer

RE: Discussion/Action regarding Grant Application – U.S. Bureau of Reclamation (Reclamation) Water Smart Drought Response Program – Ebbetts Pass Timber Trails Tank

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## **SUMMARY:**

Staff are pursuing grant funding through the US Bureau of Reclamation (Reclamation) Water Smart Program. The Proposed Project is to replace the deteriorating Timber Trails Redwood Tank with a new larger steel tank and replace the existing pump station with a modern pump station that includes essential equipment such as SCADA controls and a backup generator. This Project will enhance water reliability through increased water storage/pumping capacity, minimize water loss from tank leakage, and reduce the risk from wildfire by constructing an ignition resistant tank and providing water system fire flow capacity.

Reclamation provides matching funds up to \$3 Million for construction projects under the Water Smart Drought Response Program. The Ebbetts Pass Water System and Timber Trails Tank have an important nexus with Reclamations by way of the Stanislaus River that flows into New Melones Reservoir. This nexus increases grant evaluation scoring and likelihood of obtaining grant funds.

Landstedt Consulting, the District grant consultant, evaluated the grant program criteria and recommended we move forward with applying. Landstedt will be assisting the District in submitting a competitive grant application.

Staff is requesting concurrence and support from the Board of Directors to submit the grant application for Timber Trails Tank and Pump Station. Staff will work with Reclamation to meet established deadlines for entering into a grant agreement.

## **FINANCIAL CONSIDERATIONS**

The maximum eligible project cost under this grant is \$6 Million with 50% local match or maximum of \$3 Million in match. The source of the match would come from Capital R&R Fund 125. If the Project cost is less than \$6 Million, we would only be responsible for 50%

of the actual Project Cost. Landstedt Consulting has a fee of \$24,625 for submission of complete grant application. Funding for the grant application will come from the Engineering Department Operating Budget and no budget increase is needed. If the application is successful, costs associated with submitting the application are reimbursable up to 50% under this grant. This completed application can be used as a template for staff to submit future applications for re-occurring Water Smart Grants.

The Engineers Estimate for design and construction of the Water Storage Tank and the associated pump station improvements is \$3 Million. The Capital Improvement Plan Program includes a Tank Rehabilitation Program and Timber Trails is included as part of the rehabilitation.

*Attachments:*

*1) Resolution Authorizing Submission of Grant to Reclamation*



**RESOLUTION NO: 2024-**

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

**AUTHORIZING A WATERSMART: DROUGHT RESPONSE PROGRAM - DROUGHT  
RESILIENCY PROJECTS FOR FY 2025 FUNDING APPLICATION AND  
AGREEMENT EXECUTION WITH THE UNITED STATES BUREAU OF  
RECLAMATION**

**WHEREAS**, Calaveras County Water District (the “District”) is pursuing funding for the Timber Trails Tank and Pump Station Project. The Project will replace the deteriorating 52,000-gallon redwood potable water storage tank with a 120,000-gallon steel tank constructed of ignition-resistant materials, construction of a new efficient pump station, and the creation of defensible space around the new tank and pump station. This project will enhance water reliability through increased water storage, eliminate water loss from leakage, increase reliability, build long-term resilience to drought, and mitigate the extreme risk of destruction by wildfire;

**WHEREAS**, the U.S. Bureau of Reclamation (Reclamation) is soliciting applications for the WaterSMART: Drought Response Program – Drought Resiliency Projects for FY 2025, Notice of Funding Opportunity No. R25AS00013;

**WHEREAS**, the District is preparing a grant application under this Program for the Project with an application due date of October 7, 2024; and

**WHEREAS**, Reclamation has directed applicants to provide the following information and assurances : (1) identify the official with legal authority to enter into a financial assistance agreement, (2) confirm the Board of Directors or appropriate official has reviewed and supports the application submitted, and (3) the District will work with Reclamation to meet established deadlines for entering into a grant agreement.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the District as follows:

The General Manager, or his/her designee (collectively, the “Authorized Representative”) is hereby identified, authorized and directed to sign and file, for and on behalf of the District, an Application for Federal Assistance for grant funding from Reclamation.

The Authorized Representative has reviewed and supports the application. The District, by and through its Authorized Representative, will work with Reclamation to meet established deadlines for entering into a financial assistance agreement.

The Authorized Representative is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from Reclamation and any amendments or changes thereto. The Authorized Representative is also authorized to prepare and present to the

Board of Directors any subsequent resolution or other documentation that may be required for the financial assistance application or agreement.

The Authorized Representative is designated to represent the District in fulfilling the District's responsibilities under the financial assistance agreement, including certifying disbursement requests on behalf of the District and compliance with applicable state and federal laws.

**PASSED AND ADOPTED** this 25th day of September 2024 by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

CALAVERAS COUNTY WATER DISTRICT

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Russ Thomas, President  
Board of Directors

ATTEST:

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Rebecca Hitchcock  
Clerk to the Board

4c



AGENDA  
ITEM

4c

# Agenda Item

DATE: September 25, 2024

TO: Board of Directors

FROM: Michael Minkler, General Manager

SUBJECT: Discussion/Action regarding the CCWD's Response to the Calaveras County 2023-24 Grand Jury Report

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## **RECOMMENDED ACTION:**

Motion: \_\_\_\_\_ / \_\_\_\_\_ by Minute Entry to authorize the General Manager to send the drafted response letter to the Grand Jury.

## **SUMMARY:**

The attached drafted letter and formal response to the [2023-24 Final Grand Jury Report](#) has been prepared for the Board of Director's review and approval.

Of interest to CCWD, the Calaveras County Grand Jury is tasked with the examination of County, city government, and special districts to ensure their duties are being lawfully carried out. The Grand Jury reviews and evaluates procedures, methods, and systems utilized by these agencies to determine if more efficient and economical programs may be used for the betterment of the County's citizens. Every year the Grand Jury prepares a final report summarizing their findings and recommendations which is released to the Superior Court Judge by July 1 of each year.

As a matter of formal and legal protocol, the District must provide timely responses to any findings and recommendations contained in the report that were addressed to CCWD. The governing body of any each agency must provide their response to the Presiding Judge of the Superior Court.

## **FINANCIAL CONSIDERATIONS:**

None.

## Calaveras County Water District Draft Response to 2023/24 Grand Jury Report

**Finding F1, Pg. 12:** 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.

**CCWD Response to Finding 1, Pg. 12:** CCWD disagrees with the finding.

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 Report's Finding F1 states that 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 the redistribution of consumptive costs among different meter sizes, but it does not address the basis for those changes. 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 actual cost of service.

When allocating costs, the rate study looked 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, reduced water use because of drought or water conservation, change in water efficiency, or improved 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 drivers such as high inflation, energy, chemicals, 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 determined, those costs are allocated to each customer in proportion to their demand on the system. The revenue requirements are recovered through fixed charges and commodity rates (consumptive) charges, which also have a tiered component.

**Calaveras County Water District Draft Response to 2023/24 Grand Jury Report**

<b>Meter Size</b>	<b>Capacity Ratio</b>	<b>Meters</b>	<b>Account Services</b>	<b>Meter Capacity</b>	<b>FY 2024 Proposed BI-Monthly Base Fixed Charge</b>
5/8"	1.00	13,231	\$25.69	\$110.34	\$136.03
3/4"	1.50	3	\$25.69	\$165.51	\$191.70
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

The fixed rate component is not determined by a percentage increase over the prior rates and should not be viewed as such. The new rate study includes a comprehensive new analysis of the cost of providing service to each customer class and corresponding account. Therefore, the cost allocations to each customer class are recalibrated based on the current meter and consumption (water usage) data. FY 2024, the first year of the new rate study, includes not only an increase in revenue but also appropriately reflects the updated reallocation of costs to each customer class. This results in a different rate increase by customer class in FY 2024, which is then increased in future years by the corresponding revenue adjustments for each subsequent fiscal year (12%, 13%, 7%, 7%). Trying to make a direct connection to prior rates is not the correct analysis and oversimplifies the work that was done to ensure rates are fairly and proportionately allocated.

CCWD changed the rate structure to ensure that the charges to each class of customer accurately reflected the cost of service. CCWD 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 customers based on actual water use characteristics, which is what we did.

**R1. Recommendation for Finding 1, Pg. 12:** *“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.”*

**CCWD Response to Recommendation for Finding 1, Pg. 12:**

The recommendation implies that CCWD did not follow its own policy when it adopted the new rate schedule, but it does not cite any policy that was violated. The Report quotes language from CCWD’s website, which explains that larger meters pay more for greater capacity to ensure customers with smaller meters are subsidizing customers with larger meters. As shown in the table above, larger meters still pay significantly more than smaller meters to account for their share of system capacity and the cost of service. That does not mean, however, that rates will always increase by the same percentage.

As explained in detail in response to F1, CCWD did a comprehensive study to ensure the cost of service is fairly allocated among the different meter sizes. We did not simply apply

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a flat increase to each meter size nor did we give a discount to any customer class, which would have been prohibited by Prop 218.

CCWD's decision to change the rate structure and the basis for the differential rate increases are supported by the information in the Cost-of-Service study. As such, CCWD does not see the need to recalculate the base and usage rates, nor change the rates charged to smaller meter customers as they are not subsidizing the larger meter customers.

**Recommendation for Finding 1a, Pg. 12:** *“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.”*

### **CCWD Response to Recommendation for Finding 1a, Pg. 12:**

CCWD follows all generally accepted accounting standards and is audited every fiscal year by an outside certified public accounting firm that is well versed in water and wastewater enterprise accounting. The audits are reviewed in public Board meetings every year and are available for public review. Auditors have found nothing to support the Grand Jury recommendation 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. Since CCWD reviews its internal controls every year during its annual audit, we don't see the need to conduct additional review, which would put an undue burden on staff. Nonetheless, CCWD is committed to transparency and would fully cooperate if additional regulatory oversight was required.

**Finding 2, Pg.12:** *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.*

**CCWD Response to Finding 2, Pg. 12:** CCWD disagrees with the finding.

The Enterprise lease-to-own program that CCWD participates in is not a conventional vehicle lease program in that CCWD retains the equity it invests in each vehicle. Some of the key features of the program that are not accurately described in the Report, include:

- 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 some options:
  - Own the vehicle
  - Sell the vehicle and keep the profit

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- Sell the vehicle and roll the profit 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 vehicles were failing at a rate that exceeded the District's ability to cost effectively purchase replacements. The program leased 10 vehicles in 2019. The lease cost for the 10 vehicles of 83,000 for that particular year allowed the District to provide staff with safe, reliable vehicles. It also 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 questionably safe District trucks were replaced at an annual cost similar or equal to that of a purchase of one service truck. Considering the additional facts that time and reliability are money, this benefit becomes even more valuable.

Here is a snapshot of the efficacy of the Program in 2022 – The District was able to obtain 19 service trucks and two dump trucks from 2019 to 2022. 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 condition and age of the fleet made it difficult for CCWD to conduct reliable and compliant work for its 6 water and 13 wastewater systems spread throughout the County. Financing vehicles through a lease to own program provided a cost-effective solution.

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 is of utmost importance and a priority to CCWD. Vehicle reliability is a huge component of that. This fact is not just something CCWD recognizes, many water & wastewater Districts utilize the Enterprise Program to improve vehicle reliability. Some examples include Calaveras County, Stanislaus County, Kern County, Yuba County, Yuba City, the Amador Water Agency, 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 can be sold back to Enterprise. The proceeds from the sale of these vehicles can be reinvested into the program. This will bring the District close to a fleet comprised of a majority of trucks five years old or newer. CCWD could never have improved its fleet to this extent without this financing solution.



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**R2. Recommendation for Finding 2, Pg. 12:** *“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.”*

**CCWD Response to Recommendation 2, Pg. 12:** As explained in detail in response to F2, no correction is necessary.

**Finding 3, Pg. 13:** *Vehicle Lease-To-Own programs are not always the most effective use of funds.*

**R3. Recommendation 3, Pg. 13:** *“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.”*

CCWD Response to Recommendation 3, Pg. 13:

CCWD routinely reviews the viability of the Enterprise Vehicle Lease Program from (among other aspects such as safety) a cost versus value perspective and routinely provides updates to the Board. The District will continue to do so and adjust as necessary.

**Finding 4, Pg. 13:** *The practice of assigning district vehicles to management personnel is unnecessary to operations and creates additional expense and liability.*

**CCWD Response to Finding 4:** District vehicles are an essential tool for CCWD due to the distance between and breadth of CCWD facilities. On-call staff and certain members of the management team are permitted to take vehicles home, but personal use of District vehicles is not allowed.

**R4. Recommendation 4, Pg. 14:** *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.*

**CCWD Response to Recommendation 4, Pg. 14:** CCWD operates 24/7/365 so the concept of “business hours” is not particularly relevant to the use of District vehicles. CCWD will comply with District policy and ensure that District vehicles are not used improperly.

**Finding 5, Pg.14:** *The Enterprise Resource Planning software integration issues cause unnecessary inefficiencies in day-to-day operations.*

**CCWD Response to Finding 5, Pg. 14:** Implementation of the new ERP system has been difficult and may have resulted in some temporary inefficiencies. The system is also providing new functionality and increased efficiency in other respects. Furthermore, implementation of the remaining modules will be substantially complete by the end of

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2024, which will provide the full suite of benefits from the new software. CCWD will also continue to improve the Utility Billing module to address the temporary inefficiencies.

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 previous 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, 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 significant 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 in all areas 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).
- Implementation of the next phase, which includes core financials, payroll, and personnel management is on track for substantial completion 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 detailed timeline for the implementation was presented at the CCWD Finance Committee meeting on August 20, 2024. Furthermore, CCWD is working with an outside consultant to participate in the implementation and assist in optimizing the UB module. Currently, CCWD anticipates successful transition and full integration into the

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Tyler ERP system by the end of December 2024 with only minor ancillary modules needing roll out within January & February 2025.

Once implementation is complete, and the new AMI system is fully integrated and optimized, CCWD staff will have access to all the benefits that the new, modern ERP system will provide.

**R5. Recommendation 5 Pg. 14:** *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.*

### **CCWD Response to Recommendation 5, Pg. 14:**

In March 2024, CCWD contracted with a consulting firm, Eide Bailly, that is skilled in finance and ERP software implementations. Eide Bailly will continue to assist and advise CCWD as the District moves forward with resolving any existing Utility Billing integration issues, in addition to implementing the Core Financials and Personnel modules within this calendar year.

**Recommendation 5b, Pg. 15:** *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.*

### **CCWD Response to Recommendation 5b Pg. 14:**

A timeline has already been established between CCWD and Tyler Technologies for the implementation of the Core Financials and Personnel Management modules. Current solutions, Springbrook (Finance) and ADP (Payroll/Personnel), will be phased out. Migrating Finance and Human Resources to Tyler will integrate all financial processes, payroll processes, personnel management and time management, and utility billing and utility customer management into one system. The established timeline for the completion of the ERP conversion is slated for the end of December 2024, with smaller ancillary modules requiring roll out within the first several months of 2025.

**Finding 6, Pg.15:** *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.*

### **CCWD Response to Finding 6:**

The Report makes serious allegations regarding workplace culture and a widespread fear of retaliation that are unsubstantiated and inconsistent with CCWD's own findings. CCWD has indeed experienced a high rate of employee turnover, but the data gathered from departing employees do not support the Report's accusations that the rate of turnover is related to a negative workplace culture. Nonetheless, CCWD has discussed

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the issue of retaliation with staff since the Report was issued to make sure all staff know that CCWD encourages, and even depends on, input from all levels of the organization and that retaliation for raising concerns will not be tolerated. Employees are made aware that they have multiple avenues to report concerns or misconduct and that State law and District policy will protect them from retaliation.

The Reports findings appear to be based on a small sample of input that is not representative of the workplace culture at CCWD. It is unfortunate that these unsubstantiated accusations were included in a public report as it has the potential to undermine CCWD's reputation in the community and could frustrate CCWD's efforts to recruit the highly-skilled workers it needs to provide safe and reliable services to communities throughout Calaveras County. CCWD prides itself on being one of the best places to work in our region and we are extremely proud of our dedicated employees.

**R6. Recommendation 6 Pg. 15:** *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.*

### **R6. CCWD Response to Recommendation 6 Pg. 15:**

CCWD asks a lot of its employees. At the same time, we want them to work in a safe and positive workplace free from the fear of retaliation. While CCWD disagrees with Finding 6, we take allegations of retaliation seriously and we acknowledge there is always room for improvement when it comes to workplace culture. Accordingly, CCWD is acting on this recommendation and is currently evaluating quotes from HR consultants specializing in organizational development.

**Finding 7, Pg. 15:** *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. Recommendation 7a Pg. 15:** *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.*

### **CCWD Response to Recommendation 7a Pg. 15:**

CCWD will remind supervisory employees of policies related to performance evaluations, as recommended. The District recognizes the importance and need for Employee Performance Reviews. As CCWD embarks on training and coaching efforts as the result of HR consulting efforts described in Finding 6, the importance of conducting timely performance reviews will be discussed. CCWD management also acknowledge that annual employee evaluations are not the only or the most effective method to provide feedback to employees. CCWD must ensure employees receive the feedback they need for their professional development while recognizing that feedback and accountability should not be reduced to an annual evaluation.

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**R7b. Recommendation 7b Pg. 16:** *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.*

### **CCWD Response to Recommendation 7b Pg. 15:**

The tracking of performance evaluation due dates is already done by the District's Human Resources Department. However, the District will work with Supervisors and Managers to ensure the timely completion of performance reviews.