

EPPOC September 6th Minutes

Approved at October meeting

To view the recording of today's Zoom meeting, please use this login and password:

https://us02web.zoom.us/rec/play/VzrON1dR_XttwU5AISJ4a7iwagF5ZfGZnVohagr_bi3mVCgF763dwIB0EdnubSTw_xjfuwlye1w862A.QgU-XbdXrCVJ8iFM

Password: in+gTRV5

- Approval of August 2023 minutes by consensus.
- Speakers for this month:

○

*(Secretaries note: I do not normally report in such detail about a speaker's presentation, but because of the community interest regarding the proposed CCWD rate increase, I have included considerable content. That said, I **heartily** recommend watching the actual Zoom recording of this EPPOC meeting and not relying on my notes. Thank you for considering this request.)*

Calaveras County Water District – Bertha Underhill and Michael Minkler

Michael reported that inflation rate has been 22.1% over the past five years even though CCWD rate increases has been 1.8%. Many costs increases have occurred including energy and others that affect CCWD, but their year-over-year increase has been 1.8% in rates. The first year of the proposed rate increase just catches up to inflation rate. The biggest driver of the subsequent year increases in the proposed rate increase is construction costs. Michael provided two examples of projects, one sewer and one transmission line, where costs have increased over 100% for the sewer and 300% for the transmission line from 2018 to 2023. CCWD has been successful in obtaining grants, but these grants often have requirement that CCWD contribute 25% to the cost of the project. Energy prices have doubled over the past several years and CCWD is very energy intensive. CCWD has cut as much from the budget that is possible but are still running a budget deficit. CCWD must meet its operational budget costs, or it cannot qualify for grants. They must also meet their debt service coverage ratios, or they cannot get future loans. CCWD aggressively seeks outside funding for projects. The first-year increase of the proposed budget increase is necessary to meet the debt service and operational costs. CCWD does detailed compensation studies to ensure that their salaries are matched with other agencies.

The CCWD wastewater and water delivery systems are complex and require a highly trained and certified work force to safely operate the system. If CCWD does not offer competitive salaries, they will lose employees to other agencies. They have lost four employees to other agencies recently.

The Board of Directors lowered its own pay. They receive \$120 per meeting but no compensation for work they do outside of the meetings. They also receive health benefits while they are in office but no other compensation.

CCWD has received 48 million dollars in grants since 2011. Even if not required to pay money back, they must meet operational expense goals, or they will not get grants. The West Point Wilseyville grant was on hold for several years because that grantor determined that CCWD was not collecting enough to cover its operations. It was a 100% grant with no required CCWD match, but the grantor waited until CCWD raised rates to cover its operations before the grant was provided. There are \$14.2 million in pending grant applications. CCWD in its proposal is not counting on these grants but if the grants are awarded, the Board can lower the future rates. The Board has the discretion to adopt a lower rate if future grant requests are successful, and the CCWD Board has done this in the past.

CCWD is also committed to exploring options to mitigate costs for those who cannot afford the increases. There is an active discussion on how to assist ratepayers. CCWD is not legally allowed to offer discounts based on income for low-income rate payers. There is an effort on a County wide basis to create an entity that can help low-income rate payers who need help with all utility and food bills. There is already a program in place, but it is not sufficient to provide for the needs of low-income households. Since CCWD is not allowed legally to offer rates based on income, it is actively seeking other programs that are able to do so.

On the wastewater side, the rates are expensive and there is no way to “sugar coat” this. Other agencies are also experiencing problems with wastewater costs and are in the process of seeking rate increases. CCWD was asked by the CCWD Board to explore options to lower the current rate increase proposal and what infrastructure projects could be eliminated and the implications of doing so.

CCWD is a non-profit public agency, and all meetings are held in public. All the meetings starting last October where this rate increase was being discussed have been open to the public. Michael hopes that going forward more of the public attend CCWD meetings because active community input is very helpful for everybody, both CCWD and the public.

In the question-and-answer period, Michael explained that CCWD’s biggest concern is that going forward they will not be able to fund the infrastructure projects that are needed to provide safe reliable water 100% of the time. That is their primary obligation, and failure is not an option.

Bill Minkel asked about what percent of the budget is energy. The answer is 9.3%.

Michael explained that the biggest line item is salaries, and he notes that there have been many questions about why a 5% annual increase is built into the salary structure. Most of CCWD salaries are with SCIU employees and CCWD negotiates these contracts with SCIU. In addition to cost-of-living raises, there are also milestone longevity raises for employees who achieve a certain number of years with CCWD. Part of the 5% increase

request is the expected rise in health care benefit costs. If CCWD falls farther behind in the labor market compared to other agencies, it may affect their ability to attract and retain the excellent staff that they currently have. Michael would rather defend the increases needed to ensure that highly qualified staff are hired and retained to operate and maintain the complex facilities that CCWD has than to try to cut corners on salaries and benefits and not have adequate staff to provide services. They have about twenty new hires to existing positions in the past few years. They have not added positions, and it can take a long time to fill positions that are vacant.

Every water agency must legally go through the rate setting process every five years, that is required by law for all water agencies. Michael explains that CCWD has built in funding for infrastructure improvements and operations in the current rate hike proposal to put CCWD in the best possible position to avoid large rate increases in the future.

There are several projects that CCWD's engineering staff feels are critical that have been pulled out of this rate increase that will have to be addressed in the future. CCWD will try to obtain grants for these projects but if they are not successful, they will have to be addressed during the next rate increase. CCWD did not assume current levels of inflation will continue, they are assuming reversion to the mean with lower inflation.

Dale asked why rate increases were not anticipated in the past. Michael explained that the 2018 rate increase did not anticipate all the sharp increases in costs that have occurred in the past five years. The Board could have asked for additional rate increases in the interim, but CCWD focused on paring their operational budget where it was safe to do so during this time. CCWD is now at the point where it can no longer trim its budget to account for cost increases beyond their control. Dale followed up asking what is being done to make sure that this big increase does not happen again in five years. Michael said the goal of this rate increase is to take pressure off large future rate increases. At this point CCWD does not have the option of not adopting a substantial rate increase because it will result in CCWD being in a deeper hole where getting grants is not possible because their budget does not cover their operating costs. Dale pointed out that the public does not understand that CCWD is a private company, not a Calaveras County agency. Michael explained that CCWD is not a private company, but rather is a non-profit special district agency formed in 1947 that reports to an elected Board of Directors. He said that some water districts are private and therefore regulated by public utility commissions. In addition to being a non-profit, CCWD is regulated by the regional and state agencies. Current CCWD customer base is ~13,000 water and ~5,000 sewer customers. The number of protest letters is posted on the CCWD website. The number of protests on the day before this EPPOC meeting September 6th was 1,584 water protests and 781 protests regarding sewer. Michael completely understands the frustration about the rate increases. Damon Wyckoff, Director of CCWD Operations, explained the importance of the infrastructure upgrades that have been done in the Highway 4 corridor as a result of the 2013 rate increase. These improvements resulted in substantial and necessary upgrades. Damon also talked about the other critical projects that are pending in the Highway 4

corridor that must be completed. Damon also talked about cost savings. There are sixty backup generators in the system that provide water during power outages. Damon explained how they were able to locate a used 570 kw generator on a farm in Burson and purchase it with the warrantee intact and repurpose it to the CCWD system at a much cheaper rate than had they bought new. This is one example of many cost savings activities CCWD does whenever possible.

Bertha explained that this is the third rate increase in her term as our District 3 CCWD elected Board member. She is a rate payer herself and wants to assure everyone that when the Board votes on this rate increase, she will be doing so considering all the factors including the deep concern about its amount.

Michael thanked EPPOC for this forum and how over the years CCWD appreciates attending the meeting each month to present about current issues at CCWD and answer questions. He invites anyone with follow-up questions to please contact CCWD by calling CCWD or emailing him directly at michaelm@ccwd.org.

- Reports:
 - EPPOC Treasurer's Report – Laura Baughman was unable to attend today's meeting and sent report that there is \$360.10 in the treasury. She has paid the fee for EPPOC PO Box in Arnold.
 - EPPOC Chairperson's Report – Eric Davis passed on Chair report in the interest of time although he would like input on speaker for December meeting or a subject that we would like covered.
 - District 3 Board of Supervisors – Martin Huberty -absent although he usually attends, but as Secretary I failed to send him invitation to this September meeting.
 - Calaveras County Public Works – Monica Remus – absent. This was my fault as Secretary because I failed to send her invitation to this September meeting.
 - Ebbetts Pass Fire District – Chief Mike Johnson reports that there was a structure fire in Gann's Meadow and also there have been many ambulance transports recently. He placed extra staffing for the Labor Day weekend because of the increased need. EPFD also provided mutual aid to other parts of the County and is happy to do so since EPFD depends on others to be available when EPFD cannot meet current needs. The fire districts completed an M.O.U. to provide a fire marshal for all of Calaveras County who will be responsible for ensuring that inspections are completed and other County wide requirements. EPFD is also working on a pre-plan agreement with other agencies including Yosemite's that would make available rarely needed specialty services like helicopter and vertical wall rescues. EPFD is responsible for incidents on Calaveras Dome.

- CalFire – Dennis Lange – no report.
- Sheriff’s Department & CHP – Joshua Wilkinson (CHP) – no report.
- CCWD –Bertha Underhill & Michael Minkler – see report above.
- County Office of Emergency Services – Bajit Singh – no report.
- California Big Trees State Park – Heather Reith is thankful for the recent rain as that will help with the planned prescribed burn in the South Grove this Fall. The trail around the rim of the South Grove is closed so that trunks can remove biomass in anticipation of these prescribed burns. The State Park is cooperating with Biodiversity Week by encouraging citizens to obtain data on iNaturalist when they are in the Park. They will also be daily bird walks starting at 9:30am. Work still being done on the North Grove Trail to restore ADA compliance.
- Calaveras Big Trees Association – Vida Kenk reports that many of the daily activities are winding down for the Fall, but Astronomy Nights continue on Thursday nights with two more in September and two more in October. Call 209-795-7980 or 209-795-3840 for more information. September 16th will be a seminar about the facts and folklore of CBTSP. The Park now has a food shack with many selections. It will be open into October and then again next Spring. Please see Vida’s full report below on the next page for more detailed information. Thank you, Vida, for providing this report.
- Calaveras Council of Governments – Tim Muetterties- no report
- Great Arnold Business Association – Linda Sapien – no report.
- Arnold Rim Trail Association– Steve Lauterbach – in September we will have our monthly third-Saturday-of-the-month Trail Building Morning on September 16th, the guided sunset hike to Cougar Rock on September 29th, and the Arnold Rim Trail Endurance Runs by Pacific Coast Trail Runs on September 30th. For details visit arnoldrimtrail.org.
-
- Open Forum: What’s on your mind that is not on the agenda? No questions or comments.
- Adjournment: 11:42 am

Respectfully submitted,

Steve Lauterbach
 EPPOC Secretary