



RESOLUTION NO. 2024-53
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, August 28, 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 Meetings of August 14, 2024
(Rebecca Hitchcock, Clerk to the Board)

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

4. NEW BUSINESS

4a* August Customer Service Department Update
(Kelly Richards, Business Services Manager)

4b Discussion regarding the 2023-2024 Calaveras County Civil Grand Jury Report – CCWD’s Five Year Rate Plan
(Jeffrey Meyer, Director of Administrative Services)

4c* Presentation on the Calaveras County Water District History and Hydropower Development on the North Fork Stanislaus
(Kelly Gerkenmeyer, External Affairs Manager)

5. REPORTS

5a* General Manager’s Report
(Michael Minkler)

6.* BOARD REPORTS / INFORMATION / FUTURE AGENDA ITEMS

7. NEXT BOARD MEETINGS

- Wednesday, September 11, 2024, 1:00 p.m., Regular Board Meeting
- Wednesday, September 25, 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. - one potential case

8b Government Code § 54957.6 Agency Negotiators: General Manager Michael Minkler, HR Manager Stacey Lollar regarding Negotiations with Employee Organization SEIU Local 1021 and Management and Confidential Unit

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

AUGUST 14, 2024

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

Directors Absent: Cindy Secada, Director

Staff Present: Michael Minkler, General Manager
Matt Weber Esq, General Counsel*
Rebecca Hitchcock, Clerk to the Board
John Coleman, Water Resources Manager
Jeffrey Meyer, Director of Administrative Services
Craig Canepa, Electrical/Instrumentation Technician
Cameron Edens, Mechanic
Roy Greer, Mechanic
Benton Frye, Mechanic
Amos Roeder, Collections
Tony Broglio, Electrical/Senior SCADA Technician
Jeremy Wood, Distribution
John Applegate, Treatment Plan Operator
Jared Devich, Electrical/Instrumentation Technician
Tommy Sage, Collections
Jared Gravette, Senior Supervisor Construction Inspector*
Stacey Lollar, Human Resources Manager*
Kate Jesus, Human Resources Technician*
Mark Rincon-Ibarra, District Engineer*
Haley Airola, Engineering Coordinator*
Kelly Richards, Business Services Manager*
Dylan Smith, IT Administrator*
Quentin Smith, IT Technician*
Corinne Skrbina, Customer Service*
Michael Bear, Accountant*
Kylie Muetterties, Accountant*
Bana Rouson-Gedese, Water Resources Specialist*
Tiffany Burke, Operations Administrative Technician*

Others Present: Scott Hertzog, CFPD
Mike Johnson, EPFD
Erik Holt, Director CCOES
Ralph Copeland
Francisco de la Cruz
Michael Castro
Mike Rogers
Patrick Roy*

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. **ROLL CALL**

President Thomas called the Regular Board Meeting to order at 1:01 p.m. and led the Pledge of Allegiance. Director Secada was absent.

2. **PUBLIC COMMENT:** Public comment was given by Michael Castro.

3. **CONSENT AGENDA**

3a Approval of Minutes for the Board Meetings of July 10 and July 24, 2024
(Rebecca Hitchcock, Clerk to the Board)

3b Review Board of Directors Monthly Time Sheets for July 2024
(Rebecca Hitchcock, Clerk to the Board)

Director Underhill pulled Item 3c from the Consent Agenda
3c Ratify Claim Summary #629 Secretarial Fund in the Amount of \$5,930,371.23 for July 2024
(Jeffrey Meyer, Director of Administrative Services) **RES 2024-_____**

Director Ratterman pulled Item 3d from the Consent Agenda
3d Extend the Agreement with Richardson & Company for Auditing Services for the Fiscal Year Ending June 30, 2024
(Jeffrey Meyer, Director of Administrative Services) **RES 2024-_____**

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

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

OFF CONSENT AGENDA

Director Underhill pulled Item 3c from the Consent Agenda
3c [Ratify Claim Summary #629 Secretarial Fund in the Amount of \\$5,930,371.23 for July 2024](#)
(Jeffrey Meyer, Director of Administrative Services) **RES 2024-49**

MOTION: Directors Davidson/Underhill– Moved to approve Resolution No. 2024-49 Ratifying Claim Summary #629

DISCUSSION: Director Underhill discussed the large amount for July 2024 which included a large amount of CIP payments.

PUBLIC COMMENT: There was no public comment.

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

Director Ratterman pulled Item 3d from the Consent Agenda

- 3d [Extend the Agreement with Richardson & Company for Auditing Services for the Fiscal Year Ending June 30, 2024](#)
(Jeffrey Meyer, Director of Administrative Services)

MOTION: Directors Ratterman/Davidson-Moved by Minute Entry to approve the Agreement with Richardson & Company for Auditing Services for the Fiscal Year Ending June 30, 2024

DISCUSSION: Director Ratterman emphasized the need to adhere to the policy of hiring a new auditor every five years and ensure that a Request for Proposal (RFP) process is conducted for selecting the new auditor next year.

PUBLIC COMMENT: There was no public comment.

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

4. NEW BUSINESS

- 4a [Discussion regarding the Collaboration Between CCWD and Fire Protection Districts Within Our Service Areas to Maintain Fire Hydrants](#)
(Damon Wyckoff, Director of Operations)

DISCUSSION: Damon Wyckoff spoke to the Board about a collaboration between the Calaveras County Water District (CCWD) and fire protection districts in their service areas. The focus of this collaboration is maintaining fire hydrants, which is crucial for ensuring that fire protection systems are functional and reliable in case of emergencies. He responded to questions from the Board.

PUBLIC COMMENT: Public comment was given by Ralph Copeland

- 4b [Aero Fire After Action Report](#)
(Damon Wyckoff, Director of Operations)

DISCUSSION: Damon Wyckoff presented an after-action report on the Aero Fire, which involved reviewing the key takeaways and lessons learned from the incident. During the presentation, he fielded questions from the Board, providing additional insight and clarification. Mr. Wyckoff presented commemorative coins to the staff members who worked diligently during the fire.

PUBLIC COMMENT: Public comment was given by Francisco de la Cruz, Ralph Copeland, Scott Hertzog, Mike Rogers, and Michael Castro.

- 4c [Discussion/Presentation regarding Wildfire and Forest Management for Mountain Counties Water Agencies](#)
(Kelly Gerkenmeyer, External Affairs Manager)

DISCUSSION: Kelly Gerkenmeyer gave a presentation regarding Wildfire and Forest Management for Mountain Counties Water Agencies. He responded to questions from the Board.

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

4d [Discussion/Action regarding Awarding of Engineering and Design Contract for the Ebbetts Pass Sawmill Tank Replacement, CIP#11083S](#)
(Kevin Williams, Senior Civil Engineer) **RES 2024-50**

MOTION: Directors Davidson/Underhill– Moved to approve Resolution No. 2024-50 Awarding the Engineering and Design Contract for the Ebbetts Pass Sawmill Tank Replacement Project

DISCUSSION: Kevin Williams provided a description of the Ebbetts Pass Sawmill Tank Replacement project to the Board. He detailed the various bids received for the project and explained the process involved in selecting a consultant.

PUBLIC COMMENT: There was no public comment.

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

4e [Discussion/Action regarding Applications and Financial Requests with the USDA Rural Development for the Arnold Wastewater Treatment Facility Improvements Project.](#)
(Jeffrey Meyer, Director of Administrative Services) **RES 2024-51**

MOTION: Directors Davidson/Underhill–Moved to approve Resolution 2024-51 Authorizing Designated Agents for USDA Rural Development

DISCUSSION: Jeffrey Meyer provided a brief overview to the Board regarding a request to authorize agents for USDA Rural Development grants or loans. These agents would be responsible for submitting applications, overseeing compliance, and managing funds if the grants or loans are approved.

PUBLIC COMMENT: There was no public comment.

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

5. **REPORTS**

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

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

PUBLIC COMMENT: Public comment was given by Mike Rogers.

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

Mr. Minkler reported on the following activities: 1) a meeting on the Groundwater Sustainability Agency (GSA) with the County; 2) the US Army Corps of Engineers meeting; 3) the Highway 4 Partnership meeting; 4) the Northern California Power Authority (NCPA) Commission meeting and dinner; 5) meetings with Union Public Utility District (UPUD); 6) the Legal Affairs Committee meeting; 7) the External Relations Committee meeting; 8) the Biomass plant tour; 9) Upper Mokelumne River Watershed Authority (UMRWA) meeting; 10) Finance Committee meeting, and 11) the Tuolumne-Stanislaus Integrated Regional Water Management JPA (T-Stan) meeting.

6. [BOARD REPORTS / INFORMATION / FUTURE AGENDA ITEMS](#)

Director Underhill had nothing to report.

Director Ratterman reported on the Mountain Counties Water Resources Association (MCWRA) meeting and reception, the Placer County Water Agency Tour is cancelled, California Joint Powers Insurance Authority Conference in September, the Real Estate Ad hoc meeting, and the Legal Affairs Committee Meeting.

Director Davidson reported on the NCPA Commission Meeting.

Director Thomas had nothing to report.

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

7. [NEXT BOARD MEETINGS](#)

- Wednesday, August 28, 2024, 1:00 p.m., Regular Board Meeting
- Wednesday, September 11, 2024, 1:00 p.m., Regular Board Meeting

8. [CLOSED SESSION](#)

The meeting adjourned into Closed Session at approximately 3:58 p.m. Those present were Board Members: Scott Ratterman, 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 4:07 p.m. There was no reportable action.

10. **ADJOURNMENT**

With no further business, the meeting adjourned at approximately 4:07 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: August 28, 2024

TO: Michael Minkler, General Manager

FROM: Jeffrey Meyer, Director of Administrative Services

SUBJECT: Report on the Monthly Investment Transactions for July 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 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 July, 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 6/30/2024	7,799,278.40	20,428,500.09	20,131,731.64	7,583,748.95
Security Purchases		663,217.65	63,197.22	23,806.79
Interest	87,999.05	2,665.62		
Security Sales		(607,118.54)		
Change in Cash, Payables, Receivables		9,434.68		
Principal Paydown		(38,715.04)		
Money Market Fund Withdrawals				
Amortization/Accretion		2,249.17		
Gain/Loss on Dispositions		(9,773.88)		
Withdrawals, Operating Cash	(3,000,000.00)			
Book Value at 7/31/2024	4,887,277.45	20,450,459.75	20,194,928.86	7,607,555.74

LAIF (Local Agency Investment Fund) daily interest rates are 4.59% as of July 31, 2024.

CALAVERAS COUNTY WATER DISTRICT
INVESTMENT ACTIVITY
FOR THE MONTH ENDED July 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	4,887,277.45	4,887,277.45	4,887,277.45	4.590%	ongoing	87,999.05
Chandler Asset Management	Restricted/Reserves/Expansion/AD/CIP	20,129,036.87	20,450,459.76	20,561,666.41	2.900%	ongoing	20,129.16
U.S. Bank - CIP Water Loan	Committed to Specific CIP Projects	20,194,928.86	20,194,928.86	20,194,928.86	4.200%	ongoing	63,197.22
U.S. Bank - CIP Sewer Loan	Committed to Specific CIP Projects	7,607,555.74	7,607,555.74	7,607,555.74	4.200%	ongoing	23,806.79
Totals		52,818,798.92	53,140,221.81	53,251,428.46			195,132.22

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 6/30/2024	7,799,278.40	20,428,500.09	20,131,731.64	7,583,748.95
Security Purchases		663,217.65	63,197.22	23,806.79
Interest	87,999.05	2,665.62		
Security Sales		(607,118.54)		
Change in Cash, Payables, Receivables		9,434.68		
Principal Paydown		(38,715.04)		
Money Market Fund Withdrawals				
Amortization/Accretion		2,249.17		
Gain/Loss on Dispositions		(9,773.88)		
Withdrawals, Operating Cash	(3,000,000.00)			
Book Value at 7/31/2024	4,887,277.45	20,450,459.75	20,194,928.86	7,607,555.74

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

FOR THE MONTH ENDED July 31, 2024

INVESTMENT TRUSTEE/TYPE	MARKET VALUE	INVESTMENT COST			Dividends Earned	Interest Earned
		BOOK	PAR Value/Units	CPN RATE		
Asset Backed Security	786,493.71	784,827.36	784,898.58	4.18%		2,689.28
Agency Securities	4,185,501.23	4,192,557.50	4,200,000.00	3.33%		11,291.67
Agency CMBS	1,295,496.06	1,302,429.25	1,326,855.46	3.79%		3,913.71
Corporate Securities	5,530,651.98	5,555,087.96	5,570,000.00	3.74%		16,936.44
Money Market Fund (Cash)	24,912.37	24,912.37	24,912.37	3.75%	-	
Municipal Bonds	208,780.00	202,737.42	200,000.00	5.12%		916.67
Supranational Securities	771,726.52	804,371.26	805,000.00	0.69%		685.32
US Treasury	7,325,475.00	7,583,536.64	7,650,000.00	2.18%		25,296.18
Totals	20,129,036.87	20,450,459.76	20,561,666.41	3.00%	-	61,729.27

4b

A G E N D A
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4b

Agenda Item

DATE: August 28, 2024
TO: Board of Directors
FROM: Michael Minkler, General Manager
SUBJECT: Discussion regarding the 2023-2024 Calaveras County Civil Grand Jury Report – CCWD’s Five Year Rate Plan

SUMMARY:

As reported at the July 24, 2024, Board of Directors meeting, the 2023-2024 Calaveras County Civil Grand Jury released its Report on CCWD, entitled “Still Waters Run Deep.” CCWD’s Board of Directors is required to respond to the findings and recommendations in the Report within 90 days.

The first finding in the Report focuses on the rate study that CCWD completed in September 2023 (Attachment A). 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 the finding below, but we offer this as clarifying information and not as a criticism of the Grand Jury.

Grand Jury Finding

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

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 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 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 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 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.

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

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 update to 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, which are not equivalent to the data within the previous study. 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 connection to prior rates, other than for comparative purposes, is flawed.

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 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.

FINANCIAL CONSIDERATIONS:

None at this time.

Attachments: A) Additional detail on Cost Allocation Among Meter Sizes and Consumptive Tiers

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, reduced water use because of drought or water conservation, change in water efficiency, 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 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.

The fixed meter charge includes two parts:

- Account services:
 - A base charge to an active account spread over all customer classes uniformly.
- Meter capacity:
 - Meter capacity charges increase with the size of the meter. The base meter size and most common meter the District uses is a 5/8" meter, which has a safe operating capacity of 20 gallons per minute (gpm). Larger meters have more capacity than a 5/8" meter (i.e., passes more water through it and at a faster rate). As such, larger meters are charged a higher rate based on their safe operating capacity in relation to the 5/8" meter.

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

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 update to 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, which are not equivalent to the data within the previous study. The first year of rates (FY 2024) within 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 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 customer class and tier and are made up of two components:

- Delivery – A fixed amount spread across all water usage, irrespective of customer class and tier.
- Peaking – Accounts for water usage during the peak bi-monthly usage period. These costs are then allocated first to each customer class and then further apportioned to each Residential tier based on the demand they are putting on the water system during the peak billing period.

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 captures any usage in excess of Tier 2. The new tier structure has one less tier than the prior rate structure. The three tiers have clear break point points – winter and summer, and provides more water (5 HCF) in the first tier (lowest rate) than the previous Tier 1. The following table shows the delivery, peaking and total variable rates 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 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 not reflect the updated cost of service and violate Prop 218. The rates are based on current revenue requirements, and current water use characteristics.