

**RESOLUTION NO. 2020-71
RESOLUTION NO. PFA-03
ORDINANCE NO. 2020-01**

AGENDA

MISSION STATEMENT

"Our team is dedicated to protecting, enhancing, and developing our rich water resources to the highest beneficial use for Calaveras County, while maintaining cost-conscious, reliable service, and our quality of life, through responsible management."

Regular Board Meeting
Wednesday, October 28, 2020
1:00 p.m.

Calaveras County Water District
120 Toma Court, (PO Box 846)
San Andreas, California 95249

Based on guidance from the California Governor's Office, social distancing measures are imposed, Board chamber's capacity will be limited to 8 persons during public meetings. Social distancing and cloth facemasks are required.

The following alternatives are available to members of the public to watch these meetings and provide comments to the Board before and during the meeting:

[Join meeting](#)

Meeting number (access code):

Meeting password: CCWDOct2020 (22936282) from phones and video systems)

Or join by phone [+1-408-418-9388](tel:+14084189388) Meeting number (access code): 126 523 4148

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.

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. ROLL CALL

BOARD OF DIRECTORS

Bertha Underhill, President Jeff Davidson, Vice President
Scott Ratterman, Director Cindy Secada, Director Russ Thomas, Director

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 October 14, 2020

3b Approval of Cancellation of Board Meetings of November 25 and December 23, 2020
(Rebecca Hitchcock, Clerk to the Board)

3c Review of the FY 2020-21 First Quarter Investment Report
(Rebecca Callen, Director of Administrative Services)

4. NEW BUSINESS

4a Discussion/Action regarding the PG&E Settlement Reserve
(Rebecca Callen, Director of Administrative Services)

RES 2020-_____

4b Review of the Annual Results from the Creation of a District Purchasing Agent Position
(Damon Wyckoff, Director of Operations and Michael Crank, Purchasing Agent)

4c Discussion regarding the District Five-Year Strategic Plan Process
(Michael Minkler, General Manager and John Woodling, GEI Consultants)

5. REPORTS

5a* General Manager Report

6.* BOARD REPORTS / INFORMATION / FUTURE AGENDA ITEMS

7. NEXT BOARD MEETINGS

- Wednesday, November 11, 2020, 1:00 p.m., Regular Board Meeting
- Wednesday, November 25, 2020, 1:00 p.m., Regular Board Meeting (pending cancellation)

8. CLOSED SESSION

8a Conference with Legal Counsel – Potential Litigation Government Code §54956.9(b)(1) – 1 case

9. REPORTABLE ACTION FROM CLOSED SESSION

10. ADJOURNMENT



CALAVERAS COUNTY WATER DISTRICT

Board of Directors

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

Financial Services

Umpqua Bank
US Bank
Wells Fargo Bank

CCWD Committees

*Engineering Committee
*Finance Committee
*Legal Affairs Committee
Strategic Planning Consultant
Selection 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 LAFCO
Calaveras County Parks and Recreation
Committee
Highway 4 Corridor Working Group
Mountain Counties Water Resources
Association (MCWRA)
Mokelumne River Association (MRA)
Tuolumne-Stanislaus Integrated Regional Water
Mgt. JPA Watershed Advisory Committee (WAC)
Eastern San Joaquin Groundwater Authority-Technical
Advisory Committee

Legal Counsel

Matthew Weber, Esq.
Downey Brand, LLP

Auditor

Richardson & Company, LLP

Membership**

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

Ratterman / Secada

Ratterman (alt. Michael Minkler)
All Board Members
Ratterman / Underhill (alt. Secada)
Michael Minkler (Alt. Brad Arnold)
Thomas
Secada (alt. Thomas)
Davidson (alt. Ratterman)

Ratterman / Thomas
Thomas (alt. Ratterman)

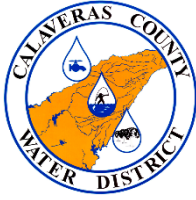
Thomas / Underhill
All Board Members

All Board Members
Brad Arnold

Brad Arnold

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

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



RESOLUTION NO. 2020-68
RESOLUTION NO. PFA-03
ORDINANCE NO. 2020-01

MINUTES

**CALAVERAS COUNTY WATER DISTRICT
REGULAR BOARD MEETING**

October 14, 2020

Directors Present: Bertha Underhill, President
Jeff Davidson, Vice President (arrived at 1:02 p.m.)
Scott Ratterman, Director
Cindy Secada, Director
Russ Thomas, Director

Staff Present: Michael Minkler, General Manager
Matt Weber, General Counsel
Rebecca Hitchcock, Clerk to the Board
Rebecca Callen, Director of Administrative Services
Damon Wyckoff, Director of Operations
Jesse Hampton, Plant Operations Manager
Pat Burkhardt, Construction and Maintenance Manager
Brad Arnold, Manager of Water Resources
Kate Jesus, Engineering Coordinator
Tiffany Burke, Administrative Technician-Senior

ORDER OF BUSINESS

CALL TO ORDER / PLEDGE OF ALLEGIANCE

1. ROLL CALL

President Underhill called the Regular Board Meeting to order at 1:00 p.m. and led the pledge of allegiance. Director Davidson was absent.

2. PUBLIC COMMENT

There was no public comment.

3. CONSENT AGENDA

**MOTION: Directors Secada/Thomas-Approved Consent Agenda Items:
3a, 3b, 3c, 3e, and 3f as presented**

3a Approval of Minutes for the Board Meeting of September 9 and September 23, 2020

- 3b Review Board of Directors Monthly Time Sheets for September 2020
- 3c Ratify Claim Summary #583 Secretarial Fund in the Amount of \$2,433,618.97 for September 2020
(Rebecca Callen, Director of Administrative Services) **RES 2020-68**
- Director Ratterman pulled Item 3d from the Consent Agenda***
- 3d Approval of Proposed November Board Meeting Schedule
(Michael Minkler, General Manager)
- 3e Report on the Monthly Investment Transactions for September 2020
(Rebecca Callen, Director of Administrative Services)
- 3f Approval of an Amendment to the FY 2020-21 Personnel Allocation
(Stacey Lollar, Human Resources Manager) **RES 2020-69**

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

Director Davidson arrived at 1:02 p.m.

OFF CONSENT AGENDA

- Director Ratterman pulled Item 3d from the Consent Agenda***
- 3d Approval of Proposed November Board Meeting Schedule
(Michael Minkler, General Manager)

DISCUSSION: Director Ratterman discussed the meeting proposal date of November 18, 2020. He proposed keeping the meeting on November 11 since the Calaveras-Amador Mokelumne River Authority (CAMRA) meeting would fall on November 18. There was discussion amongst the Board and staff about the best fit and it was decided to leave the regularly scheduled Board meeting on November 11 and cancel the November 25, 2020 meeting due to the Thanksgiving Holiday.

PUBLIC COMMENT: There was no public comment.

4. NEW BUSINESS

- 4a Recognition of Bob Carter for his Service with CCWD
(Damon Wyckoff, Director of Operations) **RES 2020-70**

MOTION: Directors Davidson/Thomas - Adopted Resolution 2020-70 Recognizing Bob Carter for his 25 Years of Service with CCWD

DISCUSSION: Mr. Wyckoff read a resolution thanking Mr. Carter for 25 years of service with CCWD. Each of the Directors thanked Mr. Carter for service to CCWD and wished him well in his retirement.

PUBLIC COMMENT: Several staff members addressed the Board and gave their best to Mr. Carter.

- 4b Discussion/Direction regarding Engaging with Urban Futures, Inc (UFI) for Financial Advisory Services
(Rebecca Callen, Director of Administrative Services)

DISCUSSION: Ms. Callen explained that the District needs to have a financial plan that aligns with the Capital Improvement Program (CIP). There are many projects over the coming years and existing funds will not cover all costs. To address this funding gap, District staff want to develop a long-term funding and financing plan with the assistance of subject matter experts. The District solicited proposals from various financial advisory firms to assist with this process. Ms. Callen stated that staff recommends Urban Futures, Inc (UFI). They understand the scope of services and have an approach that focuses on developing a comprehensive financing plan before any debt financing takes place. UFI will work with the District to examine all financing options, including grant or loan programs. They will also assist with maintaining reserve levels, which strengthens the District's credit rating, and makes borrowing more cost effective. Ms. Callen responded to questions from the Board and they gave their support for the District to begin engagement with UFI.

PUBLIC COMMENT: There was no public comment.

4c Discussion/Action to Authorize Sub-Leasing Warehouse Space from Habitat for Humanity
(Damon Wyckoff, Director of Operations)

MOTION: **Directors Davidson/Thomas–by Minute Entry Approved the General Manager sub-lease with Habitat for Humanity for warehouse space at 740 Pool Station Road in San Andreas**

DISCUSSION: Mr. Wyckoff explained the proposal the District received from Habitat for Humanity regarding sub-leasing the warehouse at 740 Pool Station Rd in San Andreas. The District does not currently have a central warehouse which makes it difficult for the District's Purchasing Agent to leverage bulk pricing for better cost savings. If the District had a central warehouse, bulk orders could be delivered to one site and field staff would have one location to pull from to replenish their inventory. The warehouse is also conveniently located directly next door to the District's Mechanic shop and minutes from District Headquarters. Director Secada would like to see the funds used towards building the new warehouse instead of using money on a lease. Director Thomas likes the idea of "test driving" a warehouse before building one. Director Davidson spoke about building the warehouse for less than the project bids. He feels it would take the term of the lease to have the new building ready so he is in favor of sub-leasing in the meantime, with a deadline to move to the new building by the end of the two-and-a-half-year lease. Director Ratterman commented that he likes the idea of having the new building move-in ready when the lease expires on the warehouse. He would also like to know the potential savings the District could see by having a warehouse and the ability to order in bulk. There was significant discussion regarding the warehouse benefits and cost.

PUBLIC COMMENT: There was no public comment.

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

RECESS was called at 2:00 p.m. **SESSION RESUMED** at 2:15 p.m.

5. OLD BUSINESS

- 5a Discussion/Direction regarding Proposal for Permanent Storage in New Melones Reservoir
(Brad Arnold, Manager of Water Resources)

MOTION: Directors Davidson/Thomas–by Minute Entry Approved the Submittal of the Proposal for Permanent Storage in New Melones Reservoir

DISCUSSION: Mr. Arnold gave a brief background on?of the proposal to procure permanent storage in New Melones Reservoir based on the WIIN Act Section 4006 Water Infrastructure Improvement Act of 2016. The District’s request is that up to 13,800 acre-feet of storage in New Melones be made available as a permanent share for storage for use in its service areas per the places of use allowed in the Stanislaus Water Rights with the State Water Resources Control Board (SWRCB). Water made available for District storage is based on conservation of the Stanislaus Water Rights, normally used in the service areas. Conserved water is calculated via assessment of water treatment plant production by gallons per capita daily (GPCD) usage for each service area, given a range in historic populations for each. The District wishes to store enough of its Stanislaus Water Rights water in New Melones equivalent to 10-years of water made available for delivery to its customers in the service areas. This capacity provides some resiliency for the District to plan for uncertain water supply conditions in the service areas and helps prepare for increasing future demands in these areas of Calaveras County. He reviewed the next steps necessary to obtain storage in New Melones. Mr. Arnold responded to questions from the Board regarding the proposal.

PUBLIC COMMENT: There was no public comment.

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

6. REPORTS

- 6a Report on the September 2020 Operations Department
(Damon Wyckoff, Director of Operations)

DISCUSSION: Mr. Wyckoff presented the September 2020 monthly Operations report. He reviewed items of interest and answered questions from the Board.

PUBLIC COMMENT: There was no public comment.

This item was for information only; no action was taken.

- 6b General Manager Report

DISCUSSION: Mr. Minkler reported on the following activities: 1) there was a kick off meeting for the District Strategic Planning process; 2) he will be moderating the ACWA Region 3 virtual event-Economic Drivers of Sustainable Forest Management Matter for California’s Headwaters on October 20, 2020; 3) there was a project planning meeting with the Mueller team to discuss the sequencing of the new radio read meter installations; 4) a meeting at Hunters WTP with the UTICA staff to discuss the new FEMA approved intake pumps; 5) attended the EPPOC meeting to keep the HOA’s informed of various projects; 6) progress on the UTICA wheeling agreement for the Slurry Line; 7)

updates on the Districts various projects; and 8) there will be tree work on the OP HQ property soon removing dead and dangerous trees.

7. BOARD REPORTS / INFORMATION / FUTURE AGENDA ITEMS

Director Secada said there is an IRWM meeting next week and she registered for all the ACWA Region Virtual Events series. She would like a future agenda item to report out on the Purchasing Agent position.

Director Davidson reported that the SEIU 1021 endorsed his candidacy for re-election.

Director Thomas asked Mr. Minkler if he was attending a CSDA Webinar the following day and would like an updated organization chart.

Director Ratterman had nothing to report.

Director Underhill asked how the service line cut overs have been going on the Reach 1 Project.

8. NEXT BOARD MEETINGS

- Wednesday, October 28, 1:00 p.m., Regular Board Meeting
- Wednesday, November 11, 2020, 1:00 p.m., Regular Board Meeting

The meeting adjourned into Closed Session at approximately 3:08 p.m. Those present were Board Members: Russ Thomas, Bertha Underhill, Cindy Secada, Jeff Davidson, and Scott Ratterman; staff members Michael Minkler, General Manager, Brad Arnold, Manager of Water Resources (for item 9a) and Matt Weber, General Counsel.

9. CLOSED SESSION

- 9a Conference with Legal Counsel – Potential Litigation Government Code §54956.9(d)(4) – 1 case
- 9b Public Employee Performance Evaluation-Government Code §54957 General Manager

10. REPORTABLE ACTION FROM CLOSED SESSION

The Board reconvened into Open Session at approximately 4:07 p.m. There was no reportable action.

11. ADJOURNMENT

With no further business, the meeting adjourned at 4:08 p.m.

Respectfully Submitted:

ATTEST:

Michael Minkler
General Manager

Rebecca Hitchcock
Clerk to the Board

Agenda Item

DATE: October 28, 2020

TO: Michael Minkler, General Manager

FROM: Rebecca Hitchcock, Clerk to the Board

SUBJECT: Cancellation of Board Meetings of November 25 and December 23, 2020

RECOMMENDED ACTION:

Motion: _____/_____ by Minute Entry to approve cancellation of the Regular Board Meeting dates of November 25 and December 23, 2020.

SUMMARY:

Due to the holidays in November and December, staff proposes to cancel the second monthly Board Meeting dates in November and December (scheduled for November 25th and December 23rd). If a matter arises, a second Board meeting can be scheduled as needed.

FINANCIAL CONSIDERATIONS:

Board meeting costs.

Agenda Item

DATE: October 28, 2020

TO: Board of Directors

FROM: Rebecca Callen, Director of Administrative Services

SUBJECT: Review of the FY 2020-21 First Quarter Investment Report

RECOMMENDED ACTION:

Motion: _____/_____ by Minute Entry, to review and accept the District's quarterly Cash and Investments report for the period ending September 30, 2020.

SUMMARY:

Stated below are cash and investment balances for June 30 and September 30, 2020 and the change in respective balances:

Asset Description	06/30/20	09/30/20	Change
Cash, Umpqua Bank (general account)	\$ 1,811,747	\$ 2,207,496	\$ 395,749
Cash on Hand, Petty Cash & Cash Drawer	600	600	-
Local Agency Investment Fund (LAIF)	32,564,889	33,221,406	656,517
Money Market Accounts	1,819,182	819,350	(999,832)
Trustee Accounts	534,451	540,577	6,126
Total Cash and Investments	<u>\$ 36,730,869</u>	<u>\$ 36,789,429</u>	<u>\$ 58,560</u>

District Funds	\$ 35,687,463
Advanced Grant Funds	237,987
Trustee Accounts	540,577
Assessment District Funds	<u>323,402</u>
Total Funds	<u>\$ 36,789,429</u>

This report is for the first quarter of FY 2020-21 and covers the months of July, August, and September 2020. Investment activities included:

INVESTMENT ACTIVITY	6/30/2020	9/30/2020
Interest received on the Wells Fargo Money Market investment account	21.37	-
Interest received on the Wells Fargo Certificate of Deposit	8,726.03	-
Interest received on the Umpqua Bank Money Market investment account	226.76	144.35
Quarterly Interest received on the LAIF investment account	147,868.57	110,516.99
Lehman Bros Holding liquidation distribution	959.60	-
Board direction to discharge Lehman Bros Outstanding Balance	15,787.78	-
Transfer from Wells Fargo Money Market investment account to the District's Operating account	2,010,000.00	-
Transfer from Umpqua Bank Money Market investment account to the District's Operating account	-	1,000,000.00
Transfer from the District's Operating account to LAIF	3,700,000.00	2,446,000.00
Transfer from LAIF to the District's Operating account	-	1,900,000.00
Wells Fargo Certificate of Deposit Full Call	2,000,000.00	-

The District posted investment earnings of \$147 during the first quarter. Note that the above LAIF interest revenue received relates to the prior quarter. Interest rates continue to decline, with LAIF ending the quarter at .65%. Staff is working with Chandler Asset Management on a strategic investment plan.

FINANCIAL CONSIDERATIONS:

None currently. We are continuing to be mindful of capturing as much in returns using LAIF before we transition to the longer-term markets through Chandler.

CALAVERAS COUNTY WATER DISTRICT

Quarterly Report on Investments

September 30, 2020

Investment Cost	Market Value	Coupon Rate	Date Invested	Date of Maturity	Days to Maturity	% of Portfolio	Invested with
\$ 33,221,406	\$ 33,221,406	0.650%	Open	Open	169	96.07%	Local Agency Investment Fund
23	23	0.010%	Open	Open	5	0.00%	Wells Fargo Money Market
819,327	819,327	0.050%	June 14, 2007	Open	1	2.37%	Umpqua Bank Money Market
540,577	540,577	(Trustee funds from page 2)				1.56%	
<u>\$ 34,581,333</u>	<u>\$ 34,581,333</u>					100.00%	

I certify that all of the investments reported herein are substantially in accordance with the District's Financial Management Policy 5, "Investment Policy Guidelines", the law and other contractual agreements. I further certify the investments reported herein provide for the ability of the District to meet cash flow needs as specified in Financial Management Policy 5.

Rebecca Callen

Rebecca Callen, Director of Administrative Services

CALAVERAS COUNTY WATER DISTRICT
Quarterly Report on Investments

September 30, 2020

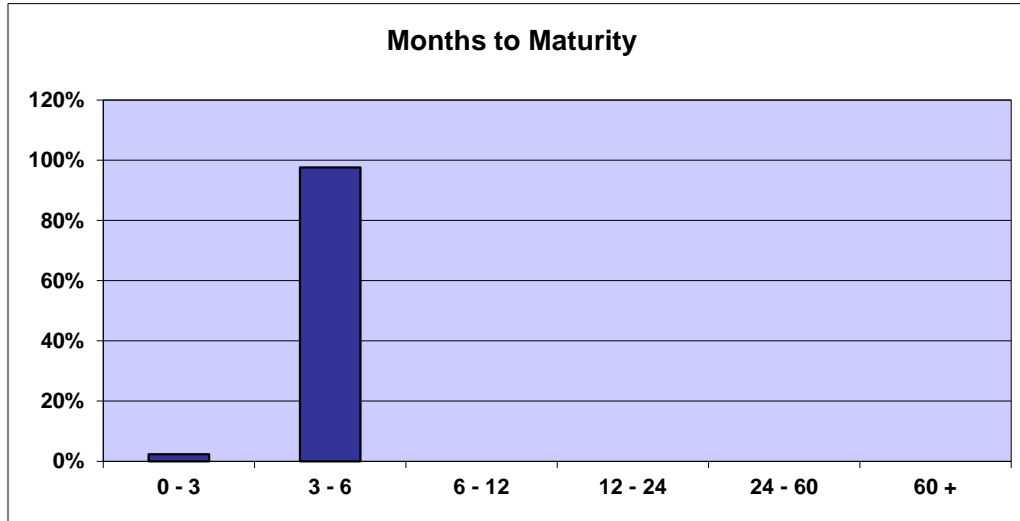
Trusteed Funds:

Cost	Market Value	% Yield	Date Invested	Date of Maturity	Days to Maturity	% Portfolio	Trustee	INVESTED FOR
\$ 336,961	\$ 336,961	0.00%	Aug 16, 06	Open	1	62.33%	USBank	2006 Saddle Creek Ltd, Reserve
135,198	135,198	0.01%	Oct 15, 13	Open	1	25.01%	USBank	Fly In Acres Reserve Fund
68,418	68,418	0.01%	Sep 09, 10	Open	1	<u>12.66%</u>	USBank	DaLee/Cassidy Reserve Fund
<u>\$ 540,577</u>	<u>\$ 540,577</u>					<u>100.00%</u>		

Maturity Analysis	Maturity Time Frames
\$ 34,040,756	LAIF/Money Market
540,577	Trustees Investments
\$ 34,581,333	Total Investments
\$ 2,207,496	Checking Account Balance
600	Petty Cash + Change Fund
\$ 36,789,429	Total Cash & Investments

Weighted Average Maturity	
(The average life in days following the last day of the month)	
Fund Class:	No. of Days
General	<u>58</u>
In Years =	<u>0.16</u>
Trust	<u>1</u>

**Calaveras County Water District
 Monthly Maturity Distribution (Market Value)
 As of September 30, 2020**



Months to Maturity	Maturity Distribution	Market Value
0 - 3	2%	\$ 819,350
3 - 6	98%	33,221,406
6 - 12	0%	-
12 - 24	0%	-
24 - 60	0%	-
60 +	0%	-
	Total	<u>\$ 34,040,756</u>

**Calaveras County Water District
Portfolio Summary
As of September 30, 2020**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Days to Maturity	Yield to Maturity
Local Agency Investment Fund (LAIF)	33,221,406	33,221,406	33,221,406	97.6%	169	0.65%
Money Market Funds (Wells Fargo)	23	23	23	0.0%	5	0.01%
Money Market Funds (Umpqua)	819,327	819,327	819,327	2.4%	1	0.05%
Total Investments	34,040,756	34,040,756	34,040,756	100%		
Ending Accrued Interest		72,003	72,003			
Total Investments & Accrued Interest:	34,040,756	34,112,759	34,112,759			

**Calaveras County Water District
Investment Compliance Checklist
As of September 30, 2020**

California Government Code Section	Investment Category	Maximum Maturity	Authorized Investment Limits (Percent of Portfolio)	Percentage Held in Portfolio	Credit Rating Limits	Compliance
16429.1	Local Agency Investment Fund (LAIF)	None	*	98%	n/a	Yes
53601(1)	Money Market Funds (Wells Fargo)	None	20%	0%	(1)	Yes
53601(1)	Money Market Funds (Umpqua)	None	20%	2%	(1)	Yes
				100%		

(1) Highest ranking by 2 of 3 of the nationally recognized rating agencies

*LAIF currently allows a maximum of \$75 million per account.

Agenda Item

DATE: October 28, 2020

TO: Board of Directors

FROM: Rebecca Callen, Director of Administrative Services
Brad Arnold, Water Resources Program Manager

SUBJECT: Discussion/Action Regarding the PG&E Settlement Reserve

RECOMMENDED ACTION:

Motion: _____/_____ adopting Resolution No. 2020-___ Authorizing the Renaming of Fund 108 Water Rights Expense Account to “Water Resources and FERC Relicensing” and Transfer in Funds Originating from the PG&E Settlement Reserve

SUMMARY:

On October 20, 2020 the Calaveras County Water District (CCWD) Board of Directors’ (Board) Finance Committee reviewed CCWD staff’s proposal to transfer funds from a CCWD settlement with the Pacific Gas & Electric Company (PG&E), to a renamed reserve entitled “Water Resources and FERC Relicensing Programs” (Reserve Fund). The Board originally created the Reserve Fund for CCWD water rights management purposes on January 30, 2008, with a minimum value set at \$3,000,000 (per Resolution No. 2008-11). Staff recommend a transfer of the PG&E settlement reserve in the amount of \$2,445,795.36 – remaining from claimed damages due to the 2015 Butte Fire in Calaveras County – to the Reserve Fund, and to broaden the scope of the fund to include CCWD water rights management and tasks related to the upcoming Federal Energy Regulatory Commission (FERC) relicensing related to hydropower facilities owned by CCWD. With these changes, the Reserve Fund would have a total of \$5,445,795.36. Given the limits set forth during creation of the fund, this reserve transfer and renaming of the Reserve Fund requires a budget adjustment, as detailed in Attachment A and provided by the draft Board Resolution in Attachment B.

Water Resources and FERC Relicensing

CCWD’s Water Resources Department (Department) is responsible for developing short and long-term comprehensive water supply management strategies and for maintaining and protecting CCWD’s water rights. With the proposed budget modifications above, the Reserve Fund would continue to be used for these purposes, subject to approval by the Board. In addition, CCWD owns the North Fork Stanislaus Hydroelectric Development Project (North Fork Project, FERC No. 2409) and New Hogan Lake Project (New Hogan Project, FERC No. 2903), both subject to hydropower licensing rules and processes. Information for both projects is provided below:

- The North Fork Project is operated by the Northern California Power Agency (NCPA), which includes facilities such as McKays Point Reservoir, the Collierville Tunnel, and a 253.3-megawatt powerhouse on the Stanislaus River. The current FERC license for the North Fork Project is set to expire on January 31, 2032.
- The New Hogan Project consists of a 3.15-megawatt hydroelectric system on the New Hogan embankment dam along the Calaveras River that is operated by the Modesto Irrigation District (MID). The current FERC license for the New Hogan Project is set to expire on October 31, 2032.

CCWD staff anticipates that analysis of North Fork and New Hogan Project facilities, negotiations with NCPA and MID, respectively, and review of several other project components need to occur well before these expiration dates. The Reserve Fund would be used to support this work, starting with a proposed \$100,000 used for professional services to initiate these efforts in FY 20/21. Staff will update the Board as new info is received and as progress is made in supporting these FERC relicensing efforts.

In order to fully fund these efforts, CCWD will need to make significant additional deposits into the new Reserve Fund. Staff is working to identify other potential unrestricted reserve funds and sources of revenue that could be utilized for this purpose and will bring further recommendations to Board to establish a comprehensive funding strategy.

CCWD currently enjoys positive working relationships with MID and NCPA. Staff anticipates all parties will engage in collaborative and productive negotiations over the coming years. These are, however, very complex issues and sophisticated contractual arrangements. Even if the negotiations are amicable and all parties work in good faith to seek mutually beneficial outcomes, as is expected, the cost will be substantial. CCWD has an obligation to dedicate adequate resources to this effort to ensure the best possible outcomes and maximize the benefits for Calaveras County residents. Staff recommends approval of the attached resolutions to take a significant step down what will undoubtedly be a long road ahead.

FINANCIAL CONSIDERATIONS:

Per CCWD's Financial Management Policy ("Reserve Policies", Section 5.00.6), the transfer of funds between CCWD budget reserves requires a budget adjustment. The draft adjustment (Attachment A) and Board Resolution (Attachment B) amends CCWD's Fiscal Year 2020-2021 budget by renaming the existing account within Fund 108 (Interest Reserve), from "Water Rights Expenses" to "Water Resources and FERC Relicensing," and transfers in \$2,445,795.36 from the Water Fund (Fund 300) originating from PG&E settlement reserves. A total of \$100,000 from this Reserve Fund is subsequently moved to the Water Resources Department (to Dept. 60, Account 60590) in the current budget for professional services related to the hydropower projects. The result is a total of \$5,345,705.36 remaining in the renamed Reserve Fund, and \$100,000.00 made available for professional services.

Attachments:

- A. *Proposed Budget Adjustment 21-01*
- B. *Resolution No. 2020-__ - Authorize the Renaming of Fund 108 Water Rights Expense Account to "Water Resources and FERC Relicensing" and Transfer in Funds Originating from the PG&E Settlement Reserve*

Calaveras County Water District
Fiscal Year 2020-21
Budget Adjustment - Number 21-01
Board Action Required

Debit			Credit		
Department	Account	Amount	Department	Account	Amount
Fund 300 - Water Fund 59 - Admin Services	79100 - Transfer Out	2,345,795	Fund 108 - Interest Reserve 59 - Admin Services	Water Resources and FERC Relicensing 59100 - Transfer In Less \$100,000 for Prf Services	2,445,795 (100,000)
		2,345,795			2,345,795

Debit			Credit		
Department	Account	Amount	Department	Account	Amount
Fund 300 - Water Fund 59 - Admin Services	Water Resources and FERC Relicensing 54600 - Other Non-Op Revenue	2,445,795	Fund 300 - Water Fund 60- Water Resources	60590 - Professional Services	100,000
		2,445,795			100,000

RESOLUTION NO. 2020-

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

**AUTHORIZE THE RENAMING OF FUND 108 WATER RIGHTS EXPENSE ACCOUNT
TO “WATER RESOURCES AND FERC RELICENSING” AND TRANSFER IN
FUNDS ORIGINATING FROM THE PG&E SETTLEMENT RESERVE**

WHEREAS, a minimum \$3,000,000 reserve fund for expenses related to the maintenance and protection of CCWD’s surface water rights, named the “Water Rights Expense Account” under the District’s Fund 108, was created by the Board of Directors per Resolution No. 2008-11, on January 30, 2008; and

WHEREAS, a renaming of the Water Rights Expense Account is desired to incorporate and acknowledge expenses related to Federal Energy Regulatory Commission (FERC) relicensing for the North Fork Stanislaus Hydroelectric Development Project (FERC No. 2490, license expires January 31, 2032) and New Hogan Lake Project (FERC No. 2903, license expires October 31, 2032); and

WHEREAS, the District has \$2,445,795.36 in reserves remaining from a 2019 financial settlement with the Pacific Gas & Electric Company (PG&E) resulting from claimed damages due to the 2015 Butte Fire in Calaveras County; and

WHEREAS, maintaining and protecting CCWD’s surface water rights and pursuing FERC relicensing for the aforementioned hydroelectric projects is an appropriate use of the PG&E settlement reserve; and

WHEREAS, the District’s Financial Management Policy No. 5.00 (Policy No. 5.00), specifically Section 5.00.6 (“Reserve Policies”) provides guidelines for establishing and maintaining District reserve funds, including the amendment of such funds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of CALAVERAS COUNTY WATER DISTRICT that, consistent with Policy No. 5.00, the Water Rights Expense Account be renamed to the “Water Resources and FERC Relicensing” Account, and the proposed Budget Adjustment No. 21-01 be authorized to transfer into the account \$2,445,795.36 from the Water Fund (Fund 300) originating from the PG&E settlement reserve, attached hereto and made a part hereof.

BE IT FURTHER RESOLVED that the Board of Directors hereby authorizes \$100,000 be transferred from the Water Resources and FERC Relicensing Account to Dept. 60, Account 60590 for Professional Services.

PASSED AND ADOPTED this 28th day of October 2020 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CALAVERAS COUNTY WATER DISTRICT

Bertha Underhill, President
Board of Directors

ATTEST:

Rebecca Hitchcock
Clerk to the Board

Agenda Item

DATE: October 28, 2020

TO: Michael Minkler, General Manager

FROM: Damon Wyckoff, Director of Operations
Michael Crank, Purchasing Agent

SUBJECT: Review of the Annual Results from the Creation of a District Purchasing Agent Position

RECOMMENDED ACTION:

None. Informational only.

SUMMARY:

On July 1, 2019, the District approved the elimination of one electrical position and the creation of a Purchasing Agent position with the adoption of the 19/20 FY Budget. The Purchasing Agent position was intended to free field supervisors and staff of the responsibility for making District purchases (above and beyond small and incidental purchases) and designate an employee to comprehensively and cost-effectively research necessary purchases and comply with District policy in making them. The change was expected to ensure the best price and quality for material and equipment, thereby ensuring the District stretches each dollar as far as possible and improves workflow and output for field crews.

The best metric to illustrate benefits from the creation of the Purchasing Agent position is the cost-savings on District purchases throughout this first year of the Purchasing Agent's work effort. As discussed in greater detail, below, direct cost savings from the Purchasing Agent's efforts amount to \$104,389 in the first year. The savings were achieved by identifying new vendors, creating a competitive bidding environment by obtaining multiple competitive quotes for purchases, and centralizing purchasing to the extent possible. In addition to the direct cost savings, the Purchasing Agent has reduced the amount of time field supervisors cumulatively spend on procurement from approximately 40 hours per week to 20 hours. That means more than \$50k of total compensation is redirected from inefficient procurement efforts to the critical work of our field supervisors.

The Purchasing Agent has also taken on the task of managing the District's small vehicle fleet and assisting with large vehicle purchases and regulatory compliance. The Purchasing Agent also plays a key role the District's emergency preparedness and

response to events such as the COVID-19 pandemic, PSPS outages, and emergency repair efforts.

Direct Cost Savings

Money saved is money earned. By re-purposing a position on the Organizational Chart to be responsible for most District purchases the District put this understanding to the test. It was anticipated that the Purchasing Agent position would be cost neutral. The best case would be that the position saved even more money than it would cost.

Upon analysis, implementation of the Purchasing Agent Position saved approximately \$104,389.00 from October 2019 through October 2020. Savings were achieved through the material/equipment selection process. For instance, on the 5th of November 2019, quotes were obtained for leak repair materials. Vendor A provided a quote for \$13,900, Vendor B's quote was \$12,463.00, and Vendor C submitted a quote of \$7,115.00. The lowest quote provided by Vendor C was chosen. Historically, CCWD would purchase leak repair material from Vendor A because it had become the easiest and fastest option for field supervisors to get what they needed. Vendor A salesmen would meet field staff at the respective yards to receive order requests and would ultimately deliver the parts to the field crews. This work was completed without cost/value comparison because field supervisors lacked the time to spend on procurement. By obtaining three quotes and choosing the lowest, the District's Purchasing Agent saved up to \$6,785.00 on this single purchase and he is still able to deliver the parts directly to field staff so there is no loss of efficiency.

Another November cost savings resulted from the need to purchase a Hach HQ30D Portable pH/DO meter. The manufacturer's price was \$2,557.00, which previously would have been the District's default procurement option. The Purchasing Agent purchased the item from Amazon and paid \$534.89, saving the District \$2,022.00. In January of 2020, a Barnes pump failed at Lift Station 4 in the Copperopolis Service Area. The District used Vendor W for repair and replacements such as these in the past. The Vendor W quote for repair equaled \$5,254.83 and \$6,985.00 for a new pump. Three additional quotes for new pumps were then obtained. Vendor X at \$5,724.34, Vendor Y at \$5,224.02, and Vendor Z with a cost of \$3,849.47. The District purchased the new pump from Vendor Z for a savings of up to \$3,135.53.

Labor Cost Offsets

Another compelling value added by the creation of the Purchasing Agent position is the reduction in time spent making purchases by Field Supervisors. These savings can also be incorporated into the contemplation of savings created by the Purchasing Agent position. It was estimated within the Operations Department alone, prior to the creation of the Purchasing Agent position, Field Supervisors would spend more than 40 hours collectively per week making purchases. At the time of this analysis, the Supervisor purchasing effort equated to a salary cost of more than \$91K per year. It is safe to say the efforts of the Purchasing Agent position have reduced purchasing workload for the

Field Supervisors by more than half. This conservative estimate illustrates a reallocation of salaries from purchasing efforts to field work for Field Supervisors to the tune of more than \$50k in total compensation.

Additional Benefits

It is clear the Purchasing Agent's position has provided cost savings and improved operational efficiency for CCWD. What has not been discussed are the additional benefits the creation of this position has provided. The Purchasing Agent works to manage our small fleet, coordinate the Low-use Low-population County accounting for non-CARB compliant large fleet vehicles, and works directly with the Enterprise Fleet Vehicle Lease arm to plan and coordinate replacement vehicles for the District's Fleet. During the initial phase of the COVID-19 outbreak the Purchasing Agent personally cleaned and disinfected District facilities and equipment. The Purchasing Agent plays an integral role during PSPS outage events. He coordinates fuel deliveries and ensures the delivery of critical parts and supplies to allow the District the opportunity to effectively respond to these outages. The Purchasing Agent will also respond as needed to provide additional support to field staff for projects and during emergencies.

Conclusion

Overall, the implementation of the Purchasing Agent Position for CCWD has not only saved the District money through the assurance of cost-effective purchases, it has also improved operational efficiency and bolstered the District's ability to address vehicle and equipment related regulatory requirements.

FINANCIAL CONSIDERATIONS:

Currently, the Purchasing Agent's annual Salary without benefits is approximately \$76,000. The multiplier for benefits is approximately 0.4 of the wage. Total salary and benefits are approximately \$106,400. Purchasing Agent savings in the first year were \$104,389.00. Operational efficiency value added through the reduction in purchasing efforts from field supervisors is more than \$45,000 is salary alone. It is apparent the efforts of the Purchasing Agent of the past year have created savings and efficiencies that exceed the cost of funding the position.