

# AMADOR WATER AGENCY

Board of Directors

Regular Meeting

12800 Ridge Road, Sutter Creek, CA 95685

September 24, 2020

9:00 a.m.

BOARD OF DIRECTORS

Rich Farrington, President	District 3
Susan Peters, Vice President	District 4
Paul Molinelli Jr., Director	District 1
Gary Thomas, Director	District 2
Randy Livingston, Director	District 5

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**In order to accommodate the social distancing practices required to reduce the risk of spreading COVID-19 and provide for the safety of the public, our employees and Board of Directors, the Agency will conduct its public meetings via videoconference until further notice. Members of the public wishing to participate in this meeting should use this call-in number:**

**The Board President will call for public comment on each agenda item at the appropriate time to ensure that the public may be heard and all votes by the Board will be taken by roll call.**

***Please Note: Members of the public will have the opportunity to directly address the Agency Board of Directors concerning any item listed on the Agenda below before or during consideration of that item.***

***There is a three minute time limit per person***

***The Board President may take items out of order to accommodate the public or to promote the order of the meeting.***

**1. OPEN SESSION WILL BE CALLED AT 9:00 a.m.**

Members of the public wishing to participate in the Regular Board meeting should use the information below:

**Please join the meeting by using the information below:**

United States (Toll Free): 1 866 899 4679

- One-touch: tel:+18668994679,,259013293#

United States: +1 (571) 317-3116

- One-touch: tel:+15713173116,,259013293#

Access Code: 259-013-293

**2. CALL TO ORDER – ROLL CALL- PLEDGE OF ALLEGIANCE**

**3. ADDITIONS TO AGENDA**

A. Items added to the agenda must be approved by the Board pursuant to Government Code Section 54954.2

Website Address: [www.amadorwater.org](http://www.amadorwater.org)

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**4. PUBLIC COMMENT FOR MATTERS NOT ON THE AGENDA**

A. Discussion items only, no action to be taken. Any person may address the Board at this time upon any subject within the jurisdiction of Amador Water Agency; however, any matter that requires action will be referred to Staff for a report and action at a subsequent Board meeting. Please note there is a three (3) minute time limit per person

**5. CONSENT AGENDA**

Items listed on the consent agenda (see attached) are considered routine and may be enacted by one motion. Any item may be removed for discussion and made a part of the regular agenda at the request of a Board member(s).

**6. AGENCY GENERAL**

**A. Raftelis Financial Consultants- Workshop**

1. Discussion and possible action to prioritize pricing and policy objectives to be considered in the rate structure design.

**B. COVID 19 Update; Staff Safety Measures; Leadership**

**7. WATER SYSTEM**

**A. Forfeiture of Service**

1. Discussion and possible direction regarding maintaining service to a property in bankruptcy proceedings, Cedar Mill Farms LLC (015616-000). The General Manager will present.

**8. GENERAL MANAGER REPORT**

**9. BOARD OF DIRECTOR DISTRICT REPORTS, COMMITTEE REPORTS AND DIRECTOR COMMENTS** - The Board Members may report on various activities, meetings, etc. that they have been involved in. Discussion only, no formal action will be taken. Any matter requiring action will be placed on an upcoming agenda for consideration.  
**Budget and Finance 09-15-20**

**10. FUTURE AGENDA TOPICS**- This item is to provide the Board Members an opportunity to request items to be placed on future agendas.

**11. ADJOURNMENT**-The estimated adjournment time for this meeting is 11:30 a.m.

**SCHEDULE OF UPCOMING BOARD MEETING**

**Thursday, October 8, 2020 9:00 a.m.**  
**Regular Board of Directors Meeting**

**AMADOR WATER AGENCY  
CONSENT AGENDA  
September 24, 2020**

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Items listed on the consent agenda are considered routine and may be enacted by one motion. Any item may be removed for discussion and made a part of the regular agenda at the request of a Board member(s).

**1. MINUTES**

- A. Approval of minutes of the Regular Board Meeting of September 10, 2020.
- B. Approval of minutes of the Special Board Meeting of September 16, 2020.

**2. MISCELLANEOUS APPROVALS**

- A. Declaration of Surplus Property- Authorization for the General Manager to dispose of Agency assets in accordance with policy AWA PL Adm 013 Disposing of Surplus Real Property, Vehicles, Equipment & Property.

***If you are an individual with a disability and need assistance or accommodation to participate in this teleconference meeting, please call Clerk of the Board Cris Thompson at (209) 223-3018, fax (209) 257-5281, or email Ms. Thompson at [cthompson@amadorwater.org](mailto:cthompson@amadorwater.org).***

***Documents and materials relating to an open session agenda item that are provided to the Amador Water Agency Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 12800 Ridge Rd, Sutter Creek CA 95685***

**AMADOR WATER AGENCY  
Board of Directors  
Regular Meeting**

**September 10, 2020**

**MINUTES**

**In order to accommodate the social distancing practices required to reduce the risk of spreading COVID-19 and provide for the safety of the public, our employees and Board of Directors, the Agency will conduct its public meetings via teleconference until further notice.**

**OPEN SESSION**

**CALL TO ORDER at 9:00 a.m.**

**Pledge of Allegiance**

**ROLL CALL**

**Board of Directors:**

- Director Thomas
- Director Molinelli Jr.
- Director Peters
- Director Livingston
- Director Farrington

**Staff in Attendance:**

- Larry McKenney, General Manager
- Cris Thompson, Acting Financial Services Manager/ Clerk of the Board
- Rick Ferriera, Operations & Engineering Manager
- Karen Gish, HR Risk Management Manager
- Joshua Horowitz, Agency Legal Counsel
- Lucy Hackett, Public Relations

Public Comment: None

**ADDITIONS TO AGENDA - None**

Regular Board Meeting  
September 10, 2020

**PUBLIC COMMENT FOR MATTERS NOT ON THE AGENDA- None**

**CONSENT AGENDA (1:46- 3:34)**

**MOTION:** It was moved by Director Molinelli Jr, seconded by Director Livingston and unanimously carried to approve the consent agenda, Accounts payable for August, 2020, Adoption of Resolution 2020-21 Authorizing investment of Amador Water Agency funds in the Local Agency Investment Fund, and Adoption of Resolution 2020-22- Rescinding and replacing designated portions of the Agency's Administrative Policy Manual, approving new and replacement policies, and reconfiguring the manual.

**Roll Call Vote:**

Ayes: Directors Molinelli Jr., Thomas, Peters, Livingston, and Farrington

Noes: None

Absent: None

Abstain: None

**AGENCY GENERAL**

**Quarterly Investment Report (3:34- 4:46)**

Report of the Agency's Investment Performance through June 30, 2020.

**Line of Credit (05:05- 14:28)**

Discussion and possible action to adopt Resolution 2020-23 approving the Line of Credit from American River Bank in the amount of \$2,000,000 and designating the General Manager and the Acting Financial Services Manager as authorized signers on behalf of the Amador Water Agency.

**MOTION:** It was moved by Director Peters, seconded by Director Molinelli Jr. and unanimously carried to adopt Resolution 2020-23 approving the Line of Credit from American River Bank in the amount of \$2,000,000 and designating the General Manager and the Acting Financial Services Manager as authorized signers on behalf of the Amador Water Agency.

**Public Comment:** None

**Roll Call Vote:**

Ayes: Directors Molinelli Jr., Thomas, Peters, Livingston, and Farrington

Noes: None

Absent: None

Abstain: None

**Committees of the Board of Directors (14:37- 40:00)**

Discussion and possible action regarding current standing and adhoc committees of the Board of Directors.

**MOTION:** It was moved by Director Peters, seconded by Director Thomas and

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September 10, 2020

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unanimously carried to add Operations to the Planning and Engineering Committee title and unanimously carried to direct staff to bring back a revised/ paired down committee list to consider at a future Board Meeting and to merge the OPEB and Long Range Financial Planning adhoc committees to Budget and Finance Committee.

Ayes: Directors Molinelli Jr., Thomas, Peters, Livingston, and Farrington  
Noes: None  
Absent: None  
Abstain: None

**GENERAL MANAGER REPORT and COVID 19 Update (40:08- 1:01:10)**

**DEPARTMENT REPORTS (1:01:15- 1:38:50)**

**Administration/Finance  
Operations & Engineering**

**COMMITTEE REPORTS, SPECIAL ASSIGNMENTS AND DIRECTOR COMMENTS  
(1:38:54- 1:44:34)**

**FUTURE AGENDA TOPICS (1:44:38- 1:47:35)**

**Internal Loans review  
CFD Overview**

**LEGAL COUNSEL'S REPORT (1:47:41- 1:56:15)**

- A. Legislative report
- B. Discussion and possible action regarding Agency positions on pending bills
- C. Other Legal Matters

**RECESS** was called at 10:59 **SESSION** resumed at 11:05 a.m.

**CLOSED SESSION was called at 11:05 a.m.**

Conference with Legal Counsel -- Existing Litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(1); State Water Resources Control Board hearing on Agency's Petition and Application for new water right to serve the CAWP System

**OPEN SESSION** resumed at 11:55 a.m.

**REPORT OUT FROM CLOSED SESSION:**

President Farrington reported that the Board of Directors directed staff to send letters to our elected representatives regarding the State Water Resources Control Board hearing on Agency's Petition and Application for new water right to serve the CAWP System.

Regular Board Meeting  
September 10, 2020

The Board authorized the President to sign letters to Resources Secretary Crowfoot, and the Director of Department of Water Resources (DWR) regarding the Agency's request for DWR to drop their protest. In addition, direction was given to send letters to Assemblyman Bigelow and Senator Borgeas with supporting documentation of the challenge, including the Amador County Board of Supervisors Resolution opposing the Department of Resources actions which are costing the rate payers money.

**ADJOURNMENT**

President Farrington adjourned the meeting at 11:57 a.m.

\_\_\_\_\_  
Cris Thompson  
Clerk of the Board of Directors

Approved: \_\_\_\_\_

**AMADOR WATER AGENCY BOARD OF DIRECTORS  
Special Board Meeting  
September 16, 2020**

**MINUTES**

**Directors Present:** Rich Farrington, President  
Paul Molinelli Jr.  
Gary Thomas  
Randy Livingston

**Directors Absent:** Susan Peters

**Staff Present:** Larry B. McKenney, General Manager  
Cris Thompson, Acting Financial Services Manager/  
Clerk of the Board  
Rick Ferriera, Operations & Engineering Manager

**CALL TO ORDER** President Farrington called the Special Board meeting to order at 1:02 p.m.

**WATER SYSTEMS (01:06:02-**

Protest Dismissal Agreement Between Amador Water Agency and the California Department of Water Resources

Discussion and possible action to approve an agreement between the Agency and the California Department of Water Resources to resolve the Department's protest to the Agency's pending application 5647X03 for a new CAWP water right and authorize the Board President to sign it.

Public Comment: None

**MOTION:** It was moved by Director Thomas, seconded by Director Molinelli Jr. and carried to approve an agreement between the Agency and the California Department of Water Resources to resolve the Department's protest to the Agency's pending application 5647X03 for a new CAWP water right and authorize the Board President to sign it.

**Roll Call Vote:**

Ayes: Directors Molinelli Jr., Thomas, and Farrington

Noes: Director Livingston

Absent: Director Peters



Abstain: None

**ADJOURNMENT**- President Farrington adjourned the meeting at 1:52 p.m.

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Cris L. Thompson  
Clerk of the Board of Directors

Approved: \_\_\_\_\_

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# STAFF REPORT

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## Surplus

**Requested Action:**

Declaration of Surplus Property- Authorization for the General Manager General Manager to dispose of Agency assets in accordance with policy AWA PL Adm 013 Disposing of Surplus Real Property, Vehicles, Equipment & Property

**Background:**

The Agency purchased a 24-module Memcor microfiltration skid in 2012 for the Buckhorn Water Treatment Plant to handle the recycle water going to the Mace Meadows ponds. The Agency designed and built a new backwash recycle treatment process that went into service in late 2018. The 24 module Memcor Microfilter skid was decommissioned after the new backwash processes was put online in 2018 and is no longer used.

The Memcor 12L10V filtration plant located in the Camanche warehouse was purchased in 2011 with the idea that it could be used to increase the capacity of the lone Water Treatment Plant. The plant had been used by the City of Livermore as a pilot plant to treat secondary wastewater as part of a groundwater recharge study. Due to the nature of previous use, the Supervising Sanitary Engineer at the Department of Public Health would not certify the use for treated water operations without extensive retrofit to the plant, which became cost prohibitive.

Both Memcor units are technically obsolete and the Agency has no future use for either unit.

**Alternatives:** None

**Fiscal Impact:**

Potential Revenue from the sale

**Reviewed by Committee:** No

**Recommendation:**

Declaration of Surplus Property- Authorization for the General Manager to dispose of

Agency assets in accordance with policy AWA PL Adm 013 Disposing of Surplus Real Property, Vehicles, Equipment & Property

**Prepared by:**

Cris Thompson, Acting Financial Services Manager  
Rick Ferriera, Operations & Engineering Manager

Surplus 9/24/20

<u>Qty</u>	<u>Disc</u>	<u>Value</u>
2	4 Drawer credenza style file cabinet	\$ 10
1	3 Drawer credenza style file cabinet	\$ 10
3	2 Drawer credenza style file cabinet	\$ 15
1	4 Drawer Tall file cabinet with broken lock	\$ 10
2	4 Drawer Tall file cabinet	\$ 10
1	5 Shelf metal bookcase	\$ 20
1	5 Shelf metal frame wood shelves rack	\$ 50
1	Tall wooden cabinet/hutch	\$ 25
2	L shaped wood desks	\$ 70
1	Pallet of misc. metal/cloth cubicle partions/parts	\$ 50
1	ATV	\$ 500
1	Small Memcor Microfilter - Buckhorn 24 Module Unit	\$1,000
1	Large Memcor - Camanche Model 12L10V 60 to 90 gpm	\$5,000

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# STAFF REPORT

**Requested Action:**

Rate Study Workshop.

**Background:**

Raftelis will present information and lead the Board through an exercise to provide key input on agency goals and priorities for the rate study. Previously, staff provided input to Raftelis on the pricing goals of highest importance to the Agency. Raftelis will walk through the policy considerations for and against specific pricing goals, and the Board will then provide input on prioritization of the goals.

Information is attached showing the common pricing goals agencies may have for their rate structures, from which staff selected the eight for which Raftelis has provided the information attached in the packet. Raftelis will be prepared to discuss any of the common goals listed, or other questions raised by Directors. The Board may discuss and determine that different goals should replace goals that staff identified. The Board should reach consensus on which goals to substitute out. It will be important for the ranking exercise for the Board to begin with no more than eight priority goals to rank.

The information in the packet includes a ranking sheet like the one that will be used in the exercise. Directors may want to preliminarily rank the goals shown in the packet, but then be prepared to ask questions, discuss, and reconsider during the meeting.

This workshop item is expected to last at least an hour.

**Prepared by:**

Larry McKenney, General Manager

# Common Pricing Objectives

## Conservation

- Reducing total annual demand
- Reducing water waste
- Reducing peak demand
- Reducing outdoor water usage

## Finance

- Enhancing revenue stability
- Providing funding mechanisms for alternative water supply

## Affordability

- Minimizing customer impacts
- Maintaining low average customer bills
- Crafting rates that provide affordable water for essential uses

## Equity

- Allocating water supply equitably
- Providing a drought management tool
- Allocating capital costs equitably

## Administration

- Allowing cost-effective administration
- Allowing easy implementation
- Enhancing customer understanding

# Pricing and Policy Objectives Exercise Worksheet

## Introduction

### Overview

The best rate structures are designed to collect the appropriate amount of revenue and address the unique characteristics of the utility and the needs of its locale, customers, and other stakeholders. Policy objectives for pricing are specifics that support broad policies (for example, equity and conservation) and serve as discussion points when designing a rate structure.

### Background

Raftelis, with input from Amador Water Agency staff, developed the list of policy objectives to help guide the selection of appropriate rate structures to recover costs. To inform the Board, each policy objective includes a policy statement and potential advantages and disadvantages of each policy.

The resulting eight pricing objectives were determined as most relevant to the Agency by staff. The prioritization exercise of these policy objectives by the Board will be used to develop a framework for the most appropriate rate structures for water service.

## 1. Reducing Water Waste

**Policy Statement:** The selected rate structure should aim to reduce excessive water use or water waste; this can be achieved through identifying efficient water requirements at the parcel level for certain customer classes or using price signals to deter high volume water use.

**Advantages:** A rate structure that highlights water conservation and efficiency will incentivize higher volume or inefficient users to use water more efficiently, which in turn will conserve water resources for all customers.

**Disadvantages:** Water rates must serve as a price signal in order to incentivize higher volume users to use water more efficiently. Typically, this would result in a higher recovery of costs through variable charges and can generate revenue instability for the utility.

## 2. Enhancing Revenue Stability

**Policy Statement:** The selected rate structure should allow the utility to generate stable and predictable revenues each year, even during instances of drought or heightened water conservation.

**Advantages:** A revenue-stable rate structure could promote additional gains in financial health, and could reduce future borrowing costs, and would generally reduce volatility in future rates.

**Disadvantages:** While pursuing a rate structure that promotes revenue stability is advantageous from a financial standpoint, setting water rates that fix a user's bill may be perceived as inequitable and unaffordable for lower volume users, and as not promoting water use efficiency.

## 3. Minimizing Customer Impacts

**Policy Statement:** The selected rate structure should aim to minimize the overall financial impact to customers and not cause a significant "rate shock."

**Advantages:** A rate structure that aims to minimize customer impacts may have a positive effect on the acceptance of water rates and will allow customers to have a more stable water bill.

**Disadvantages:** A rate structure that prioritizes minimal financial impacts to customers may not promote equity among customers. If demand patterns or cost structures have changed significantly since the last period rates were set, the utility has less flexibility in altering the rate structure to maintain equity and fairness.

## 4. Crafting Rates to Provide Affordable Water for Essential Use

**Policy Statement:** The selected rate structure should be designed in a way that makes essential water use (such as for drinking, personal hygiene, or other indoor needs) affordable for all customers.

**Advantages:** An affordable rate structure helps lower income, fixed income, and/or those facing financial hardship gain access to essential water service and stay current on their charges.



**Disadvantages:** Pursuing an affordable rate structure may reduce equity and may be perceived as unfair and inequitable by customers. Affordability can be challenging to define and generally presents a tradeoff with revenue stability. Essential use may also be difficult to define.

## 5. Allocating Capital Costs Equitably

**Policy Statement:** The selected rate structure should allocate capital costs equitably among customers based on the burden each customer places on the system.

**Advantages:** This principle reinforces the priority of treating all customers fairly and developing a defensible methodology to determine water rates. It acknowledges the practical obstacles that prevent perfect equity, such as excessive administrative or technical costs solely to achieve marginal gains in equity.

**Disadvantages:** “Fairness” and “equity” can be subjective and requires advisory committees and policymakers to apply discretion and judgment. Moreover, equity can be interpreted at the system, customer class, or intra-class level.

## 6. Allowing Cost Effective Administration

**Policy Statement:** The selected rate structure should not negatively impact the ongoing cost of administration, which are predominantly composed of staffing costs.

**Advantages:** Rate structures that are easy and cost effective to administer will not create the need for higher staffing costs. These cost savings or minimizations may be reflected in lower overall rate impacts to customers.

**Disadvantages:** Rate structures that optimize for the cost of administration may not allow for certain rate structures or rate structure components. This may overly simplify the rate structure, which can reduce the level of fairness and equity across user groups or restrict the utility’s ability to meet other policy objectives.

## 7. Allowing Easy Implementation

**Policy Statement:** The selected rate structure should allow for easy implementation and reduce the need for gathering additional data or implementing billing system changes.

**Advantages:** Rate structures that are easy to implement will not create the need for higher labor costs (data gathering) or billing system costs (change to billing system). These cost savings or minimizations may be reflected in lower overall rate impacts to customers, and a lower likelihood of billing errors and needed corrections.

**Disadvantages:** Rate structures that optimize for ease of implementation may not allow for certain rate structures or rate structure components. This may overly simplify the rate structure, which can reduce the level of fairness and equity across user groups or restrict the utility’s ability to meet other policy objectives.

## 8. Enhancing Customer Education and Understanding

**Policy Statement:** The selected rate structure should allow customers to quickly and easily learn and understand the various components of the structure.

**Advantages:** Rate structures that are easy for customers to understand have a higher likelihood of being accepted by customers through the rate setting process. If customers understand the basis of their bills, they will have the ability to quickly calculate charges and conclude that they are fair.

**Disadvantages:** A rate structure that prioritizes customer education and understanding may be too simple to meet other policy objectives that are important to the utility.

# Amador Water Agency Pricing Objectives Exercise

Please prioritize each of the sub-objectives sequentially from 1 to 8,  
with 1 being highest priority and 8 being lowest priority.

Policy Objective	Priority
Reducing water waste	
Enhancing revenue stability	
Minimizing customer impacts	
Crafting rates to provide affordable water for essential use	
Allocating capital costs equitably	
Allowing cost effective administration	
Allowing easy implementation	
Enhancing customer education and understanding	

Participant's Name: \_\_\_\_\_