



NOTICE

OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF ALLEGHANY COUNTY WATER DISTRICT

Date: Tuesday July 12, 2022 Time: 6:00 pm

Location: Fire Station 1, 105 Plaza Court, Alleghany and by conference call. Dial-in number (US): (978) 990-5144 Access code: 6919768#

All meeting documents available online: alleghanywater.org

Send an email to: alleghanywater@gmail.com for meeting notices.

This agenda has been prepared and posted at least 72 hours prior to the regular meeting of the Board of Directors in accordance with the Ralph M. Brown Act. Agenda items are numbered for identification purposes only and will not necessarily be considered in the indicated order. Details and supporting materials concerning agenda items are available for public reference in the box at the Post Office at the time of agenda posting or on the district's website: alleghanywater.org

1. Call to Order & Establish a Quorum

2. Consent Calendar

- a) Approve agenda
- b) Reading and approval of the minutes for the regular meeting dated May 10, 2022
- c) Ratification of Treasury Report and bill payments for May and June 2022.

3. Information/Discussion Items:

- a) Correspondence –
- b) SRF Projects Update –
- c) Board/Staff Reports – Chief Water Operator (CWO) & General Manager (GM)
- d) Historical Church/Library report – Status of heater purchase -
- e) Park report – The new rope is on the flag pole. Thank you Ned!

4. Unfinished Business (Discussion & Possible Action Items):

- a) Customer Accounts/Billings/Disconnects:
- b) Ordinances, Policies & Procedures and Bylaws: Revisions to Policy #102 Reserve Funds as corrected on May 10th. Adopt Policy #601 for procurement of professional services.
- c) Status of vacancy on the board,
- d) Job Descriptions (we paid the attorney to review them but have not followed through with considering the recommendations)
- e) Adopt Preliminary Budget – first draft presented in May.

5. New Business (Discussion & Possible Action Items):

- a) Renew Secretary and General Manager's contracts. See GM report.
- b) Consider adding \$25 per month the Bookkeeper's pay, bringing her up to \$200 per month.
- c) Resolution #117 to consolidate election with Sierra County
- d) Ordinance # 37 new rates
- e) Appoint Engineering selection committee per Policy #601
- f) Renew library lease of historical church

6. Public Response Time: The public may be heard before or during the consideration of any agenda item to be considered by the board, subject to reasonable time limitations for each speaker. Members of the public may address matters under the jurisdiction of the Board of Directors, and not on the posted agenda, provided that no action shall be taken by the board unless the matter is deemed urgent by a 2/3 vote. Per the district's bylaws: complaints about board members or district staff are to be submitted in writing (not to be aired at meetings).

Next regular meeting date August 9, 2022.

7. Adjournment.

Upon request, Agendas will be made available in alternative formats to accommodate persons with disabilities. Please make your request to District Secretary, P.O. Box 860, Alleghany CA 95910 specifying your disability and the format in which you would like to receive this Agenda and future Agendas as well.

ACWD July 12, 2022 MEETING PACKET ~ PLEASE NOTE THE FOLLOWING:

- We are going to try an experiment this month and include a conference call by speaker phone with the in person meeting. Board members: somebody at the firehouse needs to dial into the conference call for the remote attendees to be able to participate. If there is a power outage this option will not be available. Board members are requested to attend in person if at all possible.
- All of the documents from the cancelled June meeting (except for the agenda) should be brought to the July meeting.
- The draft new Policy # 601 will be made available by Monday 11th if all goes as planned. It is being reviewed by our SWRCB DFA Representative. It is 13 pages long with the indexes, so hard copies will be made available upon request. Please send an email to alleghanywater@gmail.com if you would like a hard copy so that we can print the appropriate quantity.

Alleghany County Water District

Treasurer's Report

May 2022

MAIN ACCOUNT

Beginning Balance \$ 14,778.48

Deposits

Date	From:	For:	Amount
5/4	Customers	Water	\$ 2,903.15
5/4	Customers	Water	\$ 1,948.55
Deposits Total			\$ 4,851.70

Expenditures

Ck #	Date	To:	For:	Amount
EFT	5/4	PG&E	Pumphouse	\$ 206.63
EFT	5/4	PG&E	Tank Site	\$ 12.43
1132	5/4	Amber Mehrmann	Secretary April Bill	\$ 75.00
5708	5/5	Bruce Coons	WDO April Bill - Gross \$430.41	\$ 364.02
5709	5/5	Edda Snyder	Bookkeeper April Bill - Gross \$175	\$ 161.61
5710	5/5	Edward Snyder	WDA April Bill - Gross \$368	\$ 339.84
5711	5/5	AT&T		\$ 41.51
5712	5/5	B&C	Supplies and Maintenance	\$ 23.11
5713	5/5	Cranmer Engineering	Water Tests	\$ 90.00
5714	5/10	Sierra County Recorder	Proposition 218 mailing list for public notice	\$ 25.00
5715	5/10	Softline Data	Billing Program Yearly Subscription	\$ 445.00
1133	5/13	Rae Bell Arbogast	Deputy Secretary 5/13/22	\$ 37.50
1134	5/17	Postmaster	1 Roll Stamps	\$ 58.00
1135	5/23	Bruce Coons	WDO May Mileage Only Advance	\$ 93.60
Expenditures Total			\$ 1,973.25	

RESERVE FUND WATER OPERATION	
Contingency Fund	\$ 14,500.00
Equip. Maint. Fund	\$ 1,000.00
TOTAL	\$ 15,500.00

Ending Main Account Balance \$ 17,656.93
 Less Reserve Fund \$ (15,500.00)
 Plus Undeposited Funds \$ 608.00
 Available Funds \$ 2,764.93

NON-ENTERPRISE ACCOUNT (Historical Church & Park)

Beginning Balance \$ 10,055.82

Deposits

Date	From:	For:	Amount
Deposits Total			\$ -

Expenditures

Ck #	Date	To:	For:	Amount
EFT	5/4	PG&E	Historical Church	\$ 9.53
Expenditures Total			\$ 9.53	

Report Prepared by Edda Snyder
 Verified against Bank Statement

Ending Non-enterprise Account Balance \$ 10,046.29

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Historical Church Balance	\$ 7,924.26
Park Balance	\$ 2,122.03
Balance	\$ 10,046.29

Alleghany County Water District

Treasury Report

June 2022

MAIN ACCOUNT

Beginning Balance \$ 17,656.93

Deposits

Date	From:	For:	Amount
6/1	Customers	Water	\$ 520.00
6/1	Customers	Water	\$ 440.40
Deposits Total			\$ 960.40

Expenditures

Ck #	Date	To:	For:	Amount
5716	6/6	VOID		
5717	6/6	Edda Snyder	Bookkeeper May Bill - Gross \$175	Net \$ 161.61
5718	6/6	Edward Snyder	WDA May Bill - Gross \$330	Net \$ 304.76
5719	6/6	AT&T		\$ 41.53
5720	6/6	Boden, Klein & Sneesby	Audit Fees	\$ 950.00
5721	6/6	Cranmer	Water Tests	\$ 100.00
6/8	1136	Bruce Coons	WDO May Bill - Gross \$450	Net \$ 375.57
6/22	EFT	PG&E	Pumphouse	\$ 367.05
6/22	EFT	PG&E	Tank Site	\$ 7.76

Expenditures Total \$ 2,308.28

RESERVE FUND WATER OPERATION	
Contingency Fund	\$ 14,500.00
Equip. Maint. Fund	\$ 1,000.00
TOTAL	\$ 15,500.00

Ending Main Account Balance \$ 16,309.05
 Less Reserve Fund \$ (15,500.00)
 Plus Undeposited Funds \$ 2,764.00
 Available Funds \$ 3,573.05

NON-ENTERPRISE ACCOUNT (Historical Church & Park)

Beginning Balance \$ 10,046.29

Deposits

Date	From:	For:	Amount
Deposits Total			\$ -

Expenditures

Ck #	Date	To:	For:	Amount
EFT		PG&E	Church	\$ 1.81
Expenditures Total			\$ 1.81	

Report Prepared by Edda Snyder

Verified against Bank Statement

Ending Non-enterprise Account Balance \$ 10,044.48

x
Print

Historical Church Balance	\$ 7,922.45
Park Balance	\$ 2,122.03
Balance	\$ 10,044.48

ACWD General Manager (GM) Report June & July 2022

Prepared by Rae Bell Arbogast

Note: The regular June 14th Board meeting was cancelled due to the lack of a quorum, all business was carried forward to the July 12th regular meeting date. All meeting documents from the June Meeting packet except for the agenda should be brought to the July meeting.

Correspondence

Incoming: Election consolidation paperwork from Sierra County, Conflict of interest code verification documents from Sierra County, confidential draft audit report from the State Dept. of Finance for the two SRF projects, final audit report from the State Dept. of finance

Outgoing: On May 13th the Proposition 218 notices were mailed to all customers and property owners with active customer accounts. Letter of intent to participate in the multi-jurisdictional hazard mitigation plan sent to Sierra County OES, July 1st official response to the audit report listed above was submitted, customer update included in July 5th water bills

GM REPORT

- **RATE CHANGE**, only one protest letter out of 27 needed to kill the rate change proposal was received for the June 28th public hearing. This in effect “ratifies” the rate change resolution #116 adopted in May. The corresponding Ordinance update is included on the July agenda.
- **WATER TANK PROBLEM**, See customer update mailed on July 5th a copy is posted on this months (July 12th) meeting page as well. An additional update will be provided at the meeting.
- **State Dept of Finance Audit of SRF Planning Project Agreement # D15-02031 (Water sources and water tank planning) and Construction Project Agreement # D17-02013 (water tank construction)** The audit that began in February was finally completed on June 10th. The final 13 page report has been posted on the district’s website www.alleghanywater.org/2022-07-12-board-meeting Hard copies are available upon request. The pages with the audit findings and ACWD’s response are included in the meeting packets.
- **State disaster relief for big December/Jan snowstorm** As previously reported we were notified that we might be able to apply for disaster relief. I came up with just under \$1,000 in expenses related to the storm which was about half labor and half propane for the generator. New paperwork with a procedure was distributed by OES in June with an August 1st due date. Upon further inquiry I was told that ACWD does not qualify because we didn’t meet the minimum threshold of \$3,300 in expenses! (I wasted about 3 hours of volunteer time on this)
- ACWD’s application to participate in the State’s Low Income Utility Assistance program was accepted. Customers should be able to sign up via the website <https://www.csd.ca.gov/waterbill> or by calling 866-675-6623

Notes on specific agenda items

Agenda item 5 a) Renewal of contracts: The proposal for renewal of the two contracts is to keep the Secretary's contract "as is".

I am requesting one change to the GM contract. As noted on the budget documents, \$200 was added to line item # 6020 Secretary/GM Contracts specifically to pay the GM for completing three mandatory annual reports: the Annual EAR report, the consumer confidence report and the water rights report. Of the three reports the annual report takes the longest and the water rights report is quickest.

One option is to offer a flat rate for each report as follows: \$125 for the EAR report, \$50 for the consumer confidence report and \$25 for the water rights report.

The other option would be to offer \$25 per hour (GM current rate for state funded projects) preparing the reports. (if they don't change the EAR report it gets faster to fill out every year, but year-before-last they made major changes. This year it took me 5 hours to complete the report). Either way, I think it will be close to \$200, the hourly option might fluctuate from year-to-year.

As a reminder:

The Secretary's contract currently has the following compensation language:

Compensation

District agrees to compensate Contractor at the rate of \$30 per meeting plus another \$15 for each half hour (or \$7.50 per quarter hour) over 1 hour not to exceed \$60 per meeting. This rate shall be reviewed upon renewal of said contract.

The General Manager's contract reads as follows:

A. Compensation

1. Time that can be allocated to the State Funded Projects shall be billed to the district at a rate of \$25 per hour and will subsequently be billed directly to the State Funded Projects for reimbursement.

2. Deputy Secretary Duties shall be billed to the District at a rate of \$30 per meeting plus \$15 for each half hour over 1 hour (rounded by the quarter hour) and capped at \$60 per meeting.

Agenda item 5 b) Consider adding \$25 per month to the Bookkeeper's pay – This was essentially promised to her two years ago and has been built into the budget. This will put the bookkeeper at \$200 per month.

Bookkeeper's Job Summary

- Accounts Receivable Clerk/Customer Service – prepares monthly billings to water customers, receives payments, responds to customer inquiries
- Accounts Payable Clerk – Pays monthly bills in a timely fashion
- Reconciles bank accounts monthly and prepares monthly treasurer's report
- Processes Payroll including all required tax filings
- Performs all duties listed above in compliance with district Policies & Procedures



Copy of:
Summary and response only

Alleghany County Water District
Proposition 1 Bond Program
Agreements D15-02031 and D17-02013

Report No. 22-3940-036
July 2022

CONCLUSION

Based on the procedures performed and evidence gathered, we obtained reasonable assurance the claimed expenditures, excluding any SWRCB adjustments, complied with the agreements' requirements. However, we identified an area where the District could improve its administration management practices, as noted in Finding 1. Additionally, the District did not complete all the project deliverables required in the agreements, as described in Finding 2.

FINDINGS AND RECOMMENDATIONS

Finding 1: Improvement Needed for Professional Services Procurement

The District contracted with two professional services firms to provide construction management and/or engineering services for the projects; however, the District did not provide evidence that the selection was based on demonstrated competence and qualifications, as required. The District stated the engineering firm providing construction management and engineering services was selected by soliciting and obtaining recommendations from surrounding districts, and reviewing the recommended firms' resumes and credentials. The District was not aware of the legal requirements relating to the procurement of professional services. The District's review of only one candidate's qualifications omitted the evaluation of other potential candidates. Further, the engineering firm hired to perform hydrogeology and geotechnical studies was selected through an informal bid process. And while the District stated the evaluation to support the candidate selection was performed, including the review of resumes and discussing potential candidate qualifications, the evaluation was not documented as the District was managing other priorities. Additionally, the District does not have documented policies or procedures for the procurement of professional services.

California Government Code section 4526 requires local agency heads to select private architectural, landscape architectural, engineering, environmental, land surveying, or construction project management firms for professional services on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.

Contract administrative state laws exist to protect the public from misuse or waste of public funds, provide qualified service organizations with a fair opportunity, stimulate competition, and help prevent favoritism, fraud, and abuse in selecting firms for service. Additionally, securing professional services without confirmation of competence and qualifications increases the risk that bond funds may not be expended in the most prudent and economical manner, which may impact the quality and/or completion of the project deliverables.

Recommendations:

- A. Develop and implement policies and procedures to solicit, evaluate, and select candidates for professional services based on demonstrated competence and professional qualifications.
- B. Maintain documentation to support the selection of a particular candidate.

Finding 2: Incomplete Planning Project Deliverables

For Agreement D15-02031, the District did not fully complete the Planning, Specification, and Cost Estimates and the CEQA/NEPA Compliance deliverables by March 31, 2021, as required. Specifically, the final construction drawings and specifications, and estimated construction costs were not completed. Further, while the project was eligible for CEQA exemption status, the District did not file the required CEQA Notice of Exemption until September 20, 2021, nearly six months after the deadline. Nevertheless, SWRCB accepted the project as complete based on the depletion of Agreement funds, the understanding that the incomplete deliverables were to be funded through other sources, and the District's submission of the March 2, 2021 Project Completion Report which identified the incomplete deliverables. SWRCB stated the deliverables modifications were agreed upon by both parties; however, SWRCB and the District did not provide written documentation memorializing the agreement. Without written documentation to support approved agreement term modifications, the agreement may not be legally enforceable.

Agreement section 2.10 (c) (1), states prompt notification of any substantial change in the scope of work must be provided and no substantial change in scope of work will be undertaken until written notice of the proposed change has been provided to SWRCB and written approval received. Further, the Agreement's Amendment 4, Attachment A states all milestones must be achieved with relevant deliverables approved by SWRCB and the final invoice submitted prior to March 31, 2021.

Recommendation:

- A. Ensure all Agreement requirements are met and scope of work changes and approvals are documented.



Alleghany County Water District

P.O. Box 860, Alleghany CA 95910

530-287-3204 alleghanywater.org alleghanywater@gmail.com

July 1, 2022

Kylie L. Ottman, CPA Assistant Chief
California Dept. of Finance
Office of State Audits and Evaluations
915 L Street, 6th Floor
Sacramento, CA 95814

Response to the findings of Audit report No: 22-3940-036

Dear Ms. Ottman,

This letter is ACWD's formal response to the audit report referenced above. ACWD takes its responsibilities seriously and is pleased that its financial accounting and administrative record keeping was found to be substantially in compliance with the terms of both funding agreements.

Regarding finding number one: ACWD is in the process of drafting a policy and procedure for procurement of professional services for future use. The audit finding is informing the development and adoption of this policy and procedure.

Regarding finding number two: The failure to modify agreement D15-02031 to reflect the fact that the environmental work had to be shuttled to other programs for completion was an oversight on the part of both ACWD and the Dept. of Financial Assistance.

In hindsight, the scope of agreement D15-02031 was too broad for completion within the given budget constraints for planning projects. As of today, the environmental work is still in the process of being completed through Technical Assistance offered by the State Dept. of Financial Assistance's SAFER program.

ACWD is grateful for the assistance that it has and continues to receive via these State sponsored programs. Without such assistance it is unlikely that the district would be able to provide safe and affordable drinking water to the community of Alleghany.

ACWD appreciates the professionalism displayed by you and the other team members: Crystal Venneman and Yeng Xiong throughout the audit. We also appreciate your patience and understanding regarding the fact that our district does not have full-time office staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Rae Bell Arbogast".

Rae Bell Arbogast
General Manager

ORDINANCE NO. 37

**AN ORDINANCE AMENDING ORDINANCE NO. 3
ENTITLED “AN ORDINANCE ESTABLISHING RATES,
RULES AND REGULATIONS FOR WATER SERVICE
BY THE ALLEGHANY COUNTY WATER DISTRICT”**

BE IT ORDAINED by the Board of Directors of the Alleghany County Water District, Sierra County, California as follows:

Section 1. Section 1601 of Article 16 of Ordinance No. 3, cited in the title, passed and adopted by said Board on August 4, 1977, be, and it is hereby amended to read as follows:

1601. Rates for water service are hereby established as follows:

Monthly flat rate per service: \$44.00 includes up to 8,000 gallons of water.

Usage over 8,000 gallons shall be billed at a rate of \$4.00 per thousand gallons (.004 per gallon).

The above rates went into effect on 7/1/2022 per ACWD Board Resolution #116 adopted on May 10, 2022 with the corresponding Proposition 218 procedure completed on June 28, 2022.

Additionally, the future rate changes listed below were adopted per Resolution #116 and are hereby incorporated into this Ordinance.

Effective 7/1/23 the monthly flat rate shall change to \$44.75

Effective 7/1/24 the monthly flat shall change to \$45.50

Effective 7/1/25 the monthly flat rate shall change to \$46.25

Section 5. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

I hereby certify that the foregoing is a full, true, and correct copy of Ordinance number 37 duly passed and adopted by the Board of Directors of the Alleghany County Water District, Sierra County, California, at the Regular Meeting held on the 12th day of June, 2022 by the following vote:

AYES, and in favor thereof, Directors: NOES, Directors: ABSENT, Directors: VACANT, 1

ATTEST:

Amber Mehrmann , Secretary

Tobyn Mehrmann, President