

Delivered to planning@amadorgov.org on 11/13/2023

To: Amador County Planning Commission

From: Rebecca Korematsu, Director, Volcano Community Services District (VCSD)

Subject: Comments on Item 1, November 14 2023 Meeting, Request for a Zone Change (ZC-23;9-1)

I am presenting concerns about this request, namely, that the proposed zoning change and associated development permitted on these parcels would threaten the quality and quantity of our town's water supply source and associated watershed.

This source, referred to as the "Cleveland Tunnel" system accesses groundwater originating from an ancient stream bed (Cleveland Channel) buried beneath the ridge tops. The parcels being rezoned lay above/along the watershed. The access point for town water is an abandoned mining shaft (Cleveland Tunnel) located some 2000 feet northwest of the town of Volcano, on the side of Charleston Road. The Volcano Community Services District ("District") has pre-1914 appropriative water rights for its diversion to meet the community's current and future water needs, which has been documented in numerous reports and filings with the California State Water Board.

The applicant briefly refers to water being supplied to the **23.5 acres** "by well or overflow from the Cleveland Channel." ¹ There is no further specific information in either the application or staff report. By way of comparison, ***the entire District boundary served by the Cleveland Channel water source is approximately 47 acres (serving approximately 70 connections).***

We also note that the Cleveland Channel is considered by the Water Board to be "groundwater under the influence of surface water," which means that not only impacts to the raw water flow (e.g., pumping/diverting the channel water in a manner that reduces available flow to the District) but also potential drainage of land-use contaminants through the surface into the underground channel must be carefully evaluated from the "permitted" or "conditional uses" in the staff report,

¹ Environmental Information Supplement #5;

including oil and gas wells drilling, commercial slaughter houses and stockyards for livestock or from the applicant's proposed septic system/leach lines over the watershed. None of the potential adverse impacts on the watershed have been addressed by staff and for these reasons in particular, *the Commission should not adopt a Notice of Exemption until further investigation and public input.*

The Planning Commission should also consider the following circumstances that affect the ability of the District's Cleveland Channel water source to meet *any additional demands* for water at this time:

1. In 2007, the District established a moratorium on new hook ups (connections) to the Cleveland Tunnel water system based on the results of a supply-demand study that raised significant doubts that the Cleveland Channel water source could accommodate additional new connections, especially when considering drought conditions. The District also established a waiting list and process for District property owners to request consideration of a new connection at a later date. Out-of-District property owners could also request consideration, but their waiting list would be considered after the waiting list for District property owners. [Ordinance 2007-01, 2007-02]
2. There are currently 8 undeveloped parcels within the District that are on the waiting list, and 1 parcel outside the District. The single request to be placed on the waiting list from outside the District was made by Volcano Gold LLC for a single parcel, so the applicant for this rezoning knew of these procedures and the reasons for them.
3. In 2015, *at the direction of the California Water Resources Control Board*², the District continued the moratorium on new connections and its mandatory conservation measures. A December 2015 Source Capacity Planning Study conducted in compliance with the Water Board's order concluded that the Cleveland Channel appears capable of meeting the water demands of *current* connections in the District based on the sustainable firm yield of the Cleveland Tunnel system and existing/projected peak day demands from those existing customer connections. The report

² Compliance Order No 01-10-15R-003, California State Water Resources Control Board, July 14, 2015.

recommended that this yield and demand data continue to be monitored in order to consider any future requests for new connections.

To date, there have been no requests of any owners currently on the waiting list to connect to the District. Should a request come in, the Board would need to update the 2015 study with the supply and demand data that has been collected since then, and consider that information in reviewing the request(s) at a duly noticed Board meeting. It may also require an appeal to the State Water Board in light of its 2015 compliance order.

How many wells, what depths, where will they be located, how many individuals/farms/operations served, what volume in gpm of “overflow” from the Cleveland Channel does the applicant believe he has legal access to (and from what physical location(s)), how can the applicant assure the District that they will not affect the flow of water through the Cleveland Tunnel to meet the town’s water requirements? These specifics need to be addressed. In the past, the town’s water supply has previously been compromised by water pumping from a *single* mine shaft along the watershed, which was required to cease and desist. It has since been filled in and securely covered and the permit pulled, but not before the town water supply was interrupted, causing years of rationing and hardship.

Unless and until the applicant provides much more specificity on how water (and how much) would be supplied to the rezoned parcels and the manner in which the Cleveland Channel/Tunnel watershed would be protected, this request could significantly undermine the ability of the District to fulfill its statutory obligation to provide safe, reliable and sufficient drinking water to its customers. I urge the Planning Commission to recognize and fully support the District’s statutory obligation in considering this request for rezoning.

Therefore, I urge the Planning Commission to immediately suspend the Notice of Exemption until the impact of this proposed zone change on the watershed and water supply for the Volcano Community Services District is fully evaluated and considered.

----- Forwarded Message -----

Subject: Re: PG&E

Date: Mon, 13 Nov 2023 20:14:09 -0800

From: Doug Ketone <dketron@volcano.net>

To: Nancy Bailey <nance@volcano.net>

Nancy:

After seven weeks I finally received a reply to my letter to PG&E which basically said it wasn't their department and I would have to contact someone else. After some delay, I was finally able to talk to a representative who sent me to another PG&E website which had an application requirement. forth-five minutes into the application requesting irrelevant information, the application crashed and would not complete the process. Subsequently I was contacted (because I had an incomplete application) and together we were able to supply the missing line, which was totally irrelevant. That was over a week ago, and the ball is in PG&E's court. I have little confidence that the PG&E bureaucracy is capable of meeting this simple need at an affordable cost. In expanding, I have contacted a manufacturer of tiny water-powered generators. A suitable unit might be had for about \$3000 with another \$1500 needed for wire, piping, a battery, inverter and installation. This would use excess water from the tunnel to generate the 60 or 60 watts that are needed to run the plant. Alternatively, although the sun doesn't shine on the pant for several of the winter months, it might be practical to clear trees above the plant and allow winter sun to reach the plant. A clearing would also be a good fire break for the cabin and would allow for a solar panel. The same battery and inverter would be required as for the hydro plant. I know little about solar setups. but such a power supply might be an option. I'll dig around to get some basic information on this for comparison (if PG&E ever comes up with their proposal. I interpret that PG&E will want some upfront payment which I would decline until hydro or solar are investigated.

For the time being, there is no critical situation as I can continue to supply power to the plant.

Dale and I are leaving for Georgia tomorrow (Tuesday) and will be gone for three weeks. I may have time to play with this while I am gone, and if so, I'll keep you informed as to my findings.

Doug

November 27, 2023

Delivered via US mail to PO Box 72 and via email to those Board Directors with email addresses.

VCSD Directors,

It is with a heavy heart that I write this letter, because I have great fondness for Nancy and appreciate her many years of service on the VCSD Board. However, the circumstances and facts that have recently come to light compel me to do so.

I have written in quite some detail what I believe has transpired with regard to District billing decisions and practices since Sharon left, and who directed them, based on information I have very recently received and reviewed. If I have mischaracterized any of this information, I sincerely apologize and hope that others will clarify and correct my observations and conclusions.

In sum, I have recently discovered that **all balances due to the District as of May 2022 were set to zero in the post-Sharon design and implementation of the District's billing system.** *From Sharon's water usage and billing spreadsheet distributed at the June 9, 2022 meeting (in hard copy) to Nancy and other Directors that were present, **this decision appears to have cost the District over \$9,000 in lost revenues.***

Attachment 1 provides this spreadsheet. Although each page is dated "April 14, 2022," you can clearly see from the column headings that it covers both the March and the April billing periods (and Sharon just mis-dated the last two pages). That is, it lays out all the billing components for the bills sent out in April and May, including the carryover of prior balances that had not been paid.¹ You can see that \$10,115 was the total amount outstanding on the April billings she sent out (this amount is totaled at the bottom of that spreadsheet). The total amount outstanding on her May billing sheet for April usage (she doesn't provide the total on her spreadsheet, but I did the calculation) rounds to \$9,065.

¹ I received only the first sheet of Attachment 1 (the gallons of usage from 2/28 to 4/10/2022) from Nancy for my own files. This was sometime in June or July 2022 when I asked her for the latest meter reading sheet(s) she had from Sharon. I needed that sheet in order to confirm the correct number/location of double meters in the District and also to enter that and other information about types of connections in the backlog of annual EAR forms that I was helping to complete. I only saw the full spreadsheet in Attachment 1 (with the water billing information) a little over a week ago. This was when Michael said he was done inputting the data from the folders into Quickbooks, so I picked them up in order to return the originals to the records/archive room for safe keeping.

As for the May bills, Sharon read the meters the same day of the June 9 meeting, prepared her usage and billing spreadsheet shortly thereafter, and mailed out the bills by mid-June.² However, her corresponding water usage/billing spreadsheets were not provided to the Board (despite a number of written requests) *until a year later*. When these and other critical financial documents were finally returned to the VCSD (the first week of June 2023), they were immediately brought up to Michael Adams to enable him to start updating the District's Quickbooks accounting records. A copy of the June 9, 2022 usage and billing document is provided in **Attachment 2**.

Although the District did not have a record of the total amounts Sharon billed customers in June (for May water usage), *it did know that*, at a minimum, Sharon would have billed customers the applicable fixed base rate(s) in that month. Namely, \$53.70 for each single connection and \$107.40 for double-meter properties. The District also had access through the Bank of Stockton to copies of all checks deposited in the account, which would enable verification what payments were made against the April and May "New Balance Due" amounts.³

But was any of this information used to attempt to reconstruct a reasonable "previous balance due" in billing District customers going forward past May? Or used for later "adjustment" billing sometime after the June and July simplified "base rate only" charges were billed? Apparently not. Instead, the decision appears to have been made—and I believe it was made unilaterally by Nancy—to just zero out all the previous balances in developing the post-Sharon billing procedures.⁴ And never revisited the issue once the

² I verified this by checking my own 2022 records, and sure enough, the last blue postcard billing I received had "meter read 06/09/2022" on the top. I recall receiving this May bill sometime around the third week in June, as did others I spoke with at the time. We hadn't been sure that Sharon was going to send them out after she resigned and abruptly left the June 9 meeting.

³ I note that the District records room file cabinet has a full drawer with copies of deposited checks and accompanying Deposit Summaries going back many years. They appear to have been printed out for the District by the Bank of Stockton. The District is required by law (and per Ordinance 2012-01) to obtain and store these records for at least 4 years beyond the last audit year.

⁴ I have copies of a number of email exchanges between Rob, Nancy and myself (also copied to additional Board members) regarding the VCSD adopted rate increases and in which month(s) to apply them, and for which meter numbers the "double meter" billing would apply. However, there was never an explicit or implicit assumption in those exchanges that the uncollected "previous balance due" amounts for every customer would simply be zeroed out. I have also looked through the Board minutes to confirm that this was not a Board decision, or even raised at the meeting during the "Billing Secretary/Treasurer" reports or agenda items about billing. Since I didn't personally have any unpaid balances, the fact that my August bill had a zero for this amount didn't raise any red flags. Did any customers with bills for April/May ever wonder

first very difficult months of just getting bills out to collect base rate revenues could be completed. Which, as noted above, has resulted in many, *many* thousands of dollars in lost revenue to the District. And at a time when it was clear that the District was operating at a significant loss, and drawing from its limited cash reserves!

What *could* have been done with the information available to the District to make such an adjustment either in the August 2022 billings (that started to include volumetric rate charges) or a subsequent “adjustment billing?” A practical approach to consider might have been to create a new spreadsheet that started with the “New Balance Due” column that you see to the right of the column “April Water Bill” in Attachment 1. [These were the Balance Due amounts that Sharon sent out in her April bills]. Then create a second column titled “Paid in May 2022” and enter all the customer payments deposited that month, using bank records/copies of checks from Bank of Stockton. Next, the column “May Water Bill” could have been populated with the applicable fixed base charges (\$53.70 for single meter and \$107.40 for double metered customers).⁵ Creating this spreadsheet and reviewing deposit records to complete it would have required some effort by the Nancy (and she could certainly have asked for assistance from others), but it clearly was doable and *vastly preferable* to simply ignoring all prior amounts due/unpaid. There could have been other ideas discussed at the time to make sure that previous balances were reasonably reflected in the post-Sharon billing procedures—but to my knowledge, no such discussions took place.

Was any other member of the Board aware (until now) of the decision to zero out all prior balances under the post-Sharon billing practices? I don’t believe they were, because (to my knowledge) Nancy never distributed the water usage and billing spreadsheets that Ivan produced for her (and were used to populate the monthly bills) to the Board. Which had always been standard practice, for good reason. This does not excuse the other Board members from not asking for them, however, Nancy had the direct responsibility ~~to~~ to provide the Board with any and all financial and billing records she produced or oversaw as Treasurer.

why suddenly in August all that was zeroed out? Or were they just happy and silent? I was out of the country from August-October so don’t know if folks noticed and were talking about this with one another in town.

⁵ This “May Water Bill” would reflect only the fixed base rate, and not volumetric charges, because there was no way to recreate the water usage amount for that month without Sharon’s June 9, 2022 spreadsheet. But giving customers a pass on their volumetric usage charges for three months (May, June and July) would represent a very minor loss in water usage revenues because the fixed charges cover the vast majority of system costs. Plus, more importantly, this approach would not have ignored the thousands of dollars in past due amounts that needed to be carried forward.

If these spreadsheets had been provided to others, I believe that even a cursory review of them would have made this omission quite obvious. (See further below.) I only happened to receive the billing spreadsheet for August 2022 very recently, due to a request from Michael Adams for post May 2022 billing and payment records. He needs them to continue his work getting the District's Quickbooks accounting up to date.⁶ That same day, Rebecca requested this information directly from Ivan in order to expedite the process of getting this information to Michael Adams (Nancy was recovering from her RSV illness). Ivan explained in his email response that the first water usage and billing spreadsheet he produced for Nancy was for the August 2022 billing, and provided that spreadsheet in his email response. [The June and July bills, as you may all recall, were very simplified billing letters that charged customers only for the monthly fixed base charge. The letters explained that this was necessary "due to unusual circumstances" and only until the District had "the correct formula to use to determine accurate billing."]

Attachment 3 provides the August 2022 billing spreadsheet that Ivan produced for Nancy. The first three columns are comparable to Sharon's water usage spreadsheet, showing the meter reading from the previous (July 2022) and current (August 2022) month recorded by Rob Zehender, with the difference (Usage) provided in the third column. The fourth column shows the Current Amount Due for the August bill. This input is also taken from Rob's spreadsheet, where he applies the current fixed base rates and volumetric rate structure to that usage. The fifth column, "Past Due" is a value that Nancy provides to Ivan, which she calculates in a hand-written ledger she keeps at her home. But there are no separate columns and entries for 1) the previous month's billed amounts and 2) the payments deposited during the month—which would make transparent the calculation of "past due" she does by hand at home. This is a *substantial* departure from all prior District billing records, and I would argue is simply not an acceptable practice. My review of the auditor's July 31, 2023 Internal Control Letter suggests that they would strongly agree.

Turning to the specific entries in this August 2022 spreadsheet: Even a quick perusal flags the fact that something was clearly "off" in the "Past Due" amounts provided by Nancy to Ivan. Namely, they could not have included the over \$9,000 balances due that was included in Sharon's May billing for April unless many thousands of dollars had been paid by customers since then, which was clearly not the case. Instead, as explained by Ivan in a recent email, Nancy did not include those balances in the entries she provided

⁶ See email dated Monday November 20, 2022 at 9:26 am to me, Nancy, Michael, Rebecca and Cynthia

him for the spreadsheet, effectively zeroing them out entirely. So that her "Past Due" values only reflected the June and July fixed base charge billings, less payments received (plus some overpayment adjustments due to an error in the June fixed charge amount that she billed). But given the "black box" in which these values were produced and handed off to Ivan, they cannot be verified without obtaining her hand-written ledgers and cross-checking each entry against 1) the amounts billed for each customer in June and July and 2) the Bank check deposit records of payments received.

This "black box" approach has also produced obvious anomalies in more current billing spreadsheets. Note: these are potential inaccuracies in billing made *since* the past due amounts from May 2022 were zeroed out. In particular, the "Past Due" entries that Nancy provided to Ivan for the most recent, October 2023 billing spreadsheet add up to merely \$1,825.73.⁷ This is clearly inaccurate based on discussions at previous Board meetings about much *much* larger amounts that remain uncollected. It therefore appears that Nancy's hand-written ledger entries (possibly going back as far as August 2022) will need to be carefully reviewed for accuracy, and corrected as needed, before Michael Adams can add them to Quickbooks. And certainly this must be done before the District records for FY2021/2022 and FY2022/2023 are ready for auditing.

In view of the above, I urge the Board to take *immediate* action to address these issues. I therefore request that this letter be considered as an "action item" for the December 7, 2023 agenda. I will be in attendance to answer any questions about the information provided in this letter.

Sincerely,



Meg Gottstein

⁷ Ivan circulated this electronic spreadsheet to Board directors via email on November 15, 2023, following Rob's example of distributing his meter reading spreadsheets to encourage transparency and understanding. I was copied on that email, presumably because Ivan knew I was updating District records for the records/archive room, etc. I simply totaled the "Past Due" column on that spreadsheet after seeing many "0"s that didn't make sense to me, given discussions of large uncollected balances for certain meter numbers at previous Board meetings.