

December 7, 2021

Board of Supervisors  
Shasta County  
1450 Court Street, Suite 308B  
Redding, CA 96001

Members of the Board:

The Happy Valley Community Committee has been meeting over a year now battling a poorly mismanaged Clear Creek Community Services District. Although, the General Manager retired in August and the Office Manager quit in August, we are still trying to determine whether criminal malfeasance exists. We have found numerous FLSA violations, potential PERS violations, MOU contract issues, inadequate or non-existent donated leave program, as well as several financial discrepancies. Our District was on the brink of bankruptcy until the rate increase passed in August. We are still struggling to get out of a deficit created by excessive spending habits, out of control payroll, and mismanagement.

We have asked for a full audit of the CCCSD's financial records. In March 2021, the Board approved a full audit yet they have not followed through on this. In October, 2021, a Board member reported at a finance standing committee meeting that the accounts were out of balance approximately \$500,000. He stated records spanned two separate years and were hard to reconcile. He recommended a full audit. At the November board meeting he reconsidered his findings sighting he needed more time to review documents. As you can imagine, this didn't set well for those of us paying attention.

We are asking for your help. We have contacted several agencies regarding our District's issues to no avail. We believe all aspects of this independent special district needs to be investigated. Any assistance or guidance you can provide, would be greatly appreciated. We notified the Shasta County District Attorney in May, and followed up with our additional findings December 7, 2021. Attached are those letters for your review.

Sincerely

Beverly A. Fickes  
Spokesperson  
Happy Valley Community Committee  
16850 Olinda Road  
Anderson, CA 96007

Cc: Kathy Bull, LAFCO  
HVCC Members  
Brenda Haynes, LaMalfa Rep.

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December 7, 2021

District Attorney  
Stephanie Bridgett  
1355 Court Street  
Redding, CA 96001

District Attorney Bridgett:

Your attention to our small independent special district is crucial. On May 3, 2021, the Happy Valley Community Committee (HVCC) contacted you regarding numerous issues with the Clear Creek Community Services District. We filed a formal complaint with the fraud division on May 16, 2021. My understanding is that a complaint was also filed with the Grand Jury although our committee did not file it. We are following up from our original reporting and filing additional complaints. The following concerns with policies and procedures have been uncovered since May 2021:

1. FLSA violations - There are no start times, OL, IL, or end of day recorded on timecards. Work hours are just listed as 8 hours. There is no way to verify if OT worked is before tour, lunch time, or end of tour. The Board was notified of these findings in November 2021, when the HVCC found these violations after a review of timecards.
2. Managers accrued overtime nearly every day in the last three years. Both managers are administrative and should have been designated as Exempt. The General Manager received excessive overtime pay including \$55,000 in one year alone. We have no way to determine exempt or non-exempt as we cannot look at personnel files.
3. Donated Leave Program - No written policy could be found. This District did not follow any regulations in administering this program. Employees were allowed to donate Vacation Time, Compensated Over Time, and Sick Leave. Our understanding is Sick Leave is never part of the Donated Leave Program. Additionally, employees were able to receive donated leave while still having leave on the books.
4. It appears that people are hired as an employee yet records show that perhaps they were actually a subcontractor and should have a 1099 designation. The timecard review showed an employee number and pay sheet (2018, 2019) for an individual that was clearly a subcontractor.
5. The Employee Memorandum of Understanding is not being followed. We are aware of one employee who received an increase on Sick Leave accrual and Vacation accrual against MOU regulations. If the GM approved these increases, documentation should be found in the employee's personnel file, which we have no access to. We also found that at least two employees received 5 raises each in 2018. One of these employees had been hired less than one year yet still received 5 raises. Again, in violation of the MOU.
6. Board minutes have not been submitted, approved, or published since June 2021. While we appreciate that the District is short staffed, these minutes are needed for transparency.
7. A new board member that was sworn in, in August, and who has financial background, went to the District office to review financial records. On October 26, 2021, at a Finance Committee meeting, this Director told those in attendance that the accounts appeared to be off by approximately \$500,000. He recommended an audit but at the regular Board meeting on November 17th, he backtracked and said he's reconsidered. On November 23, 2021, the Finance Committee met again, the Director clarified his audit reversal by stating he wanted to do more research. The HVCC has been asking for a full financial audit for over a year. The Board voted in March for a full audit but yet they refuse to move forward to this end.

A member of our committee has been video recording all the recent Board meetings and standing committee meetings and the recordings can be found under HVCC on YouTube. We will be writing to the Shasta County Board of Supervisors to ask for their assistance too. If you have any questions regarding our findings, please do not hesitate to contact me.

Sincerely,

Beverly Fickes  
Spokesperson  
Happy Valley Community Committee  
16850 Olinda Road  
Anderson CA 96007

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Cc: HVCC Members  
Board of Supervisors  
Kathy Bull, LAFCO

May 3, 2021

Stephanie Bridgett  
Shasta County District Attorney  
1355 West Street  
Redding, CA 96001

District Attorney Bridgett:

We represent a group of community minded customers within the Clear Creek Community Service District (CCCSD). Back in August 2020, the CCCSD proposed an untenable rate increase. For over 700 customers their base rate was proposed to increase from \$28.00 to \$521-\$1031 a month in year one. Just base rate, no water charges; from 175% to over 800% increases. In October 2020, at the protest public hearing, the community spoke loud and clear and defeated this rate increase. Since that time, a group of 20 community members have continued to meet weekly to investigate the District's policies, procedures, financial responsibilities, personnel concerns, and operational integrity. We have had difficulty receiving timely responses to our inquiries with most items and are asking for your assistance in investigating potential mismanagement.

1. Standing committees are not being held on a regular basis nor is the public being notified of these meetings when they are held. No minutes are being taken for public review. A Board member at their March 2021 Board meeting stated this. We have found in our research that there have been several Brown Act violations including secret ballots for selection of board member and failure to allow community members to comment at meetings.
2. Customers have been requesting night meetings for four years now instead of being held during the day. Working community members are unable to attend. The Board continues to vote down moving back to night meetings.
3. In 2019, during a public hearing, the community requested that the Board look into reducing and reviewing operational costs. No review was made. A list of concerns were submitted to the finance and personnel committees on March 5, 2021. The standing committees still have not met to address these concerns.
4. A Community Advisory Committee was formed and approved by the Board in November 2020, to provide a rate increase formula that would be fair and equitable to all customers. This Ad Hoc committee uncovered several financial discrepancies. One of which was overstated income of approximately \$250,000.
5. In March 2021, the District proposed a Drought Ordinance that would have increased rates and penalties without proper notification to the customers and without stated public hearing. When one director questioned this procedural misstep, the Ordinance was not approved. We are now hearing that this rate increase and penalties for drought was in violation of Proposition 218. We now question the rate increase and penalties in 2009 and 2014 during the last drought years.
6. Because of this procedural misstep stated above, our community group (HVCC), went back and reviewed the Construction Cost Index (CCI) Ordinance that was passed in November, 2020, which increased rates by 1.9%. This Ordinance references a public hearing in 2006, which authorized increases for inflation. Under Proposition 218, rate increases and inflation increases are valid for five years. Additional increases must go through Proposition 218 process again.
7. A member of our committee requested the minutes from January 2006 in late March 2021, to validate whether a public hearing was actually done properly under Proposition 218. At the three week mark we did in fact receive a copy of the January 2006 minutes which references that it was actually in November 2003, that the Board approved the CCI rate index. In Ordinance 2003-006, it states the Board conducted a public hearing to receive

- comments. However, this does not follow Proposition 218 guidelines where property owners and account holders must be notified to submit a protest letter if against the proposal. A clear violation, as well as even if notified correctly, would have expired in 2008.
8. With the November 2020 CCI Ordinance an attachment was provided which listed current rates and proposed new rates. The Trinity PUD rate showed no change from \$.03 per HCF to \$.03 per HCF. However, on the District's website this fee was changed to \$.12 per HCF which the Board did not approve. We all checked our bills and determined that this fee was in fact changed. The fee was hidden in the base rate. At the April 21, 2021, Board meeting, the District Manager implied our figures were incorrect and that his records show the \$.12 per HCF. As our figures came from the District in November 2020, we believe the DM is manipulating the figures to cover his wrongdoing.
  9. The District is charged \$.03 per AF for the Trinity PUD Project Assessment yet customers are billed at \$.03 per HCF, at least a \$36,000 overcharge to the customers. With a \$.12 per HCF, it's a \$155,000 overcharge. In reviewing Monthly Activity Reports from the District, the correct monies collected are not reflected in the Trinity PUD revenue line.
  10. The HVCC asked to review payroll and timecards. The District has declined to allow anyone to inspect timecards, citing COVID restrictions. So we have not been able to validate proper procedures.
  11. The District Manager should be an Exempt employee according to CalChamber.com., performing more than 50% of administrative duties. He accrued over \$55,000 in OT for the last couple years while also receiving as best as we can determine an average salary increase of 10% each year. We have asked for a review but no response.
  12. Three employees are related to each other in this small District of 10 employees. While no wrong doing may exist, nepotism concerns have been brought up.
  13. We believe that this District is in violation of CalPERS regulations and laws. Their sick leave policy is questionable. We have been unable to verify pay structure for employees. Employee MOU has not been undated or reviewed for many years.
  14. The HVCC asked to review mileage logs for all District vehicles. We were told they do not exist. So no accountability on mileage usage and gasoline usage.
  15. Four employees take a District vehicle home every day. We asked the finance committee to compare costs between POV and District vehicle. No response.

Our community committee believes that, based on the facts we have uncovered, our Water District needs to be investigated fully with in-depth audits on financial, personnel, and overall operational procedures. The HVCC have selected the following individuals Beverly Fickes, Terry Lincoln, Scott McVay, and myself to represent our concerns to you personally. Please contact Beverly Fickes at your convenience to set up an in person meeting. We have numerous documents to provide you to confirm our findings.

Sincerely,

Ed Moran  
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