

REDWOOD VALLEY COUNTY WATER DISTRICT
2370 Webb Ranch Road
Redwood Valley CA 95470
(707) 485-0679

MINUTES
BOARD OF DIRECTORS

Regular Meeting
March 15, 2012

Directors Present: Donald E. Butow, Jeanette Hallman, Granville Pool, Pamela Ricetti
Directors Absent: Jack Spilman
Staff Present: General Manager Bill Koehler
Recording Secretary: Linda Groth
Others Present: Tammy Chairez, Jim Chairez

CALL TO ORDER: 7:06 P.M.

1. ROLL CALL.

Pamela Ricetti, Director
Jeanette Hallman, Director
Donald Butow, Board Vice-President
Granville Pool, Board President

2. HEARING OF COMMENTS OR QUESTIONS FROM THE ATTENDING PUBLIC.

Nothing.

3. CONSIDER HEARING OF URGENT ITEMS RECEIVED SINCE THE AGENDA WAS POSTED.

Nothing.

4. ACCEPTANCE OF AGENDA.

MOTION: Accept the Agenda as presented.
Ricetti/Butow Discussion CARRIED
AYES: Ricetti, Butow, Hallman, Pool
NOES: None
ABSENT: Spilman

5. APPROVAL OF CONSENT CALENDAR.

- a. Financial Statement.
- b.-1. Bills Paid since those approved at last Meeting.
- b.-2. Bills Paid as approved at previous Meeting.
- c. Bills Payable.
- d. District Activity.

The Consent Calendar was reviewed.

MOTION: Approve the Consent Calendar as presented.

Ricetti/Butow Discussion CARRIED

AYES: Ricetti, Butow, Hallman, Pool

NOES: None

ABSENT: Spilman

6. APPROVAL OF MINUTES AS PRESENTED.

The Draft Minutes of February 16, 2012 were reviewed.

MOTION: Accept the Minutes of February 16, 2012.

Butow/Ricetti Discussion CARRIED

AYES: Butow, Ricetti, Hallman, Pool

NOES: None

ABSENT: Spilman

7. DIRECTOR AND STAFF REPORTS AND DISCUSSION OF NON-ACTION TOPICS.

GM Koehler mentioned the alarming lack of snowpack during his recent road trip across the Donner Pass and the Rocky Mountains.

President Pool commented the recent storm over Donner Pass left a light snowpack and later it was reported that the measured water content was less than the level of the snowpack per se.

8. GENERAL MANAGER'S REPORT.

8-a. District Operations.

The District is operating well with no problems to report.

8-b) Office Remodel.

The leak in the clerical side of the office has finally been located and repaired. The old ripped carpeting has been replaced in addition to replacing the old non-working baseboard heaters. High efficiency lighting has been ordered to replace the last of the old overhead lighting. Also, with the reorganization of clerical staff, one of the work stations was removed from the area and the file cabinets were relocated.

This should be much more accommodating for seating arrangements during Board Meetings. Hopefully the office is now good for years to come.

The Board Members expressed approval of the repairs, replacements and changes.

8-c) Meeting Notices.

Two permanent, portable sandwich board signs are now available to announce the RVCWD Board of Directors upcoming Board Meeting. The signs will be placed at two busy intersections in Redwood Valley on the Monday preceding the Thursday meeting.

8-d) Quagga Mussel Training.

GM Koehler spent most of today in Lake County attending the training on Invasive Eurasian Mussels which was presented by UC Davis and Fish and Wildlife (federal agency). This was hosted by the Big Valley Rancheria and was very well done. Other Mendocino County attendee's were Joe Scriven from RCD and Lyle Valador the interim operations manager from the City of Ukiah.

GM Koehler had previously contacted Potter Valley Irrigation District, Russian River Flood Control District, Mendocino County Farm Bureau, Mendocino County Board of Supervisors, U.S. Army Corps of Engineers; however there were no representatives from these agencies at the training session today.

It was an excellent training and there may be some significant follow-up. This is such a serious threat to Lake Mendocino; obviously the U. S. Army Corps of Engineers would have to be the lead agency for Mendocino County.

Lake Pillsbury was discussed a great deal. PG&E is doing the monitoring there and has a multi-page document. As to the RVCWD customers, should any of the mussels be pumped into the water treatment plant, they would be crushed and killed in the water treatment process. However, for the agricultural customers, they would experience crushed shells clogging up their filter systems and sprinkler heads and would risk the establishment of quagga mussels in their individual farm ponds.

The County of Lake is considered to be the most advanced county within the state in terms of quagga muscle monitoring, boat inspections, etc. Because of that, the attempt is to tighten up the County of Lake "Program" and then export that Program, statewide.

Also, according to the Invasive Species Monitor for Lake County, they have contacted the COE at Lake Mendocino because they want a cooperative agreement whereby, if you get your boat inspected in either Clear Lake or Lake Mendocino, the inspection is good for both lakes. They want to make it easy for folks to have their boat inspected and to go back and forth between the two lakes.

Blue Lakes is already vigilant about observing the inspection stickers before a boat can be place in that lake.

There are many lakes in the western states that already require any boat from southern California to be quarantined for 30 days before being admitted into their lakes. It's a very serious matter.

Brad Sherwood from Sonoma County Water Agency is spearheading the Zebra and Quagga Mussel Coordinated Prevention Plan for the North Coast. He would appreciate the RVCWD passing a Motion of "Support in Principle" of the Draft MOU. After discussion, a Motion was made.

MOTION: Support in Principle the Draft Memorandum of Understanding to support the Best Management Practices and best efforts to reduce the spread of Quagga and Zebra Mussels in California.

Butow/Ricetti Discussion CARRIED

AYES: Butow, Ricetti, Hallman, Pool

NOES: None

ABSENT: Spilman

Interestingly, Lake Mendocino is the crown jewel in the western Corps of Engineers recreation facilities; there are more 'visitor days' at Lake Mendocino than any of their other facilities in the west. This is largely because of the trees and camping facilities, since most of the other COE facilities are hot and barren. As to Lake Mendocino, there certainly needs to be monitoring and traps. It is a real problem that right now the COE is not being proactive on this critical matter.

Director Hallman explained the only reason she was a little reluctant to approve the Motion was because we sell water and Bill (Koehler) takes care of water for the people in Redwood Valley. She understands that this is an important issue and that is why she said yes, but at the same time, Bill has so much to do

already. As far as volunteering our Managers' time to chase this down, well yes it's important but it's a lower level of importance versus some other things.

En masse, each of the Directors and the General Manager disagreed.

Director Butow stated that if the intakes in our pump get clogged with quagga muscles, this District is going to have an extremely difficult time delivering water.

Director Ricetti stated she does not think we can afford the problem.

Director Hallman said she does understand all of that but she is also concerned about all the other matters lined up that GM Koehler has to take care of.

President Pool acknowledged that the same concern did not escape his attention.

Director Butow suggested GM Koehler send a letter of concern to our Board of Supervisors stating that this is a very real concern and it needs to be on their "front burner". In that letter, he should point out that it is not only our concern about our pumps in Lake Mendocino but if quagga mussels get into the river system itself, it will affect every pump for every farmer and municipality on the river, from here to Jenner.

GM Koehler commented that the ag community downstream from the river is in a generally better position than those folks who are direct diverters from the river. This is primarily because they pull their pumps out of the river every year. Doing that not only allows them to inspect the screens but it will also kill the mussels because they will dehydrate and die when they are out of water.

He further reported that, on record, there is one body of water that has successfully eradicated these mussels once they got there, and that is a 12-acre quarry in the State of Virginia. They were actually able to drain that one. However there is no other record of anyone eliminating these mussels once they get into the body of water. Prevention is absolutely the key.

GM Koehler acknowledged his already high workload but stated that he would prefer to devote some time aiding in the prevention of the arrival of the quagga into Lake Mendocino rather than spending the rest of his career trying to deal with them. A letter will go to the Board of Supervisors and he will also work in coordination with Brad at the Sonoma County Water Agency.

8-e. Rethink Your Drink.

GM Koehler has been asked to speak on environmental, social and health issues regarding bottled water vs. tap water. He will be presenting at a North Coast Opportunities seminar in Willits on March 20, 2012 and will be introduced as the General Manager of RVCWD. He will present the facts surrounding the issue so that those in attendance will be able to make educated choices.

GM Report, continued: Action Items:

8.-1. RFP for Rate and Charge Study.

There was not one single response to our Request For Proposals.

Even though GM Koehler had contacted each of the Firms asking if they would entertain an RFP before doing the mailings, he feels the lack of written response supports his initial opinion that a Rate & Charge Study does not fall into the category of an RFP project.

President Pool agreed with that opinion.

Director Butow asked what GM Koehler would suggest and GM Koehler recommended that the District reestablish a relationship with Brelje & Race Engineers in Santa Rosa, since we had a long history with them up until a few years ago. Also, B&R actually is the firm that prepared the first Rate & Charge Study. He suggested we tell them what we're looking for and request that they give us the best guess as to how many hours it will take them to prepare and submit the study.

The alternatives are:

- a) Don't do it at all. This is supported by Director Jack Spilman (not in attendance tonight.)
- b) Do it later.
- c) We could tighten up the bid, although the first RFP was tightened up pretty well.

Consensus is that an Engineering Firm would not be interested in providing the study unless the District is an active client of the firm.

President Pool asked that GM Koehler read aloud the letter submitted from Director Jack Spilman in lieu of his attendance at the Meeting tonight..

GM Koehler read the letter from Director Spilman:

I oppose spending funds for a Budget Study. The Study would in fact be a Professional Guess and it would be a waste of money. We have a Budget in place that works. Until we are able to answer the unknowns, I propose that the Board would use the existing Budget for one more year.

We should proceed with a study to evaluate our total water needs as asked for by Sonoma County Water Agency, as soon as possible.

To help this District move ahead, we need to maintain our existing rates, sell more water, and reduce our expenses as much as possible. The money saved could possibly be better used for an item on Bill's (GM Koehler) wish list: A dump trailer would help production plus be a safer means of moving material to and from repair sites.

In regard to providing data requested by Sonoma County Water Agency, GM Koehler stated that he has already done the work regarding the estimate of our probable build-out number. It is the 3500 acre-feet as was announced at the last Board Meeting. GM Koehler said he has as good a documentation as he can get and he has let Sean know it is ready. He has also talked to Sean about setting up another date for a meeting. The Sonoma County Water Agency is being remarkably unresponsive; but we will push to arrange a meeting. If it turns out that SCWA wants something more official than GM Koehler's documentation, then we're talking about a Master Plan which, once again, involves going out to an engineering firm with an RFP or an RFQ to provide us with a Master Plan.

Director Butow commented that we are pretty small, and this creates a minor interest in an engineering firm.

GM Koehler responded that this is the very reason why County Water Districts are specifically exempt from the bid process. We do not have a mandatory bid process because so much of our work is minor. Most County Water Districts establish a "go to" list of people for the various types of services they need. We can go to those one or two or three people and get informal bids and have them work the work and we pay for it on the assumption we are paying the fair price.

Director Ricetti asked what the downside would be to doing what Director Spilman suggests.

President Pool said he has been thinking about this and he does not altogether disagree with Director Spilman. He feels that it is something that we have to do, but delaying it a little bit might not be entirely a bad thing. If we do make some traction with Sonoma County, and if other bits and pieces fall into place, maybe we will be able to do a better job of it. But maybe that's a bogus assumption.

Director Hallman said she would like to review the matter next month.

President Pool stated that putting it off another month wouldn't help anything.

Director Butow added, We are still short. We've already identified the fact that, based upon the rates currently in effect, we are not selling enough water to support the budget that we've got now, other than just a small amount. We have no surplus of funds for capital improvement, reserve or depreciation.

President Pool said that he takes issue with Director Spilman's contention about just keeping our same budget and/or same rates. President Pool feels that the notion is flawed because we can't keep doing that; we have to review our rates. If you look down the list of capital expenses that we need to be considering over the next few years, we can't just go on like we are, unless we are going to just let everything fall down around our ears. We can't put this off for very long.

Director Butow mentioned that several years ago Director John Groth was concerned that we are not putting anything into reserve, but then we were hit with the drought and conservation measures. Our customer usage has not returned to the level of consumption that existed before the drought and that affects our budget. We have things coming up that we need. Do we have enough money coming in to support it? And if so, we have a crew of employees out here that haven't had a raise in four years. And some of them have passed tests and increased their qualifications and they're still earning the same money they were earning four years ago. We've got to take care of that, unless we want to lose those employees. We also have these different infrastructure problems that are going to have to be addressed. Staff is doing a knockout job, but you can't do it without money, forever.

President Pool added that another thing he took issue with in Director Spilman's letter was his statement to keep the rates the same and to sell more water. How does he expect that we are going to sell more water? Ever since the cutbacks during the drought and teaching people how to conserve, we've been selling less water.

President Pool continued, If you look at the projected capital expenditures, it's a sort of projection of what we think we should do each year over the next few years. Perhaps it would be more realistic to look at a minimum of \$150,000 a year in capital expenditures instead of the \$80,000 or \$90,000 a year as we've been doing.

GM Koehler said he agrees; that's the one thing that he tried to come up with for some answer as well, and what he's been asking the Board for, is to tell him the comfort level of the Board. He hasn't gotten that information back from the Board, so at this point, all he can do is the same as he's done for the last four years which has been to come up with a budget and then list all these capital projects that need to get done. The Board tells him to balance the budget, so he balances the budget and the only places that he has any wiggle room at all, is Capital and Depreciation. Those are the only two items that are not absolutely driven by circumstances. Every year for the last four years we've cut Capital and we've cut Depreciation. GM Koehler continued, If we want to stop rearranging the deck chairs on the Titanic, (metaphor credited to former Director Merle Reuser), we are going to have to raise the rates.

Director Butow said he agrees.

President Pool commented, Director Spilman says in his letter, "do it again, continue to do it". But I'm saying that when we are preparing our budget for the coming years, that we need to do it differently.

Director Butow, That's right.

GM Koehler stated, That's my reasoning for saying we really need to have an engineering study of our rates because when we do go to the Prop 218 Hearing, I think that our public deserves a more professional look at rate structures.

President Pool responded, In consideration of that, and in consideration of the abysmal response to the RFP, we need to do as you suggested, and put on the Agenda for next month's meeting for Board action to authorize moving ahead with requiring a study by a more sensible approach.

Director Butow wondered if we should go ahead and contact Brelje & Race Engineers before the next Board Meeting.

GM Koehler mentioned that another possibility is that we put together an RFQ, (Request for Qualifications). We could send it out to several firms, which essentially asks, why should we pick You as our engineering firm.

Director Hallman said she also wants to know the actual hourly rates and an estimate of how much time they will spend to get the Study finished.

President Pool reminded the Board that hourly rates are one thing; the efficient use of their hours, is another. Just picking the firm with the lowest hourly rates is far from a guarantee that we'll get the best product for the best price.

A discussion followed about the four different levels or tiers of various Engineering Firms available. President Pool said he agrees with GM Koehler's outlook as to the appropriate Firms to contact. Director Ricetti said she trusts his judgment as discussed.

President Pool asked if GM Koehler might be able to informally request some kind of statement of qualifications for this purpose from the Santa Rosa firms discussed. Since Adobe Engineering has responded that they don't do Rate Studies, that leaves two other firms: Brelje & Race, and Green Valley. The Board agreed that the two firms would be enough.

8.2. Caregiver Account (Agenda Item No. 8.3.)

GM Koehler stated that last month the Board of Directors approved preparing a Will Serve Letter for the Chairez property. GM recommends the District institute a \$10 per month fee to Caregiver Accounts for the duration of the Permit as issued and supervised by the County. The District will work closely with the County to make sure this lack of communication does not occur in the future.

President Pool said he thought that it had been agreed that, while it would be an equivalent to \$10 per month, it would in fact be an annual lump sum of \$120 at the time of the institution of the County's Permit. The consensus of the Board is to maintain the same annual period as issued by the County.

Director Hallman stated that she opposes the fees such as this one, just because our system being what it is, we have meters that are serving more than one house. They are not care units, they haven't gotten Permits from the County, they're just set up that way and they have been, for years. These folks attending here tonight (Mr. and Mrs. Chairez) have actually gone through the County process, they have done what they're supposed to do and they have gotten their Permits. So we are going to charge these folks but we are not going to go after the others and we are not going to charge the others?

Director Butow asked who those customers might be, so that we can track them down.

GM Koehler informed the Board that the District has at least 50 accounts where one meter is serving two homes and we are charging those customers the extra \$10 per month. This primarily surfaced during the drought when we had to tell our customers they would only receive so many gallons per person per month, and some customers came forward to say they had a second home on the property which increased the

number of residents on a single meter. So that has been taken care of. Now we need a process of going forward under the unique circumstances of Caregiver Homes Only without accepting them as being a violation of the moratorium. The County is the one who reviews the applications to determine if the social and medical need is there. Our District complies with the findings of the County.

Director Hallman agrees to the District charging some amount for the Tickler Letter because that takes some time from our office staff, and that makes sense. But she has a problem charging an annual fee for a caregiver home.

GM Koehler reiterated this fee would only apply while the temporary caregiver unit is on the property. Of course, he will continue to do whatever the Board decides.

MOTION: Establish a \$120 Annual Administrative Fee for caregiver units only.

Butow/Ricetti Discussion CARRIED

AYES: Butow, Ricetti, Pool

NAYS: Hallman

ABSENT: Spilman

GM Koehler reiterated that the District will match the same 12-month period observed by the County when assessing the annual fee. He will prepare a Will-Serve Letter to the County right away.

Mr. and Mrs. Chairez stated they recently started looking in to the costs of drilling a well on the property. They have some well drilling companies lined up for preliminary tests and it is possible they will decide to drill a well instead of going through the County process for a caregiver unit.

The Will-Serve letter will be held off until the Chairez' request it.

Mr. and Mrs. Chairez thanked the Board of Directors and left the Meeting at 8:38 P.M.

8.3. RCD/MITIGATION. (Agenda Item No 8.2)

President Pool and GM Koehler met with the RCD and the Regional Water Board on February 27th. The project site is the Russian River at the base of the Outdoor Education Project off Pinecrest Drive. The project will involve removal of invasive plants, bank stabilization, and gravel capture. Fish and Game has already approved the project. Cecile at the Regional Water Board will issue a letter stating that upon payment of the final amount to the RCD, the Cleanup and Abatement Order will be lifted. That means the issue will be closed.

GM reported that since he returned from vacation he has heard from Cecile stating that she is almost finished with her Draft to us. The Regional Board, Fish and Game, and RCD are all happy with the project. The only question Cecile has is whether Redwood is going to have any kind of formal agreement with the RCD. GM Koehler has left a voicemail with Shelly at RCD asking her to give him a call. His understanding is that whatever terms we come to on delivering the funds to RCD will be that if, for whatever reason the Outdoor Education Project fails, the RCD agrees that whatever substitute project they develop will be acceptable to Fish and Game and the Regional Board, and will meet the conditions required by the Cleanup and Abatement Order. President Pool thinks this is a very good project and he hopes it survives. It has the additional benefit that it can involve school kids and that they can learn from it, which is really cool.

GM Koehler agreed that it's a win-win project.

Cecile will send us a letter stating that upon the receipt of the check for the \$64,000 the Clean-Up and Abatement Order will be rescinded. End of story.

8.4. Capital Items for inclusion in future budget.

GM Koehler said that developing the future Budget is a ways off, but even if the Board doesn't want to deal with rate increases at this time, the Directors need to provide him with how much they want to set aside for depreciation and how much they want to set aside for capital projects, and how much they want to set aside for increased O&M costs. The last four times he has come to the Board with this, he has been sent back to do more homework. This time he is asking that the Board give him the homework in advance. There is no avoiding the fact that we are treading water by continuing to put some of these items on the back burner.

Director Butow appreciates the following list of things they can work on in order to provide him with what he needs.

This is a list of immediately apparent capital items, excluding depreciation:

a. Tank mixing. \$20,000 is already in the current budget but not yet installed. It is almost certain that we will have to install mixing motors in all 4 distribution tanks at an estimated cost of \$20,000 each for a total of \$80,000.

b. Isolating valve. \$15,000 is already in the current budget. This item would reduce the amount of time necessary to force the water in the storage tanks to circulate which will eliminate problems caused by the "ageing" of treated water. The hydraulics of the distribution system was badly designed and this is the resulting problem.

c. Equipment. One of our most time-consuming activities in the field is loading "fill" or waiting for it to be delivered. We would like to purchase a skid steer loader and a hydraulic dump trailer. We would also like to purchase a front mower attachment for the loader. The loader would be used not only for loading the trailer with sand and base, but also for the regular cleaning of the sludge beds, unloading heavy materials, and mowing the property. \$50,000.

In addition, our portable air compressor is definitely showing serious signs of wear.

d. Chemical vault. \$10,000 is already in the current budget. Not installed yet.

The raw water supply line to the treatment plant needs to be raised above ground, including all injection points and the mixer. We will try to do this during the summer but might need to wait till fall when flows are down. This will not only eliminate a Confined Space but will also remove the danger of flooding the electronic equipment in the vault.

e. New truck(s). The two Ford Ranger trucks should be replaced in the near future. All three of our trucks have 130,000-150,000 miles on them. This is at a cost of +/- \$20,000.

f. Sludge pumps. Due to poor design of the treatment plant, the clarifier sludge removal process is inefficient and time consuming. Sludge is currently removed by gravity flow with almost no hydraulic head. In order to eliminate the constant clogging created by this design, the sludge should be removed by pumping. \$40,000.

g. Sludge handling. This is a longer term project. At some point in the not too distant future, we will be required to handle our waste stream in a more environmentally friendly manner. One possible solution is some form of sludge drying device, either a plate and frame, screw press, or drying bed. \$100-\$500,000.

h. Advanced oxidation process. This is a longer term project. As regulations continue to tighten, and in order to eliminate taste and odor complaints, we will probably need to install advanced oxidation. This process is typically some combination of ozone, peroxide, and UV. \$300,000+.

i. Transmission main inspection. This is a High Priority, as the transmission main is one of our more vulnerable pieces of infrastructure. Having been installed in 1978, the actual 30" pipe consists of a very thin (1/8" thick) steel shell which is covered on the inside and outside with cement. It is very durable and reliable pipe until the cement cracks, allowing the pipe to rust through. An example of the cement cracking occurred due to earth slippage in the canyon located between Road A and Woodway Lane some years ago. That entire 5 miles should be inspected internally to determine its current condition. This is typically done using robotic cameras. If extensive repairs are needed the normal method is "sliplining" using a flexible liner which is inserted and cured to the inside wall rather than replacing the pipe. An accurate cost estimate is not possible without further research. The largest obstacle both to sliplining and inspection is the lack of availability of access points into the transmission main.

President Pool referred to a previous mention of the District financial status as, Treading water. He said perhaps we should change that to: Treading water while trying to keep from going over the waterfall.

Director Ricetti commented, The costs of these things are not going to be any cheaper in the future.

Director Butow added that this gives us a very realistic picture of each of the items listed and whether they are categorized as urgent, or the sooner the better, or long term.

GM Koehler said the only thing that isn't on the list is the School Way Bridge replacement project and that isn't listed because the Directors already know about it. That is probably \$200-\$250,000, and he is assuming it is going ahead because the Draft EIR is out there. Since the bridge is undercut, it is seismically unstable; so they are going to do it. Our District has already done all the work that we can do in advance of the project.

President Pool mentioned that Item I, Transmission Main Inspection, doesn't have any kind of dollar amount indicated.

GM Koehler said one of the things that he is waiting for, is getting information as to whether or not there are any T's .

We need an engineer to write the RFP and to send it out to a few firms that specialize in sliplining, and we want the specifications written by somebody who really knows what they're talking about. Our trusted engineer would be the one to interface with an engineer doing the sliplining; and he would oversee the project, including the videoing.

President Pool agrees that this seems to be a high priority item.

Director Butow mentioned that a quarter of a million dollars on that bridge project is going to gobble up our money pretty fast. We are going to have to replace that money, and this is where the Rate issue comes into being.

Director Ricetti agreed. She also wonders about allowing ag water customers to share their water meters with their neighbors, at which time the District would also charge each of those neighbors for the water and that would increase some of our income.

GM Koehler referred to Appendix B of our Agreement with Sonoma County Water Agency listing our approved ag water properties to be served. (Appendix A lists our approved domestic water properties to be served). Our Agreement with SCWA is that we will not serve any water to any location that is not listed in Appendix B (or Appendix A).

Director Ricetti said she doesn't mean to add a meter, but to share an existing meter.

President Pool stated, But that's still contrary to the provision in our Agreement with Sonoma County Water Agency.

Director Butow added, Our voluntary Ag Moratorium became permanent when we signed the Agreement with SCWA.

President Pool said, That doesn't mean we couldn't do it in the future, it means that it would be one more thing that we need to work out with Sonoma County.

GM Koehler also pointed out that the obviously best solution would be to get the Moratorium lifted.

Director Ricetti asked if the agreement with SCWA will help us lift the Moratorium and the answer is No.

Director Hallman explained this is just a Surplus Agreement.

GM Koehler said the only thing that will lift it is if we enter into some type of contractual agreement and the best solution at this point appears to be that we're getting it from Sonoma either with or without Flood Control, depending on what Sonoma wants. The next step, which we agreed on last time, is to ask Sonoma if they will cut loose any water under any conditions and if so, what are those conditions?

President Pool added, That seems to be the one thing they don't want to tell us.

Director Butow referred to the last ad hoc meeting when RRFCd asked if we were dropping out of this possible merger between our Districts, and we said there is no point in talking about the merger unless we know if there is any water. So unless Sean and Bill go down there and get something out of Sonoma that says they will give us water, like you just said, we can't even go to that part of the question. Obviously to me and the rest of us, Sonoma has water; why can't we be like the City of Healdsburg? That is, enter into a contractual agreement with you, get a commitment out of you for 'x' number of acre-feet, what's your buy-in, we'll go to the bank to borrow whatever we need to, here's your money, we're bought in, good, we pay, lift moratorium. That would be ideal. Everybody seems to want to make it very complicated.

Director Ricetti said, Well they are playing politics with it.

Director Ricetti asked about the 2800 acre-feet and President Pool said that is for storage that we don't have.

Director Ricetti asked about the 6000 acre-feet that's been talked about, does the State charge for that water? If you get the approval to take that water, do you have to pay for it?

GM Koehler said, That is an answer that is yet to be determined. When Director Butow and former Director John Groth and I went to the State Office in Sacramento about four years ago and brought up the question of, what is the likelihood of getting this 6000, there was a certain amount of hysteria on their part. They thought that that question was just the funniest thing they had heard in a long time.

Director Butow agreed.

GM Koehler said, Let's assume it does proceed, the real core question is not what the State wants, but what is it going to take to get Sonoma to withdraw their Protest. And there is a good chance that the answer is, a cash payment to pay for access to the water because every acre-foot of water, whether it is Sonoma's 6000 or Flood Control's 8000 represents a percentage of the construction of the dam. So if there is an additional 6000 thrown into the mix, it didn't just appear out nowhere; it is a portion of the construction of the dam. There is going to be a Right of Access to Water Fee tacked on to the payment back to Sonoma.

Director Butow added, And we can throw this into the mix. In the Decision 1610 there was 7500 acre-feet supposedly set aside for the use of Redwood Valley.

Several people spoke at the same time. Unable to transcribe.

BREAK: 9:30 P.M.

RECONVENE: 9:45 P.M.

President Pool continued with Capital Items.

Item I, continued: Transmission main inspection.

Director Ricetti asked if the transmission inspection is something that they should have GM Koehler look into now.

GM Koehler said he thinks that we should meet with a number of engineering firms to get our sense of who they are, and once we establish a relationship with that engineering firm, then we can make this decision.

Director Butow said, The dollar amount remains a question mark. It was almost a nightmare when that pipe across the canyon collapsed.

Director Ricetti said it is something that needs to be looked into; and Director Butow agreed. GM Koehler stated that he has no idea as to what the cost of that survey would be. The transmission main was installed in 1978. As an example, when you drive on Colony toward Road I, you see those concrete culverts. They are known as CAV's (combination air valves). The pipe itself is a steel pipe with cement lining. They typically weld a threaded fitting called a weldolet on the outside of the piping. There is probably damage inside the pipe at those locations because those are only 2" weldolets and there is no way you are going to get in there and properly coat the inside of the pipe. So hopefully they did that at the same time they were prepping the joints. But if they did not, then each of those represents a potential failure because you can't weld on that pipe and not blow the cement lining out on the inside of the pipe. We have those same things on every 30" transmission main in the system; for example the corner of Road D and Colony Drive. From there, south, at every rise there is one of those same things. Basically, every time you go uphill you have the potential of air binding by creating an air pocket; the CAV's let the air out. Every time you go downhill, there is an ARV, and each one of those is cut into the pipe and we have no idea what condition they are in.

j. Flow meters. This is a "sooner the better" project. The reduced pressure flow meters that were installed, were not working. They were junk and should never have been installed in the first place. In order to improve efficiency and reliability at the treatment plant we should install three additional large flow meters (2 - 10" sizes and 1 - 12" size). We currently have no way to effectively monitor flows to the two clarifiers, or to quantify the amount of water used during backwashes. \$50,000.

k. Irrigation meters. This is a longer term project and won't all be done at once. We are gradually replacing the 2" service meters with similar but new meters. The existing 4" service meters are not radio reads, they are turbine meters and should probably all be replaced with a better style of 3" radio read meter which would do a much better job of recording the low flows and additionally, they would provide us with the capability to have real time reads during times of crisis (droughts). \$300-\$400,000.

l. Fence. We do not have a fence around the north side of the treatment plant site. \$20,000.

m. Valve operating machine. This piece of hydraulic equipment would allow us to rapidly and safely cycle valves throughout the system. We know we have non-operating valves in the system and we need to fully evaluate the entire domestic and irrigation systems to determine which valves need to be replaced. Valve machine \$10,000.

n. Valve replacement program. There are 150 valves in the domestic system mains and 150 valves in the irrigation system mains. At the present time we have at least 7 valves in the systems that we know have failed, and several others that we suspect have failed. Also, we need to GPS the valves when we are out there doing the work; then we're in a position to get that information on to an overlay. \$3-\$5,000 per valve. Not a capital project.

o. Telemetry. Our current SCADA (supervisory control and data acquisition) software is obsolete. It is currently working fine although there are data logging issues that it does not work well on. If our current software ever fails, we will need to replace it with very expensive software and much of our hardware. Also, the new Supervisor at the Department of Public Health is very keen on spreadsheet reports and there will likely come a time in the future when DPH will require that we upgrade our software/hardware in order to comply with State requirements. Costs unknown. General telemetry improvements and maintenance typically cost \$10-\$20,000 annually.

p. Tank capitalization. Storage tanks can be considered a depreciation item with routine maintenance and ultimate replacement, or they can be considered permanent assets with a contracted tank maintenance program that will guarantee the tanks will last forever.

Somewhere out there, there are multiple depreciation schedules for everything in a water system. Typically, tanks are depreciated. You buy it and you figure it will last 30-40 years. The problem with tanks is the area above the water line where the chlorine tends to evaporate and that is where the rust grows. It especially rots out at the area around the vents where all the steel beams come together. Even though you paint it and repaint it, most people don't do the kind of maintenance that would be required in order to keep them forever. So, the old tanks have to be torn down and replaced with new tanks. Because of environmental issues, it is getting more and more difficult to perform any kind of demolition. Recoating the tank has gotten hideous; blasting a tank – we do have lead in the primer of three of our tanks that I had tested. So if we ever want to recoat the exterior on any of our tanks we will have a Tyvek tent with negative air pressure, sandblasters in airtight suits, etc., etc. The alternative is, there are companies out there now that charge an annual service fee and they will come in every year to inspect, touch-up and maintain your tank, and they guarantee that the tanks will last forever. This is where it becomes a capitalization project.

We actually have a company scheduled to come next week to inspect the two empty tanks. We will find out what they charge for an annual service fee for them to inspect and do all the work year round to maintain the tank forever. It may be a prohibitive cost.

Our in-house staff is scheduled to do the interior touch-ups with a food-grade cold-water epoxy on one tank and we bought enough paint to also coat the exterior (encapsulating the primer) of that tank. Doing that every five years may be the solution. Perhaps that will be our approach.

The current formula used in figuring the cost to replace a tank is \$1 per gallon, so a 500,000 gallon tank would cost \$500,000.

The advantage to contracting out, is they are the experts, they have the equipment and skills and they are responsible for the integrity of the tanks forever.

GM Koehler will bring his findings to the Board at the next Regular Meeting.

GM Koehler listed all these items to demonstrate that we cannot complete all of them in one year; and we don't need to do so. However, it does demonstrate that we do need to complete more capital projects per year than we have done in the past.

GM Koehler asked the Directors to give him their Tolerance Points on each of the listed items.

9. FINANCIAL REPORT.

After a review of the Financial Report for March 15, 2012, a Motion was made.

MOTION: Accept the Financial Report as presented.

Butow/Hallman Discussion CARRIED

AYES: Butow, Hallman, Ricetti, Pool

NOES: None

ABSENT: Spilman

10. LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY – LAFCO.

Nothing to report.

11. M. C. INLAND WATER & POWER COMMISSION.

Director Butow attended. Nothing unusual to report. Consultant Paige Poulos said she would submit her billing at the next monthly meeting.

12. MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL & WATER CONSERVATION IMPROVEMENT DISTRICT.

Director Butow attended. Nothing unusual to report. It was basically a Closed Session meeting.

13. SONOMA COUNTY WATER AGENCY.

Already mentioned earlier in this Meeting.

14. REPORT OF ATTENDANCE AT AGENCY MEETINGS OF ANY OTHER ENTITY NOT LISTED SEPARATELY HEREIN.

Director Ricetti reported she attended the recent Board of Supervisors Meeting along with the Eel River folk. The Court Date for the Rudy and Linda Light Hearing is June 4 and 5, 2012.

15. CONSIDER ATTENDANCE AT SEMINARS, TRAINING EVENTS, CONFERENCES AS RECEIVED SINCE LAST MEETING. (Agenda Item No. 18).

GM Koehler mentioned that the Wine Country Water Works Association will be holding a training event in Lake County in the near future.

The Meeting ended at 10:40 P.M

The next Regular Meeting is scheduled for 7:00 P.M. on Thursday, April 19, 2012 at the Water District Office, 2370 Webb Ranch Road, Redwood Valley, California.

Respectfully Submitted,
Linda Groth, Recording Secretary

APPROVED: Board of Directors

DATE APPROVED: April 19, 2012

SIGNED: Paula Berezay
Secretary, Board of Directors