

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

MINUTES
BOARD OF DIRECTORS

Regular Meeting
August 15, 2013

Directors Present: Jeanette Hallman, Granville Pool, Jack Spilman, Ken Todd
Directors Absent: Pamela Ricetti
Staff Present: General Manager Bill Koehler
Recording Secretary: Linda Groth
Others Present: Will Carson/Millview CWD

CALL TO ORDER: 7:03 P.M.

1. ROLL CALL.

Ken Todd, Director
Jeanette Hallman, Board Vice-President
Jack Spilman, Director
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.
Hallman/Todd Discussion CARRIED
AYES: Hallman, Todd, Spilman, Pool
NOES: None
ABSENT: Ricetti

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.

Hallman/Todd Discussion CARRIED

AYES: Hallman, Todd, Spilman, Pool

NOES: None

ABSENT: Ricetti

6. APPROVAL OF MINUTES AS PRESENTED.

The Draft Minutes of July 18, 2013 were reviewed.

MOTION: Approve the Minutes of July 18, 2013.

Hallman/Todd Discussion CARRIED

AYES: Hallman, Todd, Spilman, Pool

NOES: None

ABSENT: Ricetti

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

The Directors requested that GM Koehler provide details for a check issued to a water customer. GM Koehler explained that ordinarily when a service is turned off for non-payment, the office staff writes up a work-order providing the specific location and meter number to be turned off. But this time, since one of the field crew was heading out to perform a leak repair and would be driving past that location, GM Koehler verbally requested him to stop en route to the leak location and lock off the delinquent account. It turns out the wrong meter was turned off and when the neighbor came home he discovered his water was turned off and his in-line booster pump was 'fried'. So he bought a new booster pump and hired a plumber; and then brought the invoices to the District Office. GM Koehler felt that under the circumstances, this was not worth submitting an insurance claim, and therefore he authorized payment to the customer. He also told the customer that the District is not responsible for any damages on the customer side of the meter and that the customer needs to take all the precautionary measures to protect his system in the future. Director Spilman reminded GM Koehler that several years ago when he (Mr. Spilman) had periods of low pressure in his lines, the two of them discussed the need for him to install an in-line booster pump and whatever else is necessary to protect his system, as the District will not be responsible. Director Spilman said he will agree to the Board supporting the GM decision in this case, but not in the future. GM Koehler was directed to notify all customers that he knows of with inline booster pumps, telling them to take all precautionary measures to protect their systems because the Water District will not be held responsible for any damages on the customer side of the meters.

a. Personnel Committee Report.

Nothing to report.

b. Ad Hoc/Consolidation Committee Report.

The Boards of Redwood Valley CWD and the Mendocino County RRFCD&WCID met at the Barra Winery Facility again last night. The next meeting is scheduled for 4:00 p.m. on Wednesday, September 11, 2013.

c. Discussion of Rates.

Director Hallman reported that the Committee met with GM Koehler. After reviewing all the numbers, the Committee recommends the following for All Domestic Water Accounts, beginning January 1, 2014:

- 1st year: \$10.00 meter fee increase
- 2nd year: \$2.50 meter fee increase and
\$0.25 increase per thousand gallons
- 3rd year: \$0.25 increase per thousand gallons.

Director Hallman commented, Hopefully this will keep us afloat.

GM Koehler said the only reason these figures work this year, in terms of capital, is because of the carry-over from last year. It does fully fund the Sinking Fund. We are probably going to be okay next year but it's going to be another story with \$300,000-\$400,000 going out for relocating our pipelines lines, etc., because of the County DOT School Way Bridge Relocation Project. That will definitely have an impact.

As per the Proposition 218 Requirements, the Rate Hearing Notices will be going to the Property Owners, not to the renters. There are a couple of other Prop 218 requirements to clarify before the Notices are mailed and GM Koehler will get this reviewed by legal right away so that the Notices can be sent as soon as possible.

President Pool agreed that we should contact legal and get this right, right from the start.

As to the rates, Director Spilman said it is important to have a fair representation for both the domestic accounts and the agricultural accounts.

President Pool noted that as far as our pump station is concerned, it's the greater volume of water that goes toward ag consumption and he mentioned that we have recently had to spend a lot of money on the pump station. GM Koehler confirmed that 2/3's of pumped water goes to ag consumption.

Director Hallman also mentioned that the cost of chemicals and materials to treat the water has increased significantly since the last rate increase.

GM Koehler asked how the Board wishes to handle the allocations that are not going to be installed. Director Spilman said that anything that we cannot legally provide or install at this time, we won't charge; we don't want to increase our liability. The Board agreed.

GM Koehler asked how the Board wishes to proceed regarding an increase to the irrigation water accounts.

Director Spilman suggested the ag rate formula should put the increase on the meter itself and not on the water rate, the same as the domestic rate formula. He recommends an increase of \$15 for the ag meter fee the 1st year, and the rest as the Rate Committee has stated.

President Pool added that the Board is going to have to address the cost of inspecting the transmission main, as soon as the technology for doing so is developed.

GM Koehler asked if he can proceed with the required 45-day Notice of Hearing if he learns that the Resolution is not required.

President Pool asked for a Motion.

MOTION: Direct GM Koehler to go ahead with preparing for the Prop 218 Hearing for rate increases at the rates we just discussed and with the changes in the structure that limit our liability regarding the unusable allocations. If it turns out that a Resolution will be required, GM Koehler is directed to prepare said Resolution and to Call a Special Meeting to Pass said Resolution.

Spilman/Todd Discussion CARRIED

ROLL CALL VOTE:

Director Spilman - AYE

Director Todd - AYE

Director Hallman - AYE

Director Pool - AYE

ABSENT: Director Ricetti

8. GENERAL MANAGER'S REPORT AND ACTION ITEMS.

8-a) District Operations.

The District is operating well with no particular problems to report. There were two leaks on the weekend of August 3-4, but they were repaired promptly.

8-b) Treatment Plant Repairs.

The priority projects are:

- 1) to repair the non-functioning variable frequency drive at the treatment plant; and
- 2) to complete the drive, control, and communication system at the lake pump station.

GM Koehler is getting started on these projects with the limited capital budget from this year and the carry-over from last year.

8-c) Staffing.

With only two field crew, we are concerned about employee fatigue and since the crew is mostly working on projects, there is concern that we won't be able to operate much longer without seriously neglecting maintenance. We don't know yet whether we will be incorporated into the Willow Group, although it looks like a possibility and if so, that has a natural succession to it.

Additionally, GM Koehler will reach full social security retirement age in June 2014. At some point he will be retiring and the Board should give serious consideration to the issue of manager succession.

Director Spilman asked, If we proceed with the combined crews and if Willow is actually managing the everyday operations, would GM Koehler still be available on a part-time basis to work through the completion of the combined merger?

GM Koehler confirmed, saying, That is largely my intent.

GM Koehler is meeting with Sean White next week and they will at least start laying out the steps. He is willing to continue on a part-time basis so that he brings continuity to all that is involved. Also he would

possibly be available part-time as project manager for relocation of District facilities affected during the County DOT School Way Bridge Relocation Project.

8-d) Allocations.

We are still waiting to receive the name of a water law attorney that would be recommended by either Dave Rapport or Paul Minasian. It's worth noting that Dave Rapport mentioned that he thinks Paul is one of the best water attorneys in the State and that we should rely upon Paul's opinion.

To accommodate the previously stated Board interest in receiving a third legal opinion, GM Koehler offered to contact a couple of the larger water law firms in Sacramento if the Board chooses, but he does think that these firms will also come up with the same opinion that Counsel Minasian and Counsel Rapport did. At this time, the consensus of the Board is to not spend more money on a third legal opinion.

8-e) Leak Forgiveness Policy.

In comparing various Water District "leak forgiveness policies", there is no consistency between agencies. For example, the Willow Water District Group does not have a leak forgiveness policy; if water passes through the meter, the customer is charged for that water. The Millview CWD allows one adjustment every 18 months in which they forgive 60% of the amount that exceeds typical usage IF the overage is the result of a leak and if the leak was promptly repaired.

GM Koehler feels that Redwood Valley CWD is extremely fair in its existing policy which, after meeting the qualifying criteria, also gives the customer a year to pay it off.

8-f) Tank Repair.

A contractor came on-site and looked at the project. He will be submitting a proposal soon.

8-g) Conservation.

The Conservation Letters have been mailed to District customers.

The Sonoma-Marin Partnership group is paying for daily newspaper ads to "Take the 20-Gallon Challenge and help save our water during the hot summer months. By reducing water use by 20 gallons per person per day, you can help protect Lake Mendocino."

We continue to receive weekly reports from SCWA on the lake level compared to the critical storage level. If the lake drops below the critical storage level for 3 consecutive days, the outflow from the lake will be reduced from the roughly 150 cfs, to 25 cfs.

8-h) Merger with RRFCD.

A dual board meeting of the RVCWD and the MCRRFC&WCID was held yesterday at 4:00 p.m. at the Barra Facility on North State Street, Redwood Valley. Agreeing to the MOU was quick and unanimous.

8-i) Grand Jury response.

All of the Districts (Redwood, Calpella, Hopland, Millview and Willow) have signed the Response and it has been delivered to the Grand Jury.

8-j) Functional merger with Willow CWD.

GM Koehler and the other Managers are continuing talks and he is reviewing financial materials from their analysis. It is already agreed that if an agency feels that the arrangement isn't working out, the agency can withdraw from the agreement.

8-k) SCWA Contract Fund.

The BOS has released \$136,651.00 from the Conservation Fund held at the County and we are in receipt of the check. This reimburses our District for having paid \$7,100 for our share of the stream gauge, and also \$22,000 the District has already spent on multiple conservation efforts and events. As discussed, GM Koehler has contacted the SCWA regarding \$5,000 to the Quagga Program. The balance of the monies will be spent on replacing approximately 50 of the 4" ag meters and approximately 50 of the 2" ag meters.

8-l) Lake Level.

Lake Mendocino is approximately 5,000 AF lower than it was on the same date in 2009, however it remains approximately 3,500 AF above the critical storage level.

8-m) Customer damage.

The District has charged a customer for intentionally damaging a 2" irrigation meter. In fact this customer had damaged a meter previously but was not charged at that time because the meter was already scheduled for replacement. When the field crew did replace that meter, they built a metal boot to go around the meter to protect it from vandalism. However, this customer has managed to get into the metal boot, rip off the register head and stick a magnet between the register head and the meter body, and he damaged it. No one can benefit from sticking a magnet between that register head and that meter body, other than that customer. There is no doubt this is intentional damage. The customer will be billed for the cost of about \$1,100 which will be posted on his next water bill. A strongly worded letter has already been mailed to that customer.

Director Spilman suggested the District threaten the customer with prosecution. Also, if the customer ever damages District facilities again, not only will he pay the cost of repairs but the Board will require a deposit large enough to cover any future damage.

8-n) Budget.

The 2013/2014 Proposed Budget with changes as previously suggested, was reviewed. After discussion a Motion was made.

MOTION: Approve the Budget as presented, but with a \$5.00 increase in ag meter rates.

Spilman/Todd Discussion CARRIED

AYES: Spilman, Todd, Hallman, Pool

NOES: None

ABSENT: Ricetti

9. FINANCIAL REPORT.

After a review of the Financial Report for August, 2013 a Motion was made.

MOTION: Accept the Financial Report as presented.

Todd/Spilman Discussion CARRIED

AYES: Todd, Spilman, Pool

NOES: Hallman

ABSENT: Ricetti

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

Chairman Richard Shoemaker said a meeting will be held in November to discuss the possibility of moving ahead with the Ukiah Valley Wide Task Force recommendations of getting everybody under one umbrella.

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

GM Koehler reported that the State has not yet taken any action on the frost water issue that was brought forward in this County by the Light's.

As a result of the U.S. Army Corps of Engineers not receiving any federal funding for 3 years, the Feasibility Study is in the process of being moved from "Active" to "Inactive". Unfortunately, projects don't come back from "Inactive". Janet Pauli is making every attempt she can to keep this alive. The COE has spent \$87,000 and is demanding matching funds from the Feasibility Study local partners. Janet Pauli and Candace Horsley think they can create most of that by working on the "in-kind" calculations that they have been working on for a couple of years now.

The U.S. Army COE will be leading a discussion at 4:30 p.m. on August 28th at the Board of Supervisors Chambers to consider the one item they all agree needs to be done: Getting the alarm system put in place to include Reverse 9-1-1 and, also, some kind of siren system.

GM Koehler reported that Janet Pauli spent a lot of time reviewing the ERRC presentation about the impressive and depressing aerial photos and reports showing the pot-grows in Trinity, Butte and Siskiyou Counties. The effect of all the pot-grows is like strip-mining and the authorities don't seem to have significant control over any of it.

The engineered fish friendly build-out for fish colony areas on a 14-mile area of Dry Creek is costing \$8 million dollars per mile.

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

The FCD has received the support of the Farm Bureau and the Dept. of Public Health for the new Contracts. They will have a meeting at the AR Center on September 5th or September 11th to explain or answer questions from their customers. (Note: This has now been changed to November 6. This does not affect us).

We have received an Invoice in the amount of \$47,161.38 from the FCD for the water we have used during 2012. The annual amount for legal expenses is determined by the wording in the Stipulated Judgment: cost of normal operations with the exception of capital expenditures that don't benefit the District. Historically in the past RV has gone back to the FCD and requested a revision of the legal expense. This is because we don't think RV should share in the costs of legal expenses for the FCD lawsuit against Millview CWD because it doesn't benefit us. Also historically, Sean White has eliminated that portion of the annual billing. This year, though, Sean has already said that the legal expenses are for legal actions in defense of the water right.

After discussion, the consensus of the Board is that, just saying that it protects the water right, is not an adequate justification for why it needs to be paid under this language. Redwood intends to continue a mutually friendly and respectful relationship with the FCD without any intent to upset the apple cart. GM Koehler was directed to pay the amount of the invoice without that one item included and to make an inquiry at the same time, with the assurance that the Directors will consider further payment at the September Board Meeting if the FCD feels that is appropriate.

13. SONOMA COUNTY WATER AGENCY.

Yesterday GM Koehler received a call from Todd Schram at SCWA to discuss a response on the MOA.

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

Nothing to report.

15. STATUS REPORT OF 2800 AF STORAGE RIGHT. (Agenda Item No. 17)

Nothing to report.

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

Nothing to report.

The Meeting ended at 9:00 P.M.

The next Regular Meeting is scheduled for 7:00 P.M. on Thursday, September 19, 2013 at the Water District Office, 2370 Webb Ranch Road, Redwood Valley, California.

Respectfully Submitted,
Linda Groth, Recording Secretary

APPROVED: _____ Board of Directors

DATE APPROVED: September 19, 2013

SIGNED: _____ Paula Berezay
Secretary, Board of Directors