

Redwood Valley County Water District
2370 Webb Ranch Road
Redwood Valley, CA 95470
(707) 485-0679

Redwood Valley County Water District and Russian River Flood Control District Boards
of Directors - Dual Board Meeting
Wednesday, November 5, 2014

RVCWD Directors Present: Granville Pool, Ken Todd, Jeff Basili, Pamela Ricetti
RVCWD Staff Present: General Manager Bill Koehler

RRFCD Directors Present: Paul Zellman, Richard Shoemaker, Alfred White, Lee
Howard

RRFCD Directors Absent: Judy Hatch

RRFCD Staff Present: General Manager Sean White

Call To Order: 4:00 P.M.

1. Roll Call for RRFC

Paul Zellman, President
Richard Shoemaker, Vice President
Alfred White, Treasurer
Lee Howard, Trustee

Roll Call for RVCWD

Granville Pool, President
Pam Ricetti, Director
Ken Todd, Director
Jeff Basili, Director

2. Hearing of Comments or Questions from the Attending Public

None.

3. Discussion and Possible Action Regarding the Dissolution/Annexation of
RVCWD/RRFCD.

There are eight topics that will be discussed tonight as listed on the agenda along with the
RRFCD memorandum of understanding with RVCWD that has expired. The final item is
the Request for Proposal (RFP) to develop a plan for services from outside vendors. Once
response has been received and she is listening in on Trustee Shoemaker's phone.

Trustee White would like to know if the RRFCD Board is still committed to the D/A since some time has passed since it was first voted for. He, for one, is still 100% for it. Trustee Zellman doesn't see how this question is part of either public expression or the first item on the agenda. Trustees Shoemaker, Howard, and White all chime in on the order of the agenda. It is noted that the RVCWD agenda has a few extra procedural items than RRFCD.

Motion: Accept the Agenda

Motion by Dir Todd, Second by Dir Basili

In favor: unanimous

Trustee Zellman continues with introducing the items as what GM Koehler presented to the RVCWD about a month ago and was passed along to RRFCD. Those items are read and introduced.

1. Firm Access to Water Supply

Following D/A, will Redwood Valley have the same access to water as the other water systems? Trustee Shoemaker says that he and Trustee Zellman have talked about the document and he wrote down responses to the items presented at the previous RVCWD meeting and while these are only his views, they may be adopted. He clarifies that Redwood Valley will have a firm contract like the other RRFCD customers. GM Koehler says that previous statements have been made to indicate a contract would not lift the moratorium to which Trustee Shoemaker replies that it may be due to circumstances beyond the scope of a contract. GM White clarifies that if some entities who have thought about dropping their contracts do so (like the City of Ukiah), then there would be enough water to lift the moratorium.

Dir Ricetti asks if RVCWD is only annexed into RRFCD, would they be able to contract with them. GM White says they can. Trustee Shoemaker clarifies that a firm water contract and lifting the moratorium are two separate issues. GM White says that Redwood Valley's water right would be just as good as any other in the valley, but they can't make water out of nothing if Lake Mendocino is dry. GM White says there will probably be enough water immediately to serve all RVCWD customers, but not to lift the moratorium right away. But the D/A would have given guaranteed water in a year like this.

Trustee Shoemaker asks a procedural question about how we go about accepting answers to these questions. Do we vote on them or what? He asks if the answer to the water right question has been adequately presented. GM White says that these would go into the Plan for Services and that would go to approval with LAFCO. Trustee Shoemaker says that his written answers can be considered a start. He adds that the new entity would work toward the good of all of its members, including the lifting of the moratorium. GM White reminds that this one action [the D/A] will not solve 50 years of supply problems, but it will be an incremental step in that direction.

Trustee Howard asks what this new entity will look like and who'll be calling the shots. He is reprimanded by Trustee Shoemaker for not staying on the agenda. He continues with his question of what Redwood Valley is looking for and Dir Pool answers that they are looking at the options of an annexation or a contract with RRFCD. Trustee Zellman says that they voted on options a long time ago and annexation was decided upon as the best option, mostly because of high costs for the others. Discussion ensues about whether or not there was a vote and what it was. Trustee Zellman contends that they did vote and that annexation was the chosen route.

Dir Ricetti asks GM White about the status of the City of Ukiah's water right. He says they buy 800 acre-feet every year and they discuss internally if they should do. They do have a right to water outside of RRFCD so they have discussed giving up the RRFCD contract.

Trustee Howard asks how RVCWD would expect things to be different with RRFCD. Also, the Board could be made up entirely of Redwood Valley residents who could then give themselves any contract they wanted. He is once again told they will discuss that later in the meeting. He then clarifies what they said earlier that RRFCD could give a contract by taking the water from somebody else. He says that the fact they don't have enough water right now to supply Redwood Valley means they will have to take it from other customers and that has changed his way of thinking on this proposed D/A. Also, adding Redwood Valley would go further toward using all of RRFCD's 8,000 af and it could someday lead to nobody in the district being able to expand. He reiterates that five Redwood Valley residents sitting on the board would have the ability to take it all for RV. GM White counters that it could already work that way, in theory, with Millview or Ukiah. Trustee Howard says that it couldn't because they aren't part of RRFCD, but GM White says that is an inaccurate statement. Also, there are limitations due to zone of use and beneficial use. Also, RRFCD is maxed out on Ag water. Trustee Howard says that this is another reason the D/A is a negative thing because right now, RRFCD could petition for more Ag water but only because right now there is a surplus of water (that is currently being sold to RVCWD). GM Koehler brings up that the in the event of a D/A, Redwood Ag customers wouldn't be able to get water. GM White says that their limit is only for their area, which does not include Redwood Valley. Also, trying to change the place of use would take decades at best.

Dir Ricetti asks about where recycled water would go when/if that system gets up and running. It would go wherever there's need and is not part of RRFCD's allotment. He continues that Redwood needs to look at this like a water portfolio with a little water here and a little water there.

2. Moratorium

GM Koehler introduces this as more than just trying for growth in Redwood Valley as there is pending legal action from people who have been paying a meter deposit for years without getting a meter connection. So right now, if Redwood asks for 5,000 af, they won't get it because RRFCD doesn't have that much to give. Trustee Zellman agrees.

Someone asks about the contract and GM White says they can be viewed on the website. Someone else asks about the other contracts and GM White says that all the contracts are up for renewal since they were all terminated. They have a few years to sign the new contract.

GM Koehler brings up a hypothetical situation in which one of those people that has reserved a meter for years and has not received on files a lawsuit, who deals with that lawsuit? Trustee Shoemaker suggests that it would be on the zone of benefit [Redwood Valley]. Dir Ricetti asks, if RVCWD is no more, how can anybody sue it? Trustee Shoemaker says that that's a legal question about the zone of benefit that needs to be figured out. Dir Pool clarifies that if that happens, the cost of that lawsuit would be added to the rates of the consumers in the zone of benefit, but any rate change needs to go through the Prop 18 protest process. GM White again says how Redwood Valley would be like every other contract of RRFC. Trustee Howard disagrees and says that if someone wanted to sue Redwood Valley, they would sue the parent entity, namely RRFC, but then they would pass that cost along to the zone of benefit, namely Redwood Valley customers. He has been told variably that this can be done and that it cannot be done. One way, it works out, but the other way is very unfair.

GM White says this kind of leads to the next agenda item and asks DWR representative, Joy. She says she's not very familiar with the water code and mostly works with Title 22 issues. She says the new entity would be permitted as a public water system and, when pushed, that the license wouldn't be hard to obtain. GM White clarifies that no personnel at the plant would change. She said an answer could be given within 30 days.

GM Koehler brings up a question about which section of the Water Code this new district would operate under. RRFC is an offshoot of Mendocino Water District and is therefore operating under that section of water conservation districts. GM Koehler reads that section which gives RRFC the power to distribute water.

3. Assets and Liabilities

We're still waiting on the Bureau of Reclamation about RVCWD's debt. Trustee Shoemaker again comes to the zone of benefit and that's where the liabilities stay. Dir Pool asks about the assets and GM White says they will stay with the zone of benefit as well. RVCWD can store 2,800 af legally, but doesn't have facilities to do so. Some questions come up about water rights and GM White makes it very clear that Redwood Valley would keep its water right and would contract with RRFC for any extra that it requires. Trustee Howard again brings up the lack of clarification of what the new entity would look like and what powers it would have.

GM Koehler brings up the ad valorem tax. The tax for Redwood Valley should stay in RV, but it has been said before that it would go to the overall organization. GM White said the attorney said it would stay with the property. Tony Shaw adds that the new Board would be able to allocate monies the way it wants to.

4. Water Code

It is agreed that this has been discussed in detail already.

5. Staffing

Trustee Shoemaker mentions some previously mentioned retirement. GM White says that they are PERS and that the new entity would have to be PERS. It's not cost-effective for GM Koehler and Paula to switch over, but they can remain as contract employees. The issue of contribution matching comes up to which Trustee Shoemaker asserts that they match a higher amount than RVCWD does currently. Some more discussion ensues about what the levels are called.

6. Contract Issues

GM Koehler says he is frequently asked, "If Redwood ceases to exist and are now part of Flood Control, why would Redwood need a contract with itself?" Trustee Shoemaker says "Because Daddy said so." He then elaborates it's because that's the way they do it. GM White adds that it will help know the allocations to different customers. It also helps the recordkeeping and satisfies regulatory agencies. Dir Pool makes a point that under the new way of paying for water whether or not they use it, a new rate structure will have to be developed, particularly for the Ag users. GM Koehler says to assume that there will be a contract between North-of-20 and Flood Control, who signs said contract? Trustee Howard says that the devil is in the detail of this. He then goes back to talking about how Ag and domestic water is different and should be treated differently. Ag is pretty simple to figure out costs, but with the domestic side, there are many more considerations when setting a cost structure. Dir Todd proposes a system where everyone who 'orders' water pays the cost to RRFCD and then at the end of the year they look at the individual meters and pay the RVCWD rate on the water they actually used minus the RRFCD cost. GM White thinks the best course is to turn this over to an entity that specializes in analyzing usages and needs and setting rates. An audience member speaks up to say that he's hearing a lot of complexity in this D/A process and is wondering what's in it for RRFCD and why they can't just give a contract? The loud response is that they can't because RVCWD is not part of their district. Trustee Howard disagrees. The audience member then asks what's in it for RRFCD?

Trustee Howard says there is absolutely nothing in it for RRFCD. The negatives far outweigh the positives and there's no way to do it except to just do it and "to hell and be damned with whatever falls in the way." You'll be doing away with long-term reliability in the district, you change the way the long-term debt will be handled, and you wouldn't be able to petition for more Ag water. How will they decide when domestic takes precedent over Ag users?

Trustee Shoemaker talks about property values going down in Redwood Valley which drags down property value in Ukiah [unsubstantiated] and that keeps businesses from wanting to come to Ukiah. He paints a picture of a brown, desolate Redwood Valley which would reflect poorly on Ukiah. Also, a bigger district would have more a voice in Sacramento and Sonoma County.

Trustee White mostly agrees with what Trustee Shoemaker says.

Trustee Zellman is looking to use all of RRFCD's 8,000 af to show to the State that it is being used. Trustee Howard says that contracting the surplus to RVCWD counts as beneficial use to which Trustee Zellman counters that it's not the same as having a steady contract every year. Trustee Howard reiterates that it counts and Trustee Zellman says that this will be a better way of accounting for it.

Joy Williams asks why they can't just annex RVCWD into RRFCD without the dissolution of RVCWD. Trustee Shoemaker says that it's much more expensive. GM White says there are three different scenarios for Redwood to get more water: a contract for surplus water, annexed and have a contract like everyone else, or the annexation/dissolution. There is no minimum contract amount.

Tony Shaw reads a letter from John Mayfield, Chairman of the Employers Council of Mendocino County to Chairman Zellman. The letter is included with these minutes. The main point of the letter is asking about the benefits to the constituents in the event of the D/A.


Trustee Zellman backs up to the options stated by GM White. The first option of a surplus contract is what they have been doing and doesn't fit the needs of Redwood Valley. There are some questions about the second options, mostly about regulatory agencies and how they will treat it. GM White adds that having a bunch of small districts is not the best thing for Mendocino County. Once one water district goes through the D/A process, he's hoping more will follow. Even with all the districts put together, they would still be small in the overall scheme of things and he feels that we're all hurt by squabbling between districts.

An audience member speaks up to say that he cannot see enough Redwood Valley people voting in enough Redwood Valley Board members to make any difference on the Board. Dir Pool agrees that it's pretty slim. Tony Shaw speaks up about how many studies have been done by other agencies that would satisfy SCWA.

7. Plan for Services

Talk moves to the annexations of RVCWD (reservations and such). They are areas that are not part of RVCWD but are within their service area. They use about 75-100 af per year. GM White asks if he thinks the new well will produce that much water. GM Koehler says he'd rather use the word 'hope' and GM White says "Well that's how you deal with it." If the well doesn't, file for a change in place of use. Dir Pool says they applied for that years ago and it's still sitting in Sacramento. GM Koehler asks the RRFCD if they are willing to continue serving those areas in the event of a D/A to which Trustee Shoemaker replies that he can't see just shutting them off. GM Koehler then asks what they'll do when they receive a cease-and-desist order telling them to turn off the reservation because it's not in their zone of use? A lot of people laugh and nobody answers. They finally say they would continue to serve those areas (even though it's technically illegal).


8. Options



GM Koehler mentions that under the stipulated judgment by the Superior Court, Redwood and RRFCD shall put forward all effort to form a JPA or pursue an agreement. Would RRFCD be willing to pursue a JPA? Trustee Howard says that the JPA would be with other counties like Sonoma and Marin. GM Koehler says that those counties are allowed to join, not that they must join. Trustee Shoemaker says he would not want to. GM Koehler says that the judgment says "shall" and Trustee Shoemaker says "Sue me. Take me to jail. I'll serve the reservation, but I won't do that." He then continues to talk about how terrible JPAs are. GM Koehler asks if Trustee Shoemaker's statement represents the RRFCD Board and Trustee Zellman says they haven't voted on it and won't tonight. Trustee Shoemaker expresses disbelief that they would ever want to form a JPA with RVCWD because "we have all the toys, we have all the cards....what do you have to give us in a JPA?"

Trustee White says he would like to vote and have in writing what the goal is, namely that they are working toward a D/A and not thinking about other options. Otherwise, they will keep talking around issues without a unified goal in mind.

GM Koehler talks about two agencies that made it through a successful D/A process and has been a model for this process. There is more talk about the wording of the agreement. Somebody mentions the Bureau of Reclamation and GM White says they have people working on getting ahold of them and getting some answers about the debt. Tony Shaw speaks up to say that Mendocino County has a legislative program that gets the Board of Supervisors involved since they have a stronger voice in politics.



Dir Ricetti proposes to do the annexation now to get a firm contract with RRFCD and then work on the dissolution later since that process takes much longer. Trustee Zellman mentions that there isn't much in it for them to do that. Someone asks to describe what annexation would look like and GM White answers that it would combine the footprints of RRFCD and RVCWD. Then RVCWD would be entitled to the same level of service as other county water districts within RRFCD. The main difference is that there would still be two Boards and there would be no benefits of having a larger entity. Trustee Shoemaker thinks the current district voters would protest such a move.

Trustee Zellman comes back to the Memorandum of Agreement with the change suggested by Trustee White. The change to the MoA is "The goal is to create a combined entity either through annexation or annexation/dissolution." Trustee Howard agrees to that being a defined goal. Trustee White agrees as well. So does Trustee Zellman.

GM Koehler points out that in the stipulated judgment, it states that RVCWD cannot become a part of Mendocino, which means that a D/A can't happen.

Motion: Accept the revision to the MoA and renew the timeframe

Motion by Dir Todd, second by Dir Basili

In favor: unanimous

Trustee Zellman mentions that there has been one response from a company to work through the LAFCO process. Also, it needs to be done before Christmas before there are overage charges. Talk ensues about what kind of monetary cap to put on the consultant.

Motion: Enter into the contract with the consultant with the changes as stated and make recommendations to further action

Motion by Trustee Shoemaker, second by Trustee White

In favor: Trustees Shoemaker, White, Zellman

Opposed: Trustee Howard

Absent: Trustee Hatch

Motion by Dir Ricetti, second by Dir Todd

In favor: unanimous

Trustee Shoemaker wants to know how long it will take to get the answers given tonight back on one paper to get worked out legally. Some answers will come from the consultant mentioned above and some will come from Joy.

Motion to adjourn

In favor: unanimous

Meeting adjourned at 6:50 pm.

Minutes submitted by Jeanette Wise

Approved: Board of Directors

Date Approved: _____

Signed: _____