

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

Board of Directors - Regular Meeting Minutes
Thursday, August 21, 2014

Directors Present: Granville Pool, Pamela Ricetti, Ken Todd, Jeff Basili

Directors Absent: none

Staff Present: General Manager Bill Koehler

Others Present: Diane Claddy; Several members of the public

Call To Order: 7:00 P.M.

1. Roll Call

Granville Pool, President

Pam Ricetti, Director

Ken Todd, Director

Jeff Basili, Director

2. Hearing of Comments or Questions from the Attending Public

An audience member asks for minutes from the last meeting. There are but they have not been approved by the Board yet, and the special meeting from August 7th has not been transcribed. She hands out copies of a packet she put together. She introduces herself as Diane Claddy and a resident of Redwood Valley. She has issues with RVCWD. The first item is the repayment of the \$7.3 million loan. The packet she handed out has a section on repayment. The debt comes from 1975 (\$4.8 million) and 1980 (\$2.5 million) at 7% for 30 years. She's certain that the rate could be lowered if we do have to repay the loan. The math that she has done boils down to an increase of \$11.77 to \$14.58 per month for each domestic user to pay the loan off, which she considers to be a reasonable amount, and Ag customers would increase by \$129 per month. This is within reason for Redwood Valley considering the average income of residents. This is even more reasonable with an annexation with Russian River Flood Control (RRFC), which is the only way she sees RVCWD improving their water rights. The lack of water has kept our property values 20% lower than Ukiah Valley area and "we can't flush our toilets, can't water our lawns, can't have gardens". The Ag properties have a "value of 0". Undeveloped land is also "valueless". A better water supply would increase property value and this is possible through annexation with RRFC. She believes there are more benefits than downfalls and currently, she sees no downfalls. The staffing would stay the same with GM Koehler reporting to the RRFC Board and...

Dir Pool interrupts to ask how much longer the presentation will last. She says a few more minutes. He says that normally they allow three minutes for public comments but if she can wrap it up. An audience member defends her preparation and work and Dir Pool

agrees that she has done an impressive job, but it may have been better to let the Board read if first. She says she is about halfway through. Dir Pool asks for a consensus to allow her to continue, which is granted.

She continues that the District will stay intact only with the manager reporting to another board, which would allow more focus on infrastructure improvement and improving water quality which would cause revenues to increase.

The third and final point is that during drought, the sales drop, and based on her assumptions, there has been a 70% decrease in sales. She is concerned RVCWD will not have enough money to cover operating expenses. If we had gone with RRFC in 2011, we would be conserving, but only by 25% rather than our current 75% and no water for Ag users. RRFC has a generous offer and we would be foolish to not move forward with them. We are wasting valuable time and resources by drilling a well which will add to our debt. She would like to hear from the Board tonight about the progress of the annexation.

3. Consider Hearing of Urgent Items Received Since the Agenda Was Posted

There are none.

4. Acceptance of Agenda

Motion: Accept the agenda

Motion by Dir Ricetti, second by Dir Todd

In favor: Unanimous

5. Approval of Consent Calendar

Dir Ricetti asks about a general office expense item on page 2. It is from the company credit card and GM Koehler says the largest purchase included in that item is the ink cartridges. On page 5, Solomon Electric, which GM Koehler verifies is the communication link with the Lake Mendocino pumps.

Dir Basilli asks about the Irrigation water sales of 12 acre-feet [since all Ag is supposed to be off]. GM Koehler says that of that 12 af, 6 af is part of the wheeling agreement with RRFC. Of the remaining 6 af, 2 af are probably from a clerical error from a guy who was messing with his meter a few years ago, and back then he must have cut a wire. When it was read manually, it had a discrepancy. The rest is from 5,000 gallons here or there related to health and safety issues.

Someone asks about water to extinguish fires and GM Koehler says that water would be accounted for in a third category that is the difference between water pumped and water sold. But that's a variable category because it accounts for all missing water, which is 8-10% annually and typical for a system of this type.

Dir Ricetti goes to penalty fees and asks about the credit of \$8,000. GM Koehler says that comes from people coming in and adjusting the number of people in their household. The default was four people per household, but it is adjusted as new information comes in.

Motion: Approve the Assent Calendar as is.

Motion by Dir Ricetti, second by Dir Basili

In Favor: Unanimous

6. Approval of Minutes as Presented

There are three sets of minutes;

June 19th Regular Meeting

There are a few typos, but the Board is happy with how it is working out. Dir Pool has a marked copy that he will give to GM Koehler to pass along to the Recording Secretary.

Motion: Accept the June 19th minutes with the corrections specified.

Motion by Dir Ricetti, second by Dir Basili

In favor: unanimous

July 7th Special Meeting

No corrections.

Motion: Accept the minutes for the July 7th special meeting

Motion by Dir Todd, second by Dir Ricetti

In favor: unanimous

July 17th Regular Meeting

There is one correction by Dir Pool. GM Koehler works with the Recording Secretary's husband to make corrections to the minutes before they come to the Board.

Motion: Accept the minutes for the July 17th meeting with corrections specified

Motion by Dir Basili, second by Dir Ricetti

In favor: unanimous

There are not minutes available for June, only for May.

Motion: Accept the minutes

Motion by Todd, second by Basili

In favor: Unanimous

The August 7th special meeting minutes are put on hold since the Board has not had time to review them and don't want to make the audience wait.

Diane Claddy asks who the recording secretary is. GM Koehler says who it is and that she cannot attend the meetings because of scheduling conflicts. He has reviewed the

California Water Code about recording secretaries and they are not required to be present at the meetings.

7. Directors and Staff Reports and Discussion of Non-Action Topics

a. Personnel Committee Report

Nothing to report.

b. Ad Hoc/Consolidation Committee Report

LAFCO and the JPA are agenda items.

c. Discussion of Rates

No changes.

8. General Manager's Report and Action Items

a. District Operations

We'll just keep on truckin'. We ran into some issues with the chlorine residual being very erratic even with the dosing being steady. It comes down to the fact that 12.5% liquid chlorine does not like to be as hot as it has been getting. The tank is being coated with about 6-inches of spray foam with white paint on top of it. We are also working on routing the drain lines from the sinks and toilets because the septic system is too old. We've adjusted to the lower flows and doing what we can.

b. New Board Member

The only letter of interest received is from Hal. He's out of town right now, but on his way home. Today is the last day. An audience member asks what the requirements are to run for the Board. Dir Pool says there are no requirements but that knowledge of the issues is highly desirable and interest in learning and participating is important. Dir Todd adds that residence in Redwood Valley is required along with being a registered voter. Diane mentions that at the last board meeting it was not stated a letter was required but that interested people had to show up to the meeting. Dir Todd agrees with her. She asks for details of Hal. Dir Pool says he has been on various boards for years and is a strong advocate. GM Koehler reads the letter aloud.

Chuck Vau speaks up that he didn't know a letter was required (the Board assures him it was not) and that he is here tonight to throw his hat in the ring. He's also very impressed with the work Diane put in to her presentation and wants to know if she's interested in the position as well. She says she's only interested if there are not any other good options. It sounds like they do have good options, but she'd like to know where they stand on the annexation. She says she has experience with loans and utility companies and her main interest was to make information readily available where it may not have been before. She would be willing to serve if the Board likes what she has to offer. Dir Pool asks if she wasn't actually on the Board, would she be available to participate in other ways? She says she

could help. Dir Todd says he's impressed with her payment schedule and she responds that she would like to have better numbers to work with.

Another audience member introduces himself as Benjamin Hifnorn(sp?). He lives in Redwood Valley and works for the Redwood Valley Tribe and is their water quality operator/coordinator with 12 years of experience. He's a T1/D2 and is going for his T2. He's been on the Board down in Hopland. He's operated plants and worked on distribution systems before. He mentions that the Tribe is going to put in a well and, since the hydrologist has never even been up there, he's not sure that it's the best option and would like to talk to the Board about options.

GM Koehler says that he meets often with tribal leaders to talk about water issues. Coyote Valley Rancheria is in the process of drilling a well, too.

Dir Ricetti mentions how each candidate would bring something different and useful to the Board: Ed with his experience and continuing interests, Chuck with his knowledge of agriculture and water issues, Diane with her loan management. Dir Todd asks if a decision needs to be made tonight. Dir Pool says if not tonight, then the Board of Supervisors will make the decision. Diane is out since she only wants to take the position if no others are interested. Benjamin also wants to help, even if he's not appointed to the Board. Dir Pool adds that that's what makes a community. This drought is good in that it's bringing people out to participate in the water conversations.

Diane asks if Hal was on the Board in 2011 (he was) and how he stood on the annexation. They believe he was for it and was outvoted.

Dir Ricetti asks Chuck how much free time he has. He says that he's very busy and the main reason he's offering his services because he feels that not much is getting done, that's there's something that's blocking things from progressing.

Diane asks if someone who resigns from the Board cannot work for the District for a specified amount of time. GM Koehler says he is not aware of any such restriction.

Dir Ricetti nominates Chuck Vau because of his knowledge and energy. Dir Pool is inclined to disagree because it would make the Board heavy toward Ag users.

Motion: Have Chuck Vau serve on the Board

Motion by Dir Ricetti, second by Dir Todd

In favor: Dir Ricetti, Dir Basili, Dir Todd

Opposed: Dir Pool

GM Koehler tells Chuck he needs to be sworn in and then he can sit starting at the next Board meeting.

c. Recording Secretary

Motion: Hire Jeanette Wise as the new Recording Secretary

Motion by Dir Ricetti, second by Dir Todd

In favor: unanimous

d. Intertie/Pump Station

There was a delay with the easement that resulted in RVCWD owning the property instead of having an easement. It solves a lot of issues such as insurance. The attorney has prepared the transfer documents and now needs a signature. Mendocino DOT has approved the project. There are a few minor issues such as moving the building further away from the road which is a benefit because it negates a previous drainage issue. He will be selecting the color of the roof. Also, the pole that will provide power to the station is also being used to power his pump house and he wants to make sure the line crossing our property won't be an issue. PG&E has assured us that it is not.

Two audience questions:

Judy asks who the property owner is? Greg Matthis

How much will the transfer cost? No cost.

Motion: Approve the resolution as discussed and have it signed by the President.

Motion by Dir Ricetti, second by Dir Basili

In favor: unanimous

Dir Todd asks when it will be fully operational. GM Koehler says the goal is for the end of October. Ernie Wipf is the primary and that's what he thinks.

The budget for this project is looking good and Wipf doesn't milk jobs. Benjamin suggests buying backup pumps with the extra. Chuck asks about restrictions on the water through the intertie. It will be used only for health and safety and will go directly into the domestic lines. If there still water left from RRFC, it may or may not still be used. The main reason for the intertie is from CDPH, who wants it for emergencies. It is unknown what the cost will be compared to treating our water. But it is unlikely that the 300 GPM through the intertie will ease things. It is only good for getting through a crisis. The other purpose for the intertie is in case of a chemical spill into Lake Mendocino.

The water we get from the intertie will utilize the storage tanks in our system, but will not pass through the treatment plant nor will it go into our reservoir.

e. Water Usage

GM Koehler reiterates what the Ag usage was for. He has had meetings with the Fords [at Redwood Valley Gravel] and they don't know where the water is going at their place. But they're working on it. He was also shocked at the Ag usage and

subsequently put in time to find out why. He tried to confront pot growers and found pot growing over fences and upon tracing the parcel number, found that most outdoor pot farms are on wells. It seems some of the worst scofflaws are those who are trying to keep their landscaping alive at any cost to keep property value up.

People have also asked him if they have water in their personal pond, can they sell it? He said it's not his decision; it's an issue with the Department of Water Resources. Several people chimed in to say that water has to be used on site. All this boils down to using about 7% more than what we were hoping, but it's probably due to there being more people in this valley than the last census showed. He's guessing there's closer to 7,000 people in Redwood Valley than the 4,000 or so that has been used in estimations.

Judy asks how much water has been used since March 1st. GM Koehler doesn't know for sure but guesses about 35 acre-feet per month. This means 90-95% of the people are doing exceptionally well.

Dir Ricetti asks about Lake County water districts threatening to turn off water abusers. GM Koehler says he had a conversation with Kelseyville water district about their policies. They are more planning for future lack of rain and getting people used to conserving. The Board can make an ordinance to penalize over users with being shut off, but it will take months for such an ordinance to be put in place.

Diane objects to calling pot growers the bad guys and if we had merged back in 2011, we wouldn't be in this situation. She wants people who stay within their water budget to be able to use that water however they want. GM Koehler tells her that while she had many good points in her presentation, but if there was an annexation, he would not report to the RRFC Board, according to the chart he would report to the manager of RRFC. This is one example of all the things that need to be figured out before an annexation can happen.

The discussion moves to how many people are conserving and using secondary sources for water, such as wells. The concern is that people may stick with those secondary sources and that will keep revenue down for the District. An audience member asks about a law that penalizes water hoarders and GM Koehler says he has not heard of such a law. One of his concerns is vineyards who fallow their land and use their water to sell to places at increased prices. But again, that's not a District problem.

f. Budget

The budget is a mess because of the losses in revenue. As a result, the only category to be cut back on is Capital, which GM Koehler has cut back as much as he can. The budget has allocations for the minimum upgrades to keep the system running; everything else has gone by-the-by. Even with a lot of rain this winter,

revenue will be down because ponds will be full and rain usually indicates a mild frost season, which also cuts down on Ag use. Plus, there is a water debt out there right now of about 100 acre-feet spread out over numerous vineyards. There is enough money in the bank to make it through a tough time because of the rate increase about a year ago.

Dir Pool has a few specific questions:

Line Item 4100: Annual Meter Fee Irrigation - It's a subtotal and is included, same as last year. It's kind of a typo.

Line Item 29 - 5000: The last contract with RRFC started in March 1st for Ag. So we will be buying less water, but at a higher price. This also causes a decrease in pump station power since less water will be pumped. But pumping from Millview will cost money, too.

Line Item 5644: Wondering about the italics. There is no specific reason for it. Last page, capital: Meter upgrades and conservation expenditures is partially from previous sales, but it still comes from the same pot of money.

As for the School Way project, there's \$20,000 for the project, of which about \$16,000 is just for the engineering, which is essentially done. Not a lot done on this project this year will affect us. They are very close to our water lines on the west side and will probably have to support us in moving our water lines this year. But they have a short construction season because of the fish. They won't even get started again until June, which makes our costs part of the next fiscal year. The Board asks when decisions have to be made.

Motion: Accept the budget as presented.

Motion by Dir Ricetti, second by Dir Basili

In favor: unanimous

g. School Way

There is the option to award the bid to another company than MCM Construction [who's doing the majority of the DOT project]. They were not the lowest bid but the ones who came in lower came in way lower, which can be a red flag that they'll do a lot of change orders to make up the difference. MCM is a big outfit and won't tolerate people slowing down their projects, which will prevent expensive contractor-dueling. Also, they won't be slowing down their own project and can plan appropriately. Dir Todd brings up a concern with the "huge" difference in bids. GM Koehler thinks the lower bids are going to use change orders. The Board expresses disbelief that they can make up that difference and get away with it.

Discussions ensue about how the bidders may change their prices and how likely it is. Dir Pool points out that this is the bid to the County and it would be a different bid presented to the Board. Past experience has taught that low bids end up costing in the long run. George Rau has recommended MCM and that carries some weight. Dir Todd thinks they should be lower because they don't have to coordinate with another company. Dir Pool points out that each of these

companies bid on the whole job and this is just their section on the water lines. MCM came in lowest overall for the project which is why they were awarded the job. It is clarified that this bid is part of the overall project bid that was already accepted by the County. RVCWD has the option of opting out and putting out a bid of their own for just the pipeline. The County and Rau recommend going with MCM because it avoids so many possible problems.

The question is posed to GM Koehler again of their time limit for this decision. He responds that sooner is better. The Board wants a little more time to review. GM Koehler again strongly recommends they don't mess with MCM and go with it.

Motion: Approve MCM additive bid.

Motion by Dir Ricetti, second by Basili

In favor: unanimous, Todd reluctantly

Dir Todd is bothered by the fact that a contractor doesn't necessarily stand behind his bid.

h. ACWA Update

The rep from ACWA couldn't make it tonight but will reschedule. She basically wants to do a meet-and-greet.

i. LAFCo

They have indicated they will review the preliminary dissolution/annexation document. They will essentially be finding the holes in the document and will be about \$5,000. Issues that need to be resolved is that RVCWD will be treated the same as other contractors and the moratorium will not be lifted. Other agencies are negotiating to have their moratoriums lifted, which is a big inequality. A lot of people want the moratorium lifted, but a lot don't. Judy speaks up that each agency owes \$2,500, not \$5,000.

This will help illuminate problems with the dissolution/annexation. The debt has come up again that a small increase to domestic customers is doable, but an extra \$200 per acre-foot for Ag customers is not.

LAFCo will be looking at the debt, pros and cons, and zones of benefits for the new district.

Discussion comes up about a replacement for the RVCWD General Manager position when Koehler leaves. Someone who is a T3 needs to be at the plant, but the new GM doesn't need to be and will probably spend most of their time in Sacramento and needs to be able to get along with Michelle Fredricks of CDPH. Diane speaks up that she thought there were operators in Ukiah that also were managers. The topic turns to who hires whom and who has a say in it and then to what regulatory agencies govern what.

Issues with the annexation are discussed including place of use, fees, and governing. There are many issues that need to be discussed and detailed in writing before any agreement is signed.

j. JPA

GM Koehler says again how the current JPA agreement has NOT been signed by anyone and is NOT a final draft. But it has been circulated as such by an outside party. Millview did not draft nor ask for it to be drafted. Chris Neary [a lawyer] did it all on his own. Dir Todd mentions focusing only on RRFC. GM Koehler says they should keep both options open for now. An agreement with RRFC will keep any other merger from happening, while the JPA will not eliminate future agreements with RRFC. The other water districts will not work with us if we merge with RRFC. Dir Todd asks Judy what she thinks of that. She said that last week she went into Willow and saw a JPA they had with Calpella and it's a good one that we should look at. She agrees that there is a long way to go and if GM Koehler is retiring next year, he won't be around to see it happen. She doesn't think RRFC would have a problem with RVCWD entering into a JPA. They all agree that the draft JPA by Neary is completely out of the running. GM Koehler says he will try to get his hands on the Willow-Calpella agreement. He also says he really doesn't think that it's a JPA, but just a contract for shared services.

Rosalyn explains the reason she shared the Neary JPA is that at the last meeting, GM Koehler was talking about a JPA with Millview and she wanted to see that document. She contacted Tim Bradley and he sent her the Neary JPA which she assumed was the one GM Koehler was talking about and made it available to the public and the Board. Dir Pool points out that the JPA that GM Koehler was talking about it merely an idea and discussion point at this time and it has not been put into writing. What Rosalyn passed along was never seen by nor discussed by the Board. The Neary JPA has been rejected by all the water districts involved.

k. Monitoring Well

In theory, you may see the well rig show up tomorrow. GM Koehler spoke with the hydrogeologist today about a timeline, but they're still not entirely sure. There was a meeting last week between the primaries to identify the exact location of the boring. They will be drilling 24-hours per day and expect to hit refusal within 4 days. If all they find is underflow, then the well is a bust. If they encounter something promising, we'll know soon enough. Then they'll install a casing with four isolated monitoring regions to test for flow rates and quality. They have to prove that it's not underflow and therefore won't deplete the Russian River. That will give us legal claim to the water under current California law. Then they will drill a 30-inch hole for the well. If the hole is dry, they will fill it in and that's that. If the well produces a small amount of water, then maybe H&W will pursue the well and pay for it, or it may be good enough to add to the Ag system. If it's 300-500 GPM, then it's time to drum up the \$1 million to install that 30-inch well. There may be grant money to help with that which would come from a grant to Ukiah, Millview, and Redwood Valley.

The other site that had been considered is over by Barra. If this well turns out well, then we can decide about Barra, but if H&W doesn't work, forget about Barra.

9. Financial Report

There is a cost of \$5,000 for a 2013 water purchase. It is a one-time expense that is paid this year because of the nature of fiscal years. Payroll isn't going to change. \$134,866 dollars for several line items is coming back to us as part of the grant, but it needs to be listed this way for accounting purposes. So it's not as bad as it looks on paper.

Motion: Accept the financial report

Motion by Dir Ricetti, second by Basili

In favor: unanimous

10. Local Agency Commission of Mendocino County (LAFCO)

Dir Ricetti states that they already talked LAFCo to death.

11. Mendocino County Inland Water & Power Commission (IW&PC)

Judy says she went to the meeting and all they talked about was the drought...and more drought....and more drought. With a little JPA thrown in.

12. Mendocino County Russian River Flood Control & Water Conservation Improvement District (RRFC)

Judy said today that the petition to change the release from Lake Mendocino has been finalized and only needs to be signed by the State to have it take affect. The RRFC and SCWA both ask for a net flow reduction of 50 cfs.

13. Sonoma County Water Agency (SCWA)

No meetings since last Board meeting.

14. Other Meetings

GM Koehler went to a meeting of the Farm Bureau on the 19th. They were going on about the frost water. This doesn't affect us since we don't draw from the Russian River. The argument is whether frost protections is a beneficial use of water. The State's argument is that if you're growing a crop that needs frost protection, you shouldn't be growing it there.

Items 15-18

Nothing to discuss at this time.

Motion to adjourn.

Motion by Dir Ricetti, second by Dir Basili

In favor: unanimous

Meeting adjourned at 10:50 pm.

Minutes submitted by Jeanette Wise

Approved:

Board of Directors

Date Approved:

28 OCT 14

Signed:

A handwritten signature in black ink, appearing to be 'JW', written over a horizontal line.