

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

Board of Directors - Regular Meeting Minutes
Thursday, June 19, 2014

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

Directors Absent: None

Staff Present: General Manager Bill Koehler

Others Present: Several members of the public

Call To Order: 7:00 P.M.

1. Roll Call

Granville Pool, President
Jeanette Hallman, Vice-President
Pam Ricetti, Director
Ken Todd, Director
Jeff Basili, Director

2. Hearing of Comments or Questions From the Attending Public

A request is made for the agenda to be made public before the meetings. GM Koehler stated the agenda is available the Friday before the meeting by calling the office or on the website.

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

GM Koehler mentions the safety training consultant for free online training. AB1234 is the training that is needed. Individual accounts will be set up for each board member by the company. The company will tell BK how to access and he will pass information along to the board or they can probably get the information directly via e-mail. ACWA JPIA provides the training. It is an association of the Joint Powers Association which also provides the liability insurance.

4. Acceptance of Agenda

Motion: Accept the agenda.

Motion made by Ricetti, second by Todd.

In Favor: Unanimous

6. Approval of Minutes as Presented [out of order]

Koehler says that Paula was unable to complete them since she's very busy and there is no recording secretary. It will be included in the next board member packet.

5. Approval of Consent Calendar

J Hallman asks about the purchase of base [rock] for WTP [water treatment plant] and from two different places. She wonders about the pricing from the two locations. GM Koehler explains that Redwood Valley Gravel is a little bit cheaper but is not the same product and has more fines (as it is river run) than Northern Aggregates, which is crushed rock. RVG is much more convenient. Dir Hallman says she was only curious. GM Koehler explains that RVG is better for the side of the road but that the County requires the aggregate base for anything in the roadway.

Dir Hallman asks about item number 20 on page 5, if they have completed their portion. GM Koehler answers "no". They have completed the pipeline and he communicated with them today about the design of the building. He can't imagine the building will fail seismic inspection or wind standards. DOT wants the option to care. It's their decision. They haven't decided if they want to require a permit or not.

Dir Hallman states she has no more questions.
Pres Pool calls for questions from the room.

Motion; Approve the Consent Calendar as presented.

Motion made by Todd, second by Ricetti

In Favor: Unanimous

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

a. Personnel Committee Report

Request about how the new employee, J. Wise, is working out. A meeting has not been called since he was hired [end of May]. GM Koehler thinks it's working out fine. He has assigned JW to some of the tedious paperwork. He is getting along well with the other employees and is probably getting as much training as he can. He is a T2 D2 and has taken the T3, though he cannot receive the certificate until he has 2,000 hours of experience. GM Koehler is quite sure he has passed but since it's a state agency [giving the test], results take time.

b. Ad Hoc/Consolidation Committee Report

Pres Pool questions if the Ad Hoc Consolidation Committee Report should be brought up now or when they get to the Flood Control item. GM Koehler defers to Pres Pool's preference and points out that it is in the manager's report. Agreement to discuss it with the manager's report.

c. Discussion of Rates

GM Koehler states that there have been about 10 calls this week that there was concern from people paying for Ag [for irrigation] water that they are not receiving. It was explained to them [the callers] that the Board decided that the

customers are basically pre-buying water. Customers have either A: rejected this B: or the amount they are required to purchase (1 acre-foot for 2" meters and 2 acre-feet for 4" meters) this amount won't do them any good. Because most people filled their ponds in February before the rain, the cash flow loss is about \$50,000. This is also on the Managers Report for discussion.

Pres Pool asks if anyone in the audience would like to speak about this topic.

A member of the public speaks up to say that when he got his bill for Ag water, it made no sense to him. He called the office and spoke to a lady who told him that they've been getting a lot of calls about this. He called 9 days after the bill, and that's when he found out about the meeting, so that's why he's here. GM Koehler says he was not returning the calls because he doesn't know what their policy is going to be. Some customers are saying that they only use one or two acre-feet per year, so an extra acre-foot next year isn't going to do them any good. Pres Pool says that makes sense.

GM Koehler says they are not in disaster mode [financially], however if things continue then reserves will need to be called upon. Dir Hallman states that the average for the last five months is negative \$14,000 per month. When the discussion was made earlier by the Board whether to dip into reserves or give people their water back, she wanted to look into what had historically been done the last time there was a drought, which was that they have the right to charge domestic customers more money during drought time. The consensus of the Board at that time was that the Ag continue on as it was. She doesn't know if it's in the Drought Resolution or not. GM Koehler says if they want to charge more money to Residential customers, the drought charge will go through Prop 218 (Dir Hallman agrees) which is why they're doing penalties to encourage change in behavior but is not under Prop 218. If the Ag water falls under this as well is a gray area since it is a pre-purchase.

Chuck Vau speaks to the audience and says that giving up water is good of the ag users. The system costs money to be kept up and it has to stay there. They make more money off of the people who use more water than the 1 or 2 acre-feet users. He makes a comparison that if your house was made unlivable by a natural disaster, you still have to pay property taxes and other charges even though you cannot use the property. Even though you cannot use the water, we're obligated to keep our system alive. Unfortunately, it'll be tough but that's just the way it is.

Dir Todd states that he is one of the biggest Ag customers in the district and it hurts them [him and his family] but if they don't get the money, later they would have to do something like raise the rates which would hurt customers even more.

GM Koehler says to Mr Vau that there has been no discussion about eliminating the meter fee, just the water charge.

Dir Todd adds that PG&E charges stand-by for pumps. If you use it once per year, you pay a stand-by all year to cover lines and poles and the rest of the system. This Ag fee should be considered a stand-by charge. Dir Ricetti adds that the system is still aging even when it's not being used. GM Koehler adds that the Ag line is in use to fill the RVCWD pond and that the Ag hydrants are still in use. Dir Hallman says that it may not be what everyone likes, but that it's changing what has historically been done. GM Koehler says that in 2009 and 2010, the situation was different in that they could offer 50% [opposed to 25% now] and it much more legitimized that everyone had to pay. GM Koehler asks for a vote on policy position. Pres Pool says wants it for the record that they tried everything they could and people outside the agency tried to get more water to keep Ag system alive and it just didn't happen.

Motion: Do not change the current billing schedule.

Motion by Basili, second by Todd

In Favor: Unanimous

GM Koehler mentions a correction that he will be returning on July 14th, not July 7th as on the report. He is maxing out on his accrued vacation time.

8. General Manager's Report and Action Items

a. District Operations

The communication link with the pump station at Lake Mendocino is being established so that the field crew will not have to work overtime to turn the pumps off and on. The com link is being installed by Chris Solomon. It has been in the budget for years without happening. \$23,000 of hardware and \$7,000 installation, all new equipment. When GM Koehler gets the go-ahead, things could start happening tomorrow.

b. Recording Secretary

GM Koehler asks the recording secretary to introduce herself. She is Cindy Hoyle and she has no experience with recording. Pres Pool explains that there is a digital recording of the meeting but that it's good for the R.S. to be there to take notes and hear everyone well. Dir Ricetti recommends giving Ms. Hoyle copies of previous minutes to get an idea of what's needed. GM Koehler says that will happen if Ms. Hoyle wishes to proceed with the position.

c. Contract with RRFC

GM Koehler brings up the contract with Russian River Flood Control. Agenda item 8c. There have been some changes. For this year, RVCWD will be getting a portion of the 800 a-f that the City of Ukiah normally gets but gave up this year, and this year only. RVCWD will be paying the same amount for the extra water which is a 5% increase over regular price. They also decided that the cost of their lawyer going over our contract should not be covered by their customers' percentage portion of that fee that we are receiving in water. The contract starts

on March 1st, so that means that Jan and Feb do not count against the contract minimum.

Dir Basili asks about CEQA compliance - if that's something we have to do. GM Koehler says that it was added in to protect RRFCD, but it doesn't matter since the California governor has waived CEQA for water emergencies.

Dir Hallman asks that since this contract starts March 1, when did we get notice from RRFCD that they don't have surplus water? GM Koehler says that it happened in March. Dir Basili asks how much difference this contract makes for the year. GM Koehler doesn't have that number, but says that usage dropped 50% by March. If we continue at the rate of May, we'll be okay. Otherwise, we'd better hope that inter-tie starts working, because getting more water from RRFCD will be a hard sell.

Motion: The President of the Board signs the emergency water supply agreement with RRFCD, dated May 23, 2014.

Motion made by Ricetti, second by Basili

In Favor: Unanimous

GM Koehler says he will probably get this to Sean White on Monday. Pres Pool will sign one tonight since he will be out of town most of next week.

d. Place of Use

The application has finally been approved by the State Water Board and will be reviewed soon. They may finally separate the two petitions that are the change in place of use and the time within which the water may be beneficially used. Dir Todd asks what this will do. GM Koehler says there are five tiny areas in the valley that were annexed by LAFCO years ago. Pres Pool clarifies that if we move forward with a merger with RRFCD, it will clean up and simplify that process.

GM Koehler clarifies what he sent to the Water Board about the annexed areas' water usage. Dir Hallman asks for a copy of that information and GM Koehler says where she can find it. The recipient is Janelle Eisler (sp). We don't know what they're doing, but we're hoping for the best.

Pres Pool calls on Rosalyn in the audience. She asks if a specific area is included and GM Koehler says they are not.

e. School Way Bridge

This will probably go to bid next month. They are limited in their work because of acoustic contamination of fish habitat, so only the abutments may be done this year. Next year will be when the main is moved. Rau and Associates will do the design. Dir Hallman confirms that it will cost about \$350,000.

f. Commercial Conservation

GM Koehler has tried to be accommodating with them. There are 3 wineries, 4 restaurants, a cheese factory, North American Organics and the lumber mill which are required to maintain dust control. Dir Ricetti asks what Ag lines are still on. GM Koehler answers that the line that supplies the toilets in the strip mall, and that's all except for brief openings. The cheese factory is domestic, the wineries are domestic. GM Koehler wants a decision from the board about cutting off animals along with Ag. The schools and the medical facilities are off limits. The wineries will be using more when crush time comes, since they can't use dirty water in their processes. Most wineries are very careful. The most egregious user is probably Fetzer because of all their houses and other facilities.

Dir Ricetti states that it's unfair that while the vineyards are going to experience fruit loss, to let the other businesses to carry on as usual. Pres Pool reminds that fruit loss will lower usage during crush time.

Audience asks if the hydrants are using domestic water. GM Koehler says that they are about 40% domestic and 60% Ag. Chuck Vau says he is upset that growing grapes is not considered a business [like cheese]. He says he knows of three businesses that are getting Ag water and one of them being a horse operation, a horse boarding. GM Koehler says he told the horse boarders no on the Ag water. Mr. Vau continues that no business should be treated over any other business. GM Koehler clarifies that the horse boarder on Laughlin is off and that he gave some slack to a veggie grower just while she was getting her own pump repaired. Mr. Vau continues for clarification that nobody in the valley is getting ag water. GM Koehler says with the minor exception of dust control and fire protection, for health and safety. It is asked why that can't us Dust Off or oil or truck in water from somewhere else. GM Koehler says NAO can't use Dust Off and that in both cases, they're air quality control issues.

Dir Todd asks if businesses are paying the increased rate for domestic water and GM Koehler says no because of Prop 218. GM Koehler says that he talked to the restaurant owners about cutting back and that if it gets bad, they may have to go to paper and plastic dishes. But this is a policy decision that needs to come from the Board. They have cut back on their usage, but not as much as he'd like. Discussion ensues about how much cutback should be instilled on businesses. Mr. Vau asks about what the penalty is based on, which is month to month, not day to day. The goal of a penalty is to change behavior.

Motion: To cut back the commercial businesses mentioned by 25% and that they be subject to a penalty for exceeding that amount, based on a 5-year average.

Motion made by Ricetti, second by Basili

In Favor: Unanimous

h. Intertie

The pipe is in the ground and the estimate is \$120,000 for 1,500 feet of 6-inch pipe, including repaving. The owner of the property has asked that they move the building back away from the road a bit so that it will be less noticeable. DOT cannot inspect the piping, but can review the seismic and wind-shear on the building and then decide if they want a permit or not. Wipf will be the primary and hire his own subs. Wipf has estimated he can do the project in 60 days, but he has to wait on a permit if it is required. The warff heads are up and ready to go with a jumper and a pump. Pressure is 80-90 psi but more power is required to get it up to the tanks, hence the booster pump. Connection from Willow to Ukiah is a fire truck, from Ukiah to Millview has a bad meter (Dir Basili rebuts that it is now fixed) and the inter-tie from Calpella to RVCWD on the east side of the valley can only handle 100 GPM, which is why there is a new inter-tie. CDPH wants this ability to pump between agencies so that if something gets into the water supply, clean water can be shared. A permit is not needed to use the inter-tie. Mr. Vau asks for confirmation that the water that would come through the inter-tie is not RRFC water. GM Koehler says that it is yes and no and depends on where the water comes from, who's supplying, where they got it. The hope is that most of the water from Millview will be come from Masonite Well #6 and/or groundwater from the City of Ukiah. Dir Hallman again asks for confirmation about required permits and GM Koehler says there are no permits required. GM Koehler will be discussing with Tim Bradley about Title 22 sampling rules for wells, which are different from surface water. The two previous tests revealed nothing of interest, so hopefully a third test is not required. Wipf has been okayed for the Masonite Well #6 to Millview project and he's ready to go. Dir Hallman asks about grant money. GM Koehler points out that it is Item L, but let's stay at I.

i. Well

GM Koehler starts about the well. The same consultant for Millview is working on our well, the same one that is working on Masonite. They will have a better insight as to what is really happening underground. It looks extremely promising that a toe of the same aquifer that Ukiah uses will be usable for Redwood Valley. A tentative site is picked out for a monitoring well. They will be drilling about 500 feet, until they hit refusal which is bedrock or about 30 feet of clay. They will test the chemistry of and even the age of the water. The well could potentially produce 500 gallons per minute and if that is achieved, it'll mostly be for domestic service. For the moment, groundwater is unregulated, but it is expected to be regulated within a few years. This site is on the H&W vineyard and Barra has also been in conversation about a well on their property. The plan is to drill a monitoring well and if it produces about 500 GPM, we can decide what to do with the water. If it's less than that, it's up to the property owner if they wish to proceed with a well for them. The well driller isn't available until August. The contract will be a standard contract, most likely. GM Koehler asks for authorization to drill the well.

Motion: Sign a contract with Luhdorff & Scalamini to do the work in a task by task method.

Dir Hallman votes No because there are not contracts or agreements available at this point. Dir Ricetti agrees that knowing what tasks are involved and who is doing what and have it under contract before money is approved. She would want to know what compensation H&W would receive for use of their property.

Change in Motion: Recommendation that a special meeting be called to work on this process.

j. Budget

Koehler will be late with the budget because of a busy schedule. He is concerned about the manpower for using a walk-behind type of mower and very worn out Rangers [trucks]. Just a heads up.

k. Draft Resolution for IRWM Grant

Things got a little scrambled, in that the original resolution that was signed was based on one intertie, so now they want a new draft that will be the same but with a bigger, unknown dollar amount. This goes into item L, which is that it's tough to get money from the state for our projects. GM Koehler will meet with the city of Ukiah and CDPH to talk about getting funding for projects like the intertie and Ukiah's recycled water pipeline.

Motion: Approve a draft resolution by Pres Pool to ask for money.

Motion made by Ricetti, second by Todd

In Favor: Unanimous

n. Pot Growers

Koehler has talked with the Sheriff's department and sent out a flurry of letters on Monday. Staff is looking at high users under suspicious circumstances. Responses have been good, to date. Dir Hallman has GM Koehler clarify that the first step is the financial penalty, the second is the water audit. The Board questions if going on certain properties is safe and GM Koehler says the policy will be developed as they go. Restrictors are not very effective.

o. Customer Complaint

An audience member spoke up that she had a leak and that a RVCWD employee said it was not a leak, so she got hit with a over-usage fine. Previously, GM Koehler offered to reduce it by \$100 and that if she wanted a greater reduction, to ask the board, which she did. GM Koehler says this is crisis mode and people should be checking their meter weekly to make sure they don't have leaks. The time from when the employee said there was no leak to when the leak was discovered was only 2 days, so \$100 is more than enough to make up for those two days of leaking water, compared to how long it was leaking before. Discussion with the homeowner ensues. Chuck speaks up that penalties are for abusers and Dir Hallman agrees. Dir Ricetti says that vigilance is needed. Another audience member speaks up that this woman takes care of kids and

works full time. GM Koehler says this is setting a precedent for leaks since he gets about a call a week from people who say they had a leak they didn't know about until they got their water bill. He is worried about a cascade of exceptions. Dir Hallman wants a 50% reduction like the last person who was in a similar situation.

Motion: Reduce the fine by 50%.

Motion by Hallman

Discussion: Dir Basili asks if this is establishing policy and it is stated it applies only in cases of RVCWD error.

Second by Todd

In Favor: Unanimous

A break is called at 9:00 pm.

Meeting resumes at 9:15 pm.

p. Dual Board/Debt

The question is whether merging with another entity to strengthen the water right would trigger the repayment clause. He was part of a conference call where it was decided it's possible to create an area that would retain the debt, but that doesn't answer if that would trigger the repayment. There were some conflicting opinions on what would happen. Pres Pool thinks the debt will be on the successor agency. But RRFCD will not take on the debt in the event of a merger. If the repayment schedule is started, it will be doable with some increase in usage rates for domestic. The hope is that some of the debt will be forgiven and at the least, the payment schedule can be extended and the interest rate reduced. Discussion ensues about possible future managers, most likely Shawn White.

q. Contract with CPA

Johnson has been doing a good job for the last three years.

Motion: Sign the contract with the CPA

Motion by Ricetti, second by Basili

In Favor: Unanimous

[Two separate conversations begin about Sean as a manager and the accountant, neither of which are part of the meeting.]

9. Financial Report

Koehler brings up that many of the expenses for last month are capital expenses. He would like help to develop a way to track capital separately so that we can charge capital against capital reserves to offer a better picture on where we stand.

Motion: Approve the Financial Report

Motion by Todd, second by Ricetti

In Favor: Unanimous

Hallman expresses concern with the large increase in the red from last month to this month. GM Koehler says this is from the low usage of water in the district.

10. Local Agency Formation Commission of Mendocino County (LAFCO)
11. Mendocino County Inland Water & Power Commission
12. Mendocino County Russian River Flood Control & Water Conservation Improvement District
13. Sonoma County Water Agency
14. Report of Attendance at Agency Meetings
GM Koehler goes over his notes from a recent meeting. They are petitioning to decrease the release from Lake Mendocino. The arguments are that the fish won't benefit from water in the river if the tributaries are dry since that's where they spawn. Dire prophecies are exchanged. Raising the dam and changing the Army Corps. Policy for water storage are discussed.
15. State Water Resources Control Board
16. Status Report of Place of Use Issues
17. Status Report of 2,800 acre-feet Storage Right
18. Consider Attendance at Seminars, Training Events, Conferences, as Received Since Last Meeting

Meeting adjourned approximately 9:45pm.

The next Regular Meeting is scheduled for 7:00 P.M. on Thursday, July 17, 2014 at the Water District Office.

Respectfully Submitted,
Jeanette Wise, Recording Secretary

Approved: Board of Directors
Date Approved: _____
Signed: _____