

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

MINUTES
BOARD OF DIRECTORS

Regular Meeting
Wednesday, May 23, 2012

Directors Present: Donald E. Butow, Jeanette Hallman, Granville Pool, Pamela Ricetti, Jack Spilman

Directors Absent: None

Staff Present: General Manager Bill Koehler

Recording Secretary: Linda Groth

Others Present: John Locey-Brelje & Race Engineers, Will Carson-Millview CWD,
Steven Gardner, Paula Berezay, Liz Markowski,
Unnamed member of public from Mohawk Trail,
Unnamed member of public-acting representative for S. Benrazavi

CALL TO ORDER: 7:00 P.M.

1. ROLL CALL.

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

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

Unnamed member of public brought a letter to the District from S. Benrazavi, property owner at Lakeridge Road.

GM Koehler stated the letter is loosely tied to an agenda item although it is not directly related to the discussion that is unfortunately titled, Surge Tank Mitigation/Fund Expenditure.

President Pool stated the Board will then wait until the Meeting progresses to that Agenda Item.

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

Nothing submitted.

4. ACCEPTANCE OF AGENDA.

MOTION: Accept the Agenda as presented.

Hallman/Spilman Discussion CARRIED
AYES: Hallman, Spilman, Butow, Ricetti, Pool
NOES: None
ABSENT: None

GM Koehler asked, as a courtesy to John 'Jack' Locey from Brelje & Race Engineers in Santa Rosa, that the Board hear his presentation early in the Meeting as he has some traveling to do after his presentation.

President Pool stated his willingness to hear this matter before anything else on the Agenda.

MOTION: Hear the Brelje & Race Engineers presentation at this time.

Spilman/Ricetti Discussion CARRIED
AYES: Spilman, Ricetti, Butow, Hallman, Pool
NOES: None
ABSENT: None

5. GENERAL MANAGER'S REPORT AND ACTION ITEMS: e. Engineering Firm. (Agenda Item No. 8.e.)

Jack Locey, Senior Principal at Brelje & Race Engineers introduced himself and referred to the phone call he received from GM Koehler outlining the needs of the District at this time. Brelje & Race is extremely pleased to be provided with the opportunity to reestablish an ongoing relationship with the RVCWD. A binder presentation titled, Statement of Qualifications for District Engineering Services was provided in the Board Packets previous to the Meeting. The attributes that place Brelje & Race above other professional engineering firms in serving the District include their prior experience working with the District and a better understanding of the various physical and financial challenges the District faces. Additionally, B & R has a long history of assisting rural communities with their planning and engineering needs including executing water system renovation and expansion projects. Their ability to evaluate and devise solutions to problems associated with difficult terrain, limited access and sensitive environments is unmatched.

Director Butow: In the past while I served as Chairman of the Board of Directors there were many years of working with Brelje & Race. I recall that the District always received prompt, thorough responses from B & R. They were available for any questions, any time that they were called and he felt it was a very cordial and professional relationship.

Jack Locey: Thank you for that. And, as a result of the retirement of Tom Yokoi some four years ago, it is proposed that I would be the Senior Principal/Lead Contact with the District. I

have been with Brelje & Race for 35 years and have extensive experience working with rural water supply systems.

Director Spilman: Are you familiar with this type of system?

Jack: I am already somewhat familiar with the general nature of Redwood Valley's system.

President Pool: One of the high priority issues for the District is that the 'as-built' data is considerably lacking for the original construction of the infrastructure of this District. As a result, one of the things that we don't know very well is the exact manner in which the joints were put together in our main transmission line.

GM Koehler: It's steel, coated with cement lining, and 4-1/2 miles long with no access points except at either end.

President Pool: Because of age of the system and our uncertainty about the quality of the joints in particular, in terms of what was done to make sure they were lined and had a continuous lining after everything was put together, we're thinking strongly about doing an inspection of the inside of the pipe. He asked for Jack Locey's comments on what he thinks would be involved in making the necessary access points and what approach we should take with that and what B & R's part in that would likely be.

Jack: Brelje & Race's part would involve defining an inspection protocol for an outside firm that specializes in pipeline inspections to come to the District to make the necessary improvements or additions to that pipeline. We would provide the level of access point that they would need based upon the ability of current camera inspection equipment and so forth, to ready that pipeline so that they could actually complete an inspection and do the report preparation. Our primary goal would be to investigate how that inspection might come about, develop that program, ready the pipeline, and also then manage that actual inspection activity and assist them in a review of the report that would be generated as a result of that inspection. B&R would provide the District with recommendations as to what they perceive the lifetime of that would be or what remediation efforts need to occur to date or for something that's going to be coming down the line or can be phased over time, etc.

President Pool: At this point the Board of Directors is trying to take a really comprehensive and intelligent look at our capital improvement needs and our depreciation and this seems like a fairly important thing to get more knowledge about so that we can program in what sort of expenses we need to look at.

GM Koehler: The pipeline did break at one point and had to be repaired. It was expensive and time consuming and timing became critical, as it is our lifeline to the lake.

Director Hallman: The first paragraph in your presentation, please expand your comments on your experience with identifying and securing long-term financing for your clients.

Jack Locey: For myself, for better than 20 years I have put together a lot of projects that have been submitted to USDA for their water and waste loan/grant money to that program. I've done about \$15,000,000-\$20,000,000 worth of infrastructure work, over 10 projects or better, utilizing that financing. At the present time I just finished a large project and identified some other

applications pending throughout Sonoma and nearby counties. My long-term relationship with the USDA District and State staff is unmatched in the local engineering community.

Director Hallman: I just wanted to make sure you know that this District doesn't qualify for federal loans.

Jack: I am well aware of the situation.

GM Koehler: Perhaps sometime in the future, the District's status might change. I have previous employment experience interacting with the USDA staff, and, the USDA has a very short list of engineering firms they deal with because only those firms are familiar with the USDA protocols.

President Pool: It may be years before the District is able to qualify for federal funding. I encourage Jack to think about any other good avenues for financing that the Board might consider.

GM Koehler: Was Brelje & Race involved with the Sweetwater Springs buy-out?

Jack: My firm was peripherally involved.

Jack then offered detailed information on the conditions of those pipelines and of water quality issues.

GM Koehler: This was the re-formation of some small water districts on the Russian River near the Monte Rio area who were converting into a small County Water District.

Director Hallman: Did Brelje & Race look at this District's bid request.

GM Koehler: This was the RFP (request for proposal) that was sent during the recent months.

Mr. Locey: Brelje & Race did not respond. Frankly the structure of the RFP and the nature of the request was generally not in line with what we would normally see in a request for proposal. That was enough of a concern by the various parties involved to decide to not respond.

Director Hallman: I looked it over and thought it was ok, was it the structure of it?

Jack: Well, forgive me for bringing this up, you used the word bid in the request for professional services. It's something that causes firms to shy away. Professional services in general should be retained on the matter of their qualifications, that doesn't mean the price is no object, but professional firms and professional services should be retained on the basis of what they can do for the group that's engaging them from a technical standpoint and so forth, and a best fit for their need based upon their experience. I suspect that may be a factor on the number of responses the District may have received.

Director Hallman: I appreciate that answer. One of my concerns while I've been on the Board is that it seems the District generally doesn't get a lot of responses back, not just for engineering firms but for a couple other things and one of them was a major construction job. Do you do things like that?

Jack: One of the services B & R often provides for its clients is the preparation of bid documents for a construction project; we do that on a routine basis. Even though the Water

District is a little bit out of the way, I'm surprised that the District would have a significant opportunity for contractors to do some work and yet not receive responses, unless the Noticing is not adequate or there is concern that the manner in which the project is described or not specified clearly enough for the contractor to feel comfortable; they are not going to get themselves into a situation that could become complicated. It's all about putting very clear information out there so that everybody has a good understanding going into it. Under those circumstances, you should be able to attract contractors to do the work. I certainly see contractors in my general area going at least this far for work opportunities.

GM Koehler asked Director Hallman: Are you referring to the pipeline repair project?

Director Hallman: In my opinion there has been a general lack of putting bids out there, but, yes, I am talking about the FEMA project.

GM Koehler: The FEMA project was a very formal bid process; it was put out by Rau & Associates Engineers. A lot of people came out and looked at it and said it wasn't their cup of tea.

Jack Locey: There is always a chance for that happening with very specialized projects.

GM Koehler: The majority of the project was extremely specialized.

Director Hallman: There are also cases where we just haven't had time to put it out there because of time and circumstances; but it has been a concern of mine. Thank you for your response.

Director Spilman: Is there a standard rate that you have?

Jack Locey: I did bring a rate schedule that covers the ranges of employee classifications within the firm. (it was distributed at this time.) Obviously I'm a senior principal, but on average a senior principal project engineer would earn \$100-\$120 per hour depending upon how senior they are and how experienced. Obviously we expect that somebody who is receiving a higher rate has more experience and a much quicker thought process and is able to get the project done much quicker than someone who charges less dollars per hour. At the end of the day it's all about the efficiency and quality of the total product taking into account the budget agreed upon.

Director Spilman: Just quickly looking at this rate sheet, if we wanted a two-man survey party, we would be paying a rate of \$210 from the time they leave the office, plus mileage?

Jack: Yes. I do have to say that if the travel up here is for a client with whom we have a regular engagement, the mileage charge is nominal. That's not to say that on some circumstances like surveying, the District may choose to have surveying done by a local surveyor. It would make more sense financially to have certain portions of the work, like surveying, topography work, etc. accomplished by others and then forwarded on to a firm like ourselves to actually utilize. That occurs when the client is further away from our office.

GM Koehler: Has Brelje & Race ever worked with Rau & Associates?

Jack: At some point Brelje & Race probably had some background material provided by their office. We know the office but we don't have an ongoing relationship with them.

Director Hallman: I think that's all the questions I have. Thank you again for your answers.

Jack Locey: I appreciated the opportunity to meet with the Board and General Manager and respond to the questions. I look forward to hearing from Bill (GM Koehler) regarding potentially moving forward with this. Thanked you for moving this agenda item to the beginning of the Meeting.

The Directors thanked him for coming and for his presentation.

Jack Locey left the Meeting at 7:28 P.M.

GM Koehler: I did have direct professional dealings with Jack Locey at Brelje & Race back when he worked at a district that was next to Sweetwater Springs. My District arranged to abandon their water source and do a tie-in with Monte Rio and become a consecutive system. We spent several months in negotiations with people that were representing Sweetwater Springs; it was a very successful project.

Director Butow: Do you want the Board to take action tonight?

GM Koehler: That would be up to the Board but I can say that I cannot imagine anybody better for that scope of work, and especially since Jack is so comfortable about things like the School Way Bridge Project, or minor surveying, etc., where we would presumably go to Rau & Associates or somebody like that in the immediate area.

Director Butow: So you would like the Board to agree to a relationship?

GM Koehler: I don't think the Board needs to do anything other than agree. Well basically, if we put money in the budget for say, the pipeline inspection, then we have a need to engage. If we don't have money in the budget, we don't have a need to engage.

Director Ricetti asked GM Koehler: In your experience, if we hire Brelje & Race would we have any clue as to what parameters they would be billing?

GM Koehler: Generally what you might get from them is a "not to exceed" number. Each project really does need to be considered individually. As a point of interest, all the maps on the office walls here were made by Brelje & Race. The 'as-builts' of the original construction of the District were not the responsibility of B & R, but they did have them to work with and they did provide them to us on electronic form. When B & R was transferring all of their records out of paper, Jack called me and offered me the opportunity for a small fee, to receive all our engineering records on electronic form.

MOTION: Hire and accept Brelje & Race Engineers to do all the engineering work, as appropriate for the situation, with a \$5,000 cap without Board approval.

Ricetti/Pool Discussion CARRIED

AYES: Ricetti, Pool, Butow, Hallman, Spilman

NOES: None

ABSENT: None

GM Koehler: I have no problem with there being a cap, but the only reason I'm saying it is redundant is because if the Board doesn't put it in the budget, it's not going to happen. The only thing that I might need to hire somebody for would be on an emergency basis and that would be for repair work, not something requiring an engineer. Anything I would hire Brelje & Race to do would be something in the budget and it would certainly be a capital item.

Director Ricetti: Every project involving B & R would be different. How do you know what the cap would be?

Director Spilman: With the \$5,000 cap, if the District receives a bill for \$15,000 the Board of Directors would have to approve it to get the month to month bills done.

GM Koehler : Yes, that's fine. What you would hope to do with a firm like this is to get them to at least try to give you a reasonably accurate "not to exceed" figure.

President Pool: Yes, and my experience is that they will do that.

GM Koehler: I don't expect to be spending money with B & R that isn't in the budget or that isn't a clearly acknowledged priority emergency disaster.

6. APPROVAL OF CONSENT CALENDAR. (Agenda Item No. 5)

- 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.

Director Hallman: I see a check for D-2 qualification for Scott Norcross. When did he become a D-2?

GM Koehler: The new way things are required to be done are, you pay one fee to have them look at your application; then you pay another fee to take the test; if you pass the test you pay a third fee to actually get the Certificate. When Scott Norcross recently showed me the notification of passing, I approved the expenditure. For the record, another employee recently took his T-1 test and when he submits the documentation required, we will be cutting another check.

MOTION: Approve the Consent Calendar as presented.

Butow/Ricetti Discussion CARRIED
AYES: Butow, Ricetti, Hallman, Spilman, Pool
NOES: None
ABSENT: None

Steven Gardner: The District employees wish to attend the portion of the Meeting discussing Agenda Item 8.6.: Immediate Raises. Those employees will need to be notified by phone when we know what time the topic will be discussed.

The Directors agreed to hear the topic as a soon as they arrive. Steven Gardner then stepped outside and phoned the employees.

7. APPROVAL OF MINUTES AS PRESENTED. (Agenda Item No. 6).

The Draft Minutes of April 19, 2012 were reviewed.

Director Spilman: On page 8 of the draft where Steven Gardner was talking about the low morale of field staff when a new hire, without proper experience, was hired at a starting wage higher than that of the established employee. I am concerned that the response of the General Manager was not included in the Minutes and I would appreciate the GM comments be included in the Minutes before they are approved.

GM Koehler to the Recording Secretary: Let me know if I can be of assistance in case that part of the meeting tape is garbled.

Director Ricetti: Is it on a different page of the Draft?

Director Spilman: No, that isn't what I was talking about. It was where Bill explained his logic for overpaying this one gentleman a rate higher, over and above the rest of the employees, and the logic associated with that.

GM Koehler : My recollection is, 'in hindsight that wasn't the best choice in the world', or something along those lines. Like I said, I had an ulterior motive in trying to get the wage scale up, in general.

Director Spilman: Basically, what I got out of it is that you had directions from this Board and you were not liking it, basically, and trying to go around it.

GM Koehler: We'll have to listen to the tape.

Director Hallman: I believe the word used, was 'maneuvering'.

Director Spilman: Yes.

President Pool: On the capitalization process, in regards to the company that offers contracts on tank maintenance, what process are they using to wash out the tanks?

GM Koehler: They have a food-grade chemical that they use in conjunction with a pressure washer. It's essentially to wash off the iron and manganese.

President Pool: A sentence seems wrong on Page 11: "We have replaced or retrofitted all we can of the 2" domestic meters."

GM Koehler: Although we do have 2" domestic meters, and I may have said 'domestic' meters, I was actually talking about ag meters.

Director Ricetti: We can just make a Notation in the Minutes clarifying that although the word domestic was used, we were actually discussing ag meters. The Board was in agreement.

President Pool: The April 19, 2012 Minutes will remain as a Draft until the next Board Meeting.

Paula Berezay and Liz Markowski arrived at 7:52 P.M.

MOTION: At this time Hear Agenda Item 8.6. Immediate raises.

Butow/Ricetti Discussion CARRIED

AYES: Butow, Ricetti, Hallman, Spilman, Pool

NOES: None

ABSENT: None

8. IMMEDIATE RAISES. (Agenda Item No. 8.-Action Item No. 6).

GM Koehler: I contacted Brooktrails, Millview and City of Ukiah. As Steven Gardner mentioned at the last Board Meeting, there are many similarities among the water agencies, but there are no two that are the same. I had a nice meeting with the manager at Brooktrails and corrected Steven's incorrect statement that Brooktrails employees make \$40 per hour. They do not make \$40 per hour. They are in Group 40 pay scale. This is a 5-Step pay scale. So you take the monthly figure and apply the mathematical conversion. You multiply it x 12 months and divide by 2080 annual hours. The Sheet in your Board Packet shows the results. The City of Ukiah also pays both employee and employer contribution to PERS.

In an effort to make the figures as true to the formula for RVCWD, I pulled out the 7% employee portion. For Redwood Valley, my chart shows the start date of employment. For many other agencies it's not the start date longevity, but the certification level.

Director Hallman: Can you again provide the current pay for each employee.

GM Koehler: To get that figure, remove \$4.50 off each listing on my Sheet, except for Operator 1.

Director Hallman: OK, I just wanted to make sure.

Director Ricetti: Can you clarify this information please.

GM Koehler: Let's use the Brooktrails info as an example. If you are an Operator 1 at Brooktrails you will need to obtain a T-1, D-1 before they will even allow the employee to earn time at the treatment plant. In order to move into the Operator 3 Range, the employee has to obtain a T-3, D-3; and so there is some horizontal movement in terms of pricing. Brooktrails is a little bit unique in that they give the employee 46 months to obtain T-3, D-3 or they are released from employment. So, you can be a Step 5 after 5 years, and if you don't want to move on to a T-3, D-3 and you don't have a contract, you would peak at Step 5, you would not go to Step 6. You would be an operator T-2 at Step 5. You're all done with any raises.

President Pool: If you hire people that have the experience and qualifications that you are looking for, you may hire them at a higher Step.

GM Koehler: Yes. The RVCWD is a T-3, D-2 system, so you are not required to have a D-3 and we do not have that language in our Handbook that says you will do this or you are gone. For instance we have an operator that passed his T-2 in January 2010; so at that point it becomes, where do we put that guy? Do we put him in a different level so that in future years he has an opportunity for higher earnings, or leave him in that level where he is maxed out? Another example is in the office we have Liz; she has been doing the job that she does for eight years. So again, is that maxed out or do you want to leave some wiggle room for some more advancement over and above the COLA opportunities? Paula has also been doing a primary job of 'Financials'. That's another place where the comparisons aren't completely accurate because there are some District's that don't do nearly as much of the financial work as Paula does. Millview is a good example: their people to A/P and A/R and Payroll. They don't do the in-depth Financial that you receive from Paula.

Director Butow: So, then further down the list (sentence interrupted)

Director Hallman: I'd actually like to interrupt you right there, Don. I do have something to say, especially about this wording.

Director Butow: About what wording?

Director Hallman: On the Agenda Item wording: Immediate Raise. (Agenda Item 8, Action No. 6)

It says raises based on the savings from recent staff reduction.

This was not just a reduction, this was a correction. When we spoke a couple years ago at a Budget Meeting, we said the budget must be low, we've got to cut the budget. And Bill (GM Koehler) said There is nothing to cut, and we said, Well then we've got to have furlough days, we've got to get overtime under control, what about office hours? And Bill said 'Office hours are actually at a higher rate here than at other Districts this size.' So this was not a savings. This was not a gee-golly we're going to save some money. This was an actual correction to too many office hours for the size of our District; I would like that reflected because there's a big difference between a correction and a reduction. For the size of our District, Bill said we have too many hours, and that happened at a Budget Meeting. We probably didn't do anything about it for probably two years.

Director Butow: Possible. Are you then saying we shouldn't pass on this \$4.50 per hour savings to these employees?

Director Hallman: No. Well that's another thing I'd like to discuss: \$4.50 per hour at 4 people, that's \$9,360 for each person, which comes to \$37,440. That's just the hourly wage. That doesn't include overtime or workers' comp. When you add in your payroll benefits, the workers' comp taxes, just say you're doing it at a 50% wage even though it's surely higher than that, you're talking \$56,160 per year without touching overtime.

What is our workers' comp?

GM Koehler: I'm sorry, I don't have that number off the top of my head.

Director Hallman: I'd really like to have the number because I know for a lot of construction crews it is right around 75%. So the number would be good because I don't know how much we're 'saving', I don't know what other word to use by not having Linda employed, but \$57,160? And that's before overtime. If that's the case we need to have a conversation with our Manager because we've had this going on for a couple years before. So on just the numbers thrown out

there, and I actually called on an accountant for this one because I thought I was doing the math wrong. And then I double-checked it with my husband who was the accountant for MGM Brakes for a few years before he decided he didn't like laying people off. And so I ran the numbers by him and asked if I was doing it right. And he said that the benefits are really low. At the last meeting I got a little confused so I actually broke down some of the things that were bothering me. Again, the first one, the word 'reduction'. It was a correction in our hours, not some magical thing; and I feel the Manager should have taken care of this if he were aware of the problem. The second thing that got me is that I kept hearing that we weren't competitive; and Paula, I've known you for a long time and I really respect you and I want you to know that. So I went to the website, because you said that if you worked for the County you would be paid more. So I went to the County website and they have all their wages shown there. An Office Assistant 1 starts at \$11.65 and max's out at \$14.11. Office Assistant 2 max's out at \$15.56, Office Assistant 3 max's out at \$17.13. I don't quite know what category Paula falls under, so I went to the Office Assistant/Supervisor 2 which max's out at \$20.85. Then there is an Office Service Supervisor and that's \$22.98. Feel free to pass these papers around and look at them. Again, the Office Assistant 1 starts at \$11.65, the Office Assistant 2 is \$12.80, the Office Assistant 3 is \$14.09. So I kept hearing, We're not competitive; but, we can't compare.

Paula Berezay: I was talking about the County and all the different Branches, everything.

Director Hallman: These papers are Mendocino County and what they offer. I also noticed that the County employees don't even get benefits if they work less than 30 hours per week. So there is that. And so then, I went out and spoke to a few people because I was confused. I said, I feel for these guys who haven't had a raise in four years. I was directed to the COLA website. Four years ago if the Manager had come to us and said we need to do a cost of living adjustment, it would have been 5.8%. January 2010, None. January 2011, None. January 2012, 3.6% - that's the cost of living adjustment. Also, I don't remember the last time we had an employee review or the last time our Manager came to us saying we need a cost of living adjustment.

GM Koehler: The Handbook specifically states that this District does not give COLA's.

Director Hallman: Darin (GM McCosker) came to us, and the last thing definitely was a COLA. And then, this gets to the harder part: How do you compare our Operators to other Operators? So I started asking around and I finally got a name, it was Jim Gambini at SCWA. I was told that if I wanted some decent rate studies that he might be able to help me, so I emailed him. He responded that his guys are wastewater so it's not going to translate quite right, but he started giving me other websites. The part that I found interesting is that treatment plant and system operators, on average for the United States make \$40,707 per year. Of course we're in California so that's really low; but the lowest 10% earn less than \$24,000 and the high 10% earn more than \$63,000. So, we're not on the low end of the spectrum and we're not on the high end, we're somewhere in the middle. Then he sent me to another couple of other places and the only thing I could pull out was people who are looking for a Water Operator, and this happens to be San Luis Obispo. I checked their cost of living there. It's at 100% and we are at 95%, so essentially it is 5% cheaper to live here than there. They are starting their T-3 at \$23.55 and maxing out at \$35.50. But I want to point this out, they've got several pages that I've printed here describing the responsibilities of the T-3. Also, they ask on their questionnaire, whether the applicant has a college degree in a related field such as chemistry, biology, similar environmental engineering; and of course these are things that we don't ask for. Their website details what a W.T.P. Operator T-3 is, and of course they are a lot larger than we are. But what

it all comes down to is that there is a lot of information out there; but I keep hearing that we're not competitive, we're not competitive, we're not competitive, and looking at Bill's numbers here, sure we're not where we should be but I definitely don't think \$4.50 per hour is the way to go. There is definitely something that needs to be done, I'm not saying that there isn't. But when you start talking \$56,000, and Don sits over there and says, water rate increase, water rate increase, I'm going to pause and say, What's going on people. So that's just some of the information I brought; if you'd like the rest of it I can get it to you. Again, I feel for you guys; you haven't gotten a raise in four years, it really, really does suck, I know that. But this magically taking a number that wasn't a savings, it was a correction, and then dividing it, isn't the way we do it.

Director Spilman: But also, it's not within the realm of what we suggested to be provided.

Director Hallman: No, it was definitely above the number we were given. And then, I kind of don't know on this one, but this is for Bill (GM Koehler): We need reviews. When I hear phrases like 'they don't play well in the sandbox together', and the name calling, and lawsuits, I really need to have an employee review where we sit down and say This person is going somewhere. And, this person has hit a brick wall, etc.

And now, this statement is for the Board Members: I don't think we're giving Bill clear directions and for that I apologize because I'm as much at fault as the other Board Members, but I definitely think we should give him some clear direction. And, this one is for Pam (Director Ricetti): Be careful offering suggestions about rate increases for your nephew, because it is a conflict of interest.

Director Ricetti: I haven't.

Director Hallman: He's not even on this sheet Bill gave us, I'm just saying it is a conflict of interest so be careful.

So. I think that is my soapbox rant.

Paula Berezay: I just want to say something Jeanette. I started here at \$4.50 per hour and received hardly anything for years. Our 5% merit increase, on \$4.50, is nothing. I think I worked here 15 years before I got \$9.00 per hour. The Board did make an adjustment with a reorganization some years ago and I'm thankful for that. But for being here for 29 years, I don't think that \$20 per hour for everything I'm doing, is a lot.

Director Hallman: You know, I'm not even disagreeing with that. I just kept hearing, we're not competitive.

Paula Berezay: People that I know that work at the County earn more than I do.

Director Hallman: This list that I printed off the County website was done before they decided to give everybody a 10% pay cut, which is what the County is doing now.

President Pool: I think it may be, that without looking at the job descriptions for each of these at the County, it's kind of hard to say, but (sentence interrupted)

Director Hallman: I did look at some of the job descriptions because I was concerned about that as well, and it's not as different as you think.

President Pool: Well what I was wondering is, for Paula for example, if we should be looking at one of the Office Assistant levels or if it should be one of those Staff Analyst levels or whatever. Without seeing these descriptions, it's hard to say.

Director Hallman: I absolutely did look at the descriptions, and not just at Mendocino County. I looked at several Counties. Again, I absolutely want to be fair and I want to be responsible to our customers, as well, and that's all I'm saying. I am not saying these people do not deserve an increase, that's not what I'm saying. But again, \$9,360 without touching overtime and we average 15 hours of overtime, give or take?

GM Koehler: You've got weekend coverage, every weekend.

President Pool: When our employee does get whatever increase we give to the staff and we do give overtime, and the budget impacts (sentence interrupted)

Director Hallman: In theory, even if an employee is not taking part in the retirement, it's still a potential liability and it needs to be factored in.

President Pool: If you were calculating a fully loaded raise, which is how we need to look at the budget impact, I think you would normally include that.

GM Koehler: The dollar amount that I was playing with was based on fully loaded for Linda, minus the 'savings' or 'correction', minus what would be projected for the Recording Secretary costs. And if I did bad math, I'm real sorry, but it wasn't coming out with that particular number. I can't dispute what you just said, but that's where I was taking that from.

Director Hallman: Well \$56,000 as a low ballpark number; I mean, that is low.

President Pool: So you're dividing up a fully loaded rate and turning it into wages?

GM Koehler: Well again, some of the taxes would increase, but I'm not sure that Workers' Comp would increase.

Director Butow: Workers' Comp premiums are based on payroll.

Paula Berezay: Jeanette, did you take into consideration that Liz's hours are 24-per-week, and not 40?

Director Hallman: No, I didn't, I was looking at 40.

Director Spilman: Liz, do you receive benefits on that 24-hour week?

Liz Markowski: I don't take them. I do have the retirement plan, but I don't have medical or dental.

Director Hallman: So you have retirement at 24-hours? Because the County does start at 30-hours.

Liz Markowski: I have retirement but I don't have medical or dental.

Director Spilman: Well I think we need some corrected figures. What the Board asked for before was, as a temporary stopgap, and did not exceed what amount that was left. Even with the 16-hours difference, I think that the \$4.50 will far exceed that. I think we need to refigure this.

GM Koehler: Okay.

Director Spilman: And for the employee's benefits when it is decided, I think it should be retroactive back to this date, because the employees came to this meeting thinking they would get a decision.

Director Hallman: In Bill's (GM Koehler's) paper he indicated the raise should be effective as of January 1, 2012. He wrote: This is the date on which the staff reduction occurred and the date on which funds for the raises became available.

Director Hallman: But again, we did reduce the office hours because we were told that they were too high.

Director Butow: Well that was not from a budget savings standpoint, that was from an efficiency standpoint.

Director Hallman: I think it was more than two, it was almost three years ago when we were discussing budgets, that was the first time this topic came up.

Director Butow: That's correct but I don't agree with saying it was a correction and therefore this savings, or funds, that became available that we've already budgeted for salaries, should not be considered. What I'm saying is, and what Bill was working on was, ok, we had the salary portion budgeted at this amount of money, and during that budget year we reduced by one employee, so the budgeted money for that employee was no longer in play, it was sitting there. Using the same budget parameters, but, could we use that money that was left on the table in that budget, to help out the employees while we were in the process of working up a new budget and determining if we're able to give the employee's a raise after the four-year freeze.

Director Hallman: It could be argued that that money should have never been spent.

Director Butow: It could be, but the budget was set for the employees we had at that time.

Director Hallman: On this paper submitted to the Board, Bill exceeded that number.

Director Butow: Now, as far as the \$4.50 was concerned, and if the math was wrong and it should be \$4.25 or \$4.00 or \$3.75 or whatever it is, then we should consider it. But the theory is that taking this money that was already budgeted and is sitting out there, we could use it for giving these folks an increase. Now if you don't want to do that, because your argument is that the employee left and we don't have that money to give (sentence interrupted)

Director Hallman: I'm saying we should give them a competitive wage. That's all I'm saying. I believe they do need raises.

Director Spilman: But not \$4.50.

GM Koehler: I can do the math. I don't believe your core premise. Generally I have found that the office manager/auditor-secretary:

A) the point that I made five years ago when this discussion first started, does not work for me. That person serves at the Will of the Board. It is not a General Manager decision. This is a point that I have made for five years.

B) in a small office like this, the buck stops here. I didn't like some of the comparisons to the City of Ukiah and I didn't go to the County of Mendocino. But ultimately, the person at the County reports to Carmel Angelo, so there is an entire chain of support that we don't have. We are stand-alone. So I'm not as comfortable with looking at some of those comparisons because there is this chain of support that exists above the employee.

President Pool: That's a very good point, because I am retired from a bottom-rung management position at the County and your point is very well taken. It's very different to work in an organization like that; and whatever your responsibilities are, they are complemented both horizontally and vertically, both up and down with the whole structure that makes it really quite different. So to compare what Paula does to what anyone at the County does is probably troublesome. You can look at the job descriptions and kind of compare but I think you have to take that to some extent, with a grain of salt. I agree with Bill on that point.

Director Hallman: Fair enough, and like I said, the reason I went to the County is because I kept hearing, well if I worked for the County I'd make more income.

President Pool: You're right and I'm glad you did that because it needed to be addressed.

Director Hallman: Well this is potentially dangerous to us. If you wanted to add in everything, if Steven and Scott decided to take up their retirement, and you add that in, and we're still paying for dependants and we're doing overtime and everything else, this number is a lot larger.

President Pool: And the comparison becomes difficult. For example, the County, the loading is different in several respects because the County doesn't pay for dependants which is a very big difference.

Director Hallman: Nobody else that I spoke to paid for dependants.

Director Spilman: The other thing is that we have only so much money that is allotted to increase this at this point, and if we go outside of that (sentence not finished)

President Pool: Then we've busted the budget.

Director Spilman: We have to stay within that scope.

GM Koehler: I will go back to my worksheet and review my figures where I came up with these numbers and try to identify the error.

President Pool: If there is not an error, or either way, make sure that we are working with a full deck here when we are making a decision. And again, Bill's proposal that we are in the process of considering, would be retroactive to the first of this year.

Director Spilman: Did we agree on that?

President Pool: I'm not saying that we did; I said that's what Bill had proposed. Well, we thank the staff, and we will continue this item to the next Meeting. I apologize that we're not more together on that, but thank you all for coming and thank you Jeanette for the extraordinary amount of homework.

GM Koehler: I would, however as you pointed out, I don't always get as much direction as I need and it would have been handy for me to have that information going into this study. It would have probably created a more useful document that might have moved ahead farther.

Director Hallman: I do think we as a Board need to give you more direction and I do have to say that my husband made a comment and I defended you, but when he was looking at the numbers he said, "You have an operating manager who doesn't operate or manage." He said, "Bill should be able to pull these numbers off the top of his head." As far as the Workers' Comp and everything, and of course that was a part of his job when he was working for MGM Brakes, he had those numbers at the top of his head.

President Pool: Well if you're a financial guy, then maybe. But otherwise, I don't see it.

Director Hallman: The point that he was trying to say, was that (interrupted)

GM Koehler: I'm never going to be able to pull those numbers off the top of my head, other than maybe being comfortable with 40%. But no, that isn't my job. Our payroll is outsourced, but the job title in California Water Code is Auditor-Secretary. It's not technically Office Manager; it is the person that does the day-to-day financials. That is Paula, not me.

Director Hallman: Oh, one other thing. I was talking to another person while gathering information and mentioning our budget. And they asked which District this was about. When I said Redwood Valley Water they said, Oh a couple of months ago I was at the Forks Café around 8 A.M. or 9 A.M. having breakfast and for the hour and five minutes that I was there, the Redwood Valley Water District truck was parked there. So, this is part of why we need the annual Employee Review.

GM Koehler: I'm not that far behind you.

Member of the Public: May I say something about your employees?

President Pool: Yes.

Member of the Public: I wish they would come down Mohawk Trail slowly. It is a real dusty, really bumpy road and when they come down there like UPS drivers, the wind and dust is just horrible. There are kids playing, there are pets outside. Please just drive safely and slowly.

Member of the Public left the Meeting after making her request.

Director Spilman: While we're on this, I came past the treatment plant on Sunday. In the Budget, Bill wants some new trucks. So I saw one of the pickups sitting out in the yard, completely, unsafely overloaded to the point that the front wheels were off the ground. Not only do people see the District trucks where they shouldn't be, like the Forks' Cafe, but they see the guys take their trucks too fast down Mohawk Lane for example, and they also see that truck

unsafely loaded and sitting out there for the whole weekend. And then they are asking for new trucks.

Steven Gardner: That might be a little easier to explain than you might think. That truck was actually fairly safely loaded when we loaded it. But we were on an emergency water leak which we hand-dug on Friday because it blew out on the bottom of Road E. It was about a 40'-50' tall geyser and it drenched that truck with about 1,000 gallons or more, in all that dirt. When that truck was originally loaded, it was perfectly fine to drive. Once all that water was added to that soil, we couldn't figure out what to do with it. I, myself, drove it back to the treatment plant because I didn't trust anybody else driving it. Neither one of us had the energy to unload it, and we didn't have anything to do with the materials that were in it. We got pretty torn up with that job, I still have some cuts on my face and hands from it. It was just Scott and me, so we opted that he would follow behind me and I drove it back to get it back here safely. It steered just fine. But that was all we did with that one. We don't normally load those trucks like that. Actually when you saw it, the airbags had deflated; it's got airbags on that truck for that purpose. It weighed way over what it should have weighed.

GM Koehler: It is designated as the official 'dirt hauler truck' and that is why it has airbags installed on it. And it was unloaded the first thing Monday morning. When I came in on Monday I immediately saw that we had done a leak repair. We don't normally do leak repairs on Friday, but I saw photographs and I fully support their reasoning for repairing that leak on Friday. It looked kind of like one of the Calistoga geysers.

Stephen Gardner: It took out a section of the road.

Director Spilman: I would suggest that you possibly look into either a dump-trailer that can be pulled with a heavier truck and see how that works, instead of doing that to that poor little truck. If that works maybe we can afford to purchase one.

GM Koehler: We already know it works. I have rented them in the past and it's on the 'wish list' of equipment to buy. It is the most practical piece of equipment for us to own. It's something to load road base in, and spoil out. That's what we are lacking. I appreciate the support and yes, I would love to buy one.

Director Spilman: I think the Board should consider that because I think it is a real safety issue. I've seen this little 2-wheel trailer out here being used to go pick up gravel, I'm sure the handy little thing probably doesn't have any brakes on it and if they were to get in an accident without the proper trailer, it would be worse than a water tank situation.

GM Koehler: That's been on the list for probably 5-years. As I've said before, each year I come to you with a budget and I get told to cut. And I cut. That is one of the few places that I can cut. I can't cut PG&E, I can't cut chemicals, it's not there. So what gets cut year after year is equipment. It's first on the hit list. By all means, put it in the budget and then we can get it.

Liz Markowski left the Meeting at 8:40 P.M.

9. DIRECTORS AND STAFF REPORTS AND DISCUSSION OF NON-ACTION TOPICS.
(Agenda Item
No. 7).

GM Koehler referred the Directors to the Board Meeting last month at which he was directed to create a Resolution regarding a semi-abandoned service. The Resolution is done, but it wasn't included on the Agenda. It will be placed on the Agenda for the Board at the June Meeting.

Director Hallman requested that the June Agenda also include a discussion about clams in the fire hydrants.

GM Koehler confirmed the topic will be on the June Agenda.

Director Spilman requested we now go to the Agenda item this Member of the Public is waiting for.

GM Koehler stated that this lady is here for 8.d., somewhat mistakenly, but he will go to 8.d. as requested.

President Pool agreed, saying, Please do.

10. GENERAL MANAGER'S REPORT, Surge Tank Mitigation/Fund Expenditure. (Agenda Item No. 8.d.)

GM Koehler: I have been in ongoing discussions with the owner of the property where the surge tank used to be. I suspect that's why she saw this item listed on the Agenda and assumed it was going to be a further discussion of finalizing the deal between the two of us, and which is what the letter she sent is attempting to do. But that's not what this Agenda Item is about. This is about the Fund Expenditure. So: Sonoma has finally waffled around long enough and indicated that no, they do not want the \$64,000 to go toward the stream mitigations. However, the good news is they loved the idea of paying for ag meters. So it's basically a wash.

Director Hallman: When did Sonoma inform you that they weren't going to pay this?

GM Koehler: It was about two weeks ago.

Director Spilman: Where will the money come from to pay for the mitigation?

GM Koehler: General Funds. However, we basically have \$120,000 in mitigation funds. What they are telling us, is OK we really like you spending that on meters. When I sat down with Sonoma and finally had the, OK, yes, we're working on actually making this project proceed with the water acquisition, and, they are finally sitting down to do clean up of all their accounting including the surplus water agreement, all that stuff is at this point being rolled into one. So at our most recent meeting, they said they need to run it by Counsel, finally, even though on a number of occasions I had communicated with them that this is what we wanted to do. They said No. Counsel will not let us do that; however we think it's wonderful that you spend this money on replacing your ag meters under the heading of conservation.

Director Hallman: Is that Approved?

GM Koehler: It won't be spent until I have it in my hands. But I have repeatedly said that I have zero leverage with SCWA. I can go down there and ask politely. I'm not working with Pam, I'm working with Todd and Don. SCWA is not going to commit to anything until the extension of the Surplus Agreement is signed. That is the first step. Short of that, they are not going to do anything.

Director Butow: What about this letter here tonight about ingress and egress at the Lake Ridge property distributed by this lady.? She has been so patient here at the meeting. All we have is a very nice letter saying we've got ingress and egress to her property and to please give her a call prior to arriving. I think it's nice.

President Pool: So what do we need to do?

Director Butow: We don't need to do anything. This is part of our agreement.

GM Koehler: What I was under the impression, and I'd really like to resolve this letter issue first rather than jumping into the ingress/egress. For right now I am happy with that letter, but there is an extremely important piece missing that I don't have. It is an actual copy of the easement document. What I see is all kinds of references to the fact that the Bureau of Reclamation would not have issued the loan without the easement being in place, but I cannot find the easement.

Director Spilman: Are we going two different places here?

GM Koehler: This is the surge tank. So, being rid of that, I just want to set this aside and say right now, I'm a happy camper with this letter; we are making progress. This is Not part of the money we're discussing on the Agenda.

Director Butow: Why, exactly? What you asked for coming up first, was the surge tank issue but not all the damage money that we owe – that's a whole separate thing.

GM Koehler: Yes, that's the Surge Tank Mitigation/Fund Expenditure. That's the title of the Agenda Item, it was not the Surge Tank, alone.

Director Butow: I understand that. We just want to get to her letter so she can go home.

GM Koehler: I gave her a copy of the Agenda and explained that the Agenda Item is not about that. I think she phoned Dr. Benrazavi.

Director Spilman: So you're satisfied with the letter that you got, and that's the end of it?

GM Koehler: No.

Director Hallman: No.

Director Spilman: What's your position?

Director Hallman: We need the easement agreement.

GM Koehler: This is not really the topic on the Agenda. My position is that the next step that I need to do is somehow find a copy of the original easement because, as I said, I am absolutely convinced that that document exists out there. The only people who've done any kind of search for it was Adobe Engineering when they were doing the design work on the project, and I don't believe they spent a whole lot of time looking for it because it was not a part of their job.

Director Butow: OK, so we have two questions here:

One is in regards to whatever our arrangements are with Dr. Benrazavi, and the other is the Fish and Game issue, which was sort of related to SCWA but now that's drifting off into some other situation.

GM Koehler: But the easement is not part of this item on the Agenda.

Director Butow: Right, exactly. So what we're trying to do instead of a round peg in a square hole, and what we want to do is say, Are you're happy with this, as far as it goes?

GM Koehler: Again, it's not part of the Agenda. I'm happy with it as far as it goes. All this letter does, is repeat what has been said back and forth in emails. So now it's in writing; hunky-dory. Am I happy, do I consider it done? No. I want a document that can be put into the legal description of the property. And be done with it forever.

President Pool: So the title report does not mention anything?

Member of the public representing Dr. Benrazavi: Dr. Benrazavi had a civil engineer do a search and there was no easement found.

GM Koehler: As I said, I talked to Adobe which is a Civil Engineer, and they did not dig deeply on that particular issue. It is true that they reported that they did not find it.

Director Spilman: The title company, when she bought the property would have come up with it, too.

Director Ricetti : Yes, it would have been on the Title.

GM Koehler: There's got to be something in it. If there isn't something out there, then it will be resolved in a different manner; it will be resolved with something like this.

Director Spilman: So how much are we going to spend trying to find something that the title company didn't find and the engineering company didn't find?

Director Ricetti: If it's a matter of record, then it would have been on the Title of the property; but if it never got recorded, it could be in somebody's drawer.

GM Koehler: In any case, I don't want to go off onto this, that's not who I'm dealing with.

Director Spilman: Well the lady came and she waited, and I'd like to get it resolved.

GM Koehler: It's not going to get resolved here tonight.

Director Butow: Are we accepting this as one little step in the process?

GM Koehler: Yes, it's a great letter.

Director Hallman: As a District we definitely need the original document with the easement on there because, as Bill has said, it is an important issue to resolve with the property.

GM Koehler: If it exists. If it doesn't exist, then – I really don't even want to go there. It's very complicated, convoluted and it's not the Agenda item. The Agenda Item, is that I'm saying I want to pull the \$64,000 out of general funds, give it to Mendocino County RCD, get that done with. I do have a letter from the Regional Board and with the approval of Fish and Game that says, Upon the receipt of a receipt, it's over.

Member of the public: Excuse me. So for all intents and purposes you are accepting the letter for now and you are going to take the responsibility of finding the easement if there is one.

President Pool: Yes, if there is one.

GM Koehler: That is correct.

Director Butow to Member of the public : Thank you for your patience. And she thanked the Board.

Member of the public left the Meeting at 8:50 P.M.

Director Butow: Now, you need our authorization for the \$64,000?

GM Koehler: Yes. I think that would be the appropriate thing to do. And also in relation to this same topic, the Fisheries and Conservation Committee has been reformulated to consist of Carmel Angelo and Carre Brown. We have already met and discussed what the next steps are. I have found the documentation I need in order to proceed with the next steps, which is that a lot of the items were pulled. The items that were initially approved, such as retrofitting the school which is closed and no longer in use, I certainly don't think we need to retrofit a closed school with water-saving devices.

Director Butow: This is all to do with the Surplus Water Agreement with Sonoma County. What's happening is that they have decided that they are not going to approve spending any money out of that 'pot' to pay the \$64,000 Mitigation Fee. We are going to have to pay the \$64,000 out of our own funds.

GM Koehler: In addition, the size of the 'pot' is now \$47,000 which was put in to the account to pay for the water that we got from SCWA while the Surplus Water Agreement was current. Since the expiration of the Agreement, an additional \$75,-\$80,000 was allocated to money for water from SCWA. That money was never moved into the account because the Agreement had expired. However, we have tracked it from Day One; this money is there, this is the money that will go into that account. The SCWA will not let us credit the \$64,000 into the Fisheries and Conservation Fund.

President Pool: Because it is Mitigation.

GM Koehler : Because it is Mitigation.

Director Spilman: This whole \$64,000, has it been taken in front of an Arbitration Board?

GM Koehler: It hasn't been taken to a formal arbitration board, but I did have a long meeting with Fish and Game and the Regional Board and the engineering firms and basically we were shown the statutes that say this is how we calculated that number and this is what you're going to pay.

Director Spilman: I can't see paying that kind of money without it going to arbitration in front of an Arbitration Board. It's just somebody picking that number out of thin air and saying 'this is what we're going to charge you'. It's just one State agency gouging another public agency, that's all it is.

GM Koehler: Whatever you want to do. But it isn't just picking a number out of the air, it's a multi page formula that says, this is how many feet of streambed was damaged, how many organisms were impacted, and there was impact to the river and unfortunately we got stuck with the blame for the entire damage because Granite just basically stonewalled. We basically moved in and started doing repairs. We were given very little time to complete the remediation. Fortunately everybody is thrilled with the repairs, but there is a \$64,000 debt.

Director Spilman: I wouldn't pay the \$64,000 from general funds before it went to arbitration.

Director Butow: How much is arbitration going to cost?

Director Spilman: I don't know but I think we should find that out before we spend \$64,000 out of general funds; that would buy a lot of dump-trailers.

GM Koehler: Again, I consider it a win-win situation because they are allowing us to, instead of taking \$64,000 out of the general funds to pay for water meters, they are allowing us to take \$64,000 out of the general funds to pay off the stream mitigation and then take the money out of the Contract Fund, and then go buy water meters.

President Pool: It's a win-win with SCWA, but Jack's point isn't about that. It's about being jerked around by the State and he thinks it's not Just. My own feeling about that is that Yes, it's hideous, but I don't think it's a very prudent way for us to deal with them, to try to rake that through a legal process, because I think we're almost certainly going to lose, and then we'll have a relationship with those agencies that probably won't make our lives any easier in the future.

Director Spilman: What kind of relationship have you got, if they're going to gouge you like they did?

GM Koehler: I think we have, actually, an excellent relationship and part of that is based on looking at the numbers and realizing that, according to the formula that they used, which again, is based on square feet of river impacted, the time of year, what was going on, what animals were living in there, what animals likely lost their spawning and rearing habitat especially under the Endangered Species Act. So when I did sit down with them and discuss that, of course we paid for them to come over and discuss it, I was shown some alternative calculations that were considerably higher. If you do want to go to arbitration, I don't like what it will do to the relationship, but if that's what the Board agrees to do, then that's what we will do.

President Pool: I will agree to hear a Motion, to see if someone wants to make such a motion and second it, we can see where that will go.

MOTION: We find the cost of arbitration before we proceed any further.

Spilman/Hallman

AYES: Spilman, Hallman, Ricetti

NOES: Butow, Pool

ABSENT: None

President Pool: So now we will see what it costs us to go to arbitration.

Director Hallman: Now, we've got \$47,000 in the Conservation Fund. This \$78-\$85,000, when we sign an Agreement with Sonoma, does that go in the Fund?

GM Koehler: Yes.

Director Hallman: OK, but right now it's just sitting there instead.

GM Koehler: It's part of our bank account, that is correct. And SCWA doesn't want it to go into the Fund until the Surplus Purchase Agreement is renewed, and they do not want to authorize any expenditures out of the existing \$47,000 until the Surplus agreement is renewed.

Director Butow: Do you think that they are actually going to form a Surplus Agreement?

GM Koehler: Yes.

Director Butow: It's really going to happen then?

GM Koehler: Yes.

Director Butow: I attended a couple of meetings down in Sonoma before GM Koehler came aboard, and all they did was some shuffling their feet in the ground.

GM Koehler: The last discussion I had with them was that we agreed that the only hang-up in the entire process was the insistence upon compliance with the, especially the Ag Water Management Council mandatory adherence to the Best Management Practices that don't apply to this District. I had asked them to eliminate those two clauses, the CUWCC mandatory and the Ag Water Management Council mandatory BMP's which are going to cost us a lot of money to comply with, for no gain. So our final discussion at the last time was, we are already at 45% reduction. If the easiest way to proceed with this is to stop objecting to the inclusion of the mandatory BMP's, because during the interim, the California Urban Water Conservation Council and the Ag Water Management Council have also both modified their positions on mandatory adherence to the BMP's to the extent that you can demonstrate the reductions, you don't have to comply with all the BMP's. As in, I would have to do a write-up to prove that it would not be economically feasible for this District to have a front-load washing machine rebate program. That's one of their BMP's. The Ag BMP's that are particularly onerous in my opinion, is that you have to prove that we don't need to line our ditches. We don't have any ditches. We have to prove that it doesn't really make a whole lot of sense to divide 3,000-acre vineyards into microclimates with individual valves and weather stations, because we don't have any 3,000-acre vineyards. As to the mandatory water surveys, we tried; we actually hired somebody to contact folks and get the water surveys done. There was basically no cooperation on that front. That's the kind of stuff that I objected to initially, saying that this stuff makes no sense to this District. There are 14 BMP's for the domestic side. But as I said, in the interim, both of those Councils are backing off and trying to adhere more closely to Gov. Schwarzenegger's guideline. But they have not even grown up and stated what their base year is. Nobody knows what it's based on; but what we do know is that if they base it on anything before 2004, we're there. Our per capita water usage in Redwood Valley is lower than what it needs to be, the per acre ag use

has gone from 10-12" per acre, to 6-8". We're there. My position to SCWA is, if you guys make me adhere to these policies, I will do it. If that's the only stumbling block remaining, let's move ahead. We've demonstrated the 15-25% unaccounted for water loss which is what they are saying, is wow, if you put in new meters, and since we have meters that don't register 40 gpm and we replace them with meters that register 6 gpm, we're going to see a difference. So that's where we are right now and yes, it has taken several meetings with them. We are such a fly-speck to those folks.

Director Hallman: My ongoing request is that we don't spend any of this money until it's actually released, because there have been some projects, we've done a few things where we've said Well, the money is going to come out of this Fund. And then something like this happens.

GM Koehler: We haven't spent any more money. But if we don't spend the \$64,000 for mitigation and get that work done during this construction season, things are going to get ugly.

Director Hallman: Well in the past, and as recently as last month, the Board was expecting this \$64,000 to come out of the Fund but, now it is not. I am asking that we not spend any more money out of this Conservation Fund until we actually have it in hand.

GM Koehler: We have not.

President Pool: The \$64,000 is coming out of our general fund.

Director Hallman: The thing is, I don't know how Russian River Flood Control knew, but they knew after our last Meeting that this \$64,000 was not going to be paid by the SCWA money.

GM Koehler: Sean was there; Sean and I were both there.

Director Hallman: So that was the day after our last Meeting, that Lee told me. So, I'm just saying, I didn't know how they knew.

GM Koehler: Because Sean tells Lee, and Lee tells you.

Director Spilman: Well, did it happen before the last Meeting?

GM Koehler: It happened at the Meeting and it was confirmed with a private conversation that I had, that Sean was not present for, two weeks later on the phone with Todd and Don who confirmed a point that, Yes Indeed, even though at the Meeting that we went to, it appeared that it wasn't going to happen. But they went to their Counsel and since this was not a meeting that Sean needed to be privy to, he had nothing to do with it. I had that phone conversation with Todd and Don where they confirmed that I could go buy meters. But Sean and I were the only two people present at the meeting where we discussed the fact that, I showed them the paperwork of 10 years of non-revenue water stream, why I thought it was coming out of the ag side, etc., etc. And that little light bulb went off in their heads and said, We support meters. But I did not get confirmation at that meeting. My confirmation was with Todd and Don that they had spoken with counsel and it was firm, that no, we cannot spend that money.

Director Hallman: Again, I was telling Lee that I'm not comfortable with spending that Conservation money. They've never released any of it, and we've got this bill debt that's supposed to be coming out of it. And I was listing things, and I said this. And he said, They're

not paying that. And I said, Well I thought they were. And he said, Oh, maybe I have it wrong. And that was literally the end of the conversation.

GM Koehler: That meeting was the first time with that topic because that is none of Flood Control's business. So that topic has generally not been discussed at those meetings. It only came up peripherally because of the issue of the unaccounted for water loss.

Director Hallman: It must have been reported to the Board. Anyway (sentence trailed off)

GM Koehler: Some of the suppositions that come out of meetings and then get telephoned through two or three different people, come back differently.

Director Hallman, Ok, well, very good. Thank you.

GM Koehler: Basically, if you tell me that you won't spend that \$64,000 without going to arbitration, fine. However, it will get ugly.

Director Spilman: All we asked for is that we find out what the cost of arbitration was.

GM Koehler: Ok, that alone, slows the process down a month.

Director Spilman: How long has it been going on already? A year?

GM Koehler: It is now ready to move. RCD has a project that is \$64,000 that is ready to go, that needs to be done, now.

Director Butow: I voted No mainly because, it isn't going to get any better with arbitration, other than a delay and so why complicate everything? But it's up to you guys.

President Pool: And it's going to cost more money.

Director Butow: It's going to cost us more money and it might cost us more grief. I certainly don't like to be bullied by these various Agencies. Particularly Fish and Game, they get under my skin real quick. But, you cut a deal and you did the best deal and everybody said yes and now we're going to change our mind and run to arbitration, and say, well maybe we don't want to do it any more.

Director Spilman: Well that's what they did to you Bill.

Director Butow: No they didn't.

GM Koehler: Not really.

Director Spilman: Well that's the way it was explained, that Bill said everybody was in agreement and you come down the path later on, and they want \$64,000 a year later.

GM Koehler: Unfortunately it was in writing, and it was a part of the Agreement. It was my misunderstanding, it was also JR's misunderstanding from Rau, that by moving diligently ahead without waiting for them to fight over whose fault it was that, this mitigation could be accounted for by all the work that we were doing on the unnamed tributary. So that did change; however,

the \$64,000 Determination was in the first Clean Up & Abatement Order, which is what we are now finally closing out.

So, I don't feel jerked around by those folks, at all. I feel that we got the best deal that we could get, in light of the fact that there was silt deposit in the river from the entrance of the unnamed tributary all the way down to the Forks, on the day of the river clean-up. So, obviously, if you Directors say, Do it this way, I will do it however you say it, but it is going to cost us money and good will.

Director Butow: Well I think we ought to reconsider, but it's up to you.

Director Spilman: The whole Board voted on it and it was Passed.

Director Butow: Yes, at 3-2.

GM Koehler: You passed a Motion to find out the cost of arbitration so if that's what you want me to do, I will find out the cost of arbitration.

11. GENERAL MANAGER'S REPORT AND ACTION ITEMS. (Agenda Item No. 8.)

A. District Operations

Things are relatively normal although we have experienced a couple of problems that are being resolved. GM Koehler is especially concerned about the electrical controls at the Lake Pump Station. We're continuing to order parts and also doing as much as we can, in house.

B. State Water Board.

We think the Change of Place of Use is, largely, resolved. It is exempt from CEQA. Darren at the State Water Board has all the maps and everything he could possibly need, including the letter from Resource stating that there is no potential growth associated with this. So now in order for us to apply for an additional 10-year time extension, we should have a proposed project. We do not have a proposed project for storage.

President Pool: So, it seems like we're basically back at square one.

GM Koehler: On the time extension.

President Pool: But on the annexation?

GM Koehler: Not if we can split them apart. We are looking at both options. When I spoke to Darren at the SWB I said, We are done with the annexation, let's move ahead and get it done. His first response was, No, we can't split them apart. So I did a lot more research and I went back to Darren and said, We never did put the two together. You guys are the ones that put them together and you guys ought to be able to split them back apart. The Change of Place of Use Petition is separate from the Application for a 10-year time extension. They were actually filed about a year apart, but it took them almost 2-years to respond and agree to receive them.

President Pool: I'm completely bewildered then, because you said you were trying to split them apart but then you were back to trying to put them back together.

GM Koehler: And the reason being when Darren Tran pointed out to me, that if the State splits the two apart and grants our Change of Place of Use, then the State is going to deny the time extension.

President Pool: And what does that do to us?

GM Koehler: It essentially puts us into a Licensing Mode that drops storage completely and forces us to account for what water we have diverted under 17593 during the winter and we're going to drop from a maximum of 4900 acre-feet to all we can really account for at this time is about 500 acre-feet. That's the most we have ever diverted during the winter.

President Pool: OK that all makes sense, but what does the Time Extension buy us?

GM Koehler: Time to resolve whether or not there is some way we can take advantage of that 2800 acre-feet of the 4900 that goes to storage. That's the piece that's out there, but probably not within Redwood Valley. So that is contingent upon something else happening.

President Pool: All right, it makes sense to me now, thank you.

GM Koehler: Right now I do not have a project in my pocket to take to them and say this is the reason I need it. If I push it, and say the reason that we need the time extension is so that we can do the documentation to prove how much water we have diverted historically during the winter when we are above the conservation pool and there is 150 cfs going down the river, then we will be locked into about 500 acre-feet, maximum.

C. SCWA.

GM Koehler: I feel that there has been a real change in attitude from SCWA. What they are requesting now is the information that I have been trying to give them all along. There are some discrepancies in the reporting numbers but they appear to be coming out of the Army COE because we have documentation that says we reported 'x' number of acre-feet to the ACOE, but that is not what they put on their website. It came to light that SCWA gets it's numbers from the ACOE website and GM Koehler suggested to them that they probably ought to be looking at Redwood Valley's numbers instead of ACOE numbers because he is guessing that the data-entry person is not proofing his entries, because the numbers are goofy. I offered that SCWA could come up here to see where my documentation numbers are coming from. Before I started doing the reporting, some of those numbers were sloppy while that reporting system was being developed, but while I've been here, the same copy goes out to the ASCOE, the SCWA, our attorney, and Russian River Flood Control. They all get the same copy of Daily Diversions, Usage in the Annexed Areas, Breakdown Between Ag and Domestic, River Flows, Level in the Lake, all that stuff is in one Master Document that goes off to all those people. If there is a mistake in the reporting, it's not coming from our office.

D. Water Tanks. (GM Report, Item No. F).

GM Koehler: We did already finish the touch-up paint repair on B; it's done. We're doing some minor touch-up on the Clearwell because it's got structural damage and I'm not sure that is something our staff should take on as we do not have the skills or equipment to do this ourselves. We will inspect the inside coating tomorrow to see if there is any minor touchup we

should be doing there. We really need to get that tank back into service because we are heading into summer usage and we can't operate efficiently without that tank. I don't have time to do the quotes and bids and, depending how involved we get with Brejle & Race, this is also the kind of thing where B & R would write the bid specs on the tank repair, because the rafters are gone.

President Pool: What would the condition would be in a year from now?

Steven Gardner: We've got a crew of water treatment operators here who are hired to operate and maintain this District and all its facilities. You know, gluing a few pieces of steel together is well within the skills of two of the operators here. The proper tools to use to do the job are readily accessible by the District. We've got everything it takes and doing jobs like that is actually, fairly simple and a lot more simple than running this treatment plant, I'll say that. And that's definitely something we should be doing in-house.

GM Koehler: That decision will be made in consultation with all the folks. I have some concerns about it primarily because we have a backlog of projects. I'm concerned that I don't want that backlog to get bigger, but ultimately that's a discussion we have already had in-house about the capacities to do it, with proper equipment, primarily scaffolding and a little bit of welding on top.

Director Ricetti: You need to have the tank for the summer period, but that's just roughly 4-months, so it actually wouldn't be a whole year away.

GM Koehler: I don't think that it's going to get a whole lot worse in the next 9-10 months.

Director Hallman asked Steven Gardner: Have you done something like that before?

Steven Gardner: It's just welding; I do that all the time. It's welding steel plates at the I-beam rafters.

E. RRID Water Payment. (GM Report, Item No. G).

GM Koehler: The RRID has finally sent its bill for water for 2011. The actual cost of water was a bit lower than estimated and also there was a small overpayment credit riding with them from our payment the previous year.

Director Hallman: I do have a question. That \$15K, is that reflected in the budget? Because we estimated \$45K and it's actually \$30K, is that reflected in the budget as income, or has that not been moved yet?

GM Koehler: I will review that. Because we pay Flood Control at one price and SCWA at another price, I can't say right now whether or not there is a true savings. We got into this new Calendar Year arrangement with Flood Control and we just got billed in May for water that we used in 2011.

BREAK: 9:25 P.M.

RECONVENE: 9:40 P.M.

F. Neary merger proposal. (GM Report, Action Item No. 1).

GM Koehler: Attorney Chris Neary has developed a merger proposal and presented it to the four Districts initially included in the proposal. The Districts are Redwood Valley, Millview, Calpella and Flood Control. This proposal was developed by Mr. Neary working on his own, not as the attorney for Millview and although Redwood Valley is included in the proposal, Redwood was not consulted during the development phase. At this time there is no formal process to discuss the proposal although it is being discussed informally. Directors Pool and Butow are already serving on the ad hoc committee to discuss a merger with Flood Control. The Board should discuss if it is appropriate to extend the ad hoc committee's responsibilities to include further discussions with other Districts regarding the Neary proposal.

Will Carson, Millview CWD: A bit of background regarding that topic: I guess during a break in some of the proceedings before a court hearing, Sean and Neary and another person had lunch together and they were brainstorming, and Neary became intrigued with this idea. This concept was to have Neary request a meeting with Millview's Board President and the General Manager, and also I was asked to attend the meeting, to see if Millview had any objections to Neary pursuing this exercise since he serves as Millview's attorney.

Director Butow: Is Neary doing this pro-bono?

Will Carson: Neary wouldn't be charging Millview because it isn't Millview's thing, it was his idea. Neary asked us (Millview) if we have any objections about him pursuing this intellectual exercise, which we will call it right now, and as long as it's not costing Millview any money and we are not the authors of it, we would actually be interested in seeing what he came up with. You asked if it was pro-bono. He's doing this himself, so it's for the water community within the Valley.

GM Koehler: The document Neary put together is in the Board Packet, and, another piece of background is that Neary has titled it Chapter 141 of the Water Code Appendix. Now, within the California Water Code there are a series of appendices and at this moment, the Appendix has 140 Chapters. For instance I believe it is Chapter 59 which is the Chapter that enables the Sonoma County Water Agency. Also some other Agencies exist that are not County Water Agencies, and they are not California Water Agencies, they are something other than that. They tend to be formed under some form of legislation and placed into the Appendix.

President Pool: I imagine the Flood Control enabling legislation would be in here someplace.

GM Koehler: It actually isn't. I went and looked at that very question. It is another piece of legal code that has a much longer number on it than 141. So for whatever reason, they formed it differently and much less, the 'Improvement District' that was tacked on behind it. I haven't been able to find a copy of the full Appendix. There are only a half dozen Chapters of the Appendix that can be 'Google-able' and I happen to have a copy of SCWA's. It doesn't appear that Mr. Neary spent a whole lot of time creating this document on his own. The majority of it is boiler-plate.

President Pool: I can recognize that. A huge part of it came from the Community Services District code.

GM Koehler: Yes, and that's another little interesting twist in this particular document where he formed the Upper Russian Water Agency Act and then it kind of slipped in at the end, oh by the way, it's called the Russian Powers of the CSD.

President Pool: But it's not one.

GM Koehler: But it's not one. Most of these are Community Service Districts. CSD's are Independent Special Districts, that's a slightly different critter than what's being described here. So the real question becomes, what do you want to do with it?

Director Butow: Does anybody want to talk about it more? (No response).

We are already talking with Russian River on their ideas, and the question is, do you want Granville and I continue on down that road? Or talk to other Districts on this matter? Or do something different? Or do you want to do anything? What they are proposing is, this whole idea of merging of all the Districts into a valley-wide project. It's got some interesting ideas.

Will Carson: We feel that it's worthy of a discussion. I personally feel that there is some benefit to this and I think that many Districts within this region have issues and problems. I think a lot of those problems can be lessened by grouping these entities together. The first requirement would be the realization that everybody that would be part of this would be on an equal level; everybody is eyeball to eyeball. There is no superior agency, there is no inferior agency, we are all the same. Every District has assets and skills and brings something to the table that benefits the whole. RR Flood Control has a file cabinet with contracts for water. The individual Districts have an infrastructure, they treat water, they store water, they provide something that people put into their bodies, so there is no superior agency, there is no inferior agency. You have to look at it from this as a starting point and then the discussions can begin. If you take a look at the whole region there is enough water in this area to be able to supply all of the Districts within the area. The problems are that some Districts have restrictions on the time that they are able to use a water right, some Districts have supply or quantity or treatment; everybody's got some problems. If you look at all of the water that's available for this valley and if you took a look at each one of the Districts at what would be theoretical build-out if you could ever get there, there's enough water to supply every District within this region with enough water for theoretical build-out. When theoretical build-out would occur, that's the responsibility of the Planning Department or the Building Department, the Board of Supervisors and everybody else that either wants growth or doesn't want growth. So if you take a look at all of the Water Rights that are available and if you had an agency like this, and you were able to say that all of these Water Rights now belong to the global agency and are able to be used everywhere within the agency's footprint, you'd have a situation where, for instance Redwood has access to water in the Lake when its full, when it's at a certain level, and has it for certain months, and all that other stuff. In the past you may have been able to draw 500 feet, your Right is actually greater than that. If that Right is part of the agency everybody could draw from that Right during the time it is available, and that could provide relief for some of the other Rights that have some specific timelines. So I think that Mr. Neary's plan of Board Member representation and Service Districts solves some problems and provides representation. Basically there would be a Board Member from each of the Service Districts which would provide the residents of the original footprint of the Founding Districts to be on the Board and the fifth member, which he was calling an at-large Member, and I don't remember if this Draft has it.

President Pool: On the eventual Elected Board.

Will Carson: Okay, but my suggestion to him was that the fifth Member not be an at-large member but be a representative from the areas that are not from a Service District. So each of the four Districts have a representative plus the fifth Member representative. The Flood Control has a file cabinet with contracts that basically go to ag users throughout the rest of the area. That fifth Board Member would be representing people that are using the Agency's water, that are not already being represented by a Service District.

President Pool: If I may, the problem with that as I see it, is that we were talking about the four Districts that would be combining; well, one of those four is Russian River Flood Control District and its footprint is all that area. And so what you would be saying was then that there would be two from Flood Control.

Will Carson: And, so I may back up on that, because I really hadn't put that together yet.

President Pool: And if it's representation by any of the areas that are really not covered by any of them, the way it's written now, that wouldn't be part of the Agency, and that bothers me a little bit. It seems it should sweep in the area in the boundaries, so that would be a chink in it.

GM Koehler: I don't think there aren't any, because Flood Control's area actually overlaps ours and it already takes in Calpella. I guess you could make an argument. One of the decisions that Neary made is to not include Calpella or Hopland, primarily because they are dual-Districts with wastewater in them. Right now that complicates things.

Will Carson: I had a discussion with him regarding that also. Calpella has special issues because we're basically wheeling Flood Control water to Calpella, and Millview can only send 100 gpm or something like that, to Calpella. Their problems would be eliminated also. Calpella is also a vital link that you're actually going to have that will tie everything together. But he was reluctant to include Calpella initially in his thinking because of the wastewater treatment that they do, and that's the same thing with Hopland.

President Pool: And it indicates that both of those are also quite a bit smaller Rights.

Will Carson: Yes. My opinion is that they're looking at a geographical area to become one Agency. Does it really matter that this one is smaller?

President Pool: No, not to me.

Will Carson: If they are an important piece. You could argue against Russian River Estates.

GM Koehler: They are a Mutual.

Will Carson: Well, Dave (Redding) has mentioned Russian River.

GM Koehler: Russian River Estates and Rogina need to be at least involved in the discussions; possibly not as a voting member but logically they would be involved. Also the City in all of its wisdom, at some point needs to be included in the discussion even if it ends up as, in theory, which is kind of the reason why I was asking Jack Locey (B & R) earlier in the meeting about his involvement with the buyout of Sweetwater, in case he is available if Dan Rogina ever chooses to dissolve Rogina Water. Dan has been involved in discussions with a couple of investors of Mutual water utilities. But he does not want to sell to an investor of the utility because he does

not want to see his customers rates 'triple' in cost. So the logical next entity that might possibly take over Rogina Water would be a special district of some kind.

Will Carson: And, Rogina's pipelines are right there.

Director Butow: And the other thing, too, is that Dave Redding and likely some others are capable of operating a system like Hopland. It's not like we don't have personnel. What was intriguing in 2009 and those issues, we were sitting down at the table to talk about this, too. The Districts had their scratchpads out and we had things put together so that we could deliver water one-to-the-other. Within a month we were ready to go, and we had already identified spots where we would increase delivery flow between Millview and through Calpella and Redwood and all. What was nice about it was that there was no animosity, there was no infighting; everybody was just interested in solving the problem, and jumping in and doing it. But that didn't work out, however later it did open up a nice communication between the Districts. And here we are talking now about something very similar. I think this is certainly a very productive proposal to talk about; it think there is some good stuff here.

Will Carson: I feel that it is worth the discussion and that it is time for the discussion. My sense is that most of the Districts are half a guy shy of what they would like to have and I think that the cross-pollenization of crews and training etc., would be beneficial. I know that those are issues that are a long ways away when it comes to looking at this in here as a starting point. Being a blue collar guy, I'm concerned about job security and families.

Director Butow: I think we would have a bigger base in which to support the families, and to get things done. It's true there is a lot of positive.

President Pool: This sounds lovely but I think it's fair that you should all know that the antagonism toward this proposal, at least as written, as far as Willow Water District, is palpable. I attended their meeting, which was shortly after the Flood Control meeting and I noted with some interest that they don't record their meetings. But, my ears really burned.

Will Carson: I did have a conversation with Dave Redding. Ken was the gentleman that was there, and he may have been their Board President last year. I talked to Dave and got a feeling for some of the stumbling blocks. I did ask Ken at our meeting, if you remember, if there some sort of configuration that would be agreeable for them to continue the conversation and he said it would be possible. Millview and Willow have a pretty good working relationship right now and the ultimate goal was to continue that relationship and broaden it. Right now we are sharing facilities, we're supporting each other with clerical and administrative duties and it is working well. I feel that there is a possibility with maybe some continued conversation, that they might want to continue this exercise, continue discussing it. There may be some way to structure things so that at least a discussion can take place. That's all I'm advocating, is just having the discussion. Like you were saying, when we went through that exercise with the drought, I think that brought us all closer. The Grand Jury reports have suggested an arrangement like this. I understand that Sonoma County would prefer to speak to one entity up here rather having to deal with a lot of individual groups. A regional agency would allow us to speak with more authority about things that concern us when it comes to talking with State legislators and asking for help or expressing opinion, because then it would not just be a small individual District.

GM Koehler: There have been discussions regarding this document where the consensus was that, yes, it gives people one voice. We could tackle those evil guys down there at Sonoma. I think that's an attitude that needs to be removed.

President Pool: That basically came up with Neary and Johnson.

GM Koehler: Yes, and that needs to go away.

Will Carson: There is some baggage there. The first draft that I saw contained some language that really didn't need to be there.

President Pool: Some of that had been removed by the time Bill (GM Koehler) and I saw it. But one thing that reminds me to mention that I wanted to mention earlier, that was in the first draft that we saw and what we had going into that meeting where a few of us from each of the Districts sat down, absent however was Flood Control. In this document there is a mention of an option for the County to appoint an ex officio member who, while not a voting member, would be able to attend all meetings including Closed Sessions. That person would be there as an overall advisory capacity. Well in the first draft that I saw, there was also an option for the City to appoint an ex officio member, and I don't remember now who it was that jumped out and someone said, Get them out of there. And it was immediately removed.

Will Carson: I suggested to Mr. Neary that one can understand the BOS having a representative there because this area is an economic engine for the County. They have ties to the State, and are able to speak to the State. It makes sense for them to be aware of what's going on. This is the closest to a County Water Agency as they will have in this geographic area.

The reason that I said that Flood Control doesn't need to be at these meetings, is that District's that are considering this have a much greater scope of things to try to deal with and understand and think about, than does Flood Control. Flood Control has got a lot of water and it should be put to use, but they don't have infrastructure, they don't have crew, they don't have a lot of the things that these Districts have. Flood Control has a file cabinet with the contracts, they have a specified amount of acreage that they can provide water to. Flood Control's file cabinet means as much to these municipalities as much as the municipalities need Flood Controls water. Ag needs the water, too. They can't give all 8,000 ac-ft of their water to ag. This region is set up with a status-quo with crops; we're not going through a radical changeover from crops, like grapes, to row crops. The amount of water that's going to be purchased by ag growers for their crops is known. You could probably make a pretty good guess of what's going to be required for the next 20 years. There is a shift between pears and the vineyards. Thomas ranches underwent a big loss of pears, and those ranches are going from pears to grapes.

Director Butow: That was a lot of water loss; as far as water sales by Flood Control the pears used a lot more water than grapes.

Will Carson: And you can make a pretty good guess as to how much water is going to be going to ag from the Flood Control file cabinet for the next 20 years. You'll be off a little bit, but you're going to be pretty darn close. To be able to sell that full 8,000 ac-ft, and to make good use of it, it's going to have to go to industry and residential; and so Flood Control's file cabinet needs us as much as we need them. In that respect, everybody's equal.

President Pool: In addition to the kinds of things that you mentioned, the broadening of the Place of Use for all the District's, I think that all the District's have to do something, that came up earlier in this meeting. Our 2800 ac-ft Right to storage is something that presently we can't use at all; and if this legislation could change how that 2800 ac-ft Right could be used and stored, such as of course ideally saying that it could be stored in the Lake, then of course that would be a huge benefit for us and would be something that could then be used anywhere within the new broader agency, it could become a Water Right that could actually be used. So that's what made the Time Extension something that we're trying for.

Will Carson: This shows the advantage of having conversations between the District's, so that these things can be talked out and addressed. We know there is baggage from the last 30 years, and it would be nice to eliminate all of the baggage and just move forward and do something good. A discussion is going to be helpful even if we decide this is not what's going to happen.

President Pool: I agree. I think just having a discussion of ways that we can work together, even if it doesn't result in this, could result in some levels and types of cooperation that we might never have attained before.

Will Carson: Obviously I support this concept.

Director Hallman: I'd be interested in seeing what comes down the line.

Director Ricetti: So, is it Russian River that has the excess water to feed the other entities?

Will Carson: Well we all have water. Millview has water. Some of our water is specified, we can draw it at certain times and we cannot draw it at other times. Sometimes water on a Right doesn't get consumed because you ran out of time before you were able to draw it. In that situation you have water you can draw at a specific time of the year when conditions are just right and you have available to you more water than you can consume or use. What I envision, and I'm not alone, is that you would end up with a detailed analysis of all of the Rights when they are available. And you have to do an analysis of needs of specific Districts or service areas and you would maximize the Rights so that the ones that sunset at a certain time during year, you've used up everything that they have available to be used, and there would be other ones that would be available to step in right after that one sunsetted, and continue on.

Director Ricetti: Would this keep Redwood Valley from their moratoriums and from buying water from Sonoma?

GM Koehler: Well we don't want to rule Sonoma out of the mix either. Even though the concept is accurate that if each of the Water Rights were being put to full beneficial use, having another several thousand shouldn't be ruled out. We've got to look at the cost/benefit ratio and what they want for it but I think we need to keep running parallel streams because if we're not able to do something like this, then we're not going to be able to put all that water to beneficial use and we're going to need something different if people want us to lift the moratorium for Redwood.

Will Carson: Something like this would eliminate three problems. It would eliminate Millview's problem for capacity. That may not be the right word. We're on a moratorium because there's not enough water available guaranteed in the event that we have to supply water for so many

hours and all this other stuff. Calpella has needs for more water, Redwood has needs for more water. You have to have excess capacity. If this larger entity has all of this water, then the capacity would be there. Millview's moratorium would be lifted, Redwood's moratorium would be lifted, the chokepoint for Calpella would be gone. Willow doesn't have a problem; they have water. They're in the best shape of all the District's.

President Pool: At Willow's meeting, one of the Director's made the point that their customers were happy, the water came out of the tap, their water quality is good and they have no problems and they have no debt. He saw nothing in this for Willow. He said that any proposal that would be sold to him, was going to have to be something, well it comes down to: We all work for our customers. And just as he says, we have to be concerned for our customers. He is concerned that something like this would end up making water cost more and the customers rates would go up and that definitely would not make his customers happy. So no matter how interesting we think this is, we have to keep looking at it from all the different angles including and especially from the point of view of our customers. I see potentially a lot of value in this for Redwood Valley but if it doesn't benefit all of the Districts and all of the parts of the agency that would be coming together, it's not likely to come together. And if it did, and didn't benefit everyone it would likely get to be an ugly situation. So I think there is going to be a lot to deal with to try to study this and continue discussion and see where it goes. I think that it is a good thing that we're talking about it.

Will Carson: I agree with you, it has to benefit everybody. It may be that Willow will decide that they do not want to do this, but I don't know that necessarily should put a stop to the exercise.

President Pool: Well I don't think so, and by the same token, it may be that someone who should and would want to be a part of this could turn out to be the Sanitation District. There were some good arguments made for the idea of including the Sanitation District. One of the big problems the Sanitation District has is that, because it doesn't control water, if people don't pay their sewer bills there is no way to shut them off. But if you have one agency that's controlling both the water and sewer, there is leverage.

Director Butow: There is that. But at this point, I guess the question would be, do you want that ad hoc committee to do this or do you want to appoint someone else?

President Pool: Any thoughts?

Director Hallman: I would just wait to see the next revision. If he wants to come in here and talk to us about it, that's fine but I don't think we need to chase it down with an ad hoc. That's just my opinion; and the thing is, we have an ad hoc working with Russian River right now and according to Sonoma, they are behind what we are doing. I mean that's what I took out of the last meeting that Sean and Bill had with them, is that they were behind giving us water if we could get our agreement together. So I think that we need to keep looking at both of them obviously, but when they send us another revision we can take a look at it and I just don't think we need an ad hoc committee to chase it down.

GM Koehler: Well it is nice to be able to engage in conversations. And the couple of conversations that we have had so far have consisted of typically the Manager and the President. I think that is extremely useful and I think the process will move ahead faster if that conversation continues. The logic of keeping it the same as the ad hoc and not creating a committee, but allowing that ad hoc committee to carry the responsibility of continuing the

discussions over the Neary proposal, which are very interrelated, is that you don't run afoul of the Brown Act. Whereas if you bring a new member on board of that ad hoc, at the very minimum you are supporting the appearance of violation of the Brown Act. It would be my recommendation that you allow Granville and Don to participate in conversations as requested by the other District's.

Director Hallman: Can I throw one more thing out there. This is my concern, that this is Don's last year on the Board.

Director Butow: I have next year, also.

Director Hallman: Oh, okay. Well I don't know how long the process will take, but at the same time (unfinished sentence)

GM Koehler: Well if he leaves the Board, then it is not a Brown Act issue. As long as he is on the Board, then you are skirting big time with Brown Act violation with three members on the ad hoc.

I guess the very reason that Don was not informed of the initial meeting was to keep it to the President, so that we were not dealing with a committee of any kind; it was just a couple of guys being invited to sit around and talk. I think it needs to go harder, faster. If at any time there is an invitation to sit down, as Will is pointing out, there is an awful lot of stuff in here that needs to be hashed out by potable water purveyors.

Director Hallman: Yes, I did notice that you pointed out earlier that Redwood Valley was not consulted during the development phase.

GM Koehler: Correct. This all came out of the blue.

President Pool: And it was already the 2nd draft by the time Bill saw it.

GM Koehler: As we pointed out, Neary is Millview's attorney and Tom Johnson is Willow's attorney and both these gentlemen were there. They started in on this County of Origin stuff, and this needs to go away:

The animosity towards Sonoma needs to go away.

President Pool: That reminds me to mention something else that I heard at the Willow meeting, was that Tom Johnson had provided the Willow Board with a 2-page response, or answer, to this proposal document, and I asked if that was something that they would like to share, and, it was not. So I wanted to make sure that you knew that.

GM Koehler: It was an Open Session. They don't have the ability to say No.

President Pool: It was not in Open Session. I think they must have discussed it in Closed Session, but I don't know.

Will Carson: I think that part of what they are struggling with is that they are not viewing the new agency as a global agency. When you read the document, when you get down to the point where the new agency has been created, the individual agencies disappear; for example Millview would disappear, there would be no contracts with the Flood Control District for water because it would all be one agency with one water. It's not us and them, it's all one.

That's part of their stumbling block, but it's not us and them, it's all one.

Director Ricetti: So the question is, our committee wants to be empowered to just go ahead and caucus with the other Districts with regard to this.

Director Butow: And to come back and report to our Board.

Will Carson: We have County Water Districts which have been created by the residents within the District. It's their money that has paid for the infrastructure and they have certain rights also.

President Pool: That reminds me of a point one of your esteemed Members brought up, and it's a point we need to be very sensitive about: This legislative process ostensibly bypassing the voters, and he didn't like that and he makes a point because this is not a process. While there are dates in here about when this is all going to happen, no one believes that, including Neary. It's just something that he put in there to give it the kind of structure so that there is a beginning time and there's an ending time, and these things happen in between, and then it moves on, and then this happens. It's just a talking point. But along the way we start to flush this out and if it looks like it's going to go somewhere, then there's got to be Press about it; the public has got to be involved, to the extent that you can get the public involved. He says, bypass the voters; well, if you put something out to a vote and the voter's don't understand it, where does it go? And the same thing, whether they vote on it or not, you try to educate the constituents about it and give them an opportunity to get involved, and a few will, but not many.

GM Koehler: If indeed this Article 141-44 Capital Financing, if indeed that does comply with CSD law, that requires a 2/3's majority vote.

President Pool: This document goes around that.

GM Koehler: I think he is trying to go around that, whether he's going to be able to succeed is another issue.

Director Butow: Again, this is a proposal; it's probably going to go through several editions before it goes through, depending if we all want to do so.

Director Hallman: I'm just curious how much it's going to cost. For example, we paid (legislative consultant) Nick Tibbetts \$385,000 or something like that.

President Pool: This is something that would go to the State Legislative vote.

Director Butow: Before we talk about something like that, there are numerous issues that each District has to resolve before we get to that point.

Several people were speaking at the same time, unable to decipher.

Will Carson felt he needed to go home. The Board thanked him for participating.
Will Carson left the Meeting at 10:35 P. M.

Director Ricetti: Do we need a Motion to extend the responsibility on that or is it just o.k.?

President Pool: You may make a Motion if you'd like and we can take a vote.

MOTION: The ad hoc committee duties of Granville Pool and Don Butow be extended to include discussions of the Neary proposal.

Ricetti/Butow Discussion CARRIED

AYES: Ricetti, Butow, Hallman, Pool

NOES: Spilman

ABSENT: None

G. IWPC Expenditures. (GM Report, Action Item No. 2).

GM Koehler: There were some Commissioners at the IW&PC Meeting that seemed to understand that as a Commissioner, they were appointed to disperse the dues. The dues have now been dispersed but the greater question still has not been discussed. Director Butow directed me to attempt to get it on the Agenda for the All Board Meeting but it was kind of sidelined. So that issue has not been resolved.

The IWPC has agreed unanimously to pay Paige Poulos \$7,500 to combat the disinformation coming out of the Friends of the Eel group.

H. IWPC Dues. (GM Report, Action Item No. 3).

The IW&PC invoice in the amount of \$2,000 for annual dues has been received.

MOTION: Pay the invoice.

Hallman/Spilman Discussion CARRIED

AYES: Hallman, Spilman, Butow, Ricetti, Pool

NOES: None

ABSENT: None

I. All Boards Meeting. (GM Report, Action Item No. 4).

GM Koehler: I and three Board Members attended the All Boards Meeting for an hour. I guess it boils down to, does anybody want to rush to get back into the Feasibility Study, based on that Meeting?

Director Butow: I would still like to sit on the sidelines for the time being. This is for the same reasons that we got out of the Study in the first place – where are they going with the budget and the dam raising issue?

President Pool: Mike Dillabough (COE) seems to like to express the opinion that he thinks this dam raising is a real project that will actually happen, but nothing that he says in the details ever seems to support that, from what I can see.

J. Vendor Review. (GM Report, Action Item No. 7).

Our internet service continues to be unreliable and unsatisfactory. GM Koehler reported on his efforts to contact internet service providers and also some property owners with lands at higher elevations.

Another vendor that probably should be reviewed on a regular basis would be the backflow prevention device tester. We have no complaints about the service or prices of our current vendor, but it's a good idea to review.

Director Ricetti: What is the status of our review on auditor services?

GM Koehler: There are some firms with experience in Auditing the Special Districts. The California legislation is looking more closely at Special District's largely in response to the problems in the cities of Bell and Vernon. So, I will be sending out RFP's soon. Again, doing this is certainly no negative reflection on our current accountant.

K. Budget. (GM Report, Action Item No. 5).

GM Koehler: The Budget Committee wasn't able to meet last month, but will be meeting soon.

Director Spilman: All I heard at the last Meeting about the Budget was, we've got to raise the rates, we've got to raise the rates, and we've got to spend more money. I've been in a private practice and, you don't raise more money by charging more for something. The customers will go away. There's too many other resources in this valley for people to get water, and you want them to use your water, and you keep talking about raising the rates. They are not going to use your water; they are going to go to their wells.

Director Ricetti: It's already happened.

Director Spilman: Well it's already happened and it's going to get worse. I think we need to look into some ways that we can produce more income, and not raise the rates. Nobody seems to want to do that.

(multiple speakers/cannot decipher)

Director Spilman: Well okay, for one item, we've got a whole district that we could wheel water down to the south, down where Don lives and that's all Russian River. We could take that and move those meters up into Redwood Valley (sentenced not finished)

GM Koehler: No. We can't.

Director Spilman: You can't?

GM Koehler: We cannot. We've had this discussion multiple times. If it's not in the Surplus Agreement Appendix (SAA) it cannot be served water. The SAA is the contractual agreement that we have with SCWA (sentenced not finished)

Director Spilman: Wait wait wait. You don't have a contractual agreement with Sonoma County.

GM Koehler: We want one real bad.

Director Spilman: Okay. You don't have one. You're letting Sonoma County control you by telling you that you can't sell here, you can't sell water there if that address isn't on the list. You

can't service all the customers that your tax base is paying and you need to get rid of that out of the Contract before you sign another contract with them.

Director Butow: Wait a minute, I'm missing something here. How can we sell to more people when we're under this moratorium? We've got a bunch of people out there that would buy more water from us.

Director Spilman: You've got domestic meters, and if you've removed that SAA or whatever Bill said it is, the people that don't want to mess with this new issue that's coming up with a lawsuit right now, and would just as soon buy their District water, they can't because you won't sell it to them.

Director Butow: We can't sell it to them.

Director Spilman: You can sell it to them.

Director Hallman: Are you talking about ag water?

Director Spilman: Yes. It was your choice to put the ag moratorium in place.

GM Koehler: That was on the recommendation of Brelje & Race based on the inability of the ag water distribution system to move additional water. And considering that four years ago, we ran out of water.

Director Spilman: You had one issue in the life of this system. You're taking tax money from people and you are not servicing them. That's not right.

GM Koehler: Well, put together a proposal. I have failed to understand that logic, we are wheeling to one customer now, but I understand that you are saying that, to Don's house for instance, we sell Russian River water to Don and we take Don's meter off our list of those folks we serve, and then sell that to somebody else.

Director Spilman: Exactly. Not sell it, but say, service somebody else.

GM Koehler: Sell them the meter.

Director Ricetti: Now when you say Russian River water, how (sentence not finished)

GM Koehler: There is an overlap. It's at the south side of Road B coming down to East Road and then over to the northern border of Don's property and thence across the river to the freeway. It's within the Russian River Flood Control District in addition to being within RVCWD; our maps overlap at that point.

Director Butow: This came up years ago. At that time there were supposedly 21 domestic users, and the map got revised later saying it went up to Road B, so they all were to be charged to Russian River and be taken off our RVCWD map. That was back in the day that Russian River Flood was going to start billing people. Well, if you want to start playing that game maybe we could do that I guess.

GM Koehler: On the flip side of that, let's say we bought 20 additional acre-feet from Russian River Flood Control to serve that portion of our District boundary, that's 20 acre-feet less that might be available to us during hardship times resulting in customers on the south quarter of our District who do have access to Flood Control water, and our customers have been cut off, the rest of the customers would be cut off if they do, indeed, approach the 8,000 acre-feet limit. Then that's what we've effectively done, is we've said You guys get water; and You guys don't. It's messy.

Director Butow: It also gets complicated in bookkeeping in the sense that we'd have to start charging a service fee for delivering Russian River water through our system. We'd have to set the cost, the depreciation of all of our infrastructure to deal with that water. And including the meter reading, etc., etc., it gets very complicated and whether it's cost effective or not, I don't know.

On this other thing Jack brought up, I'm sure there are people out there that would sign up for District water if they could.

Director Ricetti: There is a nearby property owner that is going bankrupt; he's been hauling water in there for 5 years and it looks like he is just going to walk away from the property.

GM Koehler: The District can accept Hardship Water Service Applications if the property is within District boundaries.

12. FINANCIAL REPORT. (Agenda Item No. 9).

The financial report was reviewed.

GM Koehler: We are paying \$2,000 to Inland Water & Power Commission; we are not paying \$70,000 to get back in the Feasibility Study. Also, I will look into the cost of arbitration.

Director Ricetti: Can we talk a little bit about the \$64,000 and the arbitration? I've been thinking about this, and one of the fears I have is that we go to arbitration and they come in and say, Look this should have cost you \$200,000 for what was done to the river. It's only \$64,000. You know, arbitration is binding.

Director Spilman: We are just asking about the cost of arbitration.

Director Ricetti: I understand. I'm just wondering about the time element. I don't know what the time element is in this scenario, but I see that there is a letter here. Do they have something to work on, that they need the \$64,000?

GM Koehler: They have the CCC lined up, they have the con crew lined up, they have their supplies and materials for planting willows lined up, and they want to get it done and get the willow stakes in the ground now, so that the willows have some root structure before the winter rains come.

Director Ricetti: I really feel like I've come into this late and I may not have the best understanding of it and I'd like to make a motion that we do not look into the cost of arbitration.

President Pool: Well what you'd have to do now is make a Motion for consideration of the Board.

Director Ricetti: I'd like to do that.

MOTION: Reconsider the vote that we took earlier in the Meeting regarding arbitration.

Ricetti/Butow Discussion CARRIED
AYES: Ricetti, Butow, Pool
NOES: Hallman, Spilman
ABSENT: None

President Pool: We have three Ayes, to two Nays. So the first Motion earlier in the meeting was that, rather than paying the \$64,000 and going ahead with that project, that we postpone it until we review the cost of going to arbitration. So that Motion is back on the Table.

Director Spilman: I'd say that if we had to hold a Special Meeting it would be worth \$64,000 or \$67,000 if we could find this out before the Special Meeting, and move this along. If it isn't advisable by somebody that knows a lot more about this than we do, (sentence not finished)

Director Ricetti: Yes, I just feel like the Board has worked on this for a long time and they understand (sentence not finished)

Director Spilman: Well they have worked on it a long time, but they've got this dumped on them backwards, too. And all the time they were working on it, they dumped it on Bill and said, OK if you do this, this and this, and this is going to be taken care of. And after Bill went through and did all the restoration work and cleaned up the dump site up there; and he got no credit for it. So they just gave him this bill of \$64,000 to pay for it. And then, Bill represented that we would be able to pay for it out of the money set aside in the SCWA account. And now, it's going to come directly out of the budget? I'd say that if we're going to have to pay it out of the budget that we should at least find out, is it feasible to take it to arbitration? And if it's feasible, let's find out what the cost would be.

Director Ricetti: I'm just worried that there are so many unknowns about it. If you go to arbitration, it's really, rolling the dice.

Director Hallman: I have another problem. We've quite often have Special Meetings for budgets and everything else. The thing is, I have to agree with Jack. They sent us this letter on the 14th

Director Ricetti: Well we're kind of confused about it, and I kind of have to bend to experience, on this.

Director Spilman: Well the way it's been handled, it's been really confusing because they left Bill with the impression that, this is before I got on the Board but I sat in at the Meetings and I listened to this, and they left Bill with the impression that Redwood would get it all cleaned up and Redwood would get credit for all this. And then after it was all cleaned up, and a year later, they came back with this \$64,000 billing.

President Pool: And it was not just a year later, it was also after we had settled with Granite.

Director Spilman: It really stinks and I think we should at least find out how much it's going to cost to look at it, and get a good look at it, instead of (sentence not finished)

Director Butow: Well you two have just come in as Directors. It's too late, but if you want to do that and take a chance on screwing things up, go for it.

Director Spilman: It's already screwed up, Don.

Director Butow: It's screwed up already, you're absolutely right. And it's not been right from the beginning.

GM Koehler: And now we have a firm commitment to closure. This is a commitment to closure. This is it. This letter says, this is it, this is closure.

Director Hallman: In the letter, do they say they would like the money by 10 days? 30 days? I mean, those people (sentence not finished)

GM Koehler: No, but the letter is written contingent upon the description of the project that Mendocino County RCD put together, which does have time elements in it. In other words, as I said, they need to have well-rooted willow before the rainy season starts. And, if they don't get started on the work soon, they won't beat the deadline.

President Pool: Okay, I guess the question is, how soon is soon?

GM Koehler: Well, Jan at RCD would love to have me show up tomorrow with the check. They are ready to go. A lot of the reason that it took this long to get their letter together because Jan and Shelly, both from RCD, proposed the project consist of cleaning up the area that was immediately contiguous to the Outdoor Education Project; but when they finalized all of their paperwork, they hadn't spent enough money.

Director Hallman: Yeah, you know, we are the only dog jumping through the hoop right now.

Director Ricetti: Yes, I can see that.

Director Hallman: We get to jump, and we get to pay immediately after it takes them an 'x' amount of time to get it to us and after they tack on more to the project. I mean, we get to roll over and

Director Ricetti: They have a great big stick.

GM Koehler: It isn't quite that clear. The mitigation project, actually, the clock didn't really start running until after the expiration of all the monitoring along the river from the point below the confluence with the unnamed tributary, to determine whether or not the river had recovered. And that actually happened at the end of this last rainy season. So that's when the clock stopped. The Regional Board said, OK, the river has recovered, now we can move into the last phase. And that's why it came back a year later, and actually, they cut a year off the monitoring because the work was well done. So they already cleared it; Rau & Associates no longer has to do the monitoring of the river.

Director Ricetti: So is the \$64,000 the 'fine'?

GM Koehler: Yes.

Director Hallman: And the thing is with arbitration, you're absolutely right, it could come back and bite us. The thing is, I'd like to know. We were the party that was named at fault. We always said No it wasn't us, but (sentence not finished)

(unable to decipher)

GM Koehler: That topic is closed. A discussion of Fault is not on the table.

Director Hallman: I'm saying in arbitration, they are going to look at that.

President Pool: I don't think so.

GM Koehler: No. They will not. And what you would get in that particular instance is that you would incur additional legal costs with Granite's attorneys. Fault is closed. It's not a topic that will be discussed ever again.

Director Ricetti: By the time you get lawyers, and go to arbitration, it's not cheap.

Director Spilman: Well, \$64,000 is not cheap. The question is, Can you just find out the cost?

President Pool: Well we have reopened the vote. I'm going to call for the vote. We are reconsidering the Motion that we already voted on at 3-2 that we would delay the payment. Are we going to delay this payment until we decide we are going to arbitration?

President Pool: Those in favor of delaying the payment until we find out the cost of arbitration:
AYES: Hallman, Spilman

President Pool: Those not in favor of delaying:
AYES: Ricetti, Butow, Pool

The vote is done.

President Pool: I'm sorry, I know it's ugly. If I thought that that avenue had any prospects for us, I would go along with it but I think it would be making a huge mistake.

Director Ricetti: I think we should just pay it and get it over with.

11:10 P.M. Meeting Ended.

The next Regular Meeting is scheduled for Thursday, June 21, 2012 at 7:00 P.M. at the Water District Office, 2370 Webb Ranch Road, Redwood Valley, California.

Respectfully submitted,
Linda Groth, Recording Secretary

APPROVED: Board of Directors

DATE APPROVED: June 21, 2012

SIGNED: Paula Berezay
Secretary, Board of Directors