

REDWOOD VALLEY COUNTY WATER DISTRICT
2370 Webb Ranch Road
P. O. Box 399
Redwood Valley CA 95470

MINUTES
Regular Meeting
BOARD OF DIRECTORS
July 15, 2010

DIRECTORS PRESENT: Donald E. Butow, Jeanette Hallman, Hal Voege, Granville Pool, Merle D. Reuser

STAFF PRESENT: William L. Koehler, General Manager

Linda Groth, Office Manager/Secretary to the Board of Directors

OTHERS PRESENT: Emmet Jones, Representative/Rural Communities Housing Development Commission

CALLED TO ORDER: 7:08 P.M.

1. ROLL CALL.

Hal Voege, Vice-President
Merle Reuser, Director
Jeanette Hallman, Director
Donald Butow, President

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

None

Director Granville Pool arrived at this time.

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

There were no urgent items received. It was noted that Emmet Jones, the RCHDC representative, is in attendance.

MOTION: Go to Agenda Item #8., Action Item #5.

Reuser/Hallman Discussion CARRIED

AYES: Reuser, Hallman, Voege, Pool, Butow

NOES: None

ABSENT: None

ABSTAIN: None

4. GENERAL MANAGER'S REPORT, (Partial -- (Agenda Item #8, Action Item #5))

Action Item #5: Wheeling agreement with RCHDC.

The Rural Communities Housing Development Commission is a non-profit organization that owns approximately 9 acres of land at 5600 North State Street in Calpella for which it intends to develop affordable housing. The project would include 48 units and would require an average flow of 50 gpm of water.

The Mendocino County Russian River Flood Control & Water Conservation Improvement District, per its Resolution No. 04-05, states the RCHDC has a right to 36 acre-feet of water per year for this parcel and for the proposed development. RCHDC received the allocation because its mission is to provide affordable housing for low income families in Mendocino County. The state has mandated that the water districts give priority to affordable housing projects.

Commission Representative Emmet Jones explained that the RCHCD does not anticipate this would take place for about 2 years, as, on an average, it takes 5 years from land acquisition to the building stage. This project puts home ownership into the hands of families that cannot afford traditional financing. It is a self-help, sweat equity development, secured by RR Flood Control District water. The Calpella County Water District is unable to supply water to this project. The RCHDC is asking Redwood Valley County Water District to pump the Flood Control District water to the RVCWD treatment plant, to treat the water and to wheel that treated water to the Calpella CWD so that Calpella CWD can deliver that water to the project at 5600 North State Street.

GM Koehler commented that this is a bit more than a typical wheeling situation, as Redwood would have to treat the raw water before delivering it. He suggests this project be treated the same as a mobile home park with one meter: a 4" meter fee + the number of houses served x the current rate = monthly charge.

Director Pool asked what would happen if the housing project draws more than the FCD allocation and Director Hallman stated that RVCWD has limited storage. Mr. Jones said the FCD allocation is very generous for 48 units and, also, the Calpella CWD is requiring the RCHDC to provide its own storage tanks for this water. The RCHDC will not be developing anything with lush landscaping; they have a 'green' perspective. He added, We would like a commitment to develop an agreement as soon as possible. We don't want to rush anyone, but we have to patchwork together several agencies and the sooner we have Will-Serve letters from the water districts, the sooner we can move forward to financing.

MOTION: Staff is instructed to go forward with the process to develop an agreement and bring it back to the Board.

Voege/Hallman Discussion CARRIED
AYES: Voege, Hallman, Pool, Reuser, Butow
NOES: None
ABSENT: None
ABSTAIN: None

During discussion there was concern about incurring legal fees at this time. Mr. Jones suggested the most efficient way for RCHDC, and to minimize costs, is for RC to develop a draft and bring it back to the Board to look at before sending it on to legal counsel. The Board considered the need for an Ad Hoc member from the Board to work with General Manager Koehler. Director Reuser volunteered.

Mr. Jones thanked the Board of Directors and left the Meeting at 7:52 P.M.

5. APPROVAL OF CONSENT CALENDAR. (Agenda Item No. 4)

- 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.

MOTION: Approve the Consent Calendar as presented.

Voege/Reuser Discussion CARRIED
AYES: Voege, Reuser, Hallman, Butow
NOES: None
ABSENT: None
ABSTAIN: Pool (didn't have time to look at it)

6. APPROVAL OF MINUTES AS PRESENTED. (Agenda Item No. 5)

The Minutes of March 18, 2010 were presented.

Corrections: Page 6, Paragraph 1, Line 4: "to the original agreement" CHANGE TO: to their allegations.
Page 6, Paragraph 5, Line 5: INSERT WORD: "them" CHANGE TO: to go convert them, myself.
Page 7, Paragraph 2, Line 1: "everybody was on the boat in regards to"
CHANGE TO: everybody was on board in regards to

MOTION: Approve the Minutes of March 18, 2010 with corrections.

Voegel/Hallman Discussion CARRIED
AYES: Voegel, Hallman, Butow
NOES: None
ABSENT: None
ABSTAIN: Pool, Reuser (didn't have time to read it)

Director Voegel urged that the Minutes no longer be transcripts, but scaled back to topics and actions. The Directors were in agreement.

7. DIRECTORS AND STAFF REPORTS AND DISCUSSION OF NON-ACTION TOPICS. (Agenda Item No. 6)

Nothing submitted.

8. DIRECTORS AND STAFF REPORTS OTHER THAN THOSE LISTED IN GENERAL MANAGER'S REPORT. ACTION ITEMS. (Agenda Item No. 7)

a. Conservation, other than GM Report.

Director Voegel said he is putting together a seminar on the subject of "pond liners". Parducci Winery has agreed to host the event at 1:00 P.M. on Tuesday, August 31, 2010. It will also include information on how AWEP funds might be available to assist with the expense of fixing your pond. The seminar will be followed by a tour of the Parducci wetlands. He expects the Conservation Fund to cover any costs involved.

Director Hallman asked if any money has been released from the Conservation Fund yet, as she is reluctant to spend anything until we actually get the money. She is not happy with the delay in releasing funds.

GM Koehler answered, No; but, unofficially, Pam has stated she thinks this is a great deal. He added, They have so many significant issues at SCWA to concentrate their energy on; we are at the bottom of the spindle. They have a written description of what we want to do. She is open to that, but we don't have a release of funds yet.

b. 2010 Local Biennial Notice, approve or amend the Appendix to the Conflict of Interest Code.

MOTION: No changes are necessary in the Appendix to the Conflict of Interest Code. Approve it as it stands.

Hallman/Reuser: Discussion CARRIED
AYES: Hallman, Reuser, Voegel, Pool, Butow
NOES: None
ABSENT: None
ABSTAIN: None

9. GENERAL MANAGER'S REPORT AND ACTION ITEMS. JULY, 2010. (Agenda Item No. 8)

A. District Operations.

The treatment plant is operating well with no problems to report.

There is a valve stem problem at all three tank locations. The part needed to fix the problem only costs a few dollars but the valves have to be exposed and partially dismantled in order to do the work.

Water Accounting/balance due. We are presently purchasing water from MC Flood Control District. During April and parts of February and March we pumped 170.37 AF under our own permit. The rest of the time we purchased water from either MCRR Flood Control District or Sonoma County Water Agency.

B. Surge Tank.

All the work is being done at the owner's expense. We are taking this opportunity to improve the communication between our antenna and the treatment plant.

ACTION ITEMS:

1. Recovery Operations Specialty Services.

Regarding the FEMA/CalEMA claim, General Manager Bill Koehler long ago signed a letter stating that Ross Mayfield of Recovery Operations Specialty Services is our agent, and as such, they are to contact him. Ross was notified in July 2009 that the work was complete and the construction company had been paid the retention monies. It appears that Ross has done nothing to follow up in an effort to expedite the final payment to the District. Director Hallman said she wants a statement from him saying this is the last billing he will submit. GM Koehler reported that office staff received a call today from Ross saying that everything is getting processed. It is the consensus of the Board that the invoice received from Recovery Operations Specialty Services is not to be paid until the last of the CalEMA reimbursement money is received.

2. Grand Jury response.

The Grand Jury Report was presented to the Board of Directors last month. President Butow and GM Koehler attended a meeting with all the required 'responders', as each District must write its own response. This month GM Koehler prepared a Response letter for the Board to consider and to determine if it needs to be cleared by legal counsel.

MOTION: Accept Response to Grand Jury Report as presented.

Pool/Reuser Discussion CARRIED

AYES: Pool, Reuser, Hallman, Voegel, Butow

NOES: None

ABSENT: None

ABSTAIN: None

The Board appreciates that GM Koehler created something for them to review and accept or change. GM Koehler will submit the Response as approved.

3. Wheeling Agreement

The RR Flood Control District approved a Uniform Water Supply Agreement between their agency and Redwood Valley Cellars. RV Cellars is in our place of use and also within Flood Control's place of use. The primary reason for the agreement is to allow RV Cellars to re-sell untreated water (FCD water) to their neighbor to the south, Russian River Pistachios. RV Cellars is serviced with Redwood Valley ag water through their own water service meter. The practical impact on Redwood Valley CWD is that we will deduct the price of water we are charged by Flood Control from the amount we charge RV Cellars. RV Cellars will pay us the balance for the water we wheel to them through our system and will pay for the water itself to Flood Control. The water will be provided to RV Cellars by Flood Control even during times when Flood Control cannot provide Redwood directly and we revert to SCWA as a supplier. Ultimately we will explore the possibility of entering into this type of agreement with the various customers in the portion of our District that overlaps Flood Control's place of use.

The Board of Directors agrees with GM Koehler that there is no issue with the agreement between RR Flood Control District and RV Cellars.

4. Wheeling Agreement.

Shawn Harmon from RV Cellars wishes the Board to consider a possible wheeling agreement for irrigation water. This item complements the purchase agreement RV Cellars has with Flood Control. The advantage is that RV Cellars will still get RR Flood Control District water.

It was noted that whenever RRFCD changes their fee to Redwood, it will affect Redwoods rates to RV Cellars. It was further noted that there is no money expended by RVCWD in any of this.

MOTION: Approve Ag Water Agreement between RV Cellars and Redwood Valley County Water District.

Voege/Pool Discussion CARRIED

AYES: Voege, Pool, Hallman, Reuser, Butow

NOES: None

ABSENT: None

ABSTAIN: None

9:00 P.M. BREAK

9:10 P.M. RECONVENE

5. Pinecrest Well. (Action Item No. 6)

GM Koehler is getting prices on testing and construction at the Pinecrest well site. We initially tested it as a homeowner well to save money. The complete set of Title 22 tests required by the Department of Public Health will cost \$2,000-\$2,500. He contacted other Districts to see what success they've had to obtain groundwater, and then have the State Board still say No. He ended up speaking with a hydrogeologist and a geochemist. The geologist hasn't presented a proposal, however he has stated, for no cost, that there is a 50/50 possibility that this water is percolated groundwater. For \$2,000-\$2,500 we can videotape the well casing; and other expenses will follow. Question, should we continue to spend money at this time on this project? Consensus: No.

Director Hallman offered her opinion that we should stop spending funds we don't have; but we should keep that location in mind if the SWRCB should start more motions about Place of Use.

GM Koehler commented, The State is going to declare that all water, ridge top to ridge top, is State water.

Director Voege added, We don't want to spend a lot of money at this time. The question is, How much ground work can we get done at a fairly minimal cost?

GM Koehler said that the scientists have some pretty sophisticated equipment to evaluate the lab samples, their proposal is \$8,200. The hydrogeologist has worked for other Districts and has gone against the State Board in the past.

Director Reuser stated, During rate increase discussions, the two most common sentiments at each meeting were: Go find more water. Fight for that water. He concluded: If there is not a more feasible source of water in this valley other than Pinecrest, then fight for it. This could be the fight.

GM Koehler remarked, I believe there is a solution out there. What is in Lake Mendocino is the answer, free from the usual concerns, but we have the politics of Friends of the Eel and others. He added, Today, I heard from the Coyote Valley Tribe about wanting to expand housing at the reservation. A new tribal grant writer came into our office and met with me today. He also is on the Tribal Board in Round Valley. I had the opportunity to clarify some of the cloudy impressions Round Valley has had about Lake water; thinking that all the water in the lake would be going to Sonoma County. I was able to clarify that the Biological Opinion and other documents actually prevent that.

GM Koehler said he would prefer spending money with this fight.

After further discussion Director Voege commented, The long-term issue is Pillsbury Lake; three-fourth's of the shore of that Lake is a silt plain; it's not likely to become a streambed. It will probably fill at a fairly rapid rate.

Director Pool added, I think the rate of siltation into that Lake is probably a lot less now than it was for much of its life, because the amount of logging that's going on upstream now is very much less and will continue to be very much less than in the past decades.

Getting back to the Pinecrest well site, President Butow suggested we obtain an updated report from the molecular chemist. Consensus of the Board is to wait until the hydrogeologist comes back with a proposal and bring it back to the Board. Also, to proceed with the \$2,500 for a video of the well casing.

6. Housing Element (Action Item #7). Housing Element.
Table this Item.

7. Budget and New Hire (Action Item #8)

This item is to discuss the budget and the impact of a new hire. It also is a request for the Board to consider revisions to the retirement policy as discussed during the ad hoc committee meetings. The lack of a viable retirement plan could hurt future recruitment. We are not members of CALPers and it doesn't seem like a good time to join. The current 457 retirement plan does not vest for 5 years at which time the District matches up to 50% of the total amount allowed. The maximum contribution varies from year to year but is approximately \$15-\$16K. A suggestion is to phase in the retirement match at 10% each year for 5 years.

MOTION: The District will match up to 50% of the annual standard contribution limit, with a phase-in formula. Employees may receive matching contributions of 10% at end of the first year of employment, 20% at end of the second year, 30% at end of the third year, 40% at end of the fourth year and 50% at end of the fifth year. No matching of the catch-up option.

Reuser/Pool Discussion CARRIED

AYES: Reuser, Pool, Hallman, Voege, Butow

NOES: None

ABSENT: None

ABSTAIN: None

The Board of Directors encourages the General Manager to accept applications for possible new hires in the water treatment/water distribution field, and to place employment ads as needed.

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

a. Discussion and possible action.

b. Auditors Packet. Representation Letter, Audit Report & Financial Statements.

The Auditor Packet was reviewed and discussed, and a Motion was made.

MOTION: Approve the Auditors Packet as presented.

Pool/Voege Discussion CARRIED

AYES: Pool, Voege, Hallman, Reuser, Butow

NOES: None

ABSENT: None

ABSTAIN: None

c. Consider scheduling Special Meeting for new F/Y Budget.

MOTION: Schedule a Continued Regular Meeting to discuss the Financial Reports and the Preliminary Budget on Thursday, July 22, 2010 at 7:00 p.m.

Reuser/Pool Discussion CARRIED

AYES: Reuser, Pool, Hallman, Voege, Butow

NOES: None

ABSENT: None

ABSTAIN: None

The Meeting adjourned at 10:39 p.m. to adjourn at a Continued Regular Meeting at 7:00 p.m. on Thursday, July 22, 2010 at the Water District Office, 2370 Webb Ranch Road, Redwood Valley, California.

Correction, page 5,
Pinecrest Well:
line 5, insert word: percolated

APPROVED AS CORRECTED: Board of Directors

DATE APPROVED: September 16, 2010

SIGNED: Linda Groth
Secretary, Board of Directors