

REDWOOD VALLEY COUNTY WATER DISTRICT
2370 Webb Ranch Road
P. O. Box 399
Redwood Valley CA 95470
(707) 485-0679

MINUTES
Regular Meeting
Board of Directors
Thursday, August 20, 2009

Directors Present: Donald E. Butow, Jeanette Hallman, Granville Pool, Hal Voege, Merle Reuser

Staff Present: General Manager Bill Koehler

Office Manager/Secretary to Board of Directors, Linda Groth

Members of the Public: Roy Beck, Will Carson, Jack Spilman, Gene Galletti,
L. Bertozzi, Mike Koring, D. Sheldon

CALL TO ORDER: 7:03 p. m. by President, Board of Directors, Donald E. Butow.

1. ROLL CALL.

Granville Pool, Director
Merle Reuser, Director
Jeanette Hallman, Director
Donald E. Butow, President, Board of Directors

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

Nothing at this time.

Director Hal Voege arrived at 7:05 p.m.

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

Nothing at this time.

4. APPROVAL OF CONSENT CALENDAR.

- 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.

After review, a Motion was made.

MOTION: Approve the Consent Calendar as presented.

Voege/Reuser Discussion CARRIED

Ayes: Voege, Reuser, Pool, Hallman, Butow

Noes: None

Absent: None

Abstain: None

5. APPROVAL OF MINUTES AS PRESENTED.

A. Minutes of May 4, 2009, 10:00 A.M., Special Meeting.

After review, a Motion was made.

MOTION: Approve Minutes of the 10:00 A.M. Special Meeting on May 4, 2009.

Voegel/Pool Discussion CARRIED

AYES: Voegel, Pool, Reuser, Butow

NOES: None

ABSENT: None

ABSTAIN: Hallman

B. Minutes of June 18, 2009.

After review, there were three corrections: Page 11, end of page; the top lake level will be: 761'
Page 12, 3rd paragraph; typo at fist. Should Be: fish
Page 15, Item 14. remove "of the SWRCB" and replace with:
creating one big umbrella agency.

It was further noted that LAFCO could be abbreviated with LAFCo or LAFCO, but not: Lafco

Also noted that Mr. McMichael does not have an 's' at the end of his name.

After review, a Motion was made.

MOTION: Approve Minutes of June 18, 2009 as corrected.

Pool/Hallman Discussion CARRIED

AYES: Pool, Hallman, Voegel, Reuser, Butow

NOES: None

ABSENT: None

ABSTAIN: None

C. Minutes of July 16, 2009.

After review, a Motion was made.

MOTION: Approve Minutes of July 16, 2009.

Voegel/Pool Discussion CARRIED

AYES: Voegel, Pool, Reuser, Hallman, Butow

NOES: None

ABSENT: None

ABSTAIN: None

D. Minutes of July 29, 2009, Special Meeting.

After review, a Motion was made.

MOTION: Approve Minutes of Special Meeting on July 29, 2009.

Pool/Reuser Discussion CARRIED

AYES: Pool, Reuser, Voegel, Hallman, Butow

NOES: None

ABSENT: None

ABSTAIN: None

6. DIRECTORS AND STAFF REPORTS AND DISCUSSION OF NON-ACTION TOPICS.

a. Director Voege offered paperwork to be copied for anyone interested. The paperwork consisted of an excerpt from "New proposed CA greywater standards" and also a brochure entitled, County of Mendocino Home Improvement Loan Program.

b. Millview CWD is interested in looking at the software that RVCWD is using for the budget; also sometime in the future Millview CWD will look at developing a website. GM Koehler said he gave that information to Tim Bradley at Millview already, approximately six weeks ago and that he can offer it again.

7. DIRECTORS AND STAFF REPORTS OTHER THAN THOSE LISTED IN GENERAL MANAGER'S REPORT. ACTION TOPICS.

Nothing submitted.

8. GENERAL MANAGER'S REPORT AUGUST, 2009. ACTION ITEMS.

A. District Operations.
No significant problems to report.

B. Water Discharge.
The Water Board still has not issued a report but they have requested some additional information.

C. State Board Application.

A new engineer is handling the application for Change of Place of Use and he is essentially starting with a new series of requests for information despite the fact that all those items were previously submitted years ago and despite the fact that the State had verbally informed RVCWD years ago that the application was complete.

10/15/09 CORRECTION: the State had verbally informed RVCWD "when we were at their office two" years ago that the application was complete "and was sitting there, ready to be signed off".

Recently, the additional copies of legal descriptions were obtained from Frank McMichael at the LAFCO office and again they were forwarded to the State. These annexations were completed and accepted by Mendocino County LAFCO, 20 years ago.

Also, after Sean White and Lee Howard of the Flood Control District spoke at our Board Meeting about the overlap of our two Districts at our southern border, we were able to determine that usage in that area is approximately 60 acre-feet of water a year.

D. Conservation.

District customers are cooperating wonderfully. Feedback is that the Special Meetings held at the Grange Hall were vastly appreciated by most of the District's customers in attendance at those meetings.

E. Cell Tower.

The Cell Tower contract has been approved by Counsel and is now presented for review and signature. After reviewing the packet, a Motion was made.

MOTION: Approve Certificate of Board Authority granting President Butow authority to sign (1) Site License, (2) Letter of Authorization, (3) Owner Authorization, and (4) Memorandum of License.

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

Director Voege expressed concern for residents of that area, suggesting they be informed of perhaps some dangers with cell towers. GM Koehler explained that there is only one landowner in that area and he is informed.

F. Survey Responses.

The survey responses and a survey summary are on the District website, <http://rvcwd.org>. Total estimated cost of the survey process, including software rental, survey development, printing and mailings is approximately \$4000.

Director Voege expressed real disappointment in the final presentation that was mailed to District customers. He had worked very hard and very carefully to prepare a report intended to communicate with our customers in a clear and easy to read, yet concise and organized manner. The text in the finished product as mailed to our customers had been reformatted; the bullet points and the spacing had been removed, making it difficult to read and which could cause people to lose interest in the whole document. He was also bothered by the comment that this was done in order to save \$200, concluding that a savings of \$200 out of a \$4000 survey project, in order to create something that people won't read, makes no sense at all. GM Koehler apologized for that comment and explained that he had given the printer a product very close to the version formatted by Director Voege, and when he went back to the printer, she said, gee, I've come up with this, it is even better. He said he glanced at it and it seemed fine to him and he passed on it, saying, sure, do it. Director Voege said the thing that bothers him even more is the fact that, not only did he do most of the work in creating the document, but he is a person who used to make a living doing this sort of thing, and he was never consulted. GM Koehler said he will make sure that Director Voege will be kept much more in the loop with any future documents.

G. Rancheria Operations Contract.

Negotiations are terminated due to failure of the Rancheria to provide indemnification.

H. Road to Lake Mendocino Pump Station.

If the Lake is operated at the 761' elevation this spring, the road to the pump station will be flooded in a couple of places; however we can still access the site on foot for routine inspections. This is not part of the U. S. Army Corps of Engineers project since the road does not benefit their operation, and the District may wish to begin preliminary engineering to raise the roadway or it may decide to take no action at this time. The consensus of the Board of Directors was to take no action at this time.

I. Surcharge for Excessive Water Usage.

In compliance with the Drought Ordinance in effect, the District sent out surcharge billings to those customers who used more water in July 2009 than their average usage from the previous five years.

The resulting customer comments fell into five broad categories:

- a) had a leak in July.
- b) unhappy the District is using a 5-year average, since they have been conserving heavily the past 3 years.
- c) can't afford to pay.
- d) won't pay because you guys wasted 2.5 million gallons.

It was also noted that the business customers in general, have been doing what they're supposed to do in order to reduce their usage.

Director Reuser commented that the spirit of cooperation from businesses has been great; and their efforts are totally acceptable for now.

Director Hallman said we must be very careful about setting precedent.

Directors Reuser and Butow said we don't wish to punish those who had accidental discharge events. If usage was dropped, then spiked up, then discovered and repaired, and then usage dropped again, that could be considered as an accidental discharge event.

Director Voege concurred; if we direct General Manager Koehler to consider those cases where there is a one-time spike, we could forgive the surcharge after an investigation where we have determined that it was an accident. The water gets paid for, but the surcharge isn't assessed.

General Manager Koehler agreed that he will look at these requests on a case-by-case basis.

Director Butow said the Board will need to revise the Ordinance to address the accidental discharge events which would be separate from willful disregard.

Director Hallman reiterated we must be consistent; we must document carefully.

The consensus of the Board is that the Ordinance needs to be rewritten.

A member of the public asked to speak. She reported that she lives near Eagle Peak Middle School and she observes the school watering quite heavily in the early mornings, and water is often running down the gutter.

General Manager Koehler said that he has had several discussions with school staff; and their usage has actually decreased. He further mentioned that there is a law in effect that has created an exemption for certain school conditions, such as watering the turf areas, but not for ornamental watering.

Member of the public thanked the Board of Directors for listening to her complaint, and left the Meeting at 8:29 p.m.

Break: 8:30 p.m.

Reconvene: 8:50 p.m.

9. INLAND WATER & POWER COMMISSION. (Agenda Item No. 11)

No Meeting.

10. MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL & WATER CONSERVATION IMPROVEMENT DISTRICT. (Agenda Item No. 12)

The FCD Meeting discussed the loss of fish in the river during frost season last year and the resulting NMFS position, supported by the State Board, that folks living in frost areas should not be growing grapes. There are several agencies that meet 3-5 times a month, over this very issue.

The FCD General Manager Sean White has identified that the 'hole' created in the Russian River when everybody draws frost protection water at the same time, is about 80 cfs. Pond installations are in the works for storing approximately 62 cfs of water out of the river in advance of frost events. The local contractors are now doing a great job of coordinating their withdrawals.

The RVCWD has contributed to the cost of construction of the stream gauge that was recently installed in the Russian River at Ukiah.

GM Koehler said that all the hard work the Flood Control District has done has basically caused the Water Board to stop looking at the main stem of the Russian River and to start looking at the tributaries, including the West Branch, north of the Forks. He cautioned that anybody who draws out of the river should start working more closely with Sean White or the result could be that there is prohibition of frost water.

General Manager Koehler expressed kudos to Sean White and Lee Howard for their unending efforts to influence the SWRCB. They've done a phenomenal job of convincing the State Water Board that Sonoma's cultural practices for grapes are dramatically different than the practices in Mendocino County; and that the State should not develop a one-size-fits-all policy for the two counties.

Member of the public, Will Carson from Millview CWD, added that Sean has spent a lot of time pushing the rock uphill. There are days when it's one step forward and five steps back; and he hopes that all the Directors of various water agencies will express their appreciation.

11. REPORT OF AGENCY MEETINGS NOT LISTED SEPARATELY HEREIN. (Agenda Item No. 13)

The Eel Russian River Commission will meet next week, August 27, 2009 at 1:00 p.m. in Eureka. One of the agenda items is the Update on Lake Mendocino Dam and Operations. General Manager Koehler will attend; Director Voegel also expressed interest in attending.

12. SONOMA COUNTY WATER AGENCY. (Agenda Item No. 14)

It was noted that the SCWA has not yet acted upon the plan for distribution of conservation funds submitted by the Mendocino Water Conservation and Fishery Advisory Board in accordance with the Agreement for Sale of Surplus Water.

The RVCWD is still within its 5-year contract for surplus water from SCWA until October of this year. The Board of Directors asked General Manager Koehler to continue his efforts to speak with the Sonoma County Water Agency to establish an interim contract.

Mr. Spilman and two others left the Meeting at this time.

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

- a. The Monthly Financial Report was presented.

Directors and Staff reviewed the items of the Monthly Financial Report line by line. After review, a Motion was made.

MOTION: Approve Financial Report as presented.

Pool/Voege Discussion CARRIED

AYES: Pool, Voege, Reuser, Hallman, Butow

NOES: None

ABSENT: None

ABSTAIN: None

- b. Budget 09/10 F/Y.

General Manager Koehler reported that the most critical issue that came out of the ad-hoc budget discussions, was to add \$100,000 debt service and \$250,000 sinking fund.

He explained that the figures on page 1 of the report, all the way down to the chart, is what is real for what we did in 08/09.

There was a great deal of discussion about the merits of continuing to make major overhauls to an existing company truck or to arrange a municipal lease/purchase of a new truck and the details of the contract offered, with no prepayment penalty. This matter is being tabled for the moment.

We have in excess of 50 customers that did not draw ag water this year. However, they are paying monthly installment payments for the annual fee, to be included as "active accounts" for ag water availability to their property.

With domestic customers, the figures line up quite well: cash received compared very reasonably to water sold.

- c. Rate Study

GM Koehler presented the Rate Study he developed using criteria previously discussed with the Board of Directors. The ratio's are based on the same formula used in the Rate Study developed by Brelje & Race several years ago; and the entire 'exercise' established the same conclusion as the Brelje & Race Study: a 70/30 split between Domestic and Agriculture.

The miscellaneous charges for late fees, reconnects, vandalism, etc., were reviewed and each of the line items in the report were explained or clarified by GM Koehler.

Director Butow requested more discussion pertaining to the proposed rates, with and without showing a debt and sinking fund. GM Koehler reiterated that we didn't arbitrarily come up with this idea, we took the \$300,000 recommendation of our accountant and then we actually reduced it. Director Butow said that a sinking fund of \$250,000 with no identification for it is an impossibility. GM Koehler responded that we do have an identification for it, which is to replace the existing infrastructure. He added, the intent of our accountant in coming up with \$300,000 was to replace \$7.2 million over 20 years. If we merely replace \$7.2 million over 20 years, we can't possibly replace our infrastructure, which is now already 30 years old. Since we're assuming a 50-year life span for a.c. pipe and steel, that's what we need to do. And \$7.2 million in 20 years from now is not a new water district. Director Butow responded that we have a very small District and it is unfortunate that it is not at maximum. Director Voege commented that we have a whole lot of deferred maintenance.

GM Koehler clarified that the \$250,000 sinking fund is not a number pulled out of a hat. And also, the \$100,000 future debt service is based on the concept that we, at a very minimum, are staring at a more than \$3 million

dollar project within the next couple of years. We have to do something and \$60,000 a year, per \$1 million dollars borrowed, is the going rate. So, \$100,000 will service a debt of \$1.5 million, which is a down payment. Director Pool added that those rates will just continue to go up. GM Koehler said we could rename this money as perhaps, saving for the future. The amount discussed is not excessive, it would take 10 years of that to get \$3.5 million.

Director Voegel said he was under the impression that customers who use a small amount of ag water would be charged at another, lower tier. General Manager Koehler responded, if that were the case, the customer would not be paying for the cost of the water. He explained that he played with it repeatedly, and it just does not pencil out. If you want to make \$350,000 off a thousand acre-feet, you'd better charge \$350 per acre-foot. Additionally, the proposed new rate structure does show that the customer is charged only for water drawn and there is no pre-purchase. Director Reuser said he was in support of this scenario.

Further discussion ensued. Once the figures are finalized, they will be presented to the District Customers, and there will be an opportunity for customer protests in accordance with Proposition 218 guidelines.

General Manager Koehler will make some changes the Directors have suggested and present those updates at the next Meeting.

Director Hallman asked to take a look at overtime hours again. General Manager Koehler referred the Directors to the current policy on overtime. Each of the three w.t.p. employees is on-call every third week and receives a total of 10 straight-time hours each week (1 hour each week day and 2 hours each week-end day). This is equivalent to an 8% pay increase. GM Koehler would prefer to change all this to an 8% pay increase with a written agreement as a condition of employment, that each employee will be on-call every third week without additional compensation. Even with the 8% increase, these salary ranges are on the low end of the range for surface water treatment plant operators in this area. It was noted that the other treatment plant operators in the area are groundwater treatment plant operators, which is a whole different skill set. Also, it appears that RVCWD is the only public water district that doesn't offer PERS retirement.

In addition to the on-call compensation, and because the w.t.p. requires 7 day staffing, the on-call employees also perform minimum routine duties at the treatment plant on Saturday and Sunday, generally performed in two hours each day at 1.5 times the hourly rate.

Currently all three field employees are dual certified as Treatment Operators and as Distribution Operators.

Director Hallman acknowledged that these salary ranges are on the low end locally, however, these employees did sign on at a certain rate and perhaps overtime was part of the perks. She said we don't just have a duty to the employees; we have a duty to the customers to trim the fat, when you're talking about these proposed new rates.

Director Voegel asked, suppose one of the operators went elsewhere -- what are the replacement costs?

Director Hallman said she has heard the replacement theory before, and as cruel as it sounds, every body is replaceable.

Director Voegel responded, everybody is replaceable; but there is a cost attached. Suppose someone with all the skills except water treatment came aboard, and was highly motivated; how long would it take to get that person certified in treatment and distribution?

GM Koehler added, in the meantime, for 6-12 months the two remaining treatment operators would be required to put in quite a lot of overtime because only certified operators can make any changes to the operation of a treatment plant or a distribution system, including just turning a valve.

Director Reuser interjected, we're splitting off here; we're talking about personnel matters.

Director Hallman responded, I just think we really, really need to seriously think about trimming any excess fat; that is only fair to our customers.

GM Koehler commented that there is so very little fat, in all honesty.

Director Pool then said, we have so far only talked about the field crew; what about the office?

GM Koehler said, from day one, I have stated that in my opinion, and before Linda went part-time, we had full-time 15 field, 13 office; that's a bad ratio. We currently have 15 field, 11 office, but a more typical ratio is 15 field, 8 office. So, if you want to trim fat, that is the place to look. Director Pool said he agrees.

Director Hallman commented, as much as I hate it, I really, really believe it needs to be done. GM Koehler continued, I have made this statement in the presence of all the office people -- I have worked at or been around 20-odd districts of this size, and I have never seen one that runs at 13 fte's, or even at 11. It is typical that one person runs the office, and you keep another person on-call for part time to cover illness or vacation. Example: Lucerne Water has a huge walk-in crowd and currently needs 2 people during the bill receipt periods. Redwood Valley has remarkably little interface with the public out here.

Director Hallman repeated that she feels we have a responsibility to our customers, to trim as much fat as possible.

GM Koehler then said, when you tell me where to trim; I will trim. I will make comments to the effect of, this trim will cost you money. You will reach a point where your trim will cost you. On the surface, it may appear to save you money, but if you drop below 2 bodies in the field, you're going to start paying a lot of overtime. If you drop below 11 fte's in this office, the office will have to be run differently.

Director Pool asked, well, didn't you say that it needs to be?

GM Koehler responded, in my opinion it needs to be. I don't think we should be any higher than 8 fte's on the office side. We have three people, one person at 5 days a week and two people at 3 days a week, that's why I'm coming up at 11 fte's.

Director Butow added, the only side issue on the field crew is that, you can advertise an opening but it could go on for six months.

GM Koehler responded, I cannot lay-off an operator and hire another operator. I would be violating that persons Skelly rights; that is the equivalent of tenure for a public employee.

Director Butow said, the District employees are at-will employees.

GM Koehler and Director Reuser responded, that doesn't matter; it violates their Skelly rights.

GM Koehler explained, if I lay off an operator earning \$50 per hour for the sole purpose of hiring another operator at \$25 per hour, I would be in court. I can lay off an operator and hire a laborer, but I cannot lay off an operator and hire an operator.

Director Butow asked if Skelly rights also apply to office employees and GM Koehler said, that is correct.

Then Director Butow stated that if a performance review indicates some concern, he hasn't seen a performance review in over a year.

GM Koehler said that performance reviews are in the employee folders; the Directors are not privilege to that, but he will keep the Directors informed. The bottom line is, if you lay off and hire another within the same classification, you will be in court.

Director Reuser said, again, these are two separate issues. If someone isn't performing appropriately and you need to let them go, you do it. But we should discuss these two issues separately.

Director Hallman had to leave the Meeting at 10:31 p.m.

Due to the lateness of the hour, further discussion on the Budget and the Water Rates Changes will be discussed at a Continued Regular Meeting. A Motion was made.

MOTION: Move to Continue this Meeting to Thursday, September 3, 2009 at 7:00 p.m.

Pool/Voege Discussion Carried

AYES: Pool, Voege, Reuser, Butow

NOES: None

ABSENT: Hallman

ABSTAIN: None

The Meeting adjourned at 10:34 p.m., to reconvene at the Continued Regular Meeting on Thursday, September 3, 2009 at 7:00 p.m. at the Water District Office, 2370 Webb Ranch Road, Redwood Valley, California.

APPROVED AS CORRECTED: Board of Directors

DATE APPROVED AS CORRECTED: October 15, 2009

NOTE: See Correction on Page 3.

SIGNED: Linda Groth
Secretary, Board of Directors