

**REDWOOD VALLEY COUNTY WATER DISTRICT**

2370 Webb Ranch Road  
P. O. Box 399  
Redwood Valley CA 95470  
(707) 485-0679

**MINUTES**

Continued Regular Meeting  
Board of Directors  
Tuesday, September 22, 2009

Directors Present: Donald E. Butow, Hal Voege, Granville Pool, Merle Reuser, Jeanette Hallman  
Directors Absent: None  
Staff Present: General Manager Bill Koehler  
Office Manager/Secretary to Board of Directors, Linda Groth  
Members of the Public: Jack Spilman, Alvin Tollini, Sally Tollini, Chuck Vau, Frank Ricetti,  
Zack Cinek, Jack Cox and others

CALL TO ORDER: 6:05 P.M. by President, Board of Directors, Donald E. Butow.

1. ROLL CALL.

Granville Pool, Director  
Hal Voege, Vice-President, Board of Directors  
Merle Reuser, Director  
Donald E. Butow, President, Board of Directors

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

Nothing at this time.

Director Hallman arrived at 6:07 P.M.

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

Nothing at this time.

4. GENERAL MANAGER'S REPORT, SEPTEMBER, 2009, Continued. (Agenda Item No. 8).

A. District Operations.  
Previously reported at Regular Meeting.

B. Hardship Hook-up.  
Still under review by both attorneys.

C. Tire Bark.  
The \$90,000 grant awarded to the District covers the tire bark material and the delivery of the tire-bark material, but there is some exposure in the sense that we have to pay \$90,000 to buy it

up-front and in approximately 3-6 months the government will reimburse the District. Director Voege said he wants to make sure that a weed barrier will be placed underneath the tire bark at the solar panels. GM Koehler assured him that a weed barrier is being installed, and also railroad ties will be installed around the edge of the weed barrier. He further clarified, the grant money pays for the delivery and the tire bark material; the District will have an out-of-pocket expense of approximately \$3,000 for the weed barrier, the railroad ties and labor or anything else involved.

D. Surge Tank Overflow.

The timeline issued by the State Water Board for doing the emergency remedial work is very slim and there isn't time to put the job out to bid. General Manager Koehler has obtained confirmation from both our insurance agent and our attorney that a single bid contractor under this circumstance is perfectly acceptable. If the Board of Directors approves by motion, we will contact the same contractor that has done rip rap work for the District in the past. Director Butow acknowledged the urgency of the matter and noted that we are using an engineer who has worked for us in the past and who has the experience of dealing with State compliance issues.

**MOTION: Under this emergency measure, approve a single bid contractor for engineering and for construction.**

Voege/Reuser Discussion CARRIED

Ayes: Voege, Reuser, Pool, Butow

Noes: Hallman

Absent: None

Abstain: None

Member of the public, Jack Spilman, asked if any district customers were asked if they wanted to be a single bid contractor. Director Voege explained that the State has given the District 15 days to get the work done. General Manager Koehler added that this contractor has done the very same type of work for Redwood Valley in the past. Director Butow remarked, Going out to bid would require a minimum of 30 days. We don't have time, and we do have the assurance of our insurance agent and our attorney that this single-bid action is acceptable.

General Manager Koehler said we should receive approval of the engineered remedial plan from the State Water Board, by early next week. Also, we are submitting a streambed alteration permit request to Fish and Game and as soon as the permit is received, we start.

E. Pinecrest Well.

The contract is signed; a first, preliminary test was performed.

5. LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY – LAFCO.  
(Agenda Item No. 10)

Nothing to report.

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

Standard Meeting, nothing new to report.

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

Nothing new to report at this time.

8. REPORT OF ATTENDANCE AT AGENCY MEETINGS NOT LISTED SEPARATELY HEREIN.  
(Agenda Item No. 13)

Nothing to add since the Regular Meeting report.

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

Nothing to add since the Regular Meeting report.

10. STATE WATER RESOURCES CONTROL BOARD. (Agenda Item No. 15)

As Directed, letters have been sent to the annexed area customers. The Redwood Valley Rancheria has asked General Manager Koehler to attend their upcoming meeting, which he will do. The Fetzer's are very busy and will get back to us after harvest. No responses from anyone else.

11. STATUS REPORT OF 2800-ACRE-FEET STORAGE RIGHT. (Agenda Item No. 17)

No action. Nothing to report.

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

b. Budget, 09/10 Fiscal Year.

c. Water Rates Analysis and Proposed New Rates.

GM Koehler presented rate charts showing the new tiers for domestic accounts as previously requested by the Directors.

During review and discussion, it was noted that the RR Flood Control District does its reporting on a calendar year basis and it would seem advantageous for the RV Water District to convert to the same reporting basis. General Manager Koehler will discuss this with the auditor and come back to the Board with his findings.

It was also noted that the District has experienced its first ever Rationing condition which has greatly decreased the income to pay for the costs of buying, pumping, treating and delivering water.

In establishing the domestic rates, the lowest tier cannot be so low that we are not covering our costs. Director Voege has suggested \$3.75 as the lowest tier with four other tiers increasing from that point.

Member of the public, Chuck Vau commented that he wonders how great a percentage of customers will not come back on-line when there actually is a normal water year again. He offered an example of his own home where he has put in a 2500 gallon storage tank for his secondary well and the supplier that sold him the storage tank said he has sold approximately 100 other storage tanks in Redwood Valley since the first of this year. Mr. Vau added, I think that option will affect the customer usage increases.

On a related topic, General Manager Koehler commented that he hasn't received any calls from ag customers saying they must have the water restored so they can water their grapes. Mr. Vau said he knows of three very large grape-growers that have just completed harvest, and they each have told him that their crop was down by 1/3<sup>rd</sup>, at least, and this was considered a very good grape crop

year. He added, The losses were absolutely due to the fact that they did not have water for their vineyards.

Director Butow suggested that once water is available again, the customers would most likely be buying from the District again.

Chuck Vau said that water districts in general don't do well when customers go away from them. He thinks the District needs to bring customers in. Director Butow reminded him that the District has been under a Court-Imposed Moratorium for many, many years. There is a long list of people that would like to sign up for water when it is available. Mr. Vau expressed concern that the District should not look back and use this year as an example of how much water is available to the District, and using this year as the new standard. The overall result of doing so, would be that the District has all this extra water.

General Manager Koehler responded, No, no, we don't have extra water.

Director Voege added, Here's the problem: we literally don't have any extra water to sell.

Getting back to the rate sheets, Director Pool said he agrees with Director Voege, if we are raising rates, there should be some increase in the first tier.

GM Koehler reviewed the new figures incorporating the requested increase in the first tier, resulting in these rates: \$3.75, \$4.00, \$4.50, \$5.00, \$5.50. At the last Meeting the Directors agreed that the depreciation numbers would be increased to \$100,000 next year and to \$200,000 the following year. The Board is planning to put out a 3-year proposed-rate-study to establish the Budget, including possibly a COLA after that.

Director Butow explained the Proposition 218 requirements for two public hearings regarding rate increases and providing the public with the opportunity to submit written Protests which will be validated and counted.

Director Voege expressed concern in putting out a 3-year rate plan, because we just do not know what the water future holds for the District.

Director Pool said, It's always a possibility that we may need to do it again; and in this situation, a greater possibility than usual. Nevertheless, I agree that we should attempt to go through a 3-year rate plan and go through the process and hope that our assumptions are sound enough that it's able to hold, and we won't have to go through it again next year. If we do have to go through it again next year anyway, then we do. I don't think I want to go through all this, spending half of our year going through this, to do it for one year, and assuming that we will have to do it again next year.

Director Butow said he agrees with Director Voege, there are a lot of unknowns.

Director Hallman also agreed with Director Voege, that is, we don't know what will happen, we don't know if we're going to sell enough. Because this is such a change she thinks the Board will have to reevaluate it next year, no matter what.

Director Hallman reminded the Directors, Again, what I was saying at the last meeting when you were saying \$100,000, \$200,000, \$300,000, I believe I said I wanted a percentage, whatever that magical percentage is. That way, we are not locked in to that \$200,000; if we don't sell enough water we don't have to come up with that \$200,000. I really think it should be a percentage. I think it would be nice to say we had a \$300,000 projection, but at this point it's just not realistic.

Director Pool continued the premise, A percentage so that if we're way off, this would be our way of coping with that.

Director Butow said those ideas were good, but he wondered if that was doable under the Prop 218 guidelines.

GM Koehler said that once the Board has worked out the details of what they want, he will spend some time with legal counsel to make sure this is done correctly. The public notification and the public hearing process will all be done absolutely per the regulations.

Director Butow asked Director Hallman what percentage she is thinking about.

Director Hallman answered, I am thinking of 10% of our sales going toward repairing the District's facilities should something fail. Because right now we've got this \$100,000; if we don't have water sales, if something happens and we can't make that, then the budget is worthless.

Director Butow commented, It would not be worthless, it would just need to be revised. Right now this would give us a working budget, on paper. The final budget comes about if we actually make the sales.

Director Pool pointed out, If we don't make the budget, we will be dipping into our savings account as we have in the past, so what is the difference?

Director Hallman remarked, If we sell more than we are projecting, we will actually have more than \$100,000.

Director Pool said, We would only know that at the end of the year, retroactively.

GM Koehler added, It isn't really a problem at the end of the year because that is, essentially, when we reevaluate our budget anyway.

Director Reuser asked, Are we suggesting that we stay at the 10% for the next three years.

Director Hallman said, No, there is no way we would get up to the \$300,000 at 10%.

Director Reuser asked, Are we all on the same page, that is, 10% this year, and deal with just this year?

GM Koehler commented, The upside is that we'd be working potentially within this same structure, and I don't think it would take nearly as long. It would be nice to do it for more years but that's not going to happen; if this structure works for us, then we should be able to revise it quickly.

Conclusion, on the budget itself, the Board is going with 10% of sales rather than, whatever is 10% of the budget.

Chuck Vau remarked on the high cost in the higher tiers and asked, If the water costs a single amount to use, and you're selling water, why would you not let somebody use it? Director Butow said that the District is trying to enforce conservation.

Chuck Vau then asked, So if you don't have the water, and you can't sell it; how are these customers getting the water? Director Butow stated that there are customers out there that insist on using high volumes each month in spite of the rationing and conservation requirements.

Director Reuser explained, The two things that we have to do for the public, are to fight, and to seek out more water. We have to do that for the people that are using the higher volumes of water that exceed the rationing and conservation requirements. So they are going to have to pay proportionately more money into that fund for us to go and seek new water. We have to look out to the future, and in order to supply people using 60,000 gallons of water a month, we have to go out and find new water, and that's going run the District costs up quite a bit.

Chuck Vau said that in everything that he's read in the papers in Sonoma County, Mendocino County, everywhere, the water agencies have to increase the water rates because the users have used less water. He added, You're being punitive and you've supposedly promoted conservation, is that correct?

Director Butow said, That is not correct. That is totally incorrect.

Director Voegel stated, That's what the letter-writers say. And if you accept that as the reason, I can tell you that it is not the reason.

Mr. Vau responded, So it's the energy costs or it's the transmission costs.

Director Voegel clarified, Water is a limited resource; and in this District in particular, it is an extremely limited resource. If we go back to Santa Rosa and say, by the way, we'd like you to sell us some more of your surplus water, and well, we didn't do too much in conservation -- do you know what they are going to tell us? Director Voegel continued, So it is not an issue of beating people up because they conserve -- we have to conserve. There isn't a choice about it; it isn't a topic for discussion, it is a fact.

Chuck Vau said, Well then it should be exactly the way we are doing with the ag system, which I think is a good formula. You have a certain amount of water you can use; use it any way you want to use it, and that's it. But instead, you are being punitive, you're saying use it, and we'll just charge the daylight out of you.

Director Voegel said, All I'm saying is, if you choose to have a certain amount of water usage, this is what it will cost you.

Mr. Vau asked, Why couldn't you treat the high domestic users the same way you do with the ag system users?

GM Koehler said that there are very strict regulations involved with turning off domestic household water. It becomes a health issue.

Director Butow added, Look at it this way, the price of your product is going to go up on scarcity alone. The problem that you've got here, is a facility that can deliver "x" number of gallons of water, purified and ready to drink. Ag water, that's just surface water, no treatment necessary. The treatment plant is 75% of the costs of this District. On top of that, we've been hit with increases in the cost of buying water from Russian River Flood or from Sonoma County - almost 50% increases this year. Then, we've got the increased PGE costs to pump the water from the Lake to the treatment plant. It is cruel, I guess you've got to say, that when you're low on water and everybody conserves to try to get by, but yet the cost of that water and the pumping has gone up drastically. It still costs so much to run the Water District.

Mr. Vau said, I totally agree, but what that's not what you're doing here. Whatever that cost is, it is. But that is not what you're doing here. You're not charging a rate based on the cost of treating a gallon of water.

Member of public added, That's true, it's a deterrent.

GM Koehler added, We prefer to call it a Conservation Rate.

Member of public, But it is a deterrent; you get the bill up so high and I say, I've got to stop using that much water!

GM Koehler commented, You are absolutely right. And again that statement has been conveyed at virtually all these meetings. It's true that the State of California and the California Urban Water Conservation Council are not telling us at what levels to set the tiers and they are not telling us what the spread of the tiers should be. They are telling us that in order to comply with the CUWCC requirements, You will have conservation rates, and, You will have increased tiers for usage.

Director Voegel remarked, The other side of this is, if we use your formula, the folks that conserve the most and are using the least, are going to be getting a big hit.

Director Pool added, Because they are going to have to pay more.

Director Voegel continued, Now, if I've got a landscape that has green lawns and plants that require lots of irrigation, I have a choice about that. I can choose to put in a drought resistant landscape, which probably we should have done anyway because we live in a semi-desert. If I'm on 60-gallons-per-person-a-day, there isn't a whole lot of slack in there. I can't cut that substantially; and to charge me a substantial increase in rate for that water compared to the guy who thinks that he needs to landscape, is not fair.

Mr. Vau answered, Well I looked back on the charter of municipalities, they are non-profit, they are there to provide a service. It doesn't make sense that at the beginning of this meeting you were talking about being concerned that the customers won't use enough water to meet the 1800 acre-feet, but what you're doing by increasing the rates and by taking the stance you are taking, you don't want them to take more water.

Director Voegel commented, These rates increase very little, until you exceed 16,000 gallons per month. What we're trying to do is to be most fair to the most people in this District, and particularly to those that are going out of their way to conserve.

Chuck Vau asked the Directors what they think about providing  $\frac{3}{4}$ ", 1" or 2" ag services to those customer who could use untreated water for outdoor needs.

Director Voegel stated that the District is under an ag hook-up moratorium. Also, the District does not have ag lines on every road that has domestic lines.

Director Reuser added, Not only that, but then the domestic rates would be substantially more because the costs for running the treatment plant and all the compliance issues would be spread across a smaller number of customers.

General Manager Koehler returned to reviewing the rate charts. He explained, If you look at the middle table, it basically shows the percentage of the customer usage, and that is fairly

representative of the division of our water sales. Fewer customers use a bit more water in the 2<sup>nd</sup> tier, then the 3<sup>rd</sup> tier shows higher usage. The 4<sup>th</sup> tier and 5<sup>th</sup> tier usage weren't counted, on the assumption that those folks will most likely be cutting back their usage the fastest overall. He is basing this table on the assumption that the most water sold will be at the cheapest price, which is the first 4,000 gallons a month. Then he took the amount of money that the Board decided we need to make, and divided it proportionately according to the assumption that all the water will be sold in the first three tiers. We, literally, have 75 customers that are using more than 60,000 gallons. Based on the demands that the State of California and the California Urban Water Conservation Council are making, and the need to strongly encourage conservation at the top end while still maintaining the cash flow that we need to keep the District going, this is a formula that works. And, it has the least impact on the lowest users.

Director Butow commented that we do not need a Motion at this time; the Board will direct General Manager Koehler to use the table on page 2 as discussed and bring the updated chart to the next meeting.

The Directors then reviewed the charts presented for the ag rates based upon discussions at previous Board Meetings.

Member of the public Chuck Vau asked, This chart states that this doesn't include water, what is the reason for doing that?

GM Koehler explained, It is to throw out some alternatives. The original intent was to alter the ag delivery to be more in line with the way that we deliver domestic water and essentially reward the 50 customers out of 200 that we have that don't use their entire annual minimum. We have a few 4" metered customers that don't use any water at all; but that is why these other formula's are included this time. It's to say, here's what the impact is. If you do it this way, this is the impact; if you do it that way, that is the impact. If you include less, in other words a 2" meter right now has a 3-acre-foot annual minimum. This chart shows 'No Water' or '1 acre-foot' or '3 acre-feet' just to be able to say, o.k., what is the impact, what is the difference, and still come out at the dollar amount at the end.

Mr. Vau commented, That is really a bad idea, and let me tell you why. Because you are rewarding the ag customers that don't use any water. Well, number one, everybody in the valley knows that there's a bunch of guys with ag meters and the only reason they have the ag meter is to increase the value of their property. They are not truly ag people; so you are going to reward a guy who really doesn't even support the District? He just wants to increase the value of his property?

Director Voege responded, What we said was, there are 75 ag customers that do not use their full annual allotment. And I am one of them. I have a garden, I conserve, I have drip irrigation on everything, I supplement with well water and I do everything I can to use as little ag water as possible. I'm still paying for 3-acre-feet of water a year. Is that an unreasonable rate, if I use an acre-foot-and-a-half and I'm still paying for 3-acre-feet?

Chuck Vau said, No I don't think that is an unreasonable rate.

Member of public added, You knew that when you signed up.

Director Voege said, That's not the question. The question is, Is this an equitable distribution of the resource?

Chuck Vau commented, It did cost a certain amount of money to put in your meter and your line and all the things to get water to your property.

Director Voege responded, That's the \$20.00 per month. That's what this sheet says.

General Manager Koehler added, So if there is no water included that you're not required to prepurchase, then you're also paying \$20.00 per month for a 2" meter and \$40.00 per month for a 4" meter.

Chuck Vau stated, Well, you know, I believe that in the spirit of Ernie Butow, in the spirit of Charlie Barra, and in the spirit of all the people who were the initial conceivers of this whole District, and no offense to anyone, but it was not put together for guys who only put drip systems on their gardens. It was put together for guys that make a living in this valley. Producing a product in the valley, and, good for the gardener that uses only one acre-foot, but I don't think that the gardener should be rewarded more than any other grower. Now, I'm talking about growers; I'm not talking about guys with lawns.

Director Voege commented, But the point of the matter is, the situation in the valley is not static. Right at this instance, grapes are one of the five income producers in this valley. Does that mean that olives never will be, or that berries never will be? You know, the way people make a living is the way they make a living; it doesn't have to be grapes. But what you are saying is that you have to be treated as though you are a grape grower.

Chuck Vau responded, No, you have to be treated as though you are a farmer and you have a use for the size of meter that is on your property.

Director Voege stated, Well I don't have a choice to get a smaller meter.

Chuck Vau said, You're right, and I think that's fair. I think that you shouldn't. The meters are the meters. The District decided years ago what size meters they were putting in. They didn't talk to you or me or anybody else. I'd like to have a 10-in meter, but I don't get one, I get a 4" meter. I'm just saying, this District was put in for a reason, everybody who is in this District that has been around for years, knows why this District was put in. And, certainly no offense, but it wasn't put in for peoples' gardens.

Director Voege said he is only one customer and he knows of several customers that have market gardens, that do not use the prepurchased 3-acre-feet.

Mr. Vau said he is in the grape business and he conserves as well as anybody in that business, but he does not expect a special rate because he conserves.

Director Voege remarked, This District was conceived for both domestic and agriculture.

General Manager and others responded, No, that isn't true.

Director Butow clarified, The District was conceived for ag purposes. But the only way it could qualify for federal loans to build the District, was to piggy-back the domestic customers. The guys that built the District were ag people, not domestic people. In fact, we really fought the real estate people over getting the homeowners to sign up saying they needed domestic water. I remember my Dad telling me about all that. Anyway, we couldn't have built this District if we didn't have domestic customers.

Chuck Vau, That's my concern. I don't like making special deals for anybody – high users, low users, anybody. Fair is fair.

General Manager Bill Koehler explained that it was largely his push to put in the meter fee. The reason, when he started playing with these numbers, he didn't like the way the numbers were coming out. There isn't a linear spread. You get a 46% drop if you have somebody with a 2" meter who doesn't use any water at all, but that translates into a 100% increase for somebody who uses a million gallons. He was trying to get a spread that was a little more linear and he ran into almost the same problem just by reducing the prepurchased amount. And the most consistent spread is, indeed, exactly what we are doing now. It is unfortunate that for the small gardener, it translates into a 100% increase.

Member of the public, Jack Cox left the Meeting at 7:07 p.m.

General Manager Koehler said he wants to take this opportunity to ask the ag customers in attendance this question: Since the ag meters actually 'read' in gallons, as ag users, are you interested in converting to per-million-gallons reads instead of the acre-feet conversion that has been used? It doesn't matter to the District, but this would be the time to convert if that is the consensus.

During this discussion with the public, it was felt that making such a conversion at the same time as a rate increase would be very confusing. It was stated that there is 'an appearance of trying to get something slipped through that would actually be a higher rate'. A conversion to gallons will not be made at the present time.

A member of the public also mentioned that the State requires the ag users to report in acre-feet, not in gallons.

Director Hallman commented, That's your answer, right there.

Director Pool said, I am bothered by the same thing that Chuck has expressed, that the people who are not using ag water but who have an ag service installed to increase the value of their property, to give them a windfall has always bothered me. This is the first time I've brought this up, but at every meeting I've been about to say it, because if they don't use it and don't want to use it, they can certainly give up their connection, and they are certainly not going to do that. On the other hand, and it's probably why I haven't said anything before, by the same token I'm a bit bothered by the ramifications of our having everybody buy a prepurchased amount when we can't guarantee that we can deliver.

Director Hallman asked, But didn't Bill say that even with the rationing that went on this year that we were able to make the prepurchased number?

General Manager Bill Koehler responded, This year we did.

Director Reuser stated, The problem is when you can't deliver. And realistically, we don't have any legal water right except for six-weeks out of the year. We are pre-selling water that we don't even own.

Chuck Vau stated, But I think that that is pretty well known and if it's not, probably the District should send something out so that everyone does know that. Certainly we all know that if you don't have water, you don't have water.

Director Butow commented, What we are doing is buying water from somebody else, to sell to our customers.

Chuck Vau mentioned that some guidelines have changed during the many years, for example, originally you had to have some kind of storage facility. But that seemed to just disappear.

Director Butow said that requirement did disappear at some point many years ago and when he came on the Board twelve years ago, he did wonder about that. It just disappeared. He was feeling much like Mr. Vau has expressed, but at the same time he was kind of feeling sympathetic about the small grower, the small user of ag water either for his hobby or actual farmers market type of use. He felt that rather than just keeping the original amount of 3-acre-feet, maybe we could reduce it to 1-acre-foot for the small user.

Chuck Vau said, Well you know the basic rule of thumb at the State of California with water rights, is, use it or lose it. So, if you've got a meter and you're not using the water -- I don't know if the District has that ability, but they should have that ability.

Director Butow remarked, Well, as long as the customer is paying his bill on time, there isn't much we can do about it. What we're trying to do is change this so that there is a meter fee on the thing. What we're considering now is, can we accommodate the small user with a 2" meter; can we reduce the amount of pre-purchased water that he gets through that meter, provided the water is available.

Jack Spilman suggested that the Board consider allowing the small user with a garden to have a lower annual amount, and maybe even a smaller meter, then make the difference of his usage available to other customers.

The rate chart on page 5 was reviewed. General Manager Koehler was asked to figure in a monthly meter fee with the customer using a small annual minimum. He will work on it during the meeting Break.

Break: 7:31 P.M.

Some members of the public left during Break: Vau, Ricetti, Tollini

Reconvene: 7:55 P.M.

General Manager Koehler provided the changes requested by the Board before going to Break.

The Directors reviewed and discussed each of the rate charts. After much discussion, they agreed on the following:

A Monthly Meter Fee (service availability fee) of \$20 for a 2" meter,  
A Monthly Meter Fee (service availability fee) of \$40 for a 4" & 6" meter.  
The sale price of water will be: \$225.00 per acre-foot.

The Mandatory pre-purchase amount of water for a 2" meter is: 1 acre-foot annually.  
The Mandatory pre-purchase amount of water for 4" & 6" meters is: 2 acre-feet annually.

General Manager Koehler will put all this together on a new rate chart to bring to the Directors at the next Meeting

Director Hallman asked to be excused, and left the Meeting at 8:15 P.M.

After further discussion of the Proposition 218 requirements, the Directors agreed that the two Special Meetings will be held at the Redwood Valley Grange Hall, tentatively, the first on November 4, 2009 and the second on December 16, 2009. The rates will be effective January 1, 2010.

General Manager Koehler said we will have to mail the rate structure and protest instructions to every property owner in the District. He added that the minimum legal requirement is to inform the customers of the new rates. He also said that Director Voegel has expressed a strong interest in getting much more information out there so we can possibly short-circuit as much as possible the accusation that, O.K., we conserved and now you're going to raise the rates.

The Directors agreed to schedule a Special Meeting on Wednesday, October 7, 2009 at 7:00 P.M. to approve the content of the Notice of Public Hearing, Proposed Water Rate Increase.

Members of the public Jack Spilman and Zack Cinek left the Meeting at 8:19 p.m.

8:20 P.M. CLOSED SESSION

13. b. REAL PROPERTY NEGOTIATIONS – GOVERNMENT CODE SECTION 54956.8.  
(Agenda Item No. 19. b)

Real property negotiations, Report of Negotiator, Donald Butow, in regard to progress or lack of progress in negotiations for access to water sources, rights of way, easements or interests in real property related to transmission and storage of water. No address available. Negotiations with County interest and other possibly effected landowners. Government Code Section 54956.8.

8:35 P.M. OPEN SESSION

14. REPORT OF ACTION TAKEN IN CLOSED SESSION ITEM NO. 13. (Agenda Item No. 20.b.)

b. Real Property Negotiations. Report of Action Taken in Closed Session.

No Action Taken.

The Meeting ended at 8:37 p.m.

The next Meeting will be a Special Meeting at 7:00 P.M. on Wednesday, October 7, 2009.

The next Regular Meeting will be at 7:00 P.M. on Thursday, October 15, 2009 at the Water District Office, 2370 Webb Ranch Road, Redwood Valley, California.

APPROVED: Board of Directors

DATE APPROVED: December 17, 2009

SIGNED: Linda Groth  
Secretary, Board of Directors