

MENDOCINO CITY COMMUNITY SERVICES DISTRICT

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Minutes of March 7, 2011

Regular Meeting was called to order at 7:00 p.m. in the business office at the Wastewater Treatment Plant. Present were Directors Kraynek, Waldman, O'Brien and Schwartz. Also present were Mike Kelley and Jodi Mitchell.

1. Approval of Minutes

Section 4(a) of the January 10, 2011 meeting minutes, regarding the purchase of a mainline inspection system, was approved at the January 31, 2010 meeting by Directors Kraynek, Waldman and O'Brien.

Since Director Waldman had a conflict and recused himself from discussion regarding the Groundwater Extraction Permit requirements for expansion of existing use at 44835 Ukiah Street, APN 119-250-41, the approval of Section 4(b) of the minutes were brought back to the Board for approval.

Approval of Minutes January 10, 2011 – Special Meeting - Section 4 (b)

MOTION Schwartz/Kraynek: To approve the minutes of January 10, 2011, regarding Section 4(b) Groundwater Extraction Permit Requirement for Expansion of Existing Use at 44835 Ukiah Street, APN 119-250-41.

ROLL CALL VOTE: AYES: Directors Kraynek, O'Brien and Schwartz

NOES: None

ABSENT: None

ABSTAIN: Director Waldman

Approval of Minutes January 31, 2011

The minutes were corrected to state that Director Waldman had a conflict regarding the Groundwater Extraction Permit Requirements for expansion of the existing use at 44835 Ukiah Street, *and that he recused himself.*

MOTION Kraynek/Waldman: To approve the minutes of January 31, 2011 as corrected.

ROLL CALL VOTE: AYES: Directors Kraynek, Waldman, and O'Brien

NOES: None

ABSENT: None

ABSTAIN: Director Schwartz

2. Communications

3. Public Comment

4. Old Business

a. Wendy Boise, CPA/Auditor

MCCSD Audited Financial Statements for Fiscal Year 2010

Wendy Boise presented the MCCSD Audited Financial Statements. In connection with her audit of the general purpose financial statements, certain items came to her attention that would not be considered material weaknesses or reportable conditions, but warranted mention in an effort to help with recording and reporting financial transactions, and may help the overall efficiency, clarity and consistency of the reporting.

Wendy encouraged the District to continue updating and reviewing its analysis of the District's equipment and infrastructure replacement plan and to make every possible effort to meet the anticipated funding requirements. It was imperative that the District review the five year plan regularly to see if the reserves are keeping up with the needs that are known, and that those funds wouldn't be used for those items that could not be anticipated. Director O'Brien asked if a bond obligation could be an option to

fund necessary capital improvements, since the current Sewer Bond obligation would be paid in 2014. Wendy suggested that might be a sound way to fund large items, and suggested the District begin now by reviewing the schedule of asset replacements, and updating the mandatory, necessary, and preferable items for presentation to the voters. She indicated that Capital Improvement revenue could be used for equipment replacement. Wendy also responded that she did not see any reason why rates could not be increased incrementally, and she did not view that option as a bad strategy because people would know that it was forthcoming. Director Kraynek noted a danger to that option might be that, for example, they would need more money during the third year, and there would be no option. Any rate increase would need to comply with Prop 218 requirements, which could be rejected by a majority of voter protest.

As the financial markets rebound from their doldrums, the PERS contribution rates were leveling off. Unfortunately, interest paid on savings and certificates of deposit were not nearly so positive, so the District would see smaller returns as some of the longer term CD's matured and were replaced with new ones.

Wendy commented positively on the Board on taking advantage of the student intern program. It benefits the District while helping students learn vocational skills that would allow them to earn a decent living, if they chose to remain here. Since all students were not bound for college, it was nice to see programs that were fulfilling that need.

In minimally staffed organizations it was difficult to mitigate the lack of segregation of duties. One suggestion would be to have Jodi set up on line banking with the Savings Bank so that a member of the Board could have access to the account and review a bank statement. As with the signature cards, the password would need to be changed whenever there were a change in the board member authorized to access the account.

Wendy thought the Brown Act training was a good idea, and felt it was important to remind the Board to mind their P's and Q's regarding Brown Act requirements.

- b. Groundwater Extraction Permit Requirement for Expansion of Existing Use
44835 Ukiah Street, APN 119-250-41, David LaMonica
Breze Property LLC/Gebrez Restaurant Group – Agreement for Removal of Outside
Dining Area and Payment of Monthly Sewer and Connection Fees

This discussion was carried over to the meeting scheduled for March 28, 2011, at which time Mr. LaMonica would be available to resolve the proposed agreement.

5. New Business

6. Groundwater Management

- a. Hydrological Study Approval Renewal – Charles Baughn
10970 Ford Street, APN 119-170-13

Application was made for a Hydrological Study Approval Extension for APN 119-170-13, located at 10970 Ford Street.

MOTION Schwartz/Kraynek: To approve the Hydrological Study Approval Extension for APN 119-170-13 owned by Charles Baughn.

ROLL CALL VOTE: AYES: Directors Kraynek, Waldman, Schwartz and O'Brien
NOES: None
ABSENT: None
ABSTAIN: None

- b. Monthly Groundwater Management Report

The monthly meter reading compliance reported was reviewed, dated February 22, 2010. Most property owners on that list had submitted a meter reading after receiving the violation letters. The March 20th report would be available at the March 28th regular meeting.

7. Attorney's Report

8. District Superintendent's Report

During the month of February, the treatment plant operated normally. Plant personnel performed routine plant maintenance and equipment repair.

No recycled water was transferred to the Mendocino High School during January 2011.

The bar screen was installed during January 2011. Staff installed a water line to the location for the compactor. Fort Bragg Electric made the final electrical hookup for the bar screen and compactor during the last week in January.

The enclosure around the bar screen would be installed next. The split rail pickets would be recycled redwood from the old fence that was scheduled to be removed for installation of the overflow pond liner. The bar screen would be placed into full time operation once the enclosure was completed and the solids hopper was delivered.

MME delivered the mainline inspection equipment on February 16, 2011. Dave Fuller from Aries Industries (camera manufacture) trained plant personnel on the operation of the camera system.

Staff took their regular monthly safety meeting online. The Safety Officer also conducted the monthly safety inspection of the plant.

9. Committee Updates

Superintendent Kelley reported that the cost estimate from P.G. & E for the proposed street light installation on the Southwest corner of School and Little Lake Road would be \$5,000, and it would cost \$3,500 if located on the north side of the street. The District would need to pay the contractor for undergrounding and conduit costs.

The AdHoc Special events/outdoor seating committee would present their report at the next meeting. Superintendent Kelley had prepared an Ordinance.

10. Secretary's Report

a. Monthly Register of Cash Disbursements

MOTION Schwartz/Kraynek: To approve disbursements for checks #10000 – 10052, with the exception of checks #9992 and 10003 which were void.

ROLL CALL VOTE: AYES: Directors Kraynek, Waldman, Schwartz and O'Brien
NOES: None
ABSENT: None
ABSTAIN: None

The secretary reminded Board members that if they had not completed and returned their 2010/2011 Form 700 Annual Statement of Economic Interests to the County Clerk/Recorder, that they should do so prior to April 1, 2011.

The meeting adjourned.

Respectfully submitted,

Jodi Mitchell, Secretary