

MENDOCINO CITY COMMUNITY SERVICES DISTRICT

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Minutes of April 29, 2013

Regular meeting was called to order at 7:00 p.m. in the business office of the Wastewater Treatment Plant. Present were Directors Kraynek, Waldman, Stubbs, Hauck and Schwartz. Also present were Superintendent Steve Acker and Jodi Mitchell.

1. Public Comment

2. Minutes – April 1, 2013

The Secretary will act on President Schwartz' request and include the time of adjournment in the minutes.

MOTION Hauck/Waldman: To approve the minutes of April 1, 2013, as submitted.

ROLL CALL VOTE: AYES: Directors Waldman, Hauck, Stubbs, and Schwartz

NOES: None

ABSTAIN: Director Kraynek

ABSENT: None

Minutes of April 24, 2013 – Special Meeting

Correction: Section 2 (a) Paragraph 4: Kennedy/Jenks' probablye construction estimate cost.....

MOTION Hauck/Stubbs: To approve the minutes, as corrected.

ROLL CALL VOTE: AYES: Directors Hauck, Stubbs, and Schwartz

NOES: None

ABSTAIN: Director Waldman and Kraynek

ABSENT: None

3. Communication

4. Public Comment

5. Groundwater Management

a. Monthly Groundwater Management Report

On March 31, 2013, the total rainfall for the year was 26.81 inches. That amount of rain was less than 10 inches since February 1st and indicated a Stage 2 Water Shortage Condition. In the first 3 months of the rain year, October, November, and December 2012, there was 22.38 inches of rain. This was well above the average. In January, February and March there was only 4.43 inches of rain. This was well below average. The rain for April as of the 22nd was 1.57 inches. This was below average for April.

The Superintendent recommended that a Stage 2 Water Shortage Condition should be declared based on total rainfall and a small amount of rain this spring.

b. Resolution No. 2013-228-To Declare a Stage 2 Water Shortage Condition

MOTION Kraynek/Stubbs: To waive the reading of Resolution No. 2013-228, A
Resolution to Declare a Stage 2 Water Shortage Condition.

ROLL CALL VOTE: AYES: Directors Kraynek, Waldman, Hauck, Stubbs, and Schwartz

NOES: None

ABSTAIN: None

ABSENT: None

Staff would provide the restrictions that apply to a Stage 2 Water Shortage Condition and the chart of rainfall to the Mendocino Beacon Reporter. A notice of the Stage 2 drought condition would be included to all customers along with their July 1st billing statement.

6. New Business

a. Resolution No. 2013-227-To Award Contract for the MCCSD Overflow Pond Lining Project

Kennedy/Jenks Consultants provided correspondence, dated April 29, 2013, regarding the evaluation of bids and qualifications received and selecting a contractor to construct the Overflow Pond Lining Project at the Treatment Plant. Two bids were received for the project; 1) Rege Construction Inc., and 2) Paulson Excavating Inc. To the best of their knowledge and based on the information presented, both bids appeared to be complete and responsive and each bidder appeared to be qualified to perform the work described in the design documents. Kennedy/Jenks, as Engineer of Record, recommended that MCCSD select Rege Construction, Inc. the low bidder, however, MCCSD was ultimately responsible for selecting a contractor and administering the construction contract. The Bid Committee recommended the Bid be awarded to Rege Construction.

MOTION Kraynek/Hauck: To waive the reading of Resolution No. 2013-227,
ROLL CALL VOTE: AYES: Directors Kraynek, Waldman, Hauck, Stubbs, and Schwartz
NOES: None
ABSTAIN: None
ABSENT: None

MOTION Hauck/Stubbs To adopt Resolution No. 2013-227, and award the Contract to the low bidder, Rege Construction, with a project cost of \$147,571, noting the contractor met the bidder qualifications and was determined to be properly insured.

ROLL CALL VOTE: AYES: Directors Kraynek, Waldman, Hauck, Stubbs, and Schwartz
NOES: None
ABSTAIN: None
ABSENT: None

7. Old Business

a. Agreement to Pay Principal and Interest on Deferred Schedule for Right of Use Payments – 44861 Ukiah Street

At the April 1st meeting, the MCCSD offered Dennis McCroskey a payment plan to pay for Right of Use over the next 2 to 5 years, and requested that he create an amortization schedule. Mr. McCroskey provided an amortization schedule to pay off the loan debt over the next 5 years at the rate of \$602.06 per month, which included simple interest at the rate of 10% per annum, payable monthly at the rate of .83333%.

The agreement would bind Mr. McCroskey to make payments, independent of whether or not the property was sold in the future.

MOTION Hauck/Kraynek To approve the financial agreement between Dennis McCroskey, and the MCCSD for a 5-year deferred Right of Use schedule dated 4/29/13.

ROLL CALL VOTE: AYES: Directors Kraynek, Waldman, Hauck, Stubbs, and Schwartz
NOES: None
ABSTAIN: None
ABSENT: None

8. Attorney's Report

The Board of Directors discussed property at 10705 Palette Drive, and the recent meeting with County Planning. It had become apparent that a significant factor in the County's reluctance to rezone the property was the response they anticipated receiving from the California Coastal Commission. The language in the deed restriction stated that the restriction would terminate following public condemnation of the property and the Coastal Commission apparently considered the Open Space zoning designation as an integral aspect of the adjacent Hill House property. Under the present Open Space zoning the District could construct a storage facility on the property with a use permit. If the property were rezoned to Public Facilities the District would still need a use permit in order to construct a storage facility. The Public

Facility zoning would allow the District to also construct an office, whereas the open space designation would not allow of an office use even with a use permit.

Consensus of the Board was that MCCSD should communicate directly with the Coastal Commission to get their opinion regarding 1) if they would honor their contract with the Reeds, and allow the property to be condemned and utilized as a public facility, and 2) if they would object to the parcel zoned as Public Facility, and if so, why?. Director Hauck and Superintendent Acker would meet within two weeks to formalize direction to Attorney Jackson.

9. District Superintendent's Report

During the month of April, the treatment plant operated normally. Plant personnel performed routine plant maintenance.

The March self-monitoring online report was sent to the Water Quality Control Board. There were no sanitary sewer overflows in March and the "no spill" certification for March was posted online.

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

The pre bid site visit took place on April 8 for the emergency pond liner project. Three contractors attended. Two sealed bids were received for the project. The Bids were opened on April 24; 1) Rege Construction for \$147,571 and 2) Paulson Excavation for \$277,365. PDF's of the bid documents were sent to Kennedy/Jenks for evaluation.

Paulson Excavation would install the manhole section on manhole #9 in preparation for the overflow pipe valve installation. Kennedy/Jenks informed Steve that the valve they specified was incorrect, and they would correct the problem. The valve was already ordered and delivered, so an exchange would be necessary. Superintendent Acker indicated the valve was first specified as butterfly valve and then specifications changed to a knife valve. Steve said he ordered the valve based on the re-evaluation. The Superintendent will follow up with Kennedy/Jenks in resolving the exchange. The Board agreed that MCCSD should not be held accountable for the cost of an inadvertent mistake by Kennedy Jenks to order the wrong valve.

Steve gave a PowerPoint presentation of the replacement of the two worn out pumps at the Hills Ranch Lift Station. New air relief valves and connecting plumbing were replaced. The new pumps were running and working well. The hours per day of running time has been reduced.

Liz Johnson from the Environmental Health Department performed her annual inspection of the treatment plant for hazardous materials on hand. The site maps were updated and no problems were found.

Steve said that the date of attending the Funding Fair had been changed to the August 22nd event that would take place in Ukiah instead of Sacramento on April 10th. Proposals for MCCSD projects were planned to be taken to the Fair to find possible sources of funding from funding agencies.

The Sam Waldman energy audit had been filled out. Steve would provide the audit to Sam.

Steve indicated that he was reluctant to give a time table for completion of the Fats, Oils and Grease (FOG) program. The Board urged Steve to give his attention to designing an education program for FOG and if necessary, enlist the assistance of Mike Kelly to prepare a Plan to notify establishments of the FOG requirements and Best Management Practices. The Board expected that a developed plan would be presented at the May meeting.

10. Secretary's Report

Secretary Mitchell informed the Board that the Budget Committee should meet in May to review the draft budget for fiscal year 2013/2014. In the past, the Board had reviewed the budget at the May meeting, and approved it in June, so it would become effective July 1st. The Budget committee would meet on Tuesday, May 14 at 6:30 p.m. at the District's office to review the budget draft.

Monthly Register of Cash Disbursements

MOTION Kraynek/Waldman: To approve the Cash disbursements for checks #11278-#11317.

ROLL CALL VOTE: AYES: Directors Kraynek, Waldman, Hauck, Stubbs, and Schwartz
NOES: None
ABSTAIN: None
ABSENT: None

Update on Delinquent Sewer Accounts and Certificate of Liens

The Board reviewed the update on delinquent accounts and Certificate of Liens. No Certificates of Lien were filed in April. The past due account balance for service to 45300 Ukiah Street was paid in full and the scheduled disconnection was cancelled. The Certificate of Lien would be released.

Quarterly Report of Income/Expenses

The Board reviewed the Quarterly Report of Income and Expenses for the quarterly period ending March 31, 2013. The third quarterly report showed total year to date revenue of \$524,252, with expenses at \$363,188, leaving a net operating income of \$161,063. With the addition of non-operating income and less cash items, the net cash margin for Year to date was \$51,527. The Board suggested that \$28,336 for deferred Right of Use be removed from revenue, and posted at the time of each month's payment. Categories for telephone, supplies, and legal fees were over the estimated budget amount during the third quarter. Other categories, such as legal notices, solids handling and vehicle fuel were far below the budgeted amount. Overall, operating revenue was 79% of budgeted amount, and operating expenses were at 72%. \$68,278 was received year to date from County Taxes and Savings Interest.

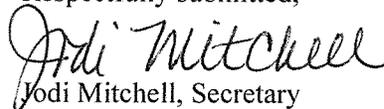
The Board reviewed the running totals collected and expensed for Capital Improvement and Equipment Replacement. Capital Improvement revenue was derived from Savings Interest, Right of Use Fees, and user fees. Equipment Replacement revenue was collected from user fees. The balance of the Capital Improvement account was a negative balance of \$10,269. The balance for Equipment Replacement was \$683,954.41. The funds collected for Capital Improvement and Equipment Replacement were not restricted, but an accounting of funds was maintained for that purpose.

11. Matters from Board Members

The Board of Directors agreed to re-schedule the date of the next meeting from May 27, Memorial Day, to Tuesday, May 28th.

12. The meeting adjourned at 9:18 p.m.

Respectfully submitted,


Jodi Mitchell, Secretary