

MENDOCINO CITY COMMUNITY SERVICES DISTRICT

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Minutes of August 26, 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, Stubbs, Waldman, Hauck and Schwartz. Also present were Superintendent Steve Acker and Jodi Mitchell.

1. Agenda. Discussion of Item 8 (a), Framework for Capital Financing Review, was moved in order after the Secretary's Report.

2. Minutes – July 29, 2013

Typographical Corrections:

Page 1, Section 2. The Board of Directors greeted Matthew **Reed**.

Page 3, Paragraph 1, Line 8.nor deny.....

Page 3, Paragraph 1, Line 13.constitutional

Page 4, Section 10, Paragraph 2, Line 2. ...overflows

Page 5, Section 12, Line 5. The sentence was clarified to read, "Director Stubbs wanted to examine the value of all of the components of the treatment plant for reviewing the District's capital investment financing."

MOTION Hauck/Waldman: To approve the minutes of July 29, 2013, as corrected.

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

NOES: None

ABSENT: None

ABSTAIN: None

Minutes – August 14, 2013

The secretary noted several corrections to her own minutes:

Page 1, Section 2, Paragraph 2, line 4. They were concerned ~~of~~ **about** development...

Last line. 30 homes in that ~~area~~ **POV subdivision**

Paragraph 3, Line 3. There was no value ~~of~~ **in** the historic easement as it looked.....

Line 6. ..the District ~~had~~ **was** required ~~the~~ **to** purchase ~~of~~ more equipment

Line 11.facilities of ~~that~~ **this** nature.

Page 2, Paragraph 1, Line 3. ...by the MCCSD ~~as~~ **in** a condemnation action in 2011.

Page 2, Section B, Line 2. After the meeting an ~~auditing peer~~ **professional accounting** peer...

MOTION Hauck/Waldman: To approve the minutes of August 14, 2013, as corrected.

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

NOES: None

ABSENT: Director Kraynek

ABSTAIN: None

Despite the numerous corrections to the minutes for the past two meetings, the Board thanked the Secretary for her ability to compose the minutes and maintain the important history of the monthly MCCSD meetings.

3. Communications

The Mendocino County Registrar of Voters notified the MCCSD that due to insufficient nominees, the MCCSD would not go to an election on November 5, 2013. The three candidates, Jeffrey Stubbs, Harold Hauck, and Roger Schwartz, would be appointed-in-lieu of election by the Board of Supervisors at a meeting before Election Day, and the candidates would be mailed an Appointment and

Oath form. The secretary noted that she was a Notary Public and could administer the Oath of Office, prior to December 6th, when the new terms would begin.

4. Public Comment

5. Groundwater Management

a. Groundwater Extraction Permit Application Approval Extension
Mendocino Art Center, 45200 Little Lake Street, APN 119-160-32

In September of 2009, a Groundwater Extraction Permit application was approved for construction of Sussy Studio, construction of a studio space, and the addition of one apartment. The proposed project represented an 8.2% increase in the water demand, and qualified for an exemption to the hydrological study requirement. The GWEP application approval was renewed for a two year period in September of 2011. An application was submitted to renew the application for a period of two years, since the development had not occurred.

MOTION Kraynek/Waldman: To approve the Groundwater Extraction Permit Application Approval Extension for APN 119-160-32.

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

b. Monthly Groundwater Management Report

The rainfall total on May 31st was 29.33 inches. The historic average for May 31 was 39.23 inches. The total rainfall as of August 20 was 30.96 inches. 76% of the average rainfall has been recorded.

The Stage 2 Water Shortage was declared in the District on April 29, 2013. The Stage 2 Water Shortage was continued based on the May 31 rainfall total of 29.33 inches.

The water shortage condition would be evaluated by the five indicator wells average depth to water on August 31, November 30, and December 31st. The depth to water average for the 23- well field was 19.49 ft. on August 12, 2013. This compared with a depth to water of 19.47 on August 31, 2012. The five indicator wells were measured on August 20, 2013 to get an indication of the anticipated drought stage. The average depth of the five wells was 22.4 feet which was in the Stage 1 range.

The five wells would be measured on August 30th. A change from a Stage 2 water shortage was not expected considering the recent measurements.

Thirteen first violations were sent for meter reading non-compliance. Two owners reported their reading after the violation letter was sent.

6. Old Business

7. Attorney's Report

8. District Superintendent's Report

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

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

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

Over 908,000 gallons of water have been transferred to the High School/Athletic Fields so far this year. The nitrate levels have been kept below 10 mg/l by controlling the dissolved oxygen levels. 10 mg/l was the limit.

On July 29th, Barber-Webb, the sub-contractor for Rege Construction, started the Pond Liner installation. A fabric pad was added to the installation because of the rocks in the pond sub-grade. Geo-

Logic was present to observe the installation and perform quality control tests. By the end of the day on August 2nd, the liner was finished and Geo-Logic completed puddle testing. A few small pinholes were found and repaired. The lab tests on the materials were good. Rege Construction finished the sump pump installation on Monday, August 5th. The remaining tasks that needed completion were 1) Fort Bragg Electric would wire the sump pump in the pond under the drain, 2) re-build of the fence on the north and east side of the pond, 3) Barber-Webb's installation of the straps on the hose at the east end of the pond, and 4) a ballast system installation to protect the liner from wind lifts.

Director Hauck asked the Superintendent what his plan was for the fence reconstruction around the pond, noting that it was an invitation for danger, and huge liability issues to the sewer district. There was no protection from public access to the pond, and the temporary orange fence was down. Director Hauck was surprised that the engineers didn't provide specifications for the fence as part of the project. Steve's recollection was that the MCCSD agreed to take care of the fence installation, and it was not part of the pond project. Steve said there was water currently in the pond, because they were concerned about wind lift, and a ballast system was needed to prevent the liner from being lifted by wind. The solution could be pea gravel on the bottom or ballast bags around the toe. The Board agreed that the water should be drained from the pond, and the ballast issue resolved immediately.

A previous cost was estimated at \$10,000 for the fence. The Board favored a wooden fence, but asked for clarification of State Standards. The Board asked the Superintendent to obtain bid estimates for the fence installation, and make inquiry to the Mendocino Historical Review regarding their regulations.

Next month's meeting agenda would include discussion of fencing for the pond and a report on what had been accomplished with the ballast issue.

Investment Policy

The Board reviewed the current Investment Policy. Currently, the policy limited investments and depositories to checking accounts, savings accounts, money market accounts, treasury bills, and Certificates of Deposits with Federally Insured Banks or Savings and Loans. Also, as a general rule, not more than \$100,000 shall be invested or deposited in any one investment institution, and all investments should be available for recall within 60 days.

The Board had previously discussed investment of MCCSD funds. The Local Agency Investment Fund (LAIF) was a program established by statute in 1976 and allowed local governing bodies having money in their treasury not required for immediate needs, to remit the money to the state treasurer for deposit in LAIF. The goals of the LAIF program were safety, liquidity, and yield, and the emphasis of the program was on the prudent management of government funds. The new policy would not require the MCCSD to invest funds, but rather provided an alternative if necessary. The Board wanted to get a better understanding of LAIF, and the District would review their investment portfolio.

Two changes were made to the Investment Policies; 1) to include LAIF as an investment alternative, and 2) increase the amount deposited in any one investment institution from \$100,000 to \$250,000.00.

Director Hauck read the Resolution.

MOTION Stubbs/Hauck To introduce and adopt Resolution No. 2013-229, as read.

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

NOES: None

ABSENT: None

ABSTAIN: None

Staff was directed to open Certificate of Deposits with local FDIC institutions, as CD's mature in the Edward Jones Account.

9. Committee Reports

10. District Secretary's Report

a. Monthly Register of Cash Disbursement

MOTION Kraynek/Stubbs To approve the August disbursements for checks #11435 - #11461.

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

b. Update on Delinquent Sewer Accounts and Certificates of Liens
The Board of Directors was updated on delinquent accounts and Certificates of Liens.

c. Review of Delinquent Accounts to Consider Disconnection of Sewer Service for Non-Payment of Fees and Charges

Three delinquent accounts were reviewed for consideration of disconnection of the residences from the sewer system for non payment of delinquent fees and charges; 1) 44400 Little Lake Road, APN 119-090-39, 2) 44777 Crestwood Drive, APN 119-270-13, and 3) 10600 Heeser Street, APN 119-212-06. Director Hauck understood there was a new property owner at 44777 Crestwood Drive, and since the correspondence was sent to a Bank, the new owner was not aware of the delinquency and the Certificate of Lien filing. Director Hauck recused himself, because the residence was his immediate neighbor.

The Board inquired if there was a legal remedy available for repeat offenders. Staff would research options for enhanced penalties for repeat offenders.

MOTION Kraynek/Waldman: To begin disconnection proceedings for 1) APN 119-090-03, 2) APN 119-270-13, and 3) APN 119-212-00.

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

Director Hauck resumed his seat at the Board level.

11. Matters from Board Members

Director Hauck reported that Director Schwartz, Steve Acker and himself attended the Funding Fair on Thursday, August 22nd, in Ukiah. They learned that a single application from the District can circulate among a variety of potential funding sources. As an example, there may be funding available for an engineering study as well as construction of the ocean outfall. Harold suggested that if Steve's workload was too great that perhaps Mike Kelley should be hired as a consultant to make the initial applications. Steve had that option if it would expedite the process. Superintendent Acker would talk to Mike Kelley.

Steve reported that the application submitted to the California Department of Water Resources to obtain a Local Groundwater Assistance Grant was not approved because the balance points were not assigned. The Board asked Steve to follow up and find out specifically why the grant was denied.

President Schwartz asked if the meeting for September 30 could be re-scheduled one week later, on October 7th. Because of scheduling conflicts, he also suggested that the October meeting be re-scheduled one week later to November 4th. Director Hauck would not be available and it was questionable for other board members regarding the November 4th date.

12. Framework for Capital Financing Review. Scope of work, Schedule and Responsibilities for a Review of MCCSD's future Capital Expenditure and Financing Needs

At the meeting of May 28, the MCCSD Board decided to conduct a review of its overall capital financing needs and resources. Directors Stubbs and Hauck were asked to create a work program for the capital financing review.

Director Stubbs presented an approach and work program for a review of capital financing needs and resources. The program was intended for discussion, focusing on the scope, timing and responsibilities of various Board members and staff. Background information was provided about the aging plant, revenues, capital assets/plant replacement, and connection fees. The proposed framework

included an Approach and Scope, and 10 Tasks were presented as an indication of what might be required. Each task represented a likely subject for discussion at future Board meetings.

President Schwartz thanked Director Stubbs for preparing the report which was worthy of the finest studies he had seen. Director Schwartz noted that an Advisory Committee was of a temporary nature and consisting of less than a quorum and not considered legislative bodies, therefore not required to comply with the Brown Act requirements regarding notice and agenda. A Standing Committee, of a permanent nature, was subject to the Brown Act requirements, requiring public participation.

Task #1 was to update MCCSD's asset list and capital expenditure program. Mike Kelley might be able to help update the asset list and consultants may be necessary for estimates for major items such as the outfall replacement or collection system replacement. Director Hauck strongly recommended to hire Mike Kelley for tasks #1 and 2, and they key was to start now, so the Board had something by the next meeting.

Director Stubbs inquired why depreciation wasn't on the District's quarterly financial reports, and this subject would be followed up with Wendy Boise and Rick Bowers, CPA's. The Board thought that it was important to include depreciation in the report. Jodi thought that LAFCO had recommended the current format during their Municipal Service Review. Harold Hauck will review that report.

Directors Stubbs and Hauck would meet as a temporary advisory committee with Steve and Mike Kelley to consider item #1 and have a tentative report analysis for consideration at the next meeting. Included in that task would be a report on the inventory of Capital Assets and a forward projection of inventory needs. The Ad Hoc Committee scheduled a meeting with Steve on September 18.

The Board agreed it was important to get community support throughout the process.

The meeting adjourned at 10:00 p.m.

Respectfully submitted,

Jodi Mitchell
District Secretary