

**MENDOCINO CITY COMMUNITY SERVICES DISTRICT**  
**Post Office Box 1029**  
**Mendocino, CA 95460**  
**Business Phone (707) 937-5790 Treatment Plant (707) 937-5751 Fax (707) 937-3837**

Minutes of January 25, 2010

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

President O'Brien reported that sadly, Director Pete Ball passed away. Director O'Brien noted that Pete stepped up to the plate for the District and volunteered his time, when the District needed a director to fill a vacancy on the Board of Directors. Director O'Brien attended the services, on behalf of the District, to give support to Mrs. Calby, Pete's mom.

1. Minutes of October 26, 2009

President O'Brien noted that the Minutes of October 26, 2009 had not been approved. Directors O'Brien, Kraynek and Ball were in attendance at that meeting. Since the passing of Director Ball, the Attorney suggested that, in view of the situation, the remaining two Board members, who were present at that meeting, should accept the minutes as accurately representing the actions taken at that meeting. Director O'Brien stepped down as President, and Director Schwartz asked for a motion.

Correction: Page 4, Section d, Line 2: ...were old and had reached **the end of** their useful life.

MOTION Kraynek/O'Brien: To approve the minutes of October 26, 2009, as corrected, which accurately represented the actions taken at that meeting.

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

Minutes of December 21, 2009

MOTION Schwartz/Kraynek: To approve the minutes of December 21, 2008, as presented.

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

2. Communications

Secretary Mitchell reported that a Notice of Vacancy was published on January 14, 2010, for the vacancy of the unexpired term of Director Pete Ball. The notice was required to be published at least 15 days prior to an appointment. The Board had 60 days after the effective date of the vacancy to appoint a director to the vacancy. A resolution would be required for adoption at the February meeting to fill the existing vacancy for the unexpired term of Pete Ball.

Sam Waldman observed the meeting, and expressed his interest in filling the vacancy. Sam resided in Mendocino. He said he would submit his letter of interest, and the appointment of a Director would be on the February agenda.

3. Public Comment

4. New Business

a. Wendy Boise – Presentation of 2008/2009 Annual Audited Financial Statements  
Wendy Boise presented the results of the 2008/2009 Annual Audited Financial Statements. Wendy reported that basically, the operations of the District were fine. Wendy

noted that the operations income, after including the depreciation expense was slightly negative, but the non operating revenues such as property tax revenue made up for that difference. Wendy discussed interest rates, cash flows, fixed asset expenses, retirement contributions, future repair of the outfall lines, and the Equipment Replacement Fund as a line item on the budget.

In connection with the audit, Wendy noted no material weaknesses, but included two items as a recommendation, 1) she encouraged the Board to continue updating and reviewing the plan for current replacement costs of aging infrastructure and to make every possible effort to meet the anticipated funding requirements. It was obvious that there would be little, if any, help available from the State, and in fact the State had many grant projects that had been approved for some time but remained unfunded, 2) as the financial markets rebounded, the PERS contribution rates leveled off. 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, higher paying interest CD's matured and were replaced with new ones. While there has been no indication that the State would "borrow" from special districts, the shifting they were doing could create bigger problems in the long run should the general economy not improve.

5. Groundwater Management

a. Hydrological Study approval Extension – Steven Schumer, 10475 Hill Road

Steven Schumer submitted an application for a 2-year Hydrological Study Approval Extension. The original Hydrological Study was approved on January 30, 2006, and this approval would represent the third two-year renewal. At this time, there were no limitations to the number of renewals, and any new development on a neighboring parcel would require that the well on the subject property be considered and included in any hydrological study testing.

MOTION Schwartz/Kraynek: To approve the 2-year Hydrological Study Approval Extension for APN 119-120-67 as requested by Steven Schumer, owner of property at 10475 Hill Road.

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

b. Monthly Groundwater Management Report

Superintendent Kelley reported that 22.6" of rain had been recorded to date. If greater than 19" was received, the District could potentially declare the end of a drought in February. The District was currently in a Stage 2 drought, which called for a 15% voluntary reduction in water extraction. If 35 inches of rain has fallen by May 31, there would be no water shortage. If less than 35 inches of rain fell on May 31, then the District would evaluate and update the water shortage stage by indicator wells average depth to water on August 31, November 30 and December 31.

Eleven #1 Meter Reading Violation letters were mailed. The secretary noted that two of those people submitted a reading since the notice was mailed.

6. Old Business

7. Attorney's Report

8. District Superintendent's Report

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

District personnel completed installing Influent pump #3.

On January 21, 2010, Superintendent Kelley certified to the State Water Resources Control Board completion of the following Sewer System Management Plan Elements: 3- Legal Authority, 4 – Collection System Operation and Maintenance, 6-Overflow Emergency Response Plan, and 7-Fats, Oils, and Grease (FOG) Program.

No recycled water was transferred to the Mendocino High School during the month of January 2010.

SHN consulting completed a draft of the capacity analysis of the MCCSD collection system. The study was required for the District's Sewer System Management Plan. Superintendent Kelley was currently reviewing the document. After the review and any necessary revisions, SHN would prepare the final report.

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

9. Committee Update

10. District Secretary's Report

a. Monthly Register of Cash Disbursements

MOTION Kraynek/Schwartz: To authorize disbursements in the amount of \$67,046.05 for checks #9303-9370, noting no checks were void.

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

Secretary Mitchell reported that a check was received in the amount of \$3,320.91, which represented 50% of the recorded lien against property located at 10540 Carlson Street. Attorney Jackson corresponded with Fidelity National Title Company that the District would agree to accept one-half of the recorded Certificate of Lien as full satisfaction of the Lien. Director O'Brien explained that the District agreed to accept 50% of the lien because a majority of the lien was related to a penalty of \$100 per day charged to the property owner for not complying with the Groundwater Extraction Permit process following the sale of real property. Attorney Jackson communicated with President O'Brien and they agreed the settlement was fair, and did not want to hold up the escrow process for the new property owner. The property has been sold.

b. Quarterly Report of Income and Expenses

The Board reviewed the quarterly report of income and expenses ending December 2009, however, the report reflected a 6-month period from July through December 2009. The Board reviewed line items which were in excess of 50%. An adjustment would be made to Professional Fees to re-classify the charge for the Collection System Capacity Study as a capital asset. The high amount of interest received during the period was due to older maturing CD's with a higher interest rates.

The meeting adjourned.

Respectfully submitted,

Jodi Mitchell  
District Secretary