

MENDOCINO CITY COMMUNITY SERVICES DISTRICT

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Minutes of January 28, 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, Hauck and Schwartz. Director Waldman was absent. Also present were Superintendent Steve Acker and Jodi Mitchell.

1. Public Comment

2. Minutes – December 17, 2012

MOTION Hauck/Stubbs To approve the minutes of December 17, 2012 as presented. Director Schwartz referred to page 3, section 9, which stated that the Board would expect an outline of the system (power wise), any weak links, and recommendations at the February meeting. The president instructed the secretary to put the energy issue on the February agenda for discussion.

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

Minutes of January 11, 2013

Correction: Section 2 (a), Paragraph 5; Attorney Jackson's position was that correspondence could possibly help the District's position to ~~rezone~~ **correct earlier erroneous rezoning by zoning** the property from open space to public facility.

MOTION Kraynek/Stubbs: To approve the minutes of January 11, 2013 as corrected.
ROLL CALL VOTE: AYES: Directors Kraynek, Stubbs, Hauck and Schwartz
NOES: None
ABSTAIN: None
ABSENT: Director Waldman

3. Groundwater Management

a. Monthly Groundwater Management

Rainfall was reported at 23.74 inches to date. On December 31, there was 22.38 inches, which indicated a no water shortage condition. On December 31, the Depth to Water in the 5 indicator wells averaged 18.65 feet, and according to the water shortage evaluation criteria indicated a no water shortage in December. The Board declared a Stage 1 Water Shortage Condition on February 6, 2012. Consensus of the Board was to continue with the Stage 1 Water Shortage Condition, because rainfall in the months of February, March and April were critical to the groundwater conditions.

b. Hydrological Study Approval Extension

1. APN 119-217-01. 45321 Ukiah Street

The Board of Directors reviewed the Application for a Hydrological Study Approval Renewal, for APN 119-217-01, located at 45321 Ukiah Street. The Hydrological Study was approved on February 5, 2001, and the approval had been renewed every two years. The parcel was undeveloped, and the owner was required to obtain a two-year extension to avoid automatic expiration, if an application was not approved for a Groundwater Extraction Permit within the two year period.

MOTION Kraynek/Hauck: To accept the Hydrological Study Approval Renewal for APN 119-217-01.

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

2. APN 119-170-13, 10970 Ford Street

The Board of Directors reviewed the application for a Hydrological Study Approval Renewal for APN 119-170-13, located at 10970 Ford Street. The Hydrological Study was approved on February 28, 2005, and had been renewed every two years. The Superintendent recommended approval of the two-year extension of the Hydrological Study Approval.

MOTION Kraynek/Hauck: To accept the Hydrological Study Approval Renewal for APN 119-170-13.

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

4. Old Business

5. New Business

a. Request to use District Property for Mendocino Film Festival, 10705 Palette Drive, APN 119-140-31

Melissa Howden, Managing Director, and Alex fields, VP Operations of the Mendocino Film Festival were present to ask the Board of Directors to consider the possibility of a tent for the main venue for the 2013 Film Festival; to be located on property owned by the MCCSD located at 10705 Palette Drive. The proposed tent would be 70' x 80', approximately 5,600 sq. ft. and was designed to hold 350 people. The space would suit their needs for several reasons, including proximity to the highway, making it appealing for potential sponsors, and it was directly across from the Hill House, where the opening night party would occur. There were sources of power, and the location was walking distance to other venues. Porta Potties would be provided. Alcohol would be served. The dates of use of the property would be Thursday, May 22 through Tuesday, June 4, 2013.

The representative for the Hill House and Mendocino Hotel provided support for the Film Festival's request, and indicated that the guests of the Hill House would be accommodated during the festival.

The Board members supported the Film Festival in general. The property was acquired with the intention of a future water storage tank, and garage to house MCCSD equipment and storage of vehicles and paper files. Since the acquisition of the property, there have been repercussions from those opposed any development on the property.

Director Schwartz outlined the legal elements that would be required in a written agreement, and the Board agreed that the Festival should be solely responsible for obtaining any necessary County permits for the proposed use of the District's property, including the Mendocino Historical Review Board. The Board suggested that Ms. Howden speak with Abbey Stockwell at the Planning and Building Department regarding the necessary permits.

The Board determined that a reasonable charge for use of the property would be equal to the amount of attorney's fees to draw up the agreement, and any staff time associated with their request. They estimated it could be up to \$500.

MOTION Hauck/Sam Kraynek: To provide a letter of authorization for the Film Festival to inquire about any permits that would be required from the County Planning and Building Department and MHRB, and if permits were necessary, then the parties would enter into a written agreement and Attorney James Jackson would be asked to identify all the terms and conditions.

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

b. Wendy Boise, Presentation of Audited Financial Statements

Wendy Boise provided the District with the Audited Financial Statements for the fiscal year ending June 30, 2012. The Board of Directors reviewed the comments and recommendations in connection with the audit. 1) Electronic payments to CalPers and PR taxes should be recorded into

accounting system through the “pay bills” instead of posting the entry into the “general journal”. 2) Because it was considered a highly liquid cash account, the reserve account set up at the Savings Bank should be re-classified as a cash account within the general ledger instead of an investment.

The Board inquired about the GASB Superintendent Report, and Wendy clarified that should be stated as 2011-2012 Management, Discussion and Analysis. This was information provided to the Auditor by the MCCSD Superintendent.

The Board discussed the need to develop or update the capital assets and equipment replacement and depreciation schedule, which also included an escalation factor for the actual cost to purchase assets and replace equipment. Wendy noted that the next audit would probably reflect a net asset section to show designations of unrestricted assets.

6. Attorney’s Report

The Superintendent reported that in discussion with Attorney Jackson, he inquired what direction the Board had decided to take with regard to the various options he had previously provided to MCCSD regarding the District’s property at 10705 Palette Drive. One option was to participate in the Mendocino Town Plan update process to designate the parcel to public facilities. The Board would participate in the Mendocino Town Plan Process, and held any further legal action regarding this issue in abeyance, pending a determination of the zoning in the Town Plan.

7. District Superintendent’s Report

Director Schwartz asked the Superintendent to update the Board on the delinquent accounts and Certificate of Liens. The account balances for the two properties previously scheduled for disconnection were paid in full. Five notices of Intent to file a Certificate of Lien were mailed on January 14th. The property owners had 10 days to respond, or a Certificate of Lien would be automatically recorded. One account was paid in full.

During the month of January, the treatment plant operated normally. Plant personnel performed routine plant maintenance. The old sludge pumps were removed and scrapped.

The December self monitoring online report was sent in to the Water Quality control Board. The no spill certification for December was posted online.

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

Kennedy Jenks was working on the final design and the bid package. The overflow pipe valve type was changed to a knife valve that would be installed in the manhole. This valve will be accessible through the manhole for service and adjusting the flow.

The new Kyrocera copier was delivered in late December. On January 7 discovery Office system’s technician set up the copier on the network. All of the computers could print to the copier and scans could go to all computers. Scan, duplex, fax, network, and copy functions were all working.

Steve provided a major priority list for capital projection costs, and a spreadsheet of capital improvements and equipment replacement.

Reports requested by the Board of Directors were not finished because of Steve’s time and more immediate issues; 1) Sam Waldman energy audit and 2) FOG Program plan update and report of action and education program.

An opinion of probable construction costs was provided by Kennedy/Jenks consultants. The estimated probable cost was \$212,000. The range of probable cost was +15% - \$243,800 and -5% - \$201,400. Of the \$212,000 cost, \$17,686 represented work within the owner scope; demolish wood pier, demo wood fence, under drain electric service, 15” overflow pipe isolation valve, and installation of new fence along property line.

8. Closed Session

The Board of Directors convened to closed session to confer with Legal Counsel about anticipated litigation pursuant to Government Code Section 54956.9 (D) (4).

The Board of Directors reconvened to open session. The Attorney was asked to proceed with appropriate legal correspondence for a legal matter being pursued.

9. Committee Reports

The Finance Committee met on Friday to review Attorney Jackson's conclusions regarding investment of district's funds, and whether Edward Jones was a "depository" under California law. Based on his research, it was concluded that Edward Jones was not a "depository" and accordingly, may not be an appropriate entity for holding or investing District funds. Director Schwartz recommended that a Resolution be prepared for adoption at the next meeting to withdraw funds from Edward Jones, with no penalties or lost income, and also the District would require that any new investments have written confirmation from the banking institution that they are in compliance with California law.

The finance committee recommended to the Board that staff investigate investment options with the Savings Bank of Mendocino County or any other Bank that was suitably FDIC insured.

10. District Secretary's Report

a. Monthly Register of Cash Disbursements

MOTION Stubbs/Hauck: To certify total cash disbursements of \$110,776.79, and that checks #11148 – 11199 be approved.

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

b. Quarterly Report of Income and Expenses

The Quarterly Report of Income and Expenses ending December 12, 2012 was provided. The Board of Directors reviewed the quarterly report. Total operating revenue was \$332,746.97, and total operating expenses were \$249,865.75, leaving a net operating income for the year to date of \$82,881.22. Non-Operating Income was \$150,825.83 and total cash items was \$106,195.81, leaving a cash margin year to date of \$44,630.02.

The meeting adjourned.

Respectfully submitted,

Jodi Mitchell, Secretary