

MENDOCINO CITY COMMUNITY SERVICES DISTRICT
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Minutes of March 26, 2018

Regular Meeting was called to order by President Schwartz at 7:00 p.m. in the business office at the Wastewater Treatment Plant. Present were Directors Kerstein, Rice, Hauck, and Schwartz. District Superintendent Mike Kelley and Secretary Jodi Mitchell were present.

1. Agenda – The Board agreed to relocate item 8 c for a Closed Session to after Matters from Board members on the agenda.

2. Approval of Minutes January 29, 2018

Corrections: Page 3, Section 10, Line 2: ... would also provide clarity in...

Page 3, Section 7 a, Line 7: ... capital reserves and their identification

Motion Hauck/Kerstein To approve the Minutes of February 26, 2018, as amended.

ROLL CALL VOTEAYES: Directors Kerstein, Rice, Hauck and Schwartz

NOES: None

ABSENT: None

ABSTAIN: None

3. Communications

4. Public Comment

5. Old Business

6. Groundwater Management

a. Application for Groundwater Extraction Permit

45090 Little Lake Street APN119-120-20

An application was submitted for a Groundwater Extraction Permit (GWEP) to add a third bedroom to an existing residence. Ordinance No. 07-1 allowed the Board to issue a GWEP without requiring an applicant to submit a hydrological study if the proposed change resulted in a limited increase in the water demand. 30% of the existing 200 gallon per day water demand was 60 gpd, which was an allowable limit for the requested bedroom addition, in accordance with the Water Use Standard. As a condition of the approval for a limited increase, the applicant agreed not to exceed the water use allotment for the current existing use. Director Hauck inquired why the Board needed to take action, if no additional water extraction was being allotted. The Superintendent explained that section 4(b) allowed for a small amount of additional development but any future new development, change in use, or expansion of existing use may require approval of a Hydrological Study prior to issuance of a new GWEP to review the effect that incremental development may have on adjacent wells or the aquifer. The District Superintendent currently administered permits for no increase in water extraction under section 4(a). Director Hauck suggested the Superintendent should also approve all exceptions to the Hydrological Study Requirement for Section 4(b), a limited increase in the water demand, which he planned to address during introduction of the Ordinance.

MOTION Hauck/Rice To approve the GWEP Application for Josie Perla, 45090 Little Lake Street, APN 119-120-20.

ROLL CALL VOTEAYES: Directors Kerstein, Rice, Hauck and Schwartz

NOES: None

ABSENT: None

ABSTAIN: None

b. Monthly Groundwater Management Report

October 1, 2017 was the beginning of the 2017-2018 rain year. Average precipitation in March was 6.05 inches. By March 26th, Mendocino received 5.23 inches of rainfall. The cumulative average rainfall at the end of March was normally 34.63 inches. For this rain year, MCCSD had recorded 23.34 inches of precipitation. On March 19, 2018, the District had 62.3% of normal precipitation for this time of year. 23.34 inches was 58% of total average annual precipitation.

The District was still in a No Water Shortage condition. The District would next evaluate drought conditions on March 31, 2018. The Water Shortage stage was based on the rainfall measured on March 31, 2018 evaluation. A Water Shortage determination would be made in April or May of 2018. Rainfall would be monitored over the next two months prior to a recommendation by the Superintendent for a Water Shortage declaration by the Board of Directors.

On March 26, total rainfall was 23.34 inches and 6.99 inches since February 1. On March 31st there were three possible water shortage stages: (1) <22" – Stage 4, (2) 22" – 23.79" – Stage 3, and (3) >23.79" – Stage 2.

The Depth-to-Water (DTW) measurements in the District's 24 monitoring wells on March 12, 2018 was 15.04 ft. That was the lowest DTW in the aquifer for this time of year since the new well field was developed in 2002, except for 2009 and 2014. The water table was lower now than it was at this time during the 2009 Stage 3 Water Shortage and the 2014 Stage 4 Water Shortage.

A Stage 3 Water Shortage condition would require limited rationing; 20% reduction in water usage, temporary moratorium on new groundwater extraction permits for new development, expansion of existing use, and change of use which required a hydrological study, and prohibitions on aquifer pump tests. There were other mandatory restrictions on water waste, such as car washing except with shutoff nozzle, and spray washing buildings. A determination would be made at the May meeting.

7. New Business

a. Adoption of Ordinance No. 2018-1

Ordinance No. 2018-1 an Ordinance of the Mendocino City Community Services District for Special Event Permits was introduced on February 26, 2018.

MOTION Kerstein/Rice To waive the reading of Ordinance 2018-1.

ROLL CALL VOTE AYES: Directors Kerstein, Rice, Hauck and Schwartz
NOES: None
ABSENT: None
ABSTAIN: None

MOTION Hauck/Kerstein To approve Ordinance 2018-1 Ordinance of the MCCSD for Special Event Permits

ROLL CALL VOTE AYES: Directors Kerstein, Rice, Hauck and Schwartz
NOES: None
ABSENT: None
ABSTAIN: None

b. Introduction of Ordinance No 2018-2 – Groundwater Extraction Permit

MOTION Hauck/Kerstein To waive the reading of Ordinance 2018-2.

ROLL CALL VOTE AYES: Directors Kerstein, Rice, Hauck and Schwartz
NOES: None
ABSENT: None
ABSTAIN: None

Director Hauck suggested that applications for approval under Section 4(b) for a Limited Increase in the Water Demand and exception to the hydrological study requirement, which required the applicant to agree not to exceed the water use allotment for present use, should be administratively approved by the District Superintendent. The Board concurred to include that change in the proposed Ordinance.

The Board would reconsider the Ordinance at their next meeting for introduction and asked that only the changed pages be provided.

c. Approval of Fiscal Year Budget 2018/2019

The Board of Directors reviewed the proposed 2018/19 fiscal year budget. Director Hauck raised issue with the exorbitant and arbitrary fees that the County Planning and Building Department charged the MCCSD for the plant upgrade project in the amount of over \$11,000, and another project permit in Mendocino, specifically the Rotary Club who was asked to pay \$8,000 to create a park. He encouraged the District to take action and further ask the Attorney to prepare an argument to the Board of Supervisors regarding the Planning Department Fee Structure.

MOTION Hauck/Rice To ask the Attorney to develop a position to the Board of Supervisors regarding rate structure and fees charged by the County of Mendocino.
ROLL CALL VOTE AYES: Directors Kerstein, Rice, Hauck and Schwartz
NOES: None
ABSENT: None
ABSTAIN: None

Superintendent Kelley reported that the Finance Committee met on March 2, 2018 to review the proposed 2018/2019 Fiscal Year Budget and modify the quarterly MCCSD account balance report to include the total general fund balance, and extraordinary expenses taken from the general fund.

Legal expenses from 2014-2017 totaled over \$92,000 for the Gomes vs. MCCSD lawsuit that was spent to protect Mendocino's limited groundwater resource. That revenue was taken from the District's cash reserves and the equipment replacement fund. Mr. Gomes lost his lawsuit in Superior Court on every cause of action and he was appealing the action to the California Court of Appeals in San Francisco. The District's Legal Counsel estimated the cost of the appeal for 2018 would be \$30,000. The Budget included \$33,000 for the appeal.

Following the declaration of the Stage 4 Water Shortage, ^{in 2014} all developed parcels were required to obtain a Groundwater Extraction Permit, which included the permit conditions of an approved allotment and installation of a water meter. Additional labor was now required to operate the Groundwater Management Department to maintain a water meter reading database. That, and other past Groundwater Management expenses had been subsidized from the Wastewater Department.

The Groundwater Management Department's annual expenses would be increased by \$62,469 in 2018 and over half of the amount was for the Gomes appeal. To pay for the additional GWM Department expenses, staff recommended an increase in the Charge for Ground Water Management from 11% of the sewer fees to 21%.

The operating revenue was estimated at \$770,512, and expenses were \$616,929, leaving an operating net income of \$153,583. Non-operating income was \$90,404, leaving a District margin of \$243,987. The District margin less cash items, which included payment on the biosolids dryer, and equipment replacement and capital improvement left a cash margin of \$69.

Director Hauck suggested that the upcoming loan should be included and tracked through the budget process. Staff explained that there was no additional revenue for the project, and the \$150,000 already collected annually from user fees would pay the amount of the annual loan for the District's Plant Upgrades. Mike Kelley suggested that staff create a separate line item under Less Cash Items for the amount of the annual loan payment and reduce the \$150,000 accordingly.

Staff would contact the Auditor regarding accounting procedures and reporting of the new loan payment.

MOTION Hauck/Kerstein To postpone the Budget Approval until next month.
ROLL CALL VOTE AYES: Directors Kerstein, Rice, Hauck and Schwartz
NOES: None
ABSENT: None
ABSTAIN: None

d. Resolution No. 2018-254 Resolution to Approve Initiation of Prop 218 Procedures for a Proposed Increase to the Charge for Groundwater Management

Superintendent Kelley provided a Memorandum to the Board of Directors Regarding Prop 218 Procedures, Timeline, Public Notice, and Ballot.

The Public would be noticed of a Hearing regarding proposed amendments to the monthly Groundwater Management Charge Ordinance. The increase in the groundwater management charge was

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needed to repay \$92,000 borrowed from cash reserves that was used to pay for Gomes vs. MCCSD legal costs. The District successfully defended its Groundwater Management Program, Groundwater Extraction Permit Ordinance, and the Water Shortage Contingency Plan in Superior Court in 2017. The decision was being appealed to the ~~Ninth Circuit~~ ^{First District} Court of Appeals in San Francisco. An additional \$33,000 was budgeted for the 2018 appeal.

Any property owner in the District may file a written protest against the proposed change. If at the conclusion of the Public Hearing, a majority protest of property owners does not exist, the Board would consider introduction of proposed Ordinance 2018-3.

The Board agreed to hold the Public Hearing at the Community Center, if available.

Director Hauck read Resolution No. 2018-254.

MOTION Hauck/Rice To adopt Resolution No. 2018-254, Resolution of the MCCSD to Approve Initiation of Prop 218 procedures for a Proposed Increase in the Monthly Charge for Groundwater Management, noting a change in the location of the public hearing to be held at the Community Center.

ROLL CALL VOTE
AYES: Directors Kerstein, Rice, Hauck and Schwartz
NOES: None
ABSENT: None
ABSTAIN: None

8. Attorney's Report

9. District Superintendent's Report

Operators performed routine repair and maintenance at the wastewater treatment plant during March 2018.

Plant operators reconditioned the automatic bar screen basket that cleans the bars and remounted the bars in the headwork's channel. One of the compactor water valves was rebuilt. A new basket and two valves were ordered from the manufacturer of the bar screen. In the future the baskets would be exchanged when repairs were needed. This would avoid having to switch to the muffin monster ^{grinder} for long periods of time while the bar screen was being repaired.

There were no MCCSD collection system sanitary sewer overflows during February 2018.

The District did not transfer recycled water to the High School in March.

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The Mendocino Historical Review Board (MHRB) approved the underground contact and recycled water tanks and the new plant operations building's architecture at their March 2018 meeting.

The MHRB approved of the 36 new Holophane 2,700 kelvin LED streetlights and metal poles west of Hwy1. They also approved installation ^{of} Cree replacement streetlights ^{which} were 2,700 kelvin LEDs east of Highway 1. The Cree streetlights would be mounted on the existing overhead power distribution poles. The LEDs will replace the existing 50-year-old high pressure sodium streetlights.

The Safety Officer also conducted the monthly safety inspection of the plant and safety meeting on March 12, 2018. The safety meeting was on Hazard Communication – Elements of Safety.

b. Why the District needs a Garage

Superintendent Kelley reiterated the importance of the proposed garage. In 2010 \$1.00 was paid to the City of Fort Bragg for a Sewer Jetter. \$5,000 was invested to recondition the vehicle. Over the years, the vehicle rusted away, and in 2017 the Jetter was prepared for disposal and hauled off for \$1,000. Sam Kraynek commented that the Board's original commitment was to build a garage and office on the Palette Drive property, when it was taken by eminent domain. Director Hauck clarified the friendly eminent domain was an advantage to both parties involved. Neighbors of the Treatment Plant in attendance commented that there weren't many garages in Mendocino, more specifically on Kelly Street, and they did not agree that the garage would solve the District's problem.

10. Committee Updates

11. District Secretary's Report

a. Monthly Register of Cash Disbursements

MOTION Hauck/Kerstein To approve disbursements for checks #13768-#13801, and on line CalPERS, State and Federal Tax Deposits, and noting no checks were void.

ROLL CALL VOTEAYES: Directors Kerstein, Rice, Hauck and Schwartz

NOES: None

ABSENT: None

ABSTAIN: None

b. Update on Delinquent Sewer Accounts and Certificate of Liens

The Board of Directors reviewed the delinquent sewer accounts and Certificate of Liens.

12. Matters from Board Members

Superintendent Kelley explained that the District could earn additional incentive points towards a credit to their annual Insurance premium if a Standing Committee was formed for Safety. The Committee could meet a couple of times a year to review safety procedures and issues. Directors Rice and Kerstein offered to accept that committee appointment.

13. Closed Session

The Board adjourned the meeting to a Closed Session to discuss a Personnel Matter.

The Board adjourned the Closed Session and the Regular meeting was convened.

The report out of Closed Session was to give the Secretary a wage increase.

14. The meeting adjourned at 9:05 p.m.

Respectfully submitted,


Jodi Mitchell
District Secretary