

MENDOCINO CITY COMMUNITY SERVICES DISTRICT
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Minutes of July 27, 2009

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

1. Minutes of June 29, 2009

Correction: Page 2 – Section c – Paragraph 2.November ~~24~~ 30

MOTION Schwartz/Dill: To approve the minutes of July 29, 2009, as corrected.

ROLL CALL VOTE: AYES: Directors Kraynek, Ball, Dill, Schwartz and O'Brien

NOES: None

ABSENT: None

ABSTAIN: None

2. Communications

The District received a copy of the Notice of Election which was published by the Mendocino County Clerk/Recorder, in the local newspaper for the November 3, 2009 consolidated district Election, and provided dates for official filing a declaration of candidacy. There were three vacancies available for the office of Director of MCCSD.

3. Public Comment

4. New Business

a. Bob Wheat/Edward Jones – Discussion Regarding the District's Investments

Mr. Bob Wheat, Financial Advisor with Edward Jones, presented the District's portfolio and discussed the District's investments, asset and income analysis. Generally, the District's finances looked good because their funds were previously laddered into higher paying Certificates of Deposits. The District, at this time, is not earning much interest from the low paying returns on Certificates of Deposit investments.

Mr. Wheat was aware of the Board's fiduciary responsibilities for investment of District monies, however, introduced the idea of income oriented mutual funds which were diversified and safe, and may earn between 3 ½% and 5% per year. It was noted that the District's investment policies were that funds must be FDIC insured.

The District's money market fund investment of \$114,863 was earning .01% interest. A one year CD was paying .85%, and Mr. Wheat's advice was investing one-half of the money market savings into a higher paying Certificate of Deposit.

5. Groundwater Management

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

The Mendocino Art Center asked for Board consideration to extend their Groundwater Extraction Permit Application Approval Extension for two months.

MOTION Schwartz/Dill: To continue the Groundwater Extraction Permit

Application Approval Extension to the September meeting.

ROLL CALL VOTE: AYES: Directors Kraynek, Ball, Dill, Schwartz and O'Brien

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NOES: None
ABSENT: None
ABSTAIN: None

b. Application for Groundwater Extraction Permit
Spring Pond Properties, 10490 Howard Street, APN 119-150-05

An application was submitted by Spring Pond Properties for a Groundwater Extraction Permit to convert an existing residence into a commercial veterinary clinic. The water demand for the veterinary clinic was calculated, based on information provided in the application and was taken from 2006 FB City metered water use for two veterinary clinics.

The Hydrological Study proved 2,586 gallons per day and the change of use represented a 2.23% increase in the water demand. According to Section 4(b), the Board may issue a Groundwater Extraction Permit without requiring an applicant to submit a hydrological study if the proposed change results in a limited increase in water demand. The increase in the water demand was within the limitations for a Section 4(b) limited increase. The allotment will remain at 2,586 gallon per day.

MOTION Kraynek/Ball: To accept the Groundwater Extraction Permit
No. 2008/8-20 for Spring Pond Properties.

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

Daniel Dixon, applicant for the proposed clinic, stated that it was his understanding that the Right of Use Fees had increased on July 1, 2009. They had originally made application to the District in June of last year; however, they waited for the Historical Review Board approval and other matters to be resolved. They asked if the Board would consider charging the Right of Use Fee at the time the application was submitted, since the rate increased on July 1, 2009. President O'Brien stated that the Right of Use fees were collected by Ordinance, and the charge had no relationship to the date the Groundwater Extraction Permit was submitted. He explained that the Right of Use Fees Ordinance was created to collect enough revenue over the years to replace the aging wastewater treatment system. Right of Use increases each year to maintain the integrity of the 30-year old treatment plant. Mr. Dixon agreed to pay the Right of Use Fees according to the Ordinance.

c. Possible Action for Violations of the Provision of Groundwater Extraction Permit
Ordinance No. 07-1 for Failure to make Application for a Groundwater Extraction
Permit for a change of Use

1. 44860 Main Street, Mendocino Village Inn, Judith Brown, Property Owner
2. 10691 Palette Drive, MacCallum House suites, Jed Ayres & Noah Sheppard

Staff reported that they expected Paul Clark, representative for Judith Brown, and Noah Sheppard to be at the meeting; however both parties requested, in writing, a continuation of the matter for one month to resolve all issues of concern to the District. Paul Clark indicated there was some confusion regarding their understanding of the use on Judith Brown's property, and Mr. Sheppard appreciated the Board's understanding during his extenuating personal circumstances.

The Board agreed to allow a 2-week continuance, and assess a penalty if the permit process was not completed and approved within two weeks. No further continuations would be permitted.

A special meeting would be scheduled in two weeks to address any unresolved issues.

MOTION Kraynek/Ball: To provide a 2-week continuance to remedy the violations of the provisions of the Groundwater Extraction Permit Ordinance at 44860 Main Street and 10691 Palette Drive.

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

c. Monthly Groundwater Management Report

Superintendent Kelley discussed the depth to water in the 24 monitoring wells. The District would reevaluate and update the water shortage stage based on the average depth to water in the drought monitoring wells on August 31st. The District was currently in a Stage 2 water shortage.

6. New Business

a. Review and Action on Proposal's for a Hydraulic Study of the District's Collection System

Superintendent Kelley reported that he received three proposals for a hydraulic analysis of the collection system, which was required for Element 8 of the Sanitary Sewer Management Plan. All three of the proposals address the basic requirements of the State mandated study. Future and existing flow capacity would be analyzed with sewer modeling software using the District's GIS data. Existing and possible future hydraulic deficiencies in the collection system would be identified and corrective recommendations would be made by the consultant.

The Board was impressed with SHN's proposal and qualifications and that they were experienced in replacing outfall lines. They thought the proposal addressed the District's needs.

MOTION Schwartz/Ball: To accept SHN's proposal for Engineering Services for the Collection System Capacity Evaluation Study of the MCCSD Sewer System.

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

b. Review of Delinquent Account for Consideration of Disconnection of Sewer Service for Non-Payment of Fees and Charges – 10540 Carlson Street, Constantine Rodatos

Property located at 10540 Carlson Street was in violation of the requirement to obtain a Groundwater Extraction Permit and charges continued to accrue for sewer service provided to the property. A Certificate of Lien was recorded on June 4, 2009 for a monetary violation of the requirement to obtain a GWEP and the property owner had not made any attempt to pay for sewer service dating back to October of 2008. The County Health Department had been notified about the possibility of disconnection, because the property would be posted as being uninhabitable. The Board was concerned that tenants who may be occupying the premises may not be aware that there was any problem. President O'Brien said as a courtesy, the District must notify the tenants of this issue. The District will attempt to notify the tenants of the proposed disconnection. Procedures outlined in District's Resolution #163 would be followed.

MOTION Schwartz/Ball: To disconnect sewer service for non payment of fees and charges at 10540 Carlson Street, Constantine Rodatos, property owner.

ROLL CALL VOTE: AYES: Directors Kraynek, Ball, Dill, Schwartz and O'Brien
NOES: None

ABSENT: None

ABSTAIN: None

7. Old Business

8. Attorney's Report

9. District Superintendent's Report

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

Staff was preparing for the clarifier repairs scheduled for August. Specialized Pipe Services would start cleaning the collection system on August 3rd.

321,835 gallons of recycled water were transferred to the Mendocino High School during the month of June 2009.

The hydraulic drill arrived at Alpha Diving on July 20. They plan to have the outfall secured before August 1, tides and ocean conditions permitting. The preliminary staging is in progress, so they should be working on the outfall in the next few days.

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

Mike reported that they have been discussing coordination of extension of the groundwater recycling to provide recycled water to Friendship Park. A meeting would be scheduled with Director O'Brien and Superintendent Kelley.

10. Secretary's Report

a. Register of Demands and Disbursements

MOTION Schwartz/Dill: To accept payment for checks #8964, and #8989 through #9034.

ROLL CALL VOTE: AYES: Directors Kraynek, Ball, Dill, Schwartz and O'Brien

NOES: None

ABSENT: None

ABSTAIN: None

b. Quarterly Report of Income and Expenses ending June 30, 2009

The Board reviewed the quarterly report of income and expenses for the period ending June 2009. Total revenue for the year was \$641,851 with expenses at \$515,078, leaving an operating net income of \$126,774. After adding non operating income less cash items, the ending cash margin was \$39,815.

As a result of an inquiry from Director Schwartz at the last meeting regarding propane gas prices, Secretary Mitchell noted that she had contacted Amerigas, Suburban, Ferrell Gas, and Kemgas. Kemgas was providing the lowest price per gallon at \$1.92.

The meeting adjourned.

Respectfully submitted,

Jodi Mitchell
District Secretary