

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 June 1, 2009

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

1. Minutes of April 28, 2009

Correction: Page 2 – Section 8 – Paragraph 2.44,645 gallons of recycled recycled water was were transferred...

MOTION Schwartz/Dill: To approve the minutes of April 28, 2009, as corrected.
ROLL CALL VOTE: AYES: Directors Ball, Dill, Schwartz and O'Brien
NOES: None
ABSENT: Director Kraynek
ABSTAIN: None

The Finance Committee met on May 4, 2009, and minutes of the meeting were provided to the Board of Directors.

2. Communications

Notification was received from Mendocino County Counsel that, effective July 1, 2009, their hourly rate for County Counsel legal services would be increased from \$140 to \$160 per hour.

Correspondence was received from Wendy Roberts, asking why the MCCSD Board meeting was scheduled on the first Monday of the month, since that conflicted with the Mendocino Historical Review Board's regularly scheduled meeting and would preclude a number of community members from attending. Ms. Roberts hoped this would not occur again. Secretary Mitchell responded that that the regular MCCSD meeting was scheduled on a May 25th, a Legal Holiday, and the District could not obtain a quorum until ~~July~~ June 1, one-week after the regularly scheduled meeting.

Comment: 6/29/09 Correction

Margaret O'Rourke provided correspondence regarding water conservation and a proposal from a "water conservation team" in which they outlined the education they would like to share with the community, along with tools they have used with other communities. Ms. O'Rourke requested that the District consider sponsoring a "Conservation Symposium", scheduled this summer. The cost was \$1,850.00. She also requested that the District mandate the posting of the groundwater message of every drop counts in every bathroom of every room of each inn and hotel. The Board thanked Ms. O'Rourke and the water conservation team for the information they provided, and for their interest in groundwater management and the district's conservation efforts. Superintendent Kelley offered a slightly less expensive proposal, and noted that the District had planned to provide information to property owners along with their July 1st billing statement, regarding water conservation and gardening tips. MCCSD would make this information available on the District's website and provide copies to any interested persons. The Board agreed that with the proposed loss of 8% of the Ad Valorem tax revenue to the State's

Minutes of June 1, 2009

Page 1 of 6

General fund, they did not feel that there were available funds for the proposed conservation symposium. The District would make conservation materials available as stated.

3. Public Comment

4. Groundwater Management

a. Patricia Osborne, 10400 Hill Road

Consideration of Penalty Assessed for Over Extraction of Groundwater

Patricia Osborne addressed the Board about correspondence she received from the District regarding a penalty which was assessed for over extraction of groundwater at her residence. Ms. Osborne did not pay the penalty because she did not have that money now, and she was of the opinion that all parcels should have a water meter, and it wasn't fair that she was penalized when everyone didn't have a meter. She said that she believed in water conservation and she was also very conscientious about her water use. She realized that she had gone over her allotment, but she didn't know why she kept exceeding her water allotment. She said she had a toilet repaired. Director O'Brien pointed out that her water use seemed to peak during the dry periods, and many times she reported that a hose had been left running. The Board offered suggestions to Ms. Osborne on ways she might reduce her water consumption, such as drip irrigation, and to keep a diary of her water use, to observe trends and prevent over extraction. The Board agreed that she must get in line with her water use, and stop over extraction of groundwater. Mr. Osborne agreed to pay close attention to her water use.

MOTION Schwartz/Ball: Based on Patricia Osborn's Groundwater Extraction Permit agreement, a meter reading was required on the first of each month. The Board suspended the penalty, which was assessed in the amount of \$123.48, for three-months, pending careful monitoring and compliance with the approved allotment during the three month period. The fine would be reinstated in full if the allotment was exceeded.

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

b. Application for Groundwater Extraction Permit to Drill a Well

Charles C. Wood – 44694 Crestwood Drive, APN 119-370-09

Mr. Wood applied for a Groundwater Extraction Permit to drill a well at his residence located at 44694 Crestwood Drive. The property was located in the Big River Vista Subdivision, and the property's current water source was from the community well operated by the Big River Vista Mutual Water Company. According to information contained in Mr. Wood's application, the community well ownership might be in dispute, so he wanted to develop a private well of his own. Superintendent Kelley explained that the District entered into an agreement with the County of Mendocino Public Health Department to regulate groundwater extraction within its boundaries, and the District agreed that the County would continue to enforce permit conditions placed on any subdivision with a community water system. However, the District would enforce its own regulations for groundwater extraction if any subdivision applicant applied to construct any new well, proposed development, or change of use not consistent with such applicants' original subdivision application.

The application was brought to the Board of Directors for approval because it was the first time that a well was approved for a private residence within an existing subdivision.

Mike noted that a resident of Point of View Estates Subdivision pointed out that MCCSD did not have jurisdiction to manage the groundwater resources of a mutual water company based

on Water Code Section 10750.7. Water Code Section 10750.2 stated that a local agency may not manage groundwater within the service area of any local agency, Water Corporation regulated by the public utilities commission, or mutual water company without the agreement of that other entity. Superintendent Kelley pointed out that the District's legal counsel addressed the issue of MCCSD's legal authority to manage groundwater within an existing subdivision, and it was determined that Water Code Section 10750.2 did not apply to the district, and MCCSD has special authority to manage groundwater resources.

MOTION Schwartz/Ball: To approve Groundwater Extraction Permit No. 2009/5-2 for Charles Cresson Wood to drill a well at 44694 Crestwood Drive, APN 119-370-09.

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

c. Groundwater management Report: 1) Review of Model Development and Updates, 2) Current Dept to Water Graph, and 3) Meter Reading Compliance

Superintendent Kelley provided a memorandum dated May 18, 2009, regarding the May Groundwater Management Report, which included review of model development and updates, current depth to water graph, and meter reading compliance.

During budget consideration, the committee discussed the necessity of having the groundwater model updated on an annual basis. Superintendent Kelley stated that part of the requirements of the Department of Water Resources Grant was that the District agreed to maintain and operate the property, and the District adopted Resolution No 191 in 2004 to fund the annual model update.

Mike noted that the model could be used to evaluate potential future trends in groundwater availability, for example with the addition of new parcels being created by Certificates of Compliance. Hundreds of new parcels could be created, many of which could be created with the District.

d. Resolution No. 211 – A Resolution of the MCCSD to Declare a Stage 2 Water Shortage Emergency Condition

Superintendent Kelley reported that the rainfall total in May 2009 was 24.08 inches. Mendocino was 38% below normal rainfall for this time of the year.

The Stage 2 Water Shortage was declared in the District on June 30, 2008, and was continued into 2009. On February 6th, the drought stage was increased to a Stage 3 Water Shortage, which was considered a severe drought. The Water Shortage Contingency Plan called for a reduction in allotments by 20% and a moratorium on Groundwater Extraction Permits that required a hydrological study. Aquifer pump tests were prohibited during the Stage 3 drought.

Due to above normal rainfall in May, the Water Shortage Contingency Plan recommended reducing the water shortage to a Stage 2 and residents would be asked to voluntarily reduce their water use by 15%. Since a Stage 2 Water Shortage was considered a moderate drought, it would be important for property owners to continue to conserve water.

MOTION Schwartz/Dill: To waive the reading of Resolution No. 211.
ROLL CALL VOTE: AYES: Directors Ball, Dill, Schwartz and O'Brien
NOES: None
ABSENT: Director Kraynek
ABSTAIN: None

MOTION Schwartz/Ball: To adopt Resolution No. 211, A Resolution of the MCCSD to Declare a Stage 2 Water Shortage Emergency Condition.
ROLL CALL VOTE: AYES: Directors Ball, Dill, Schwartz and O'Brien
NOES: None
ABSENT: Director Kraynek
ABSTAIN: None

5. New Business

a. Resolution No. 210 – A Resolution of the MCCSD Establishing Formal Procedures for the Collection of Delinquent Fees and Charges

At their meeting of May 4, 2009, the Budget Committee reviewed the District's current policy for collection of delinquent charges for services. District Ordinances were already in place to make unpaid delinquent District charges a lien against real property, add late payment penalties, and also, provide for disconnection of a property for non-payment of fees after they have become delinquent. Resolution No. 210 was formed for the purpose of incorporating a formal procedure for collection of charges after they had become delinquent. Attorney Jackson reviewed the Resolution, and recommended that the term "fees and charges" be used throughout the document.

MOTION Schwartz/Dill: To waive the reading of Resolution No. 210.
ROLL CALL VOTE: AYES: Directors Ball, Dill, Schwartz and O'Brien
NOES: None
ABSENT: Director Kraynek
ABSTAIN: None

MOTION Schwartz/Dill: To adopt Resolution No. 210.
ROLL CALL VOTE: AYES: Directors Ball, Dill, Schwartz and O'Brien
NOES: None
ABSENT: Director Kraynek
ABSTAIN: None

Director Schwartz thought that it was important for the community to be made aware that the District would be enforcing the conditions for collection of fees and charges.

b. Introduction of Budget for Fiscal Year 2009/2010

The Finance Committee met on May 4, 2009 to review and discuss the budget prepared for the 2009/2010 fiscal year. Total Operating Revenue was \$628,971 and Operating Expenses were \$508,540. The 2009/10 estimated tax revenue of \$88,276 did not take into consideration the possibility of the State "borrowing" 8% of total tax revenues. Interests on investments were projected at under \$8,000.00, which is almost 1/2 of last year's projected interest. Capital Improvement was \$29,919, which was total of Right of Use Fees and Savings Interest, and \$150,000 was budgeted for the Equipment Replacement Fund, which is paid through monthly user fees. There were no cost of living increases for employees and no increase in monthly fees.

MOTION Schwartz/Ball: To Introduce the 2009/2010 Budget as presented.
ROLL CALL VOTE: AYES: Directors Ball, Dill, Schwartz and O'Brien
NOES: None
ABSENT: Director Kraynek
ABSTAIN: None

6. Old Business

7. Attorney's Report

8. District Superintendent's Report

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

87,159 gallons of recycled water were transferred to the High School during the month of April 2009.

The District completed installation of the emergency dialer for the Heeser Drive Lift Station. Staff planned to install log barriers and a bollard at the lift station during June.

Staff has completed creating new collection system maps. The new maps would be used for maintenance scheduling, locating sewer lines in the field, and for the Sanitary Sewer Management Plan.

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

b. Cost Estimate and Time Schedule to Complete Remaining Tasks on Submarine Outfall Pipeline

A cost estimate and time schedule to complete the remaining tasks on the submarine outfall pipeline was prepared by Robert Lucariello. The total estimated cost for the phase was \$22,795.00. He requested a check payable to GR Sundberg, Inc. for \$1,795.00, to reserve the hydraulic power unit and sinker drill. A \$2,000 deposit was requested to cover mobilization costs.

Motion Ball/Dill: To approve the Cost Estimate and Time Schedule to Complete the Remaining Tasks on the Submarine Outfall Pipeline as prepared by Robert Lucariello in the amount of \$22,795.00.

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

Superintendent Kelley had been investigating installation of a vertical screen to eliminate plastics and synthetic materials from the influent, which he suspected might be a contributing cause of the dioxin problem in the effluent.

9. Committee Updates

10. Secretary's Report

a. Demands and Disbursements

MOTION Schwartz/Dill: To pay disbursements in the amount of \$48,047.27 for checks #8873 through #8918.

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

b. Update on District's Investments

The District's checking account balance with the Savings Bank of Mendocino County was currently \$111,009.66, earning .25% interest. The District's Money Market Savings Account with Edward Jones was currently earning .01% interest. On May 22, 2009, a \$50,000

laddered CD matured at the interest rate of 3.350%, and was deposited to the District's Money Market Account. The balance in the Money Market account was \$137,771.69.

Rates for Certificates of Deposits were much lower with Edward Jones, paying .35% for a three month CD to 1.05% for a one year CD. The Savings Bank was paying 1% for a three month CD up to 1.75% for 1-2 years. Funds could be transferred from the Money Market Account to a Certificate of Deposit with the Savings Bank.

The Board asked Edward Jones to attend the next meeting to discuss the District's investments.

The meeting adjourned

Respectfully submitted,

Jodi Mitchell
District Secretary