

Redwood Valley County Water District
2370 Webb Ranch Road
Redwood Valley, CA 95470
(707) 485-0679

Board of Directors - Regular Meeting Minutes
Thursday, July 17, 2014

Directors Present: Pamela Ricetti, Ken Todd, Jeff Basili
Directors Absent: Granville Pool, Jeanette Hallman (resigned)
Staff Present: General Manager Bill Koehler
Others Present: Several members of the public

Call To Order: 7:15 P.M.

1. Roll Call

Pam Ricetti, Acting President
Ken Todd, Director
Jeff Basili, Director

2. Hearing of Comments or Questions from the Attending Public

An audience member asks about the status of Ag water - if it will be turned on anytime soon. Dir Ricetti says she does not know and passes it to GM Koehler who says that it will be reinstated after the rains. The same applies for Willits, Brooktrails, and Pine Mountain.

Another audience member brings up livestock. He has fish in a pond and since the state is requiring outflow from Mendocino to protect fish, won't that cover his fish? GM Koehler answers that no extra water is being given for animals.

Another person asks when the State Resource Board meets. GM Koehler does not know since we don't directly deal with the State, but with RRFCD, who deals with the State. They did have a hearing on Monday when the SCWA gave a presentation about lowering Lake Mendocino discharge that may have gotten something going in that area.

Dir Ricetti asks GM Koehler how high the water is above the RVCWD pump intake at Lake Mendocino. He says we'll probably make it to October, but that's within the expected game plan.

Another audience member brings up that we can get water from other water agencies [via the intertie]. GM Koehler says that it is an agenda item that will be discussed later.

3. Consider Hearing of Urgent Items Received Since the Agenda Was Posted

Dir Ricetti calls for any new agenda items since the agenda was posted. There are none.

4. Acceptance of Agenda

Motion: Accept the agenda

Motion by Todd, second by Basili

In favor: Unanimous

Absent: Pool

GM Koehler reminds that with only three people on the Board at the meeting, they are a quorum, but any vote needs to be unanimous to pass or it's invalid.

Pres Pool arrives to the meeting at 7:17 P.M.

5. Approval of Consent Calendar

Motion: Approve the Assent Calendar as is.

Motion by Ricetti, second by Basili

In Favor: Unanimous

Absent: none

6. Approval of Minutes as Presented

There are not minutes available for June, only for May.

Motion: Accept the minutes

Motion by Todd, second by Basili

In favor: Unanimous

7. Directors and Staff Reports and Discussion of Non-Action Topics

a. Personnel Committee Report

Hallman has resigned from the Board and since she was one half of the personnel committee, this could be a problem. GM Koehler says that committee is done, so there is no problem.

b. Ad Hoc/Consolidation Committee Report

GM Koehler says the discussion of the consolidation report can wait until the manager's report. Ditto the rates, which do not need to be discussed at this time.

c. Discussion of Rates

Same as item 7.b.

8. General Manager's Report and Action Items

a. Director Resignation

GM Koehler says that they posted for a new Director and that notices were posted. A customer called in to say there was no posting at the Post Office or Highway 101 [Bar & Grill] but he knows for a fact they were posted and that in the past these notices are taken down pretty fast. Partly because there isn't much space for postings. Some discussion ensues about different places to post

RVCWD notices. They have 60 days from Hallman's resignation to find a new Director. GM Koehler tells the audience how to apply for the position if they're interested and Dir Basili adds that there are two men in the audience who have expressed interest in the position.

b. District Operations

GM Koehler just got back from vacation and things are hectic. We are doing pretty well. A new boat has been procured since the old one got blown down a hill by the wind. The field crew is using it to replace parts on the SolarBees [aerators] in the reservoir. The pumps that would have cost \$1500 from SolarBee were bought from a local for \$400.

c. Water Wheeling

Water Wheeling was an agreement between RRFCC and Redwood Valley Cellars, LLC. A new agreement has been brought up where we charge RVC for their 30 acre-feet. RVCWD will charge RVC for the regular amount including the meter fee minus the cost of the water we would normally pay RRFCD. RVC will pay RRFCD. Their meter will be monitored monthly until the amount is almost up, then weekly to daily until the 30 af is used. This agreement is only in effect because it was signed in 2010 and no new agreements will be made. This agreement is only about payment.

Motion: Accept the agreement as stated

Motion by Todd, second by Basili

In favor: Unanimous

d. Communications

Chris has started on the communication link between the Lake and the South West Tank. The signal will be wired from Lake Mendocino to the top of the ridge where it will be transmitted via the South West Tank to the RVCWD office. It will allow the pumps to be turned on and off and programmed from the office. It was long overdue and will save time and money. Dir Todd asks about what will happen if there is a power interruption. GM Koehler says that will depend on the programming and the duration of the power outage.

e. Well Contract

GM Koehler moves on to the Well Contract which was included in the Board Member packets. The Investigative and Research phases have been completed and the Monitoring Well phase is being proposed. It has been awarded a \$350,000 grant from the Drought in conjunction with the City of Ukiah for the second part of the intertie, a well for Ukiah and Millview, and a MW for RVCWD. GM Koehler cannot initiate any phases without Board approval. Dir Ricetti asks about an agreement from H&W. GM Koehler says they do not have it yet and don't even know if they've gotten the grant. If not, it's a tougher decision as to whether or not to drill the well. Dir Todd asks what RRFCD feels about this. GM Koehler answers that there are mixed words from them, from positive to negative. He

suggests they keep going as they are. Initial site visits have been done and geology inspected to recommend a site and the best location has been identified. Dir Ricetti asks when we will know if the grant money has been awarded. GM Koehler says within a month can be expected. He will get together with Jarrod Thiele from Ukiah to try to get a timeline together.

An Audience Member asks for very specific linear footage distance from the waste pond to the proposed well sight. GM Koehler says it won't happen at the location near the ponds. He then identifies the location more specifically to allay the fears of the AM. GM Koehler also specifies that the ponds are for grape cuttings and such, not sewage. Dir Ricetti wants to know about a contract with H&W. GM Koehler says he will pursue that as soon as we know we're getting the grant money. There will be no punching of holes in the ground without permission from H&W and subsequently, if one is drilled at RVC, there will be an agreement with them.

Motion: Approve the contract with the stipulation that they approve each phase of the project as it comes up

Motion made by Basili, second by Todd

In favor: Unanimous

f. IWPC Feasibility Study

No action is requested. There is a good chance that the regulatory agencies will come to a realization that Lake Mendocino is beneficial to fish and Johnson Beach recreation, in Healdsburg is important. Considering Lake Mendocino presently, RRFCD owns 8,000 af and any remainder belongs to SCWA to a point, then nobody gets any more. RVCWD doesn't get any of it. If the water level is raised, it will be decided then who gets what.

g. Drought/Conservation

The lake is losing about 1.15 vertical feet per week but it's hard to predict what that will turn into since the Lake has varying topography. Shawn White has pointed out that releasing water from Coyote Dam will not be good for fish and the tributaries are dry anyway. Paula has provided to GM Koehler a list of the worst water offenders and Monday he will go knocking on some doors. Some of them are quite egregious. Dir Ricetti brings up safety and GM Koehler replies that the police are reluctant to go through gates because of lawsuits. He can try to say they're wasting water, but they can just say that if they're growing medical marijuana, that's not wasting water. A 400% mark-up may not get their attention, but if they're growing pot, they can pay huge fines. An AM says that growing pot is agricultural, which has been cut by the Board. He says it's the right of RVCWD to pull their meter. GM Koehler says that is not a right of RVCWD or any other water district. If it's a domestic meter and they're paying their bills, you cannot pull their meter. Doing it is just a lawsuit waiting to happen, even with the drought ordinance for \$500 per day for wasting water: who's going to enforce it? Plus, it only applies to districts with 3,000+ services. Dir Ricetti suggests a huge

fine and not have GM Koehler knocking on doors. Restrictors are brought up again, but they will allow 45,000 gallons per month if always running. He says a couple hundred people are over their water limit. Discussion ensues about how to restrict water and what processes can be used. Overall, we're still less than 50 gal per person per day average and the normal bell curve for this time of year is much flatter. Most people are under their limits.

An AM asks if there is a way to know if a customer's meter never shuts off. The AM says that she had a leak for 2 years that they never knew about. GM Koehler says there is a way to run a query on the program to spit out meters that run continuously. Another AM asks what the bottleneck is between our water-abuser problems and the Sheriff's department. GM Koehler says he doesn't know, but these people are not violating anything. AM says we need to find a violation to call them out on. GM Koehler says unfortunately it's very clear what we can and cannot do and all we can do is turn them off for not paying their bill.

The floor is turned over to 1st District Supervisor Carre Brown. She will be on a conference call tomorrow to ask some of the questions that have come up during this meeting. It will be with entities from this area, San Francisco, and some from Southern California. Southern California has increased its usage and the North Coast has reduced theirs, according to maps from the State Water Board. The municipalities on the map need to report their water usage each month by the 15th to the SWB. She will ask about enforcement issues and water wasters, specifically but not limited to marijuana growers. The California Governor can use executive powers to do something about this. The same Audience Member brings up the laws used in the 70s for gas rationing and can't they apply for water? Where going over your limit is considered a theft. GM Koehler says if he can cite that code, he'd be happy to work with it, but that he hasn't found it. Brown says that it counts as looting in a time of emergency, but that's her argument. GM Koehler says that, on a positive note, a water hauler was pulled over and couldn't produce paperwork saying the water was authorized and was then arrested. He has no details yet. Dir Todd says the Sheriff arrested someone out of Potter Valley, too. The Sheriff and CHP are committed to checking on water trucks to make sure they're legal.

The Audience Member asks if it is known which growers are legal and which are not and if we can identify those that are illegal and say that they must be using District water (since plants can't grow in this environment) and shut them down? GM Koehler doesn't know but he's working on it.

Another Audience Member asks if these 200 customers that are over have been consistently paying. GM Koehler says yes. She asks if that's bringing in extra money. He says that it is, but it's still less than a normal year. He says an emergency meeting may be called soon to increase the penalty for over users. He says that it is a penalty and not a drought rate increase for legal reasons. The penalty may even go up to a 1000% increase. The audience agrees. The hope is to make it too expensive for them to pay and then they can be shut off.

h. Drought Funding

There are two different grant processes:

1) The \$379,000 for the Calpella-Redwood Valley intertie which is moving right along. The paperwork was done but now CDPH wants it submitted again, which has been done. This is the third iteration that we are working with. A very minor glitch has come up with the land owner having issue with aesthetics. Dir Ricetti asks how close we are to the completion of this project and GM Koehler answers that it may be done by the end of September. Ernie Wipf will subcontract the building and PG&E will use a two-man crew with a bucket-truck to connect power, nice and simple.

2) Our portion of the \$1.5 million grant in conjunction with Ukiah, Millview, Willow, and Calpella will be \$350,000 to go toward the monitoring well.

i. JPA

Skip for now and move on to Item j.

j. Recording Secretary

Brown has a phone number for a recording secretary for GM Koehler to call. He will give her a call. Dir Ricetti also knows someone and is surprised she isn't here tonight. GM Koehler asks Dir Ricetti to tell her to call him.

Back to Item i.

The choices are annexation/dissolution with RRFCD or forming some sort of cooperative arrangement with the other county water districts (Willow, Millview, Calpella, Hopland, River Estates), all under Willow Water. Unfortunately, it is an either/or situation. If we join with RRFCD, the County Districts will have nothing to do with us. While RRFCD hasn't said the same, it is touchy. The question is if the JPA can go to RRFCD and have them sell the JPA 4,000 acre-feet and not tell them (the JPA) how to divvy it up. The question is: can this even be done? The depth of personnel is not addressed under the RRFCD agreement, but is under the JPA. The JPA would be good for depth of staff for field and office, but it won't necessarily equal more water. Pres Pool says a good thing of the JPA is that in their contract with RRFCD there is a part about water use versus water contracted. So they are constantly fighting over contingency of available water so that they have growth potential and are not under a moratorium. So merging with them could be used for growth in Redwood Valley. GM Koehler agrees. Since RVCWD uses so much Ag water, this is a good merger since water usage varies considerably by the affects of weather on the vines.

Since Tim Bradley and GM Koehler are retiring soon, this merger would be a benefit for the staffing. As would having a dedicated meter reader instead of sending out a plant operator to do it. Both Bradley and GM Koehler, though retiring, will stay to see this merger happen if it is going to happen. The first draft of the JPA agreement has been seen and it has a few things to iron out. So far, it would allow involved in this. GM Koehler says no since it won't change district

boundaries and nobody would be excluded. Hopefully even the RRFCD would join. Each District would have one member on a higher Board. Any party could leave at any time.

Pres Pool asks if GM Koehler has any idea what it would cost in legal fees or whatever. GM Koehler says the next step is to have an Ad Hoc meeting with board members from each district and everyone contact their own attorneys to see if it's practical or not, for a few thousand dollars. Pres Pool says it would be good to see what has been done by other districts trying to consolidate in similar situations. Dir Ricetti brings up that no one in the JPA has much storage. GM Koehler brings up the benefits of merging with RRFCD, the largest being that they have members with enormous experience dealing with the State Board, and Sean White knows a lot about fisheries. The downside is that RRFCD doesn't know much about running a district and may make poor financial decisions that RVCWD will be liable for. Dir Ricetti points out that no person from RRFCD has been around the treatment plant to learn anything about how it's run or who works there. GM Koehler says that he has suggested they come over and offered to host them, but it hasn't happened. Sean White has looked at numbers before and knows a little bit about water agencies. Dir Ricetti asks if there are any downsides and GM Koehler answers that there is no downside to obtaining more information. The large debt of RVCWD is causing a lot of problems. Also, the Central Valley is having such a hard time with this drought that we won't get any attention from Sacramento anytime soon.

GM Koehler continues that if we do the test well, we'll have to get a loan and that would have to be paid off before paying off the larger debt. That would prevent having to repay the \$7.2 million debt.

An audience member asks that if we do merge with RRFCD, will we have to start repaying that debt. Pres Pool responds that we still aren't sure about that. We're trying to talk with the Bureau of Reclamations and lawyers to find out what would trigger the debt repayment. The audience member asks how long we've had that debt. It has been around since 1976 when RV made one payment and then defaulted. He asks if there is any way to get it reduced. GM Koehler says that a few years back, RV paid a lobbyist to go to Washington to put a rider into an Ag Appropriations bill that would keep away payments or interest until the District would be able to get out from under the moratorium. He says there is no way to reduce the debt and we're very unsure of what would trigger the repay and asking questions of the wrong people might do it. The things that could be changed are the interest rate and the repay time period. The JPA wouldn't impact anything. In the event of a dissolution/annexation with RRFCD, assets would go to them and debt would stay with RVCWD. GM Koehler is looking for a way to create an entity that could pay the money back, just not at a 7.25% interest rate. The worst case is that RVCWD can never use Federal money again, which hurts because some of their programs are the best money out there for small water districts. Another audience member suggests paying the loan back for a year or so to show

that we tried and couldn't do it, and then they may forgive the rest. GM Koehler says it won't work. He says that he was hired specifically to try to work through all this political mess and he thinks there may be a way out. The JPA would get together the smaller districts and hope that RRFCD would join as a partner. If there was a way to get a \$5 million bond issue and then go to the Bureau of Reclamation and offer it to them, they may take it.

That's why the groundwater option is so important. And RVCWD has spent a lot of money looking for sites to expand storage. There was a property that looked promising and would have cost an additional \$1000 per acre-foot for ag users to develop.

What the discussion is about tonight is which is better: the JPA or the annexation/dissolution. GM Koehler recommends spending more money on lawyers to know what our choice will entail.

Motion: Investigate the validity of the legal aspect of forming the JPA.

Motion by Dir Ricetti, second by Todd

In favor: unanimous

GM Koehler says that if we can get enough groundwater, the treatment plant can be shut down and that savings would greatly help pay for the groundwater development costs. Pres Pool questions the wisdom of relying entirely on groundwater, and wondering if the JPA would continue to try to develop its surface water rights. GM Koehler says they certainly would. If the groundwater component of the JPA was sufficient, it would reinforce the whole valley to work together.

Another audience member asks about the Masonite well. GM Koehler says that they [Millview] are predicting it will be online by mid-August. And could that water come this way through the intertie? Indeed. If the water is proven to be percolated groundwater, they can do whatever they want with it. Have they expressed interest in sending it out? GM Koehler says he has it in writing. So the other districts are trying to ease things for us? Yes. So about RRFCD, there's a member that is adversarial? [laughter] Pres Pool says that the one specific person of RRFCD claims the Masonite well is underflow [of the Russian River]. The audience member says that this person seems to NOT be for anyone in this area and has more interests in Sonoma County. GM Koehler says that multiple tests of the isotopes in water from Masonite #6 show it to be groundwater.

GM Koehler reminds the audience about the vacancy on the Board.

9. Financial Report

GM Koehler points out an item on page 5, line 1859, the expense of \$22,000 is reimbursable. So, yes, we lose money every month, but it's not as bad as it could be. Why

are we losing money every month? Because we're hardly selling any water. What if we raise the rates? We raised the rates back in January of this year and the Board voted to not raise them again for this year. But they may be forced to raise the rates next year. So raise it for people who are over their limit? Yes, but even that can't make up the difference.

Motion: Accept the Financial Report

Motion by Dir Basili, second by Dir Ricetti

In Favor: Unanimous

10. LAFCO

Nothing on LAFCO

11. MCIWPC

GM Koehler didn't go to this meeting but Dir Ricetti did. They talked about how since there are no boats on the lake, quality is not an issue. There is other discussion not pertaining to RVCWD.

12. MCRRFC&WCID

GM Koehler did not attend this meeting. Lee Howard and others from RRFC went to Sonoma County to talk to them and got brushed off. Sean White and Richard Shoemaker went to the State Water Resources this week to make a brief presentation regarding slowing the release from Lake Mendocino. The Board petitioned the State to get it reduced and it was hoped that RV would join that endeavor. GM Koehler says that if he is given an initiation to do so, he will write a letter showing support for this petition. It probably won't make much difference since running out of pump-able water and our allotment of water will happen about the same time. The low water level in Lake Mendocino is causing water quality issues already.

13. SCWA

No comments

14. Other Meetings

Pres Pool attended the previous Drought Ad Hoc Meeting. The major topic of discussion there was curtailment of junior water rights on the main stem of the Russian River and north fork of the Eel River, and yet that somehow still included Willits, Brooktrails, and Pine Mountain. There was a very long list of curtailment notices and some of them were made in error.

The California State Groundwater Elevation Monitoring data has been sent to the State. It is only important to us in that if there is no monitoring, we won't get State funding.

CalFire is requiring logging companies to report all water withdrawals.

The process to get the Army Corps of Engineers to review their operating manual for Lake Mendocino has stalled. There is no political will to move it forward.

Long term forecast is for an 80% El Niño, but if there is, most of the water will go toward Southern California. The long-term for this area is above normal temperatures for September and October. 30% chance of above normal rain and 35% chance of below normal rain. [not mistyped, not misspoken] The next Ad Hoc will be July 31st at 2pm at the OES office.

There is a workshop for developing a drought contingency plan which is a bit redundant now. GM Koehler says he has looked at the agenda and will not be attending.

Motion to adjourn.

Motion by Todd, second by Ricetti

In favor: unanimous

Meeting adjourned at 9:30 pm.

Minutes submitted by Jeanette Wise

Approved:	<u>Board of Directors</u>
Date Approved:	_____
Signed:	_____