



# Redwood Valley County Water District

Post Office Box ~~412~~<sup>399</sup> • Redwood Valley, CA 95470 • (707) 485-0679

April 28, 1987

United States Department of the Interior  
Bureau of Reclamation  
Reference MP-360  
Mid-Pacific Regional Office  
2800 Cottage Way  
Sacramento, CA 95825

Dear Sirs,

Our auditor, the Auditor of Mendocino County, is making an examination of our financial statements. Please confirm directly to them the following information relating to our note payable to you at June 30, 1986.

Date of note:	<u>March 22, 1976</u>
Original amount of note:	<u>\$ 7,313,000.00</u>
Unpaid principal balance:	<u>\$ 7,255,000.00</u>
Maturity date:	<u>January 1, 2017</u>
Interest rate:	<u>5.125% <del>7.25%</del></u>
Penalty interest rate:	<u>1% per month on outstanding bal.</u>
Date to which interest has been paid:	<u>January 1, 1983</u>
Description of collateral:	<u>None</u>
Accrued interest payable:	<u>\$ 663,747.02</u>
Accrued penalty interest payable:	<u>\$ 147,297.99</u>

Please indicate in the space provided below whether the above information is in agreement with your records. If it is not, please furnish our auditors any information you may have that will help them reconcile the difference, including detail calculations of interest and penalty interest.

After signing and dating your reply, please mail it directly to

Mendocino County Auditor  
c/o Mendocino Community Hospital  
860 North Bush Street  
Ukiah, CA 95482.

A self-addressed envelope is enclosed for your reply.

Sincerely,

REDWOOD VALLEY COUNTY WATER DISTRICT

*Keith Tiemann*

Keith Tiemann, Manager

BOARD OF DIRECTORS

*Richard E. Wolford*

*Derek G. Ross*

~~*John W. Brock*~~

*J. Nelson Jones*

*Bruce G. Loberg*

*Donald Brown*

MANAGER

*Keith W. Tiemann*



# United States Department of the Interior

BUREAU OF RECLAMATION

MID-PACIFIC REGIONAL OFFICE  
2800 COTTAGE WAY  
SACRAMENTO, CALIFORNIA 95825

IN REPLY  
REFER TO: MP-440  
832.

DEC 16 1985

Board of Directors  
Redwood Valley County Water District  
Post Office Box 412  
Redwood Valley, California 95470

Dear Board Members:

We have reviewed your letter of July 22, 1985 regarding our proposed recommendations. We note that the Redwood Valley County Water District (District) has presented arguments against all major proposals put forth by the Bureau in our May 30, 1985 letter to the District.

We provide the below responses to the District's comments:

1. Tax Assessment. On several occasions, the Bureau has requested the District to provide detailed legal arguments regarding the District's presumed inability to pursue tax assessments (we reference our May 1985 letter). The requested arguments have not been provided. We believe threat of litigation and limited size of its revenue generating ability are insufficient arguments by which to reject that revenue source.

The Bureau stands by its earlier statements that the original loan obligation was incurred prior to passage of Proposition 13 and the obligation was ratified by the electorate. The Bureau also believes that the application of a tax assessment will allow collection of revenues from property owners not now using the system per se, but benefiting from improved property values. We consequently believe tax assessment is not only necessary but fully legal.

2. Municipal and Industrial (M&I) Water Rate Increases. Sound business practice dictates that the average price received equals or exceeds the cost of production. Mr. Tiemann, the District Manager, and Donna Tegelmann of my staff have previously estimated that the average 1986 cost of production for M&I water will approximate \$840 per acre-foot. (The estimates are predicated upon fiscal year 1984-85 sales).

DEC 16 1985

DEC 16 1985

We note the District's average per acre-foot M&I water rate in fiscal year 1984-85 was \$450 per acre-foot. It is apparent that the District's scheduled 25 percent biennial rate increases are inadequate to recover costs of production for many years. Consequently, the District will continue to accumulate an ever increasing indebtedness, including 12 percent penalty interest upon all late billings.

The Bureau concurs that increases in the M&I water rate will result in reduction of the quantity of water requested. However, we are reluctant to accept a determination that a significant increase(s) in the price of M&I water will result in a reduction in total revenues (sales quantity x price). Consequently, we do not believe the District will be worse off financially than under the existing rate program. We also note that reduction in sales of M&I water will concurrently reduce the District's M&I-interest billings and power lift costs.

3. Existing Capital Funds. The Bureau has requested the District to deliver its existing capital funds, which equaled approximately \$147,000 as of June 1985, to the Bureau for application to the District's outstanding indebtedness. In response to the District's arguments against this recommendation, we again point out that the District is in breach of an existing commitment (i.e., the repayment contract). As a lender of public funds, the Bureau cannot passively or actively approve the District's plan to undertake additional, major expenditures while the District is in violation of the payment provisions of a Federal contract. Similar to any financial institution, the United States must pursue collection of available assets and apply those assets to the overdue balance. The United States is unable to agree to the District's proposed use of those funds, as agreement would place the United States in a de facto, involuntary role as primary financier of a sewage treatment plant. The Bureau is not authorized to perform that function.

We note that the District argues that the Bureau's proposed rate escalation plan will result in a reduced demand for water. A reduction in per connection water consumption will result in additional capacity (i.e. the number of units that may be served), and thereby delay the need to expand.

We bring to the District's attention the availability of grants and loans for expansions similar to the proposed District program. We note that the Federal Catalog of Domestic Assistance summarizes every possible Federal program available and that the State of California also has various

programs that may be of assistance to the District. (The Federal catalog may be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402).

Unfortunately, there is no known simple mechanism which will permit us to immediately resolve this problem. The Bureau concurs that the proposed revenue-producing sources will not provide immediate resolution to the problem. However, calculations jointly done by Mr. Tiemann and Ms. Tegelman suggest that the District can achieve ability to repay its then current operating costs, including M&I-related interest assessments, within the next few years. (Mr. Tiemann is in possession of the calculations and the assumptions behind the calculations.) We do not believe that inability to achieve immediate problem resolution is sufficient reason to reject any given recommendation or combination of recommendations.

We have reviewed our records regarding the District's response to various revenue sources and/or methods to reduce operating costs. The District has concluded for various reasons that these items are inadequate, unavailable, extralegal or otherwise infeasible. (We reference your October 11, 1983 and July 22, 1985 letters to the Bureau.) As a result of our review, we are unaware of any additional significant expenses and/or revenue sources to study that may provide additional financial relief.

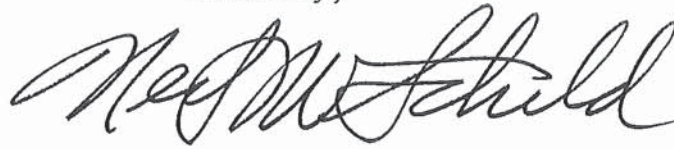
The United States is legally unable to defer or "write-off" the District's M&I-related interest. Consequently, we may reasonably expect to see an ever-increasing debt load under the District's current fee schedule. The District and the Bureau must find a way(s) to collect revenues sufficient to equal or exceed District operation expenses.

The United States is willing to lengthen the repayment period and defer principal payments owed during the early part of the repayment period as provided within the constraints of Reclamation law. However, due to the enormity of the immediate and pending indebtedness, the Bureau is unable to offer the District an amendatory contract predicated totally upon modification of the repayment period and inclusion of a principal deferment period. The Bureau is unable to offer an amendatory contract without further District actions. The existing District program is simply inadequate to meet the District's current and future financial demands.

In lieu of further action by the District or the identification of additional proposals, we are unable to further pursue your request

for financial consideration. We ask the District's Board of Directors to reconsider the District's current posture regarding our earlier proposals.

Sincerely,

A handwritten signature in cursive script, appearing to read "Neil W. Schild". The signature is fluid and connected, with a large initial "N" and "S".

NEIL W. SCHILD  
ASSISTANT REGIONAL DIRECTOR



# United States Department of the Interior

BUREAU OF RECLAMATION

MID-PACIFIC REGIONAL OFFICE

2800 COTTAGE WAY

SACRAMENTO, CALIFORNIA 95825

IN REPLY  
REFER TO: MP-440

832.

MAY 30 1985

Board of Directors  
Redwood Valley County Water District  
Post Office Box 412  
Redwood Valley, California 95470

Dear Board Members:

We have evaluated the Redwood Valley County Water District's (District) October 1983 request for deferment on payment of the District's P.L. 984 loan. During our evaluation, we have studied the District's financial recovery program and have discussed the request for deferment with the Department of the Interior's Regional Solicitor's Office.

We have informed the District in the past that the Bureau of Reclamation (Bureau) is authorized to grant deferral of principal payments only (i.e., no authority exists by which a deferment may be granted on any interest-bearing component such as municipal and industrial (M&I) related interest). The contract deferment process is intended for financially-stressed entities requesting deferment of principal in order to achieve financial stability and necessary payment ability by the end of the deferment period. Given the District's existing financial recovery program, we do not believe a deferral on principal payments will provide the level of relief necessary to permit the District to meet non-principal obligations, including current operation and maintenance (O&M) expenses, and past and immediate interest payments due the United States. Consequently, we do not believe the District would be able to meet its predicted outstanding and rescheduled Federal obligations by the end of a 5-year deferment period. However, we believe a 5-year deferral on principal payments will provide the level of relief needed to soon meet those obligations if the District initiates measures it is legally permitted to adopt pursuant to the California State Water Code.

The Bureau thereby requests the District to implement the following revenue-producing sources:

1. Tax Assessment. The District has the authority to levy such taxes as necessary for the repayment of capital improvements, such as financed by the P.L. 984 program. According to

Section 31032.1 of the State Water Code, a district may elect to have assessments applied to the tax roll in each fiscal year ". . . not to exceed ten dollars (\$10) per year for each acre of land, or ten dollars (\$10) per year for each parcel of land less than an acre within the district to which water is made available for any purposes . . . ." The repayment schedule for the initial loan obligation states that a "tax rate will be required for the first few years while water sales are building up." We further note that the cost escalation application included taxation, although on a limited basis, as a means by which to achieve repayment. The Bureau believes taxation is justifiable and reasonable since the District's beneficiaries approved through election both the original and cost-escalation obligations. The District's letter of October 11, 1983 states that tax assessments may be challenged in court due to Proposition 13, and, therefore, taxation may prove counter-productive. We doubt this for two reasons: (1) the original loan obligation was incurred prior to passage of Proposition 13, and (2) the obligation was ratified by the electorate. We request the District to provide detailed legal arguments supporting its opinion.

2. M&I Water Rate Increases. We request the District to accelerate their scheduled M&I water rate increases. Specifically, we suggest that the District implement the proposed increases on an annual basis rather than on a biennial basis as currently scheduled. Adoption of this policy would result in a 25 percent rate increase as of June 1985 rather than June 1986.
3. Existing Capital Funds. The Bureau requests that the District forward to the United States an estimated \$70,000 that the District currently proposes to use for capital additions to the existing system. We believe the District should meet existing obligations prior to the incurrence of additional major expenses.

The Bureau is obligated to ensure that the United States receives all due obligations unless an "undue burden" is demonstrated. We believe the implementation of a \$10 per acre (or \$10 per parcel) assessment is not an undue burden particularly when applied to acreages and residential parcels within the District not now contributing to the financial stability of the District. The Bureau projects that the average M&I customer would be required to remit to the District an additional \$75 during the District's fiscal year 1985-1986 if the M&I rate is increased by 25 percent. We do not believe these incremental costs constitute an "undue burden" for most of the District's M&I water users.

The Bureau is cognizant of the sincerity of the District's past and ongoing efforts to raise additional revenues. Unfortunately, existing measures are inadequate at this time to meet District costs.

It is imperative that means be adopted to curb the District's M&I interest-related deficit. We must require the District to implement all legally available means to collect revenues that will enable execution of a deferral agreement that will provide relief to the District and comply with the intent of the Bureau's deferral process. Your expeditious response is necessary so that we may advise the Washington Office of the status of these recommended measures and request approval to negotiate a deferment contract.

Thank you for your attention to these matters of deep mutual concern.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert W. Schild".

ROBERT W. SHILD  
ADJUTANT GENERAL DIRECTOR

LAW OFFICES  
BELL, COX, MANNON & LA CASSE

CHARLES R. BELL  
CONRAD L. COX  
CHARLES B. MANNON  
LEONARD J. LA CASSE

SAVINGS BANK BUILDING  
P. O. Box 419  
UKIAH, CALIFORNIA 95482-0419  
AREA CODE 707  
TELEPHONE 468-9151

June 6, 1985

Board of Directors  
Redwood Valley County Water District  
Post Office Box 412  
Redwood Valley, California 95470

Re: Bureau of Reclamation

Gentlemen:

We have reviewed the Bureau's letter of May 30, 1985, addressed to the Board. We shall comment upon the Bureau's demands.

Tax Assessments. Paragraph 16(a) of the Contract Between the United States and Redwood Valley County Water District For a Loan For Construction of a Small Reclamation Project provides that the obligation of the District to pay the Bureau is a general obligation of the District notwithstanding the manner in which the obligation may be distributed among the water users. The effect of this paragraph is that the entire loan amount is an obligation of all of the District including areas not served with water. We analyzed the tax assessment proposal for you in our confidential communication of November 13, 1984. To initiate the tax process, this Board on or before August 1, 1985, must furnish to the Mendocino County Board of Supervisors and to the Mendocino County Auditor an estimate of the minimum amount of money required to be raised by taxes, together with certain other information. If the Board of Supervisors, the Auditor, and the Tax Collector proceed, the tax would be levied and collected. If any of them resisted, suit would be filed on behalf of this Board to obtain a Court order requiring the County agencies to proceed. If you wish to initiate a tax, please advise me as soon as possible in order that we might prepare the necessary resolutions and documents.

M & I Water Rate Increases. Water rate increases may be adopted by the Board at such times and in such amounts as the Board deems proper.

Board of Directors  
Redwood Valley County Water District  
Page Two  
June 6, 1985

Existing Capital Funds. The State Department of Health has threatened a moratorium in Redwood Valley unless the capacity to treat water is increased. Unless more customers can be served, the financial problem will not be solved. We understand that the District has been collecting fees from each new user for the announced purpose of increasing treatment plant capacity. The money so collected has been placed in the District's general fund. The District appears to be legally authorized to use such funds for any District purpose.

We call your attention to the fact that Paragraph 16(b) provides that the District must make the payments to get the benefits of the contract. The contract provides that the electors must grant to the District the power to levy and collect taxes and assessments. Such was done by the elections approving the original Contract and the Amendatory Contract. The paragraph further provides "no water will be made available to the contractor (the District) through project facilities during any period in which the contractor may be in arrears in the advance payment of any operation and maintenance charges due the United States or in arrears for more than twelve months in the payment of any construction charges due the United States."

We will be pleased to attempt to answer any questions that you might have concerning the rights and duties of the District.

Very truly yours,

BELL, COX, MANNON & LaCASSE

By



CLC:nao

LAW OFFICES  
BELL, COX, MANNON & LA CASSE

CHARLES R. BELL  
CONRAD L. COX  
CHARLES B. MANNON  
LEONARD J. LA CASSE

SAVINGS BANK BUILDING  
P. O. Box 419  
UKIAH, CALIFORNIA 95482-0419  
AREA CODE 707  
TELEPHONE 468-9151

November 13, 1984

Board of Directors  
Redwood Valley County Water District  
Post Office Box 412  
Redwood Valley, California 95470

Re: Levy of Taxes

Gentlemen:

This is a confidential communication. This letter and its content should be discussed by you only in executive session.

The Bureau of Reclamation has again recommended that the District levy a tax in order to raise revenues sufficient to permit the District to pay its obligation to the Bureau. This letter is written to you to advise of the potential litigation which might arise as a result of the District taking such action as is recommended by the Bureau.

California Water Code, Division 12, Part 7, Chapter 1, Article 1, Section 31650 provides as follows:

"A district may cause taxes to be levied for the purpose of paying any of its obligations and to accomplish the purpose of this division."

California Constitution, Article 13A, Section 1, which became effective July 1, 1978, provides as follows:

"Section 1. (a) The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness

Board of Directors

Page Two

November 13, 1984

approved by the voters prior to the time this section becomes effective."

On May 27, 1975, the District held an election wherein the measure presented to the voters was as follows:

"Shall Redwood Valley County Water District enter into a contract with the United States of America for a construction loan in the aggregate principal amount of not to exceed \$4,800,000.00 under laws permitting such loans and particularly pursuant to the Small Reclamation Projects Act of 1956 as amended pursuant to which contract the United States of America will advance to the district for the construction of an agricultural and municipal, industrial and domestic water use and distribution system, and other related works used for the purpose of delivering water to lands within the district for industrial and domestic purposes, an amount of money not to exceed \$4,800,000. Said sum to constitute the maximum amount of money exclusive of penalties and interest, to be repaid to the United States of America in installments at the time and in the manner provided in the form of a contract now on file in the office of the Secretary of the District subject to the California Districts Securities Commission approval, and subject to all of the terms and conditions thereof?"

Contained within the contract voted upon and later executed by the District was Article 16(b), which provides in part as follows:

"The electors for the contractor shall authorize by an election or ratify this contract in order to grant to the contractor the power to levy and collect all necessary taxes and assessments if and when needed."

At the election, 519 ballots were cast, 429 yes and 90 no. Slightly more than 82% of those voting, voted for the measure:

On April 8, 1980, the District held an election wherein the measure presented to the voters was as follows:

- "Shall Redwood Valley County Water District enter into a contract with the United States of America for an escalation construction loan in the

aggregate principal amount of not to exceed \$2,513,000, under laws permitting such loans and particularly pursuant to the Small Reclamation Projects Act of 1956, as amended, pursuant to which contract the United States of America will advance to the district for the construction of agricultural and municipal, industrial and domestic water use and distribution system, and other related works used for the purpose of delivering water to lands within the district for irrigation and municipal, industrial and domestic purposes, an amount of money not to exceed \$2,513,000. Said sum together with the sum of \$4,800,000 previously borrowed from the United States of America to constitute the maximum amount of money exclusive of penalties and interest to be repaid to the United States of America in installments at the time and in the manner provided in the form of contracts now on file in the office of the Secretary of the District subject to the California Districts Securities Commission approval, and subject to all of the terms and conditions thereof?"

At the election, 420 ballots were cast, 331 yes and 89 no. Slightly more than 78% of those voting, voted in favor of the measure.

The contract being voted upon was in fact an amendment to the contract voted upon in 1975. While there were changes in a number of articles in the contract, Article 16(b) remained unchanged.

The significant events occurred as follows:

- 1) 1975 Election which approved a loan of \$4,800,000 and authorized a tax
- 2) 1978 Article 13A of the California Constitution limiting ad valorem taxes to 1% became effective
- 3) 1980 Election which approved an escalation loan of \$2,513,000

With regard to the indebtedness of \$4,800,000 incurred pursuant to the 1975 election, we are of the opinion that the District has the power to levy a tax on real property to raise funds necessary to repay that indebtedness.

Board of Directors

Page Four

November 13, 1984

With regard to the indebtedness of \$2,513,000 incurred pursuant to the 1980 election, we have no firm opinion. Article 13A of the California Constitution does not include an exception for indebtedness incurred after 1978, however, the indebtedness which was approved by approximately 78% of those who cast votes relates back to the pre-1978 contract and indebtedness. So far as we can ascertain, this issue has not been previously been litigated. We believe that the issue is a close one, but we believe that it is more likely that a Court would reject the District's attempt to levy a tax to pay this indebtedness.

The California Water Code, Division 12, provides that if, in the judgment of the Board of Directors, the revenues of the District are inadequate to pay the interest on or principal of any bonded debt as it becomes due or any other expenses or claims against the District, the Board of Directors shall annually, on or before August 1, furnish to the Board of Supervisors and to the Auditor an estimate of the minimum amount of money required to be raised by taxes in the county, a statement that the whole District was benefited by incurring the obligation, an estimate of the minimum amount of money required to be raised by taxes to meet all of the charges, claims, expenditures and expenses, an estimate of the minimum amount of money required to be raised by taxes for expenses and claims against the District, and other matters.

The Board of Directors may, by resolution, elect to fix its own rates of taxation in which event it shall file certified copies thereof with the Auditor, the Assessor and the Clerk of the Board of Supervisors of the County on or before July 1. After such resolution is filed, the Board of Supervisors, the Auditor and the Assessor each have mandated duties.

We believe that it is reasonable to anticipate that the Board of Supervisors, the Auditor, or the Tax Collector would object to the acts of the District and would not take appropriate action. In that event, the District would file suit in the Mendocino County Superior Court seeking a Writ of Mandate. The Writ, if granted, would require the Board of Supervisors, the Auditor, and the Tax Collector to take the action provided in the Code. We believe that such a suit would be successful as to the \$4.8 million. We believe that it has no more than a 50/50 chance of succeeding as to the combined \$4.8 million and \$2,513,000.

Board of Directors  
Page Five  
November 13, 1984

If the Board seriously considers levying a tax, we would like to meet with the Board to discuss the necessary findings and assist in drafting the necessary documents.

If there are any further questions, we will be pleased to discuss them with you.

Very truly yours,

BELL, COX, MANNON & LaCASSE

By

CLC:nao

RESOLUTION NO. 79-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDWOOD VALLEY COUNTY WATER DISTRICT AUTHORIZING THE CHAIRMAN OF THE BOARD AND THE ENGINEERING CONSULTANTS TO FILE AN APPLICATION WITH THE BUREAU OF RECLAMATION FOR AN ESCALATION LOAN UNDER THE PROVISIONS OF P.L. 84-984, SMALL RECLAMATION PROJECTS ACT, TO FINANCE CERTAIN PORTIONS OF THE REDWOOD VALLEY WATER DEVELOPMENT PROJECT AND TO DISBURSE THE FILING FEE.

WHEREAS, the Board of Directors of the Redwood Valley County Water District is constructing the Redwood Valley Water Development Project with a loan of \$4,800,000 from the U.S. Bureau of Reclamation under the PL 84-984 program; and

WHEREAS, certain portions of the domestic water distribution system for the project are being financed by a grant from the Farmers Home Administration; and

WHEREAS, there is still a deficiency of funds with which to complete the project; and

WHEREAS, the Board of Directors of the Redwood Valley County Water District has authorized its consulting engineers, Tudor Engineering Company, to prepare an engineering report in support of an application for a Cost Escalation Loan under P.L. 84-984; and

WHEREAS, the purpose of this Cost Escalation Loan is to finance the cost associated with the construction of the Redwood Valley Water Development Project; and

WHEREAS, the total estimated cost of the project is \$8,500,000; and

WHEREAS, there is a deficiency of funds amounting to \$2,550,000 to complete the project; and

WHEREAS, the application commits \$1,181,000 as a local contribution to the project cost, of which \$917,000 is from grant funds from Farmers Home Administration; and

WHEREAS, the amount of loan requested is \$2,550,000 to be repaid by the applicant over a period of 35 years,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Redwood Valley County Water District that the Chairman of the Board be and is hereby authorized and directed to make application to the U.S. Department of the Interior, Bureau of Reclamation, for said loan not to exceed \$2,550,000 and to transfer to the Bureau of Reclamation the \$1,000 filing fee required with such application, and that the Chairman of the Board of Directors of the Redwood Valley County Water District and the engineering consultants are further authorized and directed to perform any other acts necessary in connection with the filing of such application.

BE IT FURTHER RESOLVED that the Board of Directors of Redwood Valley County Water District authorizes and directs the Chairman of the Board to execute the forms for assurance of compliance with Title VI, Civil Rights Act of 1964 and with the Clean Air and Water Act for inclusion in the Escalation Loan Application Report.

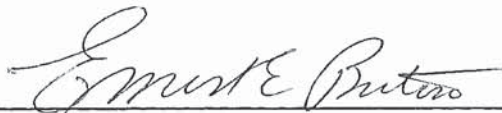
BE IT FURTHER RESOLVED that a copy of this resolution be transmitted to the U.S. Department of the Interior, Bureau of Reclamation, with the application report.

PASSED, ADOPTED AND APPROVED by the Board of Directors of the Redwood Valley County Water District at a regular meeting of said Board held on 4<sup>th</sup> day of January by the following roll call vote:

AYES: DIRECTORS

NOES:

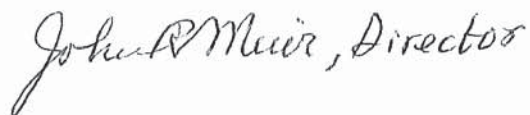
ABSENT:



Chairman of the Board of Directors  
Redwood Valley County Water District

I HEREBY CERTIFY THAT I am the Secretary of the Redwood Valley County Water District and that the foregoing was duly adopted by the Board of Directors of said District at a regular meeting thereof duly held at Redwood Valley on January 4, 1979 at which meeting a quorum of said Board of Directors was at all times present and acting.

IN WITNESS WHEREOF, I have set my hand this 4<sup>th</sup> day of January 1979





- o. Setting domestic meters and boxes. The installation of meters and boxes on the service lines installed under Schedules B and C was deferred since operation of the domestic system will not begin until completion, in June, 1979, of the Water Treatment Plant, which is presently under construction through separate funding. This deferral was desirable to avoid possible loss through vandalism or pilferage.
  
- p. One inlet screen at the Lake Mendocino Pumping Station. Due to unfavorable soil conditions encountered during construction of the top intake pipe and high lake water level, it was necessary to defer installation of the upper screen. This screen has been fabricated under the Schedule A work and has been stored at the site. This screen will be installed, together with the necessary special support system, under the Schedule D construction program.

Completion of the permanent support system for the existing lower two screens, which was deferred from the previous construction contract because of high lake water level, will also be accomplished at the same time.

2. Other Capital Items:

- a. Domestic and irrigation water service assemblies. These items provide the budget of funds required to install water services for applicants who have signed up after the Schedule B and C contracts were underway.
  
- b. Flushing and sterilizing the domestic system.
  
- c. Testing and connection of existing domestic water systems. Within the District, certain areas exist which are served domestic water

RESOLUTION NO. 79-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDWOOD VALLEY COUNTY WATER DISTRICT AMENDING RESOLUTION NO. 79-1 TO REVISE DOLLAR AMOUNTS TO AGREE WITH THE EXACT AMOUNTS STATED IN THE ESCALATION LOAN APPLICATION REPORT.

WHEREAS, the Board of Directors of the Redwood Valley County Water District, did, at its regular meeting on January 4, 1979, pass, adopt, and approve its Resolution No. 79-1 authorizing the filing of an application for an Escalation Loan under the provisions of P. L. 84-984; and

WHEREAS, the dollar amounts, as stated in said Resolution, were rounded amounts; and

WHEREAS, Federal Government procedures require the amounts in this District's Resolution to agree with the exact amounts and definitions stated in the Summary of Estimated Project Costs of the Escalation Loan Application Report dated January 1979; and

WHEREAS, text revisions are required on page V-6 of the Application Report to clarify the work plan at the pumping station intake piping;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Redwood Valley County Water District that:

- a. The attached revised second page of Resolution No. 79-1 replace and supersede the second page of said Resolution No. 79-1, and

b. the attached revised page V-6, dated 3-1-79, of the Escalation Loan Application Report replace and supersede page V-6 of the January, 1979 edition of said report.


BE IT FURTHER RESOLVED that a copy of this resolution be transmitted to the U.S. Department of the Interior, Bureau of Reclamation, for inclusion in the application report.

PASSED, ADOPTED AND APPROVED by the Board of Directors of the Redwood Valley County Water District at a regular meeting of said Board held on March 1, 1979, by the following roll call vote:

AYES: Butow, Brown, Jameson, Muir, Wolford

NOES: None

ABSENT: None



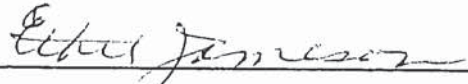
Chairman of the Board of Directors  
Redwood Valley County Water District

Attachments: 1-Revised page 2, Resolution 79-1  
2-Revised page V-6, Report

\* \* \*

I HEREBY CERTIFY THAT I am the Secretary of the Redwood Valley County Water District and that the foregoing was duly adopted by the Board of Directors of said District at a regular meeting thereof duly held at Redwood Valley on March 1, 1979 at which meeting a quorum of said Board of Directors was at all times present and acting.

IN WITNESS WHEREOF, I have set my hand this 1st day of March, 1979.

  
Secretary

WHEREAS, the total estimated cost of the project is \$8,494,000, and

WHEREAS, there is a deficiency of funds, relative to the original project cost, amounting to \$3,494,000 to complete the project; and

WHEREAS, the application commits an additional \$981,000 as a local contribution to the project cost, of which \$917,000 is from grant funds from the Farmers Home Administration; and

WHEREAS, the amount of escalation loan requested is \$2,513,000 to be repaid by the applicant over a period of 35 years,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Redwood Valley County Water District that the Chairman of the Board be and is hereby authorized and directed to make application to the U.S. Department of the Interior, Bureau of Reclamation, for said loan not to exceed \$2,513,000 and to transfer to the Bureau of Reclamation the \$1,000 filing fee required with such application, and that the Chairman of the Board of Directors of the Redwood Valley County Water District and the engineering consultants are further authorized and directed to perform any other acts necessary in connection with the filing of such application.

BE IT FURTHER RESOLVED that the Board of Directors of Redwood Valley County Water District authorizes and directs the Chairman of the Board to execute the forms for assurance of compliance with Title VI, Civil Rights Act of 1964 and with the Clean Air and Water Act for inclusion in the Escalation Loan Application Report.

- o. Setting domestic meters and boxes. The installation of meters and boxes on the service lines installed under Schedules B and C was deferred since operation of the domestic system will not begin until completion, in June, 1979, of the Water Treatment Plant, which is presently under construction through separate funding. This deferral was desirable to avoid possible loss through vandalism or pilferage.
  
- p. One inlet screen at the Lake Mendocino Pumping Station. Due to unfavorable soil conditions encountered during construction of the top intake pipe and high lake water level, it was necessary to defer installation of the upper screen. This screen has been fabricated under the Schedule A work and has been stored at the site. This screen will be installed, together with the necessary special support system, under the Schedule D construction program.

Completion of the permanent support system for the existing lower two screens, which was deferred from the previous construction contract because of high lake water level, will also be accomplished at the same time.

2. Other Capital Items:

- a. Domestic and irrigation water service assemblies. These items provide the budget of funds required to install water services for applicants who have signed up after the Schedule B and C contracts were underway.
  
- b. Flushing and sterilizing the domestic system.
  
- c. Testing and connection of existing domestic water systems. Within the District, certain areas exist which are served domestic water