

REDWOOD VALLEY COUNTY WATER DISTRICT
2370 Webb Ranch Road
Redwood Valley CA 95470
(707) 485-0679

MINUTES
BOARD OF DIRECTORS

Regular Meeting
January 17, 2013

Directors Present: Jeanette Hallman, Granville Pool, Pamela Ricetti, Jack Spilman
Directors Absent: None
Staff Present: General Manager Bill Koehler
Recording Secretary: Linda Groth
Others Present: Member of Public, Ken Todd
Will Carson/Millview CWD

CALL TO ORDER: 7:00 P.M.

1. ROLL CALL.

Pamela Ricetti, Director
Jeanette Hallman, Director
Jack Spilman, Director
Granville Pool, Board President

2. HEARING OF COMMENTS OR QUESTIONS FROM THE ATTENDING PUBLIC.

Nothing at this time.

3. CONSIDER HEARING OF URGENT ITEMS RECEIVED SINCE THE AGENDA WAS POSTED.

President Pool recognized Member of the Public, Ken Todd in attendance this evening. Ken has provided each of the Directors with his prepared application for filling the vacancy on the Board. President Pool pointed out that another member of the public had expressed some interest and also former Director Hal Voegel has verbally offered to fill the vacancy if it will be helpful to the Board.

MOTION: Consider appointing a director to fill a vacancy for the remainder of the term previously served by Donald Butow.
Ricetti/Hallman Discussion CARRIED
AYES: Ricetti, Hallman, Spilman, Pool
NOES: None
ABSENT: None

President Pool expressed appreciation to Ken Todd for his willingness to step up to the plate and he wanted to make sure that Ken understands that there are commitments for the Board Members other than the monthly Board Meetings. The Directors appoint individual Board Members to attend certain other meetings and events, such as the monthly Farm Bureau Water Committee meeting, the Flood Control District meeting, sometimes some Sonoma County meetings and also ongoing discussions with other water districts concerning possible consolidation. In addition the RV District is a member of the Inland Water & Power Commission and as such, a Director is appointed to serve as a Commissioner on the IW&PC and to attend those meetings. The individual Directors then provide verbal reports on those activities at the following RV District Board Meeting.

Ken Todd has no objections.

MOTION: Nominate Ken Todd to fill the vacancy on the Board of Directors.

Spilman/Hallman Discussion CARRIED

AYES: Spilman, Hallman, Ricetti, Pool

NOES: None

ABSENT: None

GM Koehler explained the Brown Act standards and the appearance of conflict of interest and how to avoid that. The annual Ethics Training classes are mandatory and he will provide information to the Directors when the classes are being held. In addition, Paula will get the Annual 700 forms distributed.

Ken Todd will go to the County Clerk's Office to be Sworn In. The Directors welcomed him aboard.

4. ACCEPTANCE OF AGENDA.

MOTION: Accept the Agenda as presented.

Hallman/Ricetti Discussion CARRIED

AYES: Hallman, Ricetti, Spilman, Pool

NOES: None

ABSENT: None

5. APPROVAL OF CONSENT CALENDAR.

a. Financial Statement.

b.-1. Bills Paid since those approved at last Meeting.

b.-2. Bills Paid as approved at previous Meeting.

c. Bills Payable.

d. District Activity.

The Consent Calendar was reviewed.

MOTION: Approve the Consent Calendar as presented.

Ricetti/Hallman Discussion CARRIED

AYES: Ricetti, Hallman, Spilman, Pool

NOES: None

ABSENT: None

6. APPROVAL OF MINUTES AS PRESENTED.

The Draft Minutes of December 20, 2012 were reviewed. President Pool suggested a change of one word in paragraph 7 on Page 2 of the Draft: Change from: Policy is set by the time...
Change to: Policy is set for the time...

MOTION: Accept the Minutes of December 20, 2012 with the suggested change included.

Hallman/Ricetti Discussion CARRIED

AYES: Hallman, Ricetti, Spilman, Pool

NOES: None

ABSENT: None

Additionally, President Pool referred to Page 6 of the Minutes where, at end of the 4th paragraph GM Koehler urged the Directors to look up the SCWA website and read about the 10 stated goals of the newly forming Russian River Compact. President Pool actually did look it up and he has printed it out so that he can share it with the Directors. The purpose of the Russian River Compact is to get all the stakeholders in the watershed to be communicating in a meaningful way so that we're not working at cross-purposes on things or not surprising each other with things we're doing. Also to find where there are opportunities to coordinate and make things work better together. The RRC is a vehicle for that.

7. DIRECTOR AND STAFF REPORTS AND DISCUSSION OF NON-ACTION TOPICS.

a. Personnel Committee Report.

President Pool stated the committee has not met and he suggested the committee make plans to meet soon. GM Koehler and Director Spilman and President Pool will look at their calendars for next week.

b. Ad Hoc/Consolidation Committee Report.

GM Koehler reported the Chris Neary meeting has not occurred. GM Koehler did meet with Tim Bradley and Dave Redding. GM Koehler reported that he queried SCWA repeatedly and finally received an answer saying that, no, there is nothing to report on the surplus agreement or the long-term agreement.

c. Discussion of Rates.

GM Koehler stated that historically when preparing for discussion of water rates, a two-person committee does the initial work and brings that information to the Board of Directors to discuss.

President Pool remarked that the Board has made a big step forward with the changes made with the audit, but he wonders if that is enough.

Director Hallman asked about getting a Rate and Fee Study.

GM Koehler mentioned that a Rate Study by Brown & Caldwell would be in the \$30-\$50,000 range. He suggested that since Brejle & Race has done it in the past for us, hopefully it would be cheaper. He added that when B&R came to a Meeting here at our request, the mutual agreement was that if we were going to contract that type of work we would go to them and then we'd ask for a Not To Exceed number rather than putting it out to bid again.

President Pool suggested it might be time to ask for such a number.

GM Koehler agreed, however he would like to receive the draft audit first, as that information must be in hand before proceeding. A discussion of history, procedures and processes followed so that the new Directors would become familiar with all the steps involved when determining a need for a Rate and Fee Study, and then going through the public Hearings that would follow.

President Pool said that we should be looking at our capital needs for at least 20 years in the future and we should be using a reasonably scientific basis for showing us what it will cost to keep the District on a sound footing as we go through time. He added that this is not just the usage rates, it is the meter fee and also the connection fees.

President Pool wants to avoid what Ukiah went through with the Sanitation District rates; they had to enforce a very large rate increase because they had ignored it for too many years.

Will Carson/Millview mentioned that about 5 years ago the Millview CWD had a rate study prepared before the rates were increased. The study was very enlightening and gave them a much clearer path of how to achieve things that needed to be achieved over the next 20 years.

GM Koehler will contact GM Bradley at Millview for further information.

8. GENERAL MANAGER'S REPORT.

8-a. District Operations.

Per direction from the Board, we began a trial period of contracting Leak Repairs with either Wipf or Simpson. A recent 16" ag main repair on West Road was handled by 3 employees of Wipf and it went very slowly, taking almost all day. They didn't seem to really know what they were doing.

President Pool suggested having a discussion with Ernie Wipf about 'what went wrong'.

Director Spilman asked why Scott wasn't physically there to actually do the repair on the pipe.

GM Koehler responded that he was told to have Wipf do the repairs.

Director Spilman answered, No, that wasn't it at all. You were told to bring hired staff and equipment to do the excavating and not to be renting equipment and putting incompetent people on the equipment.

GM Koehler said he thought we were to have their crew do the job since we are now shorthanded.

Director Spilman clarified that Wipf's crew was to come in to operate their heavy equipment and if we needed an extra man to help, they would bring in an extra helper. We don't want Brand X coming out and then Scott not being there to physically fix it.

GM Koehler said Scott was there. Scott was running parts, he was turning valves on and off. GM Koehler himself was out notifying customers.

GM Koehler said that with this clarification, he will return to the former process of having staff do the repairs, which is a much better process.

Director Hallman said it was her understanding that we don't want untrained staff operating heavy equipment.

Director Spilman reiterated that Scott should be in charge of doing the repair and if he needs extra help, he would have Wipf bring an extra man or two extra men, whatever he needs if it's a huge job.

GM Koehler stated, On that particular day Steven was not at work. Scott was also running the water treatment plant in addition to operating valves and being at the construction site. This points out the need for an additional field person and it is time to discuss the implications of a 2-person crew as currently stands. GM Koehler reiterated his concern about the staff being very vulnerable during vacations and sick leave. He is concerned about employee fatigue. He requested a discussion of this shift in policy including on-call pay, impacts on overtime, and weekend coverage.

8-b) Lake Level.

The lake currently is at 70,500 acre-feet, the conservation pool is 68,400 acre-feet. The District is pumping under its own Permit, however as usual there isn't much demand for water in December. Based upon the weather forecast, levels will probably drop below the conservation pool sometime in January or February.

8-c) Staff changes.

The Board has not appointed a vice-president as yet. The California Water Code requires a president but does not require a vice-president. This will be added to the Agenda next month for consideration.

8-d) Audit.

The draft audit should be received this week. The auditor recommends that \$20,000 per month be set aside for depreciation, which is approximately 25% of our budget. This is \$250,000 per year; that means it will take 10 years to acquire \$2.5 Million. Again, not really knowing the replacement costs for the District, this is going to get chewed up pretty fast. The short section of the School Way Bridge project is going to cost us \$300,000 plus contingencies. Also, we know we've got a tank that's badly damaged and that certainly some other infrastructure issues will arise.

8-e. Automatic meter reading.

The radio receiver part of our Automatic Meter Reading computer needs to be replaced. The old battery based system is now obsolete and is no longer being supported. A trade-in for the data capture software upgrade will cost \$10K if we go through the manufacturer. We will look into other options regarding the overly expensive 'tough book' laptop.

8-f. Contract.

Director Hallman explained that she had asked for a copy of GM Koehler's contract because Sean White's contract was up and the Flood Control District was reviewing his contract. She thought she would like to compare contracts and so she asked for a copy of GM Koehler's contract.

GM Koehler stated that County Water District General Managers are At-Will. They routinely do not have contracts. If three board members chose to terminate a GM, they would normally do so without stating a reason. Typically this would occur following closed session evaluations that would allow the GM to correct any perceived deficiency. By not stating a reason for termination the District prevents possible litigation.

8-g. SCWA.

GM Koehler has again asked for some guidance from SCWA regarding both the surplus agreement renewal and any insight regarding a more permanent contract. GM Koehler has researched some historical information and found several times when SCWA and the Flood Control District have gotten close to having a Contract but there have always been some significant demands by SCWA that have been a roadblock to completing the Contract.

8.h. Neary/district mergers.

GM Koehler reported that he had a productive meeting with Tim Bradley and Dave Redding. There are some offers 'on the table' out there of working more cooperatively between Districts. Right now what is happening is that the Willow CWD and Millview CWD offices are located in the same building, working out of Willow. The office staff is cross-training so that they can serve as back-up to each other. Additionally, they are cross-training Willow's new operator and he is also working at Millview. Willow bills Millview for

his time. That opens the possibility that Redwood could chose to disband its labor force and contract with Willow. Willow would cherry-pick the employees they might want to keep. GM Koehler added that this is another item to be discussed internally because there is no sense for GM Koehler to spend time on something that just isn't going to fly. There are a myriad of complications, such as, the other agencies have PERS, Redwood does not. Also their billing program is not compatible with the Redwood Valley billing program. There would be issues to be resolved regarding the ability to respond quickly to customer requests, and/or possibly moving lock-stock-and-barrel to Willow. Every Ukiah Valley Area-wide Plan has recommended that all these smaller Water Districts get together. However, Willow as an example, has significant reservations about taking on Redwood Valley's debt. But, maybe if we were all a single District we would have enough clout to start action to make our debt disappear. This is what Charlie Barra supported from 'day one' of the formation of RVCWD. GM Koehler continued, Unless there is an objection, I would appreciate an opportunity to discuss this further in committee, to get direction on whether I should be taking it further with the other Districts.

President Pool thinks that discussing this in committee is good place to start.

Will Carson stated that the Millview office building on State Street was not ADA Compliant, it was virtually falling down. Also, Millview had only one Clerk to handle everything and it was a hardship if she was ill or on vacation. Having moved the Millview office down to the Willow office building and paying them rent for space has been a great solution. With cross-training, the two Districts have someone to cover if either of their staff is ill or on vacation. In addition Millview has greatly benefitted by having technical assistance from the Willow field staff. Because both agencies are ½-a-person short, this new arrangement has allowed them both to benefit with combined forces.

Will Carson also referred to GM Koehler's concern mentioned earlier in the meeting, about employee fatigue. As one of only two employees, you are either on-call or you are going to be on-call in a couple of days. There is no ability to back away and just have a normal life like a lot of people do. At some point Willow and Millview are looking forward to the time that employees are cross-trained to do on-call duties for both Districts. This would result in being on-call only once every 3 or 4 weeks and would be even more advantageous when there are people out on vacation.

GM Koehler said that for Redwood as it stands right now, if one field person is on vacation for two weeks the other person is on-call for a whole month.

Will Carson said that he personally has experienced years of on-call duties and he knows that at some point, people are going to snap.

President Pool expressed appreciation that Will was able to attend this Meeting tonight and to share his information. It is very helpful to the Board.

8-j. Board appointment.

Already addressed earlier in this Meeting.

8-i. Pace invoice.

Clarification was provided for an item on the Pace invoice that was in the Consent Calendar last month.

8-k. Vacation.

GM Koehler will be on vacation the end of February and the first week of March. He will not miss the February Board Meeting.

8:11 P.M. Ken Todd had to leave the Meeting at this time, as he had previous commitments before he knew he would be coming to this meeting. The Board was quite understanding and thanked him for coming and again welcomed him aboard.

9. FINANCIAL REPORT.

The January 17, 2013 Financial Report was reviewed.

After a fairly lengthy discussion of various options in replacing the failed and outdated meter-reading system components, President Pool directed the discussion to "Depreciation Expense" on Page 5 of the Report and asked about the \$22,300 listed.

GM Koehler explained that it's not a restricted account. The Board can choose to leave it in the general bank account or else keep it as a separate account so that we can watch it grow. He added, We are indeed saving something for the future.

President Pool said he prefers to do something that shows how it's growing.

Director Hallman supports having it in a separate account with a separate name.

President Pool stated that it is a Sinking Fund.

Director Hallman agreed.

GM Koehler added, That's the concept of, saying we were able to purchase water from Sonoma, we would be buying a piece of their Sinking Fund; that's how it works.

GM Koehler said that it will take a couple of months to modify the Financial Report to more closely meld with what the new auditor wants to see. The Financial Report is mostly for the Board to see where our current finances are. He added, Presently, if these current expenses weren't there we'd look a lot better on paper, but then again by the time we roll into next fiscal year and we've got depreciation being shown for every month, the windfall is not going to cover it.

President Pool stated, That's what we need to know.

Director Hallman asked if the F/Y Net Income is normal, are we back on track? We've had droughts, we've been cutting back and everything else; is this what normal will look like?

GM Koehler said he doesn't really know.

Director Hallman said she agrees that the Board is going to be having discussions about rate increases, but she is concerned about not knowing what normal is any more.

President Pool said that we will have to try to figure out what normal is.

After completing the review of the Financial Report for January 17, 2013, a Motion was made.

MOTION: Accept the Financial Report as presented.

Ricetti/Spilman Discussion CARRIED

AYES: Ricetti, Spilman, Hallman, Pool

NOES: None

ABSENT: None

10. LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY – LAFCO.

Director Hallman reported John McGowan is no longer the LAFCO representative from the Board of Supervisors. As of this year, Carre Brown and Dan Hamburg are serving. BOS representatives are supposed to serve on LAFCO for a period not to exceed 3 years, and then rotate out. Richard Shoemaker is the President once again.

11. M. C. INLAND WATER & POWER COMMISSION.

Director Ricetti reported, with an explanation that the acronyms used at these meetings are rather confusing:

Hal Voegel gave a good talk about Patrick Higgins and the fifty-four temperature monitors in the Eel River. She suggested that the RV Board might like to invite Hal to bring that same information to a Board Meeting.

Senator Evans is going to present a legislative Bill to tie-in everybody with the goal to get one line of communication going between all the different Boards and Groups that communicate with the State about certain topics.

(GM Koehler mentioned that this sounds like the Russian River Compact and Director Ricetti agreed.)

The Association of California Counties is starting to look at the problems created by the pot growers and the nitrogen they are putting into the watersheds.

Consultant Paige Poulos talked about the California Land Stewardship Institute, an agreement they are going to need with Janet Pauli and Carre Brown to provide a work plan with the Russian River Preservation Alliance.

They discussed the PFFC Public Policy Facilitating Commission. (GM Koehler said that this is about the Biological Opinion.)

They spoke about the success in Dry Creek where they made the coves for fish protection.

GM Koehler referred the Board to his report at the last Board Meeting about the efforts and costs of this Dry Creek project for fish protection. SCWA is calling the funding for this a Conservation Fund. In his opinion that is another significant risk of purchasing water from SCWA, because in addition to buying into their Sinking Fund there is also a commitment to paying them on an annual basis into what they call the Conservation Fund. That would be something that, before we sign a check, we need to be sure we're not biting off a piece of a billion dollar project.

12. MENDOCINO COUNTY RUSSIAN RIVER FLOOD CONTROL & WATER CONSERVATION IMPROVEMENT DISTRICT.

Director Hallman reported:

Election of Officers, Lee Howard was reelected President.

GM Sean White attended the first meeting of the ISRP Instream Scientific Research Project on January 11th. It was an all-day meeting talking about the scientific aspects of the streamflow measurement and water supply management in fisheries. Sean thought it was a very positive meeting.

The FCD is Filing for 6,000 acre-feet on the partial assignment of application and they have been assigned Application Numbers. They did complete their GIS test requested by SCWA and will be scheduling a meeting with Todd Schram in the future to review the data.

GM White was excited about the recycled water project that he has been working on. It is Fish Friendly Farming in conjunction with the District and the City of Ukiah; they filed a proposal (IRWMP) for approximately \$800,000. They are at the 'Recommended for Approval' stage in the Filing, and today they should be learning whether or not it was approved.

The FCD was discussing District Contracts, so Director Hallman recommends that RV also obtain a copy of the contract with FCD customers since it could very much affect RV.

Will Carson said he heard at previous meetings that they had hired a new lawyer to go through the language to try to improve things to move them along. It is a contract with their ag users.

Director Hallman said she left the meeting because the Agenda said they were going into Closed Session at this time, but she thinks it would be important for RV to have a copy of the contract.

GM Koehler reported he has been provided with some drafts of the Contract form and some responses. He will follow up with Director Hallman's suggestion.

Director Hallman also reported that Paul S. Zellman feels that the Agenda for the Inland Water & Power Commission hasn't changed in the past 10 years and he has asked that the FCD send a letter to the IW&PC suggesting that they hold their meetings every-other-month. Also, the FCD Agenda for February, 2013 will have a discussion as to whether or not the FCD still wants to be a part of the IW&PC.

During general discussion tonight, there is a consensus that it makes sense to schedule bi-monthly meetings of the IW&PC. In that light, President Pool suggested that RV supports the letter to the Inland Water & Power Commission that is being prepared by the FCD.

GM Koehler will get word of that support to GM Sean White and ask if he wants it in a written statement format.

13. SONOMA COUNTY WATER AGENCY.

Previously discussed.

14. REPORT OF ATTENDANCE AT AGENCY MEETINGS OF ANY OTHER ENTITY NOT LISTED SEPARATELY HEREIN.

Nothing submitted.

15. STATE WATER RESOURCES CONTROL BOARD.

No communication.

16. STATUS REPORT OF PLACE OF USE ISSUES.

No communication.

17. STATUS REPORT OF 2800 ACRE-FEET STORAGE RIGHT.

No communication.

18. CONSIDER ATTENDANCE AT SEMINARS, TRAINING EVENTS, CONFERENCES AS RECEIVED SINCE LAST MEETING.

Nothing submitted.

The Meeting ended at 9:09 P.M.

The next Regular Meeting is scheduled for 7:00 P.M. on Thursday, February 21, 2013 at the Water District Office, 2370 Webb Ranch Road, Redwood Valley, California.

Respectfully Submitted,
Linda Groth, Recording Secretary

APPROVED: _____ Board of Directors _____

DATE APPROVED: *February 21, 2013*

SIGNED: _____ Paula Berezay
Secretary, Board of Directors