

MENDOCINO CITY COMMUNITY SERVICES DISTRICT  
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Business Phone (707) 937-5790 Treatment Plant (707) 937-5751 Fax (707) 937-3837

Minutes of October 29, 2018

Regular Meeting was called to order by President Schwartz at 7:00 p.m. in the business office at the Wastewater Treatment Plant. Present were Directors Kerstein, Hauck, and Schwartz. Director Rice arrived after approval of the Minutes. District Superintendent Mike Kelley and Secretary Jodi Mitchell were present.

1. Agenda – No changes were made to the agenda.

2. Approval of Minutes September 24, 2018

MOTION Hauck/Kerstein To approve the minutes of September 24, 2018, as submitted.

ROLL CALL VOTE AYES: Directors Kerstein, Hauck and Schwartz

NOES: None

ABSENT: Director Rice

3. Communications

4. Public Comment

5. New Business

a. 2017/2018 Annual Audit

Sue and Blake Goranson, Goranson and Associates, presented the MCCSD Annual Audit for the 2017/2018 Fiscal Year ending June 30, 2018. The District's financial performance increased during fiscal year 2018. The increase was a combination of construction in process and a decrease in the long-term debt. Of the \$4,763,632 net position, there was an unassigned deficit of \$<85,773> available for operations in 2018. The deficit was related to the work in progress. Net Capital assets increased because of an increase to projects in progress. Long term liabilities decreased because of deferred inflows and principal payments to debt.

Board members asked questions regarding specific line items in the Financial Statements, and the Auditor would address all of the Board's concerns.

Overall, the Audit went well. Internal controls were reviewed and Board oversight was good. Blake Goranson characterized the District's performance as flat and consistent with income and spending, and, although District reserves were already being used for the treatment plant upgrade project in progress, prior to receiving any loan/grant funds, she encouraged the Board to build back reserves as soon as possible.

Sue Goranson commented that the District had a sophisticated accounting software program, and any new future secretary replacement should know fund accounting and want to learn a sophisticated accounting software program. That person should also be able to allocate and budget. Sue thought that Succession Planning was top and prevalent if Staff was planning to retire in the near future. Staff's long-term knowledge of the District would be hard to replace.

MOTION Hauck/Kerstein To approve the Audit as presented with the changes that had been discussed.

ROLL CALL VOTE AYES: Directors Kerstein, Rice, Hauck and Schwartz

NOES: None

ABSENT: None

b. Agreement for Services to Update Existing Groundwater Model – Todd Groundwater

An Agreement for Services was provided by Todd Groundwater for Mike Maley to provide the 2018 Groundwater Management Update. The scope of work would be to 1) update the model to better utilize metered groundwater pumping data from Water Year 2015 – Water Year 2018, 2) use the model to evaluate the long-term aquifer sustainability in response to changes in the water demand and/or distribution of groundwater pumping through a series of groundwater management scenarios, and 3) document aquifer sustainability assessment in a concise technical memorandum similar to previous reports. A draft would be provided for review and comment by March 1, 2019. The results would be presented to the Board during the scheduled Board meeting tentatively

planned for the March 25, 2019. The final report was anticipated to be completed by April 10, 2019. The compensation for the services described in the Agreement was a maximum fee of \$12,000. The updated groundwater model would allow the Board to continue to manage the long-term aquifer sustainability. To date, the District has not exceeded the safe perennial yield of the Aquifer.

MOTION Rice/Kerstein To accept the Agreement for Services with Todd Groundwater, dated October 18, 2018.

ROLL CALL VOTE AYES: Directors Kerstein, Rice, Hauck and Schwartz  
NOES: None  
ABSENT: None

6. Old Business

7. Groundwater Management

a. Monthly Groundwater Management Report

October 1, 2017 was the beginning of the 2017-2018 rain year. Average annual precipitation in Mendocino was 40.23 inches and average rainfall in October 2 was 2.4 inches. .85 inches had been measured so far in the District. Rainfall in October was 35.4% of normal.

The District was currently in a Stage 1 Water Shortage. The Board declared a Stage 1 Water Shortage at the May 29, 2018 due to below normal rainfall. District property owners were requested to voluntarily reduce groundwater extraction. Water use restrictions include a voluntary 10% reduction in allotments, prohibition on hose washing of hard exterior surfaces without the use of a shutoff nozzle, uncorrected plumbing leaks, and watering in a manner that allows runoff. Restaurants were asked to put out water conservation information cards, which were available at the District Office.

The average Depth-To-Water measurements District-wide in the 24 monitoring wells on October 17, 2018 was 19.48 ft.

8. Attorney's Report

9. District Superintendent's Report

Operators performed routine repair and maintenance at the wastewater treatment plant during October 2018.

Staff high pressure cleaned 16,116 feet of sewer mains from 9/26/18 to 10/11/18. The sewer mains were scheduled to be videotaped during the last two weeks of October. No significant damage to the collection system was found during the annual maintenance.

Director Hauck inquired if ratepayers were subsidizing the restaurants who did not have grease traps and if there was a timeline for required grease trap installations. He asked if MCCSD was going to charge restaurants a fee for their share of oil and grease contribution to the sewer lines. Superintendent Kelley noted the food establishments were already paying their fair share of monthly sewer fees, and several grease traps had already been installed this year. It was difficult for some buildings to physically comply, but the State wanted oil and grease stopped at the buildings, before it entered the sewer system lines.

Fort Bragg Electric looked at the Heeser Drive Lift Station generator. The serviceman found a bad fuel valve and has ordered a replacement part. He also found several bad sensors. They were also ordered.

There were no MCCSD collection system sanitary sewer overflows during September 2018.

The District transferred 206,664 gallons of recycled water to the High School in September 2018.

The Safety Officer conducted the monthly safety inspection of the plant and safety meeting on October 17, 2018. The safety meeting was on *Worker Beware – Work Safely around Electric and Gas Lines*.

10. Committee Updates

11. District Secretary's Report

a. Monthly Register of Cash Disbursements

MOTION Hauck/Rice To approve disbursements in the amount of \$171,616.33 as represented by payment of checks 14037-14087, and on-line payments for CalPERS, State and Federal Tax Deposits, noting checks #14045 and 14063 were void.

ROLL CALL VOTE AYES: Directors Kerstein, Rice, Hauck and Schwartz  
NOES: None  
ABSENT: None

b. Update on Delinquent Sewer Accounts and Certificate of Liens

The Board reviewed the update on Delinquent sewer accounts and Certificate of Liens.

Director Hauck asked if there was a policy to recover the cost to process violations of the District's Ordinances, i.e. legal fees and recording costs. The Secretary will check the current Ordinances to see if an ordinance was in place to recover costs of violations.

c. Quarterly Report of Income and Expenses ending September 30, 2018

The Board reviewed the Quarterly Report of Income and Expenses ending September 30, 2018. Operating Revenue for the first quarter was \$199,755.00. Operating Expenses were \$175,171., leaving an operating net income of \$24,583. Non-Operating income, County Taxes and Savings Interest was \$7,400. The loan payment on the biosolids dryer was \$28,612, and expenses for Equipment Replacement was \$204,829. The total cash margin for the quarter was negative \$<201,457>, which included plant upgrades and ocean outfall line repairs.

The Superintendent noted that once the District had a successful bid and the paperwork was prepared with the USDA, the MCCSD would receive the loan/grant funds. The District estimated going out to bid in April of 2019.

12. Matters from Board Members

The Board was pleased with the new street lights, and agreed that P. G. & E. had been incredibly cooperative. Due to complaints of the new light in some of the windows, P. G. & E had agreed to put some shielding skirts on about a dozen lights.

Jean Arnold, new resident of Mendocino, volunteered to serve out the remaining term of the MCCSD vacancy ending in November 2019. Jean shared that she had a degree in Marine Engineering and English, and had worked 11 years at the Marin Municipal Water District, and held a D3 Water Distribution Operator Certificate and a T2 Water Treatment Operator Certificate. The Secretary noted she did not think there was a provision in the election code for an appointment to be made prior to the 2019 Election, but she would contact the County Elections Department to confirm. The Board thanked Jean for expressing her interest in the MCCSD's vacant seat on the Board, and encouraged her to continue to come to the meetings.

The meeting adjourned at 8:35 p.m.

Respectfully submitted,



Jodi Mitchell  
Secretary