

MENDOCINO CITY COMMUNITY SERVICES DISTRICT
Post Office Box 1029
Mendocino, CA 95460
Business Phone (707) 937-5790 Treatment Plant (707) 937-5751 Fax (707) 937-3837

Minutes of August 26, 2019

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, Rice, and Schwartz. Director Hauck attended the meeting by conference call from 2428 Sycamore Court, Santa Rosa, CA 95404. An agenda notice was posted at that property location. District Superintendent Mike Kelley and Secretary Jodi Mitchell were present.

1. Agenda – Agenda items for New Business 7 (a) and (b) would be discussed after Public Comment.

2. Approval of Minutes July 29, 2019

MOTION Hauck/Kerstein To approve the Minutes of July 29, as submitted.
ROLL CALL VOTE AYES: Directors Kerstein, Rice, Hauck, and Schwartz
NOES: None
ABSENT: None
ABSTAIN: None

3. Communications

4. Public Comment

The Mendocino Beacon Reporter asked if the Board would be discussing the Gomes Press Release under the Attorney's Report. Superintendent Kelley responded that there was no Agenda item for discussion, and the Attorney would respond to any proposed press release by Mr. Gomes.

5. New Business

The District's Special Bond Counsel, Scott Ferguson was in attendance to explain the Installment Sale and Trust Agreements regarding the USDA Loan for wastewater plant improvements.

The Trust Agreement would allow for District issuance of a series of Certificates of Participation, in the original principal amount of \$2,101,000.00. The Certificates represent the District's purchase of the property, in this case the project, with payments to be made to USDA in accordance with the Trust Agreement. The Trust Agreement sets forth the maturity schedule for the Certificates and established a Construction Fund, a reserve fund which the District would fund for security for the Certificates.

The Installment Sale Agreement obligated the District to make semi annual installment payments from the net revenues of the wastewater enterprise, which would be used to pay principal and interest due on the Certificates until final maturity. The Public Property Financing Corporation of California, an independent non-profit corporation, was engaged to act as the counter-party to the agreement, but the corporation assigns all of its interest in the Installment Sale Agreement and all of its rights to the installment payments to the chief financial officer, who acts as trust administrator under the Trust Agreement. The District would maintain the plant and equipment. The District's rate structure currently met the requirements of the loan. The coverage ratio must be 120% higher than the amount of any additional debt. USDA would need to give consent for any additional loans. The Annual MCCSD Audit was required be provided to USDA on an annual basis. The interest was locked in at 2.625% for the 40-year life. The loan could be prepaid by the District at any time.

Resolution 2019-260 authorized incurrence of indebtedness through issuance of Certificates of Participation, which were used to fund the plant upgrade project for \$2,101,000.

Resolution 2019-259 authorized execution of the Installment Sale Agreement, which obligated the District to make semiannual installment payments to pay the principal and interest due on the Certificates of participation.

Once the resolutions were approved, Bond Counsel would prepare the closing document package. The signed Agreements would be reviewed and approved by USDA's General Counsel. The District would award the contract following that review and approval.

The District's successful bidder, Wahlund construction, had extended the period to award the construction contract until September 30, 2019. Immediately following the awarding of the construction contract MCCSD would submit a change order to reduce the project to fit the available funding.

Dan Potash requested that the public be notified of the revised plans when they were ready for review, and for the Secretary to provide notification of any future regular or special meetings.

Superintendent Kelley indicated that the Overflow pond liner, the drying beds, and installation of new water equipment would be removed from the project plans. The intent was to move the lab to the new building, which would contain new backwash controls, and the treatment plant would be electrically rewired. The Office remodel for a meeting room would also be ADA Compliant.

Resolution 2019-259

MOTION Hauck/Kerstein To waive reading of Resolution 2019-259, A Resolution of the Board of Directors of the Mendocino City Community Services District Approving, Authorizing and Directing Execution of Certain Installment Sale Financing documents and Authorizing and Directing Related Actions.

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

MOTION Hauck/Rice To adopt Resolution No. 2019-259.

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

Resolution 2019-260

MOTION Hauck/Kerstein To waive the reading of Resolution 2019-260, A Resolution of the Board of Mendocino City Community Services District, California, Authorizing and Providing for the Incurrence of Indebtedness for the purpose of providing a portion of the cost of acquiring, constructing, enlarging, Improving, and/or Extending its Wastewater Facility to Serve an Area Lawfully Within Its Jurisdiction to Serve.

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

MOTION Hauck/Rice To adopt Resolution No. 2019-260,

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

6. Old Business

7. Groundwater Management

a. Groundwater Extraction Permit Application Approval Extension
Mendocino Art Center, 45200 Little Lake Street, APN 119-160-32

In September of 2009, a Groundwater Extraction Permit was approved for new studio construction, and the addition of an apartment. Since the project had not been completed, the Groundwater Extraction Permit has been extended every two years. Since no development had occurred, an application for a Groundwater Extraction Permit Application Approval Extension was submitted for an extension.

MOTION Rice/Kerstein To approve the Groundwater Extraction Permit Application Approval Extension for GWEP No. 2009/9-17, 45200 Little Lake Street, APN 119-160-32 for the Mendocino Art Center.

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

b. Monthly Groundwater Management Report

October 1, 2018 was the beginning of the 2018-2019 rain year. Average annual precipitation in Mendocino was 40.23 inches and average rainfall in August was .21 inches. No rainfall had been measured for the month of August. Total annual rainfall by July was 44.71 inches. Mendocino had received 111.1% of normal annual rainfall for the water year.

A No Water Shortage condition existed in the District due to above normal rainfall for the rain year.

The average Depth-to-Water (DTW) measurements District-wide in the 23 monitoring wells on August 19, 2019 was 16.01 ft.

8. Attorney's Report

9. District Superintendent's Report

a. Monthly Report

Operators performed routine repair and maintenance at the wastewater treatment plant during August 2019.

Operator Acker completed repairs to the automatic bar screen. The auger in the compactor was the main part that needed replacing.

The dryer rotor motor burned out this month with a load of wet sludge in the dehydration chamber. A replacement motor was drop shipped overnight to E&M Motors in Healdsburg. It was picked up and installed by operators the next day.

On August 2019, plant operators completed the annual high-pressure cleaning of 14,817 feet of sewer mains.

There were no MCCSD collection system sanitary sewer overflows to report through August 16th.

The District transferred the 286,857 gallons recycled water to the High School in July 2019.

The Safety Officer conducted the monthly safety inspection of the plant and safety meeting on August 19, 2019. The 30-minute safety meeting was on *Customer Service; Difficult Customer Alert*.

10. Committee Updates

11. District Secretary's Report

a. Monthly Register of Cash Disbursement

MOTION Hauck/Kerstein To approve payment for checks 14450 – 14486 and on line CalPERS, State and Federal Tax Deposits.

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

b. Update on Delinquent Accounts and Certificate of Liens

The Board of Directors reviewed the update on delinquent accounts and Certificate of Liens.

12. Matters from Board Members

Director Rice asked when the public would be able to review the changes made to the Plant Upgrade, and requested that a description of the items that had been negotiated from the original proposal be provided for public review. The Board directed the Superintendent to provide the District's website with a revised plan for the public's review as soon as possible.

13. Adjourn to Closed Session

a. Personnel Matter – Pursuant to Government Code §54957

The regular meeting was resumed and the report out of closed session was that the Board continued Personnel discussions for replacement of the retiring District Superintendent.

The meeting adjourned at 9:00 p.m.

Respectfully submitted,


Jodi Mitchell, District Secretary