

MENDOCINO CITY COMMUNITY SERVICES DISTRICT
P. O. BOX 1029

MENDOCINO, CA 95460

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Minutes of March 28, 2016

The 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, Stubbs, Kraynek and Schwartz. Also, present were District Superintendent Mike Kelley, Attorney James Jackson and Secretary Jodi Mitchell.

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

2. Minutes – February 29, 2016

Correction: Page 3, Section 9(a) Paragraph 6, last line, as written: Director Hauck suggested that the Board discuss a preliminary engineering study at the next meeting and determine costs, funding options, and the best way to move forward with expansions of the water recycling program.

The sentence was amended to read:

Director Hauck requested staff to obtain cost estimates for discussion of a preliminary study, funding options, and the best way to move forward with expansion of the water recycling program.

MOTION Kraynek/Stubbs: To approve the minutes of February 29, 2016 as amended.

ROLL CALL VOTE: AYES: Directors Hauck, Stubbs, Kraynek, and Schwartz

NOES: None

ABSENT: None

ABSTAIN: Director Kerstein

3. Communications

4. Public Comment

5. Old Business

a. Hills Ranch Collection System Services Agreement and Reimbursement Agreement

MCCSD Directors Schwartz and Stubbs, Hills Ranch Homeowners, recused themselves from discussion and any action regarding the proposed Hills Ranch Owner Association Agreement. Director Kraynek assumed his role as Vice President and conducted the meeting.

The Services Agreement was approved by the MCCSD Board on January 25, 2016 and the document was forwarded to HROA for their execution. The proposed discussion of the HROA Agreement had been postponed at the February 29th MCCSD meeting and was carried over to the next meeting scheduled for March 28th.

Superintendent Kelley outlined the Agreement for reimbursement for capital expenses incurred by MCCSD in the maintenance and repair of the Hills Ranch Lift Station, and the Services Agreement for operation and maintenance of the Hills Ranch Lift Station.

Amanda Pekin, HROA, commented that HROA submitted their modified Service Agreement to MCCSD on February 11, with revisions at the recommendation of their attorney. They attached a separate Agreement to reimburse MCCSD for a portion of the Capital Expenses requested by MCCSD. Two days later they received a new Services Agreement from Mike Kelley, which included an increase in the service amount. The Superintendent clarified that the additional charge was for MCCSD staff to provide a quarterly report, as requested by HROA. MCCSD would provide a quarterly report at a cost of \$50 per hour with a three-hour minimum to ~~repair~~ prepare the report.

Ms. Pekin distributed correspondence to the Board of Directors and Attorney Jackson from James King, HROA's Attorney, dated March 28, 2016.

In response to the HROA proposal, the District's legal counsel revised the January 25th agreement approved by MCCSD, which included actions that were acceptable to MCCSD, and Attorney Jackson was agreeable to include Section III from the HROA proposed modified agreement.

Sandy Schmidt, HROA representative, demanded further discussion regarding the proposal from MCCSD and noted the Reimbursement Agreement was not acceptable to HROA. They were only willing to pay \$12,975.05 for the new replacement pumps and disputed other charges for parts to keep the old pumps operating. They acknowledged that HROA had no legal obligation to repay MCCSD but they would, in good will, agree to reimburse the District for a specified amount, as outlined in their attorney's correspondence. They would agree to pay the sum in ten annual installments of \$1,297 each year commencing on April 1, 2016, with interest of 10% per annum to accrue on any past-due installment. Section III in their agreement would settle any and all disputes or claims arising from past actions of MCCSD in the operation, maintenance and repair of the Hills Ranch lift station and collection system.

HROA was perplexed about why MCCSD took over their private collection system and did not ask for reimbursement or contact them about this situation in the past 12 years. Jeffrey Stubbs supported Ms. Schmidt's comments and he didn't understand why the 2004 Agreement was never made final.

Director Hauck commented that for years the MCCSD had spent public funds for HROA's privately owned lift station and the current District Board was trying to rectify the situation. He noted the Board of Directors were answerable to all rate payers within the District, and a gift to HROA of public funds for maintenance of their private collection system was not acceptable.

The HROA refused to pay MCCSD 10% interest on any amount. Consensus of the MCCSD Board was the District was not in the business of loaning money, and in the best interest of the Community, encouraged HROA to inquire about a loan with a commercial bank.

MOTION Hauck/Kerstein: To approve the Services Agreement dated March 28, 2016

ROLL CALL VOTE: AYES: Directors Kerstein, Hauck, and Kraynek

NOES: None

ABSENT: None

ABSTAIN: None

MOTION Hauck/Kerstein To approve the Reimbursement Agreement for \$16,268.28, and to include Section III from the Hills Ranch Proposed Agreement.

ROLL CALL VOTE: AYES: Directors Kerstein, Hauck, and Kraynek

NOES: None

ABSENT: None

ABSTAIN: None

Roger Schwartz commented that years ago a request came to the MCCSD from Beth Ryan and the President of HROA to enter into an agreement. Subsequently, Hills Ranch and the MCCSD Board simply forgot, and there was no Agreement. In the spirit of compromise, he suggested the Board might consider offering a lower interest rate, if HROA wanted to enter into a payment option agreement with MCCSD.

The approved Agreements would be provided to HROA for their review.

Jeff Stubbs and Roger Schwartz returned to their seats.

6. New Business

a. Mendocino Headlands State Park-Encroachment Resolution State/Dertner Resolution No. 2016-250-A Resolution of MCCSD Adopting Resolution of Authorization

At the February 29th meeting, the Board of Directors approved the First Amendment to Agreement and Grant of Easement between the State of California acting by and through the Department of Parks and Recreation, and the MCCSD.

Resolution No. 2016-250 was introduced which authorized the approval of the terms and conditions of the First Amendment to the Agreement and Grant of Easement.

MOTION Kraynek/Kerstein To waive the reading of Resolution No. 2016-250.

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

MOTION Kraynek/Kerstein To approve Resolution No. 2016-250 Adopting Resolution of Authorization

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

7. Attorney's Report – No report was given.

8. Groundwater Extraction Permit

a. Application for Groundwater Extraction Permit-10550 Lansing Street, APN 119-160-31
Application was made for conversion of an existing storage unit to a commercial office. In 2009, MCCSD approved a Groundwater Extraction Permit under section 4(b) of Ordinance 07-1, and an exception to the Hydrological Study Requirement. The property owner had a 598 gallons per day water demand and allotment. They qualified for an expansion of their existing use if the proposed increase did not exceed the existing water demand by more than 10%. The applicant was approved for an increase of 4.18% or 25 gallons per day. To prevent incremental development by multiple 4(b) approvals the Board may require approval of a Hydrological Study prior to issuance of a Groundwater Extraction Permit. The property owner was asking for approval of a 20 gpd increase. The total increase in the water demand from both 4(b) GWEP applications totaled 7.52%. Staff recommended approval since the increase in the water demand for both 4(b) approvals totaled less than the 10% limit for an exception to the hydrological study requirement.

MOTION Kraynek/Stubbs To approve the Groundwater Extraction Permit Application 2016/3-10 for property at 10550 Lansing Street.

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

b. Monthly Groundwater Management Report

For the January 31, 2016 Water Shortage Evaluation, there was no pre-existing water shortage condition from the previous year. Water Shortage Contingency Plan Table 3 was used to evaluate the drought level. At the end of January 2016, the District recorded 29.34 inches of precipitation, which was a No Water Shortage Condition.

The drought level was evaluated on March 31st. Normal rainfall through March was 34.57 inches. Average annual rainfall in Mendocino was 40.3 inches. By March 13, 2016, MCCSD recorded 40 inches of rainfall for the 2015-2016 rain year. There would be no water shortage declarations during 2016.

9. District Superintendent's Report

All damaged components had been replaced in the pipe gallery, with the exception of two backordered electrical valve actuators.

Three Deming pumps would be shipped at the end of April. Once they were installed and the fourth backwash pump was rebuilt, all of the equipment in the pipe gallery would be updated. Superintendent Kelley determined that instead of rebuilding the 4th pump, it would be a cost savings to MCCSD to order a new pump. He wanted to place the order, so the pump could be shipped with the other 3 pumps to avoid costly shipping charges.

MOTION Hauck/Stubbs To amend the February 29th Board authorization to purchase an additional pump at \$8,430.00.

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

There were no sanitary sewer overflows in February 2016.

MCCSD stopped FOG inspections until spring 2016. The Mendocino Hotel was inspected and would be installing a grease trap.

The Safety Officer also conducted the monthly safety inspection of the plant. Operators took online safety courses during the month.

10. District Secretary's Report

a. Monthly Register of Cash Disbursement

The Board of Directors reviewed the cash disbursements.

MOTION Hauck/Kraynek To approve the disbursements for checks #12752 through #12787, noting void checks #11970, #12763 and #12779.

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

b. Update on Delinquent Sewer Accounts and Certificate of Liens

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

President Schwartz directed Staff to invite Rick Bowers, Auditor, to present his Audit of the MCCSD Financial Statements at the next regular meeting scheduled for April 25th.

11. Election of Officers and Committee Appointments

The President of the Board was determined by a written ballot.

VOTE: Director Hauck 2 Director Schwartz 3

A written ballot also determined the role of Vice President.

VOTE: Director Kraynek 4 Director Schwartz 1

Committee Appointments were announced by President Schwartz:

Plant Operations	Harold Hauck and Jeffry Stubbs
Finance	Roger Schwartz and Sam Kraynek
Personnel and Management	Roger Schwartz and Robert Kerstein
Water Management	Harold Hauck and Jeffry Stubbs
Street Lighting	Robert Kerstein and Harold Hauck

12. Matters from Board Members

Edward O'Brien asked to make public comment. The MCCSD retired the 1974 Sewer Bond debt in 2014 and the treatment plant and outfall line were 40 years old and had reached their useful life. It was always his intention, as a MCCSD Board Member, to prepare for a new bond issue to bring the treatment plant and ocean outfall line into the current and future years. He encouraged the Board to move forward towards determining outfall line costs, and initiate a campaign to encourage the community's support.

Superintendent Kelley said an Engineering Study could cost \$150,000 and as high as \$750,000.

The Board discussed what would be required to determine ocean outfall line replacement costs because it was at the end of its useful life. Director Stubbs discussed a three-stage construction process with a pre-feasibility study as the first step.

The Ocean Outfall replacement would be discussed under the Superintendent's Report at the next meeting.

The meeting adjourned at 8:55 p.m.

Respectfully submitted,


Jodi Mitchell, District Secretary