**Mendocino County Waterworks District II**

**Regular Meeting MINUTES**

**November 16, 2023, 4:30 p.m.**

**Location: Elaine Jacob Center, 38550 S Highway One, Gualala CA**

**And VIA ZOOM**

**Pursuant To Executive Order N-6-23 Issued by Governor Newsom**

Attending in person: Troyan, LiaBraaten, Shelby, Koza,

Attending via zoom: Lemmon, Staidle, Ratcliffe, and members of the public: Colleen and Kevin McCoy (Anchor Bay Associates); Alex McDonnell and Emily Anselmo, and John Scholl (Anchor Bay HOA); Jerry Gale (Anchor Bay Campground);

The meeting was called to order at 4:30pm by Linda-Marie Koza

There was no public comment.

**ROLL CALL:**

Jens Shelby - Present

Alex Staidle – Present (via Zoom)

Linda-Marie Koza - Present

Lisa Wieneke - Absent

Donna Lemmon – Present (via Zoom)

**ADOPTION OF AGENDA:**

Donna Lemmon moved that the agenda be adopted, Jens Shelby seconded.

Jens Shelby: Aye, Alex Staidle: Aye. Linda-Marie Koza: Aye. Donna Lemmon: Aye. Motion passed

**CONSENT AGENDA**

Donna Lemmon moved that the Minutes of Minutes of Regular Board Meeting – 10/19/23

be approved, Jens Shelby seconded.

Jens Shelby: Aye, Alex Staidle: Aye. Linda-Marie Koza: Aye. Donna Lemmon: Aye. Minutes approved.

**REPORTS**

**General Manager (Chris Troyan)**

The manhole bypass project is completed. Pictures are on the website. The geotech recommended putting about 40 bags of bentonite chips in the abandoned manhole, with a little water, it will swell up and fill the manhole. Chris and his crew and MC Engineering were thanked for getting the project done so quickly, and under budget.

Keith informed Chris of a “high” alarm in a wet well, but he didn’t get a call. Chris will check, could be something wrong with the float, could be grease built-up, could be a plug up that breaks free. Chris got a quote for about $60K for auto-dial lift stations 1, 2 and treatment plant, and level transducers at the treatment plant. We have to monitor when we are doing forest irrigation, the pumps to irrigation pump faster than the pumps pumping into the wet well. There’s a local company in Petaluma Chris will contact for a bid. Asked about the priority, Chris responded that it would be nice to know when something goes wrong, but recommends that District not spend the money right now, in case there is another emergency. The situation did correct itself.

Otherwise, everything working well.

**Financial (Geraldine LiaBraaten)**

So far spent on the By-Pass is $60-75K, but bills from Timber Cove and MC Engineering and some other providers are still not in. Expect total cost to be in the range of $125K (compared to the estimate of approximately $173K). MC Engineering still working on obtaining grant reimbursement.

About $74K will come in early December from property tax fees.

Budget to actual still off, due to how income was entered in the past. The excel spreadsheets provided show actual, Q-Books is a little off. Discussion of which items are included in the operation budget, and which are listed separately afterwards (e.g. emergency by-pass, planning grant application). This discussion to be continued; possibly form a Budget Committee.

Discussion of Disability Insurance claim from Districts’ prior Operator, and Workers’ Comp. Geraldine will follow up with SDRMA to clarify why our Workers’ Comp went up so much. If we don’t have any additional claims for three years, SDRMA rates should go down.

**LEGAL (Laura Ratcliffe, Hanson Bridgett)**

This month we worked on establishing Reserves and Investment Policy, which we need to invest our existing funds and to seek bond or loan funding in the future. We also developed a Document Retention Policy, so that staff can clear out unneeded files, and keep those that are required for the appropriate time.

California Emergency Meeting provisions expire 12/31/23. Laura will do a “board training” on the new rules for meeting attendance via Zoom vs. in-person early in 2024.

**PRESIDENT (Linda-Marie Koza)**

Linda-Marie attended the 3½-day CSDA Leadership Conference in Santa Rosa. Recommended by Chris Troyan, very worthwhile. In the first year track, 150 people from 125 Special Districts. There was no District as small as ours. Learned at the conference:

* We need policies for Reserves and Investments.
* We also need a Capital Improvement Plan, which we are not yet in position to do.
* District funds must be either insured or fully capitalized wherever they are invested.
* California CLASS, a joint-powers of California Cities and CSDA, with priorities required by law: first security, then liquidity, then return. Its yield is much higher, possibly about $1000/ month on MCWD2’s savings account balance. (Laura Ratcliffe has other Special District clients who use California CLASS.

Linda-Marie discussed with RCU whether there was any investment possibility for the District’s approx $300K in deposits, that would earn more than 1%. It turns out the Districts’ two RCU accounts are “business accounts” which only have the option of investing in CDs, which lack liquidity. Also funds at RCU are neither collateralized nor insured, and that isn’t something RCU offers for business accounts, which is the only type of account RCU can offer us.

LM also checked with Westamerica Bank (the only other local bank). Westamerica Bank does offer an insured account, but they don’t do any email, and based on Anchor Bay HOA experience, it is much more hassle to add/delete authorized users.

Cyril Barmore from RCAC met with LM and they are considering offering to do both a Rate Study and Capital Improvement Plan for the District. He also connected us with RCAC’s “Funding Fair” which occurs every few weeks.

Chris Troyan and LM met with LAFCo Exec. Officer Uma Hinman, who is undertaking a Municipal Service Review of the District. LAFCo would have to approve or may recommend regionalization. Anchor Bay hasn’t ever conducted a review of MCWD2. We expect a draft review in early March, followed by a hearing by the LAFCo board.

We re-applied for a grant from CSDA to fund creation of an ADA-compliant website. Meanwhile, Chris Troyan created a page on GCSD’s website with 2023 Agendas, Minutes, and pictures of the Manhole By-Pass project. MCWD2.org redirects to that page on GCSD’s website.

**COMMITTEES**

**Personnel Manual, Chair: Donna Lemmon**

Rolling along, nothing completed.

**Policy Guidelines, Chair: Lisa Wieneke**

(Absent, no report)

**Conditions of Use Ordinance, Chair: John Scholl**

Committee meets every other week. Have a redline document based on GCSD’s ordinance. Campground and GM getting more familiar with topics. The fact that there isn’t yet a rate study has been a challenge; the committee recommends doing everything else and just not addressing Section 5 the rates part of the topic. Laura confirmed that rates don’t have to be addressed in the ordinance.

**DISCUSSION ITEMS**

**Rate structure project** **(Troyan)**

Chris presented a rough picture of what rates might look like, based on how GCSD does it. This shows 1) base sewer, 2) capital improvements, 3)annual maintenance fee for lift stations, at the plant, etc. The numbers are just approximated, but it shows that rates are going to have to go up. Chris presented this so that everyone isn’t surprised when we get to the rate study. In the draft, a rate of $2,328/year would cover a budget of $187K, but the District’s current approved 23-24 budget is $211K. And the current budget doesn’t include Reserves or Capital Improvement set-asides. One of the challenges is that the District is so small. With so few rate payers, you have no choice but to pay high fees. Without consolidation with a larger district to form a larger pool, within 5-10 years rates will be extremely high. There would have to be another rate study done for consolidation, taking into account the different costs of both districts. Consolidation could take 8-10 years, during which MCWD2 would remain independent. Right now the MCWD2’s rates are already higher than Sea Ranch and Gualala’s rates.

What rate study would do is calculate cost of one gallon from start-to-finish: flush through collection system to the plant, treatment, then either forest irrigation or ocean outfall. Rate study would also calculate how much it will cost to replace things that need to be replaced right away, 5-10 years from now, and determine an amount to add to the rates so that in ten years you have the money needed to do those replacements.

**Repairs and Improvements to Plant Office and Lift Station #2 (Troyan)**

Roof needs to be redone, maybe expand office and include a restroom, which is required by OSHA. Lift station #2 needs a new roof. Because we’re a district, we (GCSD’s staff) can do the construction work, we would need to hire an electrician, plumb the bathroom into the treatment basin. We need to hire someone to do the roof. We can buy a port-a-potty for the short term. Chris will work on estimates and will send to the board after the holidays.

**Flow Meters (Troyan)**

Chris sent board quote on two 2” flow meters and one 3” meter. He was surprised by the high cost $14K. Needed for rate study, to know what’s flowing into the plant, to determine the cost per unit, will tell how much is flowing into the pump stations, to figure out the lifespan of the pumps to determine replacement timing/cost, how much air is needed for the aerator, which correlates with electrical costs, can lower electrical costs by running aerators less, when you know how much is coming in. All loading rates, BOD , Hydraulic, NCRTs, how long in basin are all calculated by flow. Also, the State wants to know how much is going out, volumetric. The District’s Permit says you have to measure the flow with a meter. The manual “snapshot” method Keith has been using, perhaps once a year, is not accurate, many variables can throw it off, such as pump clogged up by a towel, check valve could be stuck closed, that’s restricted flow. It could be different an hour later.

The flow meter Chris proposes at the campground would enable us to know how much the campground is sending us, we need that to calculate rates; we don’t know now. If we had accurate flow data, we could make sure we are billing the campground accurately. Right now we are not too sure how they are billed; still trying to figure that out with Jerry Galey. How the campground systems work: the short-term campers/RVs empty into a wet well (which goes to the District). And the sinks and showers flow to the wet well. The permanent trailers are collected with a 250 gallon tank that Chris at the campground tows around, which is emptied into septic tanks that are next to the wet well. The campground isn’t sure if they have a leach field. They said it'd be investigated. That's what happened in October 2022, with that broken pump. Fort Bragg septic pumped out the campground’s septic tank, and then they had Fort Bragg septic just dump their septic truck right into the wet well. So the all the rags and the paper and everything came with it. We can alleviate that problem by putting in a filter screen in the septic tank with an effluent pump and a control panel. That's what GCSD uses at the Breakers Hotel, and it’s working great. So all the paper stays in the tank, and the effluent is pumped to the wet well. Then they wouldn’t need a leach field, if there is one, and there shouldn’t be, because it’s so close to the ocean. At minimal expense. Beneficial for the District, because more effluent, more money. And beneficial for the campground because it would clean up their system, and they wouldn’t have to worry about contaminates going to the beach. Cost of all this would be about: the pumps $950, screens/filters about $600, and then the control panels about $1,800. Once in 20 years purchase, but requires annual calibration. GCSD’s was just done for $2,500, $1,800 the previous time (for all of the meters), GCSD coordinates to do it the same day as Sea Ranch, so the districts can split the travel time.

Not sure if GCSD can provide a service to the Campground, to pump their septic tanks? They could undercut the private pump providers. This would be a service to the non-MCWD2 side of the campground’s system. Campground still needs to service their septic tank(s) with a pump truck. Chris has proposed this to Jerry Galey, who was going to review it. This would help the campground and it would allow us to control what comes into the system. Chris is working on a proposal on this topic for the board.

Asked about priority timing-wise on flow meters, restrooms/office: rate structure first, to determine our budget. We will have to do our initial rate structure without meters, because we don’t have historical data with meters. But moving forward, Chris recommends definitely getting meters. In order of GM’s recommended priority: 1) rate structure, 2) meters, 3) office. Put a port-a-potty at the plant now.

**Board Compensation Policy**

Board can decide to pay board members for attending meetings. Some boards of Sanitary and water districts are compensated hundreds of dollars per day of service, which includes attending board meetings (up to 6 meetings), agency business on a committee or attending a conference. Recommend at a minimum establish an expense reimbursement policy. GCSD board members get $50/board meeting and committee meeting, or they have the option of putting it towards life insurance from SDRMA. General consensus that given the board is going to be asking for rate increases, board members do not want to be compensated for attending meetings. Training conferences should be paid for by the District, and policy guidelines (in development) should allow for reimbursement of out-of-pocket expenses.

**Strategic Planning Special Meeting**

Strategic Planning session to be scheduled early 2024. To discuss mission and goals, big picture, and make it easier to evaluate things that come up as aligning with established goals. It would be a Special Meeting, in-person attendance only, no Zoom. Public is allowed to attend, could speak at the beginning, but then not participate for the rest of the day, although they can remain in the room. Chris Troyan commented that it would help him do his job to have clear direction resulting from such strategic planning. To be scheduled.

**Meeting Schedule for 2024**

The Board will continue to meet on the third Thursdays of each month, beginning at 4pm. An earlier start time would be preferable.

**ACTION ITEMS**

**Election of Lisa Wieneke as Board Secretary**

Donna Lemmon moved. Jens Shelby seconded.

Jens Shelby: Aye, Alex Staidle: Aye. Linda-Marie Koza: Aye. Donna Lemmon: Aye. Motion passed.

**Resolution No. 23-24-09 Adopting an Investment Policy** **substantially as presented (eliminating reference to a Treasurer)**

Jens Shelby moved to approve Donna Lemmon seconded.

Jens Shelby: Aye, Alex Staidle: Aye. Linda-Marie Koza: Aye. Donna Lemmon: Aye. Motion passed.

**Resolution No. 23-24-10 Adopting a Reserves Policy substantially as presented (eliminating reference to a Treasurer)**

Jens Shelby moved to approve. Alex Staidle seconded.

Jens Shelby: Aye, Alex Staidle: Aye. Linda-Marie Koza: Aye. Donna Lemmon: Aye. Motion passed.

**Resolution No. 23-24-11 Adopting a Document Retention Policy**

Jens Shelby moved to approve, Alex Staidle seconded.

Jens Shelby: Aye, Alex Staidle: Aye. Linda-Marie Koza: Aye. Donna Lemmon: Aye. Motion passed.

**Cancel 12/21/2023 Meeting**

Donna Lemmon moved, Jens Shelby seconded.

Jens Shelby: Aye, Alex Staidle: Aye. Linda-Marie Koza: Aye. Donna Lemmon: Aye. Motion passed.

**Approve moving up to $300,000 to California CLASS from Redwood Credit Union**

Donna Lemmon moved, Alex Staidle seconded.

Jens Shelby: Aye, Alex Staidle: Aye. Linda-Marie Koza: Aye. Donna Lemmon: Aye. Motion passed.

**CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to Gov. Code Section 54956.9(d)(2): one case.

Existing facts and circumstances relating to Anchor Bay Campground incident and insurance claim.

Discussion with legal counsel.

**REQUEST FOR FUTURE AGENDA ITEMS**

Approval for the Meters, and for the office too.

Meeting Adjourned at 6:28pm.