**Westport County Water District (“District” or “WCWD”)**

**Board of Directors**

**Minutes of Regular Meeting – Wednesday, December 12, 2022**

The regular meeting of the Westport County Water District (“WCWD”) Board of Directors convened at 6:05 pm via Zoom videoconference. Notice and the Agenda were previously properly issued, a Board quorum was present, and it was confirmed that each Director was able to hear and be heard by the other Directors.

1. **Roll Call at Inception (6:05 pm):**

Present Board Members: Mr. Lee Tepper, Mr. Ryan Grossman and Mr. Gary Weiss.

Not able to attend: Mr. David Brothers.

Present Staff: Operations Manager and Chief Plant Operator Mr. John Morrill and Administrator Ms. Kayla Cooper.

Present Members of the Public: Mr. Jeff Whitehouse, Ms. Melinda McLaughlin, Ms. Dorine Real, Ms. Carla Thomas and Mr. Robert Finnell.

1. **Consent Agenda (6:06 pm)**
2. **Draft Board Meeting Minutes (6:06 pm):** The draft minutes of the Regular Board Meeting of November 9, 2022 were provided in advance of the meeting and were before the Board for approval. Upon motion duly made (Director Weiss) and seconded (Director Grossman), the Board unanimously approved the November 9, 2022 Minutes with instructions to have the applicable meeting secretary (Director Weiss) sign the minutes and place with the District records.
3. **Correspondence (6:07 pm):** Ms. Cooper reported that the WCWD had received a letter from the Mendocino County Board of Supervisors stating that incumbent WCWD directors Grossman and Weiss had 60 days from December 2, 2022 to submit a letter to the Board of Supervisors stating their request to be re-appointed for another term. Directors Grossman and Weiss stated their intention to do so. Ms. Thomas reported that she had already sent a letter to the Board of Supervisors expressing her desire to serve as a director on the WCWD Board and requesting Board of Supervisors approval of same. She also stated her understanding that, assuming she was approved by the Board of Supervisors, she would be sworn in at the January 10, 2023 Board of Supervisors meeting.
4. **Public Comment (6:11 pm):** Ms. McLaughlin stated that although she agreed with the decision to hold tonight’s meeting only via Zoom, due to the current surge of COVID cases in Mendocino County, she wanted to express her continuing desire to have meetings be held in person. Mr. Finnell reported that the Westport Village Society seeks to schedule a “Town Hall” style meeting at which all Westport organizations, including the WCWD, would describe their function and share information widely among Westport groups and residents. All WCWD Board members stated their willingness to participate in such a meeting, as did Ms. Thomas.
5. **Staff Reports**
6. **Administrator’s Report and 5-Year Budget Planning (6:14 pm)**

Ms. Kayla Cooper led the discussion regarding review of the monthly Bookkeeper’s Report for November 2022. In advance of the meeting, Ms. Cooper had circulated expense summaries for November 2021 and 2022, as well as the 5-year WCWD Profit & Loss summary covering July 2017 to June 2022. Ms. Cooper reported that the WCWD’s main bank account held $49,621.15 and that there was $11,549.37 in water capital and $11,632.22 in sewer capital.

Questions were asked and answered regarding various expenses, including annual permit fees of roughly $12,000 that would become due later in December. Mr. Finnell inquired as to how the WCWD’s finances compared to prior years. Ms. Cooper replied that the WCWD’s were acceptable, stable, and similar to prior years.

Ms. Cooper led the discussion regarding preparation of the 5-year Budget. She stated that the WCWD Profit and Loss Statement for July 2017 through June 2022 to should serve as the foundation for the next 5-year budget. The Board agreed to meet in person at a Special Meeting on Sunday, January 22, 2023 at the Firehouse in order to discuss the budget.

Ms. Cooper stated that the purpose of the 5-year budget is to determine whether the WCWD needs to raise its rates and if so by how much in over the next 5 years. Ms. Cooper reported that the Rural Community Assistance Corporation (“RCAC”) had prepared a rate study for the WCWD in 2017 and concluded that the WCWD needed to raise its rates by 29% during the next 5 years. Chairman Tepper stated that, given the significant cost of having another rate study prepared, one option is to use the same 29% conclusion and extrapolate/distribute that over the next 5 years. Ms. Thomas noted that this may be insufficient to cover the WCWD’s current situation. She observed that the WCWD’s income went down in 2021-2022 due to the pandemic. A number of attendees pointed out some likely differences between the prior 5-year Budget and the next one. Ms. Cooper reported that Solid Waste of Willits had been paying the WCWD $200 per month of late, while Mr. Whitehouse recalled that this fee had been $500 per month in prior years. Director Grossman inquired as to whether it was now appropriate to raise this fee to its prior level. Director Weiss stated that inflation is likely to be much higher over at least the next 2 or 3 years than it had been during 2017-2022. Ms. Real observed that maintenance expenses had been increasing significantly. Mr. Morrill agreed to investigate this issue and report back on it. Ms. Real also inquired as to whether the WCWD could add a capital improvement project to install solar panels as a means of reducing our monthly PGE electric bill.

Director Weiss asked the over-arching question of whether it is important for the WCWD to be able to earn enough income to build its capital account. Mr. Morrill stated that doing so should be a priority, because although the WCWD’s goal is not to make a profit, the WCWD’s capital account currently is insufficient to meet potential contingencies and emergencies. Director Grossman noted that the various capital improvement projects for the WCWD were necessary but also likely to require more funding in the event that grants are not ultimately issued to cover all the costs of these projects. Mr. Finnell stated that the WCWD Board’s fiduciary duty includes ensuring that the WCWD has sufficient funds to manage its business to enable it to continue to provide water and sewer services to its customers.

The Board next turned to the *process* of preparing the budget. Ms. Cooper reported that the Budget should be ready by July and Ms. Real stated that we need 3 months before July for public notice and hearings. Mr. Whitehouse stated that July is not a true deadline but rather when we have released the Budget in the past. Mr. Finnell observed that Mr. Morrill and Ms. Cooper had been doing a good job of communicating with the WCWD customers so that they know what to expect in terms of increasing costs and likely rate changes, even before formal notice and hearings. A group of directors and members of the public agreed to meet in person on January 22, 2023 at 10 a.m. to discuss the budget: Ms. Cooper, Mr. Morrill, Director Grossman, Director Weiss, Ms.Thomas , Mr. Whitehouse (if he is able to return from New Mexico in time) and Mr. Finnell.

1. **Operator’s Report (6:52 pm)**

Mr. John Morrill led a discussion of the WCWD Operator Report dated December 12, 2022. (The Report was distributed to all attendees in advance of the meeting.) Some of the more important discussion points were the following:

1. Maintenance: Mr. Morrill reported on the water infiltration problem with the sewer pipe at Masolini property, for which repairs have now been completed. The WCWD will begin billing for sewer services for this property in January. Mr. Morrill also reported that his team had repaired a 4” cast pipe to flush out the intake gallery at the water plant, and that Pace Supply had charged $800 for new parts for this work. Finally, Mr. Morrill reported that Brian Hawes’s work in digging up pampas grass in the sewer field was now complete, and that Mr. Hawes had done an excellent job. Mr. Morrill had arranged for Mr. Hawes to complete this work as a means of paying off Mr. Hawes’s water/sewer bill. Mr. Hawes has not yet provided an invoice or estimate for his work, but Mr. Morrill expects that it will be approximately $3500. Mr. Finnell suggested that, in the future, such contracts ought to be arranged on a “not-to-exceed” basis. Ms. Thomas stated that if Brian’s work were completed at the cost of $3500, this was a very fair price for the WCWD. She also observed that touch-up may be needed in the future because pampas grass may take several spot retreats to eradicate. She also stated that a Fire Resiliency grant may be possible for future work of this kind. Mr. Morrill stated that hand digging may be required in the areas above the firehouse, and that he had contacted the California Conservation Corps to inquire as to whether members of their 14-man crew may be able to perform this work (they charge on an hourly basis) as part of their community service obligations. He stated that he will discuss this possibility with Mr. Gary Quinton.
2. Drought: Mr. Morrill reported that Westport received 5.6 inches of rain in November and 5.8 inches for the 2022-2023 Year thus far. The creek flow remains well above minimum flow rates.
3. **Old Business**
4. **Preparation of 5-Year Budget;** This topic was discussed previously during this meeting, as part of the Bookkeeper/Administrator Report.
5. **RFQ to Implement Various Needed Capital Improvement Projects (7:15 pm):**

Mr. Morrill began the discussion by recounting the work he had done to determine whether the State Water Resources Control Board (“SWRCB”) will determine if Westport is a “disadvantaged community” (“DAC”). Such status would greatly improve the WCWD’s ability to obtain grant funding for the capital improvement projects planned. Mr. Morrill explained that he has been communicating directly with Ms. Zoe Wu, who is the Senior Water Control Board Engineer for the SWRCB. She specializes in small community technical assistance and had offered to analyze the WCWD’s DAC status. She reported to Mr. Morrill that there was not enough data from the American Community Services Census to make a conclusion one way or the other, and that a new survey would be required. She stated that she would inform us within the first week of January 2023 whether the SWRCB would perform this survey work for the WCWD. The Board and members of the public requested that Mr. Morrill keep in touch with Ms. Woo in the succeeding weeks in order to impress upon her the WCWD’s need for her help in this matter. Ms. Real stated that she would draft a letter to Ms. Wu and the SWRCB from the WCWD Board, for Chairman Tepper’s signature, expressing the WCWD’s need for help in this matter.

Ms. Thomas observed that fire resiliency funding for at least the replacement water tank project might be available as a funding alternative even in the absence of DAC status. She stated that she would pursue research of this possibility in the coming weeks. The Board then discussed the relative importance of obtaining a second water storage tank. Mr. Weiss reported on his recent visit to the tanks with Mr. Morrill and stated that he was struck by the degree to which the redwood tank was leaning. Mr. Morrill stated that losing one tank would not be an emergency for the WCWD and that the WCWD could sustain itself with one tank only. Mr. Whitehouse observed that Westport had survived for years with just a single tank and that he did not believe a second tank was critical. Mr. Morrill believes the second tank is necessary and not a luxury. Mr. Morrill stated that the WCWD needs 135,000-gallon storage in order to meet the technical fire resiliency standard and that each tank holds only 100,000 gallons.

The Board then (beginning at 7:45 pm) returned to evaluating each of the competitive bidders for the WCWD’s capital improvement projects in light of the uncertainty of the WCWD securing DAC status. Mr. Morrill pointed out that GHD’s Rebecca Crow had flagged this as an important issue for the WCWD from the outset and had declined to commit definitively to funding the work until that status was determined. Bennet Engineering, by contrast, had said the WCWD could rely on old census data to prove its DAC status and that DAC status was all but assured. MC Engineering had taken a middle-ground approach, stating that the WCWD must fund the cost of pursuing DAC status and initial grant application work and that, once that funding were obtained, MC Engineering would then assume the lead and responsibility for obtaining additional funding.

Ms. Thomas suggested that the group conduct a non-binding straw poll of the directors (and any member of the public or WCWD staff desiring to weigh in) to determine which firm they currently favor to obtain the work on the WCWD’s capital improvement projects. In that straw poll, Chairman Tepper, Directors Weiss and Grossman and Ms. Thomas and Mr. Finnell stated their preference for GHD. Mr. Morrill stated his preference for MC Engineering but emphasized that he understood the preference for GHD as the “obvious choice” due to practical funding concerns. Mr. Whitehouse stated his preference for MC Engineering due to their relatively high responsiveness to Mr. Morrill’s inquiries. Ms. Real stated that she favors GHD but that the WCWD should not commit to them unless and until GHD makes a clear commitment to fund the work, including the initial grant application process. After further discussion about the pros and cons of each competing firm, the Board decided to continue pursuing our current path, with Mr. Morrill pursuing DAC status via the SWRCB and Ms. Wu. Additionally, the Board concluded that it would be appropriate for Mr. Morrill to seek GHD’s assistance in pursuing DAC status through the SWRCB and to indicate to GHD that the WCWD favors GHD but cannot commit to them without a firm commitment from GHD on funding.

1. **Further Review of Draft Policy and Process for Handling Delinquent Accounts and Authorization of Late Charges, Property Liens and/or Discontinuation of Service (8:16 pm):**

Director Weiss opened the discussion by asking the attendees whether they had studied the draft and had suggested changes. Ms. Thomas said she had and felt the time frames outlined in the draft policy should be lengthened. She stated that the delinquency period should begin not until 90 days following the invoice date rather than 30 days. Director Weiss agreed to amend the draft policy accordingly and noted that perhaps the old WCWD delinquency policy, which had a 30-day delinquency trigger, was too strict. Mr. Finnell stated his agreement with a 90-day delinquency period but felt the important thing was to put an actively enforced policy in place, and that fairness to all of the WCWD’s customers mandated implementation of the policy.

 Mr. Whitehouse opined that any policy the WCWD settles on won’t change anything and thinks that only the placement of liens on the property of delinquent accounts will result in payments being made. He stated that liens are a better choice than a shut-off because in some cases a shutoff guarantees that the bill will not be paid. He gave the example of some customers in the past who were leaving their property unoccupied and actually preferred a shutoff to paying the bill. Ms. Cooper reported that many customers with unoccupied homes do pay their bills and that 90-95% of all customers pay their bills albeit sometimes a little late. Mr. Whitehouse stated that the customers who are very delinquent don’t have the money to pay their bills and no threat of sanctions, of any kind, would change that and induce them to pay. He said that he preferred a “choke” rather than a shutoff because that might motivate delinquent customers without forcing them off the system. Director Weiss stated that the WCWD should have a variety of tools in its toolkit to induce customers to pay and then to have the ability to exercise discretion in cases of hardship to avoid a shutoff. Director Finnell suggested a “deep hardship committee” that would consider such matters.

The Directors agreed to forward to Director Weiss additional comments and suggestions that might be incorporated into the draft policy and to discuss the policy at the next meeting.

1. **New Business (8:56 pm)**
2. **Offer for Sale of Siamex Property (8:56 pm):** Mr. Finnell suggested that the WCWD Board write to the realtor who is handling the offer for sale of the Siamex properties and inform him that potential buyers must be informed that the WCWD does not have the capability to provide either drinking water or sewer services to those properties. Ms. Thomas recalled that the WCWD had told the County this already. Mr. Finnell replied that this must be written to the realtor because it must be disclosed to potential buyers. He stated that his may be a job for the Westport Municipal Advisory Council but that the WCWD should consider writing as well. Ms. Thomas stated that all groups should communicate this to the realtor. Ms. McLaughlin provided the name and phone number of the realtor listing the property for sale.
3. **Brown Act: Continued Digital/Virtual Zoom Meeting Authorization (9:05 pm):** The Board authorized continued zoom meetings. Mr. Finnell observed that by February 2023, the pandemic designation may be lifted, perhaps paving the way for in-person meetings. He observed that a blend of in-person and zoom attendance might work best. Ms. Thomas observed that meetings could be held outdoors for safety reasons.
4. **Adjournment (9:07 pm):**

Upon motion made (Chairman Tepper) and seconded (Director Weiss), the Regular Board Meeting of the WCWD was unanimously adjourned at 9:07 pm.

Respectfully submitted,

Gary Weiss

Temporary Secretary for the November 9, 2022 WCWD Board Meeting