**Mendocino County Waterworks District II (Anchor Bay Sewer District)**

**MINUTES OF SPECIAL MEETING - March 13, 2025, 2:30pm**

**Coast Life Support, Bill Platt Training Room**

**38901 Ocean Drive Gualala CA**

**Meeting was called to order at 2:30pm.**

**ATTENDANCE**

**STAFF:** Chris Troyan, GM; Susannah Cuesta, Administrator

**CONSULTANTS:**

Laura Ratcliffe, Attorney

**BOARD MEMBERS**

Donna Lemmon, Secretary

Jens Shelby,

Lisa Wieneke, Treasurer

Alex McDonnell, Vice President

Linda-Marie Koza, President

**ADOPTION OF AGENDA**

Motion: McDonnell, Second : Wieneke, the Board ratified unanimously.

**CONSENT AGENDA**

Minutes of Regular Board Meeting 01-16-25 - Motion: McDonnell, Second : Wieneke, the Board ratified unanimously.

**PUBLIC COMMENT** – None

**REPORTS**

**General Manager – Chris Troyan**

|  |  |
| --- | --- |
| * **Wastewater Treatment Plant Update** | |
| Troyan provided an update on various ongoing projects and issues. The wastewater treatment plant is still discharging into the ocean, with a decision on future discharges, vs irrigating the forest near the plant, pending weather conditions. We are only permitted to discharge 10,000 to the forest per day, and when we have big storms, we exceed that. Special 4:30am lab tests three times this week are being taken by Troyan. This is required once every five years when our permit is renewed, to assure no negative impact to endangered species. This year the species being tested are kelp, abalone, and smelt.   * **USDA Grant Approved**   The USDA reimbursement grant of $130,000, was approved. This was for the Emergency Manhole By-Pass project. Troyan signed documents and we are awaiting the funds. Estimate 2-3 months. | |
|  |  |
| * **Pipe Replacement Project Status and Budget** |
| The board discussed plans for replacing a section of sewer line on Oceanview Avenue, between OV Way and OV Court, which was deemed the most urgent, based on camera investigations. There are two lateral connections in this section. Camera investigation found one and it looks like it is probably PVC. The owner of the other says the lateral was replaced with PVC in 1989. If it turns out neither of the two is Orangeburg, then the District will have more time to investigate financial options for replacing laterals. The estimated project cost is minimum $100,000 for the section of OV Ave between OV Way and OV Court. District has funds budgeted for this project, but we are waiting for the USDA reimbursement grant money to arrive (expected in about 2-3 months) before proceeding with construction, so that a cushion is maintained in case of unexpected need. If the timing aligns, the board may host a town hall meeting for the 4th of July weekend to inform residents about the project.  The board discussed a survey of residential residents to determine how many have Orangeburg laterals, in order to assess how many will need to be replaced. Various funding options may be available to assist residents. Troyan will draft a letter/email survey.  There was also discussion of whether the HOA’s drainage and pavement activity should be coordinated with the pipeline replacement. It was also mentioned that the HOA might be asked to participate in the laterals funding.   * **Road to Lift Station #2** |

Troyan will get an estimate for needed work on the road from Highway One to Lift Station #2.

* **Capitalization Threshold**

RCAC confirmed to Koza that the determination of what expenses are capitalized depends on whether the assets are short- vs long-lived, have the largest costs, with a base threshold of $5,000, or $1,500 for small systems. On this basis, the pipeline replacement should be capitalized, rather than expensed as Operating Costs.

**Financials – Susannah Cuesta**

* **Auditor 25-26**

The audit of FY 23-24 is completed, and report sent to the State Controller.

In order to address concern about internal controls with so little staff, Cuesta proposed providing a list of vendors to be approved by the Board periodically, and included in the Minutes.

Usually, districts can only use the same auditor for a maximum of five years. Michael Celantano has been auditing MCWD2 since 2017. Because of our remote location and small size, the District continued with Celantano through 23-24. Cuesta is soliciting proposals from auditors referred by the California Special Districts Association and hopes to have at least 3 proposals for the Board to consider at its next meeting. GCSD is also looking for a new auditor. Troyan said the cost with another auditor is likely to be higher than what we have paid in the past.

* **QuickBooks Online**

Cuesta reported on the dwindling number of ongoing issues with the District’s transition to QuickBooks Online from the Desktop version used previously. The board commended Cuesta’s persistence and creativity, which precludes needing to retain a QuickBooks consultant. The financial reports to be prepared for each Board Meeting will be the YTD P&L, Budget vs Actual P&L, Statement of Assets, and as appropriate, status of engineering contracts.

**Attorney’s Report – Laura Ratcliffe**

* **Board of Directors Elections/Appointments**

The terms of Shelby, Wieneke and McDonnell will end on 6/30/26. Directors will need to submit a statement of intent to the county by April 26(next month) to be appointed to a new term. Board members should coordinate with Cuesta and Ratcliffe for reappointment procedure with County.

* **Board Compensation**

The possibility of compensating board members for meetings was discussed again. Ratcliffe said that it is normal for Board members to be compensated for official Board meetings and committee meetings. MCWD2’s board has twice voted against compensation, because of sensitivity about high sewer rates. The Budget Committee will consider making a recommendation on compensation, as it prepares the 25-26 Budget. Similarly, Board members’ expenses related to CSDA and RCAC conferences and trainings should be reimbursed.

* **Fair Political Practices FPP Form 700**

Ratcliffe notified board members that they must re-submit Form 700 again for this year. She will email everyone with information about how to proceed.

**President’s Report – Linda-Marie Koza**

* **Engineering Contracts Overview**

Koza introduced the Engineering Contracts Overview, compiled to help understand where the District stands on its various open and completed contracts for grant applications, engineering/design/project management, and rate study (completed).

* **Alternative Funding options**

The District has two grant applications to USDA. A few weeks ago, USDA notified the District that funds were frozen. (Subsequently, USDA notified us that one of the grants has been approved, as discussed above. The grant application to State Water Board was put on hold because they changed priorities, and it was deemed unwise to submit an application that would be denied, so it is on hold until priorities or the District’s circumstances change. In this context, Koza contacted RCAC about alternative sources of funding, and RCAC arranged a meeting with iBank, a joint-powers lender. Our projects would probably qualify for long-term low-interest loans. However, our rate structure doesn’t allow enough to pay debt service. Therefore, the District’s ability to fund pipeline repairs and other necessary improvements, as well as those required as a precondition of regionalization, will depend entirely on sewer fees and grants.

* **General Distribution of Tax Roll Assessments**

A customer asked if the District would mail the Tax Roll Assessments showing the sewer fees charged to every customer, as the District reportedly did up until 2022. Ratcliffe advised and all agreed that it would not be appropriate for the District to distribute this information, which can be accessed through Mendocino County’s website.

**Emergency Response Plan**

Plan presented by McDonnell (adopted later in the meeting) was discussed. McDonnell and Troyan will schedule a time to do table-top simulation(s) and will update and distribute the Emergency Contact List.

**ACTION ITEMS**

* **First Amendment to Agreement to Provide Services with GCSD**, increasing monthly payment by $300 and revising terms for termination, retroactive to Jan 1, 2025. Motion: Wieneke, Second : McDonnell, the Board ratified unanimously.
* **Procurement Policy**:
  1. Resolution No. 24-25-01 Electing to Become Subject To The California Uniform Public Construction Cost Accounting Act
  2. Ordinance No. 24-25-A To Provide for Informal Bidding Procedures Under The California Uniform Public Construction Cost Accounting Act
  3. MCWD2 Procurement Policy

Motion: Shelby, Second : McDonnell, the Board ratified unanimously.

* **Emergency Response Plan**, Motion: Wieneke, Second : Shelby, the Board ratified unanimously.

Budget Committee Charter and appointment of members: Troyan, Cuesta, Wieneke and Koza. Motion: McDonnell, Second : Lemmon, the Board ratified unanimously.

**MEETING ADJOURNED AT 4:44PM.**