

# Anderson-Cottonwood Irrigation District

## MINUTES

### BOARD OF DIRECTORS MEETING

DECEMBER 9, 2010

#### 1. CALL TO ORDER

President Haynes called the meeting to order at 6:05 p.m.

Board members present: Blankenship, Haynes, Kreps, Leitaker, Munson

Board members absent: None

District staff present: Kelley, Wangberg

Others in attendance: Steve Dabovich, Mark Doyle, Matt Fowler, Victor Ogrey, Boyd Sartori, Merrill Spoon, Neal Spoon.

#### 2. PRESENTATIONS - *None*

#### 3. DISCUSSION / INFORMATION ITEMS - *None*

#### 4. PUBLIC PARTICIPATION

Victor Ogrey – Churn Creek area

Mr. Ogrey addressed concerns he has for the District's future in light of a recent lawsuit filed against the District by a customer that has sued the District in the past.

His concerns are: whether the plaintiff prevails with the current suit or not, the District's Board will be forced to increase irrigation rates to cover legal fees and the increased insurance rates resulting from the lawsuit. He also stated his fears that the District's liability insurance may be in jeopardy of being cancelled.

He suggested that the District acquaint the water users with this lawsuit, and encouraged the Board to spare no expense in vigorously contesting this litigation.

#### 5. CONSENT AGENDA

5.1 MINUTES – APPROVE THE MINUTES OF THE REGULAR MEETING OF NOVEMBER 11, 2010.

5.2 PAYROLL – APPROVE PAYROLL CHECK REGISTER FOR MONTH OF NOVEMBER 2010.

5.3 CASH DISBURSEMENTS – APPROVE CASH DISBURSEMENTS JOURNAL FOR MONTH OF NOVEMBER 2010.

5.4 EFTPS TRANSACTIONS – APPROVE EFTPS TRANSACTIONS FOR THE PAYROLL PERIODS ENDING OCTOBER 31, 2010 AND NOVEMBER 15, 2010.

5.5 FINANCIAL STATUS REPORT FOR MONTH ENDING NOVEMBER 30, 2010.

The consent agenda was unanimously approved. (RB / JM)

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**5. CONSENT AGENDA *continued***

**END OF CONSENT AGENDA**

5.6 ITEMS (IF ANY) REMOVED FROM THE CONSENT AGENDA. - *None.*

**6. ACTION ITEMS**

6.1 CONSIDER 2011 OPERATING BUDGET (ENCLOSED).

Following review of the Capital Improvement Project handout, the 2011 Operating Budget was approved unanimously. *(JL / JM)*

It was suggested that the budget and the Capital Improvement Project listing be posted on the District's website.

6.2 CONSIDER 2011 WATER RATES (SEE STAFF REPORT).

Following discussion, the Board unanimously voted to retain the \$115 application fee and \$75 per acre fee for the 2011 irrigation season. *(RB / SK)*

6.3 CONSIDER 2011 APPLICATION FOR WATER (ENCLOSED).

The format for Application and Agreement for 2011 Irrigation Season was approved unanimously. *(RB / SK)*

6.4 CONSIDER RESOLUTION 2010-08; CONSOLIDATION OF DIRECTORS' ELECTIONS FROM ODD-YEAR TO EVEN-YEAR ELECTION CYCLE (SEE STAFF REPORT).

Resolution 2010-08 was unanimously accepted. *(JM / RB)*

6.5 CONSIDER RESOLUTION 2010-09 AUTHORIZING AGREEMENT WITH THE CITY OF REDDING FOR THE PROVISION OF WATER TO THE CITY AS A WHOLESALE CUSTOMER (SEE STAFF REPORT).

General Manager Wangberg reported that the City of Redding had not placed this agreement for consideration on its December 7, 2010 City Council agenda. Their explanation was that there were newly seated City Council members, and those parties had not had time to be acquainted with the proposal.

No action was taken on this item. It will be placed on a future agenda after the City of Redding has reviewed and acted on the agreement.

6.6 CONSIDER PROPOSAL FOR PROFESSIONAL AUDITING SERVICES, NYSTROM & CO. (SEE STAFF REPORT).

Following review, the Board voted unanimously to accept Nystrom & Co.'s proposal in the amount of \$7,500 for professional auditing services for the 2010 audit. *(JM / RB)*

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**6. ACTION ITEMS *continued***

**6.7 ELECTION OF OFFICERS FOR CALENDAR YEAR 2011.**

Following discussion amongst the Board members, the Board unanimously voted to retain Director Haynes as President; Director Kreps as Vice President; and General Manager Wangberg as Secretary. *(JM / RB)*

**7. MANAGER'S REPORT**

ADMINISTRATIVE

Proposition 50 Conjunctive Use Project

Last month we heard a very detailed presentation regarding this project, and to avoid any uncertainty about its goals I have a few follow-up comments. The grant Agreement with the Department of Water Resources specifies that two wells may be constructed under this Agreement. There is a possibility of only one well being constructed but the maximum is two. This does not preclude construction of other wells in the future, but the District is neither planning, nor is the funding available, for further well construction at this time.

Construction of these wells requires extensive environmental assessment and review pursuant to both California and Federal environmental law, and includes a significant expansion of the existing Sacramento Valley groundwater model to facilitate compliance. These environmental assessments will allow for construction of the wells and the use of groundwater extracted by these wells within the District service area.

The District has engaged in discussions with other purveyors both within the Redding Basin and outside Shasta County regarding the possibility of groundwater substitution transfers. Such transfers would be made possible by the use of groundwater for irrigation, making a similar volume of surface water available for transfer to other purveyors. Such projects are potentially a valuable District tool for financial stability, affordable irrigation rates, and revenue for necessary system upgrades.

Any groundwater substitution transfer undertaken by the District would be a completely new and separate project under California law, and would require an initial study and environmental assessment prior to implementation. Responsible extraction of groundwater that is conducted within all legal and environmental parameters, including long-term resource protection and protection for residents within the groundwater basin, is a positive means of promoting and enhancing the District's future.

North Valley Bank

In response to press coverage regarding the parent bank's third quarter losses, I met earlier this week with North Valley Bank's President and Chief Executive Officer Michael Cushman, and its Vice President and Chief Financial Officer Kevin Watson.

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**7. MANAGER'S REPORT *continued***

North Valley Bank *continued*

They explained that the majority of the third quarter losses reported by the bank resulted from the buy-down of bad construction loans issued during the past three years. The bank had approximately \$235 million in construction loans, and they used revenue from new stock issued earlier in 2010 to pay down these debts to \$50 million. They explained that the bank's overall financial position is strong with excellent liquidity and capital that provide a positive balance sheet.

Most importantly for the District, all of the money invested through North Valley Bank, including Certificates of Deposit, money market funds, and our checking account, is fully collateralized through the FDIC and the Local Agency Custody Account. The Custody Account maintains a minimum of 110% of funds on deposit to ensure their value, and Mr. Watson reported to me that North Valley Bank currently has 125% of funds on deposit in the Custody Account.

**CONSTRUCTION AND MAINTENANCE**

Cottonwood Creek Siphon Replacement and Fish Passage Improvement Project

This project is complete, save for a Notice of Noncompliance issued by the U.S. Army Corps of Engineers. The notice is primarily a result of changes to the pre-construction contours of the project site due to storm impacts that occurred in late October. We have a meeting scheduled with the Corps on December 15, at which time we anticipate reaching an understanding for resolution of the permit noncompliance.

Final costs for environmental compliance, permitting and construction have been compiled and payment made. The approximate costs are as follows:

- Environmental compliance, permitting, and project management: \$85,000
- Design and construct, original agreement: \$255,000
- Construction change orders, pre-flood repairs to existing siphon: \$14,000
- Construction change orders, post-flood time and materials: \$27,000
- Total: \$381,000

The US Fish & Wildlife Service provided \$130,000 for this project, with a resultant District cost share of \$251,000.

Considering that the existing pipeline literally blew out due to erosion of the concrete while we were dewatering the creek and that regulatory fish passage issues could have led to removal of the old siphon, it is a tremendous benefit to have completed installment of new, high-quality pipe eight feet below the original grade.

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**8. DIRECTORS' REPORTS**

Director Kreps

Asked if the siphon was to blow out, how long would restoration take?

*If either the Cottonwood Creek siphon or the Clear Creek siphon were to blow out the procuring of the replacement pipe and the permit process would take several months.*

Director Blankenship

Thanked staff for addressing the groundwater wells issue.

*President Haynes recessed the meeting at 7:10 p.m. for the meeting to be reconvened to:*

**CLOSED SESSION**

C.S.1. PURSUANT TO CALIFORNIA GOVERNMENT CODE §54957 PUBLIC EMPLOYEE PERFORMANCE EVALUATION – GENERAL MANAGER.

C.S.2. PURSUANT TO CALIFORNIA GOVERNMENT CODE §54957(e) PUBLIC EMPLOYMENT – GENERAL MANAGER.

Results of the Closed Session (7:20 p.m. to 8:45 p.m.), are as follows:

C.S.1. PURSUANT TO CALIFORNIA GOVERNMENT CODE §54957 PUBLIC EMPLOYEE PERFORMANCE EVALUATION – GENERAL MANAGER.

General Manager received an excellent performance evaluation. It was the consensus of the Board that Mr. Wangberg's 2010 performance was exemplary.

C.S.2. PURSUANT TO CALIFORNIA GOVERNMENT CODE §54957(e) PUBLIC EMPLOYMENT – GENERAL MANAGER.

A motion was made to increase General Manager's annual salary by 4% to \$83,200 and to amend Item 9.C of General Manager's contract to read, "Sick leave in the amount of 96 hours per calendar year. Unused sick leave shall continue to accrue, from year to year, on an unlimited basis. Should General Manager's employment terminate for any reason, accrued sick leave up to 200 hours shall be paid at a rate consistent with General Manager's current salary." (RB / SK) The motion was approved by a 4-1 vote with Director Munson dissenting.

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**9. ADJOURNMENT**

The meeting was adjourned at 8:45 p.m.

Respectfully submitted,



Stan Wangberg  
Board Secretary / General Manager