

Timber Cove County Water District
Board of Directors
General Meeting Minutes
June 4, 2022

FOR MAY

1. **Call to order** - 10:01 am

Board members: John Gray, John Rea, Kris Kilgore and Spencer Lipp and Tim Winterer

Guests- Chris & Diane Feddersohn, Anne Vernon, Ryan Gomez, Melany Collett, Ron Case and David Long

2. Covid-19 Remote conferencing Resolution-

NOTE: Melany asked that someone mute their back round Melany was unable to hear the vote on this resolution

3. **Approval of Agenda:**

Kris Kilgore moved to approve the agenda, John Rea seconds- passed unanimously

4. **Approval of minutes for March & April 2022-**

Kris Kilgore moved to approve the March and April 2022 minutes, John Rea seconds- passed unanimously

5. **Presidents Report-** John Gray mentioned that the PRV that was voted on in the last meeting exceeded the dollar amount that the board approved, Ryan will speak on that during his report. John Gray stated he had an in-person meeting with the County to determine what the District can and can't do with the Admin office and determined the District could face fines operating as is. John stated that employees will be working offsite/remotely. John mentioned he approved through the executive committee an expense reimbursement of up to \$500.00 to employee Ryan Gomez to offset the inflation cost of gas. John stated that Ryan and Jeff will be going to training to be certified as back flow specialists. John mentioned that treasurer Michael Sargent will be doing specific treasurer training. John said Kris Kilgore provided some information on infrastructure to secure financing and will be presenting that under item 7.3

6. **Old Business-**

6.1 **Former Admin building update-** John Gray reviewed the permit history of the ADMIN office and provided the documents to the board prior to the meeting. John reviewed the fines that could be imposed by OSHA, ADA and health department if the District continues to use the office as it is non-compliant with those agencies. John Gray tried to provide pictures of the under carriage of the ADMN office showing the building is on jack stands however he was unable to get them on the screen, the photos were provided to the board in their board packets.

6.2 **PRV system-** John Gray stated the original estimate approved by the board for the PRV was not to exceed \$28,000.00, Ryan explained when they took the diaphragm out on (Koftinow & Ruoff) there were chunks missing from the valve. Ryan did more research on what was going on done there with the cavitation. Ryan said the last time work was done there was in 2018 as he spoke with Tanner Hiers (former plant manager) and Piazza Construction. Ryan said since it's only been a few years it was best to go with anti-cavitation trim. Ryan said the new cost is \$29,750.00 for the work. Piazza will replace everything on the inside and outside that box.

Kris Kilgore moved to approve the new estimate from Piazza, John Gray seconds-passed unanimously

6.2 **CIF-Capital improvement update-** Spencer Lipp stated they had some scheduling conflicts but have a draft report and they have a meeting next Friday and they have invited Michael Sargent. Spencer hopes to have the report draft for the July meeting.

7. **New Business items-**

7.1 **Standing Rules & Regulations-**John Gray explains language was already voted on in a previous meeting and this vote is for the table of contents and Director Accountability and Financial Transparency & censor broken out in two separate rules

John Grays motions to approve the standard of the order of the Standing Rules & Regulations to reflect the new order and tables of contents, Spencer Lipps seconds – Kris Kilgore-nay – motion passed

7.2 **Reserve & Rate Study**

John Gray moves to approve a Reserve & Rate Study, John Rea seconds-Kris Kilgore-nay, motion passed

7.3 **Memorandum Capital Funding for District-** see attached memorandum dated My 25, 2022 by Kris Kilgore

7.4 **Moving District Funds to LAIF-**

John Gray moved to transfer the Districts funds from Edward Jones to LAIF, Spencer Lipp seconds-motion passed unanimously

Discussion

7.5 **New office Permits-**

John Rea moved to conduct the survey done on the northeast corner, John Gray seconds-motion passed

Discussion

7.6 **Secure & Apply for financing new building-** John Gray states this is not ready for an action item as the the District should not use Districts funds to build the ADMN office and stated he wanted Michael Sargent to look into financing options for the project

8 **Operator's report-** Ryan reviewed the production of water and the resevoir is at 25 feet. Ryan states that is great for the month of June and no conservation is needed

9 **Treasurers Report-**

Michael Sargent reviewed the District's finances – The treasurer's report can be found online at www.timbercovecountywaterdistrict.org

The 22-23 Budget was not listed as an action item on the agenda therefore it cannot be voted on at this meeting. The board agreed to hold a limited board meeting on June 18, 2022, to vote on the budget.

10 **Public Comment-** John Rosson had a hard time getting in because the ZOOM link didn't work. Renee Fernandez-Lipp did confirmed the link on the website did not work. Bob Litchner commented that the District may benefit from looking for alternate engineering firms. See attached public comment read at this meeting by John Gray.

11 **Approval of Bills-**

Spencer Lipp moved to approve the bills; Tim Winterer seconds-passed unanimously

John Rea did not vote as he was in transit and may have lost reception

12. Setting of Agenda, Time & Place for June 18, 2022-

John Gray moved to set the Agenda for June 18, 2023-motion passed unanimously

John Rea was not present for the vote

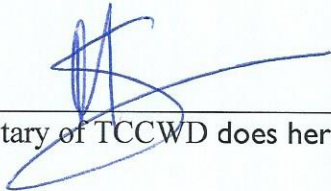
13. Adjournment

John Gray moved to adjourn the meeting, Tim Winterer second- motion passed

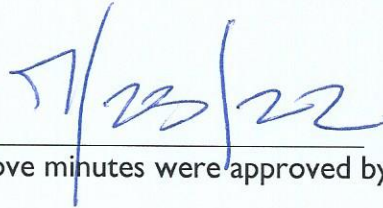
John Rea was not present for this vote

Meeting adjourned

Attest


The secretary of TCCWD does hereby certify that the above minutes were approved by the Board

Date



Item 7.3
of Agenda

MEMORANDUM

Kris Kilgore
Director, Timber Cove County Water District
May 25, 2022

To TCCWD Board Directors, Administrative Manager, Operations Manager

On May 18th, I attended a RCAC training on capital project planning. Then on May 25th, I attended a CFCC Funding Fair through RCAC. The purpose of this memorandum is to convey some steps necessary to obtain funding from organizations such as USDA and SWRCB.

Early Steps TCCWD Can Take To Make Funding Efforts Flow Quickly:

1. A Technical Managerial Funding Report is required. I put a 2016 TMF report in the drop box Spencer Lipp created back in September 2021, in a folder titled, 'Project Funding'. In that folder is another folder titled, 'SWRCB and other government funding.' What I learned in the RCAC Capital Project Planning training was that the TMF report will need to be updated. SWRCB paid for this report to be prepared by the California Rural Water Association. The update should not require the time and cost that the original report did.

I will drop off three hard copies of the course presentation at the TCCWD office. I'm trying to get a recording of the course.

Suggestion -- For the TMF update, we request that California Rural Water Association proceed with this. It can take months to complete and we should get started now.

2. Provide a 'Rate Study' that is updated every five years. RCAC offers rate study services. A rate study includes an assessment of TCCWD financial capacity. This assessment determines whether TCCWD can:
 - a. cover costs of funding
 - b. comply with legal requirements
 - c. meet lender requirements
 - d. respond to economic changes such as inflations and interest changes
 - e. provide adequate funding reserves

Suggestion: We can contact RCAC, Mary Fleming, RDS Environmental, (916) 549-6338. The capital planning course instructor recommended that we contact her for information on RCAC's rate study services. I imagine that obtaining the 'rate study' will take a long time, and we should get started on it as soon as possible.

Note: When I called LAFCO last Fall during my director campaign, I was told that we need to do the type of rate study described in this RCAC Capital Planning course, and in fact, they were concerned that we had not already done this.

CFCC Funding Fair May 25, 2022

RCAC and the CFCC presented an excellent tutorial on many different funding sources. In about two weeks I will be able to provide TCCWD with a recording of this presentation. Participating in this were Cal Fire, California Infrastructure and Economic Development Bank (IBank), California Department of Water Resources, the Governor's Office of Planning and Research, US Bureau of Reclamation, USDA, and other very interesting funding organizations. I suggest that we start contacting those organizations that could possibly provide loans at low interest/long term rates. Our community is probably not a low income community, and many grants are not available. But, it doesn't hurt to learn more about grants just in case. Several years ago, RCAC was paid by SWRCB (\$5,000) to do a medium income survey in Timber Cove. Unfortunately, we were just short of the required number of responses to the survey to complete it. I think that we have even higher income residents today than we did then, but we can explore doing the survey again to see if our income is less than 80% of the median income of the state – it may not be worth it to pay for the survey considering the difficulty getting responses before.

The EPA is sponsoring \$300,000,000 in federal grants through the Governor's Office of Planning & Research website – just a good example of what was learned here.

Once we have the recording of this presentation, we can learn more about getting advice on financial planning. In the meantime, I learned through the Ca Department of Water Resources that there is an organization, IRWM that provides advice. 21-North Coast Cybelle Immitt. 707 267-9542, cimmitt@co.humboldt.ca.us. Also, RCAC is going to send contact information for advisers.

Several of these organizations provide funding for planning. The capital planning committee for TCCWD has experienced people who will prepare a good plan. But, the capital plan format and content required for many of these loans and grants may not be fully covered in our plan. So, consultation with these organizations about our plan would be a good idea.

Note that several of these organizations will pre-qualify TCCWD for loans. The loan can be formally applied for up to a couple years after pre-qualifying. So, it would be wise to get started as soon as possible. In most of these presentations on March 25th a loan or grant awarding timeline was provided and showed that many awards are not available until sometime later in 2023 when applied for by May or June 2022.

Public comment John Gray

In March and April meetings, public comments from Kris Kilgore were read and entered into the minutes.

While I take no pleasure in addressing these comments, I feel compelled to respond given the inaccuracies in those statements to correct the record.

I have provided facts and documentation.

In March 2022, Director Kilgore was opposed to adopting rules regarding financial transparency and director accountability.

First, lets clarify the reason for that rule being added. In the past, some directors and treasurer had done multiple transactions in secret, hidden from the public using public funds. That practice is unlawful. Account balances were not disclosed, spending not disclosed with little tangible results from that spending that was nearly \$300,000. In addition, ALL of 2016 records were taken from the office and while some could be recreated, not all and the result in substantial unaccounted for funds. Some Deposits listed on the books never reached the bank while in some cases, some deposits with the bank, not included in our books. Bottom line is the 2016 audit could only verify our financial position at the close of the fiscal year but could not determine lawful spending or if entries were accurate or not and there is a substantial amount of monies that is not accounted for. We had some claims made about a former employee taking the records. The employee accused of this however had left the district nearly 2 years before the start of the fiscal year in question.

A prior board and Treasurer failed to even engage a CPA from 2013 until mid-July 2016.

All this was taking place in a time where the board and treasurer at the time failed to complete years of legally required audits. Our district was in danger of being taken over and financial oversight was nearly nonexistent.

The district was in no position to apply for grants, bonds, even a simple loan due to the financial disarray we were in.

Fortunately, that is behind us now, but the new rule financial transparency and director accountability was necessary to ensure we have guardrails to prevent future abuses.

Director Kilgore's response and objection seemed groundless and contrary to fact- that it was aimed directly at her which is obviously not true when in fact, the regulation as explained above was due to mismanagement long before Kilgore was a director and the transparency rule applies to equally all directors and as I pointed out at the time, myself as well.

We simply cannot tolerate directors using their positions to advance their personal agendas, use public funds without being properly appropriated and disclosed in public without consequence.

The public needs to be informed of all financial information at each meeting to enable useful dialog and accountability

In April, Director Kilgore made a public comment that was inaccurate and misleading.

First. Director Kilgore made claim that no significant infrastructure had been made. She stated that there were only a few small, operator projects developed.

That is untrue

Let's look at some of the projects that took place or started under my predecessor.

We had a serious THM problem (a potential carcinogenic) identified in 2016 that went unaddressed until Chris Feddersohn addressed with our chief operator at the time in 2019.

It needs to be noted that Director Kilgore was the project manager at the time and informed of the problem. No solution was implemented, and we went several years with no action taken to correct this critical problem.

Where was the outrage at that time? Perhaps since the issue was not on the own streets of the sitting directors or project manager at that time made it less important? I don't know. I do know they did not address the issue. This was a health and safety issue that went ignored then the subsequent boards get accused of not implementing or planning on infrastructure?

Infrastructure was finally added to tank 3 in 2020 that solved the issue with THM's (a potential carcinogenic) by better circulation of the water.

The cost was approximately \$75,000. That's NOT a small project.

Mapping of the water distribution system took place, a necessary 1st step in any action to upgrade the system and was presented to the board and approved. An electronic system (Scada) for monitoring flows was added. This important infrastructure investment was over \$50,000. Our chief operator presented the mapping system to the public at a recent meeting. That process also began under Chris Feddersohn's watch. Another major expense and critical infrastructure addition. That's hardly a small project as well.

New meters research began and was finally approved by the current board. Another major project started by my Predecessor Chris Feddersohn. This cost will exceed \$60,000 and help ensure more accurate readings, better productivity for our operators and potentially identify leaks more quickly saving the district and our customers significant money on potential water losses. **Once again, not a small project and a significant addition to our infrastructure.**

We are in the process of working to approve new infrastructure to ensure the pressure regulator valve on Ruoff can be serviced without interruption to our customers water service. This is another significant addition to our infrastructure at a cost of nearly \$30,000. Once again, this issue was identified and presented in the past as far back as 2015 but not acted on until now.

Let's just take a look at the monies now spent or appropriated to be spent for real infrastructure upgrades

THM correction at tank 3 \$75,000

SCADA \$50,000

That's over \$125,000 spent on just those 2 projects, over 10% of our entire reserves.

New Meters \$60,000

PRV correction \$30,000

That's \$215,000 in past couple years spent or approved and appropriated and in process.

Now there are a few other smaller improvements.

New work truck- a necessary tool. The old truck was un safe and ready for the scrap heap.

Water tank on trailer for flushing system without wasting the water

Aerator for the reservoir to reduce algae growth]

New electronics for the plant to fix the automation of water production

Those account for over \$50,000 for our district. Smaller but Necessary improvements when added up are a significant cost.

Nearly \$200,000 already spent on infrastructure and another \$90,000 in the works. Over 20% of our entire reserve fund yet a claim of no meaningful work?

Its easy to see that claim nothing but a handful of small projects is grossly inaccurate and ignores real, tangible improvements made or in process with a proactive approach, unlike what was previously taking place.

We have an infrastructure committee that was formed under my predecessor that includes members with experience in senior management, engineering, legal and mechanics. Their task is to properly identify most pressing need for our community's water system vs being directed by someone pursuing infrastructure in secret to advance their own interests.

The groundwork is being laid now for future improvements

Lastly, Director Kilgore made a statement about my advocating a new office and sanitary facility for our employees.

We are required by law to provide sanitary facilities for our employees and could face substantial penalties for not doing so. In fact, penalties can far exceed the cost of correcting the issue. This has been identified now for a number of years. In fact, a newsletter was published in August of 2015 stating permits were obtained for correcting that issue. There is no record on file with the county to substantiate that claim.

We are required by law that our office be ADA compliant. It is not. It is simply a modified trailer on a chassis that cannot be permitted by the county for remodeling. The fine for the 1st offence is \$75,000 if cited, not to mention the potential civil liability.

Kilgore statement listed items 1 and 2 as a plan to tear down the existing structure. This was never advocated nor even suggested. It is permitted for storage and would be unwise to eliminate that asset. I don't know where she got an idea like that. It was never discussed or suggested.

She lists #5 as starting the process with PRMD and coastal commission all over again. The fact is it never really started in the 1st place. While a couple emails were sent, no application was done nor were the required biological or historical reports done that are required prior to applying for a coastal permit. In fact, the information that was relayed to the architect by the county was never even passed along and according to the county, no application presented.

She stated the foundation was inspected and was designed for a heavier load than an office. I have a suspicion where she got that idea but the fact is it that is a complete fabrication.

It is a trailer with leveling braces that are nothing more than jack stands. There is simply no way it is sufficient to pass any type of inspection. The trailer would need to be elevated, the chassis removed, and new foundation built. Something that is highly unlikely to be permitted.

She stated that the foundation was inspected and approved. Another fabrication. I have met with the county, reviewed the history, and assured not only were we never close to having a permit, but they never even received

an application after giving instruction on how to do so. The county official also informed me that the county was misled and any permit request on that building would cause us major problems with the coastal commission as a result.

The fact is, the structure was put up without permitting, the so-called foundation would require coastal permission after a biological and historical study something never done then the county misled on the nature of the structure. It was not inspected, permitted, or approved for anything other than a storage unit which happened after the fact.

We are fortunate that we were even allowed to keep it as a storage unit. The county official informed me that typically we would have been required to tear it down and we are best set to leave it as is.

We cannot simply add a restroom and modify the existing building. At least not legally.

In my meeting with the county official, he made it very clear that we were never close to any permitting.

He also made it clear that any modifications that would be made would need to first be approved by the state given the nature of the structure, something he told me would be difficult, if not impossible to pass especially since it is now clear they had been intentionally misled on the nature of the structure. The architect and former treasurer who supposedly worked on this supposedly started the process in 2015. Hmm. Years later, not even an application done nor any of the preliminary requirements needed to apply.

If we could make this simple change, we would. But we cannot.

Once again, it gives me no pleasure to have to bring these issues up but given the false information read into previous minutes, I feel compelled to set the record straight.

Director Kilgore would be better served by doing a careful examination of the actual records prior to making statements as she did in prior meetings

John Gray