Timber Cove County Water District

Board Meeting Minutes-March 2024

1. **Call to order- 10:03 am**

Board-John Gray, Jay Kvapil, Spencer Lipp, Bob Leichtner. John Rea absent.

Guests- Joey Ball, Melany Collett, Yvonne Gray, Jennifer Greenstein, Michael Smallen (in the lobby) and Drew Ferrante.

Guest via Zoom Alex Kramer, John Rosson, Rene Fernandez-Lipp.

2. **Approval of Agenda**

Jay Kvapil moved to approve the agenda, Spencer Lipp seconds; motion passed unanimously.

3. **Approval of minutes from February 24, 2024**

Jay Kvapil moved to approve the minutes, John Gray seconds; motion passed unanimously.

Bob Leichtner mentioned there were some typos that didn't affect approving the minutes and he would share those with Melany. Spencer Lipp replied he caught some typos too. John Gray seconded the motion with a note that the typos would be corrected.

4. **President's Report**

John Gray explained that the updates on the agenda are mostly hurry ups and wait. John stated that in this meeting you will see the impact of the new rate structure, and the Treasurer's report is unusual and reflects January usage at a record low water volume sale. John said although we did expect a decrease in rates, the water sales did drop dramatically from being impacted by the severe storms. John stated you will see a substantial increase in the district's net worth as the land values have been formally appraised and this should give the district more favorable terms when applying for

financing on various projects. John stated there will be discussions on how to handle the new office construction and how to move forward.

5. Operators Report

Joey Ball chief operator read the monthly operators report . A copy of this report is attached to these minutes and can be found on our website at https://timbercovecountywaterdistrict.specialdistrict.org/

6. Treasurer's Report

Melany Collett presented the treasurer's report. Jay Kvapil asked if the board would need to approve the potential sale and purchase of a truck since it would be a capital expense as they may need to move quickly on a purchase. Discussion was had about adding an item to the agenda. Melany was out of the room during this discussion; upon re-entry she was asked by Spencer about noticing a special meeting to move on the truck. Melany told the board if they deemed the matter an emergency that cannot wait until the next meeting they could vote to add it to this agenda.

Jay Kvapil moved to add replacement of the truck as item 7.2 of the agenda, Bob Leichtner second.

Discussion ensued:
Jay Kvapil stated that the board needs to give Joey and Melany flexibility to deal with the truck and trust them to make a good decision. John Gray asked how much they would spend on a new truck and how much the trade in would be for the current truck? Joey replied approx. $41,000.00 plus tax and the trade in may be $24,000.00. Bob stated this was an order of magnitude estimate and that they are not specifying these sums exactly , it's to give them room to work with.

motion to add item 7.2 of the agenda passed unanimously

A full copy of the Treasurer's report can be found on our website at https://timbercovecountywaterdistrict.specialdistrict.org/

7. New Business

7.1 Cancellation of memorandum of understanding with TCHA

John Gray explained that the district had received a potential threat of litigation, and he reported the threat to the legal counsel. John stated our legal counsel reviewed the memorandum of understanding and pointed out the section of the MOU that said either party can cancel the MOU with a written 60-day notice of cancellation served to the other party. John stated the issue was rent on the new building as the District is trying to

get the building done. John reported that legal counsel advised me that the District cannot spend public money on a new building and allow someone else to use the building for free. John reported that would be considered gifting a public asset which would be a violation of the California State Constitution. John further explained that if the district allowed use by another occupant, they would have to be charged rent. John stated legal counsel also recommended the District think about cancelling the MOU. John stated he is not recommending kicking anyone out of the storage trailer and believes it was donated. John said back in 2003 the HOA spent $88,000.00 renovating it and gifted it to the water district. John believes it was gifted for a couple reasons, one being the HOA would have to pay property taxes, but the District is exempt, and the second being that per Davis-Stirling and the CCRs you can't dissolve any part of the HOA (Proposed Unit 1 secession) if there is common area. John stated he does not recommend sharing space with any other agency as there could be confidentiality issues with public records, John explained that isn't a concern now because Melany Collett is working for both agencies.

John Gray said his motion would be to have general counsel draw up the cancellation of the MOU to serve upon the HOA. John said he would not ask the HOA to move out of the storage trailer. Jay Kvapil and John agreed that any permitting issues with the HOA using the trailer would be between the HOA and the County. Spencer Lipp suggested the allowance of continued use by the HOA be a stipulation in the cancellation of the MOU. John stated it would not be part of the cancellation and also mentioned the district has not spent any public funds on the trailer therefore shared space is the trailer isn't an issue, but it would be an issue in the new building. Bob Leichtner stated that there is an issue in that the District has insurance on the trailer for use by the District but does not have insurance for use by other parties. Alex Kramer replied from Zoom that the HOA carries their own insurance and a worker's comp policy. Alex spoke to the board and disclosed his concerns about cancelling the MOU. Bob Leichtner read the cancellation portion of the MOU. Alex asked if there could be a conversation with the water district and the HOA prior to cancelling the MOU to possibly come up with things that are mutually beneficial. Bob replied that was not an unreasonable request and added that the trailer is used primarily for storage of records for both agencies and is not permitted for anything else. Bob stated that he doesn't believe the district is asking the HOA to remove their informal right to use the space for storage as that is the only shared use that is legally permitted. Bob stated the purpose here today is the recommendation by the District's legal counsel to terminate the MOU and that it does not preclude a cooperative arrangement in the future that is mutually beneficial that's legal. Jay Kvapil asked if the HOA had been paying for phone, internet and electricity. Melany stated that the HOA pays for their own utilities with the exception of PGE. Spencer spoke to Alex's point and said it does make sense to give the HOA a heads up of what the District would be doing prior to sending a cancellation notice of the MOU. Further discussion happened between directors and Alex Kramer

Bob Leichtner moved to terminate the memorandum of understanding with TCHA and the effective date of the termination notice will be at some point prior to the occupancy of any new office space, Jay Kvapil seconds; passed unanimously.

Melany asked to read something prior to moving on for the purpose of the minutes the Brown act rules for adding and item to the agenda after it's been posted "a matter can be added when the agency becomes aware of the matter after the agenda has been posted and as long as the specific statutory requirements are met as follows" 1. The need for immediate action on an action 2. The agency was made aware of the item after the agenda was posted 3. The board has 2/3 vote to add the item to the agenda.

7.2 Purchase of Truck

Bob Leichtner moved that the current vehicle is not reliably operable and we are pursuing the possibility of replacing that vehicle with both a more reliable and better suited one for the District's needs, and because some opportunities to purchase may be short fused the board authorizes the operating and administrative staff to pursue a vehicle purchase and/or trade in as needed with a trade in value estimated at $20k-$25K give or take and a newer model replacement used truck at give or take $40-$45k plus accessories , in the event they need to move quickly they should call the President of the board to alert him of the deal and to sign.

Jay Kvapil seconds passed unanimously.

8. **Old Business-**

8.1 Lyons Court update-John has received three different bids, one was off the charts, one was using stick construction, and he is awaiting two more bids. John stated he cannot disclose the costs due to all the bids not in yet however can say due to prevailing wage requirements the costs are much higher than anticipated.

8.2 Coastland study update-Joey is working with Coastland on the items

8.3 Insurance claim from storm update-Melany reported she had opened the claim immediately following the storm for the districts damages and has been processed and closed and the district was reimbursed $25,199.00 for the claim.

8.4 Employee COLA-John Gray recommends a COLA based on the consumer price index in the new fiscal year beginning in July 2024 for employees. Bob asked if there was a standard he would be referring to and John replied 3.5% following the consumer price index. John stated the COLA was in the prop 218 study. Discussion ensued.

John Gray moved to budget in the COLA and provide it in the next annual budget that begins in July 20204

Jay Kvapil asked what would happen if the index changed, Bob replied that Jay has a reasonable concern, and we must be careful not to over commit ourselves with a policy we may not be able to afford. Jay suggested reviewing the amount at the time of preparing the Budget. John Gray agreed and stated he wanted to make sure that the employees were fairly compensated as they run the water district while the board oversees it.

Spencer stated the performance reviews are done in a more formal way and asked if there was a formal performance appraisal process. Spencer suggested that a document be created that describes the performance appraisal process and includes the budgetary cost of living and merit increases with the budget. Spencer stated that would formalize the process for people to follow. Spencer stated the performance review can happen in January/February/March, then the budgeted amount of COLA can be included in the budget. Spencer said the process can be documented in less than a page. John Gray agreed this could be added to the employee handbook. Discussion ensued'

John Gray moved that the District would offer a COLA and and incorporate it into the next budget, Spencer Lipp seconds; passed unanimously.

9. Public comment

Yvonne Gray asked if the septic for the admin office had been scheduled, John Gray said yes, weather permitting.

10. Approval of the bills

John Gray moved to approve the bills; Bob Leichtner seconds; passed unanimously.

11. Setting the Agenda, Time & Place for April 20, 2024

John Gray moved to set the agenda, time & place for the next board meeting on April 20, 2024, Bob Leichtner seconds; passed unanimously.

Note: The meeting date was changed from the fourth Saturday of the month due to Joey and Melany gong to a CRWA conference and therefore not able to attend on the regular schedule date

12. Adjournment

John Gray moved to adjourn the meeting; Bob Leichtner second. Recorded-passed unanimously.

Attest: _____ Date 5/18/24

The secretary of TCCWD does hereby certify that the above minutes were approved by the board on the above date