

BOARD OF DIRECTOR'S MEETING
ESPARTO COMMUNITY SERVICES DISTRICT
ESPARTO, CA

SPECIAL MEETING
NOVEMBER 30, 2005

MINUTES

1. CALL TO ORDER: The meeting was called to order at 10:14 A.M. by Chairman Laurel Kieny.

2. ROLL CALL

MEMBERS PRESENT Jack Huie, Barry Burns, Laurel Kieny, Joseph Moreland, and Mike Goodin

OTHERS PRESENT Pam Pearson, Mike Hayes, Terry McCaulay, Dan Boatwright, Todd Tommeroson, Mark Richardson, Roger Bennett, Nirmala Benin, Carl Lescheske, Linda and Dave Herbst, Anna McNamara, Joe Garcia, Dwayne Chamberlin, and other members of the public

3. APPROVAL OF AGENDA

Director Jack Huie made a motion to approve the agenda and was seconded by Director Joseph Moreland.

No discussion.

Ayes: 5 Noes: 0 Absent: 0

4. PUBLIC COMMENT

A member of the public questioned where the P & L statement is which he had been told he would receive.

The General Manager stated he had, on several different occasions provided a P & L statement, along with all general ledgers available in the office any time anyone wanted to view them.

The member of the public wished the General Manager provide the information in a more understandable manner.

The General Manager stated if he had more extra time he would be happy to provide that information in more detail and asked the member of the public to join the Board.

The Chairman of the Board stated that on a fairly frequent basis this information was provided.

The member of the public stated he felt it was of great importance.

The Chairman of the Board stated the safety of the system is most important and felt the extra calculations of the P & L statements were a little further down on the list at this time, during which the District is having so many problems with its' infrastructure.

The member of the public questioned the rate increase.

The General Manager stated the rate increase had nothing to do with the cost of the utilities, and the cost of employee wages. The reason for the rate increase is the district has to upgrade the system to meet state mandated standards. The district has to provide safe and adequate water.

The General Manager stated the district has not been going in the hole, with the first rate increase the district has been able to meet our operating costs as the General Manager stated that is why the districts' rate increase was at that amount. The district has been able to meet the operating costs, been able to purchase equipment, which before the district had to rent.

The General Manager stated even though the district is trying to get the USDA funding, equipment is not fundable under that type of loan, and the district has not put that money aside.

The General Manager stated the district has bought a Hydro-Jetter (sewer line cleaner), as apposed to having the work done by an outside firm, which in the long run will save the district money. Also the district has purchase its own back-hoe, rather than renting those.

The General Manager stated the money being spent on those items rather than putting that money into reserves will far benefit the district in the short period and in the long period of time. Then once these purchases are made, and once the up-grades are made to the system, yes the district will be facing another rate increase, which will repay the USDA loan.

The General Manager realizes the public does not like the rate increase.

Over three years ago when the General Manager first started working for the district, he reminded the public and the board that he was planning on only being with the district for three years, also to state he has been with the district over three years.

The General Manager stated that at the time of the increase he gave the public his reasons for the rate increase, to state what the benefits would be and also stated, after the public complaining that other towns had lower rates, that all of the other towns were in the same situation as the district and would also be raising their rates, if they have not already done so.

The General Manager stated if the public did not agree with having to meet the various requirements which are being put against the district by outside forces other than from the district, even though some of the increase is to correct deficiencies because of lack of maintenance which has been an ongoing problem for forty years prior to the General Manager's arrival, the public should think about what they support when they want the water to be a little cleaner. Further stated that anytime the public wants something safer or cleaner it will come at a cost, when regulations and legislations go into effect they come at a cost to the public. If the public does not agree with it they should speak with their Congressional leaders and Assemblymen and their Politicians, and let them know the public does not want to pay for the safety and adequate fire flows.

A member of the public questioned when the next increase will happen.

The Chairman of the Board stated when the district did the rate increase it was a split rate increase, the first part already being implemented and the second part having yet to be implemented. The condition of the increase was when the USDA funding became available and the district began the construction on the retro fit for the system then the other part of the rate increase would fall into place.

The public questioned what the second figure is.

The Chairman of the Board stated there is a second figure.

The public stated at the time it was approximately \$70.00.

The General Manager stated the initial multiplier went up by 1.94, and the second would be an estimation of around \$70.00 total. The language actually stating it is based solely on one thing. The first increase was to meet daily operating costs, and routine maintenance, the second step is for paying down the loan. Therefore giving an exact number is very hard and part of that problem is that the process has already been taking three years and the USDA loan people, even at that time, would not give an exact figure. The figure will come when the loan is funded. When the district started the loan it was higher than a conventional loan at about 6%, and as of about a week ago the loan would be at about 4.375%. During the interim period the district has done a few things and the district may not end up having to borrow as much money, therefore another reason not to have an exact figure. Although because of three years going by and the operating costs going up the increase will be about the same.

A member of the public stated the increase will be about the same but is there another increase waiting in the balance.

The General Manager stated he can not predict what might happen in the future, but there is not another raise on the table at this time.

A member of the public questioned if there is 700 new homes coming into the district and if they are going to be paying their share of the loan.

The Chairman of the Board stated the developers will pay the district the development fees and the district will use that money to build the infrastructure which they will use and the service costs.

The General Manager stated the developers are required to put in the infrastructure in that development and they are also required to pay the district a development fee to the district to help mitigate the costs to the district for the existing infrastructure.

The General Manger stated on a more positive note ever time a new home is occupied the rate payer pays its share of the costs of the system, which will be paying down the loan. Therefore the new homes help pay for the sins of the past.

A member of the public questioned if the new homes are going to have meters.

The General Manager stated the entire state of California will have to have meters very shortly, further stated that all of the homes going in have meter setters, so that meters can be installed. Current standard state that after the town has 3000 customers or more the town will be required to go to meters anyhow.

A member of the public questioned a letter dated April 2004, from the Health Department, a Cease and Desist Order, not to serve water. The public member asked why the new homes are receiving water, was that letter rescinded.

The Chairman of the Board state it was because the DOHS gave authorization to proceed with the developments. Further stating there are also some right now which are conditional.

The General Manager stated this is something which will be spoken about in the item on the agenda.

The General Manager stated to the board that Rise Inc. asked him if they could use a small portion of the storage yard to store their supplies from the community garden area.

Director Mike Goodin asked for the item to be addressed at the next regular meeting.

5. THE BOARD AND CONCERNED INDIVIDUALS ADDRESSED THE DISTRICT CONCERNS WITH THE OFFICIALS OF THE DEPARTMENT OF HEALTH SERVICES

The General Manager thanked the representatives from the Department of Health Services (DOHS) who came to the meeting along with Carl Lescheski, Terry McCaullay, Nirmala Benin, Roger Bennett, from CRWA, Mark Richardson, from Dauwalder Engineering, Dan Boatwright, from Castle Homes, Todd Tommeroson, from Laugenour & Meikle, representing Emerald Homes, many public member from the community, and Dwayne Chamberlain. The General Manager was disappointed not to see a member of the Planning and Public Works Department at the meeting, after hand delivering them an agenda to them.

The General Manager passed out copies of a letter he prepared.

The General Manager reviewed the letter passed out to the public, a letter from the DOHS, dated November 20th 2005. Further stated he would go over parts of the letter, giving both the prospective of the DOHS and then the prospective of the General Manager.

The General Manager state in the summer of 2004, water outages due to malfunctioning pumps and related equipment result in a compliance order that concluded a moratorium on the new service connections, after Esparto CSD initiated meeting in February of 2005 to request that the DOHS to lift the moratorium the subsequent documentation of interim repairs adequate distribution system pressures in assurance as to the continued maintenance and upgrades by the Esparto CSD the DOHS lifted the compliance order, including the service connection moratorium. The General Manager stated the first thing that was done was a service connection moratorium was lifted.

The reason was that Castle Homes, prior to the General Managers arrival to the district, had a 'Will Serve' letter, which is a legally binding document. This gave the district two different paths to follow. One, the district could have legally fought and probably not gotten anywhere, other than the district being responsible to pay Castle Home for lost revenue, or they could have taken over the water system, which was not felt they would have wanted. Or, two, which is what the district chose to do, was to ask Castle Homes to help the district by provide funding needed so the district could get a temporary system up, by getting the 500,000 gallon tank on line. Therefore, with the temporary system, the district could at least meet the letter of the laws as far as fire-flows were concerned. But as far as an operational standpoint, it was far from ideal conditions.

The General Manager stated because of the moratorium it allowed the district to get the temporary system in, bringing additional rate payers into the system, which gave the district additional revenues which allowed the district to do other work.

The General Manager was not as pleased at the time, when slightly later the DOHS lifted the entire citation, which came about in July 25, 2005, after which the General Manager expressed his frustrations with the personnel at the office, its bureaucracy and everything that surrounds trying to resolve the problems at hand.

The General Manger stated in April 2005 the district had two positive hits on the coliform bacteria. The DOHS issued a citation and the district did what we were required to do, publicizing a notification on the back of the monthly bill cards.

Further in August and September, in the letter, each month, two monthly bacteriological samples tested positive for total coliform, resulting in a total coliform rule violation, essentially the same thing that was in April 2005. The DOHS issued a citation requiring a public notification because of continued bacteriological problems in the distribution system along with required continuous chlorination. On the next page, of the letter, it stated the August and September 2005 bacteriological violations you asked that the Department waive the requirement to directly notify Esparto CSD customers of the violation, as I explained to you by phone there were no extenuating circumstances that would negate the need for this notification. The public needs to be informed of the bacteriological problems in the water system in case systems the water born illness were noticed during that period, we would have begun a compliance action earlier including the requirement to notify the public had the monthly bacteriological reports been submitted as required, while you notified us of a single positive sample back in August of 2005, we did not learn of the additional positive samples until you called our office on October 12th , 2005.

The General Manager stated he would take strong exception as to what that says.

Further stated the way the district had the positive sample in August was that the district had problems over at Well #5 site, having to replace the deep well turbine. The bowls are failing, therefore it is not pumping as much water. The District ended up with a temporary power line above ground, which was only partially filled which became exceptionally warm, the flow not being very high through the line, the line became worn, a perfect place for breeding things which will violate the total coliform rule. The District went to Well #5 for a different reason, the Manager noticed it

was worn and isolated the problem out of the system, but as luck had it the people who perform the districts monthly samples tested at approximately the same time and so there things that were an indicator out in the system that could be a problem.

The General Manager received notification of the problem the next day, he did phone up the DOHS, and told them he did have two and gave the specific sites, which the General Manager did have a problem where it says 'two'.

The General Manager stated he has an e-mail, stating information regarding last months bacteriological samples, speaking with Terry McCaullay and Carl Lescheski and they said they could revise the Bacteriological Site Sampling Plan and go from there, and that the General Manager is doing the right thing, and goes on.

The General Manager stated if the public would like to see it in its entirety he would be happy to provide a copy.

The General Manager stated there were other phone conversations, one being on the 12th of October, regarding the DOHS stating the way the August form was submitted it says the district was in violation of the total coliform rule, which the district was. Then to say, as the DOHS and the district discussed in August, the district was not.

The General Manager stated if he has people from the DOHS, the Manager telling them the district was in violation and the DOHS telling the General Manager he was not, then he does not like them to say they weren't notified of the violation until October 12th, because on October 12th the DOHS is still telling the General Manager that he is not in violation. This was a little bit frustrating for the General Manager.

The General Manager stated he went over to Sacramento and met with representatives of the DOHS, Nirmala, Terry, and Bob. The General Manager stated he hammered on them and stated they were able to hammer on him. He tried to make a point with them, because of the errors that they had made, even though the General Manager admitted he has made errors at the district too. The General Manager tried to point out to the DOHS, he was not trying to point out the DOHS errors but to look at the goal of the big picture and work toward solving the problem. Further stated, the General Manager wanted the public to know that if he sounded negative toward the DOHS, it was not because he felt they acted irresponsibly, he just felt the DOHS made errors and there is errors which the General Manager has made also. The General Manager also felt he did not want to get bogged down with the minor details so nobody loses sight of the fact that everyone is trying to get the system up to where it is a good

quality system providing safe and secure water supply for the people in the community.

The General Manager stated on the September sample, the General Manager told the DOHS, also the August sample, on one of the reports the Secretary missed checked a box, which added to the confusion, people do make mistakes, so after confusion, the General Manager stated he would take the blame, or if the DOHS wanted to take the blame for the error, that was fine too, but he wanted to move on from that. Further, in the September sample, the General Manager asked the districts' testing laboratories to send the documents directly to the DOHS because the district had gone from the County doing the sampling to an outside firm do the districts sampling. For one it saved the district money and for two the General Manager did not like the way the sampling was done by the County. In the September samples the district ended up with two positive samples, but since that point in time the district got the testing facility to admit to an error in their paperwork, what they had written down did not correspond with what they initially submitted.

The General Manager stated at this point in time was questioning the fact that they samples the lab were even the districts' samples. Because they indicated the district had a .22 chlorine residual, when the district had not been injecting any chlorine into the system for over two weeks. The General Manager stated it is impossible, in the General Managers' opinion, where the district flushes water into the tank, virtually a third of the tank gets replenished every day, making it impossible to maintain, for that period of time, a chlorine residual, therefore it just would not be there. The district does not inject it that high, or at that rate to start out with, even if the district had not used the water, it would have dissipated through the vents into the atmosphere, or at least been lower than that.

The DOHS stated, all that being said, they would have to believe the lab and do not have to believe the General Manager, again being fine with the General Manager.

The General Manager stated that was fine, the bottom line was it was the General Managers mistake, he did not follow up and he did not phone the DOHS, partly because, as some of the public knows the General Manager was having some health issues at that point in time. The General Manager thought the lab had sent the sample and he did not follow up. The General Manager stated he was wrong, no problem. The problem the General Manager had was then the DOHS and the General Manager have the meeting, on the 21st of October, having a discussion about the matter and the General Manager stated, after the representatives state the district has to inject a .5 residual level, the General Manager stated he was not willing to do that. Because for one it caused, at least from an difficulties form an

operational standpoint, and two it is an increased cost to the district, and looking at a lot of the rules and regulations, it states in section 64426.5, maintain disinfection residual of at least .2 milligrams per liter and then proceeds to talk about it, the point the General Manager was trying to make, that historically every time, including the two times the district either had or adhered to have had MCL violations, every time the district put chlorine in the system, at a .2 to .3 residual level, and when the district did the follow up test the next day, the district gets all negatives. Essentially, if there was a problem it has disappeared. Therefore the General Manager could not understand why the district would be forced to put it in at a level of .5 on chlorine which most people that the General Manager has talked to, have been from the stand point that they do not like the chlorine.

The General Manager stated if the district has to put the chlorine in a healthy water system, is one thing, but if the district has to put in the chlorine at a higher level than is required, then the General Manager has a problem with that.

Further stated the way the General Manager stated the way the pumps are being run, a lot of the public know is where the district blew off a lot of the water, as the General Manager mentioned before, the district has added about 25% more homes, but because of the way the General Manager was able to operate the pumps, by pumping excess water, not against artificial heads and things, the district has actually cut the districts' electrical usage by 33%, which the General Manager felt is a pretty good cost savings. Along with when the final system is in place, it will be even more efficient, and the district will not have the wasted water and even more improvements.

This was the first part of the General Managers argument.

The General Managers' second part of the argument was that essentially the district was three months after the fact of the first incident had occurred.

At that time the General Manager gave alternative measures as opposed to the official notice. Stating the General Manager would be more than happy to have a news paper article written, which basically gave a narrative which led up to what the problem was, how quickly the problem was resolved, which was essentially in 18 hours, test coming back in 18 hours, proving to be negative. Further explaining where the district is in, in the process of procuring the USDA loan, and what the district expects to accomplish, as soon as the monies are available and gave an overall view. Not only did the public get negative aspect of the aspects of what

was going on but they also felt they were getting an update on what was transpiring.

The General Manager submitted this as an alternative. The General Manager also balks at the direct mail notifications which are required.

The General Managers reasons for this, which he stated, was one, he felt it is totally alarmist at times, and two he felt if you have too many of these notices with DOHS, the members of the public think the people at the water system have just fouled up again and here is the notice, and are just spending another \$800.00 dollars to put in the notification, and therefore they quit reading it.

The General Manager stated his attitude is it is like the boy who cried wolf, if you put it in all the time, suddenly it has no effectiveness, when the district has one in there, and the district really does have an e-coli positive, everybody says there goes the dumb people down at the water system again, and then you do have a problem again.

The General Manager stated, you do have to sent notifications, when they are appropriate, and in the appropriate manner, at least in the direct mailing portion.

The General Manager stated he felt the reason he could give that argument was because in the section 64464.1, states method #4, mail delivery of notice of water quality failure, which is technically a MCL violation. Notice by direct mail or with the water district shall be given once within 45 days after the violation or failure. The Department may waive the requirement for mail delivery if it determines the violation or failure has been corrected within the 45 day period.

The General Manager felt that if the DOHS felt the problem does not exist, the DOHS has the ability to waive that, in which is what the General Manager asked for.

The General Manager stated since he has been at the district he has never knowingly or willfully or intentionally violated any rule, regulation. He tried to do the best to keep everybody happy.

The General Manager stated if the DOHS asked him to do any of those things, and that he would do them to the best of his ability but would be the last acts that he would do as general manager for the district and he would be forced to submit his resignation.

The General Manager stated the DOHS decided it was important to them, therefore the General Manager it was important to him.

The General Manger stated to the public he is a little hard headed, but one thing about it is he says what he means and he means what he says, and unless anyone has good facts and figures to convince the General Manager otherwise, he sticks to what he says.

The General Manager stated to further along, to section, titled 1, the DOHS states their opinion was that this equipment would eliminate any problems with excessive cycling of these pumps, speaking of the temporary system which the district had installed, in fact with the understanding that these facilities were about to be placed in operation at the time of the meeting in February. Also upon this basis this understanding that the DOHS rescinded this moratorium on new service connections.

As the General Manager mentioned earlier the district had a meeting with the DOHS, to describe to the DOHS the district had the temporary system in what it consisted of. The General Manager also told the DOHS the districts hopes and the understanding at that point in time that the district was getting close to receiving the USDA funding and the completion of the full build out would be done in a reasonable amount of time.

The General Manager fully believed that, because that is what he was told by the people he had spoke with, but it did not happen.

The General Manager stated from his own personnel point of view he felt he pushed the ball up the hill as hard as he could, for as long as he could. Various things the General Manager could blame would be the district Engineer, even though he did not care to know the reasons, the Engineering firm became bogged down, either their work load was too high, knowing they had a large turnover of personnel, long story short, it became very, very difficult, if not impossible to get required documents from them produced in a timely manner.

The General Manager also had some trouble getting documents from the District Counsel. The district would ask for items, which should take a very short period of time, to include a letter they needed to sign stating they only represent the district in legal matters, wound up taking two months, and in the end legal counsel stated to the General Manager, after asking the General Manager what they were supposed to do, the General Manager stated your just supposed to sign.

The General Manager stated to the legal counsel, that any legal matter required for the daily operation of a service district and any legal matter that may arrive in the pursuit of the USDA funding.

The General Manager stated that after a few days would go by they would what is that supposed to entail, and the General Manager would say, any legal matters required for the daily operation of a service district, and it would go on and on. Finally the General Manager threw up his hands after two months and he told the legal counsel, here are the different people that he has to interact with, you phone until you find someone who can answer that question better than the General Manager, what ever it is the district will have to pay the tab. The next day they phone back and they said they just could not believe it could be that simple, all they had to was to sign the paper stating we are your lawyer. Then for that the district was billed \$400.00.

The General Manager then stated he felt there was kind of a trend happening, which caused the General Manager to become very frustrated with the amount of time for any little thing to transpire so that the district can solve the big problems. The General Manager felt there is a big disconnect, everybody is compartmentalized, and everybody has there little section which they are worried about and the General Manager has been told directly by people in the DOHS, when the General Manager said things like, we know the problem, we know the solution, we do not have the money yet, we are working on that and, the DOHS response was they really do not care whether you have the money you just have to fix the problem. This being a compartmentalized way a thinking.

The General Manager felt the DOHS is trying to do its job, he does not deny that, they are looking at their rules and regulations, and trying to enforce them to the best of their ability.

The General Manager stated you then try to submit plans to the Planning Department, having pumps at Well #5, equipment is purchased, everything is scattered around, the MCC controllers, computer equipment is sitting down at the storage yard, the new standby generator is sitting at the Well #5, the deep well turbine bowls pump motor is sitting up a Yuba City in the pump yard, but the district can not put it together because of the problems that arise which the General Manager has stated at the meeting.

The General Manager went to the Planning and Public Works Department and asked them to specifically attend the meeting. The General Manager stated he has had documents in the Planning Department, trying to pour the concrete slab, so the district can finish the project and get it operational, for over three months now.

The General Manager questioned how a district can get things done in a timely fashion when it takes that long to get things done through your own county.

The General Manager stated, as he took items into the planning department for the first time, as he walked through the door, his cell phone rang and the General Manager went back outside to answer the phone, because you are not allowed to have cell phones on in the building, and finish the call and go into the building to turn plans into the front counter and spoke with someone for about 20 minutes and they hand back the plans and said the General Manager will have to bring them in tomorrow, and the General Manager said, why, and they said because the department only accepts plans until 11:30 a.m. and you were not here until 11:33 a.m.

The General Manager stated he is not trying to put an addition on the back of his house, he stated he is trying to get water to the town of Esparto.

The General Manager further stated they do not accept plans after 11:30 a.m., to again have compartmentalized thinking, if the rules never get bent then no one will ever be responsible.

The General Manager, in the end, felt he had been personally insulted, and that the Esparto Community Services District must take all possible actions to proceed with installing and operating its equipment.

The General Manager stated he has been at this job, and put in his daily planner and average of 55 hours a week for three years, some of which the General Manager felt was a complete waste of time, but unfortunately they were things which needed to be done.

The General Manager stated when he started out the Board of Directors had a lot of disagreeable areas, and probably could not stand each other in a lot of aspects. Now, the Board can get together and try to solve problems of the district. Reminding the public that the board serves without pay, also it is not a fun job and the General Manager feels they have done an admirable job of coming behind in the face of a lot of opposition and have done everything they possibly can to get the problem resolved.

Again, the General Manager takes it as a personal insult that the district is not trying to solve their problems.

The General Manager stated in section #2, it talks about there being no air release valve and no air compressor and no site gauge. Again, the General Manager reminds the DOHS the district thought at that time it was going to be a temporary situation, even though the district does have a way of recharging the air, making it a little more difficult but as the General Manager mentioned to the folks from the DOHS that morning, when you are told you are going to have something in a certain amount of time you do not want to keep throwing money away on a temporary system when

the district is thinking you are going to be able to take that money and apply it towards your final completed system.

The General Manager stated this goes back to something which always frustrated the General Manager with the engineer, he would say if it costs the district a little extra money then do not worry about it, the USDA loan will cover it. The General Manager told the engineer the USDA loan will cover it but first is the tax payers will have to pay it and second the rate payers will have to repay the loan. Therefore the USDA loan is not going to cover it, because any additional costs or burdens that are put on the system are repaid by the rate payers. The district does not have a grant, it is the customers and tax payers which will pay it.

The General Manager stated he has done everything he can to do everything as quickly as possible and at the same time trying to look out to the fiscal situation, and be fiscally responsible.

The General Manager stated lastly, which is something that has been bothering him for a long time, further stating to the public all the meetings are recorded and any tapes can be reviewed to at any time, and review all of these different points which have been talked about, because everything that is being talked about has been talked about in open meetings, every time there has been an MCL violation, the board knew about it, The General Manager goes to the Citizens Advisory Meetings every month in this town, explaining to them, that the district has had another bad month. Therefore trying to keep everyone abreast of everything at all times. The General Manager stated he has a lot of people come to him and state they did not know, and the General Manager stated they do not know because they do not go to the public meetings.

The General Manager stated his frustrations again, going back to compartmentalized thinking.

Going back to page three, the letter from DOHS, letter mentioned, the district has not been able to receive funding from the State Revolving Fund, a State funding agency, the program to pay for the needed system improvements. Further, Esparto CSD submitted two projects applications for the SRF Funding a number of years ago. At that time the projects did not rank high enough to be invited for funding. The DOHS understood that the district applied for a loan from the USDA to make needed system improvements, and are close to receiving their funds.

The General Manager stated all of this was true. The General Manager is hoping with the last conversation with USDA that the district is close. The district was lead to believe that if the district gets in the audit to USDA, the USDA said the funding should be sometime in January.

Further, if the district gets everything into the USDA, which is comprised of two box fulls of papers, and documents, which leads the General Manager to believe it will go through.

The General Manager stated he has also looked other places for funding, putting proposals into the Mitigation Funds from the Indian Tribe, which fell on deaf ears. Also, something the General Manager wished the Planning Department representatives were here to hear, instead of building sound walls for people and this and that, the General Manager felt it would be wise of those funds, 5.4 million of them, to be lent to the citizens of Esparto, still having their 5.4 million dollars to later give away for sound walls and city beautification, and in the meantime they would be helping 2,000 plus individuals and would be getting interest back on their money.

The General Manager stated he felt this would be a lot wiser place to put some of the millions of dollars which are being acquired by the County.

Again every time the General Manager mentions something like that people look at him funning.

The General Manager stated again something that frustrates him is the way the SRF funding, and several of other things work, is the worse a districts system is the closer a district is to getting funding. Basically if you let it go the hell in a hand basket the USDA in right there to bail you out.

The General Manager stated the two projects of the district were rated as letters N & O. Funding is usually available the letter E, therefore the State can say that the district is on the list for funding but that is like saying the General Manager is going to be Pope someday, but is not likely.

The General Manager stated this was after a phone meeting with a representative from the State Revolving Funds, mentioning that the district wanted to re-pursue the proposals of the district and the General Manager had indicated that the district had scraped together some funding from various sources and been able to at least perform some of the required upgrades and improvements to the districts' system. As soon as the representative heard the General Manager had performed some of the upgrades, and already started on them, the representative stated, if the district had actually started construction, then they would not be able to give any funding.

The General Manager stated if you find a way to help yourself then there is no outside help available. If a district does nothing and you wait for the wheels to fall off the wagon then they would be there to bail you out. A little bit like the welfare system, people who work for minimum wage and

are trying to bring themselves up, there is very little out there to help them, but if a person does nothing then the welfare system will make sure you do not starve to death, and your basic necessities are taken care of.

The General Manager stated he is going to play a tape from a previous board meeting, when the General Manager was voicing his frustrations.

The tape proceeds to play and the General Manager voiced many of his frustrations.

The General Manager stated, obviously his frustration level has been ongoing.

The General Manager stated toward the end of the letter from DOHS, that the district could be re-ranked into a higher priority category due to the recent water outage and bacteriological contamination problems, please let the DOHS know if the district is going to pursue the SRF program and the USDA will have the project re-ranked.

The General Managers' opinion was that the DOHS should not ask him if he wants to have it re-ranked, because if the General Manager can have the project re-ranked and have it move up the food chain, he would take the money anywhere he can get it, whether from SRF funding, Tribal funding or USDA funding, given the interest rate is acceptable.

The General Manager stated again it is compartmentalized thinking.

The General Manager stated if a district is having problems then it should automatic, if a district is working toward trying to solve the problems, then these entities should say, hey these people are really working hard trying to get the problems solved is there not something we can do. Not ask the district if they would like to request to have it re-ranked. The General Manager would think it would automatically move up the list. But it does not work that way, there is always another layer of work to do, or another set of papers to fill out, along with going through channels and time passes on, and then you are three months down the road and you are no better off than you were to before, except that you have killed a couple more trees with which to provide the paper.

The General Manager stated at the end of the letter, it states that the DOHS will assist in any way we can, however our primary role is to be sure that the regulations covering as safe wholesome potable water to Esparto CSD customers are followed. There again, the General Manger took that as a little bit of an insult, because it reads as though the General Manager has not taken the delivery of safe wholesome potable water to the Esparto CSD customers seriously, again compartmentalized thinking.

The General Manager has come up with a little saying, which applies to the way that things are run as they relate to CSD's, "Legislators, legislate, Regulators, regulate, and the infrastructures deteriorates."

The General Manager stated in closing, he feels like Don Kehote, ever where he sees windmills. And after looking around and going to other meeting with CRWA, meeting with other people, and the General Manager has found that all of the other small systems in the State of California, other than a few exception, but most of them are facing the same dilemmas that the Esparto CSD, most of them were put in at the same period of time, in the 1950's to the 1960's, when there were funds available, a lot times being their first water system, the same thing happened they did not give oversight, and tell districts how to run the systems, or what to do to maintain them properly. Then fast forward 40 years, now all of them are in the same state of affairs, in the meantime the districts have added layer upon layer of bureaucracy, and nothing can be accomplished in an easy manner.

The General Manager stated he is not staying whether they are right or wrong, but as the General Manager has spoken to others they have said by and large they are all facing the same deterioration of the infrastructure, meaning the pipes for sewer and water, it is just hard to understand because the are buried under ground, but it is the same as the highways in California, which used to be nice, but are now falling apart.

The General Manager sees a big problem on the horizon, and feels everyone needs to work together to solve the problem, and will be painful at best.

The General Manager stated that most of the people he has spoken with have, by and large, are people who work in the industry and they like providing water and working in the wastewater treatment end of things. They have made a living and feels they are doing a good public service. Further said by these people was they believe that these are thing which need to be said, but to be honest they can not say them because if they step on toes, that the people above them have a big ax and a long memory.

The General Manager stated the difference is he told people he would do this for three years and the General Manager has been at the district longer than three years, it does not really bother him if the people agree with him or not, think he is telling the truth, or do not think he is telling the truth, think he has done a good job, or think he has done a bad job. The main thing the General Manager wants everyone to do is make everybody aware, and he wishes there were more people, that Esparto CSD is here representing other interests. Because just in this County alone this district

has problems, Madison district has problems, Knights Landing has problems, and to a large degree, if you have recently had any dealings with the County of Yolo at large the County has problems.

Enclosing the General Manager believes you have to quit taking narrow interpretations of the laws, rules and regulations, where they can be interpreted with some degree of common sense, that latitude should be allowed, because the ultimate goal should be to get the systems up so that by adequate safety and supply for all of the people, whether they are at Esparto or Yolo County, or the State of California.

The General Manager then opened up the conversation to the public.

The Chairman of the Board thanked the General Manager for his comments, and stated the he would open up a dialog between the Board and the DOHS.

Chairman Laurel Kieny (Chairman) expressed the main concerns of the Board of Directors (Board) of the Esparto Community Services District (ECSD), that being the district is loosing a fine General Manager/Superintendent (General Manager).

The Chairman stated the Board had worked with the General Manager to work through the hiring of another General Manager and the frustration level which is reached, especially with the DOHS puts the General Manager, basically out of the districts' employment, although the Board will try to bring the present General Manager back at least into a consultant position because of his experience. Although at the same time the DOHS, the Chairman assumes the DOHS realize, puts the district in a vicarious situation, because now the district is without a General Manager. Therefore the management decisions are basically will to fall onto the Chairman of the Board again.

The Chairman stated the because of this the problem arises that the Chairman is a Distribution Operator III, certified by the State, and had the DOHS all over his case the last time, as far as conflict of interest and code of ethics violations.

The Chairman of the Boards concerns now are, how, during the interim period, here how the DOHS sees this district performing, and what steps are the Chairman can do which will not become violations in the DOHS eyes again.

The Chairman asked if the DOHS had any answer to that.

A Representative of the DOHS stated, sure, you have a Maintenance Man, who is a D II certified operator which is what he believed to be all this district requires. Therefore the representative suggests, basically, with that in mind, this will meet all of the districts requirements. In terms of the General Manager the district will certainly miss him, but unless he missed his guess the DOHS is not the General Managers only source of frustration.

The Representative from DOHS stated the bottom line is to keep on operating, even though the district is losing the General Manager, and will have to hire another General Manager.

The Representative of the DOHS stated instead of stating point by point, he would state that the General Manager has had a lot of frustrations, which was certainly not the DOHS intention, and appreciate the good job that he has been doing for the district.

The Board questioned the DOHS what was the intention.

The Representative of the DOHS stated the district has a big problem, and all small water systems do. The DOHS has the rules they operate under and frankly do not have as much flexibility. The DOHS stated they do try to treat all small water districts the same. But consequently when the DOHS gets a certain kind of violation which requires a certain kind of clarification, unless there is purely a compelling reason why it is inappropriate. The only instance the DOHS is aware of when they have not required the notices to be sent out was in Las Angeles, when they had a bacteriological problem in the small part of the distribution system, and Las Angeles asked if they would have to notify all of the customers and because of the amount they worked out something different.

DOHS stated 99.9 % of the instances the districts were required to send notifications in order to make everybody aware of it. Otherwise, everyone would come up with a perfectly good reason why it should not be carried out. Therefore the DOHS does have a necessity to treat everybody fairly, does it always make sense, probably not.

The Chairman stated to the DOHS, one particular part of it, was the requirement was the district put out an eminent danger alert, and the Chairman had the same problem with that particular aspect of it, because it is 45 days after the fact and imminent danger is not specifying the danger the district is in, therefore to put out that kind of a warning doesn't really make sense.

The Chairman agreed with the General Manager, there has to be some kind of sanity to this kind of thinking, and he was sure the DOHS would

agree, that 45 to 90 days after the fact, that imminent danger really does not apply to anything going on in that system, by then is probably gone, especially when you know that the steps have been followed and follow up tests have been performed.

DOHS stated it was supposed to be a basic notification which does not have an imminent danger clause in it. Tier I has an imminent danger clause in it, when e-coli has been detected, but will admit he did not review the notification.

The Chairman stated when he read it, he found in to read imminent danger in there.

DOHS stated it should not have been. If it did use the words imminent danger to the public, in terms of saying something like “it is an imminent danger to the public”, then yes it was inappropriate. What the normal language says is it is not an imminent danger to the public, rather coliform organism are in the water and should not be there.

The Chairman stated that is correct.

The General Manager stated actually it is a Tier II notification, but because of the language a lot of people as shown here, and because of people who have contacted the General Manager, when they read it, which was the General Managers whole point, is the way the official language read, is why the General Manager wanted to rewrite it in another manner, this causing the public to read ever thing wrong. Stated in the notification was there had been positive e-coli results in the testing and the General Manager stated, no, that is not what it said, so he suggested to the public to go back and re-read it, this being the main frustration of the General Manager.

The Chairman stated he felt the DOHS could see from this there has been a lot of times that there has been some sort of faulting which goes on to where the State is here and the district is here, where they should both be at the same place at the same time.

DOHS stated, yes.

The Chairman believed this has a lot to do with the frustration level.

The Chairman stated with the revolving funds, all knowing how that works, believes that everyone knows this is a growing problem, especially in water distributions, and he believed everyone would agree. At all AWWA functions, at all Small District functions, the same problems are coming up. Operators are hard to come by, distributors are hard to come

by the field is shrinking and the expertise is getting less and at the same time we have the legislature over the DOHS and making it harder on the DOHS, because they are putting on even more regulations, therefore because your job is being made harder and the districts job is being made harder the Chairman would think it would behoove both entities to somehow come together and look at everything and find some mechanism where the problems go a little bit more smoothly.

The Chairman stated the district knew the coliform had come back positive and knew the step the district would be taking but then to address the problems later on down the road, which does not make any sense at all. Also in the Order the DOHS specified a .5 chlorine residual, but at the same time the DOHS should know that the district is in the process of rebuilding the system and the district has very old pipes, and with a .5 chlorine residual the DOHS should know the district will have scouring in the pipes, and when this happen the DOHS knows the district will have some teburculi, the teburculi is going to find some weak spots and then the district will have leaks and breaks, causing a more dangerous situation.

The Chairman stated the DOHS usually looks at the violation, but needs to also look at the system and look for the cure for the problem. Therefore .5 chlorine residual might not always be the best thing for the district.

DOHS stated they have a different perspective on that, stating there are about 2,000 individual water systems, in this part of the State, most of which put at least a .5 chlorine residual into the system at the front end, and as the General Manager described there are things in the distribution system which absorb the chlorine residual and break it down into chlorides so that if you are lucky, and you put a .5 chlorine residual then you get a .2 chlorine residual at the other end. Further, generally .5 chlorine residual is practice by the vast majority of water system and a lot of them are over 1.0 chlorine residual. For example the City of Sacramento has older pipes that the district and they are over 1.0 parts per million.

DOHS stated, they do not think .5 residual is going to destroy the districts distribution system, certainly not at a .5 residual, there are going to be some stuff that happens at first during the initial oxidation takes place with the organic material.

The Chairman stated that was exactly his point after a while and after the district fixes the leaks and makes all repairs, yes then the problem goes on the down hill side, but at the same time the district has to worry about the problems it is going to cause on the up side of that. Therefore the DOHS are trying to make the system safe and the district is looking to make the system safe.

The Chairman thought all the General Manager was trying to say was there has to be some sort of give and take from the DOHS and the district, and what the best approach is, and the Chairman guarantees it will not be written in some book. Simply, as the DOHS is well aware every system is different, even though the district will do everything the DOHS wants, because they are the regulator, but at the same time Policemen are regulators too, but do they always have to give a ticket for the broken license plate light, there has to be some sort of discrepancy. And as the problems in the water are going to become more and more apparent, it there is not something in place, like communication building with districts etc. there is going to be more problems later on.

The Chairman stated the General Manager is only sounding the alarm early on a lot of things which will be coming up in the future.

The Chairman was not trying to be critical or lay blame or fault, he felt it is just a problem that needs to be addressed, really work together, not just taking orders from, of which is a reason for a lot of the frustration.

The General Manager stated exactly what the Chairman of the Board said is what the General Manager finds as a problem, what he would call one size fits all. The difference being as the DOHS has stated, if you put .5 chlorine residual, is that you have something at the other end, which is the point the General Manager was trying to make. If the district puts a .5 residual in here then the district has a .5 residual over there, there is not degradation, and therefore what is the reason.

The Chairman stated to the DOHS there is a lot of break, and a lot of management will just go on with what ever you tell them to do, it does not have to make sense at all, simply because they do not want to deal with DOHS. Because of that you have management on your side but you have Operators are wondering what is the district doing. Saying, to there self, are we really helping the system, or are we covering up the problems.

Giving an example, the Chairman's boss told him he was wrong and the employee should respect the people at the DOHS first because after all they had a grade 5 and all of this qualification. What the Chairman was told to do, with the City having chlorination problems, the Chairman stated after using a plastic tie-wrap, which does not corrode, the City never lost a pump, but one of the DOHS representatives came to the City and what the City needed to do would be to secure the pumps so they do not fall off, but DOHS did not like that. The DOHS recommended C clamps, so when the City's boss went out and all the C clamps, which are made out of metal and if put on chlorine pumps are going to rust up. Did this make any sense, no, but the City boss said to go out and do it, therefore the employees did.

The Chairman stated to the DOHS the district is only trying to open the eyes of the DOHS as well as the district needs to open their eyes.

DOHS stated, bear in mind there are laws and then there are professional recommendations. If the district gets a recommendation which the district does not agree with, call the boss and ask if the district really has to do it. The DOHS was surprised that anyone from the DOHS would recommend using C clamps, and without speaking with the individual he would not know for sure.

The Chairman stated it was just a classic example.

The Board stated they felt the DOHS are going to do what ever they want and do not care what the district thinks.

Another Board member stated the Chairman addressed a lot of the things he was going to bring up, felt that the insistence a notice be placed in the paper, quite a bit after the fact, even though the problem had been resolved, what good would it have done. The DOHS state they are regulators, and the part the Board does not understand is the DOHS could have waived that but was said with a chuckle that the DOHS is regulators. The Board did not appreciate that, and felt the DOHS could have waived the requirement to send the notification, especially when the notice would have done no good, in fact would have been counter productive, why did you insist upon it.

DOHS stated as he tried to explain before the DOHS deals with laws which are adopted and given a certain process and taking into account a lot of different things to do. The particular requirement for public notification was fully vented in the laws and basically it is intended as a right to notice certain things. When you adopt regulations a lot of people who attend the public hearings and make the comments are public advocacy groups, and the consistent message they have is the public has a right to know what is going on. Therefore the notifications need to be correct. There are some very practical indications of having these notification requirements in the regulations is one thing, but people operating these water systems do not want to notify their customers, and take extra pains to not go into violation, but the bottom line is these things are a right to know.

The Board does not disagree with anything the DOHS stated but there is a lot of room for controversy in the dispute between the district and the DOHS regarding the notice, even though one side could say they are right over the other. Again, what would be the purpose of putting the notice in the paper, because it could have been misleading. The right to know also

means to dispense accurate information. It was felt that there is good argument to be made that putting the notice in the paper would have been misleading and would have frustrated the whole idea of the notice in the first place. The Board asked if the DOHS noticed that and the DOHS could have waived that. The DOHS could have taken some time to understand what the General Manager was saying.

The General Manager wanted to keep in mind; he did not ever say he would not put it in the paper. It was the manner of wording which was what was challenged.

The Board stated that is what would have misled the public, so, so much for the right to know.

The Board questioned the DOHS, are regulators supposed to use good judgment.

DOHS stated of course.

The Board stated in this case with all that has been said has the DOHS really used good judgment.

The DOHS stated they thought so.

The Board stated to the Chairman he did not know if this was appropriate but wondered if the California Rural Water Association's (CRWA) would have any comment.

CRWA stated there is not much he could say, because he recognized the DOHS point and also recognized the districts point. CRWA felt there should be a better worded advisory that can be used rather than just coming out with the notice the DOHS has now.

DOHS stated the notice they have not does not strike him to be particularly honest. Further stated they may somewhat know what the district is talking about but there is a lot of language in there which does not necessarily mean that the water is not safe that the bacteriological indicators are the problems, but no matter what you put out to the public there are going to be people who do not understand it, misinterpret the notice or just read part of it. The DOHS does have mandatory notices, however the water systems many of them do, put in their qualifying information, to explain what happened. The district was certainly free to do that providing the district got the essential message out, that there was a bacterial problem with the water supply.

CRWA concerns were the fact that the horse has already gone and then had them send the notice.

The Board stated the notice itself is misleading under the circumstances.

DOHS stated they were not looking at the fact that there may be three bad samples in eight months, and suggested that this situation may not be going away by its self. Looking at a system problem the DOHS did not feel it was misleading.

The Board stated years ago, asking the DOHS how long he had been with the department, which he replied 5 years, the Board felt this to be very petty and for it to have to come to this the Board felt is really regrettable. Stating approximately five years having a hard time informing everybody of the need to meet fire flows. In frustration and desperation this Board member phone the DOHS and informed the DOHS by stating the law and said the district was not in compliance with the fire flow requirements, and did not get any help with, feeling like that was a pretty important thing to respond to. And the fact that the district was getting a lot more housing in which was only going to exasperate things.

DOHS stated he was not involved with what was going on five years ago.

The Board stated this was going on still just prior to the current General Managers term, (late 2002), and it was because of the current General Manger that once he had analyzed the situation that the district was in that he recognized there was a lack of fire flows that he went to work to correct the problem, but that this was an on our own. The district did not get any help from the DOHS, making the Board feel very dismayed that the DOHS would make an issue out of something as petty as this. Stating the Board wanted to express his support for the General Manager, in which is still standing, even after listening to everything that has been said. Also still not understanding why this has become such an issue.

The Chairman stated in the second page of the General Managers letter to the DOHS addressed the issue of sampling sites and the number of sampling sites that the district needs to have. One thing the General Manager has expressed with the Board, we had not submitted some samples to the DOHS because the district was waiting for the DOHS to come back to the district with what sites the district was supposed to sample at. And has the DOHS come to a determination

6. ADJOURNMENT:

Laurel Kieny-Chairman of the Board

Anna McNamara-Clerk to the Board
