

Mendocino County

Russian River Flood Control & Water Conservation Improvement District

PO Box 2104, Ukiah, CA 95482 707.462.5278 Website: RRFC.net DistrictManager@rrfc.net

A G E N D A

Board of Trustees – Regular Meeting of Monday, June 1, 2026 at 5:30 PM

In Person only: 304 North State Street, Ukiah at District office

1. Call to Order and Roll Call
2. Approval of Agenda
Urgent items added may be discussed immediately after public expression. Time suggestions to the right of item title.

CLOSED SESSION (5:32 PM)

3. Conference with Legal Counsel – Existing Litigation
Lee Howard et al. v. Mendocino County Russian River Flood Control Annexation of Redwood Valley County Water District et al. Mendocino County Superior Court, Case No. 25CV02914 (Paragraph (1) of subdivision (d) of Gov. Code § 54956.9)
4. Conference with Legal Counsel – Anticipated Litigation
(Paragraph (2) of subdivision (d) of Gov. Code § 54956.9) *Significant exposure to litigation: One Case*
5. Conference with Real Property Negotiators (Gov. Code § 54956.8)
*Property: Potter Valley Project | Agency negotiator: General Manager, General Counsel, Board Members
Negotiating parties: Agency, Inland Water & Power Agency, PG&E | Under negotiation: Purchasing Entity*

AUDIENCE COMMENTS ON NON-AGENDA ITEMS (approximately 6:45 PM)

6. Public Expression- See End of Agenda for Information on Public Expression

PUBLIC HEARINGS (6:00 PM)

7. Proposed Final Fiscal Year 2026-2027 Budget and Rate Setting
Board will consider adoption of Resolution approving the Proposed Fiscal Year 2026-2027 Budget and a Resolution setting of the 2026 price per acre foot rate.
8. Vacancies, Retention Efforts, and Any Necessary Actions As Mandated per Assembly Bill 2561
Board will hold a public hearing and consider approval of a declaration regarding vacancies.

ITEMS FOR DISCUSSION AND POSSIBLE ACTION

9. New Policy: Allocation of Uncontracted Water
Board will consider adoption of a policy to guide the allocation of District water available for contract under the Uniform Water Supply & Purchase Agreement.
10. Reserves Policy Review
Board will receive a report and begin a several step process for reviewing and possibly updating the reserves policy.

(Continued...)

REGULAR BUSINESS, INFORMATION, AND REPORT ITEMS

11. General Manager Report & Correspondence (*written*)
12. Water Supply Conditions Update (*written*)
13. Consent Calendar
 - a) Acceptance of the May 2026 Financial Reports
 - b) Approval of May 4, 2026 Regular Board Meeting minutes
14. Trustee & Committee Reports
15. Direction on Future Agenda Items

ADJOURNMENT

ACTION ITEMS – All agenda items are potential action items unless otherwise noted.

PUBLIC EXPRESSION – The Board welcomes public participation in its Board meetings. Comments shall include any item not on the agenda that is within the subject matter jurisdiction and authority of the District. No action may be taken on any item not appearing on the agenda; however, the Board may direct such items to be placed on the agenda of a future meeting or may request additional information on any such item. The Board may limit testimony to three (3) minutes per person and not more than ten (10) minutes for a particular subject. All items on the agenda are considered action items unless otherwise noted. All times and the order of business are approximate and subject to change.

President
Christopher Watt

Vice President
John Reardan

Treasurer
Tyler Rodrigue

Trustee
Dave Koball

Trustee
John Bailey

***Mendocino County Russian River Flood Control &
Water Conservation Improvement District***

STAFF REPORT

**Agenda Item 7: Proposed Final Fiscal Year 2026-2027 Budget Public Hearing
Monday, June 1, 2026**

The Strategic Plan relevant priority is **Governance and Operational Excellence** - ensuring sound and sustainable management of District finances.

- An annual budget sharpens understanding and provides reflection on the progress of District strategic plan goals.
- The budget helps to avoid surprises and maintain fiscal control of the public resources managed by the District.
- The budget is how the District Board sets the annual price per acre foot and manages adequate and responsible reserves.

Background

The Board reviewed the proposed budget at the April 6th and May 4th, 2026 Board Meetings, providing feedback and direction to Staff.

In its proceedings, the Board considered expected expenses as well as the less predictable project expenses such as:

- Future of the Eel to Russian River Trans Basin Diversion
- Lake Mendocino Increased Storage Capacity (formally referred to as Coyote Valley Dam Modernization)
- Channel Maintenance
- State Water Board Change Petition on District water right
- Annexation of Redwood Valley County Water District, including existing lawsuit
- New meter purchases for water right compliance

The Board directed Staff to budget use of \$35,020 from water supply reliability reserves in order to stabilize the water rate increases, resulting in a \$6.00 per acre foot (af) increase from \$66 per af to \$72 per af with 7,894 acre feet contractually currently allocated.

Discussion

The following table shows the Proposed Final Fiscal Year 2026-2027 Budget, beginning July 1, 2026.

The Board will hold a Public Hearing and invite comments and questions.

SUMMARY	FY 2025/26	FY 2025/26	FY 2025/26	FY 2026/27	Change	Change
	APPROVED Budget	APPROVED Adjustment	Actuals Projected to 6/30/26	PROPOSED Budget 5/4/26	from previous year budget in \$	from previous year budget in %
TOTAL REVENUE	\$ 616,040	\$ 616,040	\$ 652,957	\$ 713,300	\$ 97,260	16%
less TOTAL EXPENSE	\$ 616,000	\$ 616,000	\$ 492,290	\$ 713,300	\$ 97,300	16%
equals	\$ 40	\$ 40	\$ 160,667	\$ -		

(Continued...)

Recommended Action:

1. Hold a Public Hearing on the Final Proposed Draft of the Fiscal Year 2026-2027 Budget.
and
2. Move to approve Resolution #26-02 Adopting the Final Budget for Fiscal Year 2026-2027.

Attachments:

- Public Hearing Notice for Fiscal Year 2026-2027 Budget
- DRAFT Resolution #26-02 Adopting the Final Budget for Fiscal Year 2026-2027

* * * *

Prepared and submitted to the Board of Trustees by: Elizabeth Salomone, General Manager

Ukiah Daily Journal

415 Talmage Road Suite A
Ukiah, CA. 95482
legals@ukiahdj.com

MENDO. CO. RUSSIAN RIVER FLOOD
CONTROL
PO BOX 2104
UKIAH, CA 95482

.....
Account Number: 3703097

Ad Order Number: 0006967361

Customer's Reference Ordered on 5/6/26 by Elizabeth Salomone
/ PO Number:

Publication: Ukiah Daily Journal

Publication Dates: 05/09/2026

Amount: \$45.56

Payment Amount: \$45.56 *Payment Method:* Credit Card

Invoice Text: NOTICE IS HEREBY GIVEN that at the Monday, June 1, 2026 Regular Meeting, the Mendocino County Russian River Flood Control & Water Conservation Improvement District will hold a Public Hearing to consider adoption of Proposed 2026-2027 Fiscal Year Budget, Rate Setting, and Vacancy Update. The Resolution adopting the 2026-2027 budget will also set the applicable district water rate. Related documents are available on the District website www.rrfc.net, at the District office in Ukiah by appointment, or emailed by request. All those interested are invited to attend, be heard, and participate in the hearing. Comments can be submitted prior to the hearing to DistrictManager@rrfc.net or 707-462-5278. By Order of Mendocino County Russian River Flood Control and Water Conservation Improvement District 5-9/2026

Ukiah Daily Journal

415 Talmage Road Suite A
Ukiah, CA. 95482
legals@ukiahdj.com

3703097

MENDO. CO. RUSSIAN RIVER FLOOD CONTROL
PO BOX 2104
UKIAH, CA 95482

**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

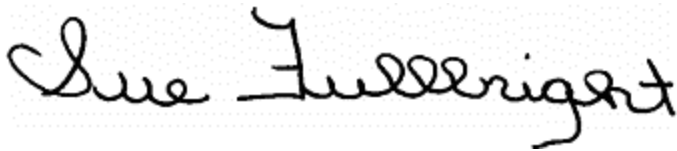
**STATE OF CALIFORNIA
COUNTY OF MENDOCINO**

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer of the Ukiah Daily Journal, a newspaper of general circulation, printed and published daily in the City of Ukiah, County of Mendocino and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Mendocino, State of California, under the date of September 22, 1952, Case Number 9267; that the notice, of which the annexed is a printed copy (set in type not smaller than non-pareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

05/09/2026

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Ukiah, California,
May 11th, 2026



Sue Fullbright, LEGAL CLERK

Legal No. **0006967361**

NOTICE IS HEREBY GIVEN that at the Monday, June 1, 2026 Regular Meeting, the Mendocino County Russian River Flood Control & Water Conservation Improvement District will hold a Public Hearing to consider adoption of Proposed 2026-2027 Fiscal Year Budget, Rate Setting, and Vacancy Update. The Resolution adopting the 2026-2027 budget will also set the applicable district water rate. Related documents are available on the District website www.rrfc.net, at the District office in Ukiah by appointment, or emailed by request. All those interested are invited to attend, be heard, and participate in the hearing. Comments can be submitted prior to the hearing to DistrictManager@rrfc.net or 707-462-5278. By Order of Mendocino County Russian River Flood Control and Water Conservation Improvement District
5-9/2026

Resolution #26-02
of the
**Mendocino County Russian River Flood Control
& Water Conservation Improvement District**

**Adopting the
Final Budget for Fiscal Year 2026-2027**

WHEREAS, the Mendocino County Russian River Flood Control & Water Conservation Improvement District Board of Trustees, hereinafter referred to as the “Board of Trustees,” annually adopts a final budget; and

WHEREAS, the Board of Trustees heard and fully considered all oral and written public comment and General Manager’s report at a Regular Board Meeting on April 6, 2026 and May 5, 2026 and held a public hearing at a Regular Board Meeting on June 1, 2026;

NOW, THEREFORE, BE IT RESOLVED that the District Board of Trustees hereby approves the Final Budget for Fiscal Year 2026-2027 as set forth in Exhibit A, attached hereto with revenue in the amount of \$713,300 and expenses in the amount of \$713,300;

BE IT FURTHER RESOLVED that the District Board of Trustees hereby sets the water rate at \$72 per acre foot for the contract term of October 1, 2025 to September 30, 2026.

ADOPTED 1st of June, 2026 by the Board of Trustees of the Mendocino County Russian River Flood Control & Water Conservation Improvement District, by the following vote:

Christopher Watt	Yes/ No / Abstain / Absent
John Reardan	Yes/ No / Abstain / Absent
Tyler Rodrigue	Yes/ No / Abstain / Absent
John Bailey	Yes/ No / Abstain / Absent
Dave Koball	Yes/ No / Abstain / Absent

Signed:

Christopher Watt, Board of Trustees President

Date

Attest:

Elizabeth Salomone, General Manager

Date

Exhibit A
Mendocino County Russian River Flood Control
Water Conservation Improvement District
Fiscal Year 2026-2027 Proposed Final Budget
for Board Consideration on June 1, 2026

REVENUE		
Water Sales, Contracted (Rate set at \$72 per acre foot)	\$	568,368
Water Sales, Uncontracted (offered as surplus)	\$	3,312
Water Application Fees	\$	1,600
Property Taxes	\$	70,000
Interest, LAIF & CLASS	\$	35,000
Use of Water Reliability Reserve	\$	35,020
TOTAL REVENUE		\$ 713,300

EXPENSES		
Payroll Expenses		
Unfunded Pension Liability	\$	10,000
Other payroll expenses	\$	210,200
Total Payroll Expenses		\$ 220,200
Water Supply Expenses		
Water Rights Compliance	\$	51,000
Stream flow gage (USGS)	\$	15,000
Inland Water & Power Commission JPA (operations only)	\$	76,000
Channel Maintenance	\$	30,000
Water Supply Projects	\$	236,000
Water Supply Expenses Total		\$ 408,000
General & Administrative Expenses		
Consulting (including general legal counsel)	\$	31,500
Vehicle	\$	3,000
Insurance	\$	10,000
Local Agency Formation Commission (LAFCo)	\$	1,100
Memberships	\$	2,500
Rent, Utilities, Office Operating	\$	22,000
Training, Conferences, Associated Costs	\$	1,000
Stipends, Meetings, Associated Costs	\$	12,000
Property Tax Administration Fees	\$	2,000
General & Administrative Expenses Total		\$ 85,100
		\$ 713,300

SUMMARY		
	TOTAL REVENUE	\$ 713,300
	less TOTAL OPERATING EXPENSES	\$ 713,300
	EQUALS	\$ -

*Mendocino County Russian River Flood Control &
Water Conservation Improvement District*

STAFF REPORT

**Agenda Item 8: Public Hearing
On Vacancies, Retention Efforts, and Any Necessary Actions
As Mandated Per Assembly Bill 2561
Monday, June 1, 2026**

The Strategic Plan relevant priority is **Administration** through effective systems and improved transparency, accountability, and consistency across the District.

Background

In Assembly Bill 2561, the legislature found and declared as follows:

- (a) Job vacancies in local government are a widespread and significant problem for the public sector affecting occupations across wage levels and educational requirements.
- (b) High job vacancies impact public service delivery and the workers who are forced to handle heavier workloads, with understaffing leading to burnout and increased turnover that further exacerbate staffing challenges.
- (c) There is a statewide interest in ensuring that public agency operations are appropriately staffed and that high vacancy rates do not undermine public employee labor relations.

The enacted provisions of AB 2561, effective January 1, 2025, require special districts to take the following actions as summarized by the CA Special Districts Association:

First, special districts must present the status of vacancies and recruitment and retention efforts at a public hearing at least once per fiscal year. At the hearing, the district is required to identify changes to policies and recruitment efforts that create hiring obstacles. Moreover, if the special district adopts an annual budget during the fiscal year, the special district must present the status of vacancies before adopting the final budget.

Secondly, the bill allows recognized employee organizations for a bargaining unit to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for positions within that bargaining unit. This requirement appears to apply only to local agencies with recognized employee organizations.

This will be a new law with no current Attorney General opinions or case law guidance on implementation. Special districts may wish to seek advice from counsel as to whether a public hearing for AB 2561 compliance should be held separate from any regularly scheduled public hearing before budget adoption.

(Continued...)

Discussion

The District's Legal Counsel advised no exception seems present in the bill or the code section for complying when there are no vacancies. Perhaps the legislature wants districts to provide such a report whether or not there are vacancies to describe things such as what recruitment and retention efforts would be if there was a vacancy. A short public hearing was recommended, stating there are no vacancies and summarizing how the District addresses vacancies, and whether there are any needed changes to policies, procedures, or recruitment activities to remove obstacles to the hiring process.

Recommendation:

- Move to approve the following:

The Board of Trustees of the Mendocino County Russian River Flood Control & Water Conservation Improvement District does hereby declare:

- (a) There are no current vacancies and no vacancies within the last calendar year, therefore no recruitment efforts have been made; and
- (b) If a vacancy occurs, the District engages professional recruitment services to assess District needs, advertise, and provide the District with qualified candidates; and
- (c) Annual performance evaluations performed as per District policy contribute to employee retention efforts; and
- (d) No changes to policies, procedures, or recruitment activities are needed at this time to remove obstacles in the hiring process; and
- (e) The District is committed to ensuring that information concerning District employment is available to the public.

Attachment:

- AB 2561 Legal Memo

Link:

- Assembly Bill 2561 text:
https://leginfo.legislature.ca.gov/faces/billCompareClient.xhtml?bill_id=202320240AB2561&showamends=false
- CA Special District Association article:
<https://www.csda.net/blogs/vanessa-gonzales/2024/10/29/2025-new-laws-series-part-2-assembly-bill-2561-mck>

* * * *

Prepared and submitted to the Board of Trustees by: Elizabeth *Salomone*, General Manager

Date: April 24, 2025
To: SPECIAL DISTRICTS
From: Jeanne Zolezzi
Subject: AB 2561 – Codified as Government Code 3502.3

UPDATE REGARDING LEGISLATION IMPLEMENTED JANUARY 1, 2025

In 2024, the California State Legislature passed AB 2561: Local Public Employees: Vacant Positions. The goal of the legislation is to ensure that public agency operations are appropriately staffed and that high vacancy rates do not undermine public employee labor relations. AB 2561 enacted Government Code section 3502.3 which became effective January 1, 2025, a copy of which is included below.

In sum, Government Code 3502.3 requires all public agencies to take the following steps at least once per fiscal year prior to adoption of the agency’s final budget:

1. Present the status of vacancies and recruitment and retention efforts during a public hearing and identify any necessary changes to policies, procedures, or recruitment activities that may be causing obstacles in the hiring process.
2. If the number of job vacancies within a single bargaining unit meets or exceeds 20% of the total number of authorized full-time positions, the public agency shall include all of the following information during the public hearing, upon request of the recognized employee organization¹:
 - a. The total number of job vacancies within the bargaining unit.
 - b. The total number of applicants for vacant positions within the bargaining unit.
 - c. The average number of days to complete the hiring process from when a position is posted.
 - d. Opportunities to improve compensation and other working conditions.

If your district did not comply with this requirement for the current fiscal year, the legislation, nor the code section, provide any mechanism for enforcement or penalties for non-compliance.

Please reach out if there are any questions regarding implementation of this requirement.

¹ “Employee Organization” means either (i) any organization that includes employees of a public agency and that has as one of its primary purposes representing those employees in their relations with that public agency, or, (ii) any organization that seeks to represent employees of a public agency in their relations with that public agency. (Gov. Code 3501(a).

***Mendocino County Russian River Flood Control &
Water Conservation Improvement District***

STAFF REPORT

Agenda Item 9: New Policy: Allocation of Uncontracted Water

Monday, June 1, 2026

The Strategic Plan relevant priority is: **1: Water Supply Security**, ensuring effective and beneficial use of District water as a public resource; and **2: Governance and Operational Excellence** through effective systems and administration to execute the strategic plan.

Background

The District provides wholesale water under a State Water Resources Control Board (SWRCB) issued water right license 13898 (License) authorizing diversion of 7,940 acre feet a year from the East Fork Russian River and Lake Mendocino within the place of use established in the license.

The District offers water sales contracts to water users within its boundaries through the Uniform Water Supply and Purchase Agreement (Agreement) for delivery of water available under the License. The water is diverted and sold as raw water to customers for municipal water service uses, private agricultural entities for irrigation and frost protection purposes, and to others for industrial and domestic use. The Agreement specifies the amount of water that can be diverted annually, from what locations (or points of diversion), the purpose of use, and where the contracted water may be used. The Agreement defines terms for purchasing surplus water, measuring and reporting use, allocations during shortage, and responsibilities of each party to comply with all relevant laws and regulations by third parties. The term of the Agreements is twenty (20) years with an option to renew.

In May 2025, the 7,940 acre feet established in the License was fully allocated through Customer Agreements for the first time. Applications and requests for additional contracted water were received and placed on hold until water became available for contract under the Agreement, which happened in February 2026. The requests exceed the available amount of water for allocation and with the lack of policy to direct allocation, Staff and Legal Counsel began developing recommendations for the Board's consideration of a new policy.

When uncontracted water was available in the past, Customer requests for additional water under the Agreement were fulfilled administratively. Changes to water quantity in Agreements are not uncommon. With increased awareness of the changes to water supply due to precipitation changes, the trans basin diversion future, and most recently, financial issues related to the wine grape and pear markets, Customers are assessing how much they will rely on the Agreement for access to stored water if/when their own water rights and alternative sources become less reliable.

Discussion

The draft policy regarding allocation of uncontracted water addresses notice to not only current customers but the general public of availability of water to contract. It provides a process for allocating water when the amount of requested water exceeds available water, noting that no priority for allocation will be given for any factors.

The Board is invited and encouraged to discuss the draft policy and how it addresses the strategic plan and core duties of the District.

(Continued...)

Recommended Action:

- Move to approve the new policy Allocation of Uncontracted Water;
- or
- Provide feedback and direction to Staff and legal counsel.

Attachments:

- DRAFT Policy on Allocation of Uncontracted Water

* * * *

Prepared and submitted to the Board of Trustees by: Elizabeth Salomone, General Manager

Attachment to Agenda Item 10: New Policy: Allocation of Uncontracted Water

****DRAFT****

5000 Water Policies

5*** Allocation of Uncontracted Water

Notice will be provided of water available for contract under the District's Uniform Water Sale & Purchase Agreement.

On or near August 1st, the District will issue public notice of availability of water to contract for a period of 60 days, during which time all interested parties must submit a request to contract for a specific amount of District water. Allocations will become effective on October 1st of that same year.

Notice will be in the form of a public notice published in the local newspaper, posted on the District's website, physically posted at the District's office, and an email of the notice to all Customers, applicants, and others who have registered interest with the District for its water.

If requests to contract for available District Water exceed the amount of water available to contract, the available District Water will be allocated pro rata across all requests based on a proration factor (percentage) of each request amount. Formula:

$$\text{Total Available Amount} / \text{Total Requested Amount} = \text{Proration Percentage}$$

Multiply each entity's requested amount by the proration factor to determine their share.

No priority for allocation of uncontracted water will be given for any factors.

***Mendocino County Russian River Flood Control &
Water Conservation Improvement District***

STAFF REPORT

Agenda Item 10: Reserves Policy Review

Monday, June 1, 2026

The Strategic Plan relevant priority is: **Governance and Operational Excellence** by fostering sound and sustainable management of District finances. Performance metric: Develop policy for budgeting, investing, and rate setting.

Introduction

Over the next few meetings, the Board will be presented with information on and an opportunity to discuss the District’s Reserve Policy, providing direction to the General Manager on policy updates. Any final changes to policy will be presented to the Board a public Board Meeting for consideration of adoption. The June agenda item will cover:

- Why does the District have Reserves?
- What is the current Reserves Policy?
- How much does the District currently have in Reserve accounts?
- What is the District’s historical balance and use of Reserves?

Discussion

Why does the District have Reserves?

GM Salomone attended a Financial Policies and Internal Controls training webinar in November 2024. (Scott Nelson, the District’s current accountant, was a presenter.) An excerpt of slides from that training covers reserve basics, types of reserve categories to consider, and internal controls (**Attachment A.**) The Board is invited to review these slides together and discuss.

What is the current Reserves Policy?

The current Reserves Policy (**Attachment B**) was adopted by the Board in August 2024 at a Board Meeting on recommendation from the District’s Accountant, Treasurer, and General Manager. Four reserve categories are defined in the policy (Operating, Capital, Emergency, Water Supply Reliability) and funding limits set. The Board is invited to review the current policy together and discuss.

How much does the District currently have in Reserve accounts?

The following excerpt from a QuickBooks report shows the reserve balances in the District’s LAIF and CLASS Accounts:

Reserve Balance as of May 1, 2026		
1010 · LAIF		
1011 · Capital Reserve		92,000.00
1012 · Emergency Reserve		50,000.00
1013 · Operating Reserve		308,000.00
1014 · Water Reliability Reserve		68,652.92
1010 · LAIF - Other (interest earned this FY)		47,462.35
Total 1010 · LAIF		566,115.27
1020 · CA CLASS		
1024 · Water Reliability Reserve		255,257.78
	Total Reserves:	821,373.05

(Continued...)

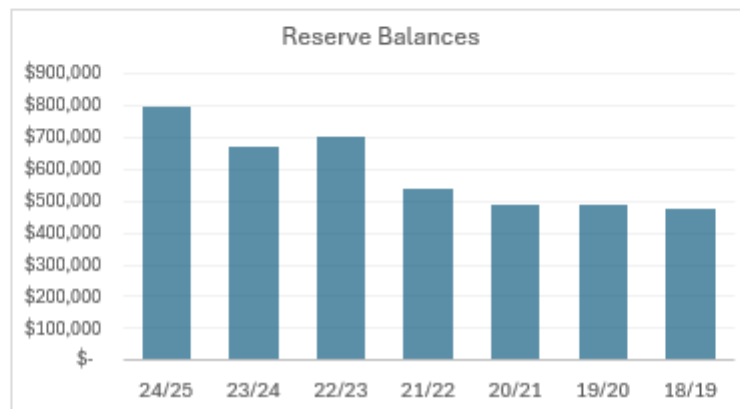
What is the District’s historical balance and use of Reserves?

Fiscal Year	Account Balances			Fiscal Year Totals	Use of Reserves			
	LAIF	SBMC	CLASS		from Capital (meters)	from Water Reliability (IWPC)	from Water Reliability (GSA)	from Water Reliability (Trails Group Grant)
24/25	\$ 542,814	n/a	\$ 255,258	\$ 798,072	\$ 744	\$ -	\$ -	\$ -
23/24	\$ 518,653	\$ 150,140	n/a	\$ 668,793	\$ 7,424	\$ 46,700	\$ 30,000	\$ -
22/23	\$ 499,603	\$ 200,110	n/a	\$ 699,713	\$ -	\$ -	\$ -	\$ -
21/22	\$ 491,085	\$ 50,055	n/a	\$ 541,140	\$ -	\$ 25,000	\$ 68,750	\$ -
20/21	\$ 489,718	n/a	n/a	\$ 489,718	\$ -	\$ 100,000	\$ -	\$ -
19/20	\$ 485,605	n/a	n/a	\$ 485,605	\$ -	\$ 25,000	\$ -	\$ 1,500
18/19	\$ 474,440	n/a	n/a	\$ 474,440	\$ -	\$ 70,000	\$ -	\$ -
Totals:					\$ 8,169	\$ 266,700	\$ 98,750	\$ 1,500

Notes:

21/22: District created SBMC savings account category for Reserves.

24/25: District opened CLASS account and closed SBMC.



Recommended Action:

Provide feedback to General Manger on presented items and topic(s) for next meeting.

Attachments:

- A: Why the District Has Reserves- select slides from financial training webinar
- B: Current Reserves Policy

* * * *

Prepared and submitted to the Board of Trustees by: Elizabeth Salomone, General Manager

Attachment A: Why the District Has Reserves

(Highlights from a Financial Policies and Internal Controls training, November 2024)

RESERVE POLICY: WHY HAVE ADEQUATE RESERVES?

Prudent reserves allow for:

- Balanced budgets
- Emergency preparedness
- Stable rates for customers
- Well-maintained infrastructure
- To meet future known and unknown obligations
- Access to financing – you have to have money to get money cheaply



WHAT ARE RESERVES EXACTLY?

- Each agency establishes what constitutes “reserves” differently
- $\text{Assets minus Liabilities} = \text{Fund Balance}$
- $\text{Some use Spendable Assets} - \text{Cash less Current Liabilities} = \text{Reserves}$
- Some use amounts set aside in investment accounts
- Some use designated amounts of current checking and investment
- Whatever the definition, healthy reserves represent disciplined cash management

TYPES OF RESERVES

- Operating Reserves
- Capital Reserves
- Emergency Reserves
- Rate Stabilization
- Future Obligations Reserves
- Restricted Reserves:
 - Debt Service
 - Developer Impact Fees

EMERGENCY & RATE STABILIZATION RESERVES

Emergency Reserves

- Can be a set amount or a % of revenues/expenses.
- Often used in catastrophic events like a severe earthquake or fire, removal of solid waste from a natural or man-made disaster.
- Covid caused emergencies for most districts initially. Hardest hit? Loss of ridership for transportation districts, airport districts. Fire districts overtime for Covid calls and staffing. Water/Sewer districts split shifts, Libraries closed down, Parks lost program revenue... Affected all.

Rate Stabilization Reserves

- Can be a set amount or a % of revenues/expenses.
- Commonly used by water/sewer agencies to minimize large rate increases due to unanticipated events, water conservation, sewage spill fines, etc...

RESTRICTED RESERVES & FUTURE OBLIGATIONS/ASSIGNED RESERVES

Restricted Reserves

- Debt Service - Typically, one year of debt service is kept in restricted reserves to use in the event the district cannot service the debt (usually held by the trustee)
- Developer Impact/Mitigation Fees – typically used for future capital or expanded services

Future (Assigned) Obligation Reserves (not usually legally restricted)

- Compensated Absences
- Worker's Comp Reserve

HOW TO FUND RESERVES?

Budget for a set amount, like an expense, each year to get you to your target levels (for enterprise funds, bake it into your rates)

Use unexpected net income (revenues – expenses = net income)

- For property tax dependent agencies, the housing boom has yielded far higher property tax revenues than the typical increases in valuations

Windfall monies from unusual or one-time events that add to net income:

- Sale of assets
- Unexpected grants
- Covid relief funds

INTERNAL CONTROLS TO MONITOR RESERVES



The Reserve Policy should be reviewed each year in conjunction with the audited financial statements to determine where the fiscal year ended and the status of reserve funding.



Reserve levels should also be considered during the budget process to determine the status of reserve funding.



Monthly or quarterly financial reports of reserve status (Treasurer's report) provide reserve funding status.



The Reserve Policy should be revisited with any major change in District status.

Attachment B: Current Reserves Policy

2150 Reserve Policy

The District shall maintain reserve funds from existing unrestricted funds as designated by the District's Reserve Policy. The Board of Trustees adopts policies to maintain a prudent level of financial resources and provide cost-effective, efficient public services through a stable rate structure and gradual rate increases. The District must be prepared for larger-scale regional investments that help to secure water resources within its service area and must be prepared for sudden emergencies and unexpected costs. This policy establishes the procedure and level of reserve funding to achieve the following specific goals:

- a) Fund replacement and major repairs for the District's physical assets.
- b) Fund regular replacement of computer hardware and software.
- c) Fund designated projects, programs, and/or other special uses not otherwise funded by grants or requiring additional monetary support;
- d) Fund capital improvements; and
- e) Maintain minimal operational sustainability in periods of economic uncertainty.

Use of District Reserves is limited to available "Unrestricted" Funds (not obligated by law, contract or agreement), including donations, interest earned, fees for service, or other non-grant earnings. All special use funds will be designated by formal action of the Board of Trustees. The goal of the District is to maintain reserves at a level that equals or exceeds the sum of the following components:

- a) Operating Reserve:
Purpose: This amount is intended to mitigate funding six months of operating expenses.
Limit: 50 percent of the annual operating expense budget.
- b) Capital Reserve:
Purpose: This amount is intended to replace existing assets and fund future capital projects
Limit: 15 percent of gross fixed assets as of the audit of the prior year plus 10 percent of the annual operating expense budget.
- c) Emergency Reserve:
Purpose: This amount is intended to be protection against catastrophic loss and to provide a cushion in the event of unexpected circumstances.
Limit: 25 percent of the value of fixed assets
- d) Water Supply Reliability Reserve:
Purpose: Reserves set aside for the specific purpose of securing/purchasing water supply and/or infrastructure for storage or supply distribution.
Limit: The costs associated with the District's share of these expenses could be as high as \$100 million. However, in order to initiate a prudent policy direction, the limit of this reserve shall not exceed \$20 million without further agreement on specific project participation and reserve assignment.

The District does not have a firm value to determine a contribution factor for Water Supply Reliability Reserve. Therefore, this Reserves Policy establishes that when revenue deposits exceed the account limits specified in District Policy, those exceedances will be deposited into Water Supply Reliability Reserve.

Monitoring Reserve Levels: The General Manager, in collaboration with the Treasurer, shall perform a reserve status analysis annually, to be provided to the Board of Directors' annual deliberation/approval of Budget and Reserve Funds.

Additional information may be provided to the Board of Trustees upon the occurrence of the following events:

- a) When a major change in conditions threatens the reserve levels established by this policy or calls into question the effectiveness of this policy;
- b) Upon General Manager and/or Board request.

*Mendocino County Russian River Flood Control
& Water Conservation Improvement District*

General Manager's Report for May 2026

Presented at Regular Meeting of Monday, June 1, 2026

Priority 1: Water Supply Security ~ Ensure reliable, resilient, and available sources of water.

(1: Improve river & reservoir operations. 2: Advance fair & reliable trans basin diversions. 3: Increased storage capacity. 4: Ensure effective and beneficial use of District water as a public resource.)

1-Russian River and Lake Mendocino Operations: The State Water Board approved the Russian River Temporary Urgency Change Petition. On March 20, the SWRCB issued an order approving the TUCP. Sonoma Water's petition sought authorization to implement a hydrologic index based on Lake Mendocino storage values, rather than based on cumulative inflow into Lake Pillsbury. The petition requested the same temporary changes approved by the SWRCB in 2025. The request for an alternative hydrologic index based on Lake Mendocino storage levels originates during the drought of 2013-2015 and was used again during the drought of 2020-2022. The implementation of the alternate hydrologic index was one of several important interventions that prevented Lake Mendocino from going dry in 2021. This temporary change is to ensure that the water supply condition for the Russian River is determined by an index that is reflective of watershed conditions. The urgent need to implement the changes is due to the significant reduction of Eel River water imports through PG&E's Potter Valley Project as ordered by the Federal Energy Regulatory Commission (FERC), effective May 15, 2026 – much sooner than in 2025. The influence of Eel River imports on downstream hydrologic conditions in the Russian River has been, and will continue to be greatly diminished, and thus use of the Eel River hydrologic index is not a reliable metric for Russian River water supply conditions. More information on the District's website: <https://rrfc.specialdistrict.org/current-russian-river-and-lake-mendocino-operations>

1-Eel River, Lake Pillsbury, & Potter Valley Project Operations: On May 14, 2026, FERC issued the order approving the 2026 temporary flow variance for the Potter Valley Project flows from the Eel to the Russian River. Starting May 15th, flows to the Russian River were reduced based on Lake Pillsbury storage forecasts and water temperature data. PG&E will utilize a flexible flow release approach to reservoir releases to provide adequate flows and cooler water temperatures in the Eel River. PG&E states that the variance is necessary due to the reduced water capacity in Lake Pillsbury as a result of its seismic-risk-related storage restriction, which has reduced the available water stores by approximately 18,200 acre-feet. PG&E has an objective of maintaining 25,000 acre-feet in Lake Pillsbury on October 1, 2026, which it calculates will allow it to meet its dam safety obligations and to preserve the cold water pool to ensure cooler water release temperatures. The initial flow release into the East Branch Russian River will remain at 25 cfs. PG&E will then adjust releases to the East Branch Russian River between 5 and 25 cfs based on Lake Pillsbury storage forecasts using available hydrologic forecasting tools and runoff forecasts, historical water temperature data and water temperature modeling, and other flexible water management criteria. Adjustments made to the East Branch Russian River releases will be made in consultation with the PG&E Drought Working Group. If Lake Pillsbury storage is below the 36,000 acre-feet after September 30, releases to the East Branch Russian River will be limited to 5 cfs. When Lake Pillsbury storage gets above 36,000 acre-feet after September 30, the variance will end and PG&E will release flows as required under its license. More information on the District website: <https://rrfc.specialdistrict.org/future-of-the-eel-river-to-russian-river-trans-basin-diversion-potter-valley-project>

1-PG&E Drought Working Group (DWG): With the approval of the 2026 flow variance, the DWG started meeting regularly to receive reports on storage conditions at Lake Pillsbury and other operations of PVP. When the report is provided, it will be posted on the District website: <https://rrfc.specialdistrict.org/current-pg-e-potter-valley-project-operations>

(Continued...)

1-Russian River Reservoir Operations Workgroup (Biological Opinion): Sonoma Water continues to provide weekly reports to the workgroup, only meeting when needed.

2-Future of the Trans Basin Diversion:

- (a) **FERC Notice of Scoping Document, Meetings, and Comments-** The Federal Energy Regulatory Commission (FERC) published a Notice of Scoping Meeting and Request for Comments on the Proposed Surrender, Decommissioning, and Non-Project use of Project Lands (NERF) dated May 22, 2026. FERC will prepare a document discussing the environmental impacts of both the decommissioning and the building of the New Eel Russian Facility (NERF.) FERC will use this document in its decision-making process to identify potential adverse and beneficial impacts of the proposed project surrender and reasonable alternatives. The scoping process gathers input regarding the environmental impacts of the proposal. Specifically, FERC staff request comments on potential alternatives and impacts, as well as identification of any relevant information, studies, or analyses concerning effects on the quality of the human environment. Comments are due Friday, July 24, 2026. More information can be found on the District's website: <https://rrfc.specialdistrict.org/future-of-the-eel-river-to-russian-river-trans-basin-diversion-potter-valley-project>
- (b) **Potter Valley Project Acquisition Interests-** On April 21, 2026, US Agriculture Secretary Brooke Rollins announced on social media that she had heard from a potential buyer for the Potter Valley Project. The Elsinore Valley Municipal Water District in western Riverside County stated in an interview with the Eureka Times-Standard that it “wished to emphasize that the district had absolutely no concrete plans at this stage of the game, that it hadn’t yet looked at the opportunities or constraints of taking ownership of the project, or even if doing so was legally feasible at this point in the proceedings.” Since the announcement by Secretary Rollins, responses have been covered in the press. Articles are linked on the District's website: <https://rrfc.specialdistrict.org/future-of-the-eel-river-to-russian-river-trans-basin-diversion-potter-valley-project>
- (c) **Notice of Availability of the State Water Board Scoping Report for the Potter Valley Hydroelectric Project Surrender and Decommissioning Project-** On May 12, 2026, the State Water Resources Control Board posted the Scoping Report for the Potter Valley Hydroelectric Project Surrender and Decommissioning Project. The Scoping Report summarizes comments received during the State Water Board's Notice of Preparation of an Environmental Impact Report for the Potter Valley Hydroelectric Project Surrender and Decommissioning Project public comment period, which closed on November 3, 2025. More information can be found on the District's website: <https://rrfc.specialdistrict.org/future-of-the-eel-river-to-russian-river-trans-basin-diversion-potter-valley-project>

3-US Army Corp of Engineers (USACE) Coyote Valley Dam General Investigation for Increased Storage Capacity at Lake Mendocino: The Inland Water & Power Commission Ad Hoc Committee reviewed draft content regarding options for progressing the study. The meeting was continued to develop a with recommendation to the Commission. More information can be found on the District's website: <https://rrfc.specialdistrict.org/lake-mendocino-s-coyote-valley-dam-general-investigation-study>

4-LAFCo Application for Annexation of Redwood Valley County Water District's service area: A meeting has been scheduled with the County in June regarding the tax sharing agreement process. An update will be provided after.

(Continued...)

4-State Water Resources Control Board Russian River Telemetry Study: The District GM accompanied State staff and consultants on several site visits and assisted with communications to volunteers. Equipment installations are now being scheduled and will continue throughout the year.

Priority 2: Strategic Partnerships ~ Collaborate with partners to achieve aligned goals for a mutual benefit. (1: Cultivate trusted relationships with community partners for regional water security. 2: Expanded relationships with non-traditional partners and stakeholders in pursuit of enhanced Environmental Stewardship. 3: Promote clarity on shared goals and initiatives with our strategic partners.)

1-Water Sharing Program: The working group received a presentation on the GS Flow Model by Sonoma Water staff. This group welcomes additional participants; contact DistrictManager@rrfc.net for more information.

1-County of Mendocino: At the May 19th Board of Supervisors meeting, item R4, the Board received an informational presentation regarding neglected and abandoned vineyards in Mendocino County. The Board authorized the Ag Department to take action on neglected and abandoned vineyards using relevant tools to accomplish the task and to work with the County CEO's office.

2-CA Land Stewardship Institute (CLSI): "Creating Long-Term Water Supply Resiliency for Ukiah Valley and Upper Russian River" – a project by a collaboration that includes CLSI, Larry Walker & Associates, the City of Ukiah, and the grantor, Bureau of Reclamation. The project was put on hold during a Federal Government shut down and a required project amendment. A stakeholder meeting was held on the project this week in which a review of the project was provided and the new tool was introduced.

3-Alexander Valley Special District Formation: During the May 6 Sonoma County Local Agency Formation Committee public hearing, the Commission reached a 2-4 vote regarding the structure of the proposed district. Specifically, the majority favored a registered-voter district model over the landowner-voted district proposed—a decision that ultimately led to the denial of the current application. "While this outcome is not what we worked toward, it is by no means the end of our efforts. We remain firm in our belief that a landowner-voted district is the most equitable and effective way to manage the unique needs of our water district." Next Steps: There is an opportunity to submit a motion for reconsideration. "We are reviewing the Commission's feedback and legal requirements to ensure our next filing strongly addresses their concerns while protecting the interests of our property owners."

Priority 3: Advocacy & Engagement ~ Be an influential voice for our region through outreach, education, funding, regulation, & legislation. (1: Improve public awareness and understanding of the importance of water issues. (2) Pursue State and Federal governmental policy and funding support.)

1-District Customer Meeting: A District-Customer meeting will be held in June to provide updates on water supply conditions, water reliability efforts, District water rates and policy development, and more.

2-Russian River Water Agency Legislative Group: Sonoma Water held a meeting to collaborate on lobbying efforts, providing updates and facilitating a discussion for coordination.

2-Mussel Prevention: Sonoma Water staff confirmed its mussel prevention project includes golden mussel prevention. (RRFC submitted a support letter last month.)

(Continued...)

Priority 4: Governance and Operational Excellence ~ Foster sustainable leadership and management of agency resources. (1: Capable and high quality executive leadership. 2: Engaged, diverse, and knowledgeable Board leadership. 3: Effective systems, administration, and human resources to execute the strategic plan. 4: Sound and sustainable management of District finances.)

1: Executive Leadership: Attended or watched: (1) DWR's Proposition 4 Workshop on the Sustainable Groundwater Management (SGM) Grant Program and the Watershed Resilience Grant Program. (2) Webinar - Closing Time: Leading Your District to a Clean Close by CSDA. (3) CA Water Data Consortium, Data and Grants, prop 4 webinar. (4) From Vision to Action: Special District Planning for Impact (CSDA) (5) From Climate Challenges to Watershed Solutions - Voices from the Field Spring 2026 Episode 1 (6) Northern California's role in adapting to a hotter, drier future. (7) Webinar: From Field to Policy: Scaling Sustainable Agriculture

Community Meetings

Note: District Board members and GM will no longer be attending all community meetings and reporting here. Please contact the individual organizations for more information on public meetings and updates.

Local Agency Formation Commission (5/4/26): The Commission approved the FY 26-27 budget. The Commission adopted apportionments that remain unchanged for the fourth consecutive year at \$275,000.

City of Ukiah (5/6/26): Nothing water related to note.

Ukiah Valley Water Authority (5/7/26): Consultants Carollo provided an update on the application for planning/design phase of the SAFER grant process. Two meetings with the State have been held and City representatives found out the State had assigned an entirely new team to the project. All follow up information the State has requested is on track to be completed and the State is slated to approve application in September. There is some question about how the funding will be distributed, either in phases or all at once. A letter of support for the Redwood Valley Water District annexation into RRFC was unanimously approved. The Common Interest Agreement regarding Ukiah Valley Water Authority was approved. All member agencies have approved except Calpella, which is expected to consider approval at its next meeting. Staff reported on and invited discussion regarding the Water Authority replacing Redwood Valley Water District on the Mendocino County Inland Water & Power Commission (IWPC.) Redwood Valley Water representatives shared concern that the District cannot continue the financial contributions required. Staff and legal counsel provided further information including the benefit of being represented in the ongoing development of future water supply. Unanimous approval was given to bring the topic forward to IWPC. Staff asked if the Water Authority would like to join the Ukiah Valley Basin Groundwater Sustainability Agency (UVBGSA) and direction was given to staff to bring it back for a vote. The next meeting is tentatively scheduled for June 4, 2026.

Ukiah Valley Basin Groundwater Sustainability Agency Technical Advisory Committee (5/13/26): Updates were provided on the Upper Russian River Groundwater Dependent Ecosystem (GDE) and Interconnected Surface Water Study (ISW) Project Funded by the California Department of Fish and Wildlife Grant and the Department of Water Resources (DWR)'s Groundwater Sustainability Plan 2027 Periodic Evaluation. The Committee discussed the updates and amendments to governing documents and recommendations to the GSA Board. Staff provided an update on the State's recent Prop 4 workshop and an ad hoc committee was formed to explore GSA projects for Prop 4 funding requests. Laurel Marcus provided an update on the Bureau of Reclamation 2024 Grant. Staff reported on progress in administration issues.

(Continued...)

Mendocino County Inland Water & Power Commission (5/14/26): RRFC Alternate Commissioner Koball provided a report on his recent meeting regarding a possible acquisition interest from a southern California water district. Chair Pauli added to Koball's report and noted that many of the IWPC member agencies have received public records requests regarding Potter Valley Project issues. The FY 26-27 IWPC expense budget was passed unanimously including agreement for monthly financial reports, enhanced consultant tracking, midyear budget review, and Executive Director recruitment (an Ad Hoc Committee was formed.) Redwood Valley Water District and Ukiah Valley Water Authority representatives reported on efforts for the Ukiah Valley Water Authority to replace Redwood Valley Water on the Commission. Eel River Project Authority Executive Director David Manning provided an update on the development of the New Eel River Facility (NERF.) Environmental studies for NERF have started and IWPC Legal Counsel provided information on the process. Regarding increasing Lake Mendocino storage, Chair Pauli noted the Ad Hoc Committee is now discussing alternatives to funding the project since the Federal Government has not committed hoped-for funds. A report to the Commission is expected in the next month or so. Regarding the water storage development item, Chair Pauli noted that the project lacks funding and no work has been done, though a summary of needed work and outreach to the public was shared.

Mendocino County Drought Working Group (at General Gov Standing Committee) (5/20/26): This was the inaugural meeting of the new scheduling of 2 meets per year of the DWG held during the GGS Committee. Jeanine Jones (Dept of Water Resources) and local County staff presented on statewide and regional water conditions. Chair Mulheren asked staff to explore some additional less formal outreach to the public as the formal setting of the GG Committee may be daunting for engagement. Staff will bring back alternatives.

Redwood Valley Water District (5/21/26): The Board discussed a concept of combining the Ukiah Valley Water Authority member agency Flood Control District contracts with general consensus of agreement. RRFC GM Salomone provided an update on the LAFCo application to annex Redwood Valley Water District into the RRFC Boundary. The Board discussed withdrawing from the Mendocino County Inland Water & Power Commission with the intent of the Ukiah Valley Water Authority taking its place on the Commission. The item was tabled to allow a letter to IWPC to be drafted for consideration. Director Derek Dahlen was appointed as the IWPC Alternate.

Attachments:

- Mendocino County Agricultural Department letter to Costco Customers regarding possible infestation of an invasive pest, the glassy-winged sharpshooter, on grapevines, blueberry shrubs, and fruit trees sold at the Ukiah Costco
- Letter of Support for the formation of the Alexander Valley Water District

* * * *

Prepared and submitted to the Board of Trustees by: Elizabeth Salomone, General Manager

COUNTY OF MENDOCINO
DEPARTMENT OF
AGRICULTURE
890 N. Bush Street Ukiah, CA 95482
PHONE (707) 234-6830
FAX (707) 463-0240
agcomm@mendocinocounty.gov
www.mendocinocounty.gov/ag



Angela Godwin
Agricultural Commissioner
Sealer of Weights and Measures

May 21, 2026

Dear Valued Costco Customer,

We are reaching out regarding a recent purchase you may have made of grapevine plants, blueberry shrubs, and/or fruit trees at Costco Wholesale in Ukiah. Out of an abundance of caution, we want to make you aware of an issue that has been identified with the above plants shipped from Burchell Nursery in Fresno County to Costco stores between April 24, 2026, and the present.

Some of these plants have been found to be infested with glassy-winged sharpshooter (GWSS), an invasive insect pest that poses a significant threat to vineyards and ornamental plants. This pest can spread Pierce's disease, which is devastating to grapevines, and can impact other plants as well.

What We Are Asking You to Do:

Please do not plant your recently purchased grapevine if you have not already done so. Contact the Mendocino County Agricultural Commissioner's Office as soon as possible so we can send an inspector to examine your plant. We may also place an insect monitoring trap at your property as a precautionary measure. We can be reached at (707) 234-6830, or by email at agcomm@mendocinocounty.gov

If your plant shows any signs of insect activity or distress, please keep it isolated and contained in its original pot or container until an inspector can visit.

We understand this is an inconvenience, and we appreciate your cooperation. Early detection is critical to protecting Mendocino County and California's agricultural resources.

More information about GWSS and Pierce's disease can be found online: <https://www.cdfa.ca.gov/pdcp/>

Thank you for your prompt attention to this matter.

Sincerely,

Angela J. Godwin

□

Mendocino County

Russian River Flood Control & Water Conservation Improvement District

PO Box 2104, Ukiah, CA 95482 707.462.5278 Website: RRFC.net DistrictManager@rrfc.net

May 1, 2026

Sonoma County Local Agency Formation Commission
11 Santa Rosa Avenue
Santa Rosa, CA 95404

Dear Commissioners,

The Mendocino County Russian River Flood Control and Water Conservation Improvement District (RRFC) supports the formation of the Alexander Valley Water District.

RRFC has coordinated with the Russian River Property Owners Association for years, specifically on drought response and planning issues. The formation of the Alexander Valley Water District would increase the positive impacts of this continuing work, as well as what lies ahead with the changing conditions in the Russian River watershed.

As it stands, there is a large gap of representation in key conversations and decision making. While Sonoma County Supervisors and Sonoma Water have represented the property owners to the best of their ability, the Alexander Valley Water District would provide a more direct representation in key areas such as the Potter Valley Project decommissioning, water rights issues, water supply challenges, and funding acquisition.

RRFC manages Mendocino County's benefit from Lake Mendocino for agriculture, industry, recreation, and drinking water. We have a keen interest in all Russian River watershed interests being suitably represented. The District has special interest in the Alexander Valley Water District being able to represent Sonoma County beneficiaries of stored water in Lake Mendocino.

Thank you for your focused attention on the approval of the Alexander Valley Water District formation.

Yours Sincerely,



Elizabeth Salomone
General Manager

President
Christopher Watt

Vice President
John Reardan

Treasurer
Tyler Rodrigue

Trustee
John Bailey

Trustee
Dave Koball

*Mendocino County Russian River Flood Control
& Water Conservation Improvement District*

STAFF REPORT

Agenda Item 12: Water Supply Conditions

Monday, June 1, 2026

The Strategic Plan relevant priorities are: **Water Supply Security** by ensuring reliable, resilient, and available sources of water through improved river and reservoir operations; and **Advocacy and Engagement** in support of improved public awareness and understanding of water issues.

Lake Mendocino and the Mainstem Upper Russian River

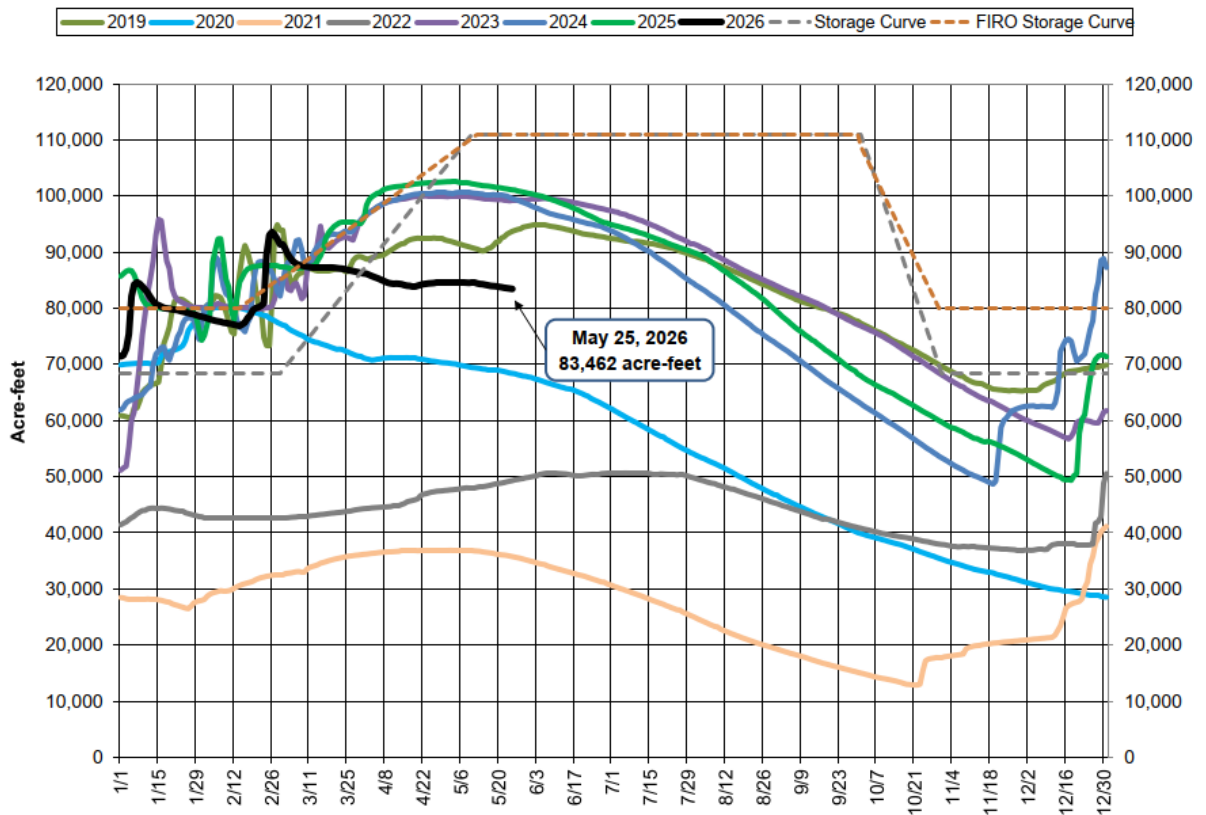
Storage level was 83,462 acre feet as of May 25, 2026 down from 84,523 acre feet as of April 27, 2026.

Lake Mendocino

5/25

Current Storage (acre-feet)	83,462
FIRO Storage Curve (acre-feet)	111,000
% of FIRO Storage Curve	75.19%
7-day change (acre-feet)	-501

Lake Mendocino Storage



(Continued...)

(Lake Mendocino and the Mainstem Upper Russian River Continued)

The State Water Board approved the Russian River Temporary Urgency Change Petition. On March 20, the SWRCB issued an order approving the TUCP.

This temporary change is to ensure that the water supply condition for the Russian River is determined by an index that is reflective of watershed conditions. The urgent need to implement the changes is due to the significant reduction of Eel River water imports through PG&E's Potter Valley Project as ordered by the Federal Energy Regulatory Commission (FERC), effective May 15, 2026 – much sooner than in 2025.

The influence of Eel River imports on downstream hydrologic conditions in the Russian River has been, and will continue to be greatly diminished, and thus use of the Eel River hydrologic index is not a reliable metric for Russian River water supply conditions.

More information on the District's website: <https://rrfc.specialdistrict.org/current-russian-river-and-lake-mendocino-operations> or Sonoma Water's TUCP webpage: www.sonomawater.org/tucp.)

Operations of the Trans-Basin Diversion Through PG&E Owned "Potter Valley Project"

On May 14, 2026, FERC issued the order approving the 2026 temporary flow variance for the Potter Valley Project flows from the Eel to the Russian River.

Starting May 15th, flows to the Russian River were reduced based on Lake Pillsbury storage forecasts and water temperature data. PG&E will utilize a flexible flow release approach to reservoir releases to provide adequate flows and cooler water temperatures in the Eel River. PG&E states that the variance is necessary due to the reduced water capacity in Lake Pillsbury as a result of its seismic-risk-related storage restriction, which has reduced the available water stores by approximately 18,200 acre-feet. PG&E has an objective of maintaining 25,000 acre-feet in Lake Pillsbury on October 1, 2026, which it calculates will allow it to meet its dam safety obligations and to preserve the cold water pool to ensure cooler water release temperatures. The initial flow release into the East Branch Russian River will remain at 25 cfs. PG&E will then adjust releases to the East Branch Russian River between 5 and 25 cfs based on Lake Pillsbury storage forecasts using available hydrologic forecasting tools and runoff forecasts, historical water temperature data and water temperature modeling, and other flexible water management criteria. Adjustments made to the East Branch Russian River releases will be made in consultation with the PG&E Drought Working Group.

If Lake Pillsbury storage is below the 36,000 acre-feet after September 30, releases to the East Branch Russian River will be limited to 5 cfs. When Lake Pillsbury storage gets above 36,000 acre-feet after September 30, the variance will end and PG&E will release flows as required under its license.

More information on the District website: <https://rrfc.specialdistrict.org/future-of-the-eel-river-to-russian-river-trans-basin-diversion-potter-valley-project>

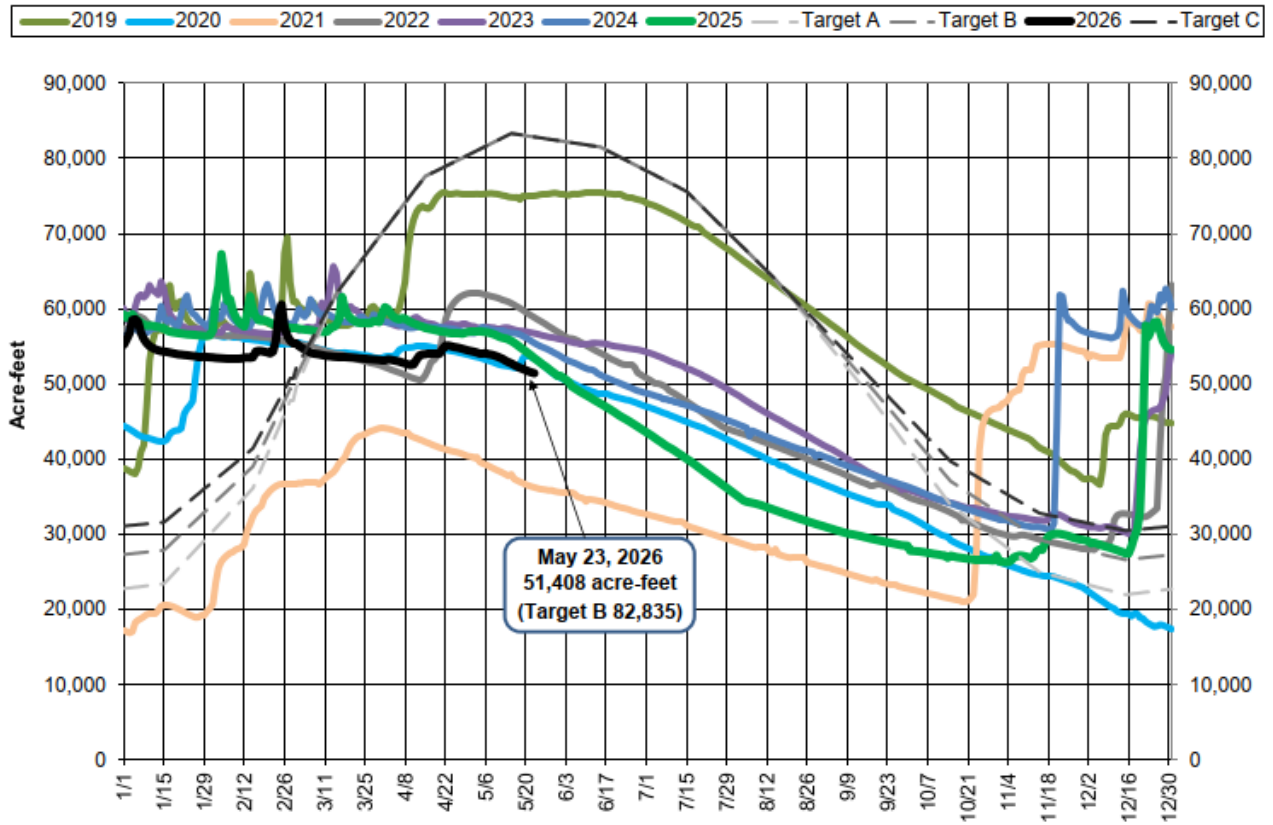
(Continued...)

Lake Pillsbury

5/23

Current Storage (acre-feet)	51,408
Target Storage Curve (acre-feet)	82,835
7-day change (acre-feet)	-1,094

Lake Pillsbury Storage and Target Storage Scenarios



* * * *

Prepared and submitted to the Board of Trustees by: Elizabeth Salomone, General Manager

*Mendocino County Russian River Flood Control &
Water Conservation Improvement District*

STAFF REPORT

Agenda Item 13a: May 2026 Financial Report

June 1, 2026

Revenue

April 2026: Additional revenue not shown on previous report: \$1,136.97 (CLASS interest)

May 2026: \$27,250

- \$128 contract water sales
- \$287,122 Property Tax revenue
-

Expenses

April 2026: Additional expenses not shown on previous report: none

May 2026: \$29,372 notably:

- \$1,114 legal counsel-general, updating policies, attending meetings, etc.
- \$1,020 workers compensation insurance
- \$1,286 LAFCo annual apportionment fee
- \$2,010 office operating including annual QuickBooks payroll subscription and annual GIS fee.

Note: A \$250,000 transfer from the SBMC checking account to the CLASS operating account (serves like a savings account.) After budget approval and reserve policy review, some of that may go in the water supply reliability reserve subaccount.

Other

- Financial reports subject to change after corrections and adjustments by Accountant and Auditor.
- Reconciliations are up to date as of the end of **April 2026**.
- Additional reports or information available upon request.

Recommendation:

- Move to accept and file the financial reports for April 2026.

Attachments:

1. Profit & Loss Report – May 2026 only
2. Income & Expense / Budget Vs Actual Report – Fiscal Year to date
3. Profit & Loss Previous Year Comparison Report– Fiscal Year to date
4. Balance Sheet Previous Year Comparison Report– Fiscal Year to date
5. Monthly Payment Detail Report– May 2026
6. Contracted Water Worksheet as of June 1, 2026

* * * *

Prepared and submitted to the Board of Trustees by: Elizabeth Salomone, General Manager

Mendocino County Russian River Flood Control District
 Profit & Loss Prev Year Comparison

Cash Basis

May 2026

	May 26
Ordinary Income/Expense	
Income	
4001 · Contract Water Sales	128.04
4050 · Property Taxes	27,122.49
Total Income	27,250.53
Expense	
Payroll Expenses	16,523.44
Water Supply Expenses	
5050 · Projects	
5057 · LAFCo Applications	
5057.04 · LAFCo Apps-CEQA Legal Action	464.10
Total 5057 · LAFCo Applications	464.10
5059 · Trans Basin Diversion	
5059.01 · TB Div - Legal Counsel	734.40
Total 5059 · Trans Basin Diversion	734.40
Total 5050 · Projects	1,198.50
Total Water Supply Expenses	1,198.50
General & Administrative Exp	
5100 · Consulting	
5101 · Accounting	585.00
5103 · Engineering- General	185.00
5105 · Legal-General	1,114.61
5109 · Human Resources	225.00
5110 · Strategic Planning	89.60
Total 5100 · Consulting	2,199.21
5120 · Vehicle	87.38
5130 · Insurance	
5132 · Insurance, Workers Comp	1,020.36
Total 5130 · Insurance	1,020.36

Mendocino County Russian River Flood Control District
Profit & Loss Prev Year Comparison

Cash Basis

May 2026

	<u>May 26</u>
5140 · LAFCO Apportionment Fee	1,286.21
5160 · Office Operating Expenses	2,010.71
5170 · Training & Conferences	<u>722.81</u>
Total General & Administrative Exp	7,326.68
Miscellaneous	<u>4,323.53</u>
Total Expense	<u>29,372.15</u>
Net Ordinary Income	<u>-2,121.62</u>
Net Income	<u><u>-2,121.62</u></u>

Mendocino County Russian River Flood Control District

Income & Expense / Budget vs. Actual

Cash Basis

July 2025 through June 2026

	Jul '25 - Jun 26	Budget
Ordinary Income/Expense		
Income		
4001 · Contract Water Sales	450,654.45	524,040.00
4002 · Surplus Water Sales	49,463.67	
4050 · Property Taxes	71,910.38	65,000.00
4080 · Interest-LAIF	17,354.21	18,000.00
4082 · Interest-CA CLASS	16,033.67	9,000.00
4100 · Other Income	918.45	
Total Income	606,334.83	616,040.00
Expense		
Payroll Expenses	184,182.47	207,000.00
Water Supply Expenses		
5020 · Water Rights		
5020.01 · Annual Fees	16,732.45	17,000.00
5020.02 · Legal Counsel	0.00	2,000.00
5020.03 · WR Engineering	0.00	2,000.00
5020.04 · Meter Maintenance	1,448.90	500.00
Total 5020 · Water Rights	18,181.35	21,500.00
5030 · USGS, streamflow gage		
5030.00 · USGS Gage reimbursement	-17,550.00	0.00
5030 · USGS, streamflow gage - Other	23,385.00	15,000.00
Total 5030 · USGS, streamflow gage	5,835.00	15,000.00
5031 · JPAs		
5031.01 · IWPC	0.00	5,000.00
Total 5031 · JPAs	0.00	5,000.00
5040 · Channel Maintenance		
5040.01 · Channel Maint.-Legal	4,701.18	
5040 · Channel Maintenance - Other	1,175.00	20,000.00
Total 5040 · Channel Maintenance	5,876.18	20,000.00
5050 · Projects		
5051 · Grants/Funding Analysis-general	0.00	3,000.00

Mendocino County Russian River Flood Control District

Income & Expense / Budget vs. Actual

Cash Basis

July 2025 through June 2026

	Jul '25 - Jun 26	Budget
5056 · License Change Petition		
5056.01 · Chg Pet- Legal Counsel	4,062.66	
5056.02 · Chg Pet - Engineering	7,845.85	
5056.03 · Chg Pet - Fees	20,850.00	
5056 · License Change Petition - Other	0.00	35,000.00
Total 5056 · License Change Petition	32,758.51	35,000.00
5057 · LAFCo Applications		
5057.00 · RVCWD reimbursement	-31,646.68	
5057.01 · LAFCo Apps - Legal Counsel	22,681.74	
5057.02 · LAFCo Apps - Engineering	2,609.00	
5057.04 · LAFCo Apps-CEQA Legal Action	16,190.19	
5057 · LAFCo Applications - Other	13,088.63	10,000.00
Total 5057 · LAFCo Applications	22,922.88	10,000.00
5059 · Trans Basin Diversion		
5059.01 · TB Div - Legal Counsel	17,924.58	
5059 · Trans Basin Diversion - Other	0.00	110,000.00
Total 5059 · Trans Basin Diversion	17,924.58	110,000.00
5060 · Coyote Valley Dam Modernization		
5060.02 · COY Modernization-legal	337.50	
5060 · Coyote Valley Dam Modernization - Other	0.00	90,500.00
Total 5060 · Coyote Valley Dam Modernization	337.50	90,500.00
Total 5050 · Projects	73,943.47	248,500.00
Total Water Supply Expenses	103,836.00	310,000.00
General & Administrative Exp		
5100 · Consulting		
5101 · Accounting	4,223.24	8,000.00
5102 · Audit	9,500.00	10,000.00
5103 · Engineering- General	1,367.50	2,000.00
5104 · Administrative Support	1,325.00	5,000.00
5105 · Legal-General	8,998.99	5,000.00
5109 · Human Resources	3,462.50	2,000.00
5110 · Strategic Planning	3,747.10	8,000.00
Total 5100 · Consulting	32,624.33	40,000.00

Mendocino County Russian River Flood Control District
Income & Expense / Budget vs. Actual

Cash Basis

July 2025 through June 2026

	Jul '25 - Jun 26	Budget
5120 · Vehicle	1,397.78	2,000.00
5130 · Insurance		
5131 · Insurance, Liability	7,858.92	
5132 · Insurance, Workers Comp	1,020.36	
5130 · Insurance - Other	0.00	14,000.00
Total 5130 · Insurance	8,879.28	14,000.00
5140 · LAFCO Apportionment Fee	2,295.74	1,500.00
5150 · Memberships	2,520.00	3,000.00
5160 · Office Operating Expenses	14,762.30	14,000.00
5161 · Rent, Utilities	4,500.00	5,000.00
5170 · Training & Conferences	4,115.88	5,000.00
5180 · Stipends, Meetings	9,709.53	13,000.00
5190 · Property Tax Admin Fees	0.00	1,500.00
Total General & Administrative Exp	80,804.84	99,000.00
Miscellaneous	4,376.63	
Total Expense	373,199.94	616,000.00
Net Ordinary Income	233,134.89	40.00
Other Income/Expense		
Other Expense		
5710 · Use of Capital Reserves	10,226.86	
Total Other Expense	10,226.86	
Net Other Income	-10,226.86	0.00
Net Income	222,908.03	40.00

Mendocino County Russian River Flood Control District
Profit & Loss Prev Year Comparison

Cash Basis

July 2025 through June 2026

	Jul '25 - Jun 26	Jul '24 - Jun 25	\$ Change	% Change
Ordinary Income/Expense				
Income				
4001 · Contract Water Sales	450,654.45	421,507.62	29,146.83	6.9%
4002 · Surplus Water Sales	49,463.67	67,130.94	-17,667.27	-26.3%
4050 · Property Taxes	71,910.38	73,222.18	-1,311.80	-1.8%
4080 · Interest-LAIF	17,354.21	24,256.19	-6,901.98	-28.5%
4081 · Interest-SBMC	0.00	35.11	-35.11	-100.0%
4082 · Interest-CA CLASS	16,033.67	9,791.76	6,241.91	63.8%
4100 · Other Income	918.45	121.00	797.45	659.1%
4110 · Reimbursed Expenses	0.00	17,529.24	-17,529.24	-100.0%
4130 · Unrealized Gain(Loss) Invstment	0.00	2,561.16	-2,561.16	-100.0%
Total Income	606,334.83	616,155.20	-9,820.37	-1.6%
Expense				
Payroll Expenses				
5001 · Gross Wages	131,527.99	139,402.31	-7,874.32	-5.7%
5002 · CalPERS Employer Expense	10,469.59	10,763.36	-293.77	-2.7%
5003 · CalPERS Employer 457 Expense	6,751.89	5,574.92	1,176.97	21.1%
5004 · Health Insurance	14,977.72	16,324.58	-1,346.86	-8.3%
5005 · Medicare	2,124.33	2,219.79	-95.46	-4.3%
5006 · FICA	9,083.35	9,491.49	-408.14	-4.3%
5007 · CalPERS 1959 Survivor Billing	91.60	91.60	0.00	0.0%
5008 · CALPERS GASB-68 Fees	430.00	0.00	430.00	100.0%
5009 · Unfunded Pension Liability	8,726.00	7,872.00	854.00	10.9%
Total Payroll Expenses	184,182.47	191,740.05	-7,557.58	-3.9%
Water Supply Expenses				
5020 · Water Rights				
5020.01 · Annual Fees	16,732.45	16,732.45	0.00	0.0%
5020.02 · Legal Counsel	0.00	1,974.96	-1,974.96	-100.0%
5020.04 · Meter Maintenance	1,448.90	511.43	937.47	183.3%
5020.05 · Meter & Data Mgmt Program	0.00	1,940.51	-1,940.51	-100.0%
Total 5020 · Water Rights	18,181.35	21,159.35	-2,978.00	-14.1%
5030 · USGS, streamflow gage				
5030.00 · USGS Gage reimbursement	-17,550.00	-16,750.00	-800.00	-4.8%
5030 · USGS, streamflow gage - Other	23,385.00	29,820.00	-6,435.00	-21.6%
Total 5030 · USGS, streamflow gage	5,835.00	13,070.00	-7,235.00	-55.4%
5031 · JPAs				
5031.01 · IWPC	0.00	3,513.00	-3,513.00	-100.0%
Total 5031 · JPAs	0.00	3,513.00	-3,513.00	-100.0%
5040 · Channel Maintenance				
5040.01 · Channel Maint.-Legal	4,701.18	5,709.96	-1,008.78	-17.7%
5040 · Channel Maintenance - Other	1,175.00	7,325.00	-6,150.00	-84.0%
Total 5040 · Channel Maintenance	5,876.18	13,034.96	-7,158.78	-54.9%

	Jul '25 - Jun 26	Jul '24 - Jun 25	\$ Change	% Change
5050 · Projects				
5056 · License Change Petition				
5056.01 · Chg Pet- Legal Counsel	4,062.66	21,774.96	-17,712.30	-81.3%
5056.02 · Chg Pet - Engineering	7,845.85	27,489.40	-19,643.55	-71.5%
5056.03 · Chg Pet - Fees	20,850.00	0.00	20,850.00	100.0%
Total 5056 · License Change Petition	32,758.51	49,264.36	-16,505.85	-33.5%
5057 · LAFCo Applications				
5057.00 · RVCWD reimbursement	-31,646.68	-11,184.25	-20,462.43	-183.0%
5057.01 · LAFCo Apps - Legal Counsel	22,681.74	13,300.80	9,380.94	70.5%
5057.02 · LAFCo Apps - Engineering	2,609.00	9,483.15	-6,874.15	-72.5%
5057.03 · LAFCo Apps - Consultant	0.00	10,067.50	-10,067.50	-100.0%
5057.04 · LAFCo Apps-CEQA Legal Action	16,190.19	0.00	16,190.19	100.0%
5057 · LAFCo Applications - Other	13,088.63	2,000.00	11,088.63	554.4%
Total 5057 · LAFCo Applications	22,922.88	23,667.20	-744.32	-3.1%
5059 · Trans Basin Diversion				
5059.01 · TB Div - Legal Counsel	17,924.58	16,919.13	1,005.45	5.9%
5059.03 · TB Div- IWPC	0.00	57,929.00	-57,929.00	-100.0%
Total 5059 · Trans Basin Diversion	17,924.58	74,848.13	-56,923.55	-76.1%
5060 · Coyote Valley Dam Modernization				
5060.01 · COY via IWPC	0.00	22,558.00	-22,558.00	-100.0%
5060.02 · COY Modernization-legal	337.50	1,793.88	-1,456.38	-81.2%
Total 5060 · Coyote Valley Dam Modernization	337.50	24,351.88	-24,014.38	-98.6%
Total 5050 · Projects	73,943.47	172,131.57	-98,188.10	-57.0%
Total Water Supply Expenses	103,836.00	222,908.88	-119,072.88	-53.4%
General & Administrative Exp				
5100 · Consulting				
5101 · Accounting	4,223.24	14,528.31	-10,305.07	-70.9%
5102 · Audit	9,500.00	9,500.00	0.00	0.0%
5103 · Engineering- General	1,367.50	0.00	1,367.50	100.0%
5104 · Administrative Support	1,325.00	2,884.70	-1,559.70	-54.1%
5105 · Legal-General	8,998.99	12,013.43	-3,014.44	-25.1%
5109 · Human Resources	3,462.50	1,762.50	1,700.00	96.5%
5110 · Strategic Planning	3,747.10	0.00	3,747.10	100.0%
Total 5100 · Consulting	32,624.33	40,688.94	-8,064.61	-19.8%
5120 · Vehicle	1,397.78	1,225.07	172.71	14.1%
5130 · Insurance				
5131 · Insurance, Liability	7,858.92	9,511.42	-1,652.50	-17.4%
5132 · Insurance, Workers Comp	1,020.36	1,019.13	1.23	0.1%
Total 5130 · Insurance	8,879.28	10,530.55	-1,651.27	-15.7%

	<u>Jul '25 - Jun 26</u>	<u>Jul '24 - Jun 25</u>	<u>\$ Change</u>	<u>% Change</u>
5140 · LAFCO Apportionment Fee	2,295.74	1,160.41	1,135.33	97.8%
5150 · Memberships	2,520.00	6,485.00	-3,965.00	-61.1%
5160 · Office Operating Expenses	14,762.30	7,179.83	7,582.47	105.6%
5161 · Rent, Utilities	4,500.00	4,500.00	0.00	0.0%
5170 · Training & Conferences	4,115.88	492.74	3,623.14	735.3%
5180 · Stipends, Meetings	9,709.53	3,900.00	5,809.53	149.0%
5190 · Property Tax Admin Fees	0.00	2,132.42	-2,132.42	-100.0%
5200 · Election	0.00	323.26	-323.26	-100.0%
Total General & Administrative Exp	<u>80,804.84</u>	<u>78,618.22</u>	<u>2,186.62</u>	<u>2.8%</u>
Miscellaneous	<u>4,376.63</u>	<u>0.00</u>	<u>4,376.63</u>	<u>100.0%</u>
Total Expense	<u>373,199.94</u>	<u>493,267.15</u>	<u>-120,067.21</u>	<u>-24.3%</u>
Net Ordinary Income	233,134.89	122,888.05	110,246.84	89.7%
Other Income/Expense				
Other Expense				
5710 · Use of Capital Reserves	10,226.86	7,703.27	2,523.59	32.8%
5900 · Depreciation Expense	0.00	13,514.17	-13,514.17	-100.0%
Total Other Expense	<u>10,226.86</u>	<u>21,217.44</u>	<u>-10,990.58</u>	<u>-51.8%</u>
Net Other Income	<u>-10,226.86</u>	<u>-21,217.44</u>	<u>10,990.58</u>	<u>51.8%</u>
Net Income	<u><u>222,908.03</u></u>	<u><u>101,670.61</u></u>	<u><u>121,237.42</u></u>	<u><u>119.3%</u></u>

Mendocino County Russian River Flood Control District

Balance Sheet Prev Year Comparison

Cash Basis

As of June 30, 2026

	Jun 30, 26	Jun 30, 25	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1000 · SBMC Checking	248,351.80	155,942.23	92,409.57	59.3%
1010 · LAIF				
1011 · Capital Reserve	92,000.00	70,000.00	22,000.00	31.4%
1012 · Emergency Reserve	50,000.00	37,000.00	13,000.00	35.1%
1013 · Operating Reserve	308,000.00	250,000.00	58,000.00	23.2%
1014 · Water Reliability Reserve	68,652.92	161,652.92	-93,000.00	-57.5%
1010 · LAIF - Other	47,462.35	24,161.05	23,301.30	96.4%
Total 1010 · LAIF	566,115.27	542,813.97	23,301.30	4.3%
1019 · LAIF - Fair Market Value	650.46	650.46	0.00	0.0%
1020 · CA CLASS				
1024 · Water Reliability Reserve	255,257.78	255,257.78	0.00	0.0%
1020 · CA CLASS - Other	370,567.65	254,533.98	116,033.67	45.6%
Total 1020 · CA CLASS	625,825.43	509,791.76	116,033.67	22.8%
Total Checking/Savings	1,440,942.96	1,209,198.42	231,744.54	19.2%
Accounts Receivable	-24.40	0.00	-24.40	-100.0%
Other Current Assets	0.00	12,990.43	-12,990.43	-100.0%
Total Current Assets	1,440,918.56	1,222,188.85	218,729.71	17.9%
Fixed Assets				
1401 · Meters & Vehicles	144,324.90	144,324.90	0.00	0.0%
1499 · Accumulated Depreciation	-131,883.64	-131,883.64	0.00	0.0%
Total Fixed Assets	12,441.26	12,441.26	0.00	0.0%
Other Assets				
1600 · Deferred Outflows	47,197.00	47,197.00	0.00	0.0%
Total Other Assets	47,197.00	47,197.00	0.00	0.0%
TOTAL ASSETS	1,500,556.82	1,281,827.11	218,729.71	17.1%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
2030 · Vacation/Sick Accrual	33,746.72	33,746.72	0.00	0.0%
2050 · Payroll Liabilities	0.00	4,178.32	-4,178.32	-100.0%
Total Other Current Liabilities	33,746.72	37,925.04	-4,178.32	-11.0%
Total Current Liabilities	33,746.72	37,925.04	-4,178.32	-11.0%

Mendocino County Russian River Flood Control District
Balance Sheet Prev Year Comparison

Cash Basis

As of June 30, 2026

	Jun 30, 26	Jun 30, 25	\$ Change	% Change
Long Term Liabilities				
2600 · Deferred Inflows	4,485.00	4,485.00	0.00	0.0%
2700 · Net Pension Liability	69,892.00	69,892.00	0.00	0.0%
Total Long Term Liabilities	74,377.00	74,377.00	0.00	0.0%
Total Liabilities	108,123.72	112,302.04	-4,178.32	-3.7%
Equity				
3000 · Opening Bal Equity	541,116.95	541,116.95	0.00	0.0%
3001 · Retained Earnings	628,408.12	526,737.51	101,670.61	19.3%
Net Income	222,908.03	101,670.61	121,237.42	119.3%
Total Equity	1,392,433.10	1,169,525.07	222,908.03	19.1%
TOTAL LIABILITIES & EQUITY	1,500,556.82	1,281,827.11	218,729.71	17.1%

Mendocino County Russian River Flood Control District
 Monthly Payment Detail

Cash Basis

As of May 31, 2026

Date	Name	Memo	Paid Amount
1000 · SBMC Checking			
05/04/2026	Cardmember Service	Credit card 3/12 to 4/10/26, pd 5/4/26	-4,884.47
05/07/2026	CPS HR Consulting	HR & Strategic Planning, Dec & March service dates	-314.60
05/11/2026	Elizabeth Salomone	Travel expense reimbursement	-288.96
05/04/2026	Environmental Systems Research I...	GIS program subscription for 07/31/26- 07/30/27	-700.00
05/12/2026	Herum/Crabtree/Suntag	Legal Counsel April Service Dates	-2,313.11
05/08/2026	Intuit	Monthly payroll subscription	-7.00
05/12/2026	Intuit	QB payroll subscription-annual	-1,149.00
05/07/2026	Mendocino County Auditor-Contro...	PropertyTax Administration FY 2025-26 invoice # 6...	-1,286.21
05/04/2026	Starting Line Advisory	Accounting service dates-April 2026	-591.00
05/02/2026	State Compensation Insurance Fund	Workers Comp annual 4-9-26 to 4-9-27	-1,020.36
05/13/2026	Team Mobile	Cell Phone 3-23 to 4-22-26 service dates	-109.00
05/19/2026	Wagner & Bonsignore CCE	Civil Engineers Service Dates for April 2026	-185.00
Total 1000 · SBMC Checking			-12,848.71
TOTAL			-12,848.71

Project Water Worksheet as of June 1, 2026

Current 2026 totals
in Acre Feet

Project Water Licensed to MC RRFC & WCID:	7940
2026 Contracted Non-Retail Suppliers:	5260
2026 Contracted Retail Suppliers:	2634
Calpella CWD	85
Henry Station Mutual Water Co	8
Hopland PUD	222
Millview CWD - All Use	1171.15
Rogina Water	200
Redwood Valley CWD	328.85
River Estates Mutual Water Company	26
Willow CWD - All Use	593
Contracted Retail Suppliers Total:	2634

Contracted Total: **7894**

Current Uncontracted Water Supply as of 4/1/26: **46**

Redwood Valley County Water District Surplus Use Totals:

Month	2025 Water diverted, in acre feet	2026 Water diverted, in acre feet
January	13.39	0.00
February	14.86	23.11
March	14.69	31.47
April	6.98	33.79
May	68.76	
June	168.42	
July	172.40	
August	159.25	
September	104.84	
October	34.01	
November	20.08	
December	18.58	
Totals:	796.26	88.37

Surplus water OFFERED FOR TRANSFER from customers in 2026:	286.00
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Surplus water notices have gone out in April and May.

Note: additional available surplus water can be made available.

5 **DRAFT MINUTES**

6 **Regular Meeting of May 4, 2026**

7 **At District Office: 304 N. State Street, Ukiah, CA 95482 and on Zoom**

8 **1. Roll Call**

9 President Watt called the meeting to order at 5:32 PM.

10 Trustees Present: Christopher Watt, President
11 John Reardan, Vice President
12 Tyler Rodrigue, Treasurer
13 John Bailey, Trustee
14 Dave Koball, Trustee

15 Staff: Elizabeth Salomone, General Manager
16 Jeanne Zolezzi, Legal Counsel (departed 7:00 PM)

17 **2. Approval of Agenda**

18 Trustee Rodrigue moved to approve the agenda. Trustee Koball seconded the motion. The motion was
19 approved by the following vote:

20 Ayes: 5 (Koball, Bailey, Rodrigue, Reardan, Watt)

21 **CLOSED SESSION**

22 **3. Conference with Legal Counsel – Existing Litigation**

23 *Lee Howard et al. v. Mendocino County Russian River Flood Control Annexation of Redwood Valley County Water District*
24 *et al. Mendocino County Superior Court, Case No. 25CV02914 (Paragraph (1) of subdivision (d) of Gov.*
25 *Code § 54956.9)*

26 **4. Conference with Legal Counsel – Anticipated Litigation**

(Paragraph (2) of subdivision (d) of Gov. Code § 54956.9) *Significant exposure to litigation:* Two Cases

27 **5. Conference with Real Property Negotiators (Gov. Code § 54956.8)**

28 *Property:* Potter Valley Project | *Agency negotiator:* General Manager, General Counsel, Board Members *Negotiating parties:*
29 Agency, Inland Water & Power Agency, PG&E | *Under negotiation:* Purchasing Entity

30 The Board entered closed session with legal counsel at 5:32 PM. The Board returned to open public session
31 at 7:00 PM. There was no reportable action from Closed Session.

32 **AUDIENCE COMMENTS ON NON-AGENDA ITEMS**

33 **6. Public Expression**

34 No public expression was offered.

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48 *(Continued...)*

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ITEMS FOR DISCUSSION AND POSSIBLE ACTION

7. Draft of Fiscal Year 2025-2026 Budget

GM Salomone presented the staff report. The Board provided feedback and directed GM to prepare the Final Proposed Fiscal year 2026-2027 Budget Public Hearing for the June 1, 2026 Board Meeting.

GM noted changes from the April 2026 Preliminary Budget materials were highlighted in green and the “change from previous year budget in \$” for the Water Supply Expenses Total of \$195,740 is incorrect due to a formula error; the correct total is \$98,000. The District’s accountant reviewed the proposed changes and use of reserves allocation.

The Board discussed the Reserve Policy and reaffirmed a thorough review and consideration of expanding the policy to address the water supply reliability reserve. GM Salomone will bring that to the Board at a future meeting.

It was noted that this year, the District proposes paying for increased expenses not only through raising water rates but also by using reserves. In the future, the strategic use of reserves to offset increased rates may continue but this will then deplete reserve amounts.

The budget increases the water rate by \$6.00 per acre foot (af), from \$66 per af to \$72 per af.

GM Salomone also noted that \$250,000 was transferred from the SBMC checking account to the CLASS operations account on May 1, 2026 which will show on the next month’s financial reports.

8. Ukiah Valley Water Authority: Consideration of Combining Member Agency Uniform Water Supply & Purchase Agreements

GM Salomone presented the staff report, noting this is a briefing item only. No formal request has been made by the Water Authority to combine contracts. Staff of the Water Authority have asked GM Salomone about process.

GM Salomone noted combining contracts could in theory allow the Water Authority to consider reducing the buffer carried in individual contracts, reducing the contract total of 2,178 acre feet. It was confirmed by Legal Counsel this is an administrative process, and the proposed action does not qualify as a relinquishment of contract quantity.

This briefing is intended to offer a public opportunity for questions about the process due to the scale of the action and the involvement of the Redwood Valley County Water District prior to potential annexation by the District.

Bree Klotter, member of the public, asked how the service to Redwood Valley would be handled. GM Salomone pointed to the staff report that notes “prior to a LAFCo approved annexation of the Redwood Valley Water service area to RRFC, surplus water would be provided to Redwood Valley Water as it is now, under terms of the Stipulated Judgement.” Additionally, post-annexation, Redwood Valley Water District would be able to use Ukiah Valley Water Authority contract quantity anywhere within the service area that is also in the RRFC boundary. The Water Authority would allocate its contract quantity among its member agencies as an internal exercise and report to RRFC the total use, as all Customers do.

101
102 **9. Strategic Planning and 2026 Annual Operations Plan**
103

104 GM Salomone presented the staff report, noting that a version discrepancy was identified. The Board is asked to
105 adopt this as the final version.

106
107 The Board provided feedback, requesting the following changes:

- 108 1. In strategic plan Priority 2, Goal 3: Change from “Promote clarity on shared goals and initiatives with our
109 strategic partners” to “Collaborate with strategic partners to enhance accountability and transparency.”
- 110 2. In Operations Plan Priority 2, Goal 3: add a performance metric: “Continue customer engagement on
111 District policy development and updates.”
- 112 3. In Operations Plan Priority 2, Goal 3: Add in the Approach “Advocate for and” to read “Advocate for
113 and support development of written policies and resolutions as action items at IWPC and GSA.”
114

115
116 Bree Klotter, member of the public, offered comment.

117
118 Trustee Bailey moved to approve the updated 2026-2027 Strategic Plan and 2026 Annual Operations Plan
119 with the three (3) changes stated above. Vice President Reardan seconded the motion. The motion was
120 approved by the following vote:

121
122 Ayes: 5 (Koball, Bailey, Rodrigue, Reardan, Watt)
123

124 **REGULAR BUSINESS, INFORMATION, AND REPORT ITEMS**
125

126 **10. General Manager Report & Correspondence**

127 GM Salomone presented the report, noting the addition of a support letter for Sonoma Water’s work in mussel
128 prevention at the Russian River reservoirs.
129

130 **11. Water Supply Conditions Update**

131 GM Salomone presented the report, noting the water storage this year is notable lower than 2024 and 2025.
132 Timing of precipitation is important to fully benefit from maximizing storage at Lake Mendocino, even under
133 Forecast Informed Reservoir Operations (FIRO) which is greatly beneficial.
134

135 **12. Consent Calendar**

- 136 a) Acceptance of the April 2026 Financial Reports
- 137 b) Approval of March 23, 2026 Special Board Meeting minutes
- 138 c) Approval of April 6, 2026 Regular Board Meeting minutes
- 139 d) Adoption of updated Surplus Water Service Agreement
- 140 e) Adoption of updated General Manager Evaluation Policy #3200
- 141 f) Adoption of updated General Manager Evaluation Form.
142

143 GM Salomone noted approximately \$4,000 of fraudulent charges on the District credit card which are being
144 resolved.
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146 Vice President Reardan moved to approve the consent calendar. Trustee Bailey seconded the motion. The
147 motion was approved by the following vote:
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149 Ayes: 5 (Koball, Bailey, Rodrigue, Reardan, Watt)
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(Continued...)

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13. Trustee & Committee Reports

Redwood Valley Annexation Ad Hoc: GM reported the County continues to work on the tax sharing agreement in order for LAFCo to proceed with hearing the item.

Trustee Bailey reported on the recent Groundwater Sustainability Agency Ad Hoc Committee meeting on budget development, praising new General Manager Maya Simerson’s professionalism.

President Watt noted a Groundwater Sustainability Agency Technical Advisory Committee meeting is scheduled and as the Chair of the Committee, he helped to develop the draft agenda.

14. Direction on Future Agenda Items

Updated Reserves Policy including a target minimum for the Water Supply Reliability Reserve.

ADJOURNMENT

President Watt adjourned the meeting at 7:40 PM.

APPROVED by Board of Trustees on May 4, 2026

Christopher Watt
President of the Board of Trustees

Elizabeth Salomone
Secretary of the Board of Trustees

President
Christopher Watt

Vice President
John Reardan

Treasurer
Tyler Rodrigue

Trustee
John Bailey

Trustee
Dave Koball