

Minutes of the Casitas Municipal Water District
Board Meeting Held
March 22, 2017

A meeting of the Board of Directors was held March 22, 2017 at the Casitas Municipal Water District located at 1055 Ventura Ave. in Oak View, California. The meeting was called to order at 3:00 p.m. Directors Baggerly, Word, Hicks, Bergen and Kaiser were present. Also present were Steve Wickstrum, General Manager, Carole Iles substituting for Rebekah Vieira, Clerk of the Board, and Attorney, John Mathews. There were five staff members, four members of the public and the representative from Stantec Consulting in attendance. President Baggerly led the group in the flag salute.

1. Public Comments (items not on the agenda – three minute limit).

None.

2. General Manager Comments.

The General Manager reported that the lake is nearing 44% capacity, 110,000 acre feet. A report will be prepared next month looking at the WEAP (Water Efficiency and Allocation Program) for next year. It was thought that at this time five years ago the lake was at approximately 75%.

He made a presentation to the Community Emergency Response Team from Mira Monte at the Arroyo Mobile Home Park last Wednesday. It is comprised of volunteers who were very interested in hearing everything from how the lake was doing to Golden State and other items. At a meeting today regarding state water connections, key parties were given an opportunity to express their opinions and old parties were reminded about water supplies and how fortunate we are to have what we do have. State water will always be there but difficult to get to. Also, we may want to dedicate this meeting to Ted Grandsen, a Board Member at Calleguas who passed away last Friday. There will be a service for him next Friday.

Director Baggerly said to let the record show the meeting will be adjourned in memory of Ted Gandsen.

3. Board of Director Comments.

Director Word said that in the last several meetings the public had a number of questions on Plan B for an alternative source of water. He stated that Ron Merckling put together a good article on outlining some of the actions that have been taken, studies that are underway and efforts of the District to explore alternative sources of water. He expressed the hope that the public would look at it.

Director Baggerly reported that he heard Supervisor Bennett say that Shona Epstein was moving. She is going to Beverly Hills as Director of Public Works. April 7 will be her last day. The new possibility of moving water from

Calleguas to Ventura through the Springville two facilities is very promising in his mind and is less costly. He also requested that the entire board packet be posted to the website, not just the agenda.

4. Board of Director Verbal Reports on Meetings Attended.

Director Bergen reported that she attended a forum on intertie that morning that was very informative putting into perspective the whole countywide issue of who gets water where right now from the State water project, why the city is interested in the intertie and why they have to do more work to get water to the west side of Ventura. Directors Hicks and Baggerly also attended.

Attorney Mathews pointed out that Board Members were required to report on any meeting for which they receive compensation. They can only receive compensation for one meeting per day.

Director Hicks reported that he had attended AWA Water Issues Meeting the day before. Ian Pritchard from Camrosa spoke about state water mandates, new paradigms and water management

5. Consent Agenda ADOPTED

- a. Minutes from March 8, 2017.
- b. Recommend approval of a purchase order to Vista Ford of Oxnard in the amount of \$34,310.74 for the purchase of a 2017 Ford ½ Ton Crew Cab 4x4 Truck.

The consent agenda was offered by Director Word, seconded by Director Kaiser and passed by the following roll call vote:

AYES:	Directors:	Baggerly, Word, Hicks, Bergen, Kaiser
NOES:	Directors:	None
ABSENT:	Directors:	None

6. Review of District Accounts Payable Report for the Period of 3/3/17 – 3/15/17. APPROVED

Director Word asked about Check #259514 for radio tags for steelhead. He asked if we were anticipating a lot of steelhead or were they extremely expensive tags. The General Manager explained that the tags were expensive but if the steelhead arrive we want to be ready to tag them. Fisheries Staff have to rush the order to be prepared. The tags have a life span of approximately 9 months.

Director Hicks said that one item he saw, \$17,000 for drilling a HOBO (horizontal bore hole), proves we are doing something. The General Manager observed that the cost was for research and he would have the item redesignated to HOBO Project instead of drilling.

On the motion of Director Word, seconded by Director Bergen, the Accounts Payable Report was approved by the following roll call vote:

AYES:	Directors:	Baggerly, Word, Hicks, Bergen, Kaiser
NOES:	Directors:	None
ABSENT:	Directors:	None

7. Appeal of Laura Loes for An Allocation Penalty Reversal in the Amount of \$1,700. APPROVED

The General Manager explained that the customer had a leak which she was not contesting but which put her into the over allocation category. Her monthly usage had always been below her allocation and the leak was repaired as soon as discovered. Additionally, the line has a long span from the meter to the house and there was no evidence of willful misuse of water.

The General Manager added that it is not defined within the Water Efficiency and Allocation Program as to how to handle that situation and perhaps there needs to be discussion about how to handle water allocation leaks.

On the motion of Director Word, seconded by Director Kaiser, the allocation penalty reversal in the amount of \$1,700 was approved by the following roll call vote:

AYES:	Directors:	Baggerly, Word, Hicks, Bergen, Kaiser
NOES:	Directors:	None
ABSENT:	Directors:	None

8. Appeal of Debbie Carr for An Allocation Penalty Reversal in the Amount of \$4,515. APPROVED

Mr. Wickstrum reported that this was a similar situation but the leak was at higher flow and took longer to be detected. He said that in the current stage there is no policy for leak relief.

On the motion of Director Word, seconded by Director Kaiser, the allocation penalty reversal in the amount of \$4,515 was approved by the following roll call vote:

AYES:	Directors:	Baggerly, Word, Hicks, Bergen, Kaiser
NOES:	Directors:	None
ABSENT:	Directors:	None

Director Baggerly gave direction to staff to bring to the Board an outline of a policy for allocation leak relief.

Mr. Carr commented that while he appreciated the waiver of the penalty he was also asking for clarification on contesting the water usage. He did not receive a bill or notification from the Water District until March. There was no indication that a leak had occurred until a bill was received showing usage of 895

units which is over 670,000 gallons of water in a short period time. Had he received a call at the time the meter was read, he could have found and repaired the leak much earlier.

Director Baggerly asked if those things were usually caught when the meter was read. The General Manager confirmed that when the meter was read it would be automatically flagged and the customer notified. On the other question of contesting the bill, for the current stage there is no policy. The other thing is responsibility on the other side of the meter. We intentionally pulled back on the leak relief when we entered the stages.

Director Baggerly expressed concern that the reading may have been missed and asked why the bill was so late. The General Manager explained that it was just the bill cycle. If there is a high reading, customers are automatically notified. The leak may have occurred between the readings. It may have started in January but may have only caused a slight increase which would not have been noticeable.

Director Kaiser said that the Board recently reviewed the policy and decided not to offer leak relief at that time. He also said that customers are responsible for monitoring their own lines.

Mr. Carr said while he understood that, his company proactively monitors internet usage in the county and when spikes occurs they react immediately. He acknowledged that it may not be in Casitas operations but suggested that the Board may want to consider it in the future. The General Manager explained that the Casitas system does not have real time capability. He asked Mike Moler what the threshold was for a high read to trigger staff to notify a customer. Mike said that he did not know what the set percentage was, plus or minus. Mr. Carr said that he did receive a phone call but that it was after the leak had been fixed.

Director Baggerly said he thought it was worth looking into for the customer.

9. Presentation and Recommendations by Hawksley Consulting from the Draft Water Cost of Service and Rate Design Study.

Mark Hildebrand from Stantec Consulting gave an approximately hour long slide presentation explaining the Water Cost of Service and Rate Design Study. There was discussion and explanations during the presentation resulting in requests for the following changes to be made to the report:

- (1) Break out Recreation revenue and expenses in a separate table.
- (2) List four assumptions on how they came to the assumption of using fiscal 2016 and water sales as the forecast to the sales and detail it a bit more.
- (3) Add a year to the table on slide 12 to show through fiscal 2022/23 with the rate recommendations being made.
- (4) Explain all acronyms (e.g. OPEB) in footnotes.
- (5) Explain about source and supply.

- (6) On slide 27 remove the numbers in the first 5 columns for the 12" meter leaving the "Resale" and "Current" columns.

During the presentation Bert Rapp, a member of the public, commented that there was a \$6 dollar increase for the smallest users and a \$6 increase for the bigger users. If, for the first year of the 5 year rate increase, the base rate was to be frozen or lowered a couple of dollars the increase for the smallest users would be traded with the increase to the bigger users putting more cost on the cost per gallon. The first year the smallest users would come down and the bigger users would go up. Freezing or lowering the base rate that first year would help the presentation.

Mark Hildebrand addressed the comment. He said he thought that what was being suggested was a change in the rate design. It would be perfectly legal but it was a policy decision. There would be tradeoffs for going one way or another. The trade off to freezing the rates basically causing fixed revenue to go down is that the revenue would be less stable, more volatile and harder to plan. If you really were to price things out to match your fixed cost versus your variable cost you would need 80% fixed cost and 20% variable which they do not use for the sole reason that it destroys affordability. Any kind of conservation message cannot be sent since people will not care how much water they use because their bill will not change much and 20% of it is the variable portion. You will be forced into a situation where you want to have most of your revenue coming from your variable source to send that signal and allow people to have an affordable water bill, but you don't want to go so low that you undermine your ability to have a stable revenue source.

The Directors expressed their appreciation for the report being clear and well written and for the patience of Stantec staff during the process.

- a. Provide direction to staff.

The General Manager confirmed that the Five Year Presentation is moving forward now as is the resolution for a public hearing on May 10 proposed to be held at the Oak View Community Center

- b. Resolution setting the time, date and place for a public hearing to consider objections or written protests to the proposed water rate restructuring and increases. ADOPTED

The above resolution was offered by Director Word, seconded by Director Kaiser, and approved by the following roll call vote:

AYES:	Directors:	Baggerly, Word, Hicks, Bergen, Kaiser
NOES:	Directors:	None
ABSENT:	Directors:	None

Resolution No.

If the notices to property owners cannot be mailed in time for the May 10 hearing date, the alternate date will be set for June 14, 2017

10. Information Items: APPROVED FOR FILING

- a. Lake Casitas Recreation Area Report for January, 2017.
- b. Recreation Committee Minutes.
- c. Executive Committee Minutes.
- d. Finance Committee Minutes.
- e. Investment Report

On the motion of Director Kaiser, seconded by Director Hicks the information items were approved by the following roll call vote

AYES:	Directors:	Baggerly, Word, Hicks, Bergen, Kaiser
NOES:	Directors:	None
ABSENT:	Directors:	None

President Baggerly moved the meeting to closed session at 4:50 p.m.

13. CLOSED SESSION

It is the intention of the Casitas Municipal Water District Board of Directors to meet in closed session to consider the following item:

- a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code 54956.9(d)(1): *Casitas Municipal Water District v. Golden State Water Company*, Ventura County Superior Court, Case No. 56-2016-00481628-CU-EI-VTA.

President Baggerly moved the meeting back into open session at 5:22 p.m. Mr. Mathews stated the board met with special counsel on the case and had discussions regarding the acquisition of the Golden State Water Company Ojai System. There was no action to report.

14. Adjournment

President Baggerly adjourned the meeting at 5:23 p.m.

Bill Hicks, Secretary