



Minutes of the Casitas Municipal Water District
Board Meeting Held
December 12, 2018

A meeting of the Board of Directors was held December 12, 2018 at the Casitas Municipal Water District located at 1055 Ventura Ave. in Oak View, California. The meeting was called to order at 6:00 p.m. President Word led the group in the flag salute.

1. Roll Call

Directors Spandrio, Brennan, Kaiser, and Word were present. Director Baggerly was absent. Also present were Mike Flood, Interim General Manager, Rebekah Vieira, Clerk of the Board, and Attorney John Mathews. There were two staff members and fifty members of the public in attendance

2. Swear in New Directors for Division 1 and Division 4.

The Clerk of the Board administered the oath of office to Director Brian Brennan for Division 1 and Director Angelo Spandrio for Division 4.

3. Appoint temporary Board Officers for the position of Secretary and Vice President.

President Word moved to temporarily appoint Director Kaiser as Vice President and Director Baggerly as Secretary. This was seconded by Director Brennan and approved by the following roll call vote:

AYES:	Directors:	Spandrio, Brennan, Kaiser, Word
NOES:	Directors:	None
ABSENT:	Directors:	Baggerly

4. Public comments (Items not on the agenda – three minute limit).

Bruce Kuebler representing the Upper Ventura River Groundwater Agency requested that when a director is appointed to replace Director Bergen that we do it by resolution.

William Weirick with the City of Ojai and Peggy Wilds with Ventura River Water District presented a letter regarding an Ojai Valley Drought Economic

Study which a group of agencies forwarded to this Board in September and requested that this issue be put on a future agenda for discussion.

Hank Koch expressed that the time for studies should be over and it is now time for action. We have about four years of rain and if there is no more rain this place is gone. It is time for action instead of studies.

5. General Manager Comments

Mr. Flood reported on three leaks on Del Norte in a two month period of time. That pipeline was installed 30 years ago and rocks found their way into the backfill. There have been two leaks this week, on Sunset Place and one on Ayers. Since we took ownership of the Ojai system we have fixed over 200 leaks. In the rest of our system we have had 15 leaks. We are working diligently to get main replacements done.

This afternoon we had a tour with Assemblywomen Monique Limon and staff talking about water supply and projects and getting some help with regulations. They are interested in what we are doing and they have heard from the public here.

The contract extension amendment for State Water Project has been approved for another 50 years in the future and a validation action was filed and will be challenged legally in court.

Director Brennan asked about meeting with Salud Carbajal and Julia Brownley. Mr. Flood explained that Julia Brownley's office has been effective in chasing the FS299 permit and we have had conversations with her office and her rep in Washington. Letters were sent to Secretary Purdue, Secretary of Agriculture and both state senators asking for help with the FS 299 that the Forest Service has worked on for 14 months. We have not heard back from the secretary yet. Director Brennan explained he has served with Carbajal previously and he does represent a sliver of the district. I would be happy to work with you on an introductory letter.

6. Board of Director Comments

President Word asked the board to check their calendars to determine when we might have a full day meeting for interviewing candidates for the General Manager position.

Director Kaiser asked about the 1601 permitting status. Mr. Flood explained that 1601 is the state permit. There are 4 Federal permits. Clearance on two of those happened today, and we are expecting the other Federal permit to be cleared by the end of the month. The 1601 was submitted and we hope it will be ready at the same time at the end of the month.

Director Kaiser provided information on an aqua dam type of structure that may be able to be used to avoid some of the onerous permitting. The dams are fabric type and placed in the actual structure to prevent downstream water from entering the fish ladder to allow some work to be done. He passed the information on to the General Manager.

A member of the public asked a question about how much water was diverted. Mr. Flood replied the first storm was over 300 acre feet from all sources and the diversion amount was about 140 af. The second storm was 150af from all sources and 50 or so af from the diversion.

Director Spandrio said I am privileged to be here tonight as a member of the Casitas board. I look forward to working with the board and staff. I thank my wife for putting up with me for the last six months. Thanked the campaigning committee and those who worked so hard to get me elected. Thanks for those that voted for me. There were 4,908 votes from division 4 – around a 70% turnout. It was amazing. Mary Bergen who is here tonight received 2,215 of those votes. I received 445 more votes. I have asked Mary to help me stay in touch with her supporters to make certain that their wishes and needs can be heard and I have asked Mary to assist me in dialog with the Ag community. Mary graciously agreed. Director Spandrio read something that Director Baggerly wrote 2.5 years ago to Steve Wickstrum regarding a new water reconnaissance report. It's going to be of paramount importance for our apprehensive customers that we are seen as being proactive as possible on their behalf in providing water security for the future. Casitas is turning the corner in being responsive to customer apprehension. Being proactive will require innovative and intelligent cooperation with other neighboring water agencies. I look forward to participating in these processes these next four years.

Director Brennan added I was not fortunate to receive votes. I put my name in and recognize my responsibility to those residents and to all residents. I look forward to working with the board and staff and recognize climate change. I have the ability to work with bringing information that is out there that other districts are doing, and the residents here, and do this collectively for ongoing water security. The City of Ventura is working on a number of different options and we work on that with them and negotiate. I am looking forward to doing that. I thank Director Bergen for your years here and my seat was Bill Hicks who had 28 years of being involved. I work in the arena of resilience and adaptation to climate change. I look forward to working with you all.

7. Board of Director Verbal Reports on Meetings Attended

None

8. Consent Agenda

APPROVED

a. Minutes of the November 28, 2018 Board Meeting

On the motion of Director Kaiser, seconded by President Word the Minutes were approved by the following roll call vote:

AYES:	Directors:	Kaiser, Word
NOES:	Directors:	None
ABSTAIN:	Directors:	Spandrio, Brennan
ABSENT:		Baggerly

9. Review of District Accounts Payable Report for the Period of 11/21/18 - 12/05/18. APPROVED

On the motion of Director Kaiser, seconded by Director Brennan, the accounts payable report as approved by the following roll call vote:

AYES:	Directors:	Spandrio, Brennan, Kaiser, Word
NOES:	Directors:	None
ABSENT:	Directors:	Baggerly

10. Stage 4 Drought Declaration Public Hearing

- a. Staff Comments
- b. Board Member Comments
- c. Public Comments
- d. Resolution Declaring a Stage 4 Water Supply Condition at Lake Casitas. Resolution was not offered.

President Word stated this is the time, place and date set for the public hearing for the possible Declaration of Stage 4 drought conditions. He asked for names of public who submitted comments. The Clerk of the Board answered that there were none. He then asked for the Manager's report. Mr. Flood provided a PowerPoint presentation explaining that we have been in Stage 3 since July of 2016. Stage 4 requires a 40% demand reduction response. In 2014 we were already at 20% reduction that year. In 2015 demands dropped by 30%. In 2016 when Stage 3 declaration was declared we were already at 40% reduction which is the Stage 4 demand scenario. Water demands have been at stage 5 level. I credit that to two things. First, folks are aware of the lake – they don't like it when it is going down. Second, there has been a good drought message that has gone out. It is a phenomenal response.

Allocation penalties were discussed and the Board can look at a number of factors, the lake level is one, another is how well is the area doing in conservation. Good response, weather, regulatory issues. There is a lot of board discretion on stage and demand management factors should be included. We did get two storms; it is early in the rain year. What are the prospects?

We are looking at customer feedback, we held a town hall meeting in October and there was a majority of people who wanted to wait to implement Stage 4 reductions and some said let's do it now. They want to know what criteria will allow us to go back to Stage 3 and that is an important part of the decision tonight. Policy alternatives were also discussed.

President Word opened the public hearing is at 6:52 p.m.

Gloria Valladolid, resident of Meiners Oaks explained that as a rate payer, the idea of stage 4 is appealing to me. I am already conserving at stage 5 and it would not be a hardship. Ag is important and the PowerPoint said for the most part they want you to wait. I understand they served to keep Ojai from burning. I want to remind everyone that Connor Jones believes that conservation by itself can provide us with enough water and the moratorium on new allocation is attractive.

Bert Rapp, General Manager of Ventura River Water District supports Alternate number 2 and with our MOU with you we will implement whatever you declare. I am concerned about conservation roller coaster should we get up to 38% in April and then down and back up in three months and don't want to confuse customers with that. Our usage in Jan – Mar is only 15% of our usage. Not much water to conserve. Let our customers know what the objective is by April 1 you could expect to go into stage 4 and then everyone can plan. You can make the decision in April or March 13 and be ready to implement the conservation goals when we get in the water using months. Regarding a moratorium, you have 5 of 10 acre feet allocated this year. Our district has one or two new homes every two years. The moratorium does not affect the city of Ventura. New homes are required to do rainwater capture and have drought tolerant landscaping. 2.5 acre feet is two hours of evaporation at Lake Casitas on a hot day in August. It is a small amount of water for people planning to build their home. Every property in Ojai valley has paid tax for the project. Current plan is supplemental water that will also go on property tax and properties that are not a customer of Casitas will have to pay the tax. When you need the water we tell them they can't have it. They should be allowed to use the water.

Jim Finch expressed that as a farmer in Ojai and Ventura area and I use a lot of your water and paid some penalties this year. Meeting after you drop below 30% should be your trigger point. We started off this year at 35%. I don't know we need to go all the way to 38%. Let it set mathematically – we will probably be March or April as this is our low use period. I was also one of those that said bring it on sooner at the last meeting.

John Coudray added the Thomas fire impacted the area in a significant way and impacts county government. If you in process of building and seeking tradesman and pursuing allocation and you adopt stage 4 I would hope the board would have compassion and empathy for people that are trying to take their projects forward.

Ron Caulkins, a resident of Oak View for over 40 years added that the presentation was helpful and impressive that we have reduced demands by 50%. That is outstanding. That is clear to me and to everyone and that means people have gotten the word. Keep the momentum going. We have arrived and exceeded stage 3 and stage 4. Demands are at annual lows, have had rain and will get more. The time to take stalk of water supply is after the wet cycle and we are on the verge of the wet cycle. I urge you to adopt alternative #2. Wait until after rainy season and see where we are. We will all continue to conserve. We have received the message and are vigilant on protecting our water supply. He also expressed that he isn't sure why you would have to recover to 38% to go back to a stage 3.

Roland Pistore explained that he was not at the ag meeting but questioned the annual Allocation reduction. How will that change mid-stream here. Mr. Flood explained that our finance department would have to work something out. Mr. Pistore said it is a big issue for us for our operation. Ms. Collin added that the system can be programmed for the months that are in stage 3 and the months that are in stage 4 to calculate the annual amount. Mr. Pistore suggested alternative 2 and added that the allocation starts July 1. Don't make my life any more difficult, we have cut our acres of trees to accommodate. We are planning now to make decisions for the summer.

An unnamed member of the public, a farmer in the USDA program added there are decisions to make in the spring and if we make this decision now I have to walk away from it today with Brokaw for the trees. We are recovering a lot of orchard that we figured was destroyed. If put off decisions on if to buy or not gives time to make a decision. The more we recover we don't have to throw the trees and the money away. You have to do what you have to do. Water will be here or it won't. I deal with the USDA and you are simple compared to them. Thank you for your effort. The board decision is paramount for recovery. When we work together we will make it work for everyone. Whatever decision you make I will live with but I walk away from a deposit on 1,000 trees.

Director Brennan added that these are good comments and asked that the public speak into the mic so it is on the public record.

Another member of the public asked what are you doing for us? You have a defunct system for diverting the water. Why didn't you get permits before it started raining? President Word answered that as soon as the vegetation arrived we submitted for the permits. Mr. Flood added it is ready to divert and it already has. It is fully operable and collected 500 af from two weak storms. He added I have video, if you would like to come in and I could show you video. We have done public tours that show the condition of the facility. Mr. Mathews added this isn't a debate and it is helpful to be on the record with comments. The member of the public added I get fined every month. Mr. Mathews added there is an offer from the General Manager to meet with you.

Stephanie Vang spoke in favor of implementing stage 4 as soon as possible and protecting the water in the lake. You have been hoping for rain long enough. What if it doesn't rain? We could be jeopardizing the lake more. Move forward.

President Word closed the public meeting at 7:17 p.m. and asked for Director Comments

Mr. Spandrio added the lake volume that Mr. Flood mentioned is roughly 1,300 – 1,400 af above the stage 4 level. The last time I charted the lake in early November the lake was falling 230 af per week. We probably have 5-6 weeks of water before we reach stage 4 declaration level. During the hearing it was pointed out we are at our lowest consumption during this period of time. We have had two rain storms. We are dropping at 230 af or less during this period of time. People are conserving at stage 4 or better right now. If we do anything, wait for 5-6 weeks – to Jan 9th and we can reevaluate at that time. Not go to stage 4 right now. It is not necessary and will cause heartache. Put more in a penalty situation and I don't think that is warranted at this time. My opinion is to delay to January board meeting or pick an alternative. Waiting to April 1st is not a good decision, it is too far away. I propose to reevaluate it January 9th.

Director Brennan agreed. I was originally thinking we should go right away. We are not quite in that 30% yet. If we take the pulse in January and if we get rains and if we need to push it for more meetings we can wait. Conservation is continuing. We are not kicking the can down the road and recognizing fears of gentleman. As we get through all of this we can work through other methods. Keep customers and ag investments. What would Ojai valley be without Ag. Let's be measured in how we do this.

Director Kaiser added what this board is saddled with is what is prudent and necessary. There are no guarantees and balancing the needs of the public and ag community etc. Conservation we have been involved in is shown to be very effective. It has extended the lake considerably. With the idea of not kicking the can down the road we have to monitor this on a very active basis. Look at this seriously on a bi-weekly basis to make a decision in a timely way and not prolong further than necessary. If global warming and a continuation of that based on climate change we can't take chances on how long that lake will last. We need to be in sync with other water purveyors and we are all doing our part in going to that stage.

President Word added if we were conserving water at a 30% level I might feel differently but I am not sure what we will gain by going to stage 4. It won't change our conservation level and it will penalize some of those who are not making stage 3 yet. There is a lot of our customers that do not get any water out of the lake. We have a resolution before us if not offered it can be brought back next month.

Director Brennan moved to have staff bring this back to the meeting on January 9, this was seconded by Director Kaiser and passed by the following roll call vote:

AYES: Directors: Spandrio, Brennan, Kaiser, Word
NOES: Directors: None
ABSENT: Directors: Baggerly

At 7:31 pm President Word called for a five minute break. President Word reconvened the meeting at 7:36 p.m.

11. Notice of Completion for La Conchita System Improvements. APPROVED

On the motion of Director Brennan, seconded by Director Kaiser the above notice was approved by the following roll call vote:

AYES: Directors: Spandrio, Brennan, Kaiser, Word
NOES: Directors: None
ABSENT: Directors: Baggerly

Director Brennan expressed that as he has spent some time in the La Conchita community I wish to pass on kudos to the contractors and to staff on the job well done and the positive interaction with the community.

12. Recommend awarding a purchase order contract to Great Western Recreation in the amount of \$33,085 for LCRA Playground Surface Replacement. APPROVED

On the motion of Director Kaiser, seconded by Director Spandrio, the above recommendation was approved by the following roll call vote:

AYES: Directors: Spandrio, Brennan, Kaiser, Word
NOES: Directors: None
ABSENT: Directors: Baggerly

13. Recommend approval for an additional \$10,000 to increase the awning covers for various pumping facilities budget from \$25,000 to \$35,000. APPROVED

On the motion of Director Kaiser, seconded by Director Brennan the above recommendation was approved by the following roll call vote:

AYES: Directors: Spandrio, Brennan, Kaiser, Word
NOES: Directors: None
ABSENT: Directors: Baggerly

14. Presentation by the Pun Group of the Comprehensive Annual Financial Report for Fiscal Year 2017-2018. APPROVED

Tanya Porche with the Pun Group provided a PowerPoint presentation on the audit, explaining the management and auditor responsibilities, the financial statements –

The result of the Audit is an unmodified opinion, there were no findings, the financial statement is fairly presented by management and there are significant policies which are followed and applied. There was no disagreement with management, no material weaknesses or significant deficiencies in internal controls and no accounting issues.

Operating revenues increased \$2 million because of the purchase of the Ojai system but expenses also increased for the same reason. The change in net position net loss for the district was reduced from 5.7 million to 3.9 million. A few years back the district did a water rate study and it was projected the district would be in a loss. Rate increases were proposed over a five year period and you can see the difference in the reduction of the deficit and you are expected to be in a surplus in the five year period. There was discussion on the pension and OPEB.

Director Spandrio pointed out a difference in net position as represented on page 63 versus page 15. Ms. Porche explained that needs to be corrected as the correct number is on page 15.

Director Brennan moved to accept the audit with the changes presented and to have staff re-examine and bring it back if there are other changes. BB to accept with changes presented and have staff reexamine and bring back if other changes, this was seconded by Director Spandrio and approved by the following roll call vote:

AYES:	Directors:	Spandrio, Brennan, Kaiser, Word
NOES:	Directors:	None
ABSENT:	Directors:	Baggerly

15. Information Items APPROVED

- a. Monthly Lake Casitas Recreation Area Report.
- b. Monthly Engineering Status Report.
- c. Water Resources Committee Minutes
- d. Recreation Committee Minutes
- e. Finance Committee Minutes
- f. Water Consumption Report.
- g. CFD No. 2013-1 (Ojai) Monthly Cost Analysis.
- h. Investment Report.

Director Spandrio expressed that he has several questions on items b, c and f and rather than take up time here and I willing to meet with Mr. Flood and the Engineering Manager to discuss or we can discuss tonight. President Word added it might be better for Mr. Spandrio to speak with Mr. Flood. Director Brennan added it might be good to get the question on the record and make the answers available to us as they might be the same questions I have. Director Spandrio will provide the questions to Mr. Flood.

Mr. Flood added there was a slight change to the Recreation Committee minutes which was handed out.

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

AYES:	Directors:	Spandrio, Brennan, Kaiser, Word
NOES:	Directors:	None
ABSENT:	Directors:	Baggerly

Director Spandrio gave compliments to the Engineering manager on the reporting but asked that the background be white.

16. Adjournment

President Word adjourned the meeting at 8:04 p.m.

Secretary