

Minutes of the Casitas Municipal Water District
Board Meeting Held
June 22, 2016

A meeting of the Board of Directors was held June 22, 2016 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 Kaiser, Baggerly, Word, Hicks and Bergen were present. Also present were Steve Wickstrum, General Manager, Carole A. Iles, substituting for Rebekah Vieira, Clerk of the Board, Attorney, John Mathews and Brad Milner from Milner-Villa Consulting. There were three staff members and four members of the public in attendance. President Kaiser led the group in the flag salute.

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

None

2. General Manager comments.

The Casitas website shows the lake capacity is at 40% or 101,000 AF close to the predicted capacity date of July 1. Stage 3 becomes effective July 1. Everybody needs to make efforts for conservation.

Casitas Dam and Avenue 2 pump plant were shut down on Friday, June 17. Avenue 2 was very successfully completed by approximately 1 p.m. with very good work by the Electrical Mechanical Department, Edison, the Contractor and everyone else switching over the electrical equipment. The shutdown at Casitas Dam went very well with video taken, with the USBR, of the intake structure, pipelines underneath the floor and pipe gallery until the end of the process. While opening one of the large butterfly valves out in the pit, the worm gear shredded. Staff worked extra hours to get the valve open and will proceed either with replacing the valve or worm gear so that it can be operated. Director Baggerly asked if there was a worm gear in storage but the General Manager said that was not something that was kept on hand. Keystone, the manufacturer, had been called to see if one was available locally and Casitas is in process of acquiring one. The valve has essentially been locked in place by welding. Everything was back in service by approximately 10:30 p.m. The O&M Manager had expressed his appreciation of the very good teamwork in accomplishing the task.

Staff has filed a water supply stress test with the State Water Resources Control Board. The Board has asked everyone in the state to report on water availability with an estimated three more drought years. Casitas looks very good on the test but even though there is sufficient water for the next three years, supplies are dwindling. The state is collecting data statewide to find individuals who will be in dire straights if the drought continues. Casitas will talking to the state about grant opportunities and prospects for other projects to help weather a longer drought.

Director Baggerly asked at what point the lake starts losing head. The General Manager said that the last gate is very low in the system. The lake

would be at the 7,000 AF minimum pool before the head disappeared. The point at which Casitas needs to start pumping is a matter of what is being served and what is going through the plant. Casitas is looking at those numbers. Director Baggerly asked if Casitas needs to start looking at pumps and the General Manager reported that had been started a year and a half ago with visits up to Santa Barbara.

The pump and packer have been installed at Mira Monte Well. Casitas is waiting for Edison to make a connection and the consultant to flush and test the water and the pump to see if the packer reduces any of the production of the well. It is anticipated that Edison will get out there and the well will be operational in two weeks.

A Star Free Press article reported that drought recovery could take four years. It is a warning to us all that El Nino was not the answer for the State of California. The report said that these were the worst four years in the last 1200 years for lack of rainfall, temperature and drought conditions.

Monday was a real challenge as far as heat was concerned. Pumps operate on set temperature ranges and at over 110 degrees some shut down. So staff had to respond to pump alarms and getting the pumps back up. The SCADA system worked as did the personnel who showed up to take care of the problems. There were no water or service outages as a result of the heat.

3. Board of Director comments.

Director Hicks commented that the (Board) meeting in October conflicts with the ACWA conference in San Diego so the meeting date may need to be changed.

Director Kaiser asked the General Manager to convey the Board's appreciation to the staff for working in the heat and bringing everything to a successful conclusion.

4. Board of Director Verbal Reports on Meetings Attended.

Director Word reported that he attended the Ventura Chamber Legislative Session. Their Urban Water Management Plan was passed on June 12, 2016 and sent in. The representative for Assembly Member, Das Williams, commented that the state has money available for affordable housing for this area but the cities are not allowing any development. He also attended an AWA session on groundwater sustainability and came away with a much better appreciation for the whole issue and the need for everyone to be at the table, not necessarily on the board, but participating. Everyone negotiating is much better than the alternative which is adjudication. It was did not indicated what would happen if the goals were not met

Director Kaiser asked if there were plans for a boat that was on the shore on the east side of the lake. The General Manager said that it had probably been

stripped and abandoned and due to the potential cost of removal would probably be left for fish habitat.

5. Consent Agenda ADOPTED

- a. Minutes of the June 8, 2016 Board Meeting.
- b. Minutes of the June 6, 2016 Special Meeting.
- c. Recommend approval of Workers' Compensation Insurance Coverage renewal with CSAC in the amount of \$ 114,881 for fiscal year 2016/2017.
- d. Recommend approval of the Ernst & Young Statement of Work for Fiscal Year 2016/2017 for auditing services related to the State Water Project.

Director Bergen said that her comments in Item 4 about the GSA in the June 8 minutes, as recorded, did not make it clear that the draft JPA is almost complete and there is a long way to go before the Groundwater Agency is established. Also, under Item 8, the words Green Coalition should be capitalized.

Director Baggerly said that if evidence that there is a JPA is sent to DWR, their approval of the GSA shouldn't take too long. Director Bergen said there will be time for all the agencies to approve the JPA, select the board and get the outside members, prepare a budget and complete the process.

The Consent Agenda, with the above changes, was offered by Director Baggerly, seconded by Director Hicks and adopted by the following roll call vote:

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

Resolution is numbered 16-18

6. Review of District Accounts Payable Report for the Period of 6/7/16 – 6/14/16. APPROVED

Director Bergen asked about Bill #023792, \$8,853.74 for Unit #111 to Coastline Equipment, commenting that it was rather high. The General Manager reported that the bill for \$8,853.74 for Unit #111 to Coastline Equipment was for the John Deere Backhoe repair – approximately \$2,675 parts, \$5,175 labor, \$391 Freight.

Director Hicks asked about the license shared with Carpinteria. The General Manager reported that it was for the new GIS system for identifying pipelines, meters, etc. The cost sharing works for both agencies.

The report was offered by Director Hicks, seconded by Director Baggerly and approved by the following roll call vote:

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

7. Urban Water Management Plan/Agriculture Water Management Plan -
ADOPTED

a. Public Hearing

President Kaiser stated that it was the time and date set for a public hearing to consider input regarding the proposed Urban Water Management Plan/Agriculture Water Management Plan. He asked for the names of the public who had called or submitted information regarding the proposed plan. Ms. Iles stated there were two, Bruce Kuebler and Yasi Paulson.

President Kaiser asked for the General Manager's Report. The General Manager turn the floor over to Ron Merckling.

Ron Merckling reported that the state requires the Urban Water Management Plan to be approved every 5 years. The Agriculture Water Management Plan was done as a result of a request from the State Water Resources Board to subtract ag from the monthly reporting. Monthly reporting on Casitas' water demand is now mandatory and permanent per the Governor's declaration. He thanked Brad Milner from Milner-Villa Consulting for assistance with the process and Bryan Sandoval, Casitas Water Conservation Analyst, for entering the bulk of the numbers in all 70 tables. Director Word asked if the information from Entrix was based on when the fish ladder was installed. Ron Merckling stated that the 2004 Water Demand Study was included. Since the study did include operational changes for diverting water into the lake, the safe yield number changed slightly and that was where the 20,840 number was obtained. Director Kaiser commented that the public needs to be commended for the 38% reduction in residential use. Ron Merckling added that Resale Agencies, with a significant number of residential customers, have reduced by 30% or more and ag customers using Casitas water have reduced by about 19%. More reductions are projected with the reduction in allocations and since groundwater is not available. In some cases ag customers are choosing not to plant and use additional water.

President Kaiser opened the public hearing at 3:21 p.m. and asked for any public comments. There were none.

Brad Milner stated that the report was based on previous Casitas reports but there was a lot of new information as a result of new requirements. Director Baggerly asked for Mr. Milner to briefly go over what the water availability looks like.

Mr. Milner gave a brief overview noting that the public had had an opportunity to review the draft plan on approximately May 12, 2016. The final plan has been available since June 15, 2016. Table ES-4 in the Executive Summary shows current water supplies as used over the last five years ranging from 14,000 AF to 20,000 AF. The projected safe yield number is 20,840 AF

which is a combination of surface water supply as well as 300 AF from the well. When compared with the water supply and demand the projection for a normal year precipitation, temperature and demand, is a surplus of approximately 3,300-3,600 AF. Table ES-7 shows a dry year using the conservative number of 20,840 AF safe yield and a maximum demand number which actually matched the safe yield. Currently, the demand is approximately 15-16,000 AF which is why there is a 0 in the summation of demands in a single, dry year. The same process was used in Table ES-8 for a multiple dry year basis. In state terms, multiple dry years is three consecutive years with below normal precipitation. Right now we are in a four year going on five year period and the question is what will happen to the water resources versus water demands. Using the same principles of safe yield and potential demands, projected through 2040 there is a 0 balance. Consideration has been given to a continued drought concerning water demand and evaporation and what the Ojai and County unincorporated area development plans will be. Currently, it is projected that development and population growth will be fairly steady at .5% per year.

Ron Merckling stated that it is important to note that the processes within the plan are geared toward a general process for the whole state so this is not exactly how Casitas manages its plan. Casitas has its drought contingency plans for how certain levels and stages are dealt with.

Mr. Milner said that the bottom line was that with current storage there is enough supply to exceed demands for the next three years.

Director Baggerly commented that the outlined supply and demand took him back to the way the lake was designed. Utilizing 1998 as a base line for when the lake spilled, that was 18 years of water supply which is generally how long a drought takes to develop. The lake is functioning the way it was designed.

Mr. Milner continued that the water conservation program Casitas has implemented and the response from the public will extend the supplies.

Director Hicks acknowledged that the lake is doing what it was designed to do but it wouldn't hurt to be looking at alternate water supplies. Mr. Milner concurred that consideration should be given to a contingency plan to be adequately prepared, especially considering the length of time it takes to implement any contingencies. Director Baggerly observed that cooperation with local agencies, other retailers and the Watershed Protection District is going to be paramount in formulating contingency plans.

Director Kaiser closed the public hearing at 3:47 p.m.

- b. Resolution adopting the 2015 Urban Water Management Plan/Agriculture Water Management Plan

The resolution was offered by Director Word, seconded by Director Baggerly and passed by the following roll call vote:

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

Resolution is numbered 16-15

8. Public Hearing for the adoption of the 2016-2017 Budget

a. Public Hearing

President Kaiser asked for the names of any public who had called or submitted information regarding the adoption of the 2016-2017 budget. Ms. Iles stated there were none.

President Kaiser asked for the General Manager's Report.

The General Manager reported that the budget process had been developed over many years with staff, Managers, General Manager and Finance Committee review. Recent additions, mainly carry over projects, were outlined in a memorandum submitted at the meeting. He stated that Casitas should proceed with a water rate hearing and recreation rate restructuring. As in the past, Casitas estimates its revenue and expenditures conservatively which has not resulted in borrowing or taking money out of reserves to balance the year end budget. Reserves are slightly over twelve million dollars.

Director Word suggested that the surplus that had been divided between storm damage and water sales categories due to the anticipated El Nino event, which did not materialize, should now all be reallocated to water sales. The General Manager said that it would be an adjustment of reserves that would be done at a later date after the CAFR.

President Kaiser opened the public hearing at 3:48 p.m. and asked for any public comments. Hearing none, he closed the public hearing at 3:54 p.m.

b. Resolution adopting the general fund budget, debt service fund and Mira Monte water assessment district fund budgets for the Fiscal Year ending June 30, 2017 ADOPTED

The resolution was offered by Director Hicks, seconded by Director Bergen and passed by the following roll call vote:

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

Resolution is numbered 16-16.

9. Resolution fixing a tax rate for Fiscal Year 2016-2017 and authorizing the President of the Board to execute a certificate requesting the Ventura County Board of Supervisors to levy such a tax ADOPTED

The resolution was offered by Director Baggerly, seconded by Director Hicks and passed by the following roll call vote:

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

Resolution is numbered 16-17.

10. Resolution to adopt, under Proposition 4, the 2016/2017 Establishment of Appropriations Limit of \$12,669,524 ADOPTED

The resolution was offered by Director Baggerly, seconded by Director Hicks and passed by the following roll call vote:

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

Resolution is numbered 16-18.

11. Resolution authorizing the levy of a special tax for fiscal year 2016-2017 for Community Facilities District No. 2013-1 (Ojai) ADOPTED

The General Manager briefly explained the background of the CFD expenditures. It is the initial part to finance the legal costs associated with the acquisition of the Golden State Ojai Water System. At this point, \$461,178 has been collected which is in the memorandum. At the start it was made clear that there would be no cost to Casitas rate payers. Currently Casitas is owed approximately \$130,000. The taxes will be collected in November and again in April. If the lawsuits escalate it may be time to look at a Series A bond so that expenses are not paid out of reserves and Casitas is not waiting for tax money. Director Baggerly observed that the Series A bond is now an option since the Supreme Court upheld Mello Roos taxes and there is no longer a cloud over that process. The maximum tax will be collected until the Series A bond is in effect at which time the tax may be reduced.

The resolution was offered by Director Baggerly, seconded by Director Bergen and passed by the following roll call vote:

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

Resolution is numbered 16-17.

12. Discussion regarding Casitas representation in a panel discussion at the Ojai Film Festival on July 16, 2016

Director Baggerly volunteered to attend.

13. Recommend approval of a letter of support for the Ventura County Watershed Protection District's Prop 1 Watershed Grant Program – Matilija Dam Removal 65% Design Planning Project APPROVED

The General Manager reported that a letter had already been sent so that the Ventura County Watershed District could submit a proposal for a three million dollar grant in a timely fashion to secure obtaining initial design work on the concepts developed at the most recent meetings.

The motion was offered by Director Word, seconded by Director Hicks and passed by the following roll call vote:

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

14. Information Items:

- a. Executive Committee Minutes.
- b. Finance Committee Minutes.
- c. Investment Report.

The motion was offered by Director Word, seconded by Director Hicks and passed by the following roll call vote:

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

15. Adjournment

President Kaiser adjourned the meeting at 4:12 p.m.

James W. Word, Secretary