

Minutes of the Casitas Municipal Water District  
Board Meeting Held  
August 19, 2015

A meeting of the Board of Directors was held August 19, 2015 at the District office in Oak View, California. The meeting was called to order at 3:00 p.m. Directors Bergen, Kaiser, Baggerly, Word and Hicks were present. Also present were Steve Wickstrum, General Manager, Rebekah Vieira, Clerk of the Board, and Attorney, John Mathews. There were two staff members and ten members of the public in attendance. President Bergen led the group in the flag salute.

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

Omar Castro, with Ventura Water discussed the water quality issue and requested a collaborative effort for good outreach regarding the taste and odor issues and that we don't deter from the message of the drought.

Debra of Ojai expressed concern regarding water storage; El Nino and capacity to capture run off. She reported that Santa Maria and San Luis Obispo have gone to massive tanks to store water.

2. General Manager comments.

Mr. Wickstrum handed out photos of the hypolimnetic aeration system and reported that they are a few days ahead of schedule. We hope this will improve the water quality. Staff is battling to get the best quality out of the lake. He then informed the board that he had a report from the Recreation area and the older play structure at the Water Adventure has a leak and will be closed down until it is fixed. The Lazy River is the only thing that is active.

3. Board of Director comments.

Director Kaiser asked in the event that El Nino does hit us with the water we need, should we consider storage issues and dredging to add more capacity. Mr. Wickstrum explained it is an expensive and an environmentally sensitive issue. To move 43,000 cubic yards out of Robles it costs \$200,000 to do that and we deposit it downstream. To do this might yield about 15 acre feet, maybe.

4. Workshop and presentation by Sudhir Pardiwala of Raftelis Financial Consultants regarding the comprehensive water cost of service study.

Sudhir Pardiwala of Raftelis Financial Consultants provided his presentation on the rate study, explaining the process, results of the financial plan and effects on different classes of customers. He reviewed revenue requirements, the cost of service process, recent court decisions and options and impacts to customers.

Phase one is data collection. When there is a drought there is a cutback in revenue and you have to make up the revenue losses. When water sales are less, you lose more in revenue than you do in costs. Phase two is the model

development where you determine revenue adjustments and customer impacts. It is a complicated model. Phase Three is rate adoption which includes the report development, presentation, proposition 218 hearing and public outreach.

Director Kaiser asked about decreasing expenses. Mr. Pardiwala explained that expenses are going up not going down. There is not much choice in operations; you have to maintain your system. You are spending more for conservation and spending more for developing water. The only option is to cut back on capital improvements, deferring projects and that is not a good idea. Agencies are increasing their rates to cover their expenses. You have a \$2.5 million dollar capital improvement program over the next five years with no debt financing.

There was lengthy discussion on the cost of service and the effects of the San Juan Capistrano challenge to tiered rates. Tiered rates have to have some rationale and the study provides the rationale for the tiered rates.

Steve Quilici, a resident of Ojai questioned the lack of detail on total revenue and expressed that Lake Casitas and Fisheries should pay its own way, Residential and Ag should not subsidize recreation. Director Baggerly suggested that he view the audit that is available and let him know that there is a lot of work that is done by Fisheries that is required due to the Biologic Opinion on how fish can migrate from the ocean to above Robles. Mr. Quilici questioned Administration, Board and Management being listed separately and questioned if they are different. President Bergen answered yes and suggested that he would see more detail if he reviewed the budget and the audit together to see what is in each category. He then questioned that Ag rates are lower because the cost of treatment is removed. Aren't they receiving the same water? Director Baggerly explained that five members of the board developed the policy of offsetting Ag treatments costs with property tax revenues.

Bill Miley, an Ojai resident since 1968 stated he has an annual pass to Lake Casitas and questioned the tiers. Mr. Pardiwala explained when you use more water, the costs increase. Larger quantities peak higher and that is passed on to customers. Customers using more water need to have a conservation signal. Conservation costs are applied to the upper tiers. Mr. Miley questioned pumping costs in the different pump zones.

Merle Pitman, a resident of Ojai representing 800 of your customers belonging to the Mobile Homeowners Coalition. We are senior citizens and request the board not raise rates to where we cannot afford to pay them.

Betty Pitman, member of the Mobile Homeowners Coalition, stressed how important it is for the elderly to have access to water. Everyone has been conserving water. We are in a drought. We know how it is. Think before you decide on anything if it raises rates beyond a minimum. Think about it hard. It is important to understand how 85 year old people like me get by on social security and savings. Costs are important to us. Every utility is important. We will do campaigning against you if you decide to charge us more than you need. We are trying to conserve for you. We don't mind a little bit more. Director Baggerly

added that is what Proposition 218 is doing for you. We are not allowed to charge for water more than the cost of service.

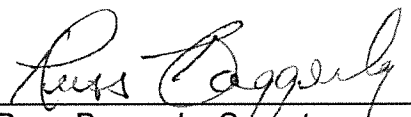
Tom Murphy of Ojai asked if we looked at solar. President Bergen added that we try to do as much pumping as we can at night to keep the costs lower. Mr. Wickstrum explained solar is a potential but we have done better with savings with time of use rates but that might change. We are limited with solar but there might be a potential for it at the dam.

Bob Daddi thanked the board for representing the people of Ojai, and congratulated them for sticking with this thing. We have beaten them five times with court actions. The community did a good job. The decision a couple of weeks ago is going to help. This is not the end, but is the beginning of the end. You can do a lot of water conservation by having pipes that hold water. Golden State is attempting to charge millions of dollars to upgrade the system. They expect to have 10% water loss through their system in 2016, 17, 18. They will not conserve water. Thank you for going out on a limb and the expenses. Thank you for being there for us.

Director Kaiser thanked the public for being in attendance and stated we will be looking at the report closely. Director Baggerly asked when the report would be delivered. The report may be available for the first meeting in October.

5. Adjournment

President Bergen adjourned the meeting at 5:09 p.m.

  
Russ Baggerly, Secretary