

**VENTURA RIVER COUNTY WATER DISTRICT
REGULAR MEETING HELD SEPTEMBER 21, 2005**

Pursuant to due and official notice, a regular meeting of the Board of Directors of the Ventura River County Water District was held at 409 Old Baldwin Road, Ojai, California on September 21, 2005.

President M. Hanson called the meeting to order at 5:30 o'clock p.m.

There were present Directors Marvin Hanson, Tom Jamison, and Ed Lee. Eddie Ramseyer and Jack Curtis were absent. Also present were General Manager Matthew Bryant and, recording secretary/Office Manager Janet Schaefer, District Counsel Lindsay Nielson. Public present were Mr. George Galgas of 523 E Katherine Avenue and Mr. Mike Hollebrands General Manager of Meiners Oaks CWD who arrived at 5:37 o'clock p.m. Representing Porter & Company CPA's were Mr. Gary Porter and Ms. Namita Rath who arrived at 5:40 o'clock p.m.

E. Lee moved for approval of the minutes of the Regular Board meeting held August 10, 2005, seconded by T. Jamison and carried.

T. Jamison moved for approval of the financial statements for July 2005, and the disbursements for August 2005. Accounts Payable check numbers 7310 - 7351, Trust check numbers 2463 - 2464, and Payroll check numbers 3785 - 3800 totaling \$66,635.42 seconded by E. Lee and carried.

Item 5 was tabled to allow time for Porter & Company CPA's to arrive.

M. Bryant reported that only one bid was received for the Baldwin Tank #2 Replacement project. The bid was from Superior Tank Company in the amount of \$164,976.00. T. Jamison moved to accept the bid from Superior Tank Company in the amount of \$164,976.00 with the condition that the contract cannot be signed until the 5 specifications outlined in the Board memo are addressed and standard insurance requirements are met, seconded by E. Lee and carried.

Mr. Gary Porter of Porter & Company, CPA's discussed the annual audit for the fiscal year ended June 30, 2005. Mr. Porter reported that the monthly financial reports are accurate with no reportable conditions noted. Mr. Porter reported that Staff has made substantial progress on the recommendations stated in the last fiscal year's Management Letter in the form of a Critical Procedures Manual, Facilities and Equipment Inventory and maintaining bank balances within insurable limits, as well as addressing conflicts in division of responsibilities. The current fiscal year's Management Letter contained no recommendations or reportable items.

E. Lee moved for approval of Resolution 2005-206 to accept the Audit Report for the fiscal year ended June 30, 2005, seconded by T. Jamison and carried by a roll call vote.

**RESOLUTION # 2005 - 206
RESOLUTION TO ACCEPT THE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

The Board of Directors of Ventura River County Water District hereby resolve to accept the District's audit report for the year ended June 30, 2005, as prepared by Porter & Company, CPA's

PASSED, APPROVED AND ADOPTED this 21st day of September 2005.

AYES: M. Hanson, T. Jamison, E. Lee

NOES: None

ABSENT: Curtis, Ramseyer


Marvin Hanson, President

Attest:


Tom Jamison, Treasurer

E. Lee moved for approval of Resolution 2005-207 accepting the Management Letter for the fiscal year ended June 30, 2005, seconded by T. Jamison and carried.

**RESOLUTION # 2005 - 207
RESOLUTION TO ACCEPT THE MANAGEMENT LETTER
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

The Board of Directors of Ventura River County Water District hereby resolve to accept the District's Management Letter for the year ended June 30, 2005, as prepared by Porter & Company, CPA's

PASSED, APPROVED AND ADOPTED this 21st day of September 2005.

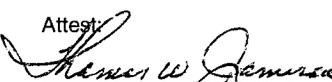
AYES: M. Hanson, T. Jamison, E. Lee

NOES: None

ABSENT: Curtis, Ramseyer


Marvin Hanson, President

Attest:


Tom Jamison, Treasurer

M. Bryant reported that applicants Katich & Altomare of 11864 Ventura Avenue are having a hard time getting their neighbors to work together on a main line extension to connect to VRCWD's system at the same time. Therefore, they would like to proceed on their own. M. Bryant and R. Klassen met with Mr. Katich and walked the area for the main line extension. M. Bryant requested Mr. Katich send the District a letter of intent to grant a pipeline easement on his property. Upon receipt of the letter Staff will bring it before the Board for approval and conditions of fire protection etc. No action was taken.

E. Lee moved approval of the request by Staff to join the California Special District's Association, seconded by T. Jamison and carried.

E. Lee moved for approval of Budget Transfer #2, seconded by T. Jamison and carried. From: 93500000 Appropriation Contingency \$1,000, To: 76500000 Membership/Dues/Subscriptions \$1,000 to fund membership in the California Special District's Association.

M. Bryant reported on the Forest Home Conditional Will serve Audit conducted on September 8, 2005. Forest Home has completed condition 1 looping of the upper and lower fire lines. Forest Home will be replacing a section that supplies the fire line to the dining hall later this fall. The temporary connection to supply the fire sprinklers to the dining hall has not been completed, a request was put in to Sam Hill for this connection and Forest Home has not heard back from Sam Hill at this point. Forest Home has been working on condition 2 to have the irrigation all tied to their Well. Forest Home asked if the planter boxes on drip irrigation have to be tied to their Well, Staff answered that irrigation is irrigation and everything irrigation must be tied to the Well. The Board agreed that all irrigation must be tied to the Well so it can be isolated from VRCWD's system in times of drought. Staff indicated that the new Manager at Forest Home is trying very hard to comply in all areas.

M. Bryant reported on water production and use. The aquifer level in Well #2 on September 1, 2005 was 26.5' to water.

Mr. Galgas addressed the Board regarding the rate increase imposed July 1, 2005. Mr. Galgas stated that he addressed this issue at the August meeting and felt it went nowhere. Mr. Galgas stated, I would like to see and encourage a correction be made and gave an example of how he felt the correction could be calculated. Director T. Jamison said that he thought this was fully covered at the August meeting and everyone was agreeable. Counsel Nielson said that this issue was discussed at the August meeting and the proposal for the rate increase stated that it was to be effective with the July 1st billing and it was understood that the increase was to be retroactive and that Counsel thought Mr. Galgas was in concurrence. Mr. Galgas interrupted and said no he is not. Director Lee asked Mr. Galgas to allow Counsel to finish. Counsel said that the Board stated the rate increase was to be effective with the July 1st billing and it was understood that went back to May use. Counsel said that he recalled that after the airing of this issue at the last Board meeting Staff had indicated that it would be counterproductive to make this kind of an adjustment. Counsel thought that Mr. Galgas had concurred with that by saying that he brought the issue to make sure the Board is aware so it doesn't happen in the future. Counsel stated you concurred that was fine and the Board's explanation in August had satisfied the issue. Mr. Galgas stated that Counsel had told him it would cost more than \$2100 dollars to correct the situation and the intent was to begin the increase with the beginning of the audit cycle July 1, 2005. Mr. Galgas said he then replied that it should have been clearly stated that the reading period would be a retroactive increase. Mr. Galgas said, no action was taken in August it was only a statement by the Board. Counsel responded that it was discussed and that no action being taken was because that was always the intention of the Board and that is the reason no action was taken. Director T. Jamison stated that is the reason for his statement earlier. Mr. Jamison stated that he recalled asking Mr. Galgas, George are you satisfied with the decisions we made here tonight? Mr. Galgas interrupted stating no decision was made. Mr. Jamison continued, I believe you said yes. Mr. Galgas again said there was no decision made. Counsel stated the decision to do nothing was a decision. Counsel stated that the issue was brought up and the Board decided it and the issue is moot at this point. J. Schaefer read a portion of the August minutes as follows "Counsel stated that the point was well taken and in future the service period would be clearly stated and the timing fully considered prior to a rate increase. Counsel also spoke to the cost to re-bill the July period. Mr. Galgas stated he was not looking for a re-bill or credit to the period he just wanted to illustrate the point that the July 1st effective date for the increase was tantamount to a retroactive increase." Counsel stated that he thinks the conclusion was that the Board will make it very clear in the future. Director Jamison asked Mr. Galgas, at that time you were in agreement, and now after thinking about it you are not? Mr. Galgas responded no, no, no and went on to speak of how last year's rate increase was implemented and wanted the Board to go back because this is still not right. Mr. Galgas said the Board has always been even handed with your policymaking and also your decisions and I respect and commend the Board highly on that and I think this should be taken care of in the proper manner. Director Jamison said he felt and is strong in his opinion that, I asked the question and I have a feeling that your response that you were not looking for a credit of a re-bill was in response to my question. Mr. Galgas said I don't make the rules and I am only speaking for my own personal view and using myself as an example, it's the other people and I don't think that this is correct and this is my issue. President Hanson said, George we feel this issue was ironed out at the last meeting, and I feel sure it was, because Tom did ask you and you said it was ok with you. Mr. Galgas said he was speaking for himself he wasn't speaking for 2100 people. You asked me a direct question I don't make the proposals, I don't make the amendments, I don't basically have any voice other than to suggest. Do whatever you feel is right but in my own opinion I think it should be corrected. That's my opinion. Counsel stated that George makes a good point that if its going to be retroactive it be clearly stated, and we talked about this increase in May and in June and the motion was always that it was going to be effective July 1st. Counsel also said, George's point is well taken that we weren't crystal clear in stating that it will be retroactive in that billing period July 1st. I think that's valid. I think in our discussions George that is going to be crystal clear in future. The Board is going to take no further remedy because no one else has questioned the rate increase. Mr. Galgas responded, do whatever you feel is right I am only voicing what has gone down here is wrong in my opinion. Counsel replied that was discussed at the last meeting and the Board has decided to stay with the original motion so its over with. Mr. Galgas stated, but there was no motion made last month. Counsel replied, you don't have to, you already have an approved motion you don't have to reassert a motion that has already been approved. No action was taken. I think it was discussed at some length and the Board decided to stand by what they did. Mr. Galgas asked, so how do you arrive at your decision? Counsel stated it is not my decision it is their decision. This matter was brought to the Board for a rate increase in May it was revisited again in June and it was adopted effective July 1st. Mr. Galgas said, and you are going to stand by that? Counsel replied yes, the Board is going to stand by that. Mr. Galgas replied Okay, okay. T. Jamison asked Mr. Galgas, so what is your next course of action? What do you intend to do now you've brought it up twice? Mr. Galgas replied I brought it up twice, its up to you people now what you are going to do. I am certainly not going to tell you people what to do its up to you.

E. Lee moved approval of the transfer from Mid-State Bank to LAIF on September 12, 2005 in the amount of \$40,000.00 in accordance with previously adopted Investment Policy, seconded by T. Jamison and carried.

The meeting was adjourned to executive session at 6:28 o'clock p.m. Mr. Galgas left the meeting. A break was called for at 6:28 o'clock p.m.

The meeting reconvened at 6:31 o'clock p.m. and immediately adjourned to executive session. Mr. Hollebrands left the meeting.

The meeting reconvened at 6:48 o'clock p.m. President Hanson stated for the record that potential litigation was discussed and no action was taken.

Counsel is to provide Staff with a form to formally deny Claims made against the District.

There being no further business to come before this meeting on motion duly seconded the meeting was adjourned at 6:49 o'clock p.m.

Attested to:

Marvin S. Hanson
Marvin Hanson, President

Thomas W. Jamison
Thomas W. Jamison, Treasurer