

**VENTURA RIVER WATER DISTRICT
MINUTES OF REGULAR MEETING JANUARY 18, 2017**

Directors present were: Bruce Kuebler, Ed Lee, Marvin Hanson and Peggy Wiles. Director Jack Curtis was absent. Also present were: Attorney Lindsay Nielson, General Manager/Board Secretary Bert Rapp, and Office Manager Amy Joy Bakken. Public present were: George Galgas, Sharon Ferro, Cher Glass and David Marion and Kendra Dockham of Smith Marion & Company LLP.

1. **CALL MEETING TO ORDER-** President Bruce Kuebler called the meeting to order at 3:02 P.M.
2. **PLEDGE OF ALLEGIANCE** – Bruce Kuebler.
3. **CONSENT AGENDA:**
 - A. **MINUTES DECEMBER 14, 2016**
 - B. **FINANCIAL EXPENDITURES FOR DECEMBER 2016**
 - C. **FINANCIAL REPORTS FOR NOVEMBER 2016**

Ed Lee moved for approval of the Consent Agenda, seconded by Marvin Hanson and carried 4-0.

4. **PUBLIC COMMENT** – VRWD customers Sharon Ferro and Cher Glass discussed their dissatisfaction with the new rate structure. Sharon Ferro feels customers with more land are being penalized by the new cost of service rate structure. Bert Rapp explained that the new rate structure was created in response to court ruling in San Juan Capistrano which ruled rates must reflect the cost of service of providing the water. Bert Rapp pointed out that the judge in the case ruled it was legitimate to allocate new water source and conservation costs to the larger water users. Bert Rapp also noted that the water sales fluctuation portion of the calculation may have been overly conservative and he plans to reevaluate this portion of the rate calculation for Board consideration in February. Bert Rapp offered to meet privately at a later date with Sharon Ferro and Cher Glass to give a more detailed explanation of how the rate structure was calculated.
5. **PRESENTATION OF ANNUAL AUDIT 2015-2016 BY DAVID MARION** – David Marion reviewed the FYE 2016 Independent Auditor's Report and the Management Discussion and Analysis. He noted that revenues and expenses have both increased compared to the previous year. Kendra Dockham discussed the GASB measurement data and pension liability calculation. She also commented that the Financial Statements of the VRWD were determined to be fairly stated. Ed Lee moved to approve the FYE 2016 Audit Report, seconded Peggy Wiles, approved 4-0.
6. **AUDIT SUMMARY AND RESERVE ALLOCATIONS**– Bert Rapp gave a more detailed review of the audit findings. He noted that revenues came in 3% over budget while expenses came in 4% under budget overall. Bert Rapp discussed individual budget line items that went over budget due to some unexpected costs and some category misallocations. With an ending cash balance on June 30, 2016 of \$2,647,060, Bert Rapp recommended allocating \$50,000 to the Emergency Reserve and placing the remainder in the Capital Improvement Reserve for Well #7 and other Capital Improvement Projects to help reach long term goals set by the Board . Peggy Wiles moved to approve reserve allocations as recommended, seconded Marvin Hanson, approved 4-0.
7. **AUTHORIZATION TO ADVERTISE FOR BIDS FOR DRILLING WELL #6** –Well #6 is scheduled to be drilled in 2018/19 in the Capital Improvement Program. Continued drought could motivate the Board to move this project up to 2017. Bert Rapp gave a presentation of the history of Well #5 and the problems it experienced with silt discharges, premature pump failure and high nickel. Through investigation of Well #5 it has been determined that drilling a new well should eliminate the prior problems. Based on Well #5 prior usage and static water levels, Bert Rapp determined that Well #6 should pump about 150 to 175 gpm and produce about 100 acre feet of water per year. During 2016 the District used 900 AF of pumped and purchased water so the drilling of Well #6 could significantly reduce the District's demand on Lake Casitas. However, if we get good rain this year, it may

postpone the need for drilling Well #6 for up to two years. Bruce Kuebler expressed his concern about financing this project with fees allocated to cost classes 3 & 4 as Cost Class 3 would be financing something they get no direct benefit from. Bert Rapp recommended postponing advertisement for bids for drilling Well #6 until February 2017 or possibly 2018. The board consensus was to agree with this recommendation and no action was taken.

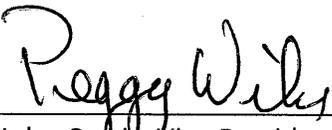
8. **ACCEPTANCE OF IMPROVEMENTS WELL #7 DRILLING** – Bert Rapp said that the CITM electronic scan conducted in Well #7 confirmed that the 24" mild steel drill pipe was not lodged at the bottom of the well. Further development of the well is planned in the spring of 2017 and is to be completed by District staff. Bert Rapp recommended accepting the project as complete, recording the Notice of Completion and releasing the 5% retention after the 35 day lien period. G. Galgas asked if the cost for the CITM scan was the responsibility and liability of the driller. Bert Rapp answered that it would have been had the steel pipe been stuck at the bottom of the well but as it was not, the expense was incurred by the District. Marvin Hanson moved to approve the recommended action, seconded Peggy Wiles, approved 4-0.
9. **REPORT ON UVR GROUNDWATER AGENCY BY BRUCE KUEBLER** – Bruce Kuebler gave a report on the Upper Ventura River Groundwater Sustainability Agency which held its first meeting on January 5th 2017 in the CMWD Board room. There were about 15-20 people in attendance. An interim executive officer was appointed and a regular meeting time of the first Wednesday of the month at 3pm was selected. The City of Ojai Council Chambers was selected as the temporary meeting place due to its audio/video recording capabilities. The location may change in the future. Bruce Kuebler and Shana Epstein interviewed 3 candidates for each of the 2 stakeholder positions. UVRGSA Board action will be taken for stakeholder appointment at the February 2017 meeting. Bruce Kuebler welcomed the VRWD board to make recommendations for the stakeholder positions and the board consensus was a trust in Bruce's judgement for the best candidate.
10. **APPROVE AGENDA CALENDARS FOR 2017 & 2018** – Bert Rapp presented the 2017 and 2018 Board Agenda Calendar of Major Action Items. No action was taken.
11. **REVIEW OF 2017 GOALS**– Bert Rapp reviewed 2017 goals and completion status. Bruce Kuebler asked that a goal be added to market the Electronic Billing program because not enough customers are using the service. Bert Rapp discussed some ways we can advertise electronic billing to our current customers and determined that a focus on our customers currently using electronic bill pay through their banks would be an effective step. The board consensus was to add the Electronic Billing goal and update future goals as needed.
12. **GENERAL MANAGER REPORT ON WELLS, WATER STATUS** – Bert Rapp said conservation for the month was 22% with Casitas Springs and Monte Via/Rio Via neighborhoods not meeting their conservation goals. If these neighborhoods do not meet their conservation goals over the next billing cycle the \$5/unit CMWD penalty will be applied to customers in cost classes 3 & 4. Rainfall is above average for December. The aquifer is currently 47 feet below the 25 year average for January 1st and is at a record low. Nitrates increased to 10.2 mg/L causing the District to move to 100% Casitas water until a blending station could be installed. Since the blending process was implemented the nitrate level decreased significantly. Bruce Kuebler asked if public notification was required for this nitrate level. Bert Rapp answered that District reported the levels to the Division of Drinking Water with the State Water Resources Control Board who told us we were not required to notify customers. Revenue came in over budget due to the high Water Sales Fluctuation reserve collection. Usage was 8% under budget. Amy Joy Bakken gave a presentation of the new texting water meter data that is currently available to 26 customers and the District through the Beacon/Eye on Water website. It was noted that so far two customers have been notified of leaks through the website and fixed them before incurring significant additional costs on their bill.

13. **OLD & NEW BUSINESS** – Bruce Kuebler and Bert Rapp were able to attend the CMWD board meeting in January since the VRWD changed their meeting day. During their attendance they learned that the CMWD board voted to pay about \$200,000 for their share of the Engineering study and Environmental Document for the State Water Project connection. Ventura and Casitas will be reaching out to other agencies to pay a share. Bert Rapp announced the VCSDA meeting to be held February 7th 2017.
14. **EXECUTIVE SESSION** – At 5:18 P.M. Bruce Kuebler moved the meeting into executive session to discuss pending litigation and complete General Manager performance review. Bruce Kuebler moved the meeting out of executive session at 5:36 P.M. No action was taken.
15. **GENERAL MANAGER PERFORMANCE AND COMPENSATION**– Ed Lee moved to give General Manager a \$10,000/year raise effective 1/1/17, seconded Peggy Wiles, approved 4-0.
16. **MEETING ADJOURNMENT** – 5:37 P.M.

Attested:



Bruce Kuebler, President



~~John Curtis, Vice President~~
PEGGY WILES, DIRECTOR