

**VENTURA RIVER WATER DISTRICT
MINUTES OF REGULAR MEETING DECEMBER 20, 2017**

Directors present were: Bruce Kuebler, Jack Curtis, Peggy Wiles, Marvin Hanson and Ed Lee. Also present were: Attorney Stuart Nielson, General Manager/Board Secretary Bert Rapp and Office Manager Amy Joy Bakken. Rate Consultants from RDN, Inc. present were: Ichiko Kido and Elliott Deal. Public present were: Douglas Lochner, Dawn Golden and Ron Calkins.

1. **CALL MEETING TO ORDER-** President Bruce Kuebler called the meeting to order at 3:00 P.M.
2. **PLEDGE OF ALLEGIANCE** – Bruce Kuebler.
3. **CONSENT AGENDA:**
 - A. **MINUTES NOVEMBER 9TH & 15TH, 2017**
 - B. **FINANCIAL EXPENDITURES FOR OCTOBER & NOVEMBER 2017**
 - C. **FINANCIAL REPORTS FOR SEPTEMBER & OCTOBER 2017**

Bruce Kuebler requested that the comments made by Ron Calkins during the November 9th meeting related to the base rate be added to the minutes. Marvin Hanson moved for approval of the Consent Agenda with edits requested by Bruce Kuebler, seconded by Ed Lee and carried 5-0.

4. **PUBLIC COMMENT (FOR ITEMS NOT ON THE AGENDA)**– Ron Calkins discussed his concerns and confusion related to the Water Budget Program letter that was mailed to customers last month. Namely, he did not understand whether his water budget included the 30% drought reduction and also he wanted to know if the ET rate was based on theoretical weather patterns or actual weather data. Bert Rapp responded that the ET rates come from the Soule Park ET data station and Casitas Municipal Water District's monthly average. He went on to say that the ET factor would be adjusted for months of the year that were either wetter or drier compared to the average. Bert Rapp also explained that the water budgets given on the letters included the 30% stage 3 drought reduction. Doug Lochner gave several comments to the Board regarding the water budget program as well. His main concerns included the ET station at Soule Park not being indicative of the VRWD service area, the calculation basis for health and safety usage, public disclosure of the data, lack of incentive for conservation, special circumstance adjustment (pool draining) and rollover of water budgets from one month to the next. Bruce Kuebler asked if CMWD evapotranspiration pan could be used for ET rates. Bert Rapp responded that it is not in the public USGS system but that he would look into the possibility but it would lower everyone's water budget. Bert Rapp stated that health and safety usage was set at 10 units per household by the Board and could be adjusted as needed for additional people or farm animals by submission of an adjustment form. Bruce Kuebler stated that customer data is normally kept private. Doug Lochner said that the water budgets given to customers should be a transparent process and all customers should be able to view other customer's water budgets to make sure the information was fair and equitable across the District. Bert Rapp said the District would have to look into the legalities of sharing that kind of information publicly. Bruce Kuebler asked Bert Rapp about the possibility of doing a rollover in the billing system. Bert Rapp responded that VRWD staff would investigate the possibility with the billing company.
5. **LEAK RELIEF FOR HOMES DESTROYED IN THE THOMAS FIRE** – Bert Rapp discussed the four homes in District the burned down during the Thomas Fire and the associated water use that occurred from water leaking after the properties were destroyed. The largest amount of leaked water from these homes was 130 units. He discussed the actual cost of the water for electricity and chlorine being about \$7.50 with a retail cost of about \$1,000. He went on to recommend that the cost of the leaked water be waived and direction be given to edit the Rules and Regulations to reflect actions that should be taken related to excessive water use during an emergency situation of this nature in the future. Jack Curtis said he would like the District to send out condolence cards to those customers who lost their homes and waive their total water bill for the month of December as a motion of good will to our customers. Bruce Kuebler asked Attorney Stuart Nielson if the District could legally make this decision. Stuart replied that in extreme situations such as a fire, waiving fees was allowed. Bruce Kuebler said that he didn't feel the Rules and Regulations needed to be edited at this time as the

Board prefers to make decisions such on a case by case basis. He went on to say that the Board should give the General Manager direction on using the leak relief program to give a credit to customers who used a lot of water to protect their home during the Thomas Fire. Ed Lee said the District should refer to the relief as disaster relief. Jack Curtis moved for approval to waive all water fees for customers with burned down houses and to give the General Manager discretion to use disaster relief (leak relief) credit, seconded Marvin Hanson and carried 5-0.

- 6. APPROVAL OF PROTEST HEARING NOTICE FOR WATER RATE INCREASE – Bert Rapp** discussed some of the highlights of the water rate changes including the elimination of the pumping charges for Zones 1 and 2, a slight change to the cost allocations by customer class, implementation of a penalty for going over water budgets and a change to the tier widths. RDN rate consultant Ichiko Kido went on to give a presentation of the cost of service analysis and rate design completed by RDN to calculate the new rate structure for VRWD. The first step in the process was determining the revenue requirements based on O&M Expenses and CIP Expenses offset by Non-Operating Revenues, Other Operating Revenues, Depreciation and Property Tax. This analysis showed that \$2.6 million dollars would need to be collected from base, dwelling charges, and volumetric charges annually. Next, the distribution of O&M Expenses was determined with the help of General Manager Bert Rapp. The budgeted expenses were grouped into different categories recognized by the American Water Works Association in compliance with Proposition 218. Bert Rapp then allocated budgeted items into those categories. For CIP (Capital Improvement Program) expenses, a ten year average was used because specific projects year to year vary too widely to give an accurate picture of expenses over time. Ichiko Kido went on to discuss that in addition to revenue requirements, the District also needs to collect enough funds to cover the emergency reserves and water use fluctuation reserves. For the Cost of Service (COS) analysis, there are two parts that combine to come up with cost of service by customer class: 1) Quantity of Water Demand and 2) System Capacity Demand. With the O&M and CIP costs allocated to expense categories, those categories were then applied to cost causative parameters including Average Day, Max Hour, Max Day, Customer Service, Billing and Fire Protection. For those expense categories that did not have Max Hour/Max Day causative parameters, they were applied to the other parameters of Customer Service, Billing and Fire Protection. Once each expense category was functionalized it was then applied to the appropriate customer class to determine the cost of service. Ron Calkins noticed an error on the presentation showing the allocation after public fire protection services were added. (Ichiko Kido went on to correct that information at the end of the meeting, stating that the final percentages presented were correct). Ichiko Kido showed that the RDN's COS analysis came very close to the analysis completed by Bert Rapp the previous year. Ichiko Kido then went on to discuss the rate design process. She stated that the District average for water use is 12 units (HCF) with 65% of VRWD customers using less than 12 HCF. 98% of VRWD customers use less than 45 HCF. For the 2% of VRWD customers that use more than 45 HCF, 50% of those customers use more than their water budget. Bert Rapp recommended that the public protest hearing be pushed until February 15th to allow time for the notice to be mailed. **Public Comment:** Ron Calkins said that the whole approach made sense but was a little nebulous. He recommended that the District breakdown the concept in more simplified terms for the average person to better understand the method. He also recommended that the District describe the budget assumption categories in more detail with a breakdown of cost projections related to the budget to give the public a better understanding. Dawn Golden said that she felt taking the total costs and dividing it by the total number of customers would give a better calculation for the monthly fixed rate. She said that VRWD fixed monthly rates are much too low and that if she had a legal problem with the rate structure it would be related to the monthly rate being too low. Peggy Wiles made a motion for the recommended action to approve the protest hearing notice, seconded Jack Curtis and carried 5-0.
- 7. UPDATE ON THE UPPER VENTURA RIVER GROUNDWATER AGENCY-KUEBLER – UVRGA** had its meeting on December 14th and completed some administrative tasks including approving the bylaws and the email policy which prohibits use of UVRGA email on personal cell phones. UVRGA also approved the letter to the Department of Water Resources regarding the official preparation of the groundwater sustainability plan. DWR received 70-80 applications for Proposition 1 grant funding with 76 million dollars available. The grants will be limited to one million dollars per grant so it is likely

that all applicants will receive funds. The next meeting will be held January 18th as the regularly scheduled meeting on the 2nd Thursday was changed to accommodate one of the consultant's schedules. No action was taken on this item.

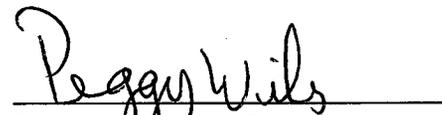
8. **BOARD CALENDARS 2018 & 2019** – Bert Rapp presented the standard annual calendar to the Board. He recommended changing the November 2018 meeting as it was to fall on the Wednesday before Thanksgiving. Jack Curtis recommended changing it to the week before on November 14th 2018. The Board consensus was to accept the calendar with the change to the November meeting.
9. **GENERAL MANAGER REPORT ON WATER & DISTRICT STATUS-** The aquifer is currently 1.2 feet below the 30 year average for December 1 at an elevation of 507.8 feet. Well #1 is pumping 760 gpm down 20 gpm from last month. Well #3 is pumping at a rate of 315 gpm down 10 gpm from last month. Well #4 is pumping 650 gpm down 230 gpm from last month. Well #2 can be pumped but is not needed at this time. No water was purchased from Casitas in December. Sales dollars billed on November 30, 2017 came in above budget. Lake Casitas was at 35.3% of full capacity as of December 1, 2017 at an elevation of 490.56 with storage of 84,000 AF. The lake has decreased 1.0% or 1.5 feet and decreased 2,052 AF since last month. Bert Rapp discussed other District activities including the well status during the Thomas Fire, the Thomas Fire insurance and FEMA claims for damages and some trouble with the Parker Tank soft starts which may need to be replaced.
10. **OLD & NEW BUSINESS-**None.
11. **ELECTION OF OFFICERS-** Bruce Kuebler made a motion to nominate Jack Curtis as President of the Board of Directors, Peggy Wiles as Vice President and Marvin Hanson as treasurer, seconded Ed Lee and carried 5-0.
12. **EXECUTIVE SESSION-**None.

Bruce Kuebler adjourned the meeting at 4:45 pm.

Attested:



Jack Curtis, President



Peggy Wiles, Vice President