

**VENTURA RIVER WATER DISTRICT  
MINUTES OF REGULAR MEETING FEBRUARY 21, 2018**

Directors present were: Peggy Wiles, Bruce Kuebler, Ed Lee and Marvin Hanson. Director absent was: Board President Jack Curtis. Also present were: Attorney Lindsey Nielson, General Manager/Board Secretary Bert Rapp and Office Manager Amy Joy Bakken. Public present included: MOWD Board Member Mike Krumpschmidt, Ojai Valley Water Advisory Group Members Larry Yee and Peter Thielke, Carl Enson, and several other members of the public.

1. **CALL MEETING TO ORDER**- Vice President Peggy Wiles called the meeting to order at 3:00 P.M.
2. **PLEDGE OF ALLEGIANCE** – Peggy Wiles.
3. **CONSENT AGENDA:**
  - A. **MINUTES JANUARY 17<sup>TH</sup>, 2018**
  - B. **FINANCIAL REPORT FOR DECEMBER 2017 EXPENDITURES FOR JANUARY 2018**
  - C. **RESOLUTION 2018-312 DESIGNATING FEMA REPRESENTATIVE**
  - D. **AUTHORIZATION TO ADVERTISE HYDRANT & VALVE REPLACEMENT PROJECT**

Marvin Hanson moved for approval of the consent agenda, items A, B, C & D, seconded Bruce Kuebler and carried 4-0.

4. **PUBLIC COMMENT (FOR ITEMS NOT ON THE AGENDA)** – None.
5. **ANNUAL AUDIT 2016-2017-BARTLETT, PRINGLE AND WOLF** – Audit Manager Jason Atyabi of Bartlett, Pringle and Wolf (BPW) presented findings on the FYE 2017 audit. BPW issued a clean or unmodified opinion and submitted the financial transactions report to the State Controller by the January 31, 2018 deadline. Some significant deficiencies and material weaknesses were identified and presented in a management letter to the Board. Significant estimates included Depreciation and Net Pension Liability. Jason went on to discuss the Balance Sheet comparison to the prior year and Income Statement Comparison to prior year. The net position of the District increased about 8% during the year. Bruce Kuebler asked for clarification regarding cash flows to employees, details on the CalPERS findings and valuation, and noted an error on Page 30 of the audit report which listed the wrong District's name. Jason addressed the CalPERS valuation issue explaining that GASB guidelines aimed to standardize the CalPERS valuation process so that all agencies were recording their fair share of the liability. Bruce Kuebler asked for details regarding the significant deficiencies and material weaknesses identified by BPW. Jason Atyabi went on to discuss needed improvements in the areas of Bank Reconciliation, A/R Reconciliation, and segregation of duties related to journal entries. Jason Atyabi recommended hiring an outside consultant to review the District's journal entries, prepaid schedules and depreciation schedule on a quarterly basis to increase internal control of financial transactions. Bert Rapp presented the revenue and expense budget to actual totals and recommended approving Budget Transfer #1 in the amount of \$57,767 from Operating Reserves to cover eight accounts that went over budget. Bruce Kuebler moved for approval of the recommended action to accept the FY17 audit report with the title changed on page 30 as well as approval of Budget Transfer #1, seconded Ed Lee, and carried 4-0.
6. **MID YEAR BUDGET UPDATE & APPROVAL OF RESERVE ALLOCATIONS**– Bert Rapp gave an overview of the budget status at mid-year for fiscal 2018. Revenues are running over budget and expenses slightly under. The budgeted Capital Improvement Program items are projected to come in well under budget. A few budgeted items are projected to go over including Fuel, Vehicle Maintenance, Utilities, and Security. An overview was given of the allocation of reserve funds for FYE 2017. Bruce Kuebler asked how the costs that are allocated to Tiers 3 & 4 are specifically designated. Bert responded that he is accounting for those items and discussed the removal of some designations that were not included by RDN (such as high demand CIP projects and water use fluctuation reserves). Ed Lee moved for approval of the recommended action to accept reserve fund allocation as of June 30, 2017, seconded Bruce Kuebler and carried 4-0.

7. **MOU CONJUNCTIVE USE GROUP-** Bruce Kuebler discussed that the MOU was the result of two meetings with Steve Bennet and assembly member Monique Limon trying to get all the agencies together to get grant funding from the Wildlife Conservation Board. There is \$800,000 of grant funding available and this MOU could help get that out into the community which could mean possible grant funding for state water or other projects. The County of Ventura already approved the MOU and Bruce Kuebler recommended approving the MOU. The Board consensus was to designate Bert Rapp as the VRWD representative. The next meeting will be held March 16<sup>th</sup> from 1:30 p.m. to 3:30 p.m. in Supervisor Bennett's office. Bruce moved for approval of the MOU, seconded Ed Lee and carried 4-0.

8. **THREE SISTERS PROJECT – STORAGE IN LAKE CASITAS-** Peggy Wiles moved this agenda item up on the list to follow the audit presentation as many of the public present were waiting to hear this portion of the meeting. Larry Yee and Peter Thielke of the Ojai Valley Water Advisory Group (OVWAG) discussed the importance and urgency of finding a more secure water future for the Ojai Valley. OVWAG met with Calleguas General Manager Susan Mulligan where she stated Calleguas' need for emergency water storage. After being informed of that need by Calleguas, OVWAG came up with a plan for the "Three Sisters" (Casitas Municipal Water District, Calleguas Water District and City of Ventura-Ventura Water) to join together and establish a reasonable, equitable, sustainable plan to which all parties would benefit and share cost. The plan would provide each agency with what they need and give mutual benefits for the entire region. Water resources of Casitas and Ventura would be pooled and connection to State Water would be established. Calleguas would have emergency storage in Lake Casitas in the event there was a catastrophic earthquake as only one pipeline feeds their system which could be catastrophic in an emergency. Lake Casitas would return to its original intent of backup storage and slowly return to half its capacity and stay above at that minimum long term. Although the cost would be significant, it would be spread over three agencies lessening the burden. The plan could be completed in 3-5 years if it started now. Peter Thielke stated the importance of a more stable water supply from multiple sources. If the sources of water are diversified, there will be a smarter and wiser future for the valley. The original goal of the OVWAG Three Sisters report was to get the agencies talking and coming together to plan and perhaps do a feasibility study. Casitas Municipal Water District has not responded to requests to read and review the report. Ed Lee asked how the City of Ventura-Ventura Water felt about the project. Larry Yee responded that Calleguas has a close relationship with Ventura and felt they would be willing to join the project.

**Bruce Kuebler:** Bruce discussed the groundwater sustainability plan and the interest the Upper Ventura River Groundwater Agency would have in supporting the Three Sisters Project. Bruce Kuebler discussed his concern for the increase in demand that may result from the groundwater sustainability plan addressing the flows necessary for the steelhead habitat. He encouraged all meeting attendees to reach out to Casitas Municipal Water District directors and voice their concern for the situation. The current stance of Casitas seems to be the Ojai Valley will get through the drought with conservation, meaning no outdoor watering for many years. He felt an economic assessment of the impact to the community of no outdoor irrigation would be important information to get to the public and would be helpful to agencies in considering expenditures on a new water source.

**Mike Krumpschmidt of the Meiners Oaks Water District Board:** Mike stated that he was sent by his Board to hear the Three Sisters proposal. He stated that time is of the essence as an engineering study is currently being completed to size the pipe for state water and if Casitas Municipal Water District does not show interest in the project, the pipe could be downsized meaning that Ventura River Water District and Meiners Oaks Water District would not receive any state water. He proposed to the Board and members of the community that they make themselves heard in this regard and encourage Casitas to come up with a plan B.

Bert Rapp stated that Casitas has confidence in their horizontal bore well (HOBOW) to deliver 2-8k acre feet. They also believe they will get 3k acre feet from the pipeline through the City of Ventura. They felt that would be sufficient to sustain the Ojai Valley at or above the health and safety needs of the community. That would mean no outside irrigation and significant reductions for agriculture. Bruce Kuebler made a motion to direct General Manager Bert Rapp to work with MOWD, City of Ojai,

OVWAG and Ojai Basin GMA to develop a cost proposal to do an economic assessment and work closely with OVWAG to support the review of their concept by Casitas Municipal Water District, seconded Ed Lee and carried 4-0.

- 9. WELL#6 – PROFESSIONAL SERVICES KEAR GROUNDWATER & ADOPT RESOLUTION 2018-311** – Bert Rapp gave an overview of Well #6 to replace Well #5 that was drilled in 1991. Well #5 pumped 150 gallons/minute, had repeated pump failure, silty water, and high nickel content. It was turned off in 2004 and later established that the well had been drilled crooked. Well #6 is out to bid and award of contract is scheduled for March 21, 2018. Well #6 is budgeted for 2026 therefore requires a Budget Amendment to construct in 2018. A shift in the Capital Improvement program will also be required which will be completed and presented at the next Board Meeting. Kear Groundwater designed Well #6 and is recommended for the drilling inspection and summary report. Resolution 2018-311 approves the notice of exemption. The District is exempt because Well #5 is being replaced. Peggy Wiles stated that for payment of this and other Capital Improvement Projects, more potential ways to pay for them should be discussed including debt financing. Bert Rapp responded that this project would be very small for debt financing. Ed Lee stated the District's history of taking on no debt was good management and that he would have an issue with taking a loan of any kind. Bruce Kuebler commented that if the District was to borrow money, they should consider doing so to connect to State Water if Casitas considers the cost of connecting to be too great. Peggy Wiles went on to say that other financing options should at least be addressed if they might be appropriate for the specific project and if the benefits to the customers are long term. Bruce Kuebler stated that the possibility of grant funding from the Wildlife Conservation board was taking longer than expected and likely wouldn't help with this particular project. He also commented that he is concerned about the way the District is taking funds out of other projects and moving the Capital Improvement schedule around and wanted to make sure there was good reason to do so on this project, which he believed there was. Bruce Kuebler moved to approve the three recommended actions ( 1-approve of the budget transfer from CIP reserves to drilling well #6, 2-award for construction observation contract for Well #6 to Kear Groundwater and 3-adopt Resolution 2018-311) seconded Ed Lee and carried 4-0. (Roll Call vote for Resolution 2018-311: AYES: Bruce Kuebler, Peggy Wiles, Ed Lee and Marvin Hanson. NOES: None. Absent: Jack Curtis).
- 10. UPDATE ON UPPER VENTURA RIVER GROUNDWATER AGENCY – KUEBLER** – Bruce Kuebler stated that there was a minimal update for UVRGA this month as their meeting was moved to March 8<sup>th</sup> as they are waiting for Jordan Kear whose contracts have been deferred due to Kear Groundwater's disruptions from the fire and mudflows in Montecito. No action was taken on this item.
- 11. GENERAL MANAGER REPORT ON WATER & DISTRICT STATUS** – Bert Rapp discussed the very disappointing rain year thus far having only received 2.9". Conservation in January did not occur as usage was 19% greater than January 2013. Revenues are above budget along with usage being above budget. The wells are doing okay but there is a possibility that Wells 2 & 4 will go offline by May and Well #3 by July/August. Usage is high and if there is no rain in March and April the wells could go down rapidly. Bruce Kuebler noted that the 10 units a month being given in water budgets for health and safety comes out to 21,000 units of water per month and is very generous. Bert Rapp responded the big cushion from health and safety built into the Water Budget Program is another reason a budget rollover is an issue. Bruce Kuebler went on to say that VRWD is part of the resale portion of the WEAP program and wouldn't be subjected to the conservation requirements as a direct Casitas retail residential customer. The Stage 4 conservation requirements for residential customers is 80% cutback for outdoor watering and is expected to be implemented in summer if the rain year continues to be disappointing.
- 12. OLD & NEW BUSINESS-** Peggy Wiles requested that an agenda item be added for the March meeting for the Board to further discuss the implications of a budget rollover program and how that might impact our water supply and demand in the hottest months of the summer. Bert Rapp also discussed adding an agenda item for the following month to discuss the possibility of drilling a second

well in about a year should the drought continue. This would give the time needed for an environmental study for the well sites that have been proposed.

**13. EXECUTIVE SESSION-** Peggy Wiles postponed executive session until Board President Jack Curtis returns.

Peggy Wiles adjourned the meeting at 5:30 pm.

Attested:

*Peggy Wiles*  
Peggy Wiles, Vice President

*Marvin L Hanson*  
Marvin Hanson, Treasurer