

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

Directors present were: Jack Curtis, Peggy Wiles, Bruce Kuebler, Ed Lee and Marvin Hanson. Also present were: Attorney Lindsey Nielson, General Manager/Board Secretary Bert Rapp and Office Manager Amy Joy Bakken. Public present was: Ron Calkins.

1. **CALL MEETING TO ORDER**- President Jack Curtis called the meeting to order at 3:00 P.M.
2. **PLEDGE OF ALLEGIANCE** – Jack Curtis.
3. **CONSENT AGENDA:**
 - A. **MINUTES FEBRUARY 15TH & 21ST, 2018**
 - B. **FINANCIAL REPORTS FOR JANUARY AND FEBRUARY 2018**
 - C. **WRITE OFF BAD DEBT**
 - D. **AWARD OF CONTRACT HYDRANT & VALVE REPLACEMENT PROJECT 2018**

Bruce Kuebler requested a correction to Mike Ferro's name in the minutes of February 15th. Bruce Kuebler moved for approval of the consent agenda with requested revisions, items A, B, C & D, seconded by Ed Lee and carried 5-0 for items A (Minutes of February 15th 2018 only) B, C & D. Jack Curtis abstained on item A – Minutes of February 21, 2018 as he was not present for the February 21, 2018 meeting. Approval of consent agenda item A-Minutes of February 21st 2018 approved 4-0. (AYES: Bruce Kuebler, Marvin Hanson, Peggy Wiles, Ed Lee. ABSTENTION: Jack Curtis).

4. **PUBLIC COMMENT (FOR ITEMS NOT ON THE AGENDA)** – Ron Calkins requested that at the District's next water rate protest hearing, some information be provided telling attendees the number of protest letters received and what percentage of water is used by those customers as this information was not shared at the February 15th protest hearing. He also asked that the Board defer penalties for the first year of the water budget program to allow customers to get used to the evolving new program. Bert Rapp suggested discussing the issue of the penalties during item 11 on the agenda related to water budget rollover concepts.
5. **UPDATE ON DROUGHT ECONOMIC ANALYSIS** – Bert Rapp reviewed the direction of the Board from the prior meeting to work with other local agencies towards developing a cost proposal for a drought economic analysis. He went on to discuss a proposed schedule for completing the analysis which ranged from April 2018 to Spring 2019 and included forming a scoping committee to select a consultant to complete the analysis. The expected cost for the study is about \$30,000 based on the cost incurred by United Water to complete a similar study. Several agencies have been contacted to participate. Bert Rapp estimated that with several agencies participating with a contribution of \$5,000-\$10,000 along with some grant funding the study would likely be funded. The responses from agencies so far have included Alex Kim of the Ojai Valley Inn, John Krist from the Ventura County Farm Bureau and Steve Bennett from the Ventura County Board of Supervisors (although he has to confirm). The City of Ojai and Meiner's Oaks Water District have also shown a positive interest. Bert Rapp requested the Board recommend a person to be on the scoping committee to write scope of work for the drought economic study, select an economist and recommend cost shares and award. Jack Curtis asked for interest from the Board Members to serve on the scoping committee. Peggy Wiles stated that she could offer some different angles on the issue and would be willing to participate as part of a group. Ed Lee said he felt Peggy Wiles was a good choice for the committee and Bruce Kuebler agreed. Jack Curtis appointed Peggy Wiles to serve on the scoping committee for the drought economic study. Bruce Kuebler announced an upcoming community meeting to be held April 15th from 3:00 pm to 5:00 pm at the Matilija Auditorium hosted by Ojai Chautauqua. There will be a six person panel including Bruce representing VRWD, Mary Bergen representing CMWD, Alex Kim representing the Ojai Valley Inn as well as other interested parties in the water situation in the Ojai Valley. Bruce Kuebler will be creating a handout of information about VRWD including customers served, water use now compared to 2013 and how the District reduces demand on Lake Casitas. Reservations for the event can be made through the Ojai Chautauqua website. **Public Comment:** Ron Calkins stated that he saw the value of doing the economic study from a logical standpoint as it

would show people the devastating impact if the lake went dry. He also commented that as the audience for the study was mainly the Board of CMWD that political effort should be combined with the facts to make a bigger impact. Bruce Kuebler responded that the economic study was part of the political pressure. Jack Curtis stated he felt the work on the study should be completed by the end of 2018 as he felt the timeline was too long. No further action was taken on this item.

6. **RESALE WATER SERVICE AGREEMENT**– Bert Rapp discussed the water resale agreement that VRWD received from CMWD. The agreement states that the allocation for VRWD would be set each year in May after the General Manager calculates and proposes the amount of Casitas water needed. This calculation would be brought to the Board for approval before submission to CMWD. The overriding objective in the agreement is that CMWD customers and VRWD customers have similar conservation requirements and penalty impacts during drought years. The agreement also includes the ability of VRWD to work with Casitas to avoid penalties in the event of a major water production interruption. Ed Lee asked if the allocation is not used during the year if it rolls over. Bert responded that the allocation is use it or lose it. Bruce Kuebler asked for confirmation that the agreement was annual and that fees were assessed at the end of the year. Bert Rapp confirmed this was the case and that the assessment of the penalty cost pass through to VRWD customers can be difficult because of the timing. Bert Rapp asked for revisions to the CMWD resale water agreement. Peggy Wiles asked that a provision be added to require notification from CMWD if they were going to be unable to supply the water allocation. Bruce Kuebler asked for some clarification on sections 3E regarding water availability and additional demand as well as Exhibit A conservation penalties. Bert Rapp responded that new service customers have to go to CMWD before they can connect to VRWD and that the penalty fees can be applied in our own way and don't have to abide by the Casitas \$5/unit penalty structure. Bert Rapp also stated that the water conservation and drought restrictions put in place by Casitas can be modified in terms of the details as long as the District overall as a whole meets the percentage conservation requirement. **Public Comment:** Ron Calkins brought up the issue of a moratorium on new water connections during different stages of drought. Bert Rapp explained that CMWD currently allocates 5AF per year for new connections. Not counting granny flats, VRWD gets a new connection maybe every other year. MOWD and CMWD are about the same, 1-2 connections per year. Bert Rapp stated that in the big picture the very few new connections aren't a measurable enough additional use of water to declare a moratorium. The Board consensus was to direct Bert Rapp to make the requested changes and notify CMWD that the VRWD Board is ready to sign the agreement.

7. **CAPITAL IMPROVEMENT PROGRAM UPDATE**- To accommodate the drilling of Well #6 in the current year, a reorganization of the Capital Improvement Program was required. The reorganization included elimination of the Structures and Improvements line item (hasn't been used in recent years), remove Meter Replacement (now recorded in operating budget), add Tank Inspection (should happen every 5 years) and changes to the Valley Meadow Drive project. Valley Meadow Drive Phase I was initially split into two projects so that VRWD staff could complete a portion of the work. However, District staff is very busy with other projects so Bert Rapp would like to combine those into one project and put it out to bid in the coming year. Valley Meadow Drive Phase II would then be completed the following year. With the changes to the CIP program, the financial position of the District still comes out positive which indicates the rate structure is sufficient to cover the changes in the program. Marvin Hanson moved for the recommended action to approve the Capital Improvement Program as proposed, seconded Ed Lee and carried 5-0.

8. **AWARD OF CONTRACT WELL #6 DRILLING**- Bert Rapp discussed the bids received from three contractors for the drilling of Well #6. The bids were far apart in range and the low bid came in below the Engineer's estimate of the cost for drilling the well. ABC Livion was the low bidder. Bert Rapp contacted references for this contractor and received all positive reviews. All of the references Bert Rapp spoke with said the company was on time, did good work, and did not have problems with change orders. ABC Livion is also in good standing with the State Contractor's Board. Due to the low bid on the project, Bert Rapp would like to increase the on-site inspection by Kear Groundwater from part time to full time at an additional cost of \$6,000. Well #6 is expected to produce 110 AF per year and would reduce VRWD demand on Casitas by 57-81% which would help the District stay within

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allocation. The payback period is 10-15 years. Bruce Kuebler asked what happens if the drilling is crooked again, how it is remedied and who would cover the cost. Bert Rapp responded that the specified tolerance is 6" per 100'. The measurements can't be completed until the drilling is complete. If all requirements aren't met, the well would be abandoned and have to be re-drilled at the cost of the contractor. Peggy Wiles asked what value the increase from part time to full time inspection would add to the project. Marvin Hanson responded that having a representative of the District on site during the project makes a difference for the end result. Bert Rapp also discussed that different aspects of the project such as the gravel pack and well screens warranted additional oversight. Marvin Hanson moved for the recommended action to award the Well #6 Drilling project to ABC Liovin Drilling, Inc. in the amount of \$169,520, authorize the General Manager to increase Kear Groundwater observation by \$6,000 and direct General Manager to notify the State of award of contract, seconded Peggy Wiles and carried 5-0.

9. **UPGRADE SCADA CONTROLLERS**– The District's SCADA system has five old controllers. Two were replaced earlier in the year. The new controllers are not working properly with the old controllers. The SCADA integrator tried to come up with work arounds to keep the system going, however it isn't running efficiently. Bert Rapp recommended approving the Baldwin Tank and Alto Tank controller upgrades. Peggy Wiles moved for approval of the recommended action, seconded Bruce Kuebler and carried 5-0.

10. **ADOPT RESOLUTION 2018-312-CONNECTING TO STATE WATER** – Bert Rapp discussed the importance of connecting to state water to VRWD. Using costs calculated by the "Three Sister's Project", it is estimated that during drought years, state water would add an approximate cost of \$20-30\$/mo and during non-drought years, \$11-21/mo to customer's water bills. That cost seems to be reasonable for the value that state water connection brings to the valley. There has been some discussion that availability of state water is a concern. Bert Rapp noted that water systems work that way and as long as you have a storage facility you can obtain water in plentiful years and place it in storage. He went on to say CMWD should know where customers stand on the issue of state water connection and it was important to adopt a resolution to let CMWD know that VRWD supports a state water connection. Bruce Kuebler said he was totally supportive of the idea. He discussed the response of customers at a water budget workshop two years ago where nobody felt that conservation was the only answer to the ongoing drought. He went on to say that we are committing to more expensive water. Bert Rapp stated that part of the resolution is requesting CMWD adopt a policy committing to connect to State Water as expeditiously as possible. **Public Comment:** Ron Calkins stated that it was very important that this resolution was on the VRWD agenda. He said that if the county had one large water agency, things would work more efficiently and that the HOBOWell and state water connection should both be pursued. He felt that the cost estimates were conservative and that Calleguas Municipal Water District would likely contribute a significant share of the cost as they were motivated and favorable to the project. Bruce Kuebler moved for approval of Resolution 2018-312 Connecting to State Water, seconded Peggy Wiles and carried 5-0 (AYES: Jack Curtis, Peggy Wiles, Bruce Kuebler, Marvin Hanson and Ed Lee, NOES: None.)

11. **WATER BUDGET ROLLOVER CONCEPTS** – Many VRWD customers expressed a desire to have a water budget rollover option as part of the water budget program. Some customers voiced concern over the potential situation where they might not water in some months and then find they need extra water later and do not want to incur penalties when that happens. Some things that complicate a rollover program include the date range for Casitas allocation being the fiscal year (July-June), compliance during summer could be affected by a warm dry winter and the large health and safety allowance causing a surplus of water per user during winter months. Bert Rapp discussed some concepts that could be applied to use a water budget rollover program. He also discussed that the adjustment of the evapotranspiration rate may reduce the desire of a rollover program for some customers. Bert Rapp recommended waiting a year to implement a rollover program to see how the first year goes with the water budget program and reassess based on need after the initial year. Jack Curtis asked if the rollover program would be automatically processed through a software program and what the effect would be on VRWD's small staff. Bert Rapp responded that VRWD would have to

submit a scope of work to the water billing software company and their programmers would have to create the process at a cost of about \$20,000-\$30,000. **Public Comment:** Ron Calkins stated that water budget rollovers are a positive incentive to encourage everyone to work together to save water. He went on to say that the ET adjustment prior to the bill going out gave him some comfort but on the other side of it caused some confusion for what his water budget would be month to month with a change happening right before bill printing. Peggy Wiles asked if the ET rate could be posted on the website somewhere so that customers could look it up if they wanted the information. Bert Rapp confirmed that could be done. Peggy moved for approval of the recommended action to defer changes to the water budget program for a year, seconded Marvin Hanson and carried 5-0.

- 12. UPDATE ON THE UPPER VENTURA RIVER GROUNDWATER AGENCY – KUEBLER –** Bruce Kuebler discussed the last meeting held for UVRGA. The Board was not able to take action on the "Three Sisters" proposal during the meeting because there was opposition from the CMWD and Ventura representatives. Ventura didn't support the concepts and didn't want to be told they couldn't take their entire Casitas yield. There wasn't a consensus so nothing happened. There was the same issue with the collaborative MOU – Ventura didn't agree with it and were opposed because they weren't participating in the group. Bruce Kuebler invited Kevin Brown to participate and he came to the last meeting. The MOU will be brought back at the next meeting to try again for approval. The contracts with Kear Groundwater for measuring the wet/dry interface in the river were not approved because there were some questions about the costs and quality control descriptions. The contracts with requested details will be on the April agenda for the April 12, 2018 meeting. UVRGA's top priority is to get a financing system in place where they can charge an extraction fee on the well pumpers. UVRGA has asked Bert Rapp and MOWD for estimates on well production to help come up with an extraction fee. An administrative fee may also be established. The administrative fee would stabilize the revenue. Bert Rapp commented that texting meters (AMI technology) would be a good option for UVRGA as it would reduce staff costs to read the meters. Bruce Kuebler went on to say that Eagle Aerial data was being used to determine what is being pumped to compare to what was purchased from MOWD, CMWD and VRWD to determine what was actually pumped. Jordan Kear recently gave a presentation on a year in the life of the Ventura River Basin and stated that recharge to the basin is down 80% because of the plugging of the river by ash and mud. The loss of storage capacity is unknown territory. No action was taken on this item.
- 13. GENERAL MANAGER REPORT ON WATER & DISTRICT STATUS –** Bert Rapp discussed the worst drought area in the state being Ventura County. He discussed the incoming pineapple express storm and the expectation of 4-5 inches of rain water. He discussed some recent District activities including bringing Well #7 online, repair to Alto retaining wall, preparation for the first water budget billing and updates to financial processes after the audit. Revenues and usage are 8% above budget. The aquifer is currently 29.5 feet below the 30 year average for March 1 at an elevation of 502.2 feet. Well #1 is pumping 755 gpm unchanged from last month. Well #3 is pumping 225 GPM down 35 GPM from last month. Well #4 is pumping 535 gpm up 20 GPM from last month. No water was purchased from Casitas in February. Sales dollars billed on February 28, 2018 amounted to \$161,459 (\$36,312 above budget for February because of the lack of rain). Last year we billed \$87,607 during the same period. Water sold in February 2018 amounted to 26,762 HCF, a decrease of 10% below the 29,677 HCF sold in February 2013. On March 1, 2018 Lake Casitas level was at 34.6% of full capacity at elevation of 489.3. The lake has decreased .4% or .6 feet and decreased 776 AF since last month.
- 14. OLD & NEW BUSINESS-** AWA Annual Symposium meeting is coming up on April 19th as well as the Special Districts meeting. Lindsey Nielson discussed a memo regarding the channel keeper's lawsuit asking if the VRWD wanted to decertify their request. The Board consensus was not to decertify. Ed Lee stated he will be out of state for the May and June 2018 Board meetings.
- 15. EXECUTIVE SESSION-** Jack Curtis moved the meeting into executive session at 5:02 pm for Legal Counsel performance review. The Board came out of executive session at 5:26 pm, no action was taken.

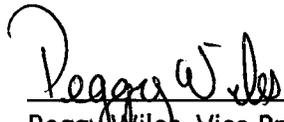
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Jack Curtis adjourned the meeting at 5:27 pm.

Attested:



Jack Curtis, President



Peggy Wiles, Vice President