

Minutes of the Casitas Municipal Water District
Board of Directors Regular Meeting Held
July 27, 2005

A regular meeting of the Board of Directors was held July 27, 2005 at Casitas' Office, Oak View, California. Directors Bennett, Baggerly and Word were present. Directors Hicks and Kaiser were absent. Also present were General Manager, John Johnson; Rebekah Vieira, Clerk of the Board; and Attorney, Rob Sawyer. There were one staff member and five members of the public in attendance. Director Bennett led the group in the flag salute.

1. Public comments.
None

2. Board of Director comments.

Director Word reminded the Board of the August 22nd Tri County Fish Team Meeting. It will be at the GSA Training Center facility. If more than two of us are going we should let Rebekah know so it can be noticed.

Director Bennett mentioned that the museum has opened their special exhibit that is going to be going on for six months. It really is spectacular. It is What's Under Lake Casitas. I think that staff and employees and everyone should stop by and take a look at it. You will learn a lot. They have an incredible amount of information about all the ranches and farms that are under the lake. I just was blown away at the information that they have. There is this huge display of the lake. They have little lights that pop up and you can see where the ranches were. They go into a short story in front of this display but as you go around the room they have paraphernalia. The one farm was almost underneath the dam was a racehorse, Rancho Casitas. They had tons of information on that ranch, they won the biggest purse and they were the place for raising horses.

Director Bennett continued that he would like us to support the museum in any regard. A suggestion might be that we have our Christmas get together there. I think Jane would be happy to work with us on that. This is an excellent marketing tool. You have an outside group that is really promoting Casitas. It is done in a positive and upbeat way. Any way we could support them we should.

Director Word added that he went to the museum annual dinner and Roger Haley was the speaker. He talked about growing up on the ranch.

Director Bennett added that he thinks we should help the museum create a booklet. It would be titled What's Under Lake Casitas. I have asked Jane to put together some kind of a package that she might be able to present to us. It is part of our heritage. They have done all the work and it would be a matter of us pulling it together and putting it into a booklet. I would strongly encourage the board to support this. There was an excellent article in 1927 there was such a drought here in the valley they were trucking

steelhead up the valley because they wanted to ensure the steelhead survive. I told Jane we should have a chapter about fishing in the valley before the dam went in. I think it would be fascinating. The bass fisherman would like a book like that, the Santa Barbara Botanical Gardens. We have a lot of people that would really enjoy the book and it could be sold at our stores here and at the museum. I have asked Jane to put a package together for us.

3. Consent Agenda. APPROVED
- a. Minutes of regular meeting held July 13, 2005.
 - b. Recommend approval of purchase order #06481 to Channel Islands General for the replacement of canal panels.
 - c. Recommend approval of purchase order #06423 in the amount of \$7,787.55 and purchase order #06435 in the amount of \$2,287.47 to Basic Chemical Solutions for the purchase of Sodium Hypochlorite and Hydrochloric Acid used at the Water Adventure.
 - d. Recommend approval of purchase order #06467 to Fini Enterprises in the amount of \$13,000 for an annual purchase order for Ferric.
 - e. Recommend approval of purchase order #06468 to Jones Chemicals in the amount of \$62,000 for an annual purchase order for Chlorine.
 - f. Recommend approval of purchase order #06469 to Polydyne in the amount of \$25,000 for the annual purchase order for Polymer.
 - g. Recommend approval of purchase order #06470 to Pacific Diazo Products in the amount of \$18,000 for an annual purchase order for Ammonia.
 - h. Recommend approval of purchase order #06471 to Chempoint in the amount of \$52,000 for an annual purchase order for Blended Phosphate (Aquamag).

On the motion of Director Baggerly, seconded by Director Word and passed, the consent agenda was approved.

4. Bills. APPROVED

Director Word asked about the bills to Ventura County Star #18839 and #18838. It looks like several months there. Rebekah commented that she believed that most of that was for recruiting but we also have an annual subscription. We have had quite a bit of advertising going on for various positions.

On the motion of Director Word, seconded by Director Baggerly and passed, the bills were approved.

5. Committee/Manager Report(s). APPROVED FOR FILING
- a. Executive Committee Report
 - b. Personnel Committee Report
 - c. Report on specific issues
 - d. Conservation/Public Relations Report

e. Newsletter Survey Report

Mr. Johnson reported that under the Personnel Committee we are sending a revised personnel ordinance to the Union. In the newsletter survey I will try and answer some questions about that. Ron put that report together. Generally we found that people were reasonable supportive of the newsletter. It was interesting to note that a couple of issues seemed to divide people that were for or against the fish ladder they both didn't like the coverage. Most of the people liked the coverage on the conservation issues. They liked the information. We did get a number of notes were the people thought that we should continue it.

Director Bennett commented that on the Personnel Committee there is some excellent information and some of this should go into the employee newsletter that we have talked about. Some of the comments from John Baker. Director Word said we will have more of that once it comes to the board. Director Bennett said this is what the employees wanted to know about. I certainly have a lot of questions. Are there any comments from the board on the newsletter survey? Director Word said that the indicated that we should continue it. Director Bennett added that he would like to go over the survey with Ron. Mr. Johnson said he has a large detail on all of the comments that we would be happy to share with you. Rebekah has it if you would like to see it. Director Word asked if there is a committee specifically dealing with this. Mr. Johnson said it went through the Executive Committee. We would be happy to share with you the details. Director Bennett said the survey results give us our marching orders on what should be in future newsletters. Information on laws coming down, all of that should be gotten to in more depth. There is not enough room in there for in depth. We should refer in a short article in the newsletter and refer them to the web site so that those that want the information can get it. It seems like some people were very interested in the information.

On the motion of Director Baggerly, seconded by Director Word and passed, the Committee/Manager Reports were approved for filing.

6. Resolution authorizing the General Manager to sign the letter to the Attorney General regarding Retirement Health Care for directors.

TABLED

Mr. Johnson said that the Board President has asked that this be tabled until our second meeting in August. Director Word said we need full board for this item. That meeting will be August 24th.

7. Recommend that the Board reject the 65 claims from La Conchita residents and authorize the President of the Board to execute the letter rejecting the claims on behalf of the district.

APPROVED

Mr. Johnson reported that generally these claims are pretty similar to the claims we got in 1995 when they had a previous slide except for the things that went on with this slide. They are for wrongful death, property damage and diminution of value of the property. It would appear that all of the claims have to deal with the slide. The indication is that they feel that the management of the district or the operation maintenance and repair practices in their opinion had something to do with it. I guess the management seems like it is more like an act of God. There was a large rainfall. There was a large rainfall the previous time and we were let out of it. Our recommendation is that you reject all of the claims and authorize the letter to be sent. Director Word does that include notifying the insurance company. Mr. Johnson said we have notified the insurance company.

Director Bennett asked if counsel has reviewed these. Rob Sawyer said he has reviewed the claims. They are organized based on a single set of alleged facts concerning the district's liability. Each has different types of damagers from property damage to claims from family member of those that died in the mud slide. It is a very tragic event. Counsel is very familiar with the proceeded from the 1995 slide. I have had discussions because of some related things that our office was involved with a geologist of one of the parties of that lawsuit. Also our office represents a number of property owners in La Conchita. None are claimants in these claims. Our office has rendered services for one of the claimants in matters not related to this winter's mudslide or that this particular property involved. It is not necessary at this point to present an opinion about the outcome. It is a similar situation in that it will become a battle between the landowner on the top of the hill, the La Conchita Ranch Company and residents as to if there was some action on the part of La Conchita Ranch Company that changed natural conditions. There is no question that it is extremely volatile area. There are going to be allegations against the county which made some efforts after 1995 to get a handle on certain types of problems but not on the volatility of the cliff itself. As for the district, the district happened to operate there and has easements and pipelines. Counsel concurs with the General Manager. There are systems in place, there is not evidence of anything that the district did contributed to this slide. It is proper that they be denied at this time. When you do that the next step is for the claimant to bring the action in court. Filing of the claim with the public entity is a requirement before you can file a lawsuit. There will now be time limits that will vary based on the type of injury. It is likely that the district will be named and based on what counsel reviewed with the General Manager it is proper to simply deny all of the claims.

On the motion of Director Word, seconded by Director Baggerly and passed the above recommendation was approved.

8. Resolution adding section 4.10.3.10 to the rates and regulations for water service providing for water demand factors.

APPROVED

Mr. Johnson reported that your Board will recall that we have been talking about water supply and demand factors for some time. A lot of these issues have come up as

individual people have come to us and asked questions about if their property should be charged for a new connection or if they had existing allocation or what. What I think we finally came to is that the set up that the district had on dealing with allocations is that our ordinance says that every addition to the system now is an expansion. If that be a granny flat, a house, a small building that requires any additional water or if it be agriculture. Back in the early 1990's we sent a letter to all the agriculture owners that any expansion of trees would be an expansion and to do that properly they had to come and deal with it. That is to meet with the district and buy additional allocations. More recently what we have been looking at is the issue of granny flats. One of the issues that came up is that number of customer had additional allocation between what they were using and the amount of allocation that was on the record. We went back and explained to the committee and not to the board that when that was originally set up it was set up in block amounts. If you happened to fall over the next block amount you got more allocation than you needed. It was not set up to deal with expansions. When we wrote the ordinance every expansion was and did require an additional allocation. We also talked about a methodology where we talked about setting an arbitrary figure for granny flats at a ¼ acre foot. We didn't have any real basis for that. We also reviewed with the committee the idea and water demand factors. The water demand factors were based on some research done in Santa Barbara which was in a report. It indicated what demand factors they felt they could allocate or allow for different kinds of construction. It appeared to us that those water demand factors were similar to us. It is a similar area and environment. We talked about implementing the water demand factors instead of the other methodologies that we have had before. Because it was based on the Santa Barbara information it gave us more discreet information and we could allocate the proper amount to different land uses.

In the water demand factors they have different ones set up for different kinds and we talked mostly about the water demand factors for a single family resident up to 10,000 square foot lot. The feeling was that would ultimately be the one that we would use for the granny flat. Director Bennett said he looks at some of the figures and they don't wash for me. How can a gas station use 17.55 and a grocery store only use 15. A fast food restaurant is 45 and a 24 hour restaurant is only one. Mr. Johnson said a little of the explanation comes when you get to the far right hand column. What you are doing here is basing it per certain number of seats or square feet. What they have done is divided the size into it so that you could have a factor that you could apply to more different kinds of sizes and facilities. For example in your restaurant, the demand factors appear to be on the basis of each seat. If you have a number of seats you would have more water that would be required to be allocated to that particular service. If you had 100 seats the water demand factor would move up to almost four acre feet. It appeared to us a good methodology so that you could provide the appropriate water for the appropriate customer. There are some discussions that staff had concerning how this all works. First there is no guarantee that you will get farther through the list. If you have a couple of Rancho Matilija type customers you would go down and find that single family residence over one acre feet and we would now allocate them 1.44 acre feet. You will be allocating to folks on the basis of what they really need in total rather than just the simple half acre foot for everyone. That changes what we have been doing. I think it is appropriate.

Those that only got the half acre foot are seriously under allocated. One of the other issues is the issue of in our ordinance it provides for that we can't allocate more than ten percent to any one customer. If you adopt this thing it is our belief that it is a newer adoption and you are anticipating doing that to make this work out right. Most of the ones that we are getting in now are the smaller granny flats, the allocation for that is less so we will probably make it up on the other side. Director Word asked how are we defining a granny flat. Mr. Johnson said an additional building that is meant for people to live in that is 900 square feet or less. One of the suggestions is that we put the demand table into operation and we concluded that the granny flats will be in that particular area. We recognized as staff went through each one of the demand factors there are a number of examples that there will be people all over the place. Some will have large lots, some will have small lots. No one program solves every problem. I think this provides you with a lot more ability to differentiate between the different kinds of developments so that you can have a more detailed evaluation. It will make it easier for staff to evaluate. We think it makes a lot of sense. It does provide you with a more broken down way of developing a demand figure for each kind of development. We recommend that the board approve this and apply it to all new construction that will occur after this date.

Director Baggerly asked about the inequity in Rancho Matilija. Mr. Johnson said the original customer out there have all of the allocation that they need. It is just this period between April of 2003 to July of 2005 where you have a couple Rancho Matilija customer who are only allocated a half acre foot. The ordinance also provides that we can look at folks that may have been over allocated in the past and we may come to you with some kind of discussion about reducing their allocation if people want to do that.

Director Word asked about the section on refunds. Mr. Johnson replied that we get into the discussion with customers that I missed the cut off date but for missing that I would have gotten a lower figure. It would seem like it might be in our interest to allow some refunding because you also collect the water back that you can reallocate to customer who may really need it. It gives you the option of reallocating that water from those two years to address other customers that might otherwise not have water.

Director Bennett asked are we being asked to vote on one or the other? Mr. Johnson said the only thing that we have before you right now is the demand factors.

Director Bennett said we have a member of the public who would like to speak on this issue before we vote.

Loree Cole, 331 Prospect Street in Oak View addressed the board. I am a former employee of Casitas and I worked directly with the establishment of the water allocation program. I think John has made some significant progress on a proposal that could assist people in the community in obtaining building permits. I support the proposal to amend this. John mentioned several areas that were existing problems with the program. When it was implemented in the late 1980's it was a quick fix to slowing down demands of the system. If didn't allow for people to add a bathroom to get a building permit. There were people that were required to buy a half acre allocation for an additional bathroom. As a

homeowner I would like to see my neighborhood and my home potential is there. Being on a waiting list for an indefinite amount of time for a granny flat is disconcerting. I read through the ordinance and I have some suggestions. One is I heard a mention of adopting guidelines that go along and I think that would be an effective way to help staff. I work for the City of Santa Barbara and I am familiar with this table. It was done in the late 1980's and within the past ten years there have been significant developments and building requirements that require low water use toilets and showerheads so those numbers could be a bit high for what we have now. I wanted to show you that I mapped out my water use for my property. Allowing a program like this does not mean that the lake will go down. It means that we are able to use less water more effectively. What the graph shows is that the biggest bar is the half acre foot allocation. I'm on a 9,000 square foot lot. It could actually fit three condominiums but I am not looking to do that. I am looking in the future to add a small additional unit on the back. I have front and back lawns, I bath daily and I haven't come close to using my allocation. I think you will see people coming in that fall into this category. They are not big demand customers. They are people that want to improve on their property. The ordinance was written to require additional allocation and maybe they don't need one.

Loree Cole continued that there are eight options and goals in the biological opinion. Item three it talks about working with other water suppliers to use their resources before turning on Casitas and there are 23 different water purveyors in the district. There may be a lot of them that don't take water but if there is a drought they need our water. I have watched a lot of them pull building permits. We are all living in the same community. Item five says to provide only the water that is needed. People don't typically request allocations, they have to have it. There will probably be people coming back saying they don't need the allocation and don't make people buy water that don't need it. Finally, I also have a suggestion that if you are going to allow people to build why not add a fourth tier to the billing cycle. Maybe consider adding a fourth tier but if you use over your allocation you pay more so the incentive would be there to stick within their means. I have wondered about agriculture water use and class six lands. I drive Highway 150 to work every day and there is a lot of steep terrain that are not eligible for ag water rates and I think if we are looking at everybody taking a hit here then I would encourage the district to look at those areas. I think it could be easily done by looking at the aerials and consider the ranchers to pay a residential or commercial rate for watering on land that was never deemed eligible for the ag rate.

Director Bennett thanked Loree and responded to a few of the items. We have gone through each and every one of the items you have brought up. We don't want to get on the other side of the water meter. We have started the sweep program and I think we will have good success to help the farmer and industry. We will be doing a program there. Your point about the 27 different water purveyors in the valley, there are four or five major ones, one of them is Meiners Oaks. We are working with them and we recognize that. We have had them to the table. We are going to have some interconnection. There probably will be some savings there and that will take care of the problem with some agencies being more flexible in doing things. We will be working together to manage all of these kinds of things. Your chart here points to one major

problem that we are concerned with. You have been an excellent water user. We try to look back five or ten years. The blue bar represents the person before you and it could be the person after you if you move on. He continued that we had plenty of allocation before the Robles diversion. I am interested in knowing what Santa Barbara is doing now but this may be a better starting point and maybe we tighten up to what Santa Barbara has now. We are headed in the right direction. I am encouraged with what John has presented here. We have an excellent start. Our Water Resources meetings have people from the public who have been listening to all of this process. Every time someone comes in their project is entirely different and we can't make a decision based on each individual.

The above resolution was presented by Director Baggerly, seconded by Director Word and adopted by the following roll call vote:

AYES:	Directors:	Bennett, Baggerly, Word,
NOES:	Directors:	None
ABSENT:	Directors:	Hicks, Kaiser

Resolution is numbered 05-53.

9. Information items:

Level of lake -07/19/05 - -563.40 feet above mean sea level (3.60 feet below spill elevation); present storage is 244,346 acre feet (9,654 acre feet below full capacity of 254,000 acre feet, 117,346 acre feet above half capacity, or 96.2% full capacity.

- a. Request from ACWA for Region nominations and the election process.
- b. Ventura County Special Districts Association Dinner Meeting being held Tuesday, August 2nd at 5:00 pm at Calleguas.
- c. Letter from United States Department of the Interior regarding confirmation of Verbal Request for Law Enforcement Assistance.
- d. News Articles of Interest
- e. Investment Report of July 20, 2005.

10. Closed Session

- a. Conference with Legal Council- Anticipated Litigation
Significant exposure to Litigation-Facts and Circumstances that might result in litigation against the agency, but which the Agency believes are not yet known to a potential plaintiff or plaintiffs. Government Code Section 54956.9(b)(3)(A).
Agency Claimed against: Casitas Municipal Water District
- b. Conference with Legal Counsel – Existing Litigation (Subdivision (a) of Section 54956.9 Name of Case: Casitas Municipal Water District vs. United States.

Director Bennett adjourned the meeting at 3:48 pm. A closed session was not held.

Secretary