

Minutes of the Casitas Municipal Water District
Board Meeting Held
June 25, 2008

A meeting of the Board of Directors was held June 25, 2008 at Casitas' Office, Oak View, California. Directors Word, Hicks, Handley, Kaiser and Baggerly were present. Also present were Steve Wickstrum, General Manager, Rebekah Vieira, Clerk of the Board, and Attorney, John Mathews. There were three staff members and 12 members of the public in attendance. President Word led the group in the flag salute.

1. Public comments.

None

2. Board of Director comments.

President Word stated that agenda item number 8, the public hearing on the revisions to recreation rates would be pulled as there was an incorrect date in the public notice. It will be taken up at the next board meeting.

3. General Manager comments.

Mr. Wickstrum reported making progress with the fire department and participation with Quagga issues. There are decontamination procedures for fire equipment.

4. Consent Agenda APPROVED

- a. Minutes of the June 11, 2008 Board Meeting.

RECOMMENDED ACTION: Adopt Consent Agenda

The consent agenda was offered by Director Baggerly, seconded by Director Kaiser and passed.

5. Bills APPROVED

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

6. Committee/Manager Reports APPROVED FOR FILING

- a. Finance Committee Minutes
- b. Executive Committee Minutes
- c. Water Resources Committee Minutes

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

7. Oak View Water Availability Charge.

a. Public Hearing

President Word stated this is the time and place for the public hearing to consider input regarding the Oak View Water Availability Charge. He asked for the Clerk of the Board to report on any individuals who had called or submitted letters regarding the charge. The Clerk of the Board stated there was one phone call from Dale Wharton questioning the charge. Mr. Wickstrum provided the Managers Report stating this is a process that has been going on since 1972 when \$455,000 of infrastructure was put in the Oak View distribution system. The District began to apply \$10 per parcel fee assessed every year. We collect \$7,500 a year. The initial expenditure was made out of our own reserves and the charge has always been \$10.00 per parcel.

President Word opened the public hearing at 4:37 p.m. There was no comment from the public so the public hearing was adjourned at 4:37 p.m.

b. Resolution setting forth schedules of water availability charges for certain properties within the Casitas Municipal Water District

ADOPTED

The resolution was offered by Director Kaiser, seconded by Director Handley and passed by the following roll call vote:

| | | |
|---------|------------|--|
| AYES: | Directors: | Baggerly, Kaiser, Handley, Hicks, Word |
| NOES: | Directors: | None |
| ABSENT: | Directors: | None |

Resolution is numbered 08-18.

8. Public Hearing regarding the modification of Lake Casitas Recreation Area fees and charges. ITEM PULLED FROM AGENDA

a. Public Hearing

b. Resolution adopting the modification of Lake Casitas Recreation Area fees and charges.

RECOMMENDED ACTION: Adopt Resolution

c. Resolution approving the preliminary assessment for the revision of Lake Casitas Recreation Area Rates for the restructuring and revision in fees and charges for the Lake Casitas Recreation Area, and adoption of the Notice of Exemption.

RECOMMENDED ACTION: Adopt Resolution

9. Public Hearing for the adoption of the 2008-2009 Budget.

a. Public Hearing

President Word stated this is the time and place for the public hearing to consider input regarding the adoption of the 2008-2009 Budget. He asked for the Clerk of the Board to report on any individuals who had called or submitted letters regarding the charge. The Clerk of the Board stated there were none. The General Manager reported that staff and the board have spent many hours working through the budget. There were a few changes made from the General Manager approved to Board approved. One is the consideration of the Raftelis rates and incorporating that as what we would use as a revenue source. We are not at this time approving those rates; we are using it as a planning tool. There has been a question of getting the 1% money. We have considered 100% of that revenue coming in; we may have to adjust it. The other factors were some of the adjustments to recreation rates. Capital items will be aggressive. There are a couple of carry over items such as the filter catwalks and moving toward the dam tender house. We are looking to purchase two vehicles; we want to add one employee for a five year term for safety issues.

President Word opened the public hearing now open at 4:43 p.m. and there were no comments from the public. Director comments: Director Baggerly asked what we do with the \$400,000 deficit. Mr. Wickstrum replied that this is a planning tool. Part of what is increasing is putting on the books the depreciation that was not on the books. We have to keep pace with maintenance and replacement. We will need to track with the funds we have and tighten our belts and eliminate expenditures that may or may not be beneficial to us. Revenue generation is unknown because of boating restrictions. Director Handley complimented staff and the finance committee for a transparent and understandable budget. Mr. Wickstrum thanked Denise as she has worked very hard on this.

President Word asked if there were any additional comments and hearing none he closed the public hearing at 4:48 p.m.

b. Resolution adopting the general fund budget, debt service fund and Mira Monte water assessment district fund budgets for the Fiscal Year ending June 30, 2009. ADOPTED

The resolution was offered by Director Hicks, seconded by Director Handley and passed by the following roll call vote:

| | | |
|---------|------------|--|
| AYES: | Directors: | Baggerly, Kaiser, Handley, Hicks, Word |
| NOES: | Directors: | None |
| ABSENT: | Directors: | None |

Resolution is numbered 08-19.

10. Raftelis Water Rate Study

- a. Resolution accepting the Water Rate Model prepared by Raftelis Financial Corporation, Inc. and recognition that training for staff on the Water Rate Model is pending. ADOPTED

Mr. Wickstrum reported this all started about a year ago when we started talking about our water rate model. We brought in a consultant who is skilled in this area and we asked to be compliant with Prop 218 and to develop a model that will help us into the future. Raftelis brought financial planning and an effort to smooth it out from this point on so we are not in a zone of large increases. Overall we are looking at a ten percent increase in this year. Raftelis has provided their study and it is to AWWA standards. There are still some ins and outs that are more difficult to understand regarding cost of service and peak factors and how that applies. We looked at our fixed revenue and service charges. We are currently at 22% fixed charges and we had an option of going to 25% fixed but want to leave it at 22%. If it was changed to 25% a person with a small meter and little water use would spend more on standby charges with the higher fixed charges. We have applied the 22% fixed charges for the model and we would like to move forward with a hearing on August 25th.

President Word stated that when we entered into this we had a previous rate model and it was not necessarily based on the current standards. We proposed that we needed to retrieve the cost of service and be equitable. We asked them to provide us a rate model based on industry standards. They have looked at all expenses and reallocated them to industry standards. The 22% is where we are when they look at our fixed charges. 25% is the industry average.

Director Kaiser stated the consultant did a fine job. The figures on page 29 and 30, table 5.1 show where we are. Going from 22 to 25% fixed rate there are some disadvantages for single families. Not to say in future years we may revisit this. Right now for the initial planning tool it does a fine job. President Word added Raftelis commented we are under funded in our reserves and this would help us catch up on a gradual basis.

Director Baggerly questioned different numbers for revenue requirements. Denise Collin explained that one shows total revenue not just cost of service. Another number is total revenue including the revenue from taxes.

Director Baggerly asked if we can do some playing with it model after completing training. Mr. Wickstrum answered that what has been

done is defensible for 218 and industry standards. Director Baggerly added we could enter in different scenarios and have a different rate. President Word added we needed to be 218 compliant and transparent. To follow 218 guidelines, we use the taxes to offset the cost of treatment for Ag users. We are trying to recover the cost of service and be open. That is why this adjustment changes our whole model. This is a cleanup and restructuring. Director Baggerly added this is not my concept of a model. It should be a tool to desire to have a different outcome where you can program it to come out that way. There is a possibility under the doctrine of reasonableness where we can subsidize one class of customer.

Director Hicks added it is encouraging that with these increases our rates are lower than in other areas.

Director Handley added this is a good structure, it is well thought out and provides us with some great optys to catch up with revenue. Great benefit to our customers and there will be smaller increases.

Jim Churchill asked at what point can we see and study the final model. Mr. Wickstrum replied we can make it a read only and provide it in the future.

The resolution was offered by Director Baggerly, seconded by Director Kaiser and passed by the following roll call vote:

| | | |
|---------|------------|--|
| AYES: | Directors: | Baggerly, Kaiser, Handley, Hicks, Word |
| NOES: | Directors: | None |
| ABSENT: | Directors: | None |

Resolution is numbered 08-20.

- b. Resolution setting the protest hearing for water rate adoption on August 27, 2008 at 4:30 p.m. ADOPTED

The resolution was offered by Director Handley, seconded by Director Kaiser and passed by the following roll call vote:

| | | |
|---------|------------|--|
| AYES: | Directors: | Baggerly, Kaiser, Handley, Hicks, Word |
| NOES: | Directors: | None |
| ABSENT: | Directors: | None |

Resolution is numbered 08-21.

- c. Resolution approving the preliminary assessment for the revision to the Rates and Regulations for Water Service and adopting the notice of exemption. ADOPTED

The resolution was offered by Director Kaiser, seconded by Director Handley and passed by the following roll call vote:

| | | |
|---------|------------|--|
| AYES: | Directors: | Baggerly, Kaiser, Handley, Hicks, Word |
| NOES: | Directors: | None |
| ABSENT: | Directors: | None |

Resolution is numbered 08-22.

11. Resolution establishing the appropriations limit for Fiscal Year ending June 30, 2009. ADOPTED

The resolution was offered by Director Baggerly, seconded by Director Hicks and passed by the following roll call vote:

| | | |
|---------|------------|--|
| AYES: | Directors: | Baggerly, Kaiser, Handley, Hicks, Word |
| NOES: | Directors: | None |
| ABSENT: | Directors: | None |

Resolution is numbered 08-23.

12. Resolution fixing a tax rate for Fiscal Year 2008-2009 and authorizing the President of the Board to execute a certificate requesting the Ventura County Board of Supervisors to levy such a tax. ADOPTED

The resolution was offered by Director Kaiser, seconded by Director Handley and passed by the following roll call vote:

| | | |
|---------|------------|--|
| AYES: | Directors: | Baggerly, Kaiser, Handley, Hicks, Word |
| NOES: | Directors: | None |
| ABSENT: | Directors: | None |

Resolution is numbered 08-24.

13. Information Items:

- a. Recreation Area Report for May, 2008.
- b. Fisheries Report
- c. Governor's Drought Executive Order
- d. News Articles of Interest
- e. Investment Report

Director Hicks questioned the weirs listed as an obstacle on the fisheries report. Scott Lewis replied that this is the initial methodology used to assess initial impediments. The fish were able to migrate steep impediments. Based on the number going through the fish ladder it was obvious they were able to get through the weirs. Director Hicks asked if we are going to get a camera like Santa Barbara. Mr. Lewis stated we are working with Cachuma and looking to

install one at the mouth of the Ventura River. A grant application has been submitted and Fish & Game was interested in doing that. It would provide a lot of information. Mr. Wickstrum added that now is a good time to gather data. This program is key and it is important to gather data while we can. We wish we had continued in the 80's and 90's to have provided data.

President Word adjourned the meeting at 5:26 p.m.

Secretary