

CALLEGUAS MUNICIPAL WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
April 3, 2019

**MINUTES**

The regular meeting of the Board of Directors of Calleguas Municipal Water District was held at the District Office, 2100 Olsen Road, Thousand Oaks, California, on April 3, 2019.

The meeting was called to order by Thomas L. Slosson, President of the Board, at 5:00 p.m.

**A. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND ROLL CALL**

Directors Present: Thomas L. Slosson, President  
Andres Santamaria, Vice President  
Scott Quady, Treasurer  
Andy Waters, Secretary  
Steve Blois, Director

Staff Present: Susan Mulligan, General Manager  
Eric Bergh, Manager of Resources  
Tony Goff, Manager of Operations and Maintenance  
Henry Graumlich, Manager of Strategic Planning  
Kristine McCaffrey, Manager of Engineering  
Dan Smith, Manager of Finance and Human Resources  
Kara Wade, Clerk of the Board

Legal Counsel Present Robert Cohen, Cohen & Burge, LLP, District Counsel

**B. MINUTES**

On a motion by Director Blois, seconded by Director Santamaria, the Board of Directors voted 5-0 to approve the March 20, 2019 minutes.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson

NOES: None

**C. WRITTEN COMMUNICATION**

**1. Letter dated March 21, 2019 Support – AB 533 (Holden): Income Tax Exemption for Water Rebates**

The Manager of Resources said that, through this letter, Calleguas has expressed support for a measure that provides an exclusion from gross income for any amount

received as a rebate, voucher, or other financial incentive issued by a local water agency or supplier for any water conservation or water runoff management improvement programs. No action was taken.

**2. Letter dated March 26, 2019 Oppose – SB 332 (Hertzberg): Wastewater treatment: recycled water**

The Manager of Resources said that, through this letter, Calleguas has expressed opposition for a measure that mandates reductions in municipal wastewater discharges to the ocean. As the bill does not distinguish brine concentrate from municipal wastewater, it would impose inadvertent reductions on brine discharges as well, thereby adversely impacting operation of the Salinity Management Pipeline. The Association of California Water Agencies, California Municipal Utilities Association, California Association of Sanitation Agencies, and California Special Districts Association have submitted a coalition letter opposing the bill for a variety of reasons. No action was taken.

**D. ORAL COMMUNICATION**

None

**E. GENERAL MANAGER**

**1. March 2019 Monthly Status Report**

The Board asked questions and the General Manager and department managers answered them. No action was taken.

**2. Discussion regarding proposed changes to Administrative Code**

The General Manager recommended that the following changes be made to the Administrative Code.

- Increase the dollar amount for which a formal solicitation process is required for procurement of materials (not services) from \$34,999 to \$49,999 to allow greater flexibility for routine procurements.
- Update employee titles associated with procurement limits consistent with the current Operations and Maintenance Department organization.

Legal Counsel has confirmed that the proposed changes conform to the law.

On a motion by Director Santamaria, seconded by Director Quady, the Board of Directors voted 5-0 to approve the changes to the Administrative Code.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson  
NOES: None

**3. Consideration of a notice to set date, time, and place of public hearing to amend CMWD Ordinance No. 18, Covering the Authority of Officers to Execute Contracts and Instruments**

The General Manager said that Ordinance No. 18 defines which officers (Board Members and the General Manager) have the authority to sign which types of documents and agreements.

It is recommended that Ordinance No. 18 be amended to be consistent with the change to the Administrative Code described in the previous agenda item increasing the limit for which a formal bid process is required for materials procurement. This change to Ordinance No. 18 would increase the General Manager's signatory authority for materials procurements from \$34,999 to \$49,999.

As this is an ordinance, the Board must follow a formal public notice and hearing process in order to make a change. It is recommended that a public hearing be set for May 15, 2019, at 5:00 p.m., at the District's headquarters located at 2100 Olsen Road, Thousand Oaks, California.

On a motion by Director Santamaria, seconded by Director Blois, the Board of Directors voted 5-0 to set the time and date of a public hearing to amend Ordinance No. 18 at 5:00 p.m. on May 15, 2019.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson  
NOES: None

**4. Discussion regarding proposed terms of an agreement between the City of Ventura, Calleguas Municipal Water District, Casitas Municipal Water District, and United Water Conservation District for construction and operation of an interconnection**

The General Manager said that staff of Calleguas and the City of Ventura have reached agreement on most of the proposed terms for an interconnection agreement. The next steps will be to determine how Casitas and United wish to participate, have the various legal counsels review the agreement, and obtain approval from the governing bodies of each agency.

The General Manager reviewed the proposed terms with the Board. Enclosed in the packet was a map of the interconnection pipeline, a table showing the various agreements that will be needed, and a summary of the content of the draft interconnection agreement. No action was taken.

## **F. FINANCE AND HUMAN RESOURCES**

### **1. February 2019 Financial Statements**

The Manager of Finance and Human Resources presented the financial statements. No action was taken.

### **2. Consideration of a notice to set the time and date of a public hearing regarding Annual Adjustment to the District's Water Rates and Fees**

The Manager of Finance and Human Resources said that the purpose of this item is to set rates and fees for Calendar Year 2020. Metropolitan Water District (Metropolitan) adopted the rates for Calendar Years 2019 and 2020 at their Board meeting on April 10, 2018.

The proposed water rate, fees, and charges were developed in conjunction with a preliminary Fiscal Year 2019-20 draft budget and the District's Strategic Plan. One of the goals of the Strategic Plan is to maintain an annual rate increase below 6% while maintaining the financial integrity of the District. The proposed water rates, fees, and charges will meet these objectives. Staff is expecting no appreciable increase in water sales and therefore is planning to budget for sales of 90,000 acre-feet (AF) in Calendar Year 2020.

It should be noted that staff has not yet assembled all of the information for development of the final budget. However, the proposed budget will be provided to the Board before the Board is asked to formally approve the rates. The rates may be adjusted slightly from those provided in this packet based on more complete budget figures.

To allow for notice as specified in Ordinance 12, the date for the public hearing on this matter is proposed for June 19, 2019. Below is a brief description of the proposed changes to the water rates and fees. Additional information was provided in the Board packet.

## Water Rates

Variable Rates: The proposed 2020 rates for potable water are: Tier 1 at \$1,472 per AF and Tier 2 at \$1,559 per AF. This reflects 3.4% and 3.3% increases respectively. The proposed rates include a 2.7% increase in the Metropolitan Tier 1 Rate and a 5.6% increase in Calleguas' rate.

Capacity Charge (CC): The CC is based on the highest weekly flow rate for a purveyor between May 1 and September 30. The proposed CC for 2020 is \$35,960 per peak week flow (in cubic feet per second), representing a decrease of 3.2%. The decrease is a result of a projected higher peaking flow during the months of May through September.

Readiness to Serve Charge (RTS): The RTS Charge is a direct pass through from Metropolitan, with no Calleguas component. A decrease of 1.6% is proposed in 2020 based on a reduction in the Metropolitan RTS Charge.

Temporary Water Rate: The Temporary Water Rate is the rate charged to someone other than a purveyor, typically a contractor, and may only be used for short-term purposes. It is set at two times the Tier 2 variable rate.

Overall: Considering all fixed and variable costs, as well as lower sales, the overall increase to the purveyors is expected to average 3.1%, with slight variations due to different purveyors' payments under the CC and RTS. All proposed changes would become effective January 1, 2020.

## Wheeling Rate

During FY 2015-16, the District completed a Cost of Service Study developing a rate to wheel water through the system, assuming capacity for the water is available. A rate of \$24.04 per AF was calculated for Calendar Year 2020 by determining the fair share of the construction costs of the pipes and dividing by the 10-year average annual delivery capacity of the pipes. The current change represents a 4.5% increase in the rate. The increase is due to the declining average water sales over the last ten years as well as the addition of assets related to the rehabilitation of pipe infrastructure.

## Salinity Management Pipeline (SMP) Rates

The first SMP rates were effective on January 1, 2012 and were established at a rate that would make it cost effective for purveyors to build and operate groundwater desalters. The SMP rates are not sufficient to cover the cost to build and operate the system. Since 2012, the SMP rates have been tied to the Tier 1 rate for potable water to keep the desalters financially viable. The rates for discharge in 2020 are proposed to increase 3.4%, consistent with the increase in the potable water

variable rate. The rate for brine is proposed to be \$608.20 per AF and the rate for non-brine is proposed to be \$48.70 per AF. In accordance with Ordinance No. 19, Rules and Regulations for Use of the SMP, rates for SMP discharges outside the service area are 150% of the rates inside the service area.

### **Annexation Fees**

Each year Calleguas adjusts its per-acre fee using financial information from the preceding fiscal year. The fee is based on a back property tax due calculation based on the assessed valuation of property within the District and converted into a per acre charge. An Annexation Fee rate of \$3,266 per acre is proposed for 2020, and represents an increase of \$161 or 5.2%.

The proposed 2020 rates and fees will be reviewed with the purveyors at the monthly Purveyor Meeting on April 22.

On a motion by Director Quady, seconded by Director Blois, the Board of Directors voted 5-0 to set the time and date of a public hearing on the water rate and fee adjustments at 5:00 p.m. on June 19, 2019.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson  
NOES: None

## **G. OPERATIONS AND MAINTENANCE**

### **1. Discussion regarding Resolution No. 1965, authorization and call for bids for stand-by generator preventative maintenance services**

A RESOLUTION OF THE BOARD OF DIRECTORS OF  
CALLEGUAS MUNICIPAL WATER DISTRICT  
APPROVING THE SPECIFICATIONS AND CALLING FOR BIDS  
ON A THREE YEAR MAINTENANCE SERVICES AGREEMENT  
FOR THE DISTRICT'S STANDBY POWER GENERATORS.

The Manager of Operations and Maintenance said that the purpose of this requested action is to approve the publication of a Notice Inviting Bids for standby generator maintenance services. The contract is to perform preventative and corrective maintenance on the District's 16 standby generators. The contract will be effective from May 20, 2019 through December 31, 2021. This work is estimated to cost \$90,000 over the next three years. Services will be billed as lump sum and time-and-materials tasks.

On a motion by Director Blois, seconded by Director Waters, the Board of Directors voted 5-0 to adopt Resolution No. 1965. Resolution No. 1965 is attached and made part of these minutes.

AYES: Directors Blois, Waters, Quady, Santamaria, Slosson  
NOES: None

#### H. RESOURCES AND PUBLIC AFFAIRS

##### 1. Water Supply Update

The Manager of Resources gave a brief update on water supply conditions. No action was taken.

#### I. ENGINEERING AND CONSTRUCTION

None

#### J. STRATEGIC PLANNING

None

#### K. DISTRICT COUNSEL

None

#### L. BOARD OF DIRECTORS

##### 1. Oral report on meetings attended by Board members

Board members provided oral reports on meetings attended at the expense of the District, pursuant to Government Code Section 53232.3(d). All expenses would be filed at the end of the month, accompanied by receipts.

##### 2. Discussion regarding upcoming meetings to be attended by Board members

The Board discussed meetings they planned to attend.

##### 3. Metropolitan update

Director Blois said that he attended a Board committee meeting on California WaterFix (CWF). He said that the characteristics of CWF remain uncertain, pending further clarification from the state. Metropolitan is hopeful that additional details will be made available by June.

**M. CLOSED SESSION**

- 1. Pursuant to Government Code Section 54957 (personnel exception), Public Employee Appointment – Interim General Manager**

At 6:22 p.m., Director Slosson adjourned to Closed Session to discuss Item M-1 as stated on the agenda.

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**CLOSED SESSION CONTINUING**

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At 7:03 p.m., Director Slosson reconvened the meeting to Open Session.

Regarding M-1, Director Slosson stated that the Board discussed the retirement of General Manager Susan Mulligan, the appointment of an Interim General Manager, and the appointment of an Acting General Manager.

On a motion by Director Quady, seconded by Director Blois, the Board of Directors voted 5-0 to appoint Eric Bergh as Interim General Manager beginning on April 1, 2019 and ending two full pay periods after the employment start date of a new General Manager. The Interim General Manager shall be compensated at an annual salary of \$229,950.

**L. BOARD OF DIRECTORS**

- 4. Resolution No. 1966, Appointing an Acting General Manager**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
CALLEGUAS MUNICIPAL WATER DISTRICT  
APPOINTING AN ACTING GENERAL MANAGER**

The General Manager said that the Administrative Code provides for the Board to designate, by resolution, an employee to serve as back-up to the General Manager to perform duties when the General Manager is on vacation or otherwise unavailable. The duties include decision-making, signing documents, and taking actions that cannot wait until the General Manager returns.

On a motion by Director Blois, seconded by Director Waters, the Board of Directors voted 5-0 to appoint Tony Goff as Acting General Manager and adopt Resolution No. 1966. Resolution No. 1966 is attached and made part of these minutes.



AYES: Directors Blois, Waters, Quady, Santamaria, Slosson  
NOES: None

**N. OTHER BUSINESS**

None

**O. FUTURE AGENDA ITEMS**

None

**P. ADJOURNMENT**

Director Slosson declared the meeting adjourned at 7:11 p.m.

Respectfully submitted,



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Andy Waters, Board Secretary