

CALLEGUAS MUNICIPAL WATER DISTRICT
SPECIAL BOARD OF DIRECTORS MEETING
June 19, 2019

MINUTES

The special meeting of the Board of Directors of Calleguas Municipal Water District was held at the District Office, 2100 Olsen Road, Thousand Oaks, California, on June 19, 2019.

The meeting was called to order by Thomas L. Slosson, President of the Board, at 3:30 p.m.

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

Directors Present: Thomas L. Slosson, President
Andres Santamaria, Vice President
Andy Waters, Secretary (arrived at 5:00 p.m.)
Steve Blois, Director

Director Absent: Scott Quady, Treasurer
(Participation by phone from 3:31 p.m. to 4:25 p.m. during M-1 Closed Session and from 6:01 p.m. to 6:42 p.m. during M-2 Closed Session. Public Notice posted at 41-467 Kaliahnaole Hwy, Waimanalo, HI 96795)

Staff Present: Eric Bergh, Interim General Manager/Manager of Resources
Tony Goff, Manager of Operations and Maintenance
Kristine McCaffrey, Manager of Engineering
Dan Smith, Manager of Finance and Human Resources
Sue Taylor, Accounting Supervisor
Kara Wade, Clerk of the Board

Legal Counsel Present: Robert Cohen, Cohen & Burge, LLP, District Counsel
Eric Garner, Best Best & Krieger, Special Counsel

Director Slosson said that Item M-1 on the agenda would be heard at this time.

M. CLOSED SESSION

- 1. Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Las Posas Valley Water Rights Coalition, et.al., v. Fox Canyon Groundwater Management Agency, et.al., Santa Barbara Superior Court Case No. VENCIO0509700.**

At 3:31 p.m., Director Slosson adjourned to Closed Session to discuss Item M-1 as stated on the agenda.

CLOSED SESSION CONTINUING

At 4:25 p.m., Director Slosson reconvened the meeting to Open Session.

Regarding M-1, Director Slosson stated that the Board received a status report from Special Counsel and no action was taken.

At 4:30 p.m., Director Slosson adjourned the meeting to a recess.

At 5:00 p.m., Director Slosson reconvened the meeting to Open Session.

B. MINUTES

On a motion by Director Santamaria, seconded by Director Blois, the Board of Directors voted 4-0 to approve the June 5, 2019 minutes.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

On a motion by Director Santamaria, seconded by Director Blois, the Board of Directors voted 4-0 to approve the June 6, 2019 minutes.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

C. WRITTEN COMMUNICATION

None

D. ORAL COMMUNICATION

None

Director Slosson said that Item I-1 on the agenda would be heard at this time.

I. ENGINEERING AND CONSTRUCTION

1. Discussion regarding Crestview Well No. 8

The Manager of Engineering provided an update on the Crestview Well No. 8 project and matters related to property acquisition. Robert Eranio, General Manager of Crestview Mutual Water Company, attended the meeting and participated in the discussion. No action was taken.

E. GENERAL MANAGER

The Interim General Manager gave a brief update on the following:

- June 12, 2019 staff presentation to the Las Posas Users Group regarding the value of the Las Posas Basin Aquifer Storage and Recovery wellfield for 75 percent of Ventura County's water users and concerns over declining groundwater levels.
- June 17, 2019 meeting with City of Ventura, United Water Conservation District, and Casitas Municipal Water District on the State Water Project Interconnection.

F. FINANCE AND HUMAN RESOURCES

1. May 2019 Water Use and Sales, April 2019 Power Generation, and May 2019 Investment Summary Reports

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

2. Disbursements for the District's monthly activities for May 2019

Director Waters presented the disbursement report. The Board asked questions, which the managers answered.

On a motion by Director Waters, seconded by Director Santamaria, the Board of Directors voted 3-0-1 to approve the outstanding bills for payment.

AYES: Directors Waters, Santamaria, Slosson

NOES: None

ABSTAIN: Director Blois

ABSENT: Director Quady

3. Public hearing and discussion regarding adoption of proposed Resolution No. 1970, establishing rules, rates and regulations for water service; Resolution No. 1971, establishing rates for discharge to the Salinity Management Pipeline; and Resolution No. 1972, adjusting fees for annexation to the District

RESOLUTION NO. 1970

A RESOLUTION PURSUANT TO ORDINANCE NO. 12
ESTABLISHING RATES, RULES AND REGULATIONS
FOR WATER SERVICE TO AGENCIES WITHIN THE
CALLEGUAS MUNICIPAL WATER DISTRICT

RESOLUTION NO. 1971

A RESOLUTION PURSUANT TO ORDINANCE NO. 19
ESTABLISHING RATES FOR DISCHARGE TO THE
SALINITY MANAGEMENT PIPELINE

RESOLUTION NO. 1972

A RESOLUTION OF THE BOARD OF DIRECTORS
OF CALLEGUAS MUNICIPAL WATER DISTRICT ADJUSTING
THE FEE FOR ANNEXATION TO THE DISTRICT

At 5:29 p.m., President Slosson opened the Public Hearing. There was no public comment. At 5:30 p.m., President Slosson closed the Public Hearing.

The Manager of Finance and Human Resources said that, at its April 3, 2019 meeting, the Board of Directors reviewed proposed adjustments to Calleguas' rates and fees and set a public hearing on these adjustments for June 19, 2019. A notice of hearing was posted and published according to Government Code Section 6060 in a newspaper of general circulation. The adjustments to the water rates and fees were presented to member purveyors at a meeting on April 22, 2019. To date, the District has received no comments from the public or other agencies regarding this matter.

Water Rates

Variable Rates: The proposed 2020 rates for potable water are: Tier 1 at \$1,472 per acre-foot (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 Water District 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. Purveyors with substantial production capacity from local supplies have the ability to take less water during that high demand period, which allows for wholesale water treatment, storage, delivery, and emergency supply infrastructure to be built at smaller capacities and saves money. The proposed CC for 2020 is \$35,852 per peak week flow (in cubic feet per second), representing a decrease of 3.4%. The decrease is a result of higher customer demands and a reduction in the Metropolitan charge.

Readiness to Serve Charge (RTS): The RTS Charge is a direct pass through from Metropolitan, with no Calleguas component. A decrease of 1.7% 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 the 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 Fiscal Year (FY) 2015-16, the District completed the Cost of Service study developing a rate to wheel water through the water 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 declining water sales over the last two 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 rising variable rate of potable water to keep the desalters financially viable. The proposed 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. The proposed per-acre Annexation Fee for 2020 is \$3,266, and represents an increase of \$161 or 5.2%.

On a motion by Director Blois, seconded by Director Waters, the Board of Directors voted 4-0 to approve Resolution Nos. 1970, 1971, and 1972. Resolution Nos. 1970, 1971, and 1972 are attached and made part of these minutes.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

4. Consideration of the proposed Fiscal Year 2019/20 Budget

The Manager of Finance and Human Resources said that the proposed budget was presented at the June 6, 2019 Special Board meeting and discussed in detail. No changes have been made to the proposed operating budget since the presentation.

On a motion by Director Santamaria, seconded by Director Waters, the Board of Directors voted 4-0 to adopt the proposed FY 2019-20 Budget.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

5. Discussion regarding Resolution No. 1973 Imposing Water Standby Charges

RESOLUTION NO. 1973

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CALLEGUAS MUNICIPAL WATER DISTRICT IMPOSING WATER STANDBY CHARGES

The Manager of Finance and Human Resources said that each year Calleguas renews the Water Standby Charge for the following fiscal year. An Engineer's Report is the basis for the Water Standby Charge in accordance with Government Code 54984.3. The report describes current water supply challenges and the District's financial plan to meet them and emphasizes the importance of local projects in maintaining water supply reliability. An updated Engineer's Report was prepared in May 2017 to reflect the most recent potable water master plan.

No changes are proposed in the rate schedule. The basic rate remains \$5 per parcel and \$5 per acre on parcels greater than one acre. The total revenue forecast for FY 2020 is \$1,400,000, the average net revenue over the past several years. Since there are no changes in the program, a public hearing is not required. Both the Engineer's Report and proposed current year tax roll are available for public review on Calleguas' web site. The FY 2018-19 tax roll will be provided by the County Assessor's Office early in the next fiscal year.

On a motion by Director Blois, seconded by Director Santamaria, the Board of Directors voted 4-0 to approve Resolution No. 1973. Resolution No. 1973 is attached and made part of these minutes.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

6. Discussion regarding professional services to be performed in Fiscal Year 2019-20 on contracts without a fixed scope and fee

The Manager of Finance and Human Resources said that Ordinance No. 18 requires that professional services performed on contracts without a fixed scope and fee must be approved by the Board in the following cases:

- engineering services, engineering studies, land surveying, project permitting, environmental compliance, construction related services, computer programming, or groundwater services for which the estimated value is greater than \$100,000 in any fiscal year and
- any other services for which the estimated value is greater than \$34,999 in any fiscal year.

Whenever possible, professional services are performed on a not-to-exceed basis tied to a specific scope of work, but sometimes it is not possible to define the scope ahead of time. Examples of such work include inspection services, which depend on the quality and duration of a contractor's work, or software troubleshooting work, which are based on the number of problems that arise during the year. In such cases, staff obtains hourly rates for the consultants and approves payment for work monthly as services are provided.

Enclosed in the packet is a list of the consultants and not-to-exceed amounts for which staff is seeking Board approval for the upcoming fiscal year. Funds are included in the proposed FY 2019-20 budget.

On a motion by Director Santamaria, seconded by Director Waters, the Board of Directors voted 4-0 to approve the FY 2019-20 not-to-exceed amounts for these professional services.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

7. Discussion regarding approval by the Board, acting as Fiscal Agent for the TMDL stakeholders, for contract services by Larry Walker and Associates to implement the Calleguas Creek Watershed TMDLs in an amount not to exceed \$1,587,100

The Manager of Finance and Human Resources said that the Board acts as Fiscal Agent to secure contract services for the stakeholders implementing total maximum daily loads (TMDLs) on the watershed. As Fiscal Agent, Calleguas collects funding for TMDL contract services from the parties and administers the contracts on their behalf. All TMDL funds are accounted for separately from the District's general and construction funds.

The purpose of this requested action is for the Board, acting as Fiscal Agent, to approve the agreement for Larry Walker Associates to implement the Calleguas Creek Watershed TMDLs for the TMDL stakeholders. All funds necessary to pay for these services will be collected from the parties before payments are made.

On a motion by Director Santamaria, seconded by Director Blois, the Board of Directors voted 4-0, acting as TMDL Fiscal Agent, to approve the contract services.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

8. Discussion regarding approval by the Board, acting as Fiscal Agent for the TMDL stakeholders, for contract services by the California Conservation Corps to collect trash from the Revolon Slough and Beardsley Wash in an amount not to exceed \$74,750

The Manager of Finance and Human Resources said that the Board acts as Fiscal Agent to secure contract services for the stakeholders implementing TMDLs on the watershed. As Fiscal Agent, Calleguas collects funding for TMDL contract services from the parties and administers the contracts on their behalf. All TMDL funds are accounted for separately from the District's general and construction funds.

The purpose of this requested action is for the Board, acting as Fiscal Agent, to approve the agreement for the California Conservation Corps to collect trash from the Revlon Slough and Beardsley Wash. The responsible parties have requested this work pursuant to their implementation of the trash TMDL. All funds necessary to pay for these services will be collected from the parties before payments are made.

On a motion by Director Waters, seconded by Director Santamaria, the Board of Directors voted 4-0, acting as TMDL Fiscal Agent, to approve the contract services.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

9. Discussion regarding approval by the Board, acting as Fiscal Agent for the TMDL stakeholders, for contract services by the Ventura Land Trust to monitor trash from the Revolon Slough and Beardsley Wash in an amount not to exceed \$42,500

The Manager of Finance and Human Resources said that the Board acts as Fiscal Agent to secure contract services for the stakeholders implementing TMDLs on the watershed. As Fiscal Agent, Calleguas collects funding for TMDL contract services from the parties and administers the contracts on their behalf. All TMDL funds are accounted for separately from the District's general and construction funds.

The purpose of this requested action is for the Board, acting as Fiscal Agent, to approve the agreement for the Ventura Land Trust to provide monitoring, reporting and educational outreach services for the Revlon Slough/Beardsley Wash trash TMDL. The responsible parties have requested this work pursuant to their implementation of the trash TMDL. All funds necessary to pay for these services will be collected from the parties before payments are made.

On a motion by Director Blois, seconded by Director Waters, the Board of Directors voted 4-0, acting as TMDL Fiscal Agent, to approve the contract services.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

10. Discussion regarding approval by the Board, acting as Fiscal Agent for the TMDL stakeholders, for contract services by the Ventura County Watershed Protection District to assist the TMDL stakeholders with the management of the TMDL program in an amount not to exceed \$57,000

The Manager of Finance and Human Resources said that the Board acts as Fiscal Agent to secure contract services for the stakeholders implementing TMDLs on the watershed. As Fiscal Agent, Calleguas collects funding for TMDL contract services from the parties and administers the contracts on their behalf. All TMDL funds are accounted for separately from the District's general and construction funds.

The purpose of this requested action is for the Board, acting as Fiscal Agent, to approve the agreement for the Ventura County Watershed Protection District to assist the TMDL stakeholders with the management of the TMDL program. The TMDL stakeholders have requested this work pursuant to their implementation of the TMDL program. All funds necessary to pay for these services will be collected from the parties before payments are made.

On a motion by Director Waters, seconded by Director Santamaria, the Board of Directors voted 4-0, acting as TMDL Fiscal Agent, to approve the contract services.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

G. OPERATIONS AND MAINTENANCE

1. Discussion regarding award of contract to California Fuels for provision of gasoline pursuant to a California Department of General Services Fuel Contract

The Manager of Operations and Maintenance said that the proposed action is to award a contract to California Fuels for provision of gasoline for an amount not to exceed \$125,000 for the period of July 1, 2019 through June 30, 2020. The proposed procurement would be pursuant to a state procurement contract.

The price for gasoline purchased under this contract is tied to a standard rate that varies frequently according to specified industry benchmarks. The price under the same contract in 2018 averaged \$2.95 per gallon.

On a motion by Director Santamaria, seconded by Director Waters, the Board of Directors voted 4-0 to authorize the Interim General Manager to enter into the contract.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

H. RESOURCES AND PUBLIC AFFAIRS

None

I. ENGINEERING AND CONSTRUCTION

1. This item was heard earlier.
2. Discussion regarding approval of a budget increase for professional services to be performed by Oakridge Geoscience, Inc. in Fiscal Year 2018-19 under their contract without a fixed scope and fee, increasing the not-to-exceed amount to \$125,000

The Manager of Engineering said that Ordinance No. 18 requires that professional services performed on contracts without a fixed scope and fee must be approved by the Board in the following cases:

- engineering services, engineering studies, land surveying, project permitting, environmental compliance, construction related services, computer programming, or groundwater services for which the estimated value is greater than \$100,000 in any fiscal year and
- any other services for which the estimated value is greater than \$34,999 in any fiscal year.

Whenever possible, professional services are performed on a not-to-exceed basis tied to a specific scope of work, but sometimes it is not possible to define the scope ahead of time. Examples include inspection services, which depend on the quality and duration of a contractor's work. In such cases, staff obtains hourly rates for the consultants and approves payment for work monthly as services are provided.

Due to ongoing inspection needs and the numerous challenges encountered on Monitoring Wells 2 and 3 (Project No. 527), the need for Oakridge's services has been significantly higher than expected during FY 2018-19.

On a motion by Director Santamaria, seconded by Director Blois, the Board of Directors voted 4-0 to approve a not-to-exceed amount of \$125,000 for these professional services for FY 2018-19.

AYES: Directors Blois, Waters, Santamaria, Slosson

NOES: None

ABSENT: Director Quady

J. STRATEGIC PLANNING

None

K. DISTRICT COUNSEL

None

L. BOARD OF DIRECTORS

1. Oral reports 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 provided an overview of topics discussed at recent Metropolitan committee and Board meetings, including an update on the Bay Delta Committee meeting held in Pasadena. He said that future Metropolitan action regarding Delta Conveyance is contingent upon Governor Newsom's plan for the project. He also noted that the Colorado River Drought Contingency Plan has been approved by all relevant parties.

M. CLOSED SESSION

2. Pursuant to Government Code Section 54957 (personnel exception), Public Employee Appointment Process – General Manager

At 6:01 p.m., Director Slosson adjourned to Closed Session to discuss Item M-2 as stated on the agenda.

CLOSED SESSION CONTINUING

At 6:42 p.m., Director Slosson reconvened the meeting to Open Session.

Regarding M-2, Director Slosson stated that the Board received a report from the Interim General Manager regarding the recruitment process for the new General Manager. The Board provided the Interim General Manager with direction.

N. OTHER BUSINESS

None

O. FUTURE AGENDA ITEMS

None

P. ADJOURNMENT

Director Slosson declared the meeting adjourned at 6:43 p.m.

Respectfully submitted,



Andres Santamaria, Board Vice President