

Minutes of the Casitas Municipal Water District  
Board of Directors Meeting Held  
June 27, 2007

A meeting of the Board of Directors was held June 27, 2007 at Casitas' Office, Oak View, California. Directors Baggerly, Word, Hicks, Handley and Kaiser were present. Also present were Steve Wickstrum, General Manager, Rebekah Vieira, Clerk of the Board and Attorney, Rob Sawyer. There were five staff members and seven members of the public in attendance. Director Baggerly led the group in the flag salute.

1. Public comments.

None

2. Board of Director comments.

President Baggerly announced that we are not changing rates today, a notice regarding a rate hearing will be sent to property owners. Today we are discussing the budget.

Director Handley asked if there was an update on the appeal for the takings claims. Rebekah Vieira answered that she had spoken with the Attorney yesterday and they are expecting to hear back within a couple of weeks.

Director Hicks mentioned that he attended the stargazing event at the lake and encouraged everyone to attend the next one being held July 16<sup>th</sup> at Santa Ana ramp. Director Hicks complimented on the waterpark and the fact that the structure had been painted. He then suggested that the Marina needs to be cleaned up a bit and asked if Thatcher was keeping up on their agreement to clean the shoreline. Brian Roney said they are behind on their pickups. Director Hicks then went on to say that Proposition 218 may have an effect on the negotiations for the Matilija dam agreement. President Baggerly added if we have an agreement between the City and us for that transaction it would not be property related and would be o.k.

Rob Sawyer reported that the agreement has been signed by the District and the Cornejo's and has been sent back to the Bureau. They should move quickly on it.

Director Kaiser thought we should be proactive and get some cooperative discussion with the fire protection district. Director Hicks asked if we finalized an agreement for them to scoop water out of lake. Mr. Wickstrum will check on the status of an agreement. Our auditor asked if we have emergency procedures in place to shut down the lake and Mr. Wickstrum responded yes.

3. Consent Agenda

ADOPTED

- a. Minutes of the June 9, 2007 Board Meeting.
- b. Minutes of the June 13, 2007 Board Meeting.

- c. Resolution approving cancellation of agreement with First Data Merchant Services and execution of a new agreement with Payment Processing, Inc. for credit card management services at Lake Casitas Recreation Area.
- d. Recommend approval of sponsorship of American Fisheries Society annual event being held in California at a cost of \$ 2,000.
- e. Resolution awarding a contract to Five Star Contractors in the amount of \$64,466.46 for the replacement of the Garden Tank.
- f. Recommend approval of an extension of time to comply with the water allocation offer requirements for priority #188 – Lynn McLaren – 640 Tico Road.
- g. Recommend approving a separate agreement for water allocation for Mr. John Delwiche regarding priority list #190 – 7032 Casitas Pass Road and provide an additional two month extension.
- h. Recommend approval of payment to CSAC excess insurance authority in the amount of \$42,021, the estimate annual deposit premium for excess workers compensation program which is a savings of about \$9,900 over the previous year

President Baggerly asked for item d to be pulled for discussion and Director Handley asked to pull item f.

Director Word offered the consent agenda minus items d and f, seconded by Director Kaiser and passed by the following roll call vote:

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

Resolutions are numbered 07-29 and 07-30.

President Baggerly commented that on item d the Water Resources Committee did not recommend this for approval. The American Fisheries Society program was generally related to United Water Conservation district and had nothing to do with Casitas. While Scott reveres this society and he thinks it would good PR for our name, the PR is not worth the price. Director Word did not agree. If we are serious we need to find out the newest, latest and greatest regarding fisheries and build relationships if we are going to make some headway with the fish. The price for co-sponsoring with United is not excessive. I think it would be beneficial. Director Hicks thought it might be a good thing to sponsor this, Scott feels strongly about this. Mr. Wickstrum added that Scott will be attending the conference and feels strongly about this.

On the motion of Director Word, seconded by Director Hicks and passed with four yes, one no, item d of the consent agenda was approved.

Richard Handley was concerned regarding item f that we are at safe yield for the lake and we need to pay more attention to allotments when a zone change takes place. Director Word explained he is asking for an extension. Mr. Wickstrum explained that he was planning to make two lots out of one and add a house. The request of the customer is

to get an additional meter. He is on the list asking for an extension. The County takes longer than the 30 days we allot.

On the motion of Director Handley, seconded by Director Word and passed, item f was approved.

4. Bills

Mr. Wickstrum complimented Denise and her staff with the additional description that is provided on the bill list.

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

5. Committee/Manager Reports APPROVED FOR FILING
- a. Finance Committee minutes
  - b. Recreation Committee minutes
  - c. Executive Committee minutes
  - d. Water Resources Committee minutes

Mr. Wickstrum mentioned that the Finance Committee has had many intense meetings over the past months and Pete and Jim have worked many hours on the budget and rate considerations. Director Kaiser added that staff has done an excellent job also and have been there very step of the way along with your intense research and analysis. he thanked Denise, Steve and Rebekah for their efforts.

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

6. Oak View Water Availability Charge

- a. Public Hearing

President Baggerly stated this is the time and date set for a public hearing to consider input regarding the Oak View Water Availability Charge. Will the Clerk of the Board read the names of public that have called or submitted communications regarding the Oak View Water Availability Charge? The clerk stated there were none. Director Baggerly asked for the General Manager's report. Mr. Wickstrum explained that the charge started in the mid 70's and has been an ongoing charge since that time put on each property for ten dollars a parcel. This is to pay back contributions the district put in. President Baggerly opened the public hearing at 4:48 p.m. and closed the public hearing at 4:48 p.m. with no one from the public speaking on the issue.

- 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 Word, seconded by Director Kaiser and passed by the following roll call vote:

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

Resolution is numbered 07-31.

7. Public Hearing for the Adoption of the 2007-08 Budget.

a. Public Hearing

President Baggerly stated this is the time and date set for a public hearing to consider input regarding the 2007-2008 Budget. Will the Clerk of the Board read the names of public that have called or submitted communications regarding the Budget? The clerk stated that she had only had an inquiry from reporter Daryl Kelley. Director Baggerly asked for the General Manager's report. Mr. Wickstrum explained that the budget process began many months ago with the development of the ten year capital budget. He expressed his appreciation to Jim Word and Pete Kaiser for all the hours they put in on the budget and expressed thanks to Denise Collin, Rebekah Vieira and all staff, supervisors and managers who worked on the budget.

Mr. Wickstrum explained that the district is facing many challenges including compliance with Proposition 218, aging infrastructure, deferred maintenance, workforce needs, increase in depreciation, and reduction in reserves. Much of the system is reaching 50 years of age. Over the previous years in budget conversations we would set a rate increase of less than ten percent applied across the board and then fashion the budget and we hacked capital budget items. It is starting to catch up to us. We have workforce needs as the average age of our employees is in the 50's. We will have a majority of the workforce retire in the next 5 – 7 yrs. There is an increase in depreciation from projects like the Robles Fish Passage facility and it comes into the revenue aspect. Over the years we have had a large reduction in reserves. We have spent \$500,000 for the lawsuit, but little is said about the \$3,000,000 on ct, and money spent on the fish passage facility. The pump plants were another major investment in the last five years. When we looked at reserves in our financial planning when we began the Robles Fish Passage Facility we realized we would go through some thin times. Mr. Wickstrum presented a proposed budget of \$13,378,068. We began the ten year capital budget program in September and we had \$3.8 million dollars requested for this year. We worked hard to prioritize it and worked with staff to reduce it to \$2.6 million. Recreation's main goal was to balance revenue with budget. Capital projects for Recreation will be paid thru their revenues.

The water rate model is one the district has used for many years. It takes 11 customer classifications and spreads OM expenses and pumping costs and spreads it based on how much water each classification uses. It is also based on 05/06 audit and we have estimated a cost of living increase of 6.8%. Water sales are based on a ten year average of 17,516 acre feet. Pumping costs are not distributed to resale gravity. We are proposing a change to irrigation lifeline for the charge of residential usage on an Ag meter. In the past the first 17 units were charges as residential usage. We have proposed using the Santa Barbara model of 1.44 acre feet per year and proposed that we go to the first 52 units at residential and above that is at the Ag rate. In addition we propose a

4.55% increase to all service charges. The Finance committee did consider other methods of spreading expenditures per the public input. It is difficult and they had to evaluate the fairness of applications.

The cost of service is \$521 per acre foot and \$367 per acre foot for gravity. The Committee took the task of bringing to full cost or not and decided both Irrigation and Resale Gravity rates would be phased in to attain cost of service. The District may consider future rate increases in the future or to make up for the chance we may lose 1% general fund taxes. Director Word added we lost that money for two years.

We are proposing to keep Residential rates steady at this point. Business and industrial will be raised to cost of service. Other irrigation does not include the cost of treatment. Resale gravity will go up 18.8 %. Resale pump will be kept steady. Other and Recreation will go to cost of service. There was a discussion regarding a comparison of other monthly water bills.

Mr. Wickstrum recommended the board consider adoption of the 2007 2008 budget as presented. Accept proposed changes to water rate model and service charges and direct staff to proceed with the notification of a rate hearing to be held on August 29 to adopt rates to be effective September 1, 2007.

Director Handley expressed his appreciation, this was a fantastic job, it was clear and you are able to see the restricted and unrestricted, undesignated

President Baggerly opened the public hearing at 5:20 p.m.

Bob Dautch from 1091 Cuyama Road addressed the Board. I am a farmer with ten acres and five acres in Carpinteria with my own well. Having farmed in Carpinteria before, the margin of profit is marginal. We are at the whims of nature and a globalized world. Farming is an industry where we can not raise our rates. It is hard to work massive rate increases into our budget. We would consider 50% massive. This is a major impact for the vision for Ojai valley in the future. Farmers that were here last time are not here. Carpinteria rates are high. Rates got to a point where we leased there that we let the leases expire. Carpinteria water source is also state water from Lake Cachuma. Our water source is much closer for pumping costs. Goleta proposed to eliminate the Ag rate. They were up in arms about it and retained the Ag rate. Throughout the country, Ag is subsidized by residential. None of the farmers are opposed to maintaining the system. Ag will be forced to absorb price increases. He suggested the board look creatively at this and think about it and think of other ways to absorb the cost. He suggested charging extra at the waterpark since his wife tried to take kids and friends but is was completely sold out. President Baggerly explained that revenue is for recreation and is separate from water.

Director Word explained the rate that is proposed for the irrigation minus the residential portion is there without the treatment added in. It is cost of service without water treatment. Treatment cost is still there. We are sensitive to your comments and want Ag to stay. The full cost would be \$521 per acre feet just for the water without the service charge. We say the charge will be \$312 taking out the treatment portion. That is 30% increase. If costs can remain the same and we continue to receive property tax

dollars then rates could stay constant. If we sell less water as an example then the cost of the water we sell will rise. We can not say you won't have a rate increase again. We are trying to recover our costs and Ag rates are not the only ones to finance increased costs.

Ron Merckling asked for clarification for the benefit of media. The 30% for Ag is that referring to cost of meter charges and rate charges. Director Word explained that is a combination of rate and service charges for a total increase 30.5%. Daryl Kelley suggested it is the same numbers as last time and it was 50%. Daryl suggested the rate goes up 50%.

Rob Sawyer added this board is continuing to look at avenues available to serve Ag. It is a difficult issue and we are not the only district facing it. President Baggerly closed the public hearing at 5:40 p.m. and asked for comments from the Board.

Director Word explained that as a member of the Finance Committee we had an opportunity to look at and examine things like budget. This seemed to be a bottom up budget. There were a number of cuts and postponements that we saw. None of which were proposed by us. These cuts were things that managers and supervisors struggled with and are probably not happy with this budget. There are lots of things you want and need but realize it can't come at once. I will do everything I can to see we bring those needs to fruition to take care of and get the district healthy. It is aging and we need to take care of the district. Director Kaiser added all of the priorities that staff had were well researched, supported and defended. Director Word added that the Board did pull out some money for attorney fees and replacement computers for the Board. Director Handley appreciated the staffing needs were recognized and responded too, he was also happy about getting some catwalks in treatment plant. You did an amazing job, and he commended Finance Committee. It looks like we got what we knew we needed.

- 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, 2008. ADOPTED

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

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

Resolution is numbered 07-32.

- c. Resolution accepting the proposed water rate model and setting the protest hearing for water rate adoption on August 29, 2007 at 4:30 p.m.

ADOPTED

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

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

Resolution is numbered 07-33.

8. Resolution granting authority to the General Manager until the 2007-2008 budget is adopted. TABLED
9. Resolution establishing the appropriations limit for Fiscal Year ending June 30, 2008. ADOPTED

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

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

Resolution is numbered 07-34.

10. Resolution fixing a tax rate for Fiscal Year 2007-2008 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 Word, seconded by Director Kaiser and passed by the following roll call vote:

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

Resolution is numbered 07-35.

11. Request for an allocation variance by Mr. Dale Wharton. APPROVED

Mr. Wickstrum explained that Mr. Wharton came to the Water Resources meeting regarding a proposal for 2.5 acre lot on Old Grade Road in Oak View to construct a house. In 1978 there was a nursery with an Ag rate for approx 12 yrs. It fell out of farm rate and the nursery was not utilized. The lot had one small house on it but there is no existing house now. Mr. Wharton would like to move forward. He has a one acre foot allocation. The standard is if it is larger than 1 acre parcel we allocate of 1.44 acre feet. He is required to move up to 1.44 acre foot and get on the list and pay fees. Mr. Wickstrum cautioned that to take a different action may set a different precedence for staff.

Dale Wharton explained that he met with the Water Resources committee and explained that he has a two inch meter. The two inch meter is expensive. I have not been

using the water. To make me go on a waiting list and make me request a larger allotment of 1.44 which I won't use does not make sense. I will landscape with a drip system and am replacing a house. There are no plans to subdivide. I am asking for what I have. The property was never taken out of Farmdale name. The service was never turned off and turned back on. We have owned the property for almost 50 years. In the permit review process I learned I would need a will serve letter from Casitas. When I asked for a will serve letter I was told I would have to get on the list and pay additional money. I am replacing a house with a house and have no intention of using a great amount of water. Asking for exemption or to be grandfathered in.

On the motion of Director Word, seconded by Director Kaiser and passed, the second option to issue a will-serve letter on the basis of the current one acre-foot allocation, considering this as an exchange of one old house for one new house, with no change to water demands, no cost and no change to an existing service was approved

12. Request for permission to create a fire break in the Teague memorial watershed.  
FORWARD TO BUREAU

Mr. Wickstrum explained that Cole Epstein owns a parcel between Santa Ana Road and Lake Casitas. This is an area of land the Haley's would let cattle go out onto in the Teague memorial lands and take grasses down. Mr. Epstein is concerned about fire protection and is looking at lands outside of his own. This raised some concerns as now is not a good time to mow. He does have some lemon orchard where the two properties meet. The Teague lands are Bureau of Reclamation lands and they contract with the Forest service for land breaks. The Board provided direction to staff to forward the request to the Bureau of Reclamation.

13. Information items:

Level of lake -6/21/2007 - -555.19 feet above mean sea level 11.81 feet below spill elevation); present storage is 223,132 acre feet (30,868 acre feet below full capacity of 254,000 acre feet, 96,132 acre feet above half capacity, or 87.85% full capacity.

- a. Recreation Report for May, 2007.
- b. News Articles of Interest
- c. Investment Report

Director Word commented on the Recreation report and said he did not know we had Rangers. We have Park Services Officers.

Daryl Kelley mentioned that the percentage on the spreadsheet for the water rate increase for farmers appears to be miscalculated and should be 51%.

14. Closed Session:

- a. Liability Claims (Section 54956.95 (d))  
Claimant: Karben Kazimir  
Agency claimed against: Casitas Municipal Water District



Director Baggerly convened the meeting to closed session at 6:04 p.m. and returned to open session at 6:10 p.m. and immediately adjourned the meeting stating no action had been taken in closed session.

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Secretary