

Minutes of the Casitas Municipal Water District
Board Meeting Held
January 28, 2009

A meeting of the Board of Directors was held January 28, 2009 at Casitas' Office, Oak View, California. Directors Hicks, Handley, Kaiser, Baggerly and Word 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 no members of the public in attendance. President Hicks led the group in the flag salute.

1. Public comments.

None

2. Board of Director comments.

Director Baggerly provided his notes from the Senior Canyon Shareholder meeting. Senior Canyon has shown good faith in paying down the debt by \$10,000 per month. Their line of credit may not allow them to sign a promissory note. He added that our auditor needs to feel comfortable that we are going to get the money back. Director Word expressed that could pose some problems because what this year might have been a comment from the auditors will have to be a written item on the audit with a requirement in writing showing how the debt is being satisfied. This could be a big negative on our audit. Director Baggerly added that the Senior Canyon board generally had to repudiate almost everything in the letter they sent to the shareholders and the annual meeting is coming up in April. Their shareholders were not clear and wanted more information.

Director Kaiser added that he hopes Senior Canyon does take care of their debt to Casitas. This can not be encumbered beyond this fiscal year. Bad debt can affect our credit rating. This needs to be cleared up as soon as possible. They have yet to charge their shareholders the true cost of the water.

Director Word reported that he toured the Ormond Beach Wetlands. It was informative and led by Rich Handley. It is a unique spot and he appreciated the opportunity for the visit.

Director Handley proposed a change in committee structure. He suggested that he switch off of Finance and go back to the Water Resources Committee. Pete will switch from Water Resources to Finance. It was agreement that the Finance Committee would continue to meet on the Third Friday at 8:00 a.m. Water Resources will set a date later. The Committee alternates need to be discussed.

3. General Manager comments.

a. Update on Matilija Agreement

Mr. Wickstrum reported on another meeting regarding the Matilija dam. Another version of the agreement based on the one from November was submitted. The County wants to maintain the ability to get as much water as possible for the slurry operations, when that project begins. I am seeing a desire for us to continue operations of the dam and separate from liability and ownership of that dam. A key item that is being worked on right now is the desire that Tom expressed to me that they want to make sure that they have water supply out of the dam when they need it for the deconstruction to tie into it for slurry operations. I'll make those changes and look at it. It is simplified again. The transfer of water rights is not the topic of discussion at this point. I will prepare something and get it out to Jim and Russ. Tom is seeing this in good light. He took a copy of the agreement. We discussed our limits of pump plant and storage that prohibits Casitas from providing water from the Matilija Conduit.

b. Update on Senior Canyon Mutual Water Company

Mr. Wickstrum reported on the Senior Canyon article that was in the Ojai Valley News today. He shared the transition that has been going on over the last few years. We began to transfer from a 90% agriculture rate and 10% residential to a full scale resale rate. This transfer over a few years was scheduled to be done in 2007. In April 2007, I received a request for relief of that transfer for the final 25%. The bills began to escalate in the spring of 2008. Nelson Sorem had stated that they had not changed their rates to collect the true cost of water, as he had recommended in 2004 as the General Manager. They mentioned it at the meeting.

Since November 2007 when we did an adjustment I have been in monthly conversations with Senior Canyon. June 2, 2008 I sent a letter asking them to pay or respond to the letter by June 15. In mid summer I called Larry and asked what was going on. They were \$150,000 in arrears. Larry could not give me any answers. Oct 14, 2008 I issued another letter offering a promissory note as a payment plan. This seemed reasonable, at a reasonable rate of 4.3% interest which is what we receive in LAIF. By phone, Larry said there was not a desire to go with the promissory note. To date I have not received any written documentation from Senior Canyon that indicates a plan for payment on the delinquent water bills. After their January 24, 2009 I have decided to send them a letter stating that they need to get current or we will assess late charges. President Hicks, Director Baggerly, Director Kaiser and Jim Mathews were all in attendance at the meeting. A motion was made by Senior Canyon shareholder to consider full payment by creating an assessment. They voted on it and it failed. There was no further discussion on how else to take care of this bill. They agreed the bill is there and should be paid but have taken no action.

I want to issue them a letter but want your direction. My intent is to issue a letter requesting their intent in writing. There is no Senior Canyon meeting scheduled until April and then we will be heading back into summer with higher

usage. We need something from them in writing that tells us what their plan is. Something to give to our auditor and for us to have. They have been paying an additional \$10,000 a month. Originally the extension of the suspension of the rate transfer was to July 1, 2009 or until the pipeline rehab is done through the grant project. Director Baggerly added that the state grant funds are frozen now. Mr. Wickstrum asked what tone the board would like to convey. Up to this point we have been cooperative but we have a responsibility to our rate payers.

Director Kaiser asked about how we handle a stale bill that has not been paid. He felt that this needed to be paid before we go into another budget planning schedule encumbered with \$100,000 in debt. Mr. Wickstrum stated that for other customers, not resale, we would shut the meter off for non payment, attach fees and have the bill sent to collection. President Hicks suggested telling them that from the meeting day forward we would be charging interest on the outstanding bill and it would be on going until they get caught up.

Mr. Wickstrum continued by stating that a concern is that their next meeting is not scheduled until April. They need a little nudge as they have had a long time to get this straightened up and nothing was accomplished at their meeting on Saturday. Director Handley added that he understands a couple of the large shareholders are drilling wells and there is concern that prior to settling this bill Senior Canyon would go insolvent and we would be stuck with the bill. Cutting off the water supply was discussed if they do not pay their bills. Mr. Wickstrum will compose a letter informing them that we would begin charging interest and request a payment plan or promissory note.

Director Handley stated we need to have a district policy. Set the rate of late fees and interest and a stipulated amount of time before they get their service shut off. Mr. Wickstrum stated we have this for other classes of customers but not on resale customers.

4. Consent Agenda

ADOPTED

- a. Minutes of the January 14, 2009 Board Meeting.
- b. Recommend approval of Leak Relief to James and Donna Kleeburg.
- c. Recommend approval of Leak Relief to Lisa Ratkelis.
- d. Recommend approval of a purchase order in amount of \$ 14,500 to Charles Z. Fedak & Company for the target audit at Lake Casitas Recreation Area.
- e. Recommend approval of a purchase order in the amount of \$27,751 to HydroScientific West for Robles Fish Passage Post construction Hydraulic Performance Evaluation Phase 1.
- f. Resolution authorizing Consulting West to prepare a master plan for the upgrade of the electrical, control and instrumentation for seven pump plants in a not to exceed amount of \$134,000.
- g. Recommend declaring items as surplus and placing them for bid on publicsurplus.com.

The Consent Agenda minus item c was offered by Director Word, seconded by Director Kaiser and passed by the following roll call vote:

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

Resolution is numbered 09-02.

Director Word said he could not support item c. President Hicks suggested that we split the amount with the customer.

On the motion of Director Handley, seconded by Director Baggerly and passed with a 3 yes and 2 no vote, the recommendation to split the leak relief in item c was approved.

5. Bills

APPROVED

Director Word questioned #03039 for \$4,200 for the garage. Is that for the new residence? Mr. Wickstrum said it was for the Dam Tender's house. The Dam tender agreement will go to the Personnel Committee and we will have SEIU look at it. Director Kaiser asked about #1307 to ACWA. This is for the membership dues.

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

6. Presentation of the Hydrology Report Water Year 2007-2008.

Mr. Wickstrum introduced Todd Evans, our new Engineer who has been with us for about nine months and is a welcome asset to the Engineering Department. Mr. Evans presented the Hydrology report to the board. Our rainfall was a little above average at about 33 inches. There were three major storm events. The Lake has gone up and down and we netted 22,500 acre feet and delivered 19,000 acre feet to the system. Mr. Wickstrum added that there was a lot of snow pack last year and we were able to divert for a long time.

7. Information Items:

- a. Current Status of the Catwalks at the Treatment Plant.
- b. Southern California Edison savings in the amount of \$24,221 over the past 12 months due to the efforts of the E & M crew and Dorothy Fortner.
- c. Southern California Edison Incentive contracts already approved.
- d. News Articles of Interest
- e. Investment Report

Director Word thanked Dorothy Fortner for what she has done for the district. Mr. Wickstrum added that Dorothy and the Electrical and Mechanical crew have done a great job. Dorothy looks at the Edison numbers and has found many discrepancies with Edison bills and has saved this district a lot of money on the Edison bills. He added that the VFD energy savings will be substantial and we are in line for a \$75,000 rebate for that. Director Kaiser suggested a press release be written when that happens and include information in our next newsletter on the VFD's and the work Dorothy has done. Mr. Wickstrum reported that SCE sees us as a good energy user. Dorothy and Jim Weber and his crew do a lot; they have scheduled the pumps properly and keep us off the peak power periods.

Mr. Wickstrum reported on the pictures of the catwalks and the punch list should be completed this week.

8. Closed Session:

Conference with Legal Counsel – Existing Litigation
(Subdivision (a) of Government Code Section 54956.9)
Name of Case: Casitas Municipal Water District v. United States

President Hicks moved the meeting to closed session at 5:21 p.m. regarding Government Code 54956.9 existing litigation.

9. Reconvene Open Session

President Hicks moved the meeting back into open session at 5:34 p.m. stating that direction was given to counsel to bring back a fee agreement to the next meeting.

10. Adjournment

President Hicks adjourned the meeting at 5:34 p.m.

Secretary