

Central Services
Joan Araujo, Director

Engineering Services
Christopher Cooper, Director

Transportation
David Fleisch, Director

Water & Sanitation
Joseph Pope, Director

Watershed Protection
Glenn Shephard, Director

Representing: Ventura County Waterworks District Nos. 1, 16, 17, 19, and 38
County Service Area Nos. 29, 30, and 34

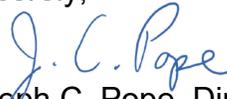
September 11, 2020

NOTICE OF A SPECIAL MEETING OF THE VENTURA COUNTY WATERWORKS DISTRICT NO. 19 CITIZENS' ADVISORY COMMITTEE

NOTICE IS HEREBY GIVEN that a special meeting of the Ventura County Waterworks District No. 19 Citizens' Advisory Committee will be held **Thursday, September 17, 2020 from 3:30 p.m. to adjournment** via Zoom. To electronically join the meeting please follow the provided steps – At the specific time (3:30 p.m.) dial the number (669) 900-6833, when prompted enter the meeting ID 470 052 7072. You can also join the meeting by visiting this link - **Join Zoom Meeting** <https://us02web.zoom.us/j/4700527072>

Advisory Committee Members: Please contact the District Office by telephone at (805-378-3005), or by email at wspc@ventura.org, no later than September 15, if you are unable to participate on the call.

Sincerely,


Joseph C. Pope, Director
Water and Sanitation

AGENDA OF MEETING

IN ACCORDANCE WITH THE CALIFORNIA GOVERNOR'S EXECUTIVE STAY AT HOME ORDER AND THE COUNTY OF VENTURA HEALTH OFFICER DECLARED LOCAL HEALTH EMERGENCY AND BE WELL AT HOME ORDER RESULTING FROM THE NOVEL CORONA VIRUS, THE MOORPARK WATER AND SANITATION BUILDING IS CLOSED TO THE PUBLIC. TO FIND OUT HOW YOU MAY ELECTRONICALLY ATTEND THE CAC MEETING AND PROVIDE PUBLIC COMMENT PLEASE REFER TO "NOTICES" LOCATED ON PAGE 2 AND 3 OF THIS AGENDA.



1. CALL TO ORDER
2. APPROVAL OF THE MINUTES OF THE AUGUST 20, 2020 MEETING MINUTES
3. PUBLIC COMMENTS - Members of the public may address the Citizens' Advisory Committee on items of interest to the public that are within the subject matter jurisdiction of the Committee but do not appear on the agenda. With respect to agenda items, the public will be given an opportunity to address the Committee when the item is reached in the meeting.
4. COMMITTEE MEMBER'S COMMENTS - Members of the Citizens' Advisory Committee may address the meeting with information or observations relevant to the operation of District 19 but do not appear on the Agenda.
5. DISTRICT STAFF REPORT – Somis Surcharge Information Outreach Review
6. FUTURE AGENDA ITEMS
7. ADJOURNMENT

****NOTICES:** The following information is provided to help you understand, follow, and participate in the Board meeting: Public Comments – Public comment is the opportunity for members of the public to participate in meetings by addressing the Citizens Advisory Committee in connection with one or more agenda or non-agenda items.

- Observe the Citizens Advisory Committee meeting live at: <https://us02web.zoom.us/j/4700527072>
- **If you wish to make a comment on a specific agenda item, please submit your comment via email by 5:00 p.m. on the day prior to the Committee meeting. Please submit your comment to WSPC@ventura.org. Please indicate in the Subject Line, the Agenda item number (e.g., Item No. 3A). Your email will be read by the Water and Sanitation Director and placed into the record.**
- **If you are watching the live stream of the Committee meeting and would like to make a general public comment for items not on the day's agenda or to comment on a specific agenda item as it is being heard, please submit your comment to WSPC@ventura.org. Please**



indicate in the Subject Line, the Agenda item number (e.g., Item No. 3A). Every effort will be made to read your comment into the record, but some comments may not be read due to time limitations. Comments received after an agenda item will be made part of the record if received prior to the end of the meeting.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT CAYTLYN CAYLOR AT (805) 378-3005. REASONABLE ADVANCE NOTIFICATION OF THE NEED FOR ACCOMODATION PRIOR TO THE MEETING (48 HOURS ADVANCE NOTICE IS PREFERABLE) WILL ENABLE US TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.



Draft

**CITIZENS' ADVISORY COMMITTEE
VENTURA COUNTY WATERWORKS DISTRICT NO. 19
MINUTES OF THE AUGUST 20, 2020 MEETING**

COMMITTEE MEMBERS IN ATTENDANCE: David Hutter, Lynette Buchanan-Roth,
Kathy Janowski, Diana Enos, Kirby Thomas

COMMITTEE MEMBERS ABSENT: None

COMMITTEE MEMBER VACANCY: None

STAFF: Joseph Pope, Director
Scott Meckstroth, Deputy Director
June Kim, Engineer Manager III
Jean Fontayne, Staff Services Manager II
Caytlyn Caylor, Management Assistant III

GUESTS: None

* * *

1. CALL TO ORDER

The meeting was called to order at 3:35 p.m.

2. APPROVAL OF THE MINUTES OF THE JUNE 18, 2020 MEETING

- CAC Members approved June 18, 2020 meeting minutes as provided by staff

3. PUBLIC COMMENTS

- *None*

4. COMMITTEE MEMBER'S COMMENTS - Members of the Citizens' Advisory Committee may address the meeting with information or observations relevant to the operation of District 19 but do not appear on the Agenda

- Lynette acknowledged the Water and Sanitation staff's creative solutions on the agenda and the Financial Sub-Committee's development. She proposed to the Committee that a community outreach be established with the involved participation of the CAC members regarding the progress of the water district. Lynette also talked about the lack of progress on the Capital Projects and what might be needed to get them back on track.
- Kathy agreed that CAC involvement and approval is important to inform the Somis community of the proposed water rate agreement.

5. District Staff Report

A. Financial Review

- As of June 30th, 2020, the total ending balance is negative \$20,545
- FY20 Actual Operating Revenue is \$3,159,028
- Kathy asked if the FY20 actuals include accrual to which Mr. Pope answered that he does believe the actual numbers on the report include the accrual from the fiscal year. She also asked why we bought the same amount of water that the district used, Mr. Pope answered that we have been experimenting with a 50/50 blend of water from Well 3 to use and informed the Committee that we will no longer be blending the water as it is expensive and doesn't benefit the Somis district.
- David asked about the water sales reflecting June 30th and if the revenue shown is actually through the end of June as shown, Mr. Pope answered that, yes, the shown report is correct and captures all revenue through June.

5. A 2

Report from the Financial Sub-Committee

- Kathy updated the Committee that they Sub-Committee reviewed the different options and proposed rate increase of 6% and believes the Somis community would be more in favor to pay an additional fee with the knowledge that the revenue received from the fee would be going to cover a certain project. They discussed a loan surcharge option for the life of the loan that would guarantee the payment of the loan, which would be in favor by the County Financial Planning Committee on refinancing the USDA loan taking \$300k from reserves to help fund the Well 2 Project upfront costs. The District will be borrowing from the County a sufficient amount to cover and pay off the USDA loan (\$2.5M), and another 30 year \$1.5M loan will be issued to fund the Well 2 Project.

5. A 3

ACTION ITEM: Review and Approve Proposed Rates and Surcharges for 2021

- A rate hearing will be held on December 10, 2020, with the proposed District 19 surcharges (Well 2 Loan Surcharge - 30 years and Las Posas Adjudication Fee - 12 months)
- A motion to approve was made by Chair-person Lynette, seconded by Vice-chair David, and agreed upon by Committee members Kathy, Diana, and Kirby.

B. Capital Projects Review

- Well No. 2 – Project is on hold and will re-bid when additional funding sources are available. A board letter to reject the old bids will be on the 9/15 Board of Supervisors Meeting and new bids should be in by the end of October

- 538 Reservoir – Engineering Services is working on the right of way and permitting requirements. 95% design completion for this project.
- Pipe Replacement at CalTrans Right of Way – This project is on hold due to budget shortfall

C. State of Water District 19 Infrastructure & D. Water Facts

- July total local water pumped 240-acre feet pumped with 2.1-acre feet imported
- Lynette requested the residential sales report for her own records which Mr. Pope said he can provide in the following weeks

Water Quality Report

- Water Quality Color Complaints
 1. Colored water resulted from private plumbing work done on the property. Water cleared up by the time staff arrived.
- Water Pressure Complaint
 1. Customer accidentally left a valve on their property partially closed
 2. Customer had no pressure regulator at their property. Staff explained to customer the need to get a regulator that will help prevent plumbing issues in the future.

E. Administrative Update

- Mr. Pope updated the Committee of the current status of customers in the district that have applied for the COVID-19 bill relief program with a total of 12 customers enrolled and the amount of \$2,700 of passed due bills between 60-90 days overdue

6. DIRECTOR'S INFORMATIONAL ITEMS -

- An update on the COVID-19 waived fees for the District has \$8,165 in waived late fees with a total from March – July being \$26,762

8. ADJOURNMENT

- The meeting adjourned at 5:00pm

5. DISTRICT STAFF REPORT –

- ❖ Somis Surcharge Information Outreach Review

Ventura County Waterworks District 19 – Somis

Financial Stabilization Plan – Information Outreach

Current Status of District

The District’s Cash Reserves were depleted in Fiscal Year 2020. The primary reasons are:

- Requirement to continue to blend well water with expensive imported water to reduce the Iron and Manganese levels, as ordered by the State
- USDA debt service for pipeline replacement projects completed in 2014
- Las Posas Groundwater Adjudication legal fees
- Public Safety Power Shutoffs (PSPS) – fuel and labor costs to run generators
- Significantly reduced water demand due to
 - Wetter than normal conditions in 2018 through 2020
 - Reduction in small farming
- COVID impacts
- Critical infrastructure repairs
 - Greentree Reservoir Re-coating
 - Pipeline breaks
 - General maintenance on an aging system

Discussion on rate increase history

District 19 Rate Payers successfully protested a 9% rate increase proposed in Dec 2019. The community thought the rate increase was excessive and did not support the increase. Subsequently, the CAC worked together with District leadership to better understand the financial challenges of the District. CAC established a Financial Subcommittee to work with District staff and developed a win-win financial stabilization plan that raises sufficient revenue to rebuild the Cash Reserve and fund future Capital Replacement Projects.

The failure to increase rates in Dec 2019 had the following impacts:

- Accelerated the depletion of the Cash Reserve
- Prevented County from issuing a loan to refinance USDA loan and finance balance of Well 2 project
- The District is now further behind on its Capital Replacement plans to replace aging infrastructure.

Priority Capital Projects

1. Well 2 Treatment Facility
2. 538 Reservoir and pipeline replacement
3. Caltrans Right-of-Way Pipeline replacement

What has changed since December 2019?

The Las Posas Adjudication is winding down and there is a pending settlement agreement that will increase the District’s groundwater pumping allocation by approximately 300 acre-feet per year. This

increased allocation has the potential to save the District \$250k-350k per year, which could help in mitigating future year rate increases. Additionally, the District seeks the following measures:

- Refinance USDA Loan with lower interest County loan will free up \$350k in USDA-mandated reserves that was set aside for future projects and lower principal and interest payments
- Low Interest County Financing for Well 2 Project is required to make up funding shortfall from State Grant
- In order to refinance USDA loan and take out loan for Well 2, the County needs a guarantee that there will be sufficient revenue set aside to pay the County back

Q: What is the Citizens Advisory Committee (CAC)?

A: The Waterworks District #19 Citizens Advisory Committee is a group of 5 community members that reside within the District and who are appointed by the Board of Supervisors. Their role is to advise District Staff on community issues regarding the water services provided to District customers. The CAC holds at least 6 scheduled Public Meetings per year to review annual budgets, status of projects, and receive updates on issues affecting the delivery of water services. They make recommendations to staff regarding any proposed rate adjustments. The CAC also serves as a liaison between the community and the Board of Supervisors.

Q: What is the State order regarding the building of Well 2 Treatment Facility?

A: The raw water pumped from Well No. 2 is high in iron and manganese concentrations and produces milky, brownish, and sometimes even reddish colors. Although safe to drink, it stains clothes and fixtures, and customers have concerns about drinking and cooking with water that has colors and suspended particles. In addition, it exceeds the secondary Drinking Water Standards regulated by the Los Angeles Regional Water Quality Control Board (LARWQCB). The LARWQCB Division of Drinking Water (DDW) has required District 19 to treat and remove iron and manganese from the well water to meet the secondary Drinking Water Standards. Currently the District is operating under a waiver for secondary standards for iron and manganese that expires at the end of 2020.

Q: What if we don't build the Well 2 Treatment Facility?

A: The State could order the shutdown of the well if the District does not build the treatment facility. In Fiscal Year 2019, Well 2 produced almost 1,000 Acre-Feet (AF) of water for the District. Shutting down Well 2 could result in the loss of up to 1,000 AF per year of the District's groundwater supply, which would have to be replaced with expensive imported water and could increase the District's expenses by up to \$1.5M, a 40% increase above the FY21 budget.

Q: What is the plan to fund and construct the Well 2 Treatment Facility?

A: The District received grant funding of \$2.65M from the State for Well 2. However, there is a shortfall of up to \$1.5M required in order to start the \$4.2M project. There are insufficient cash reserves to cover the shortfall. District seeks to fund the Well 2 with a low-interest loan from the County of Ventura.

Q: How will the District pay off the Well 2 loan?

A: The options considered for paying the Well 2 loan principal and interest were:

1. General rate increases on rates and fixed meter charges to be used towards any District expense
2. A fixed monthly surcharge based on relative meter size. (Proposed)
 - a. Well 2 Surcharge would expire after 30-year loan term is completed.
 - b. Any surcharge collected above amount required to pay off annual loan principal and interest will go towards future critical capital replacement projects
 - c. The Well 2 Surcharge will not be used for operations and maintenance expenses
 - d. This Surcharge was reviewed by the CAC at the August 20, 2020 Public Meeting and received favorable support from all five CAC members

Q: What is the Groundwater Basin Adjudication?

A: In 2018, a few agricultural landowners (“Plaintiffs”) that overlie the Las Posas Groundwater Basin (“Basin”), a groundwater basin that underlies an area between roughly Somis and Moorpark, filed a comprehensive groundwater adjudication lawsuit to determine the rights of all persons to extract groundwater from this Basin. The lawsuit seeks a court adjudication of groundwater rights against all persons or entities that either (a) extract, or pump, groundwater from this basin, such as Ventura County Waterworks Districts Nos. 1 and 19, several water mutual companies, and several farm operators or (b) own real property overlying this basin.

Q: What is the current status of the Las Posas Adjudication?

A: District Staff negotiated a settlement agreement that would increase the District’s groundwater pumping allocation from 1,844 Acre-feet per year (AF/yr) to approximately 2,145 AF/yr. The settlement agreement is currently pending action by the courts. Due to COVID-19, delays in the court system have caused a delay in the proving-up of the settlement agreement by the court.

Q: What is the impact of the Adjudication and settlement on the District’s financial situation?

A: District has spent \$312k from its cash reserve fund since 2018 defending its groundwater rights due to the Las Posas Groundwater Adjudication lawsuit. 70% of District water supplies come from local groundwater, a loss of the District’s groundwater rights would have catastrophic consequences to District rate payers and the small farmers who rely on the District’s relatively affordable groundwater. Loss of groundwater rights would force District to purchase 100% of its water Supply from imported sources, causing water rates to skyrocket.

Q: How will the District pay for the Las Posas Adjudication legal expenses?

A: District seeks to replenish the \$312k in legal expenses through a monthly surcharge to be recovered over the course of 12 months. A fixed surcharge based on meter size would be charged to rate payers for 12 months, from Jan 2021 through Dec 2021. The Las Posas Adjudication Surcharge would expire Dec 2021. This Surcharge concept was presented to the CAC at the August 20, 2020 Public Meeting and received the support of all 5 CAC members.

Q: What methodology was used to determine the Well 2 and Las Posas Adjudication surcharges?

A: The surcharges are allocated to each individual customer based on the hydraulic capacity of their water meter. The relative costs for meter sizes is based on the District’s current meter capacity equivalency schedule, which is used to calculate the District’s monthly meter service charge. An example of how the equivalent meter ratio is calculated is based on the principle that a ¾-inch meter represents a meter ratio of 1.0. A 1-inch meter has the ability to provide 1.67 times the capacity of a ¾” meter, it would have a meter ratio of 1.67.

The annual principal and interest payment for the \$1.5M Well 2 loan is projected to be \$84,631. The proposed surcharges are listed in the below table:

Well 2 Loan Surcharge (\$1.5M Loan w/30 year payback)

Meter size (in)	Capacity (gpm)	Equivalent Meter Size Ratio	No. Meters	No. Equiv Meters	Total Annual Surcharge	Monthly Surcharge
3/4"	30	1.0	489	489	\$19,864.49	\$3.39
1"	50	1.67	413	688	\$27,961.95	\$5.64
1 1/2"	100	3.3	55	183	\$7,447.49	\$11.28
2"	160	5.3	55	293	\$11,915.99	\$18.05
3"	350	11.7	26	303	\$12,322.21	\$39.49
4"	630	21.0	6	126	\$5,118.46	\$71.09
					\$84,631	

The Las Posas Adjudication Surcharge was calculated to recover the \$312k in legal expenses over the course of 12 months. The proposed surcharges are listed in the below table:

Las Posas Adjudication Fee (\$312,303 over 12 Months)

Meter size (in)	Capacity (gpm)	Equivalent Meter Size Ratio	No. Meters	No. Equiv Meters	Total Annual Surcharge	Monthly Surcharge
3/4"	30	1.0	489	489	\$73,303.76	\$12.49
1"	50	1.67	413	688	\$103,184.91	\$20.82
1 1/2"	100	3.3	55	183	\$27,482.66	\$41.64
2"	160	5.3	55	293	\$43,972.26	\$66.62
3"	350	11.7	26	303	\$45,471.32	\$145.74
4"	630	21.0	6	126	\$18,888.09	\$262.33
					\$312,303	

Q: What will be the impact to my monthly water bill from the new surcharges?

A: In calendar year 2021, a Residential Customer with a ¾-inch meter with average monthly water usage of 20 Hundred Cubic Feet (HCF) would see their water bill increase from \$72.28 to \$88.16. In 2022 and

beyond, a Residential Customer with a $\frac{3}{4}$ -inch meter and 20 HCF of usage would see their monthly bill reduced from \$88.16 to \$75.67.

The average Agricultural Customer with a 1" meter with average monthly water usage of 150 HCF would see their 2021 monthly water bill increase from \$483.88 to \$510.34. In 2022 and beyond, an Agricultural Customer with a 1-inch meter and 150 HCF of usage would see their monthly bill reduced from \$510.34 to \$489.52.

6. FUTURE AGENDA ITEMS

7. ADJOURNMENT

- ❖ Next regular scheduled Waterworks District 19 CAC meeting – October 15, 2020