

**Regular Meeting**  
**June 16, 2020**  
**6:00 pm**

**Meiners Oaks Water District**  
  
**202 West El Roblar Drive**  
**Ojai, CA 93023-2211**  
**Phone 646-2114**

## **MINUTES**

**The meeting was called to order at 6:00 pm.**

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### **1. Call to Order**

The meeting was called to order by the Board President, Mike Etchart, at 6:02 pm via teleconference.

**Present:** Board President, Mike Etchart, Board Directors, James Kentosh, and Mike Krumpschmidt. Staff Present: General Manager, Mike Hollebrands, Board Secretary, Summer Ward and Attorneys, Lindsay Nielson, Greg Jones (closed session only), and Jeanne Zolezzi (closed session only).

**Absent:** Director Larry Harrold.

### **3. Approval of the Minutes**

#### **Approval of May 19, 2020, Regular Meeting minutes:**

Director Krumpschmidt made the motion to approve May 19, 2020, Regular Meeting minutes, with requested revisions. Director Kentosh seconded the motion.

No public comments.

Krumpschmidt/Kentosh

#### **Roll Call Vote:**

Etchart – Y      Engle – Y      Harrold – A      Kentosh – Y      Krumpschmidt – Y

All Ayes – Harrold Absent

M/S/C

### **3. Public Comments**

Beth Von Gunten was present, provided a statement of attendance.

**\*\* The Board went into closed session at 6:14 pm \*\***

**4. Closed Session: The Board of Directors held a closed session to discuss litigation, pursuant to the attorney/client privilege, as authorized by Government Code Sections § 54957 & 54956.8, 54956.9 and 54957.**

- State Case: SBCK vs. SWRCB, San Francisco Superior Court, Case # CPF-14-513875
- Meiners Oaks Water District vs. Moll, Ostling and Ojai Vista Farms 56-2018-00515474-CU-OR-VTA/

**\*\* The Board adjourned closed session at 7:56 pm. \*\***

Attorney Nielson stated that in closed session, the Board discussed current ongoing litigation and received updates from each attorney. No actions were taken, and no decisions were made during this closed session.

**5. Financial Matters**

**Approval of Payroll and Payables from May 16 to June 15, 2020, in the amount of:**

Payables -	\$ 34, 523.47
Payroll -	<u>\$ 37, 421.87</u>
Total -	\$ 71, 945.34

Director Krumpschmidt made the motion to approve the Payroll and Payables from May 16 to June 15, 2020. Director Kentosh seconded the motion.

No Public Comment:

Krumpschmidt/Kentosh

**Roll Call Vote:**

Etchart – Y      Engle – Y      Harrold – A      Kentosh – Y      Krumpschmidt – Y  
All Ayes- Harrold Absent  
M/S/C

**6. Board Discussion/Actions** (items a-c discussed out of agenda order)

**a) Approve FY2018/2019 Financial Audit**

Mr. Hollebrands introduced Cindy Fanning, CPA with Fanning & Karrh, Certified Public Accountants. Ms. Fanning presented the Meiners Oaks Water District Financial Statements for the Years Ended June 30, 2019, and 2018; and the Independent Auditor’s Report. Mr. Hollebrands noted for the Board and public that the Thomas Fire occurred during this audit period, related to the unusual expenses during this period. Ms. Fanning started by reporting that there were no new accounting policies, no unusual transactions; there is a footnote on page 41 related to COVID-19 “subsequent events.” Ms. Fanning provided a summary of the Independent Auditor’s Report, including (11) adjustments, totaling roughly \$272,000 income adjusted. The largest adjustment was the Capital Asset

Depreciation Expense of \$194,048, followed by GASB68 (net pension) and GASB75 (net post-employment), and 2 reclassifications with no financial statement impact. Ms. Fanning reviewed that the unadjusted errors were less than \$5,000, defined as anything of \$18,000 or higher.

Director Krumpschmidt requested clarification, and he is looking for a statement of overall compliance. Ms. Fanning referred to page 22, standard language “unqualified opinion,” there were no issues found and provided some recommended areas for improvement. There were no material weaknesses found with internal controls, and internal controls are not evaluated in-depth enough to form an opinion. Director Krumpschmidt asked if Fanning & Karrh would be able to do such as a review. Ms. Fanning stated it could be problematic, as the auditor to perform that evaluation.

Director Kentosh recommended folding Audit recommendations into the Staff Procedures Ad-hoc Committee for completion. The Board agreed.

Ms. Fanning provided a Fraud Risk Assessment to help the District identify where there are risks, determination of significance, and what procedures are needed to mitigate those risks. The Board discussed how to approach the risk assessment.

Director Etchart questioned if MOWD has the skillset in-house to do this assessment, and the need to look at what the cost/benefit would be for performing.

Ms. Fanning reviewed that the next steps will include submitting the Management Representative Letter to the GM for signature.

Director Engle discussed the note that there is not adequate segregation of duties. Ms. Fanning expressed that for the size of our staff, segregation of duties can be difficult; she will provide Ms. Ward with a sample document on how to structure small accounting departments.

Director Kentosh made the motion to approve Resolution 202016-1 FY18/19 Financial Audit, with revisions. Director Krumpschmidt seconded the motion.

#### Public Comment

Ms. Von Gunten provided a statement regarding one historical case of petty theft, noting a forensic audit was not performed and asked if this type of annual audit would identify something of this nature. Ms. Fanning responded that while they do not specifically look for fraud, they do look for any inconsistencies or suspicions.

Kentosh/Krumpschmidt

#### **Roll Call Vote:**

Etchart – Y      Engle – Y      Harrold – A      Kentosh – Y      Krumpschmidt – Y

All Ayes – Harrold Absent

M/S/C

#### **b) Approve Resolution 202016-1 FY18/19 Financial Audit**

Mr. Hollebrands introduced Resolution 202016-1 FY 18/19 Financial Audit, based on the approval of agenda item 6(a). Director Krumpschmidt noted some stylistic changes to the resolution, not material to the content.

Director Kentosh made the motion to approve the “Pandemic Response” bill-stuffer, with revisions. Director Engle seconded the motion.

#### No Public Comments

Kentosh/Engle

#### **Roll Call Vote:**

Etchart – Y      Engle – Y      Harrold – A      Kentosh – Y      Krumpschmidt – Y

All Ayes – Harrold Absent

M/S/C

\*\* Ms. Fanning left the meeting at 9:18 pm\*\*

#### **c) Approve RFQ for legal services template and discussion of Attorney contact list**

Director Etchart introduced the proposed request for qualifications template, prepared by Ms. Ward based on the UVRGA’s recent RFQ for legal services. Director Engle provided a brief description of the RFQ process the UVRGA used at the beginning of the COVID-19 shut-down. Director Etchart noted that it is the Executive Committee’s goal to cast a wide net and use the Executive Committee to review proposals and then present candidates to the full Board, with recommendations. Director Kentosh advocated for a board interview process. Director Etchart asked Attorney Nielson for a reasonable timeframe for submitting a proposal. Attorney Nielson stated that three to four weeks should be sufficient time. The Board agreed on the due date of July 13.

The Board agreed on a general process: Ms. Ward to prepare the RFQ template for distribution, proposal due to Ms. Ward by July 13, Executive Committee to review proposals and form recommendations, present proposals at the July meeting, interviews (sub-committee or special meeting), select firm for contracting.

Director Engle made the motion authorizing staff to send out the Request for Qualifications for legal services with the new due date and editorial revisions.

#### Public Comments

Ms. Von Gunten stated that it is good to talk to as many as possible and also recommended full board interviews.

#### **d) Approve customer notice “Pandemic Response” bill-stuffer**

Director Kentosh presented the draft update to MOWD customers regarding the COVID-19 pandemic response. Director Krumpschmidt noted some grammatical revisions needed, not material to the content.

Director Kentosh made the motion to approve the customer notice “Pandemic Response,” with revisions. Director Krumpschmidt seconded the motion.

No Public Comments

Kentosh/Krumpschmidt

**Roll Call Vote:**

Etchart – Y      Engle – Y      Harrold – A      Kentosh – Y      Krumpschmidt – Y  
All Ayes – Harrold Absent  
M/S/C

**e) Discuss possible customer repayment plan options - Tabled**

Director Kentosh requested this item be tabled to the next meeting. Chair Etchart and the Board agreed to table this item to the next regular board meeting.

**f) Approval of grant agreement with VCRCD for the Ventura Watershed Flow Enhancement & Water Resiliency Regional Framework Project**

Director Kentosh presented the VCRCD grant agreement for project 25: Pumping Regime/Balancing and Water Quality. The focus is to prepare a plan to effectively remove high nitrates from MOWD Well No. 8, which is not connected to surface flows. Attorney Nielson has reviewed and has no issue with the grant agreement. Director Krumpschmidt expressed clarification on the section regarding insurance coverage, limits, and additionally named; secondly, who will be completing the required quarterly reports. Director Kentosh explained this is a common and standard practice, no additional cost to the District. Director Kentosh volunteered to write the quarterly status reports, in coordination with staff, and labor hours will be tracked for matching funds.

Director Kentosh made the motion to approve the VCRCD Project 25: Pumping Regime/Balancing and Water Quality grant agreement. Director Krumpschmidt seconded the motion.

No Public Comments

Kentosh/Krumpschmidt

**Roll Call Vote:**

Etchart – Y      Engle – Y      Harrold – A      Kentosh – Y      Krumpschmidt – Y  
All Ayes – Harrold Absent  
M/S/C

**g) Approve draft FY2020/2021 Budget**

Director Kentosh presented the FY2020/2021 Budget, revised based on input provided at the previous meeting. The Budget Committee met and simplified the process and presentation into a summary and tables. Director Kentosh stated the goal is to adopt a budget tonight and reassess throughout the year. The Board will need to consider a mid-year and future Prop 218 rate change for FY20/21.

Director Krumpschmidt reported that during the review process, the Committee identified that some revenue has overtime become regular, i.e., property taxes; as a result, the District is in a better position than previously reported. The District may not have as large of withdrawal from reserves. The Committee also included the capital projects and proposed to be delayed.

Director Engle stated that item (1) GSA Funding – omit/strikeout; (5) “Must prepare for a lawsuit” should be revised to read “we are engaged in a lawsuit.” Attorney Nielson noted that the next general legal counsel would have much higher rates than he has historically charged the public agency, keep in mind for Budget.

Director Kentosh made the motion to approve Interim Budget FY20/21, with proposed changes in the summary letter. Director Krumpschmidt seconded the motion.

No Public Comments

Kentosh/Krumpschmidt

**Roll Call Vote:**

Etchart – Y      Engle – Y      Harrold – A      Kentosh – Y      Krumpschmidt – Y  
All Ayes – Harrold Absent  
M/S/C

**h) Approve Resolution 2020616 FY 2020/2021 Budget**

Mr. Hollebrands presented Resolution 2020616 FY 2020/2021 Budget. Director Krumpschmidt noted some grammatical revisions needed, not material to the content.

Director Kentosh made the motion to approve Resolution 2020616 FY 2020/2021 Budget, with recommended revisions. Director Krumpschmidt seconded the motion.

No Public Comments

Kentosh/Krumpschmidt

**Roll Call Vote:**

Etchart – Y      Engle – Y      Harrold – A      Kentosh – Y      Krumpschmidt – Y  
All Ayes – Harrold Absent  
M/S/C

\*\* The Board took a 5-minute break at 10:23 pm \*\*

**i) Approve Resolution 2020616-2 Consolidated General Election**

Mr. Hollebrands presented Resolution 2020616-2 Consolidated General Election. Ms. Ward noted that the District is pending updated process and documents from the Ventura County Elections, required paperwork, and due dates will be shared and published, as received.

Director Engle made the motion to approve Resolution 2020616-2 Consolidated General Election. Director Krumpschmidt seconded the motion.

Public Comments

Ms. Von Gunten stated: 1) Registered voter within District; 2) mailing to owners, not everyone will receive the bill stuffer, recommends adding a press release.

Director Etchart replied that the District is taking multiple approaches to notify the public of the upcoming elections. Ms. Ward noted the District posted the upcoming elections in front of the office in March 2020, as well as on the District website, as preliminary notices. Ms. Ward to arrange for election notices in the Ojai Valley News, VC Star, Breeze, and VC Reporter.

Kentosh/Krumpschmidt

**Roll Call Vote:**

Etchart – Y      Engle – Y      Harrold – A      Kentosh – Y      Krumpschmidt – Y

All Ayes – Harrold Absent

M/S/C

**j) Approve customer notice “Join Our Board” bill-stuffer**

Director Kentosh presented the draft update to MOWD customers, “Join Our Board.” The intent is to fill Director Krumpschmidt’s seat in the November elections, with Director Engle as second seat incumbent. Director Krumpschmidt recommended striking “elections were held but ran unopposed. Director Engle requested that all Directors be included, i.e., add water quality consultant and applies to residents of the District, not just Meiners Oaks.

Director Kentosh made the motion to approve the customer notice “Join Our Board,” with revisions. Director Krumpschmidt seconded the motion.

No Public Comments

Kentosh/Krumpschmidt

**Roll Call Vote:**

Etchart – Y      Engle – Y      Harrold – A      Kentosh – Y      Krumpschmidt – Y

All Ayes – Harrold Absent

M/S/C

## **k) 2019 Consumer Confidence Report (CCR)**

Mr. Hollebrands presented the 2019 Consumer Confidence Report (CCR), noting two versions, one abbreviated version for customers and the other with templates. Director Engle expressed concern regarding the Summary of Violations table on the second to last page, shows "Trihalomethanes," but the rest of the table is blank. Mr. Hollebrands replied that there were no violations, and that is a placeholder put in the report by the vendor, Fruit Growers Lab. Director Krumpschmidt noted on the last page, wells 1 and 2 have different descriptions, information needs to be updated.

### No Public Comments

Mr. Hollebrands reported that the State had approved the 2019 CCR. The Board directed Mr. Hollebrands to contact FGL to remove the blank violations summary table and to update the last page descriptions prior to distributing to customers.

## **l) Discuss values to endorse in the UVRGA Sustainability Goal**

Director Engle reported that the Upper Ventura River GSA is working on the draft GSP Sustainability Goal, a broad statement that encompasses water districts' values and goals. Executive Director Bondy will prepare a draft statement based on feedback. Values that MOWD should consider economic, social, and environmental (habitat).

Director Kentosh stated the District's priority is providing customers with clean, affordable water. MOWD's primary source is groundwater, with emergency back up to Casitas, buying water is not sustainable.

### Public Comments

Ms. Von Gunten referred to the mid 80's definition of "sustainability," sustainability met only without compromising future generations to meet current needs, keep an eye to the future.

Director Engle thanked the Board and public for input regarding the draft sustainability goal.

## **7. General Manager's Report**

### **District Operations & Maintenance Report**

Mr. Hollebrands provided a summary of operations and maintenance activities. Mr. Hollebrands reported that Well No. 2 is producing air (again), Well No. 4 continues to deliver the same amount of air. The District had a pipe failure at the Treatment Plant over the weekend, all four wells back up running as of Saturday. Mr. Hollebrands reported that the circulation pump at Well No. 1 failed this morning, repair completed. A resident near our Meiners Road Tank said that the tank has begun spraying out of the side. Mr. Hollebrands stated that he would be

seeking proposals for tank repair through Ace Construction, noting this project will require prevailing wages.

Mr. Hollebrands reported on the status of the District Office, which remains closed to the public due to the pandemic. Office reconfiguration has begun. The network is temporarily down and will be reconnected tomorrow. Lake Casitas is now open for fishing.

Director Etchart reported that school districts are creating plans for distance learning in anticipation of reclosing again when the weather cools and cases rise. The Board discussed conditions, noting office accommodations are in place. Board consensus that MOWD's small number of staff, some of whom have co-morbidities, is valuable and not worth the risk of re-opening to the public, yet. The Board agreed the District Operations are to continue as they are until this item is discussed at the next meeting.

No Public Comments

## **8. Board Secretary Report**

Ms. Ward presented the new Board Secretary Report, which is a product of the District reorganization. The content and format will likely change over time as we fine-tune the report components.

Ms. Ward reviewed Administrative items such as the EDD unemployment claim received and processed in June 2020. The Board held a brief discussion regarding the EDD claim, citing safety and working conditions. The GM explained that the EDD form was completed and included verification of employment, a brief explanation of the reason for the claimant's departure, and a copy of the employee's resignation letter. The Board elections timeline and process are discussed briefly.

Ms. Ward reported that the District's General and Trust Fund accounts held at Rabobank had completed the transition to the new Mechanics Bank. Ms. Ward provided a summary of monthly service orders, customer account turnovers, total monthly utility billing, monthly over-allocation revenue/consumption, and any other conservation penalties assigned during the reporting period.

Ms. Ward stated that work has continued with the allocation program and staff procedures related projects, and the final section of the new report provides customer compliments and complaints summary. The Board offered positive feedback on the new report.

No Public Comments

## **9. Board Committee Reports**

- **Upper Ventura River GSA:** Item 6(l) – UVRGA Sustainability Goal.
- **Executive Committee:** No update.
- **Budget/Rate Committee:** Discussed under item 6(g & h) – FY 20/21 Budget

- **Allocation Program Committee:** Director Engle reported that she and Ms. Ward are working on phase II of the Ag Reclassifications, with the intent to close that out July 24, with the goal to complete the Allocation table for August, then the online tool for account allocation lookup on the District website.
- **New Meters and Expansion Committee:** No update, no contact from T. Moore.
- **Emergency Management Committee:** No update – Active COVID-19 Emergency
- **Staff Procedures Ad-hoc Committee:** Director Krumpschmidt requested that the new ad-hoc Committee be added to future agendas. The process has been constructive, having already held three meetings. The Committee is going through each job duty and responsibility in the job descriptions, very instructive, noting the Board Secretary is taking the lion share of the office work. The Committee is delineating ultimate responsibility for each task or duty. Director Krumpschmidt reported that the group is making good progress and will continue to meet ongoing. The reconfiguration of the office is going well, and it seems like it will work.

## **9. Old Business**

- **State Water:** No update.
- **Ojai, Ventura Water Partnership:** No update.
- **Matilija Dam Removal Update:** Mr. Hollebrands sated there is a meeting with the Mitigation Team next week; Director Etchart requested Mr. Hollebrands forward meeting information to him so that he could attend.
- **Grant Projects:** Discussed under item 6(f)- Approval of grant agreement with VCRC
- **District Office Re-Population:** Discussed under item 7-GM report.

## **10. Board of Directors' Reports/Comments**

**Mr. Harrold:** Absent.

**Mr. Krumpschmidt:** No report.

**Mr. Kentosh:** No report.

**Mr. Etchart:** No report.

**Ms. Engle:** Provided follow-up to the discussion during item 8 – Board Secretary Report, EDD Unemployment is a flat % rate, does not vary for claims filed.

**11. Meeting Adjournment**

There being no further business to conduct at this time, Board President Mike Etchart adjourned the meeting at 11:10 pm.

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**President**

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**Secretary**