

Regular Meeting  
March 20<sup>th</sup> 2018  
6:00 p.m.



## NOTICE OF REGULAR MEETING OF BOARD OF DIRECTORS

*March 20<sup>th</sup>, 2018*

**Right to be heard:** Members of the public have a right to address the Board directly on any item of interest to the public that is within the subject matter jurisdiction of the Board, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2.

**Please Note:** If you have comments on a specific agenda item(s), please fill out a comment card and return it to the Board Secretary. The Board President will call on you for your comments at the appropriate time, either before or during the Board's consideration of that item.

If you require special accommodations for attendance at or participation in this meeting, please notify our office 24 hours in advance at 805-646-214 (Govt. Code Section 54954.1 and 54954.2 (a)).

## Agenda

If you are interested in receiving a monthly agenda email your request to:  
[agenda@meinersoakswater.com](mailto:agenda@meinersoakswater.com)

**Meeting will be called to order at 6:00 p.m.**

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**1. Roll Call**

**2. Approval of Minutes**

Approval of the minutes of the February 20th, regular meeting

**3. Public Comments**

The Board will receive comments from the public at this time on any item of interest to the public that is not on the agenda that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2. Matters raised by public comment requiring Board action will be referred to staff or placed on a subsequent agenda where appropriate.

When addressing the Board, please state your name and limit your comments to three (3) minutes.

**Please Note:** If you have comments on specific agenda items, please fill out a comment card and return it to the Board Secretary. The Board President will call on you for your comments at the appropriate time, either before or during the Board's consideration of that item.

**4. General Managers Report**

- System Status
- Thomas Fire update
- Cost request from a public member about special meeting costs
- AWA Annual Symposium April 19, 2018 8 a.m. – 1:30 p.m.

**5. Board Committee Reports**

- No committees met last month

**6. Old Business**

- Financial: CA Special District Training Expense - Tabled until March 2018
- State Water
- Matilija Dam Removal (Meeting March 23, 2018, 11 am to 1 pm)
- Generators

**7. Board of Directors Reports/Comments**

**8. Financial Matters**

**1. Approval of Payroll and Payables from February 16<sup>th</sup>, 2017 to March 15<sup>th</sup>, 2018 in the amount of;**

<b>Payables -</b>	<b>\$ 171,467.51</b>
<b>Payroll -</b>	<b>\$ 30,507.49</b>
<b><u>Total -</u></b>	<b><u>\$ 201,975.00</u></b>

**9. Board Discussion and/or Action**

- a) Discussion and approval of the draft audit for the fiscal year 2016-2017**
- b) Discussion and possible approval of MOU from Casitas**
- c) Draft release to our customers about the drought**
- d) Discussion and Board approval of contributing to an economic analysis of Stages 4 and 5, cost to be shared by multiple agencies**
- e) Report by Richard Hajas discussing a possible solution to water supply reliability (Three Sisters Concept)**
- f) Discussion and Approval of proposed contract by Co-Counsel with Hathaway, Perrett, Webster, Powers, Chrisman & Gutierrez**

**10. Closed Sessions: The Board of Directors will hold a closed session to discuss personnel matters or litigation, pursuant to the attorney/client privilege, as authorized by Government Code Section 54957 & 54956.8, 54956.9 and 54957**

- a) Conference with Legal Counsel and potential co-counsel –  
Anticipated/threatened Litigation Paragraphs (2,4) subdivision (d)  
Section 54956.9**

**11. Meeting Adjournment**

## **MINUTES**

The meeting was called to order at 6:00 p.m.

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### **1. Roll Call**

The meeting was called to order by the Board President Mike Etchart at 6:00 pm at the District Office.

Present were: Board President Mike Etchart, Board Directors Jim Kentosh, Mike Krumpschmidt, Diana Engle and Larry Harrold. Staff Present: General Manager Mike Hollebrands and Board Secretary Summer Ward. Attorney Lindsay Nielson was also present.

Absent: None.

### **2. Approval of the minutes**

Approval of the January 16, 2018, Regular Meeting minutes:

Mr. Krumpschmidt made the motion to approve the January 16, 2018, Regular Meeting minutes with a strikeouts correction on page 3 last sentence of paragraph 3, minor revision to last sentence of paragraph 4 and page 6 Board President motion correction from Kentosh to Krumpschmidt. Mr. Harrold seconded the motion.

Krumpschmidt/Harrold  
All Ayes  
M/S/C

Approval of the January 24, 2018, Special Meeting minutes:

Mr. Harrold made the motion to approve the January 24, 2018, Special Meeting minutes. Mr. Krumpschmidt seconded the motion.

Public Comment:

Ms. Moll – As a courtesy she should have been notified of a special meeting that was about her property.

Morgan – Are all the meetings recorded? Mr. Hollebrands stated yes, except for closed sessions. The recording for the January 24, 2018, special meeting did not record because we had technical difficulties. Morgan stated it is a point of trust and verify and how are they to hold the board accountable if the

meeting is not recorded. Mr. Hollebrands replied that if there is no recording then it falls to the approved minutes in the books. Mr. Krumpschmidt added that during his 7 years on this board this is the first time a recording failed and that this is by no means routine. Morgan asked for clarification regarding whom was acting Secretary for the Special Meeting; asked if it was a conflict of interest for Mr. Hollebrands to fill in as secretary. The board replied with clarification that Mr. Hollebrands and Summer are both employees of MOWD and it is not a conflict of interest. Morgan expressed this to be a learning process and appreciated the responses.

Harrold/Krumpschmidt  
All Ayes  
M/S/C

### 3. Public Comments

Mr. Etchart reviewed the public comment process, including a statement of the speaker's name, address and to speak from the lecturn. Mr. Nielson further advised the board that they can ask for the speakers name and residency, however, it is up to the presenter to provide that information.

Ms. Von Gunten – Present. Ms. Von Gunten discussed the frequent issue brought up under the Brown Act as being serial meetings. She is concerned about the “hub” structure whereby one board member contacts another board member and then another outside of a noticed public meeting, referencing the recruitment of the new chair and vice chair. Ms. Von Gunten expressed frustration with perceived Brown Act violations and feels the only way to get recompense at this point is to take it to the constituents.

Morgan – Stated that he is unsure why the board's legal counsel is advising them to ask for his name, it is illegal to ask for his name. His question to the board was “how does one get onto the agenda?” Mr. Etchart answered that it is at the Board's discretion which items appear on the agenda. Morgan asked what criteria are used, of which Mr. Etchart replied that it depends on the other agenda items and the time allotment. Morgan stated that he and Ms. Moll both requested to Mr. Hollebrands that they be put on the agenda and Summer was present and took notes. Morgan asked of the board what better he could do to get on the agenda. Mr. Etchart responded that if it is providing new information on a topic previously discussed or a new topic, it was the impression that they wanted to discuss fencing which had been previously covered. Morgan requested that Summer clarify the topics he asked to be on the agenda. Summer stated that Ms. Moll had requested the fencing topic and Morgan had requested discussion of the drought surcharge. Morgan was looking forward to discussing it but will hold off until next time.

Ms. Moll – She feels as if the board is annoyed by her asking these questions. Ms. Moll stated that this is the 5<sup>th</sup> time she has requested that her letter be included in the agenda. She stated that for 7 years Elizabeth Von Gunten has

provided her statement and not once has her comment been put into your meetings. The public not only has a right to hear what you want to put in there but also criticism.

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

- **System Status** – The District has made great strides forward today with recovery efforts. The scada, radio control panels, backboards, antennas, etc...in place and for the first time since the fire we have full communications with all the district's facilities. Checks are still being submitted to SDRMA for that claim, expect to cap out at \$100,000 relatively soon.
- **Update of Eagle Ariel Spreadsheet and Next Steps** – The office staff have been working tirelessly for several weeks now; we have just 300 addresses yet to confirm with the billing system, out of 1442 parcels. Some parcels will require physically checking for a meter number or determining if it is not served by MOWD. This is the first step in verifying the parcel and service addresses, check for duplications; and then filter out by account class for the new allocation process. Then all of that information will be put into the Tyler program so that by the customer number we can see all the parcel data. After verification, the allocation formulas will be applied to determine the new allocation amount for each parcel and build each calculation within the Tyler program. Mr. Hollebrands clarified that the data is backed up on the server and two hard drives. Mr. Etchart asked where other water districts are in this process, Mr. Hollebrands reviewed discussions he has with Ventura River, and they are not fully involved with the Eagle Ariel data yet.
- **River conditions/well levels and 3.74" of rain** – The river is running from stem to stern, and we only got 3.74" of rain. Typically that much rain only runs to the 150 bridge and then it's gone the next day. The initial storm system washed the silt and ash down into the river creating an impermeable barrier; we are not getting any saturation. Well levels continue to drop, causing us to purchase water sooner rather than later. We only had minimal recharge in our wells from the recent storms. Ms. Engle added that this is not unusual for post-fire run-off; the concern is that it is the river channel that is being affected. Further discussion about the Matilija Dam removal and the mitigation efforts that are being prepared before the release of the water down the river channel. Mr. Hollebrands and Jordan Kear plan to address this topic with the GSA. Ms. Engle recommended that the board use this real-time natural experiment data as a reference in a one-page document to support our position of concern regarding the impact on our aquifer with the release of sediment. The Board requested that this topic be added to the March agenda old business to discuss progress.

#### **Public Comment:**

**Ms. Foley** – She asked why they want to remove the dam, is it helping to replenish our aquifer. Ms. Engle responded briefly to describe how water

flows through the lake and flows over into the river, it is currently inconsequential to our replenishment, and however, if that wedge of sediment were to wash down it would be detrimental to our recharge. The dam is currently not hurting or helping us.

**Ms. Moll –** What is the best way to have a holding pond or reservoir that wouldn't have so much silt. Ms. Engle stated that it is a complicated subject and will avail herself outside the meeting to discuss further. There was discussion of dredging the silt from behind the dam; all reservoirs have silt build up and it was only discussed because of the plan to remove the dam.

**Morgan –** Would any Meiners Oaks money be involved in the project? Mr. Etchart explained that it is outside of our district and we would not be funding any part of the project. Morgan referenced a comment that he heard from Mr. Krumpschmidt regarding that 2 or 3 of them would call each other and see what they can get moving, which is a Brown Act violation. Mr. Krumpschmidt apologized for misspeaking; he clarified along with Mr. Kentosh that he meant that he would meet with Mr. Engle and Mr. Hollebrands in a sub-committee to discuss the dam removal, not intended as an informal phone call.

#### **5. Board Committee Reports**

None.

#### **6. Old Business**

- **Financial: CA Special District Training Expense –** Tabled until March 2018

Ms. Engle requested that previous agendas be reviewed for any missing "old business" items that may have dropped off the Regular Board Agenda.

#### **7. Board of Directors' Reports**

**Mr. Kentosh –** As the end of March is nearing we should know if we are going to have a dry year, he recommends that the Drought Committee put together a one-pager explaining where we are with regards to the drought for our customers. A draft letter will be brought to the next board meeting for approval before sending it to the customers. Mr. Kentosh recommended that the district compile a list of email addresses that wish to receive the meeting agendas. The board requested a new MOWD email be created and create the mailing list for future meeting agendas.

**Mr. Krumpschmidt –** Concerns regarding access to the new email server, requesting assistance with setup and assure it is working properly. All future correspondence including agendas will be sent to the @meinersoakswater.com email addresses. Mr. Hollebrands will assist Mr. Krumpschmidt linking with Mitec.



**Mr. Harrold – Thanked Mr. Kentosh for his great work he did in the position of Board President.**

**Ms. Engle – Requested that the agenda be revised to reflect “Board of Directors’ Reports/Comments.” Additional request to have district use her @meinersoakswater.com address immediately. Also, would like to have speakers stand one at a time at the lectern and have their timed comment. She would like to see us follow the decorum and not slide back to open comments.**

**Mr. Etchart – Request that the @meinersoakswater.com email address that is created for the agenda distribution that the email is printed on the posted meeting notices.**

**Public Comments:**

**Ms. Engle requested clarification from Mr. Nielson if the board is required to have public comments after every agenda item. Mr. Nielson clarified that only after action items should we open it for public comments.**

**Morgan - Statement regarding the importance of having a public vs private email address so that there is no judgment call and it is clear what is available to the public.**

**Ms. Moll – Statement that as a common courtesy if someone is specifically mentioned in a meeting, to let them know in advance of the meeting so that they are aware and could be present if a decision is made.**

**8. Financial Matters**

- **Approval of Payroll and Payables from January 16<sup>th</sup> to February 15<sup>th</sup>, 2018 in the amount of:**

<b>Payables -</b>	<b>\$75,835.33</b>
<b>Payroll -</b>	<b>\$35,807.99</b>
<b>Total -</b>	<b>\$111,643.32</b>

**Ms. Engle - question on “appropriations for contingencies” what is included in that total? Mr. Hollebrands clarified that it is the total from repairs to Well #4 and Thomas Fire to date.**

**Mr. Harrold – Explanation of Bob’s Fence amount of \$8530, it should have been a larger amount. Mr. Hollebrands explained that it was a contracted amount that was completed in portions.**

**Public Comments:**

**Ms. Moll- Report of Income question regarding MWAC charges and Water Sales, what is the difference? Mr. Hollebrands clarified that the Monthly Water Availability Charge is a fixed charge and the Water Sales varies and is**

a moving target throughout the year. The appropriated amount is \$760,000, a projected number that is not based on usage. This is a monthly charge to all customers, having the connection and water service available. Mr. Krumpschmidt shared that it is similar to the having emergency responders on standby, they are paid for being available as is having the ability to turn the tap and have water.

Ms. Von Gunten – She requested the cost to the district for holding the January 24, 2018, Special Meeting and the justification for that additional expenditure be provided.

Mr. Kentosh made the motion to approve the Payroll and Payables from January 16<sup>th</sup> to February 15<sup>th</sup>, 2018. Ms. Engle seconded the motion.

Kentosh/Engle  
All Ayes  
M/S/C

**9. Board Discussion/Actions** (public comments after each item)

**A. Professional Services Proposal Kear Groundwater \$10,740.00**

Mr. Krumpschmidt after reading through the proposal is appropriate for this important project and that this amount is very reasonable. Ms. Engle is requesting assurance that we will receive a final report from Jordan at the end of the project.

**Public Comments:**

Morgan – Does the district have any obligation to take bids? Mr. Hollebrands recalls CA law for Special Districts that if the project amount total is less than \$25,000 obtaining 3 or more bids is not required. Mr. Nielson will research and help clarify the laws pertaining to the bidding and contracting requirements a Special District. Additionally, if a contract is broken into installments, it is the total amount of the contract.

Mr. Kentosh made the motion to authorize the General Manager to approve the Professional Services Proposal Kear Groundwater in the amount of \$10,740.00. Mr. Engle seconded the motion.

Kentosh/Engle  
All Ayes  
M/S/C

**B. Allocation and Rate Program Draft February 20, 2018**

Mr. Kentosh provided a draft of the MOWD Allocation and Rate Program in the meeting packet and presented a PowerPoint summary of the program, outlining how the allocations were calculated and how they would be adjusted with each drought stage as well as some of the

proposed new allocation methods. The board expressed concerns regarding some of the Casitas allocations at each stage. The Drought Committee will be meeting to address the administrative process and public meetings will be held to inform the customers.

**Public Comment:**

**Ms. Von Gunten** – It behooves us as a community with Casitas to formally address the City of Ventura, as we are all dipping out of the same bucket. They have the marine layer to buffer and lots of green grass and water running off driveways.

**Ms. Foley** – Noticed on the Casitas meeting agenda discussions about state water and would like to know if our district is entitled to any state water. **Mr. Hollebrands** replied that we are not entitled to any state water, but we are putting pressure on the powers that be who do have an entitlement to state water. It is a difficult process, but we are doing what we can do at this time.

**Morgan** – The vast majority of the customers are residential and very few agriculture customers, cutting 40% off of the few and still allowing an allocation for the majority will not help our water table. Additionally asked what justifies the price increases for over-allocation usage. What is the price justification for the drought surcharge; is it based on an expense? **Mr. Kentosh** explained that the prices are still being worked on and there will be justification provided. **Morgan** asked if the price per unit would be increased, and how that would be justified while remaining revenue neutral. **Mr. Kentosh** replied that any increases would be justified and yes any revenue would be rolled back into the business to remain revenue neutral.

**C. Approval of MOU non-binding Agreement between CMWD, VRWD, MOWD, City of Ojai, County of Ventura, OBGMA, and UVRGSA.**

This MOU represents all of the agencies that would either benefit or participate in gaining access to state water. City of Ventura has its own entitlement to state water. This type of MOU would be beneficial for grant applications and mutual collaboration.

**Public Comment:**

**Ms. Foley** – She noticed while driving up Highway 33 near Pine Mountain a sign “Upper Valley Water Shed,” never noticed it before and was wondering how it came about being up there so high. Board was unaware of the sign or its origin, it is outside our district.

**Mr. Harrold** made the motion to approve the MOU non-binding Agreement between CMWD, VRWD, MOWD, City of Ojai, County of Ventura, OBGMA and UVRGSA. **Mr. Kentosh** seconded the motion.

**Harrold/Kentosh**

**All Ayes**

**M/S/C**

**D. OVLC Letter of Interest for District's 50 acres**

**Mr. Hollebrands stated that the OVLC approached him regarding the 50 acres across from the MOWD treatment plant. OVLC submitted a letter of interest for the property and would like to know the board's interest in selling the property at fair market value. Mr. Nielson clarified as a public agency that the property would have to be advertised in an open process; MOWD has the option to define conditions of sale and reservation of water rights. OVLC will obtain an appraisal of the land if the Board expresses an interest in putting the land for sale. Mr. Krumpschmidt would like to study the land for a potential drill site, before the sale of the land. Mr. Hollebrands to communicate back to OVLC that the Board is interested, however, there are conditions for land use, reservation of water rights, easements and would be subject to open bidding process.**

**Public Comment:**

**Ms. Foley – How would having them do the appraisal work with open bidding? Mr. Hollebrands responded that the OVLC would own that appraisal and other bidders would likely want their own appraisal. Is the 55 acres one or more parcels? Mr. Nielson replied that the OVLC is only referencing one parcel in the letter.**

**Ms. Moll - Looking at a title report for the parcel (ending in 230), schedule A list of insured Conrad T. and MOWD appears on schedule B. Mr. Etchart replied that MOWD has a title report showing MOWD as the landowner. Will it be listed on the MLS? Mr. Nielson replied that it will not be through a broker, it will be published in the Ojai Valley News. Ms. Moll expressed concern that this will become a private sale of the land, of which Mr. Nielson responded that the district would following the law if the decision was made by the board to sell the property.**

**E. Adoption of Meiners Oaks Water District email policy**

**The purpose of the policy is that all business email communications will be in a single system for total transparency, based on the City of San Jose case.**

**Public Comments:**

**Morgan – Do you have a private server? Mr. Hollebrands responded that it is an email server hosted off-site.**

Mr. Krumpschmidt made the motion to approve the adoption of the Meiners Oaks Water District email policy. Ms. Kentosh seconded the motion.

Krumpschmidt/Kentosh  
All Ayes  
M/S/C

**F. Report by Richard Hajas discussing a possible solution to water supply reliability**

Mr. Hollebrands summarized the report as a collective approach to creating reliability in the valley through access to state water. There was lengthy board discussion regarding potential actions to be taken, in order to advance progress with gaining access to the state water. The Board discussions results in action items including Mr. Kentosh requests to meet with Steve Wickstrum as a retired water engineer and not as MOWD Board member; convene a State Water sub-committee comprised of Mr. Kentosh and Mr. Krumpschmidt to draft white paper with a strategic plan to present to other districts. Mr. Hollebrands to find out decision point from engineering of Ventura pipeline for a cutoff date; invite Richard Hajas' group to present at a future board meeting. Ms. Engle expressed strong desire to pursue all options for swift action.

**Public Comment:**

Ms. Von Gunten – Russ is our Casitas elected Board Official for our district, step one should start with addressing our needs to him. The Board agreed that is a good recommendation.

**10. Closed Session:** The Board of Directors will hold a closed session to discuss personnel matters or litigation, pursuant to the attorney/client privilege, as authorized by Government Code Sections 54957 & 54956.8, 54956.9 and 54957.

- No closed session items.

**11. Meeting Adjournment**

There being no further business to conduct at this time, Board President Mike Etchart adjourned the meeting at 10:21 PM.

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President

\_\_\_\_\_  
Secretary

February 2018



**To: Board of Directors of the Meiners Oaks Water District**

**From: General Manager**

**Subject: Monthly Manager's Report**

**Highlights**

(Rainy season October thru April)

10.18" of rain

**LAKE CASITAS LEVEL**

**34.6%**

**Board Committees**

Minutes from the GSA meeting will be given verbally

No committees met this month

**Current Well levels and specific capacity**

<b>Well 1</b>	<b>Jan.</b>	<b>Feb.</b>	<b>Well 2</b>	<b>Jan.</b>	<b>Feb.</b>	<b>Well 4</b>	<b>Jan.</b>	<b>Feb.</b>	<b>Well 7</b>	<b>Jan.</b>	<b>Feb.</b>
Static	33.2'	35.4'	Static	31.6'	37.2'	Static	67.1'	63.6'	Static	59.3'	63.2'
Running	44.1'	44.5'	Running	32.7'	44.3'	Running	0.0'	0.0'	Running	65.5'	69.5'
Drawdown	10.8'	9.1'	Drawdown	6.8'	7.1'	Drawdown	0.0'	0.0'	Drawdown	6.0'	6.3'
Specific Cap.	24.0 gal/ft	19.6 gal/ft	Specific Cap.	27.2 gal/ft	12.5 gal/ft	Specific Cap.	0.0 gal/ft	0.0 gal/ft	Specific Cap.	56.0 gal/ft	54.6 gal/ft

**Water Production**

Water production and sold values are based on a calendar year

<b>Total Pumped in February:</b>			
<b>Wells</b>	<b>AF</b>	<b>Average GPM</b>	<b>Typical GPM</b>
<b>1.</b>	<b>9.83</b>	<b>179</b>	<b>375</b>
<b>2.</b>	<b>3.37</b>	<b>89</b>	<b>250</b>
<b>4.</b>	<b>0.00</b>	<b>0</b>	<b>750</b>
<b>7.</b>	<b>34.33</b>	<b>344</b>	<b>450</b>
<b>8.</b>	<b>0.00</b>	<b>Off</b>	<b>330</b>

Total Pumped for Feb.	47.53 AF
Total Pumped 2017:	667.54 AF
Total Pumped YTD 2018:	91.33 AF

February 2018

**Total Sold:**

Total Sold for Feb. 2018:	46.51 AF
Total Sold YTD 2018:	91.53 AF
Total Sold 2017:	679.51 AF
Total Purchased from CMWD 2017	23.91 AF
Total Purchased February	0 AF
Total Purchased YTD 2017	23.91AF

**Total Capacity:**

2083 Gallons per Minute (GPM) with all current wells on line 1, 2, 4, 7, 8)

3,583 Gallons per minute (GPM) with all current wells on line 1, 2, 4, 7, 8) + Casitas

**Water Sales:**

(Sales values are based on the actual month listed only not YTD)

Feb. 2017:	\$ 29,999.08
Feb. 2018:	\$ 51,457.02

**Reserve Funds**

Balance at the County of Ventura	\$ 1,133,803.42
Total Taxes*	\$ .46
Total Interest from reserve account#	\$ 1,218.61



**Fiscal Year Total Revenues**

July 1 <sup>st</sup> – Feb. 28 <sup>th</sup>	2017	\$ 906,083.02
July 1 <sup>st</sup> – Feb. 28 <sup>th</sup>	2018	\$ 1,105,679.92

**Bank Balances**

LAIF Balance	\$ 155,766.65
Transferred from the general fund to L.A.I.F.	
(#) Quarterly Interest from LAIF	\$ 0.00
Money Market (RABO)	\$ 500,494.09
Amount Transferred to RABO Money Market this month	\$ 0.00
Amount Transferred to General Fund from Money Market	\$ 0.00
(*) Monthly Interest received from Money Market	\$ 76.78
General Fund Balance	\$ 438,632.72
Trust Fund Balance	\$ 14,381.92
Capital Improvement Fund	\$ 14,407.21
(#) Quarterly Interest from Capital Account	\$ .22
Total Interest accrued	\$ 77.00

**Water Quality**

No water quality issues to report this month

**Capital Improvement Projects for 2017-2018**  
**Budgeted capital funds \$ 586,400 FY 2017-2018**

1. Rehabilitate well #4 / MCC VFD's (In Process)
2. Acquire scope of work for bid on new well (Completed)
3. Replace 18 system valves
4. Fencing at Tank Farm (In Process)
5. Treatment Plant EDR (In Process)
6. Zone 1 Booster/MCC

**Unscheduled Work**

Service leak at 609 Mesa	\$8,847.00
Replace main line lateral Maricopa Hwy	\$
Main Leak – 229 W. El Roblar Sam Hill and Sons Saturday work	\$10,806.82
Service Repair 144 S. Pueblo	\$1,000.00
Service Repair 388 S. Pueblo	\$1,000.00
Thomas Fire Well's 1&2	\$118,680.20
Service leak and replacement S. La Luna	\$3,120.00
Vehicle struck hydrant on S. Arnaz	\$
<b><u>Total</u></b>	<b><u>\$ 143,454.02</u></b>

**Tanks**

1. 250k gallon was installed in 1958 age = 57 (Removed 2015)
2. 80k gallon was installed in 1983 age = 35 (Zone -2)
3. 500k gallon was installed in 1988 age = 28 (Removed 2015)
4. 500k gallon was installed in 1973 age = 45 (Put back into service 2011)
5. 500k gallon was installed in 2003 age = 15
6. 750k gallon welded tank 2015 age = 3

Life expectancy for a bolted tank is 30 – 40 years  
Life expectancy for a welded steel tank 100 years

### **Well Drilled Dates & Depths**

	<b><u>Date drilled</u></b>	<b><u>Drill Depth</u></b>
1. Well # 1	1969	60 feet
2. Well # 2	1969	116 feet
3. Well # 4	1969	240 feet
4. Well # 7	1961	156 feet
5. Well # 8	1968	144 feet

### **Board of Directors**

President – Jim Kentosh Elected in 2014	Term ends 2018	Long Term
Vice-President – Mike Krumpschmidt Elected 2016	Term ends 2020	Long Term
Board Member – Larry Harrold Elected 2014	Term ends 2018	Long Term
Board Member – Michael Etchart Elected 2014	Term Ends 2018	Long Term
Board Member – Diana Engle Elected 2016	Term Ends 2020	Long Term

# GM Report

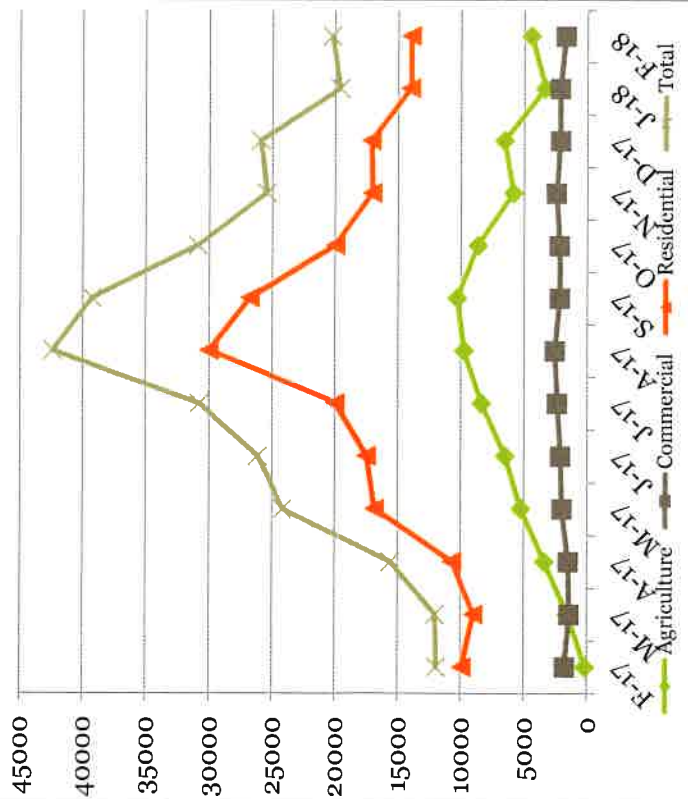
## Consumption

	F-17	M-17	A-17	M-17	J-17	J-17	A-17	S-17	O-17	N-17	D-17	J-18	F-18
Agriculture	195	1593	3436	5283	6523	8401	9793	10336	8686	5893	6606	3389	4487
Commercial	1808	1441	1534	2037	2148	2409	2590	2202	2221	2484	2159	2179	1750
Residential	9934	9012	10693	16844	17499	19991	30012	26757	19998	17067	17147	14044	14025
Total	11937	12046	15663	24164	26170	30801	42395	39265	30905	25444	25912	19612	20262

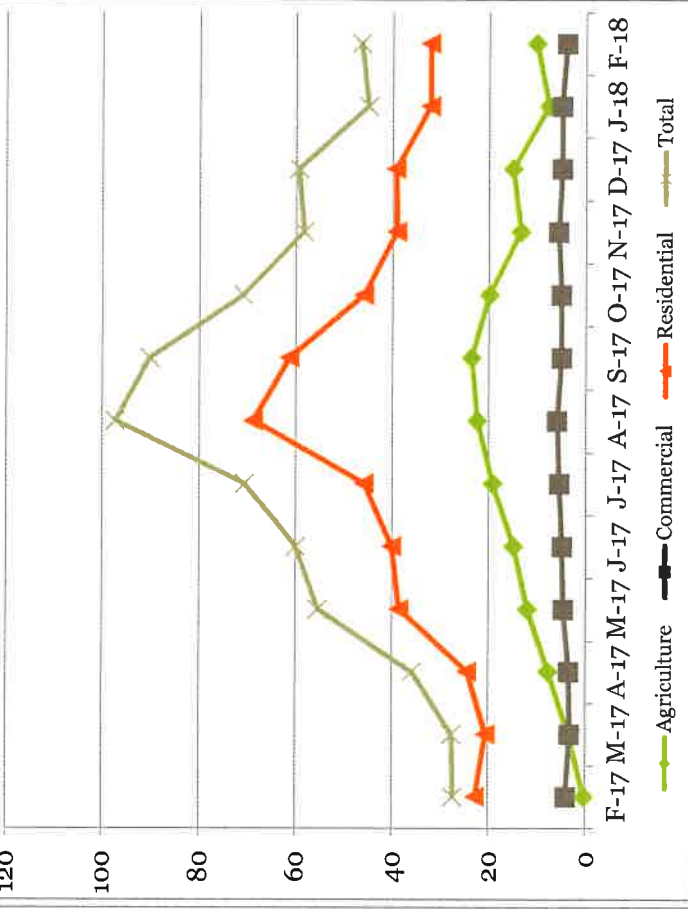
## AC/FT

	F-17	M-17	A-17	M-17	J-17	J-17	A-17	S-17	O-17	N-17	D-17	J-18	F-18
Agriculture	0.45	3.66	7.89	12.13	14.97	19.29	22.48	23.73	19.94	13.53	15.17	7.78	10.30
Commercial	4.15	3.31	3.52	4.68	4.93	5.53	5.95	5.055	5.10	5.70	4.96	5.00	4.02
Residential	22.81	20.69	24.55	38.67	40.17	45.89	68.9	61.43	45.91	39.18	39.36	32.24	32.20
Total	27.4	27.65	35.96	55.47	60.08	70.71	97.33	90.21	70.95	58.41	59.49	45.02	46.52

## Consumption - Last 12 months



## AC/FT - Last 12 months



### Report of Income as of 2/28/2018

<b>Income</b>	<b>Month of February</b>	<b>Year To Date</b>	<b>Budget Approp</b>	<b>Approp Bal 07/31/15</b>
Interest	1,295.61	6,835.76	7,000.00	164.24
Taxes	0.46	87,569.75	130,000.00	42,430.25
Pumping Charges	260.84	2,691.22	3,000.00	308.78
Fire Protection	189.75	1,271.07	1,000.00	(271.07)
Meter & Inst. Fees	--	--	--	--
Water Sales	51,457.02	527,115.58	451,584.00	(75,531.58)
Casitas Standby Fees	336.30	2,700.73	6,196.54	3,495.81
MWAC Charges	48,550.66	406,175.65	760,881.60	354,705.95
MCC Chg.	6,616.31	52,130.31	80,000.00	27,869.69
Misc. Income	25,925.54	29,258.62	8,000.00	(21,258.62)
Late & Delinquent Chgs.	1,864.19	16,866.97	30,000.00	13,133.03
Conservation Penalty	--	200.00	500.00	300.00
Capital Improvement	--	--	--	--
Drought Surcharge	3,429.45	67,269.77	40,000.00	(27,269.77)
	--	--	--	--
		--	--	--
		--	--	--
<b>TOTAL INCOME</b>	<b>139,926.13</b>	<b>1,200,085.43</b>	<b>1,518,162.14</b>	<b>318,076.71</b>



# Meiners Oaks County Water District, CA

## Check Report

By Vendor Name

Date Range: 02/16/2018 - 03/15/2018

Vendor Number Payable #	Vendor Name Payable Type	Post Date	Payment Date Payable Description	Payment Type	Discount Amount Discount Amount	Payment Amount Payable Amount	Number
<b>Bank Code: AP Bank-AP Bank</b>							
AWAVC <a href="#">06-10616</a>	Association of Water Agencies Invoice	02/28/2018	03/13/2018 CCWUC Luncheon	Regular	0.00 0.00	105.00 105.00	8010
AT&T <a href="#">01840218</a>	AT&T Invoice	02/13/2018	02/26/2018 Office Phones	Regular	0.00 0.00	108.61 108.61	7991
AT&T <a href="#">08330318</a>	AT&T Invoice	02/19/2018	03/13/2018 Office Phones/Internet	Regular	0.00 0.00	1,168.49 1,168.49	8011
AAS <a href="#">82353</a>	Attitude Adjustment Shoppe Invoice	02/16/2018	03/13/2018 Mailing	Regular	0.00 0.00	9.05 9.05	8012
BENNER <a href="#">13118</a>	Benner And Carpenter Invoice	03/06/2018	03/13/2018 Surveying Services	Regular	0.00 0.00	6,065.00 6,065.00	8013
BYRD <a href="#">202-18</a> <a href="#">216-18</a>	Byrd Industrial Electronics Invoice Invoice	02/05/2018 02/20/2018	02/26/2018 Fixed Issues w/Reports at the TP Work on Server	Regular	0.00 0.00 0.00	1,448.40 1,208.40 240.00	7992
BYRD <a href="#">4970</a>	Byrd Industrial Electronics Invoice	02/26/2018	03/13/2018 FIRE - Replace Radio System	Regular	0.00 0.00	86,000.00 86,000.00	8014
CALPERS <a href="#">22318</a>	California Public Employees' Retirement Invoice	02/14/2018	02/26/2018 Retired Premium	Regular	0.00 0.00	353.14 353.14	7993
CALPERS CALPERS <a href="#">INV0000863</a>	California Public Employees' Retirement California Public Employees' Retirement Invoice	02/28/2018	02/26/2018 02/26/2018 Health	Regular Bank Draft	0.00 0.00 0.00	-353.14 2,207.82 2,207.82	7993 DFT0000384
CALPERS <a href="#">INV0000873</a>	California Public Employees' Retirement Invoice	03/15/2018	03/13/2018 Health	Bank Draft	0.00 0.00	2,698.49 2,698.49	DFT0000396
CAL-STATE <a href="#">99032</a>	Cal-State Invoice	03/03/2018	03/13/2018 Portable Toilet	Regular	0.00 0.00	101.36 101.36	8015
CANON <a href="#">18289544</a>	Canon Financial Services, Inc. Invoice	02/10/2018	02/26/2018 Copier Contract	Regular	0.00 0.00	106.53 106.53	7994
CMWD <a href="#">261150118</a> <a href="#">262000118</a> <a href="#">911320118</a>	Casitas Municipal Water District Invoice Invoice Invoice	02/28/2018 02/28/2018 02/28/2018	03/13/2018 Fairview Rd. Standby Hartmann Allocation Tico/La Luna Standby	Regular	0.00 0.00 0.00 0.00	1,034.40 530.70 134.78 368.92	8016
CLEANCO <a href="#">1006</a>	Cleanco Services Invoice	03/04/2018	03/13/2018 February Janitorial	Regular	0.00 0.00	240.00 240.00	8017
CVTDEP <a href="#">255321</a>	County of Ventura Transport. Dept. Invoice	02/08/2018	03/13/2018 1019 S La Luna	Regular	0.00 0.00	300.00 300.00	8018
VCRMA <a href="#">039636</a> <a href="#">IN0172913</a>	County of Ventura, RMA Invoice Invoice	02/22/2018 02/26/2018	03/13/2018 CUP for Public Utility Yard Hazardous Materials Inspections	Regular	0.00 0.00 0.00	3,797.31 2,883.88 913.43	8019
EJHAR <a href="#">281300218</a> <a href="#">994260218</a>	E. J. Harrison Roloffs, Inc. Invoice Invoice	02/14/2018 02/14/2018	02/26/2018 Office Trash 3 Yard Dumpster	Regular	0.00 0.00 0.00	236.35 47.05 189.30	7995
EJHAR	E. J. Harrison Roloffs, Inc.		03/13/2018	Regular	0.00	95.13	8020

## Check Report

Date Range: 02/16/2018 - 03/15/2018

Vendor Number Payable #	Vendor Name Payable Type	Payment Date Post Date	Payment Type Payable Description	Discount Amount Discount Amount	Payment Amount Payable Amount	Number
<a href="#">2383140218</a>	Invoice	02/28/2018	Roll Off Container Zone 1	0.00	95.13	
EVANS <a href="#">2250</a>	Evans Excavating Invoice	02/26/2018 02/20/2018	Regular Leak on La Luna	0.00 0.00	3,120.00 3,120.00	7996
FAMCON <a href="#">202468</a>	Famcon Pipe and Supply, Inc Invoice	03/13/2018 02/07/2018	Regular Saddle,Ball Corp.,Bushing,etc.	0.00 0.00	1,400.69 1,400.69	8021
FGLENV <a href="#">801032A</a> <a href="#">801274A</a> <a href="#">801594A</a>	FGL Environmental Invoice Invoice Invoice	02/26/2018 02/12/2018 02/12/2018 02/19/2018	Regular Samples Samples Samples	0.00 0.00 0.00 0.00	232.00 85.00 62.00 85.00	7997
FGLENV <a href="#">801881A</a> <a href="#">801882A</a> <a href="#">801883A</a>	FGL Environmental Invoice Invoice Invoice	03/13/2018 02/27/2018 02/27/2018 02/27/2018	Regular Samples Samples Samples	0.00 0.00 0.00 0.00	180.00 85.00 33.00 62.00	8022
GUARDIAN <a href="#">INV0000854</a> <a href="#">INV0000864</a>	Guardian Invoice Invoice	02/26/2018 02/15/2018 02/28/2018	Regular Dental Dental	0.00 0.00 0.00	408.34 204.17 204.17	7989
GUARDIAN <a href="#">7690460218</a>	Guardian Invoice	02/26/2018 02/13/2018	Regular Administration Fee	0.00 0.00	10.00 10.00	7998
HACHCO <a href="#">10864595</a>	Hach Company Invoice	03/13/2018 03/06/2018	Regular Chlorine Reagent	0.00 0.00	129.73 129.73	8023
HLTHNE <a href="#">61790218</a>	Health Net Life Insurance Company Invoice	02/26/2018 02/08/2018	Regular Life Insurance	0.00 0.00	25.80 25.80	7999
HSBS <a href="#">INV0000856</a> <a href="#">INV0000866</a>	HealthSmart Benefit Solutions, Inc. Invoice Invoice	02/26/2018 02/15/2018 02/28/2018	Regular HSBS HSBS	0.00 0.00 0.00	99.06 49.54 49.52	7990
ITRON <a href="#">476864</a>	Itron, Inc. Invoice	02/26/2018 02/09/2018	Regular Itron Annual Maintenance Fee	0.00 0.00	1,704.16 1,704.16	8000
JCI <a href="#">750446</a> <a href="#">750458</a>	JCI Jones Chemical, Inc. Invoice Credit Memo	03/13/2018 03/09/2018 03/09/2018	Regular Chlorine Container Return	0.00 0.00 0.00	1,530.90 2,130.90 -600.00	8024
NEILSON <a href="#">34880218</a> <a href="#">36600218</a>	Law Offices of Lindsay F. Nielson Invoice Invoice	02/26/2018 02/15/2018 02/15/2018	Regular Attorney Fees Channelkeepers	0.00 0.00 0.00	2,480.40 2,280.00 200.40	8001
MOHARD <a href="#">811868</a> <a href="#">811948</a> <a href="#">812291</a> <a href="#">812457</a> <a href="#">812635</a> <a href="#">812681</a> <a href="#">813389</a> <a href="#">813657</a> <a href="#">813663</a> <a href="#">813941</a>	Meiners Oaks Hardware Invoice Invoice Invoice Invoice Invoice Invoice Invoice Invoice Credit Memo Invoice	03/13/2018 02/20/2018 02/02/2018 02/05/2018 02/06/2018 02/07/2018 02/07/2018 02/12/2018 02/14/2018 02/14/2018 02/16/2018	Regular Batteries FIRE - Rule Tape/Washer Locks/Washer,et Backflap Hinge/Angle Saxon Rope Cement Edger Hole Saw/Arbor/Elbow,etc. Nipples/Elbow/Cement Conduit/Female Adapter/Pipe Wrap,etc. Conduit Credit Return Cord Sash	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	196.65 12.68 52.39 9.65 12.68 4.58 29.14 35.98 86.82 -58.97 11.70	8025
MITEC <a href="#">1047357</a> <a href="#">47833</a>	MiTec Solutions LLC Invoice Invoice	02/26/2018 02/21/2018 02/15/2018	Regular Hardware Special Order for New Fiber Lin Splashtop User Account	0.00 0.00 0.00	450.80 440.80 10.00	8002
MITEC <a href="#">1047408</a> <a href="#">1047464</a>	MiTec Solutions LLC Invoice Invoice	03/13/2018 02/26/2018 03/01/2018	Regular Remote Labor Hardware Special Order/Labor	0.00 0.00 0.00	444.35 18.75 203.69	8026

## Check Report

Date Range: 02/16/2018 - 03/15/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
<a href="#">48021</a>	Invoice	03/01/2018	March Exchange/Web Hosting	0.00	172.91	
<a href="#">48048</a>	Invoice	03/01/2018	Backup Subscription	0.00	49.00	
NS&G	Nielsen Sand & Gravel	02/26/2018	Regular	0.00	3,651.58	8003
<a href="#">24924</a>	Invoice	02/01/2018	FIRE - Fill Sand	0.00	869.88	
<a href="#">25896</a>	Invoice	02/01/2018	FIRE - Fill Sand	0.00	944.02	
<a href="#">25990</a>	Invoice	02/01/2018	FIRE - Fill Sand	0.00	931.01	
<a href="#">26017</a>	Invoice	02/01/2018	FIRE - Fill Sand	0.00	906.67	
NS&G	Nielsen Sand & Gravel	03/13/2018	Regular	0.00	102.88	8027
<a href="#">FC 447</a>	Invoice	02/28/2018	Finance Charge	0.00	102.88	
OILELE	Oilfield Electric Company, Inc.	03/13/2018	Regular	0.00	1,358.00	8028
<a href="#">2024980</a>	Invoice	02/27/2018	Well 8	0.00	1,358.00	
PERS	Public Employees' Retirement System	02/28/2018	Bank Draft	0.00	2,049.84	DFT0000369
<a href="#">INV0000855</a>	Invoice	02/15/2018	PERS	0.00	2,049.84	
PERS	Public Employees' Retirement System	02/28/2018	Bank Draft	0.00	1,797.74	DFT0000377
<a href="#">INV0000865</a>	Invoice	02/28/2018	PERS	0.00	1,797.74	
PERS	Public Employees' Retirement System	03/12/2018	Bank Draft	0.00	20.90	DFT0000387
<a href="#">10000001521761</a>	Invoice	03/01/2018	Unfunded Accrued Liability	0.00	20.90	
PERS	Public Employees' Retirement System	03/12/2018	Bank Draft	0.00	922.01	DFT0000388
<a href="#">10000001521760</a>	Invoice	03/01/2018	Unfunded Accrued Liability	0.00	922.01	
QUINNNTL	Quinn Rental Services	02/26/2018	Regular	0.00	2,859.20	8004
<a href="#">04066403</a>	Invoice	02/01/2018	FIRE - Backhoe	0.00	1,919.66	
<a href="#">04921701</a>	Invoice	02/20/2018	FIRE - Knuckleboom/Deisel	0.00	939.54	
QUINNNTL	Quinn Rental Services	03/13/2018	Regular	0.00	1,856.23	8029
<a href="#">04911601</a>	Invoice	02/21/2018	Backhoe	0.00	1,856.23	
RMM	Remy Moose Manley, LLP	02/26/2018	Regular	0.00	831.25	8005
<a href="#">107832</a>	Invoice	02/08/2018	SBCK vs VTA	0.00	831.25	
SCE	Southern California Edison Co.	03/13/2018	Regular	0.00	3,494.33	8030
<a href="#">OFFELE0318</a>	Invoice	03/12/2018	Office Electricity	0.00	103.55	
<a href="#">PMP10318</a>	Invoice	03/12/2018	Pump 1	0.00	1,070.12	
<a href="#">PMP4&amp;70318</a>	Invoice	03/12/2018	Pumps 4&7	0.00	1,674.98	
<a href="#">TNKFRM0318</a>	Invoice	03/12/2018	Tank Farm	0.00	28.67	
<a href="#">WELL80318</a>	Invoice	03/12/2018	Well 8	0.00	172.82	
<a href="#">Z-20318</a>	Invoice	03/12/2018	Zone 2	0.00	60.21	
<a href="#">Z-2FIR0318</a>	Invoice	03/12/2018	Zone 2 Fire	0.00	79.35	
<a href="#">Z-2PWR0318</a>	Invoice	03/12/2018	Zone 2 Power	0.00	277.81	
<a href="#">Z-3FIR0318</a>	Invoice	03/12/2018	Zone 3 Fire	0.00	26.82	
SCGAS	Southern California Gas Co.	03/13/2018	Regular	0.00	63.22	8031
<a href="#">6617</a>	Invoice	03/02/2018	Office Heat	0.00	63.22	
STARDYMIX	State Ready Mix Inc.	02/26/2018	Regular	0.00	737.49	8006
<a href="#">524961</a>	Invoice	02/07/2018	FIRE - Concrete	0.00	737.49	
TYLER	Tyler Technologies, Inc.	02/26/2018	Regular	0.00	6,366.63	8007
<a href="#">025-214962</a>	Invoice	02/01/2018	Incode Financial Suite Maintenance	0.00	6,366.63	
UAOFSC	Underground Service Alert of So.Ca.	03/13/2018	Regular	0.00	33.10	8032
<a href="#">220180433</a>	Invoice	03/01/2018	Digalert	0.00	33.10	
UVRGA	Upper Ventura River Groundwater Agency	02/26/2018	Regular	0.00	25,000.00	8008
<a href="#">3912</a>	Invoice	02/01/2018	Start UVRGA Bank Account	0.00	25,000.00	



## Check Report

Date Range: 02/16/2018 - 03/15/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Post Date	Payable Description	Discount Amount	Payable Amount	
USBANK	US Bank Corporate Pmt. System	03/13/2018	Regular	0.00	161.47	8033
<a href="#">AIRGAS0214</a>	Invoice	02/14/2018	Compressed Oxygen	0.00	22.20	
<a href="#">AMAZON0220</a>	Invoice	02/20/2018	Prime Membership	0.00	13.93	
<a href="#">JJ0201</a>	Invoice	02/01/2018	Lunch	0.00	55.44	
<a href="#">VONS020118</a>	Invoice	02/01/2018	Paper Towels/Garbage Bags	0.00	20.35	
<a href="#">VONS0205</a>	Invoice	02/05/2018	Water/Toilet Paper	0.00	49.55	
VERIZON	Verizon Wireless	03/13/2018	Regular	0.00	529.56	8034
<a href="#">9802476139</a>	Invoice	02/26/2018	Cell Phones	0.00	529.56	
WREA	Water Resource Engineering Associates	03/13/2018	Regular	0.00	220.00	8035
<a href="#">3131-6</a>	Invoice	03/01/2018	WDR for Well Drilling	0.00	220.00	
WRIGHT EXP	WEX Bank	02/26/2018	Regular	0.00	1,277.26	8009
<a href="#">53213531</a>	Invoice	02/15/2018	Fuel	0.00	1,277.26	

## Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	89	47	0.00	162,123.85
Manual Checks	0	0	0.00	0.00
Voided Checks	0	1	0.00	-353.14
Bank Drafts	6	6	0.00	9,696.80
EFT's	0	0	0.00	0.00
	<b>95</b>	<b>54</b>	<b>0.00</b>	<b>171,467.51</b>

PR \$30,507.49

Meiners Oaks Water District

**Report of Expenses and Budget Appropriations, Current Bills and Appropriations To Date**

Expenditures	Month of February	Year To Date	Budget Approp	Approp Bal 02/28/18	Current March	Approp Bal To Date
Salary	30,488.00	254,683.46	382,000.00	127,316.54	-	127,316.54
Payroll Taxes	2,691.67	22,232.43	30,000.00	7,767.57	-	7,767.57
Retirement Contributions	2,897.75	23,243.74	30,000.00	6,756.26	-	6,756.26
Group Insurance	4,265.00	34,315.87	70,000.00	35,684.13	-	35,684.13
Company Uniforms	200.00	1,079.64	1,500.00	420.36	-	420.36
Phone Office	1,347.10	6,842.09	7,600.00	757.91	-	757.91
Janitorial Service	101.36	2,550.88	5,500.00	2,949.12	-	2,949.12
Refuse Disposal	331.48	1,750.91	2,700.00	949.09	-	949.09
Liability Insurance	-	24,649.65	25,000.00	350.35	-	350.35
Workers Compensation	-	10,200.26	17,500.00	7,299.74	-	7,299.74
Wells	1,393.98	10,933.94	25,000.00	14,066.06	-	14,066.06
Truck Maintenance	20.00	1,854.60	4,000.00	2,145.40	-	2,145.40
Office Equip. Maintenance	2,274.58	4,324.41	7,500.00	3,175.59	-	3,175.59
Cell Phones	529.56	2,358.73	4,500.00	2,141.27	-	2,141.27
System Maintenance	3,764.92	36,235.76	55,000.00	18,764.24	-	18,764.24
Safety Equipment	-	598.21	3,500.00	2,901.79	-	2,901.79
Laboratory Services	412.00	5,263.00	8,000.00	2,737.00	-	2,737.00
Membership and Dues	750.00	7,170.00	7,500.00	330.00	-	330.00
Printing and Binding	-	1,305.13	1,000.00	(305.13)	-	(305.13)
Office Supplies	96.51	2,314.39	6,000.00	3,685.61	-	3,685.61
Postage and Express	21.73	8,051.53	13,500.00	5,448.47	-	5,448.47
B.O.D. Fees	750.00	8,200.00	13,000.00	4,800.00	-	4,800.00
Engineering & Technical Services	282.40	24,109.25	35,000.00	10,890.75	-	10,890.75
Computer Services	6,973.14	12,303.14	15,000.00	2,696.86	-	2,696.86
Other Prof. & Regulatory Fees	3,817.21	22,778.45	15,000.00	(7,778.45)	-	(7,778.45)
Public and Legal Notices	-	-	1,000.00	1,000.00	-	1,000.00
Attorney Fees	2,280.00	16,357.00	15,000.00	(1,357.00)	-	(1,357.00)
GSA Fees	25,000.00	32,697.06	40,000.00	7,302.94	-	7,302.94
VR/SBC/City of VTA Law Suit	1,031.65	1,239.15	15,000.00	13,760.85	-	13,760.85
State Water	-	-	25,000.00	25,000.00	-	25,000.00
Audit Fees	-	9,750.00	18,000.00	8,250.00	-	8,250.00
Small Tools	-	389.74	3,000.00	2,610.26	-	2,610.26
Election Supplies	-	-	-	-	-	-
Water Purchase	-	8.93	75,000.00	74,991.07	-	74,991.07
CMWD Standby Charges	1,034.40	8,064.13	10,000.00	1,935.87	-	1,935.87
Treatment Plant	1,448.40	13,779.84	10,000.00	(3,779.84)	-	(3,779.84)
Fuel	1,277.26	6,896.33	12,000.00	5,103.67	-	5,103.67
Travel Exp./Seminars	160.44	725.76	2,000.00	1,274.24	-	1,274.24
Utilities	102.30	1,611.01	3,500.00	1,888.99	-	1,888.99
Power and Pumping	1,972.47	1,972.47	110,000.00	108,027.53	-	108,027.53
Meters	-	-	10,000.00	10,000.00	-	10,000.00
<b>Total Expenditures</b>	<b>97,715.31</b>	<b>622,840.89</b>	<b>1,134,800.00</b>	<b>511,959.11</b>	<b>-</b>	<b>511,959.11</b>

Water Distribution System	-	-	-	-	-	-
Cold Water Well	-	-	100,000.00	100,000.00	-	100,000.00
Well 4 Rehab	903.00	58,672.32	50,000.00	(8,672.32)	-	(8,672.32)
18 Valve Replacements	-	6,140.12	103,900.00	97,759.88	-	97,759.88
Fencing at Tank Farm	-	38,381.00	40,000.00	1,619.00	-	1,619.00
Structures and Improvements	-	-	-	-	-	-
Generator Z-2	-	-	75,000.00	75,000.00	-	75,000.00
Treatment Plant EDR/CEQA	-	-	80,000.00	80,000.00	-	80,000.00
Zone 1 Booster/MCC Upgrade	-	-	30,000.00	30,000.00	-	30,000.00
Well 4 MCC/VFD Upgrade	-	-	-	-	-	-
Furniture and Fixtures	-	-	-	-	-	-
General Managers Desk	-	-	1,500.00	1,500.00	-	1,500.00
Office Machines	-	-	-	-	-	-
Copy Machine	3,587.51	3,587.51	4,500.00	912.49	-	912.49
Field Equipment	-	-	-	-	-	-
Weed Sprayer Trailer	-	553.57	1,500.00	946.43	-	946.43
Appropriations for Contingencies	96,420.66	146,130.67	100,000.00	(46,130.67)	-	(46,130.67)
<b>Total Assets</b>	<b>100,911.17</b>	<b>253,465.19</b>	<b>586,400.00</b>	<b>332,934.81</b>	<b>-</b>	<b>332,934.81</b>

<b>GRAND TOTAL</b>	<b>198,626.48</b>	<b>876,306.08</b>	<b>1,721,200.00</b>	<b>844,893.92</b>	<b>-</b>	<b>844,893.92</b>
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# DRAFT

March 9, 2018

Board of Directors  
Meiners Oaks Water District  
Ojai, California

## **Auditors' Management Letter**

In planning and performing our audit of the financial statements of the Meiners Oaks Water District for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of a few matters which are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated March 9, 2018, contains our report on internal control over financial reporting and on compliance and on other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This letter does not affect our report dated March 9, 2018 in the financial statements of the Meiners Oaks Water District.

We will review the status of these comments during our next audit engagement. We have discussed many of these comments and suggestions with District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### **Prior Year Observation – *Accounts Payable***

During our prior year audit, we noted a discrepancy of \$4,741 between the balance of accounts payable per the general ledger and the "Open Payable Report" produced by the District's accounting system.

We continue to recommend the District work with technical support from Tyler Technologies (accounting software provider) to resolve the discrepancy. The District should have the ability to run a detail payable report at any time which agrees to the general ledger.

### ***Current Year Observation***

During our current year audit, we noted a discrepancy of \$4,741 between the balance of accounts payable per the general ledger and the "Open Payable Report" produced by the District's accounting system.

We continue to recommend the District work with technical support from Tyler Technologies (accounting software provider) to resolve the discrepancy. The District should have the ability to run a detail payable report at any time which agrees to the general ledger.

# DRAFT

Board of Directors  
Meiners Oaks Water District  
Page Two

## **Prior Year Observation – *Accounts Receivable***

During our current year audit, we noted the “Account Balance With As Of Date” produced by the District’s accounting system contained inactive accounts containing credit balances which were previously refunded, per discussion with management.

We continue to recommend the District work with technical support from Tyler Technologies (accounting software provider) to remove the balances contained in the inactive accounts. The District should have the ability to run a detail receivable report at any time which agrees to the general ledger.

## ***Current Year Observation***

During our current year audit, we noted the “Account Balance With As Of Date” produced by the District’s accounting system contained inactive accounts containing credit balances which were previously refunded, per discussion with management.

We continue to recommend the District work with technical support from Tyler Technologies (accounting software provider) to remove the balances contained in the inactive accounts. The District should have the ability to run a detail receivable report at any time which agrees to the general ledger.

## **Prior Year Observation – *Rabobank Checking and Trust Account***

During our prior year audit, we noted checks which due to their nature, or date, should have been cleared, or voided, when reconciling the bank statement.

We continue to recommend clearing prior transfers and adjustments which are currently listed as outstanding on the bank reconciliation. Additionally, we recommend the District develop a policy which determines how and when to void and re-issue check which have been outstanding in excess of a stated time period.

## ***Current Year Observation***

During our current year audit, we noted checks which due to their nature, or date, should have been cleared, or voided, when reconciling the bank statement.

We continue to recommend clearing prior transfers and adjustments which are currently listed as outstanding on the bank reconciliation. Additionally, we recommend the District develop a policy which determines how and when to void and re-issue check which have been outstanding in excess of a stated time period. We also noted journal entries to clear stale checks have not been applied against the stale checks. We recommend applying the journal entries against the stale checks during bank reconciliation so that the stale checks clear from reconciliation statements.

\* \* \* \* \*

# DRAFT

Board of Directors  
Meiners Oaks Water District  
Page Three

We wish to thank the management for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

SOARES, SANDALL, BERNACCHI & PERTOVICH, LLP  
Certified Public Accountants

# DRAFT

March 9, 2018

To the Board of Directors  
Meiners Oaks Water District

We have audited the financial statements of Meiners Oaks Water District for the year ended June 30, 2017, and have issued our report thereon dated March 9, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 31, 2017. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant Audit Findings**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Meiners Oaks Water District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during June 30, 2017. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was.

Management's estimate of the depreciable lives and estimated residual value of capital assets. We evaluated the key factors and assumptions used to develop the depreciable values in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

# DRAFT

Board of Directors  
Meiners Oaks Water District  
March 9, 2018  
Page Two

## ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated March 9, 2018.

## ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Other Matter**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors charged with governance and, if appropriate, management of Meiners Oaks Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

SOARES, SANDALL, BERNACCHI & PETROVICH, LLP  
Certified Public Accountants  
Oxnard, CA

# DRAFT

Board of Directors  
Meiners Oaks Water District  
Ojai, California

**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Meiners Oaks Water District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Meiners Oaks Water District's basic financial statements, and have issued our report thereon dated March 9, 2018.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Meiners Oaks Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meiners Oaks Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Meiners Oaks Water District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Meiners Oaks Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



# DRAFT

Board of Directors  
Meiners Oaks Water District  
Page Two

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SOARES, SANDALL, BERNACCHI & PETROVICH, LLP  
Certified Public Accountants  
Oxnard, CA

March 9, 2018

**DRAFT**

**March 9, 2018**

**Meiners Oaks Water District  
202 West El Roblar Drive  
Ojai, CA 93023**

**Subject: FINANCIAL STATEMENTS AS OF June 30, 2017**

**Dear Mike:**

**Enclosed please find two copies of the financial statements for Meiners Oaks Water District as of June 30, 2017.**

**If you have any questions, please do not hesitate to call us.**

**Very truly yours,**

**SOARES, SANDALL, BERNACCHI & PETROVICH, LLP  
Certified Public Accountants**

**Prajesh Acharya, CPA**

**PA: srb**

**Enclosures**

DRAFT

**Meiners Oaks Water District  
FINANCIAL STATEMENTS**

**Year Ended**

**June 30, 2017**

# DRAFT

## TABLE OF CONTENTS

	<u>Page</u>
Governing Board of Directors	1
INDEPENDENT AUDITORS' REPORT	2
Management Discussion and Analysis	4
FINANCIAL STATEMENTS	
Statement of Net Position	8
Statement of Activities and Changes in Net Position	10
Statement of Cash Flows	11
Notes to Financial Statements	12
Required Supplementary Information:	
Schedule of District's Proportionate Share of the Net Pension Liability	22
Schedule of Contributions	23
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	24

# DRAFT

MEINERS OAKS WATER DISTRICT  
**Governing Board of Directors**  
As of June 30, 2017

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
<b>Board Members:</b>		
James Kentosh	President	December 2018
Diana Engle	Director	December 2020
Michel Etchart	Director	December 2018
Larry Harold	Director	December 2018
Michael Krumpschmidt	Director	December 2020
<b>Management:</b>		
Mike Hollebrands	General Manager	
Stacey Gilbert	Board Secretary	

Board of Directors  
Meiners Oaks Water District  
Ojai, California

### **Independent Auditors' Report**

We have audited the accompanying financial statements of Meiners Oaks Water District as of and for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Meiners Oaks Water District, as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of district's proportionate share of the net pension liability, and schedule of contributions on pages 4 through 7 and 22 through 23, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2018, on our consideration of Meiners Oaks Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meiners Oaks Water District's internal control over financial reporting and compliance.

SOARES, SANDALL, BERNACCHI & PETROVICH, LLP  
Certified Public Accountants  
Oxnard, CA

March 8, 2018

# DRAFT

## MEINERS OAKS WATER DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2017

This section of Meiners Oaks Water District's (the District) annual financial report presents management's analysis of the District's financial performance during the fiscal year ended June 30, 2017. Please review this section in conjunction with the transmittal letter and the District's basic financial statements which begin on page eight.

### Financial Highlights

- The District's total assets were \$4,526,947; of this amount, \$2,571,188 represents net capital assets and \$1,955,759 represents cash, cash equivalents, short term investments and receivables under both current and restricted assets.
- Liabilities for the District totaled \$307,200.
- Operating revenues for the District at year end were \$1,353,506. The major revenue source was water revenue.
- Operating expenses totaled \$1,223,413. Highlights within operating expenses were salaries and benefits of \$458,205, water purchases \$234,609 and depreciation \$206,745.

### Required Financial Statements

The annual report consists of a series of financial statements with accompanying notes. The *Statement of Net Position* presents information on all the District's assets, deferred outflows, deferred inflows, and liabilities. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities and Changes in Net Position* identifies the District's revenues and expenses for the fiscal year. It provides information on the District's operations over the past fiscal year and can be used to determine whether the District has recovered all of its projected costs through user fees, tax revenues and other service related charges.

The *Statement of Cash Flows* presents information regarding the District's cash receipts and cash payments for the period categorized according to whether they stem from operation activities, non-capital financing activities, and capital and related financing activities or investing activities. From this statement, the reader can obtain comparative information on the sources and uses of the District's cash.

*Method of Accounting.* The District uses a single enterprise fund for accounting and reporting the results of all operations. The statements referenced above include all assets and liabilities using an accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

*Notes to Financial Statements.* The notes that follow the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages twelve through eighteen of this report.



# DRAFT

## MEINERS OAKS WATER DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2017

### Statement of Net Position

The District is operated and reported as a single enterprise fund; there are no subsidiary fund financial statements presented as part of this report. The following table is a summary of the net position of the District and the change in the net position from the prior fiscal year.

	<u>Net Position</u>	
<u>Assets and Deferred Outflows</u>	2017	2016
Cash	\$ 1,791,746	\$ 1,323,425
Restricted cash	26,885	31,983
Accounts receivable	131,902	109,347
Short term investments	5,226	5,192
Total Current Assets	<u>1,955,759</u>	<u>1,469,947</u>
<u>Capital Assets</u>		
Capital assets	6,222,657	6,219,322
Accumulated depreciation	<u>(3,651,469)</u>	<u>(3,444,724)</u>
Net capital assets	<u>2,571,188</u>	<u>2,774,598</u>
Total Assets	<u>4,526,947</u>	<u>4,244,545</u>
Deferred Outflows of Resources	<u>140,171</u>	<u>86,711</u>
Total Assets and Deferred Outflows	<u>\$ 4,667,118</u>	<u>\$ 4,331,256</u>
<u>Liabilities and Deferred Inflows</u>		
Current liabilities	\$ 46,993	\$ 64,616
Long-term liabilities	<u>260,207</u>	<u>218,077</u>
Total Liabilities	<u>307,200</u>	<u>282,693</u>
Deferred Inflows of Resources	<u>95,010</u>	<u>82,696</u>
Total Liabilities and Deferred Inflows	<u>\$ 402,210</u>	<u>\$ 365,389</u>
<u>Net Position</u>		
Capital contributed from district	\$ 114,798	\$ 114,798
Invested in capital assets	2,571,188	2,774,598
Unrestricted net position	<u>1,578,922</u>	<u>1,076,471</u>
Total Net Position	<u>\$ 4,264,908</u>	<u>\$ 3,965,867</u>

**Assets.** During the fiscal year ended June 30, 2017, total assets increased approximately \$280,000, or 7%. This increase is due mostly to increase in current assets due to increase in revenue. The increase in capital assets is minimal and there were no major capital improvement projects in the fiscal year except for some routine maintenance.

**Liabilities.** During the fiscal year ended June 30, 2017, total liabilities increase by approximately \$25,000, or 9%. The increase was mostly due to increase in pension liability for the fiscal year.

# DRAFT

## MEINERS OAKS WATER DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2017

### Revenue

Revenue generated from operations produces approximately 88% of total revenue while non-operating revenues such as taxes, interest revenue and miscellaneous administrative fees make up the remainder. The following summary of revenue by source is provided for the past two fiscal years:

#### Total Revenues

<u>Operating Revenue</u>	2017	2016
Water revenue	\$ 525,480	\$ 555,936
MWAC	636,312	497,022
Extra dwellings and agriculture standby charges	80,369	80,245
Delinquencies	85,358	25,340
Fire protection	1,362	2,162
Pumping charges	3,643	4,483
Meter and Installation Fees	314	-
Capital improvements	20,668	-
<u>Total Operating Revenue</u>	\$ 1,353,506	\$ 1,165,188
<u>Non-Operating Revenue</u>		
Property taxes	\$ 146,848	\$ 139,900
Interest income	8,381	5,287
Miscellaneous income	13,719	16,773
<u>Total Non-Operating Revenue</u>	\$ 168,948	\$ 161,960

Revenue from operations remained consistent with prior year. The slight decrease in water revenue was due to conservation efforts by consumers; however, the District was able to maintain operating revenue due to meter capacity charges and rate increases as outlined in the single rate system, with over-allocation charges of \$1, under the current Drought Contingency Plan. That, in combination with the tank uncertainties, is why it is prudent to maintain our rates to keep up inflation and rising costs over the next two years. In the current year the district purchased approximately \$235,000 worth of water from outside sources.

# DRAFT

## MEINERS OAKS WATER DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2017

### Actual Results vs. Budget

The Board of Directors adopts an annual budget by June 30 of each year for the following fiscal year beginning on July 1<sup>st</sup>. Performance is monitored throughout the year to the budget. The following is a summary of actual results in comparison to the budget:

#### Budget to Actual

	Budget	2017
Total Operating Revenue	\$ 1,383,511	\$ 1,353,506
Less: Operating Expenses		
Salaries and related expenses	(515,000)	(458,205)
Insurance	(40,000)	(31,950)
Water distribution system	(557,500)	(384,995)
Other	(138,300)	(348,263)
<u>Net Operating Revenue (Loss)</u>	<u>\$ 132,711</u>	<u>\$ 130,093</u>
 <u>Non-Operating Revenue</u>		
Property taxes	\$ -	\$ 146,848
Interest income	-	8,381
Miscellaneous income	8,000	13,719
<u>Total Non-Operating Revenue</u>	<u>\$ 8,000</u>	<u>\$ 168,948</u>

**Economic Factors:** Due to the decrease in the rainfall, the District's ability to provide water has been diminished significantly. The District has declared water emergencies due to the water shortage. In Stage 3 of the emergency the District is requesting the customers to reduce consumption by 30%. With the need to replace an aging infrastructure comes the awareness of the need for the District to continue to supplement its operating and non-operating revenue with increased water rates. The District's board has approved a minimum of 4% rate increase per year.

**Requests for Information:** This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the General Manager, 202 West El Roblar Drive, Ojai, California 93023.

**DRAFT**  
Meiners Oaks Water District  
**STATEMENT OF NET POSITION**  
June 30, 2017

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**ASSETS**

**CURRENT ASSETS**

Petty cash	\$ 175
Cash in bank	750,965
Cash at county	1,040,606
Restricted cash	26,885
Short term investments	5,226
Accounts receivable, net allowance \$10,000	128,711
Interest receivable	<u>3,191</u>

**TOTAL CURRENT ASSETS** 1,955,759

**CAPITAL ASSETS**

Land	57,035
Water rights	231,500
Buildings	61,472
Water distribution system	4,613,757
Structure and improvements	396,422
Equipment	46,376
Transportation	212,823
Furniture and fixtures	40,946
Office machines	43,957
Communication equipment	19,159
SCADA water project	499,210
Accumulated depreciation	<u>(3,651,469)</u>

**NET CAPITAL ASSETS** 2,571,188

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related deferred outflows	<u>140,171</u>
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**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** \$ 4,667,118

See accompanying notes to financial statements and independent auditors' report.

# DRAFT

Meiners Oaks Water District  
**STATEMENT OF NET POSITION**  
June 30, 2017

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## LIABILITIES

### CURRENT LIABILITIES

Accounts payable	\$ 19,288
Vacation benefits payable	4,183
Customer service deposits	9,905
Deferred revenue	<u>13,617</u>

TOTAL CURRENT LIABILITIES 46,993

### LONG-TERM LIABILITIES

Net pension liability	<u>260,207</u>
-----------------------	----------------

TOTAL LONG-TERM LIABILITIES 260,207

### DEFERRED INFLOWS OF RESOURCES

Pension related deferred inflows	<u>95,010</u>
----------------------------------	---------------

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES 402,210

### NET POSITION

Capital contributed from district	114,798
Net position - invested in capital assets	2,571,188
Net position - unrestricted	<u>1,578,922</u>

TOTAL NET POSITION \$ 4,264,908

See accompanying notes to financial statements and independent auditors' report.

# DRAFT

Meiners Oaks Water District  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
Year Ended June 30, 2017

**OPERATING REVENUES**

Water sales	\$ 525,480
Monthly water availability charges	636,312
Extra dwelling and agricultural standby charges	80,369
Delinquencies	85,358
Fire protection and pumping charges	5,005
Pumping charges	-
Meter and Installation Fees	314
Capital improvements	20,668

**TOTAL OPERATING REVENUES** 1,353,506

**OPERATING EXPENSES**

Salaries and employee benefits	458,205
Water purchases	234,609
Depreciation	206,745
Professional fees	79,751
Equipment maintenance	61,392
Power bills	33,590
Insurance	31,950
Postage	12,406
Water distribution system maintenance	6,670
Gas and diesel	8,223
Building repairs and maintenance	9,560
Office supplies	6,272
Laboratory services	8,490
Telephone	9,551
Treatment plant supplies	13,776
Computer services	11,739
Membership and dues	6,847
Board member fees	10,550
Truck maintenance	3,931
Utilities	2,034
Printing and binding	141
Meters	2,720
Travel	1,566
Uniforms	1,023
Safety and training	1,672

**TOTAL OPERATING EXPENSES** 1,223,413

**OPERATING LOSS** 130,093

**NON-OPERATING REVENUES AND (EXPENSES)**

Property taxes	146,848
Interest income	8,381
Miscellaneous income	13,719

**TOTAL NON-OPERATING REVENUES** 168,948

**CHANGE IN NET POSITION** 299,041

**NET POSITION AT BEGINNING OF YEAR, as previously stated** 3,965,867

**NET POSITION AT END OF YEAR** \$ 4,264,908

See accompanying notes to financial statements and independent auditors' report.

# DRAFT

Meiners Oaks Water District  
**STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2017

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from user charges	\$ 1,325,843
Cash payments to employees	(458,868)
Cash payments for operating expenses	(564,261)
Cash payments from deposits	<u>(5,070)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>297,644</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Property taxes	146,848
Miscellaneous income	<u>13,719</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>160,567</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of property, plant and equipment	<u>(3,335)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,335)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	8,381
Purchase of investments	<u>(34)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>8,347</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	463,223
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,355,408</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,818,631</u></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 130,093
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	206,745
(Increase) decrease in:	
Accounts receivable	(21,458)
Interest receivable	(1,097)
Deferred outflows of resources	(53,460)
Increase (decrease) in:	
Accounts payable	(4,814)
Accrued expenses	(2,631)
Customer service deposits	(5,070)
Deferred revenue	(5,108)
Deferred intflows of resources	12,314
Net pension liability	<u>42,130</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 297,644</u></u>

See accompanying notes to financial statements and independent auditors' report.

Meiners Oaks Water District  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2017

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization.** The Meiners Oaks Water District was organized in April 1949 as a special district under the applicable State of California Water Code Sections to supply water to that unincorporated portion of Ventura County known as Meiners Oaks. The Board of Directors consists of a five member group which has the governance responsibilities over all the activities related to the District. The Board members are elected by the public for four-year terms. They have the decision making authority, the power to designate management, the responsibility to significantly influence operations and accountability for fiscal matters.

**Reporting Entity.** The District's reporting entity includes all significant operations and revenue sources which the District Board of Directors exercises oversight responsibility and is determined under the criteria established by the National Council on Governmental Accounting, Statement 3, as adopted by the Governmental Accounting Standards Board (GASB). Oversight responsibility is determined on the basis of appointment or selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service.

**Basis of Accounting.** The Meiners Oaks Water District is accounted for as an enterprise fund in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. Enterprise funds are used to account for operations that are either (a) financed and operated in a manner similar to private business enterprises where the expenses of providing goods or services to the general public, including depreciation, are recovered through user charges, or (b) governed by the decision that periodic determination of revenues earned, expenses incurred, and net income are appropriate for capital maintenance, public policy, management control, or other purposes. Because the District is accounted for as an enterprise fund, the District uses economic resources measurement focus and the accrual basis of accounting is used for financial statement reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred, whether or not paid.

Financial statement presentation follows the recommendations promulgated by GASB commonly referred to as GAAP. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting.

**Cash and Cash Equivalents.** For purposes of the statement of cash flows, the District considers any purchase of highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

**Compensated Absences.** The District has recorded an accrual for compensated absences in accordance with the District policy of paying for unused vacation time of any employee upon separation. On retirement of certain employees, the District's policy is to pay accrued vacation benefits in a lump sum cash payment to such employee. Sick leave is not included in the accrual as the District does not pay for unused sick time upon employee termination.

**Accounts Receivable.** Accounts receivable are stated at net realizable value and net of related allowance for doubtful account. The District uses the allowance method to account for uncollectible account. At June 30, 2017, the District had determined that an allowance for doubtful accounts of \$10,000 was necessary. The District's estimate is based on historical collection experience and accounts are determined to be uncollectible when convincing evidence exists that the receivable will not be collected.



# DRAFT

## Meiners Oaks Water District NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2017

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

**Income Taxes.** The District is exempt from income taxes.

**Capital Assets and Depreciation.** The District's capital assets are recorded at cost at time of purchase. Donated property is recorded at fair market value at the date of donation. No formal capitalization policy has been established. Capital assets are depreciated on a straight-line basis over the asset's estimated useful life. The service lives of assets are as follows:

Vehicles	5 years
Furniture and Equipment	5-10 years
Storage Tanks	10-60 years
Building	20 years

**Tax Revenues.** Tax revenues are received by the District pursuant to its status as a political subdivision of the State of California.

**Use of Estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates and assumptions include, but are not limited to:

- Depreciable lives and estimated residual value of capital assets
- Allowance for uncollectible receivables
- Net pension liability

**Budgetary Process.** The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- Formal budgetary integration is employed as a management control device during the year.
- The Board approved the budget and is authorized to make budget adjustments during the year.
- Unused appropriations lapse at the end of the year.

### NOTE 2 – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through March 21, 2017, the date that the financial statements were available to be issued.

# DRAFT

## Meiners Oaks Water District NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2017

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### NOTE 3 – CASH AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2017:

Petty Cash	\$ 175
Cash in Bank	277,395
Cash in Money Market	473,570
Cash at County	1,040,606
Restricted Cash	<u>26,885</u>
Total cash and cash equivalents	1,818,631
Less restricted cash	<u>(26,885)</u>
Total unrestricted cash and cash equivalents	<u>\$ 1,791,746</u>

The District's investment policy established by the Board permits the District to invest in the County of Ventura investment pool, the Local Agency Investment Fund (LAIF) and commercial banks. The District's investments are classified for credit risk purposes as "Category 1" investments, which include investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

The carrying amount of cash in banks was \$ 750,965. The California Government code requires all financial institutions to secure a local governmental agency's deposits by pledging governmental securities as collateral. The market value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits, and collateral is considered to be held in the name of the District.

The District maintains cash balances other than LAIF account at one financial institution. Each account custodian at the financial institution is insured by the Federal Deposit Insurance Corporation up to \$250,000 each. There are two account custodians for the cash accounts at the financial institution which are insured by the Federal Deposit Insurance Corporation up to \$500,000. The District believes it is not exposed to a significant risk on cash and cash equivalents.

The restricted cash balance represents customer service deposits which are held in trust by the District in a fully insured demand account.

Statutes authorize the District to invest in obligations of the U.S. Treasury, U.S. agencies, bankers' acceptances, repurchase and reverse repurchase agreements, commercial paper rated A-1 by deposit, money market checking accounts and the LAIF.

# DRAFT

Meiners Oaks Water District  
NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2017

## NOTE 3 – CASH AND INVESTMENTS - Continued

The District's allocable share of investments in LAIF at fair market value as of June 30, 2017, is as follows:

United States Treasury	\$	2,245
Federal Agency		932
Mortgages		3
Time Deposits		378
CD's, Corporate Bonds and Floaters and Banks Notes		1,071
AB55 and Other GF Loans		43
Commercial Paper		554
Total	\$	<u>5,226</u>

## NOTE 4 – CAPITAL ASSETS

As of June 30, 2017, capital assets were comprised of the following:

<i>Asset Description</i>	<i>Estimated Lives</i>	<i>Cost as of 6/30/16</i>	<i>Additions</i>	<i>Deletions</i>	<i>Cost as of 6/30/17</i>
Land		\$ 57,035	\$ -	\$ -	\$ 57,035
Water Rights		231,500	-	-	231,500
Buildings	20 years	61,472	-	-	61,472
Water Distribution System	10-60 years	4,613,758	-	-	4,613,758
Structures and Improvements	10-20 years	396,422	-	-	396,422
Equipment	5-20 years	43,041	3,335	-	46,376
Transportation	5 years	212,822	-	-	212,822
Furniture & Fixtures	5-20 years	40,946	-	-	40,946
Office Machines	5-20 years	43,957	-	-	43,957
Communication Equipment	5-20 years	19,159	-	-	19,159
SCADA Water Project	10-60 years	499,210	-	-	499,210
Total Capital Assets		6,219,322	3,335	-	6,222,657
Less Accumulationd Depreciation		(3,444,724)	(206,745)	-	(3,651,469)
Net Capital Assets		<u>\$ 2,774,598</u>	<u>\$ (203,410)</u>	<u>\$ -</u>	<u>\$ 2,571,188</u>

# DRAFT

## Meiners Oaks Water District NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2017

### NOTE 5 – DEFINED BENEFIT PENSION PLAN

**Plan Description.** All qualified permanent and probationary employees are eligible to participate in the District's Cost-Sharing Multiple Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors two rate plans (two miscellaneous). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided.** CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of fulltime employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plans provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013 <sup>(1)</sup>
Hire Date		
Benefit Formulas	2.0% at 60	2.0% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-63+	52-67+
Monthly Benefits, as a % of Eligible Compensation	1.092% - 2.418%	1.0% - 2.5%
Required Employee Contribution Rates	6.886%	6.25%
Required Employer Contribution Rates	6.709%	6.237%

<sup>(1)</sup>For employees hired on or after January 1, 2013, they are included in the PEPRA (California Public Employees' Pension Reform Act) Miscellaneous Plan with the above provisions and benefits.

# DRAFT

## Meiners Oaks Water District NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2017

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### NOTE 5 – DEFINED BENEFIT PENSION PLAN - Continued

**Contributions.** Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The contributions to the Plan for the year ended June 30, 2017 were \$30,565 including contributions to the unfunded accrued liability.

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions.** The District net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

As of June 30, 2017, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$260,208.

The District's proportionate share of the net pension liability as of June 30, 2016 and 2015 was as follows:

Proportion		Change Increase (Decrease)
June 30, 2016	June 30, 2015	
0.00301%	0.00318%	(0.00017)%

# DRAFT

Meiners Oaks Water District  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2017

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**NOTE 5 – DEFINED BENEFIT PENSION PLAN - Continued**

For the year ended June 30, 2017, the District recognized pension expense (credit) of \$31,549. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 30,565	\$
Differences between actual and expected experience	732	
Changes in assumptions		(8,990)
Change in employer's proportion		(75,555)
Differences between the employer's contributions and the employer's Proportionate share of contributions	62,086	(10,465)
Net differences between projected and actual earnings on plan investments	46,788	
Total	\$ 140,171	\$ (95,010)

The District reported \$30,565 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2018	\$ 5,157
2019	(10,635)
2020	7,956
2021	12,119

# DRAFT

## Meiners Oaks Water District NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2017

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### NOTE 5 – DEFINED BENEFIT PENSION PLAN - Continued

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% <sup>(1)</sup>
Investment Rate of Return	7.65% <sup>(2)</sup>
Mortality	CalPERS Membership <sup>(3)</sup> Data

<sup>(1)</sup> Depending on age, service and type of employment

<sup>(2)</sup> Net of pension plan investment expenses, including inflation

<sup>(3)</sup> The Mortality Rate Table was developed based upon CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report from the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period 1997 to 2011 including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.



Meiners Oaks Water District  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2017

**NOTE 5 – DEFINED BENEFIT PENSION PLAN – Continued**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above the rounded down to the nearest one quarter of one percent.

The table below reflects the long term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return<sup>1</sup> Years 1-10</b>	<b>Real Return<sup>2</sup> Years 11+</b>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	<u>100.00%</u>		

<sup>1</sup>An expected inflation of 2.5% used for this period

<sup>2</sup>An expected inflation rate of 3.0% used for this period

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** - The following presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>Plan's Net Pension Liability</b>		
	<b>Discount Rate</b>	<b>Current Rate</b>	<b>Discount Rate</b>
	<b>6.65%</b>	<b>7.65%</b>	<b>8.65%</b>
June 30, 2016 Measurement Date	<u>\$ 443,187</u>	<u>\$ 260,208</u>	<u>\$ 108,986</u>

***Pension Plan Fiduciary Net Position*** - Detailed information about the pension Plan's fiduciary net position is available in the separately issued CalPERS financial reports.



# DRAFT

Meiners Oaks Water District  
**NOTES TO FINANCIAL STATEMENTS**  
Year Ended June 30, 2017

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## **NOTE 6 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintained insurance coverage through an independent carrier with limits of \$10,000,000 general liability; \$10,000,000 public officials and employees errors; \$500,000 elected officials personal liability; \$10,000,000 employment practice liability, \$10,000,000 employee benefits liability, \$1,000,000 employee and public officials dishonesty; \$10,000,000 auto; \$1,000,000 uninsured or underinsured motorists, \$1,000,000,000 property; \$100,000,000 boiler and machinery, and \$5,000,000 Workers' Compensation.

DRAFT

**REQUIRED SUPPLEMENTARY INFORMATION**

# DRAFT

Meiners Oaks Water District  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY**  
Year Ended June 30, 2017

**CalPERS Pension Plan**  
**Last Ten Years<sup>(1)</sup>**  
**As of June 30, 2016**

<u>Fiscal Year</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered - Employee Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.00462%	\$ 287,230	\$ 325,293	85.76%	88.30%
2016	0.00318%	\$ 218,077	\$ 334,923	65.11%	83.39%
2017	0.00301%	\$ 260,208	\$ 344,499	75.53%	80.85%

**Notes to Schedule:**

**Benefit Changes.** In 2017, there was no benefit terms modified.

**Changes in Assumptions.** In 2017, changes in assumptions resulted primarily from the following:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015, and June 30, 2016 measurement date is without reduction of pension plan administrative expense.

<sup>(1)</sup> Fiscal year 2017 was the 2<sup>nd</sup> year of implementation, with information available for the 2019 fiscal year, therefore only three years are shown.

# DRAFT

Meiners Oaks Water District  
**SCHEDULE OF CONTRIBUTIONS**  
Year Ended June 30, 2017

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**CalPERS Pension Plan**  
**Last Ten Years<sup>(1)</sup>**  
**As of June 30, 2017**

<b>Fiscal Year</b>	<b>Contractually Required Contribution (Actuarially Determined)</b>	<b>Contributions in Relation to the Actuarially Determined Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
2015	\$ 56,243	\$ (56,243)	\$ 0	\$ 334,923	16.79%
2016	\$ 20,365	\$ (20,365)	\$ 0	\$ 342,959	5.94%
2017	\$ 22,308	\$ (22,308)	\$ 0	\$ 348,196	6.41%

<sup>(1)</sup> Fiscal year 2017 was the 2<sup>nd</sup> year of implementation, with information available for the 2016 fiscal year, therefore only two years are shown.

Board of Directors  
Meiners Oaks Water District  
Ojai, California

**Independent Auditors' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Meiners Oaks Water District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Meiners Oaks Water District's basic financial statements, and have issued our report thereon dated March 9, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Meiners Oaks Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meiners Oaks Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Meiners Oaks Water District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Meiners Oaks Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Directors  
Meiners Oaks Water District  
Page Two

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SOARES, SANDALL, BERNACCHI & PETROVICH, LLP  
Certified Public Accountants  
Oxnard, CA

March 9, 2018

## WATER SERVICE AGREEMENT

This agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 2017, between the Meiners Oaks Water District, a legally formed public water agency, hereafter called the “District,” and Casitas Municipal Water District, a public agency, hereinafter called “Casitas.” District and Casitas shall collectively be referred to herein as the “Parties.”

### RECITALS

This Agreement is based on the following facts, understandings and intentions of the Parties:

- A. Parties recognize the need to coordinate water supplies to lessen the impacts of drought and to implement water demand reductions by all water customers in an equitable manner.
- B. Parties recognize that the State of California, through the State Water Resources Control Board, has adopted drought emergency regulations to support water conservation and may in the future set additional water use standards that would further regulate water supply and demands.
- C. Casitas is a Municipal Water District formed pursuant to the Municipal Water District Act of 1911 codified as Division XX of the California Water Code (commencing with Section 71000) for the purpose of conserving, storing, distributing, and selling water.
- D. Casitas is responsible for the operation and maintenance of the Ventura River Project and the water supply that is diverted and stored in Lake Casitas for delivery to beneficial uses in consideration of the safe yield and the availability of water in Lake Casitas.
- E. Casitas provides water service in accordance with the Casitas Rates and Regulations for Water Service, as amended from time to time.
- F. Casitas has adopted a Water Efficiency and Allocation Program (WEAP) that provides the full discretion to the Casitas Board of Directors in managing Lake Casitas water supplies, to assign water allocations and demand reduction requirements for each classification of water customers, and establish a conservation penalty for customer water use that is excess of the assigned water allocation.
- G. The District was duly incorporated under the provisions of Chapter 592, Acts of the 1913 Session of the Legislature of the State of California as a county water district that supplies water for beneficial use within its defined service area.
- H. The District provides groundwater as the primary water resource and purchases water from Casitas under the conditions of the Casitas Rates and Regulations for Water Service, under the classification of Resale.
- I. The District assesses the condition and reliability of its groundwater supply, water demands within the District’s service area, and may determine that during drought

## Water Service Agreement – MOWD & CMWD

conditions the District may need to acquire water from Casitas to meet the District's customer water demands and may need to cause a reduction in water demands.

- J. Parties seek to develop an agreement to coordinate water supply and demand actions that comply with orders of the State, lead to water supply sustainability, and implement water demand reductions and conservation penalties that are similar for the Parties respective customers.

NOW, THEREFORE, IT IS MUTUALLY COVENANTED AND AGREED by the Parties as follows:

### **1. General.**

- a) This Agreement between Parties serves to coordinate water supply and demand actions, and is a condition of continued water service in compliance with the Casitas Rates and Regulations, as amended from time to time.

### **2. Water Allocation.**

- a) Parties agree to determine and list in Exhibit A the Stage 1 water allocation that is assigned to each Casitas meters that serve District, subject to the terms, actions, and requirements of the Casitas Water Efficiency and Allocation Program, as amended or revised from time to time.
- b) District agrees to set the maximum allocations for water service classification as prescribed in Section 4.3 of the Casitas Water Efficiency and Allocation Program.
- c) Unless otherwise adopted by Casitas, the allocation assignment and subsequent water use will be based on a fiscal year, defined herein as July 1 through June 30.
- d) Parties agree that the Stage 1 allocation may be adjusted by Casitas as a result of new requirements or restrictions placed on customer water demands by the State of California, new standards or best management practices, changes in land use, changes in water demand, changes imposed by the Upper Ventura River Groundwater Management Agency, changes brought about by legal action, by a purchase of additional water allocation, or changes in local water supply availability.
- e) Parties agree to meet during the month of May to determine an annual water allocation assignment for the following fiscal year and document the water allocation assignment in Exhibit A. The determination shall be based on, but not limited to, the projected stage of Lake Casitas and level of demand reduction required by Casitas, the District's projected water production, and the implementation of demand reduction measures within the District's service area.
- f) The volume of water purchased by the District from Casitas that is in excess of the assigned annual allocation, if any, will be subject to a Conservation Penalty. The District shall promptly make payment to Casitas upon presentation of the invoice for the Conservation Penalty.



Casitas reserves the sole discretion to change the water allocation assignment and/or Conservation Penalty at any time deemed necessary by Casitas, upon thirty day prior notification to the District, when Casitas deems there is further risk or change to the short and long term reliability of water stored in Lake Casitas and/or lake water quality conditions, and/or due to changes in conservation requirements and regulations that are imposed by the State of California.

- g) If a significant event, such as the contamination of groundwater or the catastrophic failure of wells, disrupts the District's water well production and that District anticipates will result in the exceedance the annual allocation for specific water service accounts, the District shall immediately notify Casitas of this impending condition. Parties shall convene to consider an adjustment to the annual allocation assignment. Casitas shall retain sole discretion to adjust the annual allocation. The failure on the part of the District to mitigate the disruption or failure to immediately notify Casitas shall be grounds for the imposition of the Conservation Penalty.
- h) The allocation assignments, and any adjustment to the assigned allocation, are not a guarantee of the amount of water that is to be purchased by the District or the amount of water to be provided by Casitas. There shall not be any carry-over or transfer of the water allocation assignments.
- i) The Casitas water allocation assignment to the water meter serving the District shall not be used or expanded upon by the District for new water service connection(s) or expansion of water demand within the District service area unless District acquires additional water allocation from Casitas.

**3. Water Supply and Demand Coordination.**

- a) Parties agree to implement water conservation and best water management practices, orders and directives as prescribed by the State of California, in their respective service areas.
- b) District shall consider all information regarding District's water demands and reliability of District water resources, the application of water demand reductions that are consistent with Casitas' actions, and provide said information to Casitas for a determination of an appropriate water allocation of Casitas water supply for the following fiscal year.
- c) District shall take all reasonable and prudent actions necessary to maintain, protect, and beneficially use to the fullest extent possible their respective primary source water supplies, water rights, pump equipment, pipelines, laterals and metering of individual service connections.
- d) District shall take all reasonable, prudent and timely actions to implement water demand reduction measures in the District's service area, monitor and document customer use for compliance with water demand reduction measures, implement customer water conservation measures and best management practices, and enforce water waste

## Water Service Agreement – MOWD & CMWD

prohibitions in District's service area. District may decide to implement measures that are best suited for their water system.

- e) District shall consider District's water resource availability when there is a request for additional property development and/or new meter service connections in the District system. When District has determined District's water resource will not support the request for new water or expansion of water service demand without additional supplemental water from the Lake Casitas supply, District will refer the request to Casitas for a determination of availability of Lake Casitas supply and the payment to Casitas' of all applicable fees for an additional assignment of water allocation, in accordance with the Casitas Rates and Regulations for Water Service. The purchase of an additional allocation will be added to the Stage 1 Allocation for the District in Exhibit A.

### **4. Modification**

Either party to this agreement may request a modification of the agreement at any time. Modifications shall be approved in writing by the District and Casitas.

### **5. Termination.**

- a) This agreement and the transactions contemplated herein may be terminated and abandoned under the following circumstances:
  - (i) Upon the mutual consent, in writing, by both Casitas and District; or
  - (ii) Casitas or District may provide written Notice to Terminate for:
    - a. Violation by the other party of any of the terms of this agreement.
    - b. Violation of appropriate provisions of California Law.
- b) The power of termination provided for in this Agreement may only be exercised:
  - (i) During the next fiscal year, but not less than twelve months, following service of the Notice to Terminate, with the completion of all terms and payment of all invoices attributed to the performance of the Agreement during the remaining year; or
  - (ii) By written agreement signed on behalf of District and Casitas by designated decision-makers.

### **6. Reference Documents.**

- a) Water Efficiency and Allocation Program. Casitas Municipal Water District.
- b) Rates and Regulations for Water Service. Casitas Municipal Water District.
- c) Water Waste Prohibition Ordinance. Casitas Municipal Water District.
- d) Best Management Practices. State of California.

**7. Effective Date and Signature.**

This Agreement shall be effective upon the signature of all the Parties authorized officials.

**Casitas Municipal Water District**

**Meiners Oaks Water District**

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to Form:

\_\_\_\_\_  
Attorney

**Exhibit A – Water Allocation Assignment**

**Meiners Oaks Water District**

Based on the Meiners Oaks Water District's determination and concurrence by Casitas Municipal Water District, the following shall be the assigned water allocation for the following meter service accounts:

Table 1- Annual Allocation Assignment for Fiscal Year \_\_\_\_\_

Service Account No. Service Area Name (Casitas Location)	Stage 1 Allocation for DISTRICT Service Area Demand	Stage Demand Reduction Target at ____%	DISTRICT Water Availability to Service Area	Supplemental Allocation Requested by DISTRICT	Casitas Allocation Assigned to DISTRICT for Fiscal Year _____	
					(AF)	(HCF <sup>2</sup> )
41-26115-00 Fairview Rd Sta. 1+65 4"						
41-26200-00 Hartmann 2"						
97-91132-00 La Luna Temp	0					

1 – AF is defined as an acre-foot of water or 435.6 HCF

2 – HCF is defined as one hundred cubic feet of water

The Conservation Penalty assigned by Casitas is \$\_\_\_\_\_per HCF to be applied in accordance with the Casitas Water Allocation and Efficiency Program.

The undersigned agree to the allocations assigned individually to each water service account and the Conservation Penalty:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
General Manager, Meiners Oaks Water District

By: \_\_\_\_\_ Date: \_\_\_\_\_  
General Manager, Casitas Municipal Water District

## ***Meiners Oaks Water District***

### **Drought Update**

**April 2018**

Despite recent rains, this winter has been exceptionally dry. Moreover, fine ash from the Thomas fire has apparently reduced groundwater recharge along the Ventura River. River flows that normally soak into the ground upstream of Highway 150 are now flowing all the way to the ocean. As a result, our wells have recharged less than expected. It is hard to predict how long our wells will continue pumping in these unprecedented conditions.

Fortunately, if our wells go dry, we will receive lake water from Casitas MWD. Of course, once that happens you will see the “Casitas Surcharge” added to your water bills each month. Lake water is not free. We will advise you when that happens.

Here is how we plan to respond to the worsening drought:

- ◆ Lake Casitas is now at 34% of capacity. We will notify you when the lake falls below 30%, possibly in the fall, at which time Casitas MWD will declare a Stage 4 drought. We will also declare Stage 4 at that time. In Stage 4, we must attain a 40% reduction in water use compared to pre-drought usage.
- ◆ We are revising our allocation and rate program to more closely conform to the Water Efficiency and Allocation Program (WEAP) implemented by our backup water supplier, Casitas MWD. We are calculating new allocations for our customers based on the WEAP. We will send you information and hold a public meeting to discuss the changes to our program before we implement it.
- ◆ There is a small chance that Lake Casitas could go dry in 5-20 years. Casitas MWD is participating in ongoing studies to import state water from the north. We are participating in discussions with them and other agencies about how the project would work. Casitas is also pursuing their “Hobo Project” to increase local groundwater supplies.
- ◆ We are also studying a new well in the deeper, untapped “Cold Water Formation.”

We will keep you informed on these efforts. But even with these potential projects it is essential that our customers increase their efforts to conserve water. This is not a good time to plant a garden or new landscaping. Please visit our website or call us at 805-646-2114 if you have any questions.

# A Cooperative Regional Approach to Improving Ventura County's Water Supply Reliability

Published by the Ojai Valley Water Advisory Group

Prepared by

Richard H. Hajas

February 2, 2018

## **Summary**

*Five consecutive years of only one-half of average rainfall has reduced local groundwater levels and Lake Casitas storage levels to record lows. Water users in western Ventura County are subject to costly water conservation, allocation, and rationing programs for the second time in the past 25 years. Eastern Ventura County has one source of water, through a single pipeline from the California State Water Project (SWP). An interruption in the imported water supplies by a catastrophic earthquake or other event could leave a large portion of Ventura County without water for as long as 6 months.*

## **The Problem**

*Calleguas Municipal Water District and the eastern Ventura County have access to the vast water resources of Metropolitan Water District (MET) and the SWP, but have a vulnerable delivery system. The City of Ventura has a variety of groundwater supplies that are capable of producing a small surplus of water during normal years, but no water supply reserves for dry periods. The Casitas Municipal Water District (Casitas) service area has groundwater supplies that satisfy only about 40% of the water needs. In a normal year 60% of the area's water supply is Lake Casitas. During dry years both groundwater supplies and Casitas lake levels are low. Ventura County has little or no reserve water supplies to satisfy the county's needs during drought or emergency conditions.*

## **Responsible Agencies**

*Three major water authorities manage water supplies in Ventura County: Casitas Municipal Water District (Casitas) and City of Ventura in the western county, and Calleguas Municipal Water District (Calleguas) in the east county. Each of these water authorities is pursuing very costly projects to improve water reliability in their respective service areas. Calleguas needs a local*

*Ventura County would be connected to the state's huge water network and Calleguas could provide an equal amount of emergency water to western Ventura County if ever needed.*

### ***Feasibility***

*A series of pipelines, pumping facilities and water storage tanks would be required to move water from Calleguas across Ventura and into the Casitas service area. The same pipelines could be used to deliver water back to Calleguas from the lake in an emergency. All three agencies have the engineering resources to construct the needed infrastructure.*

*The environmental impacts are neutral or positive. No foreign water will be placed in Lake Casitas with this proposal. The pressure to over pump local groundwater will be greatly reduced. There will be less competition between the development of sustainable groundwater and surface water plans and community's water demands.*

*The combined financial resources of all three agencies can be utilized to spread the costs of the project over a very large customer base. These water customers are paying more and more for less and less water every year under the current conditions. And these customers will ultimately pay for whatever projects currently being considered by the individual agencies, projects that may not produce needed long term benefits.*

*The main obstacles to the success of a cooperative solution to the area's water supply problem will likely be institutional issues. Each community and agency has a culture of "going it alone" and values independence over cooperation. This culture will be hard to overcome, especially in the Ojai Valley. But the Ojai Valley may have the most to gain from a cooperative approach and unfortunately has the most to lose by doing nothing. Without significant rain in 2018 the Ojai Valley and the Casitas service area face the grim reality of an economic disaster, a disaster that will impact agriculture, the tourist industry, real estate values, and the quality of life for everyone.*

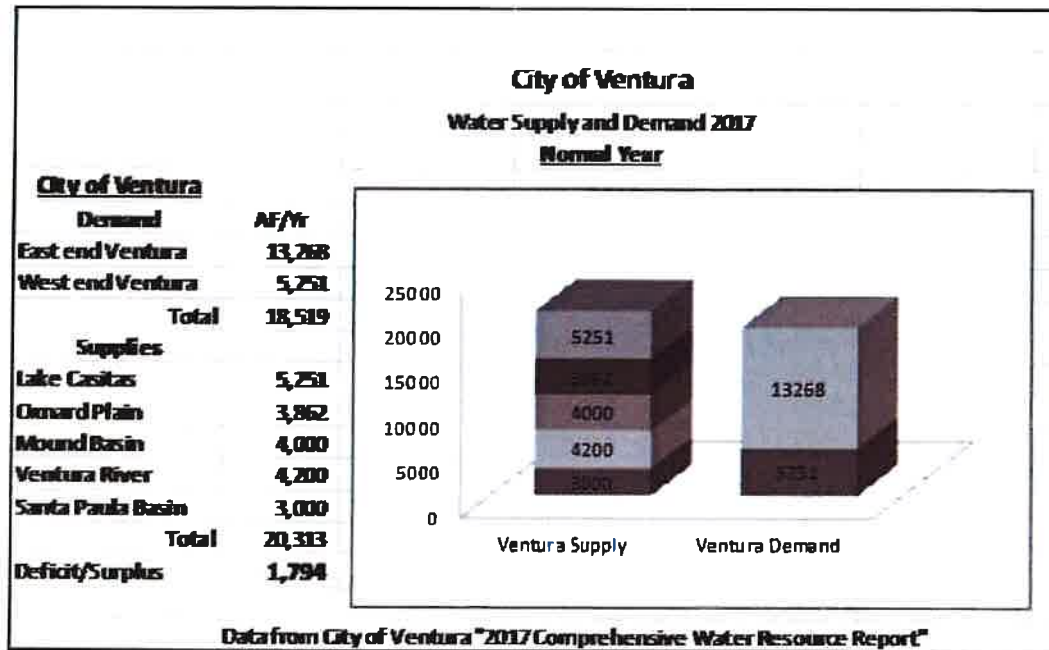
### ***Conclusion***

*The following analysis demonstrates that ample water resources are available to Ventura County to avoid chronic water shortages and provide reserve supplies for emergencies. If the local water agencies work collectively and pool each of their unique resources, the County could enjoy the benefits of a reliable and abundant water supply well into the future. A collective and cooperative solution to Ventura County's water supply deficiencies may be the most effective, least costly, and most timely of all of the individual alternatives currently under review.*

## **Introduction**

Cyclical drought has repeatedly threatened western Ventura County with water shortages. Ventura County is 12 years into a drought period that may repeat or exceed the 1945-1966 drought, which is considered the longest in Ventura's recorded history. Five consecutive years of only

Table A-1



In a dry year, Ventura's supplies are reduced. Table A-2 illustrates how supplies fall short of average water use in a dry year. The availability of Ventura River water is reduced significantly. Santa Paula Basin allocation is reduced to prevent overdraft and Casitas may impose staged allocation reductions from the lake, based on lake levels. In 2017 the City's allocation from Lake Casitas was reduced by 30% and may be reduced further to 40% in 2018. In a dry year the City has a deficit of water use over supply of (4,267) AF. Implementation of water conservation and rationing programs are the City's only means of managing these deficits.



Casitas, unlike Ventura, does not own and operate all the groundwater wells in the Casitas service area. Groundwater users are served by separate water agencies, private organizations, or private well owners. Meiners Oaks Water District and Ventura River Water District are public water agencies serving groundwater. There are numerous mutual water companies, the largest of which are Senior Canyon, Siete Robles Mutual, Sisar Canyon Mutual and Hermitage Ranch Mutual. Casitas recently acquired the Golden State Water Company that serves the City of Ojai. Casitas now owns and operates the wells serving the City of Ojai and is expected to continue to use the Ojai Basin as the City's primary water supply.

The total water available from each of these basins is generally unknown. Ojai Basin Groundwater Management Agency (OBGMA) has been collecting data and conducting studies to better understand the basins characteristics. The annual yield from the Ojai Basin is currently believed to be 5,026 AF (Stephens, 2011). The Upper Ventura River Groundwater Sustainability Agency was recently formed and has begun to initiate studies and collect groundwater data. Both the Upper Ventura River and the Upper Ojai Basins rely on historical pumping records to estimate average annual yield. Water extractions from all three basins are generally controlled by basin water levels and the ability of existing wells to access water during drought periods.

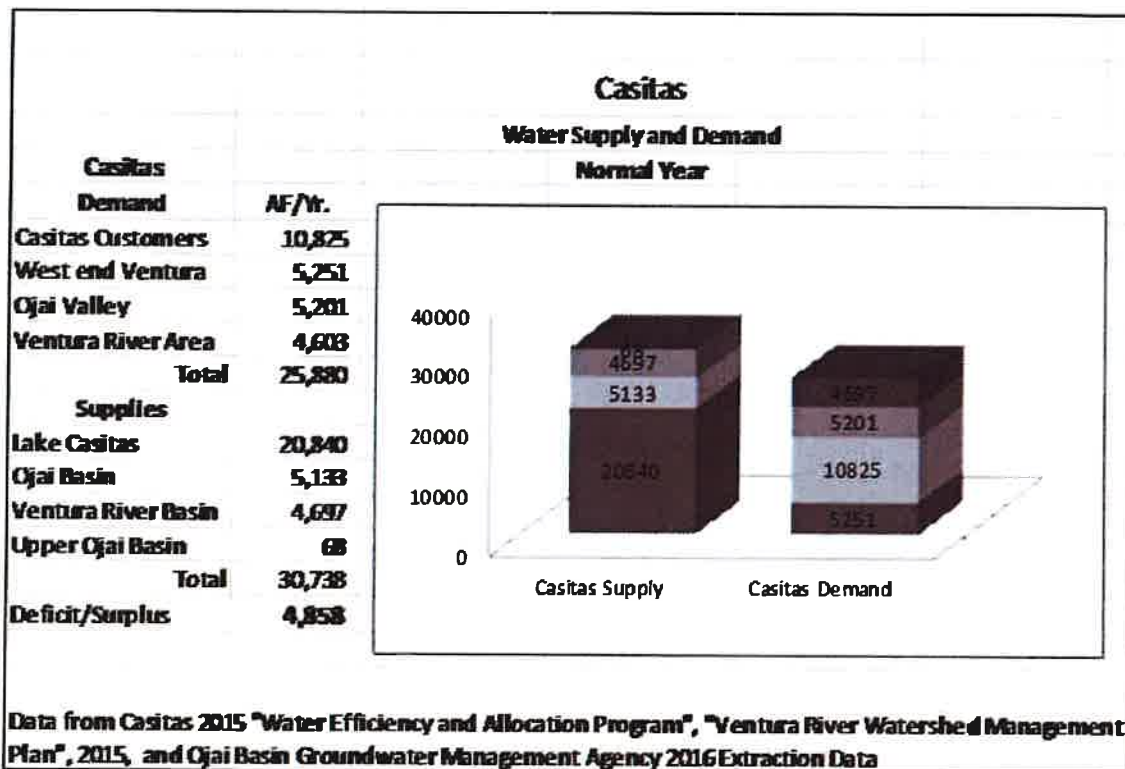
### **Lake Casitas**

The Casitas Municipal Water District was formed following 1945 record drought. Lake Casitas and Casitas Dam were constructed by the U. S. Bureau of Reclamation and designed to supplement local groundwater supplies during similar drought cycles. Today all groundwater users in the Casitas service area rely on supplemental supplies from Lake Casitas during periods of drought. Many groundwater users are routinely supplemented by Lake Casitas during the high water use summer season.

Lake Casitas has a maximum water storage capacity of 238,000 AF. The available annual supply from Lake Casitas is determined by the lake's "safe yield". "Safe yield" is the amount of water that may be withdrawn from the lake on an average annual basis without depleting the supply. The Casitas "safe yield" was reevaluated in 2004 and determined to be 20,840 AF (Casitas, 2004). Chart B-1 is from Casitas' 2004 "Water Supply and Use Status Report" which analyzed the potential impacts to the lake levels over the historical drought period of 1945-1965 with an average water use of 20,840 AF per year.

Casitas' average annual water use was 16,076 AF from 2006-2017 (Casitas 2017), which is less than "safe yield". Table A-3 compares water supplies in the Casitas service area with water use during a normal year. The Casitas service area has an average annual surplus of 4,858 AF.

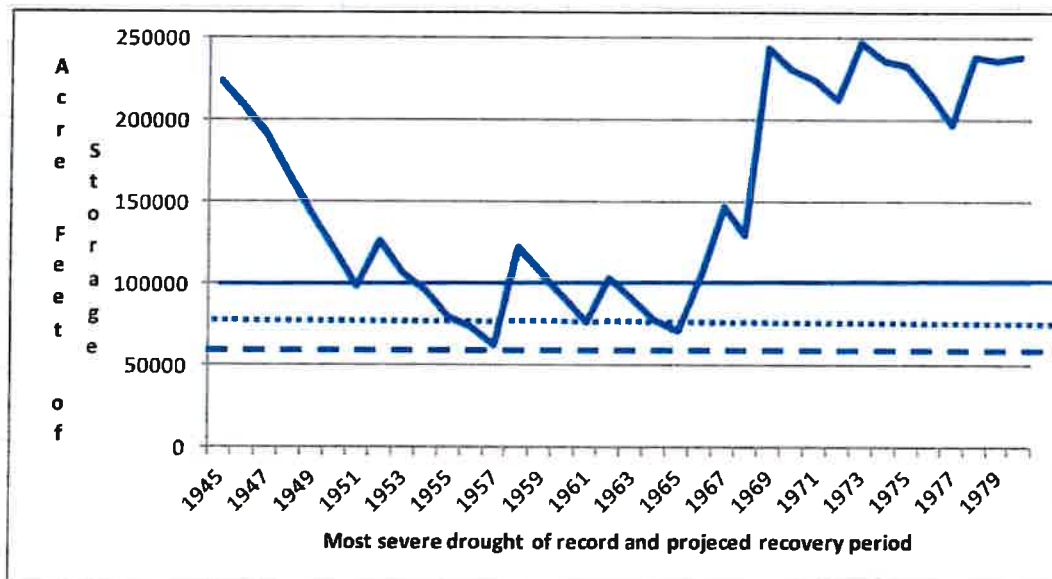
**Table A-3**



Casitas is the backup supply for local groundwater in the Ojai Valley and Ventura River basins. In periods of drought the annual demand for Lake Casitas water increases by as much as 7,384 AF (Casitas 2015) and production from groundwater wells declines. Table A-4 compares Casitas' service area supplies to potential water demand during a dry period. Casitas may have a deficit during such periods of (5,824) AF.

**Chart B-3**

**Lake Casitas Safe Yield Analysis Applied to 1945-1965 Drought Period and 1966-1980 Recovery Period with Implementation of 5 Stage Conservation Program**

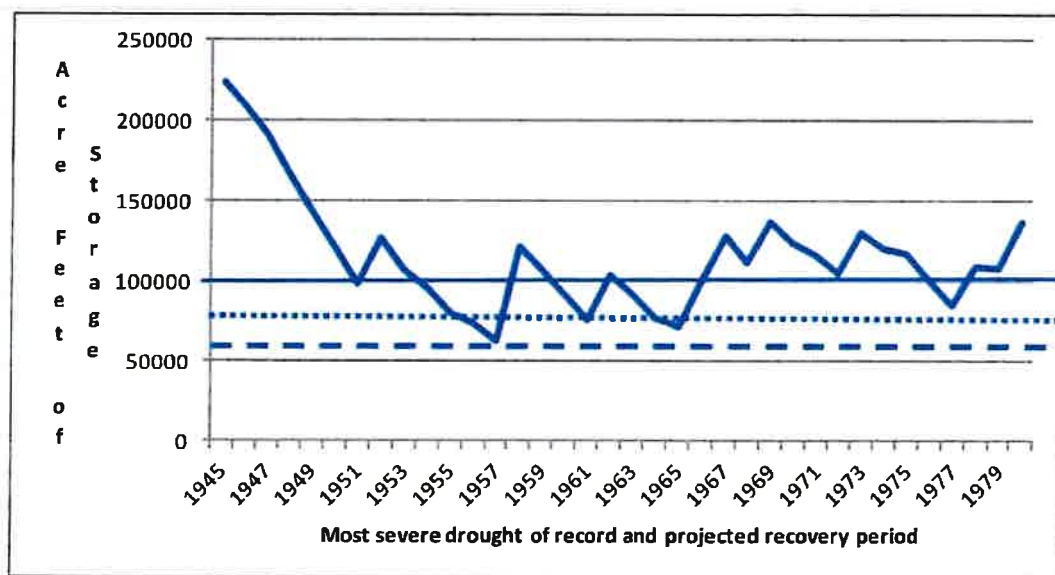


Stage 3 \_\_\_\_\_ Stage 4 ..... Stage 5 -----  
 Data from Casitas "Water Supply and Use Status Report, 2004"  
 Water use reduced to comply with Casitas' "Water Use and Allocation Program" 2015  
 Chart data in Appendix A- Table III

The potential flaw in Casitas' projections is the assumption that the future recovery period will occur as rapidly as the 1966-1980 period. Historical records demonstrate that 1969-1980 may be part of the wettest period of record. Chart B-4 shows how often major rain events occurred in the recovery period compared to the historical record. From 1906-2017 a total of 8 years experienced rainfall in excess of 40 inches at the Ojai weather station (Ventura County Watershed Protection District Rainfall Data Base). In the 62 years between 1906 and 1968 a rainfall year over 40 inches

**Chart B-5**

**Lake Casitas Safe Yield Analysis Applied to 1945-1965 Drought Period and Conservative 1966-1980 Recovery Period with Implementation of 5 Stage Conservation Program**



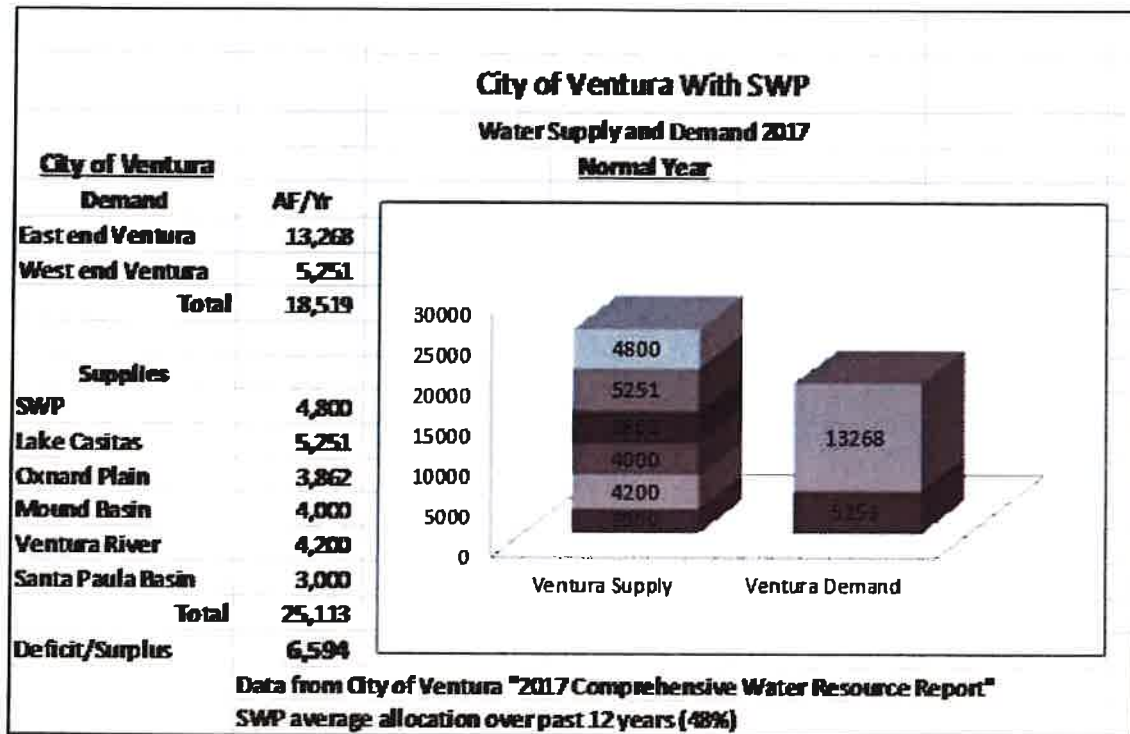
Stage 3 \_\_\_\_\_ Stage 4 ..... Stage 5 -----  
 Data from Casitas "Water Supply and Use Status Report, 2004"  
 Water use reduced to comply with Casitas' "Water Use and Allocation Program" 2015  
 Chart data in Appendix A- Table IV

## Calleguas and the East County

Calleguas is a member of Metropolitan Water District of Southern California (MET) and receives SWP water through MET's water delivery system. Calleguas is a wholesale water purveyor and delivers an average of 85,000 AF of imported water annually from MET to the cities and unincorporated areas of eastern Ventura County. Many communities in the Calleguas service area rely exclusively on imported water. All rely heavily on imported water to supplement local groundwater supplies. Since the drought of 1989-1992, when SWP supplies were reduced,

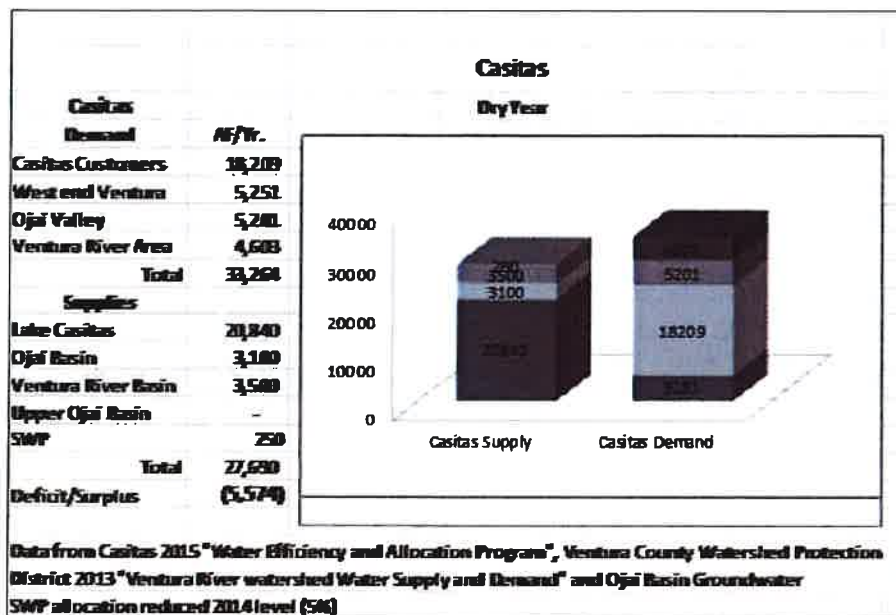
SWP allocation of 48%, compared to annual water use. The City would have a surplus of over 6,594 AF annually.

**Table A-5**



Ventura does not have access to storage facilities used by other SWP contractors to supplement SWP deliveries when allocations are reduced. Therefore, the City's SWP supply would be subject to even greater reduction during drought periods. Droughts in northern California generally coincide with drought in the southern California. In 2014, a dry period in Ventura, SWP allocations were cut to 5% of total allocation. Table A-6 illustrates what supplies would be available in a severe drought compared to water use. The City would have a deficit of (4,217) AF.

**Table A-8**



### Impacts to Lake Casitas Storage with SWP

Chart B-6 illustrates the impacts of the "conservative version" of Casitas' 35 year drought and recovery period with the benefit of imported water. Most recent SWP water allocation reductions (2006-2017) have been applied repeatedly to the Casitas SWP allocation over the 35 year period. Casitas' water reliability would be greatly improved with the addition of SWP water. Casitas water users would only experience 2 years of Stage 3 reductions and no Stage 4. Lake level would recover to 85% of capacity at the end of the recovery period.



Casitas water is very limited. When the Casitas district was originally formed in the 1950's it was not envisioned that the City would expand so far east. The boundary of the Casitas district was set at approximately Mills Road. Today nearly 2/3 of the City is outside the Casitas boundary and therefore prohibited from using Casitas water. This situation has caused much friction between the two organizations over the years. What has resulted is an agreed arrangement that is not ideal for either party. Because the City cannot serve the eastern portion of the City with Casitas water, it supplies the western portion with 100% lake water whenever possible. All other Ventura supplies are reserved for use in the eastern portion of the city, including Ventura River water. Even in an above average rain year Ventura generally moves all Ventura River water east because the quality is much higher than east end ground water, and there is no benefit to Ventura in reserving lake water. Consequently, Casitas is not a supplemental supplier to Ventura, rather a primary supplier, placing a constant demand on the lake.

### **Casitas**

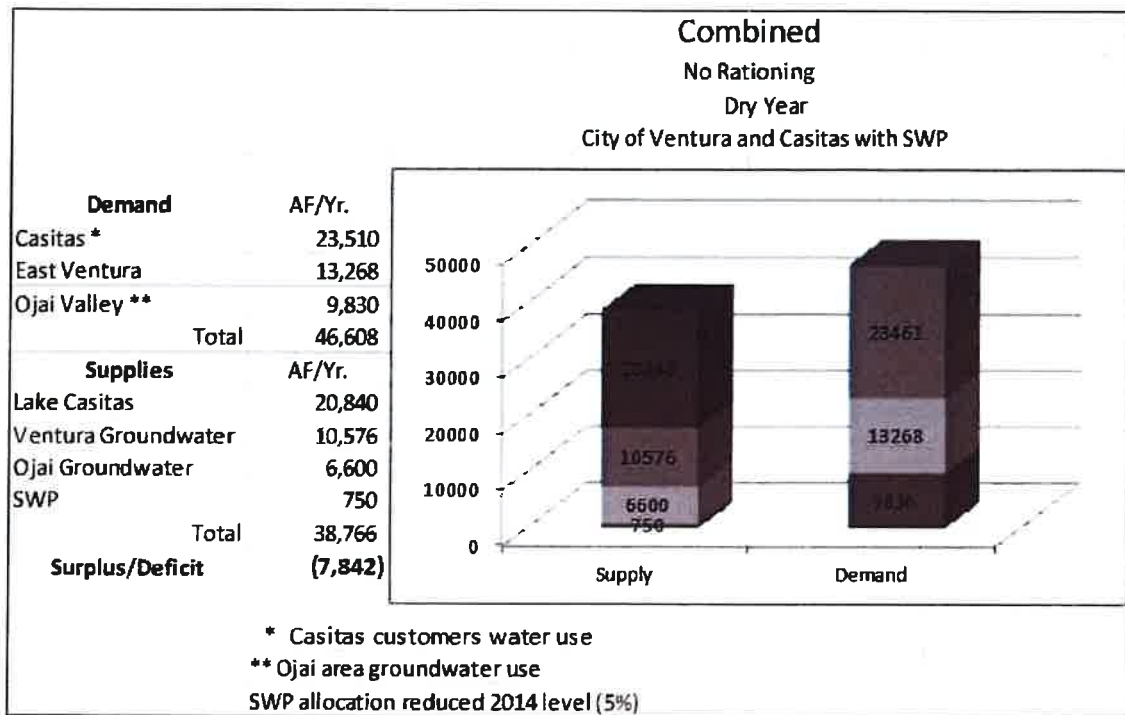
In the Casitas service area groundwater from the Ojai Basin, Upper Ojai Basin and the Upper Ventura River Basin are the primary supplies for much of the Ojai Valley. Groundwater is less expensive to produce and therefore groundwater well operators avoid purchasing Casitas water. Casitas recently acquired the Golden State Water Company service area in the City of Ojai and continues to use Ojai Basin water as the primary source for the City. It is much less costly for Casitas to pump groundwater than to pump lake water up to Ojai.

However, Casitas has become the primary source for many of the water users in its service area. Casitas is the primary source for western Ventura, as discussed above, with an annual water use of about 5,200 AF. Casitas annually delivers water to supplement groundwater users that cannot meet peak summer water demands in normal years, serves agricultural users that have no other supply, and the urban areas of Oak View, Mira Monte, and the Rincon Beach, which rely on Casitas exclusively. These water uses average over 10,825 AF annually. These uses combined with Ventura's water use total 16,076 AF per year, leaving only a small portion of Casitas' annual "safe yield" (20,840 AF) as supplemental supplies to groundwater users in critically dry years (Casitas, 2016)

### **Integrated Supply Strategy**

Ventura and Casitas are responsible for serving their respective constituents with the resources available. Historically, each agency has deliberately tried to remain as independent as possible and preserve its resources for the exclusive use of those they serve. Each agency has a separate SWP allocation subject to chronic reductions. Each agency has valuable resources, but each agency's resources have limitations. With SWP water Ventura would have ample surplus water during normal years, but no ability to store water for dry years. With SWP water Casitas would have the ability to store surplus water in Lake Casitas, but must routinely use water from the lake to meet normal year demands leaving little water in reserve for dry years. If these agencies

**Table - A-8**



### Multi-purpose Pipeline System

If Ventura and Casitas cooperatively utilized SWP water, east Ventura groundwater, Ventura River water and Ojai Basin water as their primary sources, Lake Casitas water could be reserved for dry periods and emergencies. With the appropriate pipeline network SWP water could be delivered to the east end of Ventura, blended with Ventura's groundwater and Ventura River water. Blended water could be transported through Ventura, satisfying all of the City's water needs. All surplus water could then be pumped into the Casitas pipeline system and used by Casitas customers. Ojai groundwater would continue to be used, as it has historically, to satisfy the water uses of the public and private well operations throughout the Ojai Valley. Casitas could then supplement any routine additional water use needs with lake water. Lake water would be the water source of "last resort", reserving stored lake water for drought and emergencies.



Over the 35 year period Ventura and Casitas combined would only use an average 5,635 AF per year from their combined allocation of 15,000. Ventura and Casitas combined would only use an average of 11,650 AF of water from Lake Casitas each year (see Appendix A – Table VI).

## **Feasibility of Combined Operations**

### **Accessing SWP**

Accomplishing a successful combined operation will require access to the SWP. Historically, Casitas and Ventura have contemplated plans to bring SWP to the west County. The closest access point is Lake Castaic, a SWP storage reservoir, in the Newhall area. The water is untreated and a delivery system would require, nearly 50 miles of pipeline as well as a treatment facility. The cost of such a project has only increased over the years. The projected annual water yield from this project has been reduced over the years because of SWP allocation cut backs. Consequently ultimate unit cost of accessing this water has made this alternative for accessing SWP economically infeasible.

Today, the most practical option for access to SWP is through MET and Calleguas. Susan Mulligan, General Manager of Calleguas, confirmed that each agency has surplus system capacity and each could transport treated water through their systems. Calleguas and Ventura are currently evaluating the construction of a pipeline to deliver Ventura's SWP allocation to the eastern end of the City. Exhibit A is the proposed pipeline alignment being considered. Casitas has also expressed some interest in participating in the project. However, a pipeline system from Calleguas to Ventura and beyond to the Casitas service area, combined with fees and charges for utilizing the MET and Calleguas, would be costly. And again, with the continued reductions in SWP allocations the cost/benefits may be marginal.

### **Partnering with Calleguas**

However, if the pipelines and associated facilities needed to transport SWP to Ventura and Casitas were designed to be a regional interconnection between the east county and the west county it could serve multiple purposes and serve to benefit nearly all the residents of Ventura County. Calleguas, as discussed above, is actively seeking 30,000 AF of emergency storage to insure a supply in the event of a catastrophic interruption in their supply from MET. They are currently exploring very costly options, including desalination (Calleguas, 2017). To avoid the costs of projects like desalination, Calleguas may be willing to invest in a regional system capable of transporting water from SWP to Ventura and Casitas as well as transferring water from Lake Casitas to the eastern county in an emergency. In exchange Casitas could provide Calleguas with the 30,000 AF reserve supply they are seeking. All three agencies and the residents of all three service areas would benefit.

As illustrated in Chart B-7 Lake Casitas would maintain a minimum of over 125,000 AF of storage through the conservative 35 year drought and recovery period, with SWP water, and a combined

Calleguas would not hold title to any of Casitas reserves, only an agreement to borrow. If Calleguas were to request the money (water), Casitas would deliver the money (water), and Calleguas would begin repaying the loan per the original agreement. A re-payment schedule would most likely be in installments that would allow Casitas to replenish its reserves over time. Once the money (water) is delivered to Calleguas, Casitas would now be entitled to repayment.

To compensate Casitas for the obligation of holding a reserve for Calleguas, Calleguas could agree to lend Casitas money (water) if needed. Again Calleguas would provide Casitas a line of credit with agreed terms and conditions. Casitas would not have title to the money (water) only an agreement to borrow the money (water) if necessary. Casitas would by agreement, either repay Calleguas, or simply credit Calleguas with a pre-payment on the loan Casitas has agreed to provide Calleguas sometime in the future. This arrangement could be maintained indefinitely without any money (water) changing hands. Each bank, or in this case each water agency, would have an agreed insurance policy, an insurance policy that would guarantee emergency loans based on pre-arranged terms and conditions.

Details of such an arrangement would require a negotiated agreement, but there may be significant benefits for all. Today's cost to obtain 30,000 AF of storage or a reserve credit of 30,000 AF stored out of the area, would be extraordinary. The most recent construction cost for surface water storage is from MET's Eastside Reservoir in Riverside County completed in 2002. The 800,000 AF capacity reservoir cost \$1.9 billion or \$2,375 per AF. Using MET's project as an example the value of 30,000 AF of storage, whether in Lake Casitas or held as a credit outside the area is over \$70 million. In the alternative approach described above, each agency would realize 30,000 AF of storage, Calleguas in Lake Casitas; and Ventura and Casitas as credits from Calleguas (Water Technology, Inc, 2002).

## **System Description**

The infrastructure needed to achieve this proposal would require the collective engineering resources of all three agencies to assure it meets their mutual needs. Basically, what would be required is a pipeline from Calleguas to the east end of Ventura. This portion of the project is already under review by Calleguas and Ventura. Exhibit A contains the general pipeline and route under consideration.

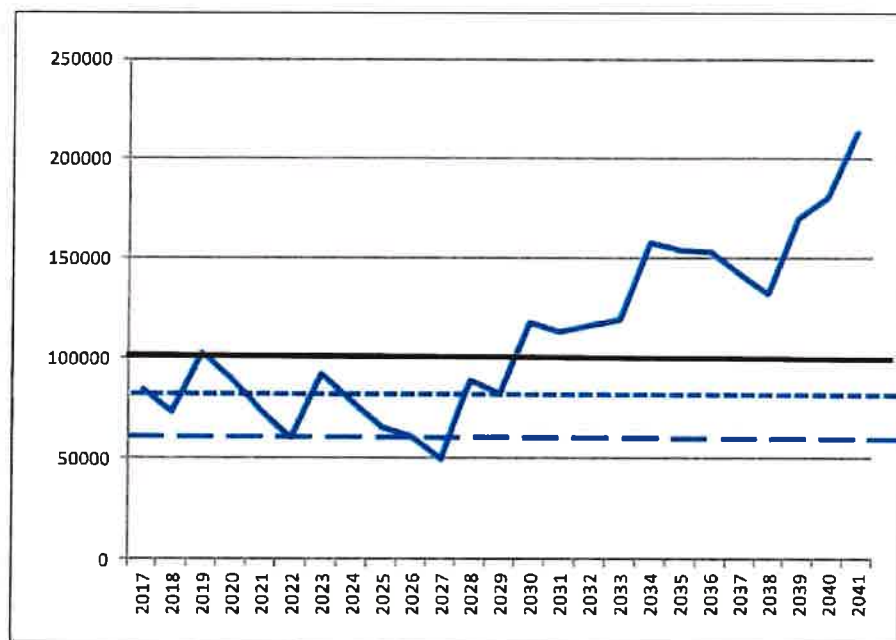
Additional pipelines would be required across Ventura on a route that would intersect with the City's groundwater sources and extend to approximately the Ventura Water Treatment Facility on the Ventura Avenue. The Ventura Water Treatment Plant is near Ventura River water sources and the existing Casitas transmission pipeline from Lake Casitas. At some point along the route a combination pump station and reducing station would be required to both lift water toward the Ojai Valley and return water to Ventura and Calleguas. The pump station would move water to a water storage tank that would be required somewhere around Casitas Dam. The storage tank could then supply the two existing Casitas pump stations that currently pump water from Lake

No action may result in imposing 9 years of Stage 3 rationing (30% reductions), 5 years of Stage 4 rationing (40%) reductions, and 1 year of Stage 5 rationing (50% reductions) over the next 22 years. In the end the lake may only recover to 60% capacity.

If planning begins in 2018 on this proposed cooperative operation concept, there is no reason it could not be implemented in less than 10 years. Enough is at stake economically, environmentally, and for the general well being of the community to expedite the completion of this project. Chart B-9 illustrates how a successful cooperative operation of the County's water resources could solve future water shortage problems. If agreement was reached soon and plans for construction of needed infrastructure finalized, it may be possible to avoid the most drastic periods of water rationing with the knowledge that a better system is soon to be employed.

**Chart B-9**

Historical Drought and Recovery Period Applied  
Beginning in 2017 with Implementation of Cooperative  
Operation Plan in 10 Years



Stage 3 \_\_\_\_\_ Stage 4 ..... Stage 5 .....

Date from Casitas "Water Supply and Use Status Report, 2004"

Water use reduced to comply with Casitas' "Water Use and Allocation Program" 2015

SWP allocation reduced to 2007-2017 levels

Data contained in Appendix A-Table VIII

water could be spread among a much larger customer base, thereby reducing the burden on any one area. The pressure on local groundwater basins, particularly during times of drought could be dramatically reduced; preserving local water and protecting local resources. By blending groundwater with SWP and Casitas water the City of Ventura would have the opportunity to improve water quality throughout the City. Lake Casitas could enjoy higher average lake levels.

Most importantly, the future is impossible to predict. All of the individual water resources utilized today are at risk of being reduced because of environmental requirements, groundwater management issues, extended drought and climate change. The impacts of the most recent fires on the Lake Casitas watershed threaten the storage capacity of the lake. Heavy rain events may deposit large amounts of silt and reduce the amount of water that can be stored in the future. Pooling today's resources, and any new resources the water agencies are able to secure, is the only way to reduce the impacts of the threats to water supply. The value of having a pipeline that is connected to the entire State's water resources can open possibilities for future opportunities to secure new water supplies. The value of a storage facility like Lake Casitas, that holds a reliable reserve supply, could become one of the County's greatest assets.

The actual capital costs and operating costs to implement this concept are beyond the scope of this analysis and will require the expertise of the all of the agencies' engineers. However, the potential costs of chronic water shortages and decades of severe water rationing could seriously damage Ventura County's economy and dramatically reduce overall quality of life for its residents. It should be noted that the water customers of all three agencies are paying more and more, for less and less water each year.

### **Other Water Resource Alternatives**

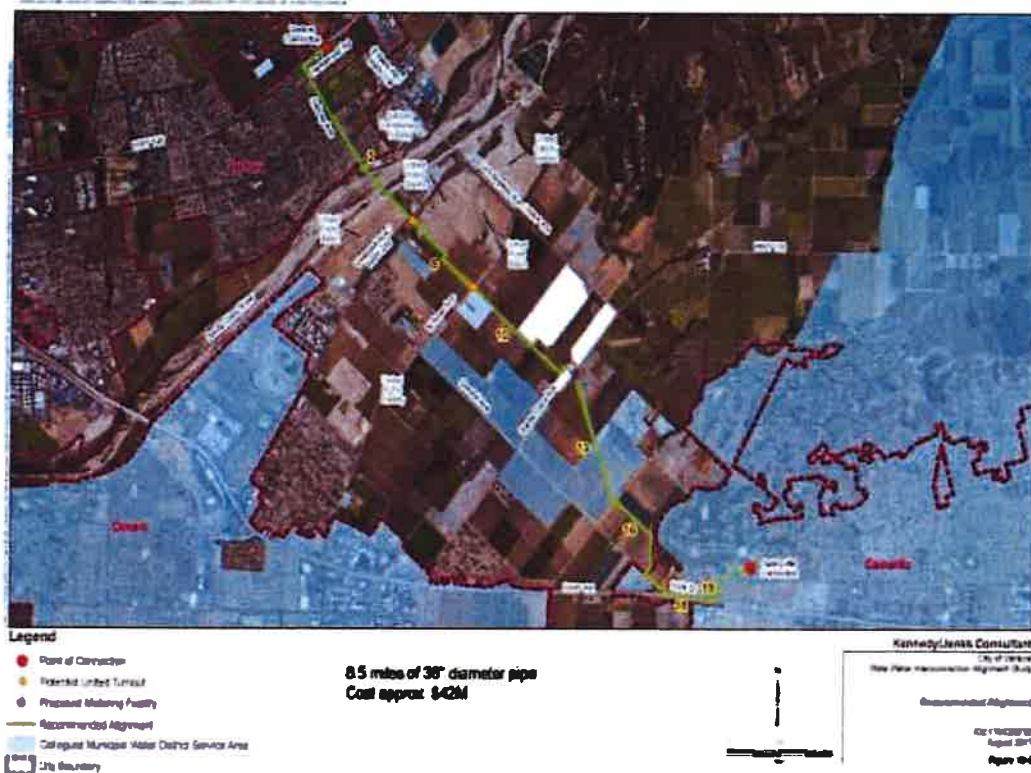
Calleguas, Casitas, and Ventura are all pursuing additional water supply alternatives. Calleguas is exploring additional groundwater storage, Casitas is investigating additional groundwater in the mountain region above Ojai, the Hobo project (Kear, 2017)), and Ventura is planning to expand its production from the Ventura River (Ventura 2017). The Ojai Basin Groundwater Management Agency is reevaluating use of Ojai groundwater and a group has formed to evaluate the sustainability of the Upper Ventura River Basin. The success of any of these projects would only add to the benefits of a cooperative operation among Ventura, Casitas and Calleguas. These alternative projects should continue to be explored. However, none of these alternatives alone will solve the region's water supply problems.

### **Conclusion**

This analysis demonstrates that ample water resources are available to Ventura County to avoid chronic water shortages and provide reserve supplies for emergencies. The residents of the

# Exhibits

## Exhibit A





## Appendix A

**Table I**

### Lake Casitas Safe Yield Applied to 1945-1965 Drought Period Chart B-1

Historical Drought Period	Inflows Robles Diversion	Lake Tributaries	Evaporation Net loss	Lake Storage	Safe Yield Available Supply
1945	3852	6812	4711	223307	20840
1946	7560	3377	4529	209175	20840
1947	4376	2654	4255	191410	20840
1948	0	48	3901	167017	20840
1949	128	131	3537	143200	20840
1950	506	1378	3145	121399	20840
1951	0	89	2682	98266	20840
1952	25602	27231	3582	126976	20840
1953	1543	2270	2940	107310	20840
1954	2382	3520	2599	90073	20840
1955	128	703	2078	68286	20840
1956	2049	5792	1773	53814	20840
1957	1881	1008	1260	34902	20840
1958	48058	32125	3204	91341	20840
1959	3178	2909	2374	74515	20840
1960	183	936	1834	53411	20840
1961	61	150	1307	31775	20840
1962	21247	27154	2379	57256	20840
1963	974	2338	1554	38475	20840
1964	743	863	1029	18512	20840
1965	2928	4537	636	4801	20840

Values in acre feet

Data from December 7, 2004 CMWD Water Supply and Use Report - Table A4

Table III

Lake Casitas Safe Yield Analysis Applied to 1945-1965 Drought Period and 1966-1980 Recovery Period with Implementation of 5 Stage Conservation Program Chart B-3					
Historical Drought Period	Inflows Robles Diversion	Lake Tributaries	Evaporation Net loss	Lake Storage	Water Use Based on 5 Stage Program
1945	3852	6812	4711	223307	18200
1946	7560	3377	4529	209175	18200
1947	4376	2654	4255	191410	18200
1948	0	48	3901	167017	18200
1949	128	131	3537	143200	18200
1950	506	1378	3145	121399	18200
1951	0	89	2682	98266	18200
1952	25602	27231	3582	126976	18200
1953	1543	2270	2940	107310	18200
1954	2382	3520	2599	96025	14588
1955	128	703	2078	80190	14588
1956	2049	5792	1773	73754	12504
1957	1881	1008	1260	62879	12504
1958	<b>48058</b>	<b>32125</b>	3204	121658	18200
1959	3178	2909	2374	107171	18200
1960	183	936	1834	91868	14588
1961	61	150	1307	76184	14588
1962	21247	27154	2379	104006	18200
1963	974	2338	1554	91176	14588
1964	743	863	1029	77165	14588
1965	2928	4537	636	71490	12504
1966	<b>31256</b>	<b>21289</b>	1387	104448	18200
1967	<b>36125</b>	<b>27285</b>	2437	147221	18200
1968	655	2392	1765	130303	18200
1969	<b>57871</b>	<b>78737</b>	4630	244081	18200
1970	4234	4662	3767	231010	18200
1971	7437	7225	3640	223832	18200
1972	4649	5394	3345	212330	18200
1973	<b>23855</b>	<b>33070</b>	4342	246713	18200
1974	4205	7417	3936	236199	18200
1975	8079	10670	3940	232808	18200
1976	2433	3239	3584	216696	18200
1977	334	1056	3164	196722	18200
1978	<b>56542</b>	<b>73222</b>	5366	238000	18200
1979	9971	11740	4872	236639	18200
1980	<b>13914</b>	<b>38299</b>	4892	238000	18200

Stage 3

Stage 4

Stage 5

1945-1965 data from December 7, 2004 CMWD Water Supply and Use Report - Table A4

Inflows in bold are rainfall years greater than 40 inches at Ojai Station

Evaporation losses 2.5% of storage based on average losses in above reports

Water use 2006-2017 actual from CMWD historic records

Projected water use, 2018-2041, based on CMWD 5 Stage Plan

(Water Efficiency and Allocation Program, June 10, 2015)

**Table V**

Lake Casitas Safe Yield Applied to 1945-1965 Drought Period and a Conservative 1966-1980 Recovery Period with SWP and Implementation of 5 Stage Conservation Program Chart B-6							
Historical Drought Period	Inflows to Lake		Evaporation	Available		5 Stage Plan	
	Robles Diversion	Lake Tributaries	Net loss	SWP	Annual SWP Allotment	Lake Storage	Annual Water Use
1945	3852	6812	4711		60%	223307	18200
1946	7560	3377	4529	0	35%	211515	18200
1947	4376	2654	4255	2000	40%	198090	18200
1948	0	48	3901	2500	50%	178537	18200
1949	128	131	3537	4000	80%	161059	18200
1950	506	1378	3145	3250	65%	144848	18200
1951	0	89	2682	1750	35%	125805	18200
1952	25602	27231	3582	250	5%	157106	18200
1953	1543	2270	2940	1000	20%	140779	18200
1954	2382	3520	2599	3000	60%	128882	18200
1955	128	703	2078	3000	60%	112435	18200
1956	2049	5792	1773	3000	60%	103303	18200
1957	1881	1008	1260	1750	35%	92094	14588
1958	48058	32125	3204	2000	40%	152873	18200
1959	3178	2909	2374	2500	50%	140886	18200
1960	183	936	1834	4000	80%	125971	18200
1961	61	150	2519.42	3250	65%	108713	18200
1962	21247	27154	2174	1750	35%	138489	18200
1963	974	2338	2770	250	5%	121082	18200
1964	743	863	2422	1000	20%	103066	18200
1965	2928	4537	2061	3000	60%	96882	14588
1966	21247	27154	1938	3000	60%	128145	18200
1967	21247	27154	2563	3000	60%	158783	18200
1968	655	2392	3176	1750	35%	142204	18200
1969	21247	27154	2844	2000	40%	171561	18200
1970	4234	4662	3431	2500	50%	161326	18200
1971	7437	7225	3227	4000	80%	158562	18200
1972	4649	5394	3171	3250	65%	150483	18200
1973	21247	27154	3010	1750	35%	179425	18200
1974	4205	7417	3588	250	5%	169508	18200
1975	8079	10670	3390	1000	20%	167667	18200
1976	2433	3239	3353	3000	60%	154786	18200
1977	334	1056	3096	3000	60%	137880	18200
1978	21247	27154	2758	3000	60%	168323	18200
1979	9971	11740	3366	1750	35%	170218	18200
1980	13914	38299	3404	2000	40%	202827	18200

Inflows in bold are rainfall years greater than 5 year events

Stage 3

Stage 4

Stage 5

1945-1965 data from December 7, 2004 CMWD Water Supply and Use Report - Table A4

Evaporation losses 2.5% of storage based on average losses in above reports

Inflows in bold reduced to no greater than 1962

SWP allocations based actual DWR reductions 2006-2017. Ten year period is repeated through 35 year model

Projected water use, 2018-2041, based on CMWD 5 Stage Plan (Water Efficiency and Allocation

Program, June 10, 2015



**Table VII**

<b>Historical Drought and Recovery Period Applied Starting in 2017 with 5 Stage Conservation Program and No Other Action</b> <b>Chart B-8</b>						
Future Years	Historical Drought Period	Flow into Lake			Lake Storage in AF	Casitas Water Use
		Diversion AF	Tributaries AF	Net loss from Evaporation		
2017	1956				84490	
2018	1957	1881	1008	2112	72763	12504
2019	1958	21247	27154	1819	101145	18200
2020	1959	3178	2909	2529	90115	14588
2021	1960	183	936	2253	74393	14588
2022	1961	61	150	1860	62324	10420
2023	1962	21247	27154	1558	94579	14588
2024	1963	974	2338	2364	80939	14588
2025	1964	743	863	2023	67933	12588
2026	1965	2928	4537	1698	63160	10540
2027	1966	0	0	1579	51041	10540
2028	1967	21247	27154	1276	83578	14588
2029	1968	655	2392	2089	72031	12504
2030	1969	21247	27154	1801	100432	18200
2031	1970	4234	4662	2511	92229	14588
2032	1971	7437	7225	2306	89997	14588
2033	1972	4649	5394	2250	83202	14588
2034	1973	21247	27154	2080	111323	18200
2035	1974	4205	7417	2783	101962	18200
2036	1975	8079	10670	2549	103574	14588
2037	1976	2433	3239	2589	92069	14588
2038	1977	334	1056	2302	76569	14588
2039	1978	21247	27154	1914	104856	18200
2040	1979	9971	11740	2621	105745	18200
2041	1980	21247	27154	2644	133303	18200

Stage 3

Stage 4

Stage 5

1957-1965 data from December 7, 2004 CMWD Water Supply and Use Report - Table A4

Projected water use, 2018-2041, based on CMWD 5 Stage Plan

(Water Efficiency and Allocation Program, June 10, 2015)

Inflows based rainfall years no greater than 1962

Losses are 2.5% of each years storage equal to the average losses from total storage in Casitas'

2004 Water Supply and Use Report, Tables 4 and 8

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**Re: ATTORNEY-CLIENT EMPLOYMENT AGREEMENT**

Dear Mr. Nielson and Mr. Hollenbrands:

With the approval of the Board of Meiners Oaks Water District, this letter will constitute an Attorney-Client Employment Agreement ("Agreement") between Meiners Oaks Water District ("you") and Hathaway, Perrett, Webster, Powers, Chrisman & Gutierrez, Attorneys at Law ("the firm").

1. Scope of Employment. The firm's employment would be to represent you as litigation counsel in litigation related to easements affecting your tank farm.
2. Effective Date. This Agreement will not take effect, and the firm will have no obligation to provide legal services, until you provide a signed copy of this Agreement. When it becomes effective, it will be retroactive to the date services were first provided.
3. Legal Fees. My current hourly rate is \$350.00 per hour for time spent on this matter. From time to time, I may use the services of other attorneys or paralegals in our office, their current billing rates range from \$180.00 per hour for paralegals and \$300.00 to \$380.00 per hour

Lindsay F. Nielson, Esq.  
Mike Hollenbrands  
March 15, 2018  
Page 2

for some of our other attorneys and all rates are subject to future adjustment.

4. Retainer Fee. The retainer fee in this matter is \$10,000.00. This firm charges extra for all costs including filing fees, postage, long distance telephone calls, faxing, copying, special mail charges and, where applicable, investigative, accountant and expert consulting fees and court costs. The retainer is refundable.

5. You Will Receive Copies. You will receive copies of all documents and correspondence on a flow basis as they are received or generated by the firm. These documents constitute your file. If you ever need a duplicate of this file, we will provide one on receipt of the duplication costs.

6. Billing Statement: We will send you a monthly statement of account for our fees, costs and reimbursable advances. I maintain time records for each matter. Entries are made for time spent in conferences, telephone calls, review of written materials, travel time, court or related appearances (including waiting time), intra-office conferences among our attorneys and staff, legal research and preparation of correspondence and legal papers. This list is not all inclusive and not all of the items will pertain to your particular matter, but it will give you an idea as to the types of things for which time is spent and for which you will be billed.

It is a general practice of this office to send billings to our clients by the tenth of each month for services performed in the previous month, however, because of the particular circumstances of the matter, one or more months may pass during which no billings are mailed or the fees and charges on your matter is not brought current. For example, it may happen that a matter will conclude in the near future at which time a final billing will be mailed. Thus, the fact that a bill is not mailed each and every month, or that your billing merely refers to a previous balance, does not indicate that services have not been performed or expenses have not been incurred since the last billing.

There is no way to predict the extent of legal services that may be required in any particular matter, and, therefore, I have not quoted you an estimate or a maximum for the total fees and charges which may be billed to you.

It is the policy of our office to accrue interest on past due billings at the rate of one percent (1%) per month, commencing thirty (30) days after the time they become due.

Lindsay F. Nielson, Esq.  
Mike Hollenbrands  
March 15, 2018  
Page 3

7. Obligations of the Client. You will pay for legal services provided, and cooperate fully and provide all information known or available to you that is relevant to this matter.

The firm does not make any promise or guarantee about the outcome of this matter, and your obligation under this Agreement is not contingent in any way on the outcome.

8. Discharge and Withdrawal. Although we expect this Agreement to continue until completion of the subject matter, you may terminate the Agreement at any time. Reciprocally, the firm reserves the right to terminate work and withdraw from the case if you fail to perform the obligations of this Agreement. At the termination of our services, all charges are immediately due and payable.

In addition, the firm may withdraw from representing you with your consent or with good cause. Good cause includes any activity by you that would render continued representation unlawful or unethical. The Hathaway Law Firm does carry malpractice insurance.

HATHAWAY, PERRETT, WEBSTER,  
POWERS, CHRISMAN & GUTIERREZ, P. C.

Dated: March 15, 2018

By:   
GREG W. JONES

We agree and accept this Agreement, a copy of which is hereby acknowledged, on the date set forth below.

MEINERS OAKS WATER DISTRICT

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
MIKE ETCHART, President

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
MIKE HOLLENBRANDS, General Manager