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MINUTES
Mound Basin GSA Special Board Meeting
and Public Budget Workshop
Thursday, July 26, 2018

DIRECTORS IN ATTENDANCE:

Kevin Brown, Vice Chair
Jim Chambers
Conner Everts
Mike Mobley, Chair (arrived at 1:30pm)
Glenn Shephard, Treasurer

STAFF IN ATTENDANCE:

Bryan Bondy, Executive Director
Kris Sofley, Clerk of the Board
Jennifer Tribo, Interim Executive Director

PUBLIC IN ATTENDANCE:

Margo Ferris
Dee Lockwood
Neal Maguire
Tina Rivera, UWCD

- 1. Call to Order 1:17p.m.**
Director Brown called the meeting to order at 1:17p.m., chairing the meeting in Director Mobley's absence.
- 2. Pledge of Allegiance**
Director Brown led the meeting participants in the Pledge of Allegiance.
- 3. Director Announcements**
Director Brown reported that Ventura Water was moving forward on its application for the Bureau of Reclamation grant for funding of a water recycling facility.

Director Shephard reported that the multiple Fox Canyon GMA meetings lasted all day and that it is getting close to concluding its GSPs.

Director Everts reported that he had reached the end of his one year term as Stakeholder Director and, in accordance with the JPA bylaws, would abstain from voting on any action items until he can be re-nominated and reappointed by the Board.
- 4. Public Comments**
Director Brown invited public comments. None were offered.

5. Consent Items [Note that action on this item was delayed until Director Mobley arrived]

Regarding the June 21, 2018 Minutes, Director Chambers asked that the minutes be amended on item 6i, Support Letter for Bureau of Reclamation Assistance, to show that the letter was intended to support the City of Ventura's grant request under the Bureau of Reclamation's Title XVI program, and was not an endorsement of the City's recycled water plan.

Motion to approve the minutes as amended, Director Mobley; Second Director Brown. Voice vote: three ayes (Brown, Mobley, Shephard); none opposed. Director Everts and Director Chambers abstained from voting until their reappointment as Stakeholder Directors.

6a. Long-term Budget and Funding Options Discussion

Director Brown opened the discussion on long-term budget and funding options for the Agency, reminding those in attendance of the preceding meetings and discussions leading up to today's discussion. He noted that the long-term budget spreadsheet had been amended to reflect the Prop 1 DWR grant award and maintain reserves through 2023. He added that groundwater extraction fee of \$15 per acre foot would increase to \$30 per acre foot until 2020, then be reduced to \$27.50 in the second half of 2021 and eventually stabilize at \$16 per acre foot through 2023. He then opened the floor for Board and public discussion.

Bryan Bondy stated that other changes had been made to the long-term budget in addition to the grant reimbursement. He explained that some of the GSA administrative expenses had been duplicated and grant management had been deducted from program administration. Some GSP tasks were factored for completion by 2023 but needed to be completed in 2022, so the work load and expenses had to be shifted to one year earlier. The loans from the County and City will be made later and there is a 10 percent holdback on grant reimbursement until the GSP is submitted. Mr. Bondy also said that reimbursement from the State on expenses covered by the grant typically are not made until the all of the work in that section of the GSP is completed, and the Agency demonstrates that it has covered its cost share for each tasks, then reimbursement kicks in. Removing the proposed monitoring well, which included \$175,000 in grant funding and \$225,000 in cost share, required rebalancing of the budget by \$23,000 to ensure the grant match is met. He said the budget is balanced budget with reserves through 2022, but the changes have resulted in misalignment with the current fiscal year budget, which will need to be reviewed and amended accordingly.

At 1:30p.m., Director Mobley arrived. Director Brown informed Director Mobley that Mr. Bondy had been walking the board through the changes to the proposed budget. Director Chambers added that the budget had been front loaded and the extraction fee was condensed.

Director Mobley asked if Mr. Bondy had factored in the time it takes for the State to reimburse the Agency which causes the deficit to go higher and requires the Agency to bring in more revenue.

Neal Maguire asked if there was a plan or program that would enable the Agency to charge a fee for new well permits and project reviews.

Mr. Bondy responded that routine reviews are included in the budget, but reviews for larger projects would need to be discussed with the Board.

Director Mobley was asked to review the Minutes under the Consent Item. Director Brown said that Director Chambers had asked that the Minutes be amended on item 6i to indicate the Board's letter of support was not an endorsement of the City's plan. The motion was made and a voice vote was taken as indicated in item 5 above.

Director Chambers asked for clarification on the term of the Stakeholder Director positions. Jennifer Tribo said she believed the nomination and appointment had to occur at a Regular Board meeting and that she would check with legal counsel.

6b Schedule Public Hearing to Consider Imposition of Groundwater Extraction Fee

Director Chambers asked if the proposed extraction rate was based on a 10 year average. Director Mobley stated that it was, and that billing would be based on actual use, not estimates, in response to feedback from the Public Workshops.

Director Chambers asked if the Board had set a ratio for agricultural use and city use and would billing be based on projected use or actual use. Director Mobley responded that the M&I rate is the same as the Ag rate and there would be no ratio. Both Directors Mobley and Brown confirmed that rates would be billed on actual use and that bills would be sent out every six months.

Director Brown said the Agency would establish the rate and review every six months in case something needs to be adjusted or in case of operational issues, such as iron and manganese treatment, or if wells are taken offline.

Director Chambers said that Ag doesn't typically have huge variations and what the City does impacts revenue. He asked if the Board would have discussions about the rate or fee every six months or would there have to be workshops.

Director Shephard said the rate applied is the same fixed fee and that it would "true up" and be reviewed and/or adjusted every six months. Director Mobley added that as long as the Agency was meeting its revenue needs the rate would be fixed. Director Brown said that it is a moving target right now and the Agency should "true up" the rate every six months until the GSP takes effect in 2022. He also said that the budget is published every year based on allocations and maintaining operations to get to that figure. Director Mobley said that due to drought conditions, the numbers are low.

Director Mobley then focused the Board's attention on the date of the Public Hearing, August 23, which Ms. Tribo confirmed and stated that she had reserved the Community Room at City Hall for that date.

Director Mobley asked if 1pm was still good for everyone's calendar. Director Brown asked if it was a regular Board meeting and then a Public Workshop. Ms. Tribo responded that the Regular Board meeting, which would include reappointment of Stakeholder Directors, would be held on August 16 and the Public Hearing would take place on August 23.

Director Everts said that he would not be available on August 16, and Director Mobley said that he didn't need to be present, he could be appointed in absentia. Mr. Bondy said he also was unavailable on August 16.

Motion to set the Public Hearing for Thursday, August 23 at 1p.m., Director Brown; Second, Director Chambers. Voice vote: four ayes (Brown, Chambers, Mobley, Shephard); none opposed; one abstaining (Everts). Motion carries 4/0/1.

6c Bylaws Discussion

Kris Sofley reported that the Fillmore Piru Basins GSA had approved its Bylaws with a slight amendment to Article 10, adding that customers could request a refund of overpayment, otherwise overpayment would be carried as a credit on the customers' account. She added that she would send the final version to Mr. Hughes for his review. Mr. Bondy said Section 11.2 under Record Retention Policy needs to be amended to reflect that the Board will be reviewing and adopting a Records Retention Policy and Schedule by December 31, 2018. Section currently cites July 31, 2018. Director Brown asked that the fee language regarding request for refund if overpayment be added to the bylaws. Ms. Tribo suggested not to vote on the Bylaws at today's meeting and bring them back for review in approval in August. The Board agreed to table the discussion of the draft Bylaws until its Regular August Board meeting.

6d Drug Free Workplace Policy

Ms. Tribo reported that the Drug Free Workplace policy was in accordance with Government Code Section 8355 and in an effort to satisfy GSP grant eligibility requirements. She said that the Upper Ventura River GSA had a policy but the Fillmore and Piru Basins GSA did not and since there are currently no employees, it doesn't really apply. Directors stated that it didn't require a discussion. Motion to adopt a drug free workplace policy, Director Shephard; Second, Director Brown. Voice vote: four ayes (Brown, Chambers, Mobley, Shephard); none opposed; one abstaining (Everts). Motion carries 4/0/1.

7. Executive Directors Update

Ms. Tribo updated the Board on a number of outstanding issues. The agency's Conflict of Interest Code has been approved by the County and Ms. Sofley will work to update Form 700 requirements going forward.

Basin Boundary Modification deadline has been extended until September 28. Mr. Bondy recommends that the Agency has the time now to adjust the North boundary to match the aquifer. He said it will take little time technically to adjust that boundary and does not add or detract wells from the Agency's jurisdiction and will save the Agency from having another costly boundary modification at a later date. Director Mobley suggested adding it to the Public Hearing discussion on August 23 and get it finished by the new September 28 deadline.

Ms. Tribo reported that she was hoping the Agency's website would be online and accessible by August 1 and was posting materials for the Public Hearing meeting on both the Agency website and the Mound Basin GSA page on the City of Ventura's website. Ms. Sofley added that she could create a Facebook page for the Mound Basin GSA and also use that to post materials and notice of the Public Hearing.

Nominations and appointments for Stakeholder Directors will take place at the August 16 Regular Board meeting. Director Everts can be appointed in absentia but Ms. Tribo will check with legal counsel to confirm. The Agency may also reappoint Director Chambers, that way both Stakeholder Directors will be active and able to vote at the Public Hearing. Director Shephard confirmed that the appointment of Stakeholder Directors has to occur at a Regular Board meeting.

Regarding the Agency's GSP grant, Ms. Tribo sent the required information to DWR within the 45 day reply period. Mr. Bondy added that the Grant agreement may take between three to six months to receive and once the Agency has signed the agreement, it has to go back to the State for final execution, which could take another month. Mr. Bondy provided a copy of the Grant agreement template to legal counsel for advance review.

The Grant agreement work plan schedule and budget need to be in lock step. At present, the Agency is waiting for feedback from DWR. Director Mobley asked about organizational activities and Mr. Bondy stated that there needs to be a system for documentation of Board time as it relates to the GSP's work scope. At present, it is a matter of getting caught up and then just keeping it up to date.

Director Chambers asked if that only applies to member Directors and Mr. Bondy replied that the cost share applies to all directors. Tina Rivera, CFO for UWCD, added that she had some ideas as to how to do that and Mr. Bondy replied that he thought it best to run it all through the accounting staff at UWCD and would schedule a meeting with her and her staff shortly and that her feedback would be appreciated.

Director Mobley said that Directors should start tracking their time in earnest in 2019. He also said that he was expecting to have a contractor or consultant on board by last quarter of the year, which required an RFP in September, a review of submission in October and finalizing an agreement in November.

Mr. Bondy said that he would like to see how the work splits out between UWCD and a consultant and would like to set that up with Director Mobley. He also said he had questions about the \$50,000 in kind services from UWCD and would like to include that

information in the budget and long term project planning of the GSP. He said it was important that everyone understands prior to the public hearing how much work UWCD was providing through in-kind services versus fees. Mr. Bondy suggest that he and Director Mobley meet with UWCD staff as what work UWCD will perform will also impact the consultant's work schedule.

Director Shephard said that DWR representatives can assist the Agency with regarding to monitoring wells and that grant projects should be shovel ready, real estate acquisitions all lined up, notice of intent, all these are worth considering and he will discuss these with Mr. Bondy, Director Mobley and Director Brown.

The Board adjourned at 2:15p.m. for a 15 minute break before reconvening to open and conduct a Public Budget Workshop at 2:30p.m.

8. **Public Budget Workshop**

Director Mobley called the Public Budget Workshop to order at 2:35p.m. He stated that in CY Jul-Dec 2017, the Agency had no revenue and incurred \$11,000 in expenses. From Jan-Jun 2018, the Agency incurred \$11,900 in expenses and, based on an extraction fee of \$15 AF, showed an estimated income of \$33,000, which would cover expenses through June 2018. The period of Jul-Dec 2018 gets more expensive as the agency begins building reserves of \$25,000 and incurs anticipated expenses of \$115,000 or more, which causes the extraction fee to go up to \$30 AF. Assuming the Agency will receive a loan from the County of \$50,000 and a loan from the City of \$55,000 plus the extraction fees estimated at \$97,500, the Agency would have a six month balance of \$112,000. The Agency would continue to build that up over the next cycle, incurring even greater expenses in Jan – Jun 2019. The \$30 AF estimate is based on 10 year average use, and then the yearly average is cut in half as a best estimate. The Agency will look at extraction numbers and bill in arrears. In the first half of 2019, if expenses are lower or revenue is higher the extraction fee will be reviewed and compared to true/actual and there will be no difference in rates between agricultural and M&I. The next six month cycle is expected to continue the rate of \$30 AF to align revenue and expenses. The grant reimbursement kicks in as the GSP accelerates. Jul – Dec 2019, \$30 AF is a fair estimate and in 2020, the Agency expects to bring the extraction fee down as expenses decrease, to \$27.50 AF, and that rate will be consistent through June 2021. For Jul – Dec 2021, the extraction rate will go down again to \$16 AF and will remain at \$16 AF through 2024. By 2023, grant reimbursement is done.

There is a plan for a monitoring well, estimated to cost about \$400,000, and the Agency will look to get grant funding for at least a portion of that expense. There is grant money available and there is a need for monitoring these areas where no data exists.

Mr. Bondy added that areas towards the River, near the estuary by Olivias Golf Course property, the connection between surface and main aquifers, the hydrology needs to be studied as there are gaps in monitoring.

Margo Ferris said that McLaughlin Ranch has a well near Olivias Golf Course, just across the street. Director Chambers added that it is an active well but not in production. She

asked if it could be used for monitoring. Mr. Bondy said that it depends on the quality, depth and thickness of the aquifer. That three to four zones should be used to gauge groundwater levels and pressure, which direction the water is moving, up or down flows, the nature of the connection and periodical reviews of the quality. New monitoring wells would complement wells that UWCD maintains in areas like Marina Park, Camino Real and Kimball Park and the City's monitoring wells.

Ms. Ferris asked if the McLaughlin well could be used to monitor and Mr. Bondy replied that he couldn't answer the question at this time as there were many variables to consider.

Director Mobley said that originally the grant award was \$751,000, but pulling out the monitoring well would reduce the amount. Mr. Bondy said that there are alternative grant opportunities to help pay for wells and the Agency would be responsible for CEQA, et cetera, but the program is on a first come basis and other basins with higher priorities would get priority.

Director Mobley said that the original \$400,000 monitoring well would have to be completely paid for prior to reimbursement through the GSP grant, which would have driven the extraction fee to nearly \$80 AF.

Ms. Ferris said that even at \$400,000, if you process that over 50 years, or even 10 years. Mr. Bondy added that it would be a long term investment over several decades and it would be owned by either the Agency or one of the member entities. Director Mobley added that a monitoring well is completely different from a production well.

Neal Maguire asked the Board if there could be a Resolution, noticed in advance, that the extraction fee would be augmented for new entities who install new wells, based on the number of years the GSA has been collecting extraction fees. For example, if a new entity enters the GSA five years after the GSP was adopted, they are charged a rate that is 150 percent or 200 percent of the extraction fee until they catch up to the other rate payers investment. Make that a policy of the Agency. The Agency could cap it at 200 percent.

Mr. Maguire then asked a second question, based on Water Code 10730(a) regarding the extraction fee and well permit fee. He asked if another project was reviewed by the GSA, would it be feasible to expect funding for that project be provided by the project applicant, looking to the Agency to specify that fees for the consultant for that project are paid by applicant and not sourced from extraction fees. Differentiating between nature and storage, public and private, but rather all part of the Resolution.

Ms. Tribo said the Public Hearing would be noticed in the newspaper 20 days prior to the meeting date of August 23 and notice as well as supporting documents will be posted on the Mound Basin GSA website.

Someone asked if the Agency anticipated any other projects over the next five years other than the monitoring well.

Mr. Bondy said he didn't anticipated beginning any new projects but based on projections and usage, might incorporate the City's plans for storage or potential projects to meeting anticipated demand.

Ms. Ferris asked if fees would be back billed to January through June 2018 and Director Mobley said he anticipated invoices being sent in September or October at the latest. She then asked if there was a 30 or 60 day period to pay and Director Mobley said the invoices are payable upon receipt and within 30 days to avoid penalties. She then asked if the billing dates would be the same going forward and Director Mobley said that he expects to catch up to the next period more quickly, getting the invoices out for the end of December 2018 in January 2019 and eventually within a month of the end of the billing cycle. Ms. Rivera added that the billing cycle ended June 30, with payments due July 31, plus there is a ten day grace period. Since UWCD is using those statement to factor bills for the Mound Basin GSA customers, she said it would be the end of August by the time they got the Mound Basin GSA bills out; and for the end of year billing, she said invoices would likely be sent out by the end of February, 2019.

Director Mobley reiterated that the billing will be approximately 60 to 90 days behind UWCD so that bills will be based on actual usage and that meter reading days are the same.

ADJOURNED 3:15p.m.

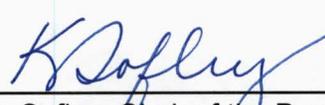
Director Mobley closed the Public Budget Workshop and adjourned the meeting at 3:15p.m.

ATTEST: _____


Director Kevin Brown, Vice Chair/Secretary

I certify that the above is a true and correct copy of the minutes of the Mound Basin Groundwater Sustainability Agency's Special Board of Directors meeting and Public Budget Workshop of July 26, 2018.

ATTEST: _____


Kris Sofley, Clerk of the Board