



MOUND BASIN GROUNDWATER SUSTAINABILITY AGENCY
BOARD OF DIRECTORS MEETING
MINUTES

Thursday, June 20, 2019
at Ventura City Hall, Santa Cruz Conference Room #223
501 Poli Street, Ventura, California 93001

Directors Present

Director Jim Chambers
Director Conner Everts
Director Mike Mobley (arrived at 1:23pm)
Director Susan Rungren
Director Glenn Shephard

Staff Present

Bryan Bondy, Executive Director
Kris Sofley, Clerk of the Board

Public Present

John Lindquist, UWCD
Mark McLoughlin, McLoughlin Ranch
Margo McLoughlin Ferris, MBAWG
Tonril Raymond, McLoughlin Ranch
Craig and Susie Thomas, McLoughlin Ranch

Vice Chair Shephard called the meeting to order at 1:06p.m.

CALL TO ORDER 1:06 p.m.

1. PLEDGE OF ALLEGIANCE

Vice Chair Shephard asked everyone to join him in reciting the Pledge of Allegiance.

2. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

Vice Chair Shephard asked if there were any public comments. None were offered.

3. ROLL CALL

Clerk of the Board conducted a roll call. Chair Mobley was the only Director not in attendance. The other four Directors were present.

4. APPROVAL OF AGENDA

Motion

Vice Chair Shephard asked if there were any changes to the agenda. Executive Director Bondy stated that he'd like to move motion item 8a to later in the agenda in anticipation of Chair Mobley's delayed arrival.

Motion to approve the agenda as amended, Director Everts; Second, Director Chambers. Voice vote: four ayes (Chambers, Everts, Rungren, Shephard), none opposed, one absent (Mobley). Motion carries 4/0/1.

5. CONSENT CALENDAR

All matters listed under the Consent Calendar are considered routine by the Board and will be enacted by one motion. There will be no separate discussion of these items unless a Board member pulls an item from the Calendar. Pulled items will be discussed and acted on separately by the Board. Members of the public who want to comment on a Consent Calendar item should do so under Public Comments. (ROLL CALL VOTE REQUIRED)

5a Approval of Minutes

Motion

Motion to approve the Minutes from the May 16, 2019 Mound Basin GSA Board of Directors meeting, Director Everts; Second, Director Rungren. Roll call vote: three ayes (Chambers, Everts, Rungren); none opposed; one abstained (Shephard, as he was not present at the May 16 meeting); one absent (Mobley). Motion carried 3/0/1/1.

5b Approval of Warrants

Motion

Vice Chair Shephard asked if there were any questions or comments. None were offered.

Motion to approve payment of outstanding vendor invoices, Director Rungren; Second, Director Everts. Voice vote: four ayes (Chambers, Everts, Rungren, Shephard); none opposed; one absent (Mobley). Motion carries 4/0/1.

5c Monthly Financial Reports

Information Item

The Board received a monthly profit and loss statement and balance sheet for the Agency.

6. BOARD MEMBER ANNOUNCEMENTS

6a Director updates on matters not on the agenda.

Director Rungren reported that Ventura's Water Commission will meet on Tuesday, June 25 at 5:30p.m. to discuss the Environmental Impact Report for the State Water Interconnection project in the Community Meeting Room at City Hall. She reported that quite a few comment letters had been received and the Commission will be making a motion to send the report to the City Council on July 22 for certification by the City Council.

Director Chambers asked if the Board could review the report. Director Rungren said she thought he had it confused with another project. Mr. Bondy said Director Chambers may be thinking of the Water Pure project and that the City has confirmed the removal of all Mound Basin mentions from that document and that there no longer is much of relevance to MBGSA. Director Chambers said he was waiting until the report was out and available to the public. Director Rungren said

she hoped to take that to the City Council in September. Director Chambers said he'd like to review the document in time to comment. Director Rungren said the Water Commission had received comments and it would make recommendations to the City Council. Director Everts said the comment period was earlier. Mr. Bondy added that the comment period ended in April.

6b Directors oral reports of time spent on grant eligible activities

None of the Directors had any activities to report. Mr. Bondy reminded the Board that going forward, this is the time during the Board meeting that Directors will report on the time they have spent outside of the board meetings on any grant-eligible activities.

7. EXECUTIVE DIRECTOR UPDATE

Mr. Bondy said he had no updates other than the items presented on today's agenda.

8. ACTION ITEMS (the Action items were taken out of sequence to allow for Chair Mobley's late arrival as indicated in Agenda item 4)

8c. Resolution 2019-01 Establishing a Biennial Audit Frequency

Mr. Bondy explained that an audit for FY 2017-18 is required even though no income was received in that period because the Agency accrued expenses. Based on staff discussions with the auditing firm of Rogers, Anderson, Malody & Scott (RAMS), it has been confirmed that a FY 2017-18 audit is required. Both RAMS and the Agency's legal counsel confirmed that the Board has authority to approve either an annual or biennial audit. Staff recommended a biennial audit based on the fact of the Agency's limited income and expenses and for the cost savings combining the audits would provide. Staff notified the County of the Agency's planned decision and the County did not object. Mr. Bondy added that the audit cost was estimated at \$10,000 if conducted separately, but revised to \$8,560 if combined in a biennial audit.

Vice Chair Shephard asked if there were any questions or public comments. None were offered.

Director Everts made a motion to approve Resolution 2019-01 establishing a biennial audit frequency for the agency; Seconded by Director Chambers. Voice vote: four ayes (Chambers, Everts, Rungren, Shephard); none opposed; one absent (Mobley). Motion carries 4/0/1.

8d. Approve Change in Scope for Auditing Services

Motion

Mr. Bondy reported that by establishing the biennial audit for the Agency, staff was able to negotiate a new contract amount with the auditing services vendor. The new total authorization for completing the biennial audit for FY 2017-18 and FY 2018-19, and including the filing of the FY 2018-19 State Controller's report is \$8,650.

Vice Chair Shephard asked if there were any questions or comments. None were offered.

Chair Mobley arrived at 1:23 p.m. Mr. Bondy advised Chair Mobley that Action items 8a and 8b had been delayed to receive the full vote of the Board and brought him up to speed on the current motion item before the Board.

Motion to approve an amount not to exceed \$8,650 for auditing of the FY 2017-18 and FY 2018-19 accounts and records and preparation of the annual State Controller's Report, Director Rungren; Second, Director Everts. Voice vote: five ayes (Chambers, Everts, Mobley, Rungren, Shephard); none opposed; none absent. Motion carries unanimously 5/0/0.

8e. Resolution 2019- 02 Modifying Agency Bylaws – Disbursement Approval Procedures

Mr. Bondy advised the Board that this Resolution was to address a recommended change to the Agency's bylaws regarding disbursement approval procedures. He said that since it is likely that the Board will not be meeting every month, this change would continue to allow for monthly payment of vendor invoices. Mr. Bondy would review vendor invoices before presenting those invoices to the Board for approval and, the second change would allow for flexibility to approve disbursements between Board meetings by allowing disbursements to be approved by the Treasurer and Board Chair or Vice Chair. The modification also calls for all check disbursements to require dual signatures, one of which is the Treasurer and the second to be the Board Chair or Vice Chair. In order to adopt Resolution 2019-02, Mr. Bondy reminded the Board that it must unanimously approve a waiver of the 30 day written notice period required for Agency Bylaw amendments, as provided for in Article 13.1 of the Agency bylaws.

Chair Mobley asked if there were any need for further discussion by the Board. No response was made. Director Chambers stated that he thought this was an important step to keep things moving forward.

Chair Mobley asked if there were any public comments. None were offered.

Motion to approve Resolution 2019-02 to modify the Agency's disbursement approval procedures contained in Section 7.1 of the Agency's Bylaws, Vice Chair Shephard; Second, Director Rungren. Roll call vote: five ayes (Chambers, Everts, Mobley, Rungren, Shephard); none opposed, none absent. Motion carries unanimously 5/0/0.

8a. Proposed FY 2019-20 Budget and Extraction Fee Discussion Motion

Mr. Bondy addressed the Board stating that, compared to last August, the five-year worksheet had a couple of changes based on the shift to accrual accounting methods. He said that in the final grant agreement, DWR removed the monitoring well but kept the funds in the grant. As a result, staff have listed the former monitoring well funds as both an expense and a revenue in the, so it's a net zero effect. Another change was the reclassification of the Agency's chart of accounts, which previously had grant tasks listed as expenditures. Those tasks will now be tracked as billing classifications across a given budget line item. In-kind labor is now included in both the expenses and revenues and, to be conservative, Board member in kind labor revenue is assumed to be zero for budgeting purposes. The legal services budget was reduced due to lower than anticipated billings by Agency

counsel. Audit costs are now included and half of FY 2023-24 has been added for a full five year projection. Actual and projected extraction fees are shown at top of the multi-year projection and projected extraction fees are in line with the August 2018 projection, except fees for the last two semi-annual periods have been reduced by \$2 per acre-foot. At the bottom of page two, projected net income is up by \$150,000, and it is appropriate for the Agency to have that balance as Mr. Bondy said he is not sure if the monitoring well will be funded by DWR under the Technical Support Services program. He said that FY 2020-21 cash flow gets low but still is above the \$25,000 reserve and staff will watch as we go forward to manage the pace of work.

Mr. Bondy said just to clarify, he is asking the Board to adopt the FY 2019-20 Budget as of July 1, 2019. The five year projection is in support of the Board's adoption of a new extraction fee. The Board has two options – one is to adopt the extraction fee for a single year or adopt the fee based on the five year projection, establishing a maximum fee and the Board will have the ability to adjust up to the maximum each year. That way the Board will be able to update the fee based on actual finances at that time. It depends on what feels right for the Board.

After a prolonged discussion, which included questions from the public in attendance regarding outstanding invoice from previous billing cycles, the Agency's process for following up with late payers and non-reporters, a member of the public inquired about the possibility of the rates being reduced if revenues significantly exceeded projected expenses and Mr. Bondy said yes, that was possible.

The Board then agreed to establish rates on an annual basis due to concerns about uncertainty in future pumping volumes. Mr. Bondy requested that the Board include a \$20,000 increase in the GSP consultant services in the FY 2019-20 Budget due to anticipated additional expenses that may be incurred for the isotope study. Mr. Bondy and Mr. Lindquist provided further background on the anticipated additional isotope study costs. Mr. Bondy asked for two separate motions from the Board members. The first motion is to approve the FY 2019-20 Budget including an additional \$20,000 in the GSP consultant line item. The second motion is to direct staff to schedule a Public Hearing as part of the July 18 regular board meeting to consider adoption of a new groundwater extraction fee.

Director Chambers said it was important to have projections, especially with such a range of pumping. Mr. Bondy said staff would revise the groundwater extraction fee setting to occur annually. Chair Mobley added that, maybe in the future, when the Agency has a better idea of pumping projections, it could establish groundwater extraction fees for a longer period of billing.

Ms. Gorospe asked for clarification on if the Board would be adopting a \$35/\$30 extraction fee; or adopting \$30 for FY 2019-20. Mr. Bondy said that first fee was based on the adopted FY 18/19 budget, and two billing cycles had already passed. Again, Ms. Gorospe clarified \$35 for FY 2018-19. Mr. Bondy said a single year budget with the fee invoiced for the year and the Board would set a new fee before the third cycle invoice. Vice Chair Shephard suggested the Board hold the fee through the FY 2019-20 budget and the Board could continue the discussion for

the next budget cycle, projecting fees next June and set extraction rates for July. Director Chambers agreed stating that it made sense to take that approach.

Chair Mobley asked if there were any additional public comments. None were offered

Motion to approve the FY 2019-20 budget including a \$20,000 addition to the GSP consultant line item, Director Everts; Second, Director Chambers. Roll call vote: five ayes (Chambers, Everts Mobley, Rungren, Shephard); none opposed, none absent. Motion carries unanimously 5/0/0.

Motion to schedule a public hearing for to consider adoption of groundwater extraction at the July 18 Mound Basin GSA Board meeting, Vice Chair Shephard; Second, Director Everts. Roll call vote: five ayes (Chambers, Everts, Mobley, Rungren, Shephard); none opposed; none absent. Motion carries unanimously 5/0/0.

8b. Reappointment of Stakeholder Directors

Motion

Mr. Bondy reminded the Board that appointment of Stakeholder Directors requires the unanimous vote of the Member Directors. To that end, he reported that MBAWG members had reappointed Director Chambers as its representative to the Mound Basin GSA Board and that, similarly, the Nature Conservancy, on behalf of the Santa Clara River Groundwater Environmental Committee Members, had reappointed Director Everts as its representative to the Mound Basin GSA Board.

Chair Mobley asked if there were any questions or need for discussion. None were offered. Chair Mobley asked if there were any public comments. None were offered.

Motion to reappointing Jim Chambers as the Agriculture Stakeholder Director and Conner Everts as the Environmental Stakeholder Director for a new one-year term beginning August 2019 and concluding in August 2020, Director Rungren; Second, Vice Chair Shephard. Voice vote: three ayes (Mobley, Rungren, Shephard); none opposed; none absent. Motion carries unanimously 3/0/0

9. INFORMATION ITEMS
NONE

10. FUTURE AGENDA ITEMS

Public Hearing on the Establishment of Groundwater Extraction Fees

ADJOURNMENT 2:10p.m.

Chair Mobley adjourned the meeting at 2:10p.m. to the next **Regular Board Meeting** on Thursday, **July 18, 2019** or call of the Chair.

I certify that the above is a true and correct copy of the minutes of the Mound Basin Groundwater Sustainability Agency's Board of Directors meeting of June 20, 2019.

ATTEST: 
Susan Rungren, Board Secretary

ATTEST: 
Kris Sofley, Clerk of the Board