



SPECIAL Board of Directors Meeting and Budget Workshop
Monday, June 24, 2019
City Council Chambers, Fillmore City Hall
250 Central Avenue, Fillmore, CA 93015

MINUTES

Directors Present

Director Kelly Long, Chair
Director Ed McFadden, Vice Chair/Secretary/Treasurer
Director Gordon Kimball
Director Candice Meneghin

Directors Absent

Director Lynn Edmonds
Director Glen Pace

Staff Present

Anthony Emmert, executive director
Wayne Lemieux, legal counsel
Kris Sofley, clerk of the board

Public Present

Margie Bartels
Bobby M., MVP Farms
Kenny Rogers
George Reid
Steve Zimmer

1. Call to Order 4:01p.m.

Chair Long called the Special Board Meeting to order at 4:01p.m. She asked Vice Chair McFadden to lead the group in the Pledge of Allegiance.

2. Pledge of Allegiance

Vice Chair McFadden led the Board and public in reciting of the Pledge of Allegiance.

Chair Long then opened the discussion of the Agency's proposed FY 2019-2020 Budget and groundwater extraction rates for the July through December 2019 and January through June 2020 billing cycles.

3. Discussion of Proposed FY 2019-20 Budget for the FPB GSA and Proposed Groundwater Extraction Rates for the same period.

Motion

Mr. Emmert began the discussion by reporting the members of the ad hoc committee had met with staff earlier this day to review the proposed budget and extended cash flow projections worksheet for the years ahead. He reported that the monitoring well expenses were fairly close to what had been budgeted and that the time UWCD staff has invested in extending the groundwater model to the Fillmore and Piru basins will count as matching funds towards the grant award, as well as the time DBS&A have invested in the GSP development to date. These efforts and expenses are being reported to DWR in accordance with the Agency's \$1.5 million dollar grant award. The Agency also issued \$380,000 in credits for pumping fees billed (and collected) as a result of adopting groundwater extraction rates after the billing cycle dates.

Mr. Emmert said that letters to new rate payers, advising them of the boundary modifications of the FPB GSA and approval from DWR, and not yielded any responses to date. UWCD technical staff may be called upon for field reports, confirming the existence of wells in these areas and whether or not they are in use. David Ceppos of Sac State is working with DBS&A on the Agency's Stakeholder Outreach plan. The District's expansion of the groundwater model will be completed in the next fiscal year, and all the deliverables promised by UWCD and DBS&A are on track with the GSP effort. Two monitoring wells are being explored, one at the Fillmore and Piru boundary and another at the Fillmore Santa Paula boundary. The cost of the wells have not been included in the FY 2019-2020 budget, but will be in the next fiscal year budget. Staff plan to keep overhead low, as actuals have been lower than budgeted last year. Everything is on track with regard to complying with State and SGMA director to devise GSPs for each basin.

The Agency is responsible for a 25 percent match for the maximum \$1.5 million grant award from DWR. Two monitoring wells have been proposed to study basin to basin flows. Staff is maximizing in-kind technical services and continues to monitor cash flow which may require a small reduction in expenditures to keep on track. Current groundwater extraction rate of \$8.50 per acre foot may need to be increased to \$12 per acre foot, as the Agency has not received a reprieve on the scheduled tasks and deadlines. Expenses for the current year, and a little cash for monitoring wells next fiscal year, may create a need for cash at the end of this year due to a cash flow shortage, but may be able to be addressed with a short term borrowing agreement. Budget can accommodate site for two wells and staff is examining good locations for geology and procurement of well drillers about this time next year. Chair Long asked if a loan amount had been determined. Mr. Emmert said it was estimated to be between 500,000 to 600,000 but

could be less. Chair Long asked if that amount was for one or two monitoring wells. Mr. Emmert said it was the estimated cost of one well driller, who would drill one well and then another but would invoice for both wells at once. Director Meneghin asked if it were possible to get another grant for the construction of the well. Mr. Emmert said if the Agency didn't have cash flow issues, it could be done sooner. Raising fees from \$8.50 per acre foot to \$25 per acre foot seemed unacceptable, which is why staff is seeking a short term assist, which would be preferred. Staff explored all of the options and came up with the \$12 acre foot fee for FY 2020-21, which would likely pay off the loan and then the Agency would be able to drop the assessment as grant money begins coming in. Chair Long asked about interest. Mr. Emmert said the budget should be sufficient and interest on a balance of \$312,000 would still be able to leave enough in the budget to make loan payments with interest in this fiscal year. Next year at this time, the Agency could issue debt then award the drilling contract. Chair Long asked if the approved budget for calendar year 18, if the third and fourth quarter figures were realistic. Erin Gorospe said that the figures are still estimates but they should be fairly close. Director McFadden said that this is one of several budget reviews since last Thursday's meeting and staff had to move fast to get figures in place.

Legal counsel advised the Board that the Agency is required to provide 20 days for public review as well as two weekly notices during that same time period.

Mr. Emmert said this lines up with the July 18 Regular Board meeting. Chair Long said that billing on July 1 would be at \$8.50 per acre foot then would go up to \$12 per acre foot after the meeting. She then asked if the Agency doesn't get a loan for the wells, does the rate go from \$8.50 an acre foot to \$25 an acre foot? Mr. Emmert answered that the agency is looking to raise all the money this fiscal year. Chair Long responded that she liked the option of NOT going to \$25 per acre foot. Director Kimball added that the final cost share is only \$200,000 but the agency has to meet the cost share first before reimbursement. Director Meneghin asked how much would the loan amount be and Mr. Emmert said at the very minimum there would be a \$300,000 balance at the end of the fiscal year and the Agency would need at least an extra \$300,000 as it isn't prudent to zero out the fund balance. The Board would need to approve of the concept and the budget.

Mr. Emmert continued saying that if the Agency couldn't get the loan, in addition to the \$12 per acre foot groundwater extraction fee, the Agency had the option to ask for an amendment to the grantee (DWR) to remove one of the monitoring wells from the plan or to seek other funding to construct the second well. This is a small organization and is still relatively new, both of which work against us. The grant agreement is finished, and there has been some revenue to demonstrate fiscal abilities.

Director Kimball said that \$600,000 from the grant pays off the loan. Director McFadden said the current to higher assessment, is that in the timeline to finish and within

guidelines of schedule for grant qualifications. Mr. Emmert said the State instituted SGMA; provided grant, and experienced grant manager and the hard stop on the January 2021 basin deadline for GSP. It can't be stretched out beyond that and it would be a shame to return funding.

Chair Long said the Agency can't back date rates; the plan covered what was behind and it is unfortunate that in trying to be transparent and keep things were we are we need to keep rate until projects are completed, then drop the rates going forward from there.

Mr. Emmert said that is correct. That as the work tasks get lighter, especially after the initial GSP is submitted, rates can be much less and the information only needs to be updated every five years. Director Kimball asked if some work can be done after the DWR review. Mr. Emmert said that DWR will ask questions or seek clarification. Director Kimball said that the last budget, one year in, the estimates of total expenses were less than what was submitted in the grant application. He said \$2.7 million for whole process and a year and a half later, the total estimated is less than \$2.3 million and the rate has gone up. He said the Board may be able to get the work done at a lesser amount adding that no one wanted to have to raise rates. Director McFadden added that the Board needs to maximize the grant; get every penny and make sure it covers more than half of the budget. Director Meneghin said the board needs to pursue grants and more estimates for wells. Director McFadden said if there are additional grants, then the budget would be adjusted. Chair Long said the rates can be changed as long as there is 20 days' notice, to which legal counsel agreed.

Ms. Gorospe clarified that January through June 2019 would be at \$8.50 per acre foot, the period between July 1 and budget and rate adoption would be at the same \$8.50, then adjusted after July 18.

4. Public Comments

Chair Long asked if there were any public comments. Margie Bartels addressed the Board, saying she had a couple of concerns. She wanted to clarify her understanding that the increase assessment, \$12 per acre foot, wouldn't go down and that she wouldn't be able to pay a \$25 per acre foot assessment. In reviewing the budget, the largest expense is for the GSP consultant, some \$242,000, which looks like it is for one person, why is that so high.

Director McFadden explained that it is actually a team of consultants, and Chair Long said the scope of work for the consultants is available for review online. Ms. Bartels asked if that fee couldn't be reduced, or could the Agency get a bigger loan. She said the burden should not be placed on the well owners. Chair Long said the Board doesn't want to go to \$25 per acre foot. Director McFadden said the Board could widen the time line or work with outside financing. Director Kimball said the agency could also drop one of the wells. Ms. Bartels said she saw the rate drop \$8 from \$12 to \$4 but she doesn't

believe that will ever happen. Director McFadden reminded Ms. Bartels that three of the Board members as well as the City of Fillmore will also assessment payers. Chair Long added that the Board doesn't want to move scale higher, which is why lower rates were initially established. She encouraged staff to see if the Agency could get a loan to offset price to well owners. She also said the GSP consultant doesn't have to spend all the money in the budget and is striving to lower costs as much as possible. Director Kimball said that this is all new and nobody really knows what it actually costs, and DWR keeps changing its requirements. Ms. Bartels asked if the Board could secure a loan before increasing rates. Director Kimball said that worst case scenario, the Agency could drop the monitoring well and give back the \$300,000 in grant funding to the State. He said the Agency has about a year to find a loan or other grant money for the well construction. Director McFadden said the Board wants to get it right the first time.

Kenny Rogers, another member of the public, addressed the Board. He said he is a farm manager in Santa Paula and Piru and that he has a lot of trust in the Board and encourages them to keep their thumb on the consultants and drilling operations. Director Kimball said there was \$25,000 budget for easements to secure well sites and other additional costs which would impact the rate assessment. Mr. Rogers said he appreciates the possibility of going from \$12 to \$4 per acre foot and that he hopes the Board is right about that. He added that as ratepayers, they are holding the Board accountable and don't want to spend extra money if they don't have to.

Director Kimball said that the State has mandated sustainability, which benefits everyone. What it will take to be sustainable and have a secure water supply is still a work in progress. Mr. Rogers said he's amenable to purchasing water and hopes to have the best of both worlds, and just wants to make sure it doesn't get messed up. Chair Long thanked him for his comments and invited him to join the workshop.

Motion to receive and file public comments and staff reports and delay action on the proposed assessment and budget approval until after the public has had time to review, Director McFadden; Second, Director Kimball. Voice vote: four ayes (Kimball, Long, McFadden, Meneghin); none opposed; two absent (Edmonds, Pace). Motion delayed to next Regular Board meeting.

At 4:46p.m., Chair Long adjourned the meeting to the Budget Workshop.

Mr. Emmert again presented the Board's activities of the past year, including its appointment of three member directors and three stakeholder directors; the adoption of Bylaws and a Conflict of Interest Code; grant application and award of \$1.5 million with a 25 percent matching requirement; budget projections; scope of work for GSP development and securing a qualified GSP consultant at a fair price. The detailed scope of work and 12 member team of DBS&A demonstrates a strong understanding of the basins as well as water usage and data collection.

Erin Gorospe and Anthony Emmert have concluded the first grant report and invoicing, which is due on August 5. The State has approved the GSA's basin boundary modifications and when one pumper was not able to pay the assessment, the Board considered what was fair and reasonable and issued adjustments and credits to the other rate payers so that all rate payers were treated equally. The Agency has undertaken very significant stakeholder outreach and done its best to engage pumpers, property owners, ag and M&I users, et cetera.

UWCD staff is extending its groundwater model which is not a direct charge to the agency but is able to use that labor and time as a match for grant funding. Staff is mapping geology, digitizing data and Dr. Sun is producing a model that should be ready to go in spring 2020.

DBS&A team in analyzing a tremendous amount of data provided by the County and UWCD and other sources and is working to identify data gaps and how to overcome those gaps. They have taken the rough draft numerical groundwater model and major stakeholder outreach effort to avoid SGMA's six deadly sins. And overall, the Fillmore and Piru basins are far more sustainable than neighbors by the coast.

For the financing of construction of monitoring wells it may be easier to secure commercial loan or interagency funding. The Board recognizes Ms. Bartels point and is trying to spread out costs to keep rates at \$8.50 per acre foot, at least until the loan is paid back in full, and then it may be possible to reduce the rate. If a site for a monitoring well is donated or made available at a very affordable price, assessments will be addressed accordingly.

Chair Long reiterated that the Agency had secured a \$1.5 million grant award; had initially assessed a \$8.50 per acre foot groundwater extraction fee, which now needs to be increased to \$12 per acre foot but in 2021, will be reduced to \$4 per acre foot providing short term loans and grants are secured to cover monitoring well construction costs.

Mr. Emmert said Board and community input is invaluable and staff will take direction; post the budget on the Agency's website; publish notices twice in local newspapers before the July 18 Regular Board meeting and will be available to answer questions and will continue to refine detailed estimates for both the budget and groundwater extraction rates.

Chair Long asked if there were any other comments or considerations.

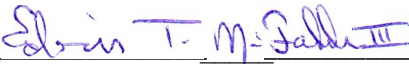
Director Meneghin asked about the pumper who couldn't pay the assessment.

Mr. Emmert said the main problem was that the Agency didn't have an extraction fee in place for the period it was billing and that DWR said the Agency couldn't do that, so that is why the Agency is now holding legal public hearing including proper notice of fee being effective as of July 18, 2019.

Director Meneghin asked if additional grants were secured, would that lower the assessment. Mr. Emmert said that could be done. Chair Long added that the Board wants to help the public understand the budget and be totally transparent in its process.

5. ADJOURNMENT 5:09p.m.

Chair Long adjourned the meeting at 5:09p.m. to the next Regular Board Meeting on Thursday, July 18, 2019 or call of the Chair.

ATTEST: 
Edwin T. McFadden, Vice Chair, FPB GSA Board of Directors

I certify that the above is a true and correct copy of the minutes of the Fillmore and Piru Basins Groundwater Sustainability Agency's Special Board of Directors meeting and Budget Workshop of June 24, 2019.

ATTEST: 
Kris Sofley, Clerk of the Board



SPECIAL BOARD MEETING

June 24, 2019 @ 4:00pm

City Council Chambers, Fillmore City Hall

250 Central Avenue, Fillmore, CA 93015

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