



SPECIAL Board of Directors Meeting
Thursday, March 28, 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 Lynn Edmonds
Director Gordon Kimball
Director Candice Meneghin
Director Glen Pace

Staff Present

Anthony Emmert, executive director
Steve O'Neill, legal counsel
Kris Sofley, clerk of the board

Public Present

Erin Gorospe, United Water Conservation District (UWCD)
Tony Morgan, Daniel B. Stephens & Associates (DBS&A)

1. Call to Order 5:05 p.m.

Chair Long called the meeting to order at 5:05p.m.

2. Pledge of Allegiance

Chair Long asked everyone to join her in reciting the Pledge of Allegiance

3. Public Comments

Fillmore and Piru Basins Groundwater Sustainability Agency (Agency) will accept public comment concerning agenda items only during the agendized Public Comment period, in accordance with Government Code Section 54954.3. In accordance with Government Code § 54954.3(b)(1), public comment will be limited to three (3) minutes per speaker per issue.

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

4. Discussion of FPB GSA billing periods and collection policy regarding groundwater extraction fees.

Motion

Mr. Emmert addressed the Board, reminding them of the Board's March 26, 2018, adoption of Resolution 2018-02 establishing groundwater extractions rates and commencing billing periods that covered July 1, 2017 through December 31, 2017 and January 1, 2018 through June 30, 2018.

He recalled that, prior to adopting Resolution 2018-02, the Agency had held stakeholder budget workshops and engaged constituents in the discussion of extraction rates and billing cycles and that the pumpers' base and associations had all been part of this process.

He also stated that the Agency had secured a short term loan from the County and in-kind services from UWCD and was awarded a \$1.5 million Proposition 1 grant for development of the Agency's groundwater sustainability plans for the Fillmore and Piru basins.

He then said that, in reviewing the State's Water Code and the Sustainable Groundwater Management Act, the Agency's legal counsel determined that the Agency should credit the assessment fees collected for pumping that occurred before the March 26, 2018 adoption of Resolution 2018-02 and amend the language in Resolution 2018-02 to commence the GSA's billing period on March 26, 2018. He stated that, should the Agency adopt Resolution 2019-01, the revised first billing period would be March 26, 2018 through June 30, 2018. He said that the July 1, 2018 through December 31, 2018 would remain unchanged.

Mr. Emmert reported that the Agency collected approximately \$379,000 for pumping that occurred during the period July 1, 2017 to March 26, 2018. He said that accounting staff would go back over its past billings and issue full credit for the period of July 1, 2017 through December 31, 2017 and a pro-rated credit for the period of January 1, 2018 through March 26, 2018, based on the six-month invoice amount, which covered January 1, 2018 through June 30, 2018. These credits will be reflected on customer statements and invoices for the period of July 1, 2018 through December 31, 2018, which are currently being prepared for ratepayers.

Chair Long reiterated that ratepayers would receive a credit from the Agency for fees collected for the period of July 2017 through December 2017 and January 2018 through March 2018, and that those credits would possibly extend over two billing cycles, until the credit amounts were exhausted. The recent rains and weather conditions have reduced some ratepayers pumping amounts, which is why Chair Long wants to be sure that the credit is extended until it is exhausted.

Director Kimball also expressed concerns regarding ratepayers who may have sold their properties during this time, and asked that a reimbursement of fees collected be issued to those who have sold their property. He also said that in the case of lessees or agricultural operators, it could be tricky to determine who the credit should be issued to and if staff is unable to locate the lessees or agricultural operators, the credit should go back to the property owner.

Chair Long asked about ratepayers who may request a cash refund, could the Agency afford to issue cash refunds. Mr. Emmert said the Agency shouldn't offer to give a cash refund, but rather carry the credits, which would help the Agency maintain a positive cash flow. He added that the Agency can't legally refuse a refund request, but issuing credits should be encouraged.

Director Pace asked about the legal aspect of this decision. Mr. O'Neill said that the current Resolution 2019-01 amends the language of the previous rate-setting Resolution 2018-02, and while it recognizes the Board's previous actions when it approved the rate. He suggested that the implementation of the credit should begin with notification that the Board has adopted Resolution 2019-01 and authorized the issuance of credit for the first full billing period and pro-rated credit for half of the second billing period.

Chair Long asked if the credits would be divided into two billing cycles or would the full credited amount simply be applied to the next billing cycle invoices. She then suggested there be two line items on the new statements/invoices, clearing showing what the ratepayer in being charged for the current billing cycle and the amount of credit being issued for the previous billing periods. Ms. Gorospe then said that late fees were another line item and asked if the second half of the billing period, during which late fees were assessed, if the late fees should be pro-rated. Chair Long and Director Kimball said the invoice was still paid late, so late fees should still apply.

Ms. Sofley suggested that staff should devise boiler plate language to explain the credit, so that if anyone asks, we are all explaining the credit in the same manner to minimize confusion. Mr. O'Neill added that the effective date, by law, would be March 26, 2018. Director Kimball said a credit for the first three months of 2018 would cover the half assessment through March 26, 2018.

At 5:23p.m., Directors McFadden and Meneghin arrive and apologize for their late arrival.

Chair Long gave the Directors a quick update on the discussion to this point, explaining that Resolution 2019-01 restates the adoption of the groundwater extraction rate and simply removes the "commencing July 1, 2017" from the language of the resolution with the remainder of the resolution being the same. She stated that charges for the period of July 1, 2017 through December 31, 2017 and January 1, 2018 through March 31, 2018 would be credited back to the ratepayers, that late fees would also be credited and that if the current billing cycle amounts were less than the credits applied to each ratepayer, the remaining credit would roll over to the next billing cycle. If a pumper requests a cash refund, the Agency will oblige and staff will track property owners, lessees, et cetera to insure credits are given to the correct party. And lastly, staff will craft a boiler statement explaining the reason for the credit.

Director Pace asked if the Agency had cash on hand in the event that everyone requests a refund. Mr. Emmert reported that \$140,650 in credit would remain on the books after the first credit amount is applied to current invoices for the July 1, 2018 through December 31, 2018 billing period (totaling \$251,159), but that the Agency does not have adequate cash on hand to pay-out refunds to all pumpers, at this time. Chair Long asked about the payment habits of ratepayers and Ms. Gorospe said the majority of ratepayers submit payment within the first six weeks of receiving their invoices from the Agency. Director Pace said of that \$140,000, he would guess that half would not ask for cash back. Director McFadden said farmers are thrilled to get a credit.

Director McFadden asked about how does this would impact the Agency's cash flow two years out, and Mr. Emmert responded that it brings a cash crunch sooner than expected. He said that Agency staff and DBS&A staff would look to see how the work plan could be amended to minimize the cash flow issue, and would also have to check with the DWR grant manager. He stated that one opportunity to reduce cash flow needs would be to either push-off the construction of the monitoring wells, with a current cost estimate of \$800,000 and which requires a 25 percent match from the Agency up-front, or remove them from the grant scope of work. Mr. Emmert stated that there is also an opportunity to request that DWR construct the monitoring wells itself, and that the Mound Basin Groundwater Sustainability Agency has requested that of DWR.

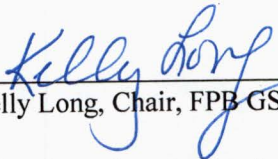
Chair Long asked about the writing of the letter of credit notification and Mr. Emmert said it would be a basic paragraph stating that the Agency was issuing a credit for this specific period and if ratepayers have any questions, they should contact..." He said he would keep it really simple and would use language legal counsel provided.

Chair Long asked about reviewing the budget for the next year and Director Kimball said it should be done soon. Mr. Morgan said that he will work with Mr. Emmert and staff to update cost estimates and will roll that information into the budget. Mr. Emmert said he would appreciate that. Director Pace added that every year the Board needs to see where it is at financially so that it uses realistic numbers in its budget. Chair Long asked when the budget process would begin and Mr. Emmert said very soon. He said he didn't think he'd have a budget available by the April 18 meeting, as he needs to work with accounting staff to issue the credits, revise the work plan, and revise cash flow estimates. Chair Long said that the Agency needs to have a Board discussion first, then the stakeholder workshop, stating "We want to make sure the Board reviews the budget first, then we'll have the workshops." Director McFadden agreed, stating that the Board needs to work out the kinks first and not in front of the pumpers. Director Pace said he would have a discussion with his pumpers' association members and bring information back to the Board at its April 18 meeting. Chair Long asked for a motion adopting the resolution. Motion to adopt Resolution 2019-01, Director McFadden; Second, Director Pace. Voice vote: six ayes (Edmonds, Kimball, Long, McFadden, Meneghin, Pace); none opposed. Motion carries unanimously.

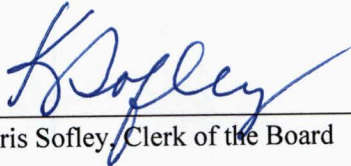
5. ADJOURNMENT 5:50 p.m.

The Board was adjourned to the next **Regular Board Meeting** on Monday, **April 18, 2018** or call of the Chair.

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ATTEST:  _____
Kelly Long, 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 of March 28, 2019.

ATTEST:  _____
Kris Sofley, Clerk of the Board



SPECIAL BOARD MEETING

March 28, 2019 @ 5:00pm

City Council Chambers, Fillmore City Hall

250 Central Avenue, Fillmore, CA 93015

Name: Tom Moran
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