



OJAI VALLEY SANITARY DISTRICT

A Public Agency

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MINUTES OF SPECIAL MEETING OF BOARD OF DIRECTORS OJAI VALLEY SANITARY DISTRICT

The Special Meeting of the Ojai Valley Sanitary District Board of Directors was held at the District Office, 1072 Tico Road on May 2, 2011. The meeting was called to order by Chairman Baggerly at 6:00 p.m. roll call taken as follows:

DIRECTORS PRESENT: George Galgas
Peter M. Kaiser
Russ Baggerly
Stan Greene
William C. Murphy
William D. O'Brien
John R. (Randy) Burg

DIRECTORS ABSENT: None

STAFF PRESENT: John R. Correa, General Manager
Brenda Krout, Clerk of The Board
Ronald E. Sheets, Operations Superintendent
Jan Steenberg, Information Technology Officer
Bradshaw Pruitt, Treatment Plant Supervisor
Mark Chauvel, Collection System Supervisor

OTHERS PRESENT: Mark Zirbel, District Legal Counsel

3. **Pledge of Allegiance**
Chairman Baggerly lead the pledge of allegiance.
4. **Additions or amendments to the Agenda (Special Meeting None Permitted)**
None

5. **Public Concerns** (items not on the agenda - three minute limit).

This is an opportunity for members of the public to speak on items not on the agenda.

Diane Spence, Mira Valley Mobile Home Park resident, addressed the Board urging them to not increase sewer service rates, explaining that she is elderly, lives alone and has a limited income.

Merle Pitman, Ojai Villa Mobile Home Park resident, addressed the Board requesting that they do not increase sewer service rates and that any raises planned for the employees in the coming year be eliminated. Mr. Pitman explained that this is the third year in a row that millions of people on social security have not received an increase. Mr. Pitman stated he has not received the letter from the District explaining when and where the flow study of the mobile home parks will occur.

The following District residents submitted a Comment Card to the Board expressing their support of no increase in the sewer service rate and no increases for District employees:

- Connie Biggers, 158 La Plazz Ojai
- Don Williams, 1202 Loma Dr. # 48 Ojai
- Chett Norton, 1273 S. Rice Rd. #61 Ojai
- Kent Butler, 1273 S. Rice Rd. Ojai
- Susie Rivers, 550 N. Donna Oak View
- Shirley Palmer, 293 Barbara St. Oak View
- Frances Rogers, 1202 Loma Dr. #5 Ojai
- Leonard Rogers, 1202 Loma Dr. #5 Ojai
- Viera Kendig, 1273 S. Rice Rd. #16 Ojai
- L. Tyler Nelson, 1273 S. Rice Rd. #24 Ojai
- Charlene Norton, 1273 S. Rice Rd. #61 Ojai
- Joan Coffelt, 1202 Loma Dr. #122 Ojai
- Elizabeth Cole, 1273 S. Rice Rd. #12 Ojai
- Norma Lamb, 1273 S. Rice Rd. #19 Ojai
- Frances McBratney, 1 Don Antonio Way Ojai
- Betty Pitman, 180 Don Antonio Way Ojai

Chairman Baggerly passed the comment cards around for all the Directors to read.

6. **Review of Preliminary Budget for Fiscal Year 2011/12**

Mr. Correa reviewed the preliminary budget noting that the most significant change from the current fiscal year's budget is the recent early pay-off of the State Revolving Fund loan which lowered the District's annual debt issue payments by approximately \$1.3 million. This early pay-off was accomplished through an internal loan from the Treatment Plant Replacement Reserve; the first

payment on this internal loan is planned in this budget to be \$500,000. Mr. Correa explained that staff recently completed a thorough review of the financial needs of each of the replacement reserves; this budget reflects proposed increases in the contributions to these reserves as a result of staff's review.

Chairman Baggerly explained to the public that the preliminary budget presented is based on no increase in the current sewer service rate.

The balances, financial needs and the amount of the annual contributions to the reserves were discussed. It was noted that the proposed total amount of the annual contributions to the replacement reserves is approximately \$230,000 less than staff's review indicated they should be.

Directors Murphy and O'Brien expressed their support of funding the reserves to the appropriate level. Making cuts in the Operations Budget to increase the contribution to the reserves was discussed.

Director Greene stated that cutting the Operations Budget comes with a risk; the Board needs to determine the level of risk they are willing to assume.

Directors Burg and Kaiser voiced their support of reducing the Operations Budget.

Chairman Baggerly stated he does not support taking funds from the Operations Budget to fund the reserves for future spending; he suggested moving the funds from the Treatment Plant Upgrade Reserve into the Treatment Plant Replacement Reserve.

Director Greene stated he feels District employees and the Board always strive to save money wherever possible; he suggested the budget remain as presented and following the close of that fiscal year, if unexpended funds are identified, then move these funds into the appropriate replacement reserve.

Chairman Baggerly expressed his opinion that the District consistently ends the fiscal year 5 to 6 percent under budget; consequently, Chairman Baggerly suggested the presented budget be lowered by a similar percentage.

It was discussed that a mid-year adjustment could be an option if the budget is lowered right now but some accounts end up needing additional funds later in the year.

ACTION

Upon motion of Director Kaiser, seconded by Director Murphy and passed by a majority 5 to 2 roll call vote, with Directors O'Brien and Baggerly voting nay, staff was directed to reduce the Operations Budget by 5.5 percent and to utilize these funds to increase the contributions to the replacement reserves to the levels identified as appropriate; staff was authorized to present to the Board a budget adjustment request at mid-fiscal year if some expenses exceed the budgeted amounts due to extraordinary conditions.

Prior to the vote on the preceding motion Director Murphy emphasized that he wants to make sure that employees' salary and benefits are a part of the cost reductions.

The Board discussed various other issues surrounding, affecting or potentially affecting the budget. Chairman Baggerly cautioned that the Board cannot continue to take funds from the Operations Budget to grow the reserves.

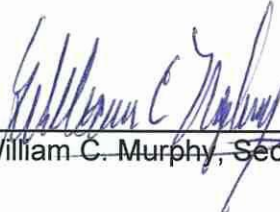
ACTION

Upon motion of Director Greene, seconded by Director Kaiser and duly passed staff was directed to make the approved modifications to the preliminary budget and bring the budget back to the Board for final approval.

Mr. Pitman addressed the Board stating that since wages are 48 percent of the budget, 5 percent should be cut in this area.

7. **Adjournment**

Chairman Baggerly adjourned the meeting at 7:41 p.m.



William C. Murphy, Secretary

APPROVED:



Russ Baggerly, Chairman