

Crestview MWC Board Meeting Materials

January 23, 2024

Minutes of the Meeting
of the Board of Directors of
Crestview Mutual Water Company
December 19, 2023

1. Convened Public Meeting

The meeting was called to order by President Frank Mezzatesta on Tuesday, December 19, 2023, at 5:30 p.m. for an in-person meeting at the Hampton Inn, 50 W. Daily Drive, Camarillo, CA 93010.

Attendance and Quorum

Directors Present: Frank Mezzatesta – President
Alma Quezada – Vice President
Laurie Bennett – Treasurer
Steven Muro – Secretary

Director Via Teleconference: Dave Stephenson – Director

Staff/Counsel Present: Durrell McAdoo – Water System Superintendent
Ann DeMartini – Business Consultant
Lauri Marino – Office Manager

1. Shareholders Public Forum

Roger Chittum complimented and thanked the Board for working hard, scheduling extra meetings, and doing solid work for the Company. Mike Rolls and Chris Ono concurred.

2. Minutes

The minutes of the special and regular meeting and Executive Sessions of the Board of Directors of November 14, 2023 and November 28, 2023 were presented. On a motion made by Director Alma Quezada and seconded by Director Laurie Bennett, the Board unanimously approved following:

Resolved, that the minutes of the special and regular meetings and the Executive Sessions of the Board of Directors of November 14, 2023 and November 28, 2023, be accepted as presented.

3. Annual Shareholders Meeting

Director Frank Mezzatesta indicated that he would like the Annual Meeting to be scheduled in Mid-March. Discussion ensued; the preferred date for the Annual Meeting is between March 15 and April 15, 2024. The venue must accommodate up to 150 people at the lowest cost possible, the same audio people can be used, and the same election official can be contracted. It was discussed that the Board meet in an open meeting to determine the best means to deliver information to the Shareholders. On a

motion made by Director Steven Muro, seconded by Director Laurie Bennett, the Board unanimously approved the following:

Resolved, that Staff will reserve a venue, an audio professional, and an election official at a venue that will accommodate at least 150 people, keeping price in mind, for an Annual Meeting to be held between March 15, 2024 and April 15, 2024.

INFORMATION ONLY

4. Water Superintendent's Report – Information Only

Durrell McAdoo reported that Wells 4 and 6 produced 133.53 acre-feet of water out of a groundwater allocation of 717.42 acre-feet. Operations staff installed a pressure chart at the repaired transfer main, and after 3 hours it held at 99 psi. Operations staff is conducting a water loss survey, since 2023 had a higher-than-normal loss. On November 13, 2023, a leak was reported on Cerro Crest Drive and subsequently repaired; approximately 215,000 gallons of water was lost. Superintendent McAdoo discussed the process of complying with the Lead and Copper Rule in 2024.

5. Business Consultant's Report – Information Only

Ann DeMartini reported that she reviewed all the minutes from 2020 to present to help plan recurring items and operational schedules. A kickoff meeting with MKN Engineering study was completed. The first meeting of the Las Posas Valley Policy Advisory Committee was held at Calleguas MWD. A Watermaster Fee implementation was discussed for 2024. At this time, it looks to be about \$64 per acre-foot of Crestview's total historical allocation rather than usage. This fee, which is initially set at \$49,915 annually, was not budgeted for FY2024. This fee can be as high as \$200 per acre-foot. The semi-annual groundwater extraction statement was filed on time by December 1, 2023. Ms. DeMartini will work with staff to continue to streamline the company's operations and work on policies, procedures and the employee handbook to meet 2024 rules. Crestview will be running at a deficit if water rates are not increased. The budget will be carefully monitored throughout the year. Southern California water agencies are predicting about 22 inches of rain to fall in Los Angeles.

6. Treasurer's Report – Information Only

The November financial statements were presented, with explanatory notes. Director Laurie Bennett, Treasurer noted the minimum reserve cash balance of \$200K was resolved at a prior meeting. Most comparable companies have 6-8 months of cash reserves. \$1 million is a better goal as a minimum cash balance to consider based on our normal expenses. No further questions were received from those in attendance.

7. President's Report – Information Only

Director Frank Mezzatesta, President, reported that a system tour was provided to the engineering firm conducting the well site study, with Ann DeMartini and Superintendent McAdoo participating in visiting the potential well sites.

8. Adjournment

On a motion made by Director Alma Quezada, seconded by Director Steven Muro, and approved unanimously, the regular meeting was adjourned at 6:26 p.m.

Call to Order – Executive Session at 6:35 p.m.

1. Executive Closed Session

The Board in Executive Closed Session discussed the following matters:

- Personnel Matters – A motion was made and unanimously approved to schedule a pilot “*lunch and learn*” meeting at the Crestview Office for Company Staff.
- Well #7 Site Selection – No decisions were made; nothing to report.
- Third-Party Contracts – No decisions were made; nothing to report.

2. Adjournment of Executive Session

On a motion made by Director Laurie Bennett, seconded by Director Frank Mezzatesta and approved with unanimously, the Executive Session was adjourned at 8:26 p.m.

Shareholders in Attendance:

Chittum, Roger
Ono, Christopher
Rolls, Mike

Submitted by,

Lauri Marino – Office Manager

Approved by,

Steven Muro – Secretary

Frank Mezzatesta – President

BOARD OF DIRECTORS STAFF REPORT

TO: CRESTVIEW BOARD OF DIRECTORS
FROM: DURRELL P McADOO, SUPERINTENDENT
TOPIC: WATER SYSTEM SUPERINTENDENT'S REPORT
DATE: JANUARY 23, 2024

Recommendation: To receive and file the monthly Water System Superintendent's report. For informational purposes only.

Background/Analysis: Below is a list of activities and conditions that Staff encountered associated with the Crestview water system since the last Board Meeting.

Well 4 is currently standby mode due to rising concentrations of Manganese in our samples. Well 6 is able to meet water demands for the district, as demands are low. Due to water quality complaints, selective flushing of dead ends in the system has begun.

Crestview has been mandated by SB552 to implement the following drought measures, some of which we already have in place. We are not compliant with the 2 listed.

- 1 – Provide adequate backup power supply, to ensure continuous ops during power failures
 - 2 – Crestview will need to have at least 1 backup source of water supply or inter-tie to meet average daily demands in the system. This supply must meet water quality requirements.
- There are dates assigned to each of these measures for Crestview to be compliant.

Crestview staff is currently undergoing a system-wide lead and copper survey to verify what piping materials are coming off the meter and going into the house. This is a Federally-directed study; there is a mandated completion date of October 16, 2024. Staff will be conducting a 3-point verification, if possible, to gather the best information.

Crestview Mutual Water Company	December 2023		%	FY 2024	Budget	Reason for Variance	PY December 2022	
	Actual	Budget					Variance	Budget
December 2023 Profit and Loss								
Water Sales in Acre Feet	43.379	29.715	46%			Less rain, sold more water	27.967	55%
Water Production in Acre Feet	45.720	30.604	49%				28.805	59%
Percent water loss	5%	3%				Industry standard water loss	3%	
Water Sales (Note 1) and Service Fees	82,119	73,069	12%	1,517,522	1,435,403	Less rain, sold more water	59,476	38%
Interest and Other Income	3,677	3,400	8%	40,800	37,123	Interest earned higher than expected	2,053	79%
Total Revenue	85,796	76,469	12%	1,558,322	1,472,526		61,529	39%
Power - Note 2	165	8,488	-98%	174,346	174,181	Power invoice not available yet	12,166	-99%
Other Operating Costs	2,995	11,767	-75%	141,199	138,204	Less Repairs than budgeted	33,171	-91%
Employee Related Costs	46,272	47,146	-2%	565,750	519,478		24,445	89%
General Insurance	2,194	2,925	-25%	35,100	32,906	New policy expected to be more	2,535	-13%
Taxes, Permits and Licenses	10,304	6,022	71%	72,260	61,956	Timing differences	10,622	-3%
General and Administrative Costs	11,697	16,018	-27%	192,210	180,513	Less expense than anticipated	19,711	-41%
Legal and Accounting Services	0	9,325	-100%	111,900	111,900	Less expense than anticipated	20,663	-100%
Total Costs	73,627	101,691	-28%	1,292,765	1,219,138		123,313	-40%
Depreciation	15,370	15,370	0%	184,443	169,073		15,370	0%
Loss on Sale of Asset	0	0		0	0		(3,732)	-100%
Capital Improvement Projects	0	22,130	-100%	265,557	265,557	No outlays to report	0	0%
Total Costs - Note 2	88,997	139,191	-36%	1,742,765	1,653,768	Lower Professional and Outside Svc	142,415	-38%
Excess(Loss) Revenues over Expenses	(3,201)	(62,722)		(184,443)	(181,242)		(80,886)	
Excluding Depreciation	12,169	(47,352)		0	(12,169)		(65,516)	

Note 1 - Budgeted Water sales are based on amount needed to zero budget.

Note 2 - Estimated total costs are estimated at 24% under budget with unbilled items related to December such as power costs estimated at \$16,550

December 2023 Balance Sheet

Assets	12/31/23	12/31/22	Change	% Change	Reason for Variance
Cash and Cash Equivalents - Note 3	1,280,557	2,596,283	(1,315,726)	-51%	Paid off loan, '22 loss affected reserves
Accounts Receivable	178,117	87,606	90,511	103%	Less rain, more sales
Other Current Assets	42,549	84,245	(41,696)	-49%	Decrease in "Due from CMWD" \$42K
Restricted Cash	200,000	200,000	0	0%	
Net Fixed Assets	4,095,098	4,176,714	(81,616)	-2%	
Total Assets	5,796,321	7,144,848	(1,348,527)	-19%	Effect of paying off loan and '22 loss
Liabilities and Equity					
Accounts Payable	55,103	95,118	(40,015)	-42%	Less operating expenses from PY
Other Current Liabilities	55,903	171,951	(116,048)	-67%	Paid off loan and more accrued pension
Long Term Liabilities (Loans)	0	896,904	(896,904)	-100%	Paid off loan, now debt free
Total Liabilities	111,006	1,163,973	(1,052,967)	-90%	
Equity	5,685,315	5,980,875	(295,560)	-5%	
Total Liabilities and Equity	5,796,321	7,144,848	(1,348,527)	-19%	Effect of paying off loan and '22 loss

Note 3 - About \$750K is held in a sweep acct earning 1.5% int. \$225K is in a high yield saving at 5.1%. We have a \$250K open LOC with Banc of California