



AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS

**CARPINTERIA VALLEY WATER DISTRICT
1301 SANTA YNEZ AVENUE, CARPINTERIA CALIFORNIA
WEDNESDAY, MAY 19, 2010 AT 4:00 P.M.**

BOARD OF DIRECTORS

*Frederick Lemere, President
June Van Wingenlen, Vice President
Robert R. Lieberknecht
Matthew T. Roberts
James W. Drain*

GENERAL MANAGER
Charles B. Hamilton


- I. Call To Order And Pledge Of Allegiance, President Lemere.**
- II. Approval Items**

****Minutes of May 12, 2010 Board meeting.**
- III. Public Forum (Any person may address the Board of Directors on any matter within its jurisdiction which is not on the agenda.)**
- IV. Director Reports**
 - A. ACWA/JPIA Spring Conference May 3 -7, 2010, Director Lieberknecht.**
 - B. Rate & Budget Committee meeting May 6, 2010, Directors Drain and Roberts.**
- V. Old Business**
- VI. New Business**
 - A. Consider proposed Paredon Project's possible risk to Carpinteria Groundwater Basin, including possible use of hydraulic fracturing by Venoco.**
 - B. Consider authorizing the General Manager to a issue time and material work order to Whitaker Contractors Inc. for a not to exceed amount of \$60,000 for water and related construction activities on Rancho Monte Alegre (RMA), paid for by the owners RMA.**
 - C. **Consider possible Edgewood Reorganization resulting in annexation to Carpinteria Valley Water District and de-annexation from Montecito Water District.**
 - D. Consider COMB Lateral meter failure, District options, and status of discussions with Montecito Water District.**

1301 Santa Ynez Avenue
Carpinteria, CA 93013
(805) 684-2816
Fax (805) 684-3170

**Indicates attachment of document to agenda packet.

- E. Consider City of Carpinteria water rates in light of District's recorded El Carro Well easement and now defunct lease agreement with the City.**
- F. CLOSED SESSION: PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a), EXISTING LITIGATION, CARPINTERIA VALLEY WATER DISTRICT ET AL vs. PENFIELD & SMITH ENGINEERS ET AL; SANTA BARBARA SUPERIOR COURT CASE NUMBER 1303752.**
- VII. Consider Date and Items for Agenda next regular Board meeting held on May 26, 2010 at 5:30 p.m. in the Carpinteria City Hall Council chamber, 5775 Carpinteria Avenue, Carpinteria.**
- VIII. Adjournment**



_____ *Charles B. Hamilton, Secretary*

Note: The above Agenda was posted at Carpinteria Valley Water District Administrative Office in view of the public no later than 4:00 p.m., May 14, 2010. The Americans with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied benefits of, the District's programs, services, or activities because of any disability. If you need special assistance to participate in this meeting, please contact the District Office at (805) 684-2816. Notification at least twenty-four (24) hours prior to the meeting will enable the District to make appropriate arrangements.

Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Carpinteria Valley Water district offices located at 1301 Santa Ynez Avenue, Carpinteria during normal business hours, from 8 am to 5 pm.

If a person challenges the actions of the Board of Directors in court, said person may be limited to raising only those issues raised by said person or someone else at the public hearing described in the public notice, or in written correspondence delivered to the Board of Directors at, or prior to, the public hearing.

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
CARPINTERIA VALLEY WATER DISTRICT**

May 12, 2010

President Lemere called the regular meeting of the Board of Directors of Carpinteria Valley Water District to order at 5:32 p.m. Wednesday, May 12, 2010, held in the Carpinteria City Hall Chamber, and led the Board and others present in the Pledge of Allegiance.

Directors Present: Lemere, Drain, Van Wingerden, Roberts, Lieberknecht

Directors Absent: None

Others Present: Charles Hamilton

Norma Rosales

Mark Manion

Bob McDonald

Alex Keuper

Dave Moore

David Morris

Susan Allen

Vera Bensen

Miguel Checa

Morgan Hoover

MINUTES

Following discussion, Director Van Wingerden moved and Director Lieberknecht seconded the motion to approve the minutes of the April 21, 2010 Board meeting. The motion carried by a 5-0 vote.

PUBLIC FORUM

Dave Moore, Miguel Checa and Vera Bensen addressed the Board on the subject of the Pardon Project related to possible effects on the Carpinteria Groundwater Basin. David Morris expressed concern about legal representation by Price Postel and Parma of Venoco and also the Carpinteria-Summerland Fire Protection District and the Carpinteria Valley Water District.

**CACHUMA
CONSERVATION
RELEASE BOARD**

Director Lieberknecht presented an oral report about the Cachuma Conservation Release Board meeting held on April 26, 2010.

**CACHUMA
OPERATION AND
MAINTENANCE
BOARD**

Director Lieberknecht presented an oral report about the Cachuma Operations and Maintenance Board meeting held on April 26, 2010. Director Roberts requested a status report on the negotiations between the Bureau of Reclamation and the County of Santa Barbara on the renewal of the recreation contract for Lake Cachuma.

**HISTORICAL USAGE
BASED WATER RATE
STRUCTURE
PRESENTATION**

Dr. Alex Keuper presented an overview of the District's uniquely individualized usage based water rate structure. Director Lieberknecht suggested that his presentation would be a good one for the Association of California Water Agencies.

**WHITAKER
CONTRACT FOR
CONSTRUCTION OF
WATER AND
RELATED
FACILITIES TO
SERVE RANCHO
MONTE ALEGRE**

Following an introduction by General Manager Hamilton, and discussion, Director Drain moved and Director Lieberknecht seconded the motion to extend the Whitaker contract for construction of water and related facilities to serve Rancho Monte Alegre (RMA), paid in full by the owners of RMA, until June 15, 2010. The motion carried by a 5-0 vote.

**AWARD OF
CONTRACT FOR
WELL DRILLING
SERVICES FOR EL
CARRO WELL AND
PIPELINE PROJECT**

Following a presentation by District Engineer Bob McDonald, and discussion, Director Drain moved and Director Van Wingerden seconded the motion to award a contract for well drilling services for the El Carro Well and Pipeline Project in the amount of \$1,094,240. General Manager Hamilton noted that the District was also receiving \$2 million in Proposition 50 grant funds for this Project. The motion carried by 5- 0 vote.

**AWARD OF
CONTRACT FOR
LANDSCAPE
ARCHITECTURAL
SERVICES FOR EL
CARRO WELL AND
PIPELINE PROJECT**

Following a presentation by Mr. McDonald, and discussion, Director Lieberknecht moved and Director Drain seconded the motion to award contract to Van Atta Associates in the amount of \$8,500 for landscape architectural services for the El Carro Well and Pipeline Project. The motion carried by a 4-0-1 vote, with Director Roberts abstaining.

**RESOLUTION
NUMBER 902
ESTABLISHING A
MONEY MARKET
AND A CHECKING
ACCOUNT FOR THE
REFUNDING
REVENUE OF
CERTIFICATES OF
PARTICIPATION
SERIES 2010A**

Following a presentation by Business Manager Norma Rosales, and discussion, Director Roberts moved and Director Lieberknecht seconded the motion to adopt Resolution Number 902 To Establish a Money Market and a Checking Account for the Refunding Revenue of Certificates of Participation (COPs) Series 2010A. Roll call on Resolution No. 902 resulted in approval as follows:

Ayes: Lemere, Drain, Van Wingerden, Lieberknecht, Roberts
Nays: None
Absent: None

**RESOLUTION
NUMBER 904
AUTHORIZING
INVESTMENT OF
BOND PROCEEDS IN
THE LOCAL
AGENCY
INVESTMENT FUND**

Following a presentation by Ms. Rosales, and discussion, Director Roberts moved and Director Drain seconded the motion to adopt Resolution Number 904 Authorizing Investment of Bond Proceeds in the Local Agency Investment Fund.

Roll call on Resolution No. 904 resulted in approval as follows:

Ayes: Lemere, Drain, Van Wingerden, Lieberknecht, Roberts
Nays: None
Absent: None

**RESOLUTION
NUMBER 903
DECLARING**

Following a presentation by Dr. Alex Keuper, and discussion, Director Roberts moved and Director Lieberknecht seconded the motion to adopt Resolution Number 903 Declaring Certain Property Surplus and Authorizing

**CERTAIN PROPERTY
SURPLUS AND
AUTHORIZING SALE
BY SEALED BID**

Sale by Sealed Bid.

Roll call on Resolution No. 903 resulted in approval as follows:

Ayes: Lemere, Drain, Van Wingerden, Lieberknecht, Roberts

Nayes: None

Absent: None

**DATE AND AGENDA
ITEMS FOR NEXT
MEETING**

Director Roberts requested the matter of Venoco's Paredon Project and possible risks to the Carpinteria Groundwater Basin be agendized for the next meeting. The next scheduled Board meeting will be a regular Board meeting held on May 19, 2010, at 4:00 p.m. in the Board meeting room at 1301 Santa Ynez Avenue

**CLOSED SESSION:
PURSUANT TO
GOVERNMENT
CODE SECTION
54956.9 (a) EXISTING
LITIGATION**

President Lemere convened the Board in closed session at 6:32 p.m. pursuant to Government Code Section 54956.9(a), existing litigation, Carpinteria Valley Water District et al vs. Penfield & Smith Engineers et al; Santa Barbara Superior Court Case Number 1303752. Mr. Lemere reconvened the Board in open session at 7:02 p.m. and reported that the Board had given direction to District counsel.

ADJOURNMENT

President Lemere declared the meeting adjourned at 7:02 p.m.

Charles B. Hamilton, General Manager/Secretary

LAFCO

Santa Barbara Local Agency Formation Commission

105 East Anapamu Street ♦ Santa Barbara CA 93101

805/568-3391 ♦ FAX 805/647-7647

www.sblafco.org ♦ lafco@sblafco.org

April 19, 2010

TO: Distribution List

SUBJECT: **Possible Detachment of Territory from the Montecito Water District and
Concurrent Annexation to the Carpinteria Valley Water District
(Edgewood Reorganization)**

I am writing to notify you, as required by Government Code Section 56700.4, that our office has received the enclosed notice of intention to circulate a petition to initiate proceeding to detach territory from the Montecito Water District and concurrently annex that territory to the Carpinteria Valley Water District.

The notice of intention states "The reasons for the proposal are to place agricultural properties within a water district whose rate structure recognizes and accommodates agricultural uses. The intended petitioners own parcels engaged in agricultural pursuits and the Carpinteria Valley Water District is more oriented towards agricultural uses. The reorganization would benefit the affected property owners and the affected local agencies.

Please contact our office if you have any questions.

Sincerely,



BOB BRAITMAN
Executive Officer

Distribution List:

Cachuma Resource Conservation District
Carpinteria Cemetery District
Carpinteria-Summerland Fire Protection District
Carpinteria Valley Water District
County of Santa Barbara – Attn: Michael Brown, County Executive
Montecito Water District
Summerland Sanitary District

PATRICK M. NESBITT

April 5, 2010

Bob Braitman
Executive Officer
Santa Barbara LAFCO
105 East Anapamu Street
Santa Barbara CA 93101

Subject: **Notice of Intention to Circulate Petition**

Dear Mr. Braitman

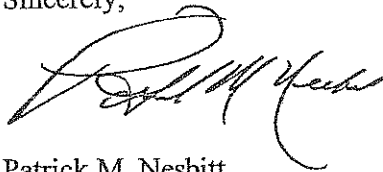
Notice is hereby given of the intention to circulate a petition pursuant to Government Code Section 56700.4 proposing to initiate a reorganization of district boundaries.

Entitled the Edgewood Reorganization, this proposal will concurrently annex territory to the Carpinteria Valley Water District and concurrently detach such territory from the Montecito Water District.

The reasons for the proposal are to place agricultural properties within a water district whose rate structure recognizes and accommodates agricultural uses. The intended petitioners own parcels engaged in agricultural pursuits and the Carpinteria Valley Water District is more oriented towards agricultural uses. The reorganization would benefit the affected property owners and the affected local agencies.

If you have any questions regarding this proposal, please contact the undersigned proponent of the proposed reorganization.

Sincerely,



Patrick M. Nesbitt
205 Lambert Rd.
Carpinteria, CA 93013

310.877.2011 (M)
805.695.0141 (O)
pnesbitt@whospitality.com

205 Lambert Road
Carpinteria, California 93013
Telephone: (805) 695-0141 Facsimile: (805) 695-0522

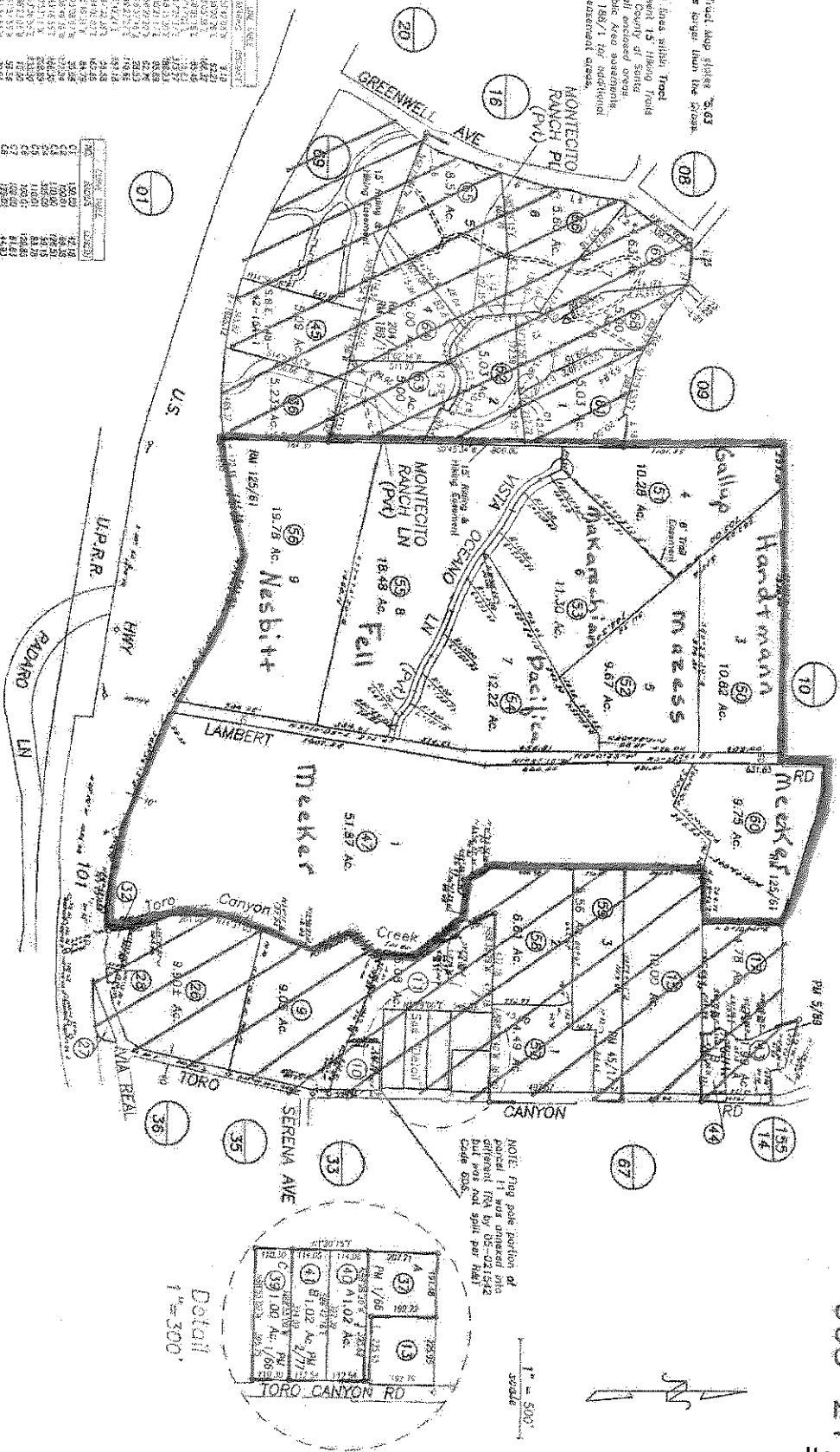
Exhibit "A"

POR. PUEBLO LANDS

005-21

Item# VI D
Page# 3

Note: Dashed lines within Tract 14,290 represent 1/4 Acre Tracts dedicated to County of Santa Barbara. Small enclosed areas represent Public Tree Reservations under the Act 1880/1 for agricultural open space statement cases.



Tract No.	Area (Ac.)	Value
1	1.00	100.00
2	1.00	100.00
3	1.00	100.00
4	1.00	100.00
5	1.00	100.00
6	1.00	100.00
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12/20/2007 R.M. Bk. 204, Pg. 1-21, Tract 14,290 (Amended)
 11/12/2002 R.M. Bk. 188, Pg. 1-20, Tract 14,290
 02/28/1984 R.M. Bk. 125, Pg. 61-65, Tract 13,033

Assessor's Map Bk, 005-Pg, 21
 County of Santa Barbara, Calif.

LD/08
 Assessor's Map Bk, 005-Pg, 21
 County of Santa Barbara, Calif.

Detail
 1" = 300'

DRAFT 051310

A PETITION OF LANDOWNERS INITIATING PROCEEDINGS FOR A REORGANIZATION: ANNEXATION TO THE CARPINTERIA VALLEY WATER DISTRICT AND DETACHMENT FROM THE MONTECITO WATER DISTRICT (Edgewood Reorganization)

The undersigned, by their signatures hereon, petition the Santa Barbara Local Agency Formation Commission for approval of a proposed reorganization and stipulate as follows:

1 This proposal is made, and it is requested that proceedings be taken, pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000, commencing with section 56000 of the California Government Code.

2. This proposal is for a reorganization consisting of:

- A. Annexation to the Carpinteria Valley Water District
- B. Detachment from the Montecito Water District

3. Boundaries of the territory are shown on the map set forth as Exhibit A attached hereto and by reference incorporated herein.

4. It is desired that the proposal be subject to the following terms and conditions:

(A) Payment of a \$450,000 deposit by~~Transfer from~~ the Montecito Water District to the Carpinteria Valley Water District for the purpose of funding the replacement by Carpinteria Valley Water District ownership of the existing waterline adjacent to Lambert Road from the South Coast conduit turnout to the existing Montecito Water District Pressure Reducing Station just north of Via Real Road.

(B) All water payments due and owing the Montecito Water District will be paid by the affected property owners up to and including the date the properties are detached from the District. Thereafter water payments for these properties will be made to Carpinteria Valley Water District.

~~(C) The Montecito Water District be obligated to replace at its sole cost and expense, and not later than three years from the date this Reorganization is recorded, the existing waterline adjacent to Lambert Road from the South Coast conduit turnout to the existing Montecito Water District Pressure Reducing Station just north of Via Real Road and connect to the existing lines servicing petitioners' properties.~~

5. The purpose of the reorganization is to place agricultural properties within a water district whose rate structure recognizes and accommodates agricultural uses including those as shown on Exhibit "A" identified as Edgewood.

Formatted: Indent: First line: 0"

6. It is request that LAFCO amend the Spheres of Influence of the affected water districts to allow the proposed reorganization.

7. The persons signing this petition have signed as landowners.

8. The following persons (not to exceed three) are designated as chief petitioners to receive copies of the notice of hearing and the Executive Officer's Report on this proposal at the addresses shown:

Patrick M. Nesbitt
205 Lambert Rd.
Carpinteria, CA 93013
Pat.Nesbitt@WCGHotels.com

Frank Michaelson for Pacifica Graduate School
7 West Figueroa Street
Santa Barbara, CA 93101
frank@msmlaw.com

Bill Meeker
368 Lambert Rd.
Carpinteria, CA 93013
wmeeker@cox.net

Wherefore, petitioners herewith affix signatures as follows:

Signature and date	Print Name	Address
	Patrick Nesbitt	2800 Via Real Carpinteria, CA
	Pacifica Graduate School c/o Frank Michaelson	249 Lambert Carpinteria, CA
	Richard & Marilyn Mazess	255 Lambert Rd. Carpinteria, CA
	Janet Handtmann	333 Lambert Rd. Carpinteria, CA
	Bill Meeker	368 Lambert Rd. Carpinteria, CA
	Hady Makarachian	Vista Oceano
	Gary Gallup	2700 Vista Oceano Carpinteria, CA
	Bob Fell	2709 Vista Oceano Carpinteria, CA

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 8-D

DATE: APRIL 20, 2010

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER

**SUBJECT: PROPOSED MWD/CVWD SERVICE BOUNDARY REORGANIZATION
UPDATE**

This item was reviewed by the Operations Committee at their meeting on April 14, 2010 and the Committee concurs with the staff recommendation.

RECOMMENDATION:

The Board of Directors, at their meeting on March 16, 2010, provided staff with input in regard to the proposed MWD / CVWD service boundary reorganization affecting the lower portion of Lambert Road. The following alternatives have been developed in response to this Board input:

1. Allow and agree to the reorganization of the MWD and CVWD service boundaries as petitioned by others to LAFCO, subject to MWD having no further operational and financial obligations for the detached service area including water service operation and maintenance and/or the pipeline and appurtenances replacement and/or modifications. This option will include the receipt of signed releases from all property owners.
2. Find that the current classifications of the Edgewood Ranch properties are in accordance with the classification definitions of Ordinance 90 and that these properties will remain within the MWD service area subject to their current classifications, rates and charges.
3. Make available non-potable well water at the "managed water" price, for the property owners to blend at their own expense and possibly also charge the owners for the development of a dedicated non-potable distribution system.
4. Edgewood properties will remain in the MWD service boundary and District staff will re-examine the type of water use on several properties to determine if they would qualify for another classification. District to return groundwater rights to each property subject to property owners signing an indemnification and hold harmless agreement for all past, present and future claims and to indemnify and defend the District from claims by those property owners not signing the full release.

Alternatives removed by the Board included proposed reorganization of the MWD and CVWD service boundaries with MWD paying for all or part of operations and maintenance and/or pipeline and appurtenances replacement, or of keeping the Edgewood Ranch area in the District and drafting a new classifications ordinance to conform the properties to the agricultural classification.

DISCUSSION/BACKGROUND:

As the Board is aware, this section of Lambert Road being considered for the MWD / CVWD service boundary reorganization encompasses nine properties within Edgewood Ranch that can be served by the Lambert Road South Coast Conduit lateral installed by the District in 1996. These properties are typically large open spaces with three of the properties agriculture, five single-family residential (large equestrian operations) and one institution. These properties were identified for possible reorganization into the CVWD service area due to their unique location in the MWD distribution system and their high water use.

With the increasing customer water usage in the 06/07 and the 07/08 water years, exceeding the available reliable long-term MWD water supply, it was determined that extraordinary measures, including the detachment of a portion of the MWD service area, the adoption of a conservation rate structure and an aggressive customer-focused conservation program, were necessary to restore water supply and demand balance.

To date MWD has adopted the conservation rate structure which has been very successful in reducing customer water demand levels with over a 12% change in usage since the rate structure went into effect October 1, 2008. Our water conservation program has also been very effective with over 400 visits to customers with an average of 20% reduction in water use on a property following the conservation visit by MWD staff.

Staff is now aware that two of the top ten water users in the District, the Valley Club and Birnam Wood golf courses, have located viable groundwater supplies that may, in effect, serve 100% of their turf irrigation needs. When the golf courses begin serving their irrigation needs with their water wells, MWD will see an annual reduction of up to 240 acre-feet in water consumption. The golf courses and water conservation measures by customers in response to the rate structure may provide an overall change of over 1,000 acre-feet in water sales compared to the peak 07/08 water year. This reduction in water use is greater than what was anticipated by MWD staff and will have a corresponding affect on District revenues. Further reductions in water sales with the proposed reorganization of the MWD / CVWD service boundary will adversely affect the annual budget which will cause the need for a customer water rate adjustment.

DISCUSSION ON ALTERNATIVES:

The recommendations for consideration by the Board include a new alternative, which is the development of a non-potable water system for the blending of well water with the District's current available potable water to the Edgewood Ranch customers.

Make available non-potable well water at the “managed water” price, for the property owners to blend at their own expense and possibly also charge the owners for the development of a delivery system.

The Operations Committee had considered this alternative at an earlier meeting and it was determined that the cost to develop a dedicated non-potable water system would be about \$350,000. The extent of the non-potable water system would be those infrastructure improvements that would be provided by the District within the public right-of-way and does not include the development of a suitable water storage reservoir and pump station with capacity to serve the large turf fields currently being served by MWD.

The concept would be to provide each customer with a “non-potable” meter with a limited capacity that would serve an owner-constructed private water storage reservoir and pump system that would allow for blending of non-potable water with the potable water. The water storage and pumping facilities would add a significant cost to the owner in the use of non-potable water.

MWD staff, however, needs to reiterate that it would be simpler to return the groundwater rights back to the property owners, as several property owners have requested, so they can develop their own private non-potable water systems. As the Board is aware, the Edgewood Ranch groundwater rights were dedicated to the District with the Edgewood Agreement which provided District water service to the nine parcels during the 20-year water meter moratorium.

With the suspension of the water meter moratorium following the voter approved State Water initiative, the MWD Board of Directors decided to return all ground water rights to all properties in the District (if requested by a property owner) not governed by a special water rights agreement. MWD staff believes that returning the groundwater rights will provide a less expensive supplemental source of water to the Edgewood property owner interested in developing a ground water supply for the property. MWD staff believes that implementing recommendation #4 with the return of groundwater rights would be an appropriate way to provide relief on water costs without creating a precedent.

Attached please find information documenting the classification, water use and other account information of each property.