

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

March 11, 2009

President Lemere called the regular meeting of the Board of Directors of Carpinteria Valley Water District at Carpinteria City Hall to order at 7:00 p.m. Wednesday, March 11, 2009, and led the Board and others in the recital of the Pledge of Allegiance.

Directors Present: Lemere, Lieberknecht, Van Wingerden, Drain, Roberts
Directors Absent: None
Others Present: Charles Hamilton
Rob McDonald
Norma Rosales
Omar Castro
Alex Keuper
Chip Wullbrandt

MINUTES

Following discussion, Director Van Wingerden moved and Director Roberts seconded the motion to approve the minutes of the February 25, 2009 Board meeting. The motion carried by a 4-0-1 vote. Director Drain abstained.

PUBLIC FORUM

No one from the public addressed the Board.

OLD BUSINESS

There was no Old Business.

NEW BUSINESS

**STAFF
PRESENTATION:
“CHALLENGES AND
RECOMMEN-
DATIONS” ABOUT
THE DISTRICT’S
UPCOMING 2009-2010
FISCAL YEAR
BUDGET**

Following an introduction by President Lemere, Mr. Hamilton presented a series of PowerPoint slides addressing major cost challenges facing the District this year, as well as on-going challenges related to aging infrastructure.

He commented on the very high increased costs of about \$480,000 associated with treatment of the District’s Lake Cachuma water degraded by run-off from the Zaca Fire area; the potential loss of a \$300,000 revenue stream from Plains Exploration & Production Co. (PXP) if they were to default on their option agreement with the District to purchase up to 400 AF of State Water; and increasing personnel costs of about \$93,500.

He commented further that by increasing lower cost groundwater pumping, and by planning for a 75% reimbursement of the excess water treatment costs from the Governor’s Office of Emergency Services, the water treatment cost increase could be reduced to \$120,000. He also noted that the Board would later in the evening consider the terms of an amendment to the agreement with PXP that would allow them to avoid default and make monthly payments of \$25,000, potentially reducing the District’s need to recover these additional monies in the rates by as much as \$150,000. And he suggested a proposal to reduce the personnel increases by about \$73,300 this

year by not filling one of two Water Utility Worker vacancies.

He reported that with the staff recommendations as presented, a projected 12% rate increase for an average residential customer would be reduced from about 12% to 3.5%, or about \$3.50/month. He also noted that should the Governor's Office of Emergency Services Zaca Fire impact reimbursement not materialize it would be necessary to consider a mid-year budget and water rate increase.

Addressing the aging infrastructure costs, he noted that an upcoming expenditure of \$20 million for a Cater Treatment Plant upgrade would result in a \$4 million obligation for the District and the need therefore for grant and/or loan funding. He also reported on recent applications for Stimulus Bill funding totaling \$11 million for new and existing well construction, as well as \$1 million for critical distribution system valve replacements, essential for on-going and future water service, and emergency preparedness.

**PLAINS
EXPLORATION &
PRODUCTION CO.
(PXP) DEFERRAL OF
NOTICE TO CURE
DEFAULT**

Following a brief introduction by Mr. Hamilton, and discussion, Director Lieberknecht moved and Director Roberts seconded the motion to authorize the General Manager to execute a letter agreement dated March 10, 2009 from Cook Hill Properties, agent for Plains Exploration Production Co. (PXP), to defer a notice of default for up to six months if PXP makes monthly payments of \$25,000 to the District by the 15th day of each month. The motion carried unanimously by a 5-0 vote.

**DISTRICT SURPLUS
PROPERTY SALE**

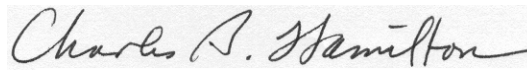
Following a brief introduction by Mr. Hamilton, and Board discussion, Administrative Analyst Alex Keuper presented information about the upcoming surplus property sale at the District.

NEXT MEETING

The next scheduled Board meeting will be held on March 25, 2009 at 4:00 p.m. in the Board meeting room at 1301 Santa Ynez, Avenue.

ADJOURNMENT

President Lemere declared the Board meeting adjourned at 7:50 p.m.



Charles B. Hamilton, General Manager/Secretary