

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

March 23, 2016

Vice President Holcombe called the regular meeting of the Carpinteria Valley Water District Board of Directors held in the Carpinteria City Hall Chamber to order at 5:30 p.m., Wednesday, March 23, 2016 and led the Board in the Pledge of Allegiance.

Directors Present: Holcombe, Van Wingerden and Roberts

Directors Absent: Orozco and Forde

Others Present: Charles B. Hamilton

Bob McDonald
Norma Rosales
Roger Myers
Ursula Santana
Brad Milner
Dennis Kuttler
Marie Granaroli
Jared Frary
Carolyn Frary
James Bailard
Ruth Alper
Henry Van Wingerden
Case Van Wingerden
Shirley Johnson
Doug Brown
Jonathan Ash
Lora Carpenter
Thomas M. DeMars

PUBLIC FORUM

No one from the public addressed the Board.

MINUTES

Following discussion, Director Van Wingerden moved and Director Holcombe seconded the motion to approve the minutes of the special Board meeting held on March 8, 2016. The motion carried by a 3-0 vote, with Directors Orozco and Forde absent.

MINUTES

Following discussion, Director Van Wingerden moved and Director Roberts seconded the motion to approve the amended minutes of the regular Board meeting held on March 9, 2016. The motion carried by a 3-0 vote, with Directors Orozco and Forde absent.

MINUTES

Following discussion, Director Roberts moved and Director Van Wingerden seconded the motion to approve the amended minutes of the special Board meeting held on March 16, 2016. The motion carried by a 3-0 vote, with Directors Orozco and Forde absent.

MONTHLY BILLS

Following discussion, Director Van Wingerden moved and Director Roberts seconded the motion to approve the monthly bills for the period of February 17 through March 15, 2016. The motion carried by a 3-0 vote, with Directors Orozco and Forde absent.

**PUBLIC HEARING
ON THE DISTRICT'S
AGRICULTURAL WATER
MANAGEMENT PLAN**

District Engineer McDonald gave a brief overview of the Agricultural Water Management Plan (AWMP). The public hearing notice about this was published in the Coastal View News and letters were mailed to Agricultural customers notifying them of the hearing. He noted that the Board voted on February 10, 2016 to postpone adopting the AWMP until a notice was mailed to all agricultural customers notifying them of the plan and the District's intent to adopt. Brad Milner, of Milner-Villa Consulting, gave a presentation to the Board. Mr. Milner noted that water demand is expected to increase slowly to 4,200 AF by 2040. The District is likely to have adequate water supplies to meet demand under normal conditions in 2040.

Following discussion, Vice President Holcombe opened the Public Hearing about the District's Agricultural Water Management Plan. Several agricultural customers addressed their questions to the Board.

Vice President Holcombe closed the Public Hearing at 6:05 p .m.

**RESOLUTION NO. 1000
ADOPTING THE
AGRICULTURAL WATER
MANAGEMENT PLAN**

Following an introduction by District Engineer McDonald and discussion, Director Van Wingerden moved and Director Roberts seconded the motion to adopt Resolution No. 1000 adopting the Agricultural Water Management Plan with minor changes to the report. Resolution No. 1000 was adopted by roll call as follows:

Ayes: Holcombe, Van Wingerden and Roberts

Nayes: None

Absent: Orozco and Forde

**RESOLUTION NO. 1005
AUTHORIZING THE
ISSUANCE OF NOT TO
EXCEED \$11,000,000
REFUNDING REVENUE
BONDS, AND APPROVING
THE EXECUTION AND
DELIVERY OF CERTAIN
DOCUMENTS AND
AUTHORIZING CERTAIN
ACTS IN CONNECTION
THEREWITH**

Following an introduction by Assistant General Manager Rosales, Douglas Brown, of Stradling Yocca Carlson & Rauth, P.C., gave an overview of the legal documents attached to the Resolution. He noted that the Resolution authorizes the refunding of the bonds and the state loan, a maximum principal amount and a maximum interest rate, and approves the various forms included as attachments to the Resolution. The attachments include the Indenture of Trust, Official Statement, Escrow Agreement, Continuing Disclosure Certificate and POS. Following Mr. Brown's presentation, Thomas M. DeMars of Fieldman, Rolapp & Associates, gave a brief overview of the financing options. Following discussion, Director Roberts moved and Director Van Wingerden seconded the motion to approve Resolution No. 1005 authorizing the issuance of not to exceed \$11,000,000 refunding revenue bonds, and approving the execution and delivery of certain documents and authorizing certain acts in connection therewith. Resolution No. 1005 was adopted by roll call as follows:

Ayes: Roberts, Van Wingerden and Holcombe

Nays: None

Absent: Orozco and Forde

**FINAL WATER DEMAND,
COST OF SERVICE AND
WATER RATE STUDY
PREPARED BY ROBERT D.
NIEHAUS, INC.**

District Engineer McDonald gave a PowerPoint presentation on the findings of the final Water Demand, Cost of Service and Water Rate Study prepared by Robert D. Niehaus, Inc. He highlighted the four findings of the study:

- 1) water demand will moderately decline over the next 5 years
- 2) the elasticity of demand is about -0.2 for Residential demand and -0.8 for Agriculture demand;
- 3) expenses are projected to increase by 2.2% per year for the next 5 years: and
- 4) rates may need to be increased by 9% per year over the next 5 years.

Mr. McDonald noted that staff will continue to study the new model, refine assumptions and run scenarios to plan for next year's rate setting process, staff will also continue to monitor Prop 218 requirements and update the model as needed and implement approved changes to the existing rate structure resulting from the Niehaus study in this year's rate and budget process.

**GENERAL MANAGER'S
RECOMMENDATION TO
IMPLEMENT A TWO TIERED
WATER RATE AS
DESCRIBED IN THE FINAL
COST OF SERVICE AND
RATE STUDY**

District Engineer McDonald gave a PowerPoint presentation on the proposed two-tiered water rate structure. Following discussion, Director Roberts moved and Director Van Wingerden seconded the motion to approve the General Manager's recommendation to implement a two tiered water rate as described in the Final Cost of Service and Rate Study. The motion passed 3-0, with Directors Forde and Orozco absent.

**PROPOSED FISCAL YEAR
2016/17 BUDGET AND
CORRESPONDING WATER
RATES PRESENTATION**

A revised handout about the proposed FY 16-17 Budget was distributed at the beginning of the meeting. District Engineer McDonald a brief PowerPoint presentation about the drought as the defining context for the need for increases. Assistant General Manager Rosales presented the proposed Fiscal Year 2016/17 Budget and corresponding water rates. The proposed Budget includes revenue based on 3,600 AF of water sales. The Budget includes both drought and non-drought expenditures. She noted that notices for the Prop 218 hearing will be mailed by April 13, 2016. No action was taken.

**RECOMMENDATION TO
APPROVE THE USE OF
RESERVES TO FUND THE
PROJECTS**

Following an introduction by District Engineer McDonald and discussion, Director Van Wingerden moved and Director Roberts seconded the motion to approved the following three projects:

1. Transfer of \$10,233 from reserves to item B99 (Headquarters Well); and
2. Transfer of \$29,893 from reserves to item B97 (Lyons Well rehabilitation); and
3. Transfer of \$13,844 from reserves to item B98 (High School

Well).

The motion passed 3-0, with Directors Forde and Orozco absent.

**RATE & BUDGET
COMMITTEE**

Director Holcombe gave verbal report on the Rate & Budget Committee meeting held on March 15, 2016.

**CENTRAL COAST WATER
AUTHORITY**

Director Van Wingerden gave a brief summary report on the Central Coast Water Authority meeting held on March 10, 2016.

FINANCE

Assistant General Manager reported that the Carpinteria Valley Water District received a AA- bond rating from Standard & Poor's Ratings Services.

SPECIAL BOARD MEETING

A Special Board meeting is scheduled to be held on March 30, 2016 at Carpinteria Valley Water District at 5:00 p.m. for closed session items of business only.

NEXT BOARD MEETING

The next regular Board meeting is scheduled to be held on April 13, 2016 at Carpinteria City Hall at 5:30 p.m. Vice President Holcombe would like to add the following items to a future agenda: a brief conflict of interest refresher and a status report about the recycled water feasibility study in progress.

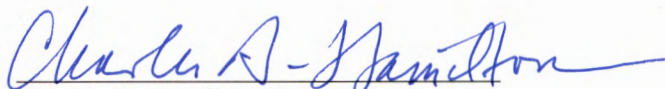
NO CLOSED SESSION

Vice President Holcombe announced that there would be no closed session for the following matter:

**CONFERENCE WITH LEGAL COUNSEL- POTENTIAL
LITIGATION PURSUANT TO GOVERNMENT CODE
54956.9(B)(3)(C): UPPER HUNT DRIVE OWNERS ACCESS
TO ORTEGA RIDGE ROAD PURSUANT TO
SETTLEMENT OF LITIGATION AND ESTOPPEL.**

ADJOURNMENT

Vice President Holcombe adjourned the meeting at 7:10 p.m.


Charles B. Hamilton, Secretary