AGENDA
REGULAR MEETING OF
THE BOARD OF DIRECTORS
CARPINTERIA VALLEY WATER DISTRICT

CARPINTERIA CITY HALL
5775 CARPINTERIA AVENUE
CARPINTERIA, CALIFORNIA 93013

APRIL 10, 2013 AT 5:30 P.M.

I. CALL TO ORDER, PRESIDENT ROBERTS

II. PUBLIC FORUM (Any person may address the Board of Directors on any matter within its jurisdiction which is not on the agenda.)

III. APPROVAL ITEMS

**Minutes of regular Board meeting held on March 27, 2013.

IV. ** DIRECTOR REPORTS

A. **Central Coast Water Authority meeting, March 28, 2013, Director Orozco.

B. **Community Outreach Committee meeting, April 1, 2013, Directors Forde and Holcombe.

V. OLD BUSINESS - none

VI. NEW BUSINESS


B. Employee Relations Team Building event, 8:00 am to 2:00 pm, May 29, 2013.

C. **Letters to 14 customers regarding water rate reclassification from Irrigation (for agriculture) to Residential.

D. Consider application of District Rule No. 15 d regarding a high bill due to extraordinary circumstances beyond control of the customer, and approve a credit of $499.55 to account No. 09-092380-08.

**Indicates attachment of document to agenda packet.
E. **H2KNOW April edition

F. **Notice of June 5 Public Hearing on Rates and Charges increases.

G. **Standard & Poor’s affirmation of “AA-” rating for District’s Revenue Certificates of Participation, Various Series.

VII. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SUBDIVISION (A) OF SECTION 54956.9: MONTECITO WATER DISTRICT, CARPINTERIA VALLEY WATER DISTRICT V. PRICE POSTEL AND PARMA, LLP, ET AL; CASE NO. 1384682.

VIII. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION PURSUANT TO GOVERNMENT CODE SUBDIVISION (B) OF SECTION 54956.9 (THREE SEPARATE CASES INVOLVING PROPERTIES AT 1205, 1217 AND 1221 LOMITA LANE).

IX. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION PURSUANT TO GOVERNMENT CODE SUBDIVISION (B) OF SECTION 54956.9 (ONE CASE INVOLVING PROPERTY AT 7035 GOBERNADOR CANYON ROAD).

X. CONSIDER DATE AND ITEMS FOR AGENDA FOR THE NEXT REGULAR CARPINTERIA VALLEY WATER DISTRICT BOARD MEETING ON APRIL 24, 2013 AT 5:30 P.M., CARPINTERIA CITY HALL, COUNCIL CHAMBER, 5775 CARPINTERIA AVENUE, CARPINTERIA, CALIFORNIA.

XI. 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 5:30 p.m., April 5, 2013. 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.
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
CARPINTERIA VALLEY WATER DISTRICT

March 27, 2013

President Roberts called the Regular Meeting of the Carpinteria Valley Water District Board of Directors to order at 5:30 p.m., Wednesday, March 27, 2013 and led the Board in the Pledge of Allegiance.

Directors Present: Roberts, Orozco, Holcombe, Van Wingerden, Forde (arrived at 6:10 p.m.)

Directors Absent: None

Others Present: Charles Hamilton
Norma Rosales
Roger Myers
Robert McDonald
Alex Keuper
Stewart Welch
Cathy Adams

PUBLIC FORUM
No member of the public addressed the Board.

MINUTES OF BOARD MEETING HELD ON MARCH 13, 2013
Following discussion, Director Van Wingerden moved and Director Holcombe seconded the motion to approve the corrected minutes of the regular Board meeting of March 13, 2013. The motion carried by a 4-0 vote. Director Forde had not yet arrived.

MONTHLY BILLS
Following a brief summary presented by Assistant General Manager Norma Rosales, and discussion, Director Van Wingerden moved and Director Orozco seconded the motion to approve the Monthly Bills. The motion carried by a 4-0 vote. Director Forde had not yet arrived.

GENERAL MANAGER REPORTS
Assistant General Manager Rosales commented on some of the content of the Finance report.

CENTRAL COAST WATER AUTHORITY FINANCE COMMITTEE MEETING, MARCH 14, 2013
Director Van Wingerden gave a report on the Central Coast Water Authority Finance Committee meeting of March 14, 2013.

STRATEGIC WATER MANAGEMENT COMMITTEE MEETING, MARCH 25, 2013
Director Roberts gave a report on the March 25, 2013 Strategic Water Management Committee meeting.
CACHUMA OPERATION AND MAINTENANCE BOARD MEETING, MARCH 25, 2013

Director Orozco gave a report on the March 25, 2013 Cachuma Operation and Maintenance Board meeting.

RATE AND BUDGET COMMITTEE MEETING, MARCH 27, 2013

Director Holcombe gave a verbal report on the Rate and Budget Committee meeting of March 27, 2013.

AWARD OF CONTRACT TO AIS CONSTRUCTION INC. FOR CONSTRUCTION OF THE DISTRICT’S RANCHO MONTE ALEGRE (RMA) PHASE 4C LANDSLIDE MITIGATION PROJECT, AS SET FORTH IN THEIR BID PROPOSAL OPENED ON MARCH 18, 2013 FOR A NOT-TO-EXCEED AMOUNT OF $550,000, INCLUDING A CONTINGENCY AMOUNT OF $51,749, PAID ENTIRELY WITH RMA FUNDS IN A DISTRICT HELD ACCOUNT

General Manager Hamilton introduced this agenda item briefly, noting that copies of a communication from Soil Nail Launcher, Inc. to Richard Craig of Flowers & Associates, distributed at the beginning of the Board meeting to Directors, had been received by the District earlier in the day. He commented that both District Engineer Bob McDonald and General Counsel Roger Myers had additional comments to make. District Engineer McDonald then explained the basis for his recommendation as set forth in his memo to the General Manager in the Board packet that the District choose AIS Construction Inc. over Soil Nail Launcher Inc. District General Counsel Roger Myers then cited a court case in which it was stated that county water districts, of which Carpinteria Valley Water District is one, are not required to select the lowest bidder for a construction project. Following discussion, Director Holcombe moved and Director Orozco seconded the motion to accept the General Manager’s recommendation to award contract to AIS Construction Inc. for construction of the District’s Rancho Monte Alegre (RMA) Phase 4C Landslide Mitigation Project, as set forth in their bid proposal opened on March 18, 2013 for a not-to-exceed amount of $550,000, including a contingency amount of $51,749, paid entirely with RMA funds in a District held account. The motion carried by a 5-0 vote. Director Forde arrived during the discussion of this item.

SERVICE AGREEMENT WITH PVS MINIBULK, INC. TO PROVIDE THE DISTRICT WITH CHEMICAL TANKS AND 12.5% SODIUM HYPOCHLORITE AT NO ADDITIONAL COST TO THE DISTRICT ABOVE CURRENT BUDGET AMOUNTS

General Manager Hamilton gave a brief presentation about the need for Board approval for a proposed service contract with PVS Minibulk, Inc. Following a brief discussion, Director Van Wingerden moved and Director Holcombe seconded the motion to approve a service agreement with PVS Minibulk, Inc. to provide the District with chemical tanks and 12.5% sodium hypochlorite at no additional cost to the District above current budget amounts. The motion carried by a 5-0 vote.

PROPOSED FY13-14 BUDGET AND RATES.

Assistant General Manager Rosales gave a detailed PowerPoint presentation about the Proposed Fiscal Year 2013-2014 Budget and Rates. She noted that monthly bills for residential customers for the District using 24 units of water would be comparably close to or below those proposed at the other south coast Cachuma water agencies. She further noted that the District’s lifeline program utilized by over 300 District customers reduces their monthly
service charge amount by 20%, not reflected in the bill comparisons for low water users. She noted that in general, monthly water bills for certain customers would increase about 1.8% for water service beginning in July, 2013. Following discussion, no action was taken.

NOTICE OF JUNE 5, 2013 PUBLIC HEARING FOR FY 13-14 PROPOSED RATES AND CHARGES INCREASES

General Manager Hamilton, noting the Board could eventually approve water rates and charges lower than noticed, recommended that the Board approve the draft Notice of the June 5, 2013 Public Hearing for FY 13-14 Proposed Rates and Charges Increases. Following discussion, Director Van Wingerden moved and Director Holcombe seconded the motion to approve the notice of the June 5, 2013 Public Hearing for FY 13-14 Proposed Rates and Charges Increases for distribution. The motion carried 5-0.

LETTER INVITING BIDS FOR PURCHASE OF UP TO 280 AF OF DISTRICT’S BANKED STATE WATER AUTHORIZING GENERAL MANAGER TO TAKE NECESSARY STEPS TO EFFECTUATE A SALE TO HIGHEST BIDDER(S).

General Manager Hamilton, referring to the draft letter in the packet inviting bids for the purchase of up to 280 AF of the District’s banked State Water, noted that three potential buyers have already indicated interest at a price of $125/AF. In response to Director Roberts question about the basis for the price, Mr. Hamilton noted that District costs to be paid to Irvine Ranch Water District are estimated to be in the $120/AF range, and that the District has no need for this water at this time due to other supplies of State Water and Cachuma water. In response to Director Van Wingerden’s inquiry about the need to even take delivery of the water Mr. Hamilton responded that there is no alternative such as just not taking it, as this would violate the terms of such an Exchange as approved by the California Department of Water Resources. Director Forde moved and Director Orozco seconded the motion to approve the letter inviting bids for purchase of up to 280 AF of District’s banked State water, and authorized General Manager Hamilton to take the necessary steps to effectuate a sale to the highest bidder(s). The motion carried 5-0.

PROCESS AND POSSIBLE DISCUSSIONS WITH IRVINE RANCH WATER DISTRICT REGARDING PERMANENT TRANSFER OF UP TO 1,000 AF OF DISTRICT’S STATE WATER ALLOTMENT, AND PROVIDE DIRECTION TO GENERAL MANAGER

General Manager Hamilton reported that this item had been presented previously to the Strategic Water Management Committee meeting on March 25, 2013, and that a letter of Intent transmitted to him on Tuesday March 26, 2013 from Irvine Ranch Water District General Manager Paul Cook necessitated further careful analysis and study. Following a brief discussion, President Roberts directed Mr. Hamilton to place this item on the agenda of the next Strategic Water Management Committee Meeting for further review and discussion.

ADJOURNMENT TO CLOSED SESSIONS

At 6:43 p.m. President Roberts adjourned the meeting into closed session for three closed session conferences with legal counsel.
CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SUBDIVISION (A) OF SECTION 54956.9: MONTECITO WATER DISTRICT, CARPINTERIA VALLEY WATER DISTRICT V. PRICE POSTEL AND PARMA, LLP, ET AL; CASE NO. 1384682

No action was taken during this closed session.

CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION PURSUANT TO GOVERNMENT CODE SUBDIVISION (B) OF SECTION 54956.9 (THREE SEPARATE CASES INVOLVING PROPERTIES AT 1205, 1217 AND 1221 LOMITA LANE).

No action was taken during this closed session.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION PURSUANT TO GOVERNMENT CODE SUBDIVISION (B) OF SECTION 54956.9 (ONE CASE INVOLVING PROPERTY AT 7035 GOBERNADOR CANYON ROAD)

BOARD RECONVENES IN OPEN SESSION At 7:18 p.m., President Roberts reconvened the Board in open session and stated that no reportable actions were taken in the three previous closed sessions.

DATE AND ITEMS FOR AGENDA FOR NEXT MEETING The next Board meeting is scheduled to be held on April 10, 2013.

ADJOURNMENT President Roberts adjourned the meeting at 7:21 p.m.

______________________________
Charles B. Hamilton, Secretary
A Meeting of the

BOARD OF DIRECTORS
OF THE
CENTRAL COAST WATER AUTHORITY

will be held at 9:00 a.m., on Thursday, March 28, 2013
at 255 Industrial Way, Buellton, California

I. Call to Order and Roll Call

II. Public Comment – (Any member of the public may address the Board relating to any matter within the Board’s jurisdiction. Individual Speakers may be limited to five minutes; all speakers to a total of fifteen minutes.)

III. Consent Calendar
   * A. Approve Minutes of the February 28, 2013 Regular Meeting
   * B. Approve Bills
   * C. Controller’s Report
   * D. Operations Report

IV. Executive Director’s Report
   A. Operations Update
   * B. Water Treatment Plant Emergency Fire Pump Replacement
   * C. 2013 State Water Project Table A Amount Allocation Update
   D. Joint Meeting of the Finance and Operating Committees
   * 1. CCWA FY 2013/14 Preliminary Budget
      The FY 2013/14 Preliminary Budget is available on line at ccwa.com.
      Please let us know if you require a hard copy prior to the Board Meeting.
   * E. DWR Contract Extension and Amendment Update
   * F. Executive Director Employment Agreement
   * G. CCWA Joint Exercise of Powers Agreement Discussion Regarding Quorum and Voting Procedures
   * H. Goleta Water District Board of Directors Request to Amend the CCWA Joint Exercise of Powers Agreement

V. Reports from Board Members for Information Only

VI. Items for Next Regular Meeting Agenda
   A. Finance Committee
      1. Third Quarter Investment Report
   B. Final FY 2013/14 Budget

VII. Date of Next Regular Meeting: April 25, 2013

VIII. Adjournment

* Indicates attachment of document to original agenda packet.
I. CALL TO ORDER

II. PUBLIC FORUM (Any person may address the Community Outreach Committee on any matter within its jurisdiction which is not on the agenda)

III. OLD BUSINESS

A. Review of District community outreach efforts – past, present and future.

B. Service Club, etc. speaking engagements.

C. Quarterly articles for Coastal View News.

IV. NEW BUSINESS

A. Consider District’s website update.

B. Consider draft April 4 issue of H2KNOW.

C. Consider El Carro Well and Pipeline Project ribbon cutting event.

V. ADJOURNMENT

Charles B. Hamilton, Secretary

Note: The above Agenda was posted at Carpinteria Valley Water District’s Administrative Office in view of the public, no later than 1:00 p.m. March 29, 2013. 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 this Agenda submitted to the Directors after the 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.
The management institute is for anyone in a leadership position. This affordable three-day course will teach you how to put effective management and supervisory skills to work for you and your organization. You’ll learn to make better leadership decisions, communicate more effectively, avoid costly mistakes and get the results you want. Plan on attending yourself or sending other managers and supervisors who would benefit from this superior skills program.

BASIC INSTITUTE TRAINING PROGRAM
$499 PER STUDENT Classes meet each day from 8:00 a.m. to 5:00 p.m.

SECTION 1: FOUNDATIONS OF LEADERSHIP
Provides participants with a knowledge of contemporary leadership principles, essential skills and general functions of management and the role of the manager.

SECTION 2: THE LEADER’S ROLE IN PERFORMANCE MANAGEMENT - Models of communication and giving and receiving feedback. Practice clarifying expectations, establishing standards, rewarding outstanding performance, and correcting unacceptable output while overcoming resistance.

SECTION 3: COLLABORATION AND TEAMS
Effectively working with others is essential to maintaining a good work environment and efficient operations. How we communicate can either promote an effective team or cause barriers and conflict. This segment will provide training in tools proven to enhance communication skills. It will show participants how to communicate effectively with different personalities, how to diffuse emotional issues, and how to communicate in ways that build confidence and promote cooperation. The strengths and weaknesses of four communication styles will be examined. Practical exercises will be used to help participants learn to communicate more effectively in either a management or staff role.

SECTION 4: MANAGING CONFLICT
This workshop emphasizes skills needed in purposefully and appropriately managing conflict, understanding and benefiting from emotions, converting mind-body integration principles into powerful tools, recognizing and expanding perceptions, operating from purpose and developing powerful conflict resolution communication methods.

SECTION 5: THE LEADERSHIP OF CHANGE
Designed to help managers fully understand the nature and necessity of change, its impact on people, and how to meet the challenge it presents. Participants learn strategies that help speed up the process and minimize the productivity decline. Emphasis is placed on coaching and leading a team through a complex change situation.
CERTIFICATION
A formal certificate will be prepared for parties who successfully complete the required course objectives. This certificate is prepared and presented by Public Utilities and Waterworks Management Institute. **OPTIONAL UNIVERSITY CERTIFICATION** is also available for the extra fee of $50 per student and is presented by Utah State University. This Management/Leadership certificate is primarily for those needing university certification to meet training requirements for various professional affiliations. However, any individual desiring to receive the Utah State University certificate may do so by paying the extra $50 fee.

FEES, LOCATION & REGISTRATION
The Basic Water Utility Management Institute fee is $499 (this fee is based on full Institute attendance). This includes all instruction, workbook and handout materials.

Location:
Calleguas Municipal Water District (Board Room)
2100 Olsen Road
Thousand Oaks, CA  91360           (Driving Directions will be provided)

List of recommended hotels available upon request

To reserve your seat, complete the registration form below and send it along with your check made payable to Education & Training Services

*For further information, contact Chuck Christensen at (801)281-0107 or chuckets@gmail.com*

REGISTRATION FORM – Public Utilities And Waterworks Management Institute
April 10 - 12, 2013 (Thousand Oaks, California)

Name _________________________________________________________________________

Business Name _________________________________________________________________

Business Address _______________________________________________________________

City/State/Zip __________________________________________________________________

Business Phone _______________________ Email address ______________________________

Check Amount Enclosed __________________________________________________________

$499 per student (Do you want the optional university certification? Yes _______ No _______ )
(If yes to the optional university certification, the total fee is then $549 per student)

Please Remit By Check To:

EDUCATION & TRAINING SERVICES
PUBLIC UTILITIES AND WATERWORKS MANAGEMENT INSTITUTE
P.O. BOX 495
SALT LAKE CITY, UTAH  84110
ATTN:  CHUCK CHRISTENSEN

*Call or email Chuck Christensen (see above) to make sure class is not full.*
April 5, 2013

XXXXX
XXXXX
XXXXX

Dear XXXXXX,

The Carpinteria Valley Water District undertakes periodic review of land use activity within its jurisdiction in order to assess agricultural activities to determine eligibility for the District’s Irrigation rate.

The District has determined from an aerial photo and a site visit that the land use activities at XXXXXXXXXX, served by account 17-170028-07, include approximately 5 small fruit trees not for agricultural production. This property therefore does not appear to meet the current District Rules and Regulations for application of the Irrigation rate. The account will be re-classified as Residential unless you call me at 684-2816 x112 to request a special site visit for me to learn why this re-classification would be incorrect.

The reclassification of the account from Irrigation (for agriculture) to Residential will be effective the May billing period. The Residential water rate structure includes three pricing tiers:

4) a BASE tier equivalent to the 5-year December through March monthly metered consumption;
5) a MID-LEVEL tier currently equal to the volume of the BASE tier; and
6) a PEAK tier for all water used in excess of the BASE and MID-LEVEL tiers.

In addition to changes in the water rate, the Capital Improvement Program (CIP) charge for this account will be adjusted to reflect the 5-year average monthly metered water use. This charge is recalculated every July. The Residential Equivalency Charge (REQ) will no longer be applied to the monthly bill for this account. However, should more than one residential dwelling be located on the parcel, the account may be subject to an additional charge for the State Water Project (SWP).

Consumption for the month of October 2012 has been used to provide you with an example of a typical monthly bill at the Residential water rate. This example, provided below allows you to see the difference in costs associated with the Rate change. Rates and charges for the 2012-13 year also follow on the last page of this letter.
Sample Residential Water Charges – October 2012 consumption:

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASE tier allocation:</td>
<td>43</td>
<td>HCF</td>
<td>$8.13</td>
</tr>
<tr>
<td>CIP volume:</td>
<td>52</td>
<td>HCF</td>
<td>$43.18</td>
</tr>
<tr>
<td>Meter size:</td>
<td>1</td>
<td>inch</td>
<td></td>
</tr>
<tr>
<td>Basic Charge:</td>
<td></td>
<td></td>
<td>$8.13</td>
</tr>
<tr>
<td>State Water Project Charge:</td>
<td></td>
<td></td>
<td>$43.18</td>
</tr>
<tr>
<td>CIP Charge:</td>
<td>52 x $2.70 / HCF</td>
<td></td>
<td>$140.40</td>
</tr>
<tr>
<td>Water usage:</td>
<td>43 HCF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BASE:</td>
<td>43 x $3.00 / HCF</td>
<td></td>
<td>$129.00</td>
</tr>
<tr>
<td>MID-LEVEL:</td>
<td>x $3.85 / HCF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PEAK:</td>
<td>x $4.85 / HCF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td></td>
<td>$129.00</td>
</tr>
</tbody>
</table>

TOTAL: $320.71

This total amount of $320.71 using the Residential rate is higher than the total amount of your actual October 2012 bill of $174.96 using the Irrigation rate.

If you have any specific questions regarding these changes to your account, please contact me at 684-2816 x112.

Sincerely,

Charles B. Hamilton
General Manager

CBH:ca
### TABLE I
2012-13 WATER RATES

<table>
<thead>
<tr>
<th>M &amp; I</th>
<th>BASIC UNIT</th>
<th>PUMPING LEVEL I UNIT</th>
<th>PUMPING LEVEL II UNIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>TYPE I (i)</td>
<td>BASE 1</td>
<td>$3.00</td>
<td>$3.23</td>
</tr>
<tr>
<td>RESIDENTIAL</td>
<td>MID LEVEL</td>
<td>$3.85</td>
<td>$4.08</td>
</tr>
<tr>
<td></td>
<td>PEAK</td>
<td>$4.85</td>
<td>$5.08</td>
</tr>
<tr>
<td>TYPE II</td>
<td>BASE</td>
<td>$3.00</td>
<td>$3.23</td>
</tr>
<tr>
<td>COMMERCIAL</td>
<td>MID LEVEL</td>
<td>$3.85</td>
<td>$4.08</td>
</tr>
<tr>
<td>INDUSTRIAL &amp; PUBLIC AUTHORITY</td>
<td>PEAK</td>
<td>$4.85</td>
<td>$5.08</td>
</tr>
<tr>
<td>TYPE II</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRRIGATION</td>
<td></td>
<td>$1.70</td>
<td>$1.93</td>
</tr>
<tr>
<td>Residential Equivalency Charge</td>
<td></td>
<td>$18.15</td>
<td>$18.15</td>
</tr>
</tbody>
</table>

1 UNIT = 100 HUNDRED CUBIC FEET (HCF) = 748 GALLONS
AF (ACRE FOOT) = 43,560 CUBIC FEET
PUMPING LEVEL I = 350 FEET ABOVE SEA LEVEL
PUMPING LEVEL II = 650 FEET ABOVE SEA LEVEL

### TABLE II
MONTHLY BASIC AND STATE WATER PROJECT (SWP) SERVICE CHARGES

<table>
<thead>
<tr>
<th>METER SIZE</th>
<th>SERVICE CHARGE</th>
<th>SERVICE CHARGE</th>
<th>TOTAL SERVICE CHARGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8&quot;</td>
<td>4.85</td>
<td>25.91</td>
<td>$30.79</td>
</tr>
<tr>
<td>3/4&quot;</td>
<td>4.85</td>
<td>25.91</td>
<td>$30.79</td>
</tr>
<tr>
<td>1&quot;</td>
<td>5.15</td>
<td>43.18</td>
<td>$48.33</td>
</tr>
<tr>
<td>1 1/2&quot;</td>
<td>16.25</td>
<td>86.35</td>
<td>$102.60</td>
</tr>
<tr>
<td>2&quot;</td>
<td>26.00</td>
<td>138.16</td>
<td>$164.16</td>
</tr>
<tr>
<td>3&quot;</td>
<td>52.00</td>
<td>276.32</td>
<td>$328.32</td>
</tr>
<tr>
<td>4&quot;</td>
<td>81.25</td>
<td>431.75</td>
<td>$513.00</td>
</tr>
<tr>
<td>6&quot;</td>
<td>162.50</td>
<td>863.50</td>
<td>$1,026.00</td>
</tr>
<tr>
<td>8&quot;</td>
<td>373.75</td>
<td>1,980.05</td>
<td>$2,353.80</td>
</tr>
</tbody>
</table>

### TABLE III
MONTHLY CAPITAL IMPROVEMENT PROGRAM (CIP) CHARGES

<table>
<thead>
<tr>
<th>Rate:</th>
<th>$2.70</th>
<th>per HCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum:</td>
<td>$18.20</td>
<td>6 HCF</td>
</tr>
<tr>
<td>Maximum:</td>
<td>$270.00</td>
<td>100 HCF</td>
</tr>
</tbody>
</table>

### TABLE IV
MONTHLY FIRE SERVICE CHARGES

<table>
<thead>
<tr>
<th>SERVICE SIZE</th>
<th>SERVICE CHARGE</th>
<th>SERVICE CHARGE</th>
<th>TOTAL SERVICE CHARGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2&quot;</td>
<td>3.25</td>
<td>17.27</td>
<td>$20.52</td>
</tr>
<tr>
<td>3&quot;</td>
<td>7.31</td>
<td>38.86</td>
<td>$46.17</td>
</tr>
<tr>
<td>4&quot;</td>
<td>13.00</td>
<td>69.08</td>
<td>$82.08</td>
</tr>
<tr>
<td>6&quot;</td>
<td>29.25</td>
<td>155.43</td>
<td>$184.68</td>
</tr>
<tr>
<td>8&quot;</td>
<td>52.00</td>
<td>276.32</td>
<td>$328.32</td>
</tr>
<tr>
<td>10&quot;</td>
<td>81.25</td>
<td>431.75</td>
<td>$513.00</td>
</tr>
</tbody>
</table>

SWP = STATE WATER PROJECT
CIP = CAPITAL IMPROVEMENT PROGRAM

1 BASE = 6 year Dec., to Mar., water consumption by account / dwelling unit, 6 HCF minimum
MD LEVEL = 100% of BASE volume
PEAK = all consumption in excess of BASE + MD LEVEL

2 All Type II irrigation accounts with at least one dwelling unit will be assessed a monthly Residential Equivalency Charge (RECU) per dwelling unit.

3 All Type I (ii) master-metered Residential accounts will be assessed Dwelling Unit Equivalency Charges (DECU) and Capital Improvement Program Charges (CIP) based on the number of dwelling units served by a single meter.

4 The CIP rate is multiplied by the 5-year monthly average water consumption by account. The minimum monthly charge is 6 HCF per dwelling unit or account. The maximum monthly charge is 100 HCF per dwelling unit or account.
Landowners and customers of the Carpinteria Valley Water District will soon be receiving detailed "Notices of Public Hearing" related to the District’s proposed increases in its Rates and Charges. Following is some background information the Board of Directors would like you to know about this process:

As a result of Proposition 218 approved by the voters of the State of California in 1996 the California State Constitution was amended to include Article XIII C & D to provide a way for property owners to protest taxes. The courts later determined that it applies to water utility rates and charges.

Article XIII D does not specify the way in which public agencies must implement the fees and charges “protest” process, and does not call for an election. The District, in order to provide clear procedures, adopted Resolution No. “919 Adopting Procedures for Receiving and Tabulating Protests Against Water Rate Increases Under Proposition 218.”

Resolution No. 919 can be found on the District’s website, www.cvwd.net. It requires that written protests be filed with the District. A protest will be counted whether it is lodged by a parcel owner, tenant, or Water District customer. Each parcel is allowed only one protest in accordance with the law.

If protests are lodged with the District from a simple majority of all the parcels served by the District relative to a specific proposed rate increase, some or all proposed rate increases, the increase or increases cannot be approved by the Board of Directors.

Please contact the General Manager Charles Hamilton at 684-2816 x112 or by e-mail at Charles@cvwd.net if you have questions about this Public Hearing process or the actual Public Hearing on June 5, 2013, at 5:30 pm at Carpinteria City Hall, 5775 Carpinteria Ave.

Second Dry Year since Lake Cachuma Spilled in March of 2011

Experiencing two dry years since March of 2011, Lake Cachuma, capable of over 189,500 acre feet (AF) of storage, has now dropped below 128,000 AF. This is a concern because Lake Cachuma is the Water District’s primary source of water supply, normally providing the District with at least 2,800 AF of the 4,000 AF the District delivers each year to its customers. And if next year is another dry year and a first stage drought is declared, the District’s supply from Cachuma could be reduced. Even with the District’s ample local groundwater and State Water supplies, we are concerned. So in the meantime, please continue to use water wisely throughout the remainder of this year and take steps you can to increase your use of low water use plumbing fixtures.
Apply for the 2013 WaterWise Garden Contest

The first annual WaterWise Garden Contest will recognize residents of Santa Barbara County who are committed to maintaining their landscape in a way that is both attractive and water wise.

A 2013 WaterWise Garden Award will be given to a residential property in each participating water provider’s service area. Winners in each area will then be a finalist for a County-wide grand prize.

Participating water providers:
- Goleta Water District
- City of Santa Barbara
- Montecito Water District
- Carpinteria Valley Water District
- City of Lompoc
- City of Santa Maria

Applications are due May 31st
- Participants must be residential customers of a participating water provider in Santa Barbara County.
- The contest is for front yards only.
- A homeowner or renter can apply.
- Applicant must submit digital photos of their existing landscape. Photos and the application must be submitted online.
- Each winning property will be given an engraved sandstone boulder to place prominently in the front yard, additional prizes will be determined by each water provider.

For more information on the contest, rules, prizes, and to apply, go to: WaterWiseSB.org/Garden Contest

Please help us spread the word!

Board of Directors Meetings
Regular Board meetings may be held on any given Wednesday of every month at 5:30 pm at Carpinteria City Hall, 5775 Carpinteria Ave. They are typically held on the second and fourth Wednesdays.
ARTICLE 13C [VOTER APPROVAL FOR LOCAL TAX LEVIES]

SECTION 1. Definitions. As used in this article:

(a) "General tax" means any tax imposed for general governmental purposes.

(b) "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.

(c) "Special district" means an agency of the State, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.

(d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

(e) As used in this article, "tax" means any levy, charge, or exaction of any kind imposed by a local government, except the following:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local
government of providing the service or product.

(3) A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

(4) A charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property.

(5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law.

(6) A charge imposed as a condition of property development.

(7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

ARTICLE 13C [VOTER APPROVAL FOR LOCAL TAX LEVIES]

SEC. 2. Local Government Tax Limitation. Notwithstanding any other provision of this Constitution:

(a) All taxes imposed by any local government shall be deemed to be either general taxes or special taxes. Special purpose districts
or agencies, including school districts, shall have no power to levy general taxes.

(b) No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.

(c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held within two years of the effective date of this article and in compliance with subdivision (b).

(d) No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

**ARTICLE 13C [VOTER APPROVAL FOR LOCAL TAX LEVIES]**

SEC. 3. Initiative Power for Local Taxes, Assessments, Fees and Charges. Notwithstanding any other provision of this Constitution, including, but not limited to, Sections 8 and 9 of Article II, the
initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SECTION 1. Application. Notwithstanding any other provision of law, the provisions of this article shall apply to all assessments, fees and charges, whether imposed pursuant to state statute or local government charter authority. Nothing in this article or Article XIIIIC shall be construed to:

(a) Provide any new authority to any agency to impose a tax, assessment, fee, or charge.

(b) Affect existing laws relating to the imposition of fees or charges as a condition of property development.

(c) Affect existing laws relating to the imposition of timber yield taxes.

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 2. Definitions. As used in this article:

(a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIIIIC.

(b) "Assessment" means any levy or charge upon real property by an agency for a special benefit conferred upon the real property.

"Assessment" includes, but is not limited to, "special assessment," "benefit assessment," "maintenance assessment" and "special
assessment tax."

(c) "Capital cost" means the cost of acquisition, installation, construction, reconstruction, or replacement of a permanent public improvement by an agency.

(d) "District" means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service.

(e) "Fee" or "charge" means any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.

(f) "Maintenance and operation expenses" means the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care, and supervision necessary to properly operate and maintain a permanent public improvement.

(g) "Property ownership" shall be deemed to include tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question.

(h) "Property-related service" means a public service having a direct relationship to property ownership.

(i) "Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)
SEC. 3. Property Taxes, Assessments, Fees and Charges Limited. (a) No tax, assessment, fee, or charge shall be assessed by any agency.
upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax imposed pursuant to Article XIII and Article XlIIA.

(2) Any special tax receiving a two-thirds vote pursuant to Section 4 of Article XlIIA.

(3) Assessments as provided by this article.

(4) Fees or charges for property related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 4. Procedures and Requirements for All Assessments. (a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States
shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.

(c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return, and tabulation of the ballots required pursuant to subdivision (d), including a disclosure statement that the existence of a majority protest, as defined in subdivision (e), will result in the assessment not being imposed.

(d) Each notice mailed to owners of identified parcels within the district pursuant to subdivision (c) shall contain a ballot which includes the agency's address for receipt of the ballot once completed by any owner receiving the notice whereby the owner may indicate his or her name, reasonable identification of the parcel, and his or her support or opposition to the proposed assessment.

(e) The agency shall conduct a public hearing upon the proposed
assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel. At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

(f) In any legal action contesting the validity of any assessment, the burden shall be on the agency to demonstrate that the property or properties in question receive a special benefit over and above the benefits conferred on the public at large and that the amount of any contested assessment is proportional to, and no greater than, the benefits conferred on the property or properties in question.

(g) Because only special benefits are assessable, electors residing within the district who do not own property within the district shall not be deemed under this Constitution to have been deprived of the right to vote for any assessment. If a court determines that the Constitution of the United States or other federal law requires otherwise, the assessment shall not be imposed unless approved by a two-thirds vote of the electorate in the district in addition to being approved by the property owners as required by subdivision (e).

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 5. Effective Date. Pursuant to subdivision (a) of Section 10
of Article II, the provisions of this article shall become effective
the day after the election unless otherwise provided. Beginning July
1, 1997, all existing, new, or increased assessments shall comply
with this article. Notwithstanding the foregoing, the following
assessments existing on the effective date of this article shall be
exempt from the procedures and approval process set forth in Section 4:

(a) Any assessment imposed exclusively to finance the capital
costs or maintenance and operation expenses for sidewalks, streets,
sewers, water, flood control, drainage systems or vector control.
Subsequent increases in such assessments shall be subject to the
procedures and approval process set forth in Section 4.

(b) Any assessment imposed pursuant to a petition signed by the
persons owning all of the parcels subject to the assessment at the
time the assessment is initially imposed. Subsequent increases in
such assessments shall be subject to the procedures and approval
process set forth in Section 4.

(c) Any assessment the proceeds of which are exclusively used to
repay bonded indebtedness of which the failure to pay would violate
the Contract Impairment Clause of the Constitution of the United
States.

(d) Any assessment which previously received majority voter
approval from the voters voting in an election on the issue of the
assessment. Subsequent increases in those assessments shall be
subject to the procedures and approval process set forth in Section 4.

ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)
SEC. 6. Property Related Fees and Charges. (a) Procedures for New
or Increased Fees and Charges. An agency shall follow the procedures
pursuant to this section in imposing or increasing any fee or charge as defined pursuant to this article, including, but not limited to, the following:

(1) The parcels upon which a fee or charge is proposed for imposition shall be identified. The amount of the fee or charge proposed to be imposed upon each parcel shall be calculated. The agency shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition, the amount of the fee or charge proposed to be imposed upon each, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge.

(2) The agency shall conduct a public hearing upon the proposed fee or charge not less than 45 days after mailing the notice of the proposed fee or charge to the record owners of each identified parcel upon which the fee or charge is proposed for imposition. At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.

(b) Requirements for Existing, New or Increased Fees and Charges. A fee or charge shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

(1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.

(2) Revenues derived from the fee or charge shall not be used for
any purpose other than that for which the fee or charge was imposed.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

(4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.

(5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Reliance by an agency on any parcel map, including, but not limited to, an assessor's parcel map, may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership for purposes of this article. In any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance with this article.
(c) Voter Approval for New or Increased Fees and Charges. Except for fees or charges for sewer, water, and refuse collection services, no property related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge or, at the option of the agency, by a two-thirds vote of the electorate residing in the affected area. The election shall be conducted not less than 45 days after the public hearing. An agency may adopt procedures similar to those for increases in assessments in the conduct of elections under this subdivision.

(d) Beginning July 1, 1997, all fees or charges shall comply with this section.
NOTICE OF PUBLIC HEARING

To Customers and Owners of Real Property About
Proposed Water Rates and Charges Increases

When: Wednesday, June 5, 2013 @ 5:30 pm
Where: Carpinteria City Hall, 5775 Carpinteria Avenue, Carpinteria

NOTICE IS HEREBY GIVEN that the Board of Directors of the Carpinteria Valley Water District will hold a public hearing on Wednesday, June 5, 2013 to consider increases in its Rates and Charges in the unit cost of water, the Capital Improvement Program charge and the monthly State Water Project charge beginning with the July 2013 billing period.

All proposed Rates and Charges increases are set forth in Tables I, II, III, and IV on page 3. The actual Rates and Charges increases adopted by the Board could be lower.

An example of a monthly bill increase for a low water use residential customer of the District using 6 units of water is $1.18 per month or 1.8% and for a high use residential customer using 24 units of water is $2.66 per month or 1.8%.

Please call the District @ 684-2816 ext. 117 if you would like to know more specifically how the proposed Water Rates changes are likely to affect your monthly bill.

Rates and Charges in the District are based on the volume of water consumed, size of water meter and the number of independent units served by the meter. For commercial, industrial, public authority and residential customers, the 5-year average water use from December through March is used to establish a Base water tier for each account. The State Water Project (SWP) charge pays for all District obligated bonds and expenses associated with the Carpinteria Valley’s 1991 decision to participate in the California State Water Project. SWP charges cover these “pass through” costs over which the District has little control. Revenue from the Basic charge pays for annual expenses needed to repair and improve existing infrastructure and equipment. The Capital Improvement Program (CIP) charge pays the District’s debt obligations for facilities constructed to primarily enable the District to meet
Federal and State drinking water quality standards. It also includes “pass through” costs associated with the Santa Barbara Cate Water Treatment Plant.

If you oppose the Rates and Charges increases (as shown in the Tables below) please mail your written protest with original signature (no facsimiles) to the General Manager/Secretary of the Carpinteria Valley Water District at 1301 Santa Ynez Avenue, Carpinteria CA 93013, or deliver prior to the close of the Public Hearing held by the Board of Directors at Carpinteria City Hall on Wednesday, June 5, 2013.

Any person attending the Hearing may present written or oral testimony.

As specified in District Resolution No. 919 (March 23, 2011) legal property owners and District customers of record may protest these proposed increases. One written protest per parcel, submitted in accordance with the requirements below, will be counted as a protest for that parcel:

If you are a legal property owner, your protest must include the following information:
(1) A statement indicating the specific rate and/or charge you are protesting.
(2) The assessor’s parcel number or street address of the identified parcel.
(3) The printed name and original signature of the property owner of record.

If you are a District customer of record, your written protest must include the following information:
(1) A statement indicating the specific rate and/or charge you are protesting.
(2) The street address where water service is delivered.
(3) The printed name and original signature of the District customer of record.
(4) The ten-digit District account number serving the parcel.

To be counted, the written protest must be received by the District prior to the close of the Public Hearing on Wednesday, June 5, 2013; or, if mailed, postmarked no later than June 5, 2013.

Pursuant to Article XIII D of the California Constitution, if written protests against the proposed fee increase or charge increase are presented by a majority of owners and/or customers of identified parcels served by the District, the District shall not impose the fee or charge increase.

Please call me, Charles Hamilton, General Manager/Secretary, @ 684-2816 ext. 112 if you have any questions about the Public Hearing process or the proposed Water Rates and Charges increases.

Charles B. Hamilton, General Manager/Secretary

Resolution No. 919 can be found on the District website:
www.cvwd.net/comm_public_info.htm
or at the District office: 1301 Santa Ynez Ave. Carpinteria CA, 93013
**Water Rates and Monthly Service Charges** may increase as proposed and shown below:

<table>
<thead>
<tr>
<th>Residential, Commercial, Industrial &amp; Public Authority:</th>
<th>1 unit = 100 cubic feet (HCF) or 748 gallons</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASE Basic HCF</td>
<td>$3.00</td>
</tr>
<tr>
<td>MID LEVEL Basic HCF</td>
<td>$3.85</td>
</tr>
<tr>
<td>PEAK Basic HCF</td>
<td>$4.85</td>
</tr>
<tr>
<td>Agricultural / Irrigation:</td>
<td>$1.70</td>
</tr>
<tr>
<td>Residential Equivalency Fee:</td>
<td>$18.15 / month</td>
</tr>
</tbody>
</table>

1. Pumping Level I = 350 feet above sea level
2. Pumping Level II = 650 feet above sea level

### TABLE II

#### Monthly Basic and State Water Project (SWP) Charges

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Current</th>
<th>Proposed</th>
<th>Difference - $</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8&quot;</td>
<td>Basic 4.88</td>
<td>SWP 25.91</td>
<td>Total 30.79</td>
</tr>
<tr>
<td>3/4&quot;</td>
<td>Basic 4.88</td>
<td>SWP 25.91</td>
<td>Total 30.79</td>
</tr>
<tr>
<td>1&quot;</td>
<td>Basic 8.13</td>
<td>SWP 43.18</td>
<td>Total 51.31</td>
</tr>
<tr>
<td>11/2&quot;</td>
<td>Basic 16.25</td>
<td>SWP 86.35</td>
<td>Total 102.60</td>
</tr>
<tr>
<td>2&quot;</td>
<td>Basic 26.00</td>
<td>SWP 138.16</td>
<td>Total 164.16</td>
</tr>
<tr>
<td>3&quot;</td>
<td>Basic 52.00</td>
<td>SWP 276.32</td>
<td>Total 328.32</td>
</tr>
<tr>
<td>4&quot;</td>
<td>Basic 81.25</td>
<td>SWP 431.75</td>
<td>Total 513.00</td>
</tr>
<tr>
<td>6&quot;</td>
<td>Basic 162.50</td>
<td>SWP 863.50</td>
<td>Total 1026.00</td>
</tr>
<tr>
<td>8&quot;</td>
<td>Basic 373.75</td>
<td>SWP 1986.05</td>
<td>Total 2359.80</td>
</tr>
</tbody>
</table>

### TABLE III

#### Monthly Capital Improvement Program (CIP) Charge

<table>
<thead>
<tr>
<th>Rate</th>
<th>Current</th>
<th>Proposed</th>
<th>Difference - $</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.70 per HCF</td>
<td>Basic 16.20</td>
<td>SWP 6 HCF</td>
<td>Total $270.00</td>
</tr>
</tbody>
</table>

### TABLE IV

#### Monthly Service Charges - Fire Accounts

<table>
<thead>
<tr>
<th>Service Size</th>
<th>Current</th>
<th>Proposed</th>
<th>Difference - $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2&quot;</td>
<td>Basic 3.25</td>
<td>SWP 17.27</td>
<td>Total 20.52</td>
</tr>
<tr>
<td>3&quot;</td>
<td>Basic 7.31</td>
<td>SWP 38.86</td>
<td>Total 46.17</td>
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<tr>
<td>4&quot;</td>
<td>Basic 13.00</td>
<td>SWP 69.08</td>
<td>Total 82.08</td>
</tr>
<tr>
<td>6&quot;</td>
<td>Basic 29.25</td>
<td>SWP 155.43</td>
<td>Total 184.68</td>
</tr>
<tr>
<td>8&quot;</td>
<td>Basic 52.00</td>
<td>SWP 276.32</td>
<td>Total 328.32</td>
</tr>
<tr>
<td>10&quot;</td>
<td>Basic 81.25</td>
<td>SWP 431.75</td>
<td>Total 513.00</td>
</tr>
</tbody>
</table>
Table I. **Water Rates**

**Water Rates** refer to the unit cost of water, with one unit defined as 748 gallons or 100 cubic feet (HCF) of water. **Water Rates** fund administration, engineering, business and operations & maintenance costs as well as the purchase of water and joint powers agency (i.e., Cachuma Operation and Maintenance Board and Central Coast Water Authority) costs.

- **Base** = 5-year Dec. to Mar. water consumption by account and/or dwelling unit; 6 HCF min.
- **Mid Level** = 100% of Base volume;
- **Peak** = all consumption in excess of Base + Mid Level

Table II. **Monthly Basic and State Water Project Charges**

**Monthly Service Charges** for individually metered dwelling units or structures include:

1) A **Basic** component to fund ongoing infrastructure replacement and improvements as well as the Cachuma Project Authority Bonds. This charge varies with meter size.

2) A State Water Project or **SWP** component to fund 100% of the District’s SWP debt obligation. This charge varies with meter size.

**Monthly Service Charges** for master metered customers are adjusted individually by a Dwelling Equivalency (DEQ) charge. (Master metered customers receive a single monthly bill from the District for one account but have two or more dwelling units, and vary in size from duplexes to large apartment buildings or clusters of condominiums.) The DEQ charge appears only on the bills of master metered accounts. It equalizes the SWP charge for all dwelling units served by master meters to the level of a ¾” meter. The result is that every dwelling unit throughout the District, whether or not served by a single District meter, pays the exact same amount of State Water Project (SWP) costs.

Table III. **Monthly Capital Improvement Program Charges**

The Capital Improvement Program or **CIP** charge pays the District’s debt obligations associated with the recent covers and improvements at the Carpinteria and Ortega Reservoirs, the new Headquarters well and filtration plant, the El Carro Well and Pipeline Project, the new 3 million gallon Foothill Reservoir, and major improvements at the Cater Treatment Plant in Santa Barbara. These projects help the District meet current and proposed drinking water quality standards set by the United States Environmental Protection Agency and enforced by the California Department of Public Health.

Table IV. **Monthly Service Charges for Fire Service**

**Monthly Service Charges for Fire Service** include the Basic and SWP components but not the CIP component.
March 22, 2013

Carpinteria Valley Water District
1301 Santa Ynez Avenue
Carpinteria, CA 93013
Attention: Mr. Charles Hamilton, General Manager

Re: Carpinteria Valley Water District, California, Revenue Certificates of Participation, Various Series

Dear Mr. Hamilton:

Standard & Poor's Ratings Services ("Ratings Services") hereby affirms its rating of "AA-" for the underlying rating (SPUR) on the above-listed obligations and stable outlook. A copy of the rationale supporting the rating and outlook is enclosed.

This letter constitutes Ratings Services’ permission for you to disseminate the above rating to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we’ve released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

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Summary:
Carpinteria Valley Water District, California; Water/Sewer

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Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services has affirmed its 'AA-' rating on Carpinteria Valley Water District, Calif.'s revenue certificates of participation (COPs). The outlook is stable.

The ratings reflect our opinion of the district's:

- Established Santa Barbara-area economic base with a strong median household effective buying income (EBI);
- Strong financial metrics; and
- Limited capital needs.

In our view, constraining credit quality is what we believe to be very high rates and limited rate flexibility, which spurred the district to restructure its debt service profile in 2010 by back-loading principal.

Net water system revenues secure the certificates. These obligations are on parity with the district's California Department of Water Resources (DWR) loans, a 1993 joint participation agreement with the Cachuma Operations and Maintenance Board.

Located 11 miles east of Santa Barbara, the district provides water service from a combination of imported and groundwater sources to an established coastal community of approximately 18,500 residents and 4,300 accounts. Local economic activity includes light industrial manufacturing and specialty horticulture, and residents have access to the Santa Barbara job center. The median household EBI in the City of Carpinteria, which we believe is largely representative of the district as a whole, is strong in our view, at 121% of the U.S. level.

The district has shown strong fixed charge coverage ratios in recent years, although the issuance of the 2010A COPs was intended, in part, to moderate financial pressure on operations and, by extension, the size of near-term rate increases. During fiscal years 2010-2012, the district's fixed charge coverage -- a calculation that considers fixed costs to wholesale providers to be analogous to debt rather than operating expenses -- has been strong in our opinion, ranging from 1.7x-1.9x, while debt service coverage exceeded 2.2x. We note that the series 2010 transaction did not require debt service payments until fiscal 2023, and by refinancing portions of series 2006A and a DWR obligation...
through fiscal 2016, the district sought to moderate increases in parity obligations that would otherwise put downward pressure debt service coverage. The series 2010 transaction also allowed the district to postpone what we understood would have been a subordinate annual obligation under its share of improvements to the treatment facility of one of its wholesale providers, Santa Barbara. Management projects debt service coverage in the 1.5x range from 2013-2017. Available system liquidity has been consistently strong in our view, with unrestricted cash measuring $8.2 million, or 375 days' operations at the end of fiscal 2012; the district's policy is to maintain at least $3 million in cash. The 2013-2017 capital plan is a modest $4 million and we expect the district fund it as it goes.

Reinforcing its ability to achieve its financial projections, in our view, has been a willingness to adjust rates. The district currently charges $94 for 7,500 gallons per month of residential usage, up 5% from 2009. We consider rates to be high and believe that this constrains revenue raising flexibility.

**Outlook**

The stable outlook reflects our view that the restructuring of the district's carrying charges and management's representation that it is unlikely to face significant capital needs or changes to its operating structure provide the necessary conditions for it to achieve its financial goals. We could lower the rating if operating costs or capital needs turn out to be higher than management has forecast and the district is unable to adjust its rates enough to maintain at least good fixed charge coverage and a strong liquidity position. We do not expect to raise the rating during our two-year outlook horizon.

**Related Criteria And Research**

- USPF Criteria: Key Water And Sewer Utility Credit Ratio Ranges, Sept. 15, 2008

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