

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

June 28, 2006

President Lemere called the regular meeting of the Board of Directors of Carpinteria Valley Water District to order at 4:00 p.m. Wednesday June 28, 2006.

Directors Present: Lemere, Roberts, Lieberknecht, Van Wingerden
Directors Absent: Drain
Others Present: Charles Hamilton
Bob McDonald
Omar Castro
Suzie Lara
Chip Wullbrandt
Danna McGrew
Kathy Stone
Wayne Haefele
Dick Poedtke

MINUTES

Following discussion, President Lemere directed that consideration of approval of the Board minutes of the June 7 Board meeting be deferred until all three of the Directors who were present on June 7 are also present at the next Board meeting on July 26.

MONTHLY BILLS

Following a brief overview presented by Administrative Assistant Suzie Lara, and discussion, Director Van Wingerden moved and Director Lieberknecht seconded the motion to approve the monthly bills for the period of May 24, 2005 through June 28, 2006. The motion carried by a 4 – 0 vote.

PUBLIC FORUM

No one from the public addressed the Board.

OLD BUSINESS

There was no Old Business.

NEW BUSINESS

**REPORT OF
STRATEGIC AND
CAPITAL
FACILITIES PLAN
COMMITTEE**

General Manager Hamilton gave a brief overview of items discussed during the Strategic and Capital Facilities Plan Committee meeting on June 20, 2006, noting that action items related to this meeting followed on the Board agenda.

**PROPOSAL FOR
AUDIT SERVICES
FOR FISCAL YEAR
ENDING JUNE 30,
2006 - BARTLETT
PRINGLE & WOLF**

Following President Lemeres' acknowledgement of Danna McGrew of Bartlett Pringle & Wolf (BPW) Mr. Hamilton expressed his appreciation for her assistance since mid-April related to the District's re-financing of its Series 2000 Certificates of Participation and several other financial reporting matters requiring her detailed knowledge of District financial statements. Mr. Hamilton distributed his staff memo with recommendations for the

Board to continue with BPW for audit services for the fiscal year ending June 30, 2006. Ms. McGrew noted BPW's change of managing partner at the District in 2003 and briefly the growing practice of partner rotation that larger audit firms are implementing throughout the industry to provide an extra measure of protection when an experienced and knowledgeable audit firm is retained for several years or more. Following discussion, Director Van Wingerden moved and Director Lieberknecht seconded the motion to engage the services of Bartlett Pringle and Wolf to perform an audit of the District's financial statements for the fiscal year ending June 30, 2006 as set forth in BPW's proposal dated June 22, 2006 for an estimated cost of \$22,000. The motion carried by a 4-0 vote.

**PROPOSAL FOR
AUDIT SERVICES
FOR DISTRICT'S
SCHEDULE OF
EXPENDITURES OF
FEDERAL AWARDS
FOR THE SAFE
DRINKING WATER
STATE REVOLVING
FUND PROGRAM**

Mr. Hamilton further recommended that the District engage the services of BPW for audit services for the District's Schedule of Expenditures of Federal Awards for the Safe Drinking Water State Revolving Fund Program. He noted that the estimated cost this year is less than last year, the first year this audit was required. Following discussion, Director Roberts moved and Director Lieberknecht seconded the motion to engage the services of BPW to provide an audit of the District's Schedule of Expenditures of Federal Awards for the Safe Drinking Water State Revolving Fund program. The motion carried by a 4-0 vote.

**STORAGE TANK-
STATUS REPORT**

Mr. Hamilton reported briefly on the progress of the Storage Tank Project, in particular the need for the securing and use of fill dirt on Rancho Monte Alegre no later than the middle of September, as well as the drainage related issue. Project construction manager Wayne Haelele then presented a brief PowerPoint presentation showing the progress of the Tank construction. Additional discussion included a brief report about the construction site theft of tools and equipment from secured facilities owned by DYK and the Ranch, as well as the need for protection against possible vehicular access to and over the Tank once it is buried. No action was taken.

**CLOSED SESSION
PURSUANT TO
GOVERNMENT
CODE SECTION
54956.9 (b)**

President Lemere convened the Board in Closed Session at 4:40 pm pursuant to Government Code Section 54956.9 (b) Conference with Legal Counsel - Anticipated Litigation. President Lemere reconvened the Board in open session at 4:55 pm. No action was taken.

**GRAND JURY
REPORTS: "LEGAL
SERVICES IN SANTA
BARBARA, VERY
HIGH PRICES FOR
COMPREHENSIVE
REPRESENTATION"
AND "WATER AND
CEMETERY
DISTRICTS, DO
SPECIAL DISTRICTS
NEED WATCHING?"**

Mr. Hamilton distributed copies of draft letters in response to Grand Jury reports addressing legal services and water and cemetery districts. He reported that the draft letters reflected the considered input of not only himself but also counsel Wullbrandt and Board members Drain and Lemere of the Strategic and Capital Facilities and Planning Committee. Mr. Hamilton commented that it is a big challenge for Grand Jury members to obtain a complete and accurate understanding of District performance of functions and activities when limited to just a few brief interviews. He noted that in response to the Grand Jury comments about "training" he felt there was a miscommunication on this matter as to the meaning of "training" relative to his formal professional training in graduate school completed in 1974. He regularly, two to three times a year, attends workshops and

seminars related to changing laws and current management issues facing water districts, and noted that he would begin obtaining the official “continuing education” certification that is usually offered with such programs. He also indicated one change in the legal services letter recommended by special counsel Kathy Stone pertaining to the District practice of striving to resolve issues before litigation occurs. Director Lieberknecht commented on the focus of the water and cemetery district report being a cemetery District in Goleta that dramatically failed to do its job particularly in regard to its relationship with the manager. Counsel Wullbrandt suggested that there may have been a misunderstanding on the part of Grand Jury as to the distinct differences in the structure of oversight of water and cemetery districts. Cemetery districts, whose directors are appointed by the County Board of Supervisors, are overseen by the Board of Supervisors, whereas independent special water districts such as Carpinteria Valley Water District have locally elected governing boards with no affiliation to the County. Dick Poedtke commented that it is evident that there is a need for greater public oversight of special districts. Minor changes were suggested for the water and cemetery district response letter. President Lemere then directed that the letters be finalized for his signature.

**AWARD OF
CONTRACT FOR
LYONS WELL
REHABILITATION
SERVICES**

Mr. Hamilton reported that District Engineer Bob McDonald had received just one bid for the services required for the rehabilitation of Lyons Well. Mr. McDonald described in detail the bidding process and the response from Bakersfield Well and Pump. Following discussion Director Lieberknecht moved and Director Van Wingerden seconded the motion to award bid to Bakersfield Well and Pump in the amount of 49,334 for Lyons Well rehabilitation services. The motion carried by a 4-0 vote.

**SANTA BARBARA
COUNTY
INTEGRATED
REGIONAL WATER
MANAGEMENT
PLAN PROPOSAL**

Mr. Hamilton indicated that while not happy with the uncertain nature and cost sharing formula of the proposal as set forth in the Board agenda packet, he nevertheless felt it would be prudent to participate in an Integrated Regional Water Management Plan in order for the District to successfully apply for future water grants and loans. Both Director Lemere and Director Van Wingerden commented about the inaccurate calculation of the District’s proposed cost share. Following discussion and no favorable consensus about responding to the proposal as set forth in the letter, President Lemere directed Mr. Hamilton to communicate Board member concerns to the County about the proposal. No action was taken.

**GENERAL
MANAGER’S
REPORTS**

**FINANCIAL -
MONTHLY
STATEMENTS**

Mr. Hamilton presented the monthly financial statements for the period ending May 31, 2006, noting that in spite of lagging water sales due to late spring rains and a cool weather pattern, fiscal year-to-date revenues remained well ahead of District expenses through May. Director Van Wingerden questioned line item # 01-621 showing a huge increase in “Interest Revenue – CIP” and Mr. Hamilton responded that he would provide an explanation at the next Board meeting.

**LETTER FROM
SANTA BARBARA
COUNTY AUDITOR
CONTROLLER
ROBERT GEIS**

Mr. Hamilton referred to the letter dated May 25, 2006 from Robert Geis enclosed in the Board packet and showed the Board the draft report prepared by Mr. Geis on independent special districts. He noted that this is the first of such reports and that he had directed Danna McGrew of Bartlett Pringle & Wolf to respond to various points of financial information represented in the draft report and that she had done so. No action was taken.

WATER SUPPLY

Mr. Hamilton noted that water supplies remain more than adequate for the foreseeable future year.

ENGINEERING

**LETTER FROM
KURT SOUZA OF
THE DEPARTMENT
OF HEALTH
SERVICES**

Mr. Hamilton commented on the letter in the Board packet to Kurt Souza of the Department of Health Services. He noted that the letter not only documents the milestone completion of two major Capital Improvement Program projects - the Headquarters Well and the Carpinteria Reservoir Cover projects, but represents a major accomplishment of staff and in particular District Engineer Bob McDonald. He noted that Mr. Mc Donald's expertise and contributions extend beyond his engineering oversight into areas of cost control and financial accountability. He was gratefully thanked by Mr. Hamilton, President Lemere and the other Directors. Mr. Hamilton suggested that perhaps some ceremony be planned after completion of the remaining two CIP projects - the Ortega Reservoir Cover project and the Storage Tank project - expected to be completed some time by the end of 2007.

**PROJECT STATUS
REPORT**

Mr. Mc Donald presented the Project Status report for the month of June 2006.

**OPERATIONS AND
MAINTENANCE**

Mr. Castro presented the Operations and Maintenance report for the month of June, 2006.

GENERAL

**UNION OF
INTERNATIONAL
OPERATING
ENGINEERS
MEETING HELD ON
JUNE 19, 2006**

Mr. Hamilton reported briefly on the meeting held on June 19, 2006 with representatives of the International Union of Operating Engineers who at that time presented a letter requesting information and copies of various and several documents. He noted that he anticipated a second meeting would be held by the end of July at which time a proposal would be presented by the Union.

**SUMMER MEETING
SCHEDULE AND
VACATIONS**

Mr. Hamilton reviewed the summer schedule of Board meetings - one in July and one in August. President Lemere noted that the meeting in July would begin earlier to accommodate a presentation by DYK, the Storage Tank construction contractor. Mr. Hamilton noted that during his vacation, July 3 through July 14, Directors should contact District Engineer Bob Mc Donald or Administrative Assistant Suzie Lara with any requests.

**CAPITAL
IMPROVEMENT**

Mr. Hamilton had nothing new to report on this item.

**PROGRAM -
ORTEGA
RESERVOIR**

**DIRECTORS
REPORTS**

**CENTRAL COAST
WATER AUTHORITY
BOARD MEETING**

Director Lemere gave an oral report about the June 22, 2006 Central Coast Water Authority Board meeting.

**CACHUMA
CONSERVATION
RELEASE BOARD
AND CACHUMA
OPERATION AND
MAINTENANCE
BOARD MEETINGS
JUNE 26, 2006**

Director Van Wingerden gave an oral report about the June 26, 2006 Cachuma Conservation Release Board and Cachuma Operation and Maintenance Board meetings. Included in her overall report about the COMB meeting was a report about the status of COMB Board discussion and direction about COMB staff research on the financial impact of the Cachuma melded rate approach, one that has been unfavorable to this District over the last five water years. A letter of response was distributed by Mr Hamilton for Board consideration. Following discussion Director Roberts moved and Director Lieberknecht seconded the motion to authorize President Lemere to execute the letter of response to COMB's Board President Loudon, and have it sent to COMB before its next regular Board meeting held on July 24, 2006. The motion carried by a 4- 0 vote.

**DIRECTOR VAN
WINGERDEN
LEAVES MEETING**

Director Van Wingerden left the meeting at 6:13 p.m.

NEXT MEETING

The next scheduled Board meeting will be a Regular Board meeting held on July 26, 2006, at 3:30 pm in the Board meeting room at 1301 Santa Ynez Avenue.

ADJOURNMENT

President Lemere declared the meeting adjourned at 6:14 p.m.

Charles B. Hamilton, General Manager/Secretary