

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

October 25, 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 October 25, 2006.

Directors Present: Lemere, Roberts, Lieberknecht, Drain, Van Wingerden
Directors Absent: none
Others Present: Charles Hamilton
Bob McDonald
Omar Castro
Suzie Lara
Chip Wullbrandt
Jeff Dinkin
Ned Quackenbush
Steve Tanner
Robert Marks
Mike Burke

MINUTES

Following discussion, Director Drain moved and Director Roberts seconded the motion to approve the minutes of the September 27, 2006 Board meeting. The motion carried by a 4-0 vote. Director Van Wingerden abstained.

MONTHLY BILLS

Following a brief overview presented by General Manager Hamilton, and discussion, Director Van Wingerden moved and Director Lieberknecht seconded the motion to approve the monthly bills for the period of September 28, 2006 through October 25, 2006. The motion carried by a 5 – 0 vote.

PUBLIC FORUM

No one from the public addressed the Board.

OLD BUSINESS

**RECOMMENDATION
TO ACCEPT PUEBLO
WATER
RESOURCES'
PROPOSAL**

General Manager Hamilton commented briefly on the need for an on-going services agreement with Pueblo Water Resources, similar to the one established for Padre Associates, and introduced Mr. Tanner of Pueblo Associates, formerly with Padre. Mr. Hamilton commented on the long history of a successful working relationship with Mr. Tanner as the District's main consulting engineer for capital facilities and planning. Mr. Tanner then summarized his change in status vis-à-vis Padre Associates. Discussion included a question from Director Lemere about the accessibility of records and information previously developed by Mr. Tanner while associated with Padre, and Mr. Tanner's assurance that they remain available to the District without conflict, and a request by Director Roberts that Mr. Hamilton in the future provide the Board notification when he authorizes expenses on a time and materials basis pertaining to services provided by Pueblo. Following

discussion, Director Van Wingerden moved and Director Drain seconded the motion to approve the implementation of a Master Consulting Services Agreement with Pueblo Water Resources for ongoing engineering and hydrologic consulting services as proposed in Pueblo's letter of October 16, 2006. The motion carried by a 5-0 vote.

**LYONS WELL
OPERATIONS
REPORT**

Operations & Maintenance Manager Omar Castro commented briefly about the first item of his Operations report relative to the Lyons Well rehabilitation work in progress. Mike Burke then presented a detailed status report on the Lyons Well rehabilitation work in progress. During discussion Director Roberts requested that a detailed cost of service summary for this contract involving both Pueblo Water Resources and Bakersfield Well & Pump be provided to the Board in a timely manner.

**GRANT OF
EASEMENT FOR
DISTRICT PIPELINE
LOCATED ON
PROPERTY OWNED
BY NED
QUACKENBUSH**

Mr. Hamilton commented briefly on the lengthy process involved with the U.S. Bureau of Reclamation relative to transfer of federal title to the District for much of the District storage and distribution system, including the lateral of concern to property owner Ned Quackenbush. District Engineer Bob McDonald then presented a proposed Grant of Easement (including issuance of a Quitclaim) to address the current location of a District owned pipeline outside of the actual easement. During discussion Director Roberts suggested that the Grant of Easement also include a temporary easement or license for the purpose of construction should the line in the future be relocated as anticipated. Following discussion, Director Roberts moved and Director Van Wingerden seconded the motion to authorize the Manager to take the necessary steps to accept the proposed Grant of Easement, including a temporary construction easement as needed, for a District pipeline located on the property of Ned Quackenbush, and issue an associated Quitclaim, subject to final review by the Manager and District Counsel. The motion carried by a 5-0 vote.

**REPORT OF
PERSONNEL
COMMITTEE
MEETING HELD ON
OCTOBER 19, 2006**

Mr. Hamilton commented briefly on the Personnel Committee meeting held on October 19, 2006. He noted that with the exceptions of the agenda item to follow relative to salary and benefit treatment of the General Manager and management staff, and discussion about the scheduling of an employee appreciation event, all other items discussed during this meeting would be discussed as needed in closed session due to their relationship to on-going negotiations with the International Union of Operating Engineers. Mr. Hamilton suggested that the employee appreciation event should follow the holiday season and the Board concurred.

**MANAGEMENT
STAFF AND
GENERAL
MANAGER'S
SALARY AND
BENEFIT
TREATMENT IN
FISCAL YEAR 2007**

Following discussion Director Drain moved and Director Van Wingerden seconded the motion to approve salary and benefit treatment for the management staff and General Manager as follows:

1) Effective July 1, 2006 for District Engineer Bob McDonald, Business Manager Norma Rosales, and Operations & Maintenance Manager Omar Castro authorize a 3% cost of living increase and a .5% District matching contribution increase for the voluntary deferred compensation program.

2) Effective July 1, 2006 for General Manager Charles Hamilton authorize a

3% cost of living increase and a \$619 (.5%) District matching contribution increase for the voluntary deferred compensation program.

The motion carried by a 5-0 vote

NEW BUSINESS

TIERRA CONSTRUCTION CHANGE ORDER NO. 1 FOR WORK PERFORMED FOR THE STORAGE TANK PROJECT

District Engineer Bob McDonald discussed the memo he prepared for the Board packet relative to a change order for work performed by Tierra Construction for the Storage Tank Project. He noted that a second change order for an amount less than \$15,000 is also anticipated. Following questions about the change order costs and in particular the paving of the Flood Control entrance road, and discussion, Director Drain moved and Director Roberts seconded the motion to approve the change order in the amount of \$202,433.18, of which \$116,135.43 will be reimbursed to the District by RMA VI, and the District will pay \$86,297.75. The motion carried by a 5-0 vote.

STRATEGIC AND CAPITAL FACILITIES PLAN COMMITTEE MEETING HELD ON OCTOBER 18, 2006

Mr. Hamilton noted that among the items discussed at the October 18 Strategic and Capital Facilities Plan Committee meeting was the status of the District's 2007 Strategic and Capital Facilities Plan. He distributed copies of the 1999 Plan table of contents with notes on what has been accomplished. A considerable amount of work remains to be done by staff and Directors over the next several months.

POTENTIAL CONFLICT OF INTEREST FOR ATTORNEY STEVE MCGUIRE RELATIVE TO HIS COUNSEL TO RANCHO MONTE ALEGRE

Mr. Hamilton reported that general counsel Chip Wullbrandt of Price Postel and Parma had advised him of a potential conflict of interest in work performed by attorney Steve McGuire, now with Price Postel and Parma. Independent counsel to the District, Kathy Stone, has since found that there is no conflict of interest in Mr. McGuire's work on amendments to RMA Covenants Conditions & Restrictions and a related easement for drainage improvements facilitated by the District. A formal Acknowledgment and Consent form prepared by Counsel Stone will be presented to the Board for consideration in November.

GENERAL MANAGER'S REPORTS

FINANCIAL - MONTHLY STATEMENTS

General Manager Hamilton presented the monthly financial statements for the period ending September 30, 2006.

JPIA INSURANCE COVERAGE VALUES

Mr. Hamilton distributed a memo prepared by Business Manager Rosales noting the recent changes in valuation by the Joint Powers Insurance Authority relative to Accounts Receivable and the Main Office Building. These were made in response to Director Lemere's questions raised at a previous meeting.

OPERATIONS AND MAINTENANCE

Operations and Maintenance Manager Omar Castro completed his presentation of the Operations and Maintenance report for the month of

October, 2006.

WATER SUPPLY

District Engineer Bob McDonald presented the monthly Water Supply report for October 2006.

PROJECT STATUS REPORT

Mr. Mc Donald presented the Project Status report for October 2006.

GENERAL

2007 BOARD MEETING SCHEDULE

Mr. Hamilton distributed a proposed Board meeting schedule for 2007. The schedule includes a meeting to be held at City Hall on February 21, 2007 to explain the Proposition 218 process and introduce the preliminary FY 08 Budget and water rate structure changes and increases.

H2KNOW, NOVEMBER 2006

Mr. Hamilton distributed copies of the November H2KNOW newsletter and received comments from Directors for the next issue.

GROUNDWATER RESOURCE ASSOCIATION MEETING OF OCTOBER 4, 2006

Mr. Hamilton noted his attendance at the October 4 meeting of the Groundwater Resource Association meeting focused on economics of groundwater management. He noted that a recurring theme was that water withdrawn from a groundwater basin should equate to the marginal benefit and marginal cost at each moment in time. He noted that District growers generally choose to produce groundwater from their private wells due to the comparatively high price of District water.

AWWA MAINSTREAM ARTICLE ENTITLED "MANAGERS CONNECT RATES TO VALUE, PUBLIC HEALTH," VOL. 50, NO. 4, OCTOBER 2006

Mr. Hamilton distributed copies of a recent American Water Works Association MainStream article entitled "Managers Connect Rates to Value, Pubic Health." The article reinforces his understanding that the problems faced by this District are typical of problems faced by water agencies throughout the country, having to do with aging infrastructure, higher operating costs and complex regulations.

He also distributed copies of a recent article from the AWWA Journal of October 2006 entitled "DBPs in drinking water: Additional scientific and policy considerations for public health protection" adapted from the Clarke Prize lecture delivered by the author, Philip Singer. In his article Mr. Singer identifies significant deficiencies in the methodologies of epidemiological studies involving disinfection by-products (DBPs). He emphasizes that solutions to disinfection by-products health risks in drinking water necessitate more aggressive management and control strategies. Mr. Hamilton noted that a meeting is scheduled on November 29 for Cachuma member agencies on the south coast to discuss findings of pilot studies underway relative to Cater Treatment Plant disinfection and strategies to effectively address DBPs.

STATUS OF DISTRICTS EMERGENCY PREPAREDNESS

Mr. Hamilton provided a brief status report on the District's emergency preparedness. During discussion President Lemere directed that this matter be agendized regularly for status reports by the Manager and discussion by the Board.

CACHUMA PROJECT

MEMBER UNIT ACCOUNTING FOR 2006 SURPLUS/ EXCHANGE WATER

Mr. Hamilton distributed copies of a memorandum he executed relative to accounting for 2006 Surplus/Exchange water accounting for the Cachuma Project and in particular Santa Ynez Water Conservation District, Improvement District No 1.

LAURO RESERVOIR SAFETY OF DAM REPAYMENT CONTRACT AND CACHUMA RENEWAL MASTER CONTRACT

Mr. Hamilton distributed copies of a memo from Kate Rees, Interim General Manager for COMB, explaining a newly negotiated and quite favorable change in the interest rate for the Cachuma Renewal Master Contract. He noted that this is a result of a long on-going effort by several parties including Kate Rees, Jan Abel of Montecito Water District and general counsel Chip Wullbrandt.

CAPITAL IMPROVEMENT PROGRAM

STORAGE TANK- STATUS REPORT

Mr. Hamilton reported briefly on the steady progress leading up to the filling and eventual testing of the newly constructed Storage Tank on RMA. He also noted that he was concerned about new concerns raised by County Planning and Development (P&D) staff at a meeting on October 3 relative to the District's CEQA process and County permitting for both the lower Ranch detention basin modifications and the road to the upper Ranch water facilities. He distributed copies of a legal memo sent to the County by counsel Kathy Stone addressing the County concerns about CEQA adequacy relative to the upper Ranch road. He noted that P&D's hold on amending the District Coastal Development Permit is delaying the commencement of work on the detention basin and outfall structure into the rainy season. He indicated that he had contacted Ron Cortez, Deputy County CEO, to seek assistance in a timely resolution of the issues raised by County Planning and Development staff.

ORTEGA RESERVOIR

Mr. Hamilton distributed color copies of a recent picture of the construction in progress at the Ortega Reservoir showing trusses placed over the reservoir, necessary to receive and support the aluminum roof.

DIRECTORS REPORTS

CACHUMA CONSERVATION RELEASE BOARD AND CACHUMA OPERATION AND MAINTENANCE BOARD MEETINGS OCTOBER 2, 2006

Director Lieberknecht gave an oral report about the October 2, 2006 Cachuma Conservation Release Board and Cachuma Operation and Maintenance Board meetings.

**CACHUMA
CONSERVATION
RELEASE BOARD
AND CACHUMA
OPERATION AND
MAINTENANCE
BOARD MEETINGS
OCTOBER 23, 2006**

Director Lieberknecht gave an oral report about the October 23, 2006 Cachuma Conservation Release Board and Cachuma Operation and Maintenance Board meetings.

**CLOSED SESSION:
CONFERENCE WITH
LABOR
NEGOTIATOR
PURSUANT TO
GOVERNMENT
CODE SECTION
54957.6.**

At 6:40 pm President Lemere announced and the Board convened in Closed Session for a conference with labor negotiator Jeff Dinkin pursuant to Government Code Section 54957.6, pertaining to negotiations with the International Union of Operating Engineers, Local 12. President Lemere reconvened the Board in Open Session at 7:26 pm and reported that Mr. Dinkin had been provided with direction from the Board, but that no action was taken.

NEXT MEETING

The next scheduled Board meeting will be a Regular meeting held on November 15, 2006, at 4:00 pm in the Board meeting room at 1301 Santa Ynez Avenue.

ADJOURNMENT

President Lemere declared the meeting adjourned at 7:27 p.m.

Charles B. Hamilton, General Manager/Secretary