

# Board Meeting Agenda Special Meeting

Russ Baggerly, Director  
Mary Bergen, Director  
Bill Hicks, Director

Pete Kaiser, Director  
James Word, Director

CASITAS MUNICIPAL WATER DISTRICT  
August 6, 2012  
3:00 P.M. – DISTRICT OFFICE

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public which is within the subject matter jurisdiction of the Board. The request to be heard should be made immediately before the Board's consideration of the item. No action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of ¶54954.2 of the Government Code and except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under section 54954.3 of the Government Code.

1. Public Comments
2. General Manager comments.
3. Board of Director comments.
4. Consent Agenda
  - a. Minutes of the July 25, 2012 Board Meeting.
  - b. Resolution approving agreement with Ernst & Young for audit services for State Water Project.
  - c. Recommend approval of a purchase order to Aqua Metric for \$191,843.44 for the purchase of 1,325 Sensus Technology meter transducer units for upgrading of meter registers.
  - d. Recommend approval of a purchase order to Harrington Industrial Plastics in a not to exceed amount of \$144,071.58 for the purchase and delivery of sixteen 12,500 gallon plastic tanks.

RECOMMENDED ACTION: Adopt Consent Agenda

5. Bills
6. Committee/Manager Reports

- a. Executive Committee Minutes
- 7. Discussion regarding Ventura LAFCo ballot and selection of a candidate to support.

RECOMMENDED ACTION: Motion supporting a candidate

- 8. Discussion regarding the funding request of the Ventura County Watershed Protection District regarding the San Antonio Creek Spreading Grounds Rehabilitation Project.

RECOMMENDED ACTION: Direction to staff

- 9. Information Items:
  - a. Monthly Cost Analysis for operation of Robles, fisheries and fish passage
  - b. Memo from General Manager regarding his attendance at the CSDA General Manager Leadership Summit.
  - c. News articles.
  - d. Investment Report

- 10. Closed Session

- a. (Govt. Code Sec. 54956.9 (a))  
Conference with Legal Counsel – Existing Litigation  
Name of Case: Stanley Revell vs. Roger Herbison, Lake Casitas Marina, Inc, and Casitas Municipal Water District  
Case No. 56-2012-00415946-CU-PO-VTA

- 11. Adjournment

If you require special accommodations for attendance at or participation in this meeting, please notify our office 24 hours in advance at (805) 649-2251, ext.

113. (Govt. Code Section 54954.1 and 54954.2(a).

Minutes of the Casitas Municipal Water District  
Board Meeting Held  
July 25, 2012

A meeting of the Board of Directors was held July 25, 2012 at Casitas' Office, Oak View, California. Directors Baggerly, Word, Hicks, Bergen and Kaiser were present. Also present were Steve Wickstrum, General Manager, Rebekah Vieira, Clerk of the Board, and Attorney, John Mathews. There were two staff members and 11 members of the public in attendance. President Baggerly led the group in the flag salute.

1. Public Comments

None

2. General Manager comments.

Mr. Wickstrum informed the board that he had a meeting with Jeff Pratt of the Watershed Protection District regarding the San Antonio Spreading Grounds grant project. Bids were received and the project is in the hole by approximately \$575,000. This project may not go forward without additional funding.

3. Board of Director comments.

Director Kaiser mentioned calls he had received regarding graffiti on the cross country course.

4. Consent Agenda

ADOPTED

- a. Minutes of the July 11, 2012 Board Meeting.
- b. Minutes of the July 20, 2012 Board Meeting.
- c. Recommend approval of the invoice to CSAC for Excess Workers Compensation coverage in the amount of \$72,876.
- d. Resolution awarding a contract to Southwest Specialty Coatings, Inc. in the amount of \$46,975 for the recoating of Canada Larga, Santa Ana Main and Rancho Matilija Underground Vaults and Ojai Valley Pump Station above ground piping.
- e. Recommend approval of a purchase order to Consulting West in the amount of \$34,400 for electrical engineering services to upgrade the Ojai Valley Pump Plant's electrical system.

The Consent Agenda was offered by Director Word, seconded by Director Bergen and passed, with Director Kaiser abstaining from Item a, by the following roll call vote:

AYES:	Directors:	Kaiser, Bergen, Hicks, Word, Baggerly
NOES:	Directors:	None
ABSENT:	Directors:	None

Resolution is numbered 12-29.

5. Bills

APPROVED

On the motion of Director Kaiser, seconded by Director Hicks and passed, the bills were approved.

6. Recommend approval of the proposal from David Taussig & Associates to assist the district with the formation of a Community Facilities District.

APPROVED

Mr. Wickstrum explained you have before you a proposal from David Taussig & Associates and a request by Ojai FLOW to look at financing and acquisition of Golden State Water Company. Mr. Taussig is here if the board has any questions of him. President Baggerly asked if we are looking at the first phase, the creation of a Community Facilities District. Mr. Taussig confirmed that is correct.

Steven Amerikaner an attorney with Brownstein, Hyatt, Farber & Shreck spoke on behalf of Golden State Water Company and referred to a letter that was faxed to the Board this morning. President Baggerly stated everyone has it. Mr. Amerikaner explained that you are being asked to spend a large amount of money to consider forming a capital facilities district. I think everyone understands the Ojai Golden State system is not for sale. The issue has been discussed in the community and this board for some time. We appreciate the long thoughtful approach this board has taken. We find ourselves perplexed at the action today. You are asked to take the first step down a slippery slope. There is one very big unknown on the table. What will it cost to acquire the Golden State property and what are the necessary legal steps. This district's up-front costs for forming the cfd, engineering studies, engage condemnation counsel, expert witness, vote and bond issuance. Has someone outlined each step in the process and the expected cost to this district? One step is the cost to pursue a condemnation lawsuit. The FLOW report expresses between \$1 – \$4 million dollars. We think this number will be higher. This one step will cost millions of dollars and will be paid as services are rendered. You may think that is not a problem. You will recover money from a bond issue. That has to be approved by a voter approved special tax. Do you have a high degree of confidence 2/3 will approve this tax? If voters say no this district will be held responsible. The board should require that it has reliable projections of expenses before taking this step. If you think yes then you make sure you have the money in reserves to cover the costs. The second is if you proceed in your effort to condemn our system, do you have any idea what those assets will cost? How big the jury award is likely to be. The price to be paid for our system will be decided by 12 citizens in a jury room. That will drive the size of bond issue and determine the tax burden, and when added to monthly service charges could doom a 2/3 vote by voters. We believe you need a reliable professional appraisal on our business and its assets. That is key. We believe the public

interest is well served to get the answers before taking this first step down the slippery slope. Defer in engaging this consultant until you have in hand a step by step budget and reliable appraisal of the Golden State system. By securing those facts now you are in a better position. Thank you for considering these comments.

President Baggerly stated we appreciate your comments and advice.

Ryan Blatz, a Golden State customer and member of Ojai Flow spoke and said that first, on behalf of myself; I am here to support and encourage this first step in a long process. I believe you have done your due diligence. I believe fears can be mitigated. We are not saying mission accomplished yet. I believe this is a step in the right direction. From our standpoint we are not here to demonize Golden State Water. We are redressing our grievance with the PUC. We believe we are not represented fairly and the PUC is not taking care of us. The return on investment is not doing us any favors. We keep paying and there is a 9.99 percent interest on top of other rate increases that are going on. Regarding the necessary legal costs and steps, we estimated those high by the attorneys working in the condemnation field. The statement that the economic conditions are what will prevent this measure from going thru we think is the other way around. That is pushing this to pass. We can promise if this thing gets on a ballot we will work to support it and get the votes.

Stan Greene thanked the board for the action taken so far. It has been encouraging and an open field. Golden State Water Company has a basis for being evaluated. The implementation plan was discussed. It is not like we have to wait for someone to tell us to do an evaluation. Evaluations have been made. This is not a government vs. private. It is PUC vs. local government on having control over a community monopoly on water. We believe the voters will have a long range view. They have by petition 2,000 signatures supporting the idea to bring under local government control. The PUC is not protecting us. Thank you for what done so far and hope we continue with this process. It is a benefit to the community and environment. I appreciate your action on this.

Pat McPherson said thank you for coming up with a plan to move us forward. Ojai FLOW is behind your efforts and your efforts to make this a reality. I have a business with 40 employees. I do not agree with government taking business away. Here a situation that is not normal business. They have a monopoly controlled by the PUC. There is an article in The View. They are getting a rate of return on their investment. Now it is not a good way to run the business. It is causing the people in Ojai to not afford to live here. It is a competitive disadvantage. There is a problem with how they raise money which is legitimate. It is not fair to rate payers. Regarding comments to the risks, the voters have to vote for it, if not they will not have a home. We cannot have average people paying \$700 every two months for water. They touted \$3.8 million invested in infrastructure. The real purpose to install the well is to increase the capital base and that is more profit they will get. They are not looking out for people in Ojai. We are a community. All are served with same

rain. Outsiders are exploiting this. We think the proposal looks good. We put in hundreds of hours and will put in more. We are committed to spend twice the \$15,000 going forward. Remember Ojai FLOW plan was 50% of the registered voters signing that petition and they did it in 45 days. That is unheard of. We caused traffic jams with people pulling off the road to sign the petition.

Bob Daddi explained the people in Ojai are stuck in a cycle. We need to look for the safest, most efficient, reliable source we can find. Out of all, only a single one is for profit. Their minimum rate is triple what this body is. There are things you are exempt from as non-profits. The current 2,890 rate payers on this system have to pay the entire costs if we stay. We will continue to pay three times higher. We believe it will be better to be with a non-profit ownership instead of a maximum profit driven water company. I have yet to have anyone tell me to stop this. No one has taken the side we need to stay where we are. Every day I hear a plea from people regarding this. It is tough. We have limited resources. FLOW people have met weekly for over two years. Sometimes we have met more than that. We are committed and dedicated. We live here and are committed. We will not outgrow our use of reliable source of water. We will partner with Casitas, be that public arm to knock on every door, every business. We will be there and will be there in force, friends, neighbors and clients. I want to compliment you on getting this far in a complicated process. I ask you to have the same vision that the people had 50 years ago when they adopted a 50 year bond. Thank God someone had the foresight to do this. You represent us. We are in your area. Make a thirty year commitment. We will pay that bond off. We are not asking anyone else to pay. We will pay if you take us or leave us. We think you are the answer. We want a not for profit water district, and local representative. We know you and see you and have watched you go through different issues. We understand you and know how you operate and we see you in the store. Get through the study, give these people a chance to show how it works, take a look at flaws and let us assist you to see what we can do to help solve some of the things. We appreciate your consideration, expense and time you have taken.

Betsy Clapp, Mayor of Ojai spoke as an individual. As Mayor I meet people on a daily basis and every day they say when are we going to have relief? I am here to support you and encourage you to go forward. Citizens need help.

Richard Hajas added this is a big decision. Nothing of any value ever happens without that process and taking some risk. I assure you, from the beginning my participation was based on pure economics. It is an economic issue and should be simple to find the answer with mathematics. There are long term economic benefits to buy the house rather than rent forever. This is the time to do it. We need to make the decision based on pure economics.

Director Kaiser added he would like to hear about the process from the consultant.

David Taussig stated I appreciate your selection from the applicants and am excited to move forward. In terms of costs forming the district up front, we don't know the appraised value of the company. Our business has done over 1,000 of these districts throughout California. When we do this we basically put to the voters a dollar amount thought to be the worst case and we have a mechanism, amount of tax lowered to cover the exact amount to purchase. This is done frequently and the risk is if you don't go high enough. The formation process basically involves a resolution of intention, and establishes tax rates. 90 – 180 days later there is a mail ballot vote. The ballots would be counted by your clerk in front of you at a public hearing. If there is 2/3 vote it allows you to form the district that day and form liens after that. There may be separate bond issues, one small one to cover costs of forming the district and the second bond issue to cover actual acquisition costs. Initially there is a smaller lien on the homeowners. The process is not that complicated. Formation of the district is not that expensive. My maximum is \$28,500 and you will have an attorney involved. The biggest expense is putting it out to a vote. You could have it formed in 90 – 180 days after intention, with the election in about six months from now.

Director Kaiser asked if the county certifies the election. Mr. Taussig explained your clerk officially certifies it. We get a list from the county registrar of voters. The clerk of the board accepts the votes. Director Kaiser asked if he had worked with the Golden State attorney in the past. Mr. Taussig explained his firm may have worked with another attorney.

Director Word added that Ojai FLOW makes a tough choice. First they have to have a number and that is what this process will be doing. They have to have a number to find out if it is worth pursuing. President Baggerly added this creates the funding mechanism to do certain things. We would have a number for the people to vote on. Director Word added all of this, with the exception of what we are paying up front to form the district, falls upon the water users who are going to be voting and if passed includes what we are paying up front. Our risk is if the voters don't vote for it then we are on the hook for the amount we are spending right now. Mr. Taussig added plus the cost of doing the election.

Director Bergen added I appreciate everyone appreciating us taking the time on this. It is a difficult decision and has risks. Were we to go forward that is what we are putting at risk to existing rate payers. I think it is reasonable. It could be a benefit. President Baggerly added the biggest way to say no is if there is not a 2/3 vote.

Director Hicks asked Mr. Daddi if Golden State had gone back for a 21% increase. Mr. Daddi responded yes and there are some other things in there. It is very complicated. We have different components and things they can add extra on top of it. Generally we find there are other things plus we have the system that is being improved. System improvements was allocated from past. When those are done they will be added to our general rates. It is a three year cycle. They have been allocated and we will pay for those.

Mr. Blatz added as far as the risk, the risk is for any money paid out in the initial phase and holding the election. After that point, there is no additional exposure. It will be about \$60 per year on an average basis per property holder for 30 years. That is the risk that we have articulated to our constituents.

Mr. Wickstrum reminded the Board that we are talking about the first phase at this point.

On the motion of Director Bergen to execute a contract With David Taussig as recommended by staff, seconded by Director Kaiser and passed by the following roll call vote:

AYES:	Directors:	Kaiser, Bergen, Hicks, Word, Baggerly
NOES:	Directors:	None
ABSENT:	Directors:	None

7. Information Items:

- a. Recreation Area Report for June 2012.
- b. Investment Report

President Baggerly moved the meeting to closed session at 3:47 p.m.

8. Closed Session

- a. (Govt. Code Sec. 54956.9 (c))  
Conference with Legal Counsel – Anticipated Litigation (One case).

President Baggerly reconvened the meeting in open session at 4:16 p.m. with John Mathews reporting that the Board discussed the matter of potential litigation and there was no specific action taken.

9. Adjournment

President Baggerly adjourned the meeting at 4:16 p.m.

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Bill Hicks, Secretary

CASITAS MUNICIPAL WATER DISTRICT

A RESOLUTION AUTHORIZING EXECUTION OF AN AGREEMENT BETWEEN  
CASITAS MUNICIPAL WATER DISTRICT AND ERNST AND YOUNG FOR  
AUDIT SERVICES FOR THE STATE WATER PROJECT

WHEREAS, the State Water Contractors annually require audit services from an independent auditor; and

WHEREAS, the State Water Contractors has required that the audit firm of Ernst and Young perform these services; and

WHEREAS, the cost of these services is pro-rated between the various users who have entitlements to the State Water; and

WHEREAS, these costs are shared between the three agencies of United Water Conservation District, the City of Ventura and Casitas; and

WHEREAS, the cost in 2011 was \$5,677;

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors hereby authorized and directs the President of the Board to sign the audit agreement for Casitas approving Exhibits A and B only at a cost not to exceed \$6,266.

ADOPTED this 6<sup>th</sup> day of August, 2012.

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Russ Baggerly, President  
Casitas Municipal Water District

ATTEST:

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Bill Hicks, Secretary  
Casitas Municipal Water District



13846 Conference Center Drive ♦ Apple Valley, California 92307  
Phone (760) 946-7000 ♦ Fax (760) 240-2642 ♦ www.mojavewater.org

**INDEPENDENT AUDIT ASSOCIATION**  
**MEMORANDUM**

Date: July 25, 2012  
To: Members of the Independent Audit Association (IAA)  
From: Kathy Cortner (Mojave Water Agency)  
Subject: Ernst & Young 2012/2013 State Water Project Audit Contract – Recommended Approval and Execution

Enclosed is the 2012/2013 Audit Contract from Ernst & Young. This year the IAA Working Group spent considerable time issuing an RFP for these audit services and evaluating the services we would like to see in an audit. While only Ernst & Young responded to the RFP, the IAA Working Group is recommending the continuation of services with them. Ernst & Young has the expertise and experience that is needed for the unique type of services requested.

The RFP process also allowed the IAA Working Group to refine the processes and procedures with Ernst & Young, which is reflected in the attached Audit Contract. You may note that this contract is slightly different from 2011/2012. Some highlights of the changes are:

1. Modified the overall format to provide for General Contract Terms separate from the Scope of Work. This Master Contract will only need to be signed once. Each year Contractors will continue to authorize work on an annual basis.
2. Exhibits A & B were combined to show the total dollar amount by contractor.
3. The Statement of Work has been modified to better explain to the contractors the areas of risk to be reviewed and the areas of focus under each identified risk area. This list was developed by Ernst & Young based on their in depth knowledge and understanding of high risk areas for error within DWR. The IAA Working Group reviewed and approved the planned work.
4. Ernst & Young offered a reduced price for the next two years. This results in a reduction in overall cost of approximately \$90,000 this year over the cost last year.

The IAA Working Group will continue to meet with Ernst & Young regularly during the audit year to review the work and guide the audit process.

Exhibit B (used to be Exhibit C) remains at \$50,000 and is only billed by Ernst & Young if additional work is reviewed and approved by the IAA. Exhibit C allows individual IAA Members to request Ernst & Young to undertake additional auditing services not included in the master contract.

The IAA Negotiating Committee recommends that the IAA Members approve and execute the Ernst & Young 2012/2013 Audit Contract.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kathy Cortner".

Kathy Cortner  
Chief Financial Officer

CC: Rick Shunn, E&Y LLP

July 27, 2012

Mr. Steven Wickstrum  
General Manager  
Casitas Municipal Water District  
1055 Ventura Ave.  
Oak View, California 93022-9622

Dear Mr. Wickstrum:

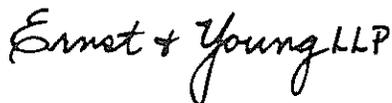
Thank you for choosing Ernst & Young LLP (“we” or “EY”) to perform professional services (the “Services”) for Casitas Municipal Water District (“you” or “Client”). We appreciate the opportunity to assist you and look forward to working with you.

For each project that we agree to undertake for you, we will prepare a Statement of Work describing the particular Services, as well as any advice, presentations, or filings to be made, our fees therefore, and any other project-specific arrangements. All of the Services will be subject to the terms and conditions of this letter, its attachments, including the General Terms and Conditions, and the applicable Statement of Work (together, this “Agreement”). Except for a claim seeking solely injunctive relief, any dispute or claim arising out of or relating to this Agreement, the Services or any other services provided by us or on our behalf to you shall be resolved by mediation and arbitration as set forth in this Agreement.

We may enter into Statements of Work with you for a period of five years following the date of this letter, although we may agree with you to extend that period, including by executing additional Statements of Work referencing this Agreement.

Please sign this letter and the attached Statement of Work in the space provided to indicate your agreement with these arrangements and return both this letter and Statement of Work to Darin Carlsen at the address provided above at your earliest convenience. If you have any questions about any of these materials, please do not hesitate to contact Darin Carlsen at (916) 218-1918 so that we can address any issues you identify before we begin to provide any Services.

Very truly yours,



AGREED:

**Casitas Municipal Water District**

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**Signature**

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**Printed Name**

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**Title**

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**Address**

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**Date**

## General Terms and Conditions

### Our relationship with you

1. We will perform the Services in accordance with applicable professional standards, including those established by the American Institute of Certified Public Accountants ("AICPA").
2. We are a member of the global network of Ernst & Young firms ("EY Firms"), each of which is a separate legal entity.
3. We will provide the Services to you as an independent contractor and not as your employee, agent, partner or joint venturer. Neither you nor we have any right, power or authority to bind the other.
4. We may subcontract portions of the Services to other EY Firms, who may deal with you directly. Nevertheless, we alone will be responsible to you for the Reports (as defined in Section 11), the performance of the Services, and our other obligations under this Agreement. From time to time, non-CPA personnel may perform the Services.
5. We will not assume any of your management responsibilities in connection with the Services. We will not be responsible for the use or implementation of the output of the Services, although we may otherwise provide advice and recommendations to assist you in your management functions and making decisions.

### Your responsibilities

6. You shall assign a qualified person to oversee the Services. You are responsible for all management decisions relating to the Services, the use or implementation of the output of the Services and for determining whether the Services are appropriate for your purposes.
7. You shall provide (or cause others to provide) to us, promptly, the information, resources and assistance (including access to records, systems, premises and people) that we reasonably require to perform the Services.
8. To the best of your knowledge, all information provided by you or on your behalf ("Client Information") will be accurate and complete in all material respects. The provision of Client Information to us will not infringe any copyright or other third-party rights.
9. We will rely on Client Information made available to us and, unless we expressly agree otherwise, will have no responsibility to evaluate or verify it.

10. You shall be responsible for your personnel's compliance with your obligations under this Agreement.

### Our Reports

11. Any information, advice, recommendations or other content of any reports, presentations or other communications we provide under this Agreement ("Reports"), other than Client Information, are for your internal use only (consistent with the purpose of the particular Services).
12. You may not disclose a Report (or any portion or summary of a Report) externally (including to your affiliates) or refer to us or to any other EY Firm in connection with the Services, except:
  - (a) to your lawyers (subject to these disclosure restrictions), who may review it only to give you advice relating to the Services,
  - (b) to the extent, and for the purposes, required by subpoena or similar legal process (of which you will promptly notify us),
  - (c) to other persons (including your affiliates) with our prior written consent, who have executed an access letter substantially in the form we prescribe and who may use it only as we have specified in our consent, or
  - (d) to the extent it contains Tax Advice, as set forth in Section 13.

If you are permitted to disclose a Report (or a portion thereof) externally, you shall not alter, edit or modify it from the form we provided.

13. You may disclose to anyone a Report (or a portion thereof) solely to the extent that it relates to tax matters, including tax advice, tax opinions, tax returns, or the tax treatment or tax structure of any transaction to which the Services relate ("Tax Advice"). With the exception of tax authorities, you shall inform those to whom you disclose Tax Advice that they may not rely on it for any purpose without our prior written consent.
14. You may incorporate into documents that you intend to disclose externally EY summaries, calculations or tables based on Client Information contained in a Report, but not our recommendations, conclusions or findings. However, you must assume sole responsibility for the contents of those documents and not refer to us or any other EY Firm in connection with them. This provision does not affect your ability to circulate Reports internally.

15. You may not rely on any draft Report. We shall not be required to update any final Report for circumstances of which we become aware, or events occurring, after its delivery.

## Limitations

16. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, any consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.
17. You (and any others for whom Services are provided) may not recover from us, in contract or tort, under statute or otherwise, aggregate damages in excess of the fees actually paid for the Services that directly caused the loss in connection with claims arising out of this Agreement or otherwise relating to the Services. This limitation will not apply to losses caused by our fraud or willful misconduct or to the extent prohibited by applicable law or professional regulations.
18. You shall make any claim relating to the Services or otherwise under this Agreement no later than one year after you became aware (or ought reasonably to have become aware) of the facts giving rise to any alleged such claim and in any event, no later than two years after the completion of the particular Services. This limitation will not apply to the extent prohibited by applicable law or professional regulations.
19. You may not make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other EY Firm or our or its subcontractors, members, shareholders, directors, officers, partners, principals or employees ("EY Persons"). You shall make any claim or bring proceedings only against us. The limitations in Sections 16 through 18 and this Section 19 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to enforce them.

## Indemnity

20. To the fullest extent permitted by applicable law and professional regulations, you shall indemnify us, the other EY Firms and the EY Persons against all claims by third parties (including your affiliates and attorneys) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal costs) arising out of the third party's use of or reliance on any Report (including Tax Advice) disclosed to it by you or at your request.

## Intellectual property rights

21. We may use data, software, designs, utilities, tools, models, systems and other methodologies and know-how ("Materials") that we own or license in performing the Services. Notwithstanding the delivery of any Reports, we retain all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the Services), and in any working papers compiled in connection with the Services (but not Client Information reflected in them).
22. Upon payment for particular Services and subject to the other terms of this Agreement, you may use the Reports relating to those Services, as well as any Materials owned by us that are included therein, solely to the extent necessary to use the Reports.

## Confidentiality

23. Except as otherwise permitted by this Agreement, neither of us may disclose to third parties the contents of this Agreement or any information (other than Tax Advice) provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary. Either of us may, however, disclose such information to the extent that it:
  - (a) is or becomes public other than through a breach of this Agreement,
  - (b) is subsequently received by the recipient from a third party who, to the recipient's knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information,
  - (c) was known to the recipient at the time of disclosure or is thereafter created independently,
  - (d) is disclosed as necessary to enforce the recipient's rights under this Agreement, or
  - (e) must be disclosed under applicable law, legal process or professional regulations.
24. Either of us may use electronic media to correspond or transmit information and such use will not in itself constitute a breach of any confidentiality obligations under this Agreement.
25. Unless prohibited by applicable law, we may disclose Client Information to other EY Firms and EY Persons, who may collect, use, transfer, store or otherwise process (collectively, "Process") it to facilitate performance of the Services, to comply with regulatory requirements, to check conflicts, or for quality, risk management or financial accounting purposes.

26. With respect to any Services, if U.S. Securities and Exchange Commission auditor independence requirements apply to the relationship between you or any of your associated entities and any EY Firm, you represent, to the best of your knowledge, as of the date of this Agreement and as of the date of each Statement of Work hereunder, that neither you nor any of your affiliates has agreed, either orally or in writing, with any other advisor to restrict your ability to disclose to anyone the tax treatment or tax structure of any transaction to which the Services relate. An agreement of this kind could impair an EY Firm's independence as to your audit or that of any of your affiliates, or require specific tax disclosures as to those restrictions. Accordingly, you agree that the impact of any such agreement is your responsibility.

## Data protection

27. We may Process Client Information that can be linked to specific individuals ("Personal Data"). We may Process Personal Data in various jurisdictions in which we and the other EY Firms (which are listed at [www.ey.com](http://www.ey.com)) operate to facilitate performance of the Services, to comply with regulatory requirements, to check conflicts or for quality, risk management or financial accounting purposes. We will Process Personal Data in accordance with applicable law and professional regulations, including, where applicable, the European Union Safe Harbor program of the U.S. Department of Commerce, in which EY participates. We will require any service provider that Processes Personal Data on our behalf to adhere to such requirements. If any Client Information is protected health information under the Health Insurance Portability and Accountability Act, as amended, this Agreement is deemed to incorporate all of the terms otherwise required to be included in a business associate contract relating to such information.
28. You warrant that you have the authority to provide the Personal Data to us in connection with the performance of the Services and that the Personal Data provided to us has been Processed in accordance with applicable law.

## Fees and expenses generally

29. You shall pay our professional fees and specific expenses in connection with the Services as detailed in the applicable Statement of Work. You shall also reimburse us for other reasonable expenses incurred in performing the Services. Our fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs imposed in respect of the Services, all of which you shall pay (other than taxes imposed on our income generally). Unless otherwise set forth in the applicable Statement of Work, payment is due within 30 days following receipt of each of our invoices. We may receive rebates in connection with certain purchases,

which we use to reduce charges that we would otherwise pass on to you.

30. We may charge additional professional fees if events beyond our control (including your acts or omissions) affect our ability to perform the Services as originally planned or if you ask us to perform additional tasks.
31. If we are required by applicable law, legal process or government action to produce information or personnel as witnesses with respect to the Services or this Agreement, you shall reimburse us for any professional time and expenses (including reasonable external and internal legal costs) incurred to respond to the request, unless we are a party to the proceeding or the subject of the investigation.

## Force majeure

32. Neither you nor we shall be liable for breach of this Agreement (other than payment obligations) caused by circumstances beyond your or our reasonable control.

## Term and termination

33. This Agreement applies to the Services whenever performed (including before the date of this Agreement).
34. This Agreement shall terminate upon the completion of the Services. Either of us may terminate it, or any particular Services, earlier upon 30 days' prior written notice to the other. In addition, we may terminate this Agreement, or any particular Services, immediately upon written notice to you if we reasonably determine that we can no longer provide the Services in accordance with applicable law or professional obligations.
35. You shall pay us for all work-in-progress, Services already performed, and expenses incurred by us up to and including the effective date of the termination of this Agreement. Payment is due within 30 days following receipt of our invoice for these amounts.
36. The provisions of this Agreement, including Section 14 and otherwise with respect to Reports, that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement, except that our respective confidentiality obligations (other than those relating to Reports or under Section 14) shall continue thereafter for three years only.

## Governing law and dispute resolution

37. This Agreement, and any non-contractual matters or obligations arising out of this Agreement or the Services, including (without limitation) claims arising

in tort, fraud, under statute or otherwise relating to the Services, or questions relating to the scope or enforceability of this Section 37, shall be governed by, and construed in accordance with, the laws of New York applicable to agreements made, and fully to be performed, therein by residents thereof. Except as otherwise expressly provided in the Cover Letter, any dispute relating to this Agreement or the Services shall be resolved as set forth in Appendix 1 to these Terms and Conditions.

## Miscellaneous

38. This Agreement constitutes the entire agreement between us as to the Services and the other matters it covers, and supersedes all prior agreements, understandings and representations with respect thereto, including any confidentiality agreements previously delivered. In addition, any policy, protocol, agreement (other than this Agreement) or other instrument, in whatever form, imposed at any time that purports to obligate EY, any other EY Firm or any EY Person with respect to the use of Client Information shall be void and of no further effect, and you shall not seek to enforce any such obligation.
39. Both of us may execute this Agreement (including Statements of Work), as well as any modifications thereto, by electronic means and each of us may sign a different copy of the same document. Both of us must agree in writing to modify this Agreement or any Statement of Work hereunder.
40. Each of us represents to the other that the person signing this Agreement and any Statement of Work hereunder on its behalf is expressly authorized to execute it and to bind such party to its terms. You also represent that this Agreement has, if necessary, been considered and approved by your Audit Committee. You represent that your affiliates and any others for whom Services are performed shall be bound by the terms of this Agreement.
41. You agree that we and the other EY Firms may, subject to professional obligations, act for other clients, including your competitors.
42. Neither of us may assign any of our rights, obligations or claims under this Agreement.
43. If any provision of this Agreement (in whole or part) is held to be illegal, invalid or otherwise unenforceable, the other provisions shall remain in full force and effect.
44. If there is any inconsistency between provisions in different parts of this Agreement, those parts shall have precedence as follows (unless expressly agreed otherwise): (a) the Cover Letter, (b) the applicable Statement of Work and any attachments thereto, (c)

these General Terms and Conditions, and (d) other attachments to this Agreement.

45. Neither of us may use or reference the other's name, logo or trademarks publically without the other's prior written consent, although we may publically identify you as a client in connection with specific Services or generally.
46. For administrative reasons, you may from time to time ask that fees and expenses for Services performed for your international affiliates or at international locations be invoiced to you or your designate there, in local currency. You guarantee the timely payment of all those invoices by your affiliates. In addition, from time to time, an affiliate of ours, providing Services as a subcontractor to us, may bill you directly for fees incurred for work outside the US, in local currency or otherwise.

## **Appendix 1**

### **Dispute resolution procedures**

#### **Mediation**

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution (“CPR”) shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or substantial equity owner of any EY audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator’s assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. In addition, if a party initiates litigation, arbitration, or other binding dispute resolution process without initiating mediation, or before the mediation process has terminated, an opposing party may deem the mediation requirement to have been waived and may proceed with arbitration.

#### **Arbitration**

The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration (“Rules”) as in effect on the date of the Agreement, or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, to be selected in accordance with the screened selection process provided in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures and has confirmed in writing that he or she is not, and will not become during the term of the arbitration, an employee, partner, executive officer, director, or substantial equity owner of any EY audit client.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort or to make an award or impose a remedy that (i) is inconsistent with the agreement to which these procedures are attached or any other agreement relevant to the dispute, or (ii) could not be made or imposed by a court deciding the matter in the same jurisdiction. In deciding the dispute, the arbitration panel shall apply the limitations period that would be applied by a court deciding the matter in the same jurisdiction, and shall have no power to decide the dispute in any manner not consistent with such limitations period.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards. Before making any such disclosure, a party shall give written notice to all other parties and shall afford them a reasonable opportunity to protect their interests, except to the extent such disclosure is necessary to comply with applicable law, regulatory requirements or professional standards.

The result of the arbitration shall be binding on the parties, and judgment on the arbitration award may be entered in any court having jurisdiction.

## Statement of Work

This Statement of Work with the attached Exhibits, dated July 27, 2012 (this "SOW") is made by Ernst & Young LLP ("we" or "EY") and Casitas Municipal Water District on behalf of itself ("you" or "Client"), pursuant to the Agreement, dated July 27, 2012 (the "Agreement"), between EY and Casitas Municipal Water District (the "Agency").

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the advisory services covered by this SOW and not to services covered by any other Statement of Work pursuant to the Master Services Agreement (MSA) by and between EY and the Agency dated July 27, 2012. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the MSA, and references in the Agreement to "you" or "Client" shall be deemed references to you.

### **Scope of services**

This SOW sets forth the terms and conditions on which EY will perform certain professional services as described in Exhibit A (the "Services") for Agency, a member of the State Water Contractors Independent Audit Association (IAA), for the twelve months ending June 30, 2013. Any changes to the above scope of work will be agreed upon in writing and signed by both parties and will amend this original SOW.

The Services are advisory in nature and will not constitute an audit performed in accordance with Generally Accepted Accounting Principles. EY will perform the Services in accordance with the Statement of Standards for Consulting Services (CS100) of the American Institute for Certified Public Accountants (AICPA). As part of your review of the terms of this Agreement, please refer to the enclosed letter from Ms. Kathy Cortner of the IAA Audit Contract Negotiating Committee dated July 25, 2012.

### **Your specific obligations**

You will not, and you will not permit others to, quote or refer to the Reports, any portion, summary or abstract thereof, or to EY or any other EY Firm, in any document filed or distributed in connection with (i) a purchase or sale of securities to which the United States or state securities laws ("Securities Laws") are applicable, or (ii) periodic reporting obligations under Securities Laws. You will not contend that any provisions of Securities Laws could invalidate any provision of this agreement.

We also draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the MSA, as well as your management responsibilities under paragraph 6, your obligations under paragraphs 11 and 12, and your representation, as of the date hereof, under paragraph 26 thereof.

### **Specific additional terms and conditions**

The Services are advisory in nature. EY will not render an assurance report or opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants. None of the Services or any Reports will constitute any legal opinion or advice. We will not conduct a review to detect fraud or illegal acts. Notwithstanding anything to the contrary in the Agreement or this SOW, we do not assume

any responsibility for any third-party products, programs or services, their performance or compliance with your specifications or otherwise.

We will base any comments or recommendations as to the functional or technical capabilities of any products in use or being considered by you solely on information provided by your vendors, directly or through you. We are not responsible for the completeness or accuracy of any such information or for confirming any of it.

Where our written consent under the MSA is required for you to disclose to a third party any of our Reports (other than Tax Advice), we will also require that third party to execute a letter substantially in the form of Exhibit D to this SOW. To the extent the Agency is permitted to disclose any written Report as set forth herein, it shall disclose such Report only in the original, complete and unaltered form provided by EY, with all restrictive legends and other agreements intact.

After the Services under this SOW have been completed, we may disclose or present to prospective clients, or otherwise in our marketing materials, that we have performed the Services for you, and we may use your name solely for that purpose, in accordance with applicable professional obligations. In addition, we may use your name, trademark, service mark and logo as reasonably necessary to perform the Services and in correspondence, including proposals, from us to you.

You shall not, while we are performing the Services hereunder and for a period of 12 months after they are completed, solicit for employment, or hire, any EY personnel involved in the performance of the Services, provided, that you may generally advertise available positions and hire EY personnel who either respond to such advertisements or who come to you on their own initiative without direct or indirect encouragement from you.

The Agency shall, among other responsibilities with respect to the Services, (i) make all management decisions and perform all management functions, including applying independent business judgment to EY work products, making implementation decisions and determining further courses of action in connection with any Services; (ii) assign a competent employee within senior management to make all management decisions with respect to the Services, oversee the Services and evaluate their adequacy and results; and (iii) accept responsibility for the implementation of the results or recommendations contained in the Reports or otherwise in connection with the Services. The Agency hereby confirms that management of the Agency accepts responsibility for the sufficiency of the Services. In performing the Services neither EY nor EY's partners or employees will act as an employee of the Agency.

The Agency represents and warrants to EY that the Agency's execution and delivery of this Agreement has been authorized by all requisite corporate or other applicable entity action and the person signing this Agreement is expressly authorized to execute it on behalf of, and to bind, the Agency.

The performance of the Services and the parties' obligations in connection therewith are subject to the additional terms and conditions set forth in the MSA.

It is understood that the Agency is not bound by our findings in any controversy or disagreement between the Agency and the Department of Water Resources should the Agency disagree with our findings.

We would also request that, if any IAA member discovers discrepancies in billings or other financial statements relative to their State Water Project costs, in addition to your working with the Department to correct the error, please notify EY for potential future inclusion as part of their procedures related to all IAA members.

### **Fees and billing**

The General Terms and Conditions of the Agreement address our fees and expenses generally.

The total fees for these Services to be rendered to the Agency, as well as an allocation of the total fees for each member agency of the IAA, appear in Exhibits A and B attached (no procedures or fees have been allocated to Exhibit B in this contract). Our total fees pursuant to Exhibit A to be charged to all members of the IAA entering into agreements with us shall not exceed \$360,000 for the twelve months ending June 30, 2013. This agreement will not be effective unless, in addition to the Agency, a sufficient number of other IAA agencies enter into agreements with us for such Services whose combined allocated fee would represent not less than 80% of \$360,000 based on the 100% participation fee allocation (see column 2 at A-4). If all agencies who are presently participating in the Services rendered by our firm enter into agreements with us for this twelve-month period, the maximum fees for our Services to your Agency will not exceed \$4,511 for Exhibit A. However, if not all of the participating agencies enter into agreements with us for services during the twelve-month period ending June 30, 2013, the maximum fees to your Agency will vary between the above-mentioned amount and \$5,639, which represents the maximum fees should sufficient agencies enter into agreements with us with a combined allocated fee of not less than 80%, as stated above.

In addition to the maximum fees under Exhibit A, maximum fees under Exhibit B shall not exceed a total of \$50,000 or \$627 for the Agency unless agreed to by the IAA. As noted above, no procedures have been allocated to Exhibit B. Prior to any expenditures under Exhibit B, said work must be specifically requested in writing in advance of any work being performed. Areas of potential focus for Exhibit B projects could include procedures agreed to by EY and the IAA in advance related to one or more of the items identified in Exhibit A. In prior years Exhibit B special projects have included projects such as assessing implementation and billing issues relating to the new SAP-based Cost Allocation and Repayment Analysis System ("CARA"), and studies to evaluate a pay-as-you-go system for funding conservation related operating costs incurred by the Department.

We have also included Exhibit C as part of this contract, which provides the opportunity for individual Contractors to enter into separate agreements for additional services with EY. There are currently no fees related to Exhibit C included herein.

The results of our procedures will include a presentation of our findings, observations and recommendations to be held in Sacramento, California for any interested Contractors. Any presentations requested at individual Contractor locations will be negotiated with the individual Contractor under Exhibit C and will be paid for by that Contractor.

Invoices for time and expenses will be billed monthly and are due 30 days from receipt.

In witness whereof, the parties have executed this SOW as of the date set forth above.

**Casitas Municipal Water District**

**Ernst & Young, LLP**

**Representative**

**Representative**



\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Printed Name**

Darin Carlsen  
\_\_\_\_\_  
**Printed Name**

\_\_\_\_\_  
**Title**

Partner  
\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Address**

Ernst & Young LLP  
Suite 300  
2901 Douglas Boulevard  
Roseville, CA 95661  
\_\_\_\_\_  
**Address**

\_\_\_\_\_  
**Date**

July 27, 2012  
\_\_\_\_\_  
**Date**

**EXHIBIT A****I. SCOPE OF ENGAGEMENT**

A-1 EY will work with the IAA, the State Water Contractors (SWC) Audit/Finance Committee, and any subcommittees thereof, and the Department of Water Resources (the "Department") during the twelve months ending June 30, 2013 relating to matters currently being discussed between the SWC and the Department.

EY's Services to be rendered as described in this Exhibit shall be determined by the IAA at its discretion. These Services shall include:

1. Completion of the 2012/2013 procedures as outlined further below
2. Participation in all meetings of the SWC Audit/Finance Committee, which is a basic forum for communications between the State Water Project Contractors and the Department's staff on financial and accounting matters.
3. Cooperation with any subcommittees of the IAA assigned to study and resolve specific problem areas.
4. Review of reports and other documents prepared by the Department and disseminated at these meetings.
5. Submit an annual report to each agency setting forth the findings, comments, and recommendations related to our Services.

During the twelve months ending June 30, 2013, the Services will include the following procedures.

**2012/2013 Procedures**

The procedures for the fiscal year ended June 30, 2013 were designed using estimated budgeted hours of 3,000. We will perform all procedures included in items 1-6 below. We will perform procedures in items 7-8 if time permits. As a part of these procedures, we will regularly meet with the IAA to discuss the progress under this engagement. We will also submit an annual report to each agency setting forth the findings, observations, and recommendations related to our Services.

The following items represent the risks, risk factors, and procedures requested and determined by the Independent Audit Association (IAA) for the State Water Contractors (the Contractors) to be performed for the 2013 Statement of Charges (SOC) engagement:

Primary Procedures (Items 1-6)

**1. New and Changed Master Data**

*Risks:*

- Incorrect allocation of costs (based on functional area selected).
- Incorrect recovery of costs (recovery determines Statement of Charges component).
- Incorrect funding source is used (capital fund versus operating funds).

*Risk Factors:*

- Lack of review by SWPAO.
- Potential impact (initial setup of master data determines posting of costs in future periods).
- Project Managers' possible lack of understanding of allocation cycle when allocating costs.
- Lack of communication between Project Manager and SWPAO.

*Areas of Focus:*

- Use SAP to determine functional areas created and changed in the current year.
- Determine how costs are being allocated among and recovered from Contractors.
- Based on activities being performed and the analysis of costs posted to IO or WBS, determine if functional area, recovery, and funding are appropriate.

**2. Alpha Allocation Cycles**

*Risk:*

- Incorrect Contractor charged and/or incorrect allocation of costs between Contractors.

*Risk Factors:*

- Potential for outdated alpha cycles and/or project activities have changed.
- Potential impact (\$167 million allocated by alpha cycle for 2010).
- Project Managers possible lack of understanding of allocation cycle when choosing how project costs will be allocated.
- Lack of communication between Project Managers and SWPAO.
- Current changes/updates that are being made by DWR.

*Areas of Focus:*

- Examine all Cost Centers from SAP to determine which Cost Centers represent alpha costs centers.
- Select alpha cycles with the largest total annual costs for testing.
- Review costs being posted to selected alpha cost centers for reasonableness based on activities charged to the cost center through examination of invoices posted and discussions with the project managers, as necessary.

### 3. Delta Water Rate

*Risk:*

- Costs or credits in the Delta Water Rate may be inappropriate, incomplete or miscalculated.

*Risk Factors:*

- Calculation of the Delta Water Rate is a manual process.
- Reclassifications that occur can lead to double counting of costs.
- Magnitude of potential impact (Delta Water Rate represents large portion of costs).
- Charges highly impacted by future estimates which are subjective and judgmental.
- Misallocation of costs/credits between the Delta Water Rate and the Variable OMP&R.

*Areas of Focus:*

- Recalculate the Delta Water Rate used in the Statement of Charges.
- For prior year actual costs included in the calculation, compare costs in SAP to the Department's calculation and investigate variances over \$100K.
- Obtain an understanding of future estimates included in the calculation and perform appropriate procedures to test the reasonableness of such estimates.
- Perform a fluctuation analysis of the Delta Water Rate calculation to prior years.
- Test the Hyatt-Thermalito credit to the Delta Water Rate to ensure it is appropriate.

### 4. Rate Management Credits

*Risk:*

- Rate Management Credits are improperly calculated based on the revenues and expenditures data in the funds available for rate management credits statement prepared by DWR.

*Risk Factors:*

- Calculation of Rate Management Credits is a manual process.
- Lack of review and approval of calculation.
- Outdated information used to calculate credits due to the Contractors.

*Areas of Focus:*

- Obtain the rate management allocation schedule used for the 2012 Statement of Charges Rebill and review the allocation methodology for sample selected.
- Obtain the most recent funds available data schedule for the rate management credits and perform detailed testing of a sample of the largest amounts.
- Compare the figures selected for testing to the future forecasts, and investigate any significant differences.

## 5. System Power Costs – Variable Transportation

### *Risk:*

- Incorrect Contractor charged and/or incorrect allocation of costs between Contractors.

### *Risk Factors:*

- Calculation of power allocation factors is a manual process.
- Contractors' total water deliveries, which are the basis of power usage, are preliminary amounts.
- Invoices are improperly allocated to system power costs.
- Lack of controls in reconciling information to SAP.
- Prior/current year costs are not "settled" until current/subsequent year(s).

### *Areas of Focus:*

- Vouch power costs and power revenues from SAP greater than \$500K and test the appropriate classification of costs.
- Reconcile the 2011 PALPOC to UCABS-SAP. Recalculate appropriate inputs to the 2011 PALPOC (e.g., VORG credits, direct-to-plant transmission, etc.).
- Recalculate the 2011 calendar year power allocation factors used in UCABS-SAP to allocate net power costs.
- Recalculate the billed amounts for the transportation variable cost components for 2011 for the five Contractors selected (to be provided by the IAA).

## 6. Statement of Charges (SOC) Testing

### *Risk:*

- Incorrect amounts billed to Contractors for each component by DWR.

### *Risk Factor:*

- Statement of Charges do not reflect amounts billed by the Department causing incorrect billings during the charge year.

### *Areas of Focus:*

- Determine that all SOC amounts are internally consistent and agree to the Bulletin 132-12 for five Contractors selected for testing (to be provided by the IAA).
- Agree the debt service amounts in the SOC Attachments to the Water System Revenue Bonds (WSRB) schedule.
- Test the BDCP charges added to the Contractors' minimum components.
- Comparison of the current year SOC Attachments to the prior year SOC Attachments.
- Reasonableness of manual adjustments.

**Other Procedures (Items 7-8)**

These procedures will only be performed as time permits after completion of items 1-6 above and consideration of the estimated 3,000 hour time budget.

**7. Off-Aqueduct Power (OAP) Facilities Testing**

*Risk:*

- Incorrect allocation of OAP costs billed to Contractors by DWR.

*Risk Factors:*

- OAP charges do not reflect expenses incurred or revenues recognized by the Department causing incorrect billings.
- Incorrect allocation factors result in improper allocation of OAP charges among the Contractors by the Department causing incorrect billings.
- Incorrect allocation of Reid Gardner Unit 4 Closure costs.
- Untimely submittal of prior/current year Reid Gardner Unit 4 costs by Nevada Energy.

*Areas of Focus:*

- Test the calculation used to allocate the 2010, 2011, and 2012 OAP facilities charges to Contractors.
- Verify that the appropriate billings and/or refunds have taken place (or were included as part of the Contractors' SOC) based on scheduled reallocation of OAP facility charges.
- Perform a reconciliation of costs per the Year-End Allocation of 2010 and Preliminary Year-End Allocation of 2011 OAP charges to SAP.

**8. Payment Testing**

*Risk:*

- Contractor records do not reconcile to DWR records.

*Risk Factor:*

- Statement of Charges do not reflect actual payments received by the Department causing incorrect billings in future years.

*Areas of Focus:*

- Compare the 2011 payments for a sample of Contractors to DWR records.
- Investigate all variances.

**II. FEES FOR EY SERVICES**

- A-2. Total fees for Exhibit A services performed by EY will not exceed \$360,000 (or 3,000 hours), including reasonable and necessary out-of-pocket expenses, which represent an estimated 3,000 hours to be incurred.

**III. ALLOCATION OF FEES**

- A-3. The maximum aggregate fee set forth in paragraph A-2 shall be apportioned among the agencies named in paragraph A-4 based on a basis consistent with prior years.

**IV. MAXIMUM AGGREGATE FEE FOR EACH AGENCY**

A-4. The portion of the maximum aggregate fee set forth in paragraph A-2 applicable to each agency in conformity with the methodology set forth in paragraph A-3 is shown below:

<u>Agency</u>	<u>Maximum fee for each agency, provided all agencies listed below enter into agreements with EY</u>	<u>Maximum fee for each agency, provided 80% of agencies listed below enter into agreements with EY</u>	<u>Percent of total</u>
Alameda County Flood Control and Water Conservation District, Zone No. 7	\$ 18,185	\$ 22,731	5.1%
Alameda County Water District	9,474	11,842	2.6
Antelope Valley-East Kern Water Agency	31,894	39,867	8.8
Casitas Municipal Water District	4,511	5,639	1.3
Castaic Lake Water Agency	21,473	26,842	6.0
City of Yuba City	2,165	2,707	0.6
Coachella Valley Water District	31,206	39,007	8.6
County of Kings	2,099	2,624	0.6
Crestline-Lake Arrowhead Water Agency	1,308	1,635	0.4
Desert Water Agency	12,575	15,719	3.5
Dudley Ridge Water District	11,355	14,194	3.2
Empire West Side Irrigation District	677	846	0.2
Kern County Water Agency	90,000	112,500	25.0
Littlerock Creek Irrigation District	519	648	0.1
Mojave Water Agency	18,676	23,345	5.2
Napa County Flood Control and Water Conservation District	6,547	8,184	1.8
Palmdale Water District	4,805	6,006	1.3
San Bernardino Valley Municipal Water District	23,143	28,928	6.4
San Gabriel Valley Municipal Water District	6,496	8,120	1.8
San Geronio Pass Water Agency	3,902	4,878	1.1
San Luis Obispo County Flood Control and Water Conservation District	5,639	7,049	1.6
Santa Clara Valley Water District	22,556	28,194	6.2
Solano County Water Agency	10,738	13,423	3.0
Tulare Lake Basin Water Storage District	<u>20,057</u>	25,072	<u>5.6</u>
Total	<u>\$ 360,000</u>		<u>100%</u>

**EXHIBIT B****I. OTHER CONSULTING SERVICES**

EY shall, during the twelve months ending June 30, 2013, perform other services if requested by the IAA. No such work shall be performed unless specifically authorized by the IAA in writing. Areas of potential focus for Exhibit B projects could include in depth procedures agreed to by EY and the IAA in advance related to one or more of the items identified in Exhibit A.

Total fees for such other consulting services shall 1) be agreed to prior to commencement of work, 2) be allocated among the agencies based on the same procedures included in the Exhibit A allocation, and 3) shall not exceed \$50,000, which represents an estimated 420 hours to be incurred, unless agreed to by the IAA, for the year ended June 30, 2013. Any part of the \$50,000 which is unused shall not be billed.

Agency	Maximum fee for each agency, provided all agencies listed below enter into agreements with EY	Percent of total
Alameda County Flood Control and Water Conservation District, Zone No.7	\$ 2,526	5.1%
Alameda County Water District	1,316	2.6
Antelope Valley-East Kern Water Agency	4,429	8.8
Casitas Municipal Water District	627	1.3
Castaic Lake Water Agency	2,982	6.0
City of Yuba City	301	0.6
Coachella Valley Water District	4,334	8.6
County of Kings	292	0.6
Crestline-Lake Arrowhead Water Agency	182	0.4
Desert Water Agency	1,747	3.5
Dudley Ridge Water District	1,577	3.2
Empire West Side Irrigation District	94	0.2
Kern County Water Agency	12,500	25.0
Littlerock Creek Irrigation District	72	0.1
Mojave Water Agency	2,594	5.2
Napa County Flood Control and Water Conservation District	909	1.8
Palmdale Water District	667	1.3
San Bernardino Valley Municipal Water District	3,214	6.4
San Gabriel Valley Municipal Water District	902	1.8
San Geronio Pass Water Agency	542	1.1
San Luis Obispo County Flood Control and Water Conservation District	783	1.6
Santa Clara Valley Water District	3,133	6.2
Solano County Water Agency	1,491	3.0
Tulare Lake Basin Water Storage District	2,786	5.6
Total	<u>\$ 50,000</u>	<u>100%</u>

**EXHIBIT C**

**I. INDIVIDUAL CONTRACTOR AGREEMENTS**

EY may, during the twelve months ending June 30, 2013, perform other consulting services as requested by individual Contractors. These services will be performed and billed separately from the services outlined in Exhibits A and B.

The terms and conditions of any procedures performed under Exhibit C, including payment terms, will be outlined in a separate Statement of Work (SOW). These services, which will be agreed to by EY and the requesting Contractor in advance, will be documented in the example SOW attached to herein as Exhibit C-1. An Exhibit C-1 statement of work will be made available to any Contractor upon request. All other provisions of the Contractor's signed contract with EY for the twelve months ending June 30, 2013 will continue to be in effect.

Total fees for such other consulting services shall be agreed to with the individual Contractor prior to commencement of work. The fees for services provided under Exhibit C will be outside of those referenced in Exhibits A and B, and will be paid for directly by the requesting Contractor.

**EXHIBIT C-1****Statement of Work**

This Statement of Work with the attached Exhibit, dated July 27, 2012 (this "SOW") is made by Ernst & Young LLP ("we" or "EY") and Casitas Municipal Water District on behalf of itself ("you" or "Client"), pursuant to the Agreement, dated July 27, 2012 (the "Agreement"), between EY and Casitas Municipal Water District (the "Agency").

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the advisory services covered by this SOW and not to services covered by any other Statement of Work pursuant to the Master Services Agreement (MSA) by and between EY and the Agency dated July 27, 2012. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the MSA, and references in the Agreement to "you" or "Client" shall be deemed references to you.

**Scope of Services**

This SOW sets forth the terms and conditions on which EY will perform certain professional services as described [INSERT DEFINITION OF SERVICES] (the "Services") for Agency, a member of the State Water Contractors Independent Audit Association (IAA), for the twelve months ending June 30, 2013. Any changes to the above scope of work will be agreed upon in writing and signed by both parties and will amend this original SOW.

The Services are advisory in nature and will not constitute an audit performed in accordance with Generally Accepted Accounting Principles. EY will perform the Services in accordance with the Statement of Standards for Consulting Services (CS100) of the American Institute for Certified Public Accountants (AICPA).

**Your specific obligations**

You will not, and you will not permit others to, quote or refer to the Reports, any portion, summary or abstract thereof, or to EY or any other EY Firm, in any document filed or distributed in connection with (i) a purchase or sale of securities to which the United States or state securities laws ("Securities Laws") are applicable, or (ii) periodic reporting obligations under Securities Laws. You will not contend that any provisions of Securities Laws could invalidate any provision of this agreement.

We also draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the MSA, as well as your management responsibilities under paragraph 6, your obligations under paragraphs 11 and 12, and your representation, as of the date hereof, under paragraph 26 thereof.

**Specific additional terms and conditions**

The Services are advisory in nature. EY will not render an assurance report or opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants. None of the Services or any Reports will constitute any legal opinion or advice. We will not conduct a review to detect fraud or illegal acts.

Notwithstanding anything to the contrary in the Agreement or this SOW, we do not assume any responsibility for any third-party products, programs or services, their performance or compliance with your specifications or otherwise.

We will base any comments or recommendations as to the functional or technical capabilities of any products in use or being considered by you solely on information provided by your vendors, directly or through you. We are not responsible for the completeness or accuracy of any such information or for confirming any of it.

Where our written consent under the MSA is required for you to disclose to a third party any of our Reports (other than Tax Advice), we will also require that third party to execute a letter substantially in the form of Exhibit D to this SOW. To the extent the Agency is permitted to disclose any written Report as set forth herein, it shall disclose such Report only in the original, complete and unaltered form provided by EY, with all restrictive legends and other agreements intact.

After the Services under this SOW have been completed, we may disclose or present to prospective clients, or otherwise in our marketing materials, that we have performed the Services for you, and we may use your name solely for that purpose, in accordance with applicable professional obligations. In addition, we may use your name, trademark, service mark and logo as reasonably necessary to perform the Services and in correspondence, including proposals, from us to you.

You shall not, while we are performing the Services hereunder and for a period of 12 months after they are completed, solicit for employment, or hire, any EY personnel involved in the performance of the Services, provided, that you may generally advertise available positions and hire EY personnel who either respond to such advertisements or who come to you on their own initiative without direct or indirect encouragement from you.

The Agency shall, among other responsibilities with respect to the Services, (i) make all management decisions and perform all management functions, including applying independent business judgment to EY work products, making implementation decisions and determining further courses of action in connection with any Services; (ii) assign a competent employee within senior management to make all management decisions with respect to the Services, oversee the Services and evaluate their adequacy and results; and (iii) accept responsibility for the implementation of the results or recommendations contained in the Reports or otherwise in connection with the Services. The Agency hereby confirms that management of the Agency accepts responsibility for the sufficiency of the Services. In performing the Services neither EY nor EY's partners or employees will act as an employee of the Agency.



**Additional responsibilities**

EY will provide **(insert Contractor)** with a timeline/schedule related to all project deliverables prior to the start of work on the project.

EY will notify **(insert Contractor)** in writing of any incremental changes to the original project estimate.

Production of all elements described in the "Project deliverables" section of this SOW is to be included in the cost breakdown under the "Pricing and payment terms" section below, agreed upon by **(insert Contractor)** and EY for this project.

**Fees and billing**

Below is a summary of the current cost estimates for this SOW. Due to the complexities and variable nature of this project, actual costs could vary from these estimates. In the event costs are expected to exceed the estimate, EY will contact **(insert Contractor)** before performing any additional work.

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Out-of-pocket expenses incurred during this contract are not included in the above SOW estimated cost. Expenses include such items as travel, meals, accommodations, and other administrative expenses based on actual amounts incurred.

Invoices for time and expenses will be billed monthly and are due 30 days from receipt.

IN WITNESS WHEREOF, the parties hereto have executed this SOW as of the day and year written below.

**Casitas Municipal Water District**

**Ernst & Young, LLP**

**Representative**

**Representative**



\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Printed Name**

Darin Carlsen  
\_\_\_\_\_  
**Printed Name**

\_\_\_\_\_  
**Title**

Partner  
\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Address**

Ernst & Young LLP  
Suite 300  
2901 Douglas Boulevard  
Roseville, CA 95661  
\_\_\_\_\_  
**Address**

\_\_\_\_\_  
**Date**

July 27, 2012  
\_\_\_\_\_  
**Date**

## EXHIBIT D

## FORM OF ACCESS LETTER

[Letterhead of EY]

[Addressee (e.g., third party seeking access to EY Report)]  
[Street Address]  
[City, State Zip]

[Month XX, 20XX]

Dear [ ] :

[Client] (the "Client") has informed Ernst & Young LLP ("EY") that it wishes to disclose to [party seeking access] (the "Recipient") EY's [describe report(s)], dated [ ], relating to [describe subject] (the "Report(s)"). EY has not placed any limitations on the Client's ability to disclose any contents of the Report relating to the tax aspects or structure of any transaction proposed by the Client.

EY performed advisory services only for the Client. EY did not undertake the services on behalf of, or to serve the needs of, the Recipient or any other third party. EY did not audit the Client's financial statements, nor did it perform any procedures with respect to its financial information, or otherwise for or relating to any period subsequent to the date(s) of the Report(s).

EY prepared the Report(s) solely for the Client. The Report(s) address[ es] only the issues identified by the Client, and [ is/are] based solely on information obtained by EY using the procedures specified by the Client or otherwise provided by or on behalf of the Client. The Report(s) [ is/are] subject to many limitations and [ do/does] not provide any form of assurance with respect to any of the information referred to therein. The Recipient understands and accepts the scope and limitations of the Report(s).

Except (1) where compelled by legal process (of which the Recipient will immediately notify EY and tender to EY, if it so elects, the defense thereof), (2) with respect to any contents of the Report relating to the tax treatment and tax structure of the proposed transaction (including any facts that may be relevant to understanding the proposed tax treatment of the proposed transaction), or (3) with EY's prior written consent, the Recipient will not, circulate, quote, disclose or distribute any of the Report(s) or any information contained therein, or any summary or abstract thereof, or make any reference thereto or to EY, to anyone other than the Recipient's directors, officers or employees or legal advisors who, in each case, need to know its contents in order to \_\_\_\_\_, and who have agreed to be bound by the terms and conditions of this agreement to the same extent as the Recipient.

The Recipient further agrees that it will not, and will not permit others to, quote or refer to the Report, any portion, summary or abstract thereof, or to EY, in any document filed or distributed in connection with (a) a purchase or sale of securities to which the United States or state securities laws (“Securities Laws”) are applicable or (b) periodic reporting obligations under Securities Laws. The Recipient will not contend that any provisions of Securities Laws could invalidate any provision of this agreement.

In further consideration of EY allowing the Recipient access to the Report(s) and the information contained therein, the Recipient agrees that:

1. It does not acquire any rights against EY, and EY does not assume any duties or obligations to the Recipient or otherwise, as a result of such access.
2. It will not rely on the Report(s) or any portion thereof and will make no claim that it has done so.
3. It will make no claim against EY, its partners, employees or affiliates, or other members of the global Ernst & Young network (collectively, the “EY Parties” that relates in any way to the Report(s), any information contained therein, or the Recipient’s access to the Report(s).
4. To the fullest extent permitted by applicable law, it will indemnify, defend and hold harmless the EY Parties from and against any claim or expense, including reasonable attorneys’ fees, suffered or incurred by any EY Party relating to any breach by the Recipient of any of its representations or agreements contained herein or the use or disclosure of the Report(s) or any portion thereof by anyone who received it directly or indirectly from or at the request of the Recipient.

Very truly yours,

Ernst & Young LLP

Accepted by:

[Addressee]

By: \_\_\_\_\_

# Memo

To: General Manager  
From: Treatment Plant Manager  
Date: August 3, 2012  
Re: Automated Meter Reading (AMR) Upgrade

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**Recommendation:** It is recommended that the Board of Directors approve a purchase order to Aqua Metric in the amount of \$191,843.00 for the purchase of 1,325 Sensus Technology meter transducer units (MXU) for upgrading of the meter registers in pressure zone 2 (Oak View and Creek Road).

**Background:** The FY 12/13 budget contains approved funds in the amount of \$243,500.00 for implementing phase two of a three phase program to upgrade Casitas' automated meter reading capabilities to a radio-based vehicle mounted drive-by and read system.

Program status:

First phase - upgrading of 760 meter registers in pressure zone 1 (gravity) and pressure zone 9 (Rincon) was successfully completed in FY11-12.

Second phase – upgrading of 1,325 meter registers in pressure zone 2 (Oak View and Creek Road) is scheduled for completion in FY 12-13,

Third phase - upgrading of 1,110 meter registers in pressure zones 3-8 is scheduled for completion in FY 13-14.

Sensus Technology sells their equipment through distributors that have exclusive territories. Aqua Metric of Riverside California is the local Sensus Technology distributor. Staff recommends the purchase under sole source designation from Sensus Technology through Aqua Metric. The District's current program of adding additional capability to existing meter registers to upgrade our metering system allows for the realization of life cycle cost savings and the minimizing of Operation's expense budget requirements.



July 23, 2012

Bob Monnier  
Casitas Municipal Water District  
1055 Ventura Street  
Oak View, CA 93022

Re: 520M quote

Bob,

Aqua Metric Sales Company is pleased to quote the following price on Sensus' 520M MXU radio product.

We will hold firm our quote from last year at \$135.00 ea or **\$178,875.00** for 1,325 for single port units. This price includes free shipping. Terms are net 30 days. Quote is valid until 12/31/2012.

Quantity	Product	Cost
1,325	520M single port	\$178,875.00
	Shipping	No Charge
	CA Taxes	<u>\$12,968.44</u>
	Total	<b>\$191,843.44</b>

Thank you for your continued business.

Laury LeMay  
951-232-0201

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**CASITAS MUNICIPAL WATER DISTRICT  
INTEROFFICE MEMORANDUM**

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**TO:** STEVEN E. WICKSTRUM, GENERAL MANAGER  
**FROM:** NEIL COLE, CIVIL ENGINEER  
**SUBJECT:** AUTHORIZE THE GENERAL MANAGER TO SIGN A PURCHASE ORDER WITH HARRINGTON INDUSTRIAL PLASTICS FOR THE PURCHASE OF SIXTEEN 12,500 GALLON TANKS  
**DATE:** JULY 24, 2012

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**RECOMMENDATION:**

It is recommended that the Board of Directors authorize the General Manager to sign a purchase order with Harrington Industrial Plastics of Ventura for a not to exceed amount of \$144,071.58 to provide and deliver sixteen 12,500 gallon plastic tanks.

**BACKGROUND AND DISCUSSION:**

Casitas has been in the process of completing interior repairs and coating for all of the steel reservoirs in the system. The reservoirs completed to date have all been sites with two reservoirs. This has allowed one reservoir to remain operational while the repairs and coating were completed. All of the reservoirs on two reservoir sites have been repaired and their interiors coated.

Casitas has five reservoir locations with only one reservoir. It is now time to begin repairing and coating the interior of the single reservoir sites. Upper Ojai Reservoir is schedule for repair and coating in this fiscal year. Upper Ojai Reservoir will be the first single reservoir site completed.

Temporary water storage is required to allow the reservoir to be out of service while the interior repairs and coating are completed. Sixteen 12,500 gallon plastic tanks are proposed to provide the temporary storage. Other temporary and permanent water storage solutions were explored. These included bladder and onion tanks, constructing a second reservoir on each site and matching up pump capacity and timing to minimize the need for storage. To minimize impacts to customers, protect Casitas' pumps, minimize operational changes and minimize expenses, 17 feet high, 12,500 gallon plastic tanks were selected. These temporary tanks will be used on the other single reservoir sites.

This is the first step to provide the necessary temporary water storage for the single reservoir sites. Further purchase orders will be required to provide the temporary piping and valves for the temporary tanks, install the tanks and temporary piping, testing and disinfecting the tanks, acquiring seismic flex couplings and completing the actual interior repairs and coatings.

Request for proposals were sent to more than 10 firms and was posted on Casitas' web site. Five firms submitted proposals. Casitas' Business Administration Ordinance allows for firms in Ventura County's bids to not include sales tax when comparing bids and determining the low responsible bidder for material purchases. This does not apply to public works (construction) projects. Harrington Industrial Plastic has an office and distribution facility in Ventura, making them eligible for the sales tax deduction in their bid. This made Harrington Industrial Plastics the low responsible bidder at \$144,071.58 including sales tax. The next bidder was Coastal AG of Santa Maria at \$143,060.00. The Coastal AG and the other bidders are not eligible for the sales tax reduction when comparing bid prices.

Firm	Bid price	Bid price with Ventura County Sales Tax Deduction
Harrington Industrial Plastics	\$144,071.58	\$134,332.48
Coastal AG	\$143,060.00	\$143,060.00
Loomis Tank Center	\$145,540.00	\$145,540.00
USA Blue Book	\$146,480.00	\$146,480.00
Carbon Activated Corporation	\$193,414.00	\$193,414.00

**FUNDING:**

Funding for this work is included in the FY 2012-13 Capital Budget under the Upper Ojai Reservoir Structural Repair Project.

CERTIFICATION

Payroll disbursements for the pay period ending 07/21/12  
Pay Date of 07/26/12  
have been duly audited and are  
hereby certified as correct.

Signed: Denise Collin 7/23/12  
Denise Collin

Signed: \_\_\_\_\_  
Signature

Signed: \_\_\_\_\_  
Signature

Signed: \_\_\_\_\_  
Signature

# A/P Fund

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

000349	A/P Checks:	012380-012442
	A/P Draft to P.E.R.S.	072623
	A/P Draft to State of CA	072622
	A/P Draft to I.R.S.	072621
	Void:	012091, 012207

The above numbered checks,  
have been duly audited are hereby  
certified as correct.

Denise Collin 7/30/12  
Denise Collin, Accounting Manager

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Signature

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Signature

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Signature

**CASITAS MUNICIPAL WATER DISTRICT**  
**Payable Fund Check Authorization**  
**Checks Dated 7/24/12-7/27/12**  
**Presented to the Board of Directors For Approval August 6, 2012**

<b>Check</b>	<b>Payee</b>			<b>Description</b>	<b>Amount</b>
000349	Payables Fund Account	#	9759651478	Accounts Payable Batch 072712	\$402,512.28
					\$402,512.28
000350	Payroll Fund Account	#	9469730919	Estimated Payroll 8/23/12	\$150,000.00
					\$150,000.00
				Total	\$552,512.28

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

The above numbered checks, 000349-000350 have been duly audited is hereby certified as correct.

*Denise Collin*

*7/30/12*

Denise Collin, Accounting Manager

Signature

Signature

Signature

VENDOR SET: 01 Casitas Municipal Water D  
 BANK: AP ACCOUNTS PAYABLE  
 DATE RANGE: 7/24/2012 THRU 7/27/2012

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00021	AWA OF VENTURA COUNTY							
I-071912	Seminar Registration E & M	R	7/24/2012	75.00		012380		
I-071912A	Seminar Registration TP	R	7/24/2012	50.00		012380		125.00
00270	WELLS FARGO BANK							
I-071012	Lifeguard Wetsuit Rental	R	7/24/2012	120.00		012381		
I-071012A	Blinds for PSO Office	R	7/24/2012	785.37		012381		
I-071012B	Filter Media for Pump Plants	R	7/24/2012	126.21		012381		
I-071012C	Monthly Credit Card Charges	R	7/24/2012	608.00		012381		1,639.58
00836	AMERICAN RED CROSS							
I-10076004	First Aid/AED/CPR Training	R	7/26/2012	108.00		012382		108.00
00417	APPLIED INDUSTRIAL TECHNOLOGY							
I-85992029	Seal for Gear Box, Hoist House	R	7/26/2012	18.39		012383		18.39
00015	ARDEMCO, INC							
I-0056360	Flush Levers for LCRA Toilets	R	7/26/2012	78.01		012384		78.01
01666	AT & T							
I-000003522977	Local, Regional, Long Distance	R	7/26/2012	756.62		012385		756.62
	Acct#C604513638777							
00020	AVENUE HARDWARE, INC							
I-47888	Snap Ring Pliers, Casitas Dam	R	7/26/2012	42.42		012386		42.42
00821	BEST BEST & KRIEGER LLP							
I-682251	Matter #8235600002, 6/12	R	7/26/2012	740.68		012387		740.68
00463	Farm Plan							
I-48551	Blades for F Camp Riding Mower	R	7/26/2012	50.94		012388		50.94
02060	CAPCO Analytical Services, Inc							
I-121937	Analytical Testing TP Backwash	R	7/26/2012	150.00		012389		150.00
00117	CERTEX USA, INC							
I-1070129600	Cable for LCRA Dock Work	R	7/26/2012	884.81		012390		884.81
01843	COASTAL COPY							
I-418241	Copier Usage, District Office	R	7/26/2012	86.08		012391		86.08
00061	COMPUWAVE							
I-SB02070953	Printer for O & M Cust Svc	R	7/26/2012	301.37		012392		301.37

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00062	CONSOLIDATED ELECTRICAL							
I-9009660403	Main Switchboard Fairview PP	R	7/26/2012	60,742.11		012393		
I-9009660405	Motor Control Center Fairview	R	7/26/2012	64,023.42		012393		
I-9009661461	AB Technical Software Support	R	7/26/2012	5,336.19		012393		130,101.72
01483	CORVEL CORPORATION							
I-M134004863360	Bill Review Claim#12-02467	R	7/26/2012	230.77		012394		230.77
00873	CSAC EXCESS INSURANCE AUTHORIT							
I-1310071	Excess Workers Compensation	R	7/26/2012	72,876.00		012395		72,876.00
	Period Covered 7/1/12-7/1/13							
00076	DEKREEK TECHNICAL SERVICES							
I-6206-3	CP-1 Scada Upgrade Project	R	7/26/2012	16,000.00		012396		16,000.00
01498	Department of Industrial Relat							
I-P1023997SN	Inspection of Lazy River	R	7/26/2012	195.00		012397		195.00
01112	E.H. WACHS COMPANY							
I-INV076144	Parts for Valve Operator, PL	R	7/26/2012	594.16		012398		594.16
00086	E.J. Harrison & Sons Inc							
I-5632	Acct#1C00053370 Trash Pickup	R	7/26/2012	114.55		012399		
I-5656	Acct#1C00054230	R	7/26/2012	2,704.00		012399		2,818.55
10085	ELIFEGUARD, INC.							
C-37830A	Accrue Use Tax	R	7/26/2012	110.52CR		012400		
D-37830A	Accrue Use Tax	R	7/26/2012	110.52		012400		
I-37830	Lifeguard Equip/Supplies	R	7/26/2012	1,742.92		012400		1,742.92
00013	FERGUSON ENTERPRISES INC #1083							
I-8458083	Urinal Cartridges for Maint	R	7/26/2012	257.34		012401		257.34
00101	FISHER SCIENTIFIC							
I-0849933	Lab Supplies	R	7/26/2012	863.97		012402		
I-1033722	Lab Supplies	R	7/26/2012	57.35		012402		921.32
02319	Flow Science Incorporated							
I-0006724	LCRA Aeration System Study	R	7/26/2012	8,185.00		012403		8,185.00
10088	FRED PRYOR SEMINARS							
I-13762814	Seminar for PSO 8/23 in Oxnard	R	7/26/2012	199.00		012404		199.00

VENDOR SET: 01 Casitas Municipal Water D  
 BANK: AP ACCOUNTS PAYABLE  
 DATE RANGE: 7/24/2012 THRU 7/27/2012

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00485 I-91067403	FRUIT GROWERS SUPPLY COMPANY Boots for LCRA Maint	R	7/26/2012	24.81		012405		24.81
01280 I-4597844	FRY'S ELECTRONICS, INC. Computer Memory, Monitor Adaptr	R	7/26/2012	59.23		012406		59.23
00996 C-461141A D-461141A I-461141	GFS CHEMICALS, INC Accrue Use Tax Accrue Use Tax P.H. Buffers for TP	R R R	7/26/2012 7/26/2012 7/26/2012	6.64CR 6.64 115.59		012407 012407 012407		  115.59
02413 I-061812	Stan Gilson Irrigation Controller Rebate	R	7/26/2012	250.00		012408		250.00
00115 C-9873931092 I-9871759925 I-9873591466 I-9876384075	GRAINGER, INC Grease Gun Returned Grease Guns for Dist Maint Ear Muffs for Treatment Plant Process Meter for Pump Plant	R R R R	7/26/2012 7/26/2012 7/26/2012 7/26/2012	91.44CR 134.02 74.91 505.20		012409 012409 012409 012409		   622.69
01594 I-442703001 For Leak at Hwy	HIGHWAY TECHNOLOGIES, INC. Traffic Control/Flagging 33 & Lacross Street	R	7/26/2012	778.55		012410		778.55
01177 I-107003423	ICON SAFETY COMPANY INC. Oxygen Sensor for Pump Plant	R	7/26/2012	151.61		012411		151.61
00872 I-4235	Irrisoft, Inc. ET Station Signal Services	R	7/26/2012	79.00		012412		79.00
00131 I-553318	JCI JONES CHEMICALS, INC Chlorine for TP, CM#553374	R	7/26/2012	1,770.00		012413		1,770.00
02369 I-336612	Lawnscape Systems Inc Weed Abatement at Dam	R	7/26/2012	15,000.00		012414		15,000.00
00151 I-499210 I-504231 I-504324 I-504413 I-504523 I-504816 I-504824 I-505377 I-505571	MEINERS OAKS ACE HARDWARE Deadbolt for LCRA Pipe Wrench for Pipelines Garden Valve for Pipelines Treatment Plant Supplies Outlets, Wasp Spray, Dst Maint Padlock, Springs, Dist Maint Shovels, Pipe Thread, Pipelines Hitchball for Host Cart Tools for O & M Cust Svc	R R R R R R R R R	7/26/2012 7/26/2012 7/26/2012 7/26/2012 7/26/2012 7/26/2012 7/26/2012 7/26/2012 7/26/2012	14.63 36.44 11.70 16.69 27.81 38.27 46.03 8.57 28.88		012415 012415 012415 012415 012415 012415 012415 012415 012415		        229.02

VENDOR SET: 01 Casitas Municipal Water D  
 BANK: AP ACCOUNTS PAYABLE  
 DATE RANGE: 7/24/2012 THRU 7/27/2012

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00144	BOB MONNIER							
I-Jun 12	Reimburse Mileage 6/12	R	7/26/2012	75.04		012416		75.04
02325	Normandeau Associates, Inc.							
I-51551	Electrofishing Effects Study	R	7/26/2012	15,711.00		012417		15,711.00
00163	OFFICE DEPOT							
I-616560217001	Office Supplies for LCRA, WP	R	7/26/2012	57.21		012418		
I-616984712001	Shredder for LCRA Maint	R	7/26/2012	81.46		012418		138.67
00160	OILFIELD ELECTRIC CO, INC							
I-072312	Retention, UOPP Elec Upgrade	R	7/26/2012	7,135.02		012419		7,135.02
01570	Ojai Auto Supply LLC							
I-248111	Backup Lights for Dump Truck	R	7/26/2012	7.49		012420		7.49
00912	OJAI BUSINESS CENTER, INC							
I-7652	Shipping, Printing LCRA, Fish	R	7/26/2012	173.40		012421		173.40
00383	ON DUTY UNIFORMS & EQUIPMENT							
I-107910	Work Shirts for Dist Maint	R	7/26/2012	321.75		012422		321.75
01627	OSCAR'S TREE SERVICE							
I-9999	Trees Removed, Lower Dist Yard	R	7/26/2012	650.00		012423		650.00
10072	PERMACOLOR, INC							
I-274784	Coat Pipe Spools, Grand Ave PP	R	7/26/2012	489.20		012424		489.20
01334	POWER MACHINERY CENTER							
I-E67657	Club Car Lease, Y13634	R	7/26/2012	798.20		012425		
I-E67669	Club Car Lease, Y13864	R	7/26/2012	602.67		012425		
I-W43476	PM Service, Club Car A	R	7/26/2012	57.11		012425		
I-W43477	PM Service, Club Car B	R	7/26/2012	63.41		012425		1,521.39
10042	PSR ENVIRONMENTAL SERVICE, INC							
I-5556	Gas Tank Inspection, LCRA	R	7/26/2012	210.00		012426		
I-5557	Inspect Gas Tank, Main Yard	R	7/26/2012	210.00		012426		420.00
00313	ROCK LONG'S AUTOMOTIVE							
I-5838	Lube & Oil Change, Eq#16	R	7/26/2012	99.61		012427		
	Also, Rotate Tires							
I-5892	Front/Rear Brakes for Eq#26	R	7/26/2012	1,273.31		012427		1,372.92

VENDOR SET: 01 Casitas Municipal Water D

BANK: AP ACCOUNTS PAYABLE

DATE RANGE: 7/24/2012 THRU 7/27/2012

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00215	SOUTHERN CALIFORNIA EDISON							
I-072112	Acct#2157697889	R	7/26/2012	9,344.47		012428		
I-072112A	Acct#2266156405	R	7/26/2012	244.08		012428		
I-072112B	Acct#2312811532	R	7/26/2012	56.16		012428		9,644.71
02414	Standard Industries							
C-740212A	Accrue Use Tax	R	7/26/2012	6.88CR		012429		
D-740212A	Accrue Use Tax	R	7/26/2012	6.88		012429		
I-740212	Cleaning Solution, Dist Maint	R	7/26/2012	94.91		012429		94.91
00223	STOCK BUILDING SUPPLY							
I-4762060600	Lumber, Canal Footbridge Repair	R	7/26/2012	484.64		012430		484.64
02057	Swank Motion Pictures, Inc.							
I-RG1703535	Movie for Movie Night, LCRA	R	7/26/2012	321.00		012431		321.00
02163	Toro Enterprises, Inc.							
I-7440	Senior Canyon Upgrade Project	R	7/26/2012	14,683.20		012432		14,683.20
02412	Ventura County Assessor							
I-071912	Assessor Data Report	R	7/26/2012	50.00		012433		50.00
00439	WAYCASY CRANE SERVICE							
I-5641	Crane Work, Fairview PP	R	7/26/2012	320.00		012434		320.00
00124	ICMA RETIREMENT TRUST - 457							
I-CUI201207240587	457 CATCH UP	R	7/26/2012	569.24		012435		
I-DCI201207240587	DEFERRED COMP FLAT	R	7/26/2012	2,561.52		012435		
I-DI%201207240587	DEFERRED COMP PERCENT	R	7/26/2012	213.83		012435		3,344.59
01960	Moringa Community							
I-MOR201207240587	PAYROLL CONTRIBUTIONS	R	7/26/2012	16.75		012436		16.75
00985	NATIONWIDE RETIREMENT SOLUTION							
I-CUN201207240587	457 CATCH UP	R	7/26/2012	423.06		012437		
I-DCN201207240587	DEFERRED COMP FLAT	R	7/26/2012	3,877.68		012437		4,300.74
00180	S.E.I.U. - LOCAL 721							
I-UND201207240587	UNION DUES	R	7/26/2012	610.50		012438		610.50
00230	UNITED WAY							
I-UWY201207240587	PAYROLL CONTRIBUTIONS	R	7/26/2012	45.00		012439		45.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
02370	D2 Trailer Sales							
I-24454	Install Flatbeds on Eq#28, 29	R	7/26/2012	5,782.09		012440		5,782.09
00115	GRAINGER, INC							
I-9845316125	Light Tubes for Dist Stock	R	7/26/2012	423.46		012441		
I-9847832327	Ball Valves for TP	R	7/26/2012	68.47		012441		491.93
01985	AFLAC/FLEX ONE							
I-072612	Reimburse Medical 2012	R	7/27/2012	56.00		012442		56.00
00128	INTERNAL REVENUE SERVICE							
I-T1 201207240587	Federal Withholding	D	7/26/2012	23,995.05		072621		
I-T3 201207240587	FICA Withholding	D	7/26/2012	22,366.29		072621		
I-T4 201207240587	Medicare Withholding	D	7/26/2012	6,236.82		072621		52,598.16
00049	STATE OF CALIFORNIA							
I-T2 201207240587	State Withholding	D	7/26/2012	7,340.71		072622		7,340.71
00187	CALPERS							
I-PER201207240587	PERS EMPLOYEE PORTION	D	7/26/2012	10,134.96		072623		
I-PRR201207240587	PERS EMPLOYER PORTION	D	7/26/2012	12,266.35		072623		22,401.31

* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	63	326,446.12	0.00	326,446.12
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	3	82,340.18	0.00	82,340.18
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0	VOID DEBITS 0.00		
		VOID CREDITS 0.00	0.00	0.00

TOTAL ERRORS: 0

VENDOR SET: 01	BANK: AP	TOTALS:	66	408,786.30	0.00	408,786.30
BANK: AP	TOTALS:		66	408,786.30	0.00	408,786.30
REPORT TOTALS:			66	408,786.30	0.00	408,786.30

Stop Payment on CK# 012207, re-issued on CK# 012440 < 5,782.09 >  
 Stop Payment on CK# 012091, re-issued on CK# 012441 < 491.93 >

\$ 402,512.28

**Casitas Municipal Water District  
 Reimbursement Disclosure Report (1)  
 Fiscal Year 2012/13  
 July 1, 2012-July 31, 2012**

<u>Date paid</u>	<u>Employee</u>	<u>Description</u>	<u>Amount Paid</u>
7/5/2012	Ken Grinnell	Advanced Water Treatment Class	\$ 130.00
7/5/2012	Brian Taylor	Meals & Water for Crew Working Villanova Break	\$ 108.02
7/13/2012	RJ Faddis	Premium Fuel for Rogue Boat 6/21/12	\$ 200.00
7/13/2012	RJ Faddis	Premium Fuel for Rogue Boat 6/29/12	\$ 151.88
7/13/2012	Scott Lewis	Lodging CMWD 6/3/12-6/10/12	\$ 500.67
7/13/2012	Scott Lewis	Car Rental CMWD 6/3/12-6/10/12	\$ 342.51
7/13/2012	Scott Lewis	Radio Telemetry Repair	\$ 610.00

Note:

1) Reimbursement Disclosure Report prepared pursuant to California Government Code 53065.5

CASITAS MUNICIPAL WATER DISTRICT  
Inter-Office Memorandum

DATE: August 2, 2012  
TO: Board of Directors  
FROM: General Manager, Steve Wickstrum  
Re: Executive Committee Meeting of August 2, 2012

**RECOMMENDATION:**

It is recommended that the Board of Directors receive and file this report.

**MEETING:**

1. Roll Call. Directors Baggerly and Word, General Manager Steve Wickstrum
2. Public Comments. None.
3. Board/Manager comments. None.
4. Ventura LAFCo Ballot – discussion of candidates.  
The General Manager provided the Committee with the ballots names and resumes for review. This item will go before the Board for the selection of a candidate and vote by the Board.
5. Update on State Water.  
The General Manager is continuing to investigate alternatives for its allocation of State Water. The Department of Water resources and State Water Contractors are attempting to develop language for alternatives that may be applicable to Casitas. The General Manager may need to attend a State Water meeting in late August to assure that Ventura County interests are heard by the State.
6. Update on V-2 project – Ventura County Watershed Protection District.  
The Committee discussed the recent request by the VCWPD to have Casitas consider assisting in project funding shortfalls. The specific project is the San Antonio Creek Spreading Grounds Rehabilitation Project. This item will be brought to the Board on August 6 for further consideration.
7. Letter from Meiners Oaks Water District requesting a water service agreement.  
The Committee discussed the letter. The General Manager will meet with the General Manager of MOWD to gain a better understanding of the letter and the direction desired by MOWD.
8. Agreement with Ernst & Young for audit services for the State Water Project.  
The General Manager has received a revised contract for audit services and will recommend to the Board that the contract be signed and returned to the Sate Water Contractors. This is an annual action by State Water Contractors.



## VENTURA LOCAL AGENCY FORMATION COMMISSION

COUNTY GOVERNMENT CENTER • HALL OF ADMINISTRATION

800 S. VICTORIA AVENUE • VENTURA, CA 93009-1850

TEL (805) 654-2576 • FAX (805) 477-7101

WWW.VENTURA.LAFCO.CA.GOV

July 5, 2012

President/Chair of the Board  
Casitas Municipal Water District  
1055 Ventura Avenue  
Oak View, CA 93022

**RE: Ballot for Election of Special District Alternate Member to the Ventura LAFCo**

Dear President/Chair of the Board:

Enclosed please find your Official Ballot for the election of a Special District Alternate Commissioner to the Ventura LAFCo. This election is being conducted by mail pursuant to CA Government Code Section 56332(c), and consistent with the Rules and Regulations of the Ventura County Independent Special Districts Selection Committee.

The term of Commissioner Elaine Freeman, one of the two special district members of LAFCo, will expire on January 1, 2013. At that time Alternate Commissioner Bruce Dandy will, pursuant to the Rules and Regulations of the Ventura County Independent Special Districts Selection Committee, automatically replace Commissioner Freeman as a regular member representing special districts and will start a new four-year term.

This election is to select a new Special District Alternate Commissioner to the Ventura LAFCo. Whoever is elected will complete an unexpired term that ends on January 1, 2015. On January 1, 2015, when the term of current Commissioner Gail Pringle expires, the Alternate Commissioner will automatically begin a new four-year term as a regular member.

A total of five candidates have been nominated. Each is listed alphabetically on the Official Ballot and a copy of each candidate's statement is enclosed.

- **Use the enclosed Official Ballot to vote for only one candidate.**
- **The Ballot must be signed by the district president/ chair or presiding officer.**
- **All ballots must be returned via CERTIFIED MAIL to the Ventura LAFCO at the address listed below.**
- **BALLOTS MUST BE RECEIVED BY 5 P.M. FRIDAY, SEPTEMBER 28, 2012**
- **Ballots received after Friday, September 28, 2012 at 5:00 p.m. will not be counted.**

There are 29 independent special districts eligible to vote in this election and at least 15 districts must return completed Ballots to achieve a quorum. The election results will be

**OFFICIAL BALLOT**  
**INDEPENDENT SPECIAL DISTRICT SELECTION COMMITTEE**  
**Alternate Member to the Ventura LAFCO**

**Casitas Municipal Water District**

This is the official ballot for the Independent Special District Selection Committee for the purpose of electing **one** Special District Alternate Member to the Ventura LAFCo. The election consists of five candidates (listed below in alphabetical order) for Special District Alternate Member of the Ventura LAFCo for a four-year term starting January 1, 2013.

**VOTE FOR ONLY ONE CANDIDATE**

A minimum of 15 qualified votes must be returned by the deadline to establish a quorum of the Independent Special Districts. Should no candidate receive a majority of the qualified votes received, a subsequent election among the two candidates receiving the highest number of votes will be conducted.

**PLEASE RETURN THIS SIGNED BALLOT, VIA CERTIFIED MAIL to the Ventura LAFCo, 800 S. Victoria Avenue, Ventura, CA 93009-1850. All Ballots MUST be signed by the presiding officer of the board and received by 5 P.M. Friday, September 28, 2012 to be considered.**

As the President, Chair, or Presiding Officer, I duly certify that the Casitas Municipal Water District does hereby cast its ballot as follows:

*(Please mark the box next to the name of **one** candidate to cast the District's vote)*

- |                          |                   |   |
|--------------------------|-------------------|---|
| <input type="checkbox"/> | "Jim" R.V. Estomo | Channel Islands Beach Community Services District |
| <input type="checkbox"/> | Elaine Freeman    | Rancho Simi Recreation and Park District          |
| <input type="checkbox"/> | George Lange      | Conejo Recreation and Park District               |
| <input type="checkbox"/> | Michael Paule     | Triunfo Sanitation District                       |
| <input type="checkbox"/> | Mary Anne Rooney  | Oxnard Harbor District                            |

\_\_\_\_\_  
Board President/Chair (print name)

\_\_\_\_\_  
Board President/Chair (Signature)

\_\_\_\_\_  
Date



Board of Directors

MARCIA MARCUS, President  
R.V. "Jim" ESTOMO, Vice President  
KEITH MOORE, Director  
SUSIE KOESTERER, Director  
ELLEN SPIEGEL, Director

JARED BOUCHARD  
General Manager

353 Santa Monica Drive • Channel Islands Beach, CA 93035-4473 • (805) 985-6021 • FAX (805) 985-7156  
A PUBLIC ENTITY SERVING CHANNEL ISLANDS BEACHES AND HARBOR • CHANNELISLANDSBEACHCSD.COM

**Jim Estomo - Candidate**

**Ventura County LAFCO Special District Alternate Member**



**Present: Director - Channel Islands Beach Community Services District.**

**Formerly: Staff for Ventura County Board of Supervisor John Flynn (six years)**

In Supervisor Flynn's office, I became very familiar with Ventura County departments and their jurisdictions. I interfaced with our constituents on zoning, planning and many other Ventura County issues and projects. This experience has taught me how various units of government can and do work together.

My other projects have focused on development in the Channel Islands Harbor and adjacent coastal sites. The work involved extensive interaction with the California Coastal Commission, CA State Legislators and State Agencies.

**My broad government experience pertains directly to meeting LAFCO objectives.**

Local government agencies, such as Special Districts, have always been an essential element of American representative democracy. Special Districts are a perfect example of a government that provides a close working relationship with the communities they serve. I feel Special Districts must be preserved to serve the needs of the people and their local community.

As a Director and member of a Special District Board, I understand the importance and function of local government agencies. The closer the leaders are to the people who elect them, the more responsive and efficient those leaders will be.

As an important note to share, my long term experience has included the observations of the results, both the intended and un-intended, of policy and legislation decisions that were made to accomplish an objective. I believe the un-intended consequence of a decision is an important issue to be considered in all legislation.

As a member of LAFCO, my experience in serving Ventura County as outlined above will be valuable in its dealing with the California State Legislature and the many concerns of the Ventura County community, both now and in the future.

I am a Hollywood Beach Homeowner of 25 years, and past Owner/Administrator of health care facilities with 30+ year's experience.

Finally, I understand the purpose of LAFCO. It makes sense to me, and for this reason I want to serve. May I be honored with your vote to represent the Ventura County Special Districts as an alternate member to the Ventura County LAFCO?

Thank you,

**Jim Estomo - Director, Channel Islands Beach Community Services District.**



Dear Special District Members:

The Ventura County LAFCO plays a very important role in our communities, and it has been my privilege to serve as a LAFCO Commissioner. I was elected to serve the remaining term of a previous commissioner. My term in this position concludes at the end of this year. I would love to continue my involvement with LAFCO as the next alternate independent special district representative. In addition to my now acquired experience serving as a LAFCO Commissioner, my qualifications include both public and private experience including serving as a Board member on the Rancho Simi Recreation Park District since 2003.

I also currently serve as Vice President of the Ventura County Special District's Association ("VCSDA"), as a member of the California Special District's ("CSDA") Legislative Committee, and as a member of the Santa Monica Mountains Conservancy Advisory Committee. I am also owner of Urban Strategies, a land use and government policy consulting firm, which was recognized as business of the year by the Simi Valley Chamber of Commerce in 2004. I am very proud to have been selected as the 38<sup>th</sup> Assembly District Woman of the Year for 2002 by State Assemblyman Keith Richman, M.D. and was awarded the Strathearn Lifetime Achievement Award by the Simi Valley Chamber of Commerce. I would very much appreciate the opportunity to continue my service to special districts as the next alternate independent special district representative, and respectfully ask for your vote.

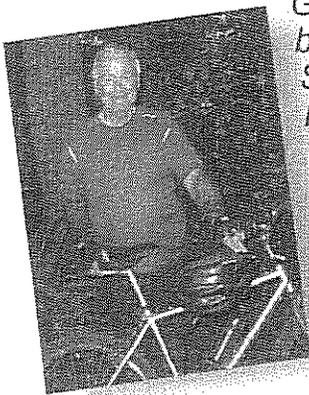
Elaine Freeman  
Board Member, Rancho Simi Recreation and Park District

# Help

## VCLAFCo Alternate Commissioner Candidate

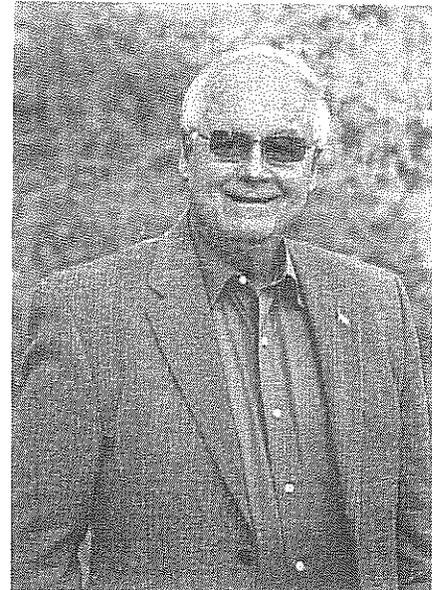
# ~~Let George Do It!~~

**Elect George M. Lange and help him bring his Previous experience and dedication to the Ventura County Special District LAFCo**



*George is Santa Monica California born and raised.*

*Served in the U.S. Navy, BS Electronic Engineering degree, married 47 years to Judy, Kindergarten teacher. Adult Children Kirk and Megan. Mountain Biker, 44 year Ventura County resident, Chair of Church Men's group, Director, Conejo Rec & Park District since 1990.*



*Candidate George M. Lange*

**LAFCo Experience:** Elected by Ventura County Independent Special Districts in 2004. Served as an Alternate Commissioner for two years and as a Regular Commissioner since 2006. Elected Vice Chair in 2008 and Chair in 2009. Actively participates in meetings and proceedings, including meaningful dialogue with fellow Commissioners and staff. Nominated Ventura LAFCo and two fellow Commissioners for CALAFCO recognition, which resulted in receipt of awards.

**CALAFCO & State-Level Experience:** Elected to the Board in 2008, attended all Board meetings, participated in CALAFCO Conferences since 2004, supported CALAFCO past President Kathy Long, participated in LAFCo election caucuses, made recommendatinos for the 2008 CALAFCO Conference Mobile Workshop venue and Chaired 2009 CALAFCO conference.

**Other Activities:** Dynamically involved in the Thousand Oaks/Conejo Valley, Ventura County and various other southern California communities, serving and supporting current and future residents through recreation opportunities, management of parks, open space, trails, land acquisition, and prudent fiscal and physical management. Involvements include: Conejo Recreation & Park Board, Vice Chair Santa

Monica Mountains Conservancy Advisory Committee, Chair Mountains Recreation and Conservation Authority Board, Ventura County Special Districts Association Past President, Member Percent for Art/Thousand Oaks Arts Commission, Teen Center Authority, Member National State Parks-Recreation Societies, YMCA Corporate Board, Pacific Lodge Boys Home Board, California Lutheran University Scandinavian Festival, Community Leaders Club, Mathews Management Forum, Conejo Future Foundation, Kiwanis International (Kiwanian of the Year), Division Chairperson for Sponsored Youth, Advisor for Key Clubs & Circle-K, Conejo Valley Days Parade, AYSO, Little League, Bobby Socks, and the Thousand Oaks High School boosters.

*Candidate George M. Lange*

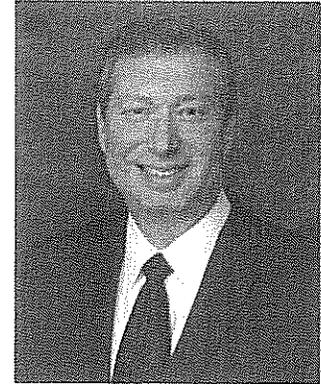
*Nominated by Conejo Rec & Park District*

*Conejo Recreation & Park District, 2005-2006-2007*

# Mike Paule

for

## Ventura County LAFCo Alternate Commissioner



A Proven Community Leader  
with dedication and experience to meet the current and  
future challenges of Ventura County.

*Mike Paule is a 26-year  
resident of Ventura County*

*Married for 25 years with two  
wonderful children*

*As an Alternate Commissioner on LAFCo, I would bring a high level of energy, experience and a passion to serve the residents of Ventura County. I have a history of providing strong leadership, making sound and thoughtful decisions and would bring an appreciation for the important role of Special Districts in serving the needs of our residents.*

*I successfully helped lead the effort to change the governance of Triunfo Sanitation District to an all-elected Board and have the education and background to understand and effectively resolve complex problems.*

*In 2005, I was honored with the first Edward L. Masry - Integrity in Community Service award and in 2011 named by the Acorn Newspapers as one of the Top 25 Local People of the Conejo Valley.*

### Effective Community Leadership

- Current Director (Past Chairman) of Triunfo Sanitation District
- Current Director (and Past Chairman) of Las Virgenes-Triunfo Joint Powers Authority
- Current Vice-Chairman (Past Chairman) - Oak Park Municipal Advisory Council (MAC)
- Past Chairman - Oak Park Measure D4 - Public Oversight Committee
- Co-Chair of the Measure R Bonds Campaign (2008) for Oak Park Schools Renovation
- Oak Park MAC Liaison to Oak Park Public Landscape Committee
- Served as President, Executive Board Member and Coach for Agoura Youth Basketball Association - 10 Years.
- Past President and Treasurer - Las Virgenes Park Homeowners' Association
- Past Rotarian and Westlake Toastmasters

### Experience

#### Education:

- Ventura County Leadership Academy - Cohort XVII
- Master of Business Administration (MBA) - Loyola Marymount University
- Bachelor of Science in Finance - Arizona State Univ.

#### Business Experience:

- Business Owner and Consultant (Imaging and Business Process Management) for the past 17 years
- Arbitration and Mediation Consultant (Experienced Negotiator)
- V.P. and Principal for a Securities and Capital Markets Firm

#### Active Member

- Ventura County Special Districts Association
- California Association of Sanitation Agencies
- Association of Water Agencies - Ventura County
- Calabasas-Agoura-Oak Park-Conejo Valley Chamber of Commerce

When choosing your next LAFCo Alternate Commissioner, please consider the future of our community, its residents and the diverse resources of our County and State.

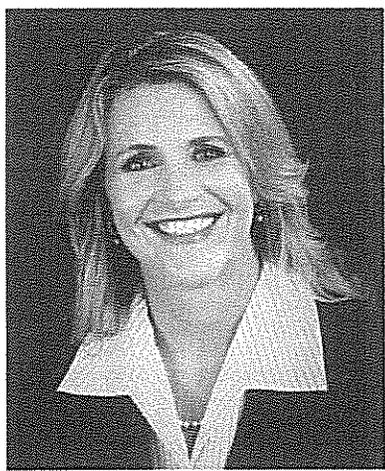
We have wonderful and dedicated leaders who have served the community and LAFCo in the past, but it is time to pass the baton to new leadership who can help meet the special challenges we all face as a community.

I offer the type of leadership that will help ensure that the people of Ventura County enjoy the resources, economic opportunities and quality-of-life that makes our County a special place to call home.

Elect Mike Paule - Ventura County LAFCo Alternate Commissioner  
Nominated by Triunfo Sanitation District  
Phone: 818-355-2570 • E-Mail: Mikep969@gmail.com

# MARY ANNE ROONEY

Mediator, Businesswoman, Public Servant  
Mary Anne Rooney would bring broad  
talent and experience to LAFCo



## MARY ANNE ROONEY

*AN ACCOMPLISHED PUBLIC SERVANT  
AND EFFECTIVE COLLABORATOR  
WHO TRULY UNDERSTANDS LAFCo*

The Port of Hueneme, governed by the Oxnard Harbor District, holds a unique role in the jurisdiction of Ventura LAFCo. The LAFCo boundaries of the Port include the spheres of influence for the cities of Port Hueneme and Oxnard while the economic benefits of the Port reach across the County and beyond. The Port generates more than 1,500 jobs and creates a \$200 million local impact. It trades \$7 billion in commodities globally. Serving on the Commission, District Commissioner Mary Anne Rooney will bring this critical perspective to the table. She is a respected leader, an accomplished business person and is well regarded for her strong ability to collaborate with those she serves both in her public and professional roles.

### EDUCATION & EXPERIENCE

#### EDUCATION

Bachelor's Degree, UCSB  
Master's Degree, Azusa Pacific University  
Certificate in Mediation  
and Dispute Resolution, UCSB  
California Special District  
Leadership Academy  
Certified Small Business Development  
Center Export Consultant

#### ELECTED OFFICE

TRUSTEE, Ventura County  
Community College District  
COMMISSIONER, Oxnard Harbor  
District, Port of Hueneme

#### SERVICE

Association of Pacific Ports  
American Association of Port  
Authorities Economic  
Development Committee  
Oxnard Sister City Committee  
World Affairs Council

#### AWARDS

Top 50 Women in Business  
2010-2011-2012  
(Pacific Coast Business Times)

Commissioner Rooney's driving focus remains business and opportunity development and encouragement for entrepreneurs. Having more than 20 years business experience in public, private and non-profit industries she brings a unique background and expertise in strategic planning, project development and marketing, utilizing her skills as a Certified Mediator. In 2011, through the counseling, training, and mentoring provided by Mary Anne, two of her clients were recipients of an SBA Spirit of Small Business Award, and four clients had a published Success Story through the SBDC network.

### ENDORSEMENTS

*"Mary Anne Rooney would be a terrific LAFCo alternate commissioner. She has a broad view of the County through the eyes of someone who has worked in the private sector, the education sector and the government sector. No one else has such a varied and extensive background."*

*Judy Cofer, Former President, Ventura County Special Districts Association*



805.488.3677 | 805.415.2787

333 Ponoma Street  
Port Hueneme, CA 93044

[www.portofhueneme.org](http://www.portofhueneme.org)

CASITAS MUNICIPAL WATER DISTRICT  
Inter-Office Memorandum

DATE: August 2, 2012

TO: Board of Directors

FROM: General Manager, Steve Wickstrum

Re: Funding Request - San Antonio Creek Spreading Grounds Rehabilitation Project - Ventura County Watershed Protection District

**RECOMMENDATION:**

It is recommended that the Board of Directors consider the request of the Ventura County Watershed Protection District (VCWPD) and provide direction to the General Manager.

**BACKGROUND:**

The San Antonio Creek Spreading Grounds Rehabilitation Project was proposed by members of the Ojai Basin Groundwater Management Agency to divert water from San Antonio Creek into the historic spreading grounds of the Ojai basin, with the goal to increase groundwater recharge and storage in the Ojai basin. The VCWPD took on the lead agency role that was responsible for obtaining the \$1,315,000 in Proposition 50 Grant Funding and a \$108,746 commitment from Golden State Water Company, the project design, contract administration, environmental review and permitting, and operation and maintenance of the completed project. The project received positive approval in the grant funding process, primarily due to its goal to increase groundwater recharge and storage in the Ojai basin. VCWPD did proceed with additional hydrology studies, project design, and environmental review and permitting. The VCWPD has been reimbursed \$313,074 by the State for costs incurred by VCWPD for this project.

In December 2007, the Casitas Board of Directors considered and approved in concept the participation in the San Antonio Creek Spreading Grounds Rehabilitation Project. Casitas' involvement in the project was limited to providing \$15,000 each year toward the annual operation and maintenance cost and under certain conditions, an additional \$16,000 for special maintenance costs.

**CURRENT STATUS:**

On July 24, 2012, a meeting was held with project stakeholders, representatives from the VCWPD, and Jeff Pratt to discuss the status of the project. At the meeting it was presented that the project design had additional features (fish screen) and a greatly diminished recharge capacity that resulted from the resource agencies' permitting requirements. The Engineer's estimate for the project was \$1,667,000 and the low bid received by the County was \$1,719,414. The VCWPD represented that it would require \$815,000 in local funds to complete the project as designed and bid. In addition to the funding shortfall, the grant requires completion of the Prop. 50 projects by March 1, 2013, unless additional time is granted by the State.

The VCWPD has reviewed the project to remove non-essential elements and is

considering absorbing the construction management costs. The Ojai Groundwater Basin Management Agency may be willing to contribute \$125,000 toward one on the injection wells, leaving the project shortfall at approximately \$450,000. The question asked by VCWPD - is there any value to Casitas to contribute funds toward the project shortfall?

The VCWPD is bringing this project before the Board of Supervisors on August 7, 2012, for consideration of rejecting the bids. The VCWPD is willing to ask the State for more time and money, and then re-bid the project if the time and funds appear to be sufficient for this project. The VCWPD staff memo to the Board of Supervisors is attached to this memo for reference.

**SUMMARY:**

The San Antonio Creek Spreading Grounds Rehabilitation Project was conceived with the goal to increase groundwater recharge and storage in the Ojai basin. The Project is currently facing the stresses of under-funding, closing deadlines, and diminished product. VCWPD has stated that it desires to forge forward with trying to get additional funding and time extensions from the State. The VCWPD is now asking Casitas if there is an interest in participating in the funding of the project, at any level between \$0 to \$450,000. The request for funding is being brought to the Board of Directors for further consideration and direction.



Steve Wickstrum  
<swickstrum@casitaswater.com>

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## Prop 50 V-2 Project WPD Board Letter Rejecting All Bids Scheduled for 2:00 p.m. on August 7th

i message

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**Gerard Kapuscik**

Wed, Aug 1, 2012 at 10:10

<Gerard.Kapuscik@ventura.org>

AM

To: Steve Wickstrum <swickstrum@casitaswater.com>

Cc: Gerard Kapuscik <Gerard.Kapuscik@ventura.org>, Tammy Butterworth <Tammy.Butterworth@ventura.org>

Steve:

As promised yesterday, attached you will the most recent version of the District's board letter regarding the above-captioned project for your information, review and as background for our engagement.

From my perspective, this board letter clarifies, defines and bounds the ambit of operational, financial and temporal challenges faced by the District as steward of the V-2 Project.

Having said that, as we both know, the dynamics surrounding this project are very much in flux, with the final chapter as yet unwritten.

With the caveat that this board letter may or may not be amended later today, on the off chance that we either win

the Lotto, or receive V-2 Manna from State Grant Heaven, let's talk about this as soon as you're able.

By copy of this e-mail, I am advising Tammy that you may be calling-in to speak with me, and then she then can track-me down since I'm in back-to-back meetings most of the day.

Thanks

**Gerard Kapuscik**, Interim Director  
Ventura County Watershed Protection District  
800 So. Victoria Avenue  
Ventura, CA 93009

Phone: (805) 648-9284

Fax: (805) 677-8762

E-mail: "gerard.kapuscik@ventura.org"

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# Ventura County Watershed Protection District



PUBLIC WORKS AGENCY  
JEFF PRATT  
Agency Director

August 7, 2012

Board of Supervisors  
Ventura County Watershed Protection District  
800 South Victoria Avenue  
Ventura, California 93009

**Interim Director**  
Watershed Protection District

**Gerhardt Hubner**  
Water/Environmental Resources

**Peter Sheydayi**  
Design/Construction

**Sergio Vargas**  
Planning/Regulatory

**Karl Novak**  
Operations/Maintenance

**Subject:**      **Rejection of Bids for San Antonio Creek Spreading Grounds Rehabilitation Project Opened on July 3, 2012; Specification No. WP12-22, Project No. 11192; Supervisorial District No. 1, WPD Zone 1**

**Recommendation:**

Rejection of all bids received for San Antonio Creek Spreading Grounds Rehabilitation Project Opened on July 3, 2012; Specification No. WP12-22, Project No. 11192.

**Fiscal Mandate/Impact:**

The fiscal impact associated with the preparation of this board letter was minimal and fully absorbed in the District's adopted budget.

**Discussion:**

On December 18, 2007, your Board approved execution of a Proposition 50 Integrated Regional Water Management (IRWM) Sub-Grant Agreement between the County of Ventura and the Ventura County Watershed Protection District (District) which provided up to \$1,315,000 in Proposition 50 State Grant Funding for the San Antonio Creek Spreading Grounds Rehabilitation Project (hereinafter referred to as the Project).

This Project was one of a suite of 11 priority IRWM projects in Ventura County which received \$25 Million in Proposition 50 State Grant Funding. During the October 9, 2007 meeting, your Board, on behalf of the Watersheds Coalition of Ventura County accepted the \$25 million IRWM grant for all eleven projects in Ventura County.

The goal of the Project is to increase groundwater recharge and storage in the Ojai Valley Groundwater Basin and improve local water supply reliability by rehabilitating existing spreading grounds and diverting up to 25 cubic feet per second of surface water from San Antonio Creek (when available). The Project is being implemented

by the District on behalf of a group of local stakeholders comprised of the Ojai Basin Groundwater Management Agency, the City of Ojai, the Ojai Water Conservation District, Golden State Water Company, and Casitas Municipal Water District.

The Project consists of the construction of a new concrete intake structure; a new 24-inch high-density polyethylene (HDPE) intake pipeline between the intake structure and the existing upper settling pond; minor rehabilitation of the four existing settling ponds; new concreted riprap transfer channels between existing ponds; new 24-inch recharge pipeline from the existing lower pond to the recharge wells; up to four new recharge wells; a new overflow channel; and a new facility access road from Thacher Road including an "at-grade rock ford" low flow crossing of San Antonio Creek.

Three addenda were issued during the bidding period to make minor clarifications to the plans, specifications, in addition to including pipe bollards and the final Streambed Alteration Agreement and U.S. Army Corps of Engineers permit to the specifications.

Bids for the subject project were opened on July 3, 2012. A copy of the abstract of the nine bids received is attached [Exhibit 1]. The lowest responsive bid for Schedules I and II in the total amount of \$1,719,414 was submitted by Toro Enterprises, Inc. (Toro) of Oxnard, California. The low bid is 3 percent above the Engineer's estimate of \$1,667,000 for Schedules I and II.

The apparent low bidder, Toro, listed Hansen Well-Do Service (Hansen) as their Class C-57 license holder but did not provide the required reference list concurrent with their bid submittal. C.A. Rasmussen, Inc. (Rasmussen), the third lowest bidder, also listed Hansen as their Class C-57 license holder and did provide the required reference list with their bid submittal. Since Toro and Rasmussen are proposing to use the same drilling sub-contractor, Toro's drilling sub-contractor reference list would have been identical to the one Rasmussen submitted.

It was determined that Toro's lack of inclusion of the reference list concurrent with their bid submittal did not give Toro an unfair competitive advantage, and that the District will receive the same well drilling experience/expertise from Toro as it would get from Rasmussen. Upon the District's request, on July 5, 2012, Toro confirmed in writing that they would use Hansen as their well drilling sub-contractor and Toro provided the required reference list demonstrating the requisite experience; thus, Toro was determined to be the low bidder.

On July 13, 2012, Rasmussen submitted a formal protest to the District claiming that the two lowest bidders, Toro Enterprises, Inc. and Bert W. Salas, Inc. failed to meet the requirements of the bid documents, and that Rasmussen should be considered the lowest responsive bidder. The District's reply to the protest will deny Rasmussen's claim, provide explanation for the selection of the low bidder and, if your Board approves the recommended action, conclude that since all bids are rejected the protest is no longer relevant.

All bids should be rejected due to insufficient project construction funding available at this time. Total Project capital costs from inception through construction completion are estimated to be \$2.6 million, with a maximum of \$1.315 million provided by the Proposition 50 IRWM Grant. To date, the District has been reimbursed approximately \$313,074 by the State, and approximately \$1,001,926 in grant funds remains available for prospective reimbursement of eligible construction costs. However, as mentioned above, the current low bid for project construction by Toro is \$1,719,414 which leaves a significant construction funding shortfall.

On July 24<sup>th</sup>, the District presented to the project stakeholders that it would require \$815,000 in local funds to complete construction of Schedule I, which would include all of the project components and two of the four recharge wells. The \$815,000 would cover construction and consultant contracts, District labor, and real estate costs to complete construction and meet the requirements of the regulatory permits. \$365,000 of potential local funds were identified from District Zone 1 and Ojai Basin Groundwater Management Agency, leaving a \$450,000 shortfall. The District and project stakeholders are in agreement that additional project capital funding needs to be secured for the Project to proceed forward.

Further, the District intends to discuss with the State granting agency the potential for additional grant funding as well as an extension to the current project completion schedule. A time extension would likely be required since the current Proposition 50 grant agreement requires that all project work must be completed by March 1, 2013.

The District and project stakeholders will also continue to discuss potential sources of local project funding. If the District, with help from the project stakeholders and the State granting agency can develop a construction project that can be funded with available resources, the Project will be re-bid and brought back to your Board for approval.

This letter has been reviewed by the County Executive Office, Auditor-Controller's Office, and County Counsel. If you have any questions concerning this item, please call the undersigned at 648-9284, or Peter Sheydayi, Deputy Director, Design and Construction Division, at 654-2016.

Sincerely,



Gerard Kapuscik  
Interim Director  
Watershed Protection District

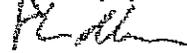
Attachment: Exhibit No. 1 – Construction Bid Abstract

**Project Name: San Antonio Creek Spreading Grounds  
Spec. No. WP12-22 Rehabilitation Project  
Abstract of Bids opened on 7/3/12**

**ENGINEER'S ESTIMATE: 1,667,008.64**

LOW BIDDER - Toro Enterprises Inc. Oxnard, CA 93031	1,719,414.50
2nd Bidder - Bert W. Salas, Inc. Santee, CA 92071	1,725,052.00
3rd Bidder - C A Rasmussen, Inc. Valencia, CA 91355	1,808,372.00
4th Bidder - Nicholas Construction, Inc. Shafter, CA 93263	1,945,717.00
5th Bidder - The Adjul Corp. DBA Lee Construction Co. Simi Valley, CA 93063	1,997,373.00
6th Bidder - Environmental Const., Inc. Woodland Hills, CA91367	2,095,068.00
7th Bidder - Blois Construction, Inc. Oxnard, CA 93030	2,449,739.00
8th Bidder - Shaw Contracting Inc. Carpinteria, CA 93014	2,471,933.00
9th Bidder - Mladen Buntich Construction Co. Inc. Upland, CA 91786	2,780,407.00

The undersigned certifies that the bids abstracted above were received on behalf of the Board of Supervisors, County of Ventura at the time and place designated in the Notice Inviting Bids; were publicly opened and read; and were checked.



\_\_\_\_\_  
Director, Engineering Services Department

# Casitas Municipal Water District

## Monthly Cost Analysis

### 2011/2012



07/30/2012

	<u>Marzula &amp; Marzula</u> <i>11-5-21-5049-12</i>	<u>Operation of Robles</u> <i>11-5-??-????-14</i>	<u>Fisheries</u> <i>11-5-28-50??-??</i>	<u>Project Name</u> <u>Fish Passage</u>	<u>Cost of the</u> <u>Fish Passage</u>
2003/2004	0.00	132,143.20	6,066.93		
2004/2005	0.00	298,006.35	39,124.63		8,079,888.06
2005/2006	274,270.75	144,052.92	93,406.52		0.00
2006/2007	194,409.73	110,707.78	188,651.75		114,790.04
2007/2008	21,111.90	117,299.80	272,644.56		0.00
2008/2009	1,207.75	88,201.00	307,739.00		0.00
2009/2010	216,797.47	124,874.54	342,756.94		0.00
2010/2011	<u>169,932.80</u>	<u>148,506.23</u>	<u>373,535.60</u>		
<b>Expenditures</b>					
July	691.67	5,316.70	21,434.00		
August	1,457.70	2,986.95	24,849.61		
September	0.00	14,252.92	26,760.88		
October	25.63	11,707.92	31,235.08		
November	0.00	10,201.99	20,761.81		
December	492.25	7,659.84	35,777.04		
January	0.00	16,834.31	22,949.92		
Feburary	1,423.79	4,986.34	30,596.67	<b>Less: Grants</b>	
March	1,612.84	1,709.32	33,419.29	CA Coastal Conservancy	-1,750,000.00
April	10.97	2,060.15	24,407.77	CA Dept of Fish & Game	-1,500,000.00
May	58.50	3,508.26	38,134.32	CA Dept of Fish & Game	-1,000,000.00
June	203.11	3,081.05	48,262.25	Pacific States Marine	-8,988.86
				(Timber Debris Fence)	
				Pacific States Marine	-18,980.00
				(Vaki Shroud)	
<b>Total Cost YTD</b>	<u><b>5,976.46</b></u>	<u><b>84,305.75</b></u>	<u><b>358,588.64</b></u>	<b>Total Cost TD</b>	<u><b>8,194,678.10</b></u>
				<b>Less: Grant Funding</b>	<u><b>-4,277,968.86</b></u>
<b>Total Project Cost</b>	<u><b>883,706.86</b></u>	<u><b>1,248,097.57</b></u>	<u><b>1,982,514.57</b></u>	<b>Total Project Cost</b>	<u><b>3,916,709.24</b></u>
<b>Total: Operation of Robles, Fisheries and Fish Passage</b>					<b>7,147,321.38</b>

CASITAS MUNICIPAL WATER DISTRICT  
Inter-Office Memorandum

DATE: July 31, 2012

TO: Board of Directors

FROM: General Manager, Steve Wickstrum

Re: Report to the Board – Attendance at the General Manager Leadership Summit – California Special Districts Association (CSDA)

**RECOMMENDATION:**

It is recommended that the Board of Directors receive and file this report.

**SUMMARY:**

This memorandum is written to provide the Board a brief summary of the topics that were presented at the General Manager's Leadership Summit, which I attended on July 15 – 17, 2012. The summit is the first of its kind to bring together General Managers from a wide variety of California special districts for sessions that were all directed toward governance, roles of the General Manager, and tools for General Managers. This program offered a much different approach and degree of information than that provided by ACWA or AWWA conferences.

Each of the following 90 minute discussion topics provided excellent information and insights that will assist in my management of the District.

- Leading Up – The Pivotal Roles that GMs Play in Governance Excellence.  
Jim Brown, Consulting Partner, Strive!
- Reducing Liability Exposures in Your District.  
Dennis Timoney, Chief Risk Officer, SDRMA
- Policy & Procedure Review and Writing  
Harry Ehrlich, Project Resource Specialist
- Top Tech Tools for General Manager and District Staff Today  
Beth Ziesenis, Your Nerdy Friend
- The Role of the Leader – Communicating Vision and Setting Goals  
Steve Swafford, Leadership Outfitters
- Bargaining, Labor Relations, Public Policy Making and the Effective Organization:  
Is There a Better Way?  
Steve Barber, Barber & Gonzales Consulting Group
- Roundtable Discussion by District Type
- Ask the Experts: Legal Updates and Q & A

David Warner of Meyers Nave, Suzanne Solomon of Liebert Cassidy Whitmore, and Jeff Chang of Ruthenberg and Long

- A Practical Approach to Ethical Leadership  
Steve Swafford, Leadership Outfitters

In addition to the presentations and discussions listed above, the summit provided an excellent networking opportunity with other special districts and CSDA resources. This program was very much worth my time to attend and I would recommend this program to any other special district general manager.

# OJAI VALLEY NEWS

The Ojai Valley's newspaper since 1891

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121st Year, No. 88 • Friday, July 27, 2012 • Newsracks, 75c, retail stores, 70c plus tax • Yearly subscription, \$52

## Casitas moves to acquire Golden State

Angelique LaCour  
*OVN contributor*

Casitas Municipal Water District took a firm step toward its possible acquisition of the Golden State Water Company's Ojai operation through an eminent domain merger Wednesday.

The Casitas board of directors unanimously approved a proposal from David Taussig & Associates to help them form an Ojai community facilities district that would replace Golden State as water purveyors for its current customers.

The new Ojai district will be similar in structure to the Ojai Valley Sanitary

District that currently operates sanitation services in the valley.

Costs associated with the formation of the new district will not affect existing Casitas customer rates, according to Ron Merckling, spokesperson for CMWD.

The first step in the acquisition process is passage of \$33 million in revenue bonds that must be approved by two-thirds of Golden State Water's current Ojai customers.

Golden State was represented at the board meeting by Santa Barbara attorney Steven Amerikaner, who spoke against approval of Taussig's proposal to explore the costs and steps necessary to establish

the new district.

"I believe everyone involved understands that Golden State's Ojai system is not for sale and there is no likelihood of a negotiated acquisition," Amerikaner said.

In a four-page statement to the board Amerikaner asks, "do you have a high degree of confidence that two-thirds of the voters will approve a special tax in this political and fiscal environment? If you roll the dice and the voters say no, this district will be left holding the bag for all of these expenses."

In the last year, Ojai Friends of Locally Owned Water (Ojai F.L.O.W.) submitted petitions to the Casitas board with 1,900

signatures of registered voters who are GSWC customers, requesting the new district be formed.

"We are very appreciative that the board has voted to proceed," said Bob Daddi, one of the seven Ojai F.L.O.W. directors. "I am confident that the 'taking' phase is assured, and we will successfully meet the challenges that will be involved in the valuation of Golden State's infrastructure."

According to Section 8 of the city's franchise agreement with Golden State, the city can "take" the property through the

See GSWC, Page A3

### GSWC:

Continued from Page A1

eminent domain process under certain circumstances.

GSWC is the only for-profit water supplier in the Ojai Valley, and currently charges up to three times the rates of the five other public, not-for-profit water purveyors.

Currently, the Ojai Valley is served by the following not-for-profit community facilities districts: Ventura River County Water District, Meiners Oaks Water District, Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company and CMWD.

GSWC has had a franchise with the city of Ojai since 1967.

David Taussig assured the Casitas board that his firm has handled the formation of more than 1,000 community facilities districts.

"We believe this is easily achievable,"

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Daddi said. "The residents are very enthusiastic and eager for relief from GSW's exorbitant rates."

Ojai FLOW fears that GSWC customers may see their rates increase 50 to 70 percent over the next three years based on expected improvements to infrastructure planned by GSWC. They say customers may see increases start as early as January.

"This is the end of the beginning to reaching our goal of affordable water services in the city of Ojai," Daddi proclaimed.

Other Ojai F.L.O.W. directors in attendance at the board meeting were Ryan Blatz, Richard Hajas, Pat McPherson and Stan Green.

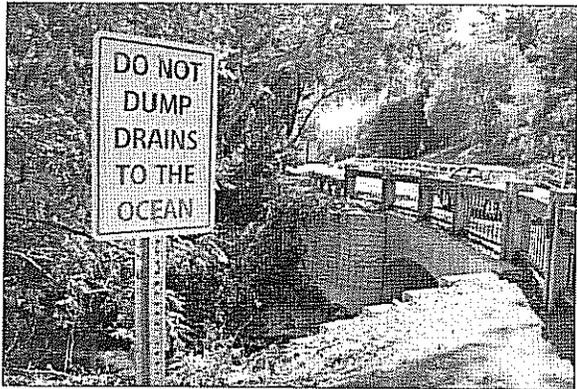


Photo by Tim Dewar

A warning sign stands next to a Creek Road bridge and the San Antonio Creek Wednesday.

## Water regulations could force sewer rate hike

Misty Volaski  
 editor@ojaivalleynews.com

It's not easy being green. Since 1998, the Ventura River Watershed — which includes most of the Ojai Valley — has been listed as "impaired" by algae.

Recent research confirms the impairment, according to Los Angeles Regional Water Quality Control Board (LARWQCB) senior environmental scientist Jenny Newman. On July 20, LARWQCB — which protects ground and surface water quality in the Los Angeles Region, including the coastal watersheds of Los Angeles and Ventura counties, along with

very small portions of Kern and Santa Barbara counties — released findings of an intensive study of the river's water quality. It plans to hold a public hearing Oct. 4 to discuss new regulations it is proposing to bring down the level of algae to a level it considers safe.

### What's wrong with the river?

Too much algae creates a reduction in the amount of oxygen in the water, which is harmful to aquatic life including the endangered steelhead trout.

"When the algae dies, the bacteria that eats it consumes oxygen," explained Newman. "Algae can also smother the habitat for the animals that live

in the bottom of the river."

The algae is fed by excessive amounts of nutrients in the watershed — namely, nitrogen and phosphorus. It's generally considered to be a natural process, but human activity speeds up the process.

Rebecca Veiga Nascimento, staff environmental scientist with LARWQCB, said that the acceptable level of "algal biomass" is 150 mg per meter-squared. "The river ecology is fairly dynamic, with different algal growth from year to year." But, she added, "We recorded in the lower parts of the river up to

See River, Page A3

A near-stagnant pool under a Creek Road bridge contains water that will eventually make its way to the Ventura River.

600 mg per meter-squared. Where are the excess nutrients coming from?

LARWQCB, along with other groups including the University of California at Santa Barbara, have invested several years of research into determining the sources of nutrients that are leading to excessive algae.

Perhaps the easiest source to identify is the Ojai Valley Sanitation District's treatment plant, located just outside of Casitas Springs. After extensive processing and cleaning, the treated water is released back into the Ventura River — making testing a matter of going to the effluent pipe.

OVSD general manager Jeff Palmer said the treatment plant has a permit allowing them to release up to 8 mg of nitrogen per liter into the river each day. "Right now, the plants runs between 3 and 4 mg per liter, well below the permit limits."

However, they would need to get below 3 mg per liter in the next 10 years, if the LARWQCB regulations for total maximum daily limits (TMDL) are set firmly into place. "Worst case," Palmer said, "compliance with the 3 mg (per liter limit) would cost about \$15 million." However, he added, there are many ways to reduce that number. The development of improved technology, grant funding from the state and "alternative engineering methods" could push that number down significantly.

But the OVSD — which is regulated by a permit that

is renewed every five years — is by no means the only contributor of excess nutrients to the Ventura River Watershed.

"Another big source is the municipal stormwater system," Newman explained, meaning anything that ends up in the storm drains.

Other sources include septic systems, which are regulated; horse facilities and cattle ranches, which are currently unregulated; and agriculture, which operates under a permit waiver but which has strict conditions and requirements.

Natural sources of nutrients, leaching out of the hills above Ojai, are also a source, although Newman said "It is smaller than the other sources."

Newman also acknowledged that Ojai's two golf courses could be sources, as well as many other local sources. She added that the LARWQCB will continue to notify and educate all affected parties of the TMDLs.

### How much will all this cost?

Newman and Veiga Nascimento said they've assessed the economic impact, which is detailed in their report. However, they said, it is still too early to hammer down all the numbers. "We want to make sure that all sources in the watershed are implementing the TMDL. We won't specify the manner in which they comply," said Veiga Nascimento — hence the lack of solid dollar amounts. "It (the TMDL) will just tell them their ultimate limitation."

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 ojaivalleynews.com

As for OVSD customers, "I can't speak to what the rate increases might be," said Newman. "We've tried to allow a long implementation schedule so OVSD could spread out the upgrades (necessary). ... overall we've tried to provide flexibility as much as possible."

Newman said the potential penalties for violating the TMDLs are unknown. "That's too far down the line to say at this point. The TMDL is a regulatory mechanism."

### What happens next?

The LARWQCB will host a meeting at 9 a.m. Oct. 4 in Simi Valley's city council chambers, 2929 Tapo Canyon Road, to give the public an opportunity to discuss the board's findings, new regulations and implementation plans for the regulations.

Palmer said the OVSD will ask the LARWQCB to extend the 10-year implementation deadline. "We have bond measures, one of which is paying off previous work on the (treatment) plant and expires in 12 years. We'll ask them to let us pay off what we currently owe before we take on any more debt; give us some additional time." He said OVSD also will ask LARWQCB to clarify some of the findings in their research presentation.

"Clean water is valuable," concluded Newman. "We have to weigh the benefits of clean water against any economic impacts."

ojaivalleynews.com

## River:

Continued from Page A1



Photo by Tim Dewar

## Casitas board takes 1st step toward possible takeover of private water system

By Anne Kallas

Friday, July 27, 2012

The Casitas Municipal Water District board has unanimously voted to take the first step toward a possible public takeover of the controversial Golden State Water Co. private water system in Ojai.

The board voted 5-0 on Wednesday to retain David Taussig and Associates, a public finance, facilities planning and urban economics consulting firm, to assist with forming a community facilities district for Ojai.

If voters approve, the district could use eminent domain and levy special assessments to acquire and pay for Golden State Water in Ojai, which has angered some residents with large rate increases.

"This is a procedural decision and it doesn't reflect a change in water purveyors in Ojai," Casitas spokesman Ron Merckling said. "The district will allow Golden State customers to have a public vote on whether they favor an additional property tax charge to purchase Golden State Water facilities."

The mail-in vote will require a two-thirds approval by affected property owners to create the district and pass such an assessment. Merckling said it will take the consultant an estimated fourth months to complete the first stage before a vote.

Mitch Zak, a spokesman for Golden State Water, said the company is not for sale. "Golden State's position has been consistent. We are committed to Ojai. We've been proudly serving the region for generations and intend to do so.

"The system is not for sale," Zak said. "We believe an eminent domain takeover will result in higher overall costs to Ojai residents for water when you factor in multiple property tax increases and the water rates."

Ojai FLOW, or Friends of Locally Owned Water, was formed by Ojai residents upset about the previous rate increases and seeking a public takeover. Pat McPherson said the group is heartened that the Casitas board finally took some action.

"I couldn't be happier. It was a unanimous vote. There are still a lot of steps. The fact that they're spending \$28,000 to do this push — they wouldn't be spending that if they didn't think they would go forward," McPherson said.

Merckling said the Casitas board's first priority, however, is to make sure any action doesn't affect its current customers. "We don't want to burden Casitas' existing water customers financially with this acquisition process," he said. "Whatever the consultant comes up with as a potential purchasing price, the property owners need to accept it and it needs to be enough not to burden Casitas."

Steve McClary, assistant to the Ojai city manager and the city's spokesman, said the city is pleased with the Casitas announcement. The Ojai City Council has already expressed strong support for FLOW's efforts to unseat Golden State Water.

"The city is very encouraged by the actions of the board. This is the first step in the process, and the city council is committed to supporting Casitas," McClary said.

County Supervisor Steve Bennett also voiced support for Casitas. "I support the efforts of Ojai FLOW and Ojai residents to gain public ownership of their water system," Bennett said in an email. "I am glad to see the Casitas board has voted to move forward."



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**CASITAS MUNICIPAL WATER DISTRICT  
TREASURER'S MONTHLY REPORT OF INVESTMENTS  
07/30/12**

Type of Invest	Institution	CUSIP	Date of Maturity	Amount of Deposit	Current Mkt Value	Rate of Interest	Date of Deposit	% of Portfolio	Days to Maturity
*TB	Federal Home Loan Bank	3133XSP930	12/13/13	\$743,750	\$727,048	3.125%	07/01/10	5.73%	493
*TB	Federal Home Loan Bank	3133XWNB10	06/12/15	\$729,603	\$747,516	2.875%	07/01/10	5.89%	1032
*TB	Federal Home Loan Bank	3134A4VG60	11/17/15	\$801,864	\$796,726	4.750%	07/19/10	6.27%	1187
*TB	Federal Home Loan MTG Corp	3134G3GT10	10/18/17	\$220,000	\$220,279	1.250%	01/03/12	1.73%	1878
*TB	Federal Home Loan MTG Corp	3135G0ES80	11/15/16	\$696,737	\$699,891	1.375%	03/12/12	5.51%	1545
*TB	Federal National MTG Association	3136FR3N10	09/20/16	\$702,422	\$701,022	2.125%	09/20/11	5.52%	1490
*TB	Federal Home Loan MTG Corp	3137EABA60	11/17/17	\$1,211,010	\$1,215,650	5.125%	01/03/12	9.57%	1907
*TB	Federal Home Loan MTG Corp	3137EABS70	09/27/13	\$766,605	\$731,437	4.125%	07/01/10	5.76%	417
*TB	Federal Home Loan MTG Corp	3137EACD90	07/28/14	\$739,907	\$736,400	3.000%	07/01/10	5.80%	718
*TB	Federal Home Loan MTG Corp	3137EACE70	09/21/12	\$723,646	\$701,946	2.125%	06/30/10	5.53%	51
*TB	Federal Natl MTG Assn	31398AYY20	09/16/14	\$739,123	\$740,306	3.000%	07/01/10	5.83%	766
*TB	US Treasury Inflation Index NTS	912828JE10	07/15/18	\$1,055,030	\$1,226,332	1.375%	07/06/10	9.66%	2145
*TB	US Treasury Notes	912828JW10	12/31/13	\$709,352	\$712,411	1.500%	04/01/10	5.61%	510
*TB	US Treasury Notes	912828LZ10	11/30/14	\$718,129	\$729,806	2.125%	07/01/10	5.75%	840
*TB	US Treasury Notes	912828MB30	12/15/12	\$709,707	\$702,513	1.125%	06/30/10	5.53%	135
*TB	US Treasury Inflation Index NTS	912828MF40	01/15/20	\$1,041,021	\$1,244,481	1.375%	07/01/10	9.80%	2685
	Accrued Interest			\$59,036	\$64,760				
	<b>Total in Gov't Sec. (11-00-1055-00&amp;1065)</b>			<b>\$12,366,942</b>	<b>\$12,698,524</b>			<b>85.47%</b>	
*CD	CD -			\$0	\$0	0.000%		0.00%	
	<b>Total Certificates of Deposit: (11.13506)</b>			<b>\$0</b>	<b>\$0</b>			<b>0.00%</b>	
**	<b>LAIF as of: (11-00-1050-00)</b>		N/A	<b>\$443</b>	<b>\$443</b>	0.38%	Estimated	<b>0.00%</b>	
***	<b>COVI as of: (11-00-1060-00)</b>		N/A	<b>\$2,158,783</b>	<b>\$2,158,783</b>	0.81%	Estimated	<b>14.53%</b>	
	<b>TOTAL FUNDS INVESTED</b>			<b>\$14,526,168</b>	<b>\$14,857,750</b>			<b>100.00%</b>	
	Total Funds Invested last report			\$14,524,851	\$14,876,503				
	Total Funds Invested 1 Yr. Ago			\$14,530,844	\$14,685,241				
****	<b>CASH IN BANK (11-00-1000-00) EST.</b>			<b>\$2,787,707</b>	<b>\$2,787,707</b>				
	<b>CASH IN Western Asset Money Market</b>			<b>\$31,773</b>	<b>\$31,773</b>	0.010%			
	<b>CASH IN PIMMA Money Market</b>			<b>\$502,989</b>	<b>\$502,989</b>				
	<b>TOTAL CASH &amp; INVESTMENTS</b>			<b>\$17,848,636</b>	<b>\$18,180,219</b>				
	TOTAL CASH & INVESTMENTS 1 YR AGO			\$16,804,350	\$16,958,748				
*CD	CD - Certificate of Deposit								
*TB	TB - Federal Treasury Bonds or Bills								
**	Local Agency Investment Fund								
***	County of Ventura Investment Fund								
	Estimated interest rate, actual not due at present time.								
****	Cash in bank								

No investments were made pursuant to subdivision (i) of Section 53601, Section 53601.1 and subdivision (i) Section 53635 of the Government Code.

All investments were made in accordance with the Treasurer's annual statement of investment policy.