



November 2010

Carpinteria Valley Water District

H₂KNOW

After two years, what is being done now in 2010 about the District's high water rates?

A Message from the General Manager

The following article includes excerpts published in the May 2008 issue of H2KNOW. Everything in italics is new.

A customer recently asked me (*in 2008*) what the District is doing about its high water rates compared to other agencies in Santa Barbara County. I first gave a short answer about why they keep going up: It just costs a lot of money to build new and replace old waterworks facilities. ***Now in 2010, we find ourselves responding to more costly emergency repairs than ever before.***

But then I started telling him about steps the District has taken and is taking now that will significantly improve the financial outlook for the District and greatly reduce the upward pressure on the water rates. These steps have to do with the sale or transfer of some of the District's 2,000 acre feet of State Water allotment. It is now evident that the District overinvested in 1991 in State Water as a backup source of supply. ***The District is now looking for buyers of up to 1,000 AF of its State Water allotment, in perpetuity. If accomplished, this could reduce every customer's SWP component of the Monthly Service Charge by as much as 50%.***

Plains Exploration and Production (PXP)

The Board agreed in 2006 to sell up to 400 acre feet of State Water allotment to PXP. This option-to-buy agreement currently brings in \$300,000/year that would otherwise have to be collected from Carpinteria Valley customers to help pay down the District's annual \$3 million State Water debt obligation. If the agreement is consummated, the annual benefit jumps to \$600,000, and the District may also receive as much as \$2 million in cash as an equity buy-in. ***This deal fell through in 2009 when PXP backed out after paying the District about \$950,000 in option payments.***

City of Guadalupe

The District has begun formal negotiations to sell up to 500 acre feet of State Water Allotment to the City of Guadalupe. Such a sale would benefit the District greatly, in the same manner as the PXP sale. ***This deal is on hold and not expected to go forward now due to unfavorable economic circumstances in Guadalupe.***

Other parties have also inquired about the District's State Water and may soon begin formal discussions with the District as well. ***An announcement will be made in H2KNOW if and when a negotiation is formalized by the Board of Directors.***

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El Distrito es bilingue. Favor de llamar (805) 684-2816 con cualquier pregunta sobre su cuenta o el uso de agua, estamos aqui para asistirlos.

In the meantime, the District this year (2008) also secured participation in a unique water banking opportunity in Kern County to store unneeded State Water for later use – for up to five years. This agreement with the Irvine Ranch Water District (IRWD) involves a multi-agency network including the Central Coast Water Authority, the Kern County Water Agency, the Rose-dale Rio Bravo Water Storage District, and the California Department of Water Resources. ***The District banked 600 AF of its unused State Water in the IRWD bank in 2008 and can use or sell half the amount, or 300 AF, until December 31, 2013.***

The District this year issued \$8,476,000 in Capital Appreciation Certificates resulting in the immediate reduction of debt-related water rate increases. The Certificates reduce payment burdens in the coming years up until 2023 and extend them out until 2036. The effect is to shift the burden of payment out more equitably from current customers to future customers, in keeping with the long term multi-decade benefits of the major capital improvements funded by the Certificates.

Please call me if you would like to know more. ***Suggestions from the community are most welcome and helpful.***

Charles B. Hamilton

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November Holiday Schedule



The District Office will be
open
for business on
Veterans Day
November 11, 2010



The District Office will be
closed
Thursday November 25, 2010
Friday November 26, 2010
in observance of the **Thanksgiving Holiday.**

Happy Thanksgiving from the Board of Directors and Staff!

Board of Directors Meetings

The Board of Directors may hold regular Board meetings on any Wednesday at 4 p.m. at the District Offices at 1301 Santa Ynez Avenue, except on the second Wednesday of the month. The second Wednesday meeting is held at 5:30 p.m. at Carpinteria City Hall, 5775 Carpinteria Avenue.

To find out about specific meeting dates, contact the District at 684-2816 x104 or go to www.cvwd.net.

*Visit our website
www.cvwd.net
for new and updated
information.*