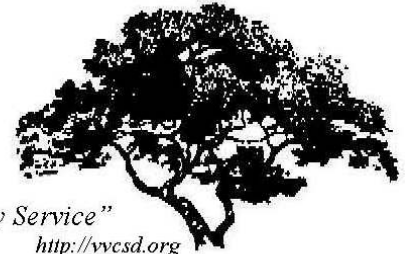


VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT

3757 Constellation Road • Vandenberg Village • Lompoc, CA 93436
Telephone: (805) 733-2475 • Fax: (805) 733-2109



NOTICE: The Board of Directors of the Vandenberg Village Community Services District will hold a Regular Meeting at 7:00 p.m., on Tuesday, May 2, 2006 at the District Office Conference Room, 3757 Constellation Road, Vandenberg Village, in compliance with Section 54954.2 of the Government Code of the State of California.

If you need reasonable accommodations due to a disability, please contact the Board Secretary 24 hours prior to the meeting at (805) 733-2475. Board package is available at the Vandenberg Village Public Library and on the District website at <http://www.vvcasd.org>.

AGENDA

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE
2. ROLL CALL: Directors Brooks, Fox, Redmon, Rowland and Wyckoff
3. ADDITIONS AND DELETIONS TO AGENDA
4. PUBLIC FORUM:

Members of the public wishing to address the Board on matters within the jurisdiction of the District, other than agenda scheduled action items, may do so when recognized by the President.

Members of the public wishing to speak about any action item scheduled on the agenda may do so when recognized by the President during consideration of the action item by the Board.

5. OPERATIONS REPORT

6. CONSENT CALENDAR

- A. Approval of Minutes of the April 4, 2006 Regular Meeting.....page 1
- B. Approval of Monthly Financial Reports.....page 7
- C. Approval of Disbursements through April 25, 2006.....page 15

7. ACTION ITEMS

- A. Capital Budget: Consider adopting FY 2006-07 Water and Wastewater Capital Budgets.....page 22
- B. Operating Budget: Consider adopting FY 2006-07 Water and Wastewater Operating Budgets.....page 30
- C. Administrative Overhead Fees: Consider approving FY 2006-07 Administrative Overhead Fees.....page 57
- D. Reserve Policy: Consider adopting a resolution to establish a new reserve policypage 58
- E. Legal Services Agreement: Consider approving an updated agreement with Liebert Cassidy Whitmore.....page 63

8. REPORTS

- A. Committees
- B. District Representatives to External Agencies
- C. Board President
- D. General Manager

9. INFORMATIONAL CORRESPONDENCE

A. Report from Director Redmon; California Water Law Seminar.....page 69

B. Lompoc Valley Committee Meeting.....page 71

10. DIRECTOR'S FORUM: Any member of the Board may address the Board on any subject within the jurisdiction of the District.

11. ADJOURN

**MINUTES
REGULAR MEETING**

April 4, 2006

The Board of directors of the Vandenberg Village Community Services District met for a Regular Meeting, to include a Closed Session at 7:00 p.m. on Tuesday, April 4, 2006, at the District Office Conference Room.

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

The meeting was called to order at 7:00 p.m. by President Wyckoff who led the Pledge of Allegiance.

2. ROLL CALL: Directors Brooks, Fox, Redmon, Rowland and Wyckoff

OTHERS PRESENT

Joe Barget, General Manager, was present.

3. ADDITIONS AND DELETIONS TO AGENDA

There were no additions or deletions to the Agenda.

4. PUBLIC FORUM:

President Wyckoff opened the Public Forum at 7:01 p.m. There were no members of the public so President Wyckoff closed the Public Forum at 7:02 p.m.

5. CLOSED SESSION

The Board convened into Closed Session at 7:03 p.m. and reconvened into Open Session at 8:15 p.m.

- A. President Wyckoff announced the Board received advice from and provided direction to legal counsel.
- B. President Wyckoff announced the Board voted unanimously to provide a 3.75 percent cost of living increase for District employees, effective July 1.

6. OPERATION REPORT

The District pumped 26 million gallons of water in March. The average daily demand was .8 million gallons. The total rainfall for March was 5.2 inches and the total rainfall to date is 13.5 inches.

Martin Damwyk, Operations & Maintenance Manager, submitted the Districts "Response to Annual Inspection Letter" notifying the Department of Health Services (DHS) of corrective action taken on minor issues from the Districts last inspection. DHS reviewed and approved the District revised Bacteriological [Bacteriological] Sampling Plan.

The field crew had no major repairs to the distribution system. They replaced three angle stops, and three valve cans with locking-style lids at the intersection of Vanguard and Falcon.

To conclude his report the General Manager said a member of the field crew is on two weeks of light duty because of a lower back strain from an on-the-job injury.

7. CONSENT CALENDAR

- B. Approval of Monthly Financial Reports
- C. Approval of Disbursements through March 24, 2006.

Director Redmon requested item A be removed from the consent calendar.

Motion by Director Wyckoff, seconded by Director Fox to approve the consent calendar as amended.

Unanimous

Item A, Minutes of the March 7, 2006 meeting, page 6, line 3, Director Redmon requested to change the word “accounts” to “policy”.

Motion by Director Brooks, seconded by Director Fox to approve, Item A, Minutes of March 7, 2006 as amended.

Unanimous

8. ACTION ITEMS

A. Reserve Policy

Director Rowland recommended the Resolution establishing the new Reserve Policy include factors that the Board would consider in setting the reserve contribution factors. It was discussed and unanimous to refer this item back to the Finance/Budget Committee to further review at their April 19 meeting.

B. SCADA Project

The General Manager said \$1,400 was spent in consulting fees. Martin Damwyk, Operations & Maintenance Manager said that he would like some additional items included in the contract but they would not exceed the amount budgeted for the project.

Motion by Director Rowland, seconded by Director Fox that the Board award a contract to Central Automation, Inc., Bakersfield, CA for \$91,024 to replace the Supervisory Control and Data Acquisition (SCADA)

System and authorize the General Manager to sign and manage the contract.

Unanimous

C. County Split

Director Brooks expressed his appreciation for the information that was included in the board package. Discussion among the Directors ensued and all were in agreement that the County Split does not seem to have any real impact on the District's water supply.

Motion by President Wyckoff, Seconded by Director Rowland that the District does not take a position on the county split.

Unanimous

9. REPORTS

A. Committees

The Water/Wastewater Committee met on March 8 and March 20 to review proposals for the SCADA Project. They also discussed new waste discharge requirements (WDRs) that the Regional Water Quality Control Board (RWQCB) plans to place on sewer collection systems. The RWQCB has scheduled the District's permit hearing for July 7 in San Luis Obispo.

The Finance/Budget Committee met on March 15 to review the first draft of the FY 2006-07 Budget, status of investments, new reserve policy, and draft update of the Finance Section of the Districts code of Ordinances to comply with AB 1234. The first draft of FY 2006-07 Operating Expense Budget totaled \$2,022,000.

The Legal/Personnel Committee met on March 24 to discuss the General Manager's working relationship with the Board, performance, salary and benefits, and extension of his employment agreement. They also met on March 30 in closed session with legal counsel concerning one case of anticipated litigation.

B. District Representatives to External Agencies

President Wyckoff reported the Lompoc Valley Committee Meeting will meet on April 19.

President Wyckoff, Director Rowland, and Joe Barget, General Manager attended the Santa Barbara County Special Districts Association monthly dinner meeting on March 27. Bernice James, County Treasurer-Tax Collector spoke on the County Treasury and other topics. Ms. James said the County Treasury performs slightly better than LAIF about 80 percent of the time; however, during periods with rising interest rates, LAIF performs slightly better than the County Treasury.

C. Board President

Mike Stoker, Chief of Staff at Senator McClintock's office, responded to the letter sent regarding AB 1234, and said Senator McClintock's office will not comment. It would be inappropriate to respond to the request, but Mr. Stoker said he would try to get legislative counsel to respond.

D. General Manager

The General Manager reported the Santa Barbara County Board of Supervisors was scheduled to adopt the 2003-2008 Draft Revised Housing Elements today.

Katie Kolitsos, of Assemblyman Salinas' staff, contacted the General Manager on March 21 in response to the letters sent questioning the intent of AB 1234. Ms. Kolitsos

confirmed that it was Assemblyman Salinas' intent and this new provision was coordinated and incorporated into SB 135, the new law for Community Services Districts.

10. INFORMATIONAL CORRESPONDENCE

Letter from LAFCO regarding Special District Selection Committee.

President Wyckoff told the Board that the District voted for Director Brooks on the first round, and for Larry Wilson on the second round.

11. DIRECTORS' FORUM:

Director Rowland read a complimentary letter from Lee Patton, Senior Risk Manager Consultant of JPIA, who conducted the inspection of the Districts facilities with Martin Damwyk, Operations & Maintenance Manager.

12. ADJOURN

Motion by Director Wyckoff, seconded by Director Rowland to adjourn the meeting at 9:03 p.m.

Unanimous

Respectfully submitted,

Approved as to form,

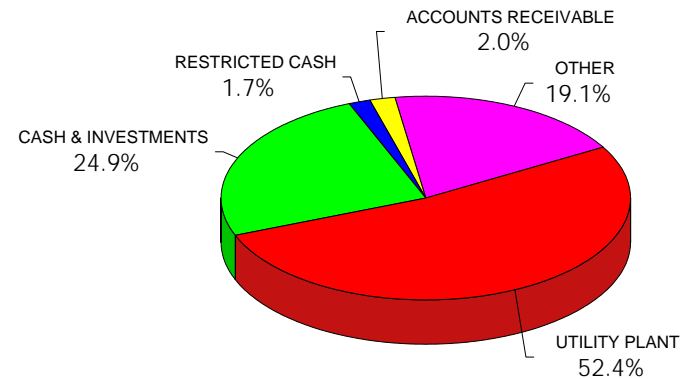
Stephanie Vlahos-Rivera
Secretary, Board of Directors

Robert Wyckoff
President, Board of Directors

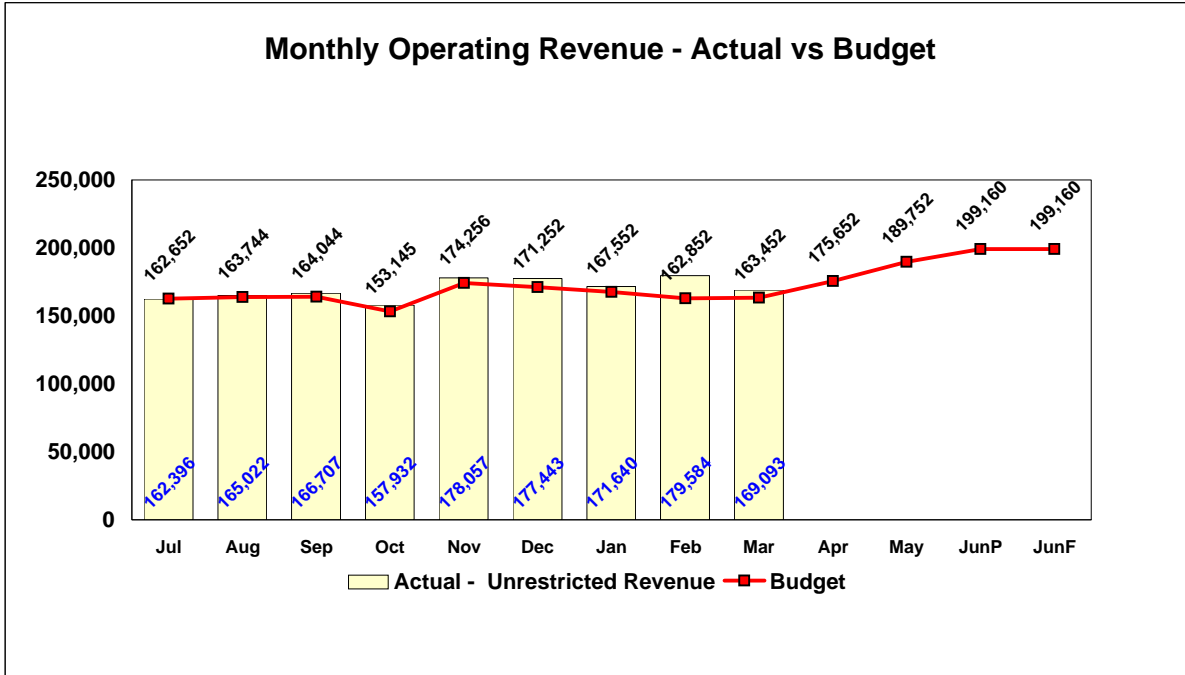
VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
 Combined Balance Sheet
 As of March 31, 2006

	<u>2006 FYTD</u>	<u>FYE 2005</u>	<u>VARIANCE</u>
ASSETS			
UTILITY PLANT	\$4,268,535	4,291,192	(\$22,657)
CASH & INVESTMENTS	2,026,770	2,542,677	(515,907)
RESTRICTED CASH	137,158	307,371	(170,213)
ACCOUNTS RECEIVABLE	164,474	158,436	6,038
OTHER	1,553,534	1,671,294	(117,760)
TOTAL ASSETS	\$8,150,471	\$8,970,970	(\$820,499)
LIABILITIES			
CURRENT LIABILITIES	\$229,732	\$581,786	(\$352,054)
UNEARNED REVENUE	66,566	66,566	0
ACCRUED BOND INTEREST PAYABLE	0	12,062	(12,062)
LONG TERM BONDS	0	1,090,000	(1,090,000)
TOTAL LIABILITIES	\$296,298	\$1,750,414	(\$1,454,116)
EQUITY			
CONTRIBUTED CAPITAL	\$484,600	\$484,600	\$0
EQUITY	6,735,954	6,240,814	495,140
CURRENT EARNINGS	633,619	495,142	138,477
TOTAL EQUITY	\$7,854,173	\$7,220,556	\$633,617
TOTAL LIABILITIES & EQUITY	\$8,150,471	\$8,970,970	(\$820,499)

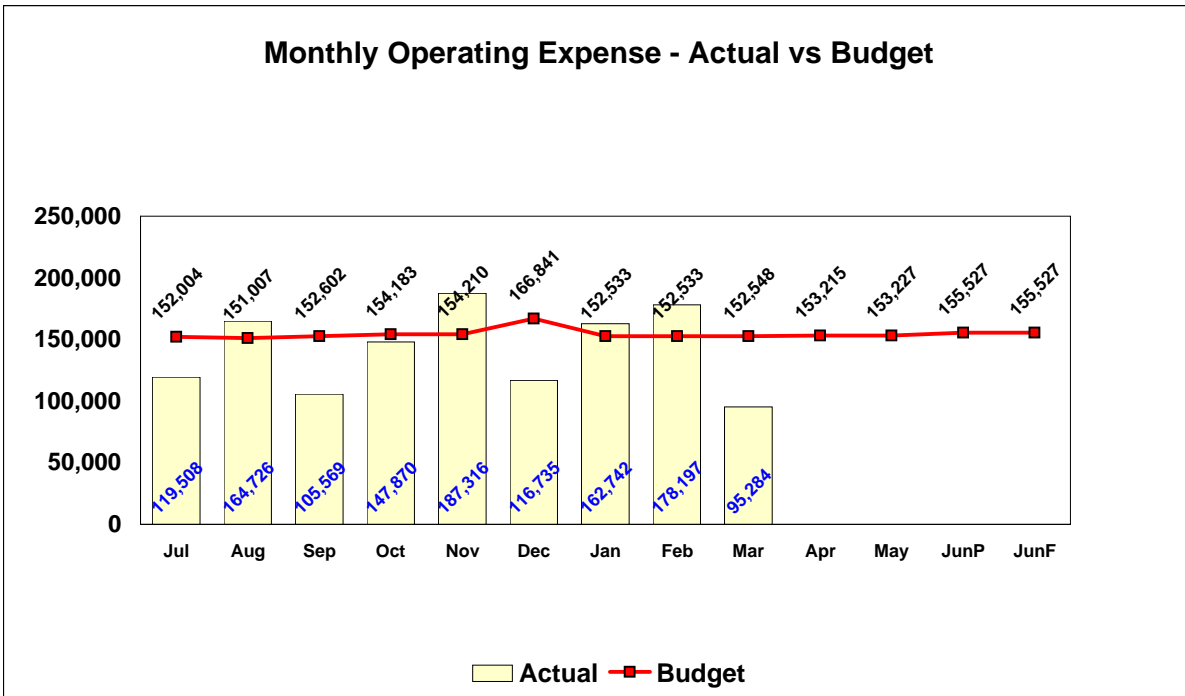
Assets



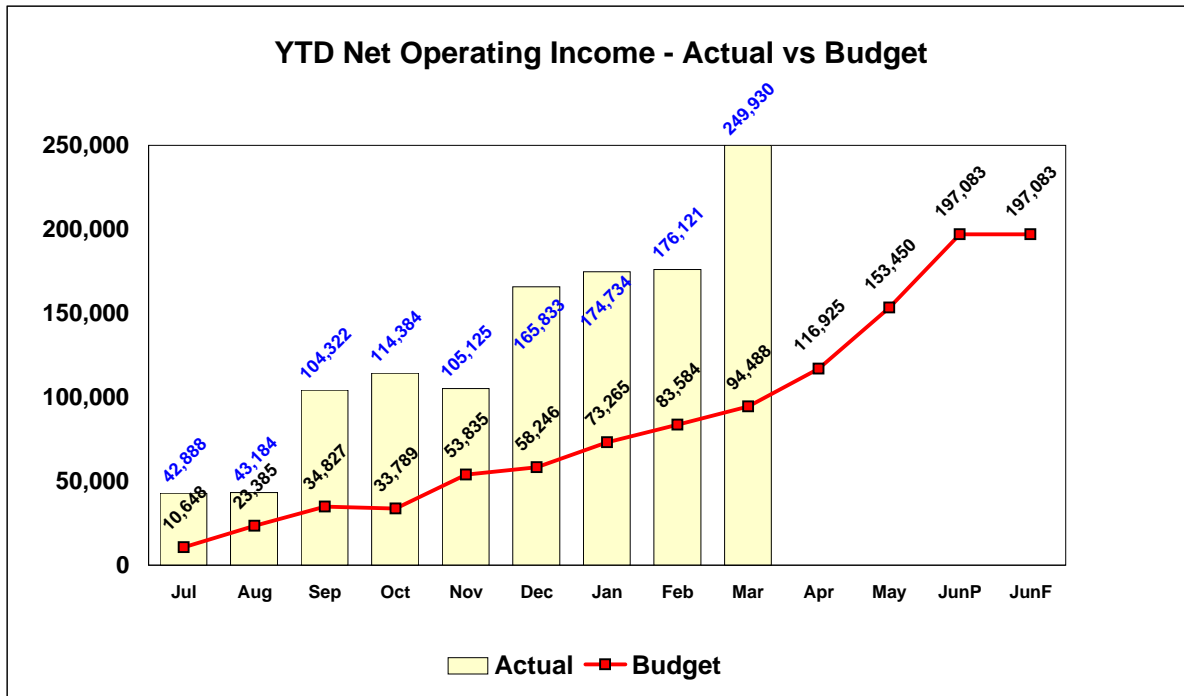
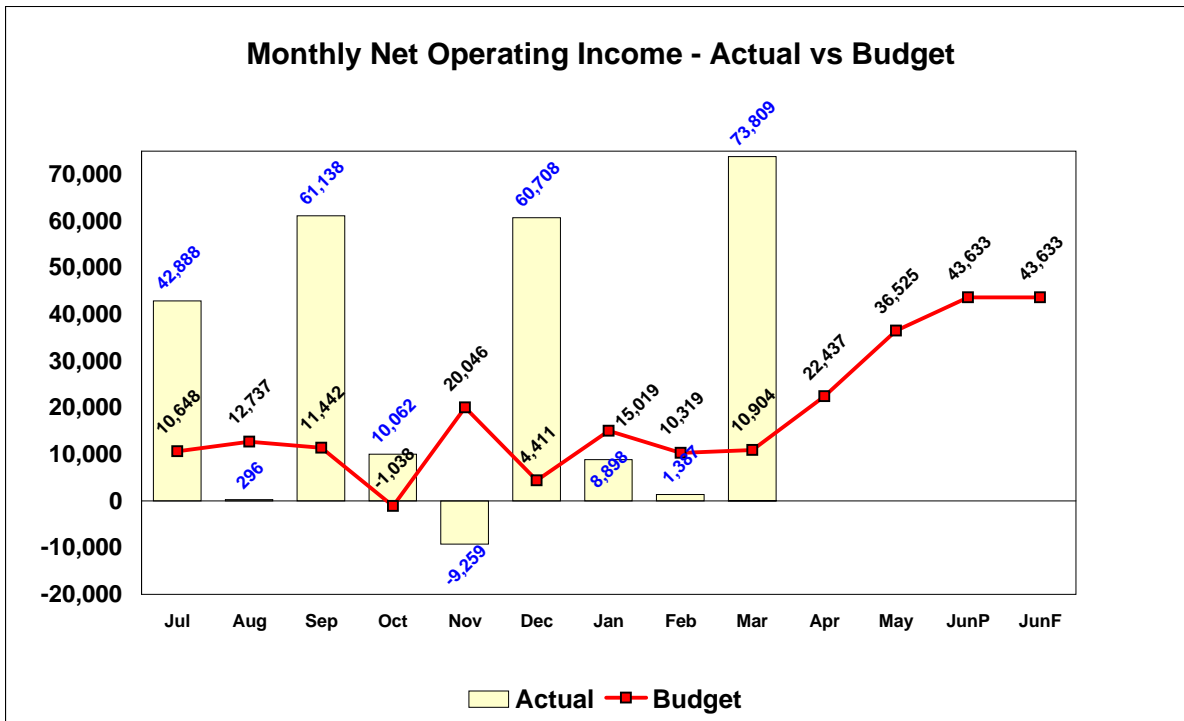
VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
Summary of Actual vs. Budget
 For the Period From July 1, 2005 to March 31, 2006



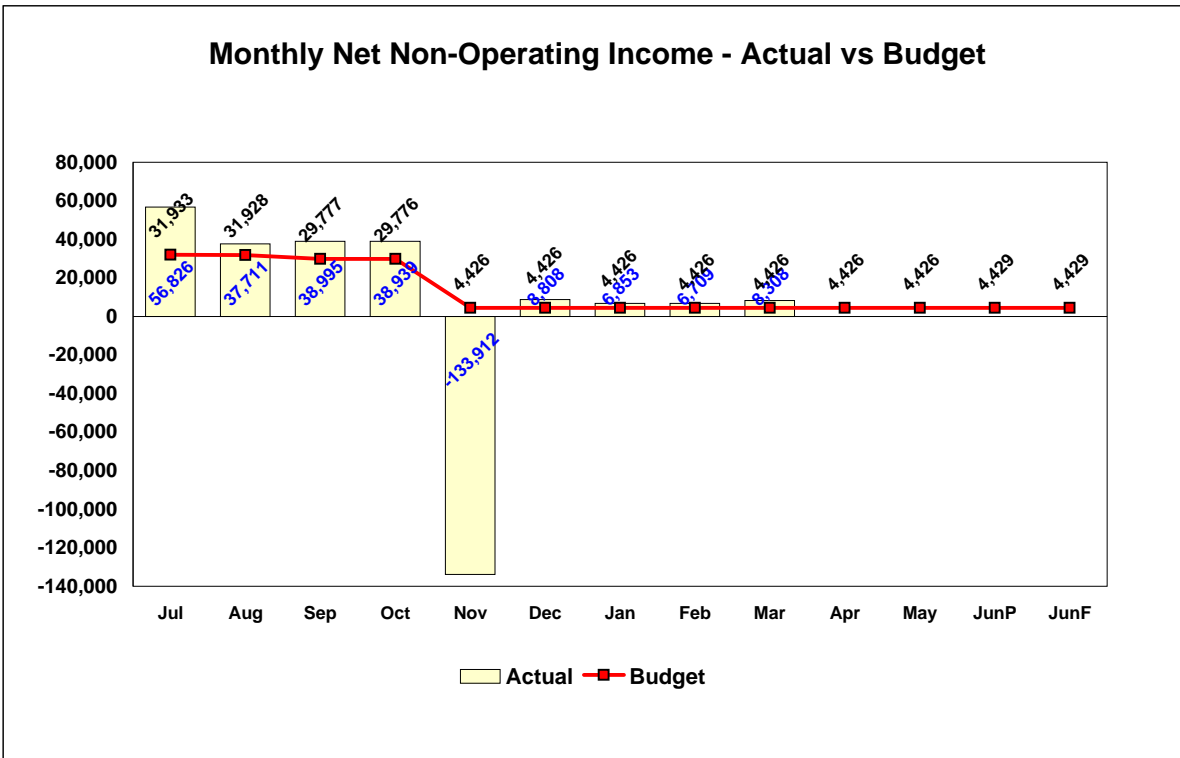
Note: In addition to the Unrestricted Revenue shown above, the District has also received total Connection Fees of \$314,452 this fiscal year.



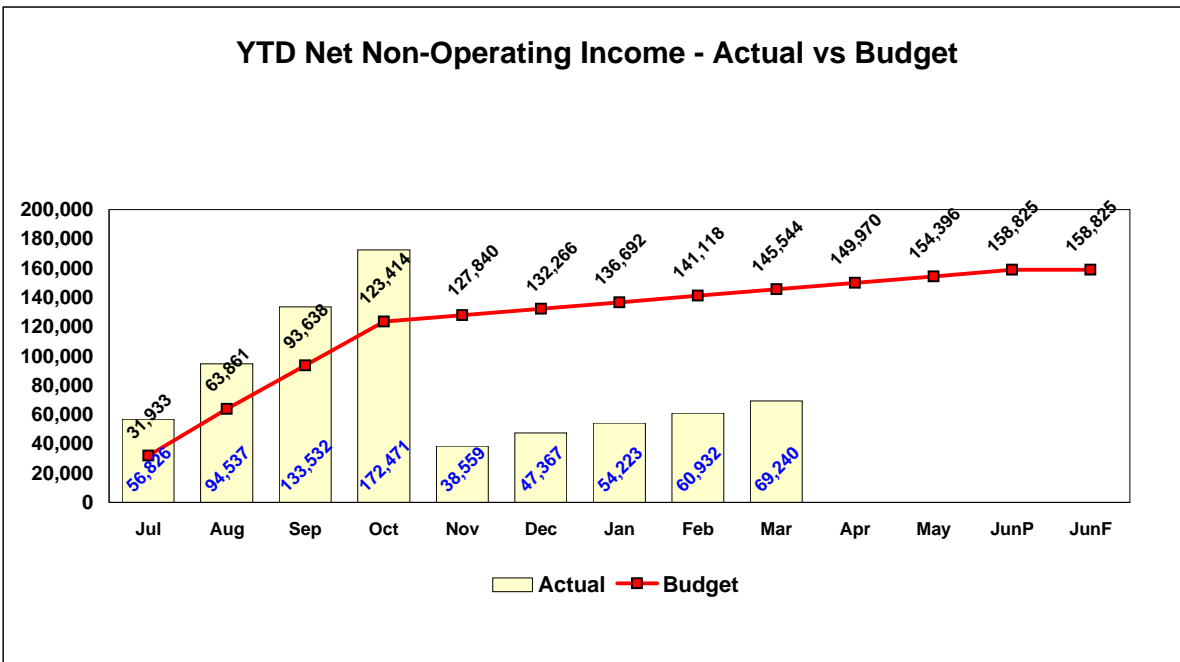
VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
Summary of Actual vs. Budget
 For the Period From July 1, 2005 to March 31, 2006



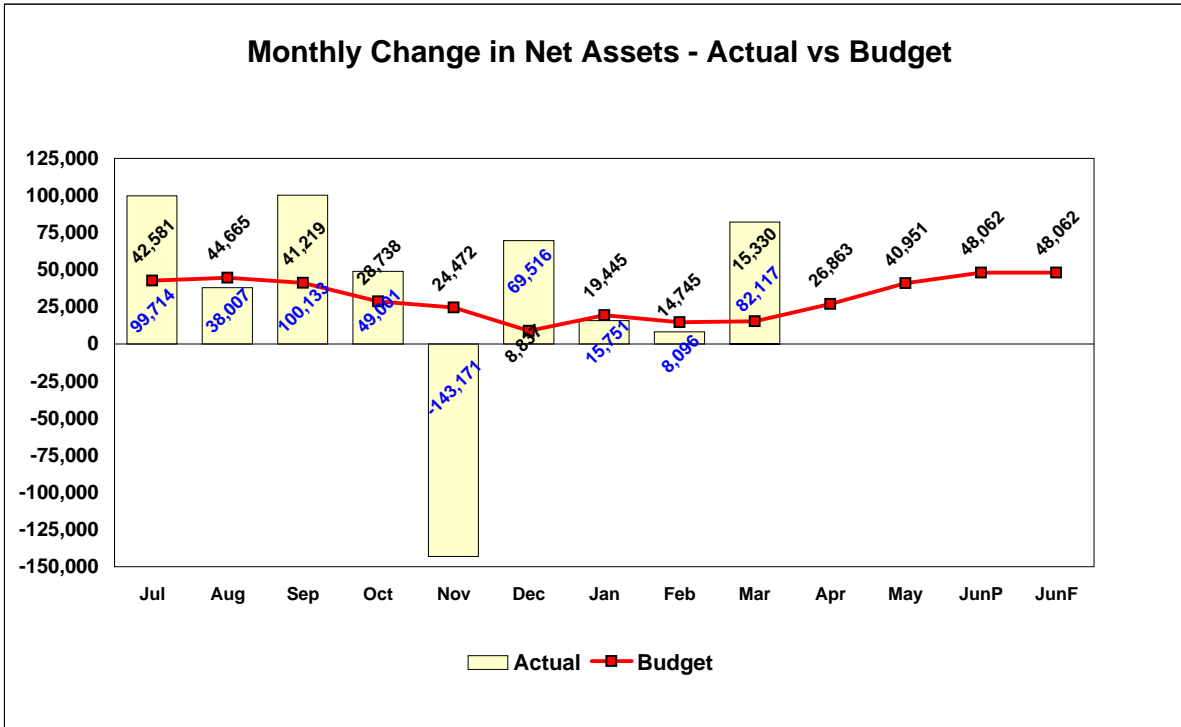
VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
Summary of Actual vs. Budget
 For the Period From July 1, 2005 to March 31, 2006



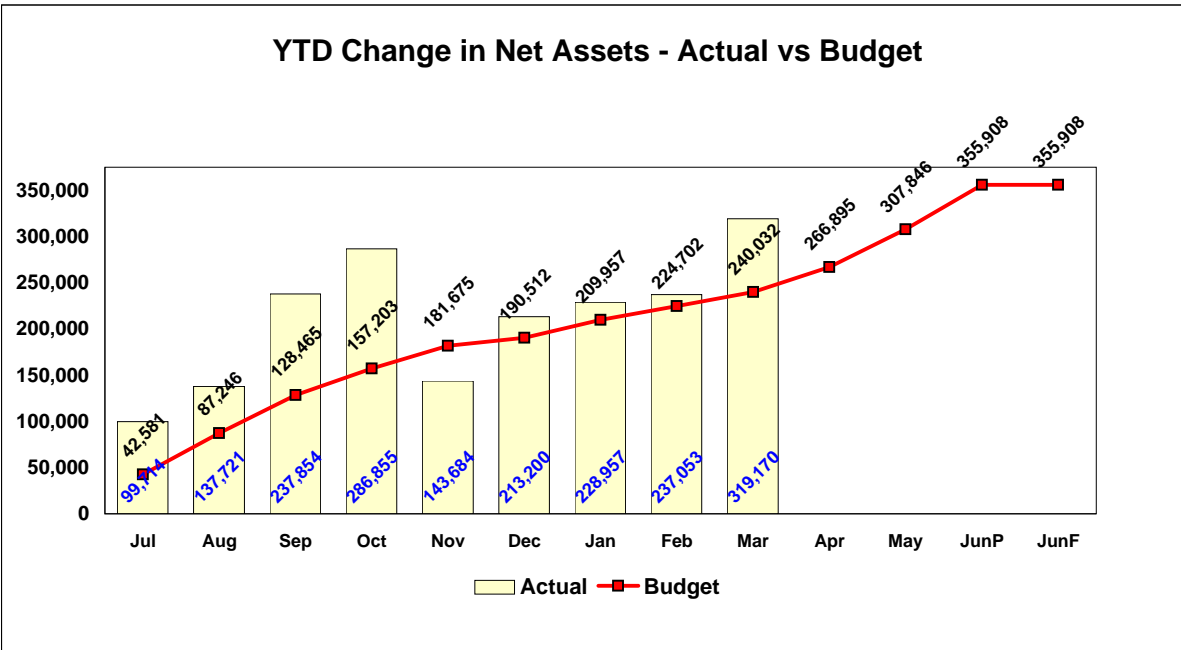
Early redemption of the bonds occurred in November 2005, with funding coming from reserves. The non-operating expenses for November include \$123,760 in Bond Insurance, Underwriting, and Issuance costs which must be written-off concurrently with the redemption of the bonds.



VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
Summary of Actual vs. Budget
 For the Period From July 1, 2005 to March 31, 2006

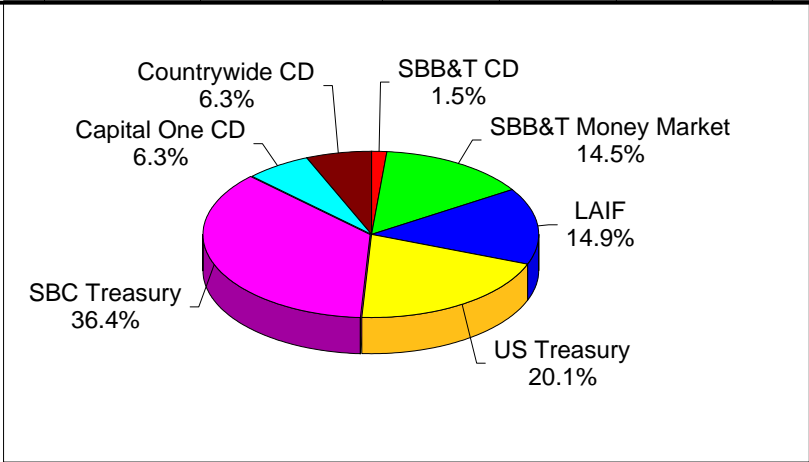


Early redemption of the bonds occurred in November 2005, with funding coming from reserves. The non-operating expenses for November include \$123,760 in Bond Insurance, Underwriting, and Issuance costs which must be written-off concurrently with the redemption of the bonds.



VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
Schedule of Investments
For the Period From July 1, 2005 to March 31, 2006

Banking Institution	Certificate/ Account No.	Rate /Term	Activity Date	Maturity Date	Deposit (Withdrawal)	Interest Earned/ Accrued	Total Principal & Interest			
Santa Barbara County Treasury	Fund 3602	2.93% /quarterly	12/16/1991		\$434,286.21					
			07/02/1993		\$70,274.30					
			12/07/1993		\$115,943.87					
			06/17/1996		(\$300,000.00)					
			10/20/1997		\$100,000.00					
			09/22/1998		(\$100,000.00)					
			02/18/1999		\$171,379.57					
			02/01/2001		\$150,000.00					
			12/31/2001		\$106,200.00					
			03/22/2002		\$101,700.00					
			02/13/2003		\$357,150.52					
			10/31/2003		\$128,935.75					
			09/15/2005		(\$1,131,651.82)					
				\$204,218.40	\$517,430.99	\$721,649.39				
Local Agency Investment Fund	16-42-005	3.18% /quarterly	04/24/1996		\$300,000.00					
			10/20/1997		\$200,000.00					
			12/08/1998		(\$150,000.00)					
			02/18/1999		\$165,000.00					
			09/08/1999		\$100,000.00					
			11/10/1999		\$255,000.00					
			02/01/2001		\$150,000.00					
			12/06/2004		(\$1,025,000.00)					
								(\$5,000.00)	\$300,613.03	\$295,613.03
US Treasury Note	4800-517-5221	4.63% / 2 yrs	03/31/2006	03/31/2008	\$399,207.41	\$0.00	\$399,207.41			
Santa Barbara Bank & Trust CD	26300-0004501	3.70% / 3 yrs	04/19/2005	04/19/2008	\$28,358.48	\$1,008.31	\$29,366.79			
Countrywide Bank CD	9603485802	4.76% / 2 yrs	01/30/2006	01/30/2008	\$125,000.00	\$978.08	\$125,978.08			
Capital One Bank CD	3073909	4.88% / 2 yrs	02/22/2006	02/22/2008	\$125,000.00	\$618.35	\$125,618.35			
Money Market Savings	26103614	3.56% APY					\$286,919.27			
TOTAL							\$1,984,352.32			



NOTES:

- 1) VVCS investments are in compliance with the Standard of Investment Policy approved by the Board of Directors.
- 2) Based on projected income and expenses, the District has the ability to meet the next six months of cash flow requirements.
- 3) The market value source documents are statements provided by the respective banking institutions.
- 4) This report is published in accordance with California Government Code 53646(b).

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
Statement of Cash Flow
For the Period from July 1, 2005 to March 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$	1,847,504	
Cash payments for goods and services		(730,423)	
Cash payments to employees		(517,928)	
Net Cash Provided by Operating Activities		\$	599,153

CASH FLOWS FROM CAPITAL & RELATED
FINANCING ACTIVITIES

Bond surcharge	\$	151,706	
Interest payments		(47,088)	
Bond principal payments		(1,410,000)	
Purchase of fixed assets		(71,459)	
WCRF		(13,391)	
Net Cash Used - Capital & Related Financing Activities		\$	(1,390,233)

CASH FLOWS FROM INVESTING ACTIVITIES

(Purchase) of certificates of deposit	\$	(651,812)	
Investment income		104,962	
Net Cash Provided by Investing Activities		\$	(546,850)

Net Increase (Decrease) in Cash & Cash Equivalents		\$	(1,337,930)
--	--	----	-------------

Cash and cash equivalents, beginning of year		\$	2,821,688
Cash and cash equivalents, year-to-date		\$	1,483,758

Reconciliation to the Statement of Net Assets:

Cash on hand	\$	400	
Cash and short term investments		\$	1,483,358
Cash and investments with fiscal agent		\$	-
		\$	1,483,758

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
Statement of Cash Flow
For the Period from July 1, 2005 to March 31, 2006

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities

Operating Income	\$	564,382
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Adjustments to reconcile operating income
to net cash provided by operating activities

Depreciation	\$	94,117
--------------	----	--------

Change in operating assets and liabilities:

Decrease in accounts receivable		(21,071)
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Decrease in other receivables		107
-------------------------------	--	-----

(Increase) in prepaid items		(6,326)
-----------------------------	--	---------

(Decrease) in accounts payable		(56,222)
--------------------------------	--	----------

Increase in accrued payroll		6,309
-----------------------------	--	-------

Increase in customer deposits		26,141
-------------------------------	--	--------

(Decrease) in compensated absences		(8,284)
------------------------------------	--	---------

Net Cash Provided by Operating Activities	\$	<u>599,153</u>
---	----	----------------

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT

Disbursement # 05/06 From 03/25/06 To 04/25/06
 Board Meeting Date 05/02/06 Item: 6.C.

Accounts Payable Amount \$78,149.68

Check Numbers 13254-13309

Void Checks 13310-13315

Electronic Vendor Payment Amount _____

Confirmation Number _____

A/P Hand Check Amount _____

Check Numbers _____

Payroll Amount \$46,434.27

Check Numbers payroll is electronically transferred

Investments _____

Wire Numbers _____

Disbursements/Investments

A/P Checks \$78,149.68

Electronic Vendor Payments \$0.00

A/P Hand Checks \$0.00

Payroll \$46,434.27

Investments \$0.00

TOTAL \$124,583.95

REPORT.: Apr 25 06 Tuesday
 RUN...: Apr 25 06 Time: 09:29
 Run By.: KRISTINA MCMANIGAL

VVCS D
 Cash Disbursement Detail Report
 Check Listing for 04-06 Bank Account.: 13100

PAGE: 001
 ID #: PY-DP
 CTL.: VAN

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	-----Payment Information----- Invoice #	Description
013254	04/06/06	/F004	FRASHER, CARL	390.00	.00	390.00	A60404	TOILET RETROFIT-FRA0003-3 TOILETS
013255	04/06/06	/G016	GERHARDT, JANICE	260.00	.00	260.00	A60404	TOILET RETROFIT-GER0007-2 TOILETS
013256	04/06/06	/H017	HANLEY, RION	260.00	.00	260.00	A60404	TOILET RETROFIT-HAN0010-2 TOILETS
013257	04/06/06	/M024	MANDRGOC, PAUL	130.00	.00	130.00	A60404	TOILET REBATE-MAN0004-1 T OILET
013258	04/06/06	ACW04	ACWA	395.00	.00	395.00	102338	REGISTRATION-ACWA SPRING CONFERENCE-AF
				580.00	.00	580.00	102339	REGISTRATION-ACWA SPRING CONFERENCE/WKSHP-JB
			Check Total.....:	975.00	.00	975.00		
013259	04/06/06	AME05	AMERICAN COMPUTER SUPPLY	317.72	.00	317.72	330503	C64 INKJET CARTRIDGES (QT Y.12)
				153.57	.00	153.57	330504	C64 INKJET CARTRIDGES (QT Y.4)
			Check Total.....:	471.29	.00	471.29		
013260	04/06/06	ARA01	ARAMARK UNIFORM SERV.INC.	28.57	.00	28.57	3866062	CONTINUOUS TOWELS, SHOP T OWELS-3/16/06
				41.30	.00	41.30	3878146	CONTINUOUS TOWELS, SHOP T OWELS-3/30/06
			Check Total.....:	69.87	.00	69.87		
013261	04/06/06	BAS01	BASIC CHEMICAL SOLUTIONS	338.87	.00	338.87	SI5157555	250 GALS. NaHSO3
013262	04/06/06	CDW01	CDW COMPUTER CENTERS INC	303.98	.00	303.98	XD97277	BACKUP EXEC SOFTWARE
013263	04/06/06	CON04	CONOCO INC.	680.38	.00	680.38	39896603	FUEL
013264	04/06/06	COR01	CORBIN WILLITS SYSTEM INC	545.86	.00	545.86	A603151	SERVICE AND ENHANCEMENT F EE 04/06
013265	04/06/06	COV01	COVERALL/MIDSTATE CALIF	150.00	.00	150.00	3038217	JANITORIAL SERVICE 04/06
013266	04/06/06	DEB01	DEBOLT ELECTRIC	227.50	.00	227.50	6028	REPAIR AND TROUBLESHOOT F IILTER CONTROLS

REPORT.: Apr 25 06 Tuesday
 RUN...: Apr 25 06 Time: 09:29
 Run By.: KRISTINA MCMANIGAL

VVCS D
 Cash Disbursement Detail Report
 Check Listing for 04-06 Bank Account.: 13100

PAGE: 002
 ID #: PY-DP
 CTL.: VAN

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	-----Payment Information----- Invoice #	Description
013267	04/06/06	EXC01	EXCEL TEMPORARY SERVICES	792.00	.00	792.00	17761-00	D. MUNGER 40HRS 3/13-3/17 /06
013268	04/06/06	FER01	FERGUSON ENTERPRISES INC	34318.38	.00	34318.38	1046362	16" PIPE-1000-PO#1404
				6863.68	.00	6863.68	1046362-1	16" PIPE-200-PO#1404
			Check Total.....:	41182.06	.00	41182.06		
013269	04/06/06	IMP01	IMPAC GOVERNMENT SERVICES	1054.94	.00	1054.94	920321032	BOOKS,LOCKS,LUNCH,HOSE NO ZZLES
013270	04/06/06	LOM01	CITY OF LOMPOC, FINANCE	284.00	.00	284.00	61350	TRANSPORTATION TO CITY EN VIRO. FAIR
013271	04/06/06	MBN01	MBNA AMERICA	1251.62	.00	1251.62	A60404	LODGING-CALIFORNIA WATER LAW SEMINAR-DR
013272	04/06/06	MCM01	KRISTINA MCMANIGAL	16.13	.00	16.13	A60404	TRAVEL REIMB.-SB WATER EF FICIENCY MTG
				6.69	.00	6.69	A604041	TRAVEL REIMBURSEMENT-POST OFFICE
			Check Total.....:	22.82	.00	22.82		
013273	04/06/06	MIL01	MILLER GARDEN CENTER	126.00	.00	126.00	23068	YARD MAINTENANCE-3/06
013274	04/06/06	OFF04	OFFICE DEPOT	292.70	.00	292.70	49630306	CALCULATOR RIBBON,PAPER,I NK CART,BINDER,TAPE,TONER
013275	04/06/06	PGE01	PACIFIC GAS & ELECT. INC.	7826.50	.00	7826.50	68720306	PGE CHARGES 03/06
013276	04/06/06	PIT03	PITNEY BOWES	207.50	.00	207.50	40080306	POSTAGE FOR METER
013277	04/06/06	POS01	POSTMASTER GENERAL	600.00	.00	600.00	A60404	POSTAGE FOR 4/06 BILLS
013278	04/06/06	SCA01	JONES, GAVIN	735.00	.00	735.00	192	SCADA PROJECT-CONSULTING SERVICES-PO#1405
013279	04/06/06	SOU01	SO.CALIFORNIA GAS CO.INC.	97.08	.00	97.08	79000306	SO.CALIF.GAS WELL1B 02/27 -03/28/06
				111.51	.00	111.51	84000306	SO.CALIF.GAS OFFICE 02/24 -03/27/06
			Check Total.....:	208.59	.00	208.59		
013280	04/06/06	SPE03	SPEEDY LOCK AND SAFE	89.00	.00	89.00	91655	TOW UNIT#8 FOR REPAIR

REPORT.: Apr 25 06 Tuesday
 RUN...: Apr 25 06 Time: 09:29
 Run By.: KRISTINA MCMANIGAL

VVCS D
 Cash Disbursement Detail Report
 Check Listing for 04-06 Bank Account.: 13100

PAGE: 003
 ID #: PY-DP
 CTL.: VAN

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	-----Payment Information----- Invoice #	Description
013281	04/06/06	UND01	UNDERGROUND SERVICE ALERT	1.60	.00	1.60	320060697	USA TICKETS 1 @ 1.60
013282	04/06/06	VAL01	VALLEY WELDING & MACHINE	65.50	.00	65.50	48265	SPRAY HOSE,GLOVES,HOSE CL AMPS,LINCH PIN
013283	04/06/06	VAL03	VALLEY ROCK	84.96	.00	84.96	49923	CONCRETE
013284	04/06/06	VER01	VERIZON CALIFORNIA	232.50	.00	232.50	24750306	VERIZON 733-2475 3/13-4/1 3/06
				59.77	.00	59.77	36150306	VERIZON 733-3615 3/13-4/1 3/06
				34.99	.00	34.99	39750306	VERIZON SCADA SYSTEM 3/13 -4/13/06
			Check Total.....:	327.26	.00	327.26		
013285	04/06/06	\B005	BECK, COREY A.	12.30	.00	12.30	000A60301	CUSTOMER REFUND-BEC0004
013286	04/06/06	\H004	HALL, JOAN	30.22	.00	30.22	000A60301	CUSTOMER REFUND-HAL0022
013287	04/06/06	\M009	MASON, EDIT/THOMAS	60.22	.00	60.22	000A60301	CUSTOMER REFUND-MAS0020
013288	04/06/06	\M010	MATTHEWS, ALAN	15.49	.00	15.49	000A60301	CUSTOMER REFUND-MAT0016
013289	04/06/06	\M011	MCNETT-BOTTROFF, VIOLET	1.68	.00	1.68	000A60301	CUSTOMER REFUND-MCN0024
013290	04/06/06	\R007	REAL HOMES REALTY,	66.49	.00	66.49	000A60301	CUSTOMER REFUND-REA0010
013291	04/24/06	ASC01	ACWA SERVICES CORPORATION	4899.60	.00	4899.60	01840506	GROUP, MEDICAL, DENTAL, V ISION, LIFE 05/06
013292	04/24/06	BAS01	BASIC CHEMICAL SOLUTIONS	276.92	.00	276.92	15161898	200 GALS NaHSO3
				1268.22	.00	1268.22	S15147563	300 GALS NaHSO3
				-867.39	.00	-867.39	SCM505224C	CREDIT-OVERBILLED ON INVO ICE S15147563
			Check Total.....:	677.75	.00	677.75		
013293	04/24/06	BRO02	HARRY BROWN TRAINING	300.00	.00	300.00	A60414	WATER TREATMENT CERTIFICA TION REVIEW CLASS-MG
013294	04/24/06	CAL12	CALIF RURAL WATER ASSOC	350.00	.00	350.00	A60414	CRWA-EDUCATION & EXHIBITO R EXPO REGISTRATION-JL
013295	04/24/06	CCW01	CCWUA	75.00	.00	75.00	A60414	2006 CCWUA MEMBERSHIP DUE S

REPORT.: Apr 25 06 Tuesday
 RUN...: Apr 25 06 Time: 09:29
 Run By.: KRISTINA MCMANIGAL

VVCS D
 Cash Disbursement Detail Report
 Check Listing for 04-06 Bank Account.: 13100

PAGE: 004
 ID #: PY-DP
 CTL.: VAN

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	-----Payment Information----- Invoice #	Description
013296	04/24/06	CLS01	CLINICAL LABS OF SAN	433.00	.00	433.00	744403	BACTERIA, IRON, MAGANESE, AS BESTOS TESTS-03/06
013297	04/24/06	DAM01	MARTIN DAMWYK	30.00	.00	30.00	A60420	MD/MG LUNCH AT DHS TRAINING
013298	04/24/06	HEA01	HEALTH SANITATION	39.18	.00	39.18	10820306	TRASH COLLECTION-03/06
013299	04/24/06	HOM02	HOME DEPOT	82.76	.00	82.76	100203061	FITTINGS FOR SAMPLE SITE XVIII
013300	04/24/06	JPI01	ACWA/JPIA	24.00	.00	24.00	1309	TRNCHNG, EXCVTN, TRAFFIC CNTRL&FLAGGER CLASS-JL, JC
013301	04/24/06	JPI02	ACWA/JPIA	6044.00	.00	6044.00	A60414	WORKERS COMP. PREMIUM 01/1-03/31/06
013302	04/24/06	LIE01	LIEBERT CASSIDY	2079.00	.00	2079.00	65619	LEGAL COUNSEL-03/06
013303	04/24/06	NAT01	NATIONAL GROUP TRUST	460.86	.00	460.86	23940506	LONG TERM DISABILITY-05/06
013304	04/24/06	PIT01	PITNEY BOWES CREDIT CORP.	362.04	.00	362.04	3856AP06	PB METER & MAIL MACHINE RENTAL 4/06-7/06
013305	04/24/06	SAN07	SANTA BARBARA COUNTY	1344.00	.00	1344.00	A60417	LEGAL COUNSEL 11/05-03/06
013306	04/24/06	SAN18	SANTA BARBARA COUNTY SDA	104.00	.00	104.00	A60418	DINNER/MEETING-CA, JB, RW, DR
013307	04/24/06	SMI02	SMITH & LOVELESS, INC.	348.28	.00	348.28	41552	SEAL, IMPELLER, QUAD RING, GASKET, SWITCH-L/S#1
013308	04/24/06	TRA01	TRADITIONAL PAINT AND	121.54	.00	121.54	1100	RUST DESTROYER, PAINT & PAINT BRUSHES
				55.49	.00	55.49	1175	PAINT AND PAINTERS TAPE FOR OFFICE DOOR
			Check Total.....:	177.03	.00	177.03		
013309	04/24/06	VER02	VERIZON WIRELESS	177.98	.00	177.98	203013277	VERIZON CELLULAR PHONE SERVICE 4/2-5/1/06
013310	04/24/06	VOID	VOIDED CHECK					

REPORT.: Apr 25 06 Tuesday
 RUN...: Apr 25 06 Time: 09:29
 Run By.: KRISTINA MCMANIGAL

VVCS D
 Cash Disbursement Detail Report
 Check Listing for 04-06 Bank Account.: 13100

PAGE: 005
 ID #: PY-DP
 CTL.: VAN

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	-----Payment Information----- Invoice #	Description
013311	04/24/06	VOID	VOIDED CHECK					
013312	04/24/06	VOID	VOIDED CHECK					
013313	04/24/06	VOID	VOIDED CHECK					
013314	04/24/06	VOID	VOIDED CHECK					
013315	04/24/06	VOID	VOIDED CHECK					
Cash Account Total.....:				78149.68	.00	78149.68		
Total Disbursements.....:				78149.68	.00	78149.68		
Cash Account Total.....:				.00	.00	.00		

REPORT.: Apr 25 06 Tuesday
 RUN...: Apr 25 06 Time: 09:29
 Run By.: KRISTINA MCMANIGAL

VVCS D
 Cash Disbursement Detail Report - Payroll Vendor Payment(s)
 Check Listing for 04-06 Bank Account.: 13101

PAGE: 006
 ID #: PY-DP
 CTL.: VAN

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Description
6088	04/07/06	EMP01	EMPLOYMENT DEVELOP.DEPART	156.81	.00	156.81	1A60407	STATE DISABILITY PP#7
6659	04/21/06	EFT01	EFTPS	2060.31	.00	2060.31	A60421	FEDERAL WH TAXES PP#8
13827	04/21/06	EMP01	EMPLOYMENT DEVELOP.DEPART	812.92	.00	812.92	A60421	STATE WH TAXES PP#8
13928	04/21/06	PUB02	PUBLIC EMPLOYEES	3949.67	.00	3949.67	A60421	PERS EPMC PP#8
16498	04/07/06	EFT01	EFTPS	2183.00	.00	2183.00	A60407	FEDERAL WH TAXES PP#7
30058	04/07/06	PER04	STATE STREET BANK & TRUST	2870.00	.00	2870.00	A60407	EMPLOYEE PERS 457 PP#7
32675	04/21/06	PER04	STATE STREET BANK & TRUST	2870.00	.00	2870.00	A60421	EMPLOYEE PERS 457 PP#8
59608	04/07/06	PUB02	PUBLIC EMPLOYEES	4247.54	.00	4247.54	A60407	PERS EPMC PP#7
60088	04/07/06	EMP01	EMPLOYMENT DEVELOP.DEPART	825.55	.00	825.55	A60407	STATE WH TAXES PP#7
106659	04/21/06	EFT01	EFTPS	534.38	.00	534.38	1A60421	FICA MEDICARE PP#8
138271	04/21/06	EMP01	EMPLOYMENT DEVELOP.DEPART	147.43	.00	147.43	1A60421	STATE DISABILITY PP#8
164981	04/07/06	EFT01	EFTPS	568.46	.00	568.46	1A60407	FICA MEDICARE PP#7
Cash Account Total.....:				21226.07	.00	21226.07		
Total Disbursements.....:				21226.07	.00	21226.07		

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT

AGENDA MEMORANDUM

TO: Board of Directors ITEM: 7.A.

FROM: Finance/Budget Committee

BY: Joe Barget, General Manager
Cynthia Allen, Office Manager
Martin Damwyk, Operations & Maintenance Manager
Patricia LeCavalier, Finance Administrator

DATE: May 2, 2006

SUBJECT: Capital Budget

Recommendation: Adopt the Fiscal Year 2006-07 capital budgets for Water and Wastewater Enterprise Funds as recommended by the Finance/Budget Committee.

Policy Implications: California Government Code §61110 et seq. requires the Board to adopt an annual or biennial budget.

Resource Impacts:

- This capital budget totals \$537,800 and consists of two parts:
 - \$379,400 (Water)
 - \$158,400 (Wastewater)
- The capital budget is funded by reserves. There are sufficient funds available in the water and wastewater reserves to fund the proposed capital budgets.

Alternatives Considered: None

Discussion: The Finance/Budget committee reviewed the staff recommended capital budgets on March 15 and April 18. The capital budget is being referred to the Board for additional review, discussion, and approval.

The capital budget expenditures are presented in the following categories:

- Capital Replacement – Replaces existing equipment, infrastructure, or facilities.
- Capital Improvement – Builds upon or improves existing equipment, infrastructure, or facilities.
- Capital Outlay – Purchases or constructs new equipment, infrastructure, or facilities.

Note: The District does not capitalize any expenditures or assets that cost less than \$1,000. All such items are expensed.

The proposed capital budgets, in general, reflect upgrades to the water and wastewater infrastructure and incorporate projects from the Strategic Plan. A short synopsis and justification for the proposed capital expenditures, in the order they appear on the capital budgets, is attached.

Attachments:

1. Synopsis and justification report for Water and Wastewater Capital Budgets
2. Fiscal Year 2006-07 Water and Wastewater Capital Budgets

**Vandenberg Village Community Services District
Water and Wastewater Capital Budget
Synopsis and Justification
Fiscal Year 2006-2007**

CAPITAL IMPROVEMENT PLAN

Chemical Tank electronic level measurement device **\$2,500**

This item is a carryover from fiscal year 2004-2005.

***Water Quality Improvement Project
(Strategic Plan Item #7)*** **\$110,000**

\$30,000 of the budgeted amount is a carryover from fiscal year 2002-2003 (Planning, Design, & Construction of Water Treatment Plant). The remainder was budgeted fiscal year 2005-2006.

Staff is recommending that this item be temporarily removed from the capital budget.

***Water and Wastewater System Evaluation
(Strategic Plan Item #3)*** **\$61,200**

\$21,208 of the budgeted amount is a carryover from fiscal year 2004-2005 (AutoCAD System Plat Maps). The remainder was budgeted fiscal year 2005-2006.

16" pipe from Tank 3 to Site 1 **\$75,000**

This item is a carryover from fiscal year 2005-2006.

Replumb backwash line from 12" to 6" **\$2,100**

This item is a carryover from fiscal year 2005-2006.

Tank 3: 16" flange, 16" gate valve **\$20,000**

This item is a carryover from fiscal year 2005-2006.

**Vandenberg Village Community Services District
Water and Wastewater Capital Budget
Synopsis and Justification
Fiscal Year 2006-2007**

Well 3B Impeller Addition **\$8,000**

An additional set of impellers will increase the efficiency of the well.

Well 3B Column and Shaft **\$55,000**

This is contingency planning for worse case scenario found during planned Well 3B maintenance.

***L/S #1 Wet Well Expansion
(Strategic Plan Item #5)*** **\$30,000**

Penfield & Smith's April 2005 capacity study indicated that L/S #1 would need a larger wet well to service the additional connections proposed in the Clubhouse Estates and Ebberts developments.

L/S #3 Impeller **\$2,000**

This is scheduled preventative maintenance. The impellers were last replaced in 1994.

L/S #4 Impeller **\$2,000**

This is scheduled preventative maintenance. The impellers were last replaced in 1994.

**Vandenberg Village Community Services District
Water and Wastewater Capital Budget
Synopsis and Justification
Fiscal Year 2006-2007**

CAPITAL REPLACEMENT PLAN

Laptop Computer **\$2,500**

This item is a carryover from fiscal year 2004-2005.

***SCADA Operating System and Computer
(Strategic Plan Item #2)*** **\$131,500**

\$1,500 of the budgeted amount is a carryover from fiscal year 2004-2005 (SCADA Computer). The remainder was budgeted fiscal year 2005-2006.

***Site 3 Generator
(Strategic Plan Item #4)*** **\$50,000**

This item is a carryover from fiscal year 2005-2006.

***L/S #1 Generator
(Strategic Plan Item #4)*** **\$37,500**

Replacement is appropriate in keeping with our long term strategic plan and for complying with Santa Barbara County Air Pollution Control District's emissions requirements.

**Vandenberg Village Community Services District
Water and Wastewater Capital Budget
Synopsis and Justification
Fiscal Year 2006-2007**

CAPITAL OUTLAY PLAN

Chemical Transfer pump **\$1,000**

This item is a carryover from fiscal year 2005-2006.

Sodium Bisulfite pump **\$2,500**

This item is a carryover from fiscal year 2005-2006.

SCADA Controls for B/S #4 and B/S #5 **\$20,000**

Add controls to booster stations #4 and #5 to monitor the pressure in the upper pressure zone and compensate for the additional connections proposed in the Clubhouse Estates and Ebberts developments.

SCADA Control for Well 1B **\$2,000**

Add SCADA controls to Well 1B.

Well 3A Flow Meter **\$3,000**

10" flow meter with remote read.

Pickup Truck **\$30,000**
(Strategic Plan Item #14)

Unit #10 currently has the valve operator attached to the back of the truck. This heavy machinery creates a lot of wear and tear on the unit and makes it inefficient for the assigned Utility Service Person to drive regularly. Staff proposes purchasing a new truck as scheduled in the Strategic Plan and keeping the old truck as a valve operator vehicle.

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WATER CAPITAL
FISCAL YEAR 2006-2007**

FYE Approved	FUNDING SOURCE	AMOUNT
CAPITAL IMPROVEMENT PLAN		Capital Reserves
04-05	11-11160	Chemical Tank electronic level measurement device 2,500
05-06 **	11-11160	Water Quality Improvement Project - Pilot Study 110,000
05-06 **	11-11171	Water and Wastewater System Evaluation @ 50% 30,600
05-06	11-11171	16" Pipe from Tank 3 to Site 1 75,000
05-06	11-11160	Replumb backwash line from 12" to 6" 2,100
05-06	11-11171	Tank 3: 16" flange, 16" gate valve 20,000
06-07	11-11152	Well 3B Impeller Addition 8,000
06-07 *	11-11152	Well 3B Column and Shaft 55,000
CAPITAL IMPROVEMENT PLAN		\$193,200
CAPITAL REPLACEMENT PLAN		Capital Reserves
04-05	11-11182	Laptop Computer 2,500
05-06 **	11-11152	SCADA Operating System @ 80% 105,200
05-06 **	11-11141	Site 3 Generator 50,000
CAPITAL REPLACEMENT PLAN		\$157,700
CAPITAL OUTLAY PLAN		Capital Reserves
05-06	11-11160	Chemical transfer pump 1,000
05-06	11-11160	Sodium Bisulfite pump 2,500
06-07	11-11152	SCADA controls for B/S #4 and B/S #5 20,000
06-07	11-11152	SCADA control for Well 1B 2,000
06-07	11-11152	Well 3A Flow Meter 3,000
CAPITAL OUTLAY PLAN		28,500
TOTAL WATER CAPITAL BUDGET		\$379,400

AVAILABLE RESERVES 2/28/2006 \$997,318

* Contingency planning for worse case scenario found during planned Well 3B maintenance

** Capital budget item is included in the Strategic Plan.

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WASTEWATER CAPITAL
FISCAL YEAR 2006-2007**

FYE Approved		FUNDING SOURCE	AMOUNT
CAPITAL IMPROVEMENT PLAN			Capital Reserves
05-06 **	12-11171	Water and Wastewater System Evaluation @ 50%	30,600
06-07 **	12-11152	L/S #1 Wet Well Expansion	30,000
06-07	12-11152	L/S #3 Impeller	2,000
06-07	12-11152	L/S #4 Impeller	2,000
CAPITAL IMPROVEMENT PLAN			\$64,600
CAPITAL REPLACEMENT PLAN			Capital Reserves
05-06 **	12-11152	SCADA Operating System @ 20%	26,300
06-07 **	12-11153	L/S #1 Backup Generator	37,500
CAPITAL REPLACEMENT PLAN			\$63,800
CAPITAL OUTLAY PLAN			Capital Reserves
06-07 **	12-11183	Pickup Truck	30,000
CAPITAL OUTLAY PLAN			\$30,000
TOTAL WASTEWATER CAPITAL BUDGET			\$158,400

AVAILABLE RESERVES 2/28/2006 \$1,023,499

** Capital budget item is included in the Strategic Plan.

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT

AGENDA MEMORANDUM

TO: Board of Directors ITEM: 7.B.

FROM: Finance/Budget Committee

BY: Joe Barget, General Manager
Cynthia Allen, Office Manager
Martin Damwyk, Operations & Maintenance Manager
Patricia LeCavalier, Finance Administrator

DATE: May 2, 2006

SUBJECT: Operating Budget

Recommendation: Adopt the Fiscal Year 2006-07 operating budgets for Water and Wastewater Enterprise Funds as recommended by the Finance/Budget Committee.

Policy Implications: California Government Code §61110 et seq. requires the Board to adopt an annual or biennial budget.

Resource Impacts:

- The operating budget totals \$2,058,527 and consists of two parts:
 - \$1,137,571 (Water)
 - \$920,956 (Wastewater)
- The operating budget is funded primarily by rates. This year's operating budget represents an 8 percent increase from last year. Based on preliminary staff calculations, this will require a water rate increase in the 5-10 percent range, and a wastewater rate increase in the 15-20 percent range. Rate increases will be addressed at the June Board meeting.

Alternatives Considered: None

Discussion: The Finance/Budget Committee reviewed staff recommended operating budgets on March 15 and April 18. The staff and committee combined budget proposals are shown on the attached Water and Wastewater Operating Budgets in summary and detailed form. The operating budgets are being referred to the Board for additional review, discussion, and approval.

The proposed budgets reflect revenue based on the *current* rate structure. It represents a work plan for the upcoming fiscal year. Once the Board adopts an expense budget, and the work plan it represents, staff will analyze the revenue needed to support the expenses, and present recommendations for revenues to meet the covenant requirements, and any appropriate adjustments in rates.

The recommended budgets reflect a continuing effort on necessary maintenance and repair of the over \$6 million in plant assets. Previous years were characterized by investment in system improvements and rehabilitation of plant assets, improved system safety and reliability, and improved maintenance management of our facilities. We made significant progress on these fronts in the past to the point where the proposed budgets reflect primary effort on continuing operations and maintenance of plant assets which are in good condition and which are both modernized and reliable. The proposed water and wastewater budgets reflect anticipated normal repairs and preventive maintenance efforts.

On the payroll front, staff has presented an economic adjustment of 3.75%. Last year, the Board upgraded the pension plan in lieu of an economic adjustment. The District's salaries and benefits only represent 38% of the total operating budget. (Comparable government agencies typically budget 50% to 75% of their total budget for salaries and benefits).

The Wastewater budget is established based on the best available information from the Lompoc Regional Wastewater Reclamation Plant's (LRWRP) expense projections. Although in prior years, the District had built up a substantial wastewater reserve fund (due to the covenant requirements, unanticipated treatment overbill credits, and a lack of

significant operations and maintenance costs for the collection system), the District withdrew \$1,174,800 from reserves in FYE 2005 to pay the District's portion of the planning, design, and construction management of the LRWRP upgrades and another \$271,596 in FYE 2006 to pay the wastewater portion of the revenue bonds. (The District withdrew \$860,055 from water reserves to pay the water portion of the bonds.) As is our practice, staff has budgeted conservatively. However, there are significant expenditures required in both water and wastewater operations.

Attachments:

1. Summary narrative report for Water and Wastewater Operating Budgets
2. Committee Proposed Fiscal Year 2006-07 Summary Water Operating Budget and Summary Wastewater Operating Budget

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WATER AND WASTEWATER ENTERPRISE FUNDS
OPERATING BUDGETS FOR FISCAL YEAR 2006-2007**

Below is a summary explanation for each category of the proposed operating budget for the water and wastewater enterprise funds. Although each fund has its own budget, they are described together in the summary to better represent the operating activities of the District. More detailed information on each line item is available in the District Office for review.

OPERATING REVENUES

The proposed water and wastewater revenues reflect no changes in rates.

Water revenues are projected by using an average number of active customers for a calendar year and five-year historical average water consumption. Since revenue projection is based on historic performance, it should be expected that throughout the fiscal year, actual revenue could be better in some months and worse in others.

Wastewater revenues are projected by using an average number of active customers. The fees collected are fixed monthly charges; hence, actual performance does not vary greatly from budget projection.

In addition to budgeted water and wastewater revenues, staff estimates a reserve replenishment total in the amount of approximately \$445,000 for Fiscal Year 2006-2007.

NON-OPERATING REVENUES

Interest Earnings are budgeted for the District's investment accounts with LAIF, Santa Barbara County, Capital One Bank, Countrywide Bank, and the United States Treasury; money market account at Santa Barbara Bank & Trust; and WCRF at the City of Lompoc.

Projections are as follows:

LAIF	3.60% - Variable
Santa Barbara County	3.12% - Variable

Money Market	5.02% - Variable
SBBT CD	3.70% - Fixed
Countrywide CD	4.76% - Fixed
Capital One CD	4.88% - Fixed
US Treasury T-Note	4.63% - Fixed
WCRF	4% - Variable

OPERATING EXPENSES

In general, operating expenses that are not specific to the water or wastewater funds are allocated at 60% water, 40% wastewater (insurance, utilities, office supplies, administrative expenses). Customer related expenses are allocated at 50% to each fund (billing stock, postage, newsletters).

Purchased Power - PG&E and Southern California Gas. Assumes a 5.6% increase in rates for calendar year 2006 and 7.0% increase for calendar year 2007.

Water Treatment – Budgeted water treatment costs increased \$32,380 over fiscal year 2005-06 budget.

- Chemical costs are increasing by 15%.
- \$7,000 was budgeted in fiscal year 2005-06 for filter media replacement. Subsequent inspection of the pressure vessel has determined that the budget required an increase to \$37,500.
- The Department of Health regulatory fees have been increasing yearly. This year's budget is estimated at \$7,200.

Salaries & Benefits – Salaries and benefits have only increased \$23,622 over fiscal year 2006 budget. The anticipated salaries and benefits for working hours are:

Water fund	\$478,976	(FY 2006: \$462,200)
Wastewater fund	\$300,496	(FY 2006: \$293,650)
Total benefits	\$779,472	(FY 2006: \$755,850)

The budget assumes that all employees will receive at least one merit increase. Benefits such as PERS and worker's compensation which are based on gross salaries reflect this assumption.

The benefits budgeted expenses increased by \$11,229. Employee benefits represent 57.9% of base salaries. That is, the additional cost for paid benefits such as insurance, retirement, etc. is 57.9% of the total base salary the District pays its employees.

The table below shows a historical comparison of actual salaries to budget (does not include paid benefits such as holiday, sick and vacation):

Fiscal Year	Notes	Total Budgeted Salaries	Total Actual Salaries	Variance from budget
03-04	salary survey adjustment + full time General Manager + severance pay	417,600	441,297	+23,697
04-05		439,100	453,207	+14,107
05-06	projected	442,200	378,536	-63,664
06-07		475,100		

Insurance – Cost includes general liability and property casualty insurance. The budget amount assumes no increase in rates charged by ACWA-JPIA.

Depreciation – Budget depreciation assumes new capital assets purchased in January. All assets are depreciated for the full month beginning the first month of ownership.

Although there is no cash outlay for depreciation expense, the Board adopted a Resolution in 1994 to set cash aside based on depreciation expense and establish rates to provide sufficient cash to fund this depreciation expense in order to fund a replacement reserve for the purpose of replacing capital equipment.

Transmission & Distribution – Budget increased overall by \$20,350. The significant expenditures include earthquake repairs to Reservoir 5B, Poly B blowoff repairs per the strategic plan, and meters for Providence Landing.

Professional/Contract Services – Budget decreased slightly due to bondholders fees being removed.

Customer Accounts, Administrative, Other – Budget increased by \$2,000 overall.

Wastewater Treatment – Budget increased by \$50,000. The monthly treatment payments are based on estimated rates set by the City of Lompoc. Yearly, the City’s prior fiscal year audited actual costs are reconciled against the total monthly payments.

WCRF represents the District’s portion of capital improvements to the wastewater treatment plant. The budgeted cost decreased to \$7,000 since capital costs are temporarily down due to the focus on the wastewater treatment plant improvement project.

NET INCOME

Water Fund	\$279,792	Wastewater Fund	<\$14,239>
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**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
OPERATING BUDGET - WATER
FISCAL YEAR 2006 - 2007**

	Actual FY Ended 6/30/2005	Amended Budget 6/30/2006	Staff Proposed 6/30/2007	% Total Revenue/ Expense	Committee Recommended 6/30/2007	% Total Revenue/ Expense
OPERATING REVENUE						
Water Sales	\$ 924,801	\$970,529	\$ 1,319,126	93.07%	\$ 1,319,126	93.07%
Sub-Total	\$ 924,801	\$970,529	\$ 1,319,126	93.07%	\$ 1,319,126	93.07%
NON-OPERATING REVENUE						
Interest, etc.	\$ 28,648	\$26,625	\$ 98,237	6.93%	\$ 98,237	6.93%
Bond Charges	338,508	113,000	-	0.00%	-	0.00%
Other Non-Operating	2,182	-	-	0.00%	-	0.00%
Sub-Total	\$ 369,337	\$139,625	\$ 98,237	6.93%	\$ 98,237	6.93%
OPERATING EXPENSE						
Salaries & Benefits	\$ 453,207	\$ 462,200	\$ 478,976	41.54%	\$ 478,976	42.11%
Purchased Power	164,882	193,500	211,500	18.34%	175,000	15.38%
Insurance	14,429	15,000	16,260	1.41%	16,260	1.43%
Depreciation	126,392	109,700	125,000	10.84%	125,000	10.99%
Source of Supply	17,413	32,230	30,500	2.65%	30,500	2.68%
Pumping	13,894	15,300	16,430	1.42%	20,240	1.78%
Treatment	56,357	78,025	97,700	8.47%	111,450	9.80%
Transmission and Distribution	47,837	74,000	94,350	8.18%	94,350	8.29%
Administrative	47,654	51,585	54,115	4.69%	56,805	4.99%
Customer Accounts	13,979	17,650	19,210	1.67%	19,210	1.69%
Transportation	6,482	4,450	5,040	0.44%	5,040	0.44%
Tools/Equipment	5,977	1,550	1,560	0.14%	2,310	0.20%
Other	1,186	2,250	2,430	0.21%	2,430	0.21%
Sub-Total	\$ 969,689	\$1,057,440	\$ 1,153,071	100.00%	\$ 1,137,571	100.00%
NON-OPERATING EXPENSE						
Bond Interest	\$ 88,377	\$ 36,575	\$ -	0.00%	\$ -	0.00%
Other	4,035	-	-	0.00%	-	0.00%
Sub-Total	\$ 92,413	\$36,575	\$ -	0.00%	\$ -	0.00%
NET INCOME						
	\$ 232,036	\$16,139	\$ 264,292		\$ 279,792	
+ Depreciation	126,392	109,700	125,000		125,000	
ESTIMATED ADDITION TO CASH RESERVES						
	\$ 358,428	\$ 125,839	\$ 389,292		\$ 404,792	

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
OPERATING BUDGET - WASTEWATER
FISCAL YEAR 2006 - 2007**

	Actual FY Ended 06/30/05	Amended Budget 06/30/06	Staff Proposed 06/30/07	% Total Revenue/ Expense	Committee Recommended 06/30/07	% Total Revenue/ Expense
OPERATING REVENUE						
Wastewater Services	\$ 680,504	\$ 978,000	\$ 889,117	98.06%	\$ 889,117	98.06%
Sub-Total	\$ 680,504	\$ 978,000	\$ 889,117	98.06%	\$ 889,117	98.06%
NON-OPERATING REVENUE						
Interest, etc.	\$ 56,853	\$ 31,075	\$ 17,600	1.94%	\$ 17,600	1.94%
Bond Charges	109,437	37,000	-	0.00%	-	0.00%
Other Non-Operating	13,413	-	-	0.00%	-	0.00%
Sub-Total	\$ 179,703	\$ 68,075	\$ 17,600	1.94%	\$ 17,600	1.94%
OPERATING EXPENSE						
Salaries & Benefits	\$ 195,850	\$ 293,650	\$ 300,496	34.30%	\$ 300,496	32.63%
Purchased Power	3,696	4,950	14,450	1.65%	5,400	0.59%
Wastewater Treatment	429,377	400,000	400,000	45.66%	450,000	48.86%
WCRF	7,768	10,000	7,000	0.80%	7,000	0.76%
Insurance	8,354	10,000	10,850	1.24%	10,850	1.18%
Depreciation	23,199	23,000	30,000	3.42%	30,000	3.26%
Pumping	5,934	8,250	1,020	0.12%	1,250	0.14%
Collection	1,057	4,500	60,950	6.96%	61,750	6.70%
Customer Accounts	11,187	14,650	15,700	1.79%	15,700	1.70%
Administrative	24,702	29,065	28,490	3.25%	31,490	3.42%
Transportation	4,321	3,950	3,360	0.38%	3,360	0.36%
Tools/Equipment	4,824	1,050	2,040	0.23%	2,040	0.22%
Other	754	1,525	1,620	0.18%	1,620	0.18%
Sub-Total	\$ 721,024	\$804,590	\$ 875,976	100.00%	\$ 920,956	100.00%
NON-OPERATING EXPENSE						
Bond Interest	\$ 30,165	\$ 12,300	\$ -	0.00%	\$ -	0.00%
Other	-	-	-	0.00%	-	0.00%
Sub-Total	\$ 30,165	\$12,300	\$ -	0.00%	\$ -	0.00%
NET INCOME						
	\$ 109,018	\$ 229,185	\$ 30,741		\$ (14,239)	
+ Depreciation	\$ 23,199	\$ 23,000	\$ 30,000		\$ 30,000	
ESTIMATED ADDITION TO CASH RESERVES						
	\$ 132,217	\$ 252,185	\$ 60,741		\$ 15,761	

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET
FISCAL YEAR 2006-2007**

		Water	Wastewater	Combined
REVENUE				
41100	Residential	795,900	624,298	1,420,198
41200	Commercial	84,200	157,019	241,219
41300	Bulk Metered Residential	40,400		40,400
41400	Irrigation	60,800		60,800
42100	Fire Protection	924		924
49200	Interest Earnings (Investments)	98,237	17,600	115,837
	Reserve Replenishment	336,902	107,800	444,702
		\$1,417,363	\$906,717	\$2,324,080
EXPENSES				
Source of Supply				
51105	Contract Services	2,350		2,350
51112	Pumping Equipment	10,000		10,000
51405	SYRWCD Pump Tax	15,150		15,150
51415	Cloud Seeding	3,000		3,000
Pumping Equipment				
52105	Contract Services	2,500		2,500
52112	Supplies & Repairs	14,980	1,060	16,040
52113	SCADA Supplies and Repairs	760	190	950
52300	Purchase Power	175,000	5,400	180,400
52310	Generator Fuel	2,000		2,000
Water/Wastewater Treatment				
53105 1	Wastewater Treatment - LRWRP		450,000	450,000
53105 2	Wastewater Treatment - Plant Lease - WCRF		7,000	7,000
53115	Regulatory Fees AB2995	7,200		7,200
53118	Water Treatment - Chemicals	62,000		62,000
53203	Water Treatment - Filter Media	37,500		37,500
53205	Contract Services	3,200		3,200
53212	Supplies & Repairs	1,000		1,000
53214	Utility Services	550		550
Transmission and Distribution				
54103	Waste Discharge Fee		800	800
54105	Contract Services	500		500
54132	Supplies & Repairs	1,000		1,000
54205	Contract Services - Reservoirs	1,000		1,000
54213	Supplies & Repairs - Reservoirs	40,000		40,000
54222	Supplies & Repairs - Mains	4,250	58,450	62,700
54232	Supplies & Repairs - Services	10,000	2,500	12,500
54232 1	Supplies & Repairs - Poly B	10,000		10,000
54242	Supplies & Repairs - Meters	27,000		27,000

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET
FISCAL YEAR 2006-2007**

		Water	Wastewater	Combined
54252	Supplies & Repairs - Hydrants	600		600
Customer Accounts				
55102	Operating Supplies	4,100	3,600	7,700
55104	Utility Services	1,740	1,725	3,465
55105	Contract Services	7,050	4,050	11,100
55106	Postage	5,820	5,825	11,645
55200	Uncollectible Accounts	500	500	1,000
Administrative and General				
56202	Office Supplies	3,000	2,000	5,000
56204	Utility Services	3,960	2,650	6,610
56205	Contract Services	5,430	3,635	9,065
56206	Postage	270	180	450
56208	Professional Services	6,150	4,100	10,250
56209	Membership Fees and Dues	9,140	950	10,090
56210	Employee Travel Expense (Direct Payment)	2,040	1,350	3,390
56210 1	Employee Travel Expense (Reimbursed)	2,040	1,350	3,390
56211	Subscriptions and Books	525	325	850
56213	Equipment Rental	1,050	700	1,750
56215	LAFCO Mandatory Fees	1,000	650	1,650
56217	Director Expense (Direct Payment)	3,075	2,050	5,125
56217 1	Director Expense (Reimbursed)	3,075	2,050	5,125
56301	Property/General Liability Insurance	16,260	10,850	27,110
56704	Utility Services	980	630	1,610
56705	Contract Services	3,530	2,000	5,530
56712	Supplies & Repairs	6,990	3,850	10,840
56713	Computer Supplies & Repairs	2,450	1,620	4,070
56714	Furniture and Equipment	300	200	500
56810	Election Expense	1,800	1,200	3,000
57110	Depreciation	125,000	30,000	155,000
57302	Supplies & Repairs - Transportation	1,440	960	2,400
57303	Fuel - Vehicles	3,600	2,400	6,000
57312	Tools	1,950	1,800	3,750
57313	Fuel - Equipment	360	240	600
57320	Uniforms	390	260	650
57321	Uniforms - Reimbursed	480	320	800
57350	Safety Supplies	1,200	800	2,000
57351	Safety Boots	360	240	600
Employee Salaries and Benefits				
Various	Salaries	307,800	167,300	475,100
56401	Sick/Personal	16,700		16,700
56402	Vacation	23,300		23,300

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET
FISCAL YEAR 2006-2007**

		Water	Wastewater	Combined
56403	Holiday	21,200		21,200
56403 1	Floating Holiday	1,972		1,972
56406	Medical Insurance	50,000		50,000
56407	Long Term Disability	6,000		6,000
56410	Educational	8,800		8,800
56417	PERS	123,000		123,000
56418	Dental Insurance	8,000		8,000
56419	Life Insurance	2,000		2,000
56421	Workers Compensation	30,000		30,000
56423	Vision Care	2,000		2,000
56424	Performance/Incentive Pay	1,000		1,000
56430	Medicare FICA	7,900		7,900
56431	SUI	2,500		2,500
56450	CWIP Contra Account	(9,896)	9,896	-
57363/57463	WW Allocation - Workers Compensation	(11,100)	11,100	-
57364/57464	WW Allocation - Employee Benefits	(109,100)	109,100	-
57372/57472	WW Allocation - Payroll Taxes	(3,100)	3,100	-
		\$1,137,571	\$920,956	\$2,058,527

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - REVENUE
FISCAL YEAR 2006-2007**

	Budget FYE 2006	Rate Change FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Notes
Water Revenue	\$970,529	\$1,195,130	\$1,169,435	\$1,319,126	
11- 41100 Residential	785,145	785,145	751,252	795,900	
11- 41200 Commercial	87,165	87,780	77,381	84,200	<i>Estimate based on average number of customers per calendar year and a 5-year average water usage times current rates</i>
11- 41300 Bulk Meter Residential	41,785	41,171	33,076	40,400	
11- 41400 Irrigation	55,510	55,510	82,199	60,800	
11- 42100 Fire Protection	924	924	926	924	
Reserve Replenishment	-	224,601	224,601	336,902	<i>Estimate based on average number of customers</i>
Wastewater Revenue	\$978,000	\$852,865	\$862,098	\$889,117	
12- 41100 Residential	552,400	624,382	635,547	624,298	<i>Estimate based on average number of customers</i>
12- 41200 Commercial/Multi-family Dwelling	129,000	156,646	154,714	157,019	
Reserve Replenishment	296,600	71,837	71,837	107,800	<i>Estimate based on average number of customers</i>
Non-Operating Revenue	\$44,000	\$44,000	\$94,770	\$115,837	
11- 49200 Interest Earnings (Investments)	26,400	26,400	50,593	98,237	<i>Interest earned on investments with Certificates of Deposit, T-Notes, LAIF, and Santa Barbara</i>
12- 49200 Interest Earnings (Investments)	17,600	17,600	44,177	17,600	<i>County</i>

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

		% of Budget Allocated TO Wastewater	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
SOURCE OF SUPPLY (WELLS)							
11-51105	Contract Services		\$2,300	\$2,300	\$2,350	\$2,350	
Description:	USGS Groundwater Monitoring Pymt will be booked for June	0%			2,350	2,350	<i>Estimate 3% over prior year payment</i>
11-51112	Supplies/Repairs - Well Pumping Equipment		\$10,000	\$10,000	\$10,000	\$10,000	
Description:	Contingencies	0%			10,000	10,000	
11-51405	SYRWCD Pump Tax		\$17,300	\$14,741	\$15,150	\$15,150	
Description:	SYRWCD Pump Tax	0%			15,150	15,150	<i>Budget 1515 AF @ \$10.00/AF (Actual rate = \$7.70 AF) based on 5yr average gross production (pmp_sld.123)</i>
11-51415	Cloud Seeding		\$2,630	\$2,675	\$3,000	\$3,000	
Description:	Cloud Seeding Supplies/Repairs-Pumping Equipment	0%			3,000	3,000	
SOURCE OF SUPPLY (WELLS)			\$32,230	\$29,716	\$30,500	\$30,500	
PUMPING (BOOSTERS)							
11-52105	Contract Services		\$3,000	\$519	\$2,500	\$2,500	
Description:	Contingencies Electrician services, as needed	0% 0%			1,500 1,000	1,500 1,000	
11-52112	Supplies/Repairs-Pumping Equipment		\$9,500	\$2,226	\$11,170	\$14,980	
Description:	Routine Maintenance Pull and repair well 3B Booster pump control panel SBCAPCD Annual Emission Fee SCADA telephone charges	50% 0% 0% 50% 20%			500 10,000 330 336	500 10,000 330 1,150	<i>New expense beginning FYE 2006 Includes \$730 for DSL service to shop (split 80/20)</i>
11-52113	Supplies/Repairs-SCADA Computer Equipment		\$800	\$383	\$760	\$760	
Description:	Software Maintenance Hardware Maintenance Emergencies @ \$100/hr (travel exp)	20% 20% 20%			240 200 320	240 200 320	

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

	% of Budget Allocated TO Wastewater	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
11-52300		\$193,500	\$165,173	\$211,500	\$175,000	
Description:				211,500	175,000	<i>PGE electric rate increases: 5.6% 2006 and 7.0% in 2007</i>
	0%					
11-52310		\$2,000	\$1,101	\$2,000	\$2,000	
Description:				2,000	2,000	<i>Budget for increasing fuel costs</i>
	0%					
PUMPING (BOOSTERS)		\$208,800	\$169,402	\$227,930	\$195,240	
WATER TREATMENT						
11-53115		\$6,000	\$7,022	\$7,200	\$7,200	
Description:				7,200	7,200	<i>Estimate 2.5% over last year actual</i>
	0%					
11-53118		\$54,825	\$54,566	\$62,000	\$62,000	
Description:				47,380	47,380	<i>Budget 15% increase</i>
	0%			14,548	14,548	
	0%					
11-53203		\$7,000	\$0	\$23,000	\$37,500	
Description:				23,000	37,500	<i>actual costs expected to exceed \$7,000 budgeted for FYE2006</i>
	0%					
11-53205		\$3,000	\$2,290	\$3,200	\$3,200	
Description:				3,200	3,200	<i>testing stations increased from three sites to four</i>
	0%					
11-53212		\$6,000	\$14,790	\$1,000	\$1,000	
Description:				1,000	1,000	
	0%					
11-53214		\$1,200	\$403	\$1,300	\$550	
Description:				1,300	550	<i>PGE electric rate increases: 5.6% 2006 and 7.0% in 2007</i>
	0%					
WATER TREATMENT		\$78,025	\$79,071	\$97,700	\$111,450	

TRANSMISSION & DISTRIBUTION

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

	% of Budget Allocated TO Wastewater	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
11-54105 Contract Services		\$500	\$152	\$500	\$500	
Description: USA Tickets	0%			500	500	USA is called each time a hole is dug within Village boundaries by the District, residents, or contractors (\$1.60 per USA ticket)
11-54132 Supplies/Repairs-Miscellaneous		\$1,000	\$185	\$1,000	\$1,000	
Description: SBC encroachment fees	0%			1,000	1,000	Road permits for repairs (\$50 each)
11-54205 Contract Services - Distribution Reservoirs		\$12,000	\$17,743	\$1,000	\$1,000	
Description: Contingencies	0%			1,000	1,000	
11-54213 Supplies/Repairs - Distribution Reservoirs		\$0	\$0	\$40,000	\$40,000	
Description: Reservoir 5B earthquake repair	0%			40,000	40,000	
11-54222 Supplies/Repairs- Mains		\$5,000	\$8,755	\$4,250	\$4,250	
Description: Routine maintenance	50%			2,000	2,000	
Pressure recorder (2)	0%			1,250	1,250	
Pressure reducing station parts	0%			1,000	1,000	
11-54232 Supplies/Repairs-Service Connections		\$10,000	\$1,951	\$10,000	\$10,000	
Description: Routine maintenance (W)	0%			10,000	10,000	
11-54232 1 Supplies/Repairs-A/P Poly B		\$10,000	\$6,195	\$10,000	\$10,000	
Description: Services	0%			5,500	5,500	Replaced as they break (2" + Asphalt,
Poly B Blowoffs	0%			4,500	4,500	Slurry)
11-54242 Supplies/Repairs-Meters		\$35,000	\$50,849	\$27,000	\$27,000	
Description: Routine maintenance	0%			2,000	2,000	
Meters - Providence Landing (\$284/ea)	0%			25,000	25,000	
11-54252 Supplies/Repairs-Hydrants		\$500	\$590	\$600	\$600	
Description: Hydrant parts	0%			500	500	Sufficient dry barrel hydrant parts in stock. Wet barrel hydrants require
Paint	0%			100	100	minmal maintenance.

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

	% of Budget Allocated TO Wastewater	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
TRANSMISSION & DISTRIBUTION		\$74,000	\$86,420	\$94,350	\$94,350	
CUSTOMER ACCOUNTS						
11-55102	Operating Supplies		\$4,000	\$3,699	\$4,100	\$4,100
Description:	newsletters (1 ea)	50%		500	500	
	CCR	0%		500	500	
	public meetings, public notices	50%		250	250	
	billing stock	50%		2,250	2,250	
	candy, contingencies	50%		100	100	
	reminders, hangers, receipts	50%		500	500	
11-55104	Utility Services		\$1,550	\$1,699	\$1,740	\$1,740
Description:	Cellular phone service	50%		1,100	1,100	
	Verizon	50%		638	638	
11-55105	Contract Services		\$6,550	\$4,728	\$7,050	\$7,050
Description:	Datamatic-5% cola	0%		3,000	3,000	<i>Meter reading device software</i>
	Melissa Software (barcoding)	50%		900	900	<i>Bill barcoding software</i>
	Merchant Account Fees	50%		3,100	3,100	
	Formsite subscription	50%		50	50	
11-55106	Postage		\$5,050	\$4,245	\$5,820	\$5,820
Description:	Postage for newsletters	50%		413	413	
	Postage meter	50%		1,100	1,100	<i>First class rate \$0.39</i>
	Monthly bills	50%		4,200	4,200	
	Permit fee	50%		100	100	
11-55200	Uncollectible Accounts		\$500	\$801	\$500	\$500
Description:	Bad debt writeoffs	50%		500	500	<i>Estimate based on 5 year average</i>
CUSTOMER ACCOUNTS			\$17,650	\$15,172	\$19,210	\$19,210

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

		% of Budget Allocated TO Wastewater	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
INSURANCE							
11-56301	Property/Gen. Liability Insurance		\$15,000	\$15,415	\$16,260	\$16,260	
Description:	General Liability (term:10/06 - 9/07)	40%			14,400	14,400	
	Property Casualty (term:4/06-3/07)	40%			1,860	1,860	
INSURANCE			\$15,000	\$15,415	\$16,260	\$16,260	
ADMINISTRATIVE & GENERAL							
11-56202	Office Supplies		\$3,000	\$3,466	\$3,000	\$3,000	
Description:	Office supplies	40%			3,000	3,000	
11-56204	Utility Services-Office		\$4,850	\$3,078	\$3,960	\$3,960	
Description:	Southern California Gas	40%			375	375	
	Verizon	40%			1,785	1,785	
	PG&E	40%			1,800	1,800	<i>PGE electric rate increases: 5.6% 2006 and 7.0% in 2007</i>
11-56205	Contract Services-Office		\$5,350	\$4,708	\$5,430	\$5,430	
Description:	CWS (MOM software)	40%			4,125	4,125	
	Impulse (Internet)	40%			216	216	
	Superior Office Machines (copier)	40%			480	480	
	Contingencies	40%			600	600	
11-56206	Postage		\$250	\$213	\$270	\$270	
Description:	Postage meter	40%			270	270	<i>First class rate \$0.39</i>
11-56208	Professional Services		\$7,850	\$8,937	\$6,150	\$6,150	
Description:	ML&H - audit	40%			3,090	3,090	
	Legal Counsel	40%			3,000	3,000	
	Vaccines	40%			60	60	
11-56209	Membership & Dues		\$9,250	\$13,169	\$9,140	\$9,140	
Description:	CSDA (Dec)	40%			900	900	
	SBCSDA (Dec)	40%			240	240	

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

	% of Budget Allocated TO Wastewater	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
Costco	40%			60	60	
MSA	40%			30	30	
Miscellaneous	40%			120	120	
GFOA (Aug)	40%			90	90	
Below are water only:						
ACWA (\$5645 Nov)	0%			6,000	6,000	
CRWA (July)	0%			500	500	
AWWA for GM & Martin (Aug)	0%			400	400	
Certificate renewals	0%			350	350	
Cross Connection Foundation (Dec)	0%			100	100	
CCWUA (Feb)	0%			100	100	
CWEA Tri-Counties Section (March)	0%			200	200	
Groundwater Foundation (Sept)	0%			50	50	
11-56210	Employee Travel Expense (Direct Payment)		\$2,050	\$1,716	\$2,040	\$2,040
11-56210-1	Employee Travel Expense (Reimbursed)		\$2,050	\$1,842	\$2,040	\$2,040
Description:	Extended travel	40%		3,000	3,000	
	Local seminars	40%		480	480	
	Mileage, meeting meals	40%		600	600	
11-56211	Subscription & Books		\$450	\$401	\$525	\$525
Description:	Lompoc Record (Dec)	40%		60	60	
	Jobs Available	40%		30	30	
	Problem Solver	40%		75	75	
	ACWA salary survey	40%		30	30	
	Text books	40%		120	120	
	Miscellaneous	40%		120	120	
	Government tax manual	40%		90	90	
11-56213	Office Equipment Rentals		\$1,050	\$1,143	\$1,050	\$1,050
Description:	Mailing machine rental	40%		900	900	
	Mailing machine agreement	40%		120	120	

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

	% of Budget Allocated TO Wastewater	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
Mailing machine equipment tax	40%			30	30	
11-56215 AB2838 - LAFCO Mandatory Fees		\$600	\$1,662	\$1,000	\$1,000	
Description: VVCSD share approx 2.15% of 1/3 of LAFCO's	40%			1,000	1,000	06/07 budget revenue requirement approx. \$230,000
11-56217 Director's Expense		\$2,955	\$4,971	\$2,330	\$3,075	
11-56217-1 Director's Expense (Reimbursed)		\$2,955	\$1,064	\$2,330	\$3,075	
Description: Meeting refreshments	40%			150	150	
Training and mileage	40%			4,500	6,000	
11-56704 Utility Services-General Plant		\$975	\$1,096	\$980	\$980	
Description: Trash (39.18/mo)	40%			288	288	
Water/Wastewater Service	40%			600	600	
Dump trips	40%			90	90	
11-56705 Contract Services-General Plant		\$3,250	\$3,638	\$3,530	\$3,530	
Description: Janitorial (\$150/mo) and windows/carpet	40%			1,380	1,380	
Office yard maint. (126/mo + misc)	40%			960	960	
Alarm service - office, shop (210/qrt)	40%			600	600	
Sylvester's sec. - Bstr bldg (120/qrt) WATER ONLY	0%			500	500	
Western Exterminator	40%			90	90	
11-56712 Supplies and Repairs - General Plant		\$2,950	\$4,574	\$5,790	\$6,990	
Description: Towels	40%			390	390	
Supplies and repairs	40%			2,400	2,400	
Asphalt berm (site #1, #3, #5)	0%			3,000	3,000	
Slurry Seal - Office Parking Lot	40%				1,200	
11-56713 Supplies and Repairs - Computer Equip.		\$1,250	\$1,294	\$2,450	\$2,450	
Description: Software Upgrades	40%			600	600	
Maintenance/emergencies	40%			600	600	
Experts exchange subscription	40%			60	60	
Projector	40%			597	597	

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

		% of Budget Allocated TO Wastewater	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
	RAID Controller	40%			360	360	
	Digital Scanner	40%			225	225	
11-56714	Supplies and Repairs - Furniture & Equipment		\$500	\$645	\$300	\$300	
Description:	Office equipment	40%			300	300	
11-57110	Depreciation		\$109,700	\$104,827	\$125,000	\$125,000	
Description:	Depreciation	0%			125,000	125,000	
11-56810	Election Expense		\$0	\$0	\$1,800	\$1,800	
Description:	Elections - November 2006	40%			1,800	1,800	<i>approx. 0.60/voter x 5,000 registered voters</i>

ADMINISTRATIVE & GENERAL			\$161,285	\$162,444	\$179,115	\$181,805	
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EMPLOYEE SALARIES AND BENEFITS

Various	Salaries	0%	296,100	278,290	307,800	307,800	
<i>Benefits</i>							
11-56401	Sick/Personal	0%	16,000	20,020	16,700	16,700	
11-56402	Vacation	0%	22,400	29,222	23,300	23,300	
11-56403	Holiday	0%	20,400	29,900	21,200	21,200	
11-56403 1	Floating Holiday	0%	1,900	1,428	1,972	1,972	
11-56406	Medical Insurance	0%	55,000	47,198	50,000	50,000	
11-56407	Long Term Disability	0%	6,000	5,541	6,000	6,000	
11-56410	Employee Educational	0%	11,350	3,758	8,800	8,800	
	4 seminars @ 200, 3 @ 700		2,900				
	4 certificates @ 100		400				
	4 conferences @ 500		2,000				
	tuition reimbursement		3,500				
11-56417	PERS	0%	114,000	89,638	123,000	123,000	
11-56418	Dental Insurance	0%	8,000	7,459	8,000	8,000	
11-56419	Life Insurance	0%	2,000	1,908	2,000	2,000	
11-56421	Workers Compensation	0%	30,000	19,214	30,000	30,000	
11-56423	Vision Care	0%	2,000	1,704	2,000	2,000	

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

		% of Budget Allocated TO Wastewater	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
11-56424	Performance/Incentive Pay	0%	1,000	168	1,000	1,000	
<i>Payroll Taxes</i>							
11-56430	Medicare FICA	0%	7,600	6,355	7,900	7,900	
11-56431	SUI	0%	1,100	3,344	2,500	2,500	
11-56450	CWIP E.B. Contra A/C	0%	(13,650)	-	(9,896)	(9,896)	
11-57463	WW Alloc. Worker's Comp.Ins.	0%	(9,100)	(6,865)	(11,100)	(11,100)	
11-57464	WW Alloc. Employ. Benefits	0%	(107,000)	(81,243)	(109,100)	(109,100)	
11-57472	WW Alloc. Payroll Taxes	0%	(2,900)	(2,201)	(3,100)	(3,100)	
EMPLOYEE SALARIES AND BENEFITS			\$462,200	\$454,838	\$478,976	\$478,976	
OTHER OPERATING EXPENSES							
11-57302	Transportation (Field Vehicles)-Other		\$1,450	\$5,571	\$1,440	\$1,440	
Description:	Preventative maintenance, operating supplies	40%			1,440	1,440	
11-57303	Transportation (Field Vehicles)-Fuel		\$3,000	\$5,045	\$3,600	\$3,600	
Description:	Gasoline	40%			3,600	3,600	<i>Budget for increasing fuel costs</i>
11-57312	Tool/Work Equipment-Other		\$1,200	\$2,381	\$1,200	\$1,950	
Description:	Tools and equipment	40%			1,200	1,200	
	Gate Key Valve Tool	0%				750	
11-57313	Tool/Work Equipment-Fuel		\$350	\$0	\$360	\$360	
Description:	Fuel for tractor, tools, etc. No major projects planned	40%			360	360	<i>Budget for increasing fuel costs</i>
11-57320	Uniforms		\$300	\$249	\$390	\$390	
Description:	5 shirts for each of the 3 field crew	40%			180	180	
	3 shirts for each of the 3 office crew	40%			120	120	
	1 sweatshirt for each of the 3 field crew	40%			90	90	
11-57321	Uniforms Reimbursement		\$400	\$662	\$480	\$480	
Description:	Jeans-\$200/field crew + MD	40%			480	480	

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
 BUDGET - WATER OPERATING EXPENSES
 FISCAL YEAR 2006-2007**

	% of Budget Allocated TO Wastewater	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
11-57350		\$1,200	\$1,014	\$1,200	\$1,200	
Description:						
Safety Supplies	40%			900	900	
Annual Safety Dinner (\$500)	40%			300	300	
11-57351		\$350	\$83	\$360	\$360	
Description:						
Safety boot allowance (\$150 ea x 4)	40%			360	360	
(for 18 months beginning July 2005 by Ordinance)						
OTHER OPERATING EXPENSES		\$8,250	\$15,005	\$9,030	\$9,780	
TOTAL OPERATING EXPENSES		\$1,057,440	\$1,027,483	\$1,153,071	\$1,137,571	
	<i>Compare to FYE 06 Approved Budget</i>	<i>(percent)</i>	<i>-3%</i>	<i>9%</i>	<i>8%</i>	
	<i>Compare to FYE 06 Approved Budget</i>	<i>(dollar)</i>	<i>-\$29,957</i>	<i>\$95,631</i>	<i>\$80,131</i>	

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WASTEWATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

		% of Budget Allocated FROM Water	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
PUMPING							
12-52112	Supplies/Repairs-Pumping Equipment		\$8,050	\$7,937	\$830	\$1,060	
Description:	Routine Maintenance	50%			500	500	
	Pull and repair well 3B	0%			0	0	
	SBCAPCD Annual Emission Fee	50%			330	330	<i>New expense beginning FYE 2006</i>
	SCADA telephone charges	20%			84	230	<i>Includes \$730 for DSL service to shop (split 80/20)</i>
12-52113	Supplies/Repairs-SCADA Computer Equipment		\$200	\$200	\$190	\$190	
Description:	Software Maintenance	20%			60		
	Hardware Maintenance	20%			50		
	Emergencies @ \$100/hr (travel exp)	20%			80		
12-52300	Purchased Power		\$4,950	\$5,570	\$14,450	\$5,400	
Description:	PG&E for lift stations	100%			14,450	5,400	<i>PGE electric rates increase 5.6% 2006 and 7.0% in 2007</i>
PUMPING			\$13,200	\$13,707	\$15,470	\$6,650	
WASTEWATER TREATMENT							
12-53105 1	Contract Services- Wastewater Treatment		\$400,000	\$368,386	\$400,000	\$450,000	
Description:	Estimated City of Lompoc treatment costs	100%					<i>Estimate using City of Lompoc budgeted wastewater treatment rates for FY 2005-07</i>
12-53105 2	Contract Services - Treatment Plant Lease		\$10,000	\$9,999	\$7,000	\$7,000	
Description:	Capital Improvements to LRWRP	100%			7,000		<i>Based on 4 year average lease costs</i>
WASTEWATER TREATMENT			\$410,000	\$378,385	\$407,000	\$457,000	
WASTEWATER COLLECTION							

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WASTEWATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

	% of Budget Allocated FROM Water	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
12-54103		\$0	\$0	\$0	\$800	
Description:	California WRCB Waste Discharge Fee	100%			800	<i>New expense FYE 2007</i>
12-54222		\$2,500	\$1,055	\$58,450	\$58,450	
Description:	Routine maintenance	50%		2,000		
	Repairs as a result of videoing (WW only)	100%		1,000		
	Reline +/-730 ft sewer main	100%		40,150		<i>Approximately \$55 per foot</i>
	Reline manholes (7)	100%		15,300		<i>Approximately \$300 per foot</i>
12-54232		\$2,000	\$2,000	\$2,500	\$2,500	
Description:	Routine maintenance (WW)	100%		500		
	Customer root-cutting claims	100%		1,000		<i>per Ordinance customer can claim up to \$250 every 5 years for root intrusion</i>
	Contingencies- repairs due to videoing (WW only)	100%		1,000		
WASTEWATER COLLECTION			\$4,500	\$3,055	\$60,950	\$61,750
CUSTOMER ACCOUNTS						
12-55102	Operating Supplies	50%	4,000	3,699	3,600	3600
12-55104	Utility Services	50%	1,550	1,700	1,725	1725
12-55105	Contract Services	50%	3,550	3,550	4,050	4050
12-55106	Postage	50%	5,050	4,245	5,825	5825
12-55200	Uncollectible Accounts	50%	500	688	500	500
CUSTOMER ACCOUNTS			\$14,650	\$13,882	\$15,700	\$15,700
ADMINISTRATIVE & GENERAL						
12-56202	Office Supplies	40%	2,000	2,310	2,000	2,000
12-56204	Utility Services-Office	40%	3,250	2,052	2,650	2,650
12-56205	Contract Services - Office	40%	3,575	3,138	3,635	3,635
12-56206	Postage	40%	175	142	180	180
12-56208	Professional Services	40%	5,250	5,554	4,100	4,100

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WASTEWATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

		% of Budget Allocated FROM Water	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
12-56209	Membership & Dues	40%	850	1,263	950	950	
12-56210	Employee Travel Expense (Direct Payment)	40%	1,350	253	1,350	1,350	
12-56210-1	Employee Travel Expense (Reimbursed)	40%	1,350	383	1,350	1,350	
12-56211	Subscription & Books	40%	275	267	325	325	
12-56213	Office Equipment Rentals	40%	700	762	700	700	
12-56215	LAFCO Mandatory Fees - AB2838	40%	400	1,108	650	650	
12-56217	Directors Expense	40%	1,970	2,508	1,550	2,050	
12-56217-1	Director's Expense (Reimbursed)	40%	1,970	1,064	1,550	2,050	
12-56704	Utility Services-General Plant	40%	650	731	630	630	
12-56705	Contract Services - General Plant	40%	2,150	2,014	2,000	2,000	
12-56712	Supplies & Repairs - General Plant	40%	1,950	2,959	1,850	3,850	
12-56713	Computer Supplies & Repairs - General Plant	40%	850	863	1,620	1,620	
12-56714	Supplies & Repairs - Furniture & Equipment	40%	350	430	200	200	
11-57110	Depreciation	100%	23,000	21,920	30,000	30,000	
12-56810	Election Expense	40%	-	-	1,200	1,200	

ADMINISTRATIVE & GENERAL

\$52,065

\$49,721

\$58,490

\$61,490

INSURANCE

12-56301

Property/Gen. Liability Insurance

40%

10,000

10,276

10,850

10,850

INSURANCE

\$10,000

\$10,276

\$10,850

\$10,850

EMPLOYEE SALARIES AND BENEFITS

Various

Salaries

100%

161,000

100,246

167,300

167,300

12-56450

CWIP E.B. Contra A/C

13,650

-

9,896

9,896

12-57363

Workers' Compensation

9,100

6,865

11,100

11,100 *Allocation from water fund based on wastewater salary*

12-57364

Employee Benefits

107,000

81,243

109,100

109,100

12-57372

Payroll Taxes

2,900

2,201

3,100

3,100

EMPLOYEE SALARIES AND BENEFITS

\$293,650

\$190,555

\$300,496

\$300,496

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
BUDGET - WASTEWATER OPERATING EXPENSES
FISCAL YEAR 2006-2007**

	% of Budget Allocated FROM Water	Amended Budget FYE 2006	Projected FYE 2006	Proposed Budget FYE 2007	Committee Recommended FYE 2007	Notes
OTHER OPERATING EXPENSES						
12-57302	40%	950	3,714	960	960	
12-57303	40%	3,000	3,363	2,400	2400	
12-57312	40%	800	1,584	1,800	1,800	
12-57313	40%	250	250	240	240	
12-57320	40%	200	166	260	260	
12-57321	40%	275	441	320	320	
12-57350	40%	800	621	800	800	
12-57351	40%	250	250	240	240	
OTHER OPERATING EXPENSES		\$6,525	\$10,389	\$7,020	\$7,020	
TOTAL OPERATING EXPENSES		\$804,590	\$669,970	\$875,976	\$920,956	
		<i>Compare to FYE 06 Approved Budget</i>	<i>(percent)</i>	<i>-17%</i>	<i>9%</i>	<i>14%</i>
		<i>Compare to FYE 06 Approved Budget</i>	<i>(dollar)</i>	<i>-\$134,620</i>	<i>\$71,386</i>	<i>\$116,366</i>

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
ADMINISTRATIVE OVERHEAD FEES
FISCAL YEAR 2006-2007**

Budgeted Operating Expense	
Water	1,122,306
Wastewater	910,913
Total	\$2,033,219

Administrative Salaries

Administrative Salaries(Total Annual PR)	265,631	% of Total Oper. Exp.
Employee Benefit, Payroll Taxes & Worker's Compensation @	57.89%	153,774
Total Administrative Salaries	\$419,405	20.63%

Other Operating Expenses

Vehicles	8,400	0.41%
Tools & Work Equipment	4,350	0.21%
Insurance -Property Casualty	3,100	0.15%
Uniforms	1,450	0.07%
Safety Equipment	2,600	0.13%
Utilities	6,600	0.32%
Office/Misc Expenses	22,120	1.09%
Total Other Operating Expenses	\$48,620	2.39%

TOTAL	23.02%
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Note: This percentage is used for CWIP Contra Account and for invoices sent to outside parties.

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT

AGENDA MEMORANDUM

TO: Board of Directors ITEM: 7.D.

FROM: Finance/Budget Committee

BY: Joe Barget, General Manager
Cindy Allen, Office Manager

DATE: May 2, 2006

SUBJECT: Reserve Policy

Recommendation: Adopt Resolution 176-06 establishing a new reserve policy.

Policy Implications:

- The current reserve policy is contained in Resolution 99-94 which was adopted in 1994.
- In 2005 the Board adopted a 15-year Strategic Plan with 14 goals that are projected to require \$5.9 million from reserves.

Resource Impacts: This resolution replaces the bond covenant with a new funding mechanism to generate revenues for reserves. It will increase the amount of the District's reserves goal by about \$1 million.

Alternatives Considered: Keep the current policy.

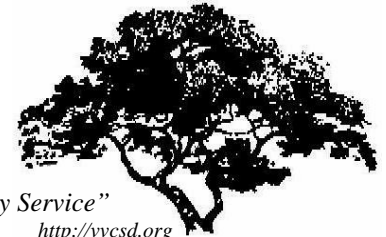
Discussion: Staff presented a draft reserve policy to the Board at the April 4 meeting. The Board referred the policy back to the Finance/Budget Committee to add language explaining the factors that would be considered and the process that would be used to setting the reserve contribution factor.

The Finance/Budget Committee met on April 18 and recommends adding the sentence to Paragraph 2 which is underlined in the attached resolution.

Attachment: Resolution 176-06 dated May 2, 2006

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT

3757 Constellation Road • Vandenberg Village • Lompoc, CA 93436
Telephone: (805) 733-2475 • Fax: (805) 733-2109



RESOLUTION 176-06

May 2, 2006

BY THE BOARD OF DIRECTORS OF VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT ESTABLISHING A RESERVE POLICY

WHEREAS, the Board of Directors of Vandenberg Village Community Services District is committed to operating and maintaining the District's water and wastewater systems in a fiscally sound and responsible manner; and

WHEREAS, the Board of Directors desires to provide cost-effective and efficient public services through a stable rate structure and gradual rate increases; and

WHEREAS, during the period 1988 to 2005 when the District was repaying \$5.4 million in revenue bonds, the District was required to satisfy a 20 percent bond covenant in order to demonstrate financial capability to fund operations, capital projects, and debt service; and

WHEREAS, through satisfying the bond covenant and funding depreciation, the District was able to accumulate reserves; and

WHEREAS, although there is no longer a bond covenant requirement, the District plans to continue contributing funds in a regular, disciplined manner to build and sustain reserves at a level sufficient to fund operations, capital projects, and emergencies.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Vandenberg Village Community Services District that:

1. The District shall establish and maintain a Depreciation Schedule of assets. The Useful Life Guidelines, published by the Office of the State Controller, and the Straight Line method will be used to calculate monthly depreciation expenses. Depreciation will be included in the annual operating expense budget. The District shall establish rates to generate sufficient revenue to fully fund this depreciation expense and place it in reserves.

2. Depreciation alone is insufficient to fund replacement of equipment, infrastructure, and facilities. Therefore, the District shall incorporate a reserve contribution factor into its rate structure. This factor, expressed as a percentage of the annual water and annual wastewater operating expense budgets, will generate revenues specifically for reserves. The District shall take into account the amount of money available in reserves relative to the goal, investment performance, the timing of planned and foreseeable capital projects, the strategic plan, and other pertinent considerations in approving the reserve contribution factor each year as part of the annual budget approval process.
3. The goal of the District is to maintain reserves at a level that equals or exceeds the sum of the following components:
 - a. Operating Reserve Requirement: 25 percent of the current combined annual operating expense budget. This amount is intended as a cushion to fund three months of operating expenses.
 - b. Capital Reserve Requirement: Accumulated depreciation plus 25 percent of the current combined annual water and wastewater expense budget. This amount is intended to replace assets and fund capital projects.
 - c. Emergency Reserve Requirement: 10 percent of the value of capital assets. This amount is intended as protection against catastrophic loss and to provide a cushion for inaccuracy in long range planning.
4. Reserves will be segregated from operating funds and invested in accordance with the District's investment policy.
5. Connection fees, development fees, and funds collected from development agreements paid to the District to serve new development with water and wastewater services are designated as restricted reserves. They will be deposited into a separate, interest-bearing account and be used to expand infrastructure and facilities to serve new development. Funds will be administered and maintained in accordance with Government Code § 66013.
6. This resolution rescinds and replaces Resolution 99-94.

PASSED AND ADOPTED by the Board of Directors of the Vandenberg Village Community Services District this 2nd day of May, 2006 upon motion by Director _____, seconded by Director _____ and as approved by the following vote:

Resolution No. 176-06

May 2, 2006

Page 3

Roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Resolution 176-06 is hereby adopted.

Robert Wyckoff
President, Board of Directors

ATTEST:

Stephanie Vlahos-Rivera
Secretary, Board of Directors

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT

AGENDA MEMORANDUM

TO: Board of Directors ITEM: 7.E.

BY: Joe Barget, General Manager

DATE: May 2, 2006

SUBJECT: Legal Services

Recommendation: Approve the attached Agreement for Special Services with Liebert Cassidy Whitmore, a Professional Corporation.

Policy Implications: The District uses Santa Barbara County Counsel's office for legal services whenever possible but must rely on private attorneys for employment and some other issues.

Resource Impacts: The agreement specifies reasonable rates and terms for legal services.

Alternatives Considered: Seek the services of another legal firm or attorney.

Discussion: Liebert Cassidy Whitmore specializes in representing public agencies in employment and labor relations matters. They have offices in Los Angeles, Fresno, and San Francisco.

The District has used Liebert Cassidy Whitmore services since 2000. Steve Berliner is the principal attorney with the firm that has worked with the District.

Our current agreement with Liebert Cassidy Whitmore was approved in January 2003. They recently provided the attached, updated agreement which reflects moderate rate increases and two new paragraphs: Paragraph 4 that addresses arbitration and Paragraph 5 that addresses file retention.

Attachment: Agreement for Special Services, effective March 15, 2006

AGREEMENT FOR SPECIAL SERVICES

This Agreement is entered into between the law firm of LIEBERT CASSIDY WHITMORE, A Professional Corporation (“Attorney”), and the VANDENBURG VILLAGE COMMUNITY SERVICES DISTRICT (“District”).

1. Conditions

This Agreement will not take effect, and Attorney will have no obligation to provide services, until District returns a properly signed and executed copy of this Agreement.

2. Attorney’s Services

Attorney agrees to provide District with consulting, representational and legal services pertaining to employment relations matters, including representation in negotiations and in administrative and court proceedings, as requested by District or otherwise required by law.

3. Fees, Costs, Expenses

District agrees to pay Attorney the sums billed monthly for time spent by Attorney in providing the services, including reasonable travel time.

The range of hourly rates for Attorney time is from One Hundred Sixty to Two Hundred Eighty Dollars (\$160.00 - \$280.00), and from Ninety-Five to One Hundred Twenty Dollars (\$95.00 - \$120.00) for time of paraprofessional staff. Attorney reviews its hourly rates on an annual basis and, if appropriate, adjusts them effective January 1. Attorneys and paraprofessional staff bill their time in minimum units of one-tenth of an hour. Communications advice (telephone, voice-mail, e-mail) is billed in a minimum increment of three-tenths (.30) of an hour.

District agrees to reimburse Attorney for necessary costs and expenses incurred by Attorney on behalf of District. Attorney bills photocopying charges at Fifteen Cents (\$.15) per page and facsimile charges at Fifty Cents (\$0.50) per page. A Public Agency Fee Schedule is attached to this Agreement.

Payment by District against monthly billings is due upon receipt of statements, and is considered delinquent if payment is not received within thirty (30) days of the date of the invoice.

The California Business & Professions Code requires us to inform you whether we maintain errors and omissions insurance coverage applicable to the services to be rendered to you. We hereby confirm that the firm does maintain such insurance coverage.

4. Arbitration of Professional Liability or Other Claims

Disputes. If a dispute between District and Attorney arises over fees charged for services, the controversy will be submitted to binding arbitration in accordance with the rules of the California State Bar Fee Arbitration Program, set forth in California Business and Professions Code, sections 6200 through 6206. The arbitrator or arbitration panel shall have the authority to award to the prevailing party attorneys' fees, costs and interest incurred. Any arbitration award may be served by mail upon either side and personal service shall not be required.

If a dispute arises between District and Attorney over any other aspect of the attorney-client relationship, including, without limitation, a claim for breach of professional duty, that dispute will also be resolved by arbitration. It is understood that any dispute as to any alleged breach of professional duty (that is, as to whether any legal

services rendered under this agreement were allegedly unnecessary, unauthorized, omitted entirely, or were improperly, negligently or incompetently rendered) will be determined by submission to arbitration as provided by California law, and not by a lawsuit or resort to court process except as California law provides for judicial review of arbitration proceedings. **Both parties to this agreement, by entering into it, are giving up their constitutional right to have any such dispute decided in a court of law before a jury, and instead are accepting the use of arbitration.** Each party is to bear its own attorney's fees and costs.

5. File Retention

After our services conclude, Attorney will, upon District's request, deliver the file for the matter to District, along with any funds or property of District's in our possession. If District requests the file for the matter, Attorney will retain a copy of the file at the District's expense. If District does not request the file for this matter, we will retain it for a period of seven (7) years after this matter is closed. If District does not request delivery of the file for this matter before the end of the seven (7) year period, we will have no further obligation to retain the file and may, at our discretion, destroy it without further notice to District. At any point during the seven (7) year period, District may request delivery of the file.

6. Assignment

This Agreement is not assignable without the written consent of District.

7. Independent Contractor

It is understood and agreed that Attorney, while engaged in performing the terms of this Agreement, is an independent contractor and not an employee of District.

8. Authority

The signators to this Agreement represent that they hold the positions set forth below their signatures, and that they are authorized to execute this Agreement on behalf of their respective parties and to bind their respective parties hereto.

9. Term

This Agreement is effective March 15, 2006, ongoing and may be modified by mutual agreement of the parties. This agreement shall be terminable by either party upon thirty (30) days written notice.

LIEBERT CASSIDY WHITMORE,
A Professional Corporation

VANDENBURG VILLAGE
COMMUNITY SERVICES DISTRICT

By _____

By _____

Title _____

Title _____

Date _____

Date _____

I. PUBLIC AGENCY FEE SCHEDULE

Hourly Rates (As of Contract Date)

Partners	\$250.00 - \$280.00
Of Counsel	\$235.00 - \$250.00
Associates	\$160.00 - \$230.00
Labor Relations Professional	\$160.00 - \$180.00
Paraprofessionals	\$95.00 - \$120.00

II. COST SCHEDULE

1. Photocopies	\$0.15 per copy
2. Facsimile Transmittal	\$0.50 per page

California Water Law April 2006

Daniel Redmon

Vandenberg Village Community Service District has Overlay Groundwater Rights.

Judicial Intervention available only after a finding of overdraft, or for quiet tile action.

Riparian Preservation and Restoration...

California Fish and Game Code 5934 requires the restoration of habituate (fish flow) to the time before a dam or reservoir was constructed. Courts have applied this to Private, State and Federal construction.

CERCLA (107A) adopts a Strict Liability approach to contamination. If ground water is contaminated, and a showing of 1. a facility, 2. a discharge, and 3. a possibility that the discharge made its way into the aquifer the burden shifts to the discharger. Multiple facilities with discharges may share liability. (deep pockets approach)

Perchlorate (rocket fuel) is the next hot issue. Cal 4 to 6 ppb...Look to Government Sub Contractors.

Water providers need to take reasonable precautions to protect their ground water. sleaving and screening wells. They must also avoid "spreading" the contamination to others. Water providers may share liability. (DWP received contaminated Colorado River Water and used it to recharge an aquifer resulting in contamination to the aquifer.)

Paper Water verses Actual Water. Developers (EIR writers) can not use State Water projections (Paper Water) but must use actual State water provided. (Curently the State projects 4 million acre feet per year from the State Water Project, but they are only pumping 2.4 million.)

Diablo Canyon...EPA standards call for Best Available Technology (BAT) or a cooling tower. PGE wants to maintain the "discharge system". (\$100,000 Million verses \$1 Billion Costs)

Los Osos... Federal EPA, California Coastal Commission, US Fish and Wildlife, Army Corps of Engineers all going against Los Osos.

Matija Dam (Ventura CA) proposal to remove and replace with 2 wells and flood control levies at \$129 Million by US Corps of Engineers.

Chambers Case... \$6 Million settlement against employer for failure to investigate and stop sexual Harassment. Supervisor was throwing M&M's down secretary's blouse.

Kuehl-Cost Act. Foresees 20 % State population growth has the intent to force "Good Planning Practices" on development. For providers over 3000 units requiers an EIR on

any development over 10% (not just 500 units). See a trend for Courts to “take a hard look” at EIRs and foresee a requirement for all new development to have EIRs.

There is a push in Sacramento to legislate “Long Term Planning requirement on all Counties and Cities in the state.

Vineyard Case... in front of the California Supreme Court Now... look for new rules for EIRs. Ground Water “Safe Yield Issue”.

WC S 13241...Recharge... allows a water quality “change” (degradation) to maximize the beneficial use. (see Chino Basin recharge mixing water and bringing TDS up)

Issue... if Commitments are not kept, must retroactively mitigate to old quality level.

Financed by one time developer fees.

Studies Show...At 420 mg/l TDS people buy bottled water.

Case studies...

Lower Owens Valley... DWP restoring 60 miles of stream for fish and wildlife.

Antelope Valley Groundwater...Overdraft... All parties over 10 acres are joined in court action to allocate water rights and seek a solution.

**Lompoc Valley Committee Meeting
19 April 2006
Lompoc City Hall**

-Attendees: Joane Scalese (Lompoc Hospital District), Jim Shivers (CalTrans), Janice Keller, Kate Griffith, Carol Smith (City of Lompoc) Susan Warnstrom (MHCSD), Jay Doyle (VVA), Dan Redmon, Bob Wyckoff (VVCSD).

-Planning Advisory Committee: As a result of discussions at the joint VVCSD/MHCSD with Joni Gray and Brooks Firestone, Susan Warnstrom has investigated sources to form a committee to advise the Board of Supervisors of citizen's opinions of County Planning and Development activities. Susan has general agreement from the Supervisors Gray and Firestone that such a committee would be helpful and that the Lompoc Valley Committee may be the core of such a committee. Stay tuned for further developments.

-Future of Ag land in the Valley: Susan Warnstrom related that County Uniform Rules are being generated which will insure that farmers do not lose property rights.

-City/County clean up of blighted property: Not much activity. We were reminded that the drive-in is not in the City boundaries. (Looks like creative boundary drawing to me).

-Regional Wastewater Treatment plant design is progressing.

-Jim Shivers: CalTrans is looking at Route 246 alternatives. No money budgeted yet. Measure D may provide \$8 million, but that is a drop in the bucket. The Project Manager is Sara Von Schwind. Her phone number is 549-3198. Improvements for the Cold Spring Bridge on rte 154 are planned to reduce suicides. CalTrans is going to establish a memorial for workers killed on duty.

-The McLaughlin Road crossing is a dead issue.

-Traffic impacts at the Wye were discussed. Widening Purisima Road is not practical. The PXP project will further complicate the Wye. The City may annex all of the Burton Mesa Preserve, as well as the PXP land rather than just the Harris Grade Road corridor (This will not change the status of the Preserve). Study questions center on the Central Ave extension and a new bridge or reconstruct the Robinson bridge

-Jay Doyle announced that the VVA is sponsoring a County split discussion on the first Wednesday in May, 7 – 9 pm.

-Joanne Scalese: the new hospital will have ground breaking for the first phase in May at the 7th Ave site. She avoided discussing the Blue Cross issue in detail. The District is hiring 30 nurses from the Phillipines.

-Susan Warnstrom drew attention to the County web site and some of the features addressing homelessness, foster care, a meth study and avian flu preparations. There will be a 9 May meeting to discuss rezoning part of the Mission Hills District from agriculture to residential.

-I briefed our role in the Regional Wastewater Plant upgrade and the Clubhouse Estates project.

-Danita Rodriguez is anticipating several grants for new exhibits at the Mission and upgrades to the interpretive center.

-Jan Keller admitted that the pool opening date is To-Be-Determined. The City and Hospital District are developing a Memorandum of Understanding regarding the razing of the Community Center. The City is conducting workshops on methamphetamine abuse.