

**RESOLUTION NO. 72-92  
MAY 27, 1992**

**BOARD OF DIRECTORS  
VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT**

**RESCINDING AND REPLACING RESOLUTION NO. 69-92,  
AND TO ESTABLISH THE TERMS OF SALE  
OF STATE WATER PROJECT RIGHTS**

**WHEREAS**, Vandenberg Village Community Services District (hereafter "VVCSD") holds right to 600 acre feet of water from the State Water Project pursuant to a Water Supply Retention Agreement (hereinafter "WSRA") dated December 11, 1984 with the Santa Barbara County Flood Control and Water Conservation District (hereinafter "District"), a copy of which is attached hereto as Exhibit "A";

**WHEREAS**, VVCSD is obligated by the WSRA to pay approximately \$45,000.00 each year to maintain such water rights, which increases annually; and

**WHEREAS**, it was projected to cost VVCSD and its rate-payers up to \$2,715,000.00 in revenue bonds to pay VVCSD's share of costs to finance the construction of local facilities to import water to the area from the State Water Project; and

**WHEREAS**, (including 40 years of debt service on the revenue bonds) after any such importation, it would cost VVCSD approximately \$400,000.00 to \$500,000.00 per year, in today's dollars, for many years for participation in the State Water Project, even in years when water deliveries are reduced or suspended on account of drought; and

**WHEREAS**, the importation of water from the State Water Project has been a publicly controversial subject throughout the Lompoc Valley since at least 1979, when a county-wide bond measure to construct facilities to import such water failed in all areas of the County, including within the area which is now VVCSD; and

**WHEREAS**, in June of 1991 VVCSD again conducted an election within its boundaries asking the voters whether it should participate in the importation of water from the State Water Project and issue up to \$2,715,000.00 in revenue bonds for that purpose, a copy of

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 72-92  
Page 2

which ballot measure is attached hereto as Exhibit "B" including a copy of the Ballot Arguments and a copy of Ordinance No. 7; and

**WHEREAS**, the voters of Vandenberg Village Community Services District rejected said ballot measure by a vote of 62.7% to 37.3%; and

**WHEREAS**, when the WSRA was entered into, it expressly reserved to the contracting party the right to terminate its participation and sell its water rights at any time in the discretion of its governing board; and

**WHEREAS**, pursuant to the WSRA, VVCSD must elect before July 1st of any year if it wishes to terminate its retention of its State Water Project rights and offer them for sale to other interested water purveyors, or failing to do so, remain obligated for another year of expenses pursuant to the WSRA; and

**WHEREAS**, The WSRA provides that proceeds of sale of said rights shall first be applied to the costs incurred by the District in making the assignment or sale for VVCSD, and shall then be applied to repay those sums of money previously paid by VVCSD to the District prior to termination and any surplus shall be retained by the District, and

**WHEREAS**, The total costs paid by VVCSD to District to date are in the amount of \$125,633.00 (being \$106,827.00 for entitlement and \$18,806.00 for Coastal Branch Study costs), which result in VVCSD costs per acre foot = \$125,633 divided by 600 acre feet = \$209.39 per acre foot, and

**WHEREAS**, final consummation of sale and receipt of proceeds will probably not occur until after the July 1, 1992, commencement of the 1992-93 Fiscal Year, and the next semi-annual payments by VVCSD to the District will be made early in July 1992 in the estimated amount of \$22,030.00 (being \$17,212.00 for entitlement and \$4,818.00 for Coastal Branch Studies), resulting in additional VVCSD costs per acre foot = \$22,030.00 divided by 600 acre feet = \$36.72 per acre foot; and

**WHEREAS**, the WSRA provides for the District to be reimbursed, from the proceeds of sale, the amount of the District's costs incurred in making the sale, which costs are estimated hereby to be \$3.00 per acre foot; and

**WHEREAS**, considering VVCSD costs to date, as shown above, and additional costs for the same items impending in July 1992, the VVCSD total costs per acre foot will be \$246.11 per acre foot as of July 1, 1992, plus \$3.00 per acre foot for District sale costs to be incurred, or a total sale price of \$249.11 per acre foot as of July 1, 1992; and

**WHEREAS**, if sale and receipt of funds is not consummated in the first half of the 1992-93

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 72-92  
Page 3

Fiscal Year (by December 31, 1992), then VVCSD will be responsible for payment of further sums to the District, resulting in the need for VVCSD's requested sale price to be increased automatically to reflect its payment to District of such further sums; and

**WHEREAS**, the Board of Directors has considered all of the foregoing, including the ballot text, proposed Ordinance No. 7 and ballot arguments of the June 1991 ballot measure, the expressed will of the majority of the voters of VVCSD expressed in said election, the water supplies available to VVCSD from other potential sources, such as conservation, and the known and unknown costs of retaining State Water Project rights and of importing State Project Water; and

**WHEREAS**, the Interim General Manager has determined and advised the Board of Directors of the total amounts which VVCSD may be entitled to be reimbursed, as indicated above, which the Board of Directors will consider in setting a price for the sale of such water rights,

**NOW, THEREFORE**, it is hereby resolved by the Board of Directors of Vandenberg Village Community Services District as follows:

1. All of the foregoing recitals are true and correct.
2. Resolution No. 69-92 is hereby rescinded and replaced in its entirety by this Resolution No. 72-92.
3. VVCSD does by this Resolution give notice to the District that VVCSD terminates its retention of all of said water rights and offers them for sale as provided in the WSRA.
4. The price requested is \$249.11 per acre foot, based upon the sum of VVCSD payments to District to date and payments which will be made by VVCSD to District in July, 1992, and the \$3.00 per acre foot for District's sale costs reimbursement.
5. Said price requested is subject to automatic escalation in the future to reflect any subsequent payments made by VVCSD to District before sale is consummated and payment received.
6. The Board of Directors reserves the final right to approve or reject any such proposed sale of water rights when the price and any terms have been agreed to by a prospective purchaser.
7. VVCSD reserves its right to rescind this Notice of Termination dated May 27, 1992, (Resolution No. 72-92) and continue its obligations under the WSRA in the event

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 72-92  
Page 4

that no sale has been agreed upon with a purchaser within twelve (12) months of the date of adoption of this Resolution.

8. The Board of Directors hereby finds that the proper interpretation of the June 1991 ballot measure is, and the intent of the electorate was, to prohibit further participation in State Water Project importation of water and thus that it must take all steps reasonably necessary to cease making payments and recoup its costs on account thereof at the earliest opportunity.

9. The Board of Directors also finds that it is in the best interest of VVCSD and its residents to cease further participation in the project to import water from the State Water Project and thus that it should take all steps reasonably necessary to cease making payments and recoup its costs on account thereof at the earliest opportunity; and to the extent that additional water supplies are desired for VVCSD, that alternative sources of supply and demand reduction through conservation appear to be reasonably available and will be further investigated; and that it is not in the best interests of VVCSD to continue to expend substantial funds to retain its State Water Project rights pending the determination, at some unknown time in the future, whether or not additional water supplies should be developed.

10. The President and Interim General Manager are authorized and directed to take all other steps reasonably necessary to carry out the provisions of this Resolution and the WSRA requirements.

On the motion of Director Small

Second Director Picciuolo

Roll call to vote, to wit:

AYES: Directors Picciuolo, Small and White

NOES: None

ABSENT: Directors Nash and Nosler

ABSTAIN: None

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 72-92  
Page 5

Resolution No. 72-92 is hereby adopted.

---

Phyllis C. White  
President, Board of Directors

ATTEST:

---

Deanna M. Bruegl  
Secretary, Board of Directors

**SECRETARY'S CERTIFICATE**

I, Deanna M. Bruegl, Secretary of the Board of Directors of the Vandenberg Village Community Services District, hereby certify that the foregoing is a true and correct copy of Resolution No. 72-92, passed and adopted by the Board of Directors of the Vandenberg Village Community Services District at a regular meeting held on the 27th day of May, 1992.

---

Deanna M. Bruegl