

1999-2000 Ventura County Grand Jury Report

**Ventura County Harbor Department  
Responses – August 24, 2000**

1. Findings from the 1998-99 Ventura County Grand Jury Report: Channel Islands Beach Community Services District

(R-2) "By mutual agreement, the harbor lessees' concerns should be addressed in the arbitration proceedings." (Recommendation R-1 calls for invoking the binding arbitration clause in the contract).

(R-3) "The Water Service Agreement should be amended to modify the future composition of WURRC. Instead of four resident/owners being selected from the District and approved by the district board there should only be three selected and the Board of Supervisors should appoint a member at large. The WURRC would then be composed of:

1. The Director of the County Harbor Department.
2. Three Harbor lessee representatives.
3. Three residents or property owners in the District.
4. A member of the District's Board of Directors.
5. One appointee by the Board of Supervisors."

This change will provide the lessees an equal status with residents/property owners on the rate review committee.

***Response from the Harbor Department:***

The title of this report states that it is about the Channel Islands Beach Community Services District. I was, therefore, surprised to note that the background section began with the comment, "Channel Islands Harbor was developed in the early 1960's." The first paragraph ends with the statement, "The CIBCSD is located in unincorporated land within the Harbor." This latter statement is not accurate. The CIBCSD is primarily outside the Harbor. The CIBCSD political boundary lies along the beach area (Silverstrand and Hollywood Beaches) of the unincorporated area adjacent to the Harbor and includes the water area (the unincorporated area) within the Harbor. The District is not located exclusively in the Harbor. The portion of the

Harbor which lies within the City of Oxnard is in the CIBCSD service area only.

In the second paragraph of the Background section, the report states that "A water district in the area was established in the 1960's after a harbor was created out of the marshland." In fact, it is my understanding that a water company predated the Harbor's construction. Documents in the Harbor Department reflect that the lots which became part of the Harbor entrance carried with them a one-share interest in the water agency which existed at that time. However, successor agencies have been created since the development of the Harbor. In other words, construction of the Harbor did not result in the creation of water services.

On page 51, second full paragraph, it should be made clear that the CIBCSD provides water, sewer and trash services to residents of the District on the beaches. Only water services are provided to Channel Islands Harbor, whether for landside (in the City of Oxnard) or waterside (in the CIBCSD political boundary) improvements. Further in that paragraph, water services are provided not only to the Lessees, but also to the County of Ventura for the properties it owns and operates and to the City of Oxnard for irrigation of park space.

On page 51, fourth full paragraph, the comment is made that the "...service boundaries of the Harbor were outside the political boundaries of the District..." The landside improvements are outside the CIBCSD political boundaries, but the waterside improvements are within that boundary.

On page 53, finding F-13, the comment is made that "...the average water bill for a Harbor restaurant is \$262 per month..." While the Harbor Department does not have data for every restaurant, data from several key restaurants indicate much higher monthly rates.

On page 54, finding F-14 states that, "...If the County were to unilaterally withdraw from the 30-year agreement, the County would have to pay off most of the District's debt service..." Finding F-15 has additional statements about costs to be borne by the County in the case of a withdrawal. The Water Service Agreement is quite specific about what the obligations of the County would be should a withdrawal be decided upon. It is by no means clear that the statement in this Grand Jury report is accurate regarding costs, however.

## 2. Recommendation R-1 from the Ventura County Grand Jury Report

The County and the District should invoke the binding arbitration clause in the contract in an effort to avoid any costly County effort to withdraw from the 30-year contract established in 1996.

***Response from the Harbor Department:***

With all due respect to the Grand Jury, the Harbor Department, on behalf of the County, sees no need to invoke the binding arbitration clause at this time. This expensive and lengthy process may be wholly unnecessary, and is difficult to end once begun.

3. Recommendation R-2: By mutual agreement, the harbor lessees' concerns should be addressed in the arbitration proceedings.

***Response from the Harbor Department:***

It is not clear whose mutual agreement is concerned here. The Water Service Agreement is between the County and the CIBCSD. The lessees are not a party to the agreement, and would not be a party to the arbitration.

4. Recommendation R-3: The Water Service Agreement should be amended to modify the future composition of WURRC. Instead of four resident/owners being selected from the District and approved by the district board there should only be three selected and the Board of Supervisors should appoint a member at large. The WURRC would then be composed of:
  1. The Director of the County Harbor Department.
  2. Three Harbor lessee representatives.
  3. Three residents or property owners in the District.
  4. A member of the District's Board of Directors.
  5. One appointee by the Board of Supervisors.

This change will provide the lessees an equal status with residents/property owners on the rate review committee.

***Response from the Harbor Department:***

Again, with due respect, I appreciate the efforts of the Grand Jury to find a more workable solution to the existing Water Utilities Rate Review Committee (WURRC). However, the new proposed structure would provide that the County has, potentially, the advantage in terms of votes on the Committee under the proposed structure, where the CIBCSD has the advantage currently. These comments assume that the Supervisor's appointee would reflect the interests of the County and its properties,

and the Board of Supervisors, which would yield five members for the County and four for the CIBCSD. Further, since the WURRC is only advisory, the recommendations of the Committee are not meaningful under the current structure. This was illustrated recently when the WURRC requested information from the CIBCSD Board of Directors, which denied the request. The only structural change to the CIBCSD which might be helpful would be to add members to the Board of Directors from the service area.

Finally, the Harbor Department was very interested in the report which followed this one in the Grand Jury's report. It indicated significantly higher water rates from the CIBCSD as compared to other districts in the County (Figures 3 and 4) as well as significantly higher administrative costs (Figure 9). This report goes a long way toward explaining the ongoing friction over water services in the beach area.