

CASMALIA

INTRODUCTION

Grand Juries have the responsibility to periodically review various functions of the many districts within its purview. Community Services Districts are formed according to California Government Code 61000, ref: www.leginfo.ca.gov/calaw.html. Even though the Casmalia Community Services District (CCSD) is the smallest in size and number, it must still be in conformance with the statutes of the abovementioned Code. The main function of the CCSD is to provide potable (drinking) water services to the local community. The elected Board of Directors (BOD) provides a local political forum for water usage and the capability to manage District finances. The County of Santa Barbara provides all other essential services. The 2002-03 Jury elected to examine the CCSD, which was established on April 13, 1981. It is the smallest independent special district in Santa Barbara County.

PROCEDURE

While reviewing the CCSD, the Grand Jury made several site visits to the community of Casmalia, the Point Sal Road and the surrounding area. The local water source, a community well, which is owned and operated by Casmite Corp., and an associated water storage tank were also visited. The Jury interviewed past and present residents and attended monthly meetings of the local governing body. Additionally, the financial statements for the preceding three years were reviewed and consultations with the Santa Barbara County Auditor-Controller were conducted.

HISTORIC PERSPECTIVE OF CASMALIA

Casmalia dates back to the early 1900's. It encompasses an area of approximately 68 acres tucked back into the hills adjoining Vandenberg Air Force Base (VAFB). Until recently, it was a community of railroad workers, farmers and oil field employees. Casmalia has a population of about 200 residents. The railroad no longer stops there and the oil fields are about depleted. The downtown section has a small general store, school, church and an historic restaurant/steakhouse. The restaurant has been officially designated Santa Barbara County Landmark No. 37.

HISTORY OF THE CCSD

Unfortunately, it appears that water problems are exceeding the ability of the District to handle them. District employees work part-time and lack certification as water distribution system operators. Casual record keeping, lax management and documentation have added to the overall problems.

In 1998 the CCSD was cited by Santa Barbara County Health Services Department for numerous violations regarding the quality of the drinking water. It should be mentioned that this problem has since been resolved. Additionally, the water tank and surrounding area have always been fraught with problems. A September 15, 1999 communication from the Department of the Air Force (USAF) to the CCSD indicated that the easements had expired and they were unable to renew them. The CCSD was given 30 days to remove the tank from the premises. A series of letters from the Fourth District Supervisor to the USAF averted the crisis.

Additionally, fiscal problems starting at least seven years ago have escalated to the point where the County Auditor-Controller was concerned that the CCSD would be unable to continue meeting its financial obligations. In 1999 the Fourth District Supervisor recognized that a financial crisis was developing and in November a meeting was convened at the Casmalia School. Its intent was to resolve the difficulties facing the CCSD. Chairing the meeting was the Local Agency Formation Commission (LAFCO). CCSD Board members, a County Counsel representative and a representative of the Vandenberg Village Community Services District (VVCSD) were also present. They determined that only three options were available to the CCSD:

1. Continue as is.
2. Contract with another agency for administration. A member of VVCSD reviewed the rules and procedures that the District would follow in the event this option was selected.
3. Dissolve the District and transfer its assets to a County Service Area (CSA). It was noted that the County would most likely want to establish a Local Advisory Committee should this option be exercised.

Included in the meeting minutes was the notation by Unocal that the Casmite Corporation, a subsidiary of Unocal, was for sale and that water rates of three cents per barrel would at least double in the near future. The unpaid bills of the District and its financial plight were highlighted. As a result of this meeting some changes were made, but the essence of the problem remains unresolved. Since that meeting, a new Board of Directors (BOD) was elected on July 1, 2001. This new Board is facing the challenge but with limited resources the problem appears almost insurmountable.

ABOUT THE CURRENT WATER SITUATION

Historically, drinking water for this community was derived from the railroad yard, private wells and by purchasing it from nearby communities. With the advent of the CCSD and its water service, the prior sources were abandoned. The wastewater from Casmalia has always been handled by septic tanks. Unfortunately, since the 1980's a problem with contamination of the groundwater has been noted. Compounding this is ground water contamination from the Casmalia Toxic Waste Dump. This particular topic awaits further discussion, because of ongoing litigation.

Unocal owns Casmite, the water provider. Casmite owns the community well and its distribution system. Casmite's main function has been to provide water to Unocal's oil and gas operation in the CASMALIA FIELD (a generic term for oil and gas operations). Unocal is no longer active in local petroleum extraction and is contemplating leaving the state. Casmite is still accommodating eleven licensees under separately negotiated, revocable, licensing agreements of which CCSD is one. The well, which supplies Casmalia, is about four miles from the community. Water is pumped from the well to a large aboveground tank on a hill overlooking Casmalia. The District owns the tank but, as mentioned before, it rests on VAFB property available to Casmalia via a leasing arrangement. It is understood that this equipment is aging and may soon be in need of extensive and expensive repairs.

TITLE TO THE WATER

The CCSD is the sole potable water source for approximately 65 connections within the community of Casmalia. Legal title to the water has always been an issue. It is thought by the residents that they have title to the water in perpetuity. This is a misconception. Over the years, there have been many communications from the Board of Supervisors, Santa Barbara County Public Works Department and LAFCO dealing with this important issue. What happens if Casmite leaves? What happens if and when the system fails? *The fact remains that the CCSD has no legal right to a permanent water source.*

A June 20, 2000 communication from Casmite lawyers to Unocal offered a legal analysis concerning Casmite's desire to discontinue operation of its water services. It stated that Casmite *may* suspend its water service. It is not a public utility and therefore not subject to regulation by the Public Utilities Commission. Casmite is under no obligation to continue service to licensees and *may terminate* its license agreements at any time for any reason. *They have expressed a desire, in writing, to eliminate this service.* Another communication dated June 23, 2000 from Unocal to the Fourth District Supervisor indicated that it will be necessary for Casmite to cease operation in the near future. It suggested that government officials consider invoking a procedure so that an orderly transition to another water source can occur. A letter on June 6, 2000 from the County Counsel to lawyers for Casmite suggested that the most expedient course may be

for the County, or a newly created political entity such as a County Service Area, accept ownership rights and responsibilities of the system now servicing the CCSD.

ABOUT THE WATER STORAGE TANK

The aboveground storage tank and main waterline are located on a knoll across from the Lompoc Casmalia Road and overlook Casmalia. The tank and waterline supply water to the CCSD. The operation and maintenance of this system is the responsibility of the CCSD. Ingress and egress meters at this tank show more water entering than leaving, indicating a leak which will only worsen over time.

CURRENT FINANCIAL STATUS

The CCSD currently has approximately 65 water connections. Each is charged a metered cost of approximately \$45 per month for service. The most recent CCSD financial statement shows an annual income of \$29,400 and expenses of \$31,500, showing a loss of \$2,100 per annum. Included in these expenses is a non-cash charge of \$4,700 for depreciation of the water distribution system.

The CCSD had \$13,100 in cash available on June 30, 2002. However, no funds have been set aside for maintenance or repair of the water distribution system. It is obvious that even a minor repair problem will almost certainly exceed the funds available. Rate increases and preventive maintenance have been considered but not yet acted upon.

PAST SUGGESTIONS FOR IMPROVEMENT

Over the years there have been several suggestions proposed to resolve the problems. Some are innovative and perhaps have merit; others need more time than may be available. One such proposal was to contract with another CSD for administrative services. The Vandenberg Village Community Services District (VVCSD) was contacted and the manager invited to a meeting of the CSD. They entered into serious discussions with LAFCO and the CCSD. Unfortunately no agreement was reached and the VVCSD lost interest in annexing Casmalia. The option to dissolve the CCSD and convert to a County Service Area (CSA) was suggested several times in past years, as noted in a letter from LAFCO to Fourth District Supervisor on June 10, 2000, and again in a letter from County Counsel to Casmite on July 6, 2000.

In the year 2000 the County attempted to find funding for the recommended repairs to the water delivery system. The County building inspector estimated a cost of \$758,000. No further information is available to the Jury regarding this proposal.

In November 2002, California voters passed Proposition 59, "The Water Security, Clean Drinking Water, Coastal and Beach Protection Act". The legislative language that will

define the process for distributing the funding from Proposition 59 for eligible projects is still pending.

State water was briefly considered but was ruled out due to the cost involved.

Unfortunately, the abovementioned options don't address the more immediate problems with the CCSD. The Jury is unaware of any recent efforts to address this dilemma.

SUMMARY

The problems with the Casmalia water system and the Casmalia Community Services District are still foremost in the minds of the local citizens. Should the system fail catastrophically, there is little the residents could do to effect even temporary repairs. The remoteness of the community speaks against an inexpensive alternative. Advice and help from appropriate County agencies are needed and must be given in a timely manner.

Finding 1

If Casmite legally discontinues operations of the well and infrastructure, a new water system would be needed.

Recommendation 1

The CCSD should meet with LAFCO and the Board of Supervisors and consider dissolving the CCSD and establishing a County Service Area. The District should gain a clear understanding of the service(s) specifically required by the community and should be fully cognizant of all the incurred costs, funding sources and methods of financing.

Finding 2

The water system is in a severely deteriorated state and demands immediate attention.

Recommendation 2

The CCSD should begin an immediate inspection of the water system, identify the most pressing problems, and make a priority list of what must be fixed. Decide who has maintenance responsibility for each area and begin repairs.

ABOUT ROAD CLOSURES

Casmalia, being a community set apart and relatively secluded, is serviced by two roads, the Point Sal Road and the Lompoc Casmalia Road. The residents feel that the roads have a profound impact both socially and economically on the community. The Lompoc Casmalia Road runs from Lompoc, through VAFB, and by Casmalia to Santa Maria. The Point Sal Road is an old county road which used to run through Casmalia, across government owned property, to the ocean.

The Lompoc Casmalia Road

This road used to be a main artery connecting Santa Maria, Vandenberg Air Force Base (VAFB) and Lompoc. Results of a 1989 study revealed "87% of all trips on the road have either begun or ended at VAFB". Flooding problems and consequent road closures have plagued the road many times over the years. The Santa Barbara County Public Works Department and the Army Corps of Engineers have expended significant dollars and resources continually trying to keep this road open.

The section of the road, which is most frequently the trouble spot, is the bridge at San Antonio Creek. This section lies within VAFB and is approximately four miles south of Casmalia. The bridge structure spans the main channel of San Antonio Creek. There are thick groves of willows throughout the channel both upstream and downstream, causing the channel to become clogged with debris and sediment to the point where it can no longer convey water. The water level sometimes rises above the bridge and the guardrail holds back the debris. This creates standing water on the Lompoc Casmalia Road which results in the temporary closure to through traffic. Failure to fix this problem could permanently damage the bridge.

The Grand Jury made a site visit to the washout area, viewing it from the northern and southern edges. Because the County has shared responsibility with the government, the visit was coordinated through security at the main gate at VAFB. The Jury wanted up-front firsthand knowledge of the condition of the site. The Jury was accompanied by a helpful and insightful official from the Federal Wildlife Service associated with the Department of Defense.

There are several federal and local agencies claiming jurisdiction, but the Grand Jury is unaware of the principle governing authority. At one point, the County Public Works Department considered building a causeway upstream or downstream of the washout, thus skirting the area completely. The cost seemed prohibitive at the time. The Army Corps of Engineers has a number of different standing authorities which allow the Corps to investigate and fix local flood problems without specific congressional authorization. However, clearing the willows proved to be an insurmountable task because of environmental concerns.

After the harsh rains of 1998, neither of the two agencies elected to fix the problem. It is currently completely overgrown with vegetation for about 3,000 feet. The County Public Works Department erected a temporary barrier at the Casmalia end detouring traffic

around the washout and up San Antonio Road to State Highway 135. VAFB personnel made a similar temporary fix at the other end of the washout, diverting traffic in the opposite direction. The Army Corps of Engineers said it was the "least damaging alternative" and would not lend its support to fixing the problem any other way. It remains closed to this day and there does not appear to be much hope of it ever re-opening.

There are several mitigating facts which should be mentioned. The loss of state funding to the County due to the closure of the road is insignificant. There are no serious biological threats. The biologists volunteered to move the Unarmored 3 Spine Stickleback and the Tidewater Gobie upstream or downstream. The Red Legged Frog, once thought to be an obstacle, is no longer on the endangered species list. However, the residents of Casmalia appear to be resigned to the situation and objection is rapidly fading.

Finding 3

From inception, the Lompoc Casmalia Road has been an administrative quagmire. If the government agencies involved would have attacked and fixed the problem immediately, it would have cost very little in time and resources. However, the problem is now so severe that it is insurmountable!

Recommendation 3

Make the temporary barriers permanent and inform the general public of the final status.

The Point Sal Road

Casmalia residents used the Point Sal Road to access the ocean for fishing, clamming and other recreational uses. When VAFB came into existence, the road was closed off at the property line where it entered base property. This eliminated community access to the ocean. However, there was still about one-half mile of road from the outskirts of town to the beginning of the VAFB property. This was the community's main recreation area. The property adjacent to the road belonged to an owner who had no objection to the community using that property. The property was recently sold to a new owner who did not want to allow access to the general public. The County recently granted a "road encroachment permit" to the new property owner, who erected a gate, closing off access to this area.

AFFECTED AGENCIES

Casmalia Community Services District

Findings 1,2,3

Recommendations 1,2,3

Santa Barbara County Board of Supervisors

Findings 1,2,3

Recommendations 1,2,3

Santa Barbara County Public Works Department

Finding 3

Recommendation 3

Local Agency Formation Commission

Finding 1

Recommendation 1