

CCWA VOTING

A Call for Change

Introduction

- CCWA operates State Water Project in Santa Barbara and San Luis Obispo Counties
- CCWA responsible for hundreds of millions in expenditures
- 2011-2012 Budget called for more than \$54 million in expenditures
- Goleta Water District spends more than \$7,000,000 annually and draws little or no water
- Voting is based on water allotments using raw percentage
- Voting is not allocated according recognized standards
- Some members have no voting power
- Current budget adopted with only two votes
- Legality of budget adoption challenged

CCWA April Minutes

Final FY 2011/12 Budget

Ray reviewed the proposed changes to the FY 2011/12 Preliminary Budget, which had been presented to the Board at its March 24, 2011 meeting, and requested approval of the proposed Final FY 2011/12 Budget.

The total proposed final budget is \$54.9 million, which is \$567,000 lower than the final budget included in the Board packet due to the correction of two errors. The revised final FY 2011/12 budget is \$1.1 million less than the FY 2011/12 budget and \$4.4 million less than the Preliminary FY 2011/12 budget.

Corrections-

- Decrease in electrical costs of requests for the South version of final Act.
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- unless actual credits are known due to the volatility of the revenues available to pay RMC each year.
- Staff proposes to revise the CCWA RMC policy to include an estimate of the following calendar year RMC in the budget based on DVR's revised policy.
 - Final (revised) budget includes 2012 RMC of \$555,000.
- With the reductions in the proposed Final FY 2011/12 Budget, Chairman Lavagnino recommended that the motion include a reinstatement of the \$104,393 salary pool in the FY 2011/12 budget.
- Motion to approve the Final FY 2011/12 Budget as outlined in the staff report and authorize staff to obtain bids for those projects included in the FY 2011/12 Budget which require formal bids and to reinstate the proposed \$104,393 salary pool in FY 2011/12 as outlined previously was made by Director Burckhardt, seconded by Chairman Lavagnino, and carried with Director Van Wingerden, Director Shalkewitz, Director Merthold, and Director Francisco opposing.
- Ray will revise the Final FY 2011/12 budget to include the salary pool, the 2012 SOC (Transportation Minimum) Management Credits for 2012, and overhead graphic of the DVR Statement of Charges timeline and budget estimates. He also reviewed DVR's revised policy for Applying Rate Management Credits (RMC) in the annual SOC.
- DVR's revised RMC policy is to provide 25% of RMC for the year, all applied to the January 1st capital payments with the balance of the current year RMC applied against the July capital payment after the actual costs for the prior year are known, unusually during the first quarter of the calendar year.
 - Historically, CCWA's policy has been to exclude any estimate of RMC

CCWA Budget Vote

	YES OR ABS	NO
Santa Maria	43.89%	
Goleta		17.20%
Santa Barbara		11.47%
Montecito		9.50%
Carpinteria		7.64%
ID 1	7.64%	
Buellton	A	
Guadalupe	A	
	50.83%	45.81%

Salary Increase Defeated

- At March 2011 meeting, CCWA Board unanimously rejected \$104,393 salary pool increase plan
- Amount based on cola of 1.34% and 3% merit increase (really an across the board increase)
- At April 2011 meeting, on change of vote by Santa Maria, salary pool increase plan along with \$54 million budget with only Santa Maria and ID1 voting in favor and four members opposed.

March Minutes

2. FY 2011/12 Staff Salary Treatment

The FY 2011/12 salary pool of \$104,393 is calculated, by Board policy, utilizing the most geographically close location of the Consumer Price Index for All Urban Consumers from December 2009 to December 2010 and a 3% merit component. Ray noted that it is important to understand that the Board-approved pay treatment policy is a merit-based pay treatment practice that is meant to replace the traditional step increase system used by most CCWA project participants, and that CCWA employees are only able to receive salary increases within their salary range by showing sound performance throughout the previous year. There are no cost of living increases applied to the salary ranges themselves and there are no funds budgeted for traditional step increases. By Board policy, without the application of the salary pool, CCWA staff could never progress within their position's salary range

The CCWA Personnel Committee recommends Board of Directors approval of a \$104,393 salary pool in FY 2011/12.

Motion not to approve the \$104,393 salary pool for FY 2011/12, was made by Director Shaikewitz, seconded by Director Rosen, and carried.

arch meeting
A Board
increase
was

Voting Percentages of CCWA JPA

1. Definitions.

j. **Voting Percentage** of each Member shall mean the ratio of (i) the lesser of (A) such Member's Project Allotment under its Water Supply Agreement from time to time and (B) such Member's Project Allotment under its Water Supply Agreement on the date of original execution thereof, to (ii) the lesser of (A) the sum of all Members' Project Allotment under their respective Water Supply Agreements from time to time and (B) the sum of all Members' Project Allotment under their respective Water Supply Agreements on the dates of original execution thereof.

The Voting Percentages

• **Vote Assigned:**

	<u>JPA %</u>	<u>Banzhaf Power</u>
• Santa Maria	43.19%	75%
• Goleta Water District	17.20	5%
• City of Santa Barbara	11.47	5%
• Montecito Water District	9.50	5%
• Carpinteria Valley Water Dist	7.64	5%
• Santa Ynez RWCD ID1	7.64	5%
• City of Buellton	2.21	0%
• City of Guadalupe	1.15	0%

Banzhaf Power Index is a recognized standard for determining the weighted voting power. While it appears that the vote power is based on the JPA Voting Percentage, the actual power to affect the outcome of a vote is listed under the Banzhaf column. The apparent error is to use the JPA voting % as the vote rather than as the result of a voting scheme. Under the current plan, Santa Maria has 15 times the voting power of the 5 smaller members.

Voting Provisions of CCWA JPA

11. Quorum and Voting. ~~Directors representing Member~~ with a majority of the Voting Percentages shall constitute a quorum for the purposes of transacting the Authority's business. The vote of Directors representing Member with a majority of the Voting Percentage of those Member whose Directors voted (excluding abstentions) shall be required for the Authority to take action, except where a different voting requirements are provided for in this Agreement or by law.

Santa Maria Votes NO

	YES OR ABS	NO
Santa Maria		.43 15%
Goleta	17.20%	
Santa Barbara	11.47%	
Montecito	9.50%	
Carpinteria	7.64%	
ID 1	7.64%	
Buellton	A OR	A
Guadalupe	A OR	A
	53.45%	43.19%

If Santa Maria votes no, the majority is obtained by an affirmative vote of Goleta, Santa Barbara, Montecito, Carpinteria and ID 1. Buellton and Guadalupe have no voting power because adding either or both have no effect on the outcome.

Santa Maria Abstains-Goleta No

	YES OR ABS A.	NO
Santa Maria		
Goleta		17.20%
Santa Barbara	11.47%	
Montecito	9.50%	
Carpinteria	7.64%	
ID 1	7.64%	
Buellton	2.21%	
Guadalupe	1.15%	
	39.61%	17.20%

If Santa Maria abstains rather than votes NO. And Goleta votes NO. The vote required to take action drops below 50% plus 1.

Santa Maria and the Five

	SM VP	AND	OTHER VP	
SANTA MARIA	43.19	GOLETA WATER DISTRICT	17.20	60.39
SANTA MARIA	43.19	CITY OF SANTA BARBARA	11.47	54.66
SANTA MARIA	43.19	MONTECITO WATER DISTRICT	9.50	52.69
SANTA MARIA	43.19	SANTA YNEZ RWCD ID1	7.64	50.83
SANTA MARIA	43.19	CARPINTERIA VALLEY WATER DISTRICT	7.64	50.83

Guadalupe is Most Powerful

	YES OR ABS	NO
Santa Maria	A	
Goleta	A	
Santa Barbara	A	
Montecito	A	
Carpinteria	A	
ID 1	A	
Buellton	A	
Guadalupe	1.15%	
	1.15%	0.00%

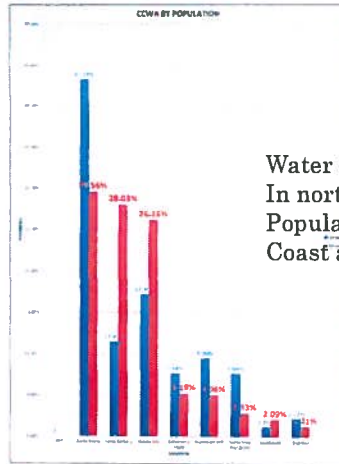
If a majority was present at a meeting (Santa Maria, Goleta and Guadalupe), then Guadalupe could provide the vote to take action even if Santa Maria and Goleta abstain.

While this is not likely to occur, it is a defect in the system.

Amendment Provision of CCWA JPA

33. Amendments. This Agreement may be amended upon written approval of any amendment by Members of the Authority representing a majority of the Voting Percentages. The approval of a Member of an amendment to this Agreement shall not be effective until a certified copy of the resolution of the governing board of such Member is filed with the Authority together with an executed original of such amendment.

Population Distribution



Water allocation is centered
In northern part of county;
Population is located in south
Coast area.

COMB Alternative

CACHUMA OPERATIONS AND MAINTENANCE BOARD

This organization is responsible for managing and supplying water from Lake Cachuma to member agencies

The member agencies and their assigned vote are as follows:

City of Santa Barbara	2
Goleta Water District	2
Carpinteria Valley Water Dist	1
Montecito Water District	1
Santa Ynez River Water	1
Conservation District ID1	1
Total	7

There are seven votes. Four votes would make a majority. But to insure that no district has an undue advantage, action by the Board can only occur with a majority of the votes and the affirmative vote of at least three members. In some cases 5 votes are required to approve an action. Santa Barbara and Goleta cannot force anything down the small district's throat.

With respect to certain matters including the issuance of more than \$1,000,000 of indebtedness and modification of the JPA agreement, unanimous support is required.

If all members had one vote, then the three smallest members could impose action on the largest members.

The water allocation is as follows:

Carpinteria	10.94%
Goleta	36.28%
SYRWCD ID1	10.31%
City of Santa Barbara	32.19%
Montecito	10.31%

While the weighted vote plan does not take account of the ability of each member to influence the outcome of a vote, it does provide a fair balance to the influence of the varying size of the members and insures board support for any action taken.

All CCWA Members Can Have A Weighted Vote

- Under the current voting system, the vote is the raw ~~percentage of water~~ allotment allocated to each member which results in an illegal and illogical system that has no relation to the voting power of the member.
- The current plan uses the water allocation percentage as the vote rather than the result of the voting plan.
- There are at least two recognized standards: Banzhaf Power Index and Shapley-Shubik Power Index. We use the Banzhaf Power Index.
- Plan 1 and Plan 2 assign a vote to each member and the power to influence the vote is listed in results box.
- Under either plan, every CCWA member has a vote.

Plan 1

7 Tester Book > 1 Chapter Tester > 6 Sample Modules > 4 Banzhaf Power Index
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Banzhaf Power Index Calculator

1) Your voting scheme: (651: 425,250,190,130,110,110,50,35)

The quota for this scheme is 651

The weights for the scheme are: (425, 250, 190, 130, 110, 110, 50, 35)

The Banzhaf power index list is: (182, 74, 62, 42, 34, 34, 10, 6)

The power of each voter as a percentage:

Number of votes	power
425	40.99 %
250	16.67 %
190	13.96 %
130	9.46 %
110	7.66 %
50	2.25 %
35	1.35 %

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Plan 2

Banzhaf Power Index Calculator

1) Your voting scheme: (681: 450,250,190,130,120,120,60,40)

The quota for this scheme is 681
 The weights for the scheme are: (450, 250, 190, 130, 120, 120, 60, 40)

The Banzhaf power index list is: {188, 68, 56, 40, 36, 36, 8, 4}

The power of each voter as a percentage:

Number of votes	power
450	43.12 %
250	15.6 %
190	12.84 %
130	9.17 %
120	8.26 %
60	1.83 %
40	0.92 %

681

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[Expression Interpreter](#)

Current Voting Power

Banzhaf Power Index Calculator

1) Your voting scheme: (51: 43.19,17.2,11.47,9.5,7.64,7.64,2.21,1.15)

The quota for this scheme is 51
 The weights for the scheme are: (43.19, 17.2, 11.47, 9.5, 7.64, 7.64, 2.21, 1.15)

The Banzhaf power index list is: {240, 16, 16, 16, 16, 0, 0}

The power of each voter as a percentage:

Number of votes	power
43.19	75 %
17.2	5 %
11.47	5 %
9.5	5 %
7.64	5 %
2.21	0 %
1.15	0 %

The Best Alternative

GOVERNMENT CODE (FOR CITY COUNCILS)

36936. Resolutions, orders for the payment of money, and all ordinances require a recorded majority vote of the total membership of the city council.

GOVERNMENT CODE (FOR BOARDS OF SUPERVISORS)

25005. A majority of the members of the board constitute a quorum for the transaction of business. No act of the board shall be valid or binding unless a majority of all the members concur therein.

GOVERNMENT CODE (SPECIAL DISTRICTS)

61045. (c) Except as otherwise specifically provided by law, a majority vote of the total membership of the board of directors is required for the board of directors to take action.

The Best Alternative Resolution

RESOLUTION TO AMEND THE JOINT EXERCISE OF POWERS AGREEMENT DATED AUGUST 1, 1991 IN CONNECTION WITH THE CENTRAL COAST WATER AUTHORITY AND AUTHORIZE THE EXECUTION OF AN AMENDMENT AGREEMENT

WHEREAS, the Joint Powers Agreement creating the Central Coast Water Authority provides for action by the directors representing members with a majority of the voting percentages (including abstentions of those members whose directors have voted) and

WHEREAS, the voting procedures currently in the JPA is unfair and contrary to the best interests of all of the members because it uses a weighted vote based on a percentage of the water allotment, allows the disregard of abstentions in counting the vote, and allocates more power to certain members as opposed to other members.

NOW THEREFORE BE IT RESOLVED BY THE _____ THAT THE JOINT EXERCISE OF POWERS AGREEMENT DATED AUGUST 1, 1991 CREATING THE CENTRAL COAST WATER AUTHORITY BE AND HEREBY IS AMENDED AS FOLLOWS:

1. Section 1 j of said agreement is hereby deleted.
2. Section 11 of said agreement is hereby amended to read as follows:

"11. Quorum and Voting. Directors representing at least five (5) members shall constitute a quorum for the purposes of transacting the Authority's business. The vote of not less than five (5) of Directors constituting a majority of the members shall be required for the Authority to take action, except where different voting requirements are provided for in this Agreement."
3. Section 33 of said agreement is hereby amended to read as follows:

"33. Amendments. This agreement may be amended upon the written approval of any amendment by not less than six (6) Members of the Authority. The approval of a Member of an amendment to this Agreement shall not be effective until a certified copy of the

resolution of the governing board of such Member filed with the Authority together with an executed original of such amendment."

4. Upon adoption of this amendment by each member and filing of a certified copy and executed original of such amendment by each member with the Authority, this amendment shall become effective.
5. The President is authorized to sign the amendment agreement. Each amendment agreement may be executed in counterparts with each member signing on behalf of such member.

Moved by _____

Seconded by _____

Voting in favor _____

Voting against _____

Adopted _____

Best Alternative Reasons

- The best alternative assigns one vote to each member
- The best alternative each member would have 12.5% of the voting power under a Banzhaf analysis.
- The best alternative would allocate voting power based on membership not water allocation and complies with laws governing the members in their jurisdictions
- The best alternative would insure that all areas represented by the Authority would have a vote on all issues.

Deficiencies of Current Plan

- The current plan is not good for the Authority and not good for the members
- The current plan gives one member 75% of the voting power, 5% of the voting power to Goleta, Santa Barbara, Carpinteria, Montecito and ID1 and no power to Buellton and Guadalupe
- If all abstain, the member with the smallest voting percentage could determine the outcome.
- Weighted vote plans ignores abstentions
- The current plan is unfair and illogical

CONCLUSION

- Reject use of water allotments to assign voting power
- Adopt a fair and effective voting method
- Provide governance that involves all members of CCWA with a single vote per member
- Approve the annexed resolution amending the JPA to implement the **BEST ALTERNATIVE**

