

**CARPINTERIA SANITARY DISTRICT
IN THE
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA**

MINUTES

These are the **minutes** of the **regular** meeting of the Governing Board of the Carpinteria Sanitary District in the City of Carpinteria, County of Santa Barbara, and State of California.

The Governing Board of the Carpinteria Sanitary District held a regular meeting on **January 18, 2011**, at 5:30 p.m. at its District administrative office located at 5300 Sixth Street, Carpinteria, California.

Directors Present: Lin Graf- President
Pat Horwitz – President Pro-Tem
Jeff Moorhouse – Secretary
Mike Modugno – Secretary Pro-Tem
Doug Treloar – Treasurer

Staff Present: Craig Murray – General Manager
Judy Kirkman – Board Secretary
Hamid Hosseini – Finance Director

Legal Counsel
Present: Anthony Trembley

Public Present: None

President Graf called the meeting to order and asked Director Modugno to lead the Board and staff in the Pledge of Allegiance.

Board Approval of Agenda - President Graf asked if there were any modifications and/or changes to the agenda. Hearing none, President Graf said the Agenda was approved as submitted.

Board Approval of Minutes of the Meeting of December 7, 2010 – Director Treloar made a motion that the Minutes of the December 7, 2010 Board meeting be approved as submitted; Director Moorhouse seconded the motion, and the motion was approved by a 3-0 vote. Directors Horwitz and Modugno abstained from voting since they were absent from the meeting.

Public Forum – None.

General Manager's Status Report – General Manager reported on the following:
IRWMP Prop 50 Grant Program Status – At the last Board meeting there was discussion regarding the Prop 50 Integrated Regional Water Management Planning grant and some issues with the larger grant program and concerns from the State Water Resources Control Board. General Manager said he received an update from the Water Agency Manager, Matt Naftaly, from Santa Barbara County, and reported some of the issues related to Casmalia

have been resolved. The State Board has given the Water Agency the greenlight to move forward. General Manager said he did phone Matt Naftaly before the District received his email to say that the District had CASA and CSDA resources available; **CSRMA Workers Compensation Training** – The District hosted a regional CSRMA training event on workers compensation claims management on December 15, 2010. Representatives from Ojai Valley Sanitary District, Montecito Sanitary District, Ventura Regional Sanitation District and our District attended the event. Heather Truro, a consultant to the CSRMA insurance pool made a presentation and updated the group on some regulatory changes, legislative changes, return to work program and other procedures. General Manager said this was evidence of a highly functioning pooled insurance program. Director Moorhouse said CSRMA just submitted the pool's CAFR to GFOA, like the District, and is waiting to hear back regarding the award; **Lagunitas Residential Development** – General Manager reported there was some activity going on with the Lagunitas development. The project has been split into a residential component and a commercial component. General Manager said he and the District's Engineering Technician, Lance Lawhon, met with representatives from the developers and their engineer. The company is now called MD2 Communities. General Manager said they talked about the project and their schedule. General Manager said the sewer line that exists in this area is difficult to access and is in proximity to a wetland. As part of this project the District is working with the developer to realign the District's sewer line into a new roadway. General Manager said it would be beneficial for the District to partner with this developer to realign this pipe and make it more accessible in the future. Director Treloar asked if some of this work had already been done with the improvements at Bega. General Manager said what Director Treloar was talking about was done years ago before he was General Manager and he would have to check into the specifics. General Manager said the current Bega project had a private line going up to their campus and was built to District standards. Director Modugno asked if the line going to the Lagunitas project was sized to handle part of the development above the project. General Manager said the District had a minimum pipe diameter of eight inches which could handle additional customers. General Manager said the work on the sewer improvements would likely begin in mid 2011; **South Coast Beach Communities Septic to Sewer Project Update** – Homeowner packets were sent to Rincon Point residents in December that included an easement deed, a user agreement between the District and the homeowner, and requirements for electrical connections. Penfield & Smith is working with homeowners who have questions about location of grinder pumps, location of existing septic tanks and other questions. General Manager reported one homeowner had recently paid their sewer assessment in full, and our Finance Director was working with NBS and the Bank of New York to process that payment. General Manager said the Caltrans encroachment permit continued to be a challenge. The District provided additional exhibits in support of our application at the request of the District 5 permit engineer in mid-December. General Manager said he talked to the District 5 permit engineer by phone last week who told him he was waiting on the information from the District. General Manager said the information that had been sent in mid-December was sent again. General Manager said the District 5 permit engineer came back and asked for more information, additional detail and asked about the wetlands that had already been addressed several times. General Manager said staff was continuing to work the process in order to get the District 5 permit engineer to submit a formal recommendation to district headquarters. General Manager said in the meantime he had been on the phone with our advocate in Sacramento who has started a process regardless of what happens locally. Director Moorhouse asked if we needed to call Mike Dillon and Bobby Larson. General Manager said we are strategizing on how best to use this resource. General Manager reported the District's webpage regarding the Septic to Sewer Project had been updated; **CASA Mid-Year Conference Report** – General Manager said he

would give a brief report on the CASA Mid-Year Conference that was last held last week in Palm Desert. General Manager said he thought it was an excellent conference. The CSRMA session was on risk control, risk management and reinforcement of topics about minimizing risk for liabilities and workers' compensation. There was a presentation on a toxicity rule, a new regulatory approach being considered by the SWRCB for whole effluent toxicity. General Manager said it was a great presentation on the limitations of the testing process. If approved, it will impact the District financially. Director Treloar mentioned an article in the newspaper where Goleta Sanitary District had changed their chemical limits on what came into the plant, and asked if this was in line with this rule. General Manager said every five years Goleta Sanitary District is required to review and update industrial discharge limits which are not directly related to effluent toxicity. The Carpinteria Sanitary District is not subject to this requirement. General Manager said Goleta Sanitary has higher flows and more industries in their boundaries which trigger the need for a formal pretreatment program. General Manager said there was a good presentation from Kevin Eckery who provided an insider perspective on the transition from Arnold Schwarzenegger to Jerry Brown; **Operations Update** – The treatment plant is running fine and in full compliance with our permit. Our annual biosolids report has been prepared and submitted to USEPA Region IX. The District's annual report was sent to APCD, and our NPDES Annual Report is about complete. General Manager said there were significant rainfall events during the month of December that impacted District operations, but did not result in any sewer overflows. Flows increased substantially as reflected in the rainfall report that was included with the staff report. One high water alarm at Lift Station No. 5 required a response. General Manager said the report reflected inflow and a lot of rainfall infiltration into the District's system. General Manager said numbers would have been much higher seven or eight years ago, but major collection system improvements had reduced system infiltration. Director Horwitz asked how we monitor and identify new problems in the system. General Manager indicated that ongoing CCTV inspection of pipes and manhole inspections provide this information. General Manager said there had recently been a number of callouts related to wind and power outages. Director Modugno said he noticed staff performing CCTC inspection in his neighborhood and asked how often this was done. General Manager said we are nearing completion of a two-year program to inspect the entire system, but generally each pipe is inspected on a five year interval. General Manager said the collection system was running fine with no problems to report. On January 7th, District collection system staff and management staff undertook a half-day tabletop training exercise. General Manager said the crew came into his office and they were given two hypothetical scenarios. One was a major storm event with a blocked pipe and large amounts of wastewater entering Carpinteria Creek, and the second one was a backup that went into someone's home and affected their belongings. In each scenario staff was asked to go through the District's Sewer Response Overflow Plan and explain out each would be managed. General Manager said it was a good exercise. The District's Engineering Technician continues to coordinate with the contractor and project team for the Carpinteria Valley Water District's Central Zone Pipeline project. General Manager said this was a trenchless project using directional drilling that could present problems with buried infrastructure. General Manager said they had been successful in avoiding our infrastructure thus far. Changes were made to District lift stations to replace Verizon phone lines used for alarm autodialers. Through our Verizon Wireless Government account, staff was able to get new cellular lines for each of the lift stations and the autodialers were modified to use the cellular modem with no monthly fixed charge. Director Treloar asked if there was a power outage, would service be affected. General Manager said the autodialers have a battery backup. General Manager said the cellular configured autodialers are used as the District's secondary alarm system. The primary system is a radio-based system. General Manager said a formal submittal was

received from Huber for the rotary screw press equipment. Staff reviewed and approved the design and manufacturing details. General Manager said a target delivery date of April was expected.

Contract Document Acceptance and Authorization to Solicit Bids

South Coast Beach Communities Septic to Sewer Project - Sandyland Cove and Sand Point Road Components - General Manager gave some background information on this project for newly seated Director Modugno. General Manager said this was a time when the District would move forward into the construction phase for two components of the District's South Coast Beach Communities Septic to Sewer Project. General Manager said ultimately it would involve three discrete communities, but at this point Rincon Point was on a different timeframe, so the District would move forward with Sand Point Road and Sandyland Cove separately. General Manager said, as a reminder to the Board, this project involved installation of grinder pumps and tanks on private individual lots and other constraints in the mainline area for each of the three communities. The design of the project was awarded to Penfield & Smith in July 2009. They have completed final plans and specifications incorporating comments from the District.

General Manager said he'd like to update the Board on a couple of items related to this project. General Manager said the District's project team successfully got approval for a coastal permit and a conditional use permit from the County of Santa Barbara. General Manager said a handful of items were being finalized for submission to get a "follow-on" land use permit. General Manager said by the time the District was ready to move into the construction phase, the permit would be ready to be issued.

The permit from the City of Carpinteria was approved some months back and it's waiting to be pulled once the County permits are in place.

General Manager said this project required the District to acquire a multitude of utility easements from each property owner, and that process was underway. General Manager said easements for the common area and the road, one from the land trust, and one from the Homeowner's Association were complete. General Manager said about 80% of the homeowners' easements and user agreements had been returned, signed by the homeowners. General Manager said Penfield & Smith was working to gather the remainder of those from the homeowners. Director Treloar asked if a homeowner did not want to grant an easement, would that impact or stop the project for the whole community. General Manager said it would not. General Manager said if a homeowner did not grant an easement, the approach would be that the District would not force them, but they would bear additional costs down the road when they chose to hook up.

General Manager said the District's approach regarding equipment procurement for the project would be that the District would purchase the low-pressure system grinder pumps, tanks, control panel and appurtenant equipment. These components would be furnished to the selected contractor with a complete package for each home. General Manager said this approach would ensure that the exact equipment components desired for the low pressure sewer system were delivered to the contractors. Director Treloar asked how many the District would be buying at one time. General Manager said in this first phase the District would be buying 60 complete units and some spare parts, and down the road for Rincon Point, 72 units would be needed.

General Manager said a consultant to provide construction management and on-site inspection during the installation phase would be engaged in the coming weeks.

General Manager said if the Board approved this item on the Agenda the public advertisement and bid process would begin. A 105 working-day contract period had been established that would set a target completion day in late 2011.

General Manager said it was staff's recommendation that the Board approve the 100% complete Contract Documents for the Sandyland Cove and Sand Point Road components of the South Coast Beach Communities Septic to Sewer Project and that authorization be given to advertise and solicit bids for construction.

Director Moorhouse made a motion that the Board accept the 100% complete Contract Documents for the Sandyland Cove and Sand Point Road components of the South Coast Beach Communities Septic to Sewer Project and authorization be given to advertise and solicit bids for construction; Director Treloar seconded the motion. Director Modugno asked if there was preference given to local contractors. Legal Counsel said, according to state laws, the District was not allowed to give preference and had to accept the lowest responsible and responsive bidder on projects. President Graf called for a vote, and the motion was approved by a 5-0 vote.

Sewer Rate and Fee Study Update – General Manager said this was an informational item for the Board. General Manager said staff was working with Raftelis Financial Consultants (RFC) and making progress on a comprehensive rate and fee study. General Manager said extensive financial data and long-range capital improvement planning information had been provided to RFC, and they had constructed a financial model used to analyze revenue projections, operating capital expenses, debt service requirements and other factors. General Manager said RFC made a presentation at the District's regular Finance Committee meeting this month, and the committee was able to see the model operating in real time, go through some scenarios, and talk about some model assumptions and a conceptual reserve fund target. General Manager said staff and the Finance Committee have seen a trend developing that may be suggesting a revenue shortfall where the District would not meet the bond covenants in the coming years. General Manager said an adjustment to the District's rates and fees seems to be an appropriate course of action to meet the District's fiscal obligations. General Manager said with input from the committee, RFC is moving forward with development of a rate and fee structure that would address the revenue deficit going forward.

General Manager said the process for implementing new rates and fees was governed, in part, by Proposition 218, which set forth notification and public hearing requirements and timelines for specific actions. General Manager said a proposed schedule for this process was included in the Staff Report and may require some special Board meetings because of the timing. General Manager said the schedule started with the Finance Committee meeting on January 10th and went through July 1st. General Manager said RFC would make a presentation to the full Board at a proposed special Board meeting on February 22, 2011. General Manager said while there was some flexibility in the schedule, the basic schedule must be upheld to complete the process by the beginning of the 2011/2012 billing cycle. General Manager said this was an update for the Board, and if any of the tentative dates presented a problem with any of the Director's schedules to let him know.

Finance Committee – Director Treloar reported the Finance Committee had met twice since the last Board meeting, reviewing the monthly budget and quarterly reports. Raftelis spent time at one of the meetings going over the information that was presented tonight by the General Manager on the Rate and Fee Study item.

Personnel Committee – Did not meet.

Public Relations Committee – Did not meet.

Board General Items

CASA and CSDA Legislative Committee Reports – Director Moorhouse reported he attended the CASA Conference on January 12 – 14, 2011 in Desert Springs. Director Moorhouse passed out CASA’s Annual Report and information about the upcoming CASA Washington, D.C. conference to the Board. Director Moorhouse said he found the CASA Conference to be a good one and full of information. Director Moorhouse said there was a push now for “Biosolids to Energy” (B to E). Director Moorhouse said there’s a “B to E” project in Ventura to keep an eye on. Director Moorhouse said he talked with Angela Lowery from the Bay Area regarding their “B to E” project and he would also continue to follow that project. Director Moorhouse said it was not cost effective for a small district such as ours to be a lead agency in these types of projects, and if anything was done in this county it would need to be regionalized. Director Moorhouse said the two biggest issues we are facing in California are energy and water, and our industry could be the solution to both of those. Director Moorhouse said he chaired the State Legislative Committee, working closely with Bobby Larson, CASA attorney, and Mike Dillon, CASA lobbyist. Some of the bills talked about were included in the CASA annual report. Director Moorhouse said it was early in the session, but CASA would continue to watch some bills CASA and begin to work with their authors. CASA’s next conference will be the end of April in Sacramento.

General Manager said the next meeting of the regional CSDA will be held next Monday, January 24th in Buellton. The speaker will be Karen Ramsdale, the SB Airport Director. General Manager said at this meeting there will be an election of Board members of the local chapter.

LAFCO Report – Director Moorhouse reported LAFCO had not met in a couple of months, but would be meeting soon and he would report at a future Board meeting.

Future Agenda Items

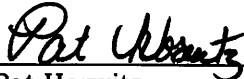
Adjournment. There being no further items to discuss, President Graf adjourned the meeting at 6:26 p.m.



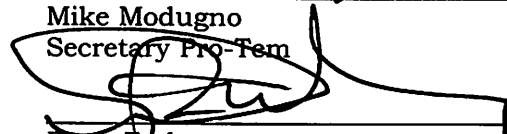
Lin Graf
President



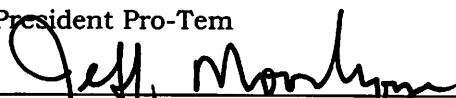
Mike Modugno
Secretary Pro-Tem



Pat Horwitz
President Pro-Tem



Doug Tveloar
Treasurer



Jeff Moorhouse
Secretary