

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 **February 6, 2007**, at 5:30 p.m. at its District administrative office located at 5300 Sixth Street, Carpinteria, California.

Directors Present: Jeff Moorhouse – President
 Lin Graf – President Pro-Tem
 Michael Damron – Secretary
 Doug Treloar – Secretary Pro-Tem
 Patricia Horwitz – Treasurer

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

Legal Counsel
Present: Anthony H. Trembley

Public Present: Dennis Wood, Carollo Engineers
 Bob Engel, Engel & Gray, Inc.

President Pro Tem Graf opened the meeting and led the Pledge of Allegiance.

President Moorhouse arrived a little late, due to heavy traffic, and resumed running the meeting. President Moorhouse asked if there were any modifications and/or changes to the agenda. Hearing none, the agenda stood as submitted.

Minutes of the December 19, 2006 Board Meeting: Director Damron made a motion to approve the December 19, 2006 Minutes as modified; Director Graf seconded the motion. Modifications were made on Page 2, 4th and 5th paragraphs changing the Director who made the motion to nominate Director Moorhouse to continue to serve as President from Director Horwitz to Director Damron and making the change to Director Horwitz seconding the motion. Legal Counsel made a clarification on pages 3 and 4 on the discussion regarding the property owners within the Rincon Point community, and the possibility of their voting against the assessment and the potential for their noncontiguous benefit

zones being removed from the single assessment district prior to the formation of the assessment district. Legal Counsel said there was a reference to this in the middle of page 3, and in the middle of page 4 where the General Manager said the ballots for each community could be tabulated separately, so if there were 72 voting parcels within Rincon Point community and 50% + 1 voted against the project, the Board would provide direction to staff and the Financing Team to take Rincon Point out of that assessment district. Legal Counsel said he'd like to clarify for the Board that this statement was true, but pursuant to Proposition 218, what is meant in this instance is a majority protest. A majority protest exists if the number of ballots submitted in opposition exceeds the number of ballots submitted in favor of the assessment. Legal Counsel said what the General Manager said was correct, and it was all in how a majority protest is defined. Legal Counsel said in this instance the context is a noncontiguous benefit zone, which the Board may remove at its discretion if that's the way the votes come out for that particular community. Legal Counsel said he did not want to correct the minutes, but wanted a clarification made with respect to this issue.

President Moorhouse called for a vote, and the December 19, 2006 Minutes were approved as modified by a 5-0 vote.

President Moorhouse called for a motion regarding the Minutes of the January 16, 2007 meeting. Director Horwitz made a motion that the Board approve the January 16, 2007 Minutes as submitted; Director Treloar seconded the motion, and the motion was approved by a 5-0 vote.

Public Forum. None

Solids Handling Master Plan

Presentation of Findings and Recommendations. General Manager said he wanted to give some background information to the Board prior to Dennis Wood from Carollo giving his presentation. General Manager said when this study was first conceived the District was looking at long-term biosolids management options. The Treatment Plant was upgraded in 1993, and at that time the digesters were not upgraded. Modifications have since been made, going from anaerobic digestion to aerobic digestion. As part of the upgrade the District selected a certain type of dewatering process. Before funds were invested in rehabilitation staff felt it was best to take a closer look at what options would be best for the District long term, from an infrastructure standpoint and a biosolids management or reuse standpoint.

General Manager said Carollo Engineers had been engaged in 2006 to prepare the Solids Handling Master Plan, and Dennis Wood from Carollo was at the Board meeting to present the plan.

Mr. Wood went over the District's current biosolids practice, the alternatives, and presented a summary of recommendations to the District. Mr. Wood said the District currently had a reuse practice that would begin to use Engel and Gray from Santa Maria for composting at \$52.50 per ton, plus fuel surcharge, contracted through 2009.

Mr. Wood said the District disposed of approximately 1300 wet tons in 2006, and this had varied in the past due to how much water was removed in the dewatering process. Mr. Wood said that the District was looking at approximately \$80-90,000 per year in biosolids disposal. Storage and current equipment used in dewatering were presented.

Mr. Wood gave the reasons for Biosolids Master Planning, which included: Regulatory Issues, Political Issues, Technological Improvements, and Current Conditions.

A cost analysis was presented to the Board related to the various options.

Mr. Wood went over the End Use Alternatives, which were:

- Continue current practice
- Compost at a different off-site facility
- Produce Class B biosolids
- Produce Class A biosolids without market potential
- Produce Class A biosolids with market potential
- Reduce biosolids volume with Cannibal™ Process

Carollo's recommendations included: Continue with current practice and purchase spare parts, Consider Redundant Belt Press, Maintain Space for Cake Storage Loading, and Monitor Political Situation.

General Manager said based on recommendations within the study, the District has pursued continuation of offsite composting as its near term management alternative. General Manager said the Solids Handling Master Plan would be an excellent planning tool for future analysis of solids handling options.

As-Needed Engineering Contract – Carollo Engineers. General Manager said the District has gone out to bid for the Collection System Rehabilitation Project, and bids are due on February 22, 2007. A pre-construction meeting for this project was held on February 13th. The design was completed by Carollo Engineers under the as-needed contract that the Board previously approved. Carollo is currently providing engineering support during the bidding process and participated in the pre-bid construction meeting. Carollo will also be providing engineering during the construction process for submittal review, responding to contractor inquiries and design clarification.

General Manager said staff's recommendation is that the Board authorize the General Manager to approve Task Order No. 010 in the amount of \$21,028, pursuant to as-needed engineering services agreement with Carollo Engineers.

Director Horwitz made a motion that the Board authorize the General Manager to approve Task Order No. 010 pursuant to as-needed engineering services agreement with Carollo Engineers with a not to exceed amount of \$21,028; Director Graf seconded the motion, and the motion was approved by a 5-0 vote.

Cash Contract No. 341 – Engel & Gray

Biosolids Composting and Transportation Services. General Manager said at the December 19, 2006 regular Board meeting, the Board was presented and considered several alternatives for biosolids management. After review of the options, the Board directed staff to pursue an agreement with Engel and Gray (E&G), a biosolids hauling and biosolids contractor with a composting facility in Santa Maria. Under this option, General Manager said Engel & Gray would provide biosolids hauling and composting for a base unit price of \$52.50, with a variable fuel surcharge tied to an industry index. General Manager said the District produces approximately 16,000 wet tons of biosolids per year. Under the E&G contract, E&G would come to the District's site and move the 20-yard bins as needed. When there were two full bins, E&G would pick them up and haul them to their facility in Santa Maria.

General Manager said this approach had a slightly higher per annual cost than some of the other options presented, but this option did achieve the policy objective of keeping biosolids within the County of Santa Barbara and it avoided some capital costs associated with purchasing a loader.

General Manager said staff and counsel had worked with E&G staff to develop an agreement in the form of Cash Contract No. 341. General Manager said this agreement had a three-year fixed term with limited options to extend for successive terms if all went well.

General Manager said E&G provided hauling and composting services to several other wastewater agencies within Santa Barbara County, including Montecito Sanitary District, City of Santa Barbara, Buellton, Solvang and several others in the region. General Manager said E&G had a permit through the Central Coast Regional Water Quality Control Board and had ample capacity to accept the District's biosolids.

General Manager said there were a couple of clarifications to the Board packet. Exhibit A should be a table, Exhibit B is correct, and Exhibit C should be Engel & Gray's proposal. General Manager said there was also a minor change to the automobile insurance limits.

General Manager said it was staff's recommendation that the Board approve Cash Contract No. 341 between the District and Engel & Gray for biosolids transportation and composting for a three-year period commencing on March 1, 2007.

Director Damron asked if Legal Counsel had reviewed and approved Cash Contract No. 341. Legal Counsel said he did review and approve this contract. Legal Counsel pointed out the insurance requirement for automobile insurance was for \$1,000,000; originally it was for \$2,000,000.

Director Moorhouse asked why E&G used January, 2005 instead of January, 2007 as a baseline for fuel surcharge because fuel prices have gone down today, so he thought the contract should be negotiated based on current fuel prices. General Manager said there was a substantial amount of discussion about that item with Bob Engel, and Mr. Engel said this method was the one used for all his clients, and he wasn't willing to change the baseline from what it showed in the contract. Director Treloar said there was discussion regarding this at the last Board meeting.

Director Damron made a motion that the Board approve Cash Contract No. 341 between the District and Engel & Gray for biosolids transportation and composting for a three-year period commencing on March 1, 2007; Director Graf seconded the motion.

General Manager said Mr. Engel justified the base year used to calculate the fuel surcharge by saying all his cost models, his capital purchasing and operating models were based on a price of fuel that ranges between \$1.52 and \$1.90. General Manager said this might possibly help Mr. Engel normalize by using this method. General Manager said he tried to get Mr. Engel to use a current year baseline, but Mr. Engel was unwilling.

General Manager said the contract achieves the District's objectives and it would be a good solution for the District.

Legal Counsel said he reviewed sample contracts from Montecito Sanitary District and Buellton, and a number of new provisions were drafted in addition to the provisions from sample contracts on behalf of Carpinteria.

Director Horwitz said she would like to go on record saying that she knew the District needed to move forward, but she was not happy with the way Engel & Gray negotiated this agreement. Director Horwitz said she felt when Mr. Engel was asked his reasons for using 2005 as the baseline year he talked in circles, and did not give legitimate reasons. General Manager said the District contacted

other agencies within the County that use Engel & Gray and they are happy with their service and respectively find them to be a responsive vendor. General Manager said he had a concern with E&G jockeying the bins and being available when needed, but felt Mr. Engel had a good solution by using a subcontractor as needed and E&G would provide the service that he said he would provide.

Director Moorhouse said the fuel surcharge issue is strike #1 in his opinion, but would go along with the contract.

Director Treloar said he had a concern in Section 4 – Early Termination. Director Treloar said in A, the agreement could be terminated without penalty upon 24 hours of written notice by either party. Legal Counsel said this had been changed for Carpinteria Sanitary District to say that the District could also terminate. General Manager said regarding this section, Mr. Engel's intent was that if his facility should be shut down by some regulatory entity, or a law was passed by the County of Santa Barbara or the state to legally stop their process, this provision would address this issue. General Manager said even if this were to happen prior notice would be given.

President Moorhouse called for a Board vote; the motion passed by a 5-0 vote.

General Manager's Status Report. General Manager reported the following: **Septic to Sewer Project Update** – The primary contacts for the group of homeowners on Padaro Lane have requested that their project be included as part of the assessment district. This is a departure from their previous intent to fund and construct a private main sewer extension with the objective of expediting sewer availability. This has been communicated to the project team and staff is investigating any potential roadblocks to making this change. Director Treloar said he communicated this back in December. General Manager said he was communicating with the contacts for the homeowners, who only recently decided they would like to be included in the District's assessment district. General Manager said progress was continuing on the annexation engineering effort. The District's consultant met with LAFCO Executive Officers from Ventura and Santa Barbara Counties; **SBSCDA Meeting Report** – The January CSDA meeting was held on January 22nd at the Timbers Restaurant. Director Moorhouse and General Manager attended. The speaker was Tom Stone, an attorney for SBSCDA who gave an overview of Prop 218 and several recent court cases that had provided clear direction on applicability of statutory requirements on utility rate adjustments and other issues; **CASA Annual Conference Report** – General Manager said Director Damron and he attended the CASA Annual Conference in Indian Wells on January 17-20. General Manager said he went to the CSRMA full day workshop on the 17th with speaker Gordon Graham on operational and organizational risk management. General Manager said there were several other excellent presentations and panel discussion with a focus on air quality and biosolids issues. Director Damron said he attended a session on CalPERS related to retirement benefits. Also, Director Damron said the session with Carollo Engineer's Bob Gillette was interesting as well as a session with an attorney who represented LA County in the lawsuit against Kern County; **CSRMA Board of Directors Meeting** – This meeting was held on Friday, January 19th. New officers were elected for 2007. The independent auditor for CSRMA presented the financial statements. General Manager said the JPA was working very well and was financially sound. **CSRMA Safety Superstar Award** – The District was one of several agencies to receive the CSRMA Superstar Award for FY 2005/06 for having no workers compensation claims during that period; **CWEA Operator of the Year Award** - On Friday, January 26th the California Water Environment Association Tri-Counties Section named Mark Bennett of the District as Operator of the Year for 2006. Mark received a plaque

and recognition at the CWEA Annual Awards Banquet. His application will be forwarded to CWEA to be considered for the statewide Operator of the Year Award which is conferred at the CWEA Annual Conference held in Ontario, CA in mid-April. The Board discussed recognizing Mr. Bennett with a certificate or some other type of recognition. General Manager said he would come up with some type of recognition before the next meeting; **Integrated Regional Water Management Plan Update** – A preliminary administrative draft of the IRWMP document was completed and distributed to the Cooperating Partners for review. District staff provided significant input to the process which resulted in a comprehensive methodology to review projects for conformance to state, regional and local objectives as well as the Prop 50 Guidelines. Two District projects were categorized as “Top Tier” projects and were ranked highly in the overall plan (Bluffs Sewer Relocation and Carpinteria Creek Crossing Replacement). District staff provided written comments on the draft document and General Manager attended a review meeting in Santa Maria on February 1st. General Manager said in the past few weeks there had been a pending change to the Prop. 50 funding allocation. General Manager said a lot of the counties that got the planning grants and completed their plans, put their implementation grant requests in as Tier 1 requests. The idea was there would be a second round of funding with more Prop 50 funds that would be doled out to agencies like the District who were just finishing their Plans and implementation grants. General Manager said they would be ranked against the Tier 1 plans. The state EWR and SWRCB are saying they won’t have a second round of funding, but will take the residual money and give it to those Tier 1 agencies that submitted applications that weren’t funded in the first round. General Manager said he thought this IRWMP might be the future model used for grant funding, and when the voters passed a bond they would use this basic model for allocating those monies. General Manager said this would be a valuable document that would come back to Board once it’s finalized, and the Board would have to adopt or ratify the document as a qualifying partner. **Staff Recruitment Update** – The District advertised for positions available within the operations group, and oral interviews were held on Friday, February 2nd. General Manager said a job offer would be extended to one of the candidates this week; **Operations Update** – Treatment Plant is running fine and in full compliance with the District’s NPDES permit. The District’s annual report was submitted to the Regional Board and other agencies. The Collection System is operating fine with no sewer overflows. New control panels have been installed in Lift Stations No. 1 and 2. Remote monitoring of flow rates and equipment conditions will improve the system operation. Alternatives for rehabilitation or replacement of Pump Station No. 4 (Sandpiper) are being considered. Staff met with a general contractor to discuss constructability issues. Collection System Rehabilitation Project – Phase 1 is out to bid. The bid opening is set for February 22 with a pre-bid conference the week prior. A follow up inspection of the District’s outfall pipeline was conducted on January 24th. Remedial work will be identified, if necessary, for completion in FY 2007/08.

Board Committee Reports

Finance Committee. – Did not meet.

Personnel Committee. Did not meet.

Public Relations Committee. Did not meet.

Board General Items:

Future Agenda Items:

Adjournment. There being no further items to discuss, President Moorhouse adjourned the meeting at 6:43 p.m.

Michael Damron
Secretary

Lin Graf
President Pro-Tem

Patricia Horwitz
Treasurer

Jeff Moorhouse
President

Douglas Treloar
Secretary Pro-Tem